

Ms Eve Jones – Waste Credit Governance Committee 23 February 2015

Written answers have been provided to those questions that have been raised by Ms Eve Jones at the Waste Credit Governance Committee on 23 February 2015 where relevant to the Terms of Reference of that Committee.

Question	Response
1. From the Fichtner report Mercia Waste management stated that they have not received any claim for additional payment from HZI. From that statement it would be assumed that they can do so. Is this one of the items that WCC have paid insurance against?	This is a matter for Mercia and its main contractor, HZI. The Council as Procurer has agreed to pay a price per tonne of waste disposed of by Mercia that was fixed, subject to indexation as part of the contract variation
2. Additionally who would bear the cost of all Variations which MWM state will be subject to the approval of Mercia's shareholders. Where are the taxpayer interests?	Mercia will bear the costs where agreed.

Mr Rob Wilden – Waste Credit Governance Committee 23 February 2015

Written answers have been provided to those questions that have been raised by Mr Rob Wilden at the Waste Credit Governance Committee on 23 February 2015 where relevant to the Terms of Reference of that Committee.

Question	Response
<p>You have chosen to use the traffic light system to identify risk. You started with red areas thereby indicating serious concerns but I note from the papers for this meeting that all areas are now identified as amber or green, indicating that all is running relatively smoothly. I am concerned to ensure that this does not lead to complacency and that the risks are reviewed on a regular basis and questioned. You should not be reliant solely on the views of your Officer - you are accountable both pre and post the forthcoming elections and it is your responsibility and duty to challenge your Officer and such challenge is long overdue. I urge you to start making those challenges now.</p>	<p>Risks commenced as Red prior to actions taken by the Council. The majority then moved to Amber or Green at a project level based on mitigations put in place as set out in the risk register. It has been agreed now to make the RAG rating consistent with the Corporate rating and therefore the risk scores have not changed significantly. The Committee continues to monitor and challenge each risk at every meeting.</p>

Mr Sheridan Tranter – Waste Credit Governance Committee 23 February 2015

Written answers have been provided to those questions that have been raised by Mr Sheridan Tranter at the Waste Credit Governance Committee on 23 February 2015.

Question	Response
<p>1. Part 3 lacking in scope, we are talking here about a major civil engineering project which due to its size and area is being built on is proving troublesome at best. I remind you of what happened with Evesham's nice new bridge as an example. Projects of this nature have a poor record for ever being on time. top aspects of any projects: (time, funds, quality) any one of these altered will affect the others. What planning alterations? the general Public are not being informed of them, so are you?</p>	<p>The risk that is being overseen by the Committee is that the planned takeover date of the Plant is not met which may put the repayment of the loan at risk. The Committee are aware that although this would indicate a risk, Mercia is obligated to commence repayment of the debt even if there is a delay in Takeover Date past the Planned Takeover Date. The Committee takes comfort that whilst the risks have been transparently reported by the Lenders Technical Advisor, the Lenders Technical Advisor conclude that the Planned Takeover date is still forecast to be achieved. Any slippage is a risk borne by Mercia.</p>
<p>2. HZI has indicated that it has issued amended drawings only 25 working days ago, "a significant risk" the Local planning authority have not seen them. How are the Chinese Walls being maintained, who is monitoring this, what is the structure?</p>	<p>The County Council has undertaken appropriate Due Diligence, sought and obtained representations from Fitchner on the operation of Chinese Walls within the organisation. This includes for example separate teams, segregations in filings and reporting structures.</p>
<p>3. Pictures of the excavation where asked for but never given or even put on the website, which is what Mercia Waste said they would do, the question is why not?</p>	<p>This is a matter for Mercia, but we will pass on the request. We note that there is a time-lapse video on Mercia's website, http://www.severnwaste.com/recovery/site-progress/</p>

Question	Response
<p>4. Part 4</p> <p>I note last paragraph: Mercia has instructed HZI for proposals regards installation, yet they state the following "Mercia noted that these proposed changes will be treated as cost Variations which will be subject to the approval of Mercia's shareholders "The question who is driving this, again this affects the quality, which then impinges on the other two main principles as stated above.</p>	<p>Whilst this relates to a technical report – the only reason for the Lenders' Technical Report is to confirm progress of the project and therefore flag any risks to the repayment of the loan – a response has been provided below.</p> <p>Any cost/quality risk is managed through the County Council's Waste Disposal Authority (Cabinet) relationship with Mercia as the purchaser of the service and not a point for this Committee.</p> <p>The County Council as procurer has procured the construction and operation of an Energy from Waste Plant as part of an overarching Waste Disposal contract that meets certain outcome criteria. Mercia has provided a price for this. In delivering their obligations, Mercia will work with its subcontractors to deliver their obligations. Should additional costs be incurred, these are negotiated and met by Mercia – a price for the outputs has already been agreed between the Council and Mercia. This is not a turn-key contract where the Council as procurer would then take risk on cost variations.</p> <p>Any material changes to how Mercia intend to deliver those output obligations are discussed by Mercia and the Councils' Waste Disposal team.</p>