



## REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 1ST JULY 2014

**SUBJECT: STRATEGIC FACILITY FOR WASTE TRANSFER AND BULKING OF  
RECYCLABLES**

**REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE**

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### **1. PURPOSE OF REPORT**

- 1.1 To advise Members of the need for a strategic facility for waste transfer and bulking of recyclables, to establish the business case for such a facility and to seek the Scrutiny Committee's views on the development of a facility at the Duffryn House Site prior to the matter being considered by Cabinet & Council.

### **2. SUMMARY**

- 2.1 The report presented to the Committee outlines the background to discussions over waste transfer infrastructure over the last 5 years and introduces a business case which outlines the overwhelming need for modern, fit for purpose Waste Transfer Infrastructure and analyses options for siting.
- 2.2 The business case also includes reference to an option for rationalisation of Civic Amenity site infrastructure at Duffryn House as a separate longer term proposal.
- 2.3 The report consequently asks the Scrutiny Committee for its views on the business case prior to consideration by Cabinet.

### **3. LINKS TO STRATEGY**

- 3.1 Municipal Waste Management services have changed significantly over the last 10-15 years. The emphasis on recycling, composting and regional collaboration for developing waste facilities has led to the strategic development of regional scale infrastructure which requires the transport of waste and recyclables outside the County Borough.
- 3.2 These changes are supported by the Community & Leisure Services Plan which contains a range of actions to enhance recycling and composting levels and reduce the amount of biodegradable waste landfilled.

### **4. BACKGROUND**

- 4.1 There has been a long history of sites being considered for potential waste transfer facilities.
- 4.2 In 2009 the Living Environment Scrutiny Committee, Cabinet and Council accepted the need for a waste transfer station and on the 5<sup>th</sup> May the Scrutiny Committee recommended the Ty Dyffryn Site (Dyffryn House) as the preferred site to Cabinet.

- 4.3 After considering the recommendations of the Scrutiny Committee, Cabinet and eventually Council decided on the former Trehir Landfill Site as the preferred site although the development did not progress as the costs were significant (circa £7.65m).
- 4.4 Since 2009, there have been numerous developments which have changed the “balance” of tonnages in favour of recyclables and organics with a resultant reduction in residual wastes. In addition, a number of procurements have been successfully concluded with the result that wastes need to be hauled over greater distances.

## **5. THE REPORT**

- 5.1 In recent weeks officers have drafted and considered a draft business case relating to the development of the Dyffryn House Site. This business case is attached as an appendix to this report and includes:-
- An Executive Summary
  - Introduction & Background
  - A strategic Management Case
  - An Economic Case
  - A Financial Case
  - An Options Analysis
  - Conclusions
  - Relevant Appendices
- 5.2 The business case concentrates on the need for a waste transfer facility and discusses the significant operational, financial and reputational risks associated with not having a modern, suitably sized, suitably located, fit for purpose transfer facility capable of dealing with all the County Borough’s Municipal Waste fractions.
- 5.3 In addition to the short term (& long term) pressures to develop appropriate waste transfer infrastructure, the business case includes an additional option to rationalise Civic Amenity Site provision with a new, modern facility at the Dyffryn House Site although this is a longer term aspiration.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 There are no equalities implications associated with this report – the provision of modern, fit for purpose waste transfer infrastructure is essential for the efficient and effective delivery of waste collection, treatment and disposal services which are delivered equitably across the County Borough to all residents irrespective of gender, race, religion or physical ability.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 As can be seen from the Business Case (Financial Case, P13) the net cost of the Waste Transfer Infrastructure is circa £1.65m
- 7.2 The business case attached details the requirement for revenue growth estimated at £150k per annum in respect of the additional costs to bulk transfer residual waste to Cardiff (Project Gwyrdd).
- 7.3 The MTFP as agreed by Council on the 26<sup>th</sup> February 2014 allowed for £300k of other service pressures. This growth could be used for these additional costs. Hence there would be no impact on the current MTFP savings target.

- 7.4 The capital costs at £1.65m could be funded from the remaining unspent capital of £1m set aside by Council for 13/14 for Ty Dyffryn pending a further report in respect of options and a business case. The underspend available is estimated at £800,000. The remaining amount of £850,000 could be funded from general Fund reserves but this will need full Council approval. Council on 26<sup>th</sup> February 2014 agreed, at recommendation 13.1.8, that a sum of £2.499m could be taken from General Fund balances to use for one off capital expenditure as a cost avoidance or invest to save. This scheme is a cost avoidance proposal.
- 7.5 If the council were to sell the site of Ty Dyffryn in its entirety, officers believe its value would lie in the region of £3.35m. This opinion is predicated on the assumptions made in arriving at it and current market conditions; any changes in circumstance, or changes in the assumptions may affect the figure reported.
- 7.6 The principal assumption in arriving at an opinion of value for part of the site is that half of the warehouse space is required for the waste transfer station and that half of the office space will be retained; it is not considered practical to divide the office accommodation unequally, since this will create issues with 'flying freeholds' and a potential for lack of clarity regarding repairing obligations. Costs to split services and construct separation walls etc. are unknown and have not been considered. Depending on which half of the unit is used for the transfer station, occupied offices may need to be relocated, but those costs have not been included. On this basis, it would be reasonable to assume a 50:50 split in value of (say) £1.675m.
- 7.7 However, officers consider the construction of the waste transfer station, together with the associated operational constraints, would reduce the value of the remainder of the site beyond a simple mathematical proportion. The value under these circumstances is considered to be around £1.4m, again predicated on the assumptions made in arriving at it and current market conditions; any changes in circumstance, or changes in the assumptions may affect the figure reported.
- 7.8 Policy & Resources Scrutiny Committee has agreed, in principle to look in more detail and consult staff in respect of the closure of Ty Pontllanfraith and that agreement was founded on there being workspace capacity at Ty Dyffryn. The retention of Ty Dyffryn for a mix of office accommodation in addition to the waste transfer operations facilitates a potential capital receipt from the sale of Ty Pontllanfraith of around £1.8m - £2m (again predicated on the assumptions made in arriving at this opinion and current market conditions; any changes in circumstance, or changes in the assumptions may affect the figure reported).
- 7.9 It is important to note that these figures are indicative only, although they do have internal consistency, and if any decisions are to be predicated directly upon their accuracy much further work would be necessary to verify them for budgetary purposes.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no personnel implications associated with this report.

## **9. CONCLUSIONS**

- 9.1 The Business case includes key conclusions relating to waste transfer infrastructure and the significant strategic and operational needs for modern, fit for purpose infrastructure. While this matter has been the subject of a long history of debates and decisions by members, no infrastructure has been delivered "on the ground".
- 9.2 Consequently, the significance of the risks (short and long term) associated with the lack of waste transfer infrastructure makes an early decision all the more important to provide clarity and certainty for the Authority's Waste Management Services.

## 10. CONSULTATIONS

- 10.1 The report reflects the views of the listed consultee's.

## 11. RECOMMENDATIONS

- 11.1 The Scrutiny Committee are asked for its views on the Business Case and is asked to make appropriate recommendations to the Authority's Cabinet.

## 12. REASONS FOR THE RECOMMENDATIONS

- 12.1 To ensure the effective, future delivery of waste collection, treatment and disposal services and compliance with statutory recycling and landfill diversion targets.

## 13. STATUTORY POWER

- 13.1 Local Government Act 1972.
- 13.2 Given the financial implications associated with this report, the ultimate decision will be a function of Full Council.

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Consultees: Councillor D. Poole, Cabinet Member for Community & Leisure Services

Councillor K. Reynolds, Leader of Council

Sandra Aspinall, Acting Deputy Chief Executive

Nicole Scammell, Acting Director of Corporate Services

Gail Williams, Acting Head of Legal Services & Monitoring Officer

### Background Papers:

- 1) Report to Special Cabinet 15<sup>th</sup> January 2013 "*Dyffryn House – Asset Management Strategy*"
- 2) Report to Council 6<sup>th</sup> October 2009 "*Strategic Facility for Waste Transfer & Bulking of Recyclables*"
- 3) Report to Council 28<sup>th</sup> July 2009 "*Strategic Facility for Waste Transfer & Bulking of Recyclables*"
- 4) Report to Cabinet 21<sup>st</sup> July 2009 "*Strategic Facility for Waste Transfer & Bulking of Recyclables*"
- 5) Report to Cabinet 9<sup>th</sup> June 2009 "*Strategic Facility for Waste Transfer & Bulking of Recyclables*"
- 6) Report to Living Environment Scrutiny committee 5<sup>th</sup> May 2009 "*Strategic Facility for Waste Transfer & Bulking of Recyclables*"

### Appendices:

Appendix 1 Business Case for the Development of the Dyffryn House Site