
Strategic Outline Case

Blaenau Gwent New HWRC



This report provides a Business Case for the proposed new HWRC site at Roseheyworth and how it can address the local challenges whilst responding to statutory goals.

WRAP's vision is a world in which resources are used sustainably.

Our mission is to accelerate the move to a sustainable resource-efficient economy through re-inventing how we design, produce and sell products; re-thinking how we use and consume products; and re-defining what is possible through re-use and recycling.

Find out more at www.wrapcymru.org.uk

Document reference (please use this reference when citing WRAP's work):
WRAP, 2018, Blaenau Gwent CBC, BGCBC New HWRC Strategic Outline Case V7 210319

Written by: Collaborative Change Programme WRAP Cymru.

Front cover photography: Roseheyworth Development Site

While we have taken reasonable steps to ensure this report is accurate, WRAP does not accept liability for any loss, damage, cost or expense incurred or arising from reliance on this report. Readers are responsible for assessing the accuracy and conclusions of the content of this report. Quotations and case studies have been drawn from the public domain, with permissions sought where practicable. This report does not represent endorsement of the examples used and has not been endorsed by the organisations and individuals featured within it. This material is subject to copyright. You can copy it free of charge and may use excerpts from it provided they are not used in a misleading context and you must identify the source of the material and acknowledge WRAP's copyright. You must not use this report or material from it to endorse or suggest WRAP has endorsed a commercial product or service. For more details please see WRAP's terms and conditions on our website at www.wrap.org.uk

Executive summary

This business case strategically addresses the need to build a second and new HWRC site at Roseheyworth South Business Park.

In 2016/17, Blaenau Gwent achieved an overall recycling rate of 57% which was below the interim statutory target of 58%. In 2017/18 the result for Blaenau Gwent remained at 57%. This means that the Council must continue to increase recycling performance by 5% over the next two years (2018/19, 2019/20) if it is to meet the next Statutory Recovery Target of 64%.

The development of a new site will provide the residents of Blaenau Gwent with accessible and improved recycling facilities. The sites will also help the Authority ensure that there is sufficient provision for managing waste growth associated with anticipated housing development and general economic growth.

A new site will also provide capacity to introduce re-use of household items with benefits of improved recycling rate for Blaenau Gwent, access to furniture and items for the community and although likely modest in value, will generate income for re-investing into the service and into the community. In particular, using this project as a platform to work with third sector partners, who can tap into funding schemes to improve employability and work programmes in the Borough.

In 2018/19 Blaenau Gwent introduced black bag sorting at its' HWRC in New Vale showing early results of an 80% decrease in residual waste, in the first quarter. Anecdotal evidence from bordering Local Authorities suggests that some residual tonnage has shifted across the border. It is crucial to note that these neighboring authorities are also considering the introduction of black bag sorting and various methods of residency checks. This is therefore likely to drive Blaenau Gwent residents and tonnages back into its' own HWRC network, and supports the need for Blaenau Gwent to have its' own infrastructure capable of dealing with not only today's tonnage but also future housing growth.

Capital will be required to build a new, modern and "future proofed" HWRC at Roseheyworth Business Park South. It is the intention to submit this business case to Welsh Government seeking grant assistance.

Capital Expenditure Type	Total
Access, prelims and civils etc.	£2,500,000
Mechanical and Electrical	£300,000
TOTAL	£2,800,000

Blaenau Gwent will appoint an internal engineer to manage a tender process to evaluate and appoint a contractor to manage the build and commissioning of the new HWRC site. The internal engineer will also project manage the contractor throughout this period.

Contents

1.0	The Strategic Case	3
1.1	Strategic Context	3
1.2	Organisational Overview	4
1.3	Business Strategy and Aims	5
1.4	Business Investment Objectives	6
1.5	Existing Arrangements.....	6
1.6	Business Needs.....	7
	1.6.1 Current Needs	7
	1.6.2 Future Needs.....	7
1.7	Scope of preferred option	7
1.8	Benefits Criteria	9
1.9	Strategic Risks	9
1.10	Constraints and Dependencies	11
2.0	The Economic Case	12
2.1	Critical Success Factors.....	12
2.2	Options Appraisal	12
3.0	The Outline Commercial Case	14
3.1	Procurement Strategy.....	14
3.2	Timescales	14
4.0	The Outline Financial Case	15
4.1	Summary financials	15
	4.1.1 New HWRC at Roseheyworth	15
4.2	Revenue costs	15
4.3	Potential Sources of Funding	15
	4.3.1 Blaenau Gwent Prudential Borrowing	16
	4.3.2 Welsh Government Capital Support	16
5.0	The Outline Management Case	16
5.1	Build and Commissioning Control.....	16
5.2	Operation of the new HWRC	16
5.3	Summary of overarching legal advice.....	16
A.1.0	New HWRC Design	17
A.2.0	HWRC Impact on Local Authority Recycling Rates	18
A.3.0	Well Being Goals	20

Tables

Table 1: Headline targets for Municipal Waste from WG – Towards Zero Waste

Table 2: Business Investment Objectives

Table 3: Benefits Criteria

Table 4: Project Main Risks

Table 5: Project Constraints

Table 6: Critical Success Factors

Table 7: Sensitivity Scenarios

Table 8: Project Timescales

Table 9: Capital Expenditure Roseheyworth Business Park South

Table 10: Capital Expenditure – New HWRC - capital support

Acknowledgements

The authors would like to thank BGCGC officers Matthew Perry and Lisa Jones.

1.0 The Strategic Case

This Strategic Outline Case (SOC) strategically addresses the need to build a second and new HWRC site at Roseheyworth South Business Park.

This SOC has been prepared using the agreed standards and format for business cases in accordance with the HM Treasury's Green Book, which promotes the "Public Sector Business Cases using the Five Case Model". The Five Case Model format, comprises the following key components:

- the **strategic case** section: sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme;
- the **economic case** section: demonstrates how BGCBC has selected a preferred way forward, which best meets the existing and future needs of the service and is likely to optimise value for money (VFM);
- the **commercial case** section: outlines what any potential project might look like;
- the **financial case** section: highlights likely funding and affordability issues; and
- the **management case** section: demonstrates that the scheme is achievable and can be delivered successfully in accordance with accepted best practice.

1.1 Strategic Context

Towards Zero Waste

Welsh Government has set challenging targets for the recycling of municipal waste in Wales. The overarching waste strategy 'Toward Zero Waste' outlines an ambitious goal of Wales becoming: 'a high recycling nation by 2025 and a zero waste nation by 2050.'

Future municipal waste recycling targets for local authorities are set out in the Welsh Government's waste strategy, made statutory by the Waste (Wales) Measure 2010. These statutory recycling targets to which all local authorities must comply have been set as:

52% by 2012/13
58% by 2015/16
64% by 2019/20
70% by 2024/25

Welsh Government's priorities and principles for collection are summarised as:

- Provision of kerbside collection services that reduce residual waste arisings, collect high levels of clean recyclables and is at lowest overall financial cost,
- Collections services are delivered in a way that helps elicit the desired behavioral changes amongst householders whilst at the same time providing convenience;
- Provision of kerbside collection services that can provide source segregated food wastes to anaerobic digestion facilities that produce renewable energy and soil fertilizer; and

- **Provision of well signed, equipped and staffed Household Waste Recycling Centres that enable as many people as possible to access facilities for recycling as wide a range of materials as possible.**

By 2025, the strategy expects that there will be a 27% reduction in the amount of waste produced across all sectors and that 70% of what is produced will be recycled. Of the remaining 30% a maximum of 5% can go to landfill with the remaining fraction to Energy from Waste.

The Welsh Government has introduced the following more challenging statutory targets for municipal waste within its waste strategy. These are highlighted in the Table 1 below:

Table 1: Headline targets for Municipal Waste from WG – Towards Zero Waste

Target Year	2010/11	12/13	15/16	19/20	24/25
Min. levels of reuse & recycling/composting (or AD)	40%	52%	58%	64%	70%
Min. proportion of reuse /recycling /composting from source separation *	80%	80%	80%	80%	80%
Max. level of landfill	-	-	-	10%	5%
Max. level of energy from waste	-	-	42%	36%	30%
Min. levels of preparing for reuse (excluding Waste Electrical and Electronic Equipment (WEEE))	-	0.4%	0.6%	0.8%	1.0%

*kerbside, bring and/or civic amenity (CA) site

The targets bring with them substantial financial penalties of £200 per tonne, for not meeting the required levels of recycling and/or exceeding the allowable levels of landfill. To put it into context 1% off a target equates to a fine of around £60,000.

Well-being of Future Generations (Wales) Act 2015

The purpose of the Well-being of Future Generations (Wales) Act is to 'improve the social, economic, environmental and cultural well-being of Wales, now and in the future.' Within the Act, sustainable development is identified as a fundamental factor influencing the well-being of future generations and is set as a priority for public bodies, including Welsh councils.

An assessment of how this project will result in multiple benefits for our communities and contribute to the national well-being goals is set out in Appendix 1.

1.2 Organisational Overview

The current HWRC is managed by Silent Valley Waste Services Limited which is a Teckal Company wholly owned by Blaenau Gwent. The Council controls all the shares in the

company and exercises effective day-to-day control. It is assumed that the new site will also be managed under these existing arrangements.

1.3 Business Strategy and Aims

National Policy Context:

The role that HWRCs play in maximising the contribution to the 70% target is a key consideration for local authorities across Wales. The Welsh Government Collections Blueprint sets an 80% recycling rate target for HWRC's in addition to the statutory recovery targets.

Using a broad analysis of WasteDataFlow data and based on the last 12 months' worth of available data (Oct 2017-Sept 2018), the estimated contribution of HWRC collected material to recycling rates for all Wales is 20.3 percentage points, i.e. if the total recycling rate were 64%, then 20.3 of these 64 percentage points would be from materials collected at HWRC.

A more detailed analysis of Blaenau Gwent's WasteDataFlow returns for the period (Oct 2017-Dec 2018) was undertaken. This shows that the contribution of HWRC collected material to recycling rates is 10.8 percentage points for the whole year. Further information is contained in Appendix 2.

Local Policy Context:

In 2016/17, Blaenau Gwent achieved an overall recycling rate of 57% which was below the interim statutory target of 58%. In 2017/18 the result for Blaenau Gwent remained at 57%. This means that the Council must continue to increase recycling performance by 5% over the next two years (2018/19, 2019/20) if it is to meet the next Statutory Recovery Target of 64%.

In 2016/17 the Council was fined £77,800 for missing the statutory target, the potential fine for 17/18 is £126,800.

1.4 Business Investment Objectives

The investment objectives for this project are as follows:

Table 2: Business Investment Objectives

Business Investment objectives	Description
Investment objective 1: Strategic Fit	To ensure the project is devised to comply with the national and local policy context for the management and minimisation of waste. Delivers against BGCBC strategic and corporate commitments.
Investment objective 2: Operational Need	To deliver a household recycling centre provision for all Blaenau Gwent residents that provides them with easy access to recycle their household wastes. Ensure HWRC operations are carried out within site permitted rules. Provide environmentally sound solutions for recycling and re-use of all major materials. Is future proof to be able to handle additional materials as technologies develop and it is economically to recycle. Minimises landfill disposal and disposal costs.
Investment objective 3: Financial	In terms of capital to secure capital assistance from WG. In terms of revenue to maximise the range of materials collected to generate maximum income. Provides the opportunity to introduce re-use.
Investment objective 4: Employment Opportunities	Project is aligned with the goals and ways of working outlined within the Future Generation (Wales) Act 2015. Prosperity for All: Welsh Government's Economic Action Plan Collaboration with third sector partners to develop employment opportunities and enhance qualifications such as training in NVQs.

1.5 Existing Arrangements

The Authority currently operates one HWRC which continues to be operated by Silent Valley Waste Services Ltd and is based on the Waun-y-Pound Industrial Estate in Ebbw Vale. The site, named "New Vale" achieved a recycling rate of 56% during 2017/18.

In 2018/19 Blaenau Gwent introduced black bag sorting at its' HWRC in New Vale. Although it is too soon to rely on results, initial results saw a decrease of 80% in residual waste in the first quarter, although in October 2018 there has been an increase of traffic / visitor numbers to New Vale Site.

Bordering Local Authorities are suggesting that some residual tonnage has shifted across

the border and they are seeing increases in their residual tonnages. It is crucial to note that these neighboring authorities are also considering the introduction of black bag sorting and various methods of residency checks. Imminent changes to surrounding authorities' services, subject to member approval, are: -

- Torfaen CBC to introduce black bag sorting at their New Inn HWRC in March 2019,
- Caerphilly CBC to introduce proof of residency across their HWRC network in April 2019, and
- Monmouthshire CBC to introduce proof of residency at their HWRCs in May 2019.

This is therefore likely to drive Blaenau Gwent's residents and tonnage back into its' own HWRC network, and therefore supports the need for Blaenau Gwent to have its' own infrastructure to deal with this tonnage but also providing the opportunity to increase materials collected, as economical reprocessing becomes available and introduce a re-use service.

1.6 Business Needs

1.6.1 *Current Needs*

The current single site services all residents in Blaenau Gwent and any significant expansion is limited by its geographical location.

WRAP guidance, issued in January 2016, recommends residents should be able to access a site within a 20-minute drive. However, this does not take account of the specific geography and operational needs for each local authority and this is why Blaenau Gwent is considering building a second HWRC in the Ebbw Fach Valley.

1.6.2 *Future Needs*

The development of a new site will provide the residents of Blaenau Gwent with accessible and improved recycling facilities.

A new site will also provide capacity to introduce re-use of household items with benefits of improved recycling rate for Blaenau Gwent, access to furniture and items for the community and although likely modest in value, will generate income for re-investing into the service and into the community. In particular using this project to work with third sector partners, who can tap into funding schemes to improve employability and work programmes in the borough.

1.7 Scope of preferred option

In 2016 significant remodelling of HWRC related waste flows was undertaken by Eunomia, on behalf of WRAP Cymru, and published in the report "Blaenau Gwent – Service Improvement Options, WRAP, 2017".

A further report "BGCBC_HWRC_Support_Final_V8.3_171122_SENT" was commissioned to undertake, amongst other service changes, an evaluation of sites for a second HWRC in Roseheyworth, from an original long list of potential sites. Under each new design configuration, the effective implementation of strict residual policies alongside the levels of resourcing were evaluated against an objective of the HWRC network achieving recycling rates over 80%.

In conclusion, introducing a second HWRC site at Roseheyworth would improve service provision for residents in the south of Blaenau Gwent CBC who are currently located closer to HWRC facilities outside the borough. Additionally, this would reduce the burden on New Vale and reduce congestion at peak times. It would also increase the recycling rate of the HWRC network as it will be easier for site staff to interact with site users and support segregation of recyclables. It is anticipated that that the additional tonnage projected to arise at the new site will contribute an additional 1 percentage point to Blaenau Gwent's overall recycling rate.

The preferred Option recommended by Scrutiny on 24th November 2017 was for the improvement to New Vale HWRC site and development of a second facility at Roseheyworth South.

1.8 Benefits Criteria

This section describes the main outcomes and benefits associated with the implementation of the project in relation to business needs as identified in Table 3:

Table 3: Benefits Criteria

Investment objectives	Main benefits criteria by stakeholder group
Investment objective 1: Strategic Fit	Delivery of a project that complies with: <ul style="list-style-type: none"> • the Welsh Government’s national policy context for waste; • the local policy context as per BGCBC’s Waste Corporate Plan; • improve and maintain public perception; • increase public awareness of resource efficiency;
Investment objective 2: Operational Need	<ul style="list-style-type: none"> • minimize the impact on the environment by increasing recycling and the introduction of a re-use centre; • improve overall service provision for residents; • improve service to users by reduced drive times for householders across the whole County; • future proofing service to manage increasing throughput now and in to the future; • a second site may improve fly-tipping through increased access to the service;
Investment objective 3: Financial	<ul style="list-style-type: none"> • in terms of capital - to deliver the project within the funding and budget available; • ability to recover more value from residual waste and contribute to a more resource efficient Blaenau Gwent; • reduce revenue operating costs by maximising re-use and recycling and minimising disposal costs; • ability to generate income if commercial waste services are offered in the future;
Investment objective 4: Employment Opportunities	<ul style="list-style-type: none"> • is aligned with the goals and ways of working outlined within the Future Generation (Wales) Act 2015; • achieves new jobs in the area; • develops employment opportunities and enhances qualifications/NVQs; • engage with local partners and reuse organisations to increase re-use and the wider social benefits.

1.9 Strategic Risks

Table 4: Project Main Risks

Main Risk	Consequence / Impact	Counter Measures
-----------	----------------------	------------------

Permitting		
Permitting requirements for the new site are demanding and costly.	Delay or stop the development.	Work with WRAP and internal experts to ensure design meets permitting needs.
Permitting refused.	Delay or stop the development.	Carry out permit work in tandem with the planning regulations work.
Design		
Planning permission refused.	Delay or stop the development.	
Ground conditions.	Stop or fundamentally change the development.	Early site condition surveys to be carried out.
Design and preparation of Tender documents not completed on time.	Delays to timescales. Loss of opportunities.	Managed in-house by the BG experienced team
Development		
Objections to the new site by local business.	Objections delay or stop the build project.	Early engagement with the local businesses
Objections to the new site by residents.	Objections delay or stop the build project.	Early consultation.
Change management and project management expertise to manage the project	Delay or stop project.	Dedicated internal project manager will be appointed, ability to call upon additional internal and external resource
Implementation risks		
Timescale	Delay of the development	Close management of each element of the project, set realistic and attainable milestones, review and evaluate.
Cost risks	Delay or stopping the development	Follow a robust tender process, confirm and contract if appropriate all costs. Monitor and report
Operational risks		
Performance	Recycling performance falls below statutory requirements and BG still face WG fines.	Adequate resourcing of the site. Introduction of residual restrictions. Introduction of well publicised re-use shop.
Operating costs	No internal budget to run the sites.	Maximise recycle income. Minimise disposal costs.

Plant availability	Plant and equipment delivery is delayed or fails	Robust due diligence, agree realistic and attainable lead times, ongoing dialogue and reporting from suppliers
Poor utilisation of the new site or cross border abuse	Increased operating costs.	Improved drive times for some residents. Will be well publicised. Re-use shop will be promoted through local communications.
Financial risks		
Insufficient Capital Funding;	Failure to secure funding from WG stops development.	Early application to WG. Delivers against the WG legislative context.
Insufficient revenue funding;	No internal budget to run the site	Maximise recycle income. Minimise disposal costs.
BG miss the statutory recycling targets	Potential cost of £100,000 per 1% under target	Build programme will deliver operational sites ahead of the next increase in statutory target.
Insufficient revenue generation from sale of materials.	Lose the commercial viability of the project.	Residual restrictions. Engage with WRAP Material Brokerage to maximise revenue from materials.
Insufficient material markets for recovered materials and/or price fluctuation.	Do not achieve required revenue,	Engage with WRAP Brokerage to maximise revenue from materials.

1.10 Constraints and Dependencies

Table 5: Project Constraints

Constraint	Description
Cost / financing	All capital building projects are faced with financial constraints and the project will have to be carefully managed from inception to completion to ensure it is delivered within budget.
Quality	The build quality of the infrastructure and buildings is fit for purpose.
Planning and permitting	As with all developments the project will have to be planned, designed and delivered carefully within the parameters set by the planning system, permitting regulations and building regulations.
Legal	Finally, a key constraint is the legal framework that the project will need to be delivered within. Procurement rules will be in line with BGCBC guidelines and protections.

2.0 The Economic Case

The review of options for HWRC provision has identified that the introduction of a second HWRC within the Ebbw Fach valley and in particular at the site in Roseheyworth South would improve service provision for residents in the south of Blaenau Gwent who are currently located closer to HWRC facilities outside the County Borough. Additionally, this would reduce the burden on New Vale and reduce congestion at peak times. It would also increase the recycling rate of the HWRC network and support the segregation of recyclables.

2.1 Critical Success Factors

Table 6: Critical Success Factors

Critical success factors	Description
Business need	The Preferred Option must satisfy the existing and future waste management needs of WG Legislation, including, BGCBC need to increase recycling and reduce costs, as well as the needs of the wider community in terms of job creation;
Strategic fit	The Preferred Option must fit within the national and local policy context for waste management and minimisation as set out in this SOC;
Benefits optimisation	The Preferred Option, as described in this SOC, must provide the best solution to ensure that current and future demand in the provision of waste management and recycling solutions can be met at the required standard of service;
Potential achievability	The Preferred Option must deliver the best means of delivering the waste solutions envisaged whilst being acceptable to the industry dynamics and the community requirements;
Potential affordability	The Preferred Option must be affordable in terms of capital investment and life cycle revenue cost. It must generate quality materials that are acceptable to the industry and can be recycled, and re-use items of a quality acceptable to the public and third sector organisations.

2.2 Options Appraisal

In 2017 Eunomia was appointed by WRAP Cymru to undertake a follow-up review of 3 scenarios for the HWRC service provision.

The following scenarios were appraised:

- Improved development of New Vale HWRC, 4 redesign sub-options within this option;
- Opening a second HWRC facility in the Ebbw Fach Valley, 2 locations were considered; and
- Feasibility and likely market for trade waste acceptance at the Silent Valley WTS.

The main objectives of this review were to:

- Provide updated capital and operation cost estimates for the four reviewed designs for New Vale alongside expected waste flows and performance;
- Provide an implementation plan for the development of each option;
- Investigate and set out opportunities regarding the development of reuse facilities and Trade Waste controls;
- Evaluate the potential case for developing a second HWRC site at two locations in Roseheyworth; and
- Investigate opportunities for accepting commercial waste at the facility at Silent Valley.

The preferred option proposed in this business case is to open a second HWRC site, with re-use, at Roseheyworth.

It does not cover commercial waste opportunities at Silent Valley.

In 2018 further sensitivity work was carried out by WRAP Cymru (*BG_SensivitiesReview_FINAL*) to look at the impact on assumptions and to investigate whether the conclusions originally made for the preferred options would change.

The following assumptions were made in the original review:

1. The new site would increase the total HWRC yield across Blaenau Gwent by 23%, due to householders in the south of the county no longer using a HWRC in the neighbouring county. All of this extra waste would be deposited at the new facility.
2. Through improved site design, facilities and on-site practices, the total recycling rate at both HWRCs would be 83.4% - which equates to a 15% increase in recyclables collected at New Vale and decrease in residual waste collected of 60%.
3. 15% of the all material collected at New Vale would be redirected to the new site.
4. Material gate fees and rebates would remain constant.

Table 7 below shows the sensitivities tested in this review based on the assumptions above:

Table 7: Sensitivity Scenarios

Sensitivity	Description
1a HWRC Yield	Increase in total HWRC yield across Blaenau Gwent of 15% (instead of 23%)
1b HWRC Yield	Increase in total HWRC yield across Blaenau Gwent of 30% (instead of 23%)
2a Recycling Rate	Increase in HWRC recycling to 20% (from 15%) and decrease in residual yield to -70% (from -60%)
2b Recycling Rate	Increase in HWRC recycling to 10% (from 15%) and decrease in residual yield to -50% (from -60%)
3a Material Costs (Best Case)	Best case: 20% increase in rebate values AND 20% decrease in gate fees
3b Material Costs (Worst Case)	Worst case: 20% decrease in rebate values AND 20% increase in gate fees

Overall the total variation in costs based on the sensitivities tested were low and so would not have dramatically changed the original conclusions drawn by Blaenau Gwent.

3.0 The Outline Commercial Case

3.1 Procurement Strategy

Procurement of the construction supplier/s and materials will be in line with BGCBC guidelines, and will be sourced locally wherever possible, and economically viable, to create further value for local businesses.

A tender process will provide both detail on the capital cost, currently estimated using most up to date industry estimates, and on the build and commissioning timescales.

3.2 Timescales

Table 8: Project Timescales

Date	Activity Description
September 2018	Expression of interest for WG grant made identifying BG need
October 2018	Pre-application consultation
November 2018	Consider consultation responses
December 2018	Full planning application is submitted
March 2019	Planning Committee
April 2019	Submit formal application for WG grant funding
May 2019	Deal with planning conditions
May/June 2019	Resolve any ecology issues
November 2019	Tender and appoint construction contractor
November 2019	Report to Executive and Council with options regarding financing
January 2019	Start build period
Summer 2020	Operational site (assumes 6 month build)

The detailed project timescales for build and commissioning will be determined by the tender process and appointment of the contractor. The above dates are indicative only.

4.0 The Outline Financial Case

4.1 Summary financials

4.1.1 New HWRC at Roseheyworth

In the original review, the total capital expenditure at Roseheyworth South was £1.163m. Blaenau Gwent internal design engineers have now estimated that the total capital expenditure will increase to £2.8m. As such the total capital costs have been increase as shown in Table 9 below.

Also included is a land reclamation repayment to Welsh Government.

The Prudential Borrowing rate for the £2.8m capital spend has been provided by Blaenau Gwent finance.

Table 9: Capital Expenditure Roseheyworth Business Park South

CapEx Type	Total	Over		Annual Cost	Comments
Access , prelims, civils etc.	-£2,500,000	25	Years	-£125,000	Prudential borrowing - cost of borrowing supplied by BG. CapEx estimate of £2.5m from BG, 25yr
Mechanical and Electrical	-£300,000	10	Years	-£33,000	Mechanical/Electrical prices from original review
Land reclamation payment to WG	-£75,000	25	Years	-£4,000	
TOTAL	-£2,875,000			-£162,000	

4.2 Revenue costs

Operational costs for the new site include staffing, equipment rental, overheads, service, maintenance, security, utilities and fuel, are deemed constant across all options.

The estimated total operational expenditure for the operation of the new HWRC, seven days a week:

1. Roseheyworth New HWRC = £497,000 pa

Detailed revenue costs are being modelled across a number of different scenarios and will be presented in a report to Scrutiny and Executive.

4.3 Potential Sources of Funding

This report is submitted as support for the application of grant funding from Welsh Government and in consideration of Blaenau Gwent self-funding though capital or through Prudential Borrowing.

4.3.1 Blaenau Gwent Prudential Borrowing

If Blaenau Gwent are to borrow to fund the development costs it is assumed that the highways and preliminary costs, as identified in Table 9 above, will attract a Prudential Borrowing of 25% and is based on estimates supplied by Blaenau Gwent finance team. The period for prudential borrowing would need to be linked to the useful life of the asset. It should be noted that borrowing interest rates supplied by the Public Works Loan Board are subject to change which will affect the annual cost of borrowing

4.3.2 Welsh Government Capital Support

Capital support is required for the build of a new HWRC at Roseheyworth.

The estimated total required total capital investment for the new HWRC site at Roseheyworth is shown below in Table 10.

Table 10: Capital Expenditure – New HWRC - capital support

CapEx Type	Total		
Access, prelims, civils etc.	-£2,500,000	25	Years
Mechanical and Electrical	-£300,000	10	Years
TOTAL	-£2,800,000		

This value differs to Table 9 above as the Land Reclamation repayment of £75,000, payable to Welsh Government, has been excluded here.

5.0 The Outline Management Case

This section summarises how this project will be managed to ensure delivery on time and to budget.

5.1 Build and Commissioning Control

Blaenau Gwent will appoint an internal engineer to manage a tender process to evaluate and appoint a contractor. A tender process will source a contractor to manage the build and commissioning of the new HWRC site. The internal engineer will also project manage the contractor throughout this period.

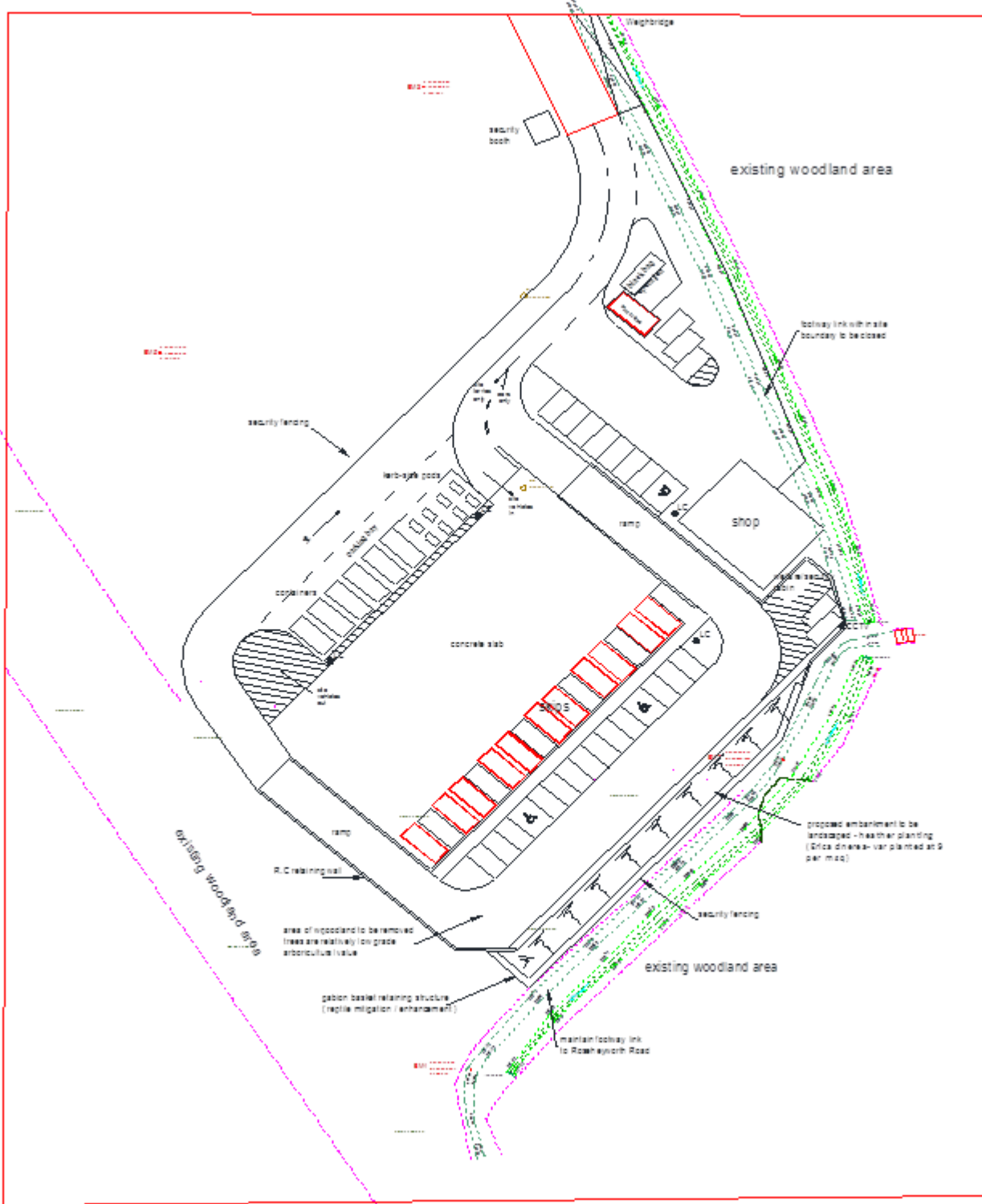
5.2 Operation of the new HWRC

The new site will be managed by Silent Valley until Blaenau Gwent internal review has been completed, as identified in Section 4.2 above.

5.3 Summary of overarching legal advice

The site to be utilised for the new HWRC is one already owned by Blaenau Gwent. OJEU procurement rules will be followed to source a competent contractor.

A.1.0 New HWRC Design



A.2.0 HWRC Impact on Local Authority Recycling Rates

Estimated Welsh contribution of HWRC collected material to recycling rates.

Using a broad analysis of WasteDataFlow data and based on the last 12 months' worth of available data (Oct 2017-Sept 2018), the estimated contribution of HWRC collected material to recycling rates for all Wales is 20.3 percentage points, i.e. if the total recycling rate were 64%, then 20.3 of these 64 percentage points would be from materials collected at HWRC.

The contribution varies from authority to authority, from a minimum of 9.1 percentage points to 32.3. Using the methodology described below, Blaenau Gwent currently has the second lowest contribution from its' HWRC infrastructure.

Blaenau Gwent HWRC Contribution

A more detailed analysis of Blaenau Gwent's WasteDataFlow returns for the period (Oct 2017-Dec 2018) was undertaken. This shows that the contribution of HWRC collected material to recycling rates is 10.8 percentage points for the whole year. This contribution has increased in the last two quarters, as shown in the table.

	Q3 Oct-Dec 17	Q4 Jan-Mar 18	Q1 Apr-Jun 18	Q2 Jul-Sep 18	Q3 Oct-Dec 18
Total HWRC recycling (t)	682	724	1,053	871	620
Total MSW (t)	7,498	7,658	8,417	7,377	6,901
Contribution (% point)	9.1	9.5	12.5	11.8	9.0
Total HWRC Residual (t)	666	701	643	150	129

To note: Q3 18/19 data is un-validated and subject to change.

Methodology

Total Welsh HWRC contribution:

This was estimated by adjusting the arisings of recyclable and residual material from HWRC to estimate the proportions of recycling from each stream. The total estimated recycling was then compared to total municipal waste to find the contribution toward recycling rates. The following adjustments were used:

1. Wood – a 40% reject rate was applied to all wood collected at HWRC (this is a Wales average).
2. Commingled – a 25% reject rate was applied to any non-residual, mixed material reported as collected at HWRCs.
3. Residual – it was assumed that all residual material collected at HWRCs is sent to Energy from Waste, and 20% of that is recycled incinerator bottom ash.

It should be noted that all local authorities operate a different number of HWRCs per population, and have different policies/procedures at HWRCs, such as permitting trade waste or restricting residual waste – these factors will impact the contribution of HWRCs to overall recycling rates. Also, the mass of waste collected from other sources will impact the contribution of HWRC recycling to total recycling.

Finally, the adjustments are based on Wales averages, individual local authorities may have different material reject rates and different outlets for their residual material.

Blaenau Gwent HWRC contribution:

A more in-depth analysis was undertaken for Blaenau Gwent's HWRC waste. Each material stream was analysed separately and adjusted using reject/recycling rates reported to Q100 of WasteDataFlow to provide a more accurate recycling contribution.

ON 11th June 2018 Blaenau Gwent introduced black bag sorting. There is little change in terms of recycling contribution since this change, but actual yield of residual material has decreased significantly. Some of the issues that may impact contribution are; the amount of IBA recovered from HWRC residual has decreased due to lower yields; Q3 usually sees lower yields of green waste; and Blaenau Gwent have reported much higher wood reject rates in recent quarter than during 17/18.

For information HWRC numbers in those local authorities with the highest contribution are as follows:

Carmarthenshire – 4

Pembrokeshire – 6

Wrexham – 3

A.3.0 Well Being Goals

Extract from Blaenau Gwent County Borough Council – Future Household Waste Recycling Centre Provision – 24/11/17

Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals.		
Description of the Well-being goals	How will your project / activity deliver benefits to our communities under the national well-being goals?	Is there anyway to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?
<p>A prosperous Wales An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>Increase recycling at New Vale if a better layout/experience is created for residents, less travelling for residents from Abertillery/Blaina if a new site was developed. Projected 1% increase in overall recycling rate with new HWRC.</p>	<p>Providing residents with more suitable facilities for the future to achieve 70% recycling rate by 2025</p>
<p>A resilient Wales A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<p>Less likely fly tipping around New Vale if layout/access is better for residents. Less chances of fly tipping in Ebbw Fach Valley if a new site is developed.</p>	<p>Less visual impact on area around New Vale and new site. Less damage to environment/ecosystems in the area, especially if hazardous waste is illegally tipped.</p>

<p>A healthier Wales A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>		
<p>A more equal Wales A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstances).</p>	<p>New site and improvements can help provide a site that accommodates everyone's needs</p>	<p>Improvements to New Vale and a new site will allow alterations to be made in order to accommodate everyone.</p>
<p>A Wales of cohesive communities Attractive, viable, safe and well-connected communities.</p>	<p>Allows residents that have struggled to get to New HWRC for various reasons would be able to access a new site much closer to them.</p>	<p>Improvements to New Vale will help provide a safer facility for the HWRC and a new one will alleviate the pressures at New Vale</p>
<p>A Wales of vibrant culture and thriving Welsh language A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<p>All signs on both HWRCs provided in Welsh.</p>	
<p>A globally responsible Wales A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>		

www.wrapcymru.org.uk

