

Committee:	Special Council
Date of Meeting:	19 th December 2019
Report Subject:	Revenue costs for operating a Second Household Waste Recycling Centre (HWRC) at Roseheyworth South Business Park
Portfolio Holder:	Cllr. G. Collier, Deputy Leader / Executive Member, Environment
Report Submitted by:	Head of Community Services

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
10/12/19	10/12/19						19/12/19	

1.0 Purpose of the Report

For Members to consider options for the following:

- The operational days of New Vale and the proposed second Household Waste Recycling Centre (HWRC) in Roseheyworth; and
- The financial implications of operating a second household waste recycling centre.

2.0 Scope and Background

- 2.1 The development of a second Household Waste Recycling Centre supports the Council Priority '*Strong and Environmentally Smart Communities*' in particular '*to increase rates of recycling to enable us to achieve national targets*' and will contribute towards the 70% target. The development of a second site will also lead to highway improvements by enhancing the A467 with traffic lights on the entrance to the Roseheyworth Business Park. Furthermore, the new site will provide capacity to introduce re-use of household items with 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, this reuse project provides an opportunity to work with third sector partners, who can access funding schemes to improve employability and work programmes in the Borough.
- 2.2 It has been confirmed by Welsh Government the Council has been successful in its bid for capital funding for a new HWRC with a full award of £2.8 million being made for this facility. Elements within the capital funding have been used to reduce the ongoing revenue costs associated with plant hire on both sites.
- 2.3 WRAP (Waste and Resources Action Programme) worked closely with Blaenau Gwent to develop a Strategic Business Case for the proposed new HWRC site at Roseheyworth detailing how it can address local challenges whilst responding to statutory goals.
- 2.4 The Strategic Business Case for the development of a second Household Waste Recycling Centre at Roseheyworth has recently been approved by Executive with a further recommendation that a second report is presented to Scrutiny to present options regarding the operational days of New Vale and the proposed second Household Waste Recycling

Centre (HWRC) in Roseheyworth and the financial revenue costs and funding of these options.

3.0 **Options for Recommendation**

Year 1 revenue costs will potentially be lower as a result of the new facility not becoming fully operational until 1st June 2020. Therefore, revenue costs for 2020/21 have been modelled at ten months.

Operational Days

Indicative days of operation for the two HWRCs are included as **Appendix 2**. This will show that if one site is closed the other site will be open. Therefore, the public will have access to one of the sites over a seven-day period. When you compare this with our neighbouring authorities they also close their sites on set days. For example, in Monmouthshire:

- Llanfoist - Closed on Wednesday
- Five Lanes – Closed on Thursday
- Mitchel Troy – Closed Mondays and Thursdays
- Usk – Closed Tues and Fridays

This still allows the residents to access a facility 7 days a week within Monmouthshire. This is also mirrored in Powys where certain sites are closed on set days, for example Brecon is closed Thursday and Friday. Both Torfaen and Merthyr are currently reviewing their days of operation.

3.1 **Option 1** – Roseheyworth and New Vale HWRCs both operational for 7 days a week, the draft revenue estimate to operate the proposed new site in 2020/21 is £258,680.

3.2 **Option 2** – Roseheyworth and New Vale HWRCs both operational 6 days a week, the draft revenue estimate to operate the proposed new site in 2020/21 is £204,530.

3.3 **Option 3** – Roseheyworth and New Vale HWRCs both operational 5 days a week, the draft revenue estimate to operate the proposed new site in 2020/21 is £151,930.

Preferred Option - Option 2

Revenue budget cost implications are included as **Appendix 1**. The above operational costs for the Roseheyworth HWRC has been modelled upon current provision at New Vale – this will be fully reviewed during year 1 of operation.

3.4 Financial implications

3.4.1 Revenue funding options based on the number of days the new HWRC will be operational for ten months commencing 1st June 2020 and for a full year commencing 1st April 2021:

Table 1 – Financial Table

2 Year financial Table 1st June 2020 - 31st March 2022							
		Option 1 7 days £		Option 2 6 days £		Option 3 5 days £	
		Year 1 (10 months)	Year 2 (12 months)	Year 1 (10 months)	Year 2 (12 months)	Year 1 (10 months)	Year 2 (12 months)
	Net budget Requirement	258,680	307,400	204,530	242,000	151,930	176,470
A	Service efficiency	39,000	39,000	39,000	39,000	39,000	39,000
B	1 Street Cleansing Gang	95,400	95,400	95,400	95,400	95,400	95,400
C	Potential Savings based on Sensitivity Analysis of operating 2 HWRC's (Appendix 4 Page 13)	90,000	108,000	90,000	108,000	90,000	108,000
	Funding Surplus/(Shortfall)	(£34,280)	(£65,000)	£19,870	£400	£72,470	£65,930

Table 1 above identifies options for funding the operational costs of the HWRC:

a) Service efficiency - £39,000

There have been a number of expressions of interest for voluntary redundancy within Neighbourhood Services. A full review will be undertaken to make one service efficiency to the sum of £39,000.

b) One Street Cleansing gang - £95,400

The Council originally operated on four Street Cleansing gangs and a further gang was added in 2017 to bring it up to five. The opening of a new HWRC is expected to have a positive impact in the Ebbw Fach Valley, which will allow the department to reduce by one Street Cleansing gang and move those staff into the operation of the new facility. This will then leave 3 Street Cleansing gangs for each of the three valleys and one reactive gang to deal with fly-tipping. With Blaenau Gwent operating on four Street Cleaning gangs, this is still above the average per head of population throughout Wales. Based on the site being operational from June 2020, the saving on the 5th gang between April and June would also contribute positively to the budget.

c) Sensitivity analysis – two sites operational - £108,000

Based on a two site strategy a modelling exercise was undertaken by WRAP, which shows some potential performance increases, which are quantified as follows:

- A HWRC arising increase of 15% from 23% gives a saving of £28,000 p.a. This is due to reduced haulage and gate fees as a result of a reduction in black bag waste.
- Increased recycling and reduced residual waste offer a saving of £12,000 p.a. This is due to increase material revenue and reduced disposal costs.
- A 20% increase in material revenue as a result of increased recycling and a 20% decrease in gate fees will have the effect of saving £57,000 over the baseline.
- The modelling exercise looked at worse case and best case scenario, which can be found in Appendix 4 page 13 (Table 7). The net saving based on the best case scenario on the above is £97,000.
- Furthermore, we estimate an income from the re-use shop of approximately £11,000

The option of opening both sites 7 days per week is estimated to result in a cost pressure to the Council of £34,280 in year 1 (part year effect) increasing to £65,000 in year 2. If this is the preferred option of Council, then additional funding will need to be identified.

A full review of demand, peak times, waste tonnages will be undertaken during year one of operation of both the new and existing site. Furthermore, the operation of the new HWRC will form part of the wider review of Silent Valley with an expected outcome in the summer of 2020.

4.0 **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 **Council Priorities**

The development of the HWRC infrastructure supports the Council Priority '*Strong and Environmentally Smart Communities*' in particular '*to increase rates of recycling to enable us to achieve national targets*'.

4.2 **Statutory Responsibilities**

Local Authorities in Wales have been set statutory recycling targets through the Wales Waste Measure 2010, and failure to meet the targets will result in a financial penalty from Welsh Government.

4.3 **Well-being Plan**

The development of the HWRC infrastructure supports the following Well-Being objectives:

- Blaenau Gwent wants to look after and protect its natural environment; and
- Creating a vibrant area that lives in harmony with its natural environments, using resources in a fair and sustainable way.

5. Implications

5.1 **Impact on Budget (short and long term impact)**

Revenue

- 5.1.1 The indicative ten-month revenue costs at the new site have been modelled at £258,680 operating for 7 days a week from 08:30 to 17:30. Reducing the days of operation will reduce the potential revenue costs associated with the new site so ten month costs for six and five-day opening have also been modelled.
- 5.1.2 Year 1 revenue costs will be lower as a result of the new facility not becoming fully operational until 1st June 2020. Therefore, revenue costs for 2020/21 have been modelled at ten months. Furthermore, if all funding options are agreed, assuming that the best case sensitivity analysis is achieved the new HWRC will demonstrate financial viability in the medium to long term.
- 5.1.3 Revenue staffing costs for the new site have been modelled to include the foundation living wage. The staffing requirements of both sites will be reviewed during the first year and potentially could be reduced further.
- 5.1.4 Five year costs are included in **Appendix 3**.
- 5.1.5 The operation of this new facility will help mitigate future fines. For every 300 tonne diverted from landfill protects the authority from a fine of £60,000. It is critical the authority meet and exceeds the 64% target up until 2024/25 where the new target of 70% will come into force. The two site strategy will allow the Council to get closer to the 70% target, as failure to expand and grow the Waste service could make the Council's recycling rate stagnate and lead to potential fines in 2024/25 and beyond to the sum of £360,000 per annum (£60,000 per 1% recycling target missed).

5.2 **Risk including Mitigating Actions**

If Welsh Government rates are not achieved (70% from 2024/25) there is a risk that the Council will face larger fines over time.

5.2.1 **Option A - Service efficiency/staffing reduction in Community Services £39,000:**

Risks

- Potential reduction in service standards.

Mitigations

- Restructure the Integrated Frontline Service and develop apprenticeship scheme.

5.2.2 **Option B - Street Cleansing Team reductions £94,500:**

Risks

- Reduction in service standards;
- Negative public perception;
- Impacts on appearance and quality of areas;

- Inability to achieve the Council Corporate Priority Strong and Environmentally Smart Communities;
- Reduction in quality standards - Local Environmental Audit Management System (LEAMS);
- Potential increase in health and safety implications, e.g. pavement and infrastructure cleansing; and
- Less resilience of Integrated Frontline Service to support the Waste Service.

Mitigations

- Opening of a new HWRC will reduce fly-tipping within the Ebbw Fach Valley.
- Additional funding secured through Keep Wales Tidy to increase more voluntary litter picking champions.
- Increased CCTV and signage to enforce fly-tipping.

Option C - Sensitivity Analysis – Two sites operational £108,000

5.2.3

Risks

- That residual tonnages will not drop.
- That recycling tonnages will not increase.
- That we will not achieve all or part of the savings associated with the sensitivity analysis.

Mitigations

- Black bag sorting at each facility
- Increase marketing and communications
- Behaviour change campaign borough-wide
- Review frequency of residual waste collections

5.3 **Legal**

In order to operate the second HWRC the operator will require a valid permit from Natural Resources Wales (NRW). The permit application is in the process of being developed with NRW to ensure the site will be permitted once constructed.

5.4 **Human Resources**

5.4.1 The number of operatives required will depend on the number of days the site is operational, with potentially a maximum of seven full time equivalent operatives if the site is operational seven days a week.

5.4.2 The revenue funding options required may result in reduction of frontline staff.

Funding Option	Number of staff potentially affected
A	1
A and B	4

WRAP (Waste Resource Action Programme) has modelled both sites operating with four staff on each site, which will require seven to be on the rota to cover for sickness and holidays. The future operations of New Vale HWRC by Silent Valley Waste Services are

subject to its own review. The potential for staff transfers will be dependent on the outcome of the review.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

All costs are based on current operational practices, usage will be monitored and reported and financial implications will form part of regular budget monitoring arrangements.

6.2 **Expected outcome for the public**

Improved service and accessibility through greater HWRC provision across the borough and a Reuse option available for residents.

6.3 **Involvement** (*consultation, engagement, participation*)

Through the planning process, the public have been consulted and their views have been sought regarding the development of a second HWRC in the borough. The majority of views expressed by the public during the consultation period were positive and the development was well received. Furthermore, the department has also consulted with the Trade unions.

6.4 **Thinking for the Long term** (*forward planning*)

Blaenau Gwent is committed to protect and sustain the environment and provide all Blaenau Gwent residents with an efficient, smart and modern waste management and recycling service for now and into the future. A second HWRC will provide a resilient, fit for purpose site designed to support the meeting of future targets. It will provide improved access for residents hence adding amenity value and provide opportunities through the Re-use shop for both commercial and community benefits.

6.5 **Preventative focus**

Blaenau Gwent will explore opportunities to divert waste from disposal by increasing the levels of re-use and recycling through the HWRC infrastructure.

6.6 **Collaboration / partnership working**

Blaenau Gwent will work together with its residents, contractors, community groups and the third sector to increase the range of materials able to be recycled, maximise recycling and value, and increase the opportunity for re-use at the site.

6.7 **Integration** (*across service areas*)

6.8 **EqlA** (*screening and identifying if full impact assessment is needed*)

7. **Monitoring Arrangements**

7.1 The performance of the Household Waste Recycling Centres will be monitored by the service on a monthly basis, including, but not limited to:

- Tonnage of residual, recyclables and reuse collected at the site;
- Recycling performance of site;
- Financial position; and
- Performance of Reuse shop.
- Quarterly monitoring on staffing levels

Highlight reports on progress will be provided through the internal CCP Board Meetings.

Background Documents /Electronic Links

Appendix 1 – Detailed budget cost implications;

Appendix 2 – Indicative HWRC Opening days

Appendix 3 – Five Year costs.

Appendix 4 – HWRC business case