



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	13 June 2016
Officer	Interim Director of Dorset Waste Partnership
Subject of Report	Strategic Waste Transfer Facility for Central Dorset
Executive Summary	<p>This report provides an update of the business case for construction of a new strategic Waste Transfer Facility (WTS) for the central Dorset area</p> <p>The facility will provide a much needed replacement to the current WTS in Blandford and a modern user-friendly Household Recycling Centre. The proposal incorporates a depot and vehicle maintenance facility to replace the depot in Shaftesbury.</p>
Impact Assessment:	<p>Equalities Impact Assessment: An assessment of the HRC service was carried out in 2006 and reproduced for the Joint Committee 25 September 2014 report Review of Household Recycling Centres. The provision of a split level HRC to replace a site where steps are required to access waste containers complies with the action plan of this EQIA.</p>
	<p>Use of Evidence: Bournemouth, Dorset & Poole Draft Waste Plan 2015 Dorset Waste Partnership Business Plan 2014/2019 Draft Blandford + Neighbourhood Plan 2015-2031</p>
	<p>Budget: Construction of the partnership centre would be funded by prudential borrowing through Dorset County Council. Dorset County Council have an allocation of £1m within their corporate capital programme for purchase of the land required for the development. The total project cost is estimated at £8.5m.</p>

Strategic Waste Transfer Facility for central Dorset

	<p>The project would require payment of £286,000 per annum against prudential borrowing. Bankable savings at this stage have been estimated at £193,719 per annum. This does not include savings following route optimisation or additional income from commercial waste growth.</p> <p>The net cost of the project is: Year 1 to 25 : - £92,281 per annum Year 25 to 50: £193,281</p> <p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: HIGH</p> <p>Residual Risk: MEDIUM</p>
	<p>Other Implications: None</p>
<p>Recommendation</p>	<p>That the Joint Committee</p> <ul style="list-style-type: none"> (i) approves the proposal for a new strategic waste transfer facility in central Dorset as outlined in the business case to include a household recycling centre, waste transfer station, and potentially depot and vehicle maintenance workshop; (ii) approves taking an Option on a suitable site(s) in the Blandford area and land purchase subject to planning consent for the facility if this is considered beneficial by the Director of the DWP in consultation with the Chair of the Joint Committee; (iii) approves the application for prudential borrowing through Dorset County Council for construction of the new waste transfer facility; (iv) approves extending the lease or negotiates purchasing the freehold of the existing waste transfer and HRC site in Blandford, on terms to be agreed by the Director of the DWP in consultation with the Chair of the Joint Committee and the Director for Environment and Economy (DCC) as lessee.
<p>Reason for Recommendation</p>	<p>To secure a key site(s) in Blandford for the development of a strategic waste transfer facility in central Dorset which will provide the capacity to maximise the benefits of operational efficiency and resilience to provide business continuity now and in future years.</p>

Strategic Waste Transfer Facility for central Dorset

Appendices	Appendix A – Business Justification – Strategic Waste Transfer Facility for Central Dorset (Exempt Information under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972) Appendix B – Discounted Cash Flow
Background Papers	Joint Committee 14 December 2015 – Residual Waste Contracts Joint Committee 6 October 2011 - The Dorset Service Options Assessment Summary Report and background papers
Report Originator and Contact	Name: Jason Jones, Group Manager (Commissioning) Tel: 01305 225180 Email: j.jones@dorsetwastepartnership.gov.uk

1 Background

- 1.1 In 2009 the County Council withdrew from bidding for Public Finance Initiative (PFI) funding for the provision of a waste treatment facility in Dorset to treat municipal waste. While a long term solution of a dedicated treatment facility for Dorset's wastes was not dismissed, short term contracts for the treatment of waste were entered into to allow the Council to comply with the Landfill Allowance Trading Scheme which was designed to reduce reliance on landfill. The importance of delivering much needed waste transfer stations (WTSs) to enable greater flexibility and options for the treatment of Dorset's waste was also highlighted at the time.
- 1.2 PFI funding is no longer available and it is considered unlikely that similar government funding for waste infrastructure will become available in the near future. Therefore it is likely that the DWP will continue to use capacity at waste treatment facilities provided by third parties for the treatment of municipal waste.
- 1.3 As reported at the December 2015 meeting options for disposal of waste within Dorset will soon end. An effective network of WTSs where there is no direct delivery to third party waste treatment facilities, and when these third party facilities are not available, is therefore essential. Current arrangements for the treatment of waste expire in August 2021 and will need to be retendered during 2020 and the DWP needs to be in a position to take advantage of available treatment capacity regionally.
- 1.4 The need to replace the current WTS at Blandford was highlighted in the background paper to the Dorset Service Options Assessment Summary Report presented to the Joint Committee in October 2011. Page 13 of the paper states "It is anticipated that the majority of Dorset's infrastructure sites would be able to cope with the new unloading process and the increase in tonnages collected as long as appropriate improvements were made, such as the building of undercover areas for material unloading at transfer station sites. The only site that could not be improved satisfactorily would be Blandford transfer station, which is already running at maximum capacity and experiencing long

Strategic Waste Transfer Facility for central Dorset

delays. Blandford must be replaced with a purpose built transfer station for the North of Dorset.”

- 1.5 Since 2011 various sites within the Blandford area have been investigated. Meanwhile the current WMC has been modified to accommodate recycle for Dorset, but this has compromised efficiency and caused additional disruption to users of the adjacent HRC. A suitable site has now been identified and there are ongoing positive discussions with the site owner. There are also ongoing discussions with the owners of the current waste transfer station site and DCC/DWP depot site in Blandford. It is intended to provide a verbal update on progress to the Joint Committee alongside this paper.
- 1.6 Due to the ongoing pressures on local authority finances, the business case for a replacement transfer station has been revisited and is shown as Appendix A. The report contains details of current negotiations and other financial information.
- 1.7 Appendix A shows the Business Justification Case for the provision of a new facility in Central Dorset based on a greenfield site option. With the development of a new facility there is an opportunity to co-locate depot facilities and a vehicle workshop, as well as providing a modern Household Recycling Centre to replace the existing Blandford site.

2 Discounted Cash Flow calculation

- 2.1 Appendix B shows a summary discounted cash flow (DCF) calculation for construction of a facility on a greenfield site, using a 50 year asset life, and a capital cost of £7.1m for DWP. The Discounted Cash Flow (DCF) is a technique commonly used to assess the viability of a project (or to differentiate between different projects) with expenditure and income streams spanning a number of years into the future.
- 2.2 The column entitled ‘year 1’ quotes costs and savings as identified in the Business Justification Template. A discount factor of 3% is then applied to the costs and benefits for a period of 50 years, and the results are shown in the column marked ‘years 1 to 50’. The result is that, taking into account the cost of capital that are written off in the first 25 years, and various revenue savings that accrue across the 50 years, the scheme delivers a positive net benefit. This is valued at almost £3m before the discount factor is applied. The discount factor of 3% is applied to represent the value of money over time, which reduces the benefit of the scheme to £230k at year 50.
- 2.3 It should be noted that other brownfield sites that may be available are likely to be cheaper to develop, and the benefit of the scheme at year 50 would be higher.

Karyn Punchard
Interim Director
May 2016