



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE 20 OCTOBER 2015**

**SUBJECT: WASTE STRATEGY- CONSOLIDATION OF WASTE
MANAGEMENT FACILITIES**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 The Committee is asked to approve a plan to consolidate and develop the Council's waste management facilities to ensure these remain fit for purpose and will continue to enable delivery of the Council's Waste Strategy in the approach to 2020 when a ban on the deposit of biodegradable waste to landfill will come into force.
- 1.2 This report is submitted to Committee in terms of Section III (F) (24) of the Council's Administrative Scheme relating to determining arrangements for waste management, street sweeping, refuse collection and refuse disposal including re-cycling.

2. RECOMMENDATION

2.1 It is recommended that Committee:

- (i) note the various issues across Direct Services depots as detailed in this report;**
- (ii) approves in principle Option 2 as detailed in the report, comprising the development of an integrated facility at Moycroft to facilitate the consolidation of the Lossiemouth Materials Recovery Facility, the cleansing depot at Brumley Brae, Environmental Protection office at Ashgrove and the Housing DLO at Tyock**
- (iii) recommend to The Moray Council that:**
 - a. officers progress towards detailed design and planning at a cost of £80k to be included in 2015/16 capital plan and;**
 - b. include £1.61m in the capital plan for 2016/17 and £1.61m in 2017/18 to develop the Moycroft site, noting that this is supported by the savings that can be realised as identified**

in section 10 of this report, subject to a financial case still being made.

- c. notes that a further report will be submitted once detailed costs have been obtained and subject to the final Business case being approved by the Asset Management Working Group.**

3. BACKGROUND

- 3.1 The Waste (Scotland) Regulations 2012 place a ban on sending biodegradable waste to landfill by the end of 2020. This means that while the Council is committed to maximising its levels of recycling and diverting waste away from landfill, the residual waste (contents of the green collection bin) which contains biodegradable waste will effectively be banned from landfill from this date.
- 3.2 The Council can either find its own solution or pay to have this waste disposed of at a merchant facility either in the UK or abroad, subject to the vagaries of the market and potential difficulties of securing a long term contract at a fixed price. Either way, this involves a need to increase our current waste handling facilities to deal with the additional waste once the landfill is closed.
- 3.3 Post 2020 Nether Dallachy landfill site will require to be closed as the volume of waste left requiring to go to landfill would not make the operation viable. Non recyclable and non combustible waste would either be handled through the Waste Transfer Station (WTS) for transfer on to a landfill site or separate arrangements for the disposal of commercial waste made by commercial waste hauliers.
- 3.4 Economic Development and Infrastructure Services (ED&I) Committee on 7 April 2015 agreed to work in partnership with Aberdeenshire and Aberdeen City Councils to progress the development of a joint Energy from Waste (EfW) facility in Aberdeen (Para 17 of the Minute refers).
- 3.5 This will require residual waste to be transported to Aberdeen via a waste transfer station (WTS). While there is a current WTS at Moycroft, it will be insufficient to cope with the increased volumes estimated at an additional 8,000 Tonnes/year post 2020, that will need to be transferred to Aberdeen once Nether Dallachy landfill site is closed. Hence the need to increase capacity at the existing facility at Moycroft or find a new facility.
- 3.6 As well as contributing towards the Council's waste strategy in respect of plans for a WTS and associated facilities, this report also fulfils part of the commitment by the Heads of Housing and Property and Direct Services to review the operational depots across the Moray area with a view to rationalising depots and delivering efficiencies by consolidating operational centres where appropriate. This was an action identified in the 2014/15 services plans.

- 3.7 To date, annual savings of £71k have been realised through consolidation of operations in depots located in Buckie and Keith. This was reported to Communities Committee on 13 October 2015. This report details changes proposed as a result of the review of the remaining depots in Elgin.
- 3.8 The experience gained in the recent office rationalisation programme in Elgin suggests that lasting savings and greater efficiencies are to be had by merging operations where possible.

4 FUTURE NEED FOR INCREASED CAPACITY FOR WASTE TRANSFER STATION (WTS)

- 4.1 There is currently insufficient capacity at Moycroft to handle the additional residual waste that would have to be transferred to the proposed Energy from Waste facility in Aberdeen. There are 2 options to manage this, either by constructing a new facility or by increasing capacity at Moycroft.
- 4.2 The ideal location for a new standalone facility would be at Nether Dallachy landfill site. The estimated capital costs for constructing a new facility would be in the order of £1.725m (this assumes that existing welfare facilities on site could be used) with £98k per annum for running costs. Based on 2 additional staff, plant, equipment, SEPA licensing, IT etc... These costs would not be required if operating out of Moycroft as use could be made of existing staff and equipment located at Moycroft.
- 4.3 Whilst the capital costs (£1.725m included in the £3.3m total development cost) of extending the existing facility at Moycroft are comparable with the capital cost of a new facility there would be a revenue saving in operating costs as use could be made of the existing staff and equipment saving £98k a year compared with a new standalone facility at Nether Dallachy.
- 4.4 Recognising that an extension at Moycroft would deliver a revenue saving compared with a new facility at Nether Dallachy and deliver operational benefits with an integrated facility, the Nether Dallachy option was therefore discounted.

5. BRUMLEY BRAE

- 5.1 Brumley Brae depot currently houses the refuse collection fleet for the Elgin area. The cost for the lease is currently £42K per year. A condition survey on this building was carried out in June 2013. The survey identified that the roof and mechanical and electrical services were in urgent need of repair/replacement with an estimate of £154K to be spent over the next 2 years and a further £91K required over the following 3-5 years. Only minimal essential works have been carried since the survey pending the outcome of the depot review.
- 5.2 Consideration was given to buying Brumley Brae depot. However, with an asking price of £425K and pending repair costs. this was discounted as not being good value for the Council.

6. ASHROVE DEPOT

- 6.1 The staff located within the Ashgrove Portacabins includes all management/admin for Environmental Protection and the Roads DLO. The current Roads DLO office accommodation in Ashgrove Depot is in poor condition. The Porta cabins were surveyed in 2011 and the survey was further revised in 2015. It is estimated that roof and wall repairs are required imminently and will cost £124K. It is questionable whether incurring these costs is prudent however given the age of the Portacabins. The surveyor states that:

“The property is life expired with no practical solution for improving condition in an economic or long term sustainable manner; a like for like replacement being the logical option”

- 6.2 The cost of replacement of the Portacabins is estimated at £675k plus £50k for re-siting IT equipment. This would also require a temporary decant of the staff therein for up to a minimum of two months.

7. MATERIALS RECOVERY FACILITY, LOSSIEMOUTH

- 7.1 The Council currently operates a Material Recovery Facility (MRF) in Coularbank Industrial Estate, Lossiemouth. This has operated since May 2013 and separates a mixed material stream from kerbside into Aluminium Cans; Steel Cans; other metals and plastic bottles. These are sent to reprocessors for recycling for which the council receives an income.
- 7.2 Waste Watchers (Moray Reach Out) which provide placements for those with learning difficulties, operate the facility on behalf of the council through an agreement whereby they are funded by the council.
- 7.3 The Waste Watchers operations at Lossiemouth provide employment for 1 FTE operations manager assisted by 2 FTE trainer/supervisor with 20 placements on a rota basis resulting in 10 placements on any given day.
- 7.4 The operation continues the successful previous arrangement between the council's Waste Management Section and Waste Watchers whereby both parties benefit. The clients within the placement scheme benefit from valuable work experience and training at the MRF.
- 7.5 However, due to the nature of the material stream where many of the containers to be segregated have residues from their use, there are inevitably some odour issues regardless of how the MRF is operated. There have been ongoing complaints from neighbours within the industrial estate and local residents in a nearby residential development.
- 7.6 Officers within Waste Management and Environmental Health have had ongoing liaison to manage these issues. However, these complaints culminated in the Environmental Health Manager advising that should the odour nuisance continue, had the resource been run on behalf of someone other than the Council, then an Abatement Notice would have to be served to

cease activities at the MRF. Although the Council cannot serve a formal notice on itself the fact remains that the issue requires to be addressed.

- 7.7 While some interim housekeeping measures have been agreed to partially mitigate against odour nuisance, in the long term the options are: putting in place a complete roofed enclosure with extraction/filtering systems in the existing site, tender the service to the private sector or relocate the operations to a more appropriate site.
- 7.8 Discussions have been held with colleagues in Waste Watchers and whilst they have an obvious fear for the future of their operation, they are fully supportive of any move which will ensure that their client placements are sustained whilst at the same time providing opportunities for further development.
- 7.9 Losing the waste contract is likely to threaten the viability and sustainability of Waste Watchers as an organisation. The clients currently on work placement there would have to be found alternative work placements. This could be challenging as there are limited like alternatives available locally. There would also be cost implications to find new placements however this would be difficult to quantify without knowing the details of what and where these work could be located.
- 7.10 On the basis that it will no longer be viable to continue with the existing Waste Watchers operations at the Lossiemouth site, consideration was given to 3 alternative options to manage this waste (cans and plastics).
- a) To provide full enclosure of the existing site at an estimated cost of £1.2 million. It was clear that full enclosure of the site was not a viable solution to the problem. It would certainly not be practicable for delivery and removal of material streams and not cost effective and is therefore discounted.
 - b) To cease the operations at Lossiemouth and use a Scotland Excel contract. Current prices quoted taking into account haulage and income would give a net cost to the Council of £20,775 per year. This is £3,995 cheaper than relocating the operations to an alternative facility in Elgin. It should be noted that the full time staff would likely have to be made redundant and new placements found for the clients. There would be a cost to this however this is unknown at present. This approach is considered in Option 1 at paragraph 9.
 - c) To relocate the operations using the existing arrangement with Waste Watchers. This approach is discussed in Option 2 at paragraph 10.

8. OPTIONS

- 8.1 Taking account of the need for a new WTS, the condition of depots at Brumley Brae and Ashgrove and the need to provide an alternative way of handling the MRF operations at Lossiemouth, 3 options were considered.

9. OPTION 1 - DO MINIMUM

- 9.1 This option is based on the minimum capital spend on infrastructure. This would require increasing waste handling capacity at Moycroft, retaining operations and staff at Brumley Brae and Ashgrove carrying out immediate essential repairs or replacement, and using a Scotland Excel contract for cans and plastics to replace the Lossiemouth Waste Watchers operations.
- 9.2 A summary of high level annualised future costs and savings are shown in Table 1 below:

Table 1

OPTION 1 DO MINIMUM	Capital £Ms	Revenue £000s
Cost of extending the waste transfer station at Moycroft	1.725	112
Brumley Brae repair costs	0.154	10
Ashgrove portacabin replacement	0.725	48
Saving using Scotland Excel Contract instead of Waste Watchers		-4
Saving by vacating Unit 7 Lossiemouth (Waste Watchers MRF)		-21
Net Cost to the Council (Option 1)		145

- 9.3 Should this option be approved, then the timing of the extended WTS is less critical as it would only need to be in place before Nether Dallachy landfill is closed by the end of 2020.
- 9.4 The Council would need to give notice to Waste Watchers and it would be intended to close this facility by the end of March 2016.

10. OPTION 2 - INTEGRATED FACILITY AT MOYCROFT

- 10.1 Option 2 is to integrate waste operations that are currently located at Brumley Brae Cleansing Depot; Lossiemouth Material Reclamation Facility (MRF) and Ashgrove Portacabins at Moycroft. In addition to increased waste handling capacity which will future proof waste transfer needs to the proposed Energy from Waste facility at Aberdeen, there is also the opportunity to relocate the Housing DLO operations at Tyock into this new facility.
- 10.2 An outline design of the new facility is shown in **APPENDIX A** and has an estimated capital cost of £3.3m.
- 10.3 The build costs are estimated at £3.1m, with an additional £100k estimated for moving IT equipment and demolishing and disposal of the Roads Porta cabins at Ashgrove, £50k for the transfer and installation of plant and equipment from the Lossiemouth MRF operations to Moycroft and £50k for improving road and pavement access to the entrance of the site.

- 10.4 Included in the £3.3m is an allowance for planning, design, tender documentation and contract supervision. It is estimated that to take this proposal to the planning stage will cost £80k and if progression of Option 2 is approved, this sum will require allocation in the 2015/16 capital programme, with the remaining capital split evenly over the following 2 years, i.e. £1.61m in 2016/17 and £1.61m in 2017/18 with a completion date expected in July 2017.
- 10.5 The new facility would increase the floor space for waste handling by 100 square metres but more importantly would provide an opportunity to redesign the overall layout of the facility making it far more efficient for existing processes to be undertaken.
- 10.6 Creating an integrated waste management facility at Moycroft will also future proof the requirements to provide a dedicated WTS to manage the increased waste handling required to transfer residual waste to the proposed Energy from Waste facility in Aberdeen.
- 10.7 The release of land to the west of the Moycroft site from the flood alleviation works would allow for increased vehicle parking which would be used to store the Refuse Collection Vehicles currently stored at Brumley Brae. Relocating from Brumley Brae would provide a saving of £42K per year on lease costs, although there is the potential to pay some dilapidation costs. As this is not regarded as significant and would be funded from revenue on the year of lease termination this has therefore not been included in the costs shown in Table 2.
- 10.8 The staff located within the Ashgrove Porta cabins includes all management/admin for Environmental Protection. Should Environmental Protection office staff be relocated to the facility at Moycroft, then this would enable Roads DLO staff to move into the vacated porta cabins which are in a much better condition thus avoiding substantial expenditure.
- 10.9 Moving Environmental Protection office staff to Moycroft will create space at Ashgrove Depot which may provide opportunities for relocating other services to Ashgrove and reducing revenue expenditure.
- 10.10 Creating an integrated facility at Moycroft would allow for the relocation of the Lossiemouth MRF thus resolving the issues mentioned in Section 7 of this report. An integrated facility would include odour abatement equipment.
- 10.11 The net cost for operating out of Moycroft would be £24,770 compared with Scotland Excel which would be £20,775. The difference therefore is £3,995. £4k saving has been included in Option 1 to take account of the difference.
- 10.12 A purpose built facility may provide an opportunity to create further opportunities for an extension of the Council's agreement with Waste Watchers into further waste diversion including further segregation of plastic bottles, increasing additional income streams to the Council.

- 10.13 For planning purposes, the current site including the site released from the Flood Alleviation Works at Moycroft is designated in the Moray Local Development Plan 2015 for industrial use.
- 10.14 By co-locating all the waste management operations in one facility it is estimated that this will yield an annual £40K efficiency saving which include logistical benefits, and reduction in ongoing maintenance of the Brumley Brae and Lossiemouth sites.
- 10.15 There is an opportunity to relocate the Housing DLO staff and vehicles currently based at Tyock Industrial Estate into the new proposed facility at Moycroft. This would realise an additional income of £12k a year from the re-let of the property they vacate.
- 10.16 There is a net saving of £14k on non-domestic rates from vacating properties.
- 10.17 A summary of annualised future costs and savings are shown in table 2 below:

Table 2

OPTION 2	Capital	Revenue
DEPOT RATIONALISATION SAVINGS - MOYCROFT	£Ms	£000s
Investment required:		
£3.3M Capital (approval to be subject to detail design and tender costs approved by AMWG)	3.3	214
Existing costs that would be removed:		
Brumley Brae (Lease)		42
Tyock (Re-Let)		12
Saving by vacating Unit 7 Lossiemouth (Waste Watchers MRF)		21
Net Savings on Non Domestic Rates		14
Operational Efficiencies		40
Total		129
Net Cost to Council (Option 2)		85

- 10.18 Option 2 is cheaper for the Council than Option 1 and provides a fully integrated facility that locates all Environmental Protection staff and operations in the one location. It harnesses a number of current opportunities to create an integrated facility fit for the future.

11. OPTION 3 – INTEGRATED FACILITY AT NETHER DALLACHY

- 11.1 A third option was considered which included a new integrated facility (comparable with Option 2) at Nether Dallachy however with a capital cost of £5.25m and a net annualised cost for borrowing of £342k per year, this was discounted as being too expensive and not value for money compared with the other options.

12. **SUMMARY OF IMPLICATIONS**

(a) Moray 2023: A Plan for the Future/Service Plan

The Council will be required to build a new facility or increase capacity to the existing WTS at Moycroft to transfer waste post 2020. Given the revenue savings and efficiencies gained by developing an integrated facility at Moycroft this is regarded as a better option.

Supporting the relocation of the MRF would be in accordance with corporate objectives in respect of economic development and protecting the natural environment: working with householders to further increase the volume of waste that is recycled and establishing a thermal solution for residual waste.

(b) Policy and Legal

Supporting the development of an integrated waste facility would be in accordance with corporate objectives and Moray 2023 plan in respect of economic development and protecting the natural environment: working with householders to further increase the volume of waste that is recycled and establishing a thermal solution for residual waste.

The Waste (Scotland) Regs 2012 targets can be met by a continued use of the MRF to produce high quality recyclate.

(c) Financial implications

- The financial implications are contained within the report
- Option 2 is regarded as providing the best value for the Council delivering cash savings of £129k per year and an annual borrowing of £214k to fund the capital spend of £3.3m.
- Current review of net operating costs and landfill tax for Nether Dallachy landfill site would indicate that this would cover the net operating (including haulage) and capital borrowing costs of the proposed EfW plant in Aberdeen post 2020.
- The current capital plan has an allocation of £1.6m for Dallachy in 2016/17. It is estimated that £1.2m of this for future cell development can be made available for spend on the new Moycroft facility.

(d) Risk Implications

- Continuing the materials recovery operation by fully enclosing the site may not fully resolve the issues could still be subject to further complaints and the need to address concerns raised by Environmental Health.

- There is a risk in the short term prior to relocating that the operation at Lossiemouth may continue to produce nuisance odours even after mitigation.
- It is considered that Unit 10 at Tyock (currently occupied by housing staff) could be readily re-let, however due to its size there is likely to be less demand for Unit 7 Coularbank Industrial estate (The MRF facility) and so there may be a void period before a new tenant could be secured.

(e) Staffing Implications

- Staff will be required to relocate to Moycroft.
- Relocating the MRF from Lossiemouth will safeguard the posts within Wastewatchers' structure allocated to the MRF operation.
- Project management will be undertaken by the Council's property section and fees have been included for in the costs.

(f) Property

- Relocation of the Materials Recovery Facility from its current location would allow that industrial unit to be made available for re-let in the region of £21k per annum.
- Relocation of DLO from Unit 10 Tyock would allow it to be made available for re-let in the region of £12k per annum.
- Relocation of the Cleansing Depot from Brumley Brae will allow a revenue saving of £42k to be made available. The current lease of this property is due to expire in September 2016 and a short term lease extension would be required.
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- Relocation of staff from Ashgrove portacabins to Moycroft will allow that accommodation to be available to roads maintenance. The portacabins where they are currently located are in a very poor condition.

(g) Equalities

- There are no equalities issues with regards to staff employed by the council.
- Relocating the MRF from Lossiemouth, will enable Waste Watchers to continue providing training placements for those with learning disabilities. This will assist the Moray Council in meeting its duty to promote equality of opportunity on the grounds of disability.

- Should Option 2 fail to be approved, officers would require to make preparations for ending the arrangements with Waste Watchers and so a full Equalities Impact Assessment would be required.

(h) Consultations

R Gunn, Corporate Director, Economic Development Planning & Infrastructure, M Wilson, Head of Financial Services, L Paisey, Principal Accountant, J Mackie, Head of Community Care, D Toonen, Equal Opportunities Officer, M MacLeod, Design Manager, S Beveridge, Estates Manager, B Smith, The Manager (Development Management), K Sievwright, Environmental Health Manager, G Dunlop, Engineer Flood Risk Management, R Anderson, Head of Housing & Property, A Scott, Legal Services Manager and R Paxton, Procurement Officer have been consulted.

S Radojkovic, General and Business Development Manager for Moray Reach Out (Waste Watchers) has been consulted and has advised that they are very keen to use its wealth of experience to continue to operate a materials recovery facility in Moray.

This report has been considered by the Asset Management Working Group (AMWG) as it requires an addition to the council's capital plan. The AMWG is supportive of this request being added to the capital plan subject to a review of the financial case once there is more certainty in relation to the estimated costs.

13. CONCLUSIONS

- 13.1 Consolidating waste operations at Moycroft and future proofing the facilities contributes towards the Councils Waste Management Strategy by increasing opportunities to maximise recycling and deliver increased capacity for residual waste transfer.**
- 13.2 It is clear that the current materials recovery operation based at Lossiemouth cannot continue in its present form. To ensure that Wastewatchers can continue to provide placements, relocation is the only realistic option.**
- 13.3 The most practical option is to relocate to Moycroft. The opportunity which has arisen at Moycroft to make the service more effective by locating all to a 'one stop shop' therefore makes operational and strategic sense.**
- 13.4 Considerable progress has been made on depot rationalisation to date and consolidating operations in Moycroft is seen as the next stage that will contribute towards the Council's Waste Management Strategy as well as proving opportunities for housing and lands and parks services.**

Author of Report: Stephen Cooper, Head of Direct Services

Background Papers:

Ref: