

## HELENSBURGH WASTE TRANSFER STATION PROJECT UPDATE

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### 1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the Helensburgh Waste Transfer Station project following the completion of the Options Appraisal and makes a recommendation in relation to the next steps for this project and associated budgets.
- 1.2 The requirement for the Council to develop a Waste Transfer Station to service the Helensburgh and Lomond area was set out in a report to this Committee on 21 December 2022 as part of a report entitled “Waste PPP Options Appraisal”. That report provided an initial cost estimate for the project of £3m.
- 1.3 Funding for the development of a Waste Transfer Station to serve the Helensburgh and Lomond area was approved by Council in February 2023 as part of the Budget setting meeting. At that meeting Council approved a budget of £3.5m in relation to preparations for the upcoming Biodegradable Municipal Waste (BMW) Ban as part of series of additional capital allocations for “investing in Argyll and Bute’s Priorities”. The Helensburgh Waste Transfer Station project with an initial estimated cost at that time of £3m was the largest in a number of projects to be funded from that budget, the other £0.5m being intended to support the cost of converting the existing Mechanical and Biological Treatment (MBT) facilities into waste transfer stations.
- 1.4 Following budget approval officers undertook the design and other activities required to move the project to an advanced stage of maturity whereby a full works tender pack was prepared and planning approval achieved. The project achieved this level of maturity in early January 2025.
- 1.5 Prior to issuing the works tender to the construction market a project review using the HM Treasury Green Book approach of the production of an Outline Business Case was undertaken in order to assess that the project remained the best value for money method through which the Council could be assured that its waste disposal arrangements in the Helensburgh and Lomond area are compliant with the upcoming BMW Ban. This project review took place

across the period December 2024 to early January 2025.

- 1.6 The project review (described at paragraph 1.5 of this report) determined that the Helensburgh Waste Transfer Station Project no longer provides the optimum solution to ensure BMW compliant waste disposal arrangements in the Helensburgh and Lomond area, is not required to ensure BMW compliance and does not offer a good return on investment (value for money) for the Council.

### **RECOMMENDATIONS**

It is recommended that the Environment, Development and Infrastructure Committee:-

1. Notes that the proposed Helensburgh Waste Transfer Station no longer provides the optimum solution to ensure BMW compliant waste disposal arrangements in the Helensburgh and Lomond area.
2. Agrees that officers should not progress further with the development and delivery of the Helensburgh Waste Transfer Station Project.
3. Recommends to the Policy and Resources Committee that the remainder of the £3m of budget earmarked for this project be retained to support other funding related pressures within the waste service.

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### 2.0 INTRODUCTION

- 2.1 This report provides an update on the Helensburgh Waste Transfer Station project following the completion of the Options Appraisal and makes a recommendation in relation to the next steps for this project and associated budgets.

### 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Environment, Development and Infrastructure Committee:-
1. Notes that the proposed Helensburgh Waste Transfer Station no longer provides the optimum solution to ensure BMW compliant waste disposal arrangements in the Helensburgh and Lomond area.
  2. Agrees that officers should not progress further with the development and delivery of the Helensburgh Waste Transfer Station Project.
  3. Recommends to the Policy and Resources Committee that the remainder of the £3m of budget earmarked for this project be retained to support other funding related pressures within the waste service.

### 4.0 DETAIL

- 4.1 The concept of the Council building and operating a Waste Transfer Station in the Helensburgh area was originally envisaged as a means to respond to the closure of the local landfill site at Auchencarroch, ensure that waste disposal operations for this area would be compliant with the upcoming ban on municipal waste to landfill, and respond to the withdrawal from the market of the waste off-taker historically utilised by the Council in the Helensburgh area. Following budget approval by Council in February 2023, the project was initiated with design, surveys, operational planning and regulatory approvals progressing.

- 4.2 By mid-January 2024 the project was a relatively mature stage with detailed design complete and tender information ready to be issued to market for purposes of procuring a construction contractor with planning approval for the project having been secured (subject to a number of conditions as would normally be the case for a project of this nature). In progressing the project to this stage of maturity in the region of £190k had been expended on design and other related fees.
- 4.3 In the period between the initiation of this project following the February 2023 Council meeting and January 2025, the Council had successfully procured and implemented waste disposal arrangements for the Helensburgh and Lomond area that are BMW Ban compliant. These arrangements involve the Council's Refuse Collection Vehicles travelling to a waste off-taker in Linwood (Paisley). As this is a circa 2-hour round trip these arrangements are less efficient than the previous arrangements whereby residual waste was taken to the Auchencarroch landfill site, but it is a BMW Ban compliant solution. As a BMW Ban compliant waste disposal solution has been secured the rationale for this project changed from being one that was required to ensure BMW Ban compliance to one that would be desirable provided it can be demonstrated to offer financial efficiencies to the Council when compared to the current arrangements.
- 4.4 At the direction of the Waste Strategy Project Board a project review was undertaken to determine the value for money of this proposed project. To progress this review consultants were appointed to produce an "Outline Business Case" in line with HM Treasury Green Book standards and in line with the Council's "Projects Pipeline" approach. The Outline Business Case was utilised by the Interim Head of Roads and Infrastructure to inform a review of the value for money of the proposed project.
- 4.5 The project review identified that the estimated cost of delivering the project stood at circa £3.6m, which is £0.6m higher cost than the currently available budget. The review also looked in detail at the financial savings that the project could achieve, for example through lowered vehicle fuel use, and compared these against the additional new costs of operating a Waste Transfer Station. This exercise determined that the running costs for the new facility would lead to an increase in the annual revenue costs for the service of between £110,704 and £207,326. In calculating this increase in costs two scenarios were considered: scenario 1) the efficiency in staff time would not be taken as a cashable saving with the staff being re-deployed to other activities, and scenario 2) the efficiency in staff time being taken as a cashable saving. As would be expected scenario 1 leads to the highest overall increase in costs. The table below shows a summary of the savings, additional new costs and overall cost increase in each scenario.

	Cost per annum
Fuel savings for fleet	-£50,000
Increased fees from commercial waste	-£11,821
Costs of waste transfer i.e. cost of hiring larger vehicles for transport to processing	+£104,000
Additional staffing	+£40,000
Reduction in Staffing	-£96,622
Running costs inclusive of utilities, inspections, etc.	+£125,148
<b>Total with retained staffing</b>	<b>+£207,326</b>
<b>Total with reduced staffing</b>	<b>+£110,704</b>

- 4.6 In order to demonstrate the total cost to the Council of the proposed project the review modelled the revenue consequences of borrowing to fund the capital investment. While the financing approach for the capital investment may necessarily have required borrowing specifically for this project the benefit of developing this model is that it demonstrates the real-life cost of the capital investment. In line with standard Argyll and Bute Council methodology and HM Treasury Green Book guidance, the life of the asset and hence financing period has been assumed at a 60-year period at an assumed interest rate of 5.1%. This exercise determined that when both the additional running costs of the facility and the true cost of the capital are included the project would result in a total of between £304,082 and £400,704 as shown in the table below. As in the table above the difference between the two figures is a result of the scenarios described above in relation to staffing efficiency.

	Cost per annum
Fuel savings for fleet	-£50,000
Increased fees from commercial waste	-£11,821
Costs of waste transfer i.e. cost of hiring larger vehicles for transport to processing	+£104,000
Additional staffing	+£40,000
Reduction in Staffing	-£96,622
Running costs inclusive of utilities, inspections, etc.	+£125,148
Capital Repayment	+£193,378
<b>Total with retained staffing</b>	<b>+£400,704</b>
<b>Total with reduced staffing</b>	<b>+£304,082</b>

- 4.7 The project review recognised that constructing a Waste Transfer Station would bring benefits in relation to service resilience. In order to better understand the relative importance of these benefits an exercise was undertaken through market intelligence to assess the alternative waste off-take arrangements that would be open to the Council in the areas should the existing arrangements be put at risk at a future point. This exercise determined that there are other off-take

contractors in the area and while the costs may potentially be higher any increase would not be anticipated to be as high as the total cost (Capital and Revenue) associated with the development of the proposed Waste Transfer Station.

- 4.8 Recognising that the proposed project would be likely to result in fuel savings the review undertook an assessment of the likely reduction in transport related pollutants that would be expected to result from the construction of a waste transfer station and the bulking of waste from refuse collection vehicles onto articulated HGV's. The results of this exercise are shown in the table below, while this demonstrates beneficial environmental gains these are not particularly high when considering the level of investment required to achieve them.

	Tonnes	Value per tonne	Annual value
Carbon Reduction	197	£256	£50,349
Nitrous Oxide Reduction	0.78	£7,120	£5,584
Fine particulate Reduction	0.06	£81,847	£5,136

- 4.9 In order to complete the value for money assessment a Benefits Costs Ratio (BCR) was undertaken for both the Blackhill Waste Transfer Station and an alternative proposal for a facility at Sandhill Point. The results are shown below. A BCR of more than 1 shows positive value for money and it usually anticipated that a BCR well above 1 would be required for most projects.

		Present Value Costs	Present Value Net GVA	BCR
Option 4: Sandpoint Marina	Argyll & Bute	£3.6m	£2.8m	0.94
	Scotland	£3.6m	£2.3m	0.78
Option 6a: Blackhill– Staff redeployment	Argyll & Bute	£7.7m	£5.9m	0.77
	Scotland	£7.7m	£7.1m	0.92
Option 6a: Blackhill– Staff reduction	Argyll & Bute	£5.8m	£2.8m	0.49
	Scotland	£5.8m	£4.7m	0.82

- 4.10 There are a number of wider cost pressures facing the waste service in the short-term. These include costs associated with resolving historic issues within the PPP contract with Biffa, and include:-

- indexation and the disposal of excess Compost Like Output (CLO) Material from the MBT plants;

- additional cost pressures resulting from ensuring compliance with the BMW Ban including the conversion of the existing MBT sites to Waste Transfer Stations; and
- the cost of capping and restoration of the current landfill sites to meet the requirements of the BMW Ban and regulatory requirements for these sites once they are no longer in use.

While initial estimates only of these costs are available at the current time, they are anticipated to be significantly higher than the currently available budgets even once taking into account the £1.5m in capital funding from the Scottish Government provided to support the costs of BMW ban compliance.

## **5.0 CONCLUSION**

- 5.1 Having assessed the project from a number of different angles the review has concluded that the construction of a new Waste Transfer Station does not offer value for money to the Council. While the project does offer benefits in terms of operational efficiency, resilience and carbon reduction it is difficult to argue that these are of sufficient magnitude to justify either the initial capital investment or the ongoing revenue investment. If at a future point in time the operational circumstances change significantly then the project could be revisited and if required revived. With detailed design completed, planning approval (subject to conditions) achieved, and a construction tender pack compiled the project would be capable of being re-mobilised at a future time, recognising of course that planning and other approvals are time limited and may require to be re-visited.
- 5.2 With the waste service facing significant financial pressures in relation to BMW Ban compliance and the end of the PPP contract, as set out at 4.10, it is proposed that the remainder of the £3m initially earmarked for the development of the Helensburgh Waste Transfer Station project be re-allocated to support these wider cost pressures. Re-allocating the remainder of the earmarked budget for this project to these purposes would ensure this investment remains available for the purposes expressed by Council at its meeting in February 2023 when setting aside a budget of £3.5m in relation to preparations for the upcoming Biodegradable Municipal Waste (BMW) Ban as part of series of additional capital allocations for “investing in Argyll and Bute’s Priorities”.

## **6.0 IMPLICATIONS**

- 6.1 Policy – None arising from this report.
- 6.2 Financial – The financial implications are set out in the body of this report.
- 6.3 Legal – None arising from this report.
- 6.4 HR – None arising from this report.
- 6.5 Fairer Scotland Duty: None known.

- 6.5.1 Equalities - protected characteristics – None known.
- 6.5.2 Socio-economic Duty – None known.
- 6.5.3 Islands – None arising from this report.
- 6.6 Climate Change – The climate change considerations have been set out in the body of this report.
- 6.7 Risk – The risks associated with future service resilience in relation to the waste off-take market in the Helensburgh and Lomond area have been set out in the body of this report.
- 6.8 Customer Service – None arising from this report.
- 6.9 The Rights of the Child (UNCRC) – None arising from this report.

**Executive Director with responsibility for Roads and Infrastructure Services:  
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February 2025

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