

From: Susan Carey, Cabinet Member for Environment
Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: **Environment and Transport Cabinet Committee – 19 January 2021**

Subject: New leasing arrangement to develop a new Waste Transfer Station for KCC's use at Dunbrik, Sundridge.

Key decision: 20/00130

Classification: Part 1 Report – Unrestricted
Part 2 Appendix - Exempt as defined in Schedule 12A of the Local Government Act 1972

Past Pathway of report: N/A

Future Pathway of report: For Cabinet Member Decision

Electoral Division: Sevenoaks

Summary: This report seeks approval to enter into a lease for the provision of a new Waste Transfer Station at Dunbrik, Sundridge for up to 30 years, to provide bulking facilities for household waste collected by Sevenoaks District Council.

Recommendation(s): The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment on the proposed decision to enter into a lease for the provision of a new Waste Transfer Station at Dunbrik, Sundridge for up to 30 years, to provide bulking facilities for household waste collected by Sevenoaks District Council as shown at Appendix A.

1. Introduction

1.1 This report provides information to secure new leasing arrangements for KCC to enable sustainable waste disposal operations through the provision of a new Waste Transfer Station. This will provide enhanced capacity that is fit for purpose whilst accommodating future legislative changes.

2. Relevant History

2.1 A Waste Transfer Station has been located at Dunbrik, Sevenoaks since 1992. It is used for the bulking of household waste collected by Sevenoaks District Council. The site also receives quantities of trade waste on a commercial basis. A household waste recycling centre also operates at the site.

- 2.2 The transfer station is small and limited by insufficient capacity to receive all the waste arisings collected by the District as the Waste Collection Authority. There are arrangements at different locations to receive and bulk the local authority's garden waste and some recycled materials, but this is unsustainable in the longer term.
- 2.3 The Government's Resources and Waste Strategy is expected to mandate the separate collection of food waste from 2023 by the District Council. As the District Council does not currently collect food waste separately, the County Council must make provision for this as part of its statutory undertaking as Waste Disposal Authority (WDA). The current site is not able to accommodate this new waste stream.
- 2.4 Notwithstanding the logistical limitations, the current facility is also unsustainable in terms of its ability to receive additional waste arisings expected from the 22% increase in housing growth planned by 2038.

3. The Report

- 3.1 Over recent years, KCC has investigated the potential of developing a Waste Transfer Station in alternative locations within the District. Given the extent of the green belt, there are no viable alternative locations to develop a new site. The proximity to the strategic road network makes this area highly desirable for transportation but costly given land values which prohibit viable alternative arrangements through a capital programme.
- 3.2 The current site has many advantages particularly regarding location. The owner of the facility has developed plans for a new site to be developed on land adjacent to the existing transfer station. The area designated is more than four times the size of the existing facility, which allows KCC to sub-let for district vehicle storage and receive additional revenue.
- 3.3 The Landlord has secured planning consent to develop a new, much larger facility at the site for KCC's use. Non-material, minor amendments of the site would require further approval by KCC's Planning. Crucially the site has existing waste permitting from the Environment Agency for existing operations; this will require changes for the new facility, particularly related to a fire prevention plan.

4. Lease agreement

- 4.1 The existing lease for the Transfer Station is in place until 2030. This lease will be relinquished and replaced by a new lease upon the completion of the new development. Current lease costs are based on a headline figure of £651k with an annual rebate of £178k provided to KCC, the net price is £473k per annum – but all elements are subject to indexation.
- 4.2 For this new, much larger development, it has been agreed that the current lease costs will be held until 2030.

- 4.3 In order that the Landlord recovers the capital investment, it is proposed that the term of the lease will extend up to thirty years, the terms of which will be approved by the Director of Infrastructure. Lease costs will rise post 2030 to the higher headline rate of £651k per annum.
- 4.4 Waste Management has requested operational enhancements to be included within the site that will be funded from the existing infrastructure maintenance budget paid over two years at £374k.
- 4.5 In addition to those items in 4.3, to meet new mandatory fire risk assessment protocol and to satisfy KCC's insurers requirements, the Landlord will need to invest an estimated at £600k to ensure these requirements are met. Rather than add these to the lease costs, it has been negotiated that KCC shall pay these costs with no interest charged, should KCC enter the 30-year lease. Flexibility will be provided to KCC in how this is repaid in line with its affordability.
- 4.6 Repayment shall be funded through savings from the commercial opportunities and / or through the maintenance budget – these schedules shall be detailed in the future within the MTFP are detailed in 7.3.

5. Timescales

- 5.1 Subject to receiving timely and approved decisions, the following schedule shall apply
- Planning approval and application for Environmental permit – March 2021
 - Procurement of construction contractor – April 2021
 - Construction commences September 2021
 - Construction completes September 2022

6. Options considered and dismissed

- 6.1 KCC does not have alternate waste sites outside the immediate administrative border to support the District and even if these were available, compensatory revenue payments would be due to the Collection Authority due to additional travel; these would also create an unnecessary higher carbon footprint whilst also being impractical.

7. Financial Implications

- 7.1 The total overall lease costs to 2052 would be £18m, based on current prices but subject to indexation.
- 7.2 Lease provision to 2030 at £3.8m is in line with current budget. From 2031 up to 2052, £14.2m based upon the headline current price of £651k, but subject to indexation – this will be offset against future savings / income.

- 7.3 These increased costs will be funded by planned savings of waste disposal, increased revenues from agreed sub-letting and additional receipts from trade waste as illustrated below.

Savings method	Savings	Within MTFP
Separated food from residual	£287k	Yes
Ceasing recycling credits	£195k	No
Additional income from trade waste	£65k	No
Additional income from sub-let for parking	£50k	No
Energy production	n/k	No
Total	£597,000	

Market assessment is arranged to satisfy that this lease offers good value

8 Legal implications

- 8.1 Legal Services will be required to draft the Head of Terms and Lease Agreement and the site will be commissioned through Infrastructure.
- 8.2 Provision of this facility will ensure that the WDA fulfils its statutory duty as well as being prepared for the Government's Resources and Waste Strategy

9. Equalities and data protection implications

- 9.1 An EqIA has been undertaken with no identified impacted protected characteristics as this is a Business to Business agreement
- 9.2 There is no processing of personal data

10. Governance

- 10.1 Subsequent to the decision by the Cabinet Member, any further decisions required to allow the scheme to proceed through to delivery will be taken by the Head of Waste and Business Services under the Officer Scheme of Delegations following prior consultation with the Cabinet Member

11 Conclusions

- 11.1 A new transfer station site is required to meet the statutory requirements of both Collection and Disposal Authorities. This new development also allows for both Authorities to provide its respective services as waste grows in line with housing and population increases. Lease costs are negotiated to be held at existing rates until 2030, with increases beyond funded through operational savings that shall be programmed into the MTFP.

12. Recommendation:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment on the proposed decision to enter into a lease for the provision of a new Waste Transfer Station at Dunbrik, Sundridge for up to 30 years to provide bulking facilities for Household waste collected by Sevenoaks District Council as shown at Appendix A.

13. Background Documents

- 13.1 Equality Impact Assessment
13.2 Appendix A – Proposed Record of Decision Sheet

14 Contact details

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