

From: Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Susan Carey, Cabinet Member for Environment

Subject: Approval to commission and award a new contractual arrangement for the receipt and processing of Dry Mixed Recyclable Waste for Mid and West Kent

Key decision: 21/00006

Classification: **Unrestricted**

Electoral Division: Mid and West Kent Divisions are affected

Summary: This report seeks Member approval to commission and award a new contractual arrangement for the receipt and processing of Dry Mixed Recyclables disposed of at the Waste Transfer Stations by the Waste Collection Authorities in Mid and West Kent.

Recommendation(s): The Cabinet Member for Environment is asked to give approval on the proposed decision to commission and award a contract for the receipt and processing of Dry Mixed Recyclables for up 39 months as shown at Appendix A.

1. Introduction

- 1.1 This report provides information concerning the option to commission and award a contract for Dry Mixed Recyclables (DMR) for materials collected by the Waste Collection Authorities in Mid and West Kent.
- 1.2 The current contract with Viridor started 4th July 2016 and has seen two extension periods; the first to 3rd July 2020 and the second for an additional 12 months to 3rd July 2021, under the Procurement Policy Note 01/20: Responding to COVID-19. To ensure KCC's statutory obligations are met as the Waste Disposal Authority and provide continuity of service, a commissioning activity is required.

2. Relevant History

- 2.1 Dry Mixed Recyclables are a mixture of recyclable commodities. These materials typically arise from local authorities collecting source segregated co-mingled recyclable waste from households, such as Paper and Card, Cans, Plastics and Glass.
- 2.2 Co-mingled collections are recyclable materials collected together in the same receptacle to be sorted at a material recycling facility (MRF). Although simpler for residents, there are clear restrictions on what can or cannot go into a co-mingle bin. Materials must be clean and dry to prevent cross-contamination, and some co-mingle collections exclude glass because it makes card and paper recycling less efficient.

- 2.3 Mid and West Kent Collection Authorities have chosen to collect DMR as co-mingled, which requires a MRF that specialises in sorting and treating this type of mix.
- 2.4 At the MRF there are various mechanical and hand sorted processes to ensure the waste is correctly segregated. Once the waste streams are separated, they are distributed to reprocessing plants where they are fed back to manufacturers.
- 2.5 The technology to sort the materials is extremely sophisticated and can recycle over 95% of the materials that go through the plants.
- 2.6 KCC currently contracts with Viridor to send co-mingled DMR to their MRF facility in Crayford.
- 2.7 The title of DMR falls under KCC's remit to make provision for the receipt and treatment of this material and KCC will be commissioning a contract from the 4th July 2021, for a duration of 27 months to 29th September 2023, (with an additional 12-month extension if required) to align with the cessation of an existing Dry Recycling contract that covers a different recycle mix of other Waste Collection Authorities.
- 2.8 It is envisioned that the commission will be presented in one lot and sourced via KCS's framework for the 'Supply of Waste Management Services' (ref. Y21003) and will include the provision for managing circa 68,000 tonnes of DMR per annum.
- 2.9 KCC Waste Management is seeking local disposal arrangements, (where waste infrastructure allows) to reduce its carbon footprint in delivering these materials, and as such haulage rates will be considered as part of the tender evaluation.
- 2.10 Waste Management is committed to working towards the zero to landfill target, by continuing to divert approximately 68,000 tonnes of DMR per year from landfill by using treatment and recycling facilities.

3. Options considered and dismissed

1. Do nothing – the current arrangements will continue; this is not an option as the contract ceases on the 3rd July with all extension periods utilised.
2. Discontinue accepting the DMR waste from the Collection Authorities; this is not an option due to KCC's obligation to take this waste as the Waste Disposal Authority.
3. Continue to accept the waste, but utilise alternative disposal options by using landfill or incineration; this is not an option as there is a priority to move this material up the waste hierarchy to meet landfill diversion targets and to achieve better value via a contractual arrangement with a contractor who specialises in managing DMR waste. (A diagram of the waste hierarchy is at Appendix B).
4. **The recommended preferred option** - Undertake a commissioning activity to secure a provider who is able to treat and utilise the waste material meeting the circular economy priority outcomes and is both financially and environmentally beneficial for the Authority.

4. Financial Implications

- 4.1 The total cost of the commission for the 27-month initial period is projected to be circa £7,135,920 based on 68,000 tonnes at an average gate fee of £46.64 per tonne.
- 4.2 The extension of 12 months is valued at £3,171,520 based on similar tonnages and gate fee price.
- 4.3 The 2021/22 revenue budget is £2,844,000 based on 60,979 tonnes with the same tonnage price of £46.64, resulting in a budgetary pressure due to more tonnes needing to be processed within this contract.
- 4.4 KCC Waste Management has seen a significant increase in kerbside materials during the pandemic, where home working has impacted tonnages.
- 4.5 The current markets for co-mingled mixed dry recyclables plastics, cans, glass, and paper fluctuate as they are market driven.
- 4.6 Haulage costs are accounted for within Transfer Station contracts; however they will be included as part of the tender evaluation.

5. Legal implications

- 5.1 There are no legal implications of the suggested action.

6. Equalities and data protection implications

- 6.1 The Equality Impact Assessment undertaken concluded that no Protected Characteristics will be impacted as a result of this contract. Furthermore, no personal data will be collected.

7. Governance

- 7.1 Through the decision outlined above, any further decisions required to allow the scheme to proceed through to delivery will be taken by the Head of Waste Management and Business Services for Highways, Transport and Waste under the Officer Scheme of Delegations following prior consultation with the Cabinet Member.

8. Conclusions

- 8.1 The current contracts for receipt and processing of Dry Mixed recyclate waste expires in July 2021. A new contract needs to be in place to reduce the risk of unplanned costs and offer KCC best available market value and enable the Authority to discharge its statutory duty as Waste Disposal Authority.

9. Recommendation: The Cabinet Member for Environment is asked to give approval on the proposed decision to commission and award a contract for the receipt and processing of Dry Mixed Recyclables for up to 39 months as shown at Appendix A.

10. Background Documents

- 10.1 Equality Impact Assessment
- 10.2 Appendix A – Record of Decision
- 10.3 Appendix B – Waste Hierarchy Diagram

11. Contact details

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