

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 Paper and Card – (SC20048)

Key decision: 20/00128

Electoral Division: All Divisions are affected

Summary: This report seeks Member approval to commission and award a new contractual arrangement for the receipt and processing of paper and card disposed of at the Waste Transfer Stations by the Waste Collection Authorities and at the Household Waste Recycling Centres.

Recommendation(s): The Cabinet Member for the Environment is asked to give approval to commission and award a contract for the receipt and processing of paper and card for up to 5 years as shown at Appendix A.

1. Introduction

- 1.1 This report provides information concerning the option to commission and award a treatment contract for Paper and Card materials collected by the Waste Collection Authorities and those deposited at HWRCs by residents.
- 1.2 The Authority currently has arrangements in place to manage the receipt and treatment of the paper and card which it has title of circa 33,000 tonnes per annum.
- 1.3 The ownership of East Kent recyclables returned to KCC in January 2021 following the cessation of the East Kent Partnership.
- 1.4 KCC has a short-term concession service contract to manage the material whilst the service proceeds to market for a wider receipt and processing contract.

2. Relevant History

- 2.1 Paper and card are transported from the Waste Transfer Stations to treatment facilities, usually paper mills in Kent, which process the material and recovers the fibres to recycle into packaging.
- 2.2 The current contractual arrangements are:
 - an existing contract with Smurfit Kappa in Snodland which ceases in December 2021; This is for the receipt and processing of paper and card collected at Kent's 18 Household Waste Recycling Centres (HWRCs) and received from South West Kent's kerbside collections.
 - a short-term interim concessions service contract (10.5 months) for the receipt and processing of paper and card collected from the East Kent

kerbside authorities is currently let to another local service provider, DS Smith.

- 2.3 KCC is seeking to amalgamate the procurement of all household wastepaper and card arising from the whole of the county from 1 December 2021 when both current arrangements expire. The contract will be up to 5 years, with an appropriate break clause to protect KCC's commercial interests.
- 2.4 It is envisaged that the commission will be presented in several geographical Lots to take account of the haulage cost and environmental considerations.
- 2.5 The market must adhere to stringent quality and legislative measures which have reduced market prices, however, there appears to be a slow recovery and through market engagement, a number of interested companies have responded positively to the opportunity to tender.
- 2.6 KCC Waste Management is seeking local disposal arrangements, where waste infrastructure and procurements regulations allows, thereby reducing the carbon footprint in delivering these materials, and as such haulage rates will be considered as part of the tender evaluation.
- 2.7 Waste Management is committed to working towards the zero to landfill target, by continuing to divert approximately 33,000 tonnes of paper and card 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 one is a short term contingency for East Kent only and the other ceases in December 2021 with no extension provision; best value would be secured from a longer term contract providing for all of the County's Paper and Card processing needs.
2. Discontinue accepting the paper and Card waste from the Collection Authorities and at HWRCs; 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 and to meet landfill diversion targets and value for money principles.
4. Continue with the interim arrangement whilst undertaking a commissioning activity to secure a provider/s who is able to process and recycle the waste material meeting the circular economy priority outcomes and is both financially and environmentally beneficial for the Authority. (A diagram of the waste hierarchy is at Appendix B).

Preferred option:

Option 4 is the preferred option. The authority is seeking to appoint a new provider to secure a contract (for up to five years) that will benefit and achieve the best value for money outcomes for the authority and Kent households and fulfil the statutory duty of KCC operating under the Environmental Protection Act 1990, to dispose of collected municipal waste.

4. Financial implications: This is a revenue-based **INCOME** contract

- 4.1 The current markets for mixed paper and card fluctuate as they are market driven. Such factors can affect the overall cost and although historically there is value in this material stream, the value and demand has dropped over the last few years as can be seen on a range of industry indices.
- 4.2 The income from the interim arrangement from January 2021 – December 2021 is projected to be circa £450k.
- 4.3 The total income of the commission for the 5-year period is projected to be circa £4.9m – this is based on current market prices, which will vary over the term.
- 4.4 Haulage costs are accounted for within Transfer Station contracts, however, they will be considered via the evaluation model.

5. Legal implications

- 5.1 Under the Environmental Protection Act 1990, as the Waste Disposal Authority, KCC has a legal obligation to provide a waste disposal service. The temporary arrangement enabled the Authority to discharge its statutory duty as Waste Disposal Authority.

6. Equalities and data protection implications

- 6.1 The Equality Impact Assessment undertaken concluded that no Protected Characteristics will be impacted upon either positively or negatively because of this contract award.
- 6.2 No personal data will be collected for this contract as due to the contract delivering a business to business service.

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 paper and card expire in December 2021. New contracts need to be in place , to reduce the risk of unplanned incurred 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 the Environment is asked to give approval to commission and award a contract for the receipt and processing of paper and card for up to 5 years as shown at Appendix A.

10. Background Documents

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

11. Contact details

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