

From: Simon Jones, Corporate Director of Growth, Environment and Transport

To: Susan Carey, Cabinet Member for Environment

Subject: Waste Treatment and Final Disposal Contracts

Key decision: 23/00048

Decision Title: Approval to tender and award a new contractual arrangement for the receipt and processing of bulky waste and other materials under the Waste Treatment and Final Disposal Contract(s) (SS 22212).

Classification: Unrestricted

Electoral Division: All divisions

Summary: KCC currently has in place contracts which are due to expire 30th June 2023, and is seeking new contractual arrangements for the processing and disposal of bulky waste deposited at the Household Waste Recycling Centres (HWRCs), as well as the bulky waste collected by the Waste Collection Authorities (WCAs) which include fly tips, marine carcasses, street cleansing and beach arisings. The new contracts will also include some contingency for the processing of residual waste.

Recommendation(s): The Cabinet Member for Environment is asked to agree:

- (i) to tender and award a new contract for an initial 3-year period with an option to extend for up to 2 years, for the receipt and processing of bulky waste and other waste types related to the scope of these contracts; and
- (ii) delegate authority to the Director of Environment and Waste to award and enter appropriate contractual arrangements as necessary to implement the decision.

1. Introduction

- 1.1 This report provides information concerning the commission and award of a new Waste Treatment and/or Final Disposal Contract/s (WTFD), for the processing of bulky waste deposited at the HWRCs as well as waste collected by the Waste Collection Authorities from households or via ad hoc disposals including fly tips, beach cleansing, street sweepings and marine carcasses.
- 1.2 KCC has made a short-term extension from 4th April to 30th June 2023 with the provider for Lots 1 & 2, to align all contracts to complete on the 30th June 2023. This will allow the Authority to undertake a commissioning process for an overarching contractual arrangement for this waste stream.
- 1.3 This commission will enable the Authority to meet its statutory duty as the Waste Disposal Authority under the Environmental Act 1990, to provide facilities for the disposal of municipal waste.

- 1.4 KCC is seeking to award a new contract for the treatment and disposal of circa 30,000 tonnes of waste, for an initial 3-year period with an option to extend for up to 2 years, based on satisfactory performance.
- 1.5 There is also an option to utilise a call-off service of this contract for contingency waste (at present in the region of 5,000 tonnes) where there is a need to divert from Final Disposal Outlets in the event of planned outages, plant breakdowns such as food waste compactor, contaminated load rejections or where short-term diversions are required due to unforeseen circumstances.
- 1.6 Currently this waste is shredded, dried, and baled and used as a Refuse Derived Fuel (RDF) for energy use either in Europe or in the UK where capacity allows.
- 1.7 The key aspects of this commission will be to award to a provider that will manage the waste as a resource and treat the waste using industry compliant means and technological processes, avoiding landfill as a disposal route.

2. Relevant history

- 2.1 The current WTFD contracts were procured with the intention to manage the waste that typically went to landfill (other than residual waste). The desired outcome has been achieved by avoiding waste to landfill. Over the term of the contracts, KCC working with the provider has successfully reduced the input to less than 1% – with only asbestos and large/decayed marine carcasses sent to landfill for deep burial.
- 2.2 The waste identified within the primary scope of the contracts is known as 'Bulky waste' and includes items that are too large to be disposed of at the Energy from Waste Plant at Allington, or cannot be taken elsewhere to be disposed of and includes items such as mattresses, furniture, children's large plastic toys, marine carcasses, beach and street sweepings and waste items collected by the Waste Collection Authorities from households such as large pieces of furniture, and miscellaneous items from fly tips.
- 2.3 Within the new contract, KCC is seeking a provider that uses the materials as a resource, where legislation allows. There may be opportunities for some elements to be further segregated and recycled such as carpets, mattresses, hard plastics, and paint, with the remainder used as RDF (Refuse Derived Fuel) producing energy.
- 2.4 Managing and disposing of materials such as furniture, has recently undergone a change in legislation with regard to Waste Upholstered Domestic Seating (WUDS). This followed an investigation by the Environment Agency that found large quantities of the existence of toxins known as Persistent Organic Pollutants (POPS) within these items.
- 2.5 POPs are chemical substances that do not easily break down and are a danger to human health and the environment. They can be found in sofas, sofa beds, armchairs, kitchen and dining room chairs, stools and foot stools, home office chairs, futons, bean bags, floor, and sofa cushions, all of which are disposed of within bulky waste. The POPs waste must be sent to a suitable authorised disposal or recovery site which can either destroy the POPS (such as waste to energy) or irreversibly transform the POPS

(to use as a fuel); POPs material cannot be landfilled or mixed with other non-POPS containing waste. There is strict legislation around the disposal of POPS waste and as a result, the cost of processing these items has resulted in a new cost burden that has been imposed on the industry due to its hazardous nature and the stringent requirements around disposal.

- 2.6 The processing of bulky waste must now include the disposal of POPS waste. This cannot be shredded together with non-POPS waste as the process must minimise the release of particulates when shredding. The remaining non-POPS waste will require a separate shredding process, as well as mechanical sorting and baling. Due to the current economic situation this has meant increased costs in respect of the added fuel and energy utilised for these stand-alone operations. The results from the PIN (Prior Information Notice) indicates an increase in gate fee due to the legislative changes noted in paragraph 2.4 added to the current economic and energy price pressures.
- 2.7 As a result of the new legislation, potential providers are required to invest capital into their processing facilities. The market appetite for this material is limited in respect of this commission.

3. Financial Implications

- 3.1 A supplementary gate fee in respect of POPs waste is most likely to be added, due to the legislative change requirements which is expected to be a burden because of the complex disposal and treatment now required.

Value of Core Waste

- i. **Non-POPs attributed waste** – estimated 83% of the total tonnages (30,000t) = 24,900t x £140 (current gate fee) = £3,486,000 per annum.
- ii. **POPs attributed waste** – estimated 17% of the total tonnage (30,000t) = 5100t x £200* = £1,020,000 per annum.

*£200 is an indicative figure due to a legislative change resulting in an increased gate fee.

- 3.2 The annual cost for the **Core Waste** (POPs and Non-POPs) will be circa £4,506,000, and over the whole term of the Contract: 3 + 2-year extension equates to £22,530,000.
- 3.3 The call-off service for **Contingency Waste** is valued at 5,000 tonnes x £140 = £700,000, although a spot price mechanism is included within the contract to ensure best value for the Authority when ad-hoc disposal requests are made, this will be funded from existing budgets.
- 3.4 Haulage costs are already accounted for within the Waste Transfer Station and HWRC Contracts.
- 3.5 The cost will be met by existing revenue budgets, with (once known) the anticipated pressure accounted for in the MTFP with price adjustments for inflation and re-alignment of prices.

3.6 The risk mitigation of compliance is that the POPs disposal will follow contractual terms and be linked to infrastructure investment by the providers.

4. Legal implications

4.1 A key function of the Waste Disposal Authority operating under the Environmental Protection Act 1990, is to provide outlets for the disposal of Household municipal waste.

4.2 The Government's Resources and Waste Strategy sets out a vision and several policies to move to a more circular economy, such as waste prevention, and supports reuse, repair and remanufacture activities; there is also an ambition to reduce greenhouse gas emissions from landfill, which adheres with KCC's aim of zero waste to landfill, which this commission seeks to support.

4.3 Restrictions on POPs are based on the European regulation on persistent organic pollutants, which is implemented in the UK by the Persistent Organic Pollutants Regulations 2007.

5. Equalities implications

5.1 This contract will operate with a service that is non-public facing; as such, no protected characteristics are impacted.

6. Other corporate implications

N/A

7. Governance

7.1 The Service Director will inherit the main delegations via the Officer Scheme of Delegation due to the potential financial value of this contract.

8. Conclusions

8.1 This commission is a necessary route due to the expiry of the Authority's current contracts, to safeguard a disposal route for this waste type and to offer KCC best value within the available market through competition, enabling the Authority to discharge its statutory duty as a Waste Disposal Authority under the Environmental Protection Act 1990.

9. Recommendation(s):

The Cabinet Member for Environment is asked to agree:

(i) to tender and award a new contract for an initial 3-year period with an option to extend for up to 2 years, for the receipt and processing of bulky waste and other waste types related to the scope of these contracts; and

(ii) delegate authority to the Director of Environment and Waste to award and enter appropriate contractual arrangements as necessary to implement the decision.

10. Appendices

Appendix A – Record of Decision
Waste Treatment and Final Disposal Contracts EqlA

11. Contacts

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