

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

To: David Wimble, Cabinet Member for (the Kent) Environment

Subject: **Procurement for the receipt and processing of Organic Waste Contract Countywide CN260202**

Key decision – 25/00052

Classification: **Unrestricted**

Electoral Division: All electoral divisions

Summary: KCC as the waste disposal authority for Kent has four contracts for the processing of organic waste received from Household Waste Recycling Centres (HWRCs) and collected by Waste Collection Authorities in East, Mid and West Kent, which are due to expire 31st March 2026. This procurement is seeking to put in place countywide contractual arrangements from 1st April 2026.

Recommendation(s):

The Cabinet Member for (the Kent) Environment is asked to:

- (i) APPROVE the procurement and contract award of an organic waste contract for an initial 5 years, (plus an extension of up to 5 years) commencing 1st April 2026;
- (ii) DELEGATE authority to the Director of Environment and Circular Economy to take relevant actions to facilitate the required procurement activity;
- (iii) DELEGATE authority to the Director of Environment and Circular Economy in consultation with the Cabinet Member for Environment, to take relevant actions, including but not limited to, awarding, finalising the terms of and entering into the relevant contracts or other legal agreements, as necessary, to implement the decision; and
- (iv) DELEGATE authority to the Director of Environment and Circular Economy in consultation with the Cabinet Member for Environment to award extensions of the contract in accordance with the relevant clauses within the contract; as shown at Appendix A.

1. Introduction

- 1.1 KCC has a statutory responsibility as the Waste Disposal Authority to arrange for the disposal of the organic waste collected at kerbside by the Waste Collection Authorities and to arrange for the disposal of organic waste deposited at the Household Waste Recycling Centres by Kent residents.
- 1.2 KCC currently contracts out the management of the processing of 94,785 tonnes per annum (2023/24) of organic waste collected at both kerbside and at the HWRCs, across four contracts, split in to geographical regions across Kent:

Contract	Provider	Geographical Region
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GW/2004/01 - Composting	Envar Composting Ltd	Southwest Kent (Tonbridge and Malling, Tunbridge Wells) & Maidstone
SS1273 – Organic (Green) Waste	Countrystyle (HWRC waste)	East Kent
SS1273 – Organic (Green) Waste	Envar Composting Ltd	Mid Kent
SS1273 – Organic (Green) Waste	Envar Composting Ltd	West Kent

- 1.3 This report provides information concerning the expiry of the contracts on 31st March 2026, and details the commissioning process to commence a new contract for the management of the organic waste from 1st April 2026.
- 1.4 It is anticipated that a full retender which aligns all the organic contracts will achieve synergies and economies of scale.
- 1.5 The decision to procure a new contract for the receipt and processing of organic waste is crucial for advancing Kent County Council's environmental sustainability goals. Efficient management of organic waste will support Kent's ongoing efforts to avoid landfill usage, reduce greenhouse gas emissions, and promote recycling.
- 1.6 This initiative also supports the county's commitment to environmental stewardship, the transition to a circular economy and overall sustainability. Adopting innovative technologies and prioritising local processing will further reduce the carbon footprint and foster a greener future for Kent, while also supporting local growth and economic areas.

2. Background

- 2.1 KCC has held a variety of contracts for the management of organic waste across Kent, which have been extended to align the expiry of all contracts to 31st March 2026.
- 2.2 The contracts have been varied over recent years in response to changing waste composition, collection methodologies, government reforms and new legislation, which has provided Kent with a sustained, reliable, and beneficial service in which to manage green waste.
- 2.3 KCC is currently achieving an average landfill diversion rate of over 99%, with less than 1% of waste being sent to landfill. This success is largely attributed to a comprehensive range of diversion measures, including the redirection of all separately collected organic waste streams.
- 2.4 There are various effective methods for managing organic waste. KCC currently utilises a mix of 'In-vessel' and 'open-windrow' composting at various locations throughout the county to minimise haulage costs.
- 2.5 In-vessel composting is a composting method that takes place in an enclosed, controlled environment within a vessel, such as a container, silo, or tunnel. This controlled environment allows for better temperature and airflow management,

potentially speeding up the composting process and ensuring the production of a high-quality compost and is used primarily when food and green waste are combined.

- 2.6 Open windrow (open air aerobic processing) composting involves shredding, mixing, and piling green waste into windrows, which are then regularly turned to improve oxygen penetration, regulate temperature, and distribute moisture. Food waste is not allowed to be processed in this way and so must be segregated from the green waste.
- 2.7 Market engagement undertaken in January 2024 demonstrated that there are limited in-vessel and windrow facilities in Kent which can accept the tonnages of green waste that Kent's HWRCs and collection authorities produce. As such, we are exploring emerging technologies to enhance our processing capabilities while striving to maintain operations within Kent.
- 2.8 KCC is constantly researching emerging technologies for managing Kent's waste and will collaborate with any new providers to actively pursue innovative solutions that enhance efficiency, sustainability, affordability, and environmental responsibility. The following are areas of interest for KCC in managing green waste in the future:
 - Hydrothermal carbonisation: This process is being researched and developed in the UK and can convert green waste into biochar, which can be used for heating and power generation. KCC has a trial ongoing for this method.
 - Fermentation: The UK has several initiatives and companies focusing on fermentation to transform green waste into valuable products like biogas, and biofertilisers.
 - Vermicomposting: Worm composting is widely practiced in the UK, with various suppliers (usually community gardens, commercial nurseries, or garden centres) setting up wormeries to produce high-quality compost.

3. Issues, options, and analysis of options

- 3.1 Whilst 'in-vessel' composting systems offer benefits such as quality control, faster processing, and reduced risk of infection due to high-temperature operating methods, the technology and infrastructure requirements involved mean it is more expensive than windrow composting.
- 3.2 Windrow composting processes have a low tolerance for contamination and require a clean stream of green waste to comply with environmental permit conditions. However, green waste collected at Household Waste Recycling Centres often fails to meet this standard without pre-treatment. Despite active supervision and intervention by site operators, significant amounts of plastic, garden refuse, and general detritus are frequently deposited by the public, making it difficult for offtakers to accept the material.
- 3.3 KCC will ensure that, the contract will mandate that providers adhere to all environmental permitting and planning requirements, including odour control,

leachate management, waste acceptance criteria, and operational practices to minimise environmental impact.

- 3.4 KCC aims to prioritise the segregation of food waste from green waste whenever possible and where legislation permits. Under Simpler Recycling legislation, from March 2026, all collection authorities will be required to collect food from the kerbside, with the option of collecting green waste either collected separately or mixed together.
- 3.5 Currently, all collection authorities collect food and green waste separately. The cost of processing segregated food waste is significantly lower (approx. 74% less) than processing blended food and green waste. Keeping food waste separate also reduces the risk of contaminating green waste, which can affect the quality and usability of the compost produced. While it is the collection authority's decision on how they wish to manage their collections, it is important to note the significant cost difference for the waste disposal authority if food and green waste are mixed.
- 3.6 The preferred contract duration is 5 years, with an option to extend up to a further 5 years. This timeframe is intended to ensure a reliable and consistent statutory service during the Local Government Reform transition period and provide sufficient contractual certainty to allow new entrants to the market.
- 3.7 The extension will be considered based on performance and value for money, in accordance with "Securing Kent's Future". This will be assessed through a benchmarking exercise conducted 18 months before the extension clause is activated.
- 3.8 Three lots have been designated for this contract (West, Mid, and East Kent), with the nearest HWRC and Waste Transfer Stations aligned to each geographical lot area. This arrangement aims to reduce haulage costs and improve travel efficiency in operational terms, and additionally, considers the impact of Local Government Reorganisation and the associated reforms, ensuring that where possible, the lotting strategy aligns with proposed governance structures optimising service delivery.
- 3.9 Lotting this contract will enable KCC to deliver material to multiple sites, thereby enhancing operational flexibility and ensuring continuity of service throughout the contract term. In addition, KCC operates a separate contract for food waste treatment via anaerobic digestion. Where appropriate, the new contract may serve as a contingency option for food waste processing, further supporting business continuity. A distinct gate fee will be established for this contingency service to maintain cost transparency and accountability.
- 3.10 The service specification will include the scope of materials to be processed under this contract, including grass cuttings, leaves, weeds, dead flowers, light garden prunings, hedge trimmings, small branches, untreated wood chippings, and windfalls of fruit.
- 3.11 A new contract will not assume a minimum tonnage commitment, which aligns with the seasonal variability of the waste stream.

- 3.12 The provider will be responsible for the reception, handling, storage, and processing and treatment of all organic waste received.
- 3.13 The contract will have KPI's reflecting required levels of performance and will be designed to enhance service quality and efficiency. Performance against the KPI's will be published annually, as required by the Procurement Act 2023.
- 3.14 Throughout the contract, the provider must be receptive to emerging technologies and support alternative processing methods that offer efficiency, environmental, and financial benefits to KCC.
- 3.15 The output product must meet (or have equivalent) BSI PAS 100 and 110 standards for composting and anaerobic digestion, complying with the Animal By-Products Regulations 2011, have APHA (Animal and Plant Health Agency) registration and be Quality Protocol Compliant.
- 3.16 The provider must maintain a full reporting and audit trail for all materials, from receipt to end market/processor, and provide all data to the authority for auditing and recycling performance reporting.
- 3.17 As part of the tender process, KCC will seek social value initiatives from the provider, which will be monitored throughout the contract to ensure they deliver meaningful community benefits and adhere to agreed-upon standards.
- 3.18 No waste from this contract will be permitted to be disposed of at landfill.

4. Options

- 4.1 **Option 1 - Do nothing – the current arrangements will cease and KCC will be unable to accept the waste** - this is not an option due to KCC's obligation to receive this material under waste legislation and dispose of it as per the Environmental Protection Act 1990.
- 4.2 **Option 2 - Continue to accept the waste but utilise alternative disposal options by using landfill or incineration** - This is not an option as there is a legal obligation to move material up the waste hierarchy where possible. In addition, KCC's recycling and landfill diversion targets would also not be met. Furthermore, to send this material to incineration would be extremely costly compared to option 4, with almost a threefold increase in gate fee.
- 4.3 **Option 3 - Extend for a further period** - This is not legally possible, as all organic contracts have been extended within the parameters of the existing contracts. Contract end dates are now aligned giving the opportunity to produce economies of scale through a full county re-procurement.
- 4.4 **Option 4 – Commence a full procurement exercise (recommended option)**
This is the preferred option and provides sufficient time to undertake a full commissioning exercise before 1st April 2026, and to secure a provider/s who can treat and utilise the waste material meeting the circular economy desired outcomes.
- 4.5 The **Recommended Option is Option 4 which is** to procure. This provides an opportunity to KCC to engage with the market following long term contracts, to

realise potential benefits of improved efficiency and innovation, competitive pricing and updated regulatory requirements.

5. Recommended option risks

- 5.1 The commissioning of a new contract for organic waste management carries several risks, including market uncertainty due to limited providers and economic fluctuations, which can impact competition and pricing.
- 5.2 Regulatory and compliance risks include ensuring providers meet environmental permitting and planning requirements and managing contamination levels in waste streams.
- 5.3 Local Government Reform involves elements of unknown risk. Therefore, KCC has chosen to ensure that statutory services remain in place during the transition period. These services can then be reviewed once boundaries and responsibilities are more clearly defined.

6. Consultation

- 6.1 A market engagement questionnaire was posted to the Kent Business Portal with responses received in January 2024. Response to the market engagement were limited (four responses), with the parent company of one provider acquiring one of the others since publication.
- 6.2 The engagement exercise sought information and clarity on a range of subjects including location, facility type and capacity, acceptance criteria, collection of waste, contract term and price, all of which has shaped the recommendation, specification, and proposed route to market.
- 6.3 Key learning from the market engagement, as well as lessons learnt through the current contracts, is that providers have different acceptance criteria for the material. There is also a consideration for the provider's permit and the levels of contamination they can accept. This will be factored into the procurement to minimise any cost to KCC for contaminated / rejected loads.
- 6.4 The Commercial and Procurement Oversight Board convened on 17th April 2025 and approved the commissioning route, number of lots, duration of contract and extension period.

7. Financial Implications

- 7.1 This procurement cost will be met by existing revenue budgets.
- 7.2 KCC will actively seek to spend less than the forecasted costs by negotiating during commissioning, leveraging competitive pricing, efficient service delivery, and providing opportunities for benefits of economies of scale.
- 7.3 Cost for 2024/25: £5.075m, based on the processing of 94,785 tonnes.
- 7.4 Budget for 2025/26 is set at £5.2m.

- 7.5 Inflationary increases are built into the Medium-Term Financial Plan (MTFP) each year, based on forecasts of inflation indices for the month of uplift.
- 7.6 Assumptions have been made that inflation indices will be applied and an MTFP uplift of £220k will be requested for 26/27 to cover price inflation. Tonnage will also increase slightly in line with growth for commencement of the contract in April 2026, resulting in: -
- 7.6.1 An estimated cost for 2026/27 of £5.42m
- 7.6.2 A forecasted budget 2026/27 set at £5.42m
- 7.7 The price adjustment methodology for the current contracts uses both the Consumer Price Index (CPI) and the Retail Price Index (RPI) to calculate cost pressures. The proposed contract will only incorporate CPI as a price adjustment measure as CPI is a widely accepted measure of inflation that is considered more stable and predictable compared to RPI.
- 7.8 No collection authorities have indicated a desire to change their collection methodology at this time, however it is important to note that if all collection authorities chose to blend food waste with green waste, the estimated cost of the contract for 2026/27 would increase by £1.92m.
- 7.9 Discounts will be sought where a provider bids for more than one lot. Economies of scale benefits could be realised, such as reduced gate fee costs due to larger volumes of waste being offered, streamlined and more efficient operations, and lower administrative costs, leading to further savings. Additionally, full tender processes ensure best value, as incentives based on economies of scale score more highly, promoting competitive pricing and efficient service delivery.
- 7.10 To ensure competitive pricing and market alignment, KCC utilise Letsrecycle.com as a benchmarking tool. Letsrecycle provides up-to-date price indicators for various recyclable materials. These price guides reflect prevailing market rates and offer valuable insights into potential revenue streams and cost management.
- 7.11 Haulage costs are accounted for within the HWRC & Transfer Station contracts. By utilising route optimisation based on the proposed lotting strategy, we ensure more efficient haulage, which leads to reduced costs.

8. Legal implications

- 8.1 A competitive procurement process will be carried out under the Procurement Act 2023, which meets the obligations on transparency, fair treatment, and best value.
- 8.2 The Council's standard terms and conditions will be utilised, and legal advice will be sought where required.
- 8.3 A key function of the Waste Disposal Authority operating under the Environmental Protection Act 1990, Section 51 states that:

It shall be the duty of each Waste Disposal Authority to arrange:

- a) for the disposal of the controlled waste collected in its area by the waste collection authorities.
 - b) for places to be provided at which persons resident in its area may deposit their household waste and for the disposal of waste so deposited.
- 8.4 The Waste Framework Directive (2008/98/EC) sets the basic concepts and definitions related to waste management, including the principles of the waste hierarchy. It requires councils to take measures to encourage the separation and recycling of waste.
- 8.5 The circular economy package includes several directives aimed at promoting recycling and reducing landfill usage. It sets targets for recycling rates and requires councils to implement measures to achieve these targets.
- 8.6 Environmental Permitting (England and Wales) Regulations 2016, require facilities processing organic waste to obtain environmental permits. The permits ensure that operations comply with environmental standards and minimise risks such as odour emissions and groundwater contamination.
- 8.7 Simpler Recycling legislation requires separate weekly food waste collections from kerbside, which can be combined with garden waste, starting from March 31st, 2026.

9. Equalities implications

- 9.1 The Equality Impact Assessment undertaken concluded that no protected characteristics will be impacted upon negatively as a result of this contract award. This is due to the contract delivering a business-to-business service; all customer services are conducted at the kerbside by the waste collection authority or at the Household Waste Recycling Centres.

10. Other corporate implications

- 10.1 A **Data Protection Impact Assessment** (DPIA) screening was undertaken, and it concluded that due to the fact that no personal data is handled or stored, (employee or service user), no further assessment is required.
- 10.2 An **Environmental Impact Assessment** (EnvIA) was carried out to evaluate the potential environmental effects of the proposed processing and treatment undertaken as a result of this contract. This assessment provided critical insights into the impacts on air quality, water resources, soil health, climate, and biodiversity.
- 10.2.1 The EnvIA results will inform the specification requirements and the decision-making process, ensuring that any chosen composting method aligns with environmental sustainability goals and regulatory requirements. The findings will also guide the implementation of necessary mitigation measures to minimise adverse effects and enhance positive outcomes.

11. Governance

11.1 The Director of Environment and Circular Economy will inherit the main delegations via the Officer Scheme of Delegation due to the potential financial value of this contract.

12. Conclusions

12.1 In conclusion, the proposed procurement for the receipt and processing of organic waste is a critical step towards enhancing Kent County Council's waste management capabilities. By aligning all organic waste contracts and exploring innovative technologies, KCC aims to achieve greater efficiency, sustainability, and cost-effectiveness.

12.2 The recommended option to commence a full procurement exercise before the end of the current contracts will ensure continuity of service, compliance with environmental regulations, and support for the county's long-term waste management strategy. The Cabinet Committee is asked to endorse this decision to secure a provider who can meet the county's needs and contribute to its environmental goals.

13. Recommendation(s):

The Cabinet Member for (the Kent) Environment is asked to:

(i) APPROVE the procurement and contract award of an organic waste contract for an initial 5 years, (plus an extension of up to 5 years) commencing 1st April 2026;

(ii) DELEGATE authority to the Director of Environment and Circular Economy to take relevant actions to facilitate the required procurement activity;

(ii) DELEGATE authority to the Director of Environment and Circular Economy in consultation with the Cabinet Member for Environment, to take relevant actions, including but not limited to, awarding, finalising the terms of and entering into the relevant contracts or other legal agreements, as necessary, to implement the decision; and

(iii) DELEGATE authority to the Director of Environment and Circular Economy in consultation with the Cabinet Member for Environment to award extensions of the contract in accordance with the relevant clauses within the contract as shown at Appendix A.

14. Background Documents

Appendix A – Proposed Record of Decision
Equality Impact Statement

15. Contact details

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