

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 Paper and Card Waste Contract Countywide CN260429**

Decision Number: 25/00067

Classification: **Unrestricted**

Electoral Division: All electoral divisions

Summary

Existing contracts held by Kent County Council (KCC), as the Waste Disposal Authority, for the receipt and processing of approximately 30,000 tonnes per annum of paper and card are due to expire on 30th November 2026. A procurement seeks to establish new countywide contractual arrangements from 1st December 2026.

Recommendation(s)

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

- (i) APPROVE the procurement and contract award of a paper and card recycling contract for an initial 5 years (plus an extension of up to 2 years);
- (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 waste collected at kerbside by the Waste Collection Authorities and to arrange for the disposal of waste deposited at the Household Waste Recycling Centres by Kent residents.
- 1.2 KCC has processes in place for the recycling of paper and card as this is both environmentally and economically beneficial.
- 1.3 KCC currently contracts out the management of the processing of c.30,000 tonnes per annum of paper and card waste.
- 1.4 This report provides information concerning the expiry of the contract on 30th November 2026 and details the commissioning process to commence a new contract from 1st December 2026.

- 1.5 KCC has planned a sufficient lead-in time for the development of a robust specification, negotiations and mobilisation, as well as completion of all necessary governance and approval processes prior to launching the full tender.

2. Background

- 2.1 KCC currently contracts with Smurfit Kappa based locally in Snodland, Kent who are one of the leading paper-based packaging companies globally.
- 2.2 Smurfit Kappa has been an excellent and reliable provider for Kent County Council, consistently delivering high-quality services for the receipt and processing of paper and card waste and providing significant revenue to KCC from the sale of processed material. Their local facility in Snodland has played a key role in supporting KCC's recycling objectives, ensuring that materials are processed efficiently and in accordance with environmental standards.
- 2.3 There are several effective methods for managing paper and card waste. KCC currently relies on local reprocessors, including paper mills, which recover high-quality fibres for reuse in the manufacture of packaging and other paper products. This approach not only supports the circular economy but also helps to minimise haulage distances and associated emissions.
- 2.4 The recycling process for paper and card typically involves sorting, shredding, pulping, and de-inking, followed by the reformation of fibres into new paper-based products. The quality of the input material is critical to the efficiency and value of this process. Clean, uncontaminated paper and card streams yield higher-quality recycled products and are more readily accepted by reprocessors.
- 2.5 Contamination remains a key challenge in paper and card recycling. Materials such as food residue, plastics, and laminated or coated paper can significantly reduce the recyclability of the load. KCC works closely with collection authorities and site operators to promote good separation practices and reduce contamination at source, thereby improving the quality and marketability of the material collected.
- 2.6 Initial market engagement has indicated interest from local and regional processors. The market is sensitive to changes in quality standards and international trading restrictions and has seen fluctuating markets which affect the potential revenue. KCC will continue to explore innovative sorting and fibre recovery technologies where available to improve material quality and value.
- 2.7 Kent is home to several large and established paper and card reprocessors as well as smaller reprocessors who provide local recycling services for a range of materials, including paper and card. These facilities contribute to Kent's recycling infrastructure, and their capacity, acceptance criteria, and commercial interest in future contracts will be confirmed through the commissioning process. This process will also assess the viability of maintaining local processing, reducing haulage emissions, and securing best value through competitive procurement.

- 2.8 As part of its commitment to continuous improvement and innovation, KCC is monitoring emerging technologies in the paper and card recycling sector to ensure that KCC's contracts incorporate the most modern techniques.

3. Issues, Options and Analysis of Options

- 3.1 Collecting paper and card separately keeps the material cleaner and generates substantially higher revenues for the Council.
- 3.2 Under the Simpler Recycling legislation, by March 2026, paper and card are materials that are required to be collected separately at kerbside by the Waste Collection Authorities, however Waste Collection Authorities can choose to co-mingle paper and card with other materials subject to carrying out an assessment that identifies technical, environmental, economic and practical reasons for not collecting this material separately.
- 3.3 Whilst a Waste Collection Authority may deem a comingled approach to be operationally more effective it often leads to more contamination, which reduces the quality and value of the paper and card.
- 3.4 KCC continues to work collaboratively with districts to promote best practice and highlight the financial and environmental benefits of separate collection, to achieve the best value for the Kent taxpayer.
- 3.5 Paper and card collected at Household Waste and Recycling Centres and through kerbside collections can vary in quality. Contaminants such as food residue, plastic film, and laminated paper reduce the recyclability of the material and may lead to rejected loads. Despite efforts by site operators and collection authorities to promote clean separation, contamination remains a challenge that impacts both environmental outcomes and financial returns.
- 3.6 Through robust procurement activities, KCC will ensure that:
- The contract is structured in one lot as a single county-wide contract. This is following feedback from the market whose preference is to accept the total tonnage. This will bring the largest financial benefit to KCC, with higher income rates.
 - Let'srecycle.com will be used as the source of the pricing strategy (mixed paper), adjusted on a monthly basis.
 - Haulage costs, albeit paid for under separate contracts that KCC hold to haul the waste to the provider's facility, will be included in the economic evaluation (whole life cycle costs).
 - The pricing mechanism within the contract produces the highest return possible and considers the quality of material, with no guaranteed minimum tonnage.

- The contract mandates providers to comply with all relevant environmental permitting and planning requirements.
- Social value commitments from providers are included and evaluated, including initiatives that support local employment, education, and community engagement. These commitments will be monitored throughout the contract to ensure meaningful delivery.
- No paper and card waste managed under this contract will be permitted to be disposed of at landfill. All material must be recycled or otherwise recovered in accordance with the waste hierarchy and Kent's zero-to-landfill objective.
- The output materials must meet relevant industry standards for recycled paper.
- The contract term considers market conditions, local government reform and a two year extension option that considers local government reform.
- The extension will be considered based on provider performance and value for money, in line with the Council's "Securing Kent's Future" strategy. A benchmarking exercise will be conducted 18 months prior to the extension point to assess competitiveness and service quality.
- The contract will include key performance indicators (KPIs) to monitor service quality, contamination rates, recycling performance, and turnaround times. Performance against these KPIs will be reviewed regularly and published annually in accordance with the Procurement Act 2023.

3.7 Local Government Reorganisation has been considered, and contract clauses will be inserted into the contract to address the potential novation of the contract to Unitary Authorities. As Unitary Authority numbers or boundaries are not yet known, it is not possible at this stage to 'lot' the contract to align with new structures.

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 and the Separation of Waste (England) Regulations 2024

4.2 **Option 2 - Continue to accept the waste but utilise alternative disposal options by using landfill or incineration** - This is not a viable option. KCC has a legal obligation to manage waste in accordance with the waste hierarchy, which prioritises recycling over disposal. Sending paper and card to landfill or incineration would not only undermine the Council's recycling and landfill diversion targets (currently less than 1%), but would also result in a significant financial burden. Currently, clean paper and card can generate an income. In contrast, incinerating the same material would incur a disposal cost. This shift would have a substantial negative impact on the Council's waste management budget and is therefore not considered a sustainable or cost-effective option. Furthermore, the inclusion of Energy from Waste (EfW) facilities such as Allington in the UK Emissions Trading Scheme from 2028 will introduce new carbon levies on all fossil-derived waste emissions, further increasing the cost of disposal.

- 4.3 **Option 3 - Extend for a further period** - This is not legally possible, as the paper and card contract has been extended within the parameters of the existing contracts.
- 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 December 2026, and to secure a provider who can treat and utilise the waste material meeting the circular economy desired outcomes. A 5+2 year contract term has been proposed as it offers an optimal balance between operational stability and financial viability, enabling providers to spread capital investment and overhead costs such as fleet and equipment over a longer period. Shorter contract durations typically result in higher annualised costs, which can reduce the value of the income offered to the authority and limit market competitiveness.
- 4.5 **The Recommended option is option 4 which is to re-procure.** This provides an opportunity for KCC to engage with the market, 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 paper and card waste management carries several risks. Market uncertainty remains a key concern, particularly due to fluctuations in global recovered fibre prices, changes in export regulations, and the limited number of domestic reprocessors with sufficient capacity. These factors can affect competition, pricing, and the financial viability of the contract
- 5.2 Providers must meet stringent environmental permitting and planning requirements, and the Council must ensure that all operations comply with relevant legislation resulting in compliance risks for the authority. Additionally, contamination in the paper and card stream remains a persistent challenge.
- 5.3 Local Government Reorganisation 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 on the 3rd July 2025. Response to the market engagement was limited, with only 4 respondents.
- 6.2 The engagement exercise sought information and clarity on a range of subjects including location, facility type and capacity, acceptance criteria, contract term, lotting, changes in legislation, innovation, environmental impact, social value and price, all of which has shaped the recommendation, specification and proposed route to market.

- 6.3 Key learning from the market engagement has been considered in the procurement documentation and is listed in 3.6
- 6.4 The Commercial and Procurement Oversight Board convened on 17th July 2025 and approved the commissioning route, lot strategy, duration of contract and extension period.

7. Financial Implications

- 7.1 This is a revenue-based **income** contract.
- 7.2 Estimated value of this contract is based on receiving 30,000 tonnes per annum.
- 7.3 A 5 year contract for 30,000 tonnes p/a would produce revenues of £13.5m for the full term (subject to market rate fluctuations).
- 7.4 Expected revenue budgeted for 2025/26 is currently forecasted at £2.397m
- 7.5 Tonnage will increase slightly (to an estimated 31,045 tonnes) in line with growth for commencement of the contract in December 2026, resulting in a forecasted income budget for 2026/27 of £2.794m, which as an increase of income will be reflected in the next update to the Medium term Financial Plan.
- 7.6 It should be noted that market prices can go down as well as up and are affected by global and UK influences which are outside of the Authority's control.

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 Under the Simpler Recycling legislation, from 31 March 2026, all collection authorities in England will be required to collect paper and card as a separate recyclable waste stream from all households. While paper and card can be co-collected with other dry recyclables (such as plastics and metals) where appropriate, the legislation encourages separate collection where it improves material quality and environmental outcomes. The decision on whether to collect paper and card separately or as part of a mixed stream remains with the waste collection authorities.

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 **Environmental Impact** - Recent guidance from Kent County Council's Sustainable Procurement Toolkit has emphasised the importance of embedding environmental quality into waste service contracts.
- 10.3 The Toolkit outlines a framework for considering interconnected environmental topics—such as air quality, energy use, water management, and flood risk—within procurement specifications. It also encourages the use of targeted Key Performance Indicators (KPIs) to monitor environmental outcomes and community wellbeing.
- 10.4 For waste contracts, including paper and card processing, the advice highlights the need to engage with the market early, promote transparency in environmental data, and explore opportunities to support marginalised groups and biodiversity. These principles have informed the commissioning approach for this procurement, ensuring that environmental sustainability, statutory compliance, and social value are central to the contract design.

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 This procurement is essential to ensure continuity of service, legal compliance, and environmental performance. It provides an opportunity to secure a financially and environmentally beneficial contract that supports Kent's long-term waste strategy.
- 12.2 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 a paper and card waste processing contract for an initial 5 years (plus an extension of up to 2 years);
- (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.

14. Background Documents

- Appendix A – Record of Decision
- Equality Impact Statement

15. Contact details

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