From: Jamie Henderson, Cabinet Member for Environment, Coastal Regeneration and Public Health

Simon Jones, Corporate Director, Growth, Environment and Transport

To: Growth, Environment and Transport Cabinet Committee – 9 September 2026

Subject: To commence procurement for Waste Transfer Services Contract - Folkestone & Hythe - CN260748

Key Decision Number: 26/00054

Key decision: Yes

Classification: Unrestricted

Past Pathway of report: Key Decision 25/00068 – Growth Environment and Transport Cabinet Committee – Tuesday 9th September 2025

Future Pathway of report: Cabinet Member Decision

Electoral Division: Folkestone and Hythe

Summary:
Kent County Council has a legal duty under section 45 of the Environmental Protection Act (1990), as the waste disposal authority, to dispose of the waste collected at kerbside by the waste collection authorities (the districts) within their administrative boundaries. KCC does this by accepting the waste at a site known as a waste transfer station facility.

KCC currently has a temporary arrangement with a contractor (Veolia) at Ross Way, Folkestone, to provide an interim waste transfer facility until 2028. This facility cannot accommodate all the waste streams collected at the kerbside and, therefore, cannot meet the needs of Folkestone and Hythe District Council as the waste collection authority or KCC as the waste disposal authority. A more sustainable provision is therefore required.

This update and replacement to the previous key decision 25/00068 taken in October 2025 reflects material changes in the viability and deliverability of the Junction 11 scheme that had previously been the preferred capital design, build and operate solution identified in the original options assessment.

Recommendations:
The Growth, Environment and Transport Cabinet Committee is asked to **CONSIDER** and **ENDORSE** or make **RECOMMENDATIONS** to the Cabinet Member for Environment, Coastal Regeneration and Public Health on the proposed decision as set out in Appendix A.

1. Introduction

1.1 KCC as the Waste Disposal Authority, has a statutory duty under the Environmental Protection Act 1990 to arrange for the disposal of household waste collected at kerbside by district councils.

1.2 KCC discharges this duty through a network of waste transfer stations, where waste is received, bulked and transported to final treatment or disposal facilities.

1.3 Existing infrastructure within Folkestone and Hythe is insufficient to accommodate both current and forecast future waste volumes, a situation that will be further exacerbated by planned housing growth targets within the Local Plan, including, but not exclusively, the substantial development at Otterpool Garden Town.

1.4 At present, KCC operates interim arrangements to manage approximately 40,000 tonnes of waste per annum arising from the district. The primary local facility at Ross Way, operated by Veolia, is constrained in both capacity and capability and can only accept dry mixed recycling and street cleansing arisings waste streams.

1.5 Residual (black bag) and food waste must therefore be transported out of the district to KCC's transfer station in Ashford. This fragmented arrangement is inefficient, increasing haulage distances and creating additional environmental impacts from longer journeys. Transporting waste out of the borough also adds pressure to the local road network and is vulnerable to disruption, particularly on the M20 where traffic can be affected by issues at the Port of Dover and related traffic management measures. In addition, this incurs tipping-away charges - mandatory fees paid to the collection authority to cover the cost of transporting and disposing of waste outside their administrative boundary.

1.6 The temporary contractual arrangement at Ross Way is due to expire in 2028 with no further extension permissible, meaning it cannot provide a long-term solution for the district.

1.7 Accordingly, a sustainable long-term solution is required to ensure sufficient transfer station capacity, improve operational efficiency, reduce costs and enable KCC to continue to meet its statutory obligations while supporting future growth and maintaining service resilience in Folkestone and Hythe in the longer term.

1.8 In light of these pressures KCC has previously explored the delivery of a new transfer station within the district, however, the viability of this approach has materially changed as set out in section 2 of this report.

1.9 Under Local Government Reorganisation, KCC's current waste disposal responsibilities are expected to transfer to the relevant successor authority or authorities. The procurement therefore needs to secure continuity of statutory service while retaining sufficient flexibility for future governance arrangements, service requirements and operating models to be considered by successor bodies. This is particularly relevant as Folkestone & Hythe and Ashford are expected to form part of the same future unitary authority, which may create a different operating environment from the one that exists today.

2. Changes in Deliverability

2.1 A previous Key Decision (25/00068) approved the capital funding and delivery of a KCC owned and operated waste transfer facility at Junction 11 of the M20 and committed the relevant capital funding to this.

2.2 Since the Cabinet Committee considered this matter in September 2025, there have been material changes to the viability of the Junction 11 scheme and the availability of alternative delivery options requiring a reassessment of the preferred approach.

2.3 Key changes include:

Land acquisition risks

- KCC has secured the land parcel required for the development of the waste transfer facility under an options agreement.
- During the planning process an additional strip of land (the 'northern strip') was identified as being required in order to provide an area for screening and reptile relocation, both requirements formed conditions of the planning permission granted.
- Folkestone and Hythe DC hold an options arrangement for a larger land parcel that included the northern strip and were to secure this with support from Homes England and transfer it to KCC to enable the planning conditions to be discharged.
- In order for the scheme to continue within required timescales and for planning conditions to be discharged the northern strip needed to be available to KCC by the 31st March 2026.
- The northern strip has not been secured and alternative approaches by KCC to secure the northern strip independently of the larger land parcel have also failed and therefore the planning conditions are unable to be discharged meaning the scheme cannot be delivered in its current form.

Programme and contractual risk.

- Progression to RIBA Stage 4 would trigger a requirement to purchase the main site within 6 months or risk losing the land option.
- Proceeding without certainty on the northern strip would expose KCC to significant financial risk without securing a deliverable scheme.

Market and procurement position

- At least one operational commercial facility now exists within the district with planning permission for residual and recycling waste streams (although subject to further planning variation for food waste)
- A compliant procurement route has been identified to secure transfer station services from the market.
- A direct award is not permissible; however, a competitive procurement process can be undertaken within the required timeframe.

- Minor infrastructure changes at an existing KCC facility could be made if the market is unable to deliver a commercial contractual arrangement for the disposal of food waste but this would incur additional costs and not negate the tipping away fees albeit for smaller volumes of waste.
- A contractual arrangement could provide a medium to long-term solution, depending on the length and terms of the agreement. However, it would not entirely remove future risk, as a facility may still be required in the future if access to the contracted site changes or becomes unavailable. There is also a degree of market risk, as constraints on competition could limit the ability to secure best value over time.

2.4 Collectively these changes materially increase the delivery risk associated with the Junction 11 scheme and, in contrast, demonstrate that, while not without its own risks, a procured commercial solution now represents a viable and deliverable alternative within the timeframe required.

3. Market Engagement

3.1 Market engagement has been undertaken to explore the potential for a commercially delivered transfer solution within the district.

3.2 The market engagement exercise was designed to allow the Council to test market interest, assess commercial readiness and determine whether a viable contracted service within the district boundary could be commissioned to meet future operational needs.

3.3 The market engagement commenced on 27th May 2026. This engagement has indicated that a procured service is now possible and currently represents the most viable route to securing a medium to long term provision. The decision sought at this stage is to commence a procurement process. The final route to market, procurement structure, lotting approach, pricing mechanism and commercial model will be confirmed through the Commercial Strategy and considered through the Council’s commercial governance process before procurement documents are finalised.

3.4 Using the Market Engagement feedback to shape the commission, and through robust and legally compliant procurement activities, KCC will ensure that:

- The contract is structured in two lots to provide flexibility in how materials are managed. This approach allows KCC to consider different delivery options and operational arrangements, ensuring that services can be adapted to meet future requirements and changing circumstances where appropriate.
- The pricing mechanism will be developed and reviewed with Finance, Commercial and Procurement colleagues as part of the Commercial Strategy. It will seek to produce the most efficient outcome possible and considers the payload, mileage and type of material.
- Districts’ tipping-away costs to the transfer station will be included in the economic evaluation (i.e. whole-life cost assessment) to ensure a full comparison of options. However, they will not form part of the contract value itself, as these costs sit outside the scope of the procured service. Instead,

any reduction in tipping-away costs is reflected indirectly in the financial modelling, where the avoided expenditure is used to inform the MTFP pressure associated with the new contract.

- Traffic movements will be assessed as part of provider proposals and planning requirements to ensure that vehicle routing is appropriate and minimises impact on local communities.
- Operational efficiency is expected to reduce unnecessary vehicle movements compared to the current split site arrangement
- There will be no guaranteed minimum tonnage, safeguarding KCC of any claims for less loads than expected.
- Seasonal fluctuations will be accounted for within the contract expectations, with a guaranteed turnaround time for vehicles, to maintain service for the district.
- The contract mandates providers to comply with all relevant environmental permitting and planning requirements.
- The inclusion of innovations and technologies to improve bulking efficiency or reduce haulage costs will be highly scored in the evaluation.
- 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 waste managed under this contract will be permitted to be disposed of at landfill. All material must be managed so that it is accepted at the final disposal outlets with minimal rejections.
- The contract term will consider the life cycle and investment in vehicles and plant, local government reform and continuity of service.
- Any extension will be considered based on provider performance and value for money. It is intended that a benchmarking exercise would be conducted 18 months prior to any extension to assess ongoing competitiveness and service quality.
- The contract will include key performance indicators (KPIs) to monitor service quality, contamination management, and turnaround times. Performance against these KPIs will be reviewed regularly and published annually in accordance with the Procurement Act 2023.
- There will be no change to kerbside collections, as services provided to residents by the Waste Collection Authority will remain unchanged.
- 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.

4. Options

4.1 In light of the changes set out in section 2 the following options have been reviewed to identify a deliverable and compliant medium to long-term solution for waste transfer services in Folkestone and Hythe.

4.2 **Option 1 Do nothing / continue current arrangements** – (discarded).

This option would retain or extend the current interim arrangements at Ross Way and Ashford without securing a long-term solution. This is not viable because:

- Existing facilities are already operating under capacity constraints and present operational inefficiencies. Continued reliance on the infrastructure at Ashford, particularly to accommodate waste from multiple boroughs, introduces a risk that available capacity could be exceeded, a pressure likely to be exacerbated by planned growth in the Ashford area alone.
- The Ross Way site is subject to time limited contractual arrangements that end in January 2028 and cannot be extended. Significant capital improvements would be required at the site to renew the aging infrastructure to remain safe, legal and compliant should any future contractual arrangement even be considered.
- Failure to act would result in inability to meet statutory duties under the Environmental Protection Act 1990

4.3 **Options 2 and 3 Extend the developer contribution collection periods to 2045 (option 2) or 2040 (option 3) to close funding gap to develop the J11 scheme (discarded)**

These options relate to the previously approved Junction 11 scheme under Key Decision 25/0068 with the only differing factor the timescale for recovery of the forward funded developer contributions. As set out in section 2, this option is no longer considered deliverable because:

- it is dependent on acquisition of additional land which has not been secured.
- without this land, the scheme cannot satisfy planning conditions.
- progression would introduce additional cost exposure and risk through RIBA Stage 4 and potential land purchase triggers.
- the scheme cannot now be delivered within the required timeframe ahead of January 2028.

4.4 More broadly development of any new alternative local authority owned facility would require significant capital investment, including the acquisition of a suitably located site of sufficient size with appropriate land use permissions, as well as planning approval and environmental permitting. Multiple land reviews were undertaken prior to identifying Junction 11 as the preferred site, including collaboration with district partners, but all potential sites were either unavailable, sold for development, or unable to secure planning consent. This demonstrates that viable land options have been comprehensively exhausted This and the timescales associated with securing an additional site including relevant approvals, combined with construction and mobilisation, mean that this option could not be delivered before the expiry of current arrangements in January 2028.

These factors mean this option is no longer considered deliverable within the required timeframe.

4.5 **Option 4 - Change to a design, build, finance, operate model** (discarded).

This option would require a long-term contractual arrangement with a private sector organisation who would be responsible for designing, constructing, financing and operating a facility or service on behalf of KCC. This is not viable because:

- An alternative site would need to be identified and secured given the planning restrictions relating to the Junction 11 site as identified above
- the project in its current form is too developed and any private sector organisation would want to be involved much earlier in the design process

- Both of these factors mean that this option is not considered deliverable within the required timeframe.

4.6 **Option 5 – Commence procurement of a commercial waste transfer service with a suitably qualified provider to receive, bulk and haul Folkestone and Hythe's waste to designated disposal locations** (recommended).

This option involves undertaking a compliant procurement process to appoint a suitably qualified provider to receive, bulk and haul waste arising from Folkestone and Hythe. This option is considered the most viable because it:

- provides a deliverable solution within the required timeframe ahead of January 2028.
- enables a competitive procurement process, supporting value for money and compliance with procurement legislation, although there remains a risk that limited market capacity could constrain competition.
- offers flexibility to structure services across different waste streams, however, current market engagement indicates that not all providers are able to accept food waste which may require alternative arrangements.
- supports operational efficiency and improved service resilience.
- avoids the delivery risks associated with land acquisition and capital development.
- Enables the contract term to balance market attractiveness, investment recovery and the need for flexibility in light of Local Government Reorganisation.

4.7 In summary this is the recommended option. However, this option does not remove all longer-term risks. In particular, the limited availability of food waste treatment solutions and potential market constraints mean that a separate facility or alternative provision may still be required in the future.

5. Issues, Options and Analysis of Options

5.1 KCC is required to secure a long-term, compliant waste transfer solution for Folkestone and Hythe ahead of the expiry of current arrangements in January 2028. Failure to do so would present significant risks to service continuity and statutory compliance.

5.2 As set out in Sections 2 and 4, previously considered options have been reassessed in light of changes to deliverability, particularly the constraints associated with the Junction 11 scheme. This has resulted in a narrowing of viable options to a single deliverable solution through procurement.

5.3 If approval to proceed with procurement is not granted at this stage, the Council may be unable to secure a compliant long-term solution within the required timeframe. This would increase the risk of:

- Service failure, where sufficient transfer capacity is not available to manage kerbside waste collected.
- Increased financial pressure, arising from reliance on short-term or interim arrangements, which are typically higher cost.
- Operational inefficiencies, including longer haulage distances and negative impacts on Waste Collection Authority collection rounds.
- Inability to meet statutory duties under the Environmental Protection Act 1990; and
- Reputational risk, associated with disruption to a critical frontline service.

5.4 In contrast, proceeding with a competitive procurement process enables the Council to:

- secure a deliverable and compliant medium to long-term solution noting that food waste may or may not be included due to planning constraints and may require a further alternative approach.
- ensure consideration of best value for money through market competition.
- introduce clear performance and service standards through contractual arrangements.
- provide operational flexibility, including the ability to manage different waste streams; and
- maintain service continuity beyond January 2028.

5.5 Based on this analysis, procurement of a commercial waste transfer service represents the most robust and deliverable option, balancing cost, risk and operational requirements.

6. Risks of the Recommended Option

.6.1 The commissioning of a new contract for transfer services carries several risks, due to geographical requirements and available infrastructure. While a competitive process will be undertaken there remains a risk that market capacity and competition may be constrained which could impact pricing and overall value for money. In addition, inflationary pressures within the haulage and bulking industry exist as a result of global unrest and remain a key concern in managing budgetary expectations. These factors could affect competition, pricing and the financial viability of the final contract.

6.2 Market engagement has identified factors that could influence the final service delivery model. As procurement progresses, consideration may need to be given to alternative arrangements and any associated infrastructure requirements to ensure the statutory service obligations can be achieved.

6.3 Existing waste management infrastructure within and beyond the local area is already subject to capacity pressures. Ongoing reliance on third-party facilities, particularly where these serve multiple authority areas or commercial interests, introduces a risk that capacity constraints could tighten further, especially in light of planned growth and increased waste arisings. This could affect both service resilience and long-term availability of outlets.

6.4 Providers must meet stringent environmental permitting and planning requirements, and the Council must ensure that all operations remain compliant with relevant legislation, presenting an ongoing compliance risk. In addition, contamination within waste streams continues to be a persistent challenge, particularly where receiving facilities impose strict acceptance criteria, potentially leading to rejected loads or additional costs.

6.5 Local Government Reorganisation (LGR) introduces a degree of strategic uncertainty and will require careful consideration of the emerging governance arrangements and decision-making processes associated with the transition. The contract award is currently anticipated in June/July 2027 and therefore the power to award the final contract may not rest with KCC irrespective of the delegations set out in this paper and any subsequent key decision. This decision is likely to require specific consent from the shadow unitary executives under the Section 24 Directions. KCC's priority remains the continuity of statutory services throughout the reorganisation period. Any procurement activity, contract award, or subsequent contractual arrangements will therefore need to have due regard to the changed governance requirements, approvals framework and organisational changes arising from LGR and therefore engagement with this will be applied at the earliest opportunity.

6.6 Whilst future service arrangements under LGR remain uncertain, delaying procurement would create a material risk to statutory service continuity given existing contractual arrangements expire in January 2028. There is a strategic risk that procurement activity could commence but not ultimately receive the necessary approvals from shadow or successor authorities.

6.7 These risks can be mostly mitigated through a robust procurement process, careful contract design (including flexibility where appropriate), proactive contract performance management and early engagements with emerging LGR governance arrangements.

7. Consultation

7.1 A market engagement questionnaire was posted to the Kent Business Portal with responses received on the 18th June 2026. Response levels were modest but provided sufficient insight to inform the proposed commissioning approach.

7.2 The engagement exercise sought information and clarity on a range of subjects including location, facility type and capacity, delivery constraints, 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.

7.3 Key learning from the market engagement has been considered in the procurement documentation and is listed in section 3.

7.4 The commissioning approach will be subject to internal governance and assurance processes and the Commercial and Procurement Oversight Board is due to convene on 16th September 2026 to consider the final commercial strategy.

8. Financial Implications

8.1 Costs and funding for Option 2 were previously approved through Key Decision 25/00068 with a total lifetime cost of the scheme estimated at £41,488,736[1].

8.2 Based on current modelling the now recommended option 5 contract procurement approach has a total lifetime cost of £44,237,173[2].

8.3 The procurement option results in higher ongoing annual revenue costs compared to a Council-owned facility. However, this reflects the shift from a capital delivery model to a fully revenue-funded service, removing the requirement for significant upfront capital investment and associated delivery risks. Given that the risks associated with delivering the Junction 11 scheme have increased, the financial comparison must be considered in the context of risk, certainty and deliverability, rather than cost alone.

8.4 Should the Junction 11 scheme not proceed, approximately £722k of previously incurred development costs will become abortive. These costs have already been incurred as part of the development process and represent a sunk cost. Avoiding further escalation of this exposure is a key consideration in the recommended approach.

8.5 Ceasing the progression of the Junction 11 scheme would save the capital investment and associated interest on capital borrowing but also risks the ability to fully utilise the developer contributions ringfenced for the scheme. There is a potential requirement to return up to £1.5m of banked CIL contributions if an alternative compliant use cannot be identified. Work is ongoing to explore mitigation options to minimise this risk.

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[1] The costs presented in both 1 and 2 above are presented over a 25-year period solely to enable a like-for-like comparison of the long-term costs associated with the two options; they do not imply that a 25-year contract term is being proposed. The costs for Option 5 are based on market intelligence and therefore are subject to change through the formal procurement process.

8.6 Proceeding with contract procurement will save the capital costs but will likely incur an increased annual operational revenue cost placing a pressure on the revenue budget. Annual operational costs have been calculated using the market engagement activity but are not confirmed until procurement is complete and there is a risk they could rise further during this process.

8.7 Additionally, the proposed procurement route may require an estimated £250,000 investment in infrastructure upgrades if food waste is excluded from the contractual arrangement. These upgrades are proposed at an alternative existing KCC site to enable food waste to be transported there and will attract tipping away charges albeit at a lower rate than currently due to the smaller volumes. It is intended that this cost will be met in full from the waste reserve, thereby avoiding any direct impact on the Council's revenue budget.

8.8 If the recommended action to commence procurement and award a contract to a suitably qualified provider to receive, bulk and haul Folkestone and Hythe's waste proceeds, then it is likely that overall annual revenue costs will exceed currently forecast operating costs of a KCC owned facility.

8.9 In summary, while the procurement option results in a higher ongoing annual revenue cost compared to a Council owned facility, it represents the only deliverable option within the required timeframe and avoids significant upfront capital investment.

9. Legal implications

9.1 A competitive procurement process will be carried out under the Procurement Act 2023, which meets the obligations on transparency, fair treatment and best value.

9.2 The Council's standard terms and conditions will be utilised, and legal advice will be sought where required.

9.3 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.

9.4 The contract will include provisions to ensure compliance with environmental permitting, planning requirements and future Local Government Reorganisation arrangements including novation clauses to the successor authority or authorities as required

10. Equalities implications

10.1 The Equality Impact Assessment undertaken concluded that no protected characteristics will be impacted upon negatively as a result of this contract award.

10.2 The contract relates to a business-to-business service and does not directly affect residents' access to services. Customer services are conducted at the kerbside by the Waste Collection Authority or at the Household Waste Recycling Centres.

11. Other Corporate implications

11.1 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.

11.2 Environmental Impact - Recent guidance from Kent County Council's Sustainable Procurement Toolkit has emphasised the importance of embedding environmental quality into waste service contracts.

11.3 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.

12. Governance

12.1 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. Notwithstanding the LGR implications outlined in 6.5 above.

13. Conclusions

13.1 The Council is required to secure a sustainable, compliant and deliverable waste transfer solution for Folkestone and Hythe ahead of the expiry of existing arrangements in January 2028.

13.2 The previously approved Junction 11 scheme is no longer considered deliverable due to unresolved land acquisition constraints and increased programme risk, which prevent the scheme from being completed within the required timeframe.

13.3 A procurement-led approach now represents the most viable and robust option, providing a deliverable solution that ensures compliance with statutory duties, supports service continuity, and enables value for money principles to be achieved through market competition.

13.4 Proceeding with procurement will enable the Council to secure a modern, efficient and resilient transfer service, capable of accommodating future growth and maintaining operational performance for residents and the Waste Collection Authority.

14. Recommendations

The Growth, Environment and Transport Cabinet Committee is asked to **CONSIDER** and **ENDORSE** or make **RECOMMENDATIONS** to the Cabinet Member for Environment, Coastal Regeneration and Public Health on the proposed decision as set out in Appendix A.

15. Background Documents

- Proposed Record of Decision – Appendix A
- Equality Impact Assessment – Appendix B

16. Contact details

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