

TO: Nick Chard, Cabinet Member for Environment, Highways and Waste

FROM: Mike Austerberry, Executive Director, Environment Highways and Waste

SUBJECT: Procurement of a Waste Transfer Station and Household Waste Recycling Centre (HWRC) to serve the Ashford Area.

Classification: Unrestricted

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## **1.0 BACKGROUND**

- 1.1 Household waste collected by Ashford Borough Council is destined for the Allington Energy from Waste plant. This final disposal route is set to continue into the future. At present household waste is transported from Ashford to Allington in Ashford's refuse collection vehicles. This is disadvantageous for several reasons. First, the carbon emissions from road transport are greater than they would be if the waste could be bulked-up locally for onward transportation in larger vehicles; secondly, the journey times for refuse collection vehicles could be utilised towards more efficient refuse and recycling collection services to the public; and thirdly, there is an additional cost to Kent County Council of c£500k per year in statutory "tipping-away" payments to Ashford Borough Council.
- 1.2 Additionally, although household waste arisings across the County have reduced, mainly due to the recession, it is anticipated that housing growth in the Ashford area will increase demand for household waste services. In the medium term there is potential for Ashford Borough Council to improve its recycling service through increased kerbside collections.
- 1.3 The nearest existing household waste transfer station is at Hawkinge. This site is not suitable to accept additional waste or for expansion, as it is based on an obsolete waste facility.
- 1.4 With these points in mind it is clear that there is a need for a facility at, or near, Ashford. The initial need is for the transfer station to handle at least 35,000 tonnes per year capacity. However, there is a future need for a household waste recycling centre to either supplement or replace capacity currently available at the household waste recycling centre at Brunswick Road Ashford.

## **2.0 STRATEGIC PROCUREMENT**

- 2.1 KCC waste management has been provided historically through an outsourcing model of service delivery. More recently a more varied approach has been adopted to ensure that the most appropriate solution is delivered to secure best value in the current economic climate. One change has been the recognition that KCC can access capital through prudential borrowing at a lower interest rate than the private sector. This has led to an allocation in the capital programme of £5m (allocated across 10/11 and 11/12). One option may be for KCC to purchase the land for the Ashford facility, and/or to pay for

all or part of the construction costs. In fact, many variations on the “design, build, finance and operate” (DBFO) methodology come to mind. However, it is clear that the private sector would need to play a part in the delivery of the facility and KCC would look to derive revenue income to underpin service delivery.

- 2.2 In previous years such thinking might not have been progressed due to the concern that the Council’s position in respect of the landfill allowance trading scheme could be adversely affected. However, the LATS scheme is becoming less relevant with lower waste tonnages reducing the risk of non-compliance nationally with the landfill directive. Therefore it is possible to consider joint ventures, profit sharing, royalties and other potential means to engage with the private sector waste market in a way that limits risk to the Council but gives more flexibility than gate fee contracts. In any case, if the new facility was to be managed under contract the asset of the buildings and land should revert to KCC at the end of the contract term.
- 2.3 Every option will have advantages and disadvantages to KCC which are impossible to explore fully in advance and without dialogue with the waste industry. Therefore the authority to enter into a competitive dialogue procurement process is sought with a further report on the outcome and making recommendations for contract award as appropriate on completion of the procurement.
- 2.4 Turning to the case for a second or larger replacement household waste recycling centre, work is continuing to consider if a funding contribution is available from developer tariff provisions. It should be borne in mind that all other KCC transfer stations have a co-located HWRC on site, for reasons of economies of scale. It is not possible to place a waste transfer station at Brunswick Road so another site of approximately 1.5 hectares will be required and planning permission obtained. It is possible that a new site for a combined facility could be constructed and this might enable both the Hawkinge waste transfer station and the Brunswick Road Household Waste Recycling Centre to be replaced and closed in the longer term. The best option for KCC will be identified through the procurement process, and the option not to accept any of the tenders will be retained.

### **3.0 CONCLUSIONS**

- 3.1 A competitive dialogue procurement process will enable exploration of all the options and does not commit the Council to accept one or any tender at the conclusion of the process. This is the best way to seek a flexible solution, explore the use of capital in support of the revenue budget and support the needs of the residents of Ashford in respect of improved refuse and recycling services.

### **4.0 RECOMMENDATION**

- 4.1 The Cabinet Member for Environment, Highways and Waste is asked to agree:-
  - a) that Kent County Council enters into procurement of the provision of a waste transfer station and household waste recycling centre to serve the Ashford area; and

- b) to note that when the procurement is completed a further decision will be sought with regard to the award of a contract and any subsequent issues arising from the competitive dialogue process.

Background Papers: Waste Management File on Ashford Waste Transfer Station

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