

From: Rob Thomas, Cabinet Member for Environment
Simon Jones, Corporate Director, Growth, Environment and Transport

To: Environment and Transport Cabinet Committee – 21st May 2024

Subject: **New Contractual arrangement for the receipt and processing of Street Sweepings and Highway Mechanical Arisings – (SC240015)**

Decision Number: 24/00035

Decision Title: Approval to commission and award a new contractual arrangement for the for the receipt and processing of Street Sweepings and Highway Mechanical Arisings – (SC240015)

Classification: **Unrestricted**

Past Pathway of report: N/A

Future Pathway of report: For Cabinet Member Decision

Electoral Division: all Divisions are affected

Summary: Resource Management and Circular Economy is seeking to enter new contractual arrangements in order to continue to receive and process street sweepings and highway mechanical arisings at the Waste Transfer Stations by all the Waste Collection Authorities across Kent.

This is required in order to fulfil KCC's Statutory Duty as the Waste Disposal Authority operating under the Environmental Protection Act 1990.

Recommendation(s): The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for the Environment on the proposed decision to

(i) COMMISSION and award a contract for the receipt and processing of street sweepings and highway mechanical arisings for up to 4 years and

(ii) DELEGATE authority to the Director of Environment and Circular Economy in consultation with the Cabinet Member for Community and Regulatory Services 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 as shown at Appendix A.

1. Introduction

1.1 This report provides information concerning the option to commission and award a Street Sweeping (SS) and Highway Mechanical Arisings (HMA)

contract for materials collected by the Waste Collection Authorities. These materials can be mechanically treated by disaggregation, to produce materials for reuse for civil engineering and restoration schemes.

- 1.2 KCC currently has a contract for the delivery of these services which is due to expire on 31st May 2024. The contract had an option to be extended for a further period of up to 24 months and KCC's original intention was to extend the contract and had commenced discussions with the incumbent in Sept/October 2023 on that basis.
- 1.3 In December 2023, the incumbent notified KCC of challenges they were experiencing in delivering the services and sought additional compensation and an increase to the contracted costs.
- 1.4 In January 2024, the provider submitted their final extension proposal which included a significant price increase and was beyond that included within the anticipated with the revenue budget.
- 1.5 Furthermore, the incumbent Provider's extension moved away from a fixed cost and sought to include quarterly price reviews.
- 1.6 In order for KCC to determine next steps, commercial market engagement and benchmarking was undertaken in order to informed whether the increased costs were in line with prevailing market rates and to determine the wider market appetite for this material.
- 1.7 The results suggested that KCC could achieve lower and more affordable prices by running a competitive procurement process.
- 1.8 As a result, KCC is undertaking an accelerated procurement process to ensure there is no gap in service delivery and that the Authority is able to meet its statutory duty as the Waste Disposal Authority in providing facilities for the disposal of waste.
- 1.9 It should be noted that KCC while had hoped to be able to resolve the challenges presented by the incumbent the protracted nature of these discussion means that an accelerated procurement process is required to ensure service continuity.

2. Relevant History

- 2.1 Street Sweepings and Highway Mechanical Arisings are swept material from streets and roads which are predominantly made up of stones, sand, metals, glass, soil, leaves, organic matter and litter.
- 2.2 The treatment results in a 99% disaggregated recycled product which can be reused within civil engineering operations while any organic material produced is able to be fully used within land restoration.
- 2.3 The current provider, Thanet Waste Services was unable to continue to process the amount of organic waste that was present within the street sweepings,

particularly during the Autumn period, when leaf-fall is high and road vegetation formed a significant component of the overall material collected.

- 2.4 The market engagement exercise informed the contract length of 2 + 2 years as being the most attractive to the industry, whilst giving KCC flexibility to review the arrangements based on performance.
- 2.5 The plan is to secure three geographically based contracts (West Kent / Mid Kent / East Kent). Providers can bid for a single lot, a combination of lots, or all lots. The allocation of contracts in this way will allow more efficient haulage cost/provision, the opportunity to compare performance and cost, and to have multiple suppliers available in the event of market failure.
- 2.6 The Authority will seek composite gate fees that take account for any rebate related to the subsequent sale of materials, as well as the seasonal prices where the composition may vary (namely, taking account of the variable organic element).
- 2.7 KCC will not guarantee the quality or quantity of materials collected, and this risk will sit with the provider who will determine how best to provision for this uncertainty.
- 2.8 The tender process is seeking local disposal arrangements, (where waste infrastructure allows) to reduce its carbon footprint in delivering these materials, and as such the impact on haulage rates will be considered as part of the tender evaluation.
- 2.9 The objective remains to work towards zero waste to landfill by continuing to divert approximately 11,000 tonnes of Street Sweepings and HMA per year from landfill by using treatment and recycling facilities.

3. Options considered

Option		Comments
1	Do nothing – the current arrangements will continue;	This is not a viable option as the incumbent’s extension proposal is not financial sustainable for the Authority.
2	Discontinue accepting the HMA waste from the Collection Authorities;	This is not an option due to KCC’s obligation to take this waste as the Waste Disposal Authority.
3	Continue to accept the waste, but utilise alternative disposal options by using landfill or incineration;	This is not an option as there is an obligation to comply with the waste hierarchy, and to meet landfill diversion targets. Furthermore, to send this material to incineration would be costly against a treatment option.
4	<u>The recommended preferred option</u> Undertake an accelerated	Undertake a commissioning activity before the end of the existing contract (31 st May 2024) to secure a Provider who is able to treat and utilise the waste material meeting the circular economy desired outcomes and is both financially and environmentally beneficial for the

commissioning activity	Authority.
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4. Financial Implications

- 4.1 The annual cost of this commission has been estimated at £660,000 based on current gate fee and market engagement results: total contractual cost over 4 years is projected to be circa £2.64m.
- 4.2 The gate fee will be composite and will include treatment type offered at the facility, seasonal quality consideration and any re-sale prices.
- 4.3 Haulage costs are accounted for within existing Transfer Station contracts, but will be considered as part of the life-cycle evaluation.
- 4.4 The cost will be met by existing revenue budgets;

5. Legal implications

- 5.1 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.
- 5.2 The Commercial and Procurement Division (CPD) have supported the service in extension discussions with the incumbent Provider and have recommended that a competitive procurement process is undertaken.

6. Equalities implications

- 6.1 The Equality Impact Assessment undertaken concluded that no Protected Characteristics will be impacted upon either positively or negatively as a result of this contract award. This is due to the contract delivering a business-to-business service.

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

In order to continue to meet its Statutory Duty as Waste Disposal Authority KCC will be undertaking an accelerated procurement process to secure new provider(s) for the receipt and processing of Street Sweepings and Highway Mechanical Arisings.

9. Recommendations

- 9.1 The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for the Environment on the proposed decision to
- (i) COMMISSION and award a contract for the receipt and processing of street sweepings and highway mechanical arisings for up to 4 years and
 - (ii) DELEGATE authority to the Director of Environment and Circular Economy in consultation with the Cabinet Member for Community and Regulatory Services 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 as shown at Appendix A.

10. Appendices

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

11. Contact details

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