

Executive Summary

Introduction

The requirement to procure a solution for treating waste which would normally be sent to Landfill is linked to concerns about the production of large quantities of municipal and residual waste having a negative impact on the environment through the continued use of landfill as a final disposal method.

The arguments for change are compelling from an environmental and sustainability perspective; there are also potentially significant economic benefits with landfill disposal costing approximately £100 per tonne, (tax and gate fee as at April 2015) and with an annual disposal rate of 100,000 tonnes per annum, there are significant associated costs.

Kent County Council has committed to ensuring that no more than 5 % of waste is sent to landfill and that it is treated as a 'last resort' option for service providers and as such is at the bottom of the hierarchy of waste solutions.

Waste Management are seeking new provider/s to process unsuitable waste from the Energy from Waste (EfW) facility, as well as waste which is diverted during contingency arrangements and derived from HWRCs (Household Waste Recycling Centres) and from District Councils.

Kent County Council has been clear that future strategic direction and resources will be directed towards a service provision which is based on high levels of recycling and reusing; during the Market Engagement day, enquiries were made to gauge the appetite within the market for this type of contract; it transpired that the providers who attended understood KCC's aspiration to meet the landfill directive target and as such recover, reuse and recycle as much material as possible.

Procurement

The challenge that providers will face, is to deliver a solution for many different material streams – from mattresses to plastic strapping, from animal disposal to car parts, from tyres to trade waste and hazardous products to carpets, etc.

The providers will deliver their own solutions to achieve the processing, recycling and reusing of this waste, with a focus on meeting the circular economy agenda where possible.

To deliver the processing arrangements for the many material streams, Providers will most likely need to make 'brokerage' arrangements or partnering agreements/contracts for the controlled waste to be handled, transported, processed or disposed of.

Appendix 2

To allow sufficient time for this commissioning activity to take place, adequate mobilisation time has been built in to the procurement timetable.

Failure to allow sufficient time to undertake these arrangements could result in withdrawal of tenderers, a challenge of 'unreasonable' expectations or lack of appetite from the market, from the outset.

Extensions

Currently there are three providers who supply landfill services for KCC. Their contracts ended in December and February 2015.

As KCC wanted to move from the historic landfill solution to an alternative method of disposal which had not been considered before, the newly formed Contract and Compliance team were assigned Waste's procurement activities and as such required commissioning training before they could undertake a substantial procurement such as this.

Due to the significant effect that this contract will have on waste disposal, it was also felt that it was necessary to ensure adequate time was spent researching and considering the council's requirements and any future development of alternative waste disposal methods, including the brokerage considerations. It is also hoped that this procurement may alleviate the less palatable method to meet the MTFP in 16/17 & 17/18.

As a result it was agreed that the current contracts would be extended, (with the agreement of the current incumbents) to March 2016, taking into account a three month mobilisation period to enable future providers to conduct appropriate commissioning activities.

Costings

The approximate cost of the extensions is £8.2m up to the 31 March 2016, of which approximately £6.42m is Landfill Tax and £1.77m is the Gate Fee payable to the Supplier by KCC.

Recommendation

It is recommended to continue the service as per KCC's statutory duty under the Environmental Protection Act 1990, until the procurement is complete and a new provider/s commences the Waste Treatment and or Final Disposal contract.

Failure to extend the contracts will have a severe business impact as the authority will be unable to fulfil its statutory obligation and where districts and other waste collectors will need to find alternative disposal methods, all costs and liabilities incurred would be charged to KCC at a significantly greater cost.