

From: Matthew Balfour, Cabinet Member for Environment and Transport

Barbara Cooper, Corporate Director for Growth, Environment & Transport

To: Environment & Transport Cabinet Committee – 11 March 2016

Subject: Decision No: 16/00015 - West and Mid Kent Dry Recyclables Processing Contract

Key decision: Yes

Classification: Unrestricted

Past Pathway of Paper: Procurement Board 12 January 2016

Future Pathway of Paper: Cabinet Member Decision

Electoral Division: West and Mid Kent District/Borough Councils

Summary:

The current contract for the processing of dry recycling will expire in June 2016. The current contractor does not want to extend the contract due primarily to the significant changes in the global commodity prices.

Various mixed dry recyclable materials are collected from the kerbside and Household Waste Recycling Centres (HWRC's) from the West and Mid Kent Borough/Districts Councils. Under the Landfill (England & Wales) Regulations 2002, local councils are required to increase recycling and composting of household waste to meet rising targets over a number of years and to reduce the quantity of biodegradable and recyclable household waste being disposed of via landfill.

Government recycling and composting targets for 2015 are 40%. Kent, in association with the District / Borough collection partners is achieving above this target at 46%. This takes into account HWRC's, where KCC is targeted to recycle at 60% but currently achieves 70%.

It is proposed that following intelligence and information gathered from engagement with the market the contract be offered as two lots as outlined in paragraph 5.3.

Recommendation(s):

Cabinet committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment & Transport to delegate authority to the Head of Waste Services to award the West & Mid-Kent Dry Recyclables contract, subject to successful procurement and also to offer contract extensions of up to two years subject to achieving satisfactory service performance and being commercially beneficial to KCC as attached at Appendix A.

1. Introduction

- 1.1 The existing dry recycling contract is let to Viridor Waste Management Limited who process the materials in Crayford at their Material Recycling Facility (MRF). The contract is due to expire in June 2016 and the contractor does not want to extend the existing contractual arrangement (included in the original contract) due to the significant changes to the market price.
- 1.2 Waste Collection and Disposal Authorities are mandated to adhere to the landfill regulations and the Waste hierarchy. Residual values of recycled materials mean that processing of materials still is the most commercially attractive alternative to disposal.

2. Financial Implications

- 2.1 The current supplier is unable to offer the current contractual prices due to the changes in market of material rates. The annual contract value for the first two year period is net £78k per annum (income).
- 2.2 The current Medium Term Financial Plan accounts for likely increased cost of processing these materials

3. Policy Framework

- 3.1 This commission accords with the supporting outcome within the Strategic Outcome Plan;

Kent's physical and natural environment is protected, enhanced and enjoyed by residents and visitors

- 3.2 Kent Joint Municipal Waste Management Strategy, has three key policy statements that support the Waste Regulations – these apply directly to this proposed procurement;
 - Policy 8 - The Kent Waste Partnership (KWP) will achieve a minimum level of 40% recycling and composting of house household waste by 2012 and will seek to exceed this target.
 - Policy 11 - The KWP will strive to make waste and recycling services accessible and easy to use for all householders, across all housing types and sectors of the community.
 - Policy 19 - Where it is cost-effective, Kent will exceed its statutory targets for diversion of biodegradable municipal waste from landfill in order to preserve landfill void space in the County.

4. The Report

- 4.1 In order to shape our proposed procurement of a new contract we have engaged with the market. Four potential suppliers have provided market intelligence relating to the market and current payment mechanisms. Feedback indicated that the material market will remain unstable for the foreseeable

future. Key to paying competitive prices will be the quality and mix of recycled materials.

- 4.2 There are limited suppliers who have the necessary infrastructure to provide the service, however these potential suppliers do have a progressive and constructive working relationship with Kent County Council.
- 4.3 It is proposed that the contract is split into two lots based on the collection arrangements of the relevant Waste Collection Authorities. This is due to the cost of recycling glass being significantly higher than residual mixed dry recyclates.
 - Lot 1, consists of dry recyclate with co-mingled glass collected from Sittingbourne, Ashford and Allington Waste Transfer Stations
 - Lot 2 consists of dry recyclate (no glass) collected from Pepperhill, North Farm and Dunbrik Waste Transfer Stations.
- 4.4 The expected value of this contract is £5m over a 4 year period. The contract would be initially for two years, extendable by two single years, subject to satisfactory service. This is based upon current indicative market gate fees.
- 4.5 Haulage elements will vary and will be dependent upon the location of the Materials Recycling Facility – haulage rates will be added as whole life costs so the Authority does not pay disproportionate transport costs.
- 4.6 Based upon 2014/15 actual collection volumes, the indicative annual tonnages for this contract are 62,000 tonnes.
- 4.7 The two Lots can be awarded to a single supplier where they have capacity and provided that both lots are tendered competitively and to the Authority's commercial advantage.
- 4.8 District / Borough Waste Collection Authorities are key to collecting high quality recycled materials. Representatives from the Districts have been included in this commissioning cycle.

5. Legal Implications

- 5.1 The provision of these disposal services is a legal obligation under the Environmental Protection Act 1980.

6. Equality Implications

- 6.1 An EqIA has been carried out and no equality implications have been identified

7. Conclusions

- 7.1 Under the Landfill (England & Wales) Regulations 2002, local councils are required to increase recycling and composting of household waste to meet rising targets over a number of years and to reduce the quantity of

biodegradable and recyclable household waste being disposed of via landfill.

- 7.2 Due to changes in the market, Waste Disposal Authorities were now paying a cost for the final processing of this material rather than receiving an income.
- 7.3 This commissioning solution has been completed following market engagement with locally based, but national suppliers.

8. Recommendation(s):

Cabinet committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment & Transport to delegate authority to the Head of Waste Services to award the West & Mid-Kent Dry Recyclables contract, subject to successful procurement and also to offer contract extensions of up to two years subject to achieving satisfactory service performance and being commercially beneficial to KCC as attached at Appendix A.

9. Background Documents

- 9.1 Equality Impact Assessment - Dry Recyclable Waste Processing

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