

From: Simon Jones, Director, Highways, Transportation and Waste

To: Mike Whiting, Cabinet Member for Planning, Highways, Transport and Waste

Decision No: 19/00040

Subject: South West Kent Dry Recyclables Processing Contract – SC18061

Classification: Unrestricted

Past Pathway of Paper:

Future Pathway of Paper: For Cabinet Member Decision

Electoral Division: All in Tunbridge Wells Borough Council & Tonbridge & Malling Borough Council.

Summary:

This report seeks agreement to enter into a contract for the processing of dry recycling materials collected at the kerbside by Tunbridge Wells Borough Council (TWBC) and Tonbridge & Malling Borough Council (TMBC).

As a result of changes to the mix of co-mingled dry recyclable materials, to be collected at the kerbside, by Boroughs from September 2019, KCC needs to source an alternative supplier who can process this waste at a Material Recycling Facility (MRF).

Recommendation(s):

The Cabinet Member for Planning, Highways, Transport and Waste is asked to agree to award contractual arrangements for the disposal and processing of recycled materials collected by these two Waste Collection Authorities up to a 4-year contract period as shown at Appendix A.

1. Introduction

- 1.1 Under the Landfill (England & Wales) Regulations 2012, 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.
- 1.2 Where commodity markets have changed considerably, Waste Disposal Authorities are now paying a cost for the final processing of these types of recycled material rather than receiving an income.

2 The Report

- 2.1 TWBC and TMBC are implementing a new kerbside waste collection service to increase their recycling rates. This follows endorsement by this Cabinet Committee, of the South West Kent Partnership Agreement in May 2018 whereby KCC works in partnership with collection authorities to reward

improvements in recycling through performance payments where disposal savings are realised.

- 2.2 The new borough collection specification, separates paper and card from glass, cans and plastics. This is known as a twin stream recycling mix which offers a more commercially efficient final disposal route due to the income received by KCC for paper and card.
- 2.3 This contract will be effective from September 2019, for a four-year duration, which is the maximum term permitted through the proposed buying framework. It is necessary to expedite matters as capacity at MRF's is limited. As such, this procurement will use the Eastern Shires Procurement Organisation (ESPO) framework which is a public sector owned professional buying organisation with a framework for Waste, Recycling, Collection and Disposal services.

3. Financial Implications

- 3.1 Waste Management has worked closely with Strategic Commissioning and has tested market interest with the three suppliers under Lot 3 (Comingled Recycling Services). Contract award will be made at the earliest opportunity to secure the processing of recycled materials to be collected in September. This is to guarantee the limited processing capacity at the MRF. The value of this contract is in the order of £1m expenditure.
- 3.2 Gate fees track the commodity rates. These are externally monitored and changed to allow a shared risk of price variances with the provider during the life of the contract. This is an expenditure contract; prices vary on a monthly basis, and are difficult to forecast, so the Authority uses market information from the industry. Typically, prices can vary over a year. In the last year gate fee prices have reduced by 8% from £29.59 in March 2018 down to £26.99 in April 2019.

4. Legal Implications

- 4.1 This contract variation enables the Authority to discharge its statutory duty as Waste Disposal Authority. KCC will be using Regulation 12 (Public Contracts between entities within the public sector) of the Public Contracts Regulations 2015 to vary this Contract.
- 4.2 Initial screening of the data protection impact assessment has determined there to be no exchange of personal data. Equalities impact assessment has determined a low impact against all protected characteristics as this proposed decision will not affect protected groups.

5. Policy Framework

- 5.1 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

5.2 The 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 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.

6. Risks

6.1 Material Recycling Facilities have limited capacity in England and particularly in the South East where increasing volumes of recycling materials are outstripping the demand of the available infrastructure. There is a risk that haulage costs could increase if there is no local market interest. However, as stated in paragraph 3.3 Waste Management has worked closely with Strategic Commissioning and has tested market interest. The risk will be further mitigated through the use of the ESPO framework and contract award at the earliest opportunity in order to secure processing from when these materials are collected in September 2019.

7. Conclusions

7.1 Under the Environmental Protection Act 1990, as the Waste Disposal Authority, KCC has a legal obligation to provide a waste disposal service. The Landfill (England & Wales) Regulations 2012, require local councils to increase recycling and composting of household waste.

7.2 Due to changes in kerbside collection services in TWBC and TMBC, KCC needs to commission a new dry recycling processing contract.

7.3 The proposed commissioning solution has been tested following market engagement with locally based, but national suppliers. A shared risk approach ensures a balanced view of the market but allows KCC to seek income from any increases in material prices.

8. Recommendation(s)

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The Cabinet Member for Planning, Highways, Transport and Waste is asked to agree to award contractual arrangements for the disposal and processing of recycled materials collected by these two Waste Collection Authorities up to a 4-year contract period as shown at Appendix A.

