

12 FEBRUARY 2025

Resource & Circular Economy – Service Update

Purpose of report:

To provide a progress update on the delivery of the Strategic Waste Infrastructure Plan by the Resource & Circular Economy Service, along with the proposed programme of work to 2029.

Executive Summary

Surrey County Council (SCC) is the statutory Waste Disposal Authority (WDA), for Surrey. It is responsible for the bulking, transport, treatment, and disposal of approximately 500,000 tonnes of waste collected by the 11 Waste Collection Authorities (WCA) within Surrey and the provision of Community Recycling Centres (CRCs). Critical to the delivery of this service is SCC's significant waste infrastructure portfolio. The Strategic Waste Infrastructure Plan¹ approved by Cabinet in April 2023 outlined the programme of work required over the period to the end of the current services contract with SUEZ (30 September 2029), of which significant progress has been made.

In addition to the programme of work set out in the Plan, there are two key service elements that require consideration and development, namely:

- adaptation and compliance with the Environment Bill (2021), notably the Collection and Packaging Reforms (coming into force in 2025), and the likely extension of the UK Emissions Trading Scheme to include the thermal treatment of waste, specifically energy from waste facilities (coming into force in 2026), and
- reprocurement of all SCC's outsourced waste management services, excluding disposal of residual (black bag) waste².

To maintain the high standards of service delivery over the next 30 years, investment is required. To do this SCC must consider 'whole system' management of waste to

¹ [Strategic Waste Infrastructure Plan](#)

² This contract was retendered in 2023 with the new 10-year contract commencing on 1 October 2024.

mitigate the impacts of an infrastructure network facing loss of capacity coupled with significant changes in waste policy that will exert additional pressures on the service. SCC will need to assert greater control over its own supply chain and associated infrastructure to improve resilience, security, and value for money for the future delivery of both its and its WCA partners' statutory waste services. This will also be supported by the return of the Surrey Environmental Partnership (SEP) and associated waste disposal functions to SCC. This work is required irrespective of any devolution agreement.

The Resources and Circular Economy (RCE) Service has a significant programme of work to deliver before 2029 and good progress has been made towards delivering the Strategic Waste Infrastructure Plan. The preparation of the workstreams detailed in this paper means the RCE service is in an excellent position to reduce the financial burden of imminent changes to legislation and exert greater control of the management of Surrey's waste for the next 30 years.

The next steps required to deliver on RCE's work programme, for a whole system approach to waste management in Surrey are:

- develop a Full Business Case, through a procurement exercise, in support of developing a Materials Recycling Facility (MRF) in Surrey.
- develop a planning application and Full Business Case for the redevelopment of Doman Road Waste Transfer Station.
- agree a land-swap (or similar) with Guildford Borough Council for Slyfield Waste Transfer Station and Community Recycling Centre and complete the Outline Business Case for Cabinet Approval.
- working collaboratively with Waste Collection Authorities (WCA) to deliver infrastructure and tackle waste holistically.
- develop the planning application and Outline Business Case for Ivy Dene Reuse Hub, for approval by Capital Programme Panel.
- develop and execute the Procurement Strategy for the reprocurement of all remaining waste service contracts.

Background

1. Surrey County Council (SCC) is the statutory Waste Disposal Authority (WDA), for Surrey. It is responsible for the bulking, transport, treatment, and disposal of approximately 500,000 tonnes of waste collected by the 11 Waste Collection Authorities (WCA) within Surrey and the provision of Community Recycling Centres (CRC) (Appendix 1).

2. SCC's waste infrastructure portfolio comprises:
 - five Waste Transfer Stations (WTS) - where material is bulked before heading to a treatment or disposal facility (Appendix 2);
 - 14 CRC - where residents can bring waste that is not suitable for their kerbside collections;
 - a gasifier treating 55,000 tonnes per year of residual 'black bag' waste;
 - an anaerobic digestion (AD) facility treating 40,000 tonnes per year of currently collected food waste; and
 - in addition to these assets' a range of third-party WTS and treatment infrastructure are used to deliver the service.
3. There are three key areas the service needs to consider/develop over the next four years to 2029, including:
 - adaptation and compliance with the Environment Bill (2021), notably the Collection and Packaging Reforms (coming into force 2025), and the proposed extension to the UK Emissions Trading Scheme (coming into force in 2026) to the thermal treatment of waste (e.g. energy from waste and gasification);
 - delivery of infrastructure as set out in the Strategic Waste Infrastructure Plan³, including a Materials Recycling Facility (MRF), two WTS, Reuse Hub; and
 - procurement of all outsourced services outlined above, excluding residual (black bag) waste⁴.
4. To maintain the high standards of service delivery over the next 30 years, investment is required. To do this SCC must consider 'whole system' management of waste to mitigate the impacts. SCC will need to assert greater control over its own supply chain and associated infrastructure to improve resilience, security, and value for money for the future delivery of both its and its WCA partners' statutory waste services.
5. Please note that the work detailed here is applicable and necessary regardless of a devolution agreement.

Policy Context

³ [Strategic Waste Infrastructure Plan](#)

⁴ This contract was retendered in 2023 with the new 10-year contract commencing on 1 October 2024.

6. Imminent changes to waste and energy policy will have a significant impact on SCC's waste service and increase the need for additional capacity and control throughout its waste infrastructure network.
7. The Collection and Packaging Reforms⁵ (under The Environment Act 2021) will significantly alter the composition of Surrey's waste, with changes to packaging types to increase recyclability of (mostly) plastic under Extended Producer Responsibility (EPR) and the requirement to collect a broader range of materials at the kerbside under Simpler Recycling.
 - **Extended Producer Responsibility** will mean that packaging producers will pay local authorities for the collection and disposal of waste. Payments will be received based on how effective and efficient a local authority is at managing this waste.
 - **Simpler Recycling** will require WCAs to increase the types of materials they collect from the kerbside, i.e. plastic film, flexible plastic pouches, cartons and aerosols. This will have a knock-on effect on SCCs waste infrastructure by requiring more space at the WTS and requiring SCC to amend its dry recycling contracts.
8. The introduction of the **UK Emissions Trading Scheme**⁶ ('ETS') for waste will place a levy on fossil fuel-based material (e.g. plastic) that is treated thermally through means such as Energy from Waste (EfW) and gasification. To mitigate the estimated additional £10m per year revenue cost to SCC resulting from ETS levies, as much plastic material as possible will need to be diverted from the residual 'black bag' stream. This will require additional capacity in the WTS due to the need to physically segregate this material coupled with the high volume to weight ratio of plastics.
9. These legislative changes dramatically alter the risk profile of SCC, compounding the pressure the waste infrastructure network is under, with liability for additional costs (over which there is limited control) falling to SCC. Whole systems thinking is required by SCC to assert greater control over its own supply chain and associated infrastructure, along with informing the procurement strategy for services post-2029.

Materials Recovery Facility (MRF) at Trumps Farm

10. Surrey residents produce approximately 120,000 tonnes of Dry Mixed Recycling (DMR)⁷ a year. The district and boroughs as the Waste Collection Authorities

⁵ [Government's programme of waste reforms - Committee of Public Accounts](#)

⁶ [UK Emissions Trading Scheme scope expansion: waste - GOV.UK](#)

⁷ Dry mixed recycling refers to paper, card, plastics, cans and glass, separated by households at the kerbside, for the specific purpose of recycling.

("WCAs") are responsible for collecting this material from households (Appendix 3).

11. The collected DMR is either transported directly by the WCAs to third party MRFs within Surrey or is bulked by SCC's contractor SUEZ at various WTS in the County and subsequently delivered to MRFs outside of Surrey, at a cost to SCC. These contracts will end in 2029. This provides a 4-year development period for the proposed facility, necessary to cover the procurement activities, construction and mobilisation.
12. As per the Strategic Waste Infrastructure Plan, a Materials Recycling Facility (MRF) was proposed to deliver revenue savings, increase recycling quantity and quality, increase control of material and to be present in decision-making, reduce dependency on third-party contractors and reduce the service's carbon impact. A planning application was prepared (April 2023 – November 2024) and submitted for the MRF (December 2024). Determination is expected in May 2025.
13. An Outline Business Case (OBC) alongside Legal, Financial and Technical Advisors, as well as colleagues in Procurement, Finance and Land and Property has been developed.
14. The key principles of the OBC are:
 - The MRF will process up to 100,000 tonnes of dry mixed recycling (DMR) that is delivered by the nine WCA over which SCC has responsibility of DMR.
 - The collection methodology of DMR by WCAs can remain as current, providing legislative compliance.
 - Additional capacity at the site will allow for increases in recycling over time. In the interim period, the remaining capacity can either be utilised by the two remaining WCA, whose material SCC is not responsible for, at a cost to those districts. Or can be used by third parties, with third-party waste coming from the businesses in scope of mandated Simpler Recycling legislation.
 - A financially feasible, Artificial Intelligence (AI) technology solution that provides flexibility to future proof against changes in material composition will be sought. This technology can produce high quality recyclate from a mixed source of material and provides the flexibility to future proof against shifting materials markets, and further legislative changes.
 - The preferred delivery option is a Design, Build, Finance, Operate (DBFO). This approach appoints a single private sector contractor to design, build, finance and operate the MRF). An emphasis on

collaboration will be sought through the development of the specification and through procurement dialogue to ensure SCC has greater control in the outcomes delivered by the facility.

- Financial modelling, at the OBC stage, has identified financial savings can be made by delivering a MRF, as compared to continuing with outsourcing the service to third parties. Indicatively this could be a reduction of £20-£40 per tonne.
 - As per the Procurement Act 2023, a 'competitive flexible procedure' will be used to secure a contractor. This will allow SCC to engage with the bidders through negotiation or dialogue phases. Dependant on the size of the market, the process allows SCC to down select bidders.
15. Approval was given by Capital Programme Panel in December 2024 to take a decision to Cabinet for the release of capital to develop the Final Business Case through a full procurement process between March 2025-2027. This request will be taken to Cabinet in February 2025.
16. Next steps include:
- Soft Market Testing to support the development of the Procurement Strategy.
 - Development of procurement documentation and running of full procurement, including dialogue.
 - Completion of a Full Business Case (FBC) to take to Cabinet in 2027.
 - If FBC is accepted, the winning contractor will be appointed and construction would begin, to ensure readiness for 1 October 2029.
17. N.B. If planning permission is granted, but the Full Business Case does not provide the service with the anticipated revenue savings, abortive costs could be covered by the sale of the site as industrial land, or by Extended Producer Responsibility (EPR) revenue payments SCC receives towards the waste service.

Doman Road Waste Transfer Station
--

18. Waste Transfer Stations (WTS) handle approximately 400,000 tonnes of material collected by the WCAs. Material is bulked for onward transport to a variety of treatment facilities across the south-east and further afield.
19. Within the current WTS used, SCC own five sites and are in contract with a further four third-party sites. Four of the sites currently in use are coming to the end of

their operational lives and will result in the loss of c.170,000 tonnes of bulking capacity over the next five years to 2029, if no action is taken (Appendix 4).

20. A key proposal within the Strategic Waste Infrastructure Plan was to work alongside Surrey Heath Borough Council (SHBC) to investigate redeveloping the Doman Road WTS, ensuring long-term resilience and service continuity, alleviating pressures on the existing network and reducing dependency on third-party solutions.
21. The Doman Road WTS is owned by SHBC and currently utilised as both an operational depot for SHBC's waste collection vehicles and a WTS that stores and bulks 13,500 tonnes of waste per year. The site is operated as part of SHBC's waste collection contract with Amey, due to end in 2027.
22. The operation of the site is unusual in that SHBC's contractor, Amey, undertakes bulking of material at the site; a function that should be the responsibility of SCC. This is an operational legacy that will cease in 2027, at which point SCC will take on the responsibility for the bulking and associated costs of the 13,500 tonnes of material delivered to the site.
23. SCC proposes to redevelop and expand the Doman Road WTS to 55,000 tonnes (an addition of 31,500 tonnes). An Outline Business Case (OBC) has been developed. The key principles of which are:
 - Doman Road WTS already has the necessary consents for use as a WTS and an Environmental Permit to accept up to 75,000 tonnes of waste.
 - Increasing the site capacity to 55,000 tonnes would allow SCC to remove its reliance on at least three third-party WTS, delivering guaranteed capacity controlled by SCC for the next 30 years.
 - Alternative site assessments concluded that there were no suitable locations in the strategic borough of Surrey Heath, except that at Doman Road.
 - A 'do nothing approach' would incur significant costs to SCC. In addition, there is no guarantee that SCC could secure capacity at third-party sites in the locations required by SCC.
 - A design and build contractor will be procured. The operational contract will be let as part of the reprocurement activity (see 3739) to ensure best value.
24. Approval to proceed to Full Business Case (including procurement) was given by Capital Programme Panel in December 2024.

25. Next Steps include:

- Development of the detailed design (RIBA stage 3) and development of the planning application.
- Development of procurement documentation and running of procurement process.
- Completion of a Full Business Case (FBC) to take to Cabinet in March 2026.
- If FBC is accepted, the winning contractor will be appointed and construction would begin, to ensure readiness for 1 October 2029.

26. N.B If the FBC is not approved by Cabinet following the development and approval of planning and a full procurement exercise, then the £600,000 of capital approved would be an abortive cost. These costs could be offset against revenue funding from Extended Producer Responsibility (EPR).

Slyfield Waste Transfer Station

27. The current Slyfield Waste Transfer Station (WTS) and Community Recycling Centre (CRC) facility located in Guildford handles ~120,000 tonnes of waste per year. The site is dilapidated and requires investment to upgrade it to meet SCC's needs. SCC's contractor SUEZ has recommended that Capital works must be done, even to maintain the current site in use while an alternative is developed.

28. Conversations have taken place with Guildford Borough Council (GBC) over the past 14 years in connection with the Slyfield site and GBC Weyside Urban Village project. In recent months, reengagement with GBC has occurred.

29. In early 2024, GBC developed outline terms for a proposed a land-swap to move the current Slyfield WTS and CRC to an adjacent piece of land owned by GBC, to allow for a set down area to be used in the development of the Weyside Urban Village.

30. Previous work identified that the proposed land-swap was the preferred option for SCC due to the increased land parcel, a financial contribution to the redevelopment and no preparatory site costs. This was supported by a land valuation.

31. As of December 2024, the RCE service has been able to reengage with GBC on the redevelopment, where the draft Heads of Terms have been shared with SCC for review.

32. Next steps include:

- Agree terms of the land swap.
- Engagement with colleagues in Property and Procurement to commission external support to begin the design and planning process.
- Development of an Outline Business Case (OBC) for approval in 2025.

Ivydene Reuse Hub

33. SCC currently delivers five reuse shops located at Community Recycling Centres (CRCs) that are run by the current contractor SUEZ. Items suitable for reuse and repair are deposited by residents at reuse shops, diverting around 60,000 individual items from the residual (black bag) waste stream, avoiding disposal and treatment costs as well as generating revenue.
34. As per the Strategic Waste Infrastructure Plan the service have developed a detailed feasibility study to develop a Reuse Hub on SCC-owned land adjacent to the Eco Park in Shepperton, replacing the derelict buildings currently on the land. This will provide a permanent SCC-owned site to bolster existing reuse operations and facilitate social value initiatives with SCC colleagues and external partners.
35. Approval to proceed with pre-construction design feasibility and development of a planning application was granted by Property Panel in December 2024.
36. Next steps include:
- Completion of pre-construction design work, include initial cost plan and drawings.
 - Development and submission of a planning application.
 - Development of Outline Business Case (OBC) to take to Capital Programme Panel for approval in 2025.

Contracts and Procurement

37. SCC currently discharges the majority of its statutory waste management duties through contractual arrangements with a third-party operator, SUEZ⁸. A recent procurement exercise secured treatment capacity until 2039 for 200,000 tonnes a year of Surrey's residual 'black bag', saving SCC ~£4m a year.

⁸ Excluding closed landfill management

38. Except for residual 'black bag' waste treatment, all of SCC's waste services will need to be reprocured with contracts in place for 1 October 2029. These services include:

- The bulking, transport, treatment and disposal of all⁹ remaining household waste generated in Surrey (including dry recycling, garden waste, street sweepings)
- The operation of 14 CRCs
- The operation of WTS, collocated with CRC
- The operation of the Eco Park (including Anaerobic Digester, Gasifier, Waste Transfer Station and Community Recycling Centre).

39. Next Steps include:

- In 2025, Soft Market Testing to understand the markets appetite for the variety of services SCC has to offer and the development of feasibility studies for delivering the services, such as delivering bulky waste management in-house, to support the procurement strategy.
- Development of a refreshed reprocurement strategy (currently underway) for Cabinet approval in 2026, which sets out how these services should be packaged and the preferred procurement route, to delivery best value for money to SCC.

Capital Maintenance Budget

40. In September 2023, SCC's long-term contract with Suez was extended by five (5) years to 30 September 2029. As part of the extension, arrangements for the funding of capital maintenance works relating to Community Recycling Centres (CRC) and Waste Transfer Stations (WTS) were varied, passing responsibility for funding these works from SUEZ to SCC.

41. These new arrangements came into effect on 1 October 2024. No major works are expected during financial year 2024/25 and the requirement for capital funding spans financial years 2025/26 to 2029/30.

42. Based on lifecycle information provided by SUEZ on maintenance costs, additional budget is needed to fund the required works for five years. The works concerned will be necessary to maintain SCC's waste facilities, keeping them safe and fit for purpose.

⁹ Except for Reigate & Banstead and Mole Valley's DMR

43. Under the new arrangements, SUEZ will provide an annual maintenance schedule detailing all major works necessary in the year concerned. Whilst SUEZ will continue to procure and manage these works, the terms of the extended and varied contract require that the associated costs be passed to SCC.
44. Property Panel approved the additional budget required over 5 years commencing 2025/26 for major maintenance works to SCC's WTS and CRC facilities. Full approval from Cabinet will be sought in March 2025.

Conclusions:

45. The Resources and Circular Economy (RCE) Service has a significant programme of work to deliver before 1 October 2029. This includes the delivery of key infrastructure, and the full reprocurement of its existing service contracts.
46. Good progress has been made towards delivering the Strategic Waste Infrastructure Plan, which will continue for the next four years.
47. In the preparation of the workstreams identified herein, the RCE service is in an excellent position to reduce the financial burden of imminent changes to legislation and exert greater control of the management of Surrey's waste for the next 35 years.

Recommendations:

48. Note the work programme for the Resources & Circular Economy Service over the next four years.

Next steps:

49. Between 2025 and 2027 develop a Full Business Case, through a procurement exercise, in support of developing a Materials Recycling Facility in Surrey.
50. Between 2025 and 2026 develop a planning application and Full Business Case for the redevelopment of Doman Road Waste Transfer Station.
51. In 2025, agree land-swap with Guildford Borough Council for Slyfield Waste Transfer Station and Community Recycling Centre, and complete the Outline Business Case for Cabinet Approval.
52. In 2025, develop the planning application and Outline Business Case for Ivy Dene Reuse Hub, for approval by Capital Programme Panel.
53. Between 2025 and 2029 develop and execute the Procurement Strategy for the reprocurement of all remaining waste service contracts.

Report contact

Dr Jade-Ashlee Cox-Rawling, Head of Strategy and Policy, Resources & Circular Economy.

Contact details

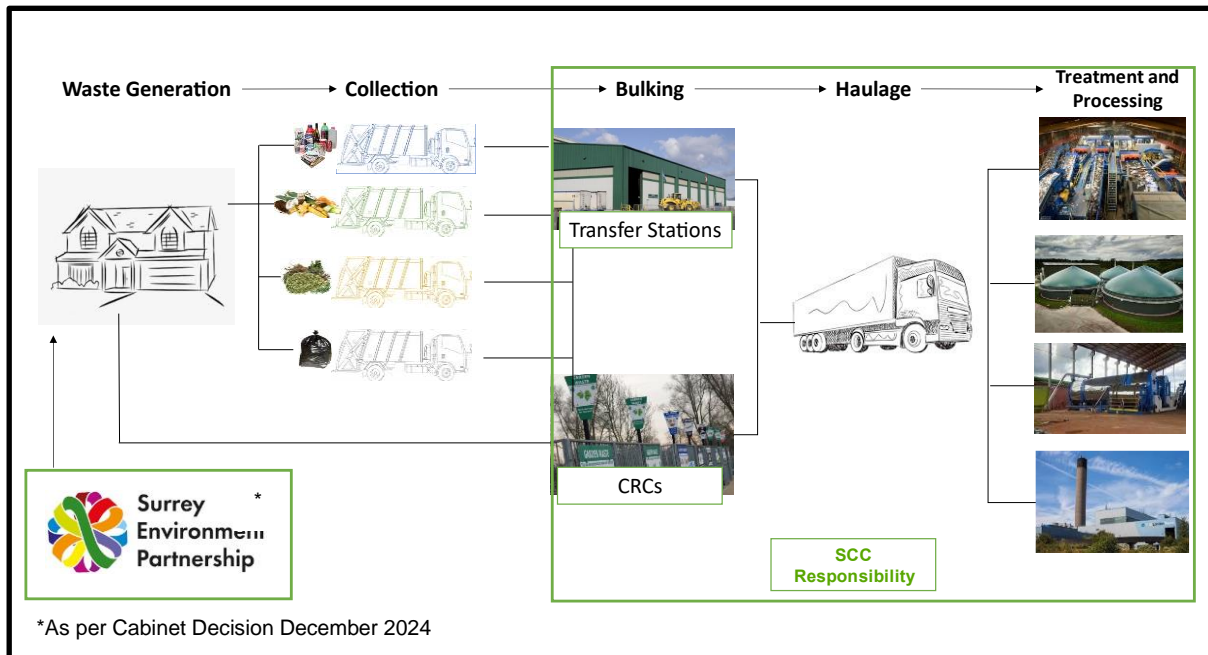
Jade.coxrawling@surreycc.gov.uk

Sources/background papers

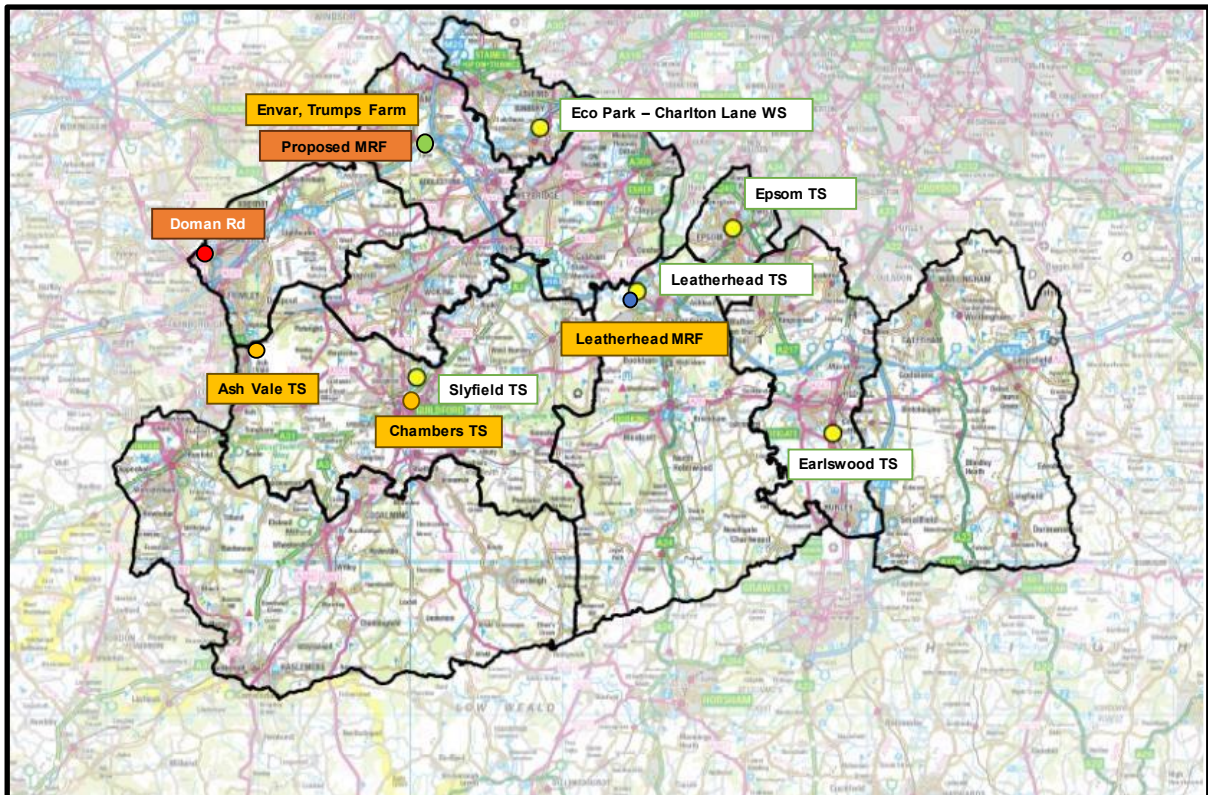
Strategic Waste Infrastructure Plan

Appendices

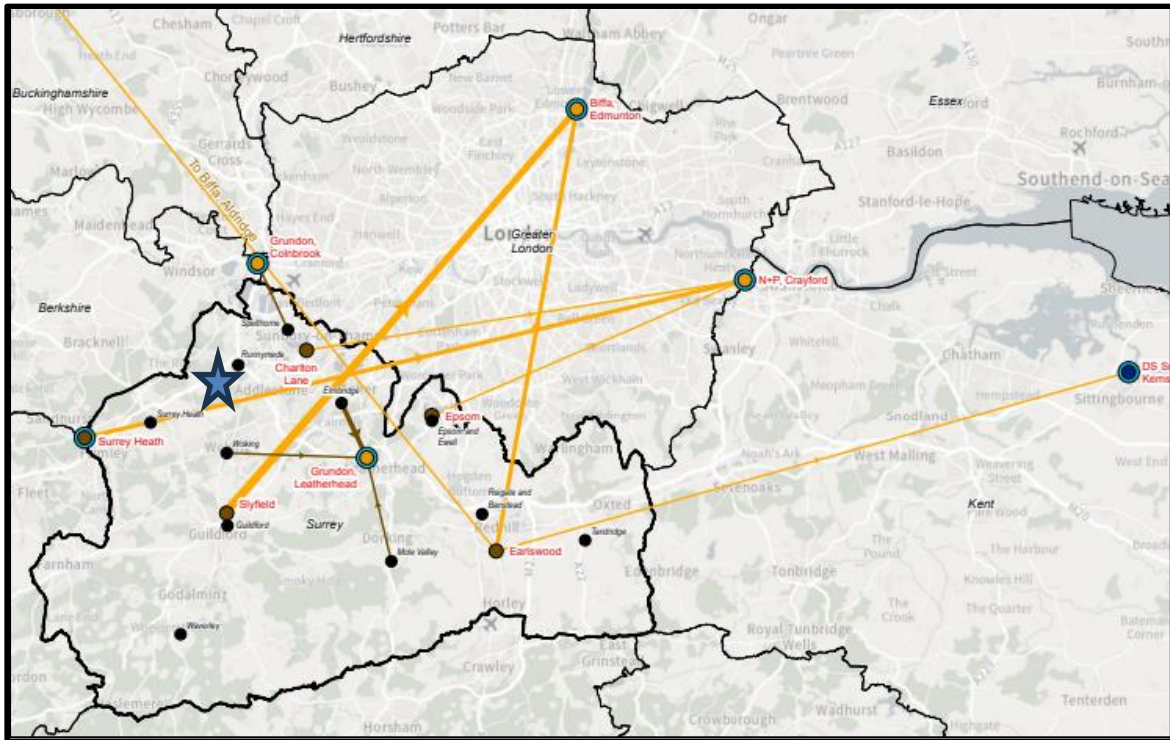
Appendix 1 – SCCs Waste Responsibilities




Appendix 2 – SCCs Current Waste Treatment Infrastructure



Appendix 3 – Dry Recycling Waste Movements (2023/24)



 Proposed Surrey MRF at Trumps Farm.

Appendix 4 – Waste Transfer Station Movements (2023/24)

