

SURREY COUNTY COUNCIL**CABINET****DATE: 25 APRIL 2023****REPORT OF CABINET MEMBER: NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY AND WASTE****LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT & INFRASTRUCTURE****SUBJECT: STRATEGIC WASTE INFRASTRUCTURE****ORGANISATION STRATEGY PRIORITY AREA: ENABLING A GREENER FUTURE****Purpose of the Report:**

Surrey County Council (the Council) is the statutory Waste Disposal Authority ('WDA') responsible for the transfer, treatment and disposal of all household waste collected within Surrey. A review of the Council's waste service and associated infrastructure has identified that the current waste infrastructure network is at capacity, and some of the Council's existing assets require major upgrades.

This report sets out an outline programme of work for the development of strategic waste infrastructure over the next seven years that will support a resilient and efficient waste management service for residents over the next thirty years. It focuses on the upgrade and development of assets within the geography of Surrey where there is a critical need for that infrastructure. It presents a series of recommended work packages needed to both safeguard the future of waste services and develop more opportunities for recycling and reuse.

Recommendations:

It is recommended that Cabinet:

1. Approve the programme of work for the development of strategic waste infrastructure needed to meet the statutory duty of Surrey County Council to manage residual municipal waste and to encourage more recycling and reuse.

Reason for Recommendations:

Approval of the waste Strategic Infrastructure Plan is pivotal in testing the feasibility of the infrastructure developments required to meet Surrey's residents' growing needs and the Council's statutory obligations. The packages of work detailed will provide a robust basis on which solutions can be developed. These solutions will provide the Council with resilience to legislative and market changes, security of facilities reducing dependency on third parties, and ensure value for money for the future delivery of statutory waste services.

Introduction

1. The Council, as the statutory Waste Disposal Authority ('WDA'), is responsible for the bulking, transport, treatment, and disposal of all household collected waste by the eleven District and Boroughs of Surrey (referred to here as statutory Waste Collection Authorities) ('WCAs') and also the disposal of waste delivered to the County's 15 Community Recycling Centres ('CRCs').
2. The County Council's waste infrastructure portfolio comprises:
 - five Waste Transfer Stations (WTS) - where material is bulked before heading to a treatment or disposal facility;
 - fifteen CRCs - where residents can bring waste that is not suitable for their kerbside collections;
 - a gasifier treating 55,000 tonnes per year of residual waste; and
 - an anaerobic digestion facility treating 40,000 tonnes per year of kerbside collected food waste.

In addition to these assets, a range of third-party waste transfer stations and treatment infrastructure is used to deliver the service, mainly through the County's waste contract with Suez Recycling and Recovery Ltd.

3. A full review of the Council's waste service and existing infrastructure assets (undertaken as part of the Rethinking Waste Programme) identified that all existing assets have now been exhausted and there will be gaps in the Council's waste infrastructure network post 2024. Consequently, this paper sets out a high-level Infrastructure Plan that will provide the Council with **resilience, security, and value for money** for the future delivery of its statutory obligation to treat and dispose of LACW generated by households.
4. This plan sets out the identified infrastructure developments required within the next seven years (to 2030) to sustain our waste management services over the next thirty years. It focuses on the upgrade and development of assets within the geography of Surrey where there is a critical need for that infrastructure, presenting five recommended work packages needed to safeguard the future of waste services.

Why do we need a Strategic Waste Infrastructure Plan?

5. The key drivers for this Strategic Waste Infrastructure Plan are:
 - a. the need to build resilience and self-sufficiency within the Council's waste infrastructure and reduce reliance on third-party outsourced services;
 - b. the need to develop new infrastructure capacity within the Council's network to address current limitations in the County and the South-East of England;
 - c. the need to extract greater value for money from our services and recognise budgetary pressures;
 - d. the need for frictionless working with Surrey's Districts and Boroughs (as Waste Collection Authorities) to drive efficiencies and improve performance;
 - e. the need to be ready for, and to respond to, changes in national waste policy (e.g. consistent collections); and

- f. the need to work closely with the District and Boroughs of Surrey through the Surrey Environment Partnership (SEP) to improve recycling rates and reduce contamination.

Our Vision

6. Our vision is to fundamentally shift the way we deal with municipal waste within Surrey, driving a circular economy that aims to keep resources in use as long as possible, so we extract maximum value from them. We will create new infrastructure where needed and work with districts and boroughs in a more collaborative way to provide resilience, security and value for money for the future delivery of the waste services.
7. The desired outcomes for this Strategic Waste Infrastructure Plan are:
 - a. that a circular economy model is adopted to minimise waste and maximise value of resources;
 - b. a reduction in the carbon impact of waste treatment, transportation and disposal;
 - c. for more waste to be reused or recycled;
 - d. to minimise the amount of waste sent to landfill;
 - e. to ensure the Council is in control of its waste disposal costs as far as possible and can react to market changes;
 - f. to ensure costs for dealing with waste are as low as possible;
 - g. to maximise resource recovery from residual waste materials; and
 - h. to be aligned and consistent with the changing policy landscape, namely the 25 Year Environment Plan, that sets out the Resources and Waste Strategy.

Proposed Work Packages

Package 1: Waste Transfer Stations

8. Waste Transfer Stations (WTS) are critical waste infrastructure in Surrey, providing locations where material collected at the kerbside by Waste Collection Authorities (WCAs) and Community Recycling Centres (CRCs) can be bulked before onward haulage to treatment facilities across the UK. They reduce transport distances for the WCAs and thus reduce costs and adverse environmental impacts. They also provide an opportunity to screen recyclable waste for contamination before it is sent to treatment, improving material quality and reducing costs.
9. The Council own five of nine WTS's that are used as part of the waste service, and these five account for the bulking of c.60% of material disposed of in Surrey. Of the SCC-owned WTS's, the existing site at Slyfield is the busiest in the county and at over 50 years old, is outdated and although it is maintained as a safe and lawful working environment, it is no longer fit for purpose to meet the needs of the number of waste streams collected today.
10. The remainder of material is either delivered directly to third-party facilities for treatment or is sent for bulking at third-party WTS:
 - a. Three third-party facilities are utilised by SUEZ Surrey. Once the current PFI contract comes to an end, some of these bulking facilities may no longer be available to the Council and additional capacity will need to be sourced within the network.

- b. A fourth third-party operated facility, Doman Road (owned by Surrey Heath Borough Council (SHBC)), is operated by Amey and is utilised for the bulking of SHBC's food waste and dry recycling. At present, this facility is not fit for purpose to meet the needs of the number of waste streams collected today.

11. The limited capacity at Council-owned WTS's and the reliance on third-party WTS's could be further compounded by the outcome of the UK Government's Resources and Waste Strategy (RWS). For example, the introduction of consistent collections could require the WCAs to move towards greater separation of recyclable materials at the kerbside, resulting in the need for additional bulking bays (that currently do not exist) at the WTS.

12. To mitigate this lack of capacity, it is proposed that:

- a. **Site 1. Slyfield WTS:** To expand capacity at our existing network, the Council will continue to work with Guildford Borough Council (GBC) on developing a new WTS at Slyfield. The relocation of the current waste site is scheduled for 2027/28, with the facility adding 25,000 tonnes of bulking capacity to the network.
- b. **Site 2. Doman Road WTS:** The Council will consider the redevelopment and expansion of Doman Road working alongside Surrey Heath Borough Council (SHBC), who are currently exploring options to redesign the site. This would add an extra 40,000 tonnes of bulking capacity to the network.

13. These will be strategic sites for the Council to ultimately replace the third-party facilities by adding additional capacity into the network and providing long-term security and resilience, along with potential commercial opportunities arising from initiatives in the Resources and Wastes Strategy.

Package 2: Dry Recycling Infrastructure

14. 'Treatment infrastructure' refers to all infrastructure that is used to reuse, recycle and treat the waste disposed of in Surrey. Historically, it has been extremely difficult to develop treatment infrastructure in Surrey, and only 20% of Surrey's waste and recycling is currently managed at Council-owned facilities. Whilst for some materials, third-party treatment is the optimal solution, there are others where local Council-owned infrastructure would be preferable.

15. There are limited alternative local facilities both within Surrey and the surrounding region for **bulking** and **sorting of recycled materials**, resulting in higher carbon impacts and costs via haulage. This limited capacity, coupled with increased material quality requirements and restrictions on exports of waste abroad, has led to an increase in processing costs over which the Council has little control. There is an ever-increasing need to raise the quality of material sent for recycling to counter the volatility of global recycling material markets and reduce heavy penalties incurred by contamination.

16. Due to current uncertainty as to how the private sector will respond to the Resources and Waste Strategy (RWS), any new contractual arrangements with an outsourced service provider will likely either be risk-priced or subject to negotiation of additional costs at the time of any changes to WCA collection services.

17. To mitigate these difficulties, a two-facility solution that is either owned or co-owned by the Council has been identified. It is proposed that:

- a. **Site 1. Existing use of Randall's Road, Leatherhead:** The Council will explore opportunities to utilise existing Surrey-based dry mixed recycling (DMR) infrastructure at Randall's Road in Leatherhead by working with Mole Valley District Council (MVDC). The existing contract for the site is due to end in 2025. This site presents an opportunity to increase the resilience of the network and maintain local treatment capacity.
- b. **Site 2. Development of a new site:** The Council has previously explored potential sites for a Material Recovery Facility (MRF). The Council are commissioning an updated report into potential sites for a MRF in the County, noting that Trumps Farm in Chertsey has been previously identified (by external consultants) as an option, but noting the need to review all possible sites and engage with stakeholders in and around identified potential options. Following an assessment of possible options, it is proposed that officers work with specialist planning advisors to work up a draft development scheme for the MRF to enable consultation with the local member, community and other stakeholders to identify and mitigate the impact of the facility on residents around the proposed site. Following this initial engagement, a decision would then be made as to whether to submit a planning application for the facility.

18. This proposed multi-facility solution would:

- a. Reduce costs and environmental impact of long-distance haulage.
- b. Allow for a greater degree of control over processing costs and enable a better understanding of (and plan for changes in) material value.
- c. Facilitate collaboration with WCAs to incentivise the collection of high-quality materials and invest in processes that will reduce levels of contamination.
- d. Allow for flexibility in processing capabilities of new materials streams collected at the kerbside.
- e. Reduce the risks associated with a single asset while creating resilience within the Council's treatment network.
- f. Increase direct delivery capacity, reducing any additional burdens on the WTS network.

Package 3. Ivy Dene Cottage Reuse Hub

19. An initial feasibility study has shown potential for the development of a Reuse Hub on a site adjacent to the Surrey Eco Park, Shepperton. The concept would be to showcase exemplar circular economy principles, bringing together different services within the Council, as well as external organisations.

20. There is the potential for much greater community involvement in the Reuse Hub through partnering with local charities and voluntary organisations and helping local people acquire skills for future employment. Upcycled items and items fit for reuse could be sold to generate revenue.

21. It is proposed that a detailed feasibility study is conducted to establish whether a financially self-sufficient, purpose-built re-use and repair facility could be constructed on the site, seeking to improve on reuse shops currently operating in Surrey, resulting in:

- a. Increased awareness of the circular economy and reuse.
- b. Provision of community space(s).
- c. Delivering social value through adult education, offender rehabilitation etc.
- d. Income generated from the sale of reusable goods.

Package 4: Bulky Waste

22. Approximately 10,000 tonnes of bulky waste is produced in Surrey, annually, this is currently managed by SUEZ Surrey. Reusable items are diverted through the Council's network of five CRC reuse shops and the non-reusable items are either shredded and sent to Energy from Waste (EfW) or are sent directly to landfill.
23. Legislation regulating Persistent Organic Pollutants (POPs)¹ requires specialist shredding of bulky material containing POPs material so it can be incinerated rather than landfilled. Typically, this is upholstered seating containing soft furnishings which are coated with a fire-retardant chemical.
24. There is a lack of localised infrastructure outside of the shredding capability provided by Suez. Secondary to this, 95% of EfW facilities in the UK do not have front end shredding capabilities. The impact of this is two-fold:
 - a. Authorities without access to a specialised bulky waste shredder send their bulky waste to landfill, potentially in breach of POPs legislation.
 - b. If the provider of a bulky waste shredder is not the same as that for residual waste treatment, then the waste will be double handled (doubling the cost to manage it) before it can be disposed of.
25. A solution is required for bulky waste that is compliant with legislation and avoids double-handling of material, while maximising reuse solutions and providing value for money.
26. To mitigate this, it is proposed that a feasibility study is conducted to explore solutions for treatment of bulky waste within Surrey.

Package 5: Mattresses

27. Approximately, 350 tonnes of mattresses are generated in Surrey, annually, and are currently managed by SUEZ Surrey. Historically, mattresses have been sent to landfill as they have been difficult and expensive to either shred or deconstruct.
28. However, mattresses are a difficult waste to handle at a landfill sites, such that it has become increasingly financially viable to send mattresses to reprocessors that deconstruct them into their constituent parts: metal, fabric and foam. Neighbouring counties have started to utilise mechanical shredders to break down mattresses so that the material can be recycled or recovered in an EfW plant. It should be noted that mattresses may fall under POPs regulations in future, and shredding will therefore be necessary for the Council to be compliant.
29. A solution is required that maximises recycling while ensuring compliance (i.e. in the POPs scenario) along with reducing haulage distance and providing value for money.

¹ <https://www.gov.uk/guidance/identify-and-classify-waste-containing-persistent-organic-pollutants-pops>

It is proposed that a feasibility study is conducted to explore solutions for mattress treatment within Surrey.

Consultation:

30. There has been significant consultation undertaken both internally and externally to progress examination for the feasibility of Council waste infrastructure. This includes the following boards and committees:
 - a. Communities, Environment and Highways Select Committee
 - b. Major Projects Board
 - c. Rethinking Waste Programme Board
 - d. SEP Officers and Members Groups
31. There has also been extensive consultation with the district and borough councils.
32. It should be noted that as this is a county-wide project, there has been no specific engagement with any local Members to date, although such engagement will take place once proposals for the future of infrastructure are clearer, and a viable case has been developed.

Risk Management and Implications:

33. The Council's waste service is a high value and highly visible service that affects all residents of Surrey, with the infrastructure network critical to delivering the service. The current network presents numerous risks to the service, most notably:
 - a. A lack of capacity, including a lack of flexibility to adapt to or absorb forthcoming legislative changes.
 - b. Aging infrastructure.
 - c. Reliance on third-parties.
34. The key risks and implications of inaction include:

a. Loss of Waste Transfer Station Capacity

Our current reliance on the very limited number of third-party WTS to deal with 60,000 tonnes of waste annually means that the Council is exposed to a service risk if that third -party capacity becomes unavailable. Failure to plan to secure capacity will expose the Council to significant service failure risk and / or extremely high costs to secure capacity with a third-party to ensure continuous service.

We propose to mitigate this risk by continuing to work with GBC and SHBC to progress the redevelopment and potential purchase / leasing of sites which will insulate the Council from future capacity risks, allowing additional options to be explored well in advance of the end of the current contract should elements of this work package prove unviable.

b. Reliance on third-party provision of MRF Capacity

A reliance on third-party MRFs means the Council has limited control over processing costs, which are likely to be significantly compounded by

forthcoming legislative requirements. Continued reliance on third parties will likely result in the Council paying increased costs and remaining at risk to capacity issues in the network. Failure to investigate alternative Council-owned solutions will continue to expose the Council to cost and capacity risks that it has almost no control over.

We propose to mitigate this risk through continuing to explore potential sites for a Council-owned MRF which will return significantly more control over costs to the Council. Advancing this work will allow additional options to be explored well in advance of the end of the current contract should this work package prove unviable.

c. Reliance on third-party facilities for bulky waste treatment

A reliance on third-party facilities for bulky waste treatment means the Council is exposed to potentially high processing costs (due to double-handling) along with capacity issues due to a lack of shredding capacity in the south-east. This also exposes the Council to the risk of non-compliance and potential sanction by the Environment Agency if it is unable to effectively treat POPs waste. Continued reliance on third parties will likely result in the Council paying ever-increasing costs to secure capacity and remain compliant.

We propose to mitigate this risk by continuing to explore Council-owned treatment solutions which should insulate the Council from high processing costs and facilitate continued compliance with legislation. Advancing this work will allow additional options to be explored well in advance of the end of the current contract should an initial feasibility study find that preferred initial options are unviable.

35. These risks, to a greater or lesser degree, have the potential to limit the Council's ability to effectively deliver its statutory obligations in the future. In extreme scenarios, should these risks result in the Council partially or wholly failing to make provision to deliver these services, this will likely result in:
- a. Service failures and potential legal challenges from the district and borough councils;
 - b. increased environmental impact with waste not being processed correctly (or at all) or requiring processing at facilities much further away (including overseas);
 - c. significant financial and reputational impacts; and
 - d. in extreme circumstances, intervention by the Department for Environment, Food and Rural Affairs (Defra) to ensure services operate in Surrey.
36. The latter scenario is highly unlikely to occur. However, there are significant risks posed by ineffective programme planning. A lack of planning (including allowing timeframes to slip significantly) inhibits the Council's ability to rigorously assess its options, with insufficient evidence gathered to inform key decisions. The logical result of ineffective planning is ineffective service delivery that does not provide value for money.
37. However, Council officers have been progressing these work packages to provide a robust basis on which to continue, pending approval of the proposed programme of work presented in this report.

Financial and Value for Money Implications:

38. The Council have a statutory duty for waste disposal, in enacting this responsibility the authority will need to invest in appropriate infrastructure. Each of the proposed work packages will require fully developed business cases that address value for money if a solution is identified.
39. The costs of developing these schemes to business case will be met through existing budgets either within the service or through use of the feasibility fund, therefore no additional funding is being requested. Business cases will also explore the extent to which these schemes could be self-financing. Any additional investment identified which is not part of the current MTFS would need to be considered through the MTFS process and prioritised alongside other projects to ensure available funding is not exceeded.

Section 151 Officer Commentary:

40. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
41. The initial feasibility and development of waste infrastructure schemes outlined in this report will be progressed using existing funding, including the Council's feasibility fund. This development will help the council to understand likely costs and the extent to which infrastructure could be self-financing. Individual schemes will be subject to review by the Council's Capital Programme Panel, including consideration of cost and affordability within the wider capital programme, and schemes remain subject to existing approval processes including further Cabinet decisions where necessary.

Legal Implications – Monitoring Officer:

42. Adoption of the Waste Infrastructure Strategy will support the Council's delivery of its statutory duties concerning waste.

Equalities and Diversity:

43. This Infrastructure Plan sets a direction of travel for the feasibility of waste infrastructure and at this stage there is nothing that would suggest any impacts for people who use services, such as residents or staff with protected characteristics. As the programme progresses it is likely that Equality Impact Assessments (EIAs) will be required for some elements including any developments at our community recycling centres.

Other Implications:

44. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Environmental sustainability Compliance against net-zero emissions target and future climate compatibility/resilience	Environmental sustainability and net zero contributions are central pillars of this proposed Infrastructure Plan. The carbon impacts of the proposed infrastructure will be measured and monitored in line with the Council's commitments in its Greener Futures Strategy and Delivery Plan.

What Happens Next:

45. Officers are currently working through a detailed timetable for the programme of work, including the allocation of resource and engagement with partners, including other services within the Council, district and borough colleagues and expert consultancy support, where necessary.

46. On approval of the recommendations the team will begin to work through the actions identified herein. It is envisaged that if a project has a strong business case, then the relevant approvals will be sought through the appropriate Council processes.

47. A high-level programme of these activities is provided in the Table below. A more detailed plan will be devised along with Key Performance Indicators to track progress.

Recommendation	Jan-Mar 23	Apr-Jun 23	Jul-Sep 23	Oct-Dec 23	Jan-Mar 24	Apr-Jun 24
Plan Socialisation						
Doman Road Business Case Development						
MVDC Feasibility Study						
MRF Consultation and Draft Planning Application						
MRF Business Case Development						
Reuse Hub Concept Feasibility						
Bulky Waste Treatment Feasibility Study						
Mattresses Treatment Feasibility Study						

Report Authors:

Jade-Ashlee Cox-Rawling, Rethinking Waste Programme Manager, TSU on behalf of Waste Management Service, Jade.coxrawling@surreycc.gov.uk

Steven Foster, Interim Director for Waste Management Services, Steven.foster@surreycc.gov.uk

Consulted:

- Natalie Bramhall, Cabinet Member for Property and Waste
- Communities, Environment & Highways Select Committee
- Major Projects Board
- Rethinking Waste Programme Board
- Contract and Commercial Advisory Team
- Surrey district and borough council Members and officers, individually and through the Surrey Environment Partnership

Annexes:

None

This page is intentionally left blank