

Brighton & Hove City Council

Agenda Item 144

Cabinet

Subject: Modernising our recycling centre

Date of meeting: Thursday, 19 March 2026

Report of: Cabinet Member for Net Zero & Environmental Services

Lead Officer: Corporate Director- Operations

Contact Officer: Satti Sidhu

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Ward(s) affected: (All Wards);

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000.

For general release

1. Purpose of the report and policy context

1.1 This report provides an updated assessment of the operational performance, capacity limitations, and future development requirements of the Hollingdean Materials Recovery Facility (MRF). As a critical component of the council's waste and recycling infrastructure, the MRF plays a central role in meeting statutory recycling obligations, managing the changing composition of household waste, and supporting the city's broader carbon reduction and circular economy objectives. This report presents the operational and contractual case for investing in upgrades to the Hollingdean MRF and to seek Cabinet approval for the required changes, including authority to agree and execute related contractual variations.

1.2 The Council's ambition and Council Plan to deliver a Better Brighton & Hove for All, includes a mission to deliver an accessible, clean and sustainable city. This includes managing and minimising our waste and increasing the % of waste sent for reuse, recycling and composting. The development of the facility is key in supporting delivery of these aims.

2. Recommendations

2.1 That Cabinet approves the procurement and installation by Veolia of a new optical sorter, chutes, conveyors and bays, along with the associated adaptation works required at the Hollingdean Materials Recovery Facility.

- 2.2 That Cabinet approves a capital budget of £2.3m to be funded by PWLB borrowing.
- 2.3 That Cabinet delegates authority to the Corporate Director for City Operations, in consultation with the Lead Member for Environment and Net Zero , to finalise, approve and enter into any required contractual amendments with Veolia, including agreeing detailed terms of all necessary Deeds of Variation.

3. Context and background information

- 3.1 The Hollingdean MRF was constructed in 2008 under the Privately Financed Initiative and Integrated Waste Management Services Contract with East Sussex County Council and Veolia. A comprehensive suite of technical documents produced during the original development of the Hollingdean Integrated Waste Facility provides a robust evidence base confirming that the site remains the most suitable location for the city's materials recovery operations. The site was selected following an extensive site-search and shortlisting process undertaken as part of the initial procurement and planning stages. This included a detailed assessment undertaken by Veolia, which examined multiple alternative locations against operational, spatial, environmental and logistical criteria. The shortlisting process was transparent, methodical and grounded in measurable requirements. Further independent assessment by Jacobs, examined the feasibility of an alternative location, also concluded that Hollingdean offered clear advantages in terms of deliverability and operational suitability.
- 3.2 The site was specifically designed to accommodate the operational needs of a modern MRF, including the capacity to adapt to evolving waste streams. Its configuration allows for efficient vehicle movements, appropriate separation and processing areas.
- 3.3 Since construction the complexity of packaging has increased, a wider variety of plastic polymers has entered the waste stream, and participation in recycling services has grown. The council has been expanding the range of materials collected for recycling, and further materials are to be added imminently. Consequently, the MRF is now processing both higher quantities and a more diverse range of materials than it was originally designed to handle.
- 3.4 The facility currently processes approximately 17,500 tonnes of dry mixed recyclables each year. The council is continuing to expand the range of materials collected, meaning that investment is essential to maintain safe, compliant and resilient operations into the future. The facility was designed to process paper, card, steel and aluminium cans and plastic bottles. Glass is collected separately and delivered to Hollingdean Waste Transfer Station for onward sale. Equipment dating from the original 2008 installation is increasingly reliant on manual picking to maintain output quality.

- 3.5 The Separation of Waste (England) Regulations 2024 require Councils to collect a set range of materials. BHCC began collecting pots, tubs and trays in June 2025 and will soon begin collections of cartons and foil. Additional picking staff were introduced in June 2025 to ensure that pots, tubs and trays made their way into the plastic outputs and did not contaminate other output streams.
- 3.6 This dependence on manual work may increase health and safety risks, limits throughput, reduces overall efficiency, and constrains the capacity to accommodate new materials that will be required under national reforms. MRFs typically use a mixture of manual sorting along with advanced automation, including optical sorting, ballistic separation and eddy current systems, to try to minimise manual handling and improve both safety and material quality.

4. Analysis and consideration of alternative options

- 4.1 Maintaining the current infrastructure would restrict the facility's future capacity and prevent the introduction of new recyclable materials that BHCC is required to collect through The Separation of Waste (England) Regulations 2024, without third party intervention. For these reasons, this option is not recommended. This option presents risks of the council not meeting its statutory obligation and limiting the range of materials residents can present for recycling. It also risks delays to the organisation's wider environmental goals.
- 4.2 In order to meet the statutory obligations and ensure the facility can cope with new materials, technical feasibility work has been undertaken presenting options to accept new materials.

Assessment took place on whether additional manual pickers could be placed in the existing cabins to separate the new materials. This option carried significant health and safety risks for the number of manual pickers required as well as additional operational costs on an on-going basis. This option is not feasible due to the health and safety risks highlighted due to the space constraints in the facility.

- 4.3 Further assessment took place to install new equipment and adapt the facility. A full adaptation was explored which would replace all of the equipment in the facility and completely modernise the facility within the current space constraints. This option does not represent value for money as the majority of equipment is still within operational life and would require significant downtime of the facility to enable the works.
- 4.4 A basic adaptation is the preferred option which involves targeted investment with the procurement and installation of a new optical sorter, conveyors, chutes and bays. This new machinery will automate the sorting of materials improving both the capture rate and the quality of recyclable outputs. Complementary upgrades, including new conveyor systems, chutes and bays to enable the capture of foil and cartons, would further enhance material flow and operational reliability. These upgrades would occur

concurrent to the optical sorter being fitted, to limit the facility downtime. This investment reduces the reliance on significant additional manual picking. It would also increase the facility's resilience to rising tonnages and provide the capability to process additional materials required under national policy. This option provides strong benefits in terms of safety, environmental performance, compliance and overall value for money.

- 4.5 The timeline for the adaptation work will include completing the necessary legal work to vary the deed of contract, design the facility equipment requirements in detail, procure the new equipment and arrange for the installation.

5. Community engagement and consultation

- 5.1 This report contains detail on internal infrastructure adaptation work to an existing facility and not related to any service changes, and no consultation with the community was carried out.

6. Financial implications

- 6.1 Approval is sought for £2.3m capital investment to procure a new optical sorter and undertake associated equipment upgrades at the MRF. The most cost-effective financing approach is borrowing, which minimises short-term pressure on the General Fund (GF). Based on a 25-year asset life and an assumed interest rate of 4.5%, the estimated annual financing cost is £0.130m. The actual borrowing rate will be confirmed at the point funding is secured.
- 6.2 It is proposed that borrowing costs for the first two financial years are met by Waste PFI Reserve. From 2028/29, ongoing financing costs will be incorporated within the GF budget through appropriate pressure funding.
- 6.3 The proposal includes £0.180m per annum to fund six manual pickers. These costs would be met from the Waste PFI Reserve until 2032/33, after which the GF will need to absorb the cost. At that point, further pressure funding may be required.
- 6.4 The Waste PFI contract concludes in 2033, at which point the reserve must be in balance. Current modelling indicates that, after accounting for borrowing costs and picker funding, the reserve will show an estimated £2.9m deficit. To eliminate this deficit, an annual contribution of approximately £0.580m over five years, starting in 2028/29, would be required.
- 6.5 If the full £2.3m capital investment were instead funded directly from the Waste PFI Reserve in 2026/27, borrowing costs would be avoided. However, this would increase the projected reserve deficit to £5.3m by 2033, requiring a significantly higher annual contribution of £1.060m, an increase of £0.480m compared with the proposed borrowing-led approach.

Name of finance officer consulted: Craig Garoghan Date consulted:
26/02/2026

7. Legal implications

- 7.1 Section 45 of the Environmental Protection Act 1990 places a duty upon a Waste Collection Authority to arrange for the collection of household waste in its area. Section 45A of the Environmental Protection Act 1990 (as amended by Section 57 of the Environment Act 2021) requires all recyclable household waste to be collected separately from other household waste, for recycling or composting at least once a week.
- 7.2 The Waste (England and Wales) Regulations 2011 places a duty on Waste Disposal Authorities to ensure that waste which is collected separately is not later mixed with other material with different properties.
- 7.3 The new legislative requirements to collect the new materials separately for recycling constitutes a Qualifying Change in Law (QCiL) under the PFI Contract with Veolia for which a variation to the contract can be agreed and made in line with the recommendations in this report.
- 7.4 The recommendations in this report are in keeping with the above duties and powers.
- 7.5 In exercising the delegated authority to vary the Veolia disposal contract it will be necessary to comply with the requirements of the relevant procurement legislation.

Name of lawyer consulted: Siobhan Fry Date consulted (27/02/26):

8. Risk implications

- 8.1 The principal risks associated with maintaining the status quo relate to equipment failure and contamination related disposal costs. Conversely, the proposed investment offers opportunities to increase material recovery, generate additional revenue, improve safety and future proof the facility in line with emerging national requirements.

9. Equalities implications

- 9.1 Reducing the need for manual handling and improving the reliability of equipment will support the creation of safer and more accessible working conditions for all staff employed at the facility.

10. Sustainability implications

- 10.1 Investment in modernisation will improve recycling capture rates, reduce carbon emissions associated with disposal of contaminated materials, and produce higher quality recyclate suitable for circular economy markets. It will

also strengthen compliance with national waste reforms and increase the facility's resilience to future changes in material composition.

11. Health and Wellbeing Implications:

11.1 There are no public health and wellbeing implications arising from the works to the facility which operates within environmental regulations.

Other Implications

12. Procurement implications

12.1 Procurement activity would be conducted in compliance with contractual and regulatory requirement, and as part of the Integrated Waste Management Services Contract.

13. Crime & disorder implications:

13.1 None

14. Conclusion

14.1 The Hollingdean MRF is an essential component of the city's recycling infrastructure. Having been designed in 2008 for a very different waste environment, it now operates beyond its original design assumptions. Installing a new optical sorter and reconfiguring the MRF modernizes the facility, reducing safety risks, increasing throughput, and ensuring compliance with expanding national recycling requirements. Approval to proceed with this investment is therefore strongly recommended.