

Deputy Leader Decision

Approval to tender for waste management contract

Portfolio Holder	Portfolio Holder for Finance and Property
Date of decision	10 December 2021
	Signed

1. Decision taken

- 1.1 Recommendation - That the Deputy Leader authorises the undertaking of a procurement exercise for reprocessing of separately collected food waste as set out in this report and delegates authority for the Strategic Director for Communities, in consultation with the Portfolio holder for Environment, Climate and Culture, to award the contract on terms and conditions acceptable to the Strategic Director for Resources

2. Reasons for decisions

- 2.1 The Council needs to secure under contract a reprocessing service for separately collected food waste for waste arising in Stratford and Warwick districts commencing August 2022 as there is no current contracted provision for reprocessing separately collected food waste in Warwickshire. A specific food waste processing contract could realise environmental and financial benefits and soft market testing has shown that there are opportunities available in the supply market.
- 2.2 The best value for money will be achieved through competitive tendering for a service to reprocess the separately collected food waste. The Council does not own a site or equipment suitable for reprocessing the waste. At least two sites have been established in Warwickshire that could process the material, which evidences the potential for local competition and in addition soft market testing has indicated a good level of interest from the market in general. The length of the contract term will be structured to maximise potential competition. It is envisaged that demand for this service is likely to increase in coming years due to expected legislated changes, efforts to tackle climate change, and the cost of landfill tax and these factors could lead to increased reprocessing costs. The contract will endeavour to protect the Council from such increases.
- 2.3 The proposal is to procure a contract for separately collected food waste across Warwickshire to benefit from potential economies of scale. It is proposed that the initial contract term will be 8 years and the Authority reserves the right to extend

the contract by further periods not exceeding 24 months in total. The term will provide stability for the Waste Collection Authorities and coincides with the term of the Stratford and Warwick Collection contract.

- 2.4 The Council will seek to procure a contract for the reprocessing of approximately 15,000 to 20,000 tonnes of food waste per year. The contract will have no minimum tonnage commitment. The Council will consider variant bids including collection and haulage of food waste under this procurement exercise and determine if these offer good value and quality. The award criteria will seek to establish the most economically advantageous tender for the Council.

3. Background information

- 3.1 The Waste Management Group manages the Council's statutory obligation to provide treatment and disposal for municipal waste collected throughout Warwickshire by the Waste Collection Authorities. Waste materials are managed in line with the waste hierarchy, Warwickshire's joint municipal waste management strategy and in compliance with the national waste strategy and all appropriate legislation.
- 3.2 The consultation on the new National Resources and Waste Strategy said that all local authorities will be required to provide separate food waste collections in future. The indicative implementation date of 2023 has been suggested, although this may be pushed back, due to delays with the Environment Bill.
- 3.3 Stratford-on-Avon District Council and Warwick District Council are introducing new waste collection arrangement from August 2022. These arrangements include weekly collection of separately collected food waste, the fortnightly collection of dry mixed recycling and three weekly collection of residual waste. Green waste will be collected fortnightly.
- 3.4 Using information from [WRAP's Household Food Waste Collections Guide](#) and the number of households in Warwickshire, the Council can estimate potential future requirements for separately collected food waste across the County. If all waste collection authorities in Warwickshire collected food waste separately it is estimated there will be in the region of 15,000 to 20,000 tonnes, with an estimated 10,000 to 13,000 tonnes from Stratford and Warwick. Tonnage levels will be impacted by a range of factors including frequency of collections, frequency of residual waste collections, provision of caddy liners, property types, level of deprivation and quality of service.

4. Financial implications

- 4.1 Recent soft market testing carried out in October 2021 has indicated a range of reprocessing costs for separately collected food waste. Using this market information, at a cost of £15 per tonne it would cost £300,000 per annum to process 20,000 tonnes of separately collected food waste.

4.2 Currently comingled biowaste from Stratford, Warwick and Rugby is processed at Ufton-in-vessel composting facility at a cost of approx. £64 per tonne. Biowaste from North Warwickshire and Nuneaton and Bedworth is reprocessed at Vital Earth in vessel composting facility at a cost of approx. £48 per tonne. It would cost in the region of £1,000,000 per annum to continue to process 20,000 tonnes of material using these two biowaste contracts.

4.3 The total cost of a ten-year contract for reprocessing separately collected food waste for the whole of Warwickshire based on 20,000 tonnes and a gate fee of £15 is £3,000,000. This is a robust estimate, and the cost is not expected to exceed £3,000,000. The contract cost is already covered by service budgets.

5. Environmental implications

5.1 When organic material is landfilled it is generally compacted and covered. This removes the oxygen and causes it to break down in an anaerobic process which produces methane, a greenhouse gas that is 25 times more harmful than carbon dioxide. Modern landfills do seek to capture methane for electricity generation, but a proportion does escape into the atmosphere. It is estimated that landfilling food waste has a net positive green house gas potential of around +200 kg CO₂ eq per tonne.

5.2 The treatment method expected to be used for this contract captures methane efficiently and uses it to either generate electricity or potentially put it directly into the main gas grid. The method also produces a digestate which can be used by local farmers. It is estimated that the expected treatment method will have a net negative greenhouse gas potential of around -40 kg CO₂ eq per tonne of food waste treated.

5.3 The contract will ensure the organic material is not sent to landfill or incinerated and is processed in line with the waste hierarchy and the developing Resources and Waste Strategy for England.

5.4 An environmental risk assessment will be completed as part of the procurement plan.

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Assistant Director	Assistant Director, Communities
Lead Director	Strategic Director for Communities
Lead Member	Portfolio Holder for Finance and Property

Urgent matter?	Yes
Confidential or exempt?	Yes
Is the decision contrary to the budget and policy framework?	No

List of background papers

None

Members and officers consulted and informed

Portfolio Holder – Councillor Peter Butlin

Corporate Board – Mark Ryder

Legal – Ian Marriot

Finance – Andrew Felton

Equality – Keira Rounsley

Democratic Services – Isabelle Moorhouse

Councillors –

Local Member(s): n/a