

From: David Beaver Head of waste Management Services
To: Mike Whiting, Cabinet Member for Planning, Highways,
Transport and Waste
Decision No: 19/00068
Subject: Food waste processing contract

Electoral Division: All in County

Summary: This report seeks approval to enter into a contract for the processing of food waste collected separately at the kerbside, by the Waste Collection Authorities.

Food waste is collected at the kerbside by the ten of the twelve District / Borough Councils, totalling 36,000 tonnes per annum.

Separate household waste food can be processed through an anaerobic digester plant; such infrastructure has recently been developed in Kent.

Presently, most of the collected food waste is mixed with garden waste to make a compost. One contract does not mix the food with garden but hauls and processes the food waste to an anaerobic digester in Basingstoke, Hampshire.

Both existing treatments are unnecessarily costly and environmentally burdensome. .

Recommendation(s):

The Cabinet Member for Planning, Highways, Transport and Waste is asked to approve the decision to openly tender & award a new food waste processing services to a supplier within the County.

1. Introduction

- 1.1 This report outlines the business case to commission secure sustainable food processing services within the County. Kerbside collected food waste amounts to approximately 36,000 tonnes per annum. KCC receives food waste from ten of the twelve Districts. However, the Government's resources and waste strategy may mandate that all Collection Authorities must provide this service from 2023. This is likely to generate a further 8,000 tonnes per annum from the remaining two Districts; Dartford and Sevenoaks.
- 1.2 As a Waste Disposal Authority, KCC has a statutory responsibility to ensure the safe processing and/or disposal of household waste. The forecast population growth of 23% over the next 15 years will yield additional pressure. KCC will struggle to dispose of this waste without significant infrastructure investment.
- 1.3 In the case of the disposal of food waste, the process of anaerobic digestion means that waste can be diverted away from landfill and moved up the waste

hierarchy. Anaerobic digestion is therefore KCC's preferred method for processing food waste to reduce the negative impact of food waste on the environment.

- 1.4 Anaerobic Digestion (AD) is the process by which organic matter such as animal or food waste is broken down to produce biogas (a mixture of carbon dioxide (CO₂) and methane) and digestate a nitrogen-rich bio fertiliser. This process happens in the absence of oxygen in a sealed tank called an anaerobic digester. The gas produced can be fed directly into the National Grid and the digestate can be used as a renewable fertiliser or soil conditioner for agriculture.
- 1.5 An anaerobic digester is being constructed in Kent and will be commissioned by the end of 2019. This will be the first and only facility in Kent and following receipt of a proposal by a company called Blaise Renewables Limited, Waste Management is proposing to secure a contract with Blaise Renewables Limited to provide local food waste processing services from 1 April 2020.

2 The Report

- 2.1 Waste Management has developed a business case to enter into a contract with a specific supplier for the provision of food waste treatment using a new anaerobic digestion plant under development at Blaise Farm near Kings Hill however, contract tendering will be open, should other suppliers be available to provide these services.
- 2.2 This food processing facility plant will allow the Authority to enter into a single contract and cease extensive haulage to facilities outside of the county, reduce costs and create sustainable re-processing solutions.
- 2.3 A fundamental contractual principle is that the supplier will receive Kent's food waste and process the food waste irrespective of whether the anaerobic digester is operational. The Service will specify that the Supplier will utilise other facilities to process food waste at no added cost to the Authority.
- 2.4 It is proposed to enter into contract with a single supplier for the supply of food waste processing services to include a phased increase in demand. The contract period will be for 20 years from 1 April 2020 until 31 March 2040 (this tenure recognises the capital investment of £17.5m, made by the Supplier).
- 2.5 It is proposed that KCC reserves the right to terminate the Contract without cause at any time after the fifth anniversary of the Service Commencement Date by giving the supplier at least 6 months written notice.

3. Financial Implications

- 3.1 Current gates fees for processing food waste are high when compared with those associated with a dedicated food processing operation.

- 3.2 Indicative rates show that through the provision of a local dedicated waste food processing facility savings can be made on gate fee and haulage costs.
- 3.3 Savings detailed below are proposed in the MTFP.
- 3.4 Current budget for processing food waste is £1.62m. The proposed new arrangements will deliver £1.078m savings over the first five years and a further £180,000 in year 6 (not illustrated).

| MTFP PROFILE | Area | Contract end | Existing | Proposed | Saving | 20/21 | 21/22 | 22/23 | 24/25 | 25/26 | Total |
|--------------|---------------------|--------------|----------|----------|-----------|---------|---------|-------|---------|---------|-----------|
| | | | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| | Church Marshes, Ash | 02/02/2020 | 273,827 | 212,929 | 60,898 | 60,898 | - | - | - | - | 60,898 |
| | TMBC, North Farm F | 31/08/2024 | 629,612 | 141,975 | 487,637 | - | - | - | 284,455 | 203,182 | 487,637 |
| | Dover, Shepway, Car | 15/01/2021 | 717,178 | 187,743 | 529,435 | 88,239 | 441,196 | - | - | - | 529,435 |
| | | | | | 1,077,970 | 149,137 | 441,196 | - | 284,455 | 203,182 | 1,077,970 |

- 3.5 Every opportunity will be undertaken to realise savings earlier within the contractual change control processes of incumbent contractors.

4. Legal Implications

- 4.1 The terms and conditions of the contract will be KCC's model terms and conditions. As the value of the contract will be more than £1million, the contract will need to be sealed by KCC's General Counsel.
- 4.3 A key function of the WDA operating under the Environmental Protection Act 1990, is to provide outlets for the collected municipal waste.
- 4.4 In 2015, the European Commission adopted an ambitious Circular Economy Package to help make the transition to a stronger and more circular economy where resources are used in a more sustainable way.
- 4.5 On 14 June 2018, the revised Waste Framework Directive (2018/851) was published in the Official Journal of the European Union and states that food waste must be separately collected by 2023 putting the onus on the Waste Disposal Authority to facilitate disposal of this separated material stream.

5. Risks

- 5.1 A fundamental principle of the contract is that the supplier will receive Kent's food waste and will accept and process the food waste irrespective of whether the anaerobic digester is operational. The service will specify that the Supplier will utilise other facilities to process food waste at no added cost to the Authority.
- 5.2 The contract period proposed is 20 years from 1 April 2020 until 31 March 2040. The tenure recognises the capital investment of £17.5m, made by the

Supplier). However, a break clause is proposed that KCC reserves the right to terminate the Contract without cause at any time after the fifth anniversary of the Service Commencement Date by giving the supplier at least 6 months written notice.

6. Policy Framework

6.1 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

6.2 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.

7. Equalities implications

7.1 An EqIA has been completed and has concluded that there are no protected characteristics that will be impacted upon either positively or negatively

7.2 As no personal data is collected a full DPIA will not be necessary.

8. Conclusions

8.1 Waste Management proposes to secure sustainable food processing services within the County. Kerbside collected food waste amounts to approximately 36,000 tonnes o annually. KCC receives food waste from ten of the twelve Districts, however the Government's resources and waste strategy may mandate for food collection from all Collection Authorities from 2023 which is likely to be a further 8,000 tonnes per annum

8.2 This food processing facility plant will allow the Authority to enter into a single contract and cease extensive haulage to facilities outside of the county. Against existing contracts which mix food waste with garden waste or haul to Basingstoke, Hampshire, financial savings are expected as are improved environmental outcomes.

8.3 The current budget for processing food waste is £1.62m. The new arrangements will result in a saving of £1.078m over the first five years and a further £180,000 in year six.

9. Recommendation(s)

The Cabinet Member for Planning, Highways, Transport and Waste is asked to approve the decision to openly tender & award a new food waste processing services to a supplier within the County.

10. Appendices:

Record of Decision
EqIA

11. Contact details

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