

Date 13 February 2023

Dear Directors of Environment,

**Re: Food waste collection and disposal changes from DEFRA**

Further to the workshop held on Friday I am writing to set out the current position on the above at ELWA.

Clearly ELWA cannot advise the Constituent Councils (CCs) of their collection costs in relation to the new food waste collections required under the Environment Act 2021. We note however that CC officers did sign off strategic forecast collection costs in 2020/21 for the Joint Strategy modelling, so you may be able to take something from this (we will of course help wherever we can).

Under the twenty-five year contract with Renewi, the terms are such that this newly separated food waste stream must be managed under the contract, and ELWA will have a contractual obligation to direct the CCs to deliver the waste as per arrangements to be made with Renewi.

In order to take a decision on whether or not to apply for 'transitional arrangements' ELWA would need more information than it currently has from Renewi, so we are not presently able to make such an application. Therefore I cannot advise what the financial impact on ELWA will be of receiving separate food waste from the CCs. The main variables are:

1. The gate fees Renewi can secure for third-party food waste treatment
2. Is the food waste facility local (i.e. can the CCs deliver directly into it) or does Renewi have to provide new reception, bulking and transfer capacity so that Renewi can receive the food waste locally and then transport it to a treatment facility elsewhere?
3. What impact does removing food waste from the mechanical and biological treatment (MBT) bio-drying process have on the efficiency of that process? Currently air is driven through residual waste (which includes food waste) to accelerate a natural composting-like process such that just over 30% of the mass is evaporated and the remainder can more easily be separated into recyclable metals, glass/aggregates and organic 'fines' with the remainder being prepared as a refuse derived fuel (RDF) for treatment at energy recovery facilities elsewhere. If the mass reduction (evaporation) is less, the overall economics of the MBT facility could change for Renewi, in which case Renewi would invoke the Change in Law provisions of the contract to claim its losses from ELWA. Conversely, Renewi will have a smaller amount of organic 'fines' from the MBT process, and will therefore save the cost of having these treated at a third-party facility in the North-west. Renewi has not been able to quantify the above matters, as it does not have the necessary datasets.

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Current market intelligence is that the cost of food waste treatment (not including bulking and transport if needed) is unlikely to exceed the banded price that ELWA would otherwise pay Renewi for its treatment in the MBT; supply and demand issues could change this.

Finally, in terms of impacts on local recycling rates, separately collected food waste sent to a food waste treatment facility will count towards the CCs' and ELWA's recycling rate, but at the moment the organic 'fines' extracted at the MBT facility after bio-drying also count. As such, recycling rates would be improved by separate food waste collections as soon as they are introduced.

As above, we will give whatever support we can in relation to the Joint Strategy modelling of collection services, and we will continue to liaise with Renewi.

As discussed at the meeting on Friday, please can you let me know your Council's preferred direction of travel later today or tomorrow.

Regards,

*By Email*

Andrew Lappage  
**Managing Director**