

<b>Item No.</b>	<b>Classification:</b> Closed	<b>Date:</b> 1 October 2021	<b>Meeting Name</b> Environment Scrutiny Commission
<b>Report title</b>		<b>Briefing on Food Waste Collections from Households</b>	
<b>Ward(s) or groups affected</b>		<b>All</b>	
<b>From:</b>		<b>Director of Environment</b>	

## Purpose of Briefing

1. To update the Environment Scrutiny commission on the council's current policy and service offering for separate food waste collections.
2. To set out details of current services provision for food waste collections, the council's current policy, and existing plans for expansion of services.
3. To provide an indication of the scale of the financial implications for making changes to the current policy to provide food waste collections to more households.
4. To give an indication of the expected direction of government policy and statutory requirements for collecting food waste from households in the medium term.

## Current Waste Services Contract Arrangements

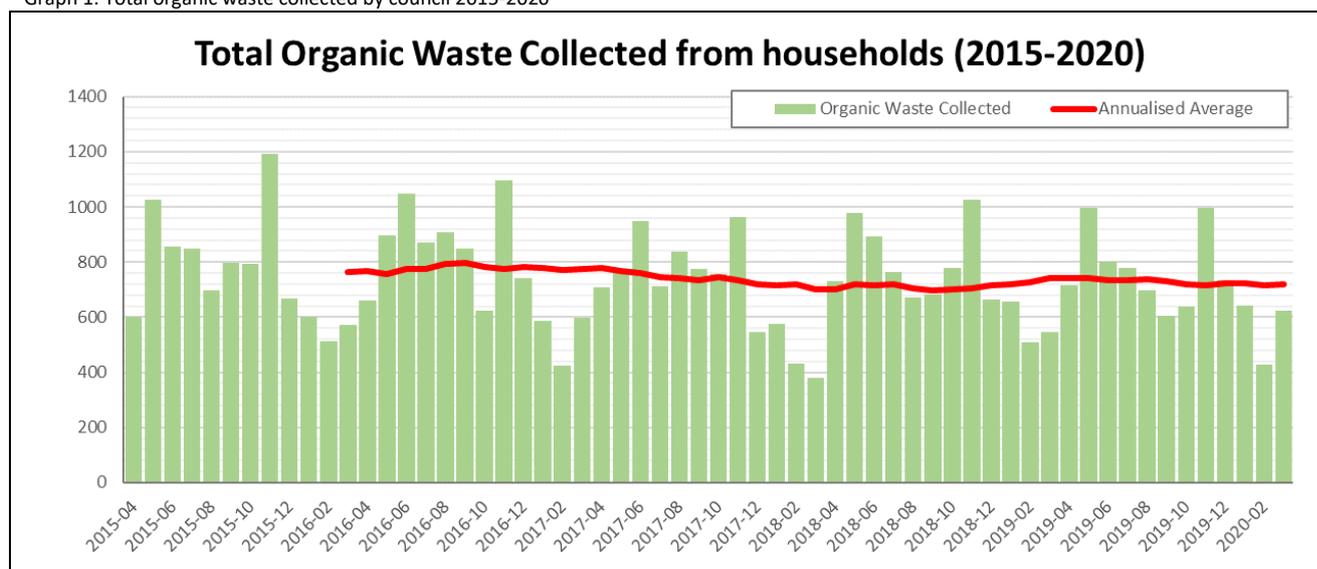
5. The council committed to a 25 year combined waste collection and disposal PFI contract in 2008 to undertake management of all municipal waste collected by the council in Southwark, including wastes from a number of council departments such as street cleaning. The contract expires in 2033 and resulted in the construction of the Integrated Waste Management Facility to provide local waste treatment facilities for Southwark's waste, which became operational in 2012. The long term contract gives the council a long term cost certainty, but the downside is the reduced flexibility to undertake substantial changes. The facility includes:
  - Recycling Centre – where residents can bring household waste for sorting into categories for recycling, treatment or disposal.
  - Transfer station where waste can be aggregated into bulk quantities for transport to other processing destinations where it cannot be treated within the facility. This includes food and garden wastes.
  - Material Recycling Facility (MRF) – where mixed dry recyclable materials are sorted into separate material types, before being sent in bulk to reprocessors for re-manufacture.
  - Mechanical & Biological Treatment (MBT) plant – where mixed general waste (including food waste) is bio-stabilised to produce a dry fibre material for use as a secondary fuel, generating both heat and electrical energy.

6. The contract made possible the construction of the council's Integrated Waste Management Facility on Old Kent Road, which in turn has made possible a range of benefits, including:
- A substantial increase in the council's recycling rate to become one of the best Inner London councils for recycling performance increasing from less than 20% (2006/07) to roughly 35% (2019/20).
  - A substantial diversion from landfill disposal, from nearly two thirds of all waste landfilled (2006/07) to less than 2% (2019/20).
  - Improved control of costs and performance through the term of a long term contract to give long term certainty at a time when other councils face rising costs for service provision, at a time of significant budget uncertainty for councils generally.
  - Access to cost effective waste treatment options that are contractually guaranteed, but would be likely to be substantially more expensive if procured in current market conditions.
  - Direct subsidy from central government in the form of Waste Infrastructure Grant, which partly funds the payments under the contract each year.
  - Local processing/sorting and treatment of much of the council's waste, to comply with the proximity principle, and to reduce transport emissions that had resulted from longer haulage distances prior to 2012 when the facility became operational
  - The development of a capital asset which passes to the council in 2033, and offers the potential for significant future savings on service delivery beyond the current contract.

### **Current services for food waste collections**

7. Of the total 142,000 households in Southwark, roughly half (mostly kerbside properties) receive an organic waste collection. The strategic approach since 2008 is designed to deliver some of the benefits of separate food waste collection by collecting it from properties where participation is highest, whilst treating waste to minimise environmental impacts and avoiding landfill. The carbon intensity (ie the overall environmental impact per tonne of waste collected) of Southwark's waste is therefore relatively low as a result of this mixed approach of treatment and separate collection.
8. The graph on the next page sets out the total quantity of organics waste collected by the council in each month from 2015-16 onwards. This is predominantly waste collected from households directly, but also includes seasonal peaks for leaf sweeping from estates, and landscaped areas from late autumn onwards each year. There is natural variance between years due to factors such as weather – eg wet summers tend to produce much higher volumes of garden waste.
9. Despite increasing numbers of household receiving organic waste collections, particularly from May 2019, when food waste collections from some blocks were introduced, there is no substantial change in the overall trend. The majority of the organic waste collected is still garden waste, although as food and garden are collected on the same vehicles, separate weights identifying each are not available.

Graph 1: Total organic waste collected by council 2015-2020



10. The Waste PFI contract which underpins the provisions of services by Veolia from 2008 to 2033 benefits from Waste Infrastructure Grant from DEFRA. This provides an annual subsidy of £2.776m which partially funds the cost of service provision under the contract. In the event that the contract is ended, or substantially varied, especially where this involves the decommissioning of any significant capital assets, the subsidy is likely to be withdrawn. The value of the subsidy until the contract expiry is roughly £33m.
11. Food waste is currently collected alongside garden waste using the same vehicles and collection routes. The organic waste collected is sent to In-Vessel Composting (IVC), which composts the material under controlled conditions to create a compost material. Much of this material is used for horticultural or agricultural purposes, although it is also available for sale to residents as a bagged compost product. IVC processing does not produce any of the energy benefits of AD processes, but is a more widely available as a treatment option, with a number of third party facilities in the areas around London which the council uses for processing organic waste.

### Communal food waste pilot service

12. In May 2019, the council and Veolia began operating a pilot project for collection of food waste from blocks of flats. This initially included roughly 7,500 properties, and has since expanded to include nearly 15,000 properties. Participation was voluntary, and blocks of flats were only included in the service where there was some indication of active support and enthusiasm from property managers and/or residents within the block. The service was promoted directly to individual residents with the provision of information, food waste caddies, and biodegradable bags to line caddies and make the collection process easier.
13. Tonnage information since the project commencement date shows that the average level of participation over this period is 0.44 kg per household per week – around 14% of all food waste that these households are estimated to produce. This suggests that most residents do not regularly use the service, and the capture rate of food waste is very low, despite the availability of the service. The remaining 86% of the food waste is disposed of by residents using the general waste bins, which is treated in the MBT as normal to produce a fuel.

## Current policy approach and Likely changes in national waste policy and legislation

23. The council's current policy is to work within the strategic framework of the existing waste strategy to continue to treat waste for fuel production. This includes using some existing capacity to develop separate food waste collections on a limited scale. Where expansion of food waste collections is possible within existing fleet resources, and without risking the viability of existing contracts, further expansion will be undertaken in selected areas where demand is high from residents, and the unit cost of providing this service can be kept low.
24. The council's own strategy document 'Tackling the Climate Emergency Together', published in July 2021 sets out a range of policy aims for reducing food poverty and insecurity, reducing food waste, and maximising reduction, recovery and recycling of food waste. These aims, particularly including reduction of wasted food, and surplus food re-distribution operate in parallel with the existing service arrangements and represent higher environmental benefits compared to recycling. The council will continue to expand food waste collection services where resources permit, and where careful analysis shows that this would both offer net environmental benefits, and would represent the best use of resources to achieve the aims of the council's strategy for Tackling the Climate Emergency Together.
25. The government has consulted on plans for a major review of the UK's national waste strategy, and the resulting Environment Bill is expected to become law by 2022 with a range of new measures and obligations for councils. One element that is expected to become a requirement is the provision of mandatory food waste collections for all households (and for businesses through their commercial waste collections). The timetable is not known with any certainty, although an indication was given in the consultation that the expected implementation date would be between 2023 and 2031, depending on the contract arrangements that councils currently have in place.
26. The government has announced a significant funding package as part of the strategy review. It is not yet known how funding will be apportioned or distributed, although the overall funding package for the UK is substantial. The intention is that this funding will offset the cost of meeting new service requirements. Funding will be distributed through a funding model to calculate notional costs for providing services, so councils may receive more or less than their actual incurred costs and the net financial impact for Southwark is not known.
27. The consultation made it clear that only service changes made after a specified date for implementing mandatory service changes would qualify for any form of financial support. To seek to undertake change earlier would require the council to commit to funding all of the cost of the service change itself.
28. Based on the draft legislation now under consideration through the Parliamentary process, any new contract arrangement post 2033 will certainly need to be provided as a service requirement after the expiry of the current contract. This would be a longer term strategic decision that the council would need to make.

## Impact of potential changes

29. If the council were to successfully divert all food waste from general waste and into separate processing, the MBT part of the facility would no longer be operable as it relies on an organic fraction to produce a biological reaction that dries the waste for it to be processed into fuel. Separate collection of food waste on any scale would therefore risk breaching current contract arrangements, with the need to compensate the current contractor for the remaining 12 years of the contract.
30. There would be a need to incur significant capital expenditure and ongoing revenue costs for extra vehicles and crews, to provide an organics collection to remaining properties which do not receive this service now. Indicative costs based on typical vehicle and crew costs would suggest that an added annual cost of between £750k to £1m would be needed. This would be in addition to any potential contract break costs outlined in paragraph 29 above, and already takes account of some potential savings on residual waste collection (ie fewer residual collections would be required).
31. There is currently only limited capacity for AD processing in the London area, and other than a small amount of commercial waste collected by a third party subcontractor and processed in East London, none of the council's collected waste is processed via AD. There would be a challenge therefore in locating an outlet for this material if the council does collect extra food waste in the short term. In the medium term (3-5 years) a significant increase in AD processing capacity is expected to be built through the normal operation of market force, but the choices are currently very constrained, with an increasing level of demand, and limited supply
32. Whilst additional food waste collections would increase the recycling performance for Southwark, the wider environmental benefits of adding food waste collections to the council's existing services could therefore be relatively low and food waste is already diverted from Landfill and is used to generate energy.
33. All available evidence within Southwark indicates that the actual level of participation in communal food waste collection services is very low – perhaps with up to 14% participation. This means that provision of a service could in theory divert significant tonnages (up to around 20% of all general waste may consist of food waste), but if participation is only about 14%, the actual diversion from fuel use to recycling might only be around 2% - and at considerable cost.

## Recommendations

34. That service provision for food waste collection be reviewed as part of the planned review of the council's current waste management strategy for the period beyond 2021. This should set out options including estimated costs and benefits.
35. That the current food waste collection service be expanded where existing capacity permit this without adding significantly to services costs or prejudicing existing contract arrangements.
36. That the council and its current contractor continue to develop good practice and promote the service to improve participation amongst householders who already receive food waste collections, to maximise participation and the associated environmental benefits from providing the service.
37. When the new legislative arrangements are known, it is proposed that service managers model the cost of compliance with the new requirements and present proposals for change to the council, to enable a decision to be taken on the timing and details of any changes in services. This will be undertaken as part of the council's overall Waste Strategy review.