



re3 Project Team

FOOD WASTE MARKET REPORT (March 2012)

Background

In response to the funding opportunity recently detailed by the Department for Communities and Local Government (DCLG), the re3 Project Team requested that WRG undertake a 'soft' market review of food waste processing opportunities.

We took the view, based on conversations with appropriate officers at the three councils, that food waste processing offered the best and possibly only opportunity for a combined re3 bid for the DCLG funding. While not assuming that a combined bid would automatically be forthcoming, we felt a review of the market would assist the councils in justifying either bidding or not bidding.

As our PFI partner, WRG would be involved in any service development and they were happy to undertake a review of the market on our behalf.

Review of Market

WRG approached four food waste processors with potential capacity in the region.

- [REDACTED] – did not respond
- [REDACTED] – estimated price: £35p/t
- [REDACTED] – estimated price: £30p/t
- [REDACTED] – estimated price: £35p/t

Comparison

The gate-fees above represent a significant movement on the prices we've previously seen. When we undertook a similar exercise towards the end of 2010, the gate-fee we used was £50p/t.

	Food Waste	Landfill
Baseline Payment:	£43.99	£43.99
Gate fee:	£35.00	£26.93
Haulage:	£9.05*	£9.05
Landfill Tax (2012/13):		£64.00
WRG Claim**	£26.93	
TOTAL (p/t):	£114.97	£143.97

* I have assumed that this is no better or worse than the haulage for landfill for the purposes of estimating. There could be significant differences in haulage depending on the destination.

** I assume that WRG would claim for the cost of landfill if the re3 councils were no longer using it. This would honour the revenue expectations contained in the PFI contract. This is not definitely a factor but could be something on which to negotiate.

Conclusion

The price of food waste processing has fallen quite significantly over the last year. It seems unlikely that it could fall too much further as demand and capacity will increasingly relate to one another.

Although the price of processing food waste has fallen significantly, it remains to be seen whether collection costs for food can be afforded. In the comparison above, the collection system for 'landfill' is in place and costed. Each of the re3 councils would have some significant considerations to make in relation to the procurement of additional collection capacity.