



RHONDDA CYNON TAF

RECORD OF DELEGATED OFFICER DECISION

SUBJECT: Food Waste Treatment Project

PURPOSE OF ATTACHED REPORT:

The purpose of this report is to seek approval to utilise a parcel of land at Bryn Pica as the site for a new food waste processing plant to handle source-segregated food waste from Rhondda Cynon Taf, Merthyr Tydfil and Newport Councils (the Hub) and seek authority to enter into a *contract for the Treatment of Food Waste Collected by Rhondda Cynon Taf, Merthyr Tydfil and Newport Councils* with Biogen Bryn Pica Ltd ('the Contract').

DELEGATED DECISION (Date):

- Approval is granted for the provision of a parcel of land at Bryn Pica for use as a site to house a new food waste treatment facility.
- Approval is granted for this parcel of land to be leased to Biogen UK Ltd at peppercorn rent.
- Approval is granted for the partner authorities (Newport City Council and Merthyr Tydfil CBC) to make a contribution towards the provision of the site whilst recognising that Rhondda Cynon Taf will receive additional and distinct benefit by regaining the asset and inheriting the associated processing plant at the end of the contract term.
- Authority is granted for Rhondda Cynon Taf CBC to enter into the Contract

Chief Officer Signature

DG. Jones.

Print Name

GEORGE JONES.

Date

17/4/13

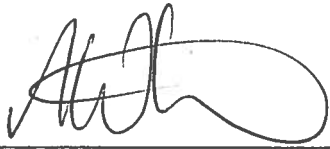
The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution

A. Morgan

17/4/2013

CONSULTEE CABINET MEMBER SIGNATURE

DATE



17/4/13

OFFICER CONSULTEE SIGNATURE

DATE

Directorate:	Environmental Services Group, Streetcare
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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2012/2013: REPORT TO ACCOMPANY DECISION OF THE GROUP DIRECTOR, ENVIRONMENTAL SERVICES

Part 1 (Non-Confidential)
FOOD WASTE TREATMENT PROJECT

1.0 PURPOSE OF THE REPORT

- 1.1 In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended Officer Decision of the Group Director, Environmental Services as described below.
- 1.2 The purpose of this report is to seek approval to utilise a parcel of land at Bryn Pica as the site for a new food waste processing plant to handle source-segregated food waste from Rhondda Cynon Taf, Merthyr Tydfil and Newport Councils (the Hub).
- 1.3 Rhondda Cynon Taf intends to provide a site that will benefit all three authorities but this report will also detail distinct advantages to Rhondda Cynon Taf.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 The strategy to provide a site for the Project is approved.
- 2.2 The land is provided to the contractor at peppercorn rent.
- 2.3 The land is provided for the benefit of Rhondda Cynon Taf and its partner authorities.
- 2.4 The partner authorities input a sum of £3,000 a year as a contribution to the provision of the site.
- 2.5 Authority to enter into a *Contract for the Treatment of Food Waste Collected by Rhondda Cynon Taf, Merthyr Tydfil and Newport Councils* with Biogen Bryn Pica Ltd (*annexed at Appendix 1 to this report*) is granted (the 'Contract').

3.0 BACKGROUND

- 3.1 Rhondda Cynon Taf and Merthyr Tydfil Councils have been working on a joint procurement process since early 2007 and included Newport City Council in this process in 2010. The purpose of the procurement is to provide a treatment solution for food waste collected in the three local authority areas.
- 3.2 The outcome of the procurement will be a processing plant that is designed, built, financed and operated by the successful bidder (Biogen UK Ltd.) The three authorities will provide guaranteed tonnages to the facility and will pay a gate fee for every tonne of material they each supply.
- 3.3 The Welsh Government (WG) is supporting this process both in terms of providing procurement funding (up to £1.7m) and by providing a subsidy against the gate fee (worth in the region of £1m in capital funding and £1.5m in revenue funding).
- 3.4 In return WG has imposed certain requirements. One of which is that the Hub has to provide a suitable site to house the waste treatment facility, another is that authorities work in collaboration to enable them to negotiate lower gate fees due to the benefit of increased scale.
- 3.5 A comprehensive study to identify the most suitable site for this treatment plant selected a small area of land at Bryn Pica.
- 3.6 Rhondda Cynon Taf intends to provide this parcel of land under a lease to Biogen but at a peppercorn rent, rather than at full market value. The justification for this is that any rental charge would simply be returned to the authority via the gate fee.
- 3.7 A compelling factor is that, without the provision of this site, significant levels of funding would not be available from the Welsh Government.
- 3.8 It is also the case that without the support of the other authorities there would be insufficient tonnage available to build an affordable solution.
- 3.9 The distinct and over-riding benefit to Rhondda Cynon Taf is that at the end of the contract term it will regain the land asset and will also inherit the associated processing plant. This plant will have a guaranteed life of five years at this time.
- 3.10 However, the constituent members of the Hub have agreed that it is appropriate for all of them to contribute to the provision of the site. Accordingly a suitable contribution has been included within the second inter authority agreement document.
- 3.11 The Council's Scheme of Delegation provides for the Group Director, Environmental Services to authorise entry into the Contract by way of delegated decision.

4.0 CONCLUSION

4.1 The Hub believes that the advantages of providing the parcel of land at Bryn Pica to Biogen at a peppercorn rent, namely:

- The receipt of procurement funding of £1.7m
- Economies of scale
- A lower gate fee
- Welsh Government support of £2.5m
- The acquisition of an asset (land and plant) at the end of the contract term

...more than justify the proposed course of action.

4.2 Merthyr Tydfil and Newport Councils will contribute to the provision of the site.

4.3 In accordance with the Council's Scheme of Delegation the Group Director, Environmental Services has the necessary authority to authorise entry into the Contract.