

FOR PUBLICATION

TRADE WASTE AND MISCELLANEOUS FEES AND CHARGES 2016/17

MEETING: 1. CABINET
2. CABINET MEMBER FOR HEALTH AND WELLBEING

DATE: 1. 8 MARCH 2016
2. 11 FEBRUARY 2016

REPORT BY: WASTE AND STREET CLEANING MANAGER

WARD: ALL

COMMUNITY FORUM: ALL

KEY DECISION: No 559

FOR PUBLICATION

1.0 **PURPOSE OF REPORT**

1.1 To determine the charges to be made for the collection and disposal of trade wastes and other miscellaneous environmental fees in 2016/17

2.0 **RECOMMENDATIONS**

2.1 That Members approve the revised charges for trade wastes and other miscellaneous environmental fees for 2016/17 as detailed within the report and at Appendices A and B.

3.0 **INTRODUCTION**

3.1 In accordance with the Council's Budget Strategy, this is the annual review of trade waste and other charges taking into consideration that charges should aim to recover at least the full cost of the service except where:

(1) There is an opportunity to maximise income: or

(2) Members determine a reduction or subsidy should be made for a specific reason.

3.2 In preparing this report, we have had regard to The Council's Budget Strategy in that provision should be made for a minimum inflationary increase of 3% each year. Additionally, the collection and disposal charges applied to the larger bin sizes used for Commercial Waste require a larger increase of 4% in order to cover our current costs.

4.0 **BACKGROUND**

4.1 **Commercial Waste**

The Council has a duty under the Environmental Protection Act 1990 to arrange for the removal of Commercial Waste from shops, offices, hotels and similar businesses if requested to do so by the occupier. Businesses from which waste is removed must pay reasonable charges for the collection and disposal of such waste. Current charges for the collection and disposal (referred to as removal) are shown in Appendix A, Table 1.

4.2 However, producers of Commercial Waste may request the service from one of a number of private sector companies who operate in the Chesterfield area. Traditionally these have provided strong competition for the Council, normally focusing on the servicing of larger 1100 and 660 litre sized receptacles.

4.3 Our knowledge of the service and our stable share of the market indicates that the fees and charges recommended will remain competitive.

4.4 Benchmarking data is provided in Appendix C. This demonstrates that our current and proposed fees and charges are currently comparable to other local authorities; however larger increases may adversely affect this.

4.5 **Industrial Waste**

Waste Collection Authorities (WCAs) such as CBC may if requested remove Industrial Waste from premises defined in Regulations made by the Secretary of State, but only with the consent of the Waste Disposal Authority (WDA). Derbyshire County Council, our WDA, does not permit any of the WCAs in Derbyshire

to collect and dispose of such waste so this is not a service CBC can offer.

4.6 **Chargeable Household Waste**

4.6.1 Due to changes in legislation the way establishments such as schools, other educational premises, nursing homes, residential homes, registered charities and hospitals are charged has changed. These changes were agreed by Cabinet 14 July 2015 and a new non-profit making charging structure was set up. These charges to be reviewed at the same time as all other charges.

4.7 **Hire Charges For Trade Waste Receptacles**

In addition to the removal charge mentioned in 4.1, a separate charge is itemised on the customers invoice for the hire of a receptacle. This is for administrative purposes and also in order to ensure that as a minimum the total cost of servicing each size of receptacle is recovered and preferably makes a positive contribution to the Trading Account profitability.

4.8 **Healthcare Waste**

Some types of Healthcare Waste from domestic properties and Residential Homes (not Nursing Homes) also fall within the current definition of Household Waste for which a charge may be made. In the interests of public health and safety certain types of healthcare waste defined as offensive or infectious are collected free of charge from domestic properties. However, it is Council policy to charge Commercial Waste rates at Residential Homes who request the service.

4.9 **One-off Collections**

The Council may be requested to make special journeys for one-off collections of Commercial or Chargeable Household Waste. These are charged at an hourly rate and are shown in Appendix A, Table 6. The annual number of such jobs is relatively small with current income estimated at £1,500 for this year.

4.10 **Wheeled Bins**

In April 2001 the Council introduced a charge for the supply and delivery of wheeled bins to new domestic properties. The current

charges are shown in Appendix B, Table 1 and these charges include the cost of delivery.

4.11 **Bulky Household Waste Collections**

A number of detailed reports have been presented to Members over the years on charging for Bulky Household Waste Collection. Charges are based on the over riding waste management principles of the waste hierarchy (Reduce, Re-use, Recycle) and the polluter pays. A concessionary rate of 50% is currently applied for those in receipt of Council Tax or Housing Benefit. However, further to a Scrutiny Project report concurrently under consideration the Council has decided to meet all costs and develop a consistent corporate strategy to concession levels by approving a reduced concessionary rate of 20%. The current and new charges proposed are shown in Appendix B, Table 2.

4.12 **Sharps Boxes**

Occasionally we get requests from Residential Care Homes to collect sharps boxes. Current charges are shown in Appendix B, Table 3. The income is less than £50.

4.13 **Mixed Hereditament**

These are premises with a mix of customer categories, i.e., a shop and public house or business. A reduced charge (allowance) is made if the customer enters into a contract for the collection of their trade waste and the occupier opts to dispose of the domestic element of their waste in their trade bin that is provided.

5.0 **TRADE WASTE ACCOUNT**

5.1 The charge made to customers consists of fees for collection and a charge for disposal including Landfill Tax at £82.60 per tonne (DCC estimate for 2016/17 is £83.50 per tonne, total disposal costs £124.94) where applicable. There is a separately itemised charge for the provision/hire of a bin.

5.2 A Trading Account reflects the total cost of providing the Trade Waste Service. This account currently trades in profit and is expected to achieve a turnover of £550k.

6.0 **COMPETITION IN TRADE WASTE**

- 6.1 Generally the private sector is interested in providing a service for Commercial Waste customers with 1100 and 660 litre sized receptacles, although occasionally they may provide a service for smaller sized receptacles, particularly where they may have won a nationally let contract, or where they are servicing a larger receptacle nearby.
- 6.2 The number of customers is fairly stable at around 850. Although we do lose some through the year we always sign up new customers. One of the main reasons for losing customers is still the fact that we cannot provide a recycling collection. Customers are not yet able to pay by Direct Debit and have to pay the full years charges before they have received the service.
- 6.3 The report considering Commercial Recycling was presented to cabinet 10th March 2015 recommending that it was not introduced due to the economic issues. However there was a commitment to review and consider the introduction of a commercial recycling service if future circumstances allow, and to seek to find a viable option for commercial recycling when the service is re-tendered in the autumn of 2018. The functionality of the corporate Agresso system in regard to processing Direct Debits has been raised with Credit Income and the Council's Client Officer and we are awaiting a corporate steer.

7.0 **RISK MANAGEMENT**

- 7.1 Details of risks associated with the recommended fees are given below:

Description of the Risk	Current Risk		Mitigating Action	Target Risk	
	Impact	Likelihood		Impact	Likelihood
Affordability to customers	High (4)	Possible (3)	Benchmarking Appropriate levels of charging	Medium (3)	Unlikely (2)
Competition	High (4)	Possible (3)	Benchmarking Provision of a good service at the right price Look into direct debits	Medium (3)	Possible (3)

Failure to implement recommended increase in charges	Unlikely (2)	Unlikely (2)	Early implementation of charges	Unlikely (2)	Unlikely (2)
Failure to achieve forecast level of income	Medium (3)	Possible (3)	Effective marketing of the service Good communication with customers Monitoring of budgets Reduction in payments to Veolia for collection and DCC for disposal. Continue to apply increases in charges to deliver Trading Account profit.	Low (2)	Possible (2)
Failure to meet changing legislation	High (4)	Possible (3)	Utilisation of the *TEEP argument Implementation of Option 3 from the Policy report	Low (2)	Unlikely (2)
Increase in fly tipping	Medium (3)	Possible (3)	Increases in charges for bulky waste kept to a minimal level, i.e. 3% (40p per item at full rate) Concessions retained either at 50% or 20%. Enforcement Activity. An increase in fly tipping is not anticipated	Low (2)	Unlikely (2)

*TEEP: This is a technical, economic, environmental practical test.

8.0 **EQUALITIES**

8.1 A full Equality Impact Assessment has been undertaken with no disproportionate negative impacts being identified for the protected characteristics.

9.0 **OTHER FINANCIAL CONSIDERATIONS**

9.1 **Collection Costs**

Given increases in costs within the private sector collection charges might reasonably be expected to rise within the next twelve months. The rise in Veolia's cost is fixed at 2.5% per year.

9.2 Disposal Costs

The estimated Disposal cost for 2016/17 supplied by DCC is £124.94 per tonne, compared with £123.60 per tonne for 2015/16 a rise of 1.08%. Disposal costs constitute the main element of the charge to customers, varying according to the size of the receptacle.

9.3 Trade Waste Income/Trading Account Profit

9.3.1 Approving the recommended increases would (given the current customer base) bring in a projected income of around £570,000 (excluding one-off collections). It should be noted that our income trend has been stable over preceding years.

9.3.2 Assuming that there is no loss of customers we anticipate that the profitability of the trading account would remain in the region of £76,000, based on last year's surplus and projections using the recommended changes to fees and charges within this report.

9.3.3 Officers will continue to market the service in order to sustain current levels of customers and where possible increase these.

Our marketing initiative includes:

- Provision of leaflets to potential customers
- Marketing with other council publications
- Right service at right price
- High level of customer service
- Consideration of direct debit introduction

10.0 PROPOSED INCREASES

10.1 With all the factors contained in the report taken into consideration and the level of associated risk the report recommends the increases as shown in Appendix A and B for the following areas:

- **Trade Wastes** **+3%**
(Except collection & disposal charge for 660 and 1100 containers) **+4%**
- **Mixed Hereditament allowance** **+2.5%**
- **One-Off Collections** **+3%**

- **Wheeled Bins at new properties** **+3%**
- **Bulky Household Waste Collections** **+3%**
- **Sharps Boxes** **+3%**

12.0 **ALTERNATIVE OPTIONS**

12.1 **Smaller Increases**

The increases recommended are as a minimum in accordance with The Council's Budget Strategy. Given the Council's financial position it is important to at least maintain trading account profitability and if possible improve it.

12.2 **Larger increases**

Trade waste charges to customers have increased significantly above the rate of inflation for many years largely due to increases in Landfill Tax for disposal and the annual inflation indexation applied to the old waste collection contract. Given the comments contained in section 6.0 regarding competition and the fact that the private sector are increasingly likely to have more ready access to disposal options which may include treatment and material recycling facilities outside the borough (that are cheaper than landfill) larger increases than those recommended are likely to have a negative impact on the Council's share of the market, trading account profitability and local businesses generally.

13.0 **RECOMMENDATIONS**


13.1 That Members approve the revised charges for trade wastes and other miscellaneous environmental fees for 2016/17 as detailed within the report and at Appendices A and B.

14.0 **REASONS FOR RECOMMENDATION**

14.1 To set the Council's trade waste charges and other miscellaneous fees for the financial year 2016/17 in accordance with the Council's Budget strategy.

Further information on this matter can be obtained from Dave Bennett (Tel:
345122)

Officer recommendation supported:

Signed: 

Cabinet Member

Date: 11 FEBRUARY, 2016

TABLE 1

COMMERCIAL AND CLINICAL WASTES

2015/16 CHARGES				2016/17 PROPOSED (+3% or 4%**) rounded			
Receptacle Size	Hire (£)	Collection & Disposal (£)	Total (£)	Hire (£)	Collection & Disposal** (£)	Total (£)	Increase per week (£)
1100**	85.20	699.00	784.20	87.80	727.00	814.80	0.59
660**	69.70	489.00	558.70	71.80	508.60	580.40	0.42
360	29.40	326.50	355.90	30.30	336.30	366.60	0.21
240	19.10	250.70	269.80	19.70	258.20	277.90	0.16
140	11.20	178.70	189.90	11.50	184.10	195.60	0.11
Sack	NIL	140.10	140.10	NIL	144.30	144.30	0.08

TABLE 2

CHARGEABLE HOUSEHOLD

2015/16 CHARGES				2016/17 PROPOSED (+3%) rounded			
Receptacle Size	Hire (£)	Collection (£)	Total (£)	Hire (£)	Collection (£)	Total Charge (£)	Increase per week (£)
1100	85.20	278.00	363.20	87.80	286.30	374.10	0.21
660	69.70	211.60	281.30	71.80	217.90	289.70	0.16
360	29.40	147.70	177.10	30.30	152.10	182.40	0.10
240	19.10	112.60	131.70	19.70	116.00	135.70	0.08
Sack	NIL	92.20	92.20	NIL	95.00	95.00	0.05

TABLE 3

CHARITY SHOP

2015/16 CHARGES*				2016/17 PROPOSED (+2.5%) rounded			
Receptacle Size	Hire (£)	Collection (£)	Total (£)	Hire (£)	Collection (£)	Total (£)	Increase per week (£)
1100		113.50	113.50		116.30	116.30	0.05
660		101.80	101.80		104.30	104.30	0.05
360		48.00	48.00		49.20	49.20	0.02
240		35.70	35.70		36.60	36.60	0.02
Sack		18.10	18.10		18.50	18.50	0.01

*these charges are for collection only and cover the cost to the council, no profit included

TABLE 4**REGISTERED CHARITIES**

2015/16 CHARGES**				2016/17 PROPOSED rounded			
Receptacle Size	Hire (£)	Collection (£)	Total (£)	Hire (£)	Collection (£)	Total (£)	Increase per week (£)
1100	85.20	688.40	773.60	87.80	711.90	799.70	0.50
660	69.70	446.70	516.40	71.80	461.70	533.50	0.33
360	29.40	236.10	265.50	30.30	244.10	274.40	0.17
240	19.10	161.10	180.20	19.70	166.50	186.20	0.12

** these charges cover the cost to the council only – no profit element included.

TABLE 5

	2015/16 Charge (£)	2016/17 Proposed (£) (+2.5%) rounded
Mixed Hereditament Allowance	46.90	48.10

TABLE 6**ONE-OFF COLLECTIONS (+3%)**

TYPE OF COLLECTION	2014/15 PER HOUR (£)	PROPOSED INCREASE	2015/16 PROPOSED (£)
One-off Collection and Disposal of Chargeable Household Waste (Normal Time)	102.00	+3%	105.00
One-off Collection and Disposal of Chargeable Household Waste (Overtime)	121.00	+3%	125.00
One-off Collection and Disposal of Commercial Waste (Normal Time)	237.00	+3%	244.00
One-off Collection and Disposal of Commercial Waste (Overtime)	267.00	+3%	275.00

TABLE 1**Purchase of Wheeled Bins at new domestic properties**

No. of Bins	2015/16 Charge (£)	2016/17 Charge (£) (+3%)
1 (Black)	38.00	39.00
2 (Black and green)	66.00	68.00
3 (Black, green and blue)	76.00	78.00

TABLE 2**Bulky Waste**

No. Of Items	2015/16 Charge (£)		2016/17 (+3%)	
	Previous Concessionary rate of 50%		Reduced Concessionary rate of 20%	
	Full	Conc.	Full	Conc.
One Item	14.20	7.10	14.60	11.70
2-5 Items	21.60	10.80	22.20	17.80
6-10 Items	28.60	14.30	29.40	23.50
>10 items	POA	POA	POA	POA
Fridge	14.20	7.10	14.60	11.70

TABLE 3**Sharps Boxes**

No. of Boxes	2015/16 Charge (£)	2016/17 Charge (£) (+3%)
1	25.00	26.00
Each Additional	12.00	12.50

Appendix C

Benchmarking data (Commercial) 2015/16

Amber Valley Borough Council			Derbyshire Dales District Council		
Bin size	Cost of collection & disposal of residual waste	Cost of collection of materials for recycling	Bin size	Cost of collection & disposal of residual waste	Cost of collection of materials for recycling
Sacks	102.15		Sacks	123.50	
240	318.71	189.88	240	252.20	None
360	412.82	219.59	360	367.80	none
660	634.85	261.49	660	587.60	none
1100	889.60	299.15	1100	858.00	none

Bolsover District Council

Bin size	Cost of collection & disposal of residual waste	Cost of collection of materials for recycling
Sack	226.72	none
240	254.28	none
360	310.44	none
660	485.68	none
1100	677.56	none

CBC current commercial prices

Size	Collection & disposal	hire	Total
140litre	178.70	11.20	189.90
240 litre	250.70	19.10	269.80
360 litre	326.50	29.40	355.90
660 litre	489.00	69.70	558.70
1100 litre	699.00	85.20	784.20