

FOR PUBLICATION

TRADE WASTE AND MISCELLANEOUS FEES AND CHARGES 2015/16

MEETING: 1. CABINET
 2. EXECUTIVE MEMBER FOR ENVIRONMENT

DATE: 1. 10 MARCH 2015
 2. 2 MARCH 2015

REPORT BY: ENVIRONMENTAL SERVICES MANAGER

WARD: ALL

COMMUNITY ASSEMBLY: ALL

KEY DECISION : No 449

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 2015/16

2.0 **RECOMMENDATIONS**

2.1 That Members approve the revised charges for trade wastes and other miscellaneous environmental fees for 2015/16 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 or greater if the market will bear it.

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 Our 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 Certain types of non-domestic establishments such as schools and other educational premises, nursing homes, residential homes, registered charities and hospitals were deemed to produce Household Waste. The Controlled Waste Regulations 1992 gave the Council discretionary powers which it chose to exercise to levy a reasonable charge for collection, but not disposal from some of these types of establishments.

4.6.2 The Controlled Waste (England and Wales) Regulations 2012 amended the classification of some wastes and charities and schools now fall into commercial waste classification where disposal charges will apply and collection charges may apply. Current charges for collection (removal) are shown in Appendix A, Table 2.

4.6.3 Historically this type of customer has been viewed as a captive audience as the WDA could not pass the cost of disposal on to CBC and we in turn have only charged such customers the reasonable cost of collection.

4.6.4 The private sector does not have access to free disposal and passes this cost on to the prospective customers.

4.6.5 DCC has indicated that they intend to charge us for the disposal of waste arising from the establishments listed in 4.6.1 from October 1st 2015. Officers are currently considering the implications of this and will submit a future report outlining a recommended response later in the year.

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 4. 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 applied for those in receipt of Council Tax or Housing Benefit.

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 £100.

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 **CONTROLLED WASTE (ENGLAND AND WALES) REGULATIONS 2012**

5.1 As described at paragraph 4.6.2, schools and other establishments have been re-categorised as Commercial Waste producers and become liable for the costs of disposal, as well as collection. All the waste we collect is delivered through DCC contracts and it is expected that they will introduce disposal charges from April 2015. There is a separate report to Members going to Cabinet also on 10th March 2015, so they can decide how charges are passed on in order to eliminate the subsidy element that would arise.

6.0 **TRADE WASTE ACCOUNT**

6.1 The charge made to customers consists of fees for removal which includes collection and a charge for disposal including Landfill Tax at £80 per tonne (£82.60 per tonne for 2015/16) where applicable. There is a separately itemised charge for the provision/hire of a bin.

6.2 A Trading Account exists relating to the total cost of providing the Trade Waste Service. This account currently trades in profit and is expected to achieve a surplus of £77k. This subsidises essential community services.

7.0 **COMPETITION IN TRADE WASTE**

7.1 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.

7.2 Over the years there has been a steady reduction in the number of 1100 litre capacity receptacles being serviced. Contracts have been lost due to business closures and down sizing in the size of the receptacle required. Some have been lost as we are unable to provide a recycling collection.

7.3 We receive a number of enquiries from customers expressing an interest in recycling. At the moment the private sector is better

placed to offer services to meet this demand and in fact Article 6 of the Landfill Directive (1999/31/EC) prohibits untreated non-hazardous waste from entering landfill, so if they are delivering their waste to landfill they have to offer some form of recycling as pre-treatment.

7.4 As a Local Authority, we are exempt from this, given that we recycle household waste.

7.5 A separate report is being presented to members also at the 10th March 2015 cabinet meeting. This outlines the issues if CBC were to offer Commercial Recycling Collections.

8 **RISK MANAGEMENT**

8.1 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 | Low (2) | Possible (2) |

| | | | Account profit. | | |
|--------------------------------------|---------------|-----------------|--|------------|-----------------|
| 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 Enforcement Activity An increase in fly tipping is not anticipated | Low (2) | Unlikely (2) |

*TEEP: This is a technical ,economic, environmental practical test. Further information is set out in the Commercial Recycling: changes to legislation report.

9.0 **EQUALITIES**

9.1 A full Equality Impact Assessment has been undertaken with no disproportionate negative impacts being identified for the protected characteristics. We offer a concessionary rate for bulky waste.

10.0 **OTHER FINANCIAL CONSIDERATIONS**

10.1 **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.

10.2 **Disposal Costs**

The estimated Disposal cost for 2015/16 supplied by DCC is £124.14 per tonne, compared with £120.64 per tonne for 2014/15 a rise of 2.9%. Disposal costs constitute the main element of the charge to customers, varying according to the size of the receptacle.

10.3 **Trade Waste Income/Trading Account Profit**

10.3.1 Approving the recommended increases would (given the current customer base) bring in a projected income of around £556,000

(excluding one-off collections). It should be noted that our income trend has been stable over preceding years.

- 10.3.2 However, given that we know from experience that the annual invoicing of customers normally results in some loss of business as existing Commercial Waste customers test the market elsewhere and that some businesses who are finding economic trading conditions difficult and may eventually default on payment, it is thought prudent to budget for a projected income of around £540,000.
- 10.3.3 Assuming that there is no loss of customers we anticipate that the profitability of the trading account would be in the region of £80,000, based on last year's surplus, this years projected surplus of £76,000 and projections with the changes to fees and charges within this report.
- 10.3.4 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
- Consideration of representation at a Destination Chesterfield forum
- Right service at right price
- High level of customer service
- Consideration of direct debit introduction

11.0 **PROPOSED INCREASES**

11.1 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%**
- **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 7.0 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**

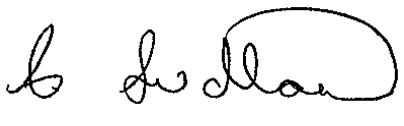
- 13.1 That Members approve the revised charges for trade wastes and other miscellaneous environmental fees for 2015/16 as detailed within the report and at Appendices A and B.

14.0 **REASONS FOR RECOMMENDATION**

- 14.1 To set the Council's trade waste charges and other miscellaneous fees for the financial year 2015/16 in accordance with the Council's Budget strategy.

Further information on this matter can be obtained from Dave Bennett
(Extension 5122)

Officer recommendation supported.

Signed 

Executive Member

Date 02/03/15

Consultee Executive Member/Support Member comments (if applicable)

TABLE 1

COMMERCIAL AND CLINICAL WASTES

| 2014/15 CHARGE | | | | 2015/16 PROPOSED (+3%) rounded | | | |
|-----------------|-----------------|--------------------|------------------|--------------------------------|-------------|------------------|-----------------------|
| Receptacle Size | Hire Charge (£) | Removal Charge (£) | Total Charge (£) | Hire (£) | Removal (£) | Total Charge (£) | Increase per week (£) |
| 1100 | 82.70 | 678.60 | 761.30 | 85.20 | 699.00 | 784.20 | 44p |
| 660 | 67.70 | 474.80 | 542.30 | 69.70 | 489.00 | 558.50 | 31p |
| 360 | 28.50 | 317.00 | 345.50 | 29.40 | 326.50 | 355.90 | 20p |
| 240 | 18.50 | 243.40 | 261.90 | 19.10 | 250.70 | 269.80 | 15p |
| *140 | 10.90 | 173.50 | 184.40 | 11.20 | 178.70 | 189.90 | 11p |
| Sack | NIL | 136.00 | 136.00 | NIL | 140.10 | 140.10 | 8p |

TABLE 2

CHARGEABLE HOUSEHOLD

| 2014/15 CHARGE | | | | 2015/16 PROPOSED (+3%) rounded | | | |
|-----------------|-----------------|--------------------|------------------|--------------------------------|-------------|------------------|-----------------------|
| Receptacle Size | Hire Charge (£) | Removal Charge (£) | Total Charge (£) | Hire (£) | Removal (£) | Total Charge (£) | Increase per week (£) |
| 1100 | 82.70 | 269.90 | 352.60 | 85.20 | 278.00 | 363.20 | 20p |
| 660 | 67.70 | 205.40 | 272.90 | 69.70 | 211.60 | 281.30 | 16p |
| 360 | 28.50 | 143.40 | 171.90 | 29.40 | 147.70 | 177.10 | 10p |
| 240 | 18.50 | 109.30 | 127.80 | 19.10 | 112.60 | 131.70 | 7p |
| Sack | NIL | 89.50 | 89.50 | NIL | 92.20 | 92.20 | 5p |

* In 2009/10 Members endorsed the practice of not offering a service for 140 litre capacity receptacles to any new customers.

TABLE 3

| | 2014/15 Charge (£) | 2015/16 Proposed (£) (+2.5%) rounded |
|------------------------------|--------------------|--------------------------------------|
| Mixed Hereditament Allowance | 45.80 | 46.90 |

TABLE 4**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) | 99.00 | +3% | £102.00 |
| One-off Collection and Disposal of Chargeable Household Waste (Overtime) | 117.00 | +3% | 121.00 |
| One-off Collection and Disposal of Commercial Waste (Normal Time) | 230.00 | +3% | 237.00 |
| One-off Collection and Disposal of Commercial Waste (Overtime) | 259.00 | +3% | 267.00 |

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

| No. of Bins | 2014/15 Charge (£) | 2015/16 Charge (£) (+3%) |
|---------------------------|---------------------------|---------------------------------|
| 1 (Black) | 37 | 38 |
| 2 (Black and green) | 64 | 66 |
| 3 (Black, green and blue) | 74 | 76 |

TABLE 2**Bulky Waste Income Based on Percentage Increase**

| No. Items | 2014/15 Charge (£) | | 2015/16 (+3%) with 50% Conc. | |
|------------------|---------------------------|--------------|-------------------------------------|--------------|
| | Full | Conc. | Full | Conc. |
| One Item | 13.80 | 6.90 | 14.20 | 7.10 |
| 2-5 Items | 21.00 | 10.50 | 21.60 | 10.80 |
| 6-10 Items | 27.80 | 13.90 | 28.60 | 14.30 |
| >10 items | POA | POA | POA | POA |
| Fridge | 13.80 | 6.90 | 14.20 | 7.10 |

TABLE 3**Sharps Boxes**

| No. of Boxes | 2014/15 Charge (£) | 2015/16 Charge (£) (+3%) |
|---------------------|---------------------------|---------------------------------|
| 1 | 24.40 | 25.00 |
| Each Additional | 11.50 | 12.00 |

Appendix C

Benchmarking data (Commercial)

| 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 |
| 240 | 315.35 | 189.88 | 240 | 306.80 | None |
| 360 | 407.78 | 219.59 | 360 | 374.40 | none |
| 660 | 625.61 | 261.49 | 660 | 535.60 | none |
| 1100 | 874.20 | 299.15 | 1100 | 717.60 | none |

Bolsover District Council

| Bin size | Cost of collection & disposal of residual waste | Cost of collection of materials for recycling |
|----------|---|---|
| 240 | 252.28 | none |
| 360 | 310.44 | none |
| 660 | 485.68 | none |
| 1100 | 677.56 | none |

Our current commercial Prices

| Size | Collection & disposal | hire | Total |
|------------|-----------------------|-------|--------|
| 140litre | 173.50 | 10.90 | 184.40 |
| 240 litre | 243.40 | 18.50 | 261.90 |
| 360 litre | 317.00 | 28.50 | 345.50 |
| 660 litre | 474.80 | 67.50 | 542.30 |
| 1100 litre | 678.60 | 82.70 | 761.30 |