

FOR PUBLICATION

COLLECTION AND DISPOSAL OF WASTE FROM CHARITIES: RECOVERY OF COSTS

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

DATE: 1. 14 July 2015
2. 15 June 2015

REPORT BY: ENVIRONMENTAL SERVICES MANAGER

WARD: ALL

COMMUNITY ASSEMBLY: ALL

KEY DECISION REFERENCE (IF APPLICABLE): 502

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:

TITLE: Working papers LOCATION: The Depot
Stonegravels

1.0 **PURPOSE OF REPORT**

1.1 To set out the implications to the Council and its customers of the changes to the charging policy of Derbyshire County Council (DCC) arising from legislation, (The Controlled Waste, England and Wales Regulations), and the costs that will be incurred. To recommend the Council's proposed response for Members to consider in terms of the recovery of these new and our existing costs.

2.0 **RECOMMENDATIONS**

- 2.1 That Option three be implemented, namely that all costs incurred will be recovered by implementing a new charge to charities, to cover the existing collection and new disposal costs incurred by the Council.
- 2.2 That the impact of implementing Option three is reviewed annually at the same time that all other Environmental Services fees and charges are reviewed.

3.0 **BACKGROUND AND ISSUES TO CONSIDER**

- 3.1 Chesterfield Borough Council is a Waste Collection Authority, responsible for collecting all household waste and commercial waste where requested.
- 3.2 We have collected waste from charities established within the borough for many years at no cost to the charities themselves notwithstanding that we have had costs as shown in 3.5. A list of the current charities where we provide this service is shown in Appendix A.
- 3.3 After collection the waste is disposed of by the Waste Disposal Authority, DCC.
- 3.4 The original legislation (The Controlled Waste (England and Wales) Regulations) covering the range of customers that can be charged for the disposal of waste was amended on 6 April 2012. Since this date DCC have had the power to charge CBC for the disposal of waste collected from charities but have opted not to do this and in effect subsidise the operational costs of these organisations.
- 3.5 The power to charge for the collection of waste from charities has also been in place since the enactment of the original legislation (The Controlled Waste (England and Wales) Regulations). The Council has chosen to date not to apply charges to recover the costs of this operation (£11,355) and have therefore similarly subsidised the operational costs of charities based within the borough.
- 3.6 However, DCC have now advised the Council of their intention to start to charge the council, at a cost of £123.60 per tonne, for the disposal of waste collected from charities.

- 3.7 The decision by DCC to start charging CBC and all other Waste Collection Authorities in Derbyshire was taken after consultation with charities and after authorisation by their Elected Members. The consultation survey and a summary of its results are shown in Appendices B and C respectively.
- 3.8 It should be noted that a significant point made by charities in response to this survey was to request that charges be phased in. By not implementing a charge to charities until October 2015 in the context of the power to charge being in place since 2012, both DCC and CBC (if we decide to implement a charge) will have effectively phased the introduction of charges and responded to the key point that was made in the survey.
- 3.9 It should be noted that along with other local authorities, this authority is facing severe financial pressures primarily as a result of austerity measures imposed by central government. As such we must prioritise our resources particularly in terms of essential community services we provide and are responsible for ourselves.
- 3.10 A list of the charity designations and premises and how they will be affected in Chesterfield by the changes and our estimate of what their costs will be (subject to the bin size that they continue to use) is shown in Appendix D.
- 3.11 An Options Appraisal is shown in Appendix E.

4.0 **FINANCIAL CONSIDERATIONS**

This is a summary of detailed information to be found in Appendix E.

Members should note that if they do not implement charges for charities then this will have a negative impact on the trading account and correspondingly on the general rate fund.

4.1 Summary of the financial impact (full year) of each of the three options:

Charity Collections

Current annual cost to CBC of the collection of waste from all charities (not recovered by any charges)	£11,355	
Net additional annual cost to CBC following DCC's introduction of disposal charges	£19,000	
Calculated cost of collection and disposal from all charities for a full year once the charges are applied	£30,355	
Options available to the Council		
Description	Cost to the Council	Cost to Charities
1. Take no action Absorb the new costs and continue to not pass any charges or costs on to charities	£30,355	Nil
2. Partial recovery of costs Recover the new costs arising from disposal charges to be imposed by DCC from October 1 st 2015	£11,355	From £125.42 to £574.86 per annum dependant on the size of the bin used and frequency of emptying
3. Full recovery of costs Implement a new charge to charities that covers operational collection and disposal costs	£200	From £182.92 to £785.22 per annum dependant on the size of the bin used and frequency of emptying.

- 4.2 Option one will mean that the base budget for the service will have to be increased by £9,500 in 2015/16 (given the DCC charge comes in from October 1st) and by £19,000, in subsequent years rising by any inflationary increase.
- 4.3 Option two will mean that the base budget for the service will remain the same in 2015/16 but rise by any inflationary pressures thereafter.
- 4.4 Option three will mean that the base budget for the service will be decreased by £11,155. Because of the rounding of charges there will remain a very small cost of £200 to the Council.

5.1 RISK MANAGEMENT

- 5.2 A summary of risks associated with the recommended action are shown below

Description of the Risk	Current Risk		Mitigating Action	Target Risk	
	Impact	Likelihood		Impact	Likelihood
Affordability to customers	High (4)	Likely (4)	Benchmarking Appropriate levels of charging Introduction of reduced charge Phasing of the new charge	Medium (3)	Unlikely (2)
Competition	Low (2)	Unlikely (2)	Benchmarking Appropriate levels of charging Introduction of reduced charge	Low (2)	Unlikely (2)
Failure to implement recommendation (Impact on trading account)	Medium (3)	Likely (4)	Implementation of the recommendations in this report	nil	nil
Reputation of the Council	Medium (3)	Unlikely (2)	Consultation undertaken and response to the main issue raised (Phasing of	Low (2)	Unlikely (2)

			charges) Prioritisation of resources to ensure the delivery of core community services that the Council is responsible for		
--	--	--	---	--	--

6.0 **EQUALITIES**

6.1 Some of the charities affected by the proposed new charges serve customers from a range of the protected characteristics; however the consultation undertaken has shown how we can mitigate the effect of introducing the new charge, through the delay in its implementation. This will mitigate against any adverse effects and take on board the comments from consultation.

7.0 **ALTERNATIVE OPTIONS**

7.1 Options involving other levels of partial recovery or of utilising the commercial waste options have been explored, however the recommendations have been limited to those most viable and practical and the use of commercial rates would mean that the Council would in practice make a profit from services it provides to charities and as such has also not been included.

8.0 **RECOMMENDATIONS**

8.1 That Option three be implemented, namely that all costs incurred will be recovered by implementing a new charge to charities, to cover the existing collection and new disposal costs incurred by the Council.

8.2 That the impact of implementing Option three is reviewed annually at the same time that all other Environmental Services fees and charges are reviewed.

9.0 **REASONS FOR RECOMMENDATIONS**

9.1 To contribute to improving the Council's overall financial position and reduce the overall cost of the waste and recycling service.

8.2 The option recommended achieves a balance that ensures that we will not make any surplus from charities; however they make an appropriate contribution to the actual costs involved.

Officer recommendation supported.



Signed

Cabinet Member

Date 15/6/2015

Consultee Cabinet Member/Support Member comments (if applicable)/declaration of interests

Further information on this matter can be obtained from Carole Grew
(Extension 5797)