

Report of the Strategic Director Place to the meeting of Environment & Waste Management Overview & Scrutiny Committee to be held on 28th February 2017.

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Subject:

Trade Waste Service Update.

Summary statement:

This report provides an update on the position of the Trade Waste Service improvements following the initial report to Overview and Scrutiny Committee in September 2015.

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Overview & Scrutiny Area:

Environment & Waste Management



1. SUMMARY

This report provides an update on the position of the Trade Waste Service improvements following the initial report to scrutiny committee in September 2015. As part of this improvement process, a thorough review of trade waste charges has been undertaken, a schedule of increase in charges to take effect from April 2017 is provided in the not for publication Appendix 1. As the new charges represent an above inflation increase, as required by financial regulations, Executive approval had been sought.

2. BACKGROUND

Under the Environmental Protection Act (EPA) 1990, the Council is empowered to make arrangements for the collection of trade waste (Commercial Waste) if requested to do so by the occupier of premises. The Council has provided an in-house trade waste collection service for many years to the local businesses within the district, and does so on a commercial basis levying a charge for the provision of this service.

The Council's Municipal Waste Minimisation and Management Strategy as approved by the Executive on the 13th January 2015, included the continued provision of a Trade Waste Service to the local business community.

The service believes it can make improvements to its existing service delivery which will improve its efficiency and financial contribution to the council.

3. INTERNAL REVIEW OF TRADE WASTE SERVICES

The service has undertaken an internal service review, and recommends the following service improvements:

1. Revision of the existing charging policy
2. Move to cashless payment systems
3. Pay as you go terms to avoid the accumulation of bad debt
4. Consideration of how the domestic refuse collection can further support the trade waste service

4. CURRENT POSITION ON OPTIONS IDENTIFIED BY THE REVIEW

4.1 Revision of the existing charging policy

Under the EPA 1990 the Council is to levy a "reasonable charge " for the collection and disposal of such commercial waste, and has the power to review and increase those reasonable charges from time to time. The last detailed review of trade waste charges took place in 2011, and thus there is a need to re base charges to reflect changed circumstances and current service collection and waste treatment costs, and ensure financial targets are met.



This review of charges has taken into account all current costs, including costs of collection employees, fleet costs (vehicles), supplies and depot costs. These costs have moved broadly in line with inflation since the last service review of charges in 2011, however this was not the case for the costs of treating and disposing of the collected waste from trade customers. The waste treatment and disposal costs which the service has to pay are influenced by the levels of landfill tax. The Government's landfill tax in 2011 stood at £56 per tonne of waste, this has progressively risen to currently stand at £84.40 (2016), a rise of 50%.

The trade waste service has recalculated its costs based on 2017/18 values for each of the range of trade waste container types offered by the service to its customers (eg 240 Litre wheelie bin to 1100 Litre container).

The proposed revised charges are detailed in the Table in the not for publication Appendix 1. The Table shows the proposed 2017/18 increase on current 2016/17 charges for a single emptying of each individual container provided by the service.

The service historically has a price increase each April, and invoices customers on an annual basis. The prices are fixed for the financial year, and represent what the business customer pays for a container, no matter where the business is located within the district, or the weight contained therein. The only variable is the frequency of emptying. Clearly, where a customer requires a container to be emptied more than once per week, the charge is multiplied up accordingly.

4. OTHER CONSIDERATIONS

4.1 Local Market

The local trade market is a competitive one, with several local and national players. The trade waste service is in competition with the private sector but believes that the price increases as detailed in the not for publication Appendix 1 will not adversely affect our market position as the increases are skewed towards the smaller containers, which are less attractive to the larger trade waste operators than larger containers, where our price increases are less.

Given the larger price increase to the smaller containers, the Executive (7th February 2017) were asked to consider if they wished to bring in the charges incrementally over two years, which would ease the pressure on the existing smaller businesses who are traditionally the users of the smaller containers. The decision was to approve Proposal 2 as shown here in Appendix 1.

4.2 Move to cashless payments system

The vast majority of trade waste charging is by the annual invoicing run (April 1st- March 31st). A small number of customers utilise the pre-paid blue bag system, the payment process for this service has now been included in the council's online payments system to avoid taking cash payments therefore reducing cash handling costs and office administration.



Cash payments are no longer accepted within the trade waste service.

The service is currently exploring alternative ways of providing invoice and bill payments by utilising possible electronic means and in-service (Trade Waste) billing systems to reduce costs.

4.3 Pay as you go terms to avoid the accumulation of bad debt

All trade waste customers are offered a variety of payment methods in line with council policies.

All new customers are now encouraged to set up direct debits for payment and this is closely monitored for adherence to payment schedule in liaison with the debt recovery section, for example the Debt Recovery section now inform trade waste when customers stop direct debit payments, this alerts the service and the service ceases collection until payments are resumed

Regular meetings are now being held between trade waste service, finance and debt recovery to effectively manage the payment process and reduce levels of bad debt. The service's bad debt is currently around £70k (2012-16).

It should be noted that the levels of bad debt within the service are minimal. To put this into context, we have a £2.8m business, with bad debt representing only 2.5% of turnover.

The majority of bad debt is as a result of business failures and not through failure to chase debt, or poor service. An analysis of this for 2016 is given in the not for publication Appendix 2 and shows the level over the year contracts gained and lost, and where lost the reasons why.

4.4 Consideration of how the domestic refuse collection can further support the trade waste service.

The service review and subsequent management discussions agree that the domestic collection service could further support the trade waste service by collecting from some trade waste sites.

This can be particularly useful where businesses are located in outlying areas where only a small number of trade customers are situated, making it less economical for a trade waste vehicle to service as a separate service. However such locations are visited by the domestic refuse service as part of statutory refuse collection, and thus could provide the collection service on behalf of trade waste.

The proposed move by the domestic collection service to Alternate Weekly Collections (AWC) in 2017 will require a review of the refuse round resource needed to undertake AWC. It is intended that once AWC has been implemented, an examination of the prospect of collecting certain trade contracts via the domestic round will be made.



Further such a review will also consider how the domestic recycling collection Service particularly if it adopts a dry recycling service incorporating a fully co-mingled recycling offering of paper, card, glass, cans and plastic collections, could enhance the offer to the council's trade waste customers at an attractive price.

This review is yet to take place, the outcome of which will be a further report back to this committee in approximately 12 months time.

As stated in the initial report on the trade waste service (Sept 2015) and its review findings:

'This will protect small businesses and protect the current level of income to the Council. Further consideration of the review findings will be undertaken when all of the improvements to the domestic refuse and recycling collection (AWC) have been implemented'.

5. FINANCIAL & RESOURCE APPRAISAL

Taking costs out of the service will improve its efficiency and contribution to the council, if the collection of some trade bins can be absorbed onto the domestic rounds, the reduction of one trade collection round would remove £120,000 of costs per year.

6. RISK MANAGEMENT AND GOVERNANCE ISSUES

There are no significant risks arising from this report which is for information and discussion only.

7. LEGAL APPRAISAL

There are no legal issues arising from this report which is for information and discussion

8. OTHER IMPLICATIONS

N/A

8.1 EQUALITY & DIVERSITY

N/A

8.2 SUSTAINABILITY IMPLICATIONS

The correct management of trade waste, its storage, collection, recycling and treatment are key items for the district's sustainability agenda.



8.3 GREENHOUSE GAS EMISSIONS IMPACTS

The Council's trade waste service, being a locally based operator, provides a concentrated and thus efficient collection service with local disposal outlets, resulting in reduced waste miles travelled compared to national and regional operators. Reduced waste miles means less consumption of fuel and production of green house gases and NOx. Should greater efficiencies be achieved via collecting more trade on the domestic rounds, this will reduce further waste miles with corresponding emissions benefits.

8.4 COMMUNITY SAFETY IMPLICATIONS

N/A

8.5 HUMAN RIGHTS ACT

N/A

8.6 TRADE UNION

N/A

8.7 WARD IMPLICATIONS

N/A

8.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

N/A

9. NOT FOR PUBLICATION DOCUMENTS

Appendix 1 and Appendix 2

10. OPTIONS

N/A

10. RECOMMENDATIONS

That Environment and Waste Management Overview & Scrutiny Committee consider the information presented in this report and request a further report in 12 months time on the progress of service improvements, particularly the ability for the domestic refuse service to undertake certain trade waste collections during 2017.



11. APPENDICES

See Appendix 1 – Table of Trade Waste Price Increase Calculations 2017-18
Appendix 2 – Analysis of Trade Contracts 2016

12. BACKGROUND DOCUMENTS

Report of the Strategic Director (Environment & Sport) to the meeting of Environment & Waste Management Overview & Scrutiny Committee held on 15 September 2015.

Subject: Trade Waste Service Update

Report of the Strategic Director (Environment & Sport) to the meeting of the Executive held on 13th January 2015.

Subject: Municipal Waste Minimisation and Management Strategy

