

## Trade Waste Charges

Cabinet, 17 January 2013, item 13

**Committee:** Cabinet

**Agenda Item**

**Date:** 17 January 2013

**13**

**Title:** **Trade Waste Charges**

**Portfolio Holder:** Cllr Susan Barker, Cabinet member for Environmental Services

Key decision: No

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### Summary

1. This report relates to the setting of 2013/14 charges for the trade waste collection service provided by the council. A decision will enable customers to be informed and direct debit payments to be collected.

### Recommendations

2. Trade waste charges be increased by 4% on 2012/13 charges.
3. The service should be reviewed during 2013 to confirm the actual cost of the service, ensure ongoing financial sustainability or reviewing the future of the service.

### Financial Implications

4. A combination of increased disposal costs (up 12%), labour costs, ongoing reduction of our customer base and limiting the increase in trade waste charges to 4% rather than 12% will mean that the forecast surplus on a direct cost basis in 2013/14 will be closer to break even, once recharges including depreciation on vehicles are taken into account. The forecast assumes, however, that in addition to the loss of over £50,000 income between 2011/12 and 2012/13, the service will lose another £30,000 between 2012/13 and 2013/14. This loss of income does raise questions about the ongoing financial sustainability of the service. This could have implications for the cost of the domestic waste collection service in the future as the resources used to collect trade waste are also used to collect waste from flats with communal bins.

### Background Papers

5. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

### Impact

- 6.

Communication/Consultation	Charges for 2013/14 will be notified to
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	customers. A more proactive approach will be part of the recommended review.
Community Safety	
Equalities	
Health and Safety	
Human Rights/Legal Implications	S.45 (2) EPA provides "Each waste collection authority may, if requested by the occupier of premises in its area to collect any industrial waste from the premises, arrange for the collection of the waste; but a collection authority in England and Wales shall not exercise the power except with the consent of the waste disposal authority whose area includes the area of the waste collection authority."
Sustainability	
Ward-specific impacts	
Workforce/Workplace	Trade waste is a discretionary service directly provided by the street services workforce

### Situation

#### Background

7. The disposal costs for trade waste charged by ECC have increased significantly between 2011/12 and the charges proposed for 2013/14. The charge per cubic metre has increased from £5.02 to £7.07, an uplift of 40%. The reasons for this increase are: 1) revision of the conversion factor used to convert volume of waste disposed to weight (0.053 kg per litre to 0.073 kg per litre); and 2) continuing increase of Landfill Tax of £8.00 per tonne per year. To take full account of the disposal costs would require prices to increase by around 12% compared with 2011/12 prices.
8. The customer base for the service has been steadily eroding and the tonnage collected has been dropping, so the budget for trade waste disposal costs has remained constant despite the increase in charge per tonne payable to the disposal authority. Income has been falling away. Income is forecast in budgets to move from £597,000 to £469,000 between 2011/12 and 2013/14, a decrease of £128,000. Actual income in 2011/12 fell short of budget at £553,871 and the forecast outturn for 2012/13 is £501,300.

#### 2012/13 Charges

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9. To lessen the impact on customers for 2012/13 the price rise was limited to 4%. If the increase of disposal costs had been passed on to the customer the price would have needed to increase by 8%.

### 2013/14 Proposal

10. If again for 2013/14 a year on year price rise of 4% is introduced this would be just over 8% above 2011/12 prices compared to the 12% required to take full account of the disposal cost increase. The council would continue to absorb part of the disposal cost increase, in support of local businesses, and for the second year running there will be no increase in the collection costs element of the trade waste charges. If higher increases were imposed it is likely that the erosion of the customer base would be exacerbated.
11. A review of the service is needed during 2013 to establish if there are ways of ensuring the continued financial sustainability of the service, such as joint service opportunities to provide recycling facilities to businesses and actively promoting the offer. This review will need to include refinement of the estimated costs of the service to ensure that the costs of collecting trade waste and domestic waste from communal facilities in flats have been accurately identified.

## Risk Analysis

12.

Risk	Likelihood	Impact	Mitigating actions
Competitiveness with commercial service providers	2 As other providers' rates are commercially sensitive, it is difficult to obtain comparator information, but loss of customers suggests that they can obtain better value for money from the private sector.	2 If charges are set too low this would amount to a subsidy and undercut market rates, potentially leading to challenge from competing contractors. If charges are set too high, businesses will look elsewhere and fixed costs of providing the service will not be met by income.	Manage variable costs in line with demand for the service.  Review service to assess if offer could be improved, eg joint arrangements to offer recycling to businesses, or look at other options.

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- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.