

Committee: Scrutiny

Agenda Item

Date: 29 April 2014

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Title: Trade Waste

Portfolio Holder: Councillor Susan Barker

Key decision: No

Summary

1. Scrutiny asked for an update on options for the Trade Waste service following concerns around the requirement to publicise service pricing and the inability to operate in a commercial way – such as by offering discounts for larger contracts.

Recommendations

2. Members are recommended to note the report.

Financial Implications

3. The consultancy cost is being met from reserves. There are no other financial implications arising from this report.

Background Papers

None.

Impact

Communication/Consultation	None
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Situation

4. Concerns were raised by some members of this committee around the process required to retain one particular trade waste contract and the fact that the authority had to publish charges on the website which put the council at a disadvantage with the private sector.
5. Some questions were also raised as to why we were carrying out this function if the private sector also provided a trade waste service.
6. The Director of Corporate Services had advised the committee that a piece of work around service commercialisation was about to start and one area being considered was trade waste.
7. Since the initial discussions at Scrutiny Committee officers have been working with the East of England Local Government Association (EELGA) to undertake a review of the whole of the waste service to identify opportunities for service commercialisation.
8. Taking the opportunity to look at the whole service rather than one element was felt to be the best way forward although it was accepted that the process would take longer to complete.
9. This review is still on-going however initial feedback suggests that trade waste service commercialisation is not the way forward for a number of reasons:
 - a. At present the council can provide the service without charging VAT. A commercial company would need to include VAT in the charge which would reduce any competitive advantage currently obtained.
 - b. The new commercial entity would have the staff transferred under TUPE arrangements and as such the company would have to apply to become a member of the pension fund. The Actuary would undertake an evaluation of the staff being transferred and the company would pick up the full pension cost. It is felt that the charge would be disproportionately high as a result of the age profile and the fact that this is a manual service with a higher than average ill-health retirement risk.
 - c. To make the service commercially viable it is estimated that the income would need to double, which given the ability to offer discounts would mean the number of customers would need to more than double. This is not feasible.
10. Given that the service commercialisation appears to not be an option, the review is also looking at other options. An update will be provided to members at the meeting.

11. It should be noted that, in approximately two years from now some of the trade waste vehicles will need to be replaced, it is likely that at this point the operational model of the service will be brought into focus.
12. The trade waste standard fees and charges for 2014/15 are published on the council website but the Director of Public Services now has 'authority to vary these prices where it is in the commercial interests of the Council to do so'.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Action is not implemented and the service ends up costing money	1 The current review will recommend ways forward	2 The service currently only contributes a small surplus so the loss would not be significant. However a large cost of service would need to be avoided	The review will identify the best way forward. Any changes will be implemented over the intervening period between now and the time replacement vehicles are required.

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.