

Decision maker:	Cabinet member contracts & assets
Decision date:	29 January 2016
Scrutiny committee call-in date:	3 February 2016
Date decision may be implemented:	4 February 2016
Title of report:	Waste collection income review
Report by:	Team leader – waste operations

Classification

Open

Key Decision

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards Affected

Countywide

Purpose

To approve the introduction of new charges and changes to existing waste management charges, to fully recover all costs in accordance with legislation.

Recommendation(s)

THAT:

- (a) with effect from 01/04/16, new charges are introduced for the provision of waste management services where legislation allows the council to make such charges, including charges for charities, schools, self-catering holiday accommodation and provision of commercial service administration, as outlined in appendix 1 to this report;**

- (b) existing charges for commercial waste collections, commercial recycling collections and garden sacks are increased with effect from 01/04/16 as outlined in appendix 2 to this report; and
- (c) in future years, charges across the waste management service are altered in order to ensure contractual committed inflation is recovered.

Alternative options

- 1 Existing charges for commercial waste collections, commercial recycling collections, and garden sacks could remain the same but would no longer meet the cost of providing these services.
- 2 No new charges could be introduced but this would mean that the cost of providing the services would no longer be met.

Reasons for recommendations

- 3 To ensure full cost of providing services are being met, in line with the councils agreed charging principles, where legislation allows the council to make charges for waste services.
- 4 To encourage waste reduction by applying the producer pays principle.

Key considerations

- 5 The Environmental Protection Act 1990 (EPA) sets out the responsibilities of local authorities with regards to the collection and disposal of waste from houses and business. The Controlled Waste Regulations 2012 (CWR 2012) classifies the waste depending on place of production or the nature of the waste and stipulates whether a charge can be made for the collection and/or disposal of that waste.
- 6 The considerations and appendices outline where legislation allows charges to be made for services but where the full cost is not currently being made or no longer being made due to contract inflations and where changes are proposed.
- 7 The councils charging principles aim to charge for all services where it is appropriate to do so, unless there are conflicting policies or legal reasons not to do so and aim to maximise income from fees and charges by ensuring that charges reflect the full cost of provision, unless there are contrary policies, legal or contractual reasons.
- 8 Non-domestic rates (business rates) do not cover the cost of waste collection or disposal.
- 9 Domestic rates only cover the collection costs and do not contribute towards the cost that the council has to pay for disposal of waste and recycling.
- 10 The waste management service has forecast that the proposals will generate additional income of £30k for the financial year 2016-17, as has been assumed in the draft Medium Term Financial Strategy.
- 11 Waste disposal costs will continue to rise and from April 2016 the landfill tax will reach £84.40 per tonne. If charges are not increased and new charges not applied where it is legally possible to do so then the council will continue to pay increasing costs for waste where it should be recovering those costs.

- 12 Amending the scheme of charges will encourage the producers of waste to consider how they can reduce it or start recycling. The cost of the recycling service is lower than general waste therefore will help to encourage this.
- 13 Domestic collections from houses are not affected so the collection of one black bin for general rubbish and one green bin for recycling on a fortnightly basis will remain unchanged.
- 14 Full details of the new charges can be found in appendix 1
- 15 Full details of the changes to existing charges can be found in appendix 2
- 16 All of the changes are proposed in order to cover the costs of services provided.
- 17 If adopted, all of the proposals will be implemented from 1 April 2016.
- 18 Benchmarking across neighbouring or similar local authorities has been carried out for commercial waste and garden waste collections. The results can be found in appendix 4.

Charities

- 19 The CWR 2012 stipulate that waste from a premises occupied by a charity (except charity shops) and wholly or mainly used for charitable purposes is commercial and therefore all waste from these premises should be paid for.
- 20 The council currently provide a free of charge recycling service which is limited to two green bins per charity but the recommendation is to introduce a full charge for this service. An exception will be charity shops where only the collection charge will be made, not the disposal cost.

Schools

- 21 As outlined in the CWR 2012, schools which were receiving a collection service prior to April 2012 AND are maintained by the local authority, are institutions within the further education sector, or are academy schools pay only the collection cost and not the disposal cost of waste. In the interests of recovering the full cost of providing the service, a collection and disposal charge will be introduced to all other schools (e.g private or independent, trust schools) using the council's waste services.
- 22 Any school not in receipt of a collection service before April 2012 and which requests a council service following approval of this report will be charged the full cost of collection and disposal.
- 23 Most schools across the county receive a free of charge recycling service, limited to five 240 litre bins. In the interest of recovering the full cost of providing the service and in order to encourage waste reduction, it is recommended that a charge for the collection cost is introduced.

Self Catering Holiday Accommodation

Commercial waste

- 24 Where domestic properties are used for the purposes of self-catering holiday accommodation the CWR 2012 stipulate that this waste is commercial and therefore all waste from these premises should be paid for.
- 25 A domestic property producing commercial waste through being a self-catering

accommodation business will be exempt from disposal charges if it was operating as a self-catering accommodation business before 6 April 2012 **AND** was eligible for Small Business Rate Relief.

- 26 Any domestic property which became a self-catering accommodation business after 6 April 2012, even if it is eligible for Small Business Rate Relief will be liable to pay both collection and disposal charges.
- 27 The waste management team will work to identify all of these, inform owners of their liability to pay a charge and stop any collections taking place where they are identified and no charge is being paid.

Commercial Waste

- 28 Commercial waste customer numbers reduced dramatically in 2009-10 due to aggressive marketing by other waste operators. The delivery charge for bins on new contracts was removed in 2010 to provide an incentive for businesses to use our commercial service. This charge will be re-introduced.
- 29 Where access to commercial bins is not possible due to fault of the customer, for example when a gate is repeatedly locked, an additional charge at the same price of their standard collection will be applied if the customer requests a return collection.
- 30 In a drive to reduce the administrative cost of providing this service, reducing postage, paper and storage needs, there will be a move towards all documentation being completed electronically with the introduction of charges if a customer requires paper copies.
- 31 Commercial waste service charges were last increased in 2013. They have been increased to reflect the average disposal cost per bin therefore price increases vary and do not reflect a standard percentage change.
- 32 Commercial recycling has been on trial across Hereford with a limited number of customers. Following approval of report *Commercial Recycling Report* Reference 2015. 382 the trial will become a permanent service and the charge for this will increase to reflect the cost of providing the service.

Garden waste

- 33 Under the EPA the council are only permitted to make a reasonable charge to cover collection costs for household garden waste.
- 34 Garden waste sacks have not increased in price since December 2013 therefore an increase of £0.10 per roll of 5 sacks is recommended to ensure the cost of providing the service is made.

Community impact

- 35 Residents will only be affected by these changes if they choose to use the garden waste collection.
- 36 An outline of the numbers of businesses/premises that will be affected by the changes is included in appendix 1 and appendix 2 under the heading 'Effect'.
- 37 For all changes proposed there are a variety of options available to users and they do not have to use only the council services. For example, garden waste can be home composted or taken to a household waste site and commercial waste collection

services are operated by a number of different waste collection companies across Herefordshire.

- 38 The recommended changes will help to meet the aim set out in the corporate plan to manage our finances effectively to deliver a balanced budget.
- 39 The recommendations also support the improvement in quality of our natural and built environment through allowing the extension of the commercial recycling service beyond those who were initially set up on a trial basis and encouraging waste reduction and greater levels of recycling through ensuring the producer of waste is paying for their waste.

Equality duty

- 40 An EIA has been completed for the recommendations included in this report and has concluded that they are not likely to impact disproportionately on any particular group as outlined in the Equality Act. This is included as appendix 3 to this report.

Financial implications

- 41 Additional income of £30k is forecast to be achieved through the introduction and alterations to the charges recommended. This income has been assumed in the Council's draft Medium Term Financial Strategy. If the proposals included in this report are not approved, an alternative income source or cost saving will need to be identified to address the shortfall.

Legal implications

- 42 Pursuant to section 45(3) EPA the council are not permitted to charge for the collection of household waste except as set out in paragraph 4 of Schedule 1 to the CWR.
- 43 The CWR sets out the legal charging regime that authorities operate within for the collection and/or disposal of waste. The legislation lists those properties where the council is permitted to offer a waste collection and/or disposal service, and those for which it can charge for these services.
- 44 The council are permitted to make a reasonable charge for the collection and disposal of non-household waste pursuant to the specific charging power in section 45(4) EPA. It is the council's duty to recover the charge unless they think it is inappropriate to do so where it pertains to commercial waste.

Risk management

- 45 The main risk associated with not implementing the changes are that we do not meet the budget savings expected.
- 46 The introduction of the charges may have an impact on customers budgets however, they have the ability to have their service provided by other waste management companies which are available in county.

Consultees

- 47 No consultation has taken place for these proposed changes. No consultation has

Further information on the subject of this report is available from
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taken place for these proposed changes because for all changes proposed there are a variety of options available to users and they are not restricted to only using the council provided services.

Appendices

Appendix 1 – New fees and charges

Appendix 2 – Increase or change to existing charge

Appendix 3 - Equality Analysis (EIA) Form

Appendix 4 – Benchmarking for commercial waste and garden waste services

Background papers

- None identified

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