

Portfolio Holder for Highways, Recycling and Assets



County Hall
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3 April 2018

For further information please contact

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NOTICE OF INTENDED PORTFOLIO HOLDER DELEGATED DECISION

The Portfolio Holder has received the following report for a decision to be taken under delegated authority. The decision will be taken on **9 April 2018** (i.e. 3 clear days after the date of this note). The decision will be published on the Council's website but will not be implemented until 5 clear days after the date of publication of the decision) to comply with the call-in process set out in Rule 7.37 of the Constitution.

1.	REDESIGN OF TRADE WASTE AND RECYCLING SERVICES
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CYNGOR SIR POWYS COUNTY COUNCIL.**REPORT FOR DELEGATED DECISION**

By Cllr Phyl Davies, Portfolio Holder for Highways, Recycling and Assets

REPORT AUTHOR: Nigel Brinn, Head of Service, Highways, Transport and Recycling

SUBJECT: Redesign of Trade Waste and Recycling Services

REPORT FOR: Decision

1.0 Summary

- 1.1 Under the Environmental Protection Act 1990 the Council is required to make arrangements for the collection of trade waste if requested to do so. This can be undertaken either via a third party or direct by the authority in which case a charge should be made to recover costs for collection and disposal.
- 1.2 This service is provided to 1400 businesses in Powys, with an annual turnover in excess of £1m, using a variety of collection receptacles with a differential charge between residual waste and recycling in order to incentivise businesses to recycle as much of their waste as possible and hence contribute towards the Council's Statutory Recycling Target.
- 1.3 For many years the Council was the sole provider of this service which has allowed prices to be set at a standard rate and thus maximise recycling from the waste stream whilst maintaining customers.
- 1.4 As with many local authorities, competition has now increased within the marketplace, which means that the Council needs to compete in order to avoid losing customers, particularly the larger ones, leaving the Council to pick up waste and recycling from the smaller businesses.
- 1.5 The Council is in a unique position to provide these services due to the synergies with the domestic collection service, but does need to operate a more commercial basis in order to gain and keep businesses and ensure the long term viability of the service.
- 1.6 As part of the Highways, Transport and Recycling (HTR) Transformation Programme, it is proposed that the service is fundamentally reviewed to allow greater flexibility in terms of pricing and service offered.

2.0 Background

- 2.1 In total there are 5805 registered businesses in Powys. The trade waste and recycling service is currently providing a collection service to 1400 of them, with an annual turnover in excess of £1 million. The Council also provides a permit scheme for 165 businesses to bring their recycling to local Community Recycling Sites and Household Waste Recycling Centres. The rest will either have contracts with alternative providers or be using the household service illegally.
- 2.2 The Trade waste and recycling service runs with dedicated rounds as well as co-collecting with household rounds. This does mean that the Council is unique in the marketplace.
- 2.3 Price increases were implemented in April 2016 following a detailed analysis of the costings of the service by the Waste and Resources Action Programme (WRAP) as part of the Welsh Government's Collaborative Change Programme. This was to ensure the Service was in a position of full cost recovery and to develop a price differential between residual waste and recycling collections to incentivise the take up of recycling.
- 2.4 There is currently a fixed price regime which impedes our ability to offer a more competitive service, whereas the private sector take advantage of differential and complimentary charging strategies to gain custom.
- 2.5 During 2016/2017 the service identified an increase in the number of cancelled customers. This was due to a number of reasons including business closures, outstanding debt and the difficulty of providing services in some areas, but the main cause is due to the private sector undercutting the service currently charged by Powys. This is particularly evident in the North of the County, where a new competitor has entered the market using an aggressive marketing technique to gain custom.
- 2.6 The main focus of previous project work has been to look at improving the operational efficiencies of the service, including collection rounds, number of vehicles and staff. This has meant that the recycling service has been reduced in some areas. This did realise a saving of £50k in line with the Medium Term Financial Strategy, but due to some customers no longer having a recycling service they have also cancelled their residual contracts.
- 2.7 The permit scheme for traders to take recyclable materials to the Household Waste Recycling Centres (HWRC) and Community Recycling Sites (CRS) does provide an alternative option for traders. This is currently taken up by 165 businesses and is currently a very cheap solution for those businesses. This does mean that income is diverted from the trade service and hence needs to also be reviewed to

ensure that it is appropriately used and there is full cost recovery for the Council.

- 2.8 Trade is now part of the HTR Transformation Programme of developing a more commercial and flexible service to meet the council's vision with regards to the delivery of neighbourhood services and to generate additional income as a means of contributing to the current and forecasted funding pressures.
- 2.9 Under its Collaborative Change Programme, the Welsh Government offers consultancy support to local authorities. A commercial peer review programme is currently underway to establish the current status of the service, with a focus on commercial interface with customers and alternative options to improve the service in the open market.

3.0 Proposal

- 3.1 Powys has an opportunity to grow and improve the trade waste and recycling service. To do this the service must become more commercially minded, looking to how the service can be one of the best in the marketplace and consider the next stage of organisational development.
- 3.2 It is proposed to redesign the Trade Service to be more flexible in terms of price, billing options and delivery. This may mean that a different level of service and pricing is applied to businesses dependent on type and location. A flexible range of billing options will help customers find a pricing scheme suitable for them.
- 3.3 A robust marketing and sales strategy will need to be developed along with a targeted action plan to increase market share. To ensure our continued success in the competitive market the service must understand customer demand, the marketplace and offer options that are tailored to customer needs, whilst ensuring that the service is commercially viable.
- 3.4 To maximise service efficiency by investigating and trialling new technologies such as on-board weighing for real time data, CRM (Customer Relationship Management) systems, contracts and billing software.
- 3.5 Officers will need to have support for quicker decision making and more service agility in responding to, and proactively addressing, changes in the market. This could include applying discounts against the published pricing scheme to help secure business.
- 3.6 To review the trade recycling permit scheme so that it does not conflict with the trade collection service and that it is fair to all traders and less open to misuse. It is important to note that this is a different scheme to

the free of charge Commercial Vehicle and Trailer Permits which are for householders using commercial type vehicles and do not allow traders to deposit their commercial waste and recycling.

4.0 Options Considered / Available

4.1 Option 1 - Leaving the service to run “as is”

This is likely to result in a continued decline in customers making the service ultimately unsustainable.

4.2 Option 2 - Outsourcing the service

This option would mean entering into an agreement with a third party provider to ensure that the Council's legal obligations to collect trade waste if requested to do so are fulfilled. Whilst it would remove the risk to the Council of making a loss of the service it would also remove the opportunity to generate additional income.

4.3 Option 3 - Redesign of the service to allow for flexibility in price and service to ensure the sustainability of the service.

This will give the Council the opportunity to compete with the private sector and generate income for the authority, whilst maintaining a quality customer service.

5. Preferred Choice and Reasons

5.1 Option 3 is the preferred option, to redesign the service to allow for flexibility in price and service.

5.2 This option would allow the Council to compete with the private sector and offer a service tailored to the needs of the customer, whilst ensuring the sustainability of the service in the longer term.

6. Impact Assessment

6.1 Is an impact assessment required? No

7. Corporate Improvement Plan

7.1 One of the objectives in the Corporate Improvement Plan is remodelling council services to respond to reduced funding. This proposal is looking to redesign the trade waste and recycling service to provide a better, cost effective service to local businesses in Powys, thus positively impacting the economy of Powys.

8. Local Member(s)

- 8.1 All members will have businesses in their wards that will be affected.

9. Other Front Line Services

- 9.1 Council services who have a contract set up with the Council for collection and removal of waste and recycling may be effected by the proposal.

10. Communications

Have Communications seen a copy of this report? Yes

Have they made a comment? If Yes insert here.

11. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

- 11.1 Legal – Professional Lead for Legal Services notes the content of the report and the proposal to redesign the service to improve flexibility in both price and service. Legal Services will continue to provide support as and when necessary.
- 11.2 Finance – The contents of the report are noted, the ability to price more flexibly will be important to the Trade service to enable them to gain new custom and offer incentives to retain customers. It is important that the financial position of the service is closely monitored to understand the impact that the pricing decisions are having on the overall profit or loss of the service. The Local Government Act 2003 regulates Local Authorities in their ability to charge for services and sets out the rules of when a Local Authority is able to charge for a service and when they are able to trade and make a profit from the provision of a service.
- 11.3 HR support will be provided to the HTR service in respect of any staffing considerations that may arise from the proposal outlined in this report.

12. Scrutiny

- 12.1 Whilst this report has not been to scrutiny, trade waste and recycling has been discussed by Scrutiny with recognition of the need to make the service more competitive.

13. Statutory Officers

- 13.1 The Solicitor to the Council (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".
- 13.2 The Head of financial Services (Acting Section 151 Officer) notes the comments from Finance. Income generation and trading on a more commercial basis will support both the sustainability of the services we can offer, and the overall financial sustainability and resilience of the Council.

14. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
1) To redesign the trade waste and recycling service to allow for flexibility in price and service. Approval of the detailed implementation to be delegated to the Portfolio Holder for Highways, Recycling and Assets in consultation with the Head of Service, Highways, Transport and Recycling.	To allow the Council to compete with the private sector and offer a service tailored to the needs of the customer.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	All
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Person(s) To Implement Decision:	Nigel Brinn
Date By When Decision To Be Implemented:	1 st April 2018

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