

CYNGOR SIR POWYS COUNTY COUNCIL

REPORT FOR DELEGATED DECISION Councillor B Thomas, Portfolio Holder for Waste Management

February 2014

REPORT AUTHOR: Ashley Collins, Waste Services Manager

SUBJECT: Trade Waste and Recycling Annual Price Increase

REPORT FOR: Decision

1.0 Summary

- 1.1 Under the Environmental Protection Act 1990 the Council is obligated to make arrangements to collect trade waste if requested to do so, either via third parties or directly in which case a charge should be made to recover costs for collection and disposal. Due to the rural nature of Powys, the duty to collect trade waste often falls to the Council itself.
- 1.2 Due to the changing nature of the domestic collections in Powys, it is becoming more difficult to combine domestic and trade collections, which has resulted in additional costs. In order for the Council to comply with the legislation and ensure that householders do not subsidise trade waste collections, these additional costs must be recouped through the trade waste charges.
- 1.3 In order to maximise the recycling from trade waste a price differential has been in place for a number of years where residual waste collection is significantly more expensive than a collection of recyclable material. For the past three years, the price for a residual waste collection has been increased to reflect the escalating landfill tax and gate fee, whereas the recycling collections have received no increase at all.
- 1.4 Under the Welsh Government's Collaborative Change Programme, a report was commissioned into the trade waste service. This report has provided a pricing mechanism which will ensure that all costs of the service are reclaimed whilst still maintaining the pricing differential to incentivise recycling. It is on this basis that the price increases are proposed as detailed in Appendix I.
- 1.5 The proposed increase would realise the efficiency savings of £50,000 (additional income) as proposed in the public consultation process.

2.0 Proposal

- 2.1 All businesses and organisations have a legal responsibility under the Environmental Protection Act 1990 to ensure that their waste and recycling is dealt with by a suitably licenced operator, be that the local authority or alternative

service provider. Furthermore this process must be documented with Duty of Care Waste Transfer Notes. Businesses are not permitted to dispose of or recycle their waste by using the household collection services.

- 2.2 The Council also has responsibilities under the Environmental Protection Act 1990 with regards to trade waste, namely to make arrangements to collect commercial waste if requested to do so and recover the charge for the collection and disposal of the waste.
- 2.3 While there are alternative service providers collecting trade waste and recycling in Powys, due to the geography of the area the Council is very often the only option for businesses and hence the responsibility for collection falls directly to the Council.
- 2.4 In many areas, trade waste has historically been collected along with the household waste thus realising efficiencies through economies of scale. With the rollout of the new household kerbside recycling scheme and fortnightly residual wheeled bin collections, these economies of scale are no longer available and hence the true costs of the trade waste and recycling service are becoming apparent. With the current economic situation and the requirements of the EPA it is imperative that these costs are fully recovered. This may be achieved by subsidising one element of the service with another such as through incentivising recycling over residual collections.
- 2.5 With the ever stringent statutory recycling targets set by the Welsh Government, it is important that trade waste plays its part in achieving these targets and with this in mind there has been an increasing differential between the charges for residual waste and recycling collections. For the past three years there have been substantial increases in the residual waste charges whilst charges for recycling have remained static.
- 2.6 Under its Collaborative Change Programme, the Welsh Government offers consultancy support to local authorities and Powys has taken advantage of this in a number of areas. A report was commissioned into the scale of trade waste in Powys along with the options for service delivery and pricing structures. As part of this report recommendations were made on prices to cover the operating cost of the service.
- 2.7 For residual trade waste the recommendation is to increase charges by the landfill tax escalator along with a 3% inflation increase and a further 5%, as set out in Appendix I, as an incentive to use the recycling service.
- 2.8 As the charge for recycling has remained static for three years, the recommendation is that a significant price differential with residual waste has been established and hence a modest price increase is required in order to recover the overall costs of the service. The proposal is for a 3% inflationary increase and a further 3% economic increase as set out in Appendix I.
- 2.9 For food waste, in order to improve the economics of the service whilst maintaining a significant differential between this stream and residual waste, the proposal is for a 3% inflationary increase and a further 7% economic increase as

set out in Appendix I. The food service would still be loss making if taken in isolation, but a charge reflecting the actual cost would make the service unattractive to customers and result in all trade food waste entering the residual waste stream.

- 2.10 A budget saving of £180,000 was put forward for 2013/14 based on the increased residual charges for 2013/14 and this is forecast to be achieved. An efficiency saving of £50,000 has been put forward for 2014/15 as part of the public consultation based on increased income from the trade service. Based on current service uptake, the proposed increases would provide additional income in excess of £70,000. Even allowing for the loss of some customers due to the price increase, the £50,000 should be achieved comfortably.
- 2.11 It is proposed that the fee remains the same for trade permits to use the Community Recycling Sites and Household Waste Recycling Centres for recyclables only to maintain and encourage uptake of this option.
- 2.12 The proposal in Appendix I is that charity shops will continue to be offered trade waste and recycling sacks at half the price to normal businesses. As agreed by the Board on 1st February 2011, with the exception of charity shops, any charity which is a trading entity will be treated as a normal trade waste customer. This is in accordance with the Controlled Waste Regulations 2012 which clarify the situation as regards the classification of waste from a charity.
- 2.13 To encourage recycling from the Council's own buildings (including schools, libraries, and leisure centres), a free recycling service will continue to be offered.

3.0 Powys Change Plan

- 3.1 The proposal is consistent with the Change Plan objectives for climate change and increasing the amount of waste recycled necessary to meet Welsh Government targets.

4.0 Options Considered/Available

- 4.1 To maintain prices at the current level which would mean that the service would be operating at a loss and no further savings would be realised.
- 4.2 To increase residual charges and maintain prices for recycling collections, which would again result in the Council operating at a loss and draw criticisms of uncompetitiveness from alternative service providers.
- 4.3 To adopt the pricing structure as proposed by the report commissioned via the Welsh Government's Collaborative Change Programme, which increases all charges whilst retaining the price differential between residual and recycling and significantly reducing the financial deficit for the service.

5.0 Preferred Choice and Reasons

- 5.1 The preferred choice is to increase the charges as recommended by the Collaborative Change Programme report in order to maintain the incentive differential between residual and recycling collections whilst recovering the overall costs of the service. The schedule of rates is detailed in Appendix I.

6.0 Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

- 6.1 Maximising recycling from the trade waste stream will assist the Council in realising its climate change objectives as well as achieving the Welsh Government's Statutory Recycling Targets.
- 6.2 The proposal does not impact on Equalities, Crime and Disorder, Welsh Language and other policies.

7.0 Children and Young People's Impact Statement - Safeguarding and Wellbeing

- 7.1 The proposal does not impact on securing the safety and protection of children and young people and supporting the promotion of their wellbeing.

8.0 Local Members

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

9.0 Other Front Line Services

- 9.1 Services that generate residual waste may be affected by the proposals. However, internal services receive 'free' recycling and therefore will be encouraged to recycle more.

10.0 Support Services (Legal, Finance, HR, ICT, BPU)

- 10.1 Legal – Provided that the overall cost of the trade waste services does not result in expenditure on the part of the Council so as to form a subsidy for traders, the recommendations can be supported.
- 10.2 Finance – the increases outlined in this report will ensure that the Authority continue to recover the full cost of the Trade Waste service whilst contributing to the overall savings target for 2014/15.

11.0 Local Service Board/Partnerships/Stakeholders etc

11.1 The proposal will impact any organisation that is classed as a commercial premises and has a waste and recycling collection from the Council.

12.0 Communications

12.1 A comprehensive communication campaign is being implemented as part of the Trade Waste Strategy, where customers are encouraged to recycle their waste in order to reduce costs.

12.2 All existing customers will be informed when they are issued with their new contracts and Duty of Care Transfer Notes.

12.3 There are no further comments from the Senior Communications Manager.

13.0 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 Strategic Director (Section 151 Officer) notes the comments made by finance and that this will support the delivery of the overall savings plan.

14.0 Members' Interests

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the Portfolio Holder has an interest he should declare it and refer the matter to Cabinet for decision and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That trade waste and recycling charges are increased as per the schedule contained in Appendix I with effect from 1st April 2014	To encourage traders to recycle and fully contribute to the Welsh Government Statutory Recycling Targets. To cover operational costs and increase revenue, in line with the proposed efficiency savings.

Relevant Policy (ies):	Powys Change Plan		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	All
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Person(s) To Implement Decision:	Ashley Collins
Date By When Decision To Be Implemented:	1st April 2014

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Appendix I – Proposed Schedule of Price Increases

	Charge	
	2013/14	2014/15 proposed
Residual Waste		
360 litre wheeled bin (per collection)	£8.49	£9.36
660 litre wheeled bin (per collection)	£14.50	£16.04
1100 litre wheeled bin (per collection)	£21.01	£23.31
1280 litre wheeled bin (per collection)	£24.35	£27.02
Trade Refuse Sacks (roll of 26)	£83.30	£91.26
Charity Shop Refuse Sacks (roll of 26)	£41.65	£45.91
Recycling		
240 litre glass (per collection)	£2.26	£2.40
1100 litre cardboard (per collection)	£7.11	£7.93
820 litre cardboard (per collection)	n/a	£5.95
360 litre cardboard (per collection)	£2.26	£2.40
240 litre plastics/cans (per collection)	£2.26	£2.40
180 litre food (per collection)	£3.25	£3.58
Trade Recycling Sacks (roll of 26)	£26.92	£28.53
Charity Shop Recycling Sacks (roll of 26)	£13.43	£14.33
Kerbside recycling boxes – all materials (annual charge)	£117.52	£124.58
Community Recycling Site permit (annual charge)	£35.00	£35.00
Household Waste Recycling Centre permit (annual charge)	£100.00	£100.00