

Decision Maker: ENVIRONMENT PORTFOLIO HOLDER

**For Pre-Decision Scrutiny by the Environment and
Community Services PDS Committee on:**

Date: 5th February 2019

Decision Type: Non-Urgent Executive Key

Title: COMMERCIAL WASTE SERVICE FEES AND CHARGES

Contact Officer: John Bosley, Assistant Director of Environment, Street Scene & Greenspace
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: Borough-wide

1. Reason for report

- 1.1 To seek approval for the proposed charges applied to commercial waste collection services and for waste delivered to the waste transfer stations for the financial year of 2019/20, which reflects a full-cost recovery model for this service.
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2. **RECOMMENDATION(S)**

2.1 The Portfolio Holder is requested to agree:

- 2.1.1 The application of increases in the service costs for the commercial waste collection service, comprising a 30% decrease for the rental charge of commercial waste containers, a 36% fee increase for collection and the disposal of waste and an adjusted fee rate for the administration of the waste transfer note documentation of £110 as outlined in section 3.5.
- 2.1.2 The charge for the rental of domestic bulk waste containers decreases by 30% to reflect the recovery of actual costs, as outlined in section 3.6.
- 2.1.3 The recommended price applied to commercial and industrial waste delivered to the Council's disposal waste transfer stations remains at 2018/19 prices of £185 per tonne.
- 2.1.4 To delegate Authority to the Executive Director of Environment, through consultation with the Portfolio Holder, to apply further changes to fees for chargeable waste services, due to the delay caused through mobilisation of the new waste management contract and to ensure the application of pricing adjustment(s) to ensure full-cost recovery of services charges is achieved in-year.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Quality Environment.
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Financial

1. Cost of proposal: Estimated cost No additional cost
 2. Ongoing costs: Recurring cost. No additional cost
 3. Budget head/performance centre: Waste Services
 4. Total current budget for this head: £19.3m
 5. Source of funding: Existing total revenue budget for 2019/20
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 2200
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The provision of an effective Commercial Waste Collection Service (CWCS) and domestic waste bulk container rental service is an important component in ensuring that local businesses and residents are able to access safe, legal and environmentally responsible methods to manage waste effectively, limiting risks associated with the unauthorised disposal of waste as fly-tipping whilst ensuring that waste remains secure between collections. The proper storage and management of waste from businesses and multi-occupancy dwellings decreases opportunities for vermin and the escape of waste which would be detrimental to the local amenity of the community.
- 3.2 Customers of the CWCS and residents that rent domestic bulk waste containers are invoiced in March prior to the commencement of the financial year. A charge for providing the collection service is based on a cost per container emptied. The rate of charge associated with this provision incorporates a cost for the disposal of the waste collected except in the case of exempt customers as outlined in the Controlled Waste (England and Wales) Regulations 2012. Further charges are levied for both commercial and domestic customers for the rental of containers (of varying sizes) to contain the waste. The provision of containers to facilitate the service is critical to ensure the standardisation of the volume of waste collected, that containers are maintained in good working order and that containers are compatible with the waste collection equipment utilised by the service provider. A further charge is levied for the administration and provision of an annual Waste Transfer Note (a legislative requirement).
- 3.3 The review of pricing applied to the CWCS occurs on an annual basis which comprises analysis of the annual contract inflationary increase in service charges applied, (or in this case the new contract prices), the forecasting of the increases in the cost of waste disposal associated with the activity, the annual application of Landfill Tax which impacts on a proportion of the waste disposal charges and a benchmarking exercise of regional London boroughs to establish competitiveness of the fees and charges applied.
- 3.4 The result of the benchmarking exercise outlined in Appendix 1, demonstrates that there is sufficient flexibility in the pricing of the CWCS and the hire charges to increase service fees as the current service fees are 18.5% below the average benchmarked prices analysed of regional authorities.
- 3.5 Included within the review are the new costs to consider as part of the full cost recovery model and additional cost adjustments which will require a recommended reduction in the CWCS of 30% for the container rental, 36% increase for the collection & disposal charge and an annual Waste Transfer Note administration charge of £110.
- 3.6 The rate of charge for the provision of domestic waste bulk containers that are rented from the Council have remained relatively static over the last five (5) years but as a result of the benchmarking exercise of the costs associated with the provision of the service and in combination with the new pricing applied from the new contracts commencing in 2019/20, the current rate of the annualised cost for the rental of containers is recommended to decrease by 30%. The review of pricing has taken into account full cost recovery and management of the assets to ensure a full cost recovery model is applied.
- 3.7 For commercial and industrial waste delivered to the Council's disposal waste transfer stations it is recommended that prices remain the same as existing prices, £185 per tonne including VAT. This will ensure that a reasonable charge is achieved for the commercial waste provision. It should be noted that the waste disposal operation receives the direct delivery of charitable waste where a service charge cannot be applied.

4. POLICY IMPLICATIONS

- 4.1 The Council policy is to provide a reasonably priced alternative to private sector CWCS operators. Waste collection authorities (WCA) have a duty under section 45(1)(b) of the Environment Protection Act 1990 to arrange for the collection of commercial waste where requested to do so, and this policy thus fulfils our statutory obligation.
- 4.2 The review and fee setting of the service on an annual basis to ensure it covers all reasonable costs on a full cost recovery basis is in line with current Council policy and the statutory requirement of the above.

5. FINANCIAL IMPLICATIONS

- 5.1 Annual costs for the provision of the CWCS varies depending on the tonnage of waste collected and the associated contract charges applied by the service provider. The projected tonnage for 2019/20 is 10,600 tonnes.
- 5.2 In order to recover the new waste management service contract costs for the administration of the service, as well as the waste collection and waste disposal costs from the CWCS, it is recommended that the collection & disposal charges are increased by 36%, the rental charge for containers reduces by 30% and the annual Waste Transfer Note administration charge rises by £10 to £110 per customer.
- 5.3 The table below shows the estimate costs and income for the current number of customers using the CWCS:-

Estimated Expenditure and Income for the CWCS	Commercial Collection & Hire £'000	Discounted Collection & Hire £'000	Residential Hire of Containers £'000
Expenditure			
Administration, purchase & delivery of containers	65.1	13.3	129.5
Contract collection costs	271.8	55.7	0.0
Contract disposal costs	954.9	195.6	0.0
Non-controllable costs	51.4	10.5	70.5
Total Expenditure	1,343.2	275.1	200.0
Income			
Collection & disposal income	-1,182.0	-238.0	0.0
Container rental income	-61.2	-27.1	-200.0
Waste transfer note income	-100.0	-10.0	0.0
Total Income	-1,343.2	-275.1	-200.0
Total Net Surplus/Cost	0.0	0.0	0.0

5.4 The table below shows the estimated costs and income for the current number of customers using the waste transfer stations: -

Estimated Expenditure & Income for the Waste Transfer Stations

	Trade Customers	Charitable Customers	Total
Expenditure	£'000	£'000	£'000
Administration & equipment	26.6	1.0	27.6
Contract cost of management of waste transfer stations	164.9	8.7	173.6
Contract disposal costs	868.3	108.5	976.8
Non-controllable costs	108.6	5.7	114.3
Total Expenditure	1,168.4	123.9	1,292.3
Estimated Income	-1,233.4	0.0	-1,233.4
Total Net Suprplus/Cost	-65.0	123.9	58.9

6. LEGAL IMPLICATIONS

6.1 If approved, the outlined changes to pricing schedules maintain Bromley’s compliance with the Environmental Protection Act 1990 (EPA) s.45 and the Controlled Waste (England & Wales) Regulations 2012 for which a reasonable charge is applied for the service provision.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	

Appendix 1.

2019/20 Fees & Charges Benchmarking

Commercial Waste - collection and disposal service

Container - Litres	1100	940	660	60L - Bag	1280	880 - Paladin	240L Wheeled bin
Frequency	weekly	weekly	weekly	weekly	weekly	weekly	weekly
LB Ealing	£24.50	£0.00	£17.50	£2.55	N/A	N/A	N/A
LB Havering	£32.00	£32.00	£32.00	£5.69	N/A	£32.00	£21.00
LB Croydon	£25.83	£22.34	£22.96	£5.12	£27.26	£22.34	£8.61
LB Hackney	£15.99	£15.99	£13.18	£1.90	N/A	£15.99	£5.70
LB Barnet	£21.43	N/A	£23.65	£2.48	N/A	N/A	£8.50
LB Harrow	£15.10	N/A	£10.80	£1.25	N/A	N/A	£7.80
LB Sutton	£27.50	£27.50	£25.50	£5.50	£35.50	£27.50	£18.50
LB Southwark	£19.02	N/A	£14.74	£1.44	N/A	N/A	£7.42
AVG.	£22.67	£19.57	£20.04	£3.24	£27.26	£24.46	£11.08
LB Bromley	£19.90	£18.94	£12.46	£3.32	£23.22	£18.02	£7.19
	-	-	-	-	-	-	-
	12.22%	-3.20%	37.83%	2.43%	-14.82%	-26.32%	-35.08%

Domestic Waste - container rental service

Container - Litres	1100	940	660	880 - Paladin	1280
Frequency	annual	annual	annual	annual	annual
LB Ealing	NI	NI	NI	NI	NI
LB Havering	£219.50	£163.50	£163.50	£148.00	N/A
LB Croydon	£182.00	£150.00	£165.00	£150.00	N/A
LB Hackney	£156.00	£156.00	£120.12	£156.00	N/A
LB Barnet	PO	PO	PO	N/A	N/A
LB Harrow	PO	N/A	N/A	N/A	N/A
AVG.	£185.83	£156.50	£149.54	£151.33	-
LB Bromley	£146.12	£153.92	£134.16	£147.26	£165.36
	-	-	-	-	-
	21.37%	-1.65%	10.28%	-2.69%	--

N/A - no service offered

NI - no information available

PO - available through full purchase only