

ENVIRONMENTAL SERVICES

To: Special Environmental Services Committee	From: Director of Environmental Services Ask for: Mr Hutton Tel: 01236 751217
Your Ref: Our Ref: 016mhlmr	Date: 25 February 1998
Copied to:	Subject: Revenue Budget 1998/99 Draft Proposals : Rationalisation of Commercial Waste Collection/Disposal Services

Introduction

The Budget Core Working Group on 14 January 1998 considered a number of draft proposals, each of which is intended to produce a reduction in net revenue expenditure within the Environmental Services department. One of these proposals entailed the rationalisation of the Council's Commercial Waste Collection/Disposal Services. The outcome of this rationalisation exercise would result in a restructured service to commercial operators which would provide additional income estimated at £343,000 approximately in the period following implementation.

Background

The Environmental Protection Act 1990 place a **duty** on local authorities to offer to provide waste collection etc. services to commercial operators within their area, **who are liable to pay a reasonable charge** for the provision of these services. Predecessor authorities adhered to these requirements and provided a range of services and recharges which differed in a number of significant ways, including:-

- Collection frequency
- Provision/Non-provision of waste containers
- Customer billing procedures, eg. Standing Order/Quarterly in advance, etc.
- The proportion of operational costs recovered through recharges.
- Actual disposal costs.

Proposal/.....

Proposal

A review of the various service methods etc. has resulted in a draft standardised specification designed to cater for customer needs, increase collection efficiency based on encouraging waste containment at source, to reduce inefficient low volume collections and a consolidated recharging policy which is acceptable to existing customers and attractive to potential customers.

The proposal must also recognise two significant factors which directly influence this service and which did not exist or require to be addressed by predecessor authorities:-

- Landfill Tax
- VFM Study by External Auditor

The advent of the landfill tax places a fiscal burden on waste disposal operators, at banded rates of £2 per tonne and £7 per tonne, the latter for domestic/commercial waste. This tax requires to be paid by the waste producer ie. the commercial operator in this case, in line with the underlying 'producer pays' requirement. The existing inherited waste collection/disposal recharges were calculated when the proportion of **disposal only** costs was between £5 and £7 per tonne when no landfill tax required to be paid. The new requirement to pay tax at £7 per tonne is effectively a 100% increase, in the disposal element of the combined service. At the present time **the Council as waste disposal operator is liable for the collection and payment of all landfill tax** to H.M. Customs and Excise, which includes waste collected from commercial operators.

In recent months, the Council's external auditor, Messrs. Price Waterhouse conducted a VFM Study on commercial waste collection etc. services and from which a number of recommendations require to be addressed, including:

- A proposed increase in the level of recharge, in line with collection, disposal, administration and tax liability costs.
- In conjunction with the above, attempts by the Council should be made to increase its current market share of the commercial waste collection business available.

The summarised recommendations above are supported by the following extracts from the VFM report:

- In the 3 year period immediately prior to the establishment of the landfill tax, the level of income generated by Scottish local authorities had increased by 43% to £15.3 million.
- Currently, the Council has waste collection agreements with 35% of businesses within the area. A marketing strategy is advocated.
- The income received by the Council is in the lower half of other local authorities surveyed.

Considerations/...

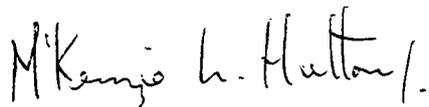
Considerations

In addition to the details provided above, it is fully appreciated from the previous experiences of predecessor authorities, that a proportion of commercial operators will not perceive as 'reasonable' any change to the service, including recharge costs. The Council would be advised to consult and/or inform commercial operators of the statutory requirements, and also the exclusion of this service from the Unified Business Rate.

Budget Implications

		<u>Landfill Tax</u>
<input type="checkbox"/> Net Cost of Services, less current income	: £504,000	
<input type="checkbox"/> Landfill Tax		£150,000
<input type="checkbox"/> Proportion of Additional Income (9 months)	: £378,000	£112,500
<input type="checkbox"/> Less Adjustment for Reduced Customer Base (Temp.)	: <u>£113,400</u>	<u>£ 33,750</u>
<input type="checkbox"/> Estimated Net Additional Income	: £264,600	£ 78,750
	Total :	<u>£343,350</u>

The Attached Appendix provides an outline of proposed Commercial Waste Collection etc. charges **inclusive of landfill tax** and the existing/historic charges **exclusive of landfill tax**.



McKenzie L Hutton
Director of Environmental Services

APPENDIX 1

**Trade Waste Collection
Proposed Charges for 1998/99**

Proposed New Charge				Existing Charge		
Bin Size	Waste Disposal Element	Cost/Visit	Total	Cumbernauld	Monklands	Motherwell
120/140	£0.16	£1.15	£1.31	0.51	0.39	0.56
240	£0.29	£1.15	£1.44	0.67	0.78	1.11
360	£0.44	£1.15	£1.59	1.03	1.17	1.64
660	£0.80	£2.30	£3.10	1.83	2.11	2.14
1100/1 ¼ yard Paladin	£1.34	£2.30	£3.64	2.44	3.56	3.34
In a case where a special visit is requested the cost of the visit will be £32.90 with an additional cost per bin for disposal of the waste of £1.34						

Note 1) Figures shown under “total” are the costs of emptying on each occasion the premises are visited on the scheduled route.

Note 2) The cost of any special additional visits are shown at the bottom of the column under proposed new charges.

APPENDIX 2

External Charge - out rates for Skips and Uplifts

Commercial Skip Hire Charges

	<u>Hire Charge</u>	<u>Emptying Charge</u>	<u>Disposal Charge</u>
1) Spot Hire	£1.00/day	£22.91	Actual weight of skip@£8.66/tonne and £7.00/tonne landfill tax charge.
2) Long Term Hire	£0.60/day	£22.91	Actual weight of skip@£8.66/tonne and £7.00/tonne landfill tax charge.

Commercial Uplift Charges

Charge rate for vehicles and crew £26.09 for each half-hour or part thereof plus a disposal charge of £1.34.

Note :- All the above figures are exclusive of VAT but include a 3% rise on existing charges.