



DERBY CITY COUNCIL

**NEIGHBOURHOODS CABINET MEMBER
MEETING
18 April 2011**

Report of the Strategic Director of
Neighbourhoods

ITEM 5

TRADE WASTE SERVICE FEES AND CHARGES

SUMMARY

- 1.1 At the Full Council meeting on 1 March 2010 saving proposals of £200,000 on the Trade Waste Service were approved as part of the 2010/11 budget process. This was to include round re-scheduling and the restructuring of the fees and charges for the Trade Waste service in order to achieve a break-even position.
- 1.2 This report contains all the supporting information and reasons for the recommendation but the individual bin size price information is given in a confidential report later.

RECOMMENDATION

- 2.1 To approve the average increase of 7% in fees and charges, detailed in the confidential report, for the Trade Waste Services. Full individual bin size pricing details are given in the confidential report appended to this report

REASONS FOR RECOMMENDATION

- 3.1 The revised fees and charges from 1 April 2011 will contribute to the implementation of the approved savings proposals that are detailed at 1.1. in this report.
- 3.2 This service is in direct competition with the private sector. In line with paragraph 3 of part 1 of schedule 12A of the Local Government Act 1972, the individual bin size pricing details are given in a separate confidential part of the report in appendix 2.

SUPPORTING INFORMATION

- 4.1 On 1 March 2010, Full Council approved the General Fund Revenue Budget and Council Tax 2010/11 report and approved the proposal to save £200,000 on the Trade Waste Service during 2010/11. Due to delays in the restructuring of the Trade Waste rounds and the implementation of revised fees and charges it is now proposed to implement the increases from 1 April 2011 in order to achieve a break-even position for the service in 2011/12.
- 4.2 On 14 December 2010, Council Cabinet reviewed fees and charges and agreed to delegate the implementation of specific detailed proposals to the relevant Cabinet Members in conjunction with the relevant Strategic Director.

- 4.3 The City Council operates a waste collection service for commercial and industrial (trade) waste generated within the City. This involves collections from both private businesses and council premises. This service is in direct competition with the private sector.
- 4.4 The Trade Waste Service has been reviewed in order to address substantial losses previously being incurred by the service. This indicated that there was a need to review fees and charges along with staffing levels.
- 4.5 Operational changes include reducing staffing levels for the service as part of a round re-scheduling exercise from driver plus two collectors to driver plus one collector on each round.
- 4.6 The service faces cost pressures on Landfill Tax that will increase by £8 per tonne from 1 April 2011 from £48 per tonne to £56 per tonne, an increase of 16.7%.
- 4.7 Overall, the average increase required in Trade Waste fees and charges has been calculated at 7% which includes the standard inflationary increase of 4.6% plus an additional increase of 2.4% to cover the increase in Landfill Tax and other costs of the service including fuel. In addition other increases will be applied to specific bin sizes that are detailed in Appendix 2.
- 4.8 In February 2011 the Authority was informed by HMRC that in the case of trade waste Local Authorities would no longer apply VAT within the pricing structure. So all prices, apart from supplies of consumables, are exempt from VAT.

OTHER OPTIONS CONSIDERED

- 5.1 Comparisons have been made with fees and charges levied by other local authorities in the region and, where appropriate, the individual bin size fees and charges set out in the confidential report, have been set to reflect regional average charges.

This report has been approved by the following officers

Legal officer	Stuart Leslie
Financial officer	Toni Heathcote
Human Resources officer	Not applicable
Service Director(s)	Not applicable
Other(s)	Not applicable

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The changes to the prices along with the operational changes already implemented will ensure that the service returns to a break even position in 2011/12.

The loss arising from the trade waste service is estimated at £280,000 for 2010/11. This will be contained by either use of underspends from Neighbourhoods and / or use of the trading services contingency reserve.

Key changes in the 2011/12 trade waste budget are :

- Revised fees are forecasted to generate net additional income of £120,000.
- The reduction in staffing from the round re-structuring has resulted in a saving of £225,000. No redundancies have arisen from this reduction.
- Increase in Landfill Tax has resulted in a cost pressure of £52,000.
- Increases in fuel costs are estimated at £13,000

- 1.2 The 2011/12 prices charged will be more in line with prices charged regionally by other Local Authorities.

- 1.3 The new fee levels will better reflect the true cost of providing the services.

- 1.4 There will be an impact on internal customers within the Council from charges increasing above inflation. No inflation on the base trade waste expenditure budgets has been included for 2011/12. This additional cost is estimated at £42,000 which equates to an average increase per internal customer of approximately £156 per year. It is assumed that each individual customer will contain this additional cost.

- 1.5 Due to the delayed approval of the 2011/12 price increases, it has not been possible to incorporate the new rates into the 2011/12 first quarters invoice to those external customers who are invoiced quarterly in advance (covering the April 2011 to June 2011 period). Based on an average increase of 7%, this will reduce forecasted 2011/12 income by £17,000 which will be contained within Streetpride budgets in 2011/12.

Legal

- 2.1 The Environmental Protection Act 1990 (EPA) Section 45-1(b) sets the duty on Waste Collection Authorities to collect any commercial (trade) waste from the premises or to arrange for the collection of the waste if requested by the occupier of premises in its area.
- 2.2 Fees and charges for the items set out in the confidential report are not fixed in statute and are set at the discretion of the local authority.

Personnel

3.1 None.

Equalities Impact

4.1 The proposed changes will apply equally to all groups within the community and no particular group(s) will be disadvantaged.

Health and Safety

5.1 None.

Environmental Sustainability

6.1 The lower prices for collection of segregated recyclable materials will encourage more businesses to increase their recycling.

Asset Management

7.1 None

Risk Management

8.1 None.

Corporate objectives and priorities for change

9.1 None.