

REPORT TO: Cabinet
DATE: 27 January 2011
SUBJECT: Commercial Waste Charges – 2011/12.
WARDS AFFECTED: ALL
REPORT OF: J G Black
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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To seek approval of the proposed commercial waste collection charges that will apply from 1st April 2011 onwards.

REASON WHY DECISION REQUIRED:

To allow time for invoices and duty of care documents to be printed and distributed to all customers before March 2011.

RECOMMENDATION(S):

That Cabinet;

- i Approves the use of the Commercial Waste fees and charges identified in this report from 1st April 2011 onwards, in accordance with the recommendation made by the Cabinet Member – Environmental at a meeting on 12th January 2011.
- ii notes the decision of the Cabinet Member – Environmental to defer a decision on the Commercial Clinical Waste service, referred to in this report, pending further clarification.

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Immediately following the call-in period for this report.

ALTERNATIVE OPTIONS:

To increase charges in line with the Retail Price Index, apply the apportioned landfill tax increase and the increased VAT rate. If all of these increases were applied this may result in the current service not being commercially competitive and have significant implications for the Department/Council in relation to income generation.

IMPLICATIONS:**Budget/Policy Framework:****Financial:**

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: N/A

Risk Assessment: N/A

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

FINANCE – FD 571 - The Interim Head of Corporate Finance & Information Services has been consulted and his comments have been incorporated into this report.

CORPORATE OBJECTIVE MONITORING:

Corporate Objective		Positive Impact	Neutral Impact	Negative Impact
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being		✓	
5	Environmental Sustainability	✓		
6	Creating Inclusive Communities		✓	
7	Improving the Quality of Council Services and Strengthening local Democracy		✓	
8	Children and Young People		✓	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None.

Background

1. All Councils in England and Wales are obliged to arrange for the collection of trade/commercial refuse if requested to do so by commercial/private organisations.
2. In order to advise “customers” of the level of charges for 2011/2012 and thus determine the future viability of the commercial waste collection service, the level of fees & charges for this service needs to be established and publicised in advance of the normal budget setting process.

2010 / 2011 - Pricing Mechanism for Commercial Waste

3. It is proposed to ‘freeze’ charges at 2010/ 2011 rates, for a variety of reasons. However the cost for the service will increase due to the rise in VAT to 20% from 17.5%, effective from 1st January 2011, which the Chancellor of the Exchequer has implemented as part of the spending review. The new charges are shown in appendix A.
4. A reduction in the ‘Commercial Waste Levy’ paid to Merseyside Waste Disposal Authority (MWDA) has been achieved by more accurately accounting for the amount of commercial waste tonnage generated. An allowance was also made for other inflationary increases that affect collection costs (i.e. salaries, fuel costs etc.), that were expected during the financial year April 2010 to March 2011. In addition more efficient use of the staff and plant (vehicles) was also achieved. As a result of all of these measures the £8 per tonne landfill tax increase that applies from April 2011 can be absorbed without passing on any increase in cost to customers. This will enable commercial waste operating charges to be maintained at 2010/11 levels and should help to retain the current customer base during 2011/12.
5. By freezing the charges we are able to demonstrate a commitment to assist local businesses during this difficult financial period. In addition, it is felt that this will create an opportunity to develop additional commercial activity for the service by active promotion of the ‘frozen’ rates. This may also help to increase commercial activity across other services offered by the Operational Services Department, such as security, building cleaning and catering.
6. An increase in the Administration Fee is however proposed from the current £22.00 per contract/instruction to £25.00. This is necessary to reflect the increased cost of support functions and takes into account the implementation of the pay and grading review, postal charges and printing costs.

7. As the impact of further EU directives on the transportation/collection of waste, gate fees for disposal of trade waste and/or significant increases in the cost of fuel cannot be accurately predicted, a further review of the pricing structure during the 2011/2012 financial year may be required.
8. It also proposed to explore the potential to offer commercial waste recycling during 2011/12.

Clinical Waste Collections from Commercial Premises.

9. It is proposed not to increase the clinical waste charges for internal departments, schools and charities; however, proposed changes for commercial premises are outlined below.
10. It is proposed to cease all collections of clinical waste from commercial premises with effect from 1 April 2011; school collections will not be affected by this change. Currently a small number of customers will be affected by this change. The existing customers will be written to and informed that the service will no longer be offered and sufficient notice will be given to enable them to arrange an alternative clinical waste service via the private sector. Changes to Legislation and the availability of 'local' outlets to treat commercial clinical waste are the reasons behind this change. This policy decision will affect the small income target for commercial clinical waste. However, a corresponding reduction in expenditure will offset the reduction in income and the clinical waste service budget will be adjusted accordingly.