

**CABINET MEMBER FOR WASTE, PROPERTY, ENVIRONMENT AND DEVELOPMENT
CONTROL SERVICES – CLLR TOBY STURGIS**

WASTE MANAGEMENT SERVICE

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FEES AND CHARGES FOR WASTE MANAGEMENT SERVICES 2012/13

Purpose of Report

1. To seek formal approval for the new schedule for charges relating to waste management services for 2012/13.

Background

2. In 2009/10 Wiltshire Council's fees and charges for waste management services were based on applying an inflationary increase to fees and charges previously set by the four district councils and Wiltshire County Council. There were considerable differences between some of the fees and charges set. The Council has been working towards a harmonised, countywide charging regime since 2010/11, and harmonised its commercial waste and Schedule 2 waste fees and charges for 2011/12.
3. During 2011/12 the first phase of a review of the in-house commercial waste service has been completed. This has resulted in a clearer understanding of the costs of providing these services and informed the recommendation for increased fees and charges for the 2012/13 financial year.
4. The review included a calculation of direct and indirect costs, including overheads, of delivering the commercial waste service. A sampling exercise was carried out to help determine the tonnages collected from commercial waste customers and therefore verify costs of disposal. Estimates of the ability of the service to recover its costs, based upon current customer numbers, were made.
5. Estimates of costs for 2012/13 indicate that if income levels remain at 2011/12 levels, we should expect a full-year loss in 2012/13 of approximately £700,000, based upon full cost apportionment. This figure would be approximately £400,000 with a partial apportionment of indirect costs and certain overheads charged to the Waste Management Service budget for household waste and recycling.
6. As part of the review of the Council's commercial waste service, other authorities were consulted about their charging regimes. The table below shows the charges agreed by Bath and North East Somerset, North Dorset District and West Dorset District Councils for 2011/12, compared to the proposed charges for Wiltshire Council for 2012/13.

Size of Bin	Proposed new Wiltshire Council charge for 2012/13 (commercial) per lift	Bath and North East Somerset Council	North Dorset District Council	West Dorset District Council
1100 litre	£14.62	£22.32	£12.50 + £1 per week rental	£12.56
660 litre	£11.30	£15.93	£8.80 + £1 per week rental	£9.35

7. Schedule 2 of the Controlled Waste Regulations 1992 (Schedule 2) gives the Council powers to charge for the collection of certain types of waste from non-domestic sources, such as schools, hospitals, camp-sites and registered charitable organisations (Schedule 2 waste). The Regulations do not currently allow the Council to charge disposal costs for Schedule 2 waste.
8. During 2010/11 DEFRA carried out a consultation on a review of the Controlled Waste Regulations which finished on 14 January 2011. The government is currently considering its response to issues raised in the consultation and is taking forward further work on the areas where there was a low level of consensus on the proposals. The current situation, as stated on the DEFRA website, is that they plan to make new regulations ready to come into force in October 2011 and changes to the charging regime will not come into force until April 2012. However, new regulations have not yet been published.
9. In the absence of new regulations the Council is proposing Schedule 2 waste charges in accordance with the current regulations.

Main Considerations for the Council

Charges

10. In some areas of the county, legacy arrangements from the former district councils still exist to some degree with household and commercial waste collection rounds combined. This has worked well in areas with weekly collection of residual waste from households. However, from April 2012 fortnightly collection of residual waste will be in place in all areas. This will mean separate vehicles and crews will have to be assigned to commercial waste collections (where most customers require and pay for a weekly collection service). This will enable the Council to confirm the true costs of commercial waste collections.
11. When considering powers to set charges for services, legal advice highlights that “the Council has a fiduciary duty not to impose unnecessary burdens on its ratepayers”. In essence, whilst the Council has some degree of latitude with regard to charging, in the current economic climate it is difficult to conceive of a circumstance where charges would be set at a level that required Council Tax payers to effectively subsidise a service provided to commercial businesses, or Schedule 2 customers.

12. The recommended level of charging for 2012/13 should, therefore, reflect the principle of being sufficient to recover all relevant costs.
13. The attached schedule (**Appendix 1**) shows the current and proposed charges, for the different sizes of container in use, for both commercial waste and Schedule 2 waste customers. It also illustrates the magnitude of the proposed increases in percentage terms. The schedule also contains current and proposed charges for second garden waste bins and bulky household waste collections.
14. It is anticipated that, with the introduction of the new charges, there will be some loss of commercial waste customers. This will be carefully monitored and the rate of attrition in the initial months will be used to better inform phase 2 of the review of the commercial waste service, particularly its longer term strategic direction.
15. The charge for a second garden waste bin is intended to encourage householders to consider alternatives to having a second garden waste bin, such as purchasing a Green Johanna or composting at home instead. However, if the resident chooses a second garden waste bin collection, this is considered to represent a reasonable annual charge.

Environmental Impact of the Proposal

16. There is a risk that increasing costs of commercial waste and Schedule 2 waste collections may result in increased fly-tipping.

Equalities Impact of the Proposal

17. These proposals would harmonise fees and charges for commercial waste and Schedule 2 waste customers. Failure of the Council to recover the costs of delivery of these services, where it is able to do so, would place an additional pressure on the Council's budget.

Risk Assessment

18. There is a risk that the Council loses commercial waste and Schedule 2 waste customers because of the increase in fees and charges, resulting in failure to achieve income targets. There is also a risk of additional material entering the household residual waste stream via illegal use of household recycling centres.

Financial Implications

19. The financial implications of the revised commercial waste and Schedule 2 waste charges have been accounted for during the preparation of the Council's budget for 2012/13.

Legal Implications

20. The Council has a duty to provide for the collection of commercial waste and Schedule 2 waste when specifically requested to do so. Legal advice on the ability and duty in respect of cost recovery and avoidance of displacement of costs onto Council Tax payers has been incorporated into these proposals.

Options Considered

21. To:
- (i) Charge on the basis of full cost recovery, or a lesser sum, for commercial waste.
 - (ii) Charge on the basis of full cost recovery, or a lesser sum, for waste collected in accordance with Schedule 2 of the Controlled Waste Regulations 1992.
 - (iii) Apply inflationary increases, or not, for second garden waste bins.
 - (iv) Apply inflationary increases, or not, for bulky household waste collections.

Reason for Proposal

22. At its meeting on 28 February 2012 Council considered a report on Wiltshire Council's Business and Financial Plan Update 2012/13. This report stated that in the main most fees have been frozen and will remain at 2011/12 levels. Appendix 1 to that report contains the Wiltshire Council Financial Plan 2012/13 which refers to the review of commercial waste undertaken in 2011 and the proposal that the full cost of providing the service should be applied. An increase in the budget has been proposed of £0.157 million, giving a total income budget for waste management services of £2.671 million in 2012/13. Fees and charges need to be increased to ensure this budget is achieved.

Proposal

23. That the proposed fees and charges for waste management services for 2012/13 set out in the attached Schedule be approved.

The following unpublished documents have been relied on in the preparation of this Report:

None