

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

**WASTE MANAGEMENT SERVICE**

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**REFERENCE:** WPED-007-12

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**CHARGES FOR COMMERCIAL WASTE RECYCLING AND  
WASTE COLLECTED FROM CHARITIES**

**Purpose of Report**

1. To seek approval for new charges for commercial waste recycling and for waste collected from charities in the south of the county.

**Background**

2. During 2010–11 and 2011–12 the Waste Management Service made substantial progress in harmonising service delivery to ensure that business customers are offered the same levels of service for the same charge, where applicable, regardless of where they are located. The ongoing commercial waste service review (encompassing all services for which a fee is charged) has revealed a small number of local service delivery variations which need to be harmonised.

**Main Considerations and Proposals**

3. The services outlined below are currently being subsidised by residents paying council tax to Wiltshire Council. Given the current pressures on the Council's budget it is difficult to justify continuing this subsidy. Similar services to those considered below are provided by the commercial waste management sector. There is a risk of challenge from commercial service providers to the subsidised service that the Council currently provides.
4. Introducing charges for these services would enable the Council to monitor their impact on the number of customers we retain. This would provide useful information for the ongoing review of commercial waste services and assist in making decisions about future service delivery.

**South Commercial Cardboard Collection**

5. In the south there are estimated to be between 500 and 600 businesses and other organisations in receipt of a free of charge cardboard recycling service. Some of these organisations are entitled to collections of household waste in accordance with Schedule 2 of the Controlled Waste Regulations (Schedule 2 customers) for which the Council has powers to charge for collection but not disposal. This service is not marketed, nor is it available to businesses or Schedule 2 customers in any other area of the county. The total annual cost to the Council of providing this service is approximately £134,000. A modest income (£15,000) is currently achieved through the application of a flat charge of £3 per lift for an additional 193 customers who use a wheeled bin to contain their cardboard.

6. Whilst withdrawal of this service would affect a large number of businesses and Schedule 2 customers, it is a service that is essentially being provided within only one of four areas and requires harmonising. To continue providing this service free of charge, it should be accepted that the provision of recycling services that the Council could charge for is being funded by Council tax payers. The alternative is to introduce separate charges for these recycling services.
7. Commercial and Schedule 2 customers in the south currently in receipt of free of charge cardboard recycling collections could be written to and offered the option of having the service withdrawn, following a reasonable notice period, to bring service delivery into line with the other areas of Wiltshire. Alternatively, they could continue receiving the service during 2012-13 provided they pay the Council's proposed rates, pending the outcome of the ongoing service review.
8. In addition, those customers currently paying the flat fee for collection could be charged a rate appropriate to the size of container they use, reflecting both our collection and treatment charges. The recommendation would be that in the south, in addition to the bins already in circulation, only labelled bundles of cardboard would be collected, at a cost of £2.21 per label (£110.50 per 50) for those businesses currently without bins (see **Appendix 1**). This cost is based on the collection charge plus the treatment charge the Council pays to Hills Waste Solutions.
9. A comparison with fees and charges imposed by the private sector for similar services was not possible due to the very different pricing mechanisms involved. Councils primarily adopt a fixed schedule of charges that apply to all customers. Private sector companies prefer to tailor pricing to the particular customer (which enables them to take factors such as distance travelled into account).
10. In order that some form of benchmarking data could be used to test the reasonableness of Wiltshire's proposed charges, an examination of charges levied by other councils was undertaken. Relatively few councils provide a commercial recycling service and even fewer provide information on charges on their websites for ease of access. However, for six councils that do provide such services and data the range of charges was between £71 and £160 per annum (compared with £110.50 for Wiltshire cardboard labels) with a mean of £115.50.
11. A charging structure for those customers with wheeled bins could be based on standard bin sizes (see **Appendix 1**). Currently, there are some customers with bins being charged for at £3 per lift (a legacy charge that has not changed for several years and bears no resemblance to costs incurred).
12. As with the labelled service discussed above, comparator data is difficult to obtain. However, using the same six councils some limited comparisons of charges to commercial waste customers can be made using both 660 litre and 1100 litre bins collected weekly. For 660 litre bins, the range of annual charges across the councils (including Wiltshire) is £215 to £449, with Wiltshire at £449. The next highest is £411. For 1100 litre bins the range is £330 to £800 (with Wiltshire Council charging £510). The proposed charges reflect the weight of cardboard in bins of this capacity, based on a number of test weights carried out recently in Wiltshire. We estimate that an income in the region of £140,000 (full year) could be realised if all customers paying the current £3 flat fee for cardboard in bins continued with the service at the new proposed rates, and those customers currently in receipt of a free of charge collection of loose cardboard choose to continue with the service at the new charges for the collection of labelled bundles.

### East Commercial Black Box Collection

13. In the east, 174 businesses and Schedule 2 organisations are in receipt of a free of charge collection of dry recyclables. This service includes not only black box containers, but also 180 litre or 240 litre wheeled bins. Data from these customers served by Hills shows that less than half (45%) use only black boxes. Of these, 28 use more than two boxes with the highest number of boxes being 11. The other 55% use between one and eight wheeled bins.
14. These businesses and organisations in the east could be contacted and invoiced for the appropriate commercial and Schedule 2 waste sums for 2012-13 to continue receiving this service. If they decline to pay, the service should cease. Continuation should be limited to the current services and not extended.
15. The services would be provided in this way as a pilot to inform the ongoing review of the Council's commercial waste service. The results would inform the redesign of the service to be delivered from 2013-14. The existing service is being subsidised by residents paying Council Tax to Wiltshire Council. Given the current pressures on the Council's budget it is difficult to conceive of a justification for this subsidy to continue to organisations which the Council has the powers to charge.

### South Charities Collection

16. In the south, 86 charities currently receive a free of charge residual waste collection. In all other areas, charities are charged for collection (at standard Schedule 2 rates), reflecting their status under the Controlled Waste Regulations (1992). Of these 86, some 28 have bins and the annual cost to the Council of mainly weekly collections is approximately £14,300. The other 58 customers use labels with their own bags and so the weights are not recorded. An accurate cost for these customers cannot, therefore, be provided. Were it assumed that equivalent quantities were collected to that collected from customers using bins, this would equate to a cost of approximately £30,000, giving a total annual cost to the Council of around £44,000 for the collection element of this service.
17. The on-going review will be addressing the need for more robust data upon which to base costs and charges in future years. Separately, with the decision having been taken to extend the issuing of discretionary household recycling centre (HRC) passes to charities, subject to them meeting agreed criteria, there is the potential to offer this as an alternative to those charities impacted by any decision to charge for this service. Seven of the charities identified as receiving free collections have also been issued with Discretionary HRC passes.
18. The 86 charities in the south could be charged for collection of their waste, subject to a suitable notice period being provided. In respect of those qualifying charities, it is suggested that the Council write to advise them that whilst the current collection service would no longer be free of charge, they are invited to apply for a free of charge Discretionary HRC pass so that they might continue to dispose of their waste in the absence of a collection.
19. It should be noted that the new Controlled Waste Regulations (2012) reclassify much waste from registered charities from 'household' to 'commercial'. This grants councils the ability to charge for disposal as well as collection costs. Other councils, such as Somerset and Dorset, are currently reviewing their position and comparisons are therefore of little value at this time. However, of those with freely available charging information on their websites, none waived Schedule 2 collection only charges for charities. The issue for the future is whether they will choose to apply disposal charges. Wiltshire will review the impact of these changes, but for now it is suggested that charges for collection only are applied.

### **Environmental Impact of the Proposal**

20. There is a risk that introducing charges for commercial recycling might result in those businesses affected deciding not to separate out their recyclable materials and dispose of them to landfill instead. However, the proposed charges for the commercial recycling services are lower than the charges for the residual waste service so should provide an incentive to continue recycling.

### **Equalities Impact of the Proposal**

21. These proposals would harmonise fees and charges for charities in Wiltshire and would introduce charges to cover the Council's reasonable costs for commercial recycling services. Failure of the Council to recover the cost of delivery of these services, where it is able to do so, would place an additional pressure on the Council's budget.

### **Risk Assessment**

22. There is a risk that the Council loses commercial recycling customers because of the introduction of charges. There is also a risk of additional material entering the household recycling stream via illegal use of household recycling centres.

### **Financial Implications**

23. The cost of delivering these services is built into the budget for 2012-13. Any income generated will assist in offsetting the cost of delivering the service and contribute to achievement of the income target for the service.

### **Legal Implications**

24. The Council has a duty to provide for the collection of commercial waste and Schedule 2 waste when requested to do so. Legal advice on the Council's ability to recover reasonable costs and avoid displacement of costs onto Council Tax payers has informed these proposals.

### **Options Considered**

25. To:
- (i) Charge on the basis of full cost recovery for commercial cardboard collections and collection cost recovery for Schedule 2 cardboard collections in the south of the county or withdraw the service.
  - (ii) Charge on the basis of full cost recovery for commercial dry recyclable (black box) collections and collection cost recovery for Schedule 2 dry recyclable collections in the east or withdraw the service.
  - (iii) Charge for residual waste collections from charities in the south of the county in accordance with Schedule 2 of the Controlled Waste Regulations 1992 pending the outcome of a service review.

### **Reason for Proposals**

26. The Council's review of its commercial waste service has identified a number of variations in service delivery which need to be harmonised. At its meeting on 28 February 2012 Council considered a report on Wiltshire Council's Business and Financial Plan Update 2012-13. Appendix 1 to that report contains the Wiltshire Council's 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.

### **Proposals**

27. That:
- (i) The proposed fees for commercial and Schedule 2 recycling services set out in the attached Schedule be approved for the purposes of implementing pilot schemes for the collection and management of commercial cardboard in the south of the county and the collection of commercial recyclables (black box) in the east of the county.
  - (ii) The policy of charging charities for the collection of residual waste in accordance with Schedule 2 of the Controlled Waste Regulations 1992 be applied to charities in the south of the county.

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

None