

## **TRADE WASTE CHARGES**

**EXECUTIVE MEMBER:** Cllr Allan Holliday  
**LEAD OFFICER:** Keith Parker  
**REPORT AUTHOR:** Janice Carrol

**Summary:** This report seeks to implement a more flexible arrangement for establishing trade waste charges in order become more responsive to market forces and increasing oncosts

<b>Recommendation:</b>	1. Responsibility for setting future charges is delegated to the Corporate Director Quality of Life in consultation with the Portfolio Holder with immediate effect
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**Impact on delivering the Corporate Plan** To minimise waste, maximise recycling and care for the environment is a key objective of the corporate plan. The objective applies to commercial as well as domestic waste where the Council has duty to encourage responsible waste management practices.

**Impact on other statutory objectives (e.g. crime & disorder, LA21):** None

**Financial and human resource implications:** Administration time will be required to update periodic invoices and to notify customers of the change however the cost of this will be outweighed by the additional income.

**Project & Risk Management:** If delegated authority is not approved the Councils commercial waste charges will be unable to be adjusted to reflect actual costs there is a risk that the service will become directly subsidised by the Council.

### **Key Decision Status**

- **Financial:** None  
- **Ward:** None

**Other Ward Implications:** None

## **1. INTRODUCTION**

- 1.1 Under the Environmental Protection Act 1990, Copeland, as a waste collection authority has a duty to arrange for the collection of commercial or trade waste from premises in the Borough where requested to do so. The Act also states that a reasonable charge shall be made for the collection and disposal of such waste unless the authority considers a charge to be inappropriate. Copeland charges for all such collections and the service traditionally makes a financial return, which helps to offset the overall cost of the council's waste activities.
- 1.2 Although the Council's trade waste service operates in an extremely competitive market place, charges for the service are set as part of the annual budget process allowing no flexibility to react to changes in the market. Since the service was brought in-house from the private sector

in March 2000, charges have been increased annually generally in line with inflation but without regard to local market rates or cost base.

- 1.3 In recent years the cost of operating the trade waste service has increased considerably, largely due to the increasing cost of fuel and especially significant increases in the cost of waste disposal. Members will be aware that in the current financial climate the cost of fuel can fluctuate almost on a weekly basis and that fuel is a significant proportion of operational costs for waste collection services. Another major operational cost factor is the cost of waste disposal, which in Copeland's case is the cost of landfill. Waste disposal costs comprise two elements, one being the direct cost of disposal set locally by the landfill site operator and the other being Landfill Tax, introduced by the Government in 1996 as a deterrent for waste production. The cost of landfill tax alone, which is subject to a £3 per tonne annual cost escalator has increased by 40% since 2004. This cost element of disposal whilst high can be budgeted for, unlike the landfill gate fee, which complicates budget planning as the local landfill operator, Cumbria Waste Management operates a different financial year to the Council. This means that annual price increases are effective from 1 October each year while Landfill tax increases are effective from 1 April each year. Although the Landfill Tax element of disposal for 2007/8 is known to be £24 the cost of disposal from 1 October 2006 has not yet been agreed and next years costs are an unknown quantity.
- 1.4 The cost of disposal is also likely to be adversely affected by Cumbria County Council's Waste Management new contract. In addition Cumbria County Council are also considering passing on the cost of administering the systems in use to manage trade waste disposal to those district council's delivering commercial waste to the County Council's landfill sites. To date this has been carried out free of charge

## **2. THE CURRENT SITUATION**

- 2.1 Following a noticeable increase in the number of trade waste enquiries and subsequent new customers contracting to Copeland's trade service recently, officers carried have carried out an initial check of trade charges levied by Waste Collection contractors operating in the local area. The research showed that Copeland's collection charges have fallen some way behind those currently charged by the private sector operators, with the greatest difference being the cost of trade sacks, where Copeland's prices are almost half of those charged by another local operator. The current situation means that the trade service although breaking even is no longer making a contribution to the Council's overall waste services. There is a danger if demand for the service is not regulated by increased fees the Council will be subsidising trade waste collections. While this is legally acceptable the practice mitigates against responsible waste management practices and passes the cost to the general council tax payer rather than following the polluter pays principles.
- 2.2 Due to the range of bin sizes and collection frequencies offered to trade customers it is difficult to accurately estimate the potential income opportunity to Copeland should members approve an immediate increase in charges. However it is anticipated that at least £30k of additional income could be realised in a year ensuring there is no direct subsidy from Council tax payers.
- 2.3 To enable Copeland's service to maintain pace with the market and to react where costs change significantly, members are asked to approve delegated authority to the Corporate Director Quality of Life in consultation with the relevant Portfolio Holder.

**List of Appendices - None**

**List of Background Documents:**

**List of Consultees:** Corporate Team