

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 4 SEPTEMBER 2007

EXECUTIVE 18 SEPTEMBER 2007

TRADE WASTE RECYCLING COLLECTIONS

1. PURPOSE OF REPORT

- 1.1 To seek support from Scrutiny Committee Community and Executive approval to provide a trade waste recycling collection service in order to meet legal and customer requirements.

2. BACKGROUND

- 2.1 Under the Environmental Protection Act 1990 all local authorities have a legal obligation to provide a trade refuse collection and disposal service to trade customers located within their district boundaries. Waste generated by trade customers is classed as municipal waste. The Act states that local authorities must charge a reasonable rate for this service.
- 2.2 Exeter City Council has operated a successful co-mingled trade refuse collection service for many years. Regrettably all collections are sent directly to landfill as currently the service is not set up to recover recyclables from this waste stream.
- 2.3 The current trade customer base is just over 1,200 businesses, which are serviced by two crews and one refuse vehicle 5.5 days a week. Additional income generated by this service contributes to the overall running costs of cleansing services.
- 2.4 Approximately 4,000 tonnes of mixed trade refuse is collected and sent to landfill each year, of which an estimated 1,000 tonnes could potentially be recycled.

3. KEY DRIVERS FOR CHANGE

- 3.1 There are two major forces that are driving change in current practices relating to the collection of trade waste, namely potential Landfill Allowance Trading Scheme (LATS) charges and the Landfill (England and Wales) (Amendment) Regulations 2005 that comes into force on 30 October 2007.

Landfill Allowance Trading Scheme

- 3.2 An essential element of achieving a reduction in municipal waste (which includes trade waste) going to landfill is for the Council to find effective ways of reducing the amount of trade waste that goes to landfill. This means removing some or all of the recyclable waste from the co-mingled waste stream.

- 3.3 Although the existing recycling infrastructure has been directly funded mainly by council tax payers, trade customers have made an indirect contribution via revenue contribution to overheads and additional income to cleansing services.
- 3.4 Because trade waste collected by councils counts as municipal waste it falls within the LATS scheme. Trade waste collected by commercial companies does not. We could therefore be faced with additional disposal costs of around £150/tonne from 2010 onwards. It is therefore vital that the Council starts to take action soon if it is to be able to avoid having to pass on these charges to its trade customers.

Landfill (England and Wales) (Amendment) Regulations 2005

- 3.5 The Landfill (England and Wales) (Amendment) Regulations 2005 governs the activities of contractors that manage landfill sites. The aim of the Act is to reduce the negative effects on the environment of sending waste to landfill.
- 3.6 A keystone of the Regulations requires that, by 30 October 2007, all waste collected must be pre-treated in some way before it can be accepted for landfill. In essence, this means that some of the waste must be removed for recycling. Ultimately, it is the responsibility of the trade customer to pre-treat, however, they can pass this responsibility to their collection contractor and it is anticipated that this will be the likely choice for most customers. A number of options have been formulated which will ensure compliance with the legislation.

4. OPTIONS THAT WERE CONSIDERED

- 4.1 A working group considered five options. Consultation also took place with representatives of Exeter Chamber of Commerce, with the proposals from the working group. Feedback from the exercise led to a variation of the prime option under consideration.
- 4.2 Options considered were:
- (a) **Split vehicles** - the existing two crews do daily collections of both refuse and recycling in split vehicles, capable of separately collecting both waste types. Materials to be sorted in the MRF.
 - (b) **Standard and split vehicle** - the existing two crews do daily collections of refuse, and an additional split vehicle and crew collect recycling materials daily. Materials to be sorted in the MRF.
 - (c) **Standard vehicle and additional recycling vehicle(s)** - the existing two crews do daily collections of trade refuse, and one purpose-built vehicle with two person crew collects recyclables (initially paper and cardboard) once a week from each customer. Materials to be sorted in the MRF. A variation to this option has been added in light of consultation with the Exeter Chamber of Commerce, which is the addition of two smaller recycling vehicles, each with a two man crew - one capable of kerbside collection and one capable of emptying containers of co-mingled recyclables.
 - (d) **Third party provider** - work in partnership with a third party service provider that would collect and dispose of recycling materials, and the Council would continue to

provide refuse collection services only. The Council would be the single point of contact for the customer, and all invoicing for both refuse and recycling would be managed by the Council.

- (e) **Recycling service only** - using the current vehicles and crew, the Council stops refuse collection services and starts recycling only services. Materials sorted in the MRF.

4.3 For each of the above options the group considered the following key factors:

- the most suitable collection vehicles
- the most viable collection schedules – should collection of refuse and recycling take place at the same time, or would alternative collection times be more appropriate
- the impact on staff and crews
- the cost of sorting
- the change in revenue contribution
- attractiveness of the proposition to trade customers
- the impact on LATS charges
- availability and suitability of working partners
- likely uptake of existing and new customers
- full financial appraisal of all options
- compliance with the Council's environmental policies
- other commercial competition

4.4 The working group considered that a cautious approach should be adopted at the outset until a stable customer base for recycling services is established.

4.5 Option (e) to operate a recycling service only, was discounted as this option failed to meet the Council's statutory duty, and it would leave 1,200 waste customers without a service. The options to use a split collection vehicle (options (a) and (b)) were discounted due to the high cost of the vehicle and the difficulties these wider vehicles have in operating down narrow streets.

4.6 Working with a third party partner was given serious consideration as it initially appeared an attractive proposition. However, this option was eventually discounted as it would leave the Council to collect residual waste from trade, which would count towards its municipal waste tonnage going to landfill, but remove the income element derived from the sale of recyclables.

5. **PROPOSAL**

5.1 It is considered, therefore, that option (c), standard vehicle and additional recycling vehicle(s) option, would be the most appropriate option at this time. The Council could trial this approach by hiring a small caged vehicle during the first six months of service, and use two agency crew workers. If this approach proves to be successful, one or more purpose built vehicle(s) will need to be purchased at a later date and permanent crew members appointed. In future the Council could potentially expand its recycling collection services to include possible additional recyclables such as plastic, cans and glass. Any expansion of this service would be based on the overall success of the service, customer demand and sufficient income to support it.

- 5.2 In order to set up the pilot service as an addition to the existing trade refuse collection service, it will be necessary to employ a temporary administration officer for the period of the six month pilot, in order to deal with the additional administration involved. It is anticipated that on extending the pilot, the administration of the service will be either absorbed or the administrative support will be reviewed should take-up by customers exceed expectation.
- 5.3 The primary service would operate on a planned basis whereby the collection crew would go to designated areas on four days of the week (Monday to Thursday) and collect whatever paper and cardboard customers have put out for collection in branded clear sacks or branded tape provided by the Council. On Fridays the collection crew would collect, on request, additional paper and cardboard from those customers that generate large volumes of paper or cardboard and/or those that have particular storage constraints.
- 5.4 It is considered that an across-the-board fixed fee of £3.00 per week should be made to those trade customers wishing to take up the service. In return for this fee the Council will provide a weekly recycling collection service to all trade refuse customers. For those customers needing an additional collection on Fridays an additional fee of £3.00 per collection should be levied.
- 5.5 Subject to the overall uptake of this trade recycling service it is considered that, at worst, the service will break even and, at best, it could make a modest surplus which could be reinvested to provide future improvements to the service.

6. FINANCIAL IMPLICATIONS

- 6.1 The proposed service has been modelled on the assumption that 400 to 600 (33% - 50%) of the existing 1200 trade refuse customers will take up the recyclables collection service. Take up of 33% will effectively give a cost neutral position, whereas 50% take up will generate a positive revenue contribution of £32,000.
- 6.2 A combined capital and revenue bid has been made to earmark funding in 2008/09 allowing transition from the pilot scheme to a permanent trade recyclable collection service, dependant upon the success of the pilot.
- 6.3 On completion of the pilot, the council will be better placed to model a service that will meet customer demand and as well as attracting sufficient income to fund the service in the medium term.

7. RECOMMENDED

That Scrutiny Committee - Community supports and Executive approves:

- 1) the provision of a separate recycling collection service to trade customers as part of a six month pilot commencing in October 2007. Initially, the service will include the weekly collection of paper and cardboard only, but if successful, the service may be expanded to include other recyclables.

- 2) the hire of a vehicle for six months and the appointment of two temporary crew members for a six month period.
- 3) that a provisional charge of £3.00 per week per customer is agreed as an across-the-board fixed fee for the collection of recyclables once a week, with every additional collection charged at the same rate for the purposes of the pilot scheme.
- 4) that during the pilot, the provisional charge may be altered by agreement by the Head of Service and Portfolio Holder for Environment and Leisure.
- 5) on the pilot proving successful following review in Quarter 4, 2007/8, and subject to approval of a suitable budget, the Head of Environmental Health Services, with the agreement of the Portfolio Holder for Environment and Leisure, purchases either:
 - a new purpose built kerbside sorting vehicle at a capital cost of £100,000 and annual revenue cost of £50,000 (two person crew); or
 - purchases two smaller vehicles at a total capital cost of £100,000 and an annual revenue cost of £100,000 (2 x two person crew);dependent upon the demand from trade customers and sufficient income derived to support the option.
- 6) the appointment of a temporary admin support officer (Grade 3 - subject to job evaluation) for a six month period to input necessary data changes to trade customer records at a cost of £10,112.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

S:PA/LP/ Committee/907SCC4
23.8.07

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended) Background papers used in compiling this report:

None