

EAST AYRSHIRE COUNCIL

CABINET REPORT – 31 MARCH 2010

COMMERCIAL WASTE & SPECIAL UPLIFT CHARGES

Report by Executive Director of Neighbourhood Services

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek Cabinet approval for the revised commercial waste and special household waste collection charges for implementation from 1st April 2010.

2. DISCUSSION

- 2.1 East Ayrshire Council's recycling rate currently stands at approximately 43%. Although there has been a significant increase in the quantity of wastes diverted from landfill since the introduction of kerbside recycling, all Scottish local authorities are obliged to reach year on year waste recycling and landfill diversion targets up to 2025. Table 1 highlights the Council's national waste obligations below:

**Table 1:
Landfill Diversion/Recycling Targets for East Ayrshire Council 2006-2025**

Target Year	Scottish Government Recycling/Composting Targets	EAC Performance	Biodegradable Landfill Allowance	EAC Performance	Percentage of Permitted Municipal Waste Used for Energy Recovery
2006	25%	32%	40,876	-	
2007	-	35%	33,775	29,858	
2008	30%	42%	32,232	26,600	
2009	-	-	30,699	26,042	
2010	40%	-	29,177	-	25%
2013	50%	-	19,451	-	↓
2020	60%	-	13,704	-	
2025	70%	-		-	

- 2.2 Landfill costs currently stand at £67.50 per tonne (£27.50 gate fee plus £40.00 landfill tax). These costs will rise as from 1st April 2010 to £76.50 (£28.50 gate fee plus £48.00 landfill tax).
- 2.3 As per Council policy, all services are required to ensure a consistent approach to the setting of charges, in this instance for the uplift of residual waste from commercial customers. East Ayrshire Council has a family of benchmarking partners from which it is possible to compare like for like services. Table 2 highlights the levels of charging for the uplift of residual waste from commercial businesses across our benchmark family.

**Table 2:
2009/10 Residual Benchmarking Weekly Charges**

2009/2010 Residual Benchmarking Weekly Charges (inclusive of VAT)							
Bin Size	East Ayrshire	Clackmann.	North Ayrshire	South Ayrshire	West Lothian	**East Ren	Inverclyde
120	£1.84	N/A	N/A	N/A	£3.29	£2.50	£2.15
240	£3.75	£3.17	£2.12	£3.24	£4.80	£5.00	£3.60
330/360	£5.17	£5.56	£4.23	£5.06	N/A	£7.15	£4.30
500	N/A	N/A	N/A	N/A	N/A	£9.30	N/A
660	£10.30	£10.19	£6.35	£9.29	N/A	£12.00	£7.90
770	N/A	N/A	N/A	N/A	N/A	N/A	£8.60
950	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1100	£15.63	N/A	£13.87	£16.22	£15.51	£17.80	£10.05
1280	£15.63	£16.99	N/A	£17.84	N/A	N/A	£11.50
Skip	£169.18	N/A	N/A	£226.81	N/A	N/A	£195.90

****East Ren - Costs shown exclude leasing costs**

- 2.4 Government analysis indicates that commercial waste accounts for approximately 15% of municipal wastes collected by Scottish local authorities and should therefore be considered a focus for local authority recycling activities. With waste recycling and biodegradable landfill diversion targets increasing year on year, local authorities are being encouraged towards further waste minimisation and increasing recycling opportunities to the commercial sector. It is therefore proposed to freeze charges for the uplift of recyclable materials whilst increasing residual waste charges in line with gate fee and landfill tax increases of 15%. Proposed charges are illustrated in Appendix 1.
- 2.5 East Ayrshire Council presently has approximately 1,900 commercial waste customers, all of whom have their residual waste uplifted by the Council. Of this total, 523 customers have their cardboard and 199 their glass and cans uplifted separately. In the current financial year, there has been considerable activity from private sector waste collection providers either expanding into or extending their existing provision within East Ayrshire. A survey of the Council's Kilmarnock town centre customers in December 2009 suggested that whilst price is ranked as the third most important determining factor in choosing a waste contractor, reliability of service and frequency of collection ranked higher. However, the current economic climate does indicate that price is a fundamental consideration for customers terminating contracts with East Ayrshire Council.
- 2.6 It has been difficult to benchmark the Council's proposed commercial waste charges with the private sector as private sector companies are unwilling to offer quotations without a full detailed appraisal of any new business requirement. However details of private hire skip prices are set out in table 3 including a comparison with the proposed East Ayrshire Council charges for 2010/2011.

**Table 3:
Comparisons**

SKIP HIRE COMPARISONS 15 MARCH 2010	
Company	Price including VAT
	8yd3
Company A	£152.75
Company B	£152.75
Company C	£152.75
Company D	£152.75
Company E	£189.18
Company F	£152.75
EAC – 2010/11	£194.56

3. FINANCIAL IMPLICATIONS

- 3.1 The proposed charging mechanism seeks to balance the need to generate income whilst providing services at affordable prices.

4. POLICY IMPLICATIONS

- 4.1 The use of the Challenge of Charging Checklist to underpin the proposals for 2010/11 charges will assist in ensuring that the Council's policy on charging has been fully implemented.

5. LEGAL IMPLICATIONS

- 5.1 Nil.

6. RISK MANAGEMENT

- 6.1 The proposed residual waste increases (15%) reflect the impact of the forthcoming 2010/11 increased gate fees and the landfill tax accelerator on the Council. Such an increase on current waste charges may result in current customers opting to utilise the services of cheaper privately operated contractors. However, failure to apply the full increase would result in commercial waste customers being subsidised by individual Council taxpayers.

7. COMMUNITY PLANNING IMPLATIONS

- 7.1 In terms of Community Planning in East Ayrshire, making a commitment to freeze uplift costs for recyclables is consistent with Aim 8 of the "Delivering Community Regeneration" Action Plan 2009-2011 – "To mitigate against and adapt to the negative effects of climate change".

8. CONCLUSION

- 8.1 Through the successful introduction of kerbside recycling and improvements to the Council's Recycling Centre and Points, East Ayrshire Council has achieved a recycling rate of approximately 43% - exceeding all European and national targets to date. In order to attain future waste recycling and landfill diversion obligations local authorities are obliged to continually identify and implement additional recycling opportunities and systems.
- 8.2 The Government has indicated that approximately 15% of municipal wastes collected by local authorities arises from the commercial sector. On this basis, 15% of municipal waste exceeded 10,000 tonnes in East Ayrshire during 2008/2009.
- 8.3 In order to maximise recycling opportunities for commercial premises the Cleansing Service propose to freeze recycle uplift charges thereby encouraging local businesses to recycle their waste rather than landfill.
- 8.4 Subject to market forces during 2010/11, Cleansing Services may submit a further paper with revised commercial charges for Cabinet consideration if considered appropriate.

9. RECOMMENDATIONS

- 9.1 It is recommended that Cabinet:
- i) approve the proposed charging mechanism as highlighted in Appendix 1 & 2;

William Stafford
Executive Director of Neighbourhood Services
CMCA/DG/LS

24 March 2010

BACKGROUND PAPERS

Managing Charging – Services Manager's Checklist

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APPENDIX 1.

CLEANSING SERVICES CHARGES - 2010/2011

BIN SIZE	UPLIFTS PER WEEK	EXISTING ANNUAL CHARGE (RESIDUAL) 2009/10 inc VAT	EXISTING ANNUAL CHARGE (RECYCLATE) 2009/10 inc VAT	PROPOSED ANNUAL CHARGE (RESIDUAL) 2010/11 inc VAT	PROPOSED ANNUAL CHARGE (RECYCLATE) 2010/11 inc VAT
120 L	1	£95.89	-	£110.27	-
	2	£192.65	-	£221.55	-
	3	£292.79	-	£336.71	-
240 L	1	£195.20	£111.92	£224.48	£111.92
	2	£388.69	£222.86	£446.99	£222.86
	3	£584.75	£335.26	£672.46	£335.26
	4	£779.95	£447.19	£896.94	£447.19
	5	£974.30	£558.62	£1,120.45	£558.62
330 L	1	£268.83	£154.13	£309.15	£154.13
	2	£535.96	£307.29	£616.35	£307.29
	3	£803.07	£460.44	£923.53	£460.44
	4	£1,071.90	£614.58	£1,232.69	£614.58
	5	£1,340.75	£768.71	£1,541.86	£768.71
660 L	1	£535.96	£307.29	£616.35	£307.29
	2	£1,071.05	£614.08	£1,231.71	£614.08
	3	£1,607.01	£921.38	£1,848.06	£921.38
	4	£2,142.96	£1,228.67	£2,464.40	£1,228.67
	5	£2,676.36	£1,534.49	£3,077.81	£1,534.49
1100 L/1280 L	1	£812.50	£465.85	£934.38	£465.85
	2	£1,625.00	£931.69	£1,868.75	£931.69
	3	£2,436.63	£1,397.04	£2,802.12	£1,397.04
	4	£3,245.69	£1,860.92	£3,732.54	£1,860.92
	5	£4,059.89	£2,327.73	£4,668.87	£2,327.73
CHAMBERLAIN	1	£703.86	-	£809.44	-
	2	£1,407.01	-	£1,618.06	-
	3	£2,109.43	-	£2,425.84	-
	4	£2,815.48	-	£3,237.80	-
	5	£3,518.63	-	£4,046.42	-
Comm Sacks	1	£1.61	£0.93	£1.85	£0.93
Loose Card	Regular User	-	£111.92	-	£111.92
	High User	-	£222.86	-	£222.86
SKIP HIRE	Per Skip	£169.18	£97.00	£194.56	£97.00

Trade waste deposited at Transfer Stations will be charged at £123.91 (inc VAT) per tonne with a minimum charge of £84.21 (inc VAT) per deposit.				

APPENDIX 2.

SPECIAL UPLIFT CHARGES 2010/2011			
	RATE	VAT	TOTAL
Kitchen Units & Bathroom Suites	44.98	7.88	52.86