



Cabinet

Report of: Councillor Dr Peter Moseley
Cabinet Member for Environment

Report to:	Cabinet
Date:	9th November 2017
Subject:	Introduction of a Trade Waste Collection Service (ENV671) <i>The attached Business Case is exempt under Schedule 12A of the Local Government Act 1972 section 3 because it refers to the financial or business affairs of the Council.</i>

Decision Proposal:	Key decision
Relevant Cabinet Member:	Councillor Dr Peter Moseley
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Approved for publication	Councillor Dr Peter Moseley, Cabinet Member for Environment Date: 24 October 2017

SUMMARY

The opportunity exists for the Council to introduce a trade waste collection service to our local businesses. This would offer a good value reliable service providing employment in the local economy.

An analysis of the local business waste market indicates that a commercially viable opportunity exists to generate an income to support the waste portfolios overheads for a relative low business start-up cost. These start-up costs can be funded from existing waste initiative reserves.

RECOMMENDATION

It is recommended that the Council introduce a trade waste collection service to business customers.

1. BACKGROUND TO REPORT

- 1.1** Under the Environmental Protection Act 1990 (EPA 1990), the Council has a duty to arrange for the collection of commercial waste. We currently discharge this duty by referring customers to private companies operating within the area. The EPA 1990 also imposes a legal responsibility of “any commercial activity” - whether run from home or its own premises - to manage the waste it produces. In practice this requires businesses to have trade waste agreements in place.

Opportunity

- 1.2** The opportunity exists to build on the existing domestic waste collection services that the council provides by introducing a collection service to commercial organisations. As the majority of the infrastructure for delivering this business proposal is already in place, the only additional resources required initially are for the new sales and admin resources. There is no significant start-up capital required.
- 1.3** Many local authorities provide a trade waste service offering good value to local businesses in their areas. Our local commercial waste market is active with a number of providers operating from outside the area and one within Lincolnshire. The District Council can offer a service based on reliability, competitive rates and local employment, thereby supporting the local economy.

Business Case

- 1.4** Delivering a trade waste service in a commercial environment is a new venture for the Council, and to ensure its success in a competitive market will require our offer to be tailored to customer need. The attached confidential business case details the research undertaken analysing the market, the competition and the possible costs and associated sales.
- 1.5** Members have previously been supportive of this approach and recommended that an appropriate agreement with Lincolnshire County Council as the Waste Disposal Authority be secured. An agreement has now been obtained which will initially run until 31st March 2019. This allows the Council to co-mingle trade waste with domestic when collected and introduces a suitable methodology for calculating the disposal costs at an agreed price.
- 1.6** It is not possible to accurately determine the take up of customers as there are many influencing factors that are outside the Council's control. The market may adjust following the entry of a new competitor and prices could fall. Whilst this may mean that the new service loses potential income the business community will benefit from the lower prices. It is only by actually entering the market that we will be able to determine if the level of demand can sustain the new service.

- 1.7** The success of the proposal is very dependent upon securing the appropriately skilled sales resource. The person recruited will require the relevant experience in this (or a similar) commercial market. This roles employment terms should therefore reflect this and our standard terms of employment adapted to reflect those more akin to a commercial environment.
- 1.8** This service will be operating in direct competition with other providers and therefore in order to compete on the same terms our prices need to remain commercially confidential. For this reason they will not form part of the annual scale of charges publication process. Equally, we need flexibility in our pricing model to attract the high volume commercial contracts. Price rigidity is not commercially friendly.

2. OTHER OPTIONS CONSIDERED

- 2.1** The Council could continue not to directly provide a trade waste service as it can arrange for the service to be provided through the third parties.

3. RESOURCE IMPLICATIONS

- 3.1** The funding required for this financial year to cover the variable costs of employees, disposal costs and marketing materials is estimated at approximately £60,000 and this will be funded from the “Waste and Recycling Initiatives” reserve. The annual ongoing costs and revenues will be built into the 2018/19 service budgets.

4. RISK AND MITIGATION

- 4.1** Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
The service fails to cover its costs.	Gateway reviews undertaken every 6 months to determine ongoing viability

5. ISSUES ARISING FROM IMPACT ANALYSIS (EQUALITY, SAFEGUARDING etc.)

- 5.1** This proposal is a commercial offer for businesses and does not therefore require an impact assessment.

6. CRIME AND DISORDER IMPLICATIONS

- 6.1** None.

7. COMMENTS OF FINANCIAL SERVICES

- 7.1** As with any new commercial venture, there is uncertainty over the level of demand and therefore the income but this is reflected in the business case. Revenue expenditure to fund start-up costs of £60k is required in this financial year and this can be met from the Waste and Recycling Initiatives Reserve.

8. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

- 8.1** The Local Government Act 2003 provides that a local authority can charge where it is exercising a discretionary function. The general power to charge is subject to a duty to secure that, taking one financial year with another, the income from charges does not exceed the cost of provision. Depending on the success of the service alternative arrangements may need to be considered in the future.

9. COMMENTS OF OTHER RELEVANT SERVICES – HR

- 9.1** In order to attract a Sales Executive of the right calibre and with the required level of commercial skills, it is important that we are able to offer a contract with terms and conditions that stand up favourably to others in the private sector. This could also be further justified if the role is designed to cover future commercial services developed by the Council as they come to market.

10. APPENDICES

- 10.1** Appendix 1 – Commercial Waste Business Case
The attached Business Case is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it refers to the financial or business affairs of the Council.

11. BACKGROUND PAPERS

- 11.1** None.