

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER – HIGHWAYS, TRANSPORT AND ENVIRONMENT

12 September 2019

Report of the Executive Director – Economy, Transport and Environment

REVIEW OF CHARGES AND PAYMENT FOR COMMERCIAL WASTE, ABANDONED VEHICLES, RECYCLING CREDITS AND EXCESS MILEAGE

(1) **Purpose of Report** To review the charges made to the district/borough councils for the disposal of commercial waste and County Council payment rates for recycling credits, abandoned vehicles and excess mileage related to the delivery of waste management services within the County.

(2) **Information and Analysis**

Commercial Waste Disposal Recharge Costs

The district and borough councils, as Waste Collection Authorities (WCAs), have a statutory duty to collect, on request, commercial waste from a range of organisations, such as businesses, markets, Government offices, etc. They collect around 13,000 tonnes of commercial waste per year, approximately 4% of the total local authority collected municipal waste stream in Derbyshire. WCAs costs are recovered from the organisations from which they collect the waste.

The majority of commercial waste in the County is collected and disposed of by private sector waste collection companies. Some commercial waste collected by the WCAs is, however, disposed of by the County Council through its waste management contracts with Resource Recovery Solutions (Derbyshire) Ltd and Suez Recycling and Recovery UK Ltd. In accordance with legislation, the contract costs for disposal are initially met by the County Council and then recharged to the WCAs.

At a meeting on 26 June 2018, the Cabinet Member approved the commercial waste disposal recharge rate for 2018-19 (Minute No. 68/18 refers). The recharge comprises a gate fee and contractual disposal costs incurred by the County Council, together with an administration fee. The following table details the rates charged for the previous year and sets out proposed revised charges for 2019-20:

Commercial Waste Recharge	2018-19	2019-20
Total per tonne (gate fee + contractual disposal costs)	£130.78	£134.43
Annual administration fee	£1,265	£1,289

The gate fee increases on an annual basis, calculated using the April Retail Price Index (RPI) rate published by the Office of National Statistics. The contractual disposal costs are inflated in accordance with contractual requirements. The annual administration fee has been set to meet the costs incurred by the County Council while its officers carry out the work involved in administering the WCA recharge. This fee has been increased in line with projected labour costs for 2019-20.

It is proposed that the commercial waste disposal recharge rate for 2019-20 is set at £134.43 per tonne with an annual administration fee of £1,289.

Abandoned Vehicle Agency Agreement

At a meeting on 27 August 2009, the Cabinet Member for Technology and Recycling approved a revised Agency Agreement for managing the disposal of abandoned vehicles in the County (Minute No. 11/09 refers). This agreement enables the WCAs to provide all aspects of inspection, collection and disposal of abandoned vehicles and to share appropriate costs with the County Council.

The Agency Agreement provides a payment to the WCAs to manage the administration of the disposal of vehicles on behalf of the County Council. The cost of disposal can both increase and decrease according to variations in the scrap metal market.

The Cabinet Member – Technology and Recycling, at the meeting on 27 August 2009, agreed a base rate agency payment for administration of £30 per abandoned vehicle with an annual adjustment based on RPI. The 2018-19 rate of £39.53 is subject to an increase of 3% based on the April 2019 RPI figure, issued by the Office of National Statistics resulting in a proposed revised payment per vehicle of £40.72. The number of vehicles being abandoned has significantly increased over the last few years due to the low residual value of such vehicles as a result of lower scrap metal prices. It is therefore anticipated that the total budget for abandoned vehicles in 2019-20 will be £39,000.

Recycling Credits

The Environmental Protection Act 1990 and the Clean Neighbourhoods Act 2005 place a duty on Waste Disposal Authorities (WDAs) to provide a financial incentive to WCAs and third party organisations to recycle household waste. WDAs have a duty to pay recycling credits, based on the savings in disposal and collection costs, which result from recycling household waste.

The Department of Environment, Food and Rural Affairs (DEFRA) issued guidance in 2006 requiring recycling credits to be based on the average cost of disposal in 2005-06 and subsequently to increase by 3% per year.

In 2018-19, the recycling credit rate was £56.59 per tonne, the County Council's total payment for recycling credits for that year is estimated at £4.9 million to WCAs and £13,500 to voluntary groups.

In accordance with DEFRA guidelines, a statutory 3% increase is applied each year and so the proposed rate for 2019-20 is £58.29 per tonne. It is anticipated that these costs in 2019-20 will total approximately £5.1 million for WCAs and voluntary groups combined.

Excess Mileage Payments

The County Council has an agreed policy for excess mileage payments to the district/borough councils for excess mileage incurred in transporting waste to their designated delivery point. Excess mileage is defined and calculated as mileage incurred from a point 5 miles from a district/borough boundary to the point of delivery and the return trip.

The formula for payment was devised by the National Association of Waste Disposal Officers (NAWDO) and adopted by the County Council in agreement with all the district/borough councils. The policy was adopted taking account of the requirements of the Environment Protection Act 1990 to make a reasonable contribution to district/borough councils for expenditure reasonably incurred in delivering waste to the designated delivery point.

In 2018-19, the payment was £0.95 per tonne per mile or £37.94 per hour travelled for small/lightweight loads. These rates are inflated each year using the April RPI rate issued by the Office of National Statistics and so the proposed rate for 2019-20 is £0.98 per tonne per mile or £39.08 per hour travelled. The estimated annual budget expenditure for 2019-20 is £70,000.

Cabinet Member approval for all the new proposed annual rates has historically been requested each year but it is proposed that, in the future, approval will be sought on a bi-annual basis with the next 2020-21 rates being calculated using the methods above and implemented without submitting a report. It is anticipated that this will greatly reduce the time taken to process WCA recharges and receive their payments, particularly at the start of the year.

(3) Financial Considerations The proposed commercial waste recharges will ensure that all commercial waste disposal costs are recovered from the WCAs. The recharge will generate approximately £10,300 in administration fees.

The abandoned vehicle payments in respect to the Agency Agreement are estimated to total £39,000 in 2019-20. The total recycling credit payments are estimated to be £5.1 million in 2019-20 and the excess mileage payments are estimated to be £70,000 in 2019-20.

All of the above costs can be contained in the current waste management revenue budgets. The recharge rates will continue to be reviewed on an annual basis in future years.

Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, environmental, health, human resources, property, social value and transport considerations.

(4) **Key Decision** No.

(5) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(6) **Background Papers** Held of file within the Economy, Transport and Environment Department.

(7) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member approves:

7.1 The commercial waste disposal recharge rate for 2019-20 at £134.43 per tonne plus an annual administration charge to each Waste Collection Authority of £1,289.

7.2 The abandoned vehicle rate for 2019-20 at £40.72 per vehicle in accordance with the Agency Agreement.

7.3 The recycling credit rate for 2019-20 at £58.29 per tonne.

7.4 The excess mileage payment for 2019-20 at £0.98 per tonne per mile or £39.08 per hour travelled.

7.5 That submission of future Cabinet Member reports, requesting approval for proposed new annual recharge/payment rates, be undertaken on a bi-annual basis from 2019-20.

Mike Ashworth
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