

## DERBYSHIRE COUNTY COUNCIL

### MEETING OF CABINET MEMBER – INFRASTRUCTURE AND ENVIRONMENT

15 July 2021

Report of the Executive Director – Place

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

(1) **Purpose of Report** To review a number of charges made to the Waste Collection Authorities 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 municipal waste stream in Derbyshire.

The majority of commercial waste in the County is collected and disposed of by private sector waste collection companies. The commercial waste collected by the WCAs is, however, disposed by the County Council through its waste management contracts with Renewi UK Services Ltd. The contract costs for disposal are initially met by the County Council and then recharged to the WCAs, as a straight pass through cost.

At a meeting on 12 September 2019, the Cabinet Member – Highways, Transport and Infrastructure approved the commercial waste disposal recharge rate for 2019-20 (Minute No. 47/19 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 2021-22:

<b>Commercial Waste Recharge</b>	<b>2020-2021</b>	<b>2021-2022</b>
Total per tonne (gate fee + contractual disposal costs)	<b>£137.88</b>	<b>£141.04</b>
Annual administration fee per WCA	<b>£1324.00</b>	<b>£1343.86</b>

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. Due to the anticipated 1.5% Local Government pay increase for 2021-22, WCAs will incur a charge of £1,343.86. Should the pay increase not be approved during the financial year, the 1.5% will be reimbursed (£19.86 per WCA).

It is proposed that the commercial waste disposal recharge rate for 2021-22 is set at £141.04 per tonne with an annual administration fee of £1,343.86.

### **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.

In 2009, the Cabinet Member for Technology and Recycling agreed a base rate agency payment for administration of £30 per abandoned vehicle with an annual adjustment based on RPI. The 2020-21 rate of £41.33 is subject to an increase of 2.9%, based on the April 2021 RPI figure issued by the Office of National Statistics, resulting in a proposed revised payment per vehicle of £42.53. It is anticipated that the total budget for abandoned vehicles will be £38,000.

### **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 landfill in 2005-06 and subsequently to increase by 3% per year.

In 2020-21, the recycling credit rate was £60.04 per tonne. The usual patterns of waste collection and disposal in the County have been greatly affected by the Covid-19 pandemic and an increase in kerbside recycling tonnages against which the County Council pays recycling credits has been observed. This may be attributed to a majority of Derbyshire's residents working from home during lock down. Taking this into account, the County Council's total payment for recycling credits for this year is estimated at £5.5 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 2021/22 is £61.84 per tonne.

At this time it is difficult to estimate the total costs the County Council may be liable to pay in 2021-22 because there is still some uncertainty as to when residents will be able to return to their workplaces and Covid-19 restrictions removed. It has been estimated that in a worst-case scenario the total cost will be approximately £5.9 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 2020-21, the payment was £0.99 per tonne per mile or £39.67 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 2021-22 is £1.02 per tonne per mile or £40.82 per hour travelled. The estimated annual budget expenditure for 2021-22 is £63,000.

### **Submission of reports to the Cabinet Member meeting for approval**

Cabinet Member approval for the application of new annual rates was historically sought on an annual basis, however, it was agreed within the 12 September 2019 Cabinet Member meeting that all future approvals would be requested on a bi-annual basis. The next subsequent report is due 2021.

The next report will be submitted to the Cabinet Member meeting during 2023-24 – rates for 2022-23 being calculated using the methods described above and implemented without submitting a report for approval to implement them.

This streamlines the time taken to process WCAs recharges and enables them to receive their payments in a timely manner, particularly at the start of the year.

(3) **Financial Considerations** The proposed commercial waste recharges will ensure that all commercial waste disposal costs are met by the WCAs resulting in zero cost to the Council, but the recharge will generate approximately £10,500 in administration fees in both 2021-22 and 2022-23.

The abandoned vehicle payments in respect to the Agency Agreement are estimated to total £38,000 in 2021-22.

The total recycling credit payments are estimated to be £5.9 million in 2021-22.

The excess mileage payments are estimated to be £63,000 in 2021-22.

The three figures above will be increase by the inflation rates detailed in this report for 2022-23.

The report sets out the rates for the current financial year, and are all based on either legislation, government guidance, contractual or service levels agreements and therefore there is currently little flexibility on the annual increments charged.

All of the above costs can be contained in the current Waste Management Revenue budgets. The recharge rates will continue to be reviewed and set on an annual basis in future years.

### (4) **Other Considerations**

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

(5) **Key Decision** No.

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

(7) **Background Papers**

Cabinet Member Meeting – Highways, Transport and Infrastructure, 12 September 2019.

Review of Charges and Payments for Commercial Waste, Abandoned Vehicles, Recycling Credits and Excess Mileage.

Cabinet Member Meeting – Technology and Recycling, 27 August 2009, Renewal of Agency Agreement for the Storage and Disposal of Abandoned Vehicles and Sharing of Costs.

Agency Agreement held on file in the Waste Management Section of the Place Department and Report of the Director of Environmental Services on 9 December 2004.

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

8.1 The commercial waste disposal recharge rate for 2021-22 at £141.04 per tonne plus an annual administration charge to each Waste Collection Authority of £1343.86.

8.2 The abandoned vehicle rate for 2021-22 at £42.53 per vehicle in accordance with the Agency Agreement.

8.3 The recycling credit rate for 2021-22 at £61.84 per tonne.

8.4 The excess mileage payment for 2021-22 at £1.02 per tonne per mile or £40.82 per hour travelled.

8.5 That the same principle for calculation of the above sums is used for the 2022-23 figures and a further report is presented to the Cabinet Member in 2023.

**Chris Henning**  
**Executive Director - Place**