

**STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

**Report to Cabinet**

**1<sup>st</sup> December 2015**

<b>TITLE:</b>	<b>Proposal for a Commercial Recycling Service</b>
<b>PORTFOLIO HOLDER:</b>	<b>Councillor Arthur Forrester– Portfolio Holder for Environment</b>
<b>CONTACT OFFICER</b>	<b>Nicola Kemp – Operations Manager (Contracts)</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

**1. Reason for the Report**

- 1.1 To advise the Cabinet of the proposal for a commercial recycling service, following the revised Waste Framework Directive (rWFD) compliance assessment previously undertaken, which identified the need to introduce a recycling service for commercial premises of the four target materials.

**2. Recommendations**

- 2.1 That the Cabinet approves the introduction of a chargeable commercial recycling service for the Moorlands as detailed within this report.

**3. Executive Summary**

- 3.1 At the Service Delivery Overview & Scrutiny Panel meeting on the 1st July, Members were presented with the compliance assessment undertaken in regards to the rWFD for SMDC. This assessment concluded that the Council does not need to change the recycling collection services provided to homes across the District to achieve compliance, but that it was not compliant as recycling services were unavailable to business premises.
- 3.2 As a result Officers have since this time, considered options available to the Council to enable the development of a commercial recycling service to ensure the Council becomes compliant with the rWFD.

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- 3.3 The customer base of the Councils commercial waste service stands at approximately 820 commercial waste customers. Of this 162 premises have been using a free of charge recycling service mirroring that available to domestic properties within the Moorlands. This free service was launched in 2008 with collections of recyclables and organic waste being made by the domestic recycling rounds as they pass these premises.
- 3.4 The proposal as detailed within this report is to offer a comprehensive recycling collection service to the remaining commercial waste customers of the Council, following a phased publicity plan. The proposal will enable the Councils commercial waste customers to be able to recycle the four target materials as required by the rWFD; paper, glass, some plastics, and some metals alongside food waste and garden waste.
- 3.5 It is also proposed to support income generation opportunities, that charges for the recycling service are introduced based on a 50% discounted rate of a customers commercial waste charges. This discount will be applicable whether the customer pays towards their disposal costs or not.
- 3.6 Whilst estimations for income generation of a new chargeable service are difficult to predict, should charges be introduced for the current 162 customers whom use the service free of charge, annual income generation could be as high as £54,422 per annum. In year 1 this level of income would need to be offset by initial bin purchase/refurbishment costs which would be incurred. Further income opportunities would be generated by offering this service to the remaining commercial waste customer base, although sign up levels are unknown at this stage.

### 4. How this Report Links with Corporate Priorities

- 4.1 Waste collection and recycling services are an important front-line service that impacts on every resident of the District. The quality and perception of the Councils services have a direct impact on user satisfaction.

### 5. Implications

5.1 Community Safety - (Crime and Disorder Act 1998)

None

5.2 Workforce

None

5.3 Equality and Diversity/Equality Impact Assessment

This report has been prepared in accordance with the Council's Diversity and Equality Policies.

5.4 Financial Considerations

As detailed within the report.

5.5 Legal

As detailed within the report.

5.6 Sustainability

To enable the Council to reduce the amount of commercial waste sent for disposal and increase recycling activity within business premises.

5.7 Internal and External Consultation

None

5.8 Risk Assessment

As detailed within the report.

**Keith Parker  
Head of Operational Services**

**Web Links and  
Background Papers**

1.7.15 rWFD Compliance Assessment report

**Location**

Waste Collection  
Fowlchurch Depot

**Contact details**

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**6. Background and Introduction**

- 6.1 The compliance assessment undertaken in regards to the rWFD for SMDC which was presented to members of the Service Delivery Overview & Scrutiny Panel on the 1st July 2015, identified that the Council was not compliant in regards to commercial waste as recycling services were unavailable to business premises of the four target materials.
- 6.2 Since this time officers have been working to develop a proposal suitable for delivery in the district. An option has now been developed and is provided for consideration as detailed within this report.

- 6.3 SMDC provides a chargeable commercial waste collection service, available to all businesses within the District. Charges levied, are based upon the service requested by the customer, and are affected by the frequency of collection, the size and number of bins in use. Charges incorporate collection costs and in some instances disposal costs, the determination of which is underpinned by the Controlled Waste Regulations 2012 (CWR 2012). It should be noted the Council has a duty to arrange commercial waste collections if requested but it not required to do so free of charge.
- 6.4 The commercial waste service currently has a customer base of circa 820 customers, although the customer base does fluctuate throughout the financial year. Of these customers, 162 currently use recycling services provided free of charge by SMDC. This customer base is those premises whom were historically categorised as Schedule 2 under the Controlled Waste Regulations 1990, meaning that they produced household waste.
- 6.5 The provision of this recycling service enabled SMDC to claim recycling credits payable by Staffordshire County Council (SCC) and the collected tonnage counts towards the Councils recycling performance, hence the service being provided free of charge historically. In line with the CWR 2012, a re-categorisation of a number of these premises occurred in April 2015 meaning some are now classified as producing commercial waste, and waste disposal charges are now liable by the customer. This includes for example privately run playgroups, nursing and residential homes, some charitable premises, and camp or caravan sites.
- 6.6 Those customers who use the recycling services are provided with a service which mirrors that available to domestic premises, meaning they can have fortnightly collections of food and garden waste, comingled recyclables and paper. Collections can though only be made fortnightly as a result and restrictions in relation to waste capacity were introduced to ensure that the domestic recycling rounds are not negatively affected.

### **7. The proposed service**

- 7.1 The service we propose to make available to our wider commercial waste customer base, is as follows:
- Comingled recycling (glass, cans, plastics and card) – 140l to 1100l bin
  - Paper – 140l to 360l bin (restricted size of bin to reduce manual handling issues). This will not be a confidential paper collection service.
  - Organic waste (food and garden waste) – 140l to 360l bin (restricted size of bin to reduce manual handling issues)
- 7.2 The service will continue to mirror the recycling service available to domestic properties meaning that the domestic recycling and organic waste crews can collect the material whilst servicing properties in the nearby area. This will though limit the collection frequency we can make available to customers to a fortnightly collection service.

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- 7.3 Over time as the service develops and customer numbers increase, we can consider utilising two spare days within our current vehicle resource. Staffing of this vehicle will initially be supported by temporary cover i.e. agency staff. This will provide increased operational capacity and may enable the collection frequency to be increased to weekly for some customers (dependent on their location). In providing the service in this way there will be no initial upfront set up costs for the Council, enabling income generation opportunities to be maximised.
- 7.4 Standard grey and brown plastic wheeled bins will be issued to customers meaning we can utilise existing container stock, reducing costs and storage requirements. A sticker would be required to identify these as commercial recycling bins and this will need to confirm the acceptable materials to avoid contamination issues. The Council currently has a large stock of redundant 1100l steel bins as a result of falling customer numbers in recent years; refurbishment of these bins will be required.
- 7.5 Charges for the provision of all containers would be recouped from customers and incorporated within the fees levied against them.
- 7.6 The service will be offered to the Councils existing commercial waste customers, but it is recognised that we may attract new customers to our commercial waste service as a result of offering this additional service in future.
- 7.7 Collection crews will be essential in monitoring contamination of presented materials, and clear instructions in any promotional literature would need to be given ensuring it is relevant to business waste. As the collected material will be sent for reprocessing through contracts already in place to process the domestic recyclables the Council collects, should high levels of contamination be present in this material this would present a risk for the Council.
- 7.8 Consideration may need to be given in regards to the provision of waste audits to help new customers identify the materials we can recycle and to avoid or reduce contamination issues. We also propose to charge customers if they contaminate a recycling bin as disposal costs would be incurred by the Council for the disposal of this waste. It is hoped that this will help to educate the service users in the first instance and help prevent any further ongoing issues.

### **8. Financial Implications**

- 8.1 Charges for the collection of commercial waste are made in line with the CWR 2012 which confirms those premises liable for charges. This legislation does not differentiate between waste types so includes the ability to charge for the collection of recyclables. As this new service will collect material for recycling, disposal costs in excess of £68.91 per tonne will not be avoided. The charges that will be passed onto a customer can therefore be significantly lower than those relating to the collection or disposal of commercial waste.

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- 8.2 To support income generation opportunities, the charges for the recycling service will be based on a circa 50% discounted rate of a customer's commercial waste charge.
- 8.3 Introducing charges based on a discounted rate to these 162 customers, could generate income of approximately £54,422 per annum for SMDC assuming they all continue to use the service once charges are introduced. The income generated from the roll out of the recycling services to our wider commercial customer base could though increase income generation opportunities significantly.
- 8.4 As a result of charges being introduced for the recycling service, some customers may take the decision to revert back to disposing of their waste through the commercial waste service. Charging for recycling services is commonplace by the private sector, ensuring the Council's charging structure is competitive, is critical to maintain a customer base.
- 8.5 We propose to provide a notice period to our current recycling customers confirming that charges will be introduced from 1st April 2016. An audit of all bins currently in use at these locations has been completed to ensure that we can notify all premises of the likely costs they will incur from this time.
- 8.6 One financial risk to consider is that following the introduction of recycling services to our remaining customer base, customers could downsize their waste capacity, which will have an impact on income levels generated by the commercial waste service. This may though free up operational capacity meaning the recycling service could be undertaken on more days and offered to more customers.
- 8.7 To encourage take up of this new service, a further review should be undertaken of the collection frequencies available on the current commercial waste service (which offers only weekly collections at present). Customers may want to reduce their waste collection frequency to fortnightly or even monthly as a result of recycling. Whilst this would reduce income for the commercial waste service, recycling services would be more attractive to customers. We would also gain improved operational efficiency as domestic crews could service these customers whilst they are in the nearby area rather than sending the dedicated commercial crew to service them, as occurs currently.
- 8.8 Treatment costs are liable by SMDC for the reprocessing of all comingled recyclables and organic waste we collect. It is estimated that approximately 111t of comingled recyclables and 186t of organic waste per annum are collected from the 162 customers currently using the recycling services. This treatment costs the Council around £12,961. By introducing fees for the recycling services, we will ensure that these treatment costs are recovered from service users in future.
- 8.9 In addition approximately 144 tonnes of paper is collected from the current customer base per annum, which generates income for the Council of £7,800.

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- 8.10 Recycling credits at a rate of £48.72 per tonne will also continue to be payable to SMDC from SCC for recyclables collected from premises who generate household waste. This includes; schools, village halls and some self catering holiday accommodation who already receive the recycling service. It is not envisaged that any further income from this source would be received as a result of expanding the commercial recycling customer base.
- 8.11 There will be some initial set up costs incurred by the Council associated with bin provision. The Council has a large stock of redundant 1100l commercial waste bins, as a result of falling customer numbers in recent years. It is proposed that these bins are refurbished for use on the commercial recycling service for the collection of the comingled recyclables, refurbishment costs are approximately £90 per bin. We will use existing bin stock for all other requirements, as sufficient stock levels are already in place.
- 8.12 The Council has a £20,000 budget to be used for the promotion of its waste and recycling services. It is proposed that the production of any promotional literature i.e. leaflets, be funded from within this budget.

### 9. Timeline for service roll out

- 9.1 In order to roll out the recycling services to new customers, it is proposed that a period of no more than 3 months is required. During this time promotional literature will be developed to promote the new service, and refurbishment of any containers will be undertaken.
- 9.2 The proposed timeline for the roll out to new customers is as follows:

<b>Actions</b>	<b>Date</b>
Member approval of the commercial recycling service	Mid November 2015
Production of promotional literature	December 2015
Refurbishment of new containers for use on recycling service	December 2015 – January 2016
Phased promotion of new service to current commercial waste customers	January 2016
Commence first recycling collections from commercial customers	February 2016
Review customer base and impact on collection rounds to determine if another phase of service promotion can occur	April 2016

- 9.3 Due to fears around an initial mass uptake of this new service and our ability to accommodate this, we propose to advertise the service initially to customers in the Biddulph and Brown Edge areas, which equates to two full collection days as serviced by the commercial waste crew. If capacity allows, the recycling service will then be made available through further advertising to customers in other areas of the district.

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- 9.4 It is anticipated that as customers start to recycle they may decide to reduce their waste containers in number or size. Ongoing reviews of the commercial waste collection rounds will therefore need to occur to ensure operational efficiency.