

Agenda Item No. 4(i)

DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER – HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE**

14 September 2017

Report of the Strategic Director – Economy, Transport and Communities

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

(1) **Purpose of Report** To review the charges and payments made to the district/borough councils for the disposal of commercial waste and abandoned vehicles, and for payments for recycling credits 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 12,700 tonnes of commercial waste per year, approximately 3% 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 disposed of by the County Council through its waste management contracts with Resource Recovery Solutions (Derbyshire) Ltd and SUEZ Recycling and Recovery UK Ltd. The contract costs for disposal are initially met by the County Council and then subsequently recharged to the WCAs.

At a meeting on 12 July 2016, the Cabinet Member - Highways, Transport and Infrastructure approved the commercial waste disposal recharge rate for 2016-17 of £125.95 per tonne (Minute No. 82/16 refers). The recharge comprises of a gate fee, landfill tax and an administration fee. The following table details the previous year's and sets out proposed revised charges for 2017-18:

Commercial Waste Recharge	2015-16	2016-17	2017-18
Gate fee at disposal site	£38.57	£39.08	£40.45
Landfill Tax	£82.60	£84.40	£86.10
2% Administration fee	£2.42	£2.47	£2.53
Total	£123.59	£125.95	£129.08

The gate fee and landfill tax are pass through costs and increase in accordance with contractual or legislative requirements. The administration fee has been set at 2% to meet the cost of the work involved in recharging the WCAs. This cost has been increased in line with inflation.

In light of the changes in costs for the current financial year, highlighted in the table above, it is proposed that the commercial waste disposal recharge rate per tonne increases to £129.08 per tonne in 2017-18.

Abandoned Vehicle Agency Agreement

At the 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 for Technology and Recycling also agreed an Agency Payment for administration of £30 per abandoned vehicle with an annual adjustment based on Retail Price Index (RPI). The 2016-17 rate of £36.94 is subject to an increase of 3.5% based on the April 2017 RPI figure resulting in a revised payment per vehicle of £38.23. It should be noted that the number of vehicles being abandoned has increased fourfold in the last year due to the low residual value of such vehicles as a result of lower scrap metal prices. It is therefore anticipated that the total expenditure for abandoned vehicles will be approximately £45,000. This can be funded from the Waste Management Revenue budget.

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 2005-6 and subsequently to increase by 3% per year.

In 2016-17, the recycling credit rate was £53.34 per tonne. The County Council's payments in recycling credits in 2016-17 are estimated to total £4.81m to WCAs and £14,000 to furniture projects and a number of schools and voluntary groups. Claims are still being processed so final costs are not yet available. In accordance with the statutory 3% increase, the proposed rate for 2017-18 is £54.94 per tonne. It is anticipated that these costs in 2017-18 will total approximately £4.98m and £14,500 respectively.

It is proposed that the payments to the furniture groups, schools and voluntary groups are reviewed in the near future to ensure the scheme provides suitable services bringing environmentally sustainable and financial benefits.

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 the 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.

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 2016-17, the payment was £0.89 per tonne per mile or £35.45 per hour travelled and is linked to RPI. Taking into account the April 2017 RPI increase, the proposed rate for 2017-18 is £0.92 per tonne per mile or £36.69 per hour travelled. The estimated annual budget expenditure for 2017-18 is £61,000. This estimate also takes into account changes in delivery point locations which will be taking place in 2017-18 as part of the Council's long term contract with Resource Recovery Solutions (Derbyshire) Ltd (RRS).

(3) **Financial Considerations** The proposed commercial waste recharges will ensure that all commercial waste disposal costs are met by the WCAs, the recharge will generate approximately £32,131 in administration fees.

The abandoned vehicle payments in respect to the Agency Agreement are estimated to total £45,000 in 2017-18. The total recycling credit payments are estimated to be £4.98m in 2017-18 and the excess mileage payments are estimated to be £45,000 in 2017-18.

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, human resources, environmental, health, 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 on file within the Economy, Transport and Communities Department. Officer contact details – Ruth Robinson, extension 39779.

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

7.1 The commercial waste disposal recharge rate for 2017-18 at £129.08 per tonne, which includes a 2% administration charge.

7.2 The abandoned vehicle rate for 2017-18 at £38.23 per vehicle in accordance with the Agency Agreement.

7.3 The recycling credit rate for 2017-18 at £54.94 per tonne.

7.4 The excess mileage payment for 2017-18 at £0.92 per tonne per mile or £36.69 per hour travelled.

Mike Ashworth
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