

Commercial Waste

Extraordinary Cabinet	02 March 2023
Report Author	Matthew Sanahm, Acting Director of Finance and Operations
Portfolio Holder	Cllr Bob Bayford, Portfolio Holder for Environmental Services and Special Projects
Status	For Decision
Classification:	Unrestricted
Key Decision	No
Ward:	All wards

Executive Summary:

Since its inception in 2018 we have been running a commercial waste service with the intention of providing local businesses with a fairly priced and flexible service. The original decision was predicated on introducing a new service, whilst using existing resources and generating surplus income to help support the budgets within Waste & Recycling.

The service is currently being subsidised by waste and recycling resources and the national HGV driver shortage has had a significant impact. There has been a 2 week suspension of garden waste that impacted some 12,500 residents as well as difficulty in fulfilling our missed collection recall commitment.

Recommendation(s):

As per Option 1 at 4.1 below It is recommended that Cease offering the service from 31 May 2023 and provide two months notice to customers as per the terms and conditions, discontinue the Commercial Waste Service and charge customers at the 2022/23 rate until such time as the service is withdrawn.

Corporate Implications

Financial and Value for Money

Due to the current model of operation and increased costs, this service can no longer run at a surplus, as a result cessation will remove the ongoing financial pressure. This decision will have no negative financial impact on the council's operational services but will reduce the financial pressure on the waste and recycling service.

Legal

There are no legal implications directly arising from this report.

Corporate

Environment is one of the three key themes of the Corporate statement with an emphasis on being clean and well maintained.

Risk Management

No action on this item would result in the continued non delivery of the objectives that sat behind the decision to create this service, that is to provide a low cost flexible service to the residents of Thanet, this could result in:

- Substantial Fee increases
- Loss of customer base
- Loss of confidence
- Reputational damage
- Increased pressure on an already stretched service

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no direct equality implications arising from this report, however the delivery and implementation of and budgetary changes will consider this as part of the budget setting process and be reported to members in due course.

It is important to be aware of the Council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration has been given to the equalities impact that may be brought upon communities by the decisions made by Council.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

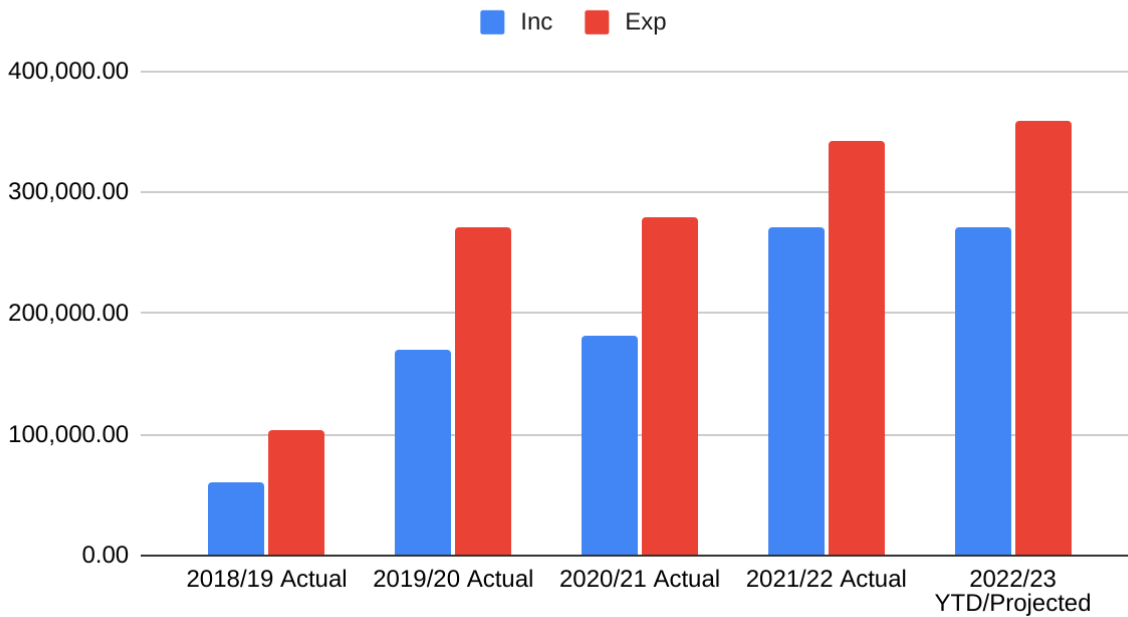
1. Introduction and Background

- 1.1 Since its inception in 2018 we have been running a commercial waste service with the intention of providing local businesses with a fairly priced and flexible service. The original decision was predicated on introducing a new service, whilst using existing resources and generating surplus income to help support the budgets within Waste & Recycling.
- 1.2 The service had an estimated gross turnover of around £300K with an expected pre-fuel/cost of living crisis expenditure of £260K, leaving the council with a potential profit margin of 15%. This figure does not include any provision for non payment and currently this is running at around 22%, i.e based on original costs and income, the service is not breaking even.
- 1.3 We have a contract in place for over 300 businesses which use 1 x 26 tonne vehicle crew with a HGV Driver and Loader. During this time there have been a number of challenges for us as a council and local businesses such as Covid and Brexit which have led to the council being owed in the region of £133k in overdue fees, further impacting on the above trading position.

2. Current Situation

- 2.1 Taking all the above into consideration, the current forecast for this year would be a trading deficit of around £87k and this is assuming non recovery of 20%. Over and above this, there is an expectation that write off for prior year billing will also be transacted in 22/23 resulting in what could be £100-£120k of additional impact, although this is unavoidable, the perceived trading position for 22/23 could be a net deficit of £207k.
- 2.2 The table below demonstrates the net trading position for each year if allocating the bad debt to each relevant trading year, but as indicated above, this will likely be allocated in 2022/23.

Inc and Exp



- 2.3 The service is also being subsidised by waste and recycling resources and the national HGV driver shortage has had a significant impact, the latest being a 2 week suspension of garden waste that impacted on 12,500 residents. Throughout this period we were also unable to fulfil our missed collection recall commitment, we could have been utilising the commercial driver to deliver our statutory services.

3. Next steps

- 3.1 Moving forward, in order to ensure that all of the above issues are addressed, we would need to more than double our existing fees in order to cover the actual cost of service, this is clearly not in keeping with the original ethos of a low cost flexible service and so this report seeks to discuss and agree the removal of the Commercial Waste service from the 31 May 2023, this will include removal from internal departments resulting in the need to procure new services.
- 3.2 By removing the service there is a risk that illegally disposed commercial waste in local public litter bins, fly tipping or Household Waste Recycling Centres could increase to similar levels that we saw previous to 2018. There will need to be a focus on this from our streetscene enforcement.

4. Options

- 4.1 Option 1 - Cease offering the service from 31 May 2023 and provide two months notice to customers as per the terms and conditions, discontinue the Commercial Waste Service and charge customers at the 2022/23 rate until such time as the service is withdrawn.

4.2 Option 2 - Cease offering the service from 31 May 2023 and provide two months notice to customers as per the terms and conditions, discontinue the Commercial Waste Service and charge customers at the approved 2023/24 rate until such time as the service is withdrawn.

4.3 Option 3 - Continue with the provision of the Commercial Waste Service.

Contact Officer: *Matthew Sanham (Acting Director of Finance and Operations)*

Reporting to: *Chris Blundell (Acting Deputy Chief Executive)*

Annex List

Background Papers

Corporate Consultation

Finance: *Chris Blundell (Acting Deputy Chief Executive)*

Legal: *Sameera Khan (Interim Head of Legal & Monitoring Officer)*