

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

13 November 2008

AUTHOR/S: Executive Director / Corporate Manager Health & Environmental Services/

TRADE WASTE - CARDBOARD RECYCLING SERVICE PROPOSALS

Purpose

1. To seek approval to provide a cardboard collection service for trade waste customers.
2. This is a key decision because
 - it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
 - it is likely to be significant in terms of its effects on communities living or working in all wards in the District.
 - it raises new issues of policy, or is made in the course of developing proposals to amend the policy framework, or is a decision taken under powers delegated by the Council to amend an aspect of the policy framework.
 - it requires the appointment of additional permanent staff for which there is no budgetary provision.
 - it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision.

and it was first published in the Forward Plan.

Executive Summary

3. Out existing trade customers have a duty to recycle/pre treat their waste. They can do this by performing the treatment in house or pay for the treatment by an authorised third party. Therefore an increasing number have been asking for separate cardboard collection following the introduction of trade paper recycling.
4. The business plan indicates that a cardboard collection service would be viable, contribute towards the RECAP LATS targets, ensure the Council meets its obligations under the Household Waste Recycling Act and enable this Council to maintain its customer base and provide a positive contribution to the Council budgets.

Background

5. In October 2007 a further provision of the Landfill Directive came into force, which affects all producers of trade waste. This type of waste must now be pre-treated prior to landfill. Recycling is one of the pre-treatment options.
6. A letter explaining the requirements of the Landfill Directive was sent to all our trade customers last September with a questionnaire. 40% of the questionnaires were

returned and the results indicated that 28% of our customer's waste was paper (which lead to the start of the trade paper recycling service) and 32% of the waste comprises cardboard.

7. This legislative change and the customer feedback means that South Cambridgeshire District Council (SCDC) has to consider the fact that:
 - (a) The Council will be asked to provide some sort of pre-treatment e.g. recycling or lose customers and a valuable source of income.
 - (b) This provides an opportunity to increase trade waste recycling services to meet the anticipated increase in demand.
8. In addition the Household Waste Recycling Act places a duty on SCDC to make arrangements for the collection of at least two types of recyclable waste. This duty extends to waste under Schedule 2 of the Controlled Waste Regulations i.e. household waste for which a charge for collection can be made. Some of the Council's trade waste customers fall in this category.

Considerations

9. As part of the introduction of trade paper recycling, the Council have employed (on a short term contract using Business Resource Efficiency & Waste (BREW) funding) a Trade Waste Recycling Officer. As this person has been meeting the Council's existing customers, as well as non-customers, it has become apparent that 70% of customers are asking for a separate cardboard collection service.
10. The Council's competitors are offering a variety of recycling services to trade waste customers to help them meet their Landfill Directive obligations. The number of requests from existing and potential trade customers is increasing, but to date the Council have not been able to offer this service. In time this could result in a reduced customer base and loss of income as customers drift away to competitors who are offering this service. The income from the trade waste service contributes to the costs of other refuse and recycling services within the overall budget.
11. During the last 18 months a BREW funded project has been looking into various trade waste recycling initiatives on behalf of the RECAP partnership. The final report is yet to be produced but several mini projects have been undertaken. Initial outcomes reflect the desire of commercial organisations to recycle their waste and the need for further education / awareness training of their legal obligations with regard to waste management.
12. The 268 trade customers who had returned the questionnaire indicating that they wanted a cardboard collection were visited during May and June 2008. The number of customers, producing over 20% of their waste as cardboard, that confirmed they still wanted a cardboard collection was 188, which is 70% of the 268 above.
13. During July to mid August 2008, 162 potential trade customers of this council were visited. 110 stated that they would like a cardboard collection. This is 68%.
14. Attached, as the confidential **Appendix 1** is a spreadsheet of calculations presenting the detailed business model for the proposed service.
15. Cambridge City Council operates an established cardboard collection service, the details of which have been used in part in the business model for this Council. They currently have 187 customers producing an average of 47 tonnes of cardboard per

month. This equates to 125 kgs per customer per fortnight. This amount has been used to arrive at a predicted tonnage for existing customers and 100 new customers.

16. There are three outlets for cardboard, Cambridge, Ely and Peterborough. Ely and Cambridge are both approximately 6 miles from the Council's depot and are offering the price per tonne contained in the confidential appendix (the current spot price is about £70 per tonne although as a result of the economic conditions this is expected to fall). A contract for the supply of cardboard would be entered into.
17. The County Council has offered to refund the purchase cost of a suitable refuse collection vehicle, circa £140,000. South Cambridgeshire District Council would hold ownership and pay the vehicle operating and staffing costs from the income generated by this service.
18. The operating costs assume a vehicle with the purchase costs refunded by Cambridgeshire County Council, the running costs of the vehicle, the costs of employing a driver, the costs of employing a Trade Waste Recycling Officer and the costs of additional bins. The total annual operating cost is contained in the confidential appendix.
19. There are four models for income. One based on 32% of our customer base, one on 70% of our customer base and one each for 32% and 70% of our existing customers plus 100 new customers.
20. The proposed service is based on a fortnightly service. This will allow for expansion or the provision of a service in neighbouring council areas.
21. The income from the 32% and 70% models of our existing customers in terms of charges for the service would not be new money as we are already in receipt of this income from the collection of trade waste that currently includes cardboard. However, the income from the sale of cardboard and the saving on disposal costs (landfill charges) are substantial. The income from the 100 new customer model is all new money.
22. Having already visited 162 potential customers it is felt that obtaining the 100 new customers would be achievable (subject to the Trade Waste Recycling Post becoming permanent). This would achieve a revenue surplus of £45,706.
23. In the 32% model (worst case scenario) income from sales and saving on disposal charges would off-set the annual operating costs, resulting in an operating loss of £47,619. Against the half yearly operating cost (as the service is fortnightly thus providing opportunity for further income) there is almost a break-even position, as the bin costs cannot be halved. However the 32% plus 100 new customers model would result in a small operating loss of £1,914 when set against the full annual operating costs.
24. In the 70% model (which reflects our survey work) an operating surplus of £18,810 is achieved. This rises to £64,516 when the income from the 100 new customers is included.
25. The work of the Trade Waste Recycling Officer would be fundamental in achieving the predicted tonnage levels. Customers would need to be visited regularly to be given advice and guidance as well as checking for the quality of material as it

has to be free of contamination e.g. plastic wrapping. In addition, it will not be possible to obtain the new customers required without this officer in post.

Options

- 26. Option 1 – Operate a cardboard collection service, from trade customers as outlined in the body of this report
- 27. Option 2 - Not proceeding with a cardboard collection service but as mentioned above, this would have a detrimental effect on other services and image of this Council. The Council would also not receive the financial and service benefits indicated above and potentially not meet it's obligations under the Household Waste Recycling Act.

Implications

- 28. If the offer from the County is not accepted then the Council could lease the vehicle at a cost (circa £40k per annum), which is not included within the business models presented.
- 29. The Trade Waste Recycling Officer is currently employed on a fixed term contract to January 2009. This post would need to become permanent for the success of the service.
- 30. An additional post of HGV Driver may need to be established but this would depend on the outcome of the Tanker Service review, which is the subject of an earlier report on the agenda. Implementing this service presents the opportunity to transfer the HGV currently employed on the tanker service to the trade waste recycling collection service.

31.	Financial	As detailed in the body of the report.
	Legal	
	Staffing	
	Risk Management	
	Equal Opportunities	

Consultations

- 32. Head of Waste, Cambridgeshire County Council regarding the refunding of the purchase price for the vehicle. Private companies in connection with the sale of cardboard.
- 33. RECAP partnership colleagues for information on their existing scheme (Cambridge and Peterborough) and also in connection with providing a service in their area (Huntingdon and East Cambs as they do not plan to undertake trade waste recycling) and also exploring partnership working (Fenland are interested in exploring the potential to share resources).

Effect on Corporate Objectives and Service Priorities

- 34.

Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future
--

This scheme would involve working with RECAP partners, as outline in the report, to provide a service to meet the needs of all commercial organisations district wide.
Deliver high quality services that represent best value and are accessible to all our community
The cardboard service would be of the same high standard as our existing collection services and available to all commercial organisations district wide.
Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work
This service will allow commercial organisations to recycle more of their waste in compliance with the law and also meets the aspirations of many of our residents, employed by these companies, who wish to recycle at work. This service will assist RECAP to achieve its LATS targets to the benefit of Council Tax payers. This scheme has the potential to enhance the reputation of the Council.

35. This proposal would meet one of the Members new 3A's namely "introduce further opportunities for businesses to recycle their waste".
36. It would also demonstrate the Council's commitments to achieving the trade Waste Recycling priority contained within the recently approved and revised RECAP Joint Municipal Waste Management Strategy 2002 – 2022.

Conclusions/Summary

37. In order for the Trade Waste Service to remain competitive in the market place, it needs to develop to deliver the services required by customers and legislation. The cardboard collection service is a timely addition to the recently implemented paper collection service.
38. Enquiries demonstrate the need for this service and the business models indicate that not only would the Council's trading position be maintained but also the customer base would increase providing further financial advantages to the Council.

Recommendations

39. It is recommended that Cabinet agrees to:
- (a) The commencement, as soon as is practicable, of a trade cardboard collection service, in line with the business model presented in the confidential appendix; and
 - (b) Accepts the Cambridgeshire County Council's offer to fund the purchase of a refuse collection vehicle; and
 - (c) The existing fixed term post of Trade Waste Recycling Officer becoming permanent; and
 - (d) Depending on the result of Members earlier considerations either
 - (i) Retain the HGV Tanker Service/Refuse Driver post or
 - (ii) Increase the establishment by one HGV refuse driver post.

Background Papers: the following background papers were used in the preparation of this report: None

Contact Officer: Stuart Harwood-Clark, Environment Operations Manager, Tel: (01954) 71349