

Name of meeting: Cabinet
Date: 17 January 2017
Title of report: Trade Waste Policy Review

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes Impact on a limited number of Third Sector organisations across the District.
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Key Decision – Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Director</u> & name Is it signed off by the Assistant Director - Financial Management, Risk, IT & Performance? Is it signed off by the Assistant Director - Legal, Governance & Monitoring?	Jacqui Gedman - 09.01.17 Debbie Hogg - 06.01.17 Julie Muscroft - 05.01.17
Cabinet member portfolio	Councillor Musarrat Khan - Highways and Neighbourhoods

Electoral wards affected: Residents are not affected. A limited number of Third Sector organisations across the District will be affected.

Ward councillors consulted: Briefings provided to all Parties in Dec 2015/Jan 2016.

Public or private: Public

1. Purpose of Report

The purpose of this report is to amend part of the Trade Waste Policy for Kirklees Council following a recent review on organisations currently receiving free waste collection services.

2. Summary

The Trade Waste Collection & Disposal Service

The Council operates a trade waste collection and disposal service on a commercial basis. This is a waste and recycling collection service available to non-domestic properties within the District. The offer of a trade waste service to wider businesses in Kirklees helps to:

- support local business by offering competitive waste disposal rates;
- optimise Council resources needed for statutory waste collection services; and
- generate an income to support service budgets.

Trade waste collection and disposal rates are reviewed and agreed each year to ensure that the service delivers the income required and rates are competitive in the open market.

Associated Statutory Requirements

As part of the Controlled Waste (England & Wales) Regulations 2012, and the Environmental Protection Act 1990, the Council has a statutory obligation to collect and dispose of waste from some types of non-domestic properties whereby waste is classified by government as 'household waste'. The types of non-domestic properties defined within this category in Schedule 1 of the Controlled Waste Regulations, are as follows:

- a place of worship;
- a residential hostel which provides accommodation only to persons with no other permanent address or who are unable to live at their permanent address; and
- a charity shop selling donated goods originating from domestic property.

Currently the Council provides free unlimited waste collection and disposal services to some of the above organisations.

The same set of regulations also state that the Council can charge for collection of waste from the following groups:

- a residential hostel which provides accommodation only to persons with no other permanent address or who are unable to live at their permanent address
- a charity shop selling donated goods originating from domestic property
- Waste from premises occupied by—
 - o a community interest company (being a company which is registered as such with the registrar of companies), or
 - o a charity or other not for profit body, which collects goods for re-use or waste to prepare for re-use from domestic property.

The regulations state that the Council cannot charge for disposal of waste from group (a) above and cannot charge for disposal of waste from groups (b) and (c) above where materials have originated from non-domestic properties.

Currently the Council provides free and unlimited waste collection services to some of these types of organisations.

The service also allows some Third Sector¹ organisation to deliver unlimited quantities of waste to the Council's Waste Transfer Stations (WTS) in Huddersfield and Dewsbury. This waste is disposed by the Council free of charge to the organisation.

Trade Waste Policy Review

In a recent review of the trade waste service, associated statutory requirements were revisited. Statutory requirements as defined by regulation were compared to actual service operations. It was noted that a number of organisations (defined in relevant regulation as non-domestic) have been receiving a free waste collection and/or disposal service for a number of years. This service offer is historical, dating back to when the Waste Disposal Authority transferred to Kirklees Council from West Yorkshire Waste Management. In 1998, the number of organisation

¹ See Appendix 1 for further information on Third Sector organisations.

supported and subsequent financial implications on the service were much lower than today, as is evidenced in Appendix 2 “Policy for Charging Registered Charities and Approved Voluntary Organisations for Waste Disposal”, dated 10 July 1998. The net subsidy shown in Appendix 2 which reflects the Council’s position at the time was £4,767.

Most supported ‘non-domestic’ organisations are Third Sector organisations. To date, this free provision has never been reviewed against Council priorities, nor has the policy differentiated between types of organisation or size of turnover.

The service is currently providing free waste collection and disposal services to various Third Sector organisations at a cost of approximately £285,000 per annum. The level of continued support to Third Sector organisations proposed in the review of trade waste policy outlined below would result in an overall approximate income of £170,000 per annum to offset these costs.

3. Information Required to Take a Decision

In order for a decision to be taken, Cabinet members must gain an understanding of the above financial savings, Council implications, and impact on the Third Sector as set out below.

4. Implications for the Council

New Council and Third Sector

In the next financial year, there will be a number of changes to how the Council funds and works with communities and Third Sector organisations. These changes include:

- a reduction to grant giving by an estimated 44%;
- charging market rates for rental properties;
- changes to legislation covering rate relief; and
- discretionary rate relief for charities.

At the same time, the Council is aiming to support communities and the Third Sector to have a more active role in the community.

In future, the Council’s approach will be to provide more targeted support in the following ways:

- Through direct investments: Making sure that we are investing in approaches that have a proven impact and a solid evidence base;
- By developing a mutual ability to be more collaborative: Influencing the sector to spend its own time and resources on things we can no longer afford to fund; and
- Building on shared values, mutual respect and trust.

This is reflected in the Kirklees Third Sector Strategy 2014 and New Council Target Operating Model.

Proposed changes to trade waste are therefore one part of this complex picture but in the context of our ambition to behave as one Council and maximise our total spend and influence, should be reviewed alongside the above priorities. When seeking to charge Third Sector organisations for trade waste services, the Council must be aware of organisations funded by other Council services. The services provided by some of these organisations are serving a key role in both Economic Resilience and Early Intervention and Prevention priorities. Some of

these organisations may face significant financial challenges if they currently receive free waste collection and disposal and are asked to pay for collection costs. For the purposes of this paper, we are calling these groups 'Vulnerable Organisations'. These organisations have been identified based on limited information currently available to the Council therefore estimates are indicative.

Early research has been completed to determine the social value² of Third Sector organisations. Some preparatory work has been completed aimed at applying social value to identify Vulnerable Organisations by implementing the following review criteria:

- Does the group or organisation have a shared mission with the Council?
 - o This is primarily to ensure the Council is supporting charities, groups and organisations that are working to improve the lives of Kirklees residents. This is known as the 'wider community benefit' test. (This excludes animal or wildlife charities.)
 - o If so, which priority? Which geographical area?
- Does the group or organisation have a turnover of over £1 million?
 - o Many registered charities or social enterprises may have significant resources and do not require a discount in order to provide the social value we seek. An exception to this exclusion applies when there is a valid reason to review the local branch or facility only, rather than the parent organisation (e.g. Local Scout Group rather than the parent International Scouting Body). Another exception applies when there is a significant risk that a key organisation would close or withdraw from Kirklees and the value of the service provided against Council priorities exceeds the value of the Council resource.
- Does the following apply to the group or organisation:
 - o Does it deliver within a high priority area at exceptional cash value?
 - o Is it a priority service and does it have no other funding routes available?
 - o Is the loss of this activity likely to destabilise other key delivery priorities? (e.g. a community centre where other activities are based)
 - o Is it a niche or bespoke priority service requiring additional or temporary support in order to develop?
 - o Does it require initial support through provision of core funding but can become sustainable in 1-3 years?
 - o Does it provide a high priority service and does it seek to be grant funded by another part of the Council to pay waste collection and disposal costs?
- Would this charge have a disproportionate impact on groups with protected characteristics or impact on good relations with groups with protected characteristics?

To provide grants to Third Sector organisations, we currently run a system called GAP (Grant Access Point) where we verify that an organisation or group is a registered charity (or if unincorporated has a charitable purpose), and assess the strength of the group's governance and financial management arrangements. This enables us to track funding from a variety of Council sources and once registered a group's status does not need to be reviewed for 3 years.

² See Appendix 1 for further information on 'social value'.

It is proposed that Vulnerable Organisations which support key Council priorities are considered within the Trade Waste Policy change proposals.

5. Consultees and Their Opinions

An Equality Impact Assessment was completed in September 2014. The resulting score indicated a very low impact and low risk with due regard to protected characteristics. Therefore, it was not required for the assessment to progress beyond stage 1.

Service officers briefed each of the political party groups in January 2016: Labour, Conservative, Green and Independent. A presentation was provided at each briefing and feedback was received. Following all briefings, a follow-up e-mail was sent to all Councillors requesting feedback on waste changes, including the Trade Waste Policy change proposal.

In December 2016 all affected third sector organisations were sent a letter informing them of proposed policy changes. If the change becomes effective from July 2017, this provides affected organisations with 6 months' notice. If this policy is approved by Cabinet in January 2017, affected Third Sector organisations will have 5 months' notice of the final decision. A second letter will be sent to affected Third Sector organisations shortly after the Cabinet decision. As explained in section 6 below (Minimising Impacts to the Third Sector), the most vulnerable Third Sector organisations affected by the policy change will have an opportunity to receive some support.

6. Next Steps

Proposed Policy Changes

As explained in Section 2 above, the waste from some non-domestic properties is categorised by regulation as 'household waste' which includes places of worship, residential hostels, and charity shops. Whilst the Council cannot charge for disposal of this waste, it can charge for collection.

There are 207 locations across 165 organisations (some of which are not Third Sector) in Kirklees that currently receive free collection and disposal services at a cost to the service of approximately £285,000 per year. It is proposed that these organisations are charged the standard trade waste rates, which are competitive and reasonable when compared to market rates. The standard trade waste rates will be reduced to reflect the Council's obligation to pay the cost of disposal.

Some Third Sector organisations deliver their waste to the Council's Waste Transfer Station (WTS) sites. Direct deliveries to the WTS sites do not allow the Council to clearly determine the source of materials. It is therefore proposed that this waste is no longer disposed free of charge. As part of the new policy, it is proposed that any deliveries to WTS sites are private waste disposal arrangements between Suez (the Council's Waste Disposal Contractor) and the individual organisations. The vast majority of the waste currently delivered to the Council's WTS sites originates from a single organisation that operates across England with their material sorted at a national sorting facility within Kirklees borders.

Minimising Impacts to the Third Sector

It is accepted that Vulnerable Organisations provide valuable services that support the Council's key priorities, as outline in Section 4 above. It is proposed that these organisations continue to

receive a limited free waste collection service and will have access to waste minimisation workshops, as explained below. The budget available to affected Vulnerable Organisations will be capped at £30,000 and the mechanism for delivery of this decided by Cabinet as part of the wider strategy of supporting the third sector.

The Council's VCS Link Team and the Waste Strategy Team will work together to support valued services to communities provided through Third Sector organisations. This support will be provided through a series of educational workshops aimed at waste minimisation, recycling, reuse, and how to generate value from waste (e.g. potential income for items such as scrap metal and rags).

Proposed Timescales

December 2016	Letter to affected organisations (notification of a proposed policy change)
January 2017	Report to Cabinet
January 2017	Letter to affected organisations (details of change)
January 2017	Proactively contact organisations most affected
February 2017	Commence workshops (waste minimisation advice)
01 July 2017	Implement policy change

7. Officer Recommendations and Reasons

Summary of Budget Review

		Current		Proposed from July 2017		
		Uncharged Income	Service Cost	Non-Chargeable Income	Service Budget Savings	Potential Chargeable Income
1.	207 non-domestic properties (some of which are not Third Sector) currently receiving free waste collection and disposal services.	142,387		85,432		56,955
2.	'Vulnerable Organisations' offered free waste collection and disposal, and must participate in educational workshops to minimise waste arisings. The free service provision will be capped per organisation at a collection frequency and tonnage level to be determined by waste services. The overall budget will also be capped at £30,000.	26,909		30,000		
3.	Disposal of waste direct delivered to the Council's WTS sites.		115,661		115,661	
	Total	£169,296	£115,661	£115,432	£115,661	£56,955

All above figures are based on actual trade waste collection from 2015/16 and current chargeable rates. Collections vary each year.

Recommendation 1: That the Council charges standard trade waste rates to all Third Sector organisations, excluding disposal costs (as per statutory requirements). If all organisations remain as 'Trade Waste Customers', this could result in an estimated income intake of up to £56,955.

Recommendation 2: That a budget of £30,000 is allocated to meet the costs for Vulnerable Organisations requiring support. That authority is delegated to the Head of Environment & Greenspace to amend the mechanism for identifying Vulnerable Organisations and delivering

this budget to match any future strategy or policy for supporting the third sector as decided by Cabinet.

Recommendation 3: That Third Sector organisations are no longer allowed to deliver waste to WTS sites under the Council's waste disposal contract. Any waste delivered to these sites is a private arrangement between the organisation and the Council's contractor, Suez. This could result in an estimated budget savings of up to £115,661 (based on 2015/16 waste arisings).

8. Cabinet Portfolio Holder's Recommendations

The Portfolio Holder, Councillor Musarrat Khan, is in agreement with the report and would like Cabinet Members to approve the recommendations in Section 7.

9. Contact Officers

Will Acornley, Head of Environment & Greenspace
01484 221000, will.acornley@kirklees.gov.uk

Lory Hunter, Commercial & Technical Development Officer
01484 221000, lory.hunter@kirklees.gov.uk

10. Background Papers and History of Decisions

See Appendices 1 and 2 attached.

11. Assistant Director responsible

Joanne Bartholomew - Assistant Director - Place
01484 221000, joanne.bartholomew@kirklees.gov.uk

Appendix 1 – Definitions

Third Sector:

The parts of the economy comprising non-governmental, not-for-profit organisations and associations including charities, voluntary and community groups, social enterprises, cooperatives and faith-based social action.

In Kirklees this is approximately 2,282 incorporated and unincorporated groups, approximately 4% of the economy and 7% of the workforce.

Social Value:

The national Social Value Act (2012) prompted Kirklees Council to adopt a Social Value policy, ratified by Cabinet in December 2013. This policy covers the way that Kirklees Council will invest its resources to achieve both value for money and social value.

The current identified priority social value outcomes for Kirklees are:

- *Supporting the Kirklees economy* - this includes the impact of the Kirklees pound, promoting employment in Kirklees and supporting youth employment – the Third Sector makes up about 4% of the Kirklees economy, 7% of the workforce
- *Reducing demand for public services* in Kirklees by maximising the impact of our actions on increasing resilience and independence - the Third Sector plays a key role in enabling communities to do more for themselves and each other and provides cost effective services to help this as well as generating income and directing volunteer hours for this outcome

Councils across the UK have all struggled to be able to demonstrate how they are effectively implementing the Social Value Act, however we in Kirklees have been working on a number of ways, through procurement as well as reviewing how we invest to totality of our resources (money, time and in kind) in the Third Sector for maximum impact.

AGENDA ITEM NO12

KIRKLEES METROPOLITAN COUNCIL

POLICY (WASTE MANAGEMENT) SUB-COMMITTEE

10 JULY 1998

POLICY FOR CHARGING REGISTERED CHARITIES AND APPROVED VOLUNTARY ORGANISATIONS FOR WASTE DISPOSAL

A REPORT OF THE ENVIRONMENTAL SERVICES MANAGER

EXEMPT INFORMATION

(This report is recommended for consideration in private because the information set out in the accompanying report is exempt information within Part 1 of Schedule 12A of the Local Government Act 1972 namely information relating to the amount of any expenditure proposed to be incurred by the Authority under any particular contract for the acquisition of property or the supply of goods or services and information relating to the financial or business affairs of a particular company).

1.0 PURPOSE

- 1.1 To seek approval from Members for
- (a) the continuation of the West Yorkshire Waste Management policy of charging registered charities and approved voluntary organisations a reduced rate for the disposal of self delivered wastes.
 - (b) the proposed level of charges.

2.0 SUMMARY

- 2.1 West Yorkshire Waste Management Joint Committee (WYWMJC) levied reduced waste disposal charges on registered charities and approved voluntary organisations for the disposal of wastes. This report seeks Member approval for the implementation of a similar policy in Kirklees.

3.0 RECOMMENDATIONS

- 3.1 That Members approve the policy of charging registered charities and approved voluntary organisations a reduced waste disposal charge for wastes they deliver to Kirklees Waste Services Ltd (KWSL) transfer stations or third party landfill sites contracted to KWSL.
- 3.2 That Members approve a charge of £8/tonne to registered charities and approved voluntary organisations for the disposal of their direct delivered wastes.

4.0 BACKGROUND

- 4.1 Kirklees Metropolitan Council took over responsibility for waste disposal from WYWMJC on 1 April 1998.
- 4.2 WYWMJC levied a reduced waste disposal charge on registered charities and approved voluntary organisations delivering their waste to WYWM reception points. The WYWM rate was 25% of the full trade waste charge. The charging scheme was based on vehicle type, see Appendix A for details.

5.0 INFORMATION

- 5.1 Approximately 250 tonnes of waste direct delivered by charities and approved voluntary organisations was disposed of at WYWM sites in Kirklees in the 1997/98 financial year.
- 5.2 The disposal of wastes delivered by registered charities and approved voluntary organisations is included in the KMC contract with Kirklees Waste Services Ltd (KWSL), so disposal costs will be paid by KMC at contract rates. It is proposed to charge charities and approved voluntary organisations by the tonne, rather than by vehicle type as per the WYWM system. This is considered to be a more accurate and hence fairer charging method, and corresponds with the KWSL contract measurement system. KMC will collect the approved charge from charities and approved voluntary organisations on the basis of information supplied by KWSL.
- 5.3 The commercial rate which KMC should charge is considered to be £32.00 per tonne for direct delivery disposal, see Appendix B for the build-up of this rate. It is proposed to charge registered charities and approved voluntary organisations 25% of this rate, i.e. £8/tonne.

6.0 IMPLICATIONS

- 6.1 Policy
The implementation of a new policy is the subject of this report.
- 6.2 Resources
The estimated first year cost of the proposed subsidy to registered charities and approved voluntary organisations is £4,767 (see Appendix C for details), and this can be accommodated within existing revenue provision. The cost will increase in future years in line with contract payments, inflation, and any landfill tax increases. It is considered appropriate for the authority to implement the resulting increases in charges to registered charities and approved voluntary organisations to be delegated to the Environmental Services Manager.
- 6.3 Management, Monitoring and Review
Management, monitoring and review of waste disposal activities is undertaken by the Waste Disposal Manager.

SIGNED BY:

JANET L RUSSELL
Environmental Services Manager

AUTHOR/CONTACT OFFICER:

MIKE PROUD (ext 6888)
Waste Disposal Manager

BACKGROUND PAPERS

Report and minutes of WYWMJC, 13 September 1996.

Direct Deliveries from Registered Charities and Approved Voluntary Organisations**Comparison of WYWM policy with KMC proposals**

Comparison of Charges	Actual WYWM charge in March 1998		Proposed KMC maximum charge (ie if vehicle fully loaded) at a rate of £8 per tonne	
Type of Vehicle	LANDFILL SITE	TLS	LANDFILL SITE	TLS
Escort Van type; max. load 0.8 tonnes	£4.26	£4.26	£6.40	£6.40
Transit Van, minibus, type; max. load 1.6 tonnes	£11.49	£19.36	£12.80	£12.80

Notes

1. All prices exclude VAT.
2. All prices include Landfill Tax at £7/tonne.

Appendix B**EWS commercial charging rate for direct delivered wastes**

	£
Year 1 contract rate	20.07
Asset return	1.00
Landfill tax	7.00
Administration (15%)	4.21
	<u>£32.28 per tonne</u>

Appendix C**Amount of subsidy to registered charities and approved voluntary organisations**

Approximate tonnage: 250/year

Year 1 contract payment by KMC : $250 + @ £20.07 = £5017.50$
 plus tax $250 + @ £7 = £1750.00$

£6767.50

Recovered from charities : $250 \text{ t } @ £8.00$ £2000.00

Net subsidy = $6767.50 - 2000 =$ **£4,767**