

Agenda Item No:

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

NON-HOUSEHOLD WASTE CHARGING REVIEW

REPORT OF:

HEAD OF WASTE STRATEGY & CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING.

DATE:

20th September 2006

SUMMARY OF REPORT:

The report summarises the current method for assessing the amount of non-household waste delivered for disposal by each borough, and proposes a more robust system for the future.

RECOMMENDATIONS

The Authority is recommended to approve the development of a full proposal for a new method for the assessment of the amount of non-household waste in each borough's municipal waste stream based on borough trade waste records with a report to come back to the December cycle.

Signed by:

**Head of Waste Strategy &
Contracts**

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Date:.....

1 BACKGROUND

- 1.1 Non-household waste received by the Authority is primarily composed of “commercial” wastes delivered by the boroughs, either from their trade waste customers or from their own activities in other capacities (e.g. as Highway Authorities). Currently, the non-household element is calculated by the Authority using a methodology developed in 1995 and is payable by the boroughs directly as a charge. The remainder of waste is accepted as household waste and is payable by the boroughs as a levy using the Levying Bodies regulations.
- 1.2 The current methodology relies on a survey undertaken by Authority officers in partnership with borough officers whereby a detailed assessment of the proportions of household and non-household waste in each Borough’s refuse collection service were assessed both on paper and through on-street surveys to include any variances between contracted trade waste tonnages and actual trade waste tonnages. The survey arrived at an agreed percentage of each borough’s refuse collection waste that was non-household (detailed in Appendix 1), and these same percentages have been applied since that date. Other borough waste streams (e.g. “clinical”, “sweepings” or “construction”) are received either as wholly household waste or wholly non-household waste in accordance with regulations.
- 1.3 Work has been undertaken since 2003-04 to develop an alternative to the above methodology but this was overtaken firstly by Members’ request to develop full proposals for a voluntary move to a tonnage-based levy and then by the Government’s consultation and subsequent legislation for a change to the default levy apportionment system such that a three year transition to a tonnage-based levy started in the current financial year, and only now would it be possible to effectively re-visit this subject (as noted in the Second Budget Review in October 2005).

2 PRINCIPAL ALERNATIVE METHODS

- 2.1 The two possible alternative methods for assessing the amount of non-household waste delivered by each Borough in conceptual terms are:
 - 2.1.1 to agree average tonnage rates for each container used for the collection of non-household waste, and to multiply this up by the number of each container-type in use and the frequency of collection (the East London Waste Authority currently employs this option); or

- 2.1.2 to agree a reasonable tonnage of household waste per household per annum, and to multiply that up by the number of households in each borough, and to charge for all additional waste as non-household (the West London Waste Authority and the Western Riverside Waste Authority currently employ this option - with some variances).
- 2.2 Under the former council-tax based system for the Authority's levy the method at 2.1.1 relied on similar approaches in each Borough to the types of businesses served (and therefore the density of their waste), to waste and highway enforcement matters and to non-household wastes left out on main roads. With seven different approaches amongst the seven Boroughs there was no consensus on using this method.
- 2.3 The second method (that at 2.1.2) was previously accepted by the Authority as the basis for further detailed work as it was more objectively fair to all at that time and in part because it offered a step towards a closer alignment of total disposal costs paid by each Borough (through non-household waste charges and the levy) with total quantities delivered by each borough.
- 2.4 However, now that the default levy regulations provide for a tonnage-based levy, the method by which the Authority assesses the amount of each Borough's non-household waste no longer has the potential to effect the costs payable by other Boroughs, as any individual Borough will either pay for their tonnages by way of a direct non-household waste charge or as a share of the levy. Consequently the method set out at 2.1.1 above has become more appropriate.

3. NEXT STEPS

- 3.1. Any change to the means of attributing the non-household charges does not require the unanimous agreement, unlike changes to the levy, but the Authority has sought this in the past. The Authority requires certainty in setting its budget and the Finance Officer has indicated that it would be necessary that any significant change to the charging allocation proposed be identified now to give good warning to boroughs of possible changes in the likely levy for the following financial year.
- 3.2. In order to proceed with the method at 2.1.1 above, it will be necessary to have agreed typical volume:weight ratios for all sizes of trade waste container in use in the Authority's area. It may be possible to achieve agreement on this by reference to work known to have been undertaken already within some of the boroughs, or a fresh survey may be necessary, in which case it will be funded from the "Waste Strategy & Contracts Group" budget.

- 3.3. The target will then be to bring forward to the December meeting of the Authority a fully developed method for consideration by Members that will be based on the principle of using Borough's own trade waste contract records, but which will also identify the precise mechanisms to achieve this in time for implementation from 1st April 2007. For example, it is likely that the Authority would seek to use the total number of "lifts"/"empties" of each container type contracted by each Borough each year, with the charge being billed during the year as an estimate and reconciled at year-end against actual contract records in each borough, and to multiply this by a common, agreed volume: weight ratio to arrive at the sum to be charged. Yet to be reconciled however is the further issue of the time lag in using two-year old tonnage data for apportioning the levy for household waste, but current tonnage data for non-household waste charges; Authority and Borough officers will jointly look at all these issues before December.

4. RECOMMENDATION

- 4.1. The Authority is recommended to approve the development of a full proposal for a new method for the assessment of the amount of non-household waste in each borough's municipal waste stream based on borough trade waste records.

5. COMMENTS OF THE FINANCIAL ADVISER

- 5.1. Whilst the calculation of non-household charges is a matter that could be decided by majority decision, it is my view that it is essential that there should be all-borough consensus on the proposed way forward. As the balance between the levy and non-household charges could change – perhaps significantly – it is important that decisions about the arrangements for 2007/08 are reached at the December 2006 meeting in order that borough finance directors are able to factor any changes into their respective budget planning processes.

6. COMMENTS OF THE LEGAL ADVISER

- 6.1. Section 52(9) Environmental Protection Act 1990 says that a waste disposal authority is entitled to receive from a waste collection authority such sums as are needed to reimburse the waste disposal authority the reasonable cost of making arrangements under section 51(1) (general duty to arrange for the disposal of controlled waste in its area) for the disposal of commercial and industrial waste collected in the area of the waste disposal authority.

Local Government Act 1972 – Access to information

Authority reports of April and October 2005

Contact Officer: Andrew Lappage, Head of Waste Strategy & Contracts
Lee Valley Technopark, Unit 169
Ashley Road
Tottenham N17 9LN

Tel: 020 8489 5730
Fax: 020 8365 0254
Email: post@nlwa.gov.uk

Report Ends

APPENDIX 1

HOUSEHOLD / NON-HOUSEHOLD PERCENTAGES APPLIED TO BOROUGH 'REFUSE' STREAMS

Borough	Household %	Non-Household %
Barnet	86.23%	13.77%
Camden	67.24%	32.76%
Enfield	86.00%	14.00%
Hackney	77.27%	22.73%
Haringey	79.50%	20.50%
Islington	71.86%	28.14%
Waltham Forest	80.34%	19.66%
Average	78.35%	21.65%