

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:

27th APRIL 2005

SUMMARY OF REPORT:

The report summarises the current method for assessing the amount of non-household waste delivered for disposal by each Borough, the process of developing an alternative method and the Authority's consultant's recommendations.

The new proposals give a more firm foundation for non-household waste charges to the Boroughs going forward, and also go some way to providing a link between total tonnages delivered by each Borough and the total amount they pay.

RECOMMENDATIONS

The Authority is recommended to: -

- (i) a note the recommendations of AEA Technology for a new method of assessing the amount of non-household waste from each Borough; and
- (ii) note that the Authority will raise this matter with a suitable discussion paper at the next meeting of the Strategy Implementation Board and its relationships to a potential voluntary move to a tonnage-based levy and to the Landfill Allowances Trading Scheme, as discussed elsewhere on this agenda.

Signed by:

**Head of Waste Strategy &
Contracts**

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Date:.....

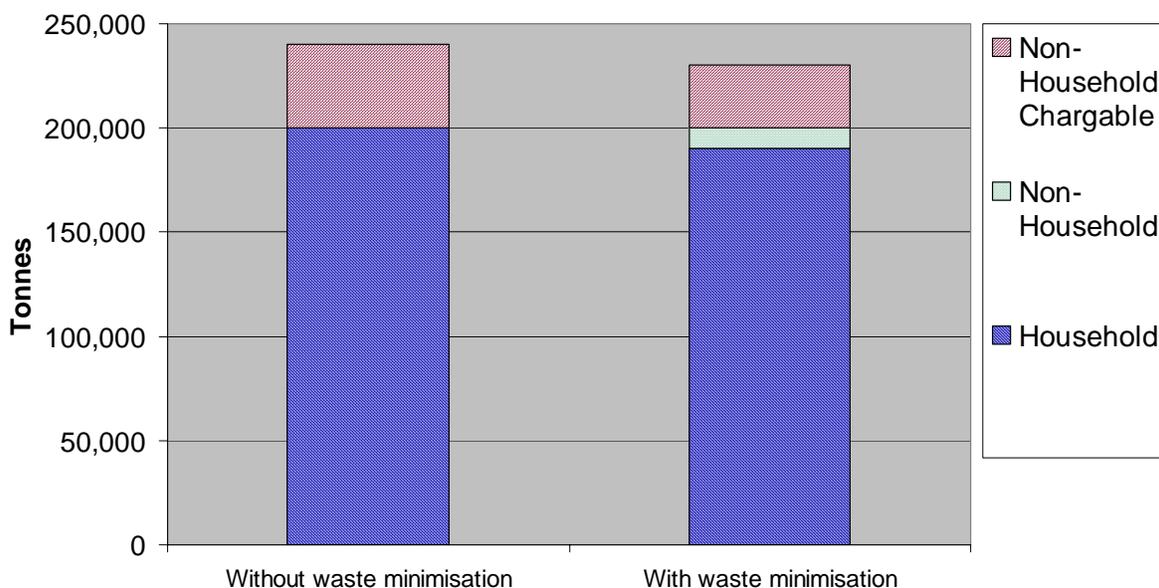
1 BACKGROUND

- 1.1 In December 2002, the London Borough of Haringey formally queried the way that non-household charges are allocated by the Authority. This followed a review undertaken by L.B. Haringey's waste services contractor, which recharges the Borough for non-household collection and disposal services), of volumes of non-household waste collected that indicated lower tonnage equivalents than the current percentage allocations used by the Authority.
- 1.2 The current percentage allocations, (detailed in Appendix 1) are calculated from estimates of non-household waste and household waste collated in an extensive observation survey of indicative refuse collection rounds carried out in 1995. The percentages are applied to the tonnage delivered by each Borough as 'refuse' (as opposed to litter, fly-tips, construction, clinical, etc).
- 1.3 Non-household waste in the NLWA is primarily composed of "commercial and industrial" 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 NLWA using the 1995 methodology and is charged to Boroughs directly. The remainder of waste is determined to be household waste and is charged through the levy using the Levying Bodies regulations.
- 1.4 As budget certainty was required in January 2003 and no time remained to properly review the current system in the current financial year, it was agreed not to recommend a change to the existing charging allocation in 2003/4, but for Technical Officers to review the system with the aim of agreeing any changes in time for budget setting for the 2004/5 year. This proposal was approved by Members in July 2003, and subsequent delays in finalising the Authority's technical consultant's (AEA Technology) report noted in October 2004.
- 1.5 The final draft report of the AEA's report was issued to Borough Technical Officers for review and comment in December 2004. The principles and conclusions of the report are set out below.
- 1.6 Members should note too that the Government has indicated it will consult formally with all statutory joint waste disposal authorities and waste collection authorities in their areas on changing the default mechanism for apportioning the levy from a Council Tax basis to a tonnage basis. If such a change is brought into effect, or if an alternative method of apportioning the levy is agreed earlier for North London, then the changes discussed in this report will still effect household waste recycling targets, even if they cease to have the same financial significance.

2 PRINCIPAL ALTERNATIVE METHODS

- 2.1 The two possible alternative approaches to assessing the amount of non-household waste delivered by each Borough in conceptual terms are:
 - 2.1.1 to agree a reasonable tonnage of household waste per household, 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); or
 - 2.1.2 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. This approach relies on similar approaches in each Borough to the types of businesses serves (and therefore the density of their waste), to waste and highway enforcement matters and to non-household wastes left out on main roads. The East London Waste Authority currently employs this option.
- 2.2 It was agreed that the Authority would proceed with the first of the above two general approaches. This was 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.
- 2.3 To illustrate this point the chart below shows firstly that a Borough with 200,000 households producing 1 tonne per year per household would produce a total of 200,000 tonnes of household waste (backward sloping thick lines); it also shows the same borough as delivering 40,000 tonnes of non-household waste (forward sloping thick lines). In the second column it shows how waste minimisation programmes that reduce the amount of household waste by 10,000 tonnes would result in a situation where non-household waste tonnage from the Borough's customers would not be charged for by the Authority (forward sloping thin lines), as it would be within the 'normal' amount expected from households. It is expected that the Borough would nevertheless have made a reasonable charge for disposal to all its non-household customers to reflect the full cost.

Non-Household Waste by No. Households



- 2.4 The Authority's consultant AEA Technology Ltd (AEA) has now completed its assessment of household waste in North London through four seasonal surveys at eight locations within the Authority area that collectively provide a representative sample of housing types, affluence levels and method of refuse collection. Their detailed report was given to Borough Technical Officers in December 2004 for study and professional comment, and its principal conclusions are set out below.
- 2.5 The survey of household waste arisings shows that the average arising in the NLWA was 16.3 kg per household per week. However, due to the significantly higher than expected arisings in the Haringey "less affluent" area due to construction wastes, following discussion with the NLWA, it was agreed that any calculations for determining non-household arisings should be based on the average (12.5 kg/household per week) arising determined for this type of sample area determined during another recent study (EB Nationwide 2004) in which samples from Haringey were analysed using the same protocols. The use of this figure reduces the average household waste arising in RCV collected waste from 16.3 kg/household per week to 15.3 kg/household per week.
- 2.6 The average weekly arising of 15.3kg/household per week is higher than the average arising in London in 2002/2003 of 13.8 kg/household per week, but is comparable with arisings of 15 to 18 kg/household per week determined in other recent studies.

2.7 The average composition is similar to those determined in other recent studies, and shows that the arisings of organic waste in household collected waste have increased since the early 1990's. This is because there has been an increase in the amount of food waste. The biodegradable content was 67%, which is comparable to the value of 68% used in setting landfill allowances.

2.8 AEA advises that the main factor which affects household waste generation is the type (house or flat) of property. They note that the results support the findings from other surveys that typical arisings in flats, at 10-12 kg/household per week, are lower than those in houses. This is mainly because the number of people in a flat is generally lower than the number of people in a house. In addition, the average household size in London is smaller than the national average, and is probably the main reason why average household arisings in London are lower than the national average (the other main factor is likely to be the smaller percentage of houses with gardens).

	Houses %	Flats %
Barnet	61	39
Camden	14	86
Enfield	65	35
Hackney	24	76
Haringey	44	56
Islington	20	80
Waltham Forest	61	39
NLWA	43	57
London	52	48

2.9 There are a number of other factors which may affect waste generation according to AEA. The results from this study support the findings from other recent studies they have undertaken or reviewed that neither socio-economic profile nor method of collection have any significant effect on the amount of waste which is produced by a household. The results also supported other findings that the only category for which there is strong evidence for a seasonal variation was garden waste; these were highest in the Spring and lowest in Winter.

2.10 AEA then went on to consider four methods for a new charging system for non-household waste:

2.10.1 Current situation

2.10.2 Option A – Household arisings in RCV determined using revised figure of 15.3 kg/household per week

2.10.3 Option B – Household arisings in RCV calculated from percentage of houses and flats

2.10.4 Option C – As Option B, but adjusted for differences in HWRC and recycling between Boroughs.

- 2.11 Each of the proposed new options would increase the arisings of non-household waste collected by the RCV service, and would also increase the household waste recycling rate for the NLWA area. Option C would increase the recycling rate for 6 of the 7 Boroughs and only reduce the recycling rate in Haringey by 0.1%.

Tonnes of Non-Household Waste in RCV Collection (2003/204)

	Current	Option A	Option B	Option C
Barnet	18,412	30,728	26,285	29,496
Camden	34,929	29,180	40,113	37,731
Enfield	13,543	6,343	1,025	16,197
Hackney	24,598	35,234	42,675	32,611
Haringey	21,180	26,768	28,569	20,440
Islington	25,945	26,707	34,411	29,197
Waltham Forest	17,516	15,133	11,943	19,350
NLWA	156,123	170,093	185,023	185,023

Household Waste Recycling Rate (Wt % - Excluding C&D Waste)

	Current	Option A	Option B	Option C
Barnet	15.1%	16.4%	15.9%	16.3%
Camden	13.7%	12.9%	14.4%	14.1%
Enfield	13.5%	12.8%	12.3%	13.8%
Hackney	5.6%	6.3%	7.0%	6.1%
Haringey	5.9%	6.2%	6.4%	5.8%
Islington	6.4%	6.4%	7.1%	6.6%
Waltham Forest	9.1%	8.9%	8.6%	9.3%
NLWA	10.4%	10.6%	10.8%	10.8%

- 2.12 AEA also recommend that the number of households in each authority used to determine the arisings of household waste should be based on either GLA projections or the number of households used in calculating BVPI figures.
- 2.13 Comments have not yet been received from Technical Officers in all Boroughs, and additional time has been requested to assess the implications of the proposed changes.

3. CONCLUSIONS

- 3.1. Any change to the means of attributing the non-household charges does not require the unanimous agreement of the Authority, unlike changes to the levy, but the Authority has been seeking this. The Authority requires certainty in setting its budget and the Financial Adviser has indicated that it would be necessary that any significant change to the charging allocation proposed be identified ideally by July to give good warning to Boroughs of possible changes in the likely levy for the following financial year.
- 3.2. As noted earlier, the Government has indicated that it will bring forward proposals to change the default mechanism for apportioning the levy. If all waste delivered by Boroughs then became payable by the tonne, there would be no financial justification for any such changes as discussed in this report unless for any reason the disposal of household and non-household wastes had different costs. This would also be the case if an alternative to relying on the current default levy mechanism is agreed for North London.
- 3.3. The new Landfill Allowances Trading Scheme also adds a new financial dimension to non-household waste charges. Biodegradable non-household wastes, if sent to landfill, will use tradable allowances. If such wastes were however diverted from landfill through recycling, composting or recovery these allowances would be released for sale or made available for the disposal of household waste.
- 3.4. The Authority has previously suggested that an incentive payment of some kind might be paid to Constituent Boroughs for the diversion of biodegradable municipal wastes (whether household or non-household). Progress on this matter has however been delayed due to uncertainties about the LATS scheme (as noted elsewhere on this agenda).
- 3.5. In the context of the North London Joint Waste Strategy, these matters should be discussed by all Partners at the next Strategy Implementation Board. Authority officers will seek initial Borough officer views and prepare a paper for consideration by the next Strategy Implementation Board.

4. RECOMMENDATIONS

4.1. Members are therefore recommended to:

- (i) a note the recommendations of AEA Technology for a new method of assessing the amount of non-household waste from each Borough; and
- (ii) note that the Authority will raise this matter with a suitable discussion paper at the next meeting of the Strategy Implementation Board and its relationships to a potential voluntary move to a tonnage-based levy and to the Landfill Allowances Trading Scheme, as discussed elsewhere on this agenda.

5. COMMENTS OF THE FINANCIAL ADVISER

5.1. In October 2004 I advised Members that owing to wide variations between data collected for some boroughs that it was necessary to undertake some further work before the AEA Technology interim report could be discussed with constituent boroughs. By implication, Members acknowledged that it would not be possible to develop an alternative non-household charging arrangement that could be consulted upon and agreed in time for 2005/06. No change was therefore made to the current methodology for calculating non-household charges in 2005/06.

5.2. As indicated elsewhere in this report AEA's updated report was made available to constituent boroughs for their review and critical comment in December 2004. When their views are known it will be possible to exemplify the impact of the potential balance of change between the levy and non-household charges. As work is also likely to be undertaken to begin a move towards a tonnage-based levy from 2006/07 the ideal will be to reach consensus early in the 2005/06 year so that constituent boroughs can take account of the potential financial changes during their own budget process for 2006/07.

5.3. 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, whether or not this leads to a departure from the current method of calculating non-household charges.

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: July 2003 and October 2004

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APPENDIX 1

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

Borough	%
Barnet	86.23%
Camden	67.24%
Enfield	86.00%
Hackney	77.27%
Haringey	79.50%
Islington	71.86%
Waltham Forest	80.34%
Average	78.34%