

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">COMMUNITY SAFETY, ENVIRONMENT AND RESIDENTS SERVICES POLICY & ACCOUNTABILITY COMMITTEE</p> <p align="center">24 APRIL 2017</p>	
<p>THE COMMERCIAL WASTE SERVICE</p>	
<p>Report of the Cabinet Member for Environment, Transport and Residents Services, Councillor Wesley Harcourt</p>	
<p>Open Report</p>	
<p>Classification - For Policy and Accountability Review and Comment Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Sue Harris, Director for Cleaner Greener Services</p>	
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1. EXECUTIVE SUMMARY

- 1.1. LBHF Commercial Waste currently provides a waste and recycling collection service to over 2,200 businesses in the borough. The Council is not required to directly provide a commercial waste service, but it must arrange for the collection of commercial waste if requested (so this could be arranged through a licensed 3rd party). Waste is collected by the Council's waste management and street cleansing contractor (Serco) and waste is disposed of at the Council's waste transfer station in Wandsworth, managed by Western Riverside Waste Authority. Council officers manage the administration of the service.

Providing this service to local businesses means that the Council is able to keep control of a large amount of waste appearing on the street. As this is chargeable service, this also generates a significant amount of external income for the Council, as set out in section 1.2.

2. FINANCIAL INFORMATION

For 2016/17, the service is budgeted to deliver a net surplus of £373k before corporate overheads, and is budgeted at a net cost of £38k including corporate overheads. The most significant overheads are related to IT and office accommodation.

The projected outturn for 2016/17 is that overall, the service will overspend by £8k compared to the budget, as set out in the table below:

Budget Heading	Revised Budget 2016/17	Forecast 2016/17	Forecast Variance 2016/17
	£000	£000	£000
Employee Costs	290	331	41
Waste Collection	645	600	(45)
Waste Disposal	1,969	1,846	(122)
Other Expenditure	19	33	14
Total Expenditure	2,922	2,810	(112)
Income - External Customers	(2,969)	(2,836)	133
Income - Internal Customers	(327)	(339)	(12)
Total Income	(3,296)	(3,175)	120
Total Cost / (Income) Before	(373)	(365)	8
Share of Corporate Overheads	412	412	0
Total Cost / (Income) After	38	46	8

The most significant service costs are related to the collection and disposal of the waste. The collection of commercial waste bags and recycling bins and bags is a fixed charge set out in the Serco contract. The collection of commercial waste bins is a variable charge, so the council only pays for the actual number of bins emptied.

It should be noted that the costs of waste disposal are estimated, due to commercial waste collections being undertaken at the same time as domestic paladin bin collections (so the waste goes into the same vehicle and is weighed as a single vehicle). It is estimated that 20% of all waste collected is from commercial waste, resulting on 20% of total disposal costs being recharged to commercial waste.

The Commercial Waste service provides a collection and disposal service to both external customers and other council departments. Included in the 206/17 external income forecast is £28k of debt write offs (relating to old year accounts), so the actual external income billed in 2016/17 is £2.864m. This represents an increase of £140k/5% compared to 2015/16 (£2.724m).

Under Section 45 of the Environmental Protection Act 1990, it states: It shall be the duty of each waste collection authority, if requested by the occupier of premises in its area to collect any commercial waste from the premises, to arrange for the collection of the wastes. This could be arranged through a licensed 3rd party

Section 34 of the Environmental Protection Act 1990, states that commercial organisations are responsible for safely containing and legally disposing of all wastes produced from the business. This is known as commercial waste duty of care and applies to all businesses and as part of the legislation waste must be transported by a licensed waste carrier which can be a licenced local authority.

3. BUSINESS ACTIVITY 2016/17

Customer account maintenance and acquisition is managed by the Council's Commercial Waste sales officers. These front line officers have designated sales areas across the borough in order to maintain a good understanding of commercial movement within their area (e.g. identifying businesses moving in and out of the borough to identify sales opportunities).

Between April 2016 and February 2017, the service has acquired 178 new customers and has had 106 contracts cancelled (most of which have been due to business closure). All cancellations are investigated prior to sign off, and then revisited periodically, in particular if they have moved to a private contractor. Year to date the Council has gained a net 72 new customers and so is in a positive customer churn position. The annual financial value of this customer churn is set out in the table below:

Business Activity April 2016 – Feb 2017

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Quarter	New Business	Cancellations	Amendments	Net Change in Annual Income
	£000	£000	£000	£000
April – June 2016	109	-38	£14	85
July – Sept 2016	114	-86	0	28
October – Dec 2016	46	-100,591	9	-46
Jan – Feb 2017	24	-5,828	2	21
Total	293	-231	25	88

Private sector waste collectors have become extremely competitive in Hammersmith & Fulham. The Council's service remains strong as a trusted, reliable business, with sales officers reassuring customers that they will provide a reliable, high quality local service.

The main competitors that operate within the borough are:

- Albion Waste
- PHS
- First Mile
- Biffa
- Veolia

Why do we lose accounts to competitors?

There are two main factors why we lose accounts to our competitors:

- National/City contract – The larger waste collection companies can offer a nationwide agreement; this gives them an advantage in securing the larger contracts.
- Other advantages that the small “one man and van” type of competitive service is flexibility. They can offer timed collections, collections within the store, may not be restricted by some rules, and flexible invoicing.

National waste collection companies have an advantage over our service, as they offer a wide range of services, such as:

- Roll on/Roll off compactors and containers
- Baling Services
- Confidential Waste
- WEEEE collection / Hazardous waste e.g. fluorescent tubes
- Builders Waste
- Hazardous Waste
- Animal-by-products

4. KEY ACCOUNTS

The sales officers had been tasked in the last couple of years to target the key accounts in the borough in terms of potential revenue, which currently do not use any of our services. These are organisations that traditionally produce a higher revenue stream, including hotels, office blocks, pubs, restaurants and department stores.

Below are some the key accounts that have been signed in the last couple of years: -

The Dorsett Hotel
Hammersmith Apollo
Imperial College
Harrods Offices
River café
Hand & Flower Pub
William Morris Pub
Hammersmith BID
Ocubis

5. ENFORCEMENT

The Street Scene Enforcement (SSE) team acts on intelligence about unpaid-for waste, or over-production of waste. When visiting premises, they advise proprietors that they must have a Trade Waste Agreement to dispose of waste with a licensed waste carrier (assuming they produce waste), but businesses do not have to go with the Council's collection service (through Serco) and can arrange this separately.

There is currently a trial of night time enforcement taking place in the borough. In March 2016 two SSE officers were recruited to target unpaid-for commercial waste being placed on the highway. This is because Serco end up picking up unpaid-for commercial waste, and the Council pays for the disposal costs which the business producing the wastes should pay for. The officers are operating between the hours of 6pm to 1am, 5 days per week, normally Tuesday to Saturday, although these officers are flexible if they need to operate on other days.

A system has been put in place by the commercial waste team to capture all financial information such as new or increased contracts being signed due to the night time activity by SSE officers.

6. PRIVATE LAND CLEANSING SERVICE

As part of the smarter budgeting exercise the commercial waste team identified a gap in the market to provide a street sweeping service on private land. The council only provides a sweeping service to adopted streets, and the service includes both manual & mechanical sweeping, and a deep cleansing service. Owing to the fact the service is currently provided to adopted streets there are existing resources such as assets and employees that could be utilised to provide a commercial private land cleansing service.

The service includes selling the street sweeping service, to both private residential land and commercial property.

The service was started in January 2017 and, once established, it is hoped that it would attract income levels of up to £5k per annum. This amount is being built in to the savings proposals for 17/18.