



London Borough of Hammersmith & Fulham

Cabinet

21 MARCH 2011

**CABINET MEMBER
FOR RESIDENTS
SERVICES**

Councillor Greg Smith

**DELIVERY OF THE COUNCIL'S TRADE WASTE
SERVICE FOR 2011/12**

**Wards:
All**

This report sets out the background and context to proposals for the future of this service which are presented in the separate report on the exempt Cabinet agenda. Continued delivery of the service by LBHF is recommended.

**HAS A EIA BEEN
COMPLETED?
YES**

A separate report on the exempt Cabinet agenda provides exempt information about the Council's income generation strategy for trade waste and the steps being taken to recover sales, together with a summary of the last 12 months sales performance for Trade Waste & Recycling.

**AS THE REPORT
CONTENT BEEN RISK
ASSESSED?N/A**

Recommendation:

CONTRIBUTORS

AD Customer &
Commercial Service
RSD

**That LBHF continue to deliver a Trade
Waste Sales operation in 2011/12 with a
further review in twelve months time.**

AD Finance RSD
AD Market Operations
RSD
DFCS
ADLDS

1. BACKGROUND

- 1.1 In April 2009, Cabinet endorsed the recommendation that LBHF continue to deliver a Trade Waste business for 2010/11 and through a more proactive approach to income generation work towards an external income target of £2.4m.
- 1.2 However, with the increase in waste disposal charges effective from April 2011, and uncertainty about the future of the Landfill Allowance Trading Scheme, Cabinet asked that a further review of the financial viability of the service be undertaken in March 2011.
- 1.3 The separate exempt report sets out the current and projected year end position. Based on the projected outturn and the predicted profit projections for next year, it is recommended that LBHF continue to deliver a Trade Waste sales operation in 2011/12 with a further review in twelve months time reported back to Cabinet.

2. WASTE DISPOSAL CHARGES

- 2.1 On 1st April 2011, the cost of waste disposal will increase due to uncontrollable increases in Landfill tax and payments to Western Rivers Waste Authority (WRWA.) The increases are
 - General Waste 20%
 - Recycle Waste 3%
- 2.2 Despite the uncontrollable increases in Landfill Tax and costs to the WRWA, due to both the continued projected increase in income, higher retention rates of existing customers and better staff selling performance, it is predicted that the Trade Waste service will still return a profit of £54k in 2011/12. It is therefore recommended to retain this service offer and review for 2012/13.

3. CHANGES IN VAT LEGISLATION

- 3.1 Effective 1 April 2011, HM Revenue and Customers now consider the provision of trade waste collection services as a non business activity for the Council and therefore outside the scope of VAT.
- 3.2 Officers are undertaking further research and seeking advice on the implications of the VAT announcement and will review fees and charges as appropriate with Cabinet Members when a clearer picture emerges.

4. RISK MANAGEMENT

- 4.1 The sales performance and profitability of the Trade Waste activity is reviewed and monitored on a monthly basis, with action plans developed for any adverse variance.

5. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 5.1 The position on the trade waste account has been monitored and reported each month through the CRM process and the overall profitability of the service is now understood allowing for informed commercial decisions to be made about service delivery. The benefit of this has been evidenced through a reduction in the reported budget pressure between quarters 2 and 3 following the implementation of the new fees and charges from 1st January 2011.
- 5.2 All fees and charges are continuing to be reviewed to ensure that they achieve full cost recovery whilst remaining competitive compared to other major providers in the area. Proposals for further revisions from 1st April 2011 are currently being finalised to ensure that they are effectively communicated and implemented in line with this timescale.
- 5.3 Whilst corporate growth has been secured through the MTFs process to fund the increased waste disposal costs from 2011/12, the service should continue to be reviewed in terms of overall profitability to ensure that it remains a commercially viable business that is not unintentionally subsidised by the Council. A further review of the service is planned for 2012 when the transfer of waste to the new Belvedere incinerator will have been in operation for a full year and the shared services model with RB Kensington and Chelsea and Westminster City Council is more developed.

6. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 6.1 Under s.45(4) of the Environmental Protection Act 1990 a person at whose request waste other than household waste is collected under this section shall be liable to pay a reasonable charge for the collection and disposal of the waste to the authority which arranged for its collection; and it shall be the duty of that authority to recover the charge unless in the case of a charge in respect of commercial waste the authority considers it inappropriate to do so.

9. EQUALITY IMPLICATIONS

- 9.1 An equalities impact assessment has been undertaken and the proposals outlined will not impact any specific group.

LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Review of Trade Waste Collection (Cabinet:08/02/2010)	AD CGN	RSD / 77 Glenthorne Road
2.	Resident Service Changes to fees and charges effective from 1 st Jan 2011	AD Customer & Commercial Services	RSD / 77 Glenthorne Road

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