

## Fees and Charges 2023/2024

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| <b>Forward Plan Reference:</b>                                 | <i>22/05/01</i>   |
| <b>Summary:</b>  | The purpose of this report is to seek Member input into the fees and charges applied to certain waste services for the financial year 2023/2024. Final decisions on charges will be made through the transitional arrangements in place for the creation of the new Somerset Council.   |
| <b>Recommendations:</b>  | <b>That the Somerset Waste Board notes the approach proposed for Fees and Charges for April 2023 to March 2024.</b>   |
| <b>Reasons for recommendations:</b>                            | This is an annual exercise carried out in the Autumn to enable partners to feed fees and charges into the budgeting process for the following financial year. This year differs in that instead of each partner authority making final decisions on fees and charges, these decisions will be taken centrally for the new Somerset Council. |
| <b>Links to Priorities and Impact on Annual Business Plan:</b> | To continue to align the cost of the service to the service user and reduce the burden on the general Council Taxpayer. The board have repeatedly endorsed the policy of no subsidising services for which we are allowed to charge. Partner Authorities have declared a Cost of Living emergency.  |
| <b>Financial, Legal and HR Implications:</b>                   | The increase in some charges at recycling sites are a contractual obligation and are cost neutral to the partnership and partners.  |

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|---------------------------------|--|
|                                 | The financial pressures on councils will require charges for collection services to be reviewed to attempt to mitigate against these inflationary challenges.  |
| <b>Equalities Implications:</b> | Where there has been a change in pricing there are strong mitigating factors in each case and therefore the impact is marginal and is unlikely to be prejudicial in accessing waste services in Somerset. In the circumstances it is not deemed necessary to complete an EIA   |
| <b>Risk Assessment:</b>         | If the fees and charges are not reviewed there is a risk that costs will not cover provision of the service (as they increase, for example due to contractual inflation indices) and the costs will increase the burden on the general Council Taxpayer. Clearly the cost of living crisis will impact on household budgets, and if charges are set too high then this may lead to undesired behaviour (e.g. fly-tipping). Collection charges have to be based on forecast inflation rates, so there is a risk if our forecast is incorrect, especially in these volatile times. |

## 1. Background

- 1.1.** Waste Collection Authorities (WCAs) are empowered by the Environmental Protection Act 1990 and by regulations to charge for the collection of certain types of household wastes. These include bulky items and household garden wastes. The authorities are also empowered to charge for the provision of waste containers. Waste Disposal Authorities (WDA) are empowered by the Environmental Protection Act 1990 and by regulation to charge for the disposal of certain wastes. These powers have been delegated to the Somerset Waste Board (SWB) through the Appendix 1 of the Constitution.
- 1.2.** Since 2007 it has been the desire of the members to align the cost of those services for which a charge can be made to the service user. The level of subsidy provided across the County varied amongst the partners and required differing levels of price increases over the subsequent years to achieve this. In 2016 the board voted to harmonise charges across the County for all the chargeable services included in this report – harmonised charges will continue to be in place under the new Somerset Council. The cost of living crisis, high inflation and financial pressures on Somerset Council are clearly significant factors in determining charges.

### 1.3. Recycling Centres

The contractual agreement with Biffa regarding charges at recycling centres allows

Biffa to uplift charges for items such as rubble, tyres, gas bottles and commercial waste annually by the (Biffa) contracted inflation rate RPI which this year is 8.18%. Note that fees and charges are contractually linked to the Feb 2022 inflation rate. As these transactions are between Biffa and the Customer, these services are cost neutral to the Council. It is recommended that the Board notes and applies this uplift as proposed from April 2023 as shown in Table 1.

As described within the June 2022 Quarterly Performance Report, Defra have now concluded (4<sup>th</sup> July) the consultation with regards to the future ability for Local Authorities to continue to make commodity charges at their Recycling Sites. We continue to await the outcome and possible legislative changes arising from this consultation. Any removal of the power to continue to make commodity charges would have a significant financial and/or operational impact.

#### **1.4. Household Collections**

The agreement with Suez regarding contract charges for the following financial year is applied from a basket of indices published in October in the year prior to the uplift. Because of this we need to base our increased charges for these services on an estimate based on current financial forecasting and historical data. Estimates using these tools and data has in the past continued to remove any requirement for subsidy and apply most of the costs directly to the service user.

#### **1.5. Inflation**

At the time of writing this report inflation in the UK was 10.1% but estimates have ranged from 18% to 22% inflation could be in place next year. Last year we froze the prices for these services but based on the inflationary pressures and the use of next months figures to set the contractual charges we recommend that it would be prudent to increase charges for the collection services by 11% as estimated by our colleagues in finance for contractual inflation. Below in Table A is an example of the impact if we charge an inflationary increase of 5%,10%, 15%, 20% or 25% (rounded) for garden waste. we are mindful of balancing the Board's previously expressed desire for no subsidy, significant inflationary increases in our costs, and the cost of living crisis. An increase below this level will mean this service is being subsidised by other council taxpayers (noting that this may be inequitable on those in homes without gardens or who use the free HWRC option) and create a budgetary pressure where other savings will need to be found to fill the gap created.

We continue to provide a popular subsidised compost bin offer (£16 for a 220 litre bin, plus delivery, with a buy-on-get-one-half-price also available). This offer is valid for the first 450 bins sold or until 31 March 2023, whichever is soonest.

#### **Table A**

| Current price and with inflation range | 2022/23 Rounded | 5%     | 10%    | 15%    | 20%    | 25%    |
|--|-----------------|--------|--------|--------|--------|--------|
| Garden Bin 1 year                      | £57.20          | £60.06 | £62.92 | £65.78 | £68.64 | £71.50 |
| sacks pack of 10                       | £28.30          | £29.72 | £31.13 | £32.55 | £33.96 | £35.38 |
| 1 to 3 items                           | £61.80          | £64.89 | £67.98 | £71.07 | £74.16 | £77.25 |
| per additional item up to 5            | £15.50          | £16.28 | £17.05 | £17.83 | £18.60 | £19.38 |

### 1.6. Table 1: proposed fees and charges

|   |                                | 2022-23       | 2023-24                     |
|---|--------------------------------|---------------|-----------------------------|
| Item  | Unit                           | Actual Charge | Proposed Charge 11% Rounded |
| Collection Charges (rounded)  |                                |               |                             |
| Garden Waste  | Garden Bin 1 year              | £57.20        | £63.50                      |
|   | sacks pack of 10               | £28.30        | £31.40                      |
| Bulky Waste Collection  | 1 to 3 items                   | £61.80        | £68.60                      |
|   | per additional item up to 5    | £15.50        | £17.20                      |
| Asbestos collections are uplifted in line with the Biffa contract 8.18% |                                |               |                             |
| Asbestos Collection   | maximum 16 sheets or 1 tonne   | £259.20       | £280.40                     |
| Commodity Charges at Recycling Sites (rounded)                          |                                |               |                             |
| Asbestos  | per sheet or sack equivalent   | £13.90        | £15.00                      |
| Plasterboard  | per sheet or sack equivalent   | £4.70         | £5.10                       |
| Gas Bottles   | >10kg                          | £7.20         | £7.80                       |
|   | 10-20kg                        | £14.30        | £15.50                      |
|   | Specialist cylinders           | £42.10        | £45.50                      |
| Soil and hardcore   | Single carrier bag             | No Charge     | No Charge                   |
|   | Rubble sack                    | £4.10         | £4.40                       |
|   | Small van or Trailer           | £21.00        | £22.70                      |
|   | Medium van or trailer          | £42.10        | £45.50                      |
| Tyres   | per Un-rimmed tyre             | £4.10         | £4.40                       |
|   | per rimmed tyre                | £5.40         | £5.80                       |
|   | per large (eg lorry type tyre) | £54.50        | £59.00                      |

## 2. Options Considered and reasons for rejecting them

**2.1.** Reflecting the financial challenges facing Local Authorities, in addition to reviewing the level of charges for things we already charge for, we have looked at what we could legally charge but currently don't:

a) Charging for refuse containers

To charge for the provision of refuse containers, current cost of basic 180 litre standard bin £14.10 + delivery of £8.81 and we deliver approx. 1500 per month, approx. £400k per annum.

With inflation set at 11% to recover the cost of provision of a standard 180ltr bin a charge of £25.45 would need to be made.

However, if we were to introduce these charges, as we allow the collection of residual waste in sacks as not all properties are suitable for a bin, residents could decide not to purchase the bin. This could lead to much more waste being presented for collection in uncontained sacks creating an increased risk from animal and vermin attack and associated littering problems. Residents can also challenge this requirement and if the receptacles in which household waste is placed for collection from the premises are adequate may choose to provide their own. It is felt for a number of reasons the potential associated risks and loss of control over how waste is presented for collection is too great.

Some of our partner authorities did introduce charges for refuse containers some years ago but where this did happen all have stopped doing so as experience showed benefit compared to level of challenge and loss of public co-operation made it in practise ineffective as an option.

b) Clinical waste collection

The other area where we do not currently but can levy charges is for the collection of clinical waste from the household. The specific requirements of this collection service, infrastructure, specialist qualified staff, vehicles etc, make it a costly service to provide. We currently spend approximately £140k per annum providing this service.

Clinical waste from the household including a 11% inflation applied to the current costs would require the customer to pay charges as set out in Table B below (rounded) to remove subsidy from this service. The board have always excluded this service from the general desire to remove subsidy from services for which we can make a charge and have never applied a direct charge for this service. It is not recommended to introduce a charge for this service.

**Table B**

| Frequency   | Cost per month | Cost per annum |
|-------------|----------------|----------------|
| weekly      | £50.67         | £608           |
| fortnightly | £25.34         | £304           |
| monthly     | £11.00         | £132           |

- 2.2.** An area SWP continue to explore is how we clamp down on illegal business use of the household kerbside collection service, for example by holiday lets including Airbnb properties. Some other authorities (inc North Somerset and Cornwall) have processes in place to identify potential illegal use by businesses and then to offer a charged service instead. This work is ongoing and it is not yet clear if the income generated offsets the administration and enforcement costs associated with implementing this.

### **3. Consultations undertaken**

- 3.1.** Strategic Management Group

### **4. Implications**

- 4.1.** If the charges for these services are not reviewed the changes to the service may not be incorporated into the charging regime and costs may require subsidy from other areas of expenditure.
- 4.2.** The level at which charges are set provides incentives to encourage customers to reduce waste or use alternative options that are environmentally or socially beneficial (for example, by home composting garden waste or by using furniture reuse services for some bulky items).

### **5. Background papers (none)**