



membership resources

Briefing 16-59 December 2016

Commercial (Trade) Waste Delivery Models

To: APSE Main Contacts and APSE Contacts in England, Scotland, Wales and Northern Ireland

- Trade or commercial waste services can offer an opportunity for councils to make the most of vehicles, equipment and human resources.
- However the service can also bring some issues for local authorities where the service is difficult to deliver due to location and volume of the businesses using the service.
- Accordingly in line with **APSE's principles of using our network of authorities to share best practice** we recently undertook survey work to establish current practice.
- This briefing therefore reports on a short snap-shot survey sample of 32 authorities and an earlier wider survey sample with 82 respondents.

Introduction

Trade Waste collection is a statutory duty on local authorities whereby the Environmental Protection Act 1990 (as amended) places upon local authorities a duty to “arrange for the collection of commercial waste, if requested” and should a request be made by a business to collect commercial waste, the statutory waste collection (and disposal) authority, must make the necessary arrangements and should recover all related cost.

However for some authorities ‘trade’ or ‘commercial waste’ may not be a viable service if the cost of providing the service is not recoverable; for example it may be more difficult in smaller rural authorities. Accordingly local **authorities’** will operate the service in a number of ways including:-

- In-house delivery
- Delegation to another authority
- Appointing a contractor / contractors to carry out the service if a request is received to arrange for trade waste to be collected
- Delivery through a wholly owned local authority company, for example allowing collection on a cross boundary basis, although there is no requirement for a local authority to have a wholly owned company to collect waste within its own boundaries.

Many authorities view trade waste as a means to maximise service efficiencies through the most effective use of vehicles and labour and, in addition, see the ability to offer trade

waste services as a means to boost recycling rates in the locality. Equally many will offer trade waste services as a side-line to core domestic waste services.

Given interest in delivery methods has been the subject of much recent debate, particularly in light of a recent case challenging the VAT status of commercial / trade waste services, many authorities are reviewing their commercial / trade waste offering. Accordingly, and as requested by member authorities APSE conducted a short survey to inform the current position on trade waste. Whilst the sample size is too small to be viewed as a formal survey sample the results nevertheless provide a snap-shot sample of what authorities are currently doing with regard to commercial / trade waste. We also draw upon the results of a bigger survey sample from earlier in 2015/16 to inform opinions.

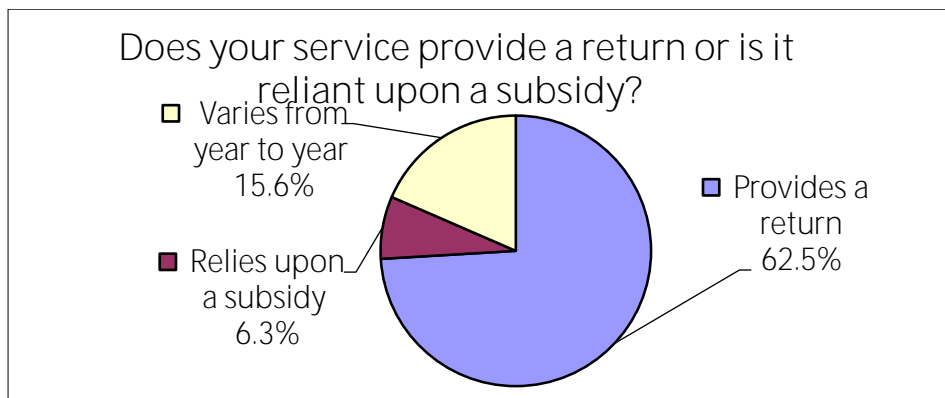
Results of the survey

There were 32 respondents to this survey from UK local authorities. Of the 29 respondents who disclosed what authority they represented, 17 were from England (58.6%), 7 were from Scotland (24.1%), 3 were from Wales (10.3%) and 2 were from Northern Ireland (6.9%).



When asked how they operate their trade waste service, the majority had an in-house service delivered directly by the council (93.8%), with 1 respondent having outsourced to a private company (3.1%) and another having a mixture of in-house and outsourced contracts.

The majority of respondents said that their trade waste service provides a return (62.5%), while 15.6% said it varies from year to year and 6.3% rely upon a subsidy. Several respondents commented that their service works on a full cost recovery model. This is important as less than cost-recovery implies that residents would otherwise be subsidising the service.



Only one respondent had fully outsourced their service, where staff were transferred under TUPE to a new provider.

Other findings

As part of the survey, respondents provided further information that they felt would be helpful to APSE members, mainly on the structure of their service. A selection of their responses can be found below:

- **“We have just started to undertake limited marketing of our service and over the past 3 years have started to increase the amount of recycling services that we provide”**
- **“Recently introduced an enhanced commercial waste service. This has transformed into a full residual and recycling offering with a range of bins mainly delivered through co-mingling with household material”**
- **“We run a separate commercial fleet which provides commercial collections for general waste and DMR (no glass). We utilise our domestic and street cleansing fleet to service rural customers”**
- **“If we out-sourced, the urban areas would be attractive to the private sector but the rural areas would not due to distance. There is the potential to have rural inequality in pricing through private sector companies where we currently offer the same prices regardless of location as we can co-collect with our household service”**
- **“We have just initiated our commercial waste collections including bringing in-house the schools and public buildings contract”**
- **“Be sure to evaluate your local competition thoroughly and don’t underestimate it”**
- **“Continual monitoring [is important] to ensure efficient operations to maintain return”**

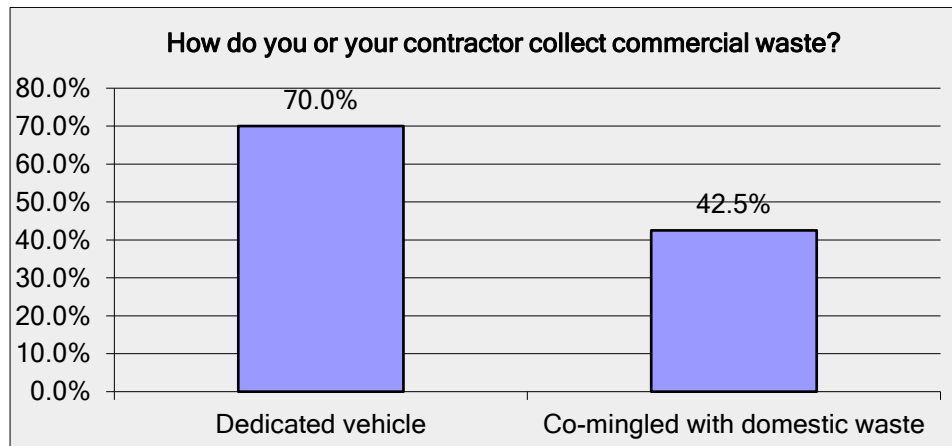
Results from 2015/2016 survey

The results of the snap-shot survey complements a much earlier survey conducted by APSE Solutions with a survey response number of 82 overall.

How is commercial waste collected?

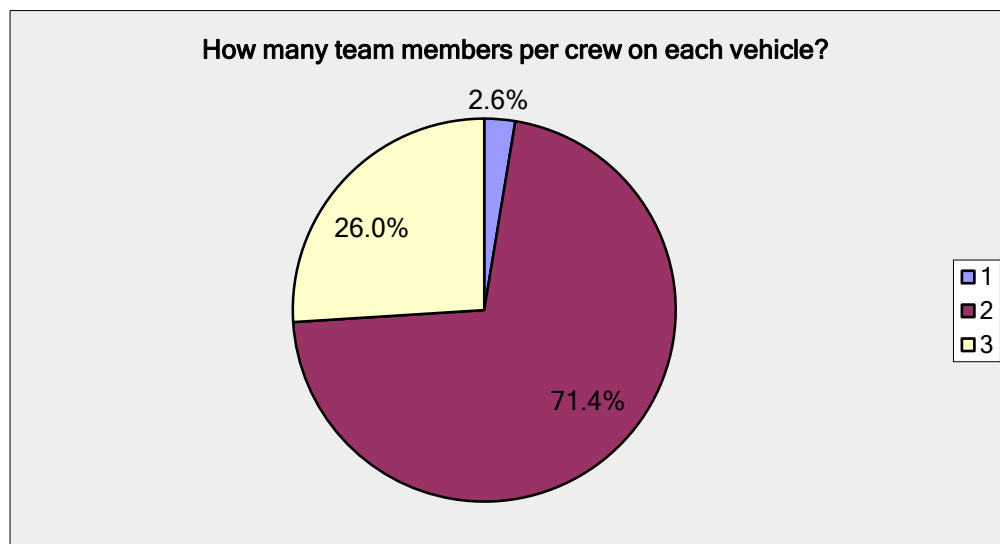
We wanted to establish how commercial waste is collected with 70% of respondents having a dedicated vehicle with 42.5% also co-mingling with domestic waste. Where appropriate to do so co-mingling can provide a cost-effective option whilst dedicate vehicles are used

to increasingly to support recycling outcomes from commercial waste; particularly in supporting the source segregated collections in the Waste (England and Wales) Regulations 2011 amended in respect of TEEP.



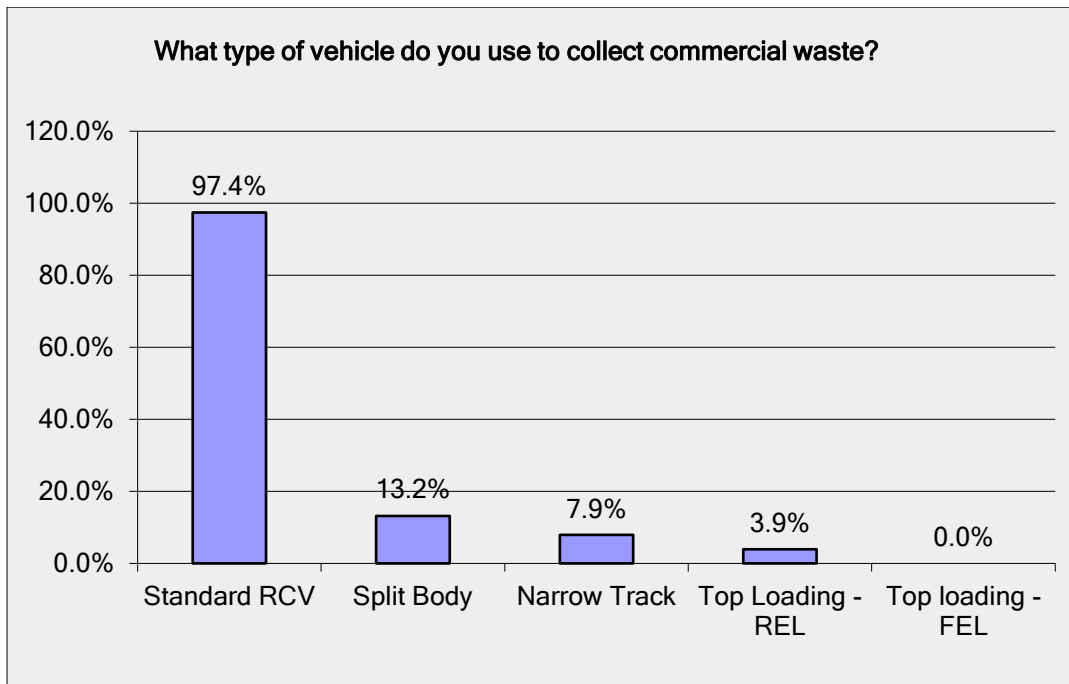
How many crew members per crew?

Over 71% of respondents typically operate on a two-crew operations on the collection of commercial waste with over a quarter operating a three-crew team.



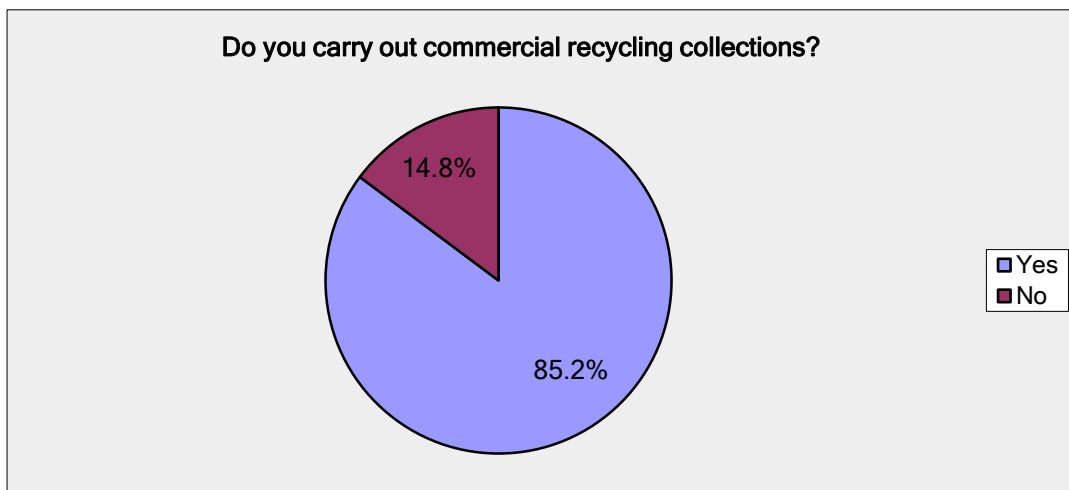
Types of vehicles

For many authorities the nature of their commercial waste service may be dictated by the availability of the vehicles within their existing fleet or decisions to invest in new vehicles to accommodate the service. A cost that should be recovered within the charging policies. Ideally utilising existing fleet is both cost effective and maximises the return on investment from the vehicles as an asset to the service. 97.4% are using their standard Refuse Collection Vehicles (RCVs) but over 13% are also using split-body vehicles.



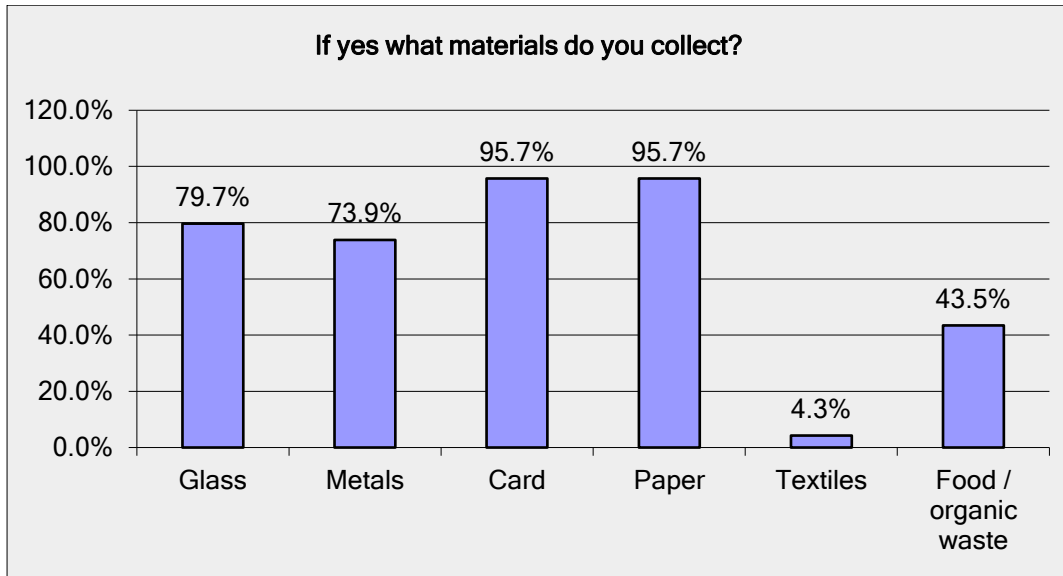
Commercial recycling

With the emphasis on increased recycling over 85% offer recycling collections as part of the commercial waste services and this is both supportive of the overall recycling targets and a means by which to reduce the volume of waste going to landfill. However it is recognised that more could be done to promote recycling to commercial customers.



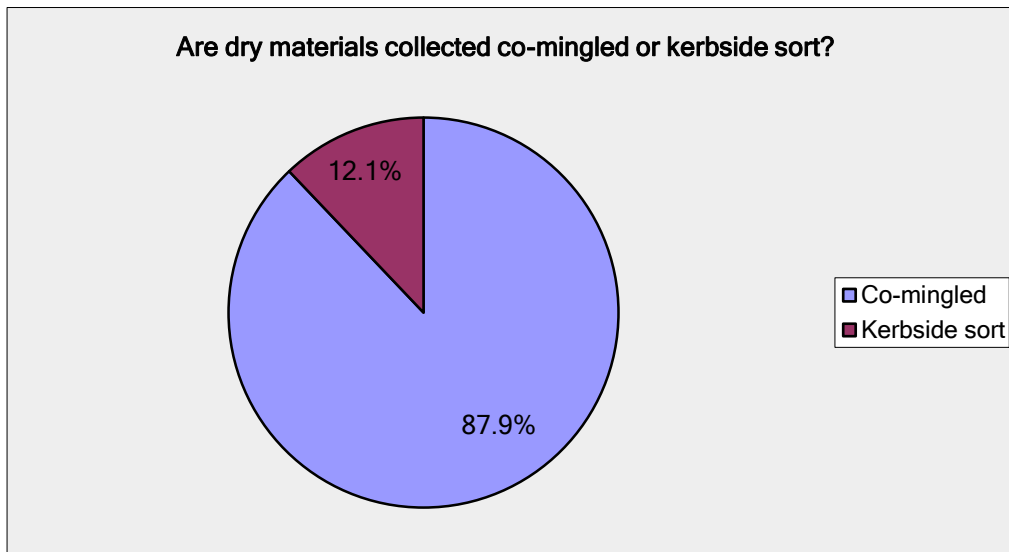
Materials collected

95.7% of respondents collect both card and paper with 79.7% also collecting glass and 73.9% collecting metals. These recycling streams reflect those collected within domestic waste services and the figure of 43.5% of respondents also collecting food or organics waste is encouraging.



Are recyclates co-mingled?

87.9% of respondents collect materials on a co-mingled collection with just 12.1% providing kerb-side sort collections.



APSE Comment

APSE would like to thank our members for continuing to share information through our network query service and surveys. Establishing a trade waste service may be an option for local authorities looking to maximise their advantages of scale locally, and to provide another income stream that could help with staff retention and unintentionally assist with tackling other important, related issues for local authorities such as minimising illegal waste disposal and helping to support local businesses with cost effective and reliable waste collection and recycling services.

Trade / commercial waste services must be carefully tailored to meet local needs and accordingly before changing delivery models it is advised that a thorough review is conducted looking at all options. This will typically include

- Utilising trade / commercial waste to improve and increase recycling
- Utilising trade / commercial waste to maximise the efficient use of service assets such as fleet
- Utilising trade / commercial waste to support the local economy and local businesses.

APSE Solutions is able to provide support with reviews. Contact Emma Taylor on etaylor@apse.org.uk for details. APSE's refuse and street cleansing advisory group regularly considers trade waste issues and is free to attend meeting for APSE members. Contact Wayne Priestley on wpriestley@apse.org.uk for details. The APSE commercialisation network is also a source of information on trading issues including local authority Trade Waste companies. For details about the network contact Mo Baines on mbaines@apse.org.uk

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