

## HERTFORDSHIRE WASTE PARTNERSHIP

### MEMBERS GROUP 26<sup>th</sup> January 2009

#### Item 6: Trade Waste

**Author: Duncan Jones (HWP – 01992 556150)**

#### **1 Purpose of Report**

- 1.2 To seek approval of a draft trade waste policy for the Hertfordshire Waste Partnership.

#### **2 Background**

- 2.2 The collection of trade wastes for disposal can result in a divergence of interests for the Partnership. The draft policy examines the relevant legislative and operational background. It highlights a number of critical issues that need to be taken into account when formulating a uniform approach to the management of trade wastes by the Hertfordshire Waste Partnership as a whole.
- 2.3 The policy concludes by recommending 8 key actions through which trade waste collection services should evolve overtime to achieve the aims of the policy.
- 2.4 The draft policy is attached as appendix A.

#### **3 Consultation**

- 3.1 The draft trade waste policy was discussed at the Heads of Waste group during their meetings on the 17<sup>th</sup> October and the 21<sup>st</sup> November 2008. The draft policy incorporates feedback from these sessions as well as individual input from a number of Partnership authorities. The resulting report was agreed by the Directors' Group on the 15<sup>th</sup> December 2008.

#### **4 Recommendations**

- A. That the Members' Group approves the trade waste policy for formal adoption by the Hertfordshire Waste Partnership.



## HERTFORDSHIRE WASTE PARTNERSHIP

# TRADE WASTE POLICY

### Policy Statement

The trade waste policy seeks to balance potentially conflicting interests between the county council and the boroughs / districts over the collection and disposal of trade wastes. The document sets out the relevant background and establishes a framework which assigns responsibilities to relevant stakeholders as part of an agreed approach to the management of trade waste in Hertfordshire. In considering matters relating to trade waste the Hertfordshire Waste Partnership shall decide priorities on the basis of costs and reductions in biodegradable municipal waste sent to landfill.

### Background

Under Section 45 of the Environmental Protection Act 1990 Hertfordshire's waste collection authorities (WCAs) have a duty to collect commercial wastes when requested to do so. Industrial wastes can only be collected with prior approval of the county council in its capacity as the waste disposal authority, (WDA). For the purposes of this policy document the collection of commercial and / or industrial wastes is herein referred to as trade wastes.

Under the Waste Emissions Trading Act 2003 and the associated Landfill Allowances Trading Scheme, (LATS) trade wastes collected by the boroughs / districts are municipal waste and are counted towards the county council's landfill reduction targets. This has the potential to result in competing interests for the Partnership if the collection of trade wastes causes a deficit in the number of allowances the county has compared to the tonnages it sends to landfill. Consequently, there is a risk of additional costs for WDAs should they exceed their LATS allowances and need to purchase more on the open market. Equally there is potentially an opportunity cost of selling spare allowances should the price of these increase.

However, as re-affirmed by DEFRA in October 2007, waste collection authorities must arrange for the collection of trade wastes when asked to do so but in turn must expect the WDA to recover the associated costs of disposal. If the county moves into a LATS deficit the level of disposal cost it is required to recover will rise significantly. This will lead to significant increases in the charge made to WCAs which could result in their trade waste collection services becoming uncompetitive.

Whilst trade waste collection services are not expected to make a profit, they nonetheless contribute to covering fixed costs and can generate additional economies of scale. The removal or reduction of these services would be likely to increase the cost of domestic waste and recycling services. Equally they provide an important service to smaller businesses, which are of less interest to private sector providers.

It is therefore necessary to agree a county wide policy with respect to the provision of trade waste services in Hertfordshire that addresses this conflict by taking into account the issues identified below.

***Key issues :-***

***Trade Waste Collection – A Local Service***

Whilst trade wastes are not accepted at the county's household waste recycling centres the boroughs / districts between them collected approximately 31,000 tonnes of trade waste during 2007/08. Trade waste tonnages have increased in recent years which underlines the need for an agreed approach.

***Service Efficiencies / Vehicle Utilisation :-***

The provision of a trade waste service often creates economies of scale linked to the operation of collection vehicles which will regularly co-collect domestic and trade wastes.

When looking at whole boroughs / districts it is often more efficient on operational, financial and environmental grounds to have local authority vehicles catering for the general public and local businesses compared to commercial contractors who by definition will only have a certain percentage of the market place and therefore will need to travel much greater distances to achieve maximum payloads and operational efficiencies.

***Pre-Treatment Regulations :***

In October 2007 new legislation came into force which requires businesses to pre-treat wastes they intend to dispose of by removing at least a proportion of their recyclables before the residual element is collected for disposal.

This has and will continue to result in local businesses turning to their host boroughs / districts seeking assistance with the collection of the recyclable element. This demand is reinforced through businesses continuously reviewing their waste management practices in pursuit of lower costs as they strive to avoid landfill. Therefore both the boroughs / districts and the county council will need to be in a position collectively to satisfy this demand by supporting local businesses through an agreed approach.

**NB** - Trade wastes collected by WCAs will be counted as municipal waste and therefore will be considered as being pre-treated by virtue of the fact that boroughs / districts will have some form of recycling service.

***Local Authority Recycling Networks :-***

Linked to the emergence of demand for locally based recycling services a county wide trade waste policy needs to recognise that, in pursuit of household waste recycling targets most waste collection authorities have well established collection systems and end markets for

selected recyclables. These existing networks are therefore often in a better position to provide recycling options for local business producing additional economies of scale compared to large commercial waste collection companies who in the main will collect trade waste for landfill.

#### ***Additional Landfill Diversion :-***

During 2007/08 Hertfordshire's WCAs landfilled 31,000 tonnes of trade waste, compared to 328,000 tonnes of residual domestic waste. A number of the boroughs / districts have initiated some form of trade waste recycling. However, these services are limited in terms of their coverage and range of materials collected.

Given the comparatively 'clean' nature of trade waste recycling percentages of 50%+ should be achievable especially when combined with pricing policies that reward recycling through reduced costs. Therefore it should be possible for reconfigured trade waste services to make meaningful contributions to the overall municipal waste diversion targets as detailed in both the Hertfordshire Joint Municipal Waste Management Strategy and the Sustainable Community Strategy 2008 – 2011.

On this basis the provision of enhanced trade waste services that offer recycling options in combination with traditional collection for disposal could actually aid in the achievement of long term municipal waste targets for diversion from landfill. This needs to be considered against the potential additional costs of providing collection services for trade recyclables. This is likely to depend upon different operational and contractual conditions in each WCA as well as the market price for recyclables and the impact of LATS.

#### ***Links to the Sustainable Community Strategy & LAA targets :-***

Although recycling trade waste tonnages do not count towards household recycling targets they will count towards reductions in the percentage of municipal waste landfilled as detailed in the Sustainable Community Strategy and associated LAA targets. In addition the collection of additional organic wastes for recycling will contribute to an overall reduction in the mass balance calculation for the percentage of biodegradable municipal wastes sent to landfill.

#### ***Opportunities for Joint Working :-***

Most local authority trade waste collection services exist because they take advantage of existing infrastructure set up to service the general public. On this basis, and given that issues around trade waste normally have a lower public profile than domestic waste issues, there should be a greater degree of flexibility when it comes to varying the characteristics of trade waste services to respond to market changes such as increased demand for recycling services. In turn the enhancement of trade waste services to meet this agenda should present opportunities for joint working.

Considering the tonnages being discussed at least in the early stages it should be possible to put together joint trade waste services without the need to enter into formal joint governance arrangements between partner authorities.

It is recognised that from a practical standpoint boroughs / districts with direct service organisations should have greater flexibility compared to those with contracted out services making it easier from them to establish new trade waste recycling services.

**Recommendations :-**

Taking the issues detailed above into account the following actions are designed to implement the policy :-

1. Waste collection authorities will consider the implementation of trade waste recycling services for their existing customers.
2. Waste collection authorities should arrange to conduct surveys among their local businesses to determine potential demand for trade waste recycling services. Surveys should look to determine what materials would be available for recycling as well as the preferred method of collection from a customer perspective.
3. Waste collection authorities in conjunction with the county council will examine options for developing systems for the effective monitoring and calculation of trade waste recycling tonnages and percentages to assess the overall impact on LATS.
4. The county council in conjunction with waste collection authorities will consider options for the sharing of savings in LATS achieved through the recycling of trade waste.
5. The Hertfordshire Waste Partnership will investigate the potential for the bulk collection and processing of mixed dry recyclables collected from trade waste customers.
6. The Waste collection authorities will consider developing trade waste recycling services on a joint basis taking into account costs, benefits and associated risks.
7. The Hertfordshire Waste Partnership will support moves to implement Borough trade waste recycling services through securing external financial support as and when opportunities are identified. Funding will be allocated to those projects that contribute most to overall HWP objectives.
8. Waste collection authorities ensure that all relevant assets including, vehicles, containers and promotional material includes the Hertfordshire Waste Partnership logo. It is recognised that boroughs / districts will also want to include their own branding on such assets as well.