

**REQUEST FOR SUPPLEMENTARY EXPENDITURE AND INCOME
BUDGETS FOR TRADE WASTE SERVICES
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY
DIRECTION)**



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To request approval for revisions to income and expenditure budgets in respect of Trade Waste services following notification from the Disposal Authority (Leicestershire County Council) that waste disposal charges will apply to trade waste collected from 1 April 2014.

2. **RECOMMENDATION**

That the Executive approves the following revisions to the budget relating to Trade Waste Services for 2014/15:

- a supplementary income budget of £12,000; and
- a supplementary expenditure budget of £38,500 for estimated disposal charges effective from 1 April 2014

3. **BACKGROUND TO THE REPORT**

The Council commenced a trade waste collection service in 2011. At this time Leicestershire County Council (LCC) agreed that waste disposal charges would not be charged in respect of trade waste collected to assist this Council develop its trade waste service. In December 2013, LCC indicated their intention to implement disposal charges with effect from 1 April 2014 the cost of which was confirmed on 20 February 2014 as £94.25 per tonne plus VAT. This equates to circa £38,500 in disposal costs based on the current number of trade bins serviced.

The original trade waste income budget set in October for 2014/15 was £73,000 based on the trade customer base at this time. Due to the successful growth of the service since October, the present income forecast for 2013/14 is £85,000 and therefore it is recommended that 2014/15 reflects these levels. This increase will offset some of the disposal costs that will be incurred resulting in a net forecasted income of £46,500 for 2014/15.

4. **FINANCIAL IMPLICATIONS [SJE]**

- 4.1 The Council approved budget position for 2014/15 is an income budget of £73,000 in relation to charging for trade (also known as commercial) waste collection. No expenditure budget for disposal costs is included on the basis of the current arrangements.
- 4.2 In 2013/14, income collected to date for trade waste collection is in excess of £80,000 and is projected to be approximately £85,000 by year end. Therefore, it is realistic to expect a similar level of income in 2014/15. A supplementary of £12,000 is requested to increase the income budget in 2014/15 from £73,000 to £85,000.
- 4.3 Using the current number of trade bins serviced, it has been estimated that a supplementary expenditure budget will be required of £38,500. This figure has used LCC's proposed disposal charge of £94.25 per tonne. It should be noted that in the

scenario that if the number of bins serviced decreases, although there would be a saving on this expenditure budget line, a larger pressure would be generated on income generation (due to less than projected charge income).

- 4.4 The Financial Procedure Rules indicate that a supplementary of between £25,001 and £50,000 requires Executive approval. These supplementary budgets will be funded from general fund balances.
- 4.5 Waste issues are covered by the Environmental Protection Act 1990. Collection services of trade waste are required to be charged for, although charges can be waived in some circumstances. HMRC has so far found no evidence that the non-taxation would significantly distort competition within the meaning of Article 13(1), and so therefore VAT is not added to the collection charge (it falls outside the scope of VAT and is categorised as non-business).
- 4.6 Where a waste disposal authority makes a charge to a waste collection authority for the disposal of waste, in this case LCC charging HBBC, this liability also falls outside the scope of VAT. This is because of the fact that the only body that can undertake this function is a local authority. Some waste disposal authorities were taxing these charges but it was confirmed with CIPFA that this practice would cease by 1st April 2011.

5. LEGAL IMPLICATIONS [MR]

Section 45 of the Environmental Protection Act 1990 allows the Council to charge a reasonable fee for the collection of non household waste including commercial waste.

6. CORPORATE PLAN IMPLICATIONS

The trade waste collection service contributes to the cleaner greener neighbourhood's outcome.

7. CONSULTATION

No consultation undertaken for this report.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
A reduction of income to the Council	Retain collection of trade waste with household waste to ensure efficiency in collection costs and that the service continues to provide	Caroline Roffey

Potential loss of customers if charges have to be increased to compensate for additional expenditure.	a net income surplus. Ensure price increases remain competitive.	Caroline Roffey
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9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Trade waste collections are available to all businesses in the Borough.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: None

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