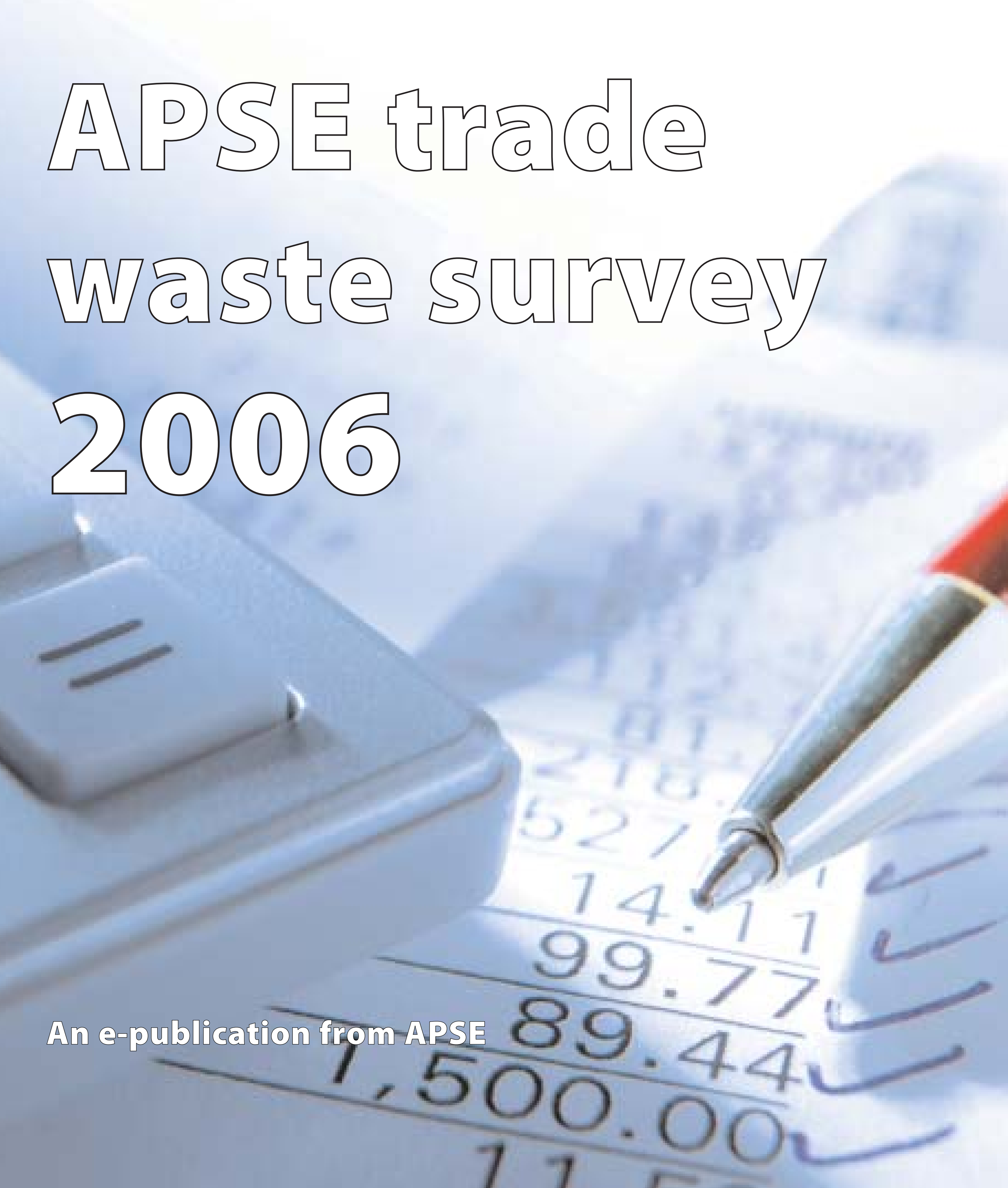
apse membership resources

APSE trade waste survey 2006



An e-publication from APSE

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APSE would like to thank Kevin Murtagh, Strategic Partnership Manager for Regeneration at Liverpool City Council, for his help with this survey.

Foreward

Trade wastes comprise a significant proportion of all wastes generated in the UK. The Environment Agency reported that 4,350,000 tonnes of commercial wastes and 2,740,000 tonnes of industrial wastes were produced in London alone. In addition, the increase in the tonnage of trade waste arisings shows no sign of slowing down.

The collection of trade wastes can be an income generator, where the costs of the service can be covered (or even subsidised) by charges for collection and the provision of containers. For many reasons however the provision of a service at a loss is unlikely to be acceptable. Opportunities to reduce heavy vehicle traffic improve collection services and demonstrate efficiency increases are available from implementing or extending trade waste schemes. Currently commercial and retail premises in a typical business district may receive visits from both local authority and contractors' vehicles. Often a number of different contractors may visit the separate premises to collect the occupants' commercial or trade wastes. Using a local authority vehicle to collect more trade wastes from more properties minimises the number of separate visits, one vehicle servicing a greater number of properties per trip or collection round.

A key driver to the development of trade waste services is the Landfill Allowance Trading Scheme (LATS) which sets challenging targets to reduce the tonnage of biodegradable municipal waste which is sent to landfill. Trade wastes count against an authority's LATS targets so in future the recycling or composting of the biodegradable element of trade waste and diverting it from landfill, presents an opportunity to both move towards meeting LATS targets and increasing recycling. The short term approach to LATS compliance of shedding existing trade waste collections by selling or overpricing the service in order to reduce the total amount of biodegradable wastes handled is recognised as an issue. DEFRA makes clear its view that an authority may not reduce its municipal waste arisings by ceasing its commercial wastes collection service.

In addition to pressures from LATS and an increasing tonnage of commercial and industrial waste, authorities are also operating in the context of limited guidance. The focus of much guidance is on household waste (and particularly recycling and composting). The results from this survey seek to identify the extent of current actions in those authorities undertaking trade waste services in the UK to share with other authorities. Understanding the range of options will help ensure the best use of potentially limited resources available to develop services.

One of the key ways for a local authority to effectively control the amount of unpaid commercial waste contaminating the household waste stream is to offer a reasonably priced trade waste service and to encourage the use of this service through a combination of marketing and enforcement. Offering an overpriced service will only encourage waste producers to seek cheaper alternatives, one of the cheapest being placing the trade waste in the household waste stream.

These factors all led to a request for information on trade waste services from Liverpool City Council. APSE with the help of officers from Liverpool carried out a survey in the Autumn of 2006. The survey aimed to establish the extent to which local authorities are carrying out trade waste services and, where they are, the type of service provision they are undertaking, the structure of their services in terms of staff involvement and how they are marketing their service and how they enforce current legislation. Although by no means exhaustive, its purpose is to stimulate debate on the current situation in local authorities. I hope you find the results from the survey both interesting and informative and that they can be used to compare your own trade waste operations.

Councillor John Kerr Brown
APSE National Chair

APSE Trade Waste Survey: 2006

In the autumn of 2006 APSE carried out a survey of Trade Waste at the request of officers within Liverpool City Council who helped to design the questions. The survey aimed to establish the extent to which local authorities are carrying out trade waste services and, where they are, the type of service provision they are undertaking, the structure of their services in terms of staff involvement and how they are marketing their service and how they enforce current legislation. Over 40 local authorities responded from throughout the UK.

Section 1: General

Section One of the survey focused on whether authorities were operating a trade waste service and, if so, how that service is operating in terms of costs, staffing and its structure.

The questions were as follows:

Q: Do you offer a trade waste service?

- Yes - 40 (91%)
- No - 4 (9%)

Those councils answering no to this question were asked to give reasons as to why this was the case. Responses included the following:

Q: If you have not provided a service, why not?

- Virtually all services are contracted out, we do not hold any service fleet
- Domestic Collections returned to local authority in-house service ….but contractor retained trade waste collections

Respondents answering in the negative were asked whether they had ever provided a service. For the most part this was not relevant but those councils that did respond were asked when they discontinued the service. The two responding councils gave the following answers and reasons:

Q: If you have provided a service, when did you stop?

- It stopped in 1986
- Yes - this stopped in 1990 as a result of CCT.

The survey then asked respondents to state whether their service is provided in-house, through a managed service or through a traditional client/contractor service contract.

The responses were as follows - please note that managed services were provided by none of the responding authorities.

Q: Is the service provided in-house; through a managed service; or through a traditional client/contractor service contract?

- In-House: 32 (78%)
- Managed Services: 0 (0%)
- Traditional Client/Contractor service contract: 9 (22%)

Within the context of the type of service provision the councils were then asked whether the service was run separately or as a discrete sub-set of the waste collection service. The answers were as follows.

Q: Is the service run as a separate service or a sub-set - discrete part of your waste collection service?

- Separate Service: 12 (31%)
- A Discrete sub-set of the waste collection service: 27 (69%)

The subsequent question in this section of the survey asked respondents whether or not the service was viable (either operating at or above cost).

The responses were as follows:

Q: Is the service viable (currently operating at cost or above)?

- Yes: 35 (80%)
- No: 5 (11%)
- No response: 4 (9%)

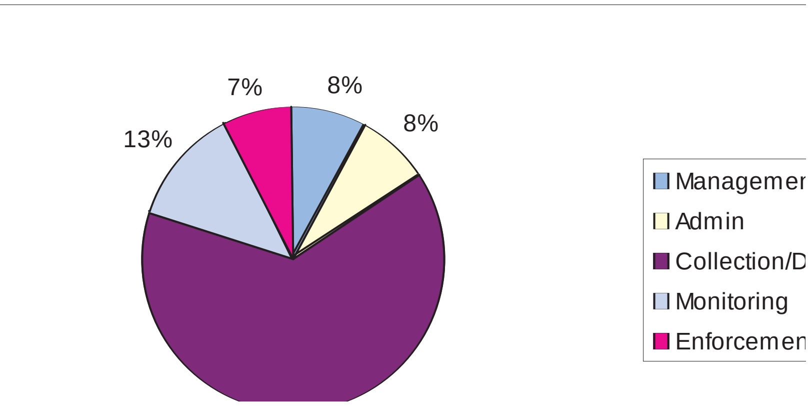
This question can be cross checked with the data from APSE's Performance Network model for Waste Management which measures the operational recovery ratio (PI07). Analysis of the year 8 returns gives an average recovery ratio of just under 106%. There may be valid commercial or environmental reasons why some authorities are offering the service at below cost figures but these should be identified.

Q: How many staff deliver the following services?

The total numbers of staff working in the following areas (in all responding authorities) were as follows:

Management: 46 (8%)
Admin: 45 (8%)
Collection/Disposal
369 (64%)
Monitoring: 74 (13%)
Enforcement: 41 (7%).

Chart: What are the total numbers of staff working across all authorities expressed as a percentage.



In terms of the average numbers of staff working in each area across all the responding councils the numbers were as follows:

Management: 1
Admin: 1
Collection/Disposal: 8
Monitoring: 2
Enforcement: 1

Section 2: Order process

The second section of the survey focussed upon the order process relating it to how local authorities go about setting up and then tracking trade waste agreements.

Q: How are trade waste agreements set up?

Respondents gave a varied menu of replies which established a quantifiable trend which has been broken down here as follows

A diverse range of responses were given and have been assigned the following categories in terms of how trade waste agreements were set up:

- Customer Request: 7 (14%)
- Telephone Marketing: 3 (6%)
- Postal Marketing: 1 (2%)
- Site Visits: 10 (19%)
- Set Up Contract with Customer: 9 (18%)
- A Signed Contract: 9 (18%)
- Other: 12 (23%) (This included those responses that did not fit any readily identifiable category).

The second part of section 2 asked whether authorities had a management information system in place to track these agreements. Clearly, tracking of agreements and what happens to them is a crucial element of seeing how or if contracts or tenders are performing robustly.

The answers were as follows:

Q: Do you have a management information system in place to track agreements and customers?

- Yes: 32 (91%)
- No: 3 (9%)

The positive response here suggests that authorities aren't exactly complacent when it comes to tracking agreements and customers although, as always the devil may be in the detail of how they actually operate. That 91% of authorities operate a management information system is encouraging. The type of systems in operation is worth consideration - possibly at future APSE advisory group meetings.

Section 3: Trade waste agreement

In section 3 of the survey responding authorities were asked whether they were able to provide a copy of their current trade waste agreement template. In line with the current emphasis on shared services comparing these agreements in terms of best practice may well be advantageous to environmental services.

The results were as follows:

Q: Can you provide a copy of your current trade waste agreement template?

- Yes: 36 (90%)
- No: 4 (10%)

Copies of these trade waste agreements were not submitted with the replies but may be available at a later date via the APSE Secretariat should authorities be interested in the viewing a template.

Section 4: Charging process

In section 4 respondents were asked, first of all, what their charging model is. Such was the variation in responses that a selection has been provided below in order to demonstrate the various approaches being followed.

Q: What is your charging model?

Various views were given here including authorities charging by bin size, charges per litre of waste and competitive charges set against the commercial sector. Other authorities are charging by container (per litre) while several were using methods such as full cost recovery. One authority is basing its charges on collection costs (set by the contractor) and which "increase" year on year.

Authorities were then asked if they charged (or passed on true costs to) their customers. This would mean costs that don't reflect subsidy or other distortions but that are passed on directly and so on.

Q: Do you charge true costs?

- Yes: 23 (64%)
- No: 9 (25%)
- No response: 4 (11%)

Finally this section asked responding authorities whether they apportion disposal costs by weight per customer. The answers received were as follows:

Q: Do you apportion disposal cost by weight per customer?

- Yes: 8 (24%)
- No: 23 (70%)
- Don't Know: 2 (6%)

The data extrapolated from APSE's Performance Networks database. Performance Indicator (PI 107) is again useful. This looks at the general range of costs accrued by trade waste services. These are apportioned on a family group basis so that similar authorities are compared with each other.

Section 5: Billing

Section 5 addressed the question of billing and, initially, asked authorities to comment on their billing process. Again a variety of comments were returned as follows:

Q: What is your billing process?

The resulting comments were broken into identifiable areas as follows:

- Direct Debit: 5 (14%)
- Invoice Customers: 11 (31%)
- Payment in advance: 10 (27.5%)
- Payment in arrears: 4 (20%)
- Other: 7.5%

While the previous question discussed the issue of process the next part of section 5 sought more definitive responses as to whether or not authorities were using annual or monthly payments. The responses were as follows:

Q: Do you pay annually (in advance) or monthly?

- Annually: 17 (34%)
- Monthly: 12 (24%)
- No Response: 21 (42%)

Section 6: Customers

The first part of this question asked the respondents to state how many trade premises they operate in total.

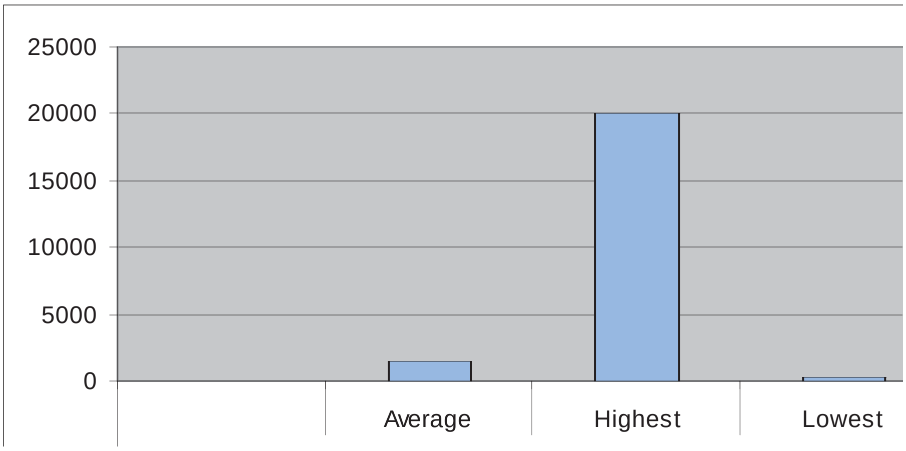
The numbers were as follows

Q: How many Trade Premises do you have in total?

- Average Number of premises per responding local authority: 3,903
- Highest Number for a Local Authority: 20,000
- Lowest Number for a Local Authority: 270

See the chart below for a demonstration of the figures. As we can see there are pretty wide discrepancies between the lowest (a rural authority) and the highest (a London authority).

Chart: How many trade premises do you have in total?



Responding authorities were then asked whether they had a database for all of their trade premises. Answers were as follows:

Q: Do you have a database of all your trade premises?

- Yes: 37 (88%)
- No: 3 (7%)
- No Response: 2 (5%)

An additional piece of information taken again from APSE's Performance Networks database is worth looking at here. Performance Indicator 04 (PI 04) measures the number of trade waste contracts held as a percentage of the available market. One outcome is that the indicator gives data relating to how many businesses are in their area. This extends the analysis of the local market and gives basic knowledge as to the potential of developing a trade waste service.

Source: APSE Performance Networks (PI04)) 2004-05

Businesses in Area:	**Lowest in Range: 2,000** **Highest in Range: 22, 243**
Trade Contracts:	**Lowest in Range: 0** **Highest in Range: 2,100**

Section 7: Market share

Section 7 focussed on the level of market share commanded by responding trade waste services. The responses were as follows:

Q: What is your current market share?

- Average Market Share for Responding Local Authorities: 27%
- Highest Market Share among Responding Local Authorities: 99%
- Lowest Market Share Among Responding Local Authorities: 10%

These results are slightly below the results from APSE Performance Networks data for percentage of trade waste contracts held (PI04). These have been relatively consistent at a market share of around one third of the available market. The trends over the last 8 year are

1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
35.27%	34.68%	34.78%	32.86%	32.78%	30.50%	33.46%

The survey then asked respondents if they knew the level of market share for their competitors. The responses were as follows:

Q: Do you know what the market share is for your competitors?

- Yes: 4 (10%)
- No: 35 (85%)
- No response: 2 (5%)

The survey concluded section 7 by asking whether responding local authorities have business details about their competitors.

The responses were as follows:

Q: Do you have business details about your competitors (who they are, charging models etc)?

- Yes: 12 (38%)
- No: 18 (56%)
- No response: 2 (6%)

Section 8: Marketing

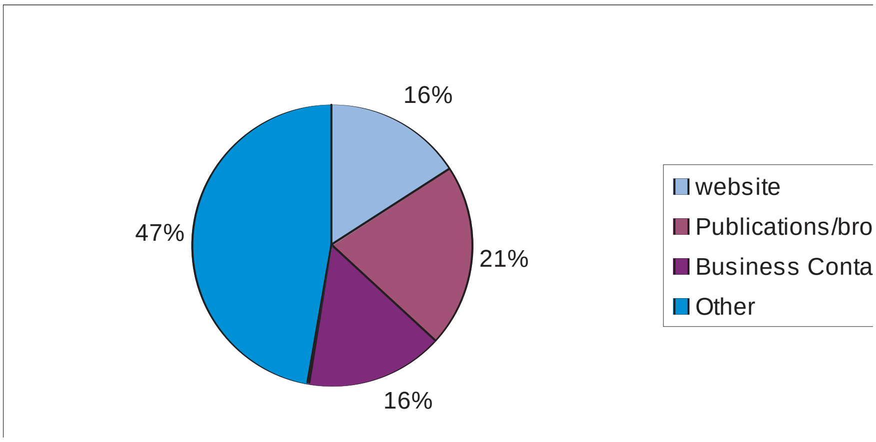
Section 8 of the survey asked responding local authorities to comment on what marketing of the services they do. A range of responses were given as follows:

Q: What marketing of the service do you do?

The responses to this section (bearing in mind that not all participants gave answers here) were given in comment format and were then broken down numerically as follows:

- Those authorities using their website to market services: 3 (16%)
- Those authorities using publications/brochures to market their service:4 (21%)
- Those authorities using business contacts to marker their service: 3 (16%)
- Other responses (these included a variety of responses): 9 (47%)

Chart: What marketing of the Service do you do?



Section 9: Collection

Section 9 of the survey covers collection processes and asked responding authorities whether they had details of their collection process, schedule, number of rounds, vehicles, and crews. The responses were as follows:

Q: Do you have details of the collection process, schedule, number of rounds, vehicles, crews etc?

- Yes: 38 (90%)
- No: 2 (5%)
- No Response: 2 (5%)

The survey then asked respondents what their waste tonnage was for 2005/06.

The responses were given as follows:

Q: What was your waste tonnage for 2005/06?

- Average: 15,421
- Highest: 109,000
- Lowest: 267

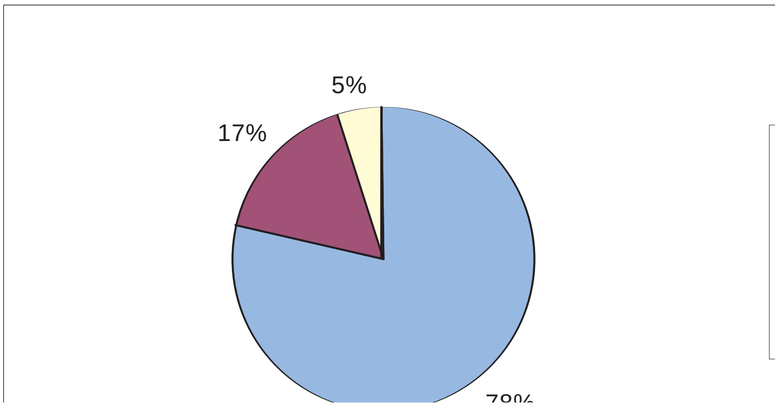
Section 10: Containment

This section of the report addressed issues relating to the containment of waste. The first question asked whether participating authorities offer bags and bins to their citizens.

Q: Do you offer bags and bins?

- Yes: 33 (78%)
- No: 7 (17%)
- No Response: 2 (5%)

Chart: Do you offer bags and bins?

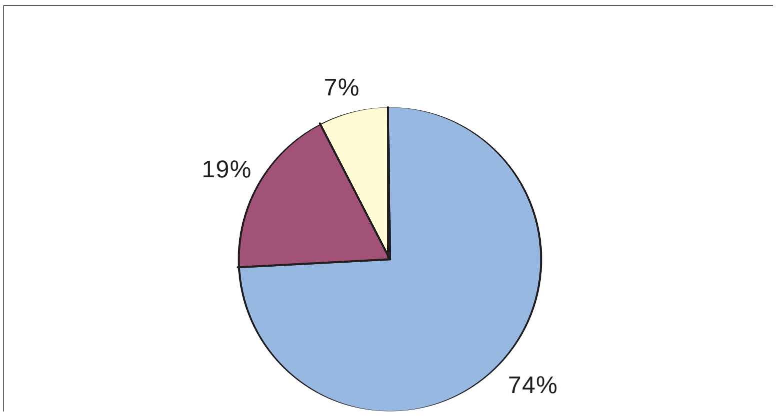


The second part of section 10 asked respondents whether they identified trade waste containment from their domestic waste stream. The answers were as follows:

Q: Do you identify trade waste containment from your domestic stream?

- Yes: 31 (74%)
- No: 8 (19%)
- No response: 3 (7%)

Chart: Do your identify trade waste containment from your domestic waste stream?



The third part of section 10 asked authorities whether or not they asset tag their bins. The response was as follows:

Q: Do you asset tag your bins?

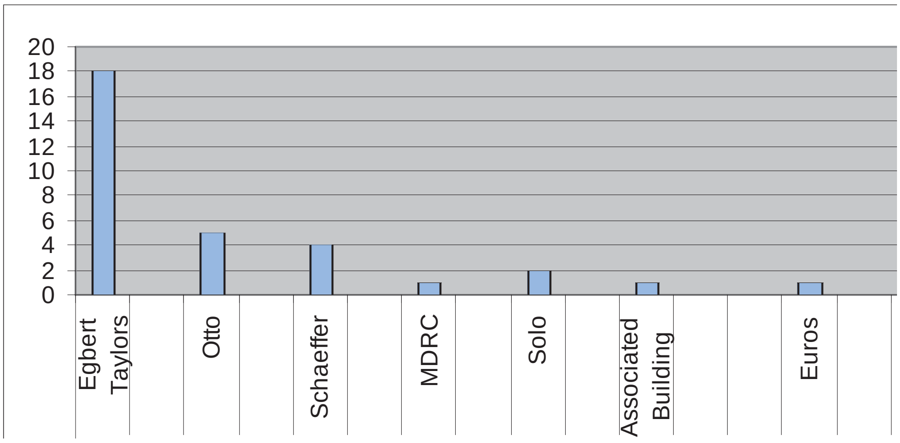
- Yes: 9 (22%)
- No: 30 (73%)
- No response: 2 (5%)

Q: Who Provides your Bins?

The final section of section 10 asked which companies provide bins to local authorities. A variety of companies were cited as follows (see also chart below):

Egbert Taylors:18
Otto: 5
Schaeffer: 4
MDRC:1
Solo: 2
Associated Building Services: 1
Other responses (Suppliers not specified): 12

Chart: Who (which companies) provide your bins?



Section11: Waste Measurement

Section 11 asked participating local authorities whether or not they operate chip technology in their vehicles and bins to track and weigh waste collection for each customer.

The answers were as follows:

Q: Do you operate chip technology on vehicles/bins to track and weigh waste collection per customer?

- Yes: 2 (5%)
- No: 37 (90%)
- No response: 2 (5%)

The recent trends towards using electronic microchips in bins in order to measure household waste has been well documented in the press. The fact that so few local authorities are applying this to commercial and trade waste is perhaps a bit surprising given the obvious advantages. However, the use of microchips is surely likely to increase thereby giving waste services more chance to measure waste and put in place the appropriate policies.

Section 12: Enforcement

The final section of the survey, section 12, asks local authorities how they go about ensuring compliance with environmental legislation as it relates to trade waste. The first part of section 12 asked them how this was done. A variety of responses were given and a selection are cited below.

Q: How is this done (enforcement)?

A number or response were given here the most common being random monitoring, visits and inspections, and through reaction to public complaints. Other methods included fixed penalty fines

The second part of section 12 sought some firm figures as to how many fixed penalty notices participating authorities were handing out. The responses were as follows (relating to those authorities that had applied fixed penalty notices):

Q: How many fixed penalty notices do you issue?

- Average: 48
- Highest: 1,440
- Lowest: 1

It should be borne in mind that 78% of the responding authorities were not using fixed penalty notices at all so the figures above should be treated with some caution.

The final part of section 12 asked responding local authorities how they monitored and dealt with abuses of their trade waste service (there is some overlap here with the first part of section 12.) Some of the responses given were as follows:

Q: How do you monitor and deal with abuses (e.g. trade waste being deposited in the domestic stream)?

- It's part of the supervisory duties
- Enforcement Officer
- Refuse service operatives
- Personal visits - repeat visits where domestic bin is abused.
- No proactive monitoring - [it's a] hidden problem. [There is] reactive management.
- Fixed penalty
- Our domestic and trade crews are very vigilant about trade waste abuse and report each situation - enforcement follows if necessary.

Conclusions

This survey establishes, first of all, that the overwhelming majority (some 91%) of participating local authorities provide a trade waste service and some 78% of these are provided in-house. The financial viability and dynamism of these services is also something that seems in a healthy state of affairs though there's always room for moving forwards. From the responses given almost all services are operating at, or above, cost. What might need to be investigated in the future is the correlation between fly-tipping and cost structures. Do below cost services reflect a political desire to deter fly-tipping or is it the case that competition is forcing some services to reduce the cost of their trade waste services making them more cost-effective? Any local authority analysis on this would be something APSE could develop in the future.

In local authorities participating in APSE's Performance Networks the highest level of trade waste income for 2005-06 is £4,673,4333 and the lowest is £142, 773. (Source: APSE Performance Networks: 2006). This discrepancy gives some insights into the massive amounts of waste currently not recovered by local authorities (if at all) and which may provide further impetus for further activity in this particular area on the part of local government services.

This, in turn, should make a good argument for continued investment in the knowledge that assets are being productively managed by local authorities. Allied to this evidence of improving financial performance is the fact that around 91% of authorities are operating a management information system. This means that information gathered, relating to the monitoring of trade waste agreements for example (see section 2), is used more systematically in order to build up a picture of what is happening and to establish some trends.

Another key question answered by this survey revolves around the issue of market share and the size of that share being accrued by participating authorities. The average market share for all responding authorities was approximately 27%. However, in order to enhance this greater weight might need to be given to marketing these services more - albeit within the democratic framework in which they operate. As the examples already given suggest this can be accomplished through websites, verbally, as well as through use of the council logo when delivering services. Other authorities are using brochures and even telesales in order to inform the public about what services they provide.

Another factor to be considered here in terms of the future provision of trade waste services involves the extent to which local authorities, as community leaders, are able to provide recycling services to small and medium sized enterprises (SMEs) and other business within the local community. A number of good practice models have been identified for trade waste recycling such as:

- a multi-material recycling service for a range of SMEs, but primarily offices;
- a comprehensive recycling service for the glazing sector;
- a container glass recycling service for hospital businesses;
- a cardboard and paper collection recycling service for SMEs (offices, retail, and hospitality businesses) based in city centres.

Overall, though, this survey shows that waste services are maintaining market share, improving and expanding capacity while diversifying their service provision and deepening their knowledge, through management systems, as well as their knowledge of other service providers operating in the market.

Mark Roden,
APSE Research and Advisory Officer

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