

Charging for Waste Services and generating income

A good practice guide to the considerations and methodology Local Authorities need to explore when implementing or changing a charge for a chargeable waste service



Using this Guide

When using this guide for the first time, Officers should start at the beginning with the 'Legalities of charging' section, and work sequentially through each of the further sections to ensure that the business case for charging has used a sound methodology and is properly evidenced. The guide can then also be used for reference on a section by section basis as the need arises. The Best Practice case studies and frequently asked questions section is designed to be read independently from the rest of the guidance document.

Before you start...

Whilst every care has been taken in providing local authorities with a comprehensive best practice guide to charging for waste services, individual local authorities should always seek your own independent legal and procurement advice before implementing / changing your chargeable waste service in order to be confident that you are fulfilling all of the necessary criteria and duties before any changes to charging is introduced.

Section
One



Section
Two



Section
Three



Section
Four



Section
Five



Independent
Reference



Legalties of
Charging

Costing
Methodology

Justifying
Charging

Implementing
Charging

Partnership
Working

Lessons
Learnt



Introduction

This guide details the main considerations local authorities should explore before introducing or changing charges for the following chargeable waste services:



Each section details the legalities of charging for the service, the methodology for analysing the full costs of delivering the service, the methodology for setting a suitable charge and the methodology for calculating the impact of charges on performance for key chargeable waste for all of these waste types.

The final section of the guidance explores the best practice case studies for charging for waste services, and frequently asked questions.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Gentle Reminder – Glossary of Terms

Legislative term	Summary of legislative meaning
“Household Waste”	means waste from— (a) domestic property, that is to say, a building or self-contained part of a building which is used wholly for the purposes of living accommodation; (b) a caravan (as defined in section 29(1) of the Caravan Sites and Control of Development Act 1960) which usually and for the time being is situated on a caravan site (within the meaning of that Act); (c) a residential home; (d) premises forming part of a university or school or other educational establishment;
“Commercial Waste”	means waste from premises used wholly or mainly for the purposes of a trade or business or the purposes of sport, recreation or entertainment excluding— (a) household waste; (b) industrial waste; and (d) waste of any other description prescribed by regulations made by the Secretary of State for the purposes of this paragraph. For example the Controlled Waste (England & Wales) Regulations 2012 .
“Industrial Waste”	means waste from any of the following premises— (a) any factory (within the meaning of the Factories Act 1961); (b) any premises used for the purposes of, or in connection with, the provision to the public of transport services by land, water or air; (c) any premises used for the purposes of, or in connection with, the supply to the public of gas, water or electricity or the provision of sewerage services; (d) any premises used for the purposes of, or in connection with, the provision to the public of postal or telecommunications services; or (e) any mine or quarry or any premises used for agriculture within the meaning of the Agriculture Act 1947.
“Controlled Waste”	means “household, industrial and commercial waste or any such waste” (EPA s 75(4))

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



The Basics – Duties and Discretions

All Local Authorities in Wales have the following duties and discretions (as unitary authorities, all are both WCA's and WDA's)

Must/Duty	May/Discretion	Type of waste	Legislation	Charging
Arrange collection		Household Waste (1)	EPA s45 (1)9(a)	Not permitted unless charging is authorised by regulation
Arrange collection		If requested, Commercial Waste (2)	EPA s45(1)(b)	Permitted Where a charge is permitted - Collection must be requested and - Charge must be “reasonable”
Dispose of Commercial Waste		Commercial Waste where there is a request to collect	EPA s45 (4)	Permitted Not for profit charging applies
	Arrange collection	Industrial Waste (4)	EPA s45(2)	Permitted Not for profit charging applies

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



The Basics – Duties and Discretions

All Local Authorities in Wales have the following duties and discretions (as unitary authorities, all are both WCA's and WDA's)

Must/Duty	May/Discretion	Type of waste	Legislation	Charging
Provide “places” for residents to deposit household waste in its area		Household Waste transported by residents. (3)	EPA s 51(2)(c)	Not permitted to charge where Residents use “places”.
	Provide “places” for non-residents and businesses (including businesses who collect resident’s household waste)	Controlled Waste	EPA s51(3)	Permitted Not for profit charging applies
Arrange disposal of Controlled Waste		Controlled Waste collected under (1), (2) and (3)	EPA s51	See specific obligations for Commercial and Industrial
Arrange disposal		Industrial Waste collected under (4)	EPA s45(4)	Permitted Not for profit charging applies

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Household Waste

These are the only circumstances in which Local Authorities may charge for collection or disposal of **Household Waste**. (as prescribed by the [Controlled Waste \(England & Wales\) Regulations 2012, Schedule 1\(4\)](#))

No.	Description of Household Waste	Collection Charge	Disposal Charge
1	Any article of waste which exceeds 25kg in weight (large or bulky waste)	Yes	No, subject to entries 11 to 17
2	Any article of waste which does not fit or cannot be fitted into (a) a receptacle for household waste provided in accordance with section 46 of the Act; or (b) where no such receptacle is provided, a cylindrical container 750mm in diameter and 1m in length (large or bulky waste)	Yes	No, subject to entries 11 to 17
3	Garden waste	Yes	No, subject to entries 11 to 17
4	Dead domestic pets	Yes	No, subject to entries 11 to 17
5	Waste oil or grease	Yes	No, subject to entries 11 to 17
6	Asbestos	Yes	No, subject to entries 11 to 17
7	Waste which may not be put into a receptacle provided under section 46 of the Act because of a notice served under that section	Yes	No, subject to entries 11 to 17
8	Waste from premises used wholly or mainly for public meetings	Yes	No

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Household Waste

No.	Description of Household Waste	Collection Charge	Disposal Charge
9	Clinical waste and offensive waste produced at a domestic property, a caravan or a vehicle or vessel used wholly for the purposes of living accommodation	Yes	No
10	Waste from a residential hostel which provides accommodation only to persons with no other permanent address or who are unable to live at their permanent address	Yes	No
11	Waste from a charity shop selling donated goods originating from domestic property	Yes	Yes, but only to the extent that the waste originated from non-domestic property
12	Waste from premises occupied by (a) a community interest company (being a company which is registered as such with the registrar of companies), or (b) a charity or other not for profit body, which collects goods for re-use or waste to prepare for re-use from domestic property	Yes	Yes, but only to the extent that the waste originated from non-domestic property
13	Litter and refuse collected under section 89(1)(f) of the Act	Yes	Yes
14	Waste from a residential home or land belonging to or wholly or mainly used in connection with a residential home	Yes	Yes
15	Waste from premises forming part of a university, school or other educational establishment	Yes	Wales: yes
16	Waste from premises forming part of a hospital or nursing home except for waste from a residential hostel forming such part which provides accommodation only to persons with no other permanent address	Yes	Yes
17	Waste from a penal institution	Yes	Yes

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Kerbside Garden Waste Collections

Chargeable option	Yes / No	Supporting legislation	How much can be charged?	Notes
Chargeable service?	Yes	Schedule 1 (4) of the Controlled Waste (England and Wales) Regulations 2012 ; Section 93 of the Local Government Act 2003	Any charge must be reasonable	You cannot charge for garden waste collections at the kerbside until you have served a notice on the householder that you intend on doing so. This is usually given in writing in literature sent to households before the chargeable service starts. If you change a charge, you must also give householders a new notice of that change in charging regime
Charge for receptacles?	Yes	Section 46 (3) of the Environmental Protection Act 1990	Any charge must be reasonable	
Charge for collection?	Yes	Schedule 1 (4) of the Controlled Waste (England and Wales) Regulations 2012	N/A	
Charge for disposal?	No	Schedule 1 (4) of the Controlled Waste (England and Wales) Regulations 2012	N/A	
Make a profit?	No	Section 93 (3) Local Government Act 2003	Income from charges must not exceed the costs of provision	
Fixed Penalty Notices issued?	Yes	Section 47ZB (2) (a) or (b) Environmental Protection Act 1990	£100, or as stipulated by the local authority, but must be reasonable	Applicable when garden waste is placed in the incorrect receptacle, and / or when item(s) other than garden waste are placed in the garden waste receptacle

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Other Waste Collection Legal Considerations

Legislation	Summary of legislation
Waste (England & Wales) Regulations 2011 s13	<p>Arrangements for collection, whether by a local authority, establishment or undertaking must be by way of separate collection for waste paper, metal, plastic or glass</p> <p>Where necessary to promote Waste Hierarchy (Art 4) and to promote human health and the environment (Art 13) and</p> <p>Where Technically, ecologically, economically practicable applies</p>
Environment (Wales) Act 2016	<p>Introduced new section 45AA EPA (not yet in force)</p> <p>Waste collected or arranged to be collected by local authorities</p> <p>Waste collected by businesses (whether for profit or not or in any public function) and any occupier of premises who presents Controlled Waste (Household, Commercial or Industrial – excluding Household waste from a domestic property or a caravan EPA s75)</p> <p>Must do so in accordance with any applicable separate collection requirements</p> <p>Welsh Ministers can create regulations covering “separation requirement” of one or more types of waste from other types of waste or from other substances or articles (EPA 45AA (6) and (7)).</p> <p>New section 45 AB (Code of Practice) – Welsh Ministers can issue, revise or revoke Codes of Practice providing guidance on how to comply with s45AA.</p>
Environmental Protection Act 1990	<p>EPA s 46 (3) b – household waste receptacles, if the occupier agrees, payment by him of a single payment or such periodical payments as he agrees with the authority.</p> <p>EPA s 47(1) – commercial and industrial waste collections, where these collections are requested, a charge may be made for the receptacle.</p> <p>EPA sections 47ZA and 47ZB – issuing fixed penalty notices for failure to use receptacles (including where failure to use relates to receptacles provided for separation requirement)</p>

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Commercial Waste

Commercial waste is defined as waste generated from premises used wholly or mainly for the purposes of a trade or business. Commercial waste does not include household, agricultural or industrial waste.

Chargeable option	Yes / No	Supporting legislation	How much can be charged?	Notes
Chargeable service?	Yes – where a request to collect has been made	Collection – EPA s45(1)(b) Disposal – EPA s45(4)	Any charge must be reasonable and take into account collection and disposal cost – see Justifying Charging section	FPNs can be issued for offences under section 47 (2) and (4): failure to comply with storing waste in receptacles of a particular kind; the size, construction and maintenance of receptacles; the placing of the receptacles to facilitate their collection, the placing of substances or articles that may or may not be put into the receptacles.
Charge for receptacles?	Yes	Section 47 (1) Environmental Protection Act 1990	Any charge must be reasonable	
Charge for collection?	Yes	Section 45(1)(b) Environmental Protection Act 1990	Any charge must be reasonable	
Charge for disposal? (1) (2)	(1) Yes (2) Yes – deposited at “Place”	1) Cost of Disposal of waste collected at occupier’s request 2) Deposited at “Places provided for disposal” within LA Area	(1) Not for profit principle applies (2) Not for profit	
Make a profit?	No	Section 93 (3) Local Government Act 2003	Income from charges must not exceed the costs of provision	
Fixed Penalty Notices issued?	Yes	Section 47ZB (2) (a) or (b) Environmental Protection Act 1990	Between £75 - £110, default penalty £100	

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Household Waste Recycling Centres

Waste managed at HWRCs should be household, industrial or commercial waste. All these wastes are classed as ‘controlled waste’, which is defined in section 75 of the Environmental Protection Act 1990 and through the Controlled Waste (England and Wales) Regulations 2012. Although generically HWRCs could take in all controlled waste, it depends on their permit as to whether they can actually take them in on a site specific basis. The provision of a place to be provided at which persons resident in its area may deposit their household waste and for the disposal of waste so deposited is set out in section 51 (1)(b) and (2) of the Environmental Protection Act 1990.

Chargeable option	Yes / No	Supporting legislation	How much can be charged?	Notes
Charge for household waste?	No	Section 51 (2)(c) EPA 1990	N/A	Consider restrictions of availability of specified places for specified descriptions of waste (EPA s51(2)) such as restricting residual waste disposal
Charge for commercial waste?	Yes	Section 51 (3) EPA 1990	Any charge must be reasonable and must not make a profit	This includes the ability to charge for all commercial waste, construction and demolition waste, which is not included in the classification of household waste under section 51. Examples of this waste are doors and windows, fitted kitchens, fitted wardrobes, inert material such as rubble, concrete, bricks and roof tiles, plasterboard, soil from landscaping activities, other building materials and tyres
Charge for industrial waste?	Yes	Section 51 (3) EPA 1990	Any charge must be reasonable and must not make a profit	A charge for oil, clinical waste and offensive waste cannot be levied as it falls under household waste under section 4 of the Controlled Waste (England and Wales) Regulations 2012
Charge for hazardous waste?	No	Section 51 (3) EPA 1990	N/A	Includes chemicals, paints, fridge freezers, televisions and monitors (CRT), fluorescent tubes, batteries (domestic and vehicle), dense plastics, carpets, mattresses, furniture
Charge for waste collected by third parties?	Yes	Section 51 (3) EPA 1990	Reasonable and not for profit	If it is brought to a “place” for disposal, it can be charged. If it is diverted to a re-use centre before it becomes waste, no charge is possible
Charge for non – resident use?	Yes	Obligation not to charge is in relation to residents only	Any charge must be reasonable and must not make a profit	Local authorities can introduce a permit scheme for residents to use the HWRCs. Those without a permit – i.e. residents from outside the local authority area – must buy a permit in order to use the site

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Bulky Household Waste

'Bulky waste' in the Controlled Waste Regulations 1992 is any article of waste which exceeds 25 kilograms in weight; and/or any article of waste which does not fit, or cannot be fitted into:

a) a receptacle for household waste provided in accordance with section 46 of the Environmental Protection Act 1990; or

b) where no such receptacle is

Chargeable option	Yes / No	Supporting legislation	How much can be charged?	Notes
Chargeable service?	Yes	(1) Household Waste, specific regulations – Controlled Waste (England & Wales) regulations 2012, Schedule 1 Paragraph 4, table line 9. (2) Commercial waste – EPA s45(1)(b) and s45(4) (3) Industrial waste - EPA s45(2) and 45(4)	LGA s93 not for profit principle.	This includes the separate collection of nappy waste, which is classified under offensive waste
Charge for receptacles?	Yes	Section 46 (3)(b) Environmental Protection Act 1990	Any charge must be reasonable	
Charge for collection?	Yes	(1) Household - Controlled Waste (England & Wales) regulations 2012, Schedule 1 Paragraph 4, table line 9. (2) Commercial Waste - EPA s45(1)(b) (3) Industrial Waste - EPA s 45(2)	(1) LGA s93(3) (2) LGA s93(3) (3) LGA s93(3)	
Charge for disposal? (1) (2) (3)	No	(1) Household - Controlled Waste (England & Wales) regulations 2012, Schedule 1 Paragraph 4, table line 9 (2) Commercial - EPA s45(4) (3) Industrial - EPA s45(4)	(1) N/A (2) LGA s93(3) (3) LGA s93(3)	
Make a profit?	No	Section 93 (3) Local Government Act 2003	Income from charges must not exceed the costs of provision	See Welsh Government guidance on methodology for establishing cost.
Fixed Penalty Notices issued?	No	N/A	N/A	

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Clinical and Offensive Waste

Clinical waste” means waste from a healthcare activity (including veterinary healthcare) that (a) contains viable micro-organisms or their toxins which are known or reliably believed to cause disease in humans or other living organisms, (b) contains or is contaminated with a medicine that contains a biologically active pharmaceutical agent, or
 (c) is a sharp, or a body fluid or other biological material (including human and animal tissue) containing or contaminated with a dangerous substance within the meaning of Council Directive 67/548/EEC on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances(1), and waste of a similar nature from a non-healthcare activity
 “Offensive waste” means waste that (a) is not clinical waste, (b) contains body fluids, secretions or excretions, and (c) falls within code 18 01 04, 18 02 03 or 20 01 99 in Schedule 1 to the List of Wastes (Wales) Regulations 2005(10)

Chargeable option	Yes / No	Supporting legislation	How much can be charged?	Notes
Charge for receptacles?	Yes	Section 46 (3)(b) Environmental Protection Act 1990	Any charge must be reasonable	
Charge for collection?	Yes	(1) Household Waste - Controlled Waste (England & Wales) Regulations 2012, Schedule 1 Paragraph 4, table line 9. (2) Commercial Waste - EPA s45(1)(b) (3) Industrial Waste - EPA s 45(2)	Income from charges must not exceed the costs of provision	This includes the separate collection of nappy waste, which is classified under offensive waste
Charge for disposal? (1) Household (2) Commercial (3) Industrial	(1) No (2) Yes (3) Yes	(1) Household - Controlled Waste (England & Wales) Regulations 2012, Schedule 1 Paragraph 4, table line 9 (2) Commercial waste - EPA s45(4) (3) Industrial waste - EPA s45(4)	(1) N/A (2) Income from charges must not exceed the costs of provision (3) Income from charges must not exceed the costs of provision	
Make a profit?	No	Section 93 (3) Local Government Act 2003	Income from charges must not exceed the costs of provision	See Welsh Government guidance on methodology for establishing cost
Fixed Penalty Notices issued?	No	N/A	N/A	

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Innovative Waste Charging

➡ Legal Position and Risk

- There are a growing number of local authorities in England and Wales that are charging for waste services where there is no regulation to support such 'innovation'.
- Local Authorities should always consider the risk of judicial review when making a decision that is not supported by legislation and contrary to express provision under the Environmental Protection Act 1990, Controlled Waste Regulations 2012 and Local Government Act 2003.
- Risk can be managed, but not avoided completely.
- If Local Authorities in Wales identify specific innovative areas of service that they wish to charge they should:
 - (a) request Welsh Government to provide for such in regulations and/or
 - (b) look at [trading options](#) to allow for the making of profit or profit sharing mechanisms in contracts for the provision of services through the private sector.

The Collaborative Change Programme (CCP) can provide Welsh authorities with support and guidance to ensure they are receiving appropriate value for their separately collected materials. The materials marketing support available can include price and contract reviews, the management of contractual issues, soft market testing and tendering of materials. In the first 18 months of the service, savings of £1.7M were achieved for Welsh authorities. Contact via: ccp@wrap.org.uk

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Innovative Waste Charging

NB: charging is only possible where specifically permitted under legislation. The principle of cost recovery will apply unless otherwise specified. If local government seeks revenue creation, it must consider what commercial trading options are available.

Chargeable option	Supporting legislation	How much can be charged?	Notes
Charge for Community Recycling Centres?	Schedule 1 (4) of the Controlled Waste (England and Wales) Regulations 2012	Collection and disposal costs, but charges must be reasonable and income from charges must not exceed the costs	Whilst Somerset County Council argued that their Community Recycling Centres were above the statutory HWRC provision, and therefore disposal costs could also be charged, there is no legislation to support this position and the Council has simply avoided a judicial review of its position. Any proposal to establish charges for services provided at Community Recycling Centres or Household Waste Recycling Centres must be subject to specific legal advice and appropriate risk analysis.
Charge for advertising on the side of RCVs?	Treated as a concession of Local Authority assets	Not specified, so may include profit but should be subject to a value for money procurement	Torridge District Council sells advertising space on their RCV fleet, as long as it does not contravene their advertising framework. 6 x Refuse collection vehicles double sided advertising costs £75 per week per lorry. 3 months (12 weeks) costs £900. RCV fleet space could form part of the local authority estate available for advertising exploitation. However, care must be taken to consider position under existing contractual arrangements and whether the existing contractors have advertising or naming rights.
Reducing the transfer / treatment costs by increasing re-use (at HWRCs and Bulky Household Waste)	None known	Savings vary depending on a wide range of variables	By encouraging re-use / up-cycling of furniture and white goods, it prevents waste entering the waste stream and significantly reduces the local authority's cost for transferring this waste and/or treating it. The voluntary and community sector in Wales already has a presence collecting BHW at the kerbside for either taking on all collections on behalf of the Authority as is the case in Monmouthshire and Pembrokeshire, or partially as in Flintshire, Powys, and RCT. Newport has some reusable material collected by the contractor. Caerphilly also works with Furniture Revival who collect items in a reusable condition.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Permitted Charging – Street Scene Services

Charging relates only to defaults, failures or breaches. No charges are permitted for the provision of normal street scene services.

Chargeable option	Yes / No	Supporting legislation	How much can be charged?	Notes
Flyposting	Yes	Section 43 (10) Anti-social Behaviour Act 2003	Fixed Penalty Notice (FPN) default amount is £50	
Failing to show waste documents	Yes	Section 34 (2A) Environmental Protection Act 1990	FPN £300	Failure by a householder to check that any waste produced on his land is transferred to an authorised carrier / failure to produce a waste transfer note
Littering	Yes	Section 88 (6)(a)(b) Environmental Protection Act 1990	FPN between £50 - £80. Default amount is £75	
Abandoned vehicles	Yes	Section 10 (2A) and (8) Clean Neighbourhoods and Environment Act 2005	FPN amount is £200	
Fly tipping	Yes	Section 33 Environmental Protection Act 1990	Usual rules of prosecution apply	Prosecution may be made
Graffiti	Yes	Section 43 (10) Anti-social Behaviour Act 2003	FPN default amount is £50	

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Other legal considerations...

➡ Local Government (Wales) Measure 2009 (LGWM)

The general duty under regulation 2 of the LGWM provides:

- (1) A Welsh improvement authority must make arrangements to secure continuous improvement in the exercise of its functions.
- (2) In discharging its duty under subsection (1), an authority must have regard in particular to the need to improve the exercise of its functions in terms of:
 - (a) strategic effectiveness;
 - (b) service quality;
 - (c) service availability;
 - (d) fairness;
 - (e) sustainability;
 - (f) efficiency; and
 - (g) innovation.

Legalities of
Charging

Costing
Methodology

Justifying
Charging

Implementing
Charging

Partnership
Working

Lessons
Learnt



Other legal considerations...

➡ Local Government (Wales) Measure 2009 (LGWM) continued

Sustainability is just one of the considerations that Local Authorities (as an improvement authority) must have regards to in their exercise of their functions. Furthermore, regulation 4(2) of the LGWM provides:

(2) A Welsh improvement authority improves the exercise of its functions in terms of:

(a) strategic effectiveness, if it exercises its functions in a way which is reasonably likely to lead to the achievement of, or assist in achieving, any of its strategic objectives;

(b) service quality, if there is an improvement in the quality of services;

(c) service availability, if there is an improvement in the availability of services;

(d) fairness, if:

(i) disadvantages faced by particular groups in accessing, or taking full advantage of, services are reduced; or

(ii) social well-being is improved as a result of the provision of services or the way in which functions are otherwise exercised;

(e) sustainability, if services are provided or functions are otherwise exercised in a way which contributes towards the achievement of sustainable development in the authority's area;

(f) efficiency, if there is an improvement in the efficiency with which resources are used in the provision of services or in the way in which functions are otherwise exercised; and

(g) innovation, if the way in which services are provided or functions are otherwise exercised is altered in a manner which is reasonably likely to lead to any outcome described in paragraphs (a) to (f).

These considerations must be taken into account when considering changes to services or any charging or trading regime which a local authority intends to adopt.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Other legal considerations...

➔ Wellbeing of Future Generations (Wales) Act 2015

The Wellbeing of Future Generations (Wales) Act requires all Local Authorities to carry out sustainable development. “Sustainable development” is defined as – “the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle”

The “sustainable development principle” is broadly that all government bodies “must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”. These considerations must be taken into account when considering changes to services. In relation to any charging or trading regime which a Local Authority intends to adopt, the Authority must balance these considerations with the cost recovery principles set out in discretionary charging guidance.

Under regulation 56 of the Public Contracts Regulations 2015, the objectives of The Wellbeing of Future Generations (Wales) Act may be taken into account when awarding a contract for a waste management activity.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Other legal considerations...

➔ Wellbeing of Future Generations (Wales) Act 2015

If an Authority were to consider its charging regime in light of this Act and determine that it was not in the interests of the future wellbeing of its locality to charge for services at a certain price, then the authority must consider whether:

- (a) The service could still be provided without making a loss;
- (b) If the service cannot be provided on the basis that the charges will recover the cost of the service provision, should the authority provide the service at all?;
- (c) If an authority continues to provide a service at a loss, whether this action might be contrary to the principles of the Act, especially where it means that the authority may be diverting resources and time to provide a discretionary service, at the expense of other services or statutory functions;
- (d) If it continues to provide the service in light of (c) above, that might well place itself in the firing line for a legal challenge.

At this stage, therefore, in the absence of a specific legislative change which changes the charging principles set out in the Local Government Act and/or the Controlled Waste Regulations, although this Act may be taken into consideration, cost recovery is the guiding principle where charges are made for discretionary services.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Introduction

Under Local Government Finance, Local Authorities are free to draw on existing and familiar principles. Welsh Government has identified: those set out in the [CIPFA Best Value Accounting Code of Practice](#) (the Code) or the Code's definition of Total Cost; or adding to Total Cost an appropriate contribution for Corporate and Democratic Core (CDC) and Non-Distributed Costs (NDC), as those terms are defined in the Code, as a part of the costs of provision.

Paragraph 19 of the [Welsh Government Guidance](#) encourages local authorities to adopt a robust methodology for assessing the costs to the authority of providing each discretionary service. Authorities are free to decide what methodology they wish to adopt, and this guidance document provides one method of doing so. Local Authorities must remember that **charging involves imposing a charge for the provision of a service on a cost recovery basis only and making a profit is prohibited.**

The costing methodology for charging for **kerbside** chargeable waste services can be divided into three sections:

1) The receptacle cost



2) The collection cost



3) The disposal cost



Depending on the chargeable service, you may charge for one, two or all three of these costs attributable to a kerbside collection service.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – 1) The Receptacle Cost

The receptacle costs (charged per receptacle) for the following chargeable kerbside waste services may be charged for in full:

- Household waste
- Commercial waste
- Recycling
- Garden waste
- Clinical waste
- Offensive waste

The receptacle costs include both the direct and in-direct costs:

Direct costs	Receptacle cost	Back office support cost	Operational cost
Receptacle cost	X	X	X (where appropriate)
Delivery cost		X	X
Embossing (where applicable)	X	X	

and

Indirect costs (Overheads)

For example: insurance, pension, legal, payroll, HR, ICT, occupancy, record-keeping, audit, buildings, utilities

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – The Receptacle Cost

1) Receptacle costs:

- Receptacle cost – the actual individual cost of the bin / sack / caddy / container divided by number of years life expectancy (for example: 10 years standard for a wheeled bin, 8 years standard for a kerbside box and food waste caddy);
- Back office support (the administrative cost associated with providing the bin) - including obtaining quotes/tender process, placing and processing the order, invoicing arrangements, divided by the number of receptacles ordered (local authority costs. Provider costs should be included in quote/tender price);
- Embossing costs (to identify the bin and/or the service provision, if applicable) - creating and processing the artwork, approving the embossing and cost of embossing, divided by the number of receptacles ordered (preferably included in the provider's overall quote/tender price); and
- Operational costs (making up the receptacle prior to delivery) - fitting bin lids, fitting wheels etc., divided by the number of receptacles ordered (preferably included in the provider's overall quote/tender price); **and**

2) Delivery costs:

- Actual cost of delivering the receptacle if subcontracted out, divided by the total number of receptacles delivered **OR**
- Delivery cost of receptacle if delivered in-house (vehicle, fuel, insurance, operational staff, maintenance, depreciation costs divided by number of receptacles delivered);
- Operational support – costs of drawing up delivery round lists (either for in or out sourced delivery teams), divided by the number of receptacles delivered; and
- Back office support (the administrative cost associated with delivering the receptacles) – including obtaining delivery quotes, placing and processing the order, invoicing arrangements (N.B. this is not applicable if in-house delivery option chosen), divided by the number of receptacles delivered; **and**

3) Indirect costs:

- Service overhead costs as determined and provided by the council's Finance Department and apportioned solely for the provision of the receptacle service (for example, divided by the number of employees in the department, then further divided by the number of weeks per year to ascertain the weekly overhead costs and then multiplied by the number of employees responsible for receptacle provision and delivery (as appropriate) on a full time basis for the equivalent number of weeks this service is in operation for

Legalities of
Charging

Costing
Methodology

Justifying
Charging

Implementing
Charging

Partnership
Working

Lessons
Learnt



Costing Methodology – 2) The Collection Cost

The collection costs for the following chargeable kerbside waste services may be charged for in full:

- Commercial waste
- Garden waste
- Clinical waste
- Offensive waste

The collection costs include both the direct and indirect costs:

Direct costs	Back office support costs	Operational costs
Operational costs	X	X
Legal costs (duty of care, waste transfer notes etc.) – where appropriate	X	
Communications material (annual collection schedule information etc.)	X	X
Annual service provision identification (bin tags / sticker etc.) – where appropriate	X	X

and

Indirect costs (Overheads)
For example: insurance, pension, legal, payroll, HR, ICT, occupancy, record-keeping, audit, buildings, utilities

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – The Collection Cost

1) Back office support costs:

- Back office support (the administrative cost associated with providing the collection service) - including for supplying legal documentation, placing and processing requests for collection / missed bins / damaged receptacles etc., invoicing arrangements, contract management (if applicable), sales and marketing costs (i.e. for commercial waste service promotion) etc., divided by the number of service users;
- Annual service provision identification costs (to identify the bin and/or the service provision, if applicable) - creating and processing the artwork, approving the artwork and cost of sticker / 'tax disc' / bin tag, delivery costs, annual collection calendar information etc., divided by the number of receptacles in service and multiplied by the number of bins per customer; **and**

2) Operational costs:

- Actual contract cost of delivering the disposal service if contracted out, divided by the total tonnage collect p/a, multiplied by the average receptacle weights of the receptacles present per customer **OR**
- Operational costs of in-house delivery – operational staff, supervisory staff, management costs, vehicles, fuel, insurance, maintenance, buildings, leasing, depreciation etc., divided by the total tonnage collect p/a, multiplied by the average receptacle weights of the receptacles present per customer; **and**

3) Overhead costs:

- Service overhead costs as determined and provided by the council's Finance Department and apportioned solely for the provision of the collection service (for example, divided by the number of employees in the department, then further divided by the number of weeks per year to ascertain the weekly overhead costs and then multiplied by the number of employees responsible for the collection service on a full time basis for the equivalent number of weeks this service is in operation for

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – 3) The Disposal Cost

The collection costs for the following chargeable waste service may be charged for in full:

- Kerbside commercial waste

The disposal costs include both the direct and indirect costs:

Direct costs	Back office support costs	Operational costs
Treatment cost (landfill, MBT, EfW etc.) – cost divided by total tonnage p/a multiplied by tonnage collected per commercial premises p/a	X	X
Disposal Tax - cost per tonne p/a multiplied by tonnage collected per commercial premises p/a	X	
Haulage cost – cost divided by number of tonnes hauled, multiplied by number of tonnes collected per commercial premises	X	X

and

Indirect costs (Overheads)
For example: insurance, pension, legal, payroll, HR, ICT, occupancy, record-keeping, audit, buildings, utilities

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – The Kerbside Disposal Cost

1) Back office support costs:

- Back office support (the administrative cost associated with providing the disposal service) - including for supplying legal documentation, invoicing arrangements, contract management (if applicable) etc., divided by the number of service users; **and**

2) Operational costs:

- Actual contract cost of delivering the collection service, if contracted out, divided by the total tonnage collected p/a, multiplied by the average receptacle weights of the receptacles present per customer **OR**
- Operational costs of in-house delivery – operational staff, supervisory staff, management costs, weighbridge costs, vehicles, fuel, insurance, maintenance, plant, equipment, buildings, depreciation etc., divided by the total tonnage collected p/a, multiplied by the average receptacle weights of the receptacles present per customer;
- Appropriate tax duty divided by number of receptacles in service multiplied by number of receptacles per customer; **and**

3) Overhead costs:

- Service overhead costs as determined and provided by the council's Finance Department and apportioned solely for the provision of the collection service (for example, divided by the number of employees in the department, then further divided by 52.14 to ascertain the weekly overhead costs and then multiplied by the number of employees responsible for the collection service on a full time basis for the equivalent number of weeks this service is in operation for

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Summary of calculating the full costs of the kerbside service

1) Receptacle costs:

- Receptacle costs, delivery costs and in-direct (overhead) costs **and / or (as appropriate)**

2) Collection costs:

- Back office support costs, operational costs and in-direct (overhead) costs **and / or (as appropriate)**

3) Disposal costs:

- Back office support costs, operational costs and in-direct (overhead) costs



Additional cost considerations when moving from a non-chargeable to a chargeable Service

Scenario – A Local Authority has not previously applied a charge for the kerbside garden waste collection service and would like to explore the option of introducing a charged service. When calculating the full cost of service provision, the Authority must include the additional costs of implementing a chargeable service compared to their baseline of operating a non-chargeable services. This may include:

- additional communications costs (posters and leaflets, roadshows and talks to highlight the change in service provision from non-chargeable to a chargeable service, provision of the annual bin sticker which highlights to the waste collection operatives that the service has been paid for etc.);
- additional administration and ICT costs (creating the website pages for residents to place orders online, setting up the interfaces for taking e-payments, managing the orders for the service, sending the bin stickers out and taking calls);
- additional operational costs of garden waste rounds re-design work, taking into account that fewer vehicles (and staff) will be needed; and
- Senior Officer time to train CSU, back office and operational staff about the changes involved in moving to a chargeable waste service and what it means for their roles and responsibilities

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Example summary of calculating the full costs of the kerbside service

Worked example - Commercial Waste Service - 240 litre bin (p/a)	Receptacle Cost	Collection Cost	Disposal Cost
Receptacle	£2.00	£0.00	£0.00
Operational cost	£3.00	£6.00	£8.50
Annual 'tax disc' provision	£1.85	£0.00	£0.00
Service delivery	£1.90	£2.65	£2.87
Back office support	£2.35	£3.00	£3.30
Overheads	£1.70	£1.80	£1.95
Total cost per 240l wheeled bin p/a	£12.80	£13.45	£16.62
Total annual cost per 240 l bin	£42.87		

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Chargeable HWRC charges

Applying a charge for a chargeable waste service must be reasonable by law and the amount charged to residents for the service provision must not exceed the cost. This means that a local authority must be able to demonstrate the methodology for applying the amount of charge introduced. To enable this reasonable charge to be calculated, the total cost of what can legally be charged for the chargeable waste service must be clearly set out. Once this has been achieved it will then be possible to justify the charge set.

The costing methodology for charging for chargeable waste services at an HWRC can be divided into collection and disposal costs:

Direct costs	Collection service costs	Disposal service cost
Commercial waste	X	X
Waste collected by third parties	X	X
Non – resident use	X	X

and

Indirect costs (Overheads)
For example: insurance, pension, legal, payroll, HR, ICT, occupancy, record-keeping, audit, buildings, utilities

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Chargeable HWRC charges

1) Service costs:

- Cost of container (skip), divided by capacity (kg) of container (skip), multiplied by kg taken to be disposed of by service user;
 - Weighbridge cost (where appropriate);
 - Back office support (the administrative cost associated with providing the disposal service) - including for supplying legal documentation, invoicing arrangements, contract management (if applicable) etc., divided by the number of service users;
- and**

2) Disposal costs:

- Actual contract cost of delivering the service, if subcontracted out, divided by the total tonnage collected p/a, multiplied by the weighbridge weights (kg) / number of sacks brought per customer; **OR**
- Operational costs of in-house delivery – operational staff, supervisory staff, management costs, weighbridge costs, vehicles, fuel, insurance, maintenance, plant, equipment, buildings, depreciation etc., divided by the tonnage brought on site by these users p/a, multiplied by the weight per customer (weighbridge kgs / number of sacks brought on site); **and**

3) Overhead costs:

- Service overhead costs as determined and provided by the council's Finance Department and apportioned solely for the provision of receptacle service (for example, divided by the number of employees in the department, then further divided by the number of weeks per year to ascertain the weekly overhead costs and then multiplied by the number of employees responsible for receptacle provision and delivery (as appropriate) on a full time basis for the equivalent number of weeks this service is in operation for

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Bulky Waste charges

Applying a charge for a chargeable waste service must be reasonable by law and the amount charged to residents for the service provision must not exceed the cost. This means that a local authority must be able to demonstrate the methodology for applying the amount of charge introduced. To enable this reasonable charge to be calculated, the total cost of what can legally be charged for the chargeable waste service must be clearly set out. Once this has been achieved it will then be possible to justify the charge set.

The costing methodology for charging for bulky household waste services must only be attributable to the collection costs:

Direct costs	Collection service costs
Back office support costs	X
Operational costs	X

and

Indirect costs (Overheads)
For example: insurance, pension, legal, payroll, HR, ICT, occupancy, record-keeping, audit, buildings, utilities

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Costing Methodology – Bulky Waste charges

1) Service costs:

- Customer service related tasks – taking the enquiry, processing the order, taking payment
- Back office support (the administrative cost associated with providing the service) - including processing the order to enable operational staff to collect (route sheets, vehicle capacity calculations etc.);
- Contract management costs (if appropriate); **and**

2) Operational costs:

- Actual contract cost of delivering the service, if subcontracted out, divided by the total tonnage collected p/a, multiplied by the weights given per item according to the Furniture Recycling Network (FRN) weight schedule OR
- Operational costs of in-house service delivery – operational staff, supervisory staff, management costs, vehicles, fuel, insurance, maintenance, buildings, depreciation etc., divided by the tonnage collected p/a, multiplied by the weight per item collected according to the FRN weight schedule; **and**

3) Overhead costs:

- Service overhead costs as determined and provided by the council's Finance Department and apportioned solely for the provision of receptacle service (for example, divided by the number of employees in the department, then further divided by the number of weeks per year to ascertain the weekly overhead costs and then multiplied by the number of employees responsible for receptacle provision and delivery (as appropriate) on a full time basis for the equivalent number of weeks this service is in operation for



Justifying Charging - Introduction

Now that the full cost of service provision has been calculated, local authorities can ascertain how much (or all) of the cost of service provision should be passed on to the user. Paragraph 26 of the [Welsh Government Guidance](#) sets out that local authorities can decide to offer their discretionary chargeable service for free, or at a reduced charge, if they so wish.

In order to justify setting the charge for the service, local authorities could consider following the Justifying Charging flow diagram, which follows. Each box from the flow diagram has further information linked to it to enable local authorities to fully consider each aspect of justifying a charge.

[Legalities of
Charging](#)

[Costing
Methodology](#)

[Justifying
Charging](#)

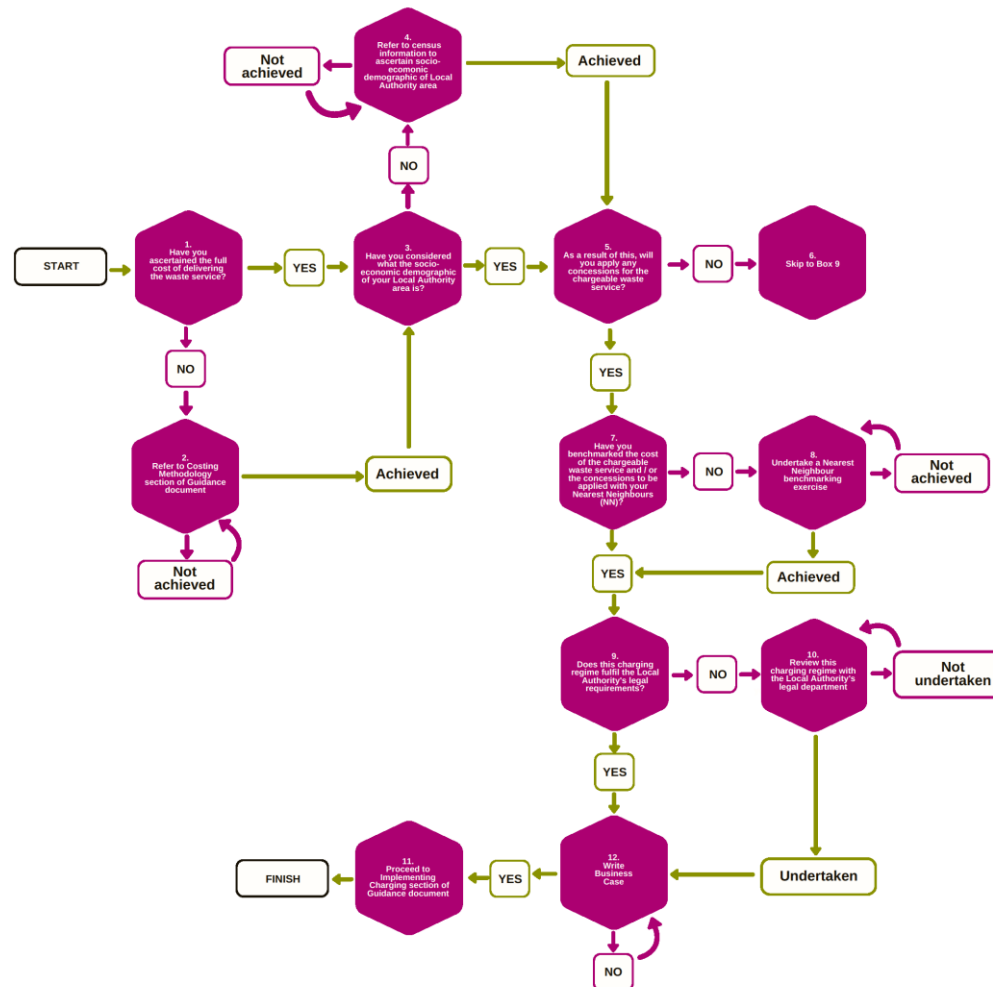
[Implementing
Charging](#)

[Partnership
Working](#)

[Lessons
Learnt](#)



Justifying Charging – Flow Diagram



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[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Justifying Charging Flow Diagram – Box 1

Have you ascertained the full cost of delivering the service?

The first step Local Authorities should take when justifying charging for a discretionary waste service is to complete the Costing Methodology section of this Guidance document, or to undertake their own robust methodology to ascertain what the full cost of delivering the service is.

Once this has been completed, the Local Authority can proceed to Box 3.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Justifying Charging Flow Diagram – Box 3

Have you considered what the socio-economic demographic of your Local Authority area is?

The next step Local Authorities should take when justifying charging for a discretionary waste service is to ascertain whether users of the service are likely to be able to afford to pay the charge. Service performance, reputation, key performance indicators and other Local Authority services will all be affected if a charge is levied but because users cannot afford to pay it, uptake of the service is severely affected. In order to assess this risk, Local Authorities should consider answering the following questions, and evidencing their answers accordingly:

Have you considered what the socio-economic demographic of your Local Authority area is?

Local Authority Officers should analyse their [census results](#) to ascertain the likely levels of service affordability users have.

Questions to consider:

1. Have you reviewed the census results of your residents? Do residents of working age earn enough to appear likely to afford to pay these charges?
2. What is the demographic profile of your residents? Are a high percentage pensioners? Could they afford these charges?
3. Which demographic is most likely to use this chargeable service? Can they afford it?
4. Will any group of residents be prejudiced or disadvantaged by the proposals?
5. What is the car ownership profile of residents? Can they afford to take their chargeable waste elsewhere (i.e. to their local HWRC / skip hire service?)
6. Is the highest housing tenure rented or owned?
7. Do a high percentage of residents live in flats? Do a high percentage of residents live in terraced housing or detached housing? (Especially important to consider for implementing garden waste charges)

Once these questions have been answered and evidenced accordingly, Officers should proceed to Box 5 of the Flow Diagram

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Justifying Charging Flow Diagram – Box 5

As a result of this, will you apply any concessions to the chargeable waste service?

Once it has been ascertained whether users can afford to pay for the service, the level(s) of concession to offer users (if any) should be considered. In order to assess this, Local Authorities should consider the following:

As a result of this, will you apply any concessions to the chargeable waste service?

If evidence shows that the majority of users can afford it, then this enables the service to be delivered only for the users who need it, rather than being subsidised by all council tax payers, as well as the predicted income generated for this chargeable service further contributing to overall service budgets (i.e. towards indirect costs associated with the discretionary charge).

Conversely, if evidence suggests that residents cannot afford to pay for the full cost of service delivery, a set rate of concessions may be applied depending on the evidence gathered. Local Authorities should remember that any concessions which may be offered can be offered for different services – i.e. some concessions for one chargeable waste service but not for another. Concessions should be offered in line with other Council services (such as Council Tax concessions) and may include the following user groups:

1. Those users over the age of 65
2. Those users in receipt of benefits
3. Those users who are disabled

Once these questions have been answered and evidenced accordingly, Officers should proceed to Box 7 of the Flow Diagram

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Justifying Charging Flow Diagram – Box 7

Have you benchmarked the cost of the chargeable waste service and / or the concessions to be applied with your nearest neighbours?

Local Authorities should consider whether the charge for the service and / or any concessions offered are in line with geographical nearest neighbouring authorities, and their [CIPFA Nearest Neighbours](#). By setting a charge and / or concessions in line with these neighbours, Local Authorities will reduce the likelihood and impact on performance of residents using neighbouring council services / other non-chargeable council services in their own area, in lieu of utilising the chargeable services because it's cheaper. For example, an authority introduced a very high garden waste collection charge and saw its only HWRC inundated with garden waste. This impacted on operatives' ability to manage the site effectively and affected performance. Similarly, authorities that have introduced charges for DIY-type waste (rubble) at HWRCs have seen a reduction in rubble inputs up to 80%.

In order to assess this, Local Authorities should consider the following:

Have you benchmarked the cost of the chargeable waste service and / or the concessions to be applied with your nearest neighbours?

1. What charges do the Local Authorities that geographically surround your Local Authority area make, and for which chargeable waste services? Are your recommended charges in line with them?
2. What concessions do the local authorities that surround your Local Authority area offer, and for which chargeable waste services? Are your recommended concessions in line with them?
3. Who are your [CIPFA Nearest Neighbours](#) and what charges and / or concessions do they make for their chargeable waste services? Are your recommended charges and / or concessions in line with them?

Once these questions have been answered and evidenced accordingly, Officers should proceed to Box 9 of the Flow Diagram

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Justifying Charging Flow Diagram – Box 9

Does this charging regime fulfil the Local Authority's legal requirements?

Local Authorities should seek their own legal advice when creating, withdrawing or amending chargeable waste policies. Local Authorities should also be mindful of the impact that any changes to the concessions on offer may have on their residents and other stakeholders and keep them appropriately informed during the process. Authorities should also ensure that they comply with their own disability equality schemes.

Once these questions have been answered and evidenced accordingly, Officers should proceed to Box 12 of the Flow Diagram

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Justifying Charging Flow Diagram – Box 12

Write Business Case

A business case should now be written to seek approval from Senior staff members (and Members as necessary according to the authority's scheme of delegation) to approve these charges for the chargeable waste service and / or to approve the appropriate concessions. Officers should set out the evidence in support of their business case, collated from completing each of the boxes in the flow diagram and full costing methodology from earlier in this Guidance document.

Officers should include a range of appropriate options in the Business Case for Senior staff members (and Members as necessary) to consider, including the implications of:

Justifying Charging Business Case options

1. Do nothing (continue as current)
2. Apply the full cost of the chargeable waste service to all users
3. Apply the full cost of the chargeable waste service to some users and concession(s) to others, and what level(s) these concessions are recommended to be set at
4. Apply concession(s) to all users, and what level(s) these concessions are recommended to be set at
5. Offer the chargeable waste service as a non-chargeable service

After this has been set out, Officers should then put forward their chosen recommendation for the chargeable service, setting out the reasons for this.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Introduction

Now that the charge for the chargeable waste service has been justified, Local Authorities can now start to implement the approved charge for the chargeable waste service.

In order to implement the charge for the service, local authorities could consider following the Implementing Charging flow diagram, which follows. Each box from the flow diagram has further information linked to it to enable local authorities to fully consider each aspect of justifying a charge.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

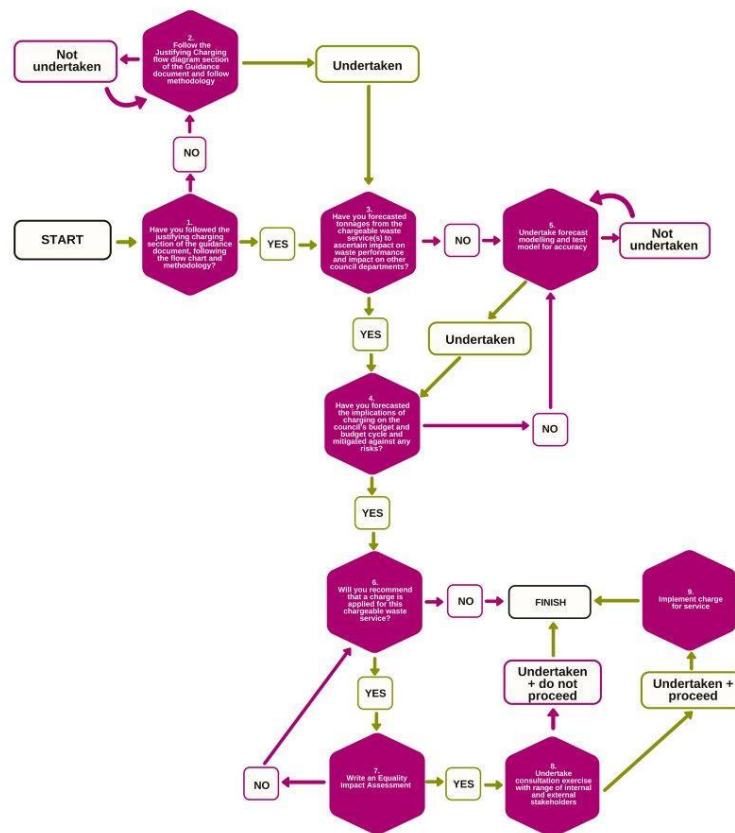
[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Flow Diagram



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Legalities of Charging

Costing Methodology

Justifying Charging

Implementing Charging

Partnership Working

Lessons Learnt



Implementing Charging – Box 1

Do you know the full cost of providing the chargeable waste service?

Local Authorities should ensure that they have undertaken all previous sections in this Guidance document and have followed the Justifying Charging flow diagram and associated methodology before undertaking this Implementing Charging section. Alternatively, Local Authorities may choose to undertake their own robust methodology to ascertain the most appropriate way to implement the new / amended charging for chargeable waste service(s).

Having completed the Justifying Charging flow diagram, Local Authority Officers now know whether the full cost of the service will be applied to the chargeable waste service, or that concession(s) or no charge will be applied. This Implementing Charging section explores how the exact fee for the chargeable waste service will be set, which applies to all chargeable scenarios except for when the full cost will be charged or when no charge will be applied. However, in all scenarios Local Authorities should follow the Implementing Charging flow diagram and associated methodology as the impact on waste performance and on council budgets must be assessed regardless of what charge (if any) is applied.

Now that the full cost of providing the chargeable waste service is known, and what level of charging is to be applied, the Local Authority can proceed to Box 3.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Box 3

Have you forecasted tonnages from the chargeable waste service(s) to ascertain impact on waste performance and impact on other council departments?

Local Authorities should ensure that they have evaluated the impact that applying the charge (if any) on the chargeable waste service has, or has the potential to have, on its waste performance. Local Authorities should forecast a range of scenarios to reflect how the performance is affected if the use of that chargeable waste service decreases or, potentially, increases over a set number of points in time - both before, during and after the charge has been introduced. If the full cost / no charge is being implemented, the modelling will not need a range of scenarios as the input is exact. Changes in performance can also occur at other times due to other external factors. If the forecasted performance is considerably adversely affected by the introduction / amendment to charging for the chargeable waste service, Local Authorities should again evaluate whether the amount of charge to be applied should be amended to encourage a reduced impact on forecasted performance, which would carry its own financial, legal and reputational impact.

In order to assess this, Local Authorities should consider the following:

Have you forecasted tonnages and income from chargeable waste service(s) to ascertain impact on waste performance and impact on other council departments?

1. Have a range of forecasted performance impacts been undertaken to reflect the possible implications of implementing the charge? What was the impact on performance of applying a similar charge that other Local Authorities (including the Nearest Neighbours and geographical neighbours, where appropriate) have experienced?
2. What other charge(s) (if any) is the council introducing that could also affect waste performance?
3. How quickly does the impact on the performance of the service return to expected projected levels (if at all)? Are Senior Managers / Members comfortable with this? Does the cost of the impact on performance cost more than the anticipated income from applying the charge?
4. Does the charge impact on your ability to meet Welsh Government, KPI or any other performance targets?

Once these questions have been answered and evidenced accordingly, Officers should proceed to Box 4 of the Flow Diagram

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Box 4

Have you forecasted whether there are any implications of charging on the council's budget and budget cycle, and mitigated against any risks?

In the same way as with assessing the impact on performance, Local Authorities should also ensure that they have evaluated the impact on council budget, and annual budget cycle. Working in close liaison with the Finance department, Local Authorities should forecast a range of scenarios to reflect how the waste budget is affected if the use of that chargeable waste service decreases or, potentially, increases when the charge is introduced / changed over a set number of points in time - both before, during and after the charge has been introduced.

The budget cycle should be taken into account when considering at what time of year the charge will be introduced so that the appropriate budget forecasting for each financial year can take place. If the forecasted budget performance is considerably adversely affected by the introduction / amendment to the chargeable waste service, Local Authorities should again evaluate whether the amount of charge to be applied should be amended to encourage a reduced impact. In order to assess this, Local Authorities should consider the following:

Have you forecasted whether there are any implications of charging on the council's budget and budget cycle, and mitigated against any risks?

1. Have a range of forecasted financial impacts been undertaken in close liaison with the Finance Dept. to reflect the possible implications of implementing the charge? What was the financial impact of applying a similar charge that other Local Authorities (including the Nearest Neighbours and geographical neighbours, where appropriate) experienced?
2. What other charge(s) is the council introducing that could financially affect the ability for residents to use the service? (i.e. is the charge being introduced at the same time that council tax is increasing? Are other more local services changing their charges at similar times (i.e. pest control charges etc.)?
3. How quickly does the impact on the budget return to expected projected levels (if at all)? Are Senior Managers / Members comfortable with this? Does the cost of the impact on performance cost more than the anticipated income from applying the charge?
4. Does the charge impact on your ability to meet council budgetary targets, KPI targets or any other financial targets?

Once these questions have been answered and evidenced accordingly, Officers should proceed to Box 6 of the Flow Diagram

Legalities of
Charging

Costing
Methodology

Justifying
Charging

Implementing
Charging

Partnership
Working

Lessons
Learnt



Implementing Charging – Box 6

Will you recommend that a charge is applied for this chargeable waste service?

Now the modelling work for a range of pricing scenarios has been undertaken, Local Authorities can work with their Members, Senior Managers and Finance department to agree at what level the charge should be set at.

If the answer to this question is 'no' Local Authorities can finish this Implementing Charging section and be satisfied that the methodology for reaching this conclusion has been robust and thoroughly thought through.

If a charge is to be recommended, Officers should proceed to Box 7 of the Flow Diagram.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Box 7

Write an Equality Impact Assessment and ensure the charging of chargeable waste services does not adversely affect the equality of any user to assess the service

As with all significant changes to policy or services, Local Authorities should ensure that they meet their duties under the Equality Act 2010 and undertake an Equality Impact Assessment to identify and address potential unintended consequences of the chargeable waste proposals. Further background information about EIAs can be found [here](#).

To undertake an EIA, Local Authorities should consider the following questions:

Write an Equality Impact Assessment and ensure the charging of chargeable waste services does not adversely affect the equality of any user to assess the service

1. Who is most affected by the charge for the chargeable waste service?
2. Consider how the charge affects different groups of people. Does it affect one group more than another?
3. Is the policy unfair, unlawful or discriminatory? Consider the solutions to implement to minimise any adverse impact.
4. How will this change promote equality of access and equality of opportunity?
5. Could the charge be implemented in a different way in order to avoid any negative impact(s)?
6. What system of monitoring has been specified? Ensure the EIA is reviewed on an annual basis.

Once the EIA has been written and approved, Officers can now proceed to the consultation exercise – Box 8

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Box 8

Undertake consultation exercise with a range of internal and external stakeholders

Local Authorities should ensure that they have consulted with residents / users about the introduction of / changes to the amount charged for the chargeable waste service. Consulting on the charges to be introduced will help mitigate the risk and number of complaints and negative reputational connotations received about the changes which will, in turn, help to mitigate against any negative impacts on waste performance and budgets. Remember to include the EIA as part of the consultation exercise.

The consultation should include both internal and external stakeholders. Internal stakeholders can include:

- Back office and operational waste teams
- Customer services representatives
- Communications team
- Council Tax representatives
- Members
- Waste contractors (as appropriate)

External stakeholders can include:

- Town and Parish councils
- Local community groups
- Voluntary groups (i.e. furniture re-use groups)
- Neighbouring Local Authorities

Once this consultation exercise has been undertaken, and any relevant feedback incorporated accordingly, Officers should proceed to Box 9.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Implementing Charging – Box 9

Implement charge for service.

Now Local Authorities have successfully undertaken all previous tasks, Members must finally approve the charge, usually achieved by approving a Cabinet paper about the charge.

The Cabinet paper should include, but is not limited to, the following considerations:

- The background to the chargeable waste service, including any previous charges implemented and the reasons for this (if known)
- The statutory obligations of the charge (if any)
- The range of options considered in the Business Case and what was approved
- The implications on waste performance and council budgets of applying the charge (if any)
- The consultation programme and results of this
- The amount recommended to be charged for the service (if any), including any concessionary reductions
- The proposed timescales for introducing this charge / change to this charge
- The EIA

Once this Cabinet paper has been approved, Officers can now proceed to implementing the charge for the chargeable waste service.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Partnership Working - Introduction

As highlighted earlier in the Guidance, Local Authorities cannot make a profit on chargeable waste services. The only route that could be considered in order to make a profit is through setting up a new trading body (a Local Authority Trading Company) to carry out these functions – a form of partnership working. [Trading](#) therefore involves the Local Authority acting as a commercial operator and engaging in a business, with the intention of making a profit. Prior to 2003, the powers of Local Authorities to charge and trade were limited to doing so with another public body. The Local Government Act 2003 and the Localism Act 2011 have dramatically expanded these powers, albeit still subject to significant procedural and substantive limitations.

The Local Government Act 2003 (LGA) represented a radical change from the previous position. For the first time, it gave Local Authorities a general power to charge and trade with individuals and private bodies. The power does not apply where there is a duty to provide the service, although in these cases an express power to charge may still exist in other legislation (such as EPA s. 45(4)).

[Legalities of
Charging](#)

[Costing
Methodology](#)

[Justifying
Charging](#)

[Implementing
Charging](#)

[Partnership
Working](#)

[Lessons
Learnt](#)



Trading – The Legalities

Legislation	Implications for Trading
Local Government Act 2003 – section 93	<ul style="list-style-type: none"> • s.93(1) Local Authorities have power to charge a person for providing a discretionary service to them (i.e. a service which the authority has a power, but not a duty, to provide) • S.93 (1)(b) The recipient of the service must have agreed to the provision of the service for the s.93 power to apply • The Authority must not have power apart from s.93 to charge for the provision of the service, and must not be expressly prohibited from charging for the provision of the service (s.93(2)). • The Authority's power is subject to a duty to secure that, taking one financial year with another, the income from charges in relation to each kind of service does not exceed the costs of provision (s.93(3)). The power to charge is provided on a costs-recovery basis only and does not permit the making of profit. (However, this is as a Local Authority only and does not apply when they form a Trading body in partnership with others) • The National Assembly for Wales (in Wales) may dis-apply s.93 in relation to particular descriptions of authority or particular kinds of service.
Local Government Act 2003 – section 95	<ul style="list-style-type: none"> • s.95, and delegated legislation made thereunder, Local Authorities may do for a commercial purpose anything which they have power (but not a duty) to do otherwise.
Localism Act 2011	<p>The Localism Act 2011 bestowed a general power of competence upon Local Authorities, giving them the "power to do anything that individuals generally may do" (s.1). This expressly includes the power to do so for a commercial purpose or for a charge. The 2003 and 2011 Acts are now the primary sources of (and restrictions on) charging and trading powers.</p> <p>The power to charge and trade in the Localism Act 2011, as well as the limitations on that power, are largely reproduced from s.93 and s.95 of the Local Government Act 2003 (which remain in force).</p> <p>Before exercising the power to trade via a company, a local authority must—</p> <ol style="list-style-type: none"> (a) prepare a business case in support of the proposed exercise of that power; and (b) approve that business case.

A local authority must also recover the costs of any accommodation, goods, services, staff or any other thing that it supplies to a company which is exercising the trading power. Both of these are covered under the Local Government (Best Value Authorities) (Power to Trade) (Wales) Order 2006/979 which remains in force.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Examples of Innovative Waste Trading

Trading option	Supporting legislation	How much can be charged?	Notes
Generating income by trading services	Trading powers as set out in Local Government Act 2003/Localism Act 2011	Savings vary significantly	Cheshire East Council have launched a series of wholly-owned arm's length service delivery companies. One of these is for waste and street scene services which will be operated by Ansa Environmental Services and will be chaired by councillors. In all circumstances, trading (revenue and profit generation) depends on making the business case work within the structures available in the legislation.
Generating income through trading commodities	None known, however recyclates must be sold as part of a cost recovery arrangement. If a profit is made from the recyclates sold, then arguably this should be done through a trading subsidiary.	Income generation varies depending on a wide range of variables	London Borough of Harrow became one of the first local authorities in the country to sell its recyclables in an online 'e-auction.' The council used an e-bay style system to sell 100 per cent of its dry recyclables to waste management firm Viridor. Last year, the local authority received £36 a ton for its material, plus a share in any profits above a baseline sell-on price of £78 a ton, meaning that it generated £900,000 from 19,000 tonnes of material. South Holland District Council has a contract in place for the processing of recyclables which generates an additional £500,000 of income a year.

WRAP's Collaborative Change Programme can provide Welsh authorities with support and guidance to ensure they are receiving appropriate value for their separately collected materials. The materials marketing support available can include price and contract reviews, the management of contractual issues, soft market testing and tendering of materials. In the first 18 months of the service, savings of £1.7M were achieved for Welsh authorities. Contact via: ccp@wrap.org.uk

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)



Lessons Learnt

Case Study Summary	Positive considerations	Negative considerations
Somerset County Council charge a small gate fee of £2 for two HWRCS re-designated as Community Recycling Centres.	The charge allowed for two of the sites to remain open and was thus well-received – the idea had come from consultation with local people and therefore had strong backing. This shows the value of including residents in the decision-making process	The Local Government Act has now been changed regarding charging for discretionary services and from 2020 Somerset County Council will not be permitted to charge this gate fee.
Torridge District Council charging for advertising space on the side of RCV trucks.	Advertising revenue can be used to offset service costs. The space on the RCVs can also be used internally for advertising service changes and local elections etc.	Torridge acknowledged that it is difficult to make a commercial revenue as most potential clients do not view the side of a waste truck as a desirable place to advertise.
Cheshire East County Council set up a series of wholly-owned arm's length service delivery companies in 2014.	Having an arm's length service delivery company allows the council service flexibility and faster, easier changes to be made.	In order for it to work there needs to be strong relationships with the Contract Managers. Good communication and transparency are also critical and without these in place the company can fail. Revenue and profit generation depends on making the business case work within the structures available in the legislation.
London Borough of Harrow used an e-auction to sell recyclables in 2012.	The e-auction and competition allowed for Harrow to get a very favourable price for their recyclables and they saw it as an effective method that they would use again in the future.	It suits some contracts better than others so the appropriateness of this method should be considered on an individual and case by case basis.

[Legalities of Charging](#)

[Costing Methodology](#)

[Justifying Charging](#)

[Implementing Charging](#)

[Partnership Working](#)

[Lessons Learnt](#)

