

**CABINET
23 JUNE 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COMMERCIAL WASTE COLLECTION SERVICE IMPACTS OF COVID 19

REPORT OF: THE SERVICE DIRECTOR - PLACE

EXECUTIVE MEMBER: CLLR ELIZABETH DENNIS-HARBURG

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 The government instigated lockdown on 24th March meant that a number of businesses, and therefore our trade waste customers, stopped operating. To support businesses, a decision was made to suspend the issuing of Quarter 1 (1st April to 30th June) invoices and contact all customers to ask if they wanted to temporarily suspend or reduce the service that they received. As businesses are now starting to open up again, it is now necessary to consider what charges should be made for the 1st Quarter.

2. RECOMMENDATIONS

- 2.1 That Cabinet be recommended to agree the recommendation of the Part 2 report.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To acknowledge the reduced service needs and hardship experienced by local businesses during the Covid 19 pandemic and government initiated lockdown. However at the same time there is a need to make sure that proposals are equitable and that any income lost will not be funded by local taxpayers.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Send out all Q1 invoices in accordance with current terms and conditions of contract. This would include only adjusting invoices for suspending or reducing service levels in accordance with the terms of contracts.
- 4.2 To withdraw the Q1 invoices for all commercial waste and recycling customers leading to a budget deficit. [redacted] This is considered to be unaffordable.
- 4.3 To withdraw the Q1 invoices for all customer who we think are likely to have not used the service as well as those customers who suspended their service with us and only resume charges upon the start of services. [redacted] This is considered to be inequitable due to insufficient robust information.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation was undertaken with our Executive Member and the Executive Member for Finance and IT.

6. FORWARD PLAN

- 6.1 This is a urgent executive decision– which has not been notified as a decision on the forward plan. The requisite Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (“the Regulations”) Notice of reasons for Urgency has however been published by the Proper Officer on 22 May 2020 on the Council’s website¹.

7. BACKGROUND

- 7.1 On 30th January 2020 the World Health Organisation declared a Public Health Emergency of International Concern for the coronavirus known as Covid 19. During March social distancing measures were introduced along with initial guidance on self-isolation.
- 7.2 On 24th March 2020 the government issued a countrywide lockdown, closing the majority of businesses; and strict social distancing measure in an attempt to reduce the rate of infection from Covid 19.
- 7.3 After consultation with the Executive Member, and Service Director – Resources, all businesses using the commercial waste and/or recycling services were written to, asking that they inform us if they wished to suspend their collections during the lockdown.
- 7.4 14.5% of residual waste and 13.5% of recycling customers responded and suspended collections.
- 7.5 It is estimated that 55% of customers may have continued to use the services.
- 7.6 The remaining 30% of businesses we estimate have not been operating but have not suspended their collections with us.

8. RELEVANT CONSIDERATIONS

- 8.1 The management of commercial waste invoicing is administratively heavy and requires a significant amount of manual inputting of data by staff.
- 8.2 For those customers who normally pay by direct debit (66% of customers) our invoicing system Integra2 would automatically seek to recover all monies due upon the release of Q1 invoices. This may lead to unnecessary hardship for customers who would normally spread payments monthly.

¹ <https://www.north-herts.gov.uk/sites/northherts-cms/files/Urgency%20Notice%20-%20Part%20%20report%20-%20Commercial%20Waste%20Arrangements%20%281%29.pdf>

- 8.3 Council staff will reconfigure the payment terms for all direct debit customers to ensure the invoice due date is delayed. Customers who need further assistance or a payment plan will be encouraged to contact us via a letter or e-mail sent with the invoice. The Quarter 2 invoices would be due to be issued at the start of July, so the delayed Quarter 1 invoices would become due after when the Quarter 2 invoices should have been due. To further support businesses cashflow the Quarter 2, Quarter 3 and Quarter 4 invoices will be delayed so they are issued at the start of September, November and February (rather than July, October and January).
- 8.4 It is anticipated that some direct debit customers will contact us for a payment plan or to request a cancellation of their invoice where they have not used the service.
- 8.5 The shared waste service does not have comprehensive data on which customers have not been using the service during lockdown. We have some information provided by collection staff however this is not wholly accurate. We are able to identify business types by their Standard Industrial Classification (SIC) code, and assumptions could be made on the use of waste and recycling services on this basis, however this would not account for those businesses who used lockdown to clear out their business premises.
- 8.6 It is anticipated that not all customers will pay their invoices and an additional administrative burden would be added if direct debits are taken and/or invoices produced and retrospective credits are applied. Each customer would be considered on a case by case basis in accordance with this Council's debt recovery procedures.
- 8.7 Many local businesses are likely to experience addition waste disposal cost burdens over coming months due to a requirement to use and dispose of PPE.
- 8.8 The waste services team is currently understaffed and this administrative burden would be over and above the capacity of the team. It is expected that additional support will be identified from within other teams.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference include, at 5.6.8 To monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework and at 5.6.11 To approve those major service developments or reductions which also constitute Key Decisions. This report covers such proposed changes.
- 9.2 The alternative options outlined under 4.2-4.3 are likely to require Full Council approval under the Financial Regulations.

10. FINANCIAL IMPLICATIONS

- 10.1 The Quarter 1 invoice figure is valued at [redacted] and includes full year income for recycling services.
- 10.2 The Q1 income value from customers who did not suspend their service with us is estimated to be [redacted]. The reduced income based on this figure; is estimated at [redacted] based on customers paying for Q2 services onwards.

- 10.3 The Q1 income value from customers we think used the service is estimated to be in the region of [redacted]. The reduced income based on this figure; is estimated at [redacted] based on customers paying for Q2 services onwards.
- 10.4 It is likely that some customers may continue their suspension into Q2, at this time we cannot quantify the anticipated reduction in income as a result of this. It is also possible that some customers who suspended (or reduced) their service at the start of lock-down will resume (or increase) their service before the end of Quarter 1, in line with the easing of lock-down restrictions.
- 10.5 There will be a reduction in landfill and recycling processing costs but at the time of writing this report it has not been possible to quantify these costs accurately. It is estimated the Q1 reduction in cost will be [redacted], based on customers who suspended collections.
- 10.6 Based on the PPN: 02/20: Supplier Relief Due To Covid 19 we do not anticipate a reduction in costs paid to Urbaser.

11. RISK IMPLICATIONS

- 11.1 There is a reputational risk to the authority if we do not offer any recompense for the suspended services. This could have an adverse effect on our customers' perception of the waste and recycling collection services and Council services in general as well as reducing the number of businesses choosing to use our services in the future.
- 11.2 There is a risk that if we do not change payment terms or offer instalments on invoices which are due, customers may default due to financial hardship, leading to increased costs and a rise in the bad debt provision.
- 11.3 It is likely that any option to invoice customers during lockdown will result in an increase in bad debt for the service.
- 11.4 The PPE requirements for businesses choosing to open may be extensive, adding an additional disposal burden on commercial waste customers. It is therefore likely they may experience additional hardship with increase waste disposal costs on an ongoing basis.
- 11.5 The Shared Waste Services client team has two vacancies. Recruitment and training of new staff is impacted by Covid 19. It is therefore not likely that all vacancies will be filled with permanent staff to support the administrative burden of releasing the Q1 invoices.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no equalities implications. This supportive act for the commercial waste customers will seek to assist the wider community as lockdown eases as noted at 11.4.

13. SOCIAL VALUE IMPLICATIONS

13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

14.1 There are no known Environmental impacts or requirements that apply to the recommendations.

15. HUMAN RESOURCE IMPLICATIONS

15.1 The commercial waste services are administratively heavy and require significant administrative input for both authorities. Any decision made will reduce the time available for the shared client team to respond and manage the domestic collection services and street cleansing operations.

15.2 The Shared Waste Services client team has two vacancies. Recruitment and training of new staff is impacted by Covid 19 it is therefore not likely that all vacancies will be filled with permanent staff in time for the release of Q1 invoices.

15.3 Additional resources will be required and options are being discussed with various teams in the Council to resource this internally. It is not possible to use agency staff for this work due to the difficulty training staff remotely during our current remote working arrangements.

16. APPENDICES

16.1 There are no appendices.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

None