

BROMSGROVE DISTRICT COUNCIL

Cabinet
2025

10th September

Expansion of Commercial Waste Collection Service

Relevant Portfolio Holder	Councillor Whittaker
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Simon Parry
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Wards Affected	N/A
Ward Councillor(s) consulted	No
Relevant Council Priority	Economic Development Environment Financial Stability
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. RECOMMENDATIONS

The Cabinet is asked to RECOMMEND that:

- 1) Capital Funding of £489,760 be added to the Capital Programme for 2026/27 to purchase two Refuse Collection Vehicles (RCV's)**
- 2) The Council allocates Capital funding of £35,000 annually in the Medium-Term Financial Plan from the 2025/26 financial year to fund wheeled bins for Commercial Services.**
- 3) The Council allocate £334,342 Revenue Funding in the Medium-Term Financial Plan to fund operational costs of providing the expanded service from 2025/26.**

- 4) The Council allocate £100,000 Revenue Funding in the Medium-Term Financial Plan across 2025/26 and 2026/27 for interim vehicle hire.**

2. BACKGROUND

- 2.1. The Council has operated a Commercial Waste Collection Service since 2015, which has grown significantly from 547 to 1,203 contracted customers.
- 2.2. From 31st March 2025, the Environment Act 2021 requires businesses with more than 10 employees to separate food waste. This will expand to micro-businesses (with fewer than 10 employees) by 2027. This statutory change will reshape the commercial waste landscape, driving demand for dedicated commercial food waste services.
- 2.3. If the Council cannot provide a compliant service, up to 80% of its current commercial customers may be forced to contract with alternative providers. This would place at risk up to £825,000 of annual income.
- 2.4. From April 2027, the exemption supporting micro businesses will end, and they will also be required to have food waste and the full range of recycling services in place.

3. OPERATIONAL ISSUES

- 3.1. Between 2021 and 2024, the Commercial Service delivered a surplus each year, but saw increased costs in 2023/24 as a result of wider fleet and maintenance issues that impacted on the resilience of the service and required increased use of hire vehicles.
- 3.2. In 2024/25, despite generating robust income, the service experienced an additional financial pressure and saw maintenance costs increase significantly, as the Council had to outsource repairs and maintenance that would normally be managed internally at a reduced cost as part of wider service arrangements across the Council's fleet.

- 3.3. With the recent successful recruitment to vacant positions within the workshop, and delivery of a new Domestic Waste Fleet in late 2025, these expenses are expected to reduce considerably and see a return to the Council's previous financial performance levels.
- 3.4. However, the unexpected exit of Dudley Metropolitan Council from the commercial waste market in March 2025 has created an immediate opportunity as well as a pressure on the Council's service.
- 3.5. Businesses in this area are keen to work with a Local Authority, and actively sought our support as a nearby LA waste provider, as they have a strong social responsibility that gives us the potential to further increase our customer base in this area to maximise the efficiency of operating the service in a high-density area for businesses.
- 3.6. With over £135,000 of new enquiries.50+ new customers signed by April 2025, this has left the existing service with little to no capacity to take on additional customers and requires full availability of staff and vehicles to operate each week, as there is no surplus to give resilience to the service.
- 3.7. Key issues include:
- 3.7.1. Vehicle pressure: Overreliance on pool vehicles and hire vehicles due to breakdowns or servicing delays.
 - 3.7.2. Staffing constraints: Limited resilience due to reliance on spare "pool" staff shared with Domestic Waste, and agency workers.
 - 3.7.3. Limited recycling capacity: Only one recycling RCV restricts expansion and efficiency gains.
 - 3.7.4. Food waste capacity limitations: The current vehicle capacity is limited, and insufficient to support all of the Council's existing customers if they were to request the service.

4. PROPOSALS

- 4.1. By investing in additional vehicles and staff to support a dedicated food waste collection service and increase capacity on our existing residual

and recycling services, this will make the Commercial Services Team largely self-sufficient for staffing and vehicles, better able to manage staffing and vehicle shortages that can arise in day-to-day service, without the need for support from the Domestic Waste service or additional expensive agency staff or vehicle hire to maintain services.

- 4.2. Delivering a sustainable food waste collection service, and increasing capacity within our existing residual and recycling waste services, will support our customer base with a single contract for all their legally mandated waste needs; and safeguard current and future income.
- 4.3. By increasing capacity to support customers to recycle more, as well as benefitting the environment, we can also reduce the cost of disposal by approximately 50%, benefitting businesses and the Council alike as savings can be passed on.
- 4.4. Given the number of customers and size of the service, which will effectively double in staffing with this investment in the service, there is a need for more support in managing the service and communicating with both new and existing customers to continue providing a high-quality service.
- 4.5. Waste collection services are subject to strict environmental, health & safety, and waste disposal regulations, and require specific focus to manage these risks alongside the maintenance of a reliable, responsive service to customers.
- 4.6. With the increase in staff working across variable shifts each week to make best use of Council vehicles, there is an increased need to plan work, carry out training, performance monitoring, and support staff welfare in order to support the successful delivery of the service and manage issues that may impact on this such as sickness, performance, or disciplinary matters.
- 4.7. Service failures can quickly result in complaints or lost contracts, and compliance failures can result in significant penalties or even the loss of

our authority to operate a vehicle fleet, which would impact on all services.

4.8. Appointing a new Commercial Waste Coordinator will address these daily risks ensuring that services are delivered to schedule and any issues are identified quickly and acted upon, whilst the Commercial Services Manager develops new business opportunities and uses performance data to manage costs and maximise income whilst maintaining high standards of service.

4.9. New vehicles may take up to 12 months to arrive after ordering, and with minimal spare resource across our existing Commercial and Domestic Fleet, interim use of hire vehicles will support our existing services and allow for continued growth and new partnerships.

4.10. Expansion of services will require additional investment in wheeled bins for new customers, and whilst the cost of these is recouped as part of the first year of service, the additional capital funding will ensure that income and expenditure can be accurately monitored against each contract.

5. FINANCIAL IMPLICATIONS

5.1. By 2027/28, the service is forecast to deliver a net surplus annually, with year-on-year growth driven by legislative compliance, customer retention, and operational efficiency. Any surplus is reinvested in service delivery.

6. FINANCIAL RISK

6.1. The forecasting shown here is based on the expected growth of the service using the additional capacity provided by more staff and vehicles.

6.2. Calculations on expected income linked to our existing residual and recycling service have been based on the rate of growth achieved from previous expansion of the service, as well as a review of areas that have

already made enquiries when their existing contracted arrangements with other providers finish in March 2026, so come with a high level of confidence.

- 6.3. Forecasting on Food Waste income has been calculated based on analysis of our customer base, and the proportion of those customers that are now required to make dedicated food waste arrangements.
- 6.4. Having carried out trials with a proportion of our customer base in 2024, we have a good understanding of the operational and disposal costs associated with operating a dedicated food waste collection service, and have forecast our costs and income based on a 25% take up of the food waste service by existing customers in 2025/26, which we have already achieved, but which relies on availability of a suitable vehicle from our existing combined Commercial and Domestic fleet and so remains a pressure on services to maintain, and so needs the additional resource to give security to our wider services.
- 6.5. During 2026/27 and 2027/28 we have forecast conservative estimates on a proportional increase in take up of the new service that the new resources will support us to actively promote and transition customers across to, but we hope to exceed this forecasting through our engagement with customers, and expected pressure from DEFRA on businesses to evidence their compliance with their responsibilities under the Environment Act 2021 and Simpler Recycling requirements.
- 6.6. This remains the highest area of risk around income generation in 2026/27 and 2027/28, but will be offset by a reduction in operating costs if new business is not secured as forecast.
- 6.7. This will also be offset by continued income generation on our existing and well-established residual and recycling service, which has sufficient surplus to cover these costs in 2026/27 and 2027/28 based on current pricings.
- 6.8. As our fees and charges are set on an annual basis, we also have the ability to adjust our pricing to ensure that external factors such as fuel

prices and changes to disposal costs are factored in to our income generation, and this will be closely monitored and reviewed as part of managing this in the coming years to ensure the Council is not subsidising the service either directly or indirectly through use of assets from the Domestic Waste service.

7. LEGAL IMPLICATIONS

- 7.1. Under Section 45 of the Environmental Protection Act 1990, Local Authorities have a legal duty as the Waste Collection Authority to arrange for the collection of commercial waste from premises in its area if requested, for which a reasonable charge may be made. Surplus generated in this way is used to offset wider costs of providing services.
- 7.2. Under Section 57 of the Environment Act 2021, this duty is expanded to include all recyclable waste streams, including food waste.
- 7.3. The Local Government Act 2003, and the Local Government Power to Trade Order 2009 enables councils in England to trade in activities related to their ordinary functions on a commercial basis with a view to profit through a company.

8. OTHER – IMPLICATIONS

8.1. Local Government Reorganisation (LGR)

- 8.1.1. The duty to collect Commercial Waste will remain unaffected by Local Government Reorganisation, and similar expansion is being undertaken by Worcester City Council, Wyre Forest District Council, and Malvern District Council, with expanded Commercial services planned for 2026/27 to support the additional requirements on local businesses.
- 8.1.2. Under LGR, Commercial Services will be merged, transforming five independent Commercial Waste teams into either one or two considerably larger teams, with a much larger customer base that will give opportunities for efficiencies related to the scale of the new

service(s), as well as increased resilience as a result of a larger workforce and dedicated fleet.

8.1.3. To continue expanding and generate a true income for the Council, the service will need to operate under an alternate model in order to support generating business as a profit-making exercise, as the service is currently pushing the limits of what it can do under the Local Government Act 2003 and the duty under the Environmental Protection Act 1990, which is focused on cost recovery related to services rather than income.

8.1.4. There are a number of potential trading vehicles to undertake commercial ventures¹ and offer wider protection to the Local Authority in the future, and the resources available to the new authority/authorities will have greater self-sufficiency than is possible in smaller teams as operated by the existing District and Borough Councils, supporting greater income generation and profits.

8.1.5. Bromsgrove's Commercial Service operates across a wider geographic area and has a larger customer base than the other Worcestershire LA's, which will support a more commercial evolution of the service to support public finances with a sustainable income, and a trading arm was under consideration alongside future expansion of the service prior to LGR to maximise this potential as part of the service becoming fully self-sufficient.

8.1.6. This investment in the Bromsgrove Commercial Service will deliver a return on investment for Bromsgrove District Council during 2026/27 and 2027/28, and will support the service to take a

• ¹ Private Company Limited by Shares (CLS), Private Company Limited by Guarantee (CLG), Community Interest Company (CIC), Industrial & Provident Society (IPS) for Community Benefit (BenCom), Limited Liability Partnership (LLP), Shell/Hybrid Company

leading role in the development of a new combined service under whichever model of Local Government we are operating under moving forwards.

8.2. Relevant Council Priority

8.2.1. The Council Plan sets out the following priorities relevant to this proposal:

- Economic Development
- Supporting businesses
- Environment
- Implementing the Environment Act 2021 (Waste)
- Financial Stability
- Income Generation

8.3. Climate Change Implications

8.3.1. Businesses now have a legal duty to separate their waste to ensure that waste is recycled where possible, and provision of this service locally will reduce the environmental impact of national waste collection organisations servicing local businesses.

8.3.2. As part of the Council's Climate Emergency Declaration, engaging with businesses about their waste can help influence how they manage this locally, giving assurance that recycling will be processed effectively. This is co-ordinated through disposal arrangements within Worcestershire, involving Worcestershire County Council as the local Waste Disposal Authority. The Council can also work in partnership with customers to consider how they can reduce their waste and support the environment as well as meet their legal responsibilities.

9. Equalities and Diversity Implications

9.1. The Commercial Waste collection service is offered to businesses and commercial premises based on their needs, and requirements. As such

the Council does not discriminate against any existing or potential customers.

9.2. The addition of a Coordinator role to the Commercial Waste Team will give greater capacity to engage with customers and ensure that the Council is delivering services to the expected standard, and any requirements or issues linked to Equality and Diversity can be supported and taken into account where identified.

9.3. The Council offers a range of methods for communication to support customers in their dealings with the authority, including in-person, telephone and digital communication.

10. RISK MANAGEMENT

10.1. Below are the risks that this proposal seeks to mitigate, and may arise if action is not taken:

10.2. Loss of Customers – The current service will not be able to support all our existing customers to meet their legal responsibilities regarding separation of food waste, increasing the likelihood of them moving to a different waste contractor.

- Private Waste Contractors are constantly communicating with our customers seeking additional business and offering introductory discounts to transfer to their services.
- Over the next two years this would threaten up to £450,000 of annual income linked to our largest customers, with further losses arising from smaller customers.

10.3. Increased cost to local businesses in managing waste – The current service is reliant on all vehicles and staff being available at all times, with no capacity to accommodate standard operational pressures due to staff sickness and vehicle breakdowns or scheduled maintenance, and is unable to rely on the Domestic Waste team to provide contingency support due to pressures from new housing in the District.

- This is already increasing our operational costs by approximately £60,000 in 2025/26, which will need to be passed on to our customers from 2026/27 if this cannot be offset against further business expansion, reducing our viability on a reduced service in comparison with the private sector.
- Third party waste contractors typically offer competitive rates to attract new business, but lock them into longer term contracts with significant price increases during subsequent years, whereas we provide a more flexible service and balance our prices annually to ensure that we are supporting businesses and sharing benefits arising from reduced costs that can be achieved by recycling more, and reducing the volume of residual waste which is the most costly way to dispose of waste.

10.4. Reputational Damage – Without investment to support the development of the service, the current service will not be able to meet our customers needs, and existing resource pressures increase the likelihood of missed collections for customers.

11. Appendices:

Appendix 1 – Exempt Information

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REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Peter Whittaker	2/9/2025
Lead Director / Assistant Director	Simon Parry	2/9/2025
Financial Services	Bev Docherty Senior Finance Business Partner	21/8/25
Legal Services	Nicola Cummings	18/08/25
Policy Team (if equalities implications apply)	N/A	N/A
Climate Change Team (if climate change implications apply)	Matt Eccles	Circulated 7/8/25