

Consultation Response

SEPA - Consultation on a proposal to increase charges in 2014-15 and 2015-16

The Highland Council is concerned and disappointed by the proposed increases to waste charges. The proposed increase of 7.7% (CPI +5%) in each of the two years will have a detrimental impact on the Council's operational budgets, and has not been justified in the consultation report.

The consultation states that during the period 2008-2014, SEPA has made "significant cost savings" through increased efficiency and reduced staff complement in order to minimise charging scheme increases. It goes on to advise that the recovery of costs from waste charges has reduced from over 95% in 2009-10 to less than 80% in 2012-13. This is used as the justification for the inflation-busting increases proposed for waste charges over the next two years.

Annex 2, however illustrates that the under-recovery from waste charges has resulted from a dramatic increase in expenditure, not a reduction in income.

Between 2011/12 and 2012/13, income from waste charges increased from £4.39M to £4.65M, an increase of 5.7%, significantly greater than inflation as measure by RPI or CPI. However, expenditure attributed to waste increased from £4.69M to £5.60M in the same period, an increase of 19.5%. This was principally caused by an increase in staff costs (an increase of over £600K). No explanation or justification is provided within the report for the increase in expenditure and staff costs and the increase is clearly contrary to the earlier claims of reduced staffing. In Highland, we have seen no evidence of the increase in staff expenditure detailed. Indeed, in our area there appears to be less SEPA staff resource dedicated to waste issues, rather than more.

SEPA's own financial impact assessment shows the proposed increases to waste charges will have a disproportionate impact on the Public Sector, due to the large number of waste licences held by Councils. Our fees are currently c. £150K per annum, so any increase above inflation will have a deleterious impact on our overall budgets.

What is most puzzling is that sites operated by Councils are in general the very sites that require least scrutiny as they tend to operate to very high standards. SEPA has provided no breakdown of its expenditure within the waste budget. It would be surprising if the income currently generated from charges levied on Council sites does not more than cover SEPA's expenditure in regulating these sites. Further, a strong case could be made for significantly reducing the charges for low-risk Council-managed facilities, such as Civic Amenity sites.

In summary, SEPA has made no case for the proposed increases and as such the proposal should be re-visited and a more realistic evidence based financial plan developed.