

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
**Advanced Subsidiary GCE**

**BUSINESS STUDIES**

Businesses, Their Objectives and Environment  
CASE STUDY

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May be opened and given to candidates upon receipt.

**INSTRUCTIONS TO CANDIDATES**

This copy may **not** be taken into the examination room.

The business described in this case study is entirely fictitious.

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**This case study consists of 4 printed pages.**

## Clarke and Lloyd plc

Clarke and Lloyd plc (C&L) is a national waste management company which is five years into a ten year contract for the disposal of refuse in Newbridge, a town with a population of around 76 000 in the North East of England.

All household waste from Newbridge is collected on a weekly basis. Refuse is collected from wheely bins and has to go to a landfill site. Households are asked to put their recyclable material into two other bins: a red one for paper and card, and a blue one for glass, plastic and cans. This type of waste goes to the recycling plant. Garden waste for collection by C&L has to be put into green sacks, specially purchased from the Council, and is sent by C&L to a subcontractor for composting.

The issue of waste levels and waste disposal is one of the national indicators of sustainable development used by the UK government. The government has set targets for recycling and composting of household waste to be at least 25% of waste by 2005 – rising to 33% by 2015. A Landfill Tax was introduced in 1996. Following the ‘polluter pays’ principle, a tax of around £30 is levied on Newbridge Council for every tonne of waste that is landfilled. There are also many European Union (EU) directives relating to waste. All of these factors mean that Newbridge Council needs to encourage its households to reduce their waste, and at the same time increase the proportion of recycling and composting.

**Table 1**

Percentage of waste recycled by Newbridge Council	
Year	%
1997	2
1998	5
1999	6
2000	10
2001	13
2002	15
2003	18

The town’s recycling plant is located at the edge of the Frogstone Industrial Estate. The plant was built in 1997 and is owned by the Council. It is, however, now operated by C&L who won the contract to run it five years ago, when a whole variety of Council services were put out to competitive tender. Waste management firms in the UK are increasingly asked by Councils to tender for a package of services. Thus, in Newbridge, C&L have three separate contracts: collection and disposal of local household waste, collection and disposal of local commercial waste and running the recycling plant.

The Frogstone plant does not turn the recyclable waste into new products but sorts, cleans – in the case of some waste such as polythene – and compresses it into a format required by businesses that do. Under the terms of the recycling contract any materials entering the plant become the property of C&L. C&L is also allowed to use

any spare capacity at the plant for contracts which include work for other local authorities and commercial businesses.

Waste entering the plant is processed by people and/or machinery depending on the nature of the material. The plant is noisy and can also be hazardous. The section recycling cans is automated but this does not always eliminate safety issues. Steel cans are picked up by magnets, whilst aluminium cans are sorted by a combination of magnets and electricity, and these magnetic forces sometimes send the cans flying through the air. Plastic bottles are scanned by a computer that detects the shape, type, size and colour before compressed air jets blast them into separate storage bins. Paper and card is mostly sorted by hand, as is the glass.

There are some problems with C&L's operations at the Frogstone plant. Although when it was built the Council planted a considerable number of trees to shield it, several businesses on the estate are becoming increasingly vocal about its presence. The technology at the plant is quite old and the waste is not processed as fast as the plant managers would like. New technology would improve this and would improve safety standards. Even so, C&L argues, if the town's population continues to grow in line with demographic projections, the plant (although under-utilised at present) will not be able to cope in the future.

**Table 2**

Year	Forecast population	Forecast waste in tonnes
2005	77 140	39 341
2010	83 311	43 275
2015	90 809	48 035

As a result of these factors, C&L has recently proposed to the Council that a new, and much larger recycling plant is built on the site of an old gravel pit at Sedgeborne, on the outskirts of the town. The C&L proposal is for the new plant to be jointly funded by itself and Newbridge Council. There are relatively few houses in the Sedgeborne area, although more are planned for construction on a nearby brownfield site in the future. As soon as plans for the plant were announced, a strong 'not in my back yard' attitude developed amongst those in and around Sedgeborne. A pressure group was formed and now this attitude has started to spread across the whole town. The group is especially belligerent towards the fact that the plant would have incineration facilities which would necessitate building a chimney some 100 m tall. They also claim that the whole site is unsuitable anyway because there is limited access to the old pit. In that area there are only a few narrow roads, which would be wholly insufficient for the proposed plant's needs.

A C&L spokesman responded with the following press statement:

"Our aim is not just profit. Some waste management companies cut corners to improve profit levels. We are not like that. We are not even making a profit at Frogstone at the moment. The new plant would offer us much more opportunity to succeed. We could improve recycling considerably. It is true that there would be an incinerator but it would be completely safe. It could even be possible to generate electricity from the waste.

Our markets are quite volatile; sometimes there is excess demand for certain materials and sometimes not. At the moment a lot of processed plastic is being sent to Holland to be made into clothing. We can't process enough of it, but you can't just force people to put more of the type of product we want into their recycling bins! At other times it will be virtually impossible to find a buyer for certain materials. The changing nature of markets is something we just have to manage. However, it helps if we operate in as many markets as possible. Having incineration facilities as well as recycling on site would not only help us but would prevent some waste being transported across Newbridge to some other site. Our critics seem to have forgotten that C&L's success in the rest of the UK means that the whole community benefits. We have always been actively involved in local waste initiatives as well as sponsoring a very wide range of community projects. The new plant is an opportunity for us all."

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