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|---|---|---|
|  | <b>REPORT TO CABINET</b><br><br><b>ON 20 OCTOBER 2015</b>         |   |
|   | <b>Key Decision</b>   | <b>YES</b>  |
| <b>Corporate Priority</b><br><br><b>Aim 4 – Creating Quality Environments</b>     | <b>Forward Plan Ref No</b><br><br><b>Cabinet Portfolio Holder</b> | <b>PHH6</b><br><br><b>Cllr Bill Chatt,<br/>Cabinet Member<br/>for Public Health<br/>and Housing</b> |

**REPORT OF: DIRECTOR (NE) – 15/285**

**WARDS AFFECTED: ALL**

**SUBJECT: GARDEN WASTE COLLECTION STRATEGY**

### **RECOMMENDATION (S):**

That Council is recommended to approve the implementation of charging for garden waste collections from 1 March 2016 on a voluntary subscription basis with:

- a) detailed promotional literature to all households explaining the scheme and their options;
- b) an annual charge of £35 per licensed bin or £35 for 50 compostable sacks;
- c) a £20 discount in year one for residents who have previously purchased a brown bin from the Council

### **REASON FOR RECOMMENDATION (S):**

Garden waste collection is a non-statutory service. To protect the service and ensure its continued provision, the recommendation proposes to introduce a subscription (opt-in) charge to offset the cost of providing the service.

### **HIGHLIGHTED RISKS**

A potential risk is that the introduction of a charged service will meet with negative publicity and customer perception, resulting in low participation levels for the new scheme and correspondingly reduced recycling performance. This can be mitigated - in part, by a comprehensive marketing approach demonstrating the reasons for its introduction, a reasonable pricing structure and full Elected Member support.

Another risk is that members of the public refuse to pay the charge and choose to illegally dispose of garden waste on the street and elsewhere. This has not been experienced by other Local Authorities within the region and enforcement action will continue to be taken against any instance of fly tipping.

Introduction of a subscription based scheme has the potential for staff redundancies depending on take up by residents. This has the potential of adverse reputational risk and lowering of staff morale. It is likely that staffing reductions can be made through natural turnover in staff and a reduction in seasonal employment, however there may still be a requirement for compulsory redundancy.

There is the potential for additional cost to be incurred if residents choose to dispose of their garden waste in their green residual waste bin. Existing refuse rounds have limited capacity and should additional waste be generated, efficiency savings will effectively reduce. There is no evidence to suggest that this will happen and the existing prohibition of garden waste from the residual waste bin will be enforced by the Council, however, the risk remains.

Additional risks are identified in the attached risk matrix.

## **1. INTRODUCTION**

- 1.1 As part of the on-going significant financial pressure faced by the Council there is a need to consider cuts to services and/or charging for services. In addition, Local Authorities are experiencing an increasing cost in recycling due to ever changing market conditions.
- 1.2 Over the last few years an increasing number of Waste Collection Authorities (WCAs) have implemented charges for garden waste collection. Implementation of collection charging, on a subscription (opt-in) basis, means that only those residents that choose to use garden waste collection service pay for it, arguably a fairer system, following the 'producer pays' principle and removing subsidy from non-users.

## **2. CORPORATE AIMS/PRIORITIES AND THE COMMUNITY PLAN**

- 2.1 Contributes to Aim 4 of the Council's Corporate Plan, 'Creating Quality Environments'.

## **3. BACKGROUND AND ISSUES**

- 3.1 The Controlled Waste Regulations (CWR) 2012 allow for a Waste Collection Authority (WCA) to levy a charge for the collection of garden waste.
- 3.2 Scarborough Borough Council first introduced garden waste collection services in 2003, with brown bins being introduced in 2006.
- 3.3 The current garden waste collection service encompasses an estimated 26,000 active service users. This consists of 19,000 brown wheeled bins,

which have been purchased by residents together with compostable garden waste sacks. We sell approximately 450,000 sacks per annum to an estimated 7,000 regular users.

- 3.4 Our collection rounds are structured so that nearly all residents are on the same service, irrespective of the 'set-out' rates within certain areas. Operating in this fashion makes the service less efficient than it could be, however we have no way of knowing which residents have set out garden waste as only those using a bin are mapped.
- 3.5 Compulsory waste targets for Local Authorities were removed in 2012; however there is still a requirement to give consideration to the waste hierarchy when designing collection and disposal schemes. In the Government's Review of Waste Policy in 2011, a recycling/composting target of 50% was set for local authorities to reach by 2020. This has since been adopted by the Joint York and North Yorkshire Waste Partnership. This is not however a statutory obligation.
- 3.6 The Borough of Scarborough has a comprehensive recycling collection service including collection of garden waste, paper, glass, card and cans. This was enhanced in 2013/14 when the Council enabled the recycling of glass at the kerbside for domestic properties. This delivered significant revenue savings for the Council and improved the service offered to residents. Our overall recycling/composting rate is currently 40%.
- 3.7 The Council is tasked with making additional financial savings. The move to double shifting and also management restructuring has helped deliver on-going efficiencies however there is limited scope for other high value efficiencies without a serious deterioration in service provision.
- 3.8 Experience from other local authorities suggests that the annual charge for a fortnightly collection of garden waste from a wheeled-bin ranges from £20 to £69; but is typically £45 for comparator ('near neighbour') authorities (Appendix 1). There appears to be little correlation between the charge and uptake by residents and it is apparent that there are a number of external influencing factors such as the local demographic, value placed on the service etc.
- 3.9 Comparator ('near neighbour') authorities that levied a charge for garden waste in 2013/14 typically saw participation rates from 11% to 47%. Our current "free" opt in scheme is used by 26,000 households (44% participation). For the purposes of the cost model, it has been assumed that overall participation in the scheme may fall upon the introduction of a charge.
- 3.10 Residents generally ensure they use a collection scheme more effectively if they are paying for it. Nationally studies indicate that on average subscribers to an opt-in service put out for collection between 300 and 400 kgs per household per year. This is a higher, per household, figure than we currently achieve through our existing scheme.

- 3.11 Conversely, regarding non participants, the danger is that more garden waste will find its way into the residual (non-recyclable) waste-stream. Studies carried out by White Young Green consultancy and York and North Yorkshire Waste Partnership indicate that this has not been experienced by other North Yorkshire Districts.
- 3.12 There remain other options which enable residents to dispose of their garden waste free of charge. Garden waste can be taken free of charge to any Household Waste Recycling Centre (HWRC) run by North Yorkshire County Council. Garden waste can be also be composted at home.
- 3.13 It is interesting to note that no increased fly tipping was reported by other North Yorkshire Districts following the introduction of charges.
- 3.14 The introduction of a chargeable garden waste scheme would result in additional revenue costs to the Council, although these will be offset by subscription income. An estimated £40,000 in 'one-off' costs during year one associated with setting the scheme up will be incurred. These costs include: contacting all residents; redistributing wheeled-bins; promotion; creation of customer accounts. In addition, there is a third party administration cost of £1 per licence.
- 3.15 The administration costs for year two and beyond are variable, depending upon uptake. These include fixed annual costs for a part-time post to administer the scheme and maximise collection efficiencies; route planning software; and variable costs including a contribution to the bin replacement budget; licence costs; publicity costs. There is scope for annual costs to reduce once the scheme is embedded.
- 3.16 It is also important to note that there is also a significant long term capital implication if a large number of new residents take up this scheme after year one. Brown bins will have to be purchased and the capital cost of this will need to be factored in. It is proposed that a portion of the licence income is ring-fenced to purchase brown bins moving forwards.
- 3.17 In addition, the garden waste re-processors have fixed costs and as such the unit cost per tonne will increase as the tonnage input falls. This has been factored into the cost model for the scheme.

#### **4. CONSULTATION**

- 4.1 Officers have consulted with North Yorkshire County Council as Waste Disposal Authority and they have no objection to these proposals.
- 4.2 Officers have consulted with the York and North Yorkshire Waste Partnership and they have no objections to these proposals.
- 4.3 Officers have consulted with garden waste disposal contractors and they have no objections to these proposals.

## **5. ASSESSMENT**

- 5.1 Ultimately the aim should be for the service to deliver financial savings, reducing any need for Council subsidy. As such, officers would recommend charging £35 annually. This recommendation is based on Ryedale District Council prices following their successful implementation of a charging scheme. It is proposed that all subscribers will pay the same fee, irrespective of circumstances.
- 5.2 The annual subscription charge would be for 9 months; this equates to less than £2 per collection for the average household. As per current arrangements, there would be no collections for 3 months during December, January and February (Collection of limited tonnage during winter months is not cost effective or environmentally sustainable and makes collections unjustifiable).
- 5.3 Residents would be given the option to obtain a licence via the Council's website or through Customer First call centre. Residents will be able to pay for and collect garden waste sacks face-to-face at the Council's Customer First centres. Residents will be able to pay throughout the year and there will be no reduction for part year subscriptions.
- 5.4 Upon receipt of payment, residents will automatically receive, through the post, a credit card style licence which is to be attached to the brown bin handle with the enclosed cable tie. Collection crews will check each bin and empty those with a licence displayed. The licence is non-transferable and non-refundable.
- 5.5 It is proposed that a discount of £20 is applied in year one for residents who have purchased a brown bin under the previous scheme. It is hoped that this approach will encourage take up of the new subscription service and recognise previous participation.
- 5.6 Year one and year two options have been modelled; all are judgements and should be treated with caution. All scenarios indicate that the net costs of the service should significantly fall should charging be introduced. Information from other districts would suggest that 30% participation should be used as the mid-range scenario for costs and benefits. This assumes around 8000 households would participate. This ratio was achieved by Bracknell Forest Council who implemented a chargeable service having previously charged for bins.
- 5.7 Assuming 30% participation based on an annual £35 subscription charge, discounted in year one for existing brown bin owners and no other applicable discounts there is a strong potential for revenue savings to be achieved as identified below.
- 5.8 Potential Revenue Savings 2016/17 and 2017/18 (assuming discount applied in year one)

Year One 2016/17 - £100,000 per annum

Year Two 2017/18 – An additional £100,000 per annum

The following apply:

- This assumes the decision to proceed is taken in October 2015.
- Redundancy costs (if applicable) have not been factored into revenue savings
- Neighbouring authorities have also sought to raise revenue and also realign the costs of operating a garden waste service from general taxation to a chargeable service paid for by its' users. This has been done successfully, however it is worth noting these authorities have previously provided receptacles free of charge, which is different to our strategy.

## **6.0 IMPLICATIONS**

### **Policy**

- 6.1 The recommendations contained within this report would result in a change to the Council's Refuse Policy and Waste Strategy

### **Financial**

- 6.2 All financial implications arising from the recommendations are outlined in the report.

### **Legal**

- 6.3 No new legal implications arise from this report.

### **Equalities and Diversity**

- 6.4 No equalities and diversity implications arise from this report.

### **Staffing Issues**

- 6.5 The optimisation of our collection rounds may result in a reduction in the number of vehicles and collection crews. It is likely that we will achieve this through natural turnover in staff and a reduction in seasonal employment, however, there may still be a requirement for compulsory redundancy.

### **Planning, Environmental, Health and Safety, Sustainability, Crime and Disorder**

- 6.6 There are potential environmental and sustainability implications and these have been highlighted in the report.

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**Background Papers: None**

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT PAUL THOMPSON ON 01723 232323 OR E-MAIL [paul.thompson@scarborough.gov.uk](mailto:paul.thompson@scarborough.gov.uk)

## Appendix 1: Comparison prices and participation in near neighbours WCA's

| Authority      | Annual Charge | Take up %    | Type        | Comment  |
|----------------|---------------|--------------|-------------|--|
| Great Yarmouth | £49.50        | 10.6%        | Garden only | 24 collections per annum. Cost reduces in Yr 2 |
| Shepway        | £66.90        | Unknown      | Garden only | 24 collections per annum. Cost reduces in Yr 2 |
| Thanet         | £62.50        | 12.5%        | Garden only | 24 collections per annum. Cost reduces in Yr 2 |
| Teignbridge    | £35           | Unknown      |             | To be introduced in 2015                       |
| East Lindsey   | £25           | 47.4%        | Garden only | 25 collections per annum                       |
| Dover          | £40           | 18.2%        | Garden only | 6 x 55 litre sacks per charge                  |
| North Norfolk  | £42.12        | 33.46%       |             | 26 collections per annum                       |
| <b>Average</b> | <b>£45.86</b> | <b>24.4%</b> |             |  |

| Authority (NY) | Annual Charge | Take up %          | Type        | Comment |
|----------------|---------------|--------------------|-------------|---------|
| Ryedale        | £36           | 46%                | Garden only |         |
| Craven         | £24           | 50% of target area | Garden only |         |

| Authority   | Annual Charge | Take up % | Type        | Comment |
|---|---------------|-----------|-------------|---------|
| Bracknell Forest  | £30           | 33.8%     | Garden only |         |
| Very similar to proposed SBC scheme. Bracknell Forest previously charged for the purchase of the garden waste bin and subsequently introduced an annual subscription charge. Year 1 was free and Year 2 was £30 per annum. New subscribers have to pay an additional £32 for a bin. |               |           |             |         |



## Risk Matrix

| Risk Ref | Date     | Risk   | Consequences   | Mitigation   | Current Risk Score | Target Score | Service Unit Manager/ Responsible Officer | Action Plan |
|----------|----------|--|--|--|--------------------|--------------|---|-------------|
| 1        | Oct 2015 | Low Participation                              | Compulsory redundancies may be needed<br><br>Shortfall in licence income and recycling credits.<br><br>Significant reduction in recycling rate | Implement pricing structure based upon experience at other Local Authorities<br><br>Introduce a discount in year one due to previous bin purchase policy<br><br>Promote the service through direct marketing to all households | C3                 | A3           | P Thompson                                | None        |
| 2        | Oct 2015 | Higher than expected participation             | Payment mechanisms struggle to cope.   | Customers will be directed to use online and or ATP if available<br><br>Full engagement with Customer First throughout implementation  | B3                 | B2           | P Thompson                                | None        |
| 3        | Oct 2015 | Uneven distribution of participants            | Collection rounds are inefficient resulting in higher operating costs  | Promote the service through direct marketing to all households<br><br>Undertake a full review of collection rounds once scheme is embedded using additional resource identified in the report                                  | B3                 | B1           | P Thompson                                | None        |
| 4        | Oct 2015 | Residents dispose of garden waste in green bin | There is little capacity in our landfill collection rounds, so overtime could be incurred.   | Implement pricing structure based upon experience at other Local Authorities   | B3                 | A3           | P Thompson                                | None        |

| <b>Risk Ref</b> | <b>Date</b> | <b>Risk</b>                        | <b>Consequences</b>   | <b>Mitigation</b>  | <b>Current Risk Score</b> | <b>Target Score</b> | <b>Service Unit Manager/ Responsible Officer</b> | <b>Action Plan</b> |
|-----------------|-------------|------------------------------------|---|--|---------------------------|---------------------|--|--------------------|
|                 |             |                                    |   | <p>Introduce a discount in year one due to previous bin purchase policy</p> <p>Actively enforce the existing ban on recyclables within the green bin</p>                                     |                           |                     |  |                    |
| 5               | Oct 2015    | Increase in fly-tipping            | Residents choose to illegally dispose of their garden waste       | <p>Proactive enforcement</p> <p>Encourage scheme take up through effective promotion</p>   | B3                        | A3                  | P Thompson                                       | None               |
| 6               | Oct 2015    | Scheme attracts negative publicity | Introduction of a charge damages the Borough Council's reputation | <p>Proactive PR campaign</p> <p>Implement pricing structure based upon experience at other Local Authorities</p> <p>Introduce a discount in year one due to previous bin purchase policy</p> | C3                        | B2                  | P Thompson                                       | None               |

## Glossary of Terms

Risk

An event which may prevent the Council achieving its objectives

Consequences

The outcome if the risk materialised

Mitigation

The processes and procedures that are in place to reduce the risk

Current Risk Score

The likelihood and impact score with the current mitigation measures in place

Corporate Objectives

An assessment of the Corporate Objectives that are affected by the risk identified.

Target Risk Score

The likelihood and impact score that the Council is aiming to achieve

Service Unit Manager

The Service Unit or Officer responsible for managing the risk

Action Plan

The proposed actions to be implemented in order to reduce the risk to the target score

## Risk Scoring

|        |            |   |   |   |   |   |
|--------|------------|---|---|---|---|---|
| Impact | 5          |   |   |   |   |   |
|        | 4          |   |   |   |   |   |
|        | 3          |   |   |   |   |   |
|        | 2          |   |   |   |   |   |
|        | 1          |   |   |   |   |   |
|        |            | A | B | C | D | E |
|        | Likelihood |   |   |   |   |   |

### Likelihood:

A = Very Low

B = Not Likely

C = Likely

D = Very Likely

E = Almost Certain

### Impact

1 = Low

2 = Minor

3 = Medium

4 = Major

5 = Disaster