

Cabinet

18th September 2013

Review of the Garden Waste Collection Service



Key Decision NS/19/13
MTFP Ref: NS 17

Report of Corporate Management Team

Report of Terry Collins, Corporate Director Neighbourhood Services

Cllr. Brian Stephens, Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships

Purpose of the Report

1. To seek approval to commence consultation on the introduction of a charge for the collection of garden waste from the kerbside. In doing so recognising the need to achieve the Medium Term Financial Plan (MTFP) savings identified from the Review of Waste Charges (£933k) in 2014/15.

Background – Legislation

2. Under the EU Landfill Directive, the UK is obligated to reduce the amount of Biodegradable Municipal Waste (BMW) it sends to landfill, benchmarked against the amount that was landfilled in 1995. The targets were set such that BMW to landfill would not exceed 75% of the 1995 level by 2010, 50% by 2013 and 35% by 2020.
3. The U.K. Government previously set challenging targets for BMW diversion from landfill through the Landfill Allowance Trading Scheme (LATS) which incorporated financial mechanisms to ensure compliance with the landfill directive. The introduction of a garden waste collection scheme was a popular method of achieving these targets as it guaranteed the capture of biodegradable waste and also increased the proportion of biodegradable waste available for collection (over and above the 1995 levels diverted).
4. With the boom in waste infrastructure development fuelled by PFI projects Defra is now content that landfill directive targets can be met and these targets, along with the LATS scheme have been removed by Government.
5. The avoidance of disposal charges has now become the primary driver for the maintenance of garden waste collection. Residual waste disposal rates are typically £80/tonne, garden waste can be composted at farm based facilities for circa £23/tonne.

6. In County Durham the former district councils offered a variety of opt-in arrangements for garden waste collection, which has left a legacy of inconsistent service delivery across the County. In the former Teesdale area a partnership arrangement was established with Teesdale Conservation Volunteers, a third sector organisation operating as “Rotters”. This arrangement has continued with support from the County Council. Services in all other areas are delivered by the in-house collection services operated by Neighbourhood Services.

Background – Current Position

7. The Council currently offers a free, fortnightly garden waste collection service to 151,700 properties across the County. The scheme operates on 16 collections per year on a fortnightly basis between the months of April and November.

The service is broken down by operational area as Table 1.

Table 1 Households per operational area included in garden waste collection.

Streetscene Area	Approx. Households included in the existing scheme area*
East	62,300
North	44,000
South	45,400
Total	151,700

*The current garden waste scheme does not cover all households in each operational area. This inconsistent service provision has been considered inequitable by some residents.

8. An overall estimated breakdown of households is provided in Table 2.

Table 2 Estimated breakdown of the status of properties in relation to garden waste collection

Properties	Percentage	Status
151,700	68%	Existing access to garden waste collections.
35,000	16%	Properties which have gardens and are easily accessible but not currently on the scheme
23,000	10%	Terraced streets with no garden, flats, properties that would have no requirement for garden waste collection.
4,200	2%	Served by Rotters
4,500	2%	Farms/remote areas
5,400	2%	Hard to access properties

9. By proposing the operation of an 'opt in' chargeable garden waste service, residents who currently choose not to use the service or who are exempt from the current scheme will be able to participate, enabling a more equitable service to be provided to many more residents of County Durham.
10. At present, the service is carried out using 12 collection vehicles over 4 days per week on a fortnightly basis. The existing garden waste treatment arrangements are through direct delivery to three facilities, two located within County Durham and the third just outside of the County, in Gateshead.
11. Interim arrangements for the composting of garden waste have been put in place for the current season, pending the outcome of this report. Should the decision be to support introducing a charge then a full procurement exercise will take place based on the revised garden waste tonnages anticipated to be presented for collection to ensure certainty of supply.
12. In 2012/13, 24,429 tonnes of garden waste were collected either by our own collection service or via Rotters. This equated to approximately 11.0% of the overall waste arisings and 23% of the recycled waste for County Durham in 2012/13.

Other Authorities

13. Approximately 30% of local authorities in England currently apply a charge for garden waste collections, with typical annual fees ranging from circa £20 to over £50. Many more are currently considering the option in light of savings requirements.
14. Within the region, Northumberland County Council charge £23 per season for their garden waste collection and Newcastle City Council charge £20.

Financial Pressures

15. The Medium Term Financial Plan (MTFP) includes £933k of savings proposals from a review of waste charges in 14/15.

Proposed Service Offer Summary

16. The proposal is to provide a charged garden waste collection service between April and November each year on a fortnightly basis totalling 16 collections per year. The scheme will be available within a defined area, identified on the map included as Appendix 4 to this report.
17. The standard service will be on an opt-in basis through the provision of a wheeled bin. New service users will be issued with a new bin while existing users will retain the bin already in use. Payment will be identified by a sticker identifiable with a given year and placed on the lid of the bin which will be provided to the resident on payment of the service charge. Properties which

have paid for the service will also be identified in the collection vehicle's in-cab system.

18. Residents who do not wish to opt-in, but who have previously been supplied with a wheeled bin for garden waste will be able to have the existing bin collected on request.
19. The scheme will be available to those households not currently covered by the free of charge garden waste collection scheme provided they are within the defined boundary.
20. Households will be able to purchase more than one sticker and additional bins.
21. The annual fee in 2014/15 will be £20 per year. Incentive discounts are to be considered as part of the consultation process.
22. The charge will reduce to £10 for anyone joining the scheme after 1st September in any one year.

Modelling the Options for the Garden Waste Service

23. The critical factors in developing a model for garden waste income are as follows:
 - a. Take up

How many of the households currently receiving the service will elect to pay for the service in the future, and hence how much income is generated. Experience from other authorities suggests that take up drops in the first year of a charge being introduced but recovers over time. This principal of "elasticity of demand" has been seen in both Northumberland and Newcastle. By operating an 'opt in' chargeable garden waste service, residents who were not participating in or were exempt from the original scheme will contribute positively to sustaining participation levels.
 - b. Tonnage of garden waste

Experience from other authorities has shown that the tonnage of garden waste presented does not fall in proportion to the take up. This is probably due to residents "getting the most for their money" or sharing bins.
 - c. Cost of other disposal routes - displacement

The garden waste that is no longer presented in the garden waste bin will be disposed of through other routes, either through HWRC's or the residual bin, or through home composting. The cost of disposal through the residual waste stream is a significant sensitivity factor in the modelling. Under the new HWRC contract extra garden waste diverted to HWRC sites will not result in any additional costs to the Council.
 - d. Cost of Administration

This includes the cost of receiving and processing applications, the production and sending of bin stickers, advertising, communications and transaction costs.

e. Pricing

While the price point of a charged service can be an important factor in the take up of the service it is not the only one. This will be a sensitive issue when a charge is introduced for a service that has previously been provided for free so the price must be considered to provide value for money over the available alternatives. In this case this is likely to be measured against trips to the HWRC site with garden waste or using the residual bin.

Pricing is also a useful mechanism to drive behaviours that will assist operations. In this case an operational certainty over uptake is required as soon as possible so that routing can be developed. It is therefore desirable that customers join the scheme early. Additionally back office processing will be placed under considerable pressures, customers should therefore be encouraged towards the cheapest and most automated payment methods.

24. The model in Appendix 2 has been developed on the benchmarked assumptions that participation will drop to 40% of the current service, but that garden waste presented will be at 60% of the current tonnage. These assumptions are based on the experience of other authorities including Northumberland CC. Of the remaining waste it is assumed that 16% will be disposed of through residual waste, 12% through HWRC and 12% through home composting.
25. Set up and administration costs are best estimates, based on known internal and external costs and costs incurred elsewhere on similar projects.
26. This model shows that a charge of £20 per property per year would yield approximately £1.9m of revenue in the first year, would incur approximately £1m in costs yielding an overall benefit of £976k.

Operational Issues

27. Introducing a charge for a previously free service changes the nature of the relationship between the Council and the customer with regard to the delivery of that service in that it becomes a direct contractual relationship in which a specific payment is made for a specific service. It is therefore important that expectations are clear on both sides. A revised set of Service Standards will be prepared, which will form the basis of the offer to the customer.
28. The service is currently provided by 12 vehicles and crew. Four crews operate out of Morrison Busty Depot, four out of Chilton Depot, two operate out of Meadowfield Depot and two out of Peterlee Depot. Each crew have established daily collection rounds operating on a fortnightly cycle Tuesday to Thursday each week.

29. It is proposed to continue with a fortnightly collection service operating 4 days per week Tuesday to Friday. It is proposed that during 2014 collections will start the week commencing Tuesday 15th April and the last collection will take place week commencing 18th November which means that we will deliver 16 collections.
30. The introduction of a charge will mean significant change in customer base and hence new collection rounds will need to be developed. The redesigning of collection rounds will mean that collection days may change from those currently in place.
31. Rounds will initially be developed based on assumptions relating to the numbers and locations of applicants that might apply during 2014 using the existing rounds as a starting point. As customers sign up for the new scheme these rounds will be refined to suit. This may mean a change in collection day for some residents and this will be clearly communicated where appropriate.
32. Rounds would initially be designed for 3 vehicles and crews working out of Morrison Busty Depot in the North, 3 vehicles and crew working out of Chilton Depot in the South and 3 working out of Peterlee depot in the East. To cover capacity variations one floating vehicle would be used to cover situations where there are more applicants than expected in a particular area.
33. This would mean that the number of vehicles and crew required to deliver the service would reduce from 12 to 10 reducing collection costs by around 17%. The service is currently carrying a number of vacant posts and agency cover at present that would enable the downsizing in staff by 6 posts to occur without redundancy.

Area Covered by the Scheme

34. The service has historically been provided in areas with higher density of medium/large gardens in the interest of efficiency and to limit fuel use. Certain estates and villages were selected to be within the scheme and others that were more remote and would produce less garden waste were not. An exception to this is the Wear Valley area where the former District Council allowed any resident to apply as a result there is a legacy of some households in remote locations who receive the service. To deliver the service with the resources described above it would be necessary to reduce the number of remote or very rural locations to which the service is provided. The proposed operational area is shown on the map in Appendix 4. There are no composting facilities available to the Council within the extreme western area of the county which makes collecting from that area and delivering to existing composters uneconomical.
35. In order to ensure that the service operates with our standard 26 tonne collection vehicles it will not be possible to provide the service to some farms, isolated rural and hard to access locations within the operational area outlined.

36. There will be residents currently residing in areas that are outside of the boundaries of the existing scheme that have previously been refused the service that will now be eligible to apply for the charged service.

37. Residents in parts of the former Teesdale area receive a service through a third sector organisation, Teesdale Community Volunteers, trading as Rotters. Although it was originally a charged service, DCC has more recently supported this collection on behalf of residents through the use of recycling credits. The Council will continue to work with Rotters in the Teesdale area and the understanding of any implications of the proposed change for them will be part of the consultation process.

Unwanted Bins

38. On the assumption that only 4 out of 10 residents currently receiving the free service will wish to pay, there are potentially 90,000 households with bins who will not want to pay for the service and may want the bin removing. It is proposed that a service is provided to collect unwanted bins on request as part of a 'Bin Take-back' scheme. The process is labour intensive and will require storage space if these are to be stored and reused. It is also recognised from experience elsewhere that many of the households that initially decide not to opt-in return to the scheme at a later date. In these cases we would wish to avoid firstly collecting and then returning bins.
39. While the delivery of new bins is relatively efficient the reverse is much more difficult as wheels are not designed to be removed easily and are often damaged in the process and bins cannot be stacked. The logistics of organising the collections will therefore need to be planned and the collection and reuse of unwanted bins may take some time. An allowance is provided within the modelling to fund Bin Take-back activities.
40. Residents in the former Easington and Wear Valley Council areas were provided with 140 litre and 180 litre wheelie bins respectively for garden waste compared with the standard 240 litre bins in Derwentside, Chester-le-Street, Durham City and Sedgefield. It is proposed to apply a uniform charge per bin and therefore residents in Easington and Wear Valley may prefer to replace their smaller bin with a larger one. This will be done on request and free of additional charge.

Payment

41. In revenue terms the individual household charges are relatively low at £20 per annum but will potentially provide a high volume of payments over a short period of time.
42. The handling of income would be within the Council's income management system, ICON. A new fund will be created that will provide a full array of payment options, including:

- Internet using credit/debit cards
 - Automated Telephone Payments using credit/debit cards
 - Bank Credit, directly to the Council's bank account
 - Postal Cheque
 - Post Offices and PayPoint Outlets using a bar code facility to allow for cash transactions
43. In administrative terms a data base holding individual property details will have a two way interface to ICON. Each household/property within the database will have a unique identifying reference number which will enable tracking of payment and in time will interface directly with the Bartech in-cab devices in the refuse vehicles. This unique reference number will be forwarded to the household in the initial offer letter to enable payment against it.
44. A substantial amount of development work will be required from ICT for the development of the interfaces, this has been identified on the ICT prioritisation schedule and a "proof of concept" is currently being carried out in relation to payment of replacement bins that will support the proposed process. Once tested, the same methodology can be applied to this project.
45. The development of an online application form and linked payment facility via the ICON paylink module would also require ICT development resource as part of the ongoing CRM/webforms interface.

Consultation and Communications

Consultation

46. The statutory requirement to consult is based on section 3 of the Local Government Act 1999 in which it states that a best value authority must secure continuous improvement in the way its functions are exercised and in deciding how to fulfil its duty; an authority must consult a range of stakeholders including taxpayers.
47. In line with our approach to consultation, an engagement plan will be drafted which will then be approved by the Consultation Officers Group and the actions implemented. The results of the exercise will be carefully considered before any final decision is made.
48. The consultation will be designed to obtain the views of the public on a number of issues central to the design and implementation of the scheme, including:
- Likely take up and impact
 - Payment methods and preferences
 - Any other disposal methods that may be used
49. The consultation process will also make use of the Citizen's Panel.

50. Consultation will take place from 19th September 2013 to 28th October 2013.

Communications

51. As this proposal will result in a change affecting a large number of households, a comprehensive communications plan will be central to implementation.
52. The overall objective will be that all affected residents understand the change and the decisions they have to make regarding opting into the scheme or not. Additionally, it is important that the scheme remains viable; therefore the communications mechanisms will be used to ensure that both as many users of the current scheme are retained and also to attract new customers onto the scheme, should they meet the assessment criteria.
53. The communications plan will detail the key mechanisms to be used to inform residents of the new scheme and how it will operate. It is proposed that all current users are contacted by post to inform them of the change and where eligible to invite them to stay on the scheme by paying for the service. This information will also be added to the website and media will be used to attract new customers.
54. Customers will be encouraged to use the website to pay for the service; this will be made possible through the ICON project and CRM development to integrate the web form with the system. In line with the practise of other councils, customers who are eligible to receive the service following payment will be identified through a sticker placed on the garden waste bin.
55. There will inevitably be an impact on Customer Services and Business Support as the scheme is introduced; additional resource will therefore have to be considered as part of the set-up of the project. A full set of customer FAQ's will be developed to assist with the implementation process.
56. The Council has actively maintained a campaign to encourage home composting for many years, and this campaign will continue alongside the implementation of the new charging scheme.

Summary

57. While the operational complexities of establishing a charged service across a wide area are not to be underestimated, the model highlights that with realistic and conservative assumptions the charging for garden waste collection has the potential to bring significant benefits while meeting the MTFP plans.

Recommendations

58. That Cabinet approve the commencement of a consultation process based on the scheme for charging for garden waste collection at a rate of £20 per household as outlined in this report.

59. That a further report is brought back to Cabinet following the consultation exercise in order to confirm the final recommendations for the proposed scheme.

Contact: Alan Patrickson. 03000 268165

Appendix 1: Implications

Finance

The financial benefits of the scheme are outlined in the report, specifically Appendix 2.

Staffing

There is likely to be a requirement for some temporary staffing during the set up period both operationally and administratively. It is also likely that there will be a reduction of collection vehicles and associated staff once the routes are fully designed and bedded in. It is planned that this will be achieved without the need for compulsory redundancies.

Risk

A Risk Assessment has been produced and a reportable risk has been identified. Appendix 3.

Equality and Diversity / Public Sector Equality Duty

An Equality Impact Assessment has been developed in relation to this review; the consultation will capture the equalities data to provide a profile of respondents. Appendix 5.

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

An engagement plan will be developed and implemented as set out in the report.

Procurement

None

Disability Issues

Assisted collection arrangements currently associated with the service will be maintained.

Legal Implications

None

Appendix 2: Garden Waste Income Model

GARDEN WASTE CHARGING COST MODEL

Benefits	
	Total
Savings in Garden Waste Treatment Costs ¹	£244,370
Operational savings from reduced Collection Costs ²	£225,836
Income from HWRC disposal ³	£15,937
Income from Charge ⁴	£1,493,600
SUB-TOTAL	£1,979,743

Costs	
Additional garden waste sent to Landfill ⁵	£339,994
Administration Inc transactional costs and postage ⁶	£215,126
Discounts estimate ⁷	£63,000
Operational Costs (Bin collection/replacement) ⁸	£265,000
Communications/Set-up ⁹	£120,000
SUB-TOTAL	£1,003,120

OVERALL SAVING	£976,623
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Notes

- 1 - Based on 40% of garden waste that will no longer require waste treatment due to a reduction in total tonnage processed
- 2 - Based on service rationalisation
- 3 - Based on 12% of currently collected garden waste being deposited at HWRCs
- 4 - Based on a 40% uptake of eligible properties at a £20 annual charge
- 5 - Based on 16% of currently collected garden waste being deposited in residual waste bins
- 6 - Transaction costs will vary – modelled at 46p
- 7 - Potential discount to be offered to Customers based on consultation
- 8 - Based on business requirements to administer and manage scheme
- 9 - Based on likely costs required to promote and communicate scheme

Appendix 3 Reportable Risk- Introducing Garden Waste Charging.

Risk Description	Potential Impact	Measures to mitigate the risk (if not already in place, state implementation date)	Risk Owner
<p>Existing customers may choose not to opt-in to the service impacting on current service delivery arrangements.</p>	<ul style="list-style-type: none"> • Residual waste tonnages may increase as a result of increased garden tonnages entering the waste stream resulting in additional cost to the Authority. • Potential of increased garden waste entering HWRC's • The Authority's reuse, recycling and composting rate may decrease and the National Target is to reuse, recycle and compost 50% by 2020. 	<p>Data and financial modelling based on benchmarked information both regionally and nationally demonstrate that despite participation in the opt-in scheme dropping as much as 60% to 40% of current users, garden waste presented would be around 60% of that currently collected. The remaining 40% garden waste not collected as part of garden waste collection rounds would be split as 16% in to residual waste bins, 12% entering Household Waste Recycling Centres (HWRC) and 12% being home composted or "disappearing".</p> <p>Based on these percentage splits and associated tonnages and costs to the authority, the financial benefits of introducing a charge, minus the additional costs associated with the above, result in an overall saving of £976,623.</p> <p>This takes in to account increased costs of disposing garden waste and additional garden waste entering HWRC's. (See Appendix 2 of this report)</p> <p>Individual Authority waste targets have been removed (National Indicators and Landfill Allowance Trading Scheme) however there remains a National target to reuse, recycle and compost 50% by 2020. There are no direct penalties for an individual Authority not achieving this. Durham County Councils new range of waste treatment contracts are based on high levels of diversion and encourage high recycling rates which associated with the introduction of Alternate Weekly Collection last year mean any reduction in the reuse, recycling and composting rate will be largely mitigated by the improvements in rates resulting from new contractual arrangements.</p>	<p>Alan Patrickson</p>

