



**Corporate Policy and  
resources Committee**

**14<sup>th</sup> December 2017**

**Subject: Annual subscription for collection of garden waste**

Report by:

Head of Paid Service

Contact Officer:

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Purpose / Summary:

For Members to set the annual subscription for  
kerbside garden waste collections from April 1<sup>st</sup>  
2018

**RECOMMENDATION(S):**

- (1) Members accept the recommendation from Prosperous Communities Committee on 5 December 2017, and approve that the annual subscription for receiving the Kerbside Chargeable Garden Waste Service be set at £35 per year;**
- (2) Subject to recommendation 1 being agreed, Members agree that the charge should be reviewed in December 2018.**

## IMPLICATIONS

**Legal:** Under Controlled Waste Regulations (2012) it is statutory for the Council to arrange for the collection of garden waste, but a charge for this service can be applied.

**(N.B.) Where there are legal implications the report MUST be seen by the Monitoring Officer.**

### **Financial : FIN/120/18/TJB**

The proposed charge of £35 has been calculated in line with the Fees and Charges Policy and is based on a cost recovery model. Sensitivity analysis has been undertaken on likely take up levels and a benchmarking exercise has been undertaken which identified £35 as the average charge of our near neighbours.

It is also proposed that the charge is reviewed in December 2018, at which time actual take up will be known.

The Medium Term Financial Plan includes a prudent £502k of additional net income from the introduction of charges, which will contribute to a funding gap of circa £2m.

### **Staffing : HR ref is HR042-11-17**

There are no immediate implications for the Council's workforce as a result of these proposed changes.

**(N.B.) Where there are staffing implications the report MUST have a HR Ref**

**Equality and Diversity including Human Rights:** An Equalities Impact Assessment can be found at **Appendix 1**.

**Risk Assessment:** A Project Risk Assessment can be found at **Appendix 3**.

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**Climate Related Risks and Opportunities :**

**Risk-**

- Introducing a charged service may also increase the amount of resident visits to Household Waste Recycling Centres.

**Opportunities-**

- There would be an increased usage of compost bins, this is the most environmentally friendly disposal route for garden waste;
- Introducing a charged service could reduce the total amount of fleet miles.

**Title and Location of any Background Papers used in the preparation of this report:**

None.

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

*i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)*

**Yes**

**No**

**x**

**Key Decision:**

*A matter which affects two or more wards, or has significant financial implications*

**Yes**

**No**

**x**

## **1. Executive Summary**

**1.01** On December 5<sup>th</sup> 2017, Prosperous Communities Committee resolved the following;

- To suspend free kerbside collections of garden waste and agree the principle of introducing a charge for the service.
- That Operational Services should deliver Option B, eighteen fortnightly collections between the beginning of April and the end of November.
- Recommended to Corporate Policy and Resources Committee an annual subscription of £35 per annum for all garden waste subscriptions.

**1.02** This report will reflect on the current financial position of the Council.

**1.03** It will consider current legislation and also the national and local position with regards to charging residents for this service.

**1.04** It considers the current and proposed service and includes a detailed financial appraisal; it goes on to look at the proposed pricing methodology.

**1.05** A charge should be set to achieve cost recovery. There are two amounts to consider here; the operational cost of delivering the proposed service is £676k and full cost recovery would be £853k. Officers recommend implementing a charge to achieve somewhere between these two amounts for the following reasons:

- Underachievement would result in non-subscribing Council Tax payers indirectly funding the service;
- Overachievement would result in the service delivering a profit; this is not permissible under current legislation. Officers are proposing a charge of £35 per bin per year.

**1.06** Officers are therefore proposing a charge of £35 per bin per year for the following reasons;

- If predicted 50% take up is achieved, income would be £757k and a contribution to the Council of £681k would be achieved;
- £35 is the current average charge in Lincolnshire;
- £35 is well below the national mean price for authorities who charge, this is currently £42.

## **2. The Financial Position**

- 2.01** Since 2013/14 West Lindsey District Council (WLDC) has delivered £3.4m of savings and efficiencies to meet the cost of growth and Government funding reductions. In 2015/16 the Government announced it will continue to reduce the Revenue Support Grant to WLDC from £2.5m to nil by 2019/20.
- 2.02** To ensure that services have continued, WLDC has embarked on a strategy of increased efficiency and income generation whilst continuing to deliver quality services.
- 2.03** Part of this strategy is to consider charging for services which are currently provided for free. The service which provides the most potential for the authority to raise income is the kerbside garden waste collection service.

## **3. Legislation**

- 3.01** Legislation demands that residual and dry recycling collections are provided to residents without a charge
- 3.02** Under the Controlled Waste Regulations (2012) and Environmental Protection Act (1990), it is statutory for WLDC to arrange collection of garden waste, but a charge for collection can be made.

## **4. Current Service**

- 4.01** The current garden waste collection service has been free to most residents since the introduction of the Triple Bin Scheme in 2009.
- 4.02** Around 2,000 households, mainly in the South West Ward of Gainsborough but also including some remote properties, cannot receive the service. This is either because the properties are unsuitable for wheeled bins or because the garden waste freighters are too big to service the properties.
- 4.03** The service runs from the first week in April until the last week in November, residents receive eighteen collections each year. Members resolved to suspend collections during four winter months in July 2012 following analysis showing comparatively little material was collected in those months.
- 4.04** Residents can subscribe to additional garden waste bins at a cost of £30 per year. In 2016/17 there were around 1,767 subscribers bringing in £51k income to the Council.
- 4.05** The current service costs £776k; Table 1 below identifies how this budget is made up.

**Table 1**

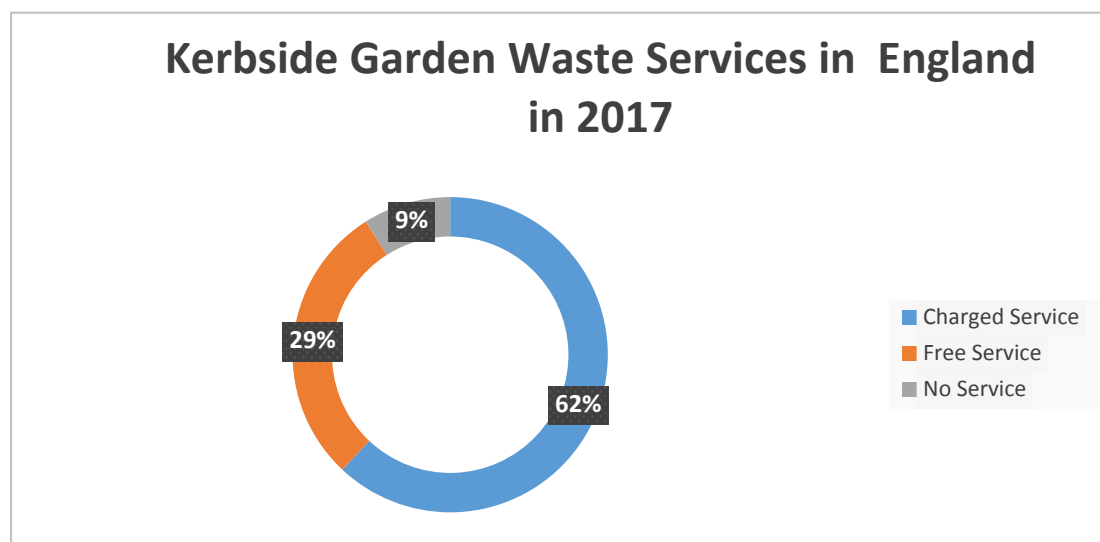
<b>Direct Costs</b>	
Operational Costs	£318,890
Vehicles	£200,850
Management	£80,470
<b>Total Direct Costs</b>	<b>£600,210</b>
<b>In Direct Costs</b>	
Depots	£14,350
Support Services	£62,740
Depreciation	£99,100
<b>Total Indirect Costs</b>	<b>£176,190</b>
<b>Full cost of service</b>	<b>£776,400</b>

- 4.06** The Waste Services provided by the Council's in-house team are very popular with residents and regularly receive satisfaction ratings of over 90% (source-Citizens Panel).
- 4.07** The service benchmarks itself against other authorities through the Association of Public Service Excellence. It has been nominated for awards on the national stage in each of the last six years and won the Best Performer for Refuse Collection for two of those years.
- 4.08** The garden waste service consists of four collection rounds and five crews. Staff work four days per week, vehicles work for five days each week to ensure that best value is achieved from these expensive resources.
- 4.09** In 2016/17, operatives collected almost 12,000 tonnes of garden waste which accounted for well over half of the 51.5% recycling rate achieved last year.
- 4.10** Neither WLDC as the Waste Collection Authority or Lincolnshire County Council (LCC) as the Waste Disposal Authority achieve any income from the sale of this material, in fact the WDA pays a 'per tonne' gate fee to dispose of it.

## **5. The National Picture**

- 5.01** Desktop research has revealed that 62% of local authorities in England currently charge an annual fee for kerbside garden waste collections; more are considering introducing a charge for this service in coming years. Chart 1 shows the percentage of Local Authorities in England which charge for garden waste collections.

**Chart 1**



**5.02** Of the 9% that offer no service, almost all collect garden waste with another recycling stream such as food waste or cardboard. In these cases it is not legislatively possible to charge.

**5.03** Findings show that the introduction of annual garden bin fees has recently rocketed, as Council's look for ways to cope with ever-tightening budgets. A record number introduced charges in 2016/17.

**5.04** The lowest subscription for a 240 litre bin is £20 per year, the most expensive is £96. The mean price for collections in England is £41.36 per year.

## **6. The Local Position**

**6.01** Table 2 below shows the situation in Lincolnshire and Bassetlaw with regard to the provision of garden waste collections, the cost, take up, year of implementation and take up of the service:

**Table 2**

<b>Authority</b>	<b>Current Charge 1<sup>st</sup> bin</b>	<b>Additional bins</b>	<b>Year introduced</b>	<b>Winter service</b>	<b>Take up</b>
Boston Borough Council	£30	£15	2016	No service Dec-Feb	47%
City of Lincoln Council	£33	£15	2013	All year	38%
East Lindsey DC	£40	£40	2013	Monthly in winter	47%
North Kesteven DC	£30	£12	2012	Reduced service Dec-Jan	52%
South Holland DC	£49	£30	2016	No Xmas collections	Still being piloted
South Kesteven DC	£33	£16.50	2011	Monthly Dec/Jan/Feb	52%
North Lincs Council	Free		N/A		
North East Lincs Council	£35	£35	2015	No service December to February	Unknown
Bassetlaw Council	£30	£30	2017	No collection Dec/Jan/Feb	Unknown

**6.02** Apart from the unitary North Lincs Council, West Lindsey is the only authority in Greater Lincolnshire and Bassetlaw which is providing garden waste collections free of charge.

**6.03** The average charge in Lincolnshire and Bassetlaw is £35.

## **7. The Proposed Service**

**7.01** The existing free green bin service will cease immediately and will be replaced with a new chargeable garden waste service. When collections resume in April 2018, only 'paid for' green bins would be emptied.

**7.02** Introduction of a charged service will mean an increase in cost of service as additional administrative, operational and promotional services will be required. This cost has been included in budget projections.

**7.03** It will be an opt-in service; only residents who wish to benefit from the service will pay for it.

**7.04** Service policies for the garden waste service will be refreshed and brought to Prosperous Communities Committee for approval in January 2018.



- 7.05** Residents would be able to share bins with neighbours if they have low usage.
- 7.06** Residents who choose not to subscribe would have other options to dispose of their garden waste. This could be done through the subsidised home composting scheme or by delivering the waste to one of a network of Household Waste recycling Centres in Lincolnshire.
- 7.07** Prosperous Communities Committee resolved to task officers with delivering Option B; this would mean subscribers would receive eighteen fortnightly collections between the beginning of April and the end of November.
- 7.08** Terms and Conditions have been developed and can be found at Appendix 3.
- 7.09** In-cab technology may be fitted into collection vehicles in order that crews will be able to easily identify who has paid for the service.

## **8. Financial Appraisal**

- 8.01** Table 4 below shows the cost and projected income for the service delivery option B. The tables presumes the following principles:
- Income generated should be somewhere between the operational cost and the cost including recharges. Any shortfall below operational cost would mean council tax payers would pick up the burden; anything above the cost including recharges could attract accusations of profiteering;
  - Assumes uptake of 50%, this is in line with other similar authorities and consultation feedback;
  - Assumes 75% of current second bin subscribers will continue to pay for second bins;
  - The cost of a charged service is higher than a free one as additional administration, communication and operational budgets are required.

**Table 4**

<b>Narrative</b>	<b>Apr - Nov - "Current offer"</b>
Direct Costs - Minimum costs to recover	£676,980
Full Cost recovery (Includes support & depreciation)	£853,170
<b>*Charge Range</b>	<b>£31 - £39</b>
<b>Charge</b>	<b>£35</b>
<b>Percentage take up to achieve minimum cost recovery</b>	<b>44%</b>
<b>Percentage take up to achieve full cost recovery</b>	<b>57%</b>
Income received	£757,785
<b>Total Contribution Achieved - On-going</b>	<b>£681,015</b>

**9.02** A full financial appraisal can be found at (restricted) Appendix 4

## 9. Pricing

**9.01** The proposed new service is based on a reasonable subscription per bin to cover collection costs only. The objective is to deliver a self-funding garden waste service in West Lindsey and to achieve this it is proposed to charge £35 per bin per year. It is intended that this charge is reviewed annually to reflect ongoing running costs and customer take up.

**9.02** Throughout the project, officers have used a principle of unit pricing, i.e. how much it costs to empty each bin. The emphasis has been on reducing this unit price as much as possible to ensure the best possible price to the subscriber.

**9.03** Therefore, Officers propose to have one standard price for each bin and have a policy of no concessions or discounts for any group of customers including pensioners, second bin subscribers, disability groups or benefit applicants.

**9.04** Discounting for any purpose will result in increased costs, for example it is predicted that having a policy of half price second bins would result in a loss in income of £17,800 plus additional administration costs and would push the price of a first bin up by £1.

**9.05** Some Councils offer a discount for second bins, the principle being that the vehicle is passing anyway so a multi buy discount should apply. Having calculated the cost per bin at a unit price level, the principle is the cost should be the same for every bin. Ultimately, if enough residents subscribe to the second bin option another vehicle and crew would be required; these would not come at half price to the Council so that potential saving could not be passed on to subscribers using this pricing model. Prosperous Communities Committee made the policy decision that all subscriptions should cost £35 per year.

**9.06** £35 is the average price in Lincolnshire and Bassetlaw, the average in English Authorities is over £41.

## **10. Conclusion**

**10.01** The subscription price should be set to achieve cost recovery. Given the uncertainty around the number of residents who will take up the service it would seem prudent to propose a price which would deliver a contribution between the operational cost recovery level and the full cost recovery rate.

**10.02** Failure to achieve the operational cost recovery rate would mean non-subscribers would pick up some of the cost of the service through their Council Tax contributions.

**10.03** Achieving income above the full cost recovery rate would mean the council would be making a profit; this is allowed in current legislation.

## **Recommendations**

- **The annual subscription for receiving the Kerbside Chargeable Garden Waste Service should be set at £35 per year.**
- **The charge should be reviewed in December 2018.**