

REPORT TITLE: PROPOSALS FOR NEW GARDEN WASTE SERVICE

9 JULY 2020

REPORT OF CABINET MEMBER: Cllr Martin Tod Cabinet Member for Service Quality and Transformation

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WARD(S): ALL

PURPOSE

The report sets out the details of a new garden waste collection service to be introduced from February 2021. The existing sack based collection service will end and will be replaced by an improved service which will include a choice of wheeled bins offered to householders who wish to participate. There will be an annual charge which includes the supply of the bin and fortnightly kerb side collection. The new service offers the benefit of greater capacity and improved storage of garden waste between collections and will be easier and safer to handle for householders and bin collection staff. It therefore provides a real benefit to those households which wish to subscribe. The additional capacity of the wheeled bins mean that those properties which generate substantial quantities of garden waste will be able to save on visits to recycling centres. The council faces significant pressures on its waste collection budget as a result of changes being made by Hampshire County Council and this new service offer is essential to help the city council to control its budget on a long term basis.

RECOMMENDATIONS:

That Cabinet:

1. Approves the introduction of a new garden waste collection service from households which pay an annual charge to replace the existing free service to all households, as described in the report.
2. Agrees that the annual charge in the first year of the service is set at £39 for those choosing a 140 litre wheeled bin and £59 for those choosing a 240 litre wheeled bin.

3. That for those households (and only those households) which are currently permitted to use an alternative method of presenting their household waste a charge of £39 for two 90litre sacks or £59 for three 90litre sacks is made for the collection of garden waste.
4. Authorises the Strategic Director (Services) to take all steps necessary to procure, award, negotiate heads of terms and enter into contract and / or contract variations, notifications and other steps necessary to implement the new service and remove the existing service.
5. Authorises capital expenditure of up to £400k for the purchase of the new garden waste bins.
6. Agrees that the new service should commence on or around 1st February 2021.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Tackling the Climate Emergency and Creating a Greener District:

Green waste recycling makes an important contribution to the council's recycling performance. More than half of the local authorities in England have replaced free household collections with a charged service. None appear to have reported any dramatic decline in collection rates although small reductions have occurred. It is worth noting that the top three performing waste collection authorities in terms of recycling rates, that have a green waste service all have a charged for green waste service. The key to achieving this is to ensure that the charged service is perceived as 'value for money' by those households which generate the major fraction of garden waste and that they sign up, the service is run efficiently, and subscriptions are maintained.

1.2 Your Services, Your Voice:

Free kerbside collection of garden waste has been offered by the council for over a decade. Many householders clearly regard it as an integral part of the household waste collection service and there will be some adverse comment on the move to a charged service. However, in view of the financial implications of introducing a charge for collections, about which the council is being transparent, and the improved service which will be offered to those householders who take up the option, the experience of other authorities who have introduced charging is that it is accepted (albeit reluctantly) as a reasonable measure and that it is in the long term benefit of residents.

2 FINANCIAL IMPLICATIONS

2.1 In February 2020, the city council set a budget which reflected a decision by Hampshire County Council to reallocate some of its costs to those authorities across Hampshire which collect waste, including payment of recycling credits, at a net cost to the City Council of over £500,000 per annum.

2.2 In response to this and other very significant financial pressures facing the Council, the budget also included a "charged for" enhanced garden waste collection service with a target of operating this at no net cost.

2.3 These pressures have increased further in recent months as the Council has experienced very serious and significant losses of income it had anticipated from a range of services. This has resulted in a forecast deficit for 2020/21 of between £8m to £12m.

2.4 The council's contract for waste collection was tendered last year and Biffa, the council's existing contractor, was the successful bidder. The new contract is scheduled to commence at the end of September 2020 and run for eight

years. The cost of the free garden waste collection service within the new contract would be approximately £900,000 per annum and this will increase annually. This equates to approximately £16.70 for every household in the district, including those which cannot use the service as they have no garden. In current financial circumstances it is not considered sustainable to spend £900,000 per annum on providing this service. An improved service based on a separate charge to those householders who wish to participate will reduce budget pressures in a fair and justifiable way.

- 2.5 The terms of the new service must be agreed with the contractor as described below so as to ensure that they suffer no detriment to the financial offer made in their tender for the new contract. This is explained further in subsequent sections.
- 2.6 The procurement of the necessary wheeled bins will require one-off capital expenditure of up to £400,000 based on the targeted estimate of 18,000 households taking up the service. This will be funded by the capital receipts reserve and can be 'repaid' over a ten year period which is the average life span of a wheeled bin, effectively adding £40,000 per annum to the service cost.
- 2.7 Within their tender for the new contract Biffa provided a cost for the existing free service based upon providing sufficient resources to visit every property which has been issued with a free garden waste bag, although it is believed that the presentation rate (i.e. the number of properties which actually use the service in any given time) is between 50 and 70%, representing approximately 33,000 households at its busiest, with some households presenting more than one sack. The cost of operating the new service will depend upon the number and distribution of the properties which sign up and this will determine the level of resource needed to provide the service. It is considered prudent to work on the basis that the full level of resource as tendered will still be required but if it is not, the council will be able to reallocate any 'surplus' to other waste collection activities within the contract, such as additional bring site collections for example.
- 2.8 Allowing provision for the revenue costs of procuring/delivering wheeled bins and for administering the service on annual basis, overall costs to the Council will be in the region of £1m per annum. There will be additional costs in the first year to set up systems and promote the new service the cost of which can be met from existing budgets. This report recommends a charge per household for the improved charged for service of £39 for a 140litre bin and £59 for a 240litre bin. Depending on the participation rate (including those households which buy a second/third bin) and the ratio of higher to lower size bins this charge would be sufficient to cover the Council's operating costs at approximately 18,500 participating households. This is a relatively high number but even if this is not achieved in the first year of operation there will still be a significant saving in total cost compared to total cost.

- 2.9 As it is possible that the target of off-setting the whole cost not will be achieved immediately resulting in not all operating costs being met at least in the first year of the service it is proposed to amend the Medium Term Financial Strategy (MTFS) to reflect a net cost to the council in 2021/22 of £250,000 rather than zero.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Green garden waste is not included in the definition of 'household waste' within the terms of the Environmental Protection Act 1990. Local authorities are not, therefore, required to provide a kerbside collection of garden waste under this legislation. Local authorities are also explicitly permitted to make a charge for the collection of garden waste if they choose to provide a kerbside collection (The Controlled Waste (England and Wales) Regulations 2012). There is therefore no doubt that the introduction of a charged for service in lieu of the current free collection is permissible.
- 3.2 The government has previously consulted on a suggestion that it will fully fund a free garden waste collection to all households as part of a consistent package of recycling collections across England. This would be very costly for central government and there is no indication that this option will be pursued. If the government did provide funding for a universal free of charge service in the future, there would be no practical difficulty in rolling out the improved service free of charge to all households.
- 3.3 The council tendered the new waste collection contract with specific variation clauses drafted on legal advice which put all tenderers on notice that the council might introduce a charged for service at some point either before the commencement of the contract or during its operation. There is therefore no doubt that the variation of the contract in this matter is permissible, but of course the terms must be consistent with the financial proposals of the winning contractor, which is Biffa. The council cannot simply delete the garden waste service without providing for the financial consequences of this to the contractor. These are managed by the substitution of the charged for service on the basis agreed.
- 3.4 The new service will require the provision of a large number of new wheeled bins to householders. These will need to be procured on an 'at risk' basis in that the number procured will be an estimate of the quantity required based on an estimated take up rate. It is likely that a suitable framework agreement exists so that a compliant procurement can be carried out without the need for a full tendering exercise.

4 WORKFORCE IMPLICATIONS

- 4.1 A project team will plan and deliver the roll out of the new service, and then continue to manage any changes to membership in future years. There are no other workforce implications on a long term basis.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 Biffa operate from a depot in Bar End and this service can be accommodated in that location.

6 CONSULTATION AND COMMUNICATION

- 6.1 The proposals for a charged garden waste collection service was detailed in the council's budget papers in February 2020. A member briefing was held on 24 June and the matter considered by the policy committee on 7th July. A verbal update will be provided at the meeting of any comments made by the policy committee

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The garden waste collected at kerbside and the garden waste which is presented at household waste recycling centres is composted by the county council's waste disposal contractor and turned into a compost material which is sold as a soil improver. Although home composting is the most sustainable approach, this county wide solution provides a re-use solution for those with gardens that produce more green waste than can feasibly be composted and for those who choose not to home compost garden waste
- 7.2 The collection of garden waste contributes to the council's recycling performance figures and any reduction in garden waste volumes will affect these. However, because garden waste represents only a proportion of total recycling volumes even a relatively large percentage reduction in collections would have only a modest impact on the reported recycling rate, perhaps up to 5% overall. The actual reduction is difficult to predict but many councils have switched to a charged service and none has been identified which has reported any dramatic fall in collection volumes. A reduced kerbside collection rate will generally mean that more green waste is being home composted or taken to the household waste recycling centres. Fly-tipping of small quantities of household green waste is not a major problem and is not expected to increase significantly.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 An Equalities Impact Assessment has been prepared and will be available on the council's website. There are not considered to be any adverse impacts on protected groups. As with the use of wheeled bin for refuse and recycling, a back door collection will be available for residents unable to present their bin at the kerbside. The policy of charging for green garden waste collection, insofar as it protects services which can only be funded from taxation or government grant can be said to be fairer because only those who benefit from the service will be required to pay towards it. Householders in groups of

small properties who might not consider that they need a bin of their own will be encouraged to club together informally to subscribe for one or more bins which they share on an informal basis.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 The implementation of a charged for garden waste service will require what are expected to be large numbers (i.e. tens of thousands) of householders to provide data or the permission to use data to the council. This will therefore require careful and appropriate systems to be in place to ensure the security of data and its processing in accordance with relevant legislation. This will be managed as part of the system design and implementation process.

10 RISK MANAGEMENT

- 10.1 A project of this nature has two 'layers' of risk. Firstly there is the delivery of the project i.e. to ensure that the new service is implemented on time with all of the necessary infrastructure for success. Secondly there is the risk associated with the project itself i.e. whether the project will turn out to deliver the intended outcomes. Although the two are linked, they are not the same and it is important to distinguish between them.
- 10.2 In terms of the intended outcome, the first and foremost of these is that the council achieves the saving intended on an annual basis. This will only be possible if full cost of the garden waste collection service is covered by the income received from householders signing up to the service. This, in turn, is a function of the perceived value and willingness to participate based on the price and the service offered. These are described later in the report and are a matter of judgement for Cabinet based on the advice provided in the report.
- 10.3 In relation to the project delivery the risks are set out in the table below:

Risk	Mitigation	Opportunities
<i>Property</i>		
<i>None</i>		
<i>Community Support</i>	Provide full and clear explanation of why the council finds it necessary to implement a charged for system and shows how the charges have been set.	The proposed new service to householders does provide real improvements over the existing service and there is therefore the opportunity to promote some real value attached to the requirement to join a paid for service.
<i>Project delivery does not require any aspects of community support (noting these comments in Para 10.2 above) however take up and implementation will be higher and more effective with a degree of community recognition of</i>	Design an easily understood mechanism for householders to sign up	

<p><i>why the change is necessary and the charge for service is justified and value for money.</i></p>	<p>for the system. Provide best possible system for sign up</p>	
<p><i>Timescales</i> <i>There are several milestones which have to be met in order for the service to be ready to deliver from February 2021. In particular the systems to promote and sign up householders must be ready by September 2020. The impact of the response to COVID-19 adds a layer of uncertainty.</i></p>	<p>Ensure that operation and promotion of the scheme is conducted on line as much as possible.</p>	<p>Likely that the new contract start date will be put back, in order to fit around availability of vehicles, which are being delayed due to COVID 19. This gives opportunity to start new contract on same day as green waste changes, so other changes inc WEEE collection start at the same time</p>
<p><i>Project capacity</i> <i>The project requires leadership and professional support in a number of areas. These will have to be provided within existing staff capacity. At present the impact of COVID-19 would not prevent sufficient capacity being provided, but at the time of writing this represents an additional risk over normal</i></p>	<p>Ensure sufficient resource provided within project team to meet project milestones</p>	
<p><i>Financial / VfM</i> <i>The project itself can be implemented within existing resources providing these remain relatively consistent</i></p>	<p>Ensure that decision making takes full account of financial implications. To make the full saving required the council may have to convert up to 23,000 households from a free to a charged service, representing approximately 45% of</p>	

	<p>households which can currently utilise the free service. This is a challenging target but similar rates of take up have been achieved elsewhere. If the total income generated from the charged for service is less than the collection cost payment to the contractor this will represent a shortfall in the savings target, but a saving will still have been achieved which would not otherwise have been possible.</p> <p>It is proposed to amend the MTFS for 2021/22 to reflect potential additional costs in the first year.</p>	
<p><i>Legal</i></p> <p><i>Provided that the project can be implemented with support from the contractor is considered that there are no major legal risks associated with the project</i></p>		
<p><i>Innovation</i></p> <p><i>The project is a new activity for Winchester but many other local authorities have already made a transition from free to a charged for service and therefore there is a large amount of information available about success criteria</i></p>		
<p><i>Reputation</i></p> <p><i>It is important that all aspects of the service to the householder including</i></p>	<p>Ensure sufficient communication with householders with open and effective messages and explanations as to the</p>	

<i>communications, transactions and service provision are delivered effectively to ensure confidence</i>	reason why charges are necessary and to show how they have been calculated.	
<i>Other</i>		

11 SUPPORTING INFORMATION:

- 11.1 At the meeting of full Council on February 26th 2020 a budget was approved which incorporated an assumption regarding the replacement of the existing free kerbside garden waste collection service with a charged for service provided only to those householders signing up and paying to receive this collection. As set out above the council is permitted to charge for the collection of garden waste, and more than 60% of local authorities now provide a paid for service and this number is increasing steadily as the costs of providing a free service become unsustainable.
- 11.2 The cost of the free service would run to over £900,000 per annum in the course of the new contract starting at the end of September 2020. The Medium Term Budget Strategy, approved before the COVID-19 crisis, clearly demonstrates that this is not sustainable given the budget pressures on the council. The introduction of a charged service enables the council to offer an improved service at a reasonable cost to householders who wish to use it. Householders who have no need for a service will no longer pay anything towards a service from which they do not benefit.
- 11.3 The details of the proposed new service are as follows:
- a) The service to consist of 25 collections at fortnightly intervals with the annual cycle starting at the beginning of February each year. No collection will be provided in the first cycle after Christmas to allow the contractor to devote all available resources to collecting dry mixed recycling and Christmas trees. There is also little demand for the service at this time of year.
 - b) The service to operate on the basis of one annual payment collected in advance. The payment to purchase one year's service to the property and no refunds will be made if the householder wishes to terminate the service part way through for any reason. Householders may join part way through a year but at the full year rate. A direct debit option for a single annual recurring payment will be offered as soon as the council's e-commerce platform allows for this.
 - c) Payments to be made on-line or by card only with no cash or cheque option with direct debit payments to be promoted.
 - d) Householders signing up to the service to be provided with a wheeled bin of either 140 litres or 240litres depending on their choice of bin size.

The bin itself to remain the property of the council and to be replaced at no charge to the householder if it is lost or damaged in normal use.

- e) Householders permitted (indeed encouraged) to purchase more than one subscription (i.e. a second or third bin collection), each at the same rate. The use of a single bin by more than one household will also be permitted.
 - f) No discounts to be offered but a suitable one-off arrangement to be made to offset the payment made by householders who have purchased a second or third garden waste sack before the date of this report.
 - g) No option for householders to use their existing sacks to participate in the service. However, those households (and only those households) which do not use wheeled bins for presenting residual or recycling waste due to storage or access issues will be permitted to continue to use sacks on a chargeable basis if a wheeled bin is unsuitable. All householders will be permitted to keep the sacks currently issued for their own use as there is no value to the council in collecting them.
 - h) That the council operate the payment platform and customer database.
- 11.4 The annual price for the service is clearly the most sensitive and difficult judgement to make. The number of householders who sign up for the service is critical and will, in part, be determined by their sensitivity to the price proposed for the service offered.
- 11.5 The new service based on a wheeled bin will have significant added value over the existing sack based system. Storage capacity is significantly more than that of the existing sack, the wheeled bin contains waste more effectively and keeps it dry. Manoeuvring the bin will be easier for most people than lifting a sack full of material. Providing a choice of bin size will enable more households to participate, and if householders wish to share a bin then this will be allowed.
- 11.6 The contractor, Biffa, tendered for the contract with the knowledge that the council might decide to move to a charged for scheme. The precise cost of operating the charged scheme will depend on the number of properties participating but the contractor's costs including overheads and profits still have to be met at the tendered amount. Biffa has offered a tiered charge to the council based on numbers of participants which shares risk to a modest degree, but it is recommended that the most straightforward way to proceed is for the council to maintain the tendered payment for the service and to base pricing decisions to ensure cost recovery on this sum. The key judgement therefore becomes the estimate of total income generated as a multiple of the charges set and the number of households participating.
- 11.7 Comparison with other similar authorities (with the usual caveats regarding the fact that all localities are to some extent different) give an indication of the

acceptability of pricing to the public and resulting take up rates. Charges are generally in a range between £35 and £70 per annum for a wheeled bin based service with participation rates of between 30% and 40% of households, although higher rates are also reported. Where participation rates are high, volumes of garden waste collected are also high, and there is no obvious correlation between charging and recycling performance. For example, in Hampshire, Hart collects a similar volume of garden waste to Winchester but charges £48.88 for a 140litre bin and £73.32 for a 240litre bin with a £32.59 set up charge in each case.

- 11.8 Based on this information and assessment it is proposed that the annual charge in the first year be set at £39 for a 140 litre wheeled bin with the option of a larger 240litre bin at £59. This will include the delivery of a wheeled bin of the chosen size to the householder. At these price points, the number of households signing up would need to be between 15,000 and 23,000 (depending on the proportion of householders choosing which option and how many people choose to purchase more than one bin) in order to achieve full cost recovery. At the upper end this would represent a participation rate of approximately 50% of households which would be at the high end of what has been achieved elsewhere.
- 11.9 The charge made by other Hampshire local authorities which charge for garden waste collections (which is all of them except Fareham) as shown in the table below:

Local authority	First Time Charge for Bin/Set up (£)	Collection Charge (£ at start of 2020/2021)	Bin size/options
Basingstoke	28.71	48.41	240l
Hart	32.59	48.88 73.32	140l 240l
Rushmoor	0	42.00	240l
Test Valley	25.50	35.00	240l
East Hants	30.00	70.00	240l
Havant	0	44.00 65.00	140l 240l
Gosport	0	60.00	240l
Eastleigh	0	39.00	240l
New Forest	0	35.00	All NFDC collections

			are sack based
Southampton	0	47.50	140l
		50.00	240l
Portsmouth	0	45.39	240l

- 12 Implementing the new service will require some significant IT work to prepare the council's website to accommodate on-line transactions and to interface data with the contractor's IT system being provided with new vehicles for the contract. There is some additional risk in this work over and above what would have been expected as the timetable for the manufacture and therefore the acquisition of new vehicles has been affected by the COVID-19 emergency and some delays are likely to be experienced in bringing them on stream. This will have to be managed and Cabinet will be advised if it is likely to result in any material impact on implementation of the new service. The collections would ideally operate on the same day as the existing green bag service but changes may be necessary to balance the collection rounds, so there is minimal risk about confusion over collection days changing.
- 13 As mentioned earlier, project planning and scheduling can proceed on the basis that householders will sign up for and pay for the new service between September and December 2020 and the new service will operate from the beginning of February 2021.
- 14 OTHER OPTIONS CONSIDERED AND REJECTED
- 14.1 The council has already resolved to include a new, charged for garden waste service as part of the budget setting process at the meeting of the full Council on 26th February 2020 and this report is required to implement that decision. No other options have therefore been considered in the preparation of this report, although there has been extensive consideration of the different aspects of operating the new service and charges set accordingly.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

None