

## Report to Cabinet

24 November 2016

By the Cabinet Member for Waste, Recycling & Cleansing



Key Decision

### **DECISION REQUIRED**

Not exempt

### **Proposal to increase fees for the Green Waste collection service**

#### **Executive Summary**

With continuing pressures on the Council's budget and the on-going challenge this presents to future service delivery, in particular discretionary services, it is necessary that where possible services generate sufficient revenue to cover their cost of delivery.

The purpose of this report is to recommend a small increase in the Green Waste subscription charge which is made for the Garden Waste collection service.

If Cabinet agrees to proceed with a fee increase then this will take effect from 1 April 2017.

#### **Recommendations**

Cabinet is asked to approve the following recommendations:

- i) Agree to the increase in Green Waste collection charges to take effect from 1<sup>st</sup> April 2017. The first bin collection at £39.50 per annum (if paid via the contact centre or post) or discounted to £37 per annum (if paid by on-line payment/Direct Debit).
- ii) Agree that the fee for additional green waste wheelie bin collections is increased from £20 to £25 per additional bin.
- iii) Delegate authority to the Director of Community Services in consultation with the Cabinet Member for Waste, Recycling and Cleansing to make any consequential amendments to the Green Waste Terms and Conditions.
- iv) Note that the proposed changes will result in approximately £106,500 additional revenue for the 2017/18 financial year.

## **Reasons for Recommendations**

- i) In line with the existing Green Waste Terms of Reference, the service is subject to an annual price review.
- ii) Additional green waste bins collected from properties are subject to an annual price review
- iii) The current Terms and Conditions of the service will need to be amended to reflect the new charges and inclusion of any minimal service charges related to payment by credit card
- iv) Due to the improved revenue position from the scheme to amend the 2017/18 budget for the service accordingly.

## **Background Papers**

Cabinet report 19 December 2012. Green Waste Opt-in scheme

Cabinet report 23 November 2015. Green Waste collection fee increase

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## Background Information

### 1 Introduction and background

- 1.1 The current scheme, introduced in June 2013, has been a success with 31,773 (or 62% of all) households participating in 2016/17. In addition 2,362 customers purchased a second bin. Projected revenue for 2016/17 is £1,159k which is £45k above the 2016/17 budgeted revenue of £1,115k due to a higher level of demand than originally budgeted for.

### 2 Relevant Council policy

- 2.1 The report supports the priorities in Corporate Plan 2016 – 2019
- Communities - Support our communities
  - Economy - Improve and support the local economy
  - Efficiency - Great value services
  - Environmental - manage our natural and built environment

### 3 Details

- 3.1 **The local picture-** Many councils nationally and all other councils in West Sussex charge for green waste collections with local charges ranging from our current £35 to £65 per annum 2016/17. A summary of the schemes operated by neighbouring councils is detailed below in Table 1.

**Table 1. Neighbouring Council Green Waste charges**

Authority	Cost for Green Waste Collections 2016/17	Comments
Horsham	£35	Additional bins £20 each/£37.50 non-direct debit and via telephone.
Crawley	£49	Runs for 9 months from March to November only
Mid Sussex	£65 per year	The Customer can only pay by Direct Debit only.
Adur	£65	Single scheme across Adur & Worthing.
Worthing	£65	
Arun	£63.50 per year	(+£7.50 transaction charge is added to credit card payments made by telephone). Part of a "Green Waste Club" Scheme that encourages composting. Customer subscription 12 month (£63.50 x1), 24 month (£57.15 x2) or 36 month (£50.80 x3) periods.
Chichester	£49	Price for payment by Direct Debit only, £56.50 otherwise.
Mole Valley	£53	£53 per bin – DD only. max number of bins three per household. Each bin to be purchased at £40 for new service entry which is partly refundable.

3.2 Cabinet is asked to agree a £2 increase to the Green Waste collection charge and an increase of £5 for subsequent bins.

### **3.3 Effect on recycling**

3.4 The increase in the collection charge may impact on the number of households participating in the scheme with a possible reduction in the recycling rate. However, recent changes to opening times at the West Sussex County Council Household Waste & Recycling Facilities may well encourage more residential uptake. During 2016/17, we have seen an average monthly increase in the tonnage of green waste collected from 1,209 tons per month in 2015/16 to currently 1,354 tons per month in 2016/17. Horsham still recycles nearly twice the green waste tonnage of all other District and Borough council areas across West Sussex.

3.5 Even if less green waste is collected by the Council this does not mean it will not be recycled. A number of residents will take up or increase home composting and many will take their green waste to be Household Waste Recycling Centres at Hop Oast and Billingshurst from where it will be composted. As access to these sites has decreased we may well see a neutral or even small increase in residential sign up given the excellent value for money the service provides set against increased queuing time at the West Sussex County Council sites.

3.6 It is also unlikely that there will be an increase in the amount of waste collected in the residual waste stream. This is due to diversion routes outlined above, the small size of the residual waste bin and our powers to refuse to accept mixed waste. The Environmental Protection Act 1990 section 46 paragraph (11) allows Councils to refuse to accept residual waste bins that contain garden waste thus further reducing the likelihood of diverting garden waste to landfill.

### **3.7 On-line payments discount:**

3.8 In 2016/17, we introduced an online payment discount to try to change customer behaviour and reduce the administrative cost burden of non-on-line and non-Direct Debit payments. Those paying by Direct Debit or on-line for the service qualify for a reduced fee of £37 per annum. Those not paying by either of these methods will be charged £39.50 per annum with the additional cost covering higher transaction costs including the appointment of temporary staff during the renewal period.

3.9 The processing cost of transactions through the call centre is estimated to be approximately £2.83 per transaction and £5.95-£6.62 (Google) for postal transactions compared to a web transaction of 15 pence. We anticipate that the number of subscriptions processed through the customer services contact centre will remain at around the 1,900 level, which is less than 6% of all customers.

## **4 Next steps**

4.1 If the revised charges are agreed, steps will be taken to amend the Terms and Condition of the scheme as appropriate to reflect any minor service charges applied for customers who pay by credit cards.

4.2 Customers will be contacted informing them of the revised charges for the service as a whole and Direct Debit instructions can be revised and issued to customers.

4.3 The service will continue to be marketed using appropriate media channels.

## 5 Views of the Policy Development Advisory Group and outcome of consultations

- 5.1 The proposed price increases and assumptions were considered by the Waste Policy Development and Advisory Group at its meeting on November 3rd 2016 and the Group was supportive of the proposals.
- 5.2 The Monitoring Officer's comments have been incorporated into this report. The Director of Corporate Resources comments that the proposed increase in fees will help resolve the Council's projected deficit outlined in its Medium Term Financial Strategy.

## 6 Other courses of action considered but rejected

- 6.1 Holding the subscription fee at £35 and £20 (additional bins) was considered but discounted due to the cost of the collection service increasing. The cost of delivering the service has increased due to a rise in salaries, pensions and vehicle running costs. In addition to increased overheads and running costs the council has committed an additional collection vehicle and crew to deal with peak service demands and associated increases in green waste tonnages some of which is attributed to promotional campaigns aimed at increasing kerbside recycling. It is also necessary that those using the service should pay to cover the cost of provision.

## 7 Financial consequences

- 7.1 A number of assumptions have been used when calculating the expected positive impact on the revenue budget 2017/18. These can be seen in Table 2 below. Currently 31,773 properties participate in the scheme of which a 1% reduction has been applied assuming that some customers may no longer continue with the service. In addition 2,362 customers purchase a two bin service, of which a 1% reduction in take up is also assumed in the calculations below.
- 7.2 The increase costs will generate an additional £106.5k per annum.

**Table 2. Revenue projections**

	2016/17		2017/18	Revised revenue return
<b>Customers Households</b>	31,773 (actual)		31,455 (Minus 1% participation)	
<b>First bin</b>	31,773 @ £35	£1,112,055	31,455@ £37	£1,163,835
<b>Second bin</b>	2,362 @£20	£47,240	2,338 x @£25	£58,450
<b>Current 2016/17 Budget</b>	2016/17 Budget £1,115,745	£1,159,295 (actual)		
<b>Projected revised 2017/18 Budget</b>				<b>£1,222,285 (-£106,540)</b>

- 7.3 The decision to implement a charge increase should be taken into context in light of the Medium Term Financial Strategy.

## **8 Legal consequences**

### **Statutory background**

- 8.1 The collection of Green waste is a discretionary, non-statutory service. Green Waste collections is a service for which, under Section 45 of the Environmental Protection Act 1990 and detailed in The Controlled Waste Regulations 2012, the Council can at its discretion levy a charge.
- 8.2 Section 4, Schedule 1 of The Controlled Waste (England and Wales) Regulations 2012 (as amended), specifies that garden waste is household waste for which a charge for collection may be made.
- 8.3 Section 46 of the Environmental Protection Act 1990 (as amended) specifies that the council may specify the type of container and the waste which is placed in the container and also specifies that the authority is not obliged to collect the waste in contravention of these requirements.

## **9 Staffing Consequences**

- 9.1 There are no establishment staffing consequences resulting from this decision. However, given the shift to more on-line and Direct Debit transactions it is possible that fewer temporary staff will be required during the renewal period.

## **10 Risk Assessment**

- 10.1 The participation rate is lower than the anticipated, with greater than 1% drop out of customers resulting in a lower income than projected.
- 10.2 Recycling rates could reduce as a consequence of fewer customers participating in the scheme. However, as stated above, some residents will deposit their garden waste at West Sussex County Council Household Waste and Recycling sites HWRS which will feed into the County wide recycling figures

## **11 Other Considerations**

- 11.1 There are no consequences of any action proposed in respect of Crime & Disorder or Human Rights.
- 11.2 Equality & Diversity
  - The service is available to all. Home composting or use of the HWRS remains an option for those not wishing to participate in the scheme.
  - Assisted collections will be offered under the same terms as existing for other collections.
  - Customers without access to a computer/internet can still benefit from the discounted rate by paying for the service by Direct Debit.
  - Computer terminals/internet access is provided in local libraries and the council reception area.

### 11.3 Sustainability.

- The service will continue to collect green garden waste for composting and seek to promote home composting for those who decide not to participate
- The service could result in a reduction in car usage as householders may make fewer trips to household waste recycling sites. This is a positive impact and therefore would not require mitigation.
- The service could result in a reduction in air pollution as householders may choose to recycle green waste where previously they may have burned some of this material.