

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Place and the Executive Director Place

To: Cabinet – 11 November 2015
Full Council – 17 November 2015

(Author: Emily Spicer – Environmental Services Manager, Paul Jackson – Interim South Holland Place Manager)

Subject: Proposed Pilot for Kerbside Garden Waste Collection Scheme

Purpose: To promote a Pilot Garden Waste Collection Scheme, based upon the business case set out in Appendix A, in alignment with the Councils corporate objectives to provide services that are accessible; responsive to need; commercially secure; and in line with the Councils transformation programme.

Recommendations to Full Council:

- 1) That the Council introduces a pilot garden waste collection service in targeted areas of South Holland commencing April 2016 and available to 5,000 households (500 collections per day);
- 2) That the daily hours operated by the existing waste and recycling fleet be extended (6am collections start) in order to release a collection vehicle that can be converted for the purposes of this pilot;
- 3) That, depending on the outcomes and evaluation of the pilot year 1 (including financial implications, the effect on performance, publicity requirements, administration and environmental and operational impacts) which will be the subject of a separate report to cabinet the service be rolled out to a further pilot area in 2017/18;
- 4) That the coverage of the pilot in year 1 is split between Spalding households one week and Holbeach, Crowland, Long Sutton, Sutton Bridge, Donington, Gosberton and Surfleet second week; and that decisions on any additions or amendments to these areas be delegated to the Environmental Services Manager in consultation with the Executive Manager of Place, the Place Manager and the Portfolio Holder for Place;
- 5) That the service standards and methods for the collection of garden waste be adopted as detailed within the attached business case;
- 6) That an initial customer annual charge of £49 for 24 collections and a one off charge initially offered at £15 (for delivery, repairs, loan of bin, newsletters and offers) be agreed for the primary collection method;
- 7) That paper sacks are provided at a charge of £15 for 10 (plus delivery) to be made available for ad hoc users or household not suitable for a bin within the pilot area;
- 8) That the Council's current collection policy relating to garden waste using grey pre-paid sacks be amended to coincide with the start of the pilot service to discourage garden waste being disposed of in this way in target areas;

- 9) That the Council's current collection policy relating to the sale of grey sacks continue unaffected in the pilot areas for a transition period but that residents purchasing grey sacks who live in the pilot areas are provided with information about the new service, home composting and what happens to waste disposed of in grey sacks;
- 10) That the grey sack policy be further considered as part of the evaluation of the pilot and the update report to Members;
- 11) That £72,500 is released from the Organisation Development Reserve in order to finance the year 1 capital requirements of this pilot; and
- 12) That £44,200 is released from the Organisational Development Reserve to finance the initial order of 2,600 bins for the pilot.

1.0 BACKGROUND

- 1.1 As Waste Collection Authority, South Holland District Council is responsible for the collection of household waste. This is administered by the Environmental Services Team and operated in-house. The Council currently provides weekly sack collections for both residual waste and dry recycling to all households. Residents' satisfaction levels are high.
- 1.2 For households needing to dispose of garden waste, the Council has historically encouraged residents to home compost wherever possible. Where this isn't practical, residents have to travel to disposal points such as the Lincolnshire County Council managed Household Waste and Recycling Centre; a County Council funded Saturday Morning Collection Point; or pay £1.50 for a grey waste sack that is ultimately sent for residual disposal (not composted).
- 1.3 Over the past 10 years a significant number of physical and behavioural changes have occurred. These changes have highlighted the clear need to investigate further options for householders requiring disposal of garden waste.

Notable changes include:

- Greater financial and time pressures on the family/household unit.
- A reduction in opening hours by over 50% at the only Household Waste Recycling Centre in South Holland, this located in Spalding, and an indication that these opening hours may be reduced further.
- Priority actions within the Corporate Plan and future objectives of the authority.
- A reduction in garden sizes with less space available for home composting.
- An aging population and a reduced ability to manage volumes/weight of garden waste.
- A national need to improve upon recycling and composting rates by 2020.
- Evidence from the Residual Compositional Analysis undertaken in October 2013 that highlighted that 7.18% of garden waste was still collected within black sacks.
- The fact that residual waste is now sent to the Energy from Waste facility as directed by Lincolnshire County Council and that the ability to burn garden waste material is less efficient than that associated with other household waste due to the high water content.
- The indication from Lincolnshire County Council that funding of the Saturday Morning Collection Scheme will be put forward as savings for 2016/17.
- The loss of recycling credits and the consequential gap in the Environmental Services budget.

1.4 Taken as a whole these changes have had, and will continue to have, a fundamental impact on recycling and composting rates in the District and the Councils financial resilience.

2.0 **OPTIONS**

2.1 **Collection Options**

2.1.1 There are a number of collection options open to the Council. However, it ought to be highlighted at the outset that this does not include a 'Do Nothing' option. Members have previously considered an options appraisal for the collection of garden waste and concluded that a 'do nothing' option would provide no additional revenue benefit to the Council's budget and nor would it provide for increased levels of customer satisfaction.

2.1.2 Rather, Members agreed that a business case ought to be developed for a garden waste collection scheme, this based upon a charged wheeled-bin collection in a pilot area of South Holland which included an optional sack collection for those households not suitable for a bin.

2.1.3 Appendix A contains the completed business case. This sets out an evaluation of the costs and benefits of a garden waste collection service based upon the principles established by Members. It concludes that there is financial and environmental merit in promoting a garden waste collection scheme.

2.1.4 It is therefore proposed that:

- a) The Council introduces a charged garden waste collection service;
- b) The service commences in April 2016;
- c) The charged waste collection service is initially introduced within a pilot area; and that
- d) The pilot scheme operates for an initial period of two years.

2.1.5 This approach will achieve the two-fold benefits of assessing the viability for establishing further garden waste collection services throughout the District whilst at the same time providing for a revenue income from 2016/17.

2.2 **Pilot Coverage Options**

2.2.1 There are effectively 3 options for the geographical coverage of the pilot over a fortnightly collection regime. These are:

- A. A Spalding-based collection area (reaching approximately 13,522 households).
- B. Collection within the main towns and villages, excluding Spalding (reaching approximately 17,352 households).
- C. A combined collection option – focussing on Spalding one week and on Holbeach, Crowland, Long Sutton, Sutton Bridge, Donington, Gosberton and Surfleet the next (this reaching 13,522 households in week one and 13,181 households in week two).

2.2.2 The business case is predicated on a conservatively estimated take up of 22% of targeted households over the 2-year pilot period.

- 2.2.3 The business case also highlights how many properties each of these three options would be advertised to. It specifies that the maximum capacity of 1 collection vehicle over a fortnightly period would be 5,000 households (i.e. 500 households per day). It emphasises that should more subscriptions be requested than capacity allows for, a waiting list would need to be operated.
- 2.2.4 In order to prepare the business case a postcard survey was first undertaken. The results of this survey are set out in Appendix A at section 3.1. Factoring in the survey results, the cost of travel to the household waste recycling centre in Spalding, garden size, and the potential removal of the Saturday Morning Collection funding by Lincolnshire County Council (Appendix A, section 7.2), the indications are that the fastest take-up of subscriptions would be outside of Spalding (i.e. Option B). Nevertheless, the combination approach outlined in Option C would enable the Council to identify early those areas where subscription rates were highest whilst at the same time embedding both route coverage and operational efficiency.
- 2.2.5 It ought to be noted that eligibility for garden waste collection under the pilot scheme would be based upon postcode areas and thereafter on an individual household basis in order to ensure the correct use and positioning of wheeled bins or sacks.

2.3 **Proposed Pricing Strategy**

- 2.3.1 The Environmental Protection Act (1990) gives power to Waste Collection Authorities to make a charge (section 45 (3)) in order to recover reasonable costs from the person requesting the service.
- 2.3.2 In the postcard survey undertaken in 2014 65% of respondents confirmed that they would be happy to pay for a collection service at £2 per collection (Appendix A, section 3.1 refers).
- 2.3.3 Further analysis of garden waste collection services in other authorities demographically similar to South Holland with comparable services highlights that a charge of around £45-£55 is value for money to customers using a wheeled bin garden waste collection service. This is based on:
- Convenience
 - Availability of other disposal methods e.g. numbers of HWRC
 - Garden size
 - Cost of operating the service
 - Standard of collection service
 - A collection through Autumn and Winter rather than just Summer
 - Disposable income versus time available to customer
- 2.3.4 Against this evidential backdrop, it is proposed to introduce an annual charge within South Holland of £49 for 24 collections and a one off charge initially offered at £15 (for delivery, repairs, loan of bin, newsletters and offers). This is set out at recommendation 6 above.

2.4 **Critical Activities**

- 2.4.1 In order to establish and support the proposed pilot garden waste collection service the following would need to be in place:
- An extension of the hours worked per day by the current waste and recycling fleet (in order to release a vehicle to the garden waste service).

- The implementation of the IT system 'Collective', this linked to the customer services management system in order to provide for a digital subscription process
- The release of a transit cage van from the special collections service for 2 hours per day to provide support for assessments for suitability, deliveries and repairs; and
- The purchase of a second hand refuse compaction vehicle with a lift in order to support collections and servicing.

3.0 REASONS FOR RECOMMENDATIONS

3.1 The strategy for providing a garden waste collection service addresses the following corporate and business objectives:

- To meet residents needs and demands for a kerbside garden waste collection service
- To provide an efficient and effective collection service
- To provide for maximum revenue generation for the Council.
- To develop an approach to improve customer insight for Environmental Services but also to the benefit of the Council
- To provide an easy to subscribe system and subscription discounts to motivate customers to join the scheme prior to implementation.
- To improve household recycling and composting rates
- To reduce the amount of biodegradable municipal waste (BMW) sent to Energy from Waste (EfW). Garden waste would fall into this category.

4.0 EXPECTED BENEFITS

4.1 As part of the development of the business case set out at Appendix A, a 'benefit card' is included at Section 8. For ease of reference, and in summary, the important benefits identified and analysed include the following:

4.2 An increase in service revenue generation

4.2.1 The introduction of a garden waste collection service will be to the benefit of the council's budget by introducing an additional income stream. This is detailed within section 9 of the attached business case, attached at Appendix A.

4.3 A decrease of BMW to EfW

4.3.1 In a recent Residual Waste Compositional Analysis (October 2013) the report highlighted that 7.18% of waste collected within black sacks was garden waste.

4.3.2 The introduction of garden waste collection service would remove an element of garden waste from general collection. By way of example, with 1,000 subscribers and assuming that each presented an average of 0.8 tonnes of residual waste per year some 7.18% of this general waste would be move to the garden waste collection service. This would result in Lincolnshire County Council receiving some 57 tonnes less per year, this saving the District Council approximately £5,000 from EfW and haulage charges.

4.4 An increase in recycling and composting rates

4.4.1 It is assumed that each subscribing property would compost approximately 0.5 tonnes per year (based on nearest neighbour data). Although seasonality influences tonnages collected (wet summers have higher than average tonnage collected, dry summers lower

than average), it is reasonable to conclude that composting rates will increase by up to 3%. This would result in South Holland reaching an overall recycling and composting rate of up to 34%.

4.5 Improved customer insight (utilising ACORN data)

4.5.1 A range of methodologies have been applied in order to predict the potential numbers of customers who would utilise the proposed garden waste collection scheme. These include benchmarking with other authorities with similar demographics that have introduced a comparable collection service; utilising the results of the Customer Postcard and Household Waste Recycling Centre Surveys; assessing historical feedback from Customers; and analysing the numbers of visitors to the Household Waste Recycling Centres/Saturday Morning Waste Services disposing of garden waste. Acorn data has been applied to returned surveys (refer Appendix A, section 3.6) to help determine which category(s) are most likely to comprise the customer base (target market). Similarly, by identifying households outside the main garden waste customer Acorn categories this assists market analysis. In essence, these households are not proposed to be targeted within the pilot scheme as they are unlikely to be 'potential subscribers'.

4.6 Improved Council image and Customer Satisfaction

4.6.1 The research undertaken to date has identified that there is both a need and a demand for a garden waste collection service within South Holland. Customer insight has also assisted in identifying the type of service that best fits with the needs of the potential customer. The intention is therefore to develop a 'fit for purpose' service that meets with the needs and expectations of the customer. In this manner, it is anticipated that a service can be developed that maintains and builds upon existing high levels of customer satisfaction.

4.7 Key Performance Metrics

4.7.1 The following measures will be utilised to evaluate/quantify success (measured against the business case) as well as to further refine service delivery to ensure that it continues to meet with customer need:

- Monthly subscription increases in comparison to defined targets.
- Quarterly recycling and composting performance.
- Additional income received through subscriptions in comparison to the financial model (weekly monitoring).
- Coverage metric – how many customers have subscribed in comparison to the potential number of customers (weekly monitoring).
- Annual Customer satisfaction survey.
- Annual residual waste analysis.
- Monthly project updates to Finance and Transformation Board.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 Although an increase in service and associated vehicle movements will increase the Councils carbon footprint, the carbon footprint of individual households travelling to and from the Household Waste Recycling Centre in Spalding to dispose of garden waste will reduce significantly, as will the overall number of vehicular movements. In addition the diversion of garden waste from EfW to composting will assist in off setting some of the additional carbon emissions generated from collections

5.2 **Constitution & Legal**

5.2.1 The recommendations outlined in this report will be determined at Cabinet and Council in line with the Councils constitution. The legal implications arising from the proposals contained in this report are outlined in detail in Appendix A at Section 4.3.

5.3 **Contracts**

5.3.1 The recommendations outlined in this report would result in the requirement for the commencement of new contracts for vehicles and containers. Should the recommendations be approved these additional assets will be obtained through existing and appropriate procurement processes.

5.4 **Corporate Priorities**

5.4.1 The recommendations outlined in this report would, if approved, facilitate the provision of a garden waste collection scheme which would contribute to the following corporate objective:

‘To provide the right services, at the right time and in the right way’

- Ensure that Council services are accessible, customer friendly and responsive to residents and business needs;
- Develop and implement a commercial approach to ensure a secure financial position; and
- Develop the council’s transformation programme and work with partners to drive through efficiencies and achieve resilience.

5.5 **Crime and Disorder**

5.5.1 There are no crime and disorder implications associated with this report.

5.6 **Equality and Diversity / Human Rights**

5.6.1 The business case outlined in Appendix A and the recommendations contained in this report would be available up to a subscription base of 5000 households in year 1 and an additional 5000 households in year 2 (although 6,000 subscriptions over the 2 years is projected). This phased approach proposed in order to test the business case and subscriber demand whilst minimising the capital asset purchase.

5.6.2 The 5000 households will be located within a target area based on a postcode.

5.6.3 Should the business case prove successful (measured against KPIs) a further report will be presented to Members to consider extending the scheme to further properties.

5.6.4 Some residents may not be able to afford the proposed pricing scheme. A reduced delivery offer is to be introduced prior to the implementation of the scheme and an ad hoc scheme in the form of a paper sack is available throughout the year. Residents will still be able to utilise the Household Waste Recycling Centre free of charge for the disposal of garden waste.

5.6.5 A customer survey from both households and users of the Household Waste Recycling Centre in Spalding identified that the service would be utilised by all segments of the population of South Holland.

- 5.6.6 The Council will continue to offer an assisted collection for any person that is unable to position their bin or bag at the edge of their property where they are the only occupant of the household.
- 5.6.7 There are not considered to be any adverse implications on equality and diversity or human rights arising from the recommendations set out in this report.
- 5.7 **Financial**
- 5.7.1 Net income for the 1st year of the pilot (£44,000) is included in the available options shown in the Medium Term Financial Plan (MTFP) as part of the Commercialisation strand of the Transformation project which is to be presented to Cabinet on 8th December 2015. A decision is required earlier in this instance to facilitate lead times for capital and operational equipment which would need to be delivered before March 2016 if the scheme is approved.
- 5.7.2 Cost reduction of £5,000 as identified in paragraph 4.6 in respect of Waste disposal costs is also included in the current MTFP Available options.
- 5.7.3 Transformation Board have reviewed capital costs of the 1st year pilot, and if the scheme is approved £72,500 will be allocated from the Budget of £1.1m which was approved by Council on 14th October 2015.
- 5.7.4 All capital costs of the 1st year pilot will be fully funded and therefore there is no requirement for a Minimum Revenue Provision in the MTFP.
- 5.7.5 The initial order for Bins will be required to be placed in December 2015 for delivery in February 2016 at a cost of £44,200. This will allow time for delivery to individual properties before the commencement of the service on the 4th April 2016. Transformation Board have reviewed the operational costs of the 1st year pilot, and if the scheme is approved this cost will also be allocated from the Budget of £1.1m which was approved by Council on 14th October 2015.
- 5.7.6 Subscription take up shown in year 1 represents the break-even point for the pilot including the cost of the Bins. Year 2 at this level of service users is estimated to generate net income of approximately £38,000 assuming no change in the subscription rate and allowing for inflation on costs. An allowance for agency staff of £4,000 is included in the pilot for subscriber level increases over and above the estimate of 2,300 which it is assumed can be managed by existing staff.
- 5.7.7 Regular monitoring of the pilot activity will be carried out and an assessment of the financial performance will be completed in October 2016 to inform a further report to Cabinet on the viability of the scheme. Bin cost of £68,000 and Capital cost of £148,350 may need to be incurred in 2016/17 if the pilot is extended. Additional income may also be available, in year, in the event of additional subscribers to the service and these income and costs will be included in the review of the pilot scheme.
- 5.7.8 Detailed financial data in Appendix A (Section 9.33 & 9.44) is based on officer assessment after examination of the current waste and recycling service and market research / Benchmarking exercises in neighbouring Districts. Sensitivity analysis on subscription rates has been carried out as part of the Business case preparation in order to arrive at the recommended rate of £49 per annum.

5.8 Health & Wellbeing

- 5.8.1 In the last 10 years financial and other pressures, including time pressures, have increased on households. In addition the reduction in the opening hours of the one Household Waste and Recycling Centre in South Holland has caused issues with long queues during the growing season at the site at weekends. The introduction of a garden waste service would give households the choice of whether they wished to continue using this method of garden waste disposal or to pay for a collection from their household.
- 5.8.2 In addition, the annual cost for the garden waste collection scheme will be on average cheaper than the equivalent number of journeys (average distance from the HWRC).
- 5.8.3 As part of the subscription service it is proposed to provide subscribers with newsletters, offers (vouchers for bulbs) and prize draws for compost to add value to their service.
- 5.8.4 There are not considered to be any adverse implications on health or wellbeing arising from the recommendations contained in this report.

5.9 Risk Management

- 5.9.1 All sensitivities, risks, contingencies and the management of the same are detailed in the attached Appendix A at section 12. In summary the key risks are:

- IT Implementation and online payment capability
- Time management of marketing plan
- Subscriber increases are as predicted

5.10 Safeguarding

- 5.10.1 There are no safeguarding implications associated with this report.

5.11 Staffing

5.11.1 *Existing Staff with Environmental Services*

- 5.11.2 The following posts currently held within the Environmental Services Team at South Holland District Council will provide support to the scheme:

- Environmental Services Manager
- Environmental Services Operational Manager (and assistant)
- Senior Environmental Services Manager
- Administrator (currently part time but to be extended to full time)

- 5.11.3 Amongst those roles they are responsible for the day to day management of Environmental Services (strategic and operational), support and promotion of service, provide key campaigns to target issues such as high levels of contamination in the materials collected for recycling and provide valuable customer insight and data to support their roles.

- 5.11.4 The existing staff will support, enable and assist in the mobilisation of the implemented pilot Garden Waste Service.

5.11.5 Additional Supervisor hours will commence from January 2016 in order to prepare routes, identify properties where bins may not be accessible and ensure an efficient and effective service implementation. The supervisor will commence the delivery of wheeled bins and sacks from February 2016.

5.12 Stakeholders / Consultation / Timescales

5.12.1 All organisations/key suppliers have been engaged during the development of this business case and the preparation of the report. A mobilisation plan detailed within section 11 to Appendix A identifies key timescales and milestones.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 This proposal is to implement a garden waste collection service available to a pilot area of South Holland. Each collection day will cover a different village or town within South Holland therefore all wards and the majority of communities will be affected.

7.0 ACRONYMS

BMW – Biodegradable Municipal Waste
EfW - Energy from Waste
EC – European Community
EU – European Union
HWRC – Household Waste Recycling Centre
ROI – Return on Investment
WCA – Waste Collection Authority
WDA – Waste Disposal Authority

(included in both the body of this report and Appendix A)

Background papers:- None

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Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service

Appendices attached to this report:

Appendix A Full business case for a pilot garden waste collection scheme in South Holland