

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Councillor Roger Gambba-Jones, Portfolio Holder of Place and Robert Walker, Director of Place.

To: Cabinet Tuesday 24th November 2017
South Holland District Council Wednesday 17th January 2018

(Author: Emily Spicer, Environmental Services Manager)

Subject: Garden Waste Collections in South Holland.

Purpose: To update members on the outcome of the Garden Waste Collection trial and to seek approval to formalise this service into the base budget.

Recommendation(s):

- 1) That the contents of this report are noted.
- 2) That approval is given for the Garden Waste Collection Scheme to become a formal offered service within target areas (not all of the district).
- 3) That approval is given to extend the Garden Waste Collection Scheme to two collection routes from 1 April 2018.
- 4) That the purple sack garden waste disposal service is reviewed in line with the extension of the Garden Waste Collection Scheme.
- 5) That £240,000 is released from the Investment and Growth reserve in 2017/18 in order to finance the capital requirements (one vehicle and wheeled bin provision) of a second route to the garden waste collection scheme.
- 6) A further £165,000 is approved as a commitment from the Investment and Growth reserve in 2021/22 in order to finance the capital requirements (replacement vehicle).
- 7) That in year 1 (2018/19), based on the mid case scenario (Table 3, Option 2), the revenue budget is increased by up to £90,000 (net expenditure), that the funding for this initial investment is taken from the Investment and Growth Reserve, and that the revenue budgets will be reviewed and adjusted in accordance with demand during 2018/19.

1.0 BACKGROUND

- 1.1 In April 2016, South Holland District Council introduced a two year trial garden waste collection service to test whether adequate subscribers could be gained to make that service at least self-financing.
- 1.2 Collecting garden waste is a discretionary service and Members of South Holland District Council were keen to provide a collection that would only be financed by those using that service and not the general tax payer of South Holland.
- 1.3 An existing refuse collection vehicle was converted to enable bin-lifting capabilities and was deployed in a targeted area for garden waste collections based on a commercial approach (it was not a universal scheme). Two methods of collection were introduced for customers to choose from, a 240 litre brown wheeled bin or paper compostable sacks.

Garden Waste Collection Trial Results.

- 1.4 Over the 2 year trial period, the Garden Waste Collection trial, which has now reached full capacity, has been extremely successful both in financial terms and from customer feedback.
- 1.5 In the Cabinet report (November 2015) it was estimated that the net income for 2016/17 would be £44,000 and for 2017/18 would be £38,000, showing an accumulative income of £82,000. The success of the pilot scheme and the high level of subscriptions take up has meant that the pilot developed quicker and differently than anticipated. However, these figures can still be considered as the target net income for the garden waste collection pilot.
- 1.6 During the trial, 3,404 subscriptions have been secured with 324 of those properties also having purchased additional bins. This is against the original business case target of 2,300 subscriptions required with 300 additional bins purchased. Equally, 222 packs of paper sacks have been purchased against a target of 300.
- 1.7 A financial impact summary of the trial results (revenue costs for Garden Waste Collection Trial are detailed in appendix A) :

	Capital Cost	Average Users	Revenue Impact			
			Running Costs	Contribution To Reserves	Total Income	Net
	£000	No.	£000	£000	£000	£000
2016/17	78	3,085	139	-	(210)	(71)
2017/18	-	3,404	132	-	(176)	(44)
	78					(115)

When comparing performance against actual targets there is an over achievement of £33,000.

- Capital costs include alterations to existing vehicle and purchase of bins.
 - Income charged at £49 per household plus £30 per additional bin.
 - 2016/17 costs and income includes one-off delivery charges (£15).
 - 2017/18 based on forecast figures in terms of income and expenditure.
 - No contribution to reserves for vehicle purchase programme as pilot scheme.
 - Scheme demonstrates initial return on capital investment in less than 2 years.
 - As at 31st March approximately 324 users have a second bin.
 - No indirect costs included e.g. depot costs, support services, management costs as pilot scheme.
- 1.8 25 compliments have formally been received throughout the trial period, supplemented by numerous informal compliments through Customer Services, Members of the Council, Environmental Services, customers and other sources.
- 1.9 The garden waste collection scheme has increased the recycling and composting rate by 3.93% (2016/17). The overall recycling and composting performance for 2016/17 being 28.3%.
- 1.10 In exceeding the targets and business objectives set out in the original approved report (Cabinet, 10th November 2015), the garden waste collection trial has demonstrated success at being a standalone service.

Emerging issues

During the last two months, a number of issues have emerged that need to be considered. These are as follows:

- 1.9 A growing waiting list: There are currently 1,555 households registered on the waiting list for a brown collection bin. 1,300 of these are in the current trial area and are only unable to subscribe because the current vehicle has reached bin capacity. Through 'word of mouth', officers are also aware that a number of households wishing to subscribe have not signed up to the waiting list.
- 1.10 Service continuation: Over the past number of month's customers have made contact to enquire as to whether the service will continue after the end of the two year trial.
- 1.11 Other options for garden waste disposal: In line with the Council's legal obligations under the Environmental Protection Act 1990, a collection of garden waste (purple sacks) has been offered at a charge to households. Historically (without a formal garden waste service), any garden waste material collected by this method is disposed of through the residual waste collections. With residual waste sources in Lincolnshire approaching maximum capacity, Lincolnshire County Council as Waste Disposal Authority are keen for collections of this type to end and for garden waste materials to be diverted for composting.
- 1.12 Recycling performance: In July 2017, South Holland District Council received correspondence from Defra regarding a reported recycling percentage of below 30%. The correspondence enquired about the reasons for this performance and the Council's intentions to improve this situation.

2.0 OPTIONS

- 2.1 **Do nothing** – this option does not provide customers of the current garden waste collection trial with the assurances they seek.
- 2.2 **Option 1: Formalise garden waste collection service (without extension)** – this option provides the assurances for current customers of the scheme however with capacity reached with the one collection vehicle no further subscribers may be included in the scheme. This leads to discontent for potential future customers and also caps current revenue generation.
- 2.3 **Option 2 (recommended): Formalise garden waste collection service and extend to meet current demand** – this option provides assurances to current customers, provides opportunities for new customers and offers the prospect for further revenue generation.

3.0 REASONS FOR RECOMMENDATION(S)

The strategy for providing a formal garden waste collection service addresses the following 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 a cost effective service at no cost to other District Council Tax Payers
- To develop an approach to improve customer insight for Environmental Services but also to the benefit of the Council.
- To improve household recycling and composting rates.
- To reduce the amount of waste sent for final disposal and divert that waste for composting.

4.0 EXPECTED BENEFITS

- 4.1 The following benefits are expected on approval of the recommendations:

- Improved current customer satisfaction (assurance service is to continue).
- Increased service capacity and subscriber numbers.
- Reduced waiting list numbers.
- Provision of a cost effective service.

- Increased household recycling rate and reduction in garden waste sent for residual disposal.
- Consistency in the garden waste collection service offered to customers.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 Although expansion in service and associated vehicle movements will increase the carbon footprint of the Council, the carbon footprint of households travelling to the Household Waste Recycling Centre in Spalding to dispose of garden waste will reduce further.

5.1.2 In addition the diversion of garden waste from residual waste disposal (through purple sacks) to composting will assist in offsetting some of the additional carbon emissions generated from collections.

5.2 Constitution & Legal

5.2.1 This report will be determined at a meeting of South Holland District Council on Wednesday 17th January 2018 in line with the Council's constitution in seeking additional budget requirements.

5.2.2 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 garden waste collection service. In addition, powers conferred by the Local Government Act 2003 allow local authorities to charge for discretionary services. This charge enables South Holland District Council to offer services such as the kerbside collection of garden waste without reducing the funding available to other services.

5.2.3 The service offered is entirely optional and if residents wish to dispose of their own garden waste this can be done for free at Household Waste Recycling Centres or by home composting.

5.3 Contracts

5.3.1 Should the recommendations of this report be approved by Members, additional assets such as a collection vehicle and bins will be accessed through the appropriate procurement process and existing framework agreements.

5.4 Corporate Priorities

5.4.1 The approval of the recommendations within this report would allow an extended garden waste collection scheme to contribute to the following corporate objectives:

'To provide the right services, at the right time and in the right way'

To ensure that Council services are accessible, customer friendly and responsive to residents and business needs;

To develop and implement a commercial approach to ensure a secure financial position

5.5 Crime and Disorder

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

5.6 Equality and Diversity / Human Rights

5.6.1 Whilst extending the current subscription base, the collection routes will still be selected on a targeted basis. This targeted area is based on current routes, numbers of properties per area and current

waiting list indications. It is important to note that the extended service will still not cover the entire district at this stage.

- 5.6.2 In terms of physically accessing the service, 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.

5.7 Financial Impact

- 5.7.1 In order to assess the potential financial implications of the options, 3 scenarios have been costed based on different subscription rates. The following detailed analysis is based on the mid-point (most likely scenario). The following tables set out:

- The initial 2 year trial period,
- Continuing the current service based on a single vehicle, and
- Extending the service to meet demand through the provision of a second vehicle.
- Sensitivity analysis of 3 scenarios setting out the financial implications of different subscriber rates.

- 5.7.2 Members should note the following assumptions within the figures:

- The use of reserves to fund the initial capital and ongoing capital costs of the vehicles and bins is repaid through an annual contribution from revenue back to the reserves over 7 years (vehicle) and 15 years (bins).
- The figures do not assume any future increase in the charge to residents for the garden waste service. This is something that members will need to consider as an option in the future to cover future inflationary cost increases of the service. Future increase in this charge will have a beneficial impact on the overall financial analysis of the options below.
- Indirect charges for example depot costs, support services and management costs are not included as this service will not impact on the current budgeted costs.

Table 1 Financial outcomes of the Garden Waste Collection Trial

	Capital Cost	Average Users	Revenue Impact			
			Running Costs	Contribution To Reserves	Income	Net
	£000	No.	£000	£000	£000	£000
2016/17	78	3,085	139	-	(210)	(71)
2017/18	-	3,404	132	-	(176)	(44)
	78					(115)

- Capital costs include alterations to existing vehicle and purchase of bins.
- Income charged at £49 per household plus £30 per additional bin.
- 2016/17 costs and income includes one-off delivery charges (£15).
- 2017/18 based on forecast figures in terms of income and expenditure.
- No contribution to reserves for vehicle purchase programme as pilot scheme.
- Scheme demonstrates initial return on capital investment in less than 2 years.
- As at 31st March approximately 324 users have a second bin.

Table 2: Formalise garden waste collection service (without extension)

	Capital Cost	Average Users	Revenue Impact			
			Running Costs	Contribution to Reserves	Income	Net
	£000	No.	£000	£000	£000	£000
2018/19	-	3,404	133	26	(177)	(18)
2019/20	-	3,404	135	26	(177)	(16)
2020/21	-	3,404	136	26	(177)	(15)
2021/22	165	3,404	137	26	(177)	(14)
2022/23	-	3,404	139	26	(177)	(12)
2023/24	-	3,404	140	26	(177)	(11)
2024/25	-	3,404	142	26	(177)	(9)
Total after 7 years						(95)

- 2018/19 running costs and income all at current rates.
- Running costs increased by 1% each year
- Contribution to reserves based on 7 year vehicle life and 15 year bin life for replacement programme.
- Capital costs relates to a new vehicle replacement at current price at end of current life (2014 vehicle).

Table 3 Option 2: Formalise garden waste collection service and extend to meet current demand in collection area with assumed growth to 2020/21

	Capital Cost	Average Users	Revenue Impact			
			Running Costs	Contribution to reserves	Income	Net
	£000	No.	£000	£000	£000	£000
2018/19	240	4,754	303	52	(265)	90
2019/20		5,754	306	52	(310)	48
2020/21		6,800	272	52	(364)	(40)
2021/22	165	6,800	275	52	(348)	(21)
2022/23		6,800	277	52	(348)	(19)
2023/24		6,800	280	52	(348)	(16)
2024/25		6,800	283	52	(348)	(13)
Total after 7 years						29

- 2018/19 income forecast includes one-off delivery charge for additional bins.
- 2018/19 income projections based on current users plus 1,350 new subscriptions, (those on the current waiting list in the target area)
- 2nd bins are included but the assumption is that this will be at 50% of the levels being achieved from the current service users
- 2019/20 income projections based on an additional 1000 users on the extended service.
- 2020/21 income projections based vehicles at 100% capacity.
- 2018/19 and 2019/20 costs include initial marketing to bring service to capacity as quickly as possible. This will be reviewed each year.

- Capital costs will need to be made available 10 weeks prior to the start of the new scheme for procurement purposes.
- The above table shows that the scheme income starts to cover its costs in 2020/21, though breakeven is not achieved on the initial outlay over the 7 years of the scheme.
- Initial revenue costs of the service (estimated at £90k) will ultimately depend upon the take up of the service and the value spent on marketing the scheme. It is recommended that these initial costs are funded from the Investment and Growth Reserve.

Table 5: Sensitivity Analysis

In order to evaluate the impact the table below compares Option 2 above to two other scenarios

1. Option 1 Best case scenario – this assumes that the service delivers a second round with 100% capacity in 2018/19 – scheme covers cost from the outset
2. Option 2 – as detailed in table 3 above – 100% capacity reached in 2020/21
3. Option 3 – Only 500 new subscribers in 2018/19 and 100% capacity not reached until 2021/22

	1. Best Case Scenario (6,800 subscriptions in 2018/19)		2. Mid-Point Scenario (as detailed in Table 3 above)		3. Worst Case Scenario (500 additional subscriptions in 2018/19)	
	Capital Requirement	Net Revenue	Capital Requirement	Net Revenue	Capital Requirement	Net Revenue
2018/19	240	(44)	240	90	240	146
2019/20		(27)		48		54
2020/21	165	(24)	165	(40)	165	6
2021/22		(21)		(21)		(35)
2022/23		(19)		(19)		(19)
2023/24		(16)		(16)		(16)
2024/25		(13)		(13)		(13)
Total over 7 years		(164)		29		123

5.8 Health & Wellbeing

- 5.8.1 In the last 10 years' 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. Increasing the capacity of the garden waste collection scheme would give more households the choice of how they wish to dispose of their garden waste.

5.9 Reputation

- 5.9.1 Formalising the current Garden Waste Collection scheme and extending to additional properties will enhance the reputation of the Council by meeting more of the wants and needs of customers. This includes a reliance and reduction in other forms of garden waste disposal such as the 'purple sack scheme'.

5.10 Risk Management

- 5.10.1 The key risk to the success of the service is to ensure subscriber numbers increase as predicted should Option 2 Expansion of the scheme be approved. In order to mitigate this risk, a 6 month marketing and sales role will be assumed. Marketing will use the current customer base (areas of high use), current waiting list data, targeted door knocking and through a range of communications materials.

5.11 Safeguarding

- 5.11.1 There are no safeguarding concerns in respect to this report.

5.12 Staffing

- 5.12.1 All staffing requirements have been included in the revenue costs of the service. The existing staff within Environmental Services will provide support to the project with the vacant operatives sourced through a local agency.

5.13 Stakeholders / Consultation / Timescales

- 5.13.1 All key stakeholders have been engaged with during the trial period and discussions in seeking a way forward.
- 5.13.2 Should the recommendations be approved all current customers will be informed that the Garden Waste service has been formalised.
- 5.13.3 With approval to extend, Officers in Environmental Services will commence preparations for extension to launch April 2018.

5.14 Moving Forward Programme

- 5.14.1 The Garden Waste Collection trial has demonstrated the success of the Moving Forward Programme with funds released from this budget to enable the scheme.

6.0 WARDS/COMMUNITIES AFFECTED

- 6.1 Whilst the Garden Waste Collection Scheme will continue to be a targeted service, 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
WCA – Waste Collection Authority

Background papers:-

The Business Case for a proposed pilot Kerbside Garden Waste Collection Scheme – Committee report November 2015

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Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service

Appendix A: Revenue costs for Garden Waste Collection Trial

		2016/17 Outturn	Forecast Outturn 2017/18
Employees Direct	Gross Pay	41	40
	Overtime	9	0
	Employer's NI Contributions	4	4
	Employer's Retirement Benefit Cost	12	7
	Agency Staff	10	13
Transport Costs	Fuel & Oil	12	26
Transport	Road Tax	1	1
	Tyres	2	2
	Maintenance	28	11
	Vehicle Hire	0	18
Supplies & Services	Furniture and Equipment	18	0
	Materials and Consumables	(1)	2
	Stationery	0	1
	Other Communication Costs	0	3
	Advertising - Events	1	0
Supplies & Services	Insurance	1	1
Support Services	Recharges to/from support services	0	3
	Total Expenditure	139	132
Income	Green Waste Collection	(210)	(176)
		(71)	(44)