

**EXECUTIVE
COMMITTEE**

12th September 2017

Redditch Borough Council Garden Waste Service

Relevant Portfolio Holder	Cllr Debbie Chance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Guy Revans
Ward(s) Affected	All
Ward Councillor(s) Consulted	NA
Key Decision / Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The proposal is to make changes to the household waste collection service to ensure Redditch Borough Council (RBC) residents can choose to dispose of green garden waste in a way that is both environmentally sustainable and convenient.
- 1.2 There are considerable opportunities for RBC to increase customer satisfaction, raise the recycling rate, expand the range of services on offer to residents, relieve pressure on existing services by reducing volumes on grey bin collections and generate revenue in providing a household garden waste collection.
- 1.3 A full business case (see appendix) has been undertaken to identify the Recommended Option for a garden waste collection service for Redditch.
- 1.4 It is proposed that Bromsgrove District Council (BDC) will administer and operate a garden waste service on behalf of Redditch Borough Council (RBC) under the existing shared services arrangement. The service will fully mirror the existing BDC garden waste service in all aspects.

2. RECOMMENDATIONS

- 2.1 The Executive is asked to RECOMMEND to the Council that:
 - i. From March 2018 Redditch Borough Council will introduce and Bromsgrove DC will to run as part of the shared services agreement for Environmental services a seasonal (March to November inclusive) garden waste service on behalf on Redditch BC.
 - ii. The Charge will be £45 for the initial season to be increased in line with fees and charges as appropriate.
 - iii. A set-up fee of £20 per customer is charged in the first year of service and for new customers in each following year.

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- iv. An introductory offer of a £10 set-up fee will be used to encourage early sign up before the 31 January 2018.
- v. The Head of Service, in consultation with the designated Portfolio Holder, has authority to temporarily reduce or remove the set-up fee as promotional tool to increase and encourage subscriptions.
- vi. Should the Recommended Option be pursued, a capital commitment for the next 4 years of £31,000 in year 1 and £15,000 in years 2 to 4 is to be included in the capital programme.
- vii. Once the maximum number of customers has been approached a customer waiting list will be employed. Officers will bring a further report and business case with options for extending the service should it be required.
- viii. The chargeable Orange Sack Service is formally retired as part of the new service changes.
- ix. A communication plan is devised and implemented to advise residents of the changes to RBC waste collection service and the requirement to use brown bins only for garden waste.

3. KEY ISSUES

Financial Implications

- 3.1 Seven options were initially evaluated for dealing with green garden waste in the Borough and a full business case can be seen at Appendix 1.

The proposed option demonstrates an affordable solution which is capable of improving the overall services on offer to residents and at the same time generating additional benefits which can be utilised by RBC to support essential statutory and non-statutory functions.

- 3.2 Budgeted income in the medium term financial strategy for 2018/19 £23,725 and 2019/20 is £47,450. In table 1 a summary cost benefit analysis shows these incomes are achieved by the proposed option.

Forecasted Net Present Value¹ (NPV) identifies that after operating costs, year 1 will generate a surplus of £33,444 year 2 £54,383, year 3 £74,662 and year 4 £97,538.

¹ NPV is the projected income minus spend

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For comparison, Option 6 has been included to show that budgeted income is not achieved by this option falling £9,280 short in year one and £13,167 in year two.

Table 1: Four Year Forecast Summary Cost Benefit Analysis for Recommended Option

(Option 6 – no administration charge included for comparison)²

	Year 1	Year 2	Year 3	Year 4
Income	£65,000	£110,000	£155,000	£200,000
Running & repayment Costs	£30,555	£55,617	£80,338	£102,462
Net Present Value	£34,445	£54,383	£74,662	£97,538
Net Present Value Option 6	£14,445	£34,383	£54,662	£77,538

3.3 Should to option of an introductory £10 set up fee be implemented, this would have the impact of reducing the income in the first year to £55,000 giving an NPV of £24,445 which would still cover budged income requirements for 2018/19.

3.4 The capital commitment required for the next 4 years is £31,000 in the initial year and £15,500 years 2 - 4 for the procurement of bins. Interest and repayment of capital borrowing is as follows:

Year 1 - £2,596.76

Year 2 - £5,193.53

Year 3 - £7,790.29 (and each year thereafter up to year 11)

3.5 Service running costs will be met through receipts taken for subscriptions. Market research suggests the level of subscriptions will be around 1,000 in year one.

3.6 An agreed amount will be paid to BDC per subscription to cover operational activities undertaken on behalf of RBC. This amount will cover vehicles, fuel, crews, administration for initial set up and ongoing support of the service. Table 2 identified the charging bands; a full breakdown of running costs can be seen in appendix 1 table 5i.

3.7 RBC will be charged per subscription up to the level of each charging band identified in table 2 for clarification:

- **800** subscribers would be charged at **£27.52** x 800 giving a total of **£22,016**

Table 2: Cost of Service per Subscription for RBC to pay BDC

² For a full breakdown see Appendix 1, table 3.

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Item	Charging Band ³			
	<1,000	>1,000	> 2,000	> 3,000
Number of Subscriptions				
Charge per subscription	£27.52	£24.78	£23.75	£23.23

- 3.8 A single rate for all subscriptions will be applied in line with the relevant charging band of total subscriptions.
- 3.9 The proposal represents good value to the customer at £45 per season, this equates to 20 collections at £2.25 which is extremely favourable when compared to other H&W authorities (Appendix Table 10).
- 3.10 A £20.00 set-up fee in the first year of subscription has been included as a one off charge. The use of a set-up fee is widely acknowledged as a useful mechanism to manage customer retention as it avoids customers setting and cancelling up a DD each year which is costly and time consuming for the service. Officers have previously identified this is something that would benefit the BDC service and thus recommend it from the start for RBC.

In the first year the cost of the bin plus delivery means the actual surplus from the customer payment in the first year is not the full subscription price.

As an introductory offer the option to reduce the set-up fee to £10 is an option to encourage early take up of the service. Enabling customers to subscribe early is beneficial to the operational activities bin delivery, round allocation and administration.

- 3.11 Subscriptions will be on a **Direct Debit (DD) only** basis as this method of payment has invaluable benefits over other payment methods and is the chosen method of payment for all new subscriptions in BDC.
- 3.12 Bins will be procured under an approved Yorkshire Purchasing Organisation (YPO) contract. This is a leading public sector procurement organisation with over 40 years' experience. YPO have supplied the most preferable unit cost of £15.50 for a standard 240 litre bin which matches the specification required of the service.
- 3.13 The historical chargeable orange sack service has been used predominantly to help residents dispose of garden waste. 1,185 sacks were sold during 2016/17

Garden Waste collected via orange sacks is not composted due to it being contained within plastic sacks.

³ The charge applied will be for the overall quantity of subscriptions at the end of the service

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Allowing residents to purchase additional capacity is contrary to the policies RBC signed up to in the Joint Municipal Waste Management Strategy and with an alternative more sustainable method of managing garden waste being introduced this service is no longer fit for purpose.

Legal Implications

- 3.14 Under the Environmental Protection Act 1990, the Council has a duty to collect household waste. Garden waste is household waste for which a charge can be applied for collection under schedule 2 of the Act.

Service / Operational Implications

- 3.15 RBC signed up to the Herefordshire and Worcestershire Joint Management Waste Management Strategy (JMWMS)⁴ in 2004. At the heart of the JMWMS is the Waste Hierarchy which focuses on moving waste up through the pyramid to prevent final disposal.
- 3.16 Since September 2017 EnviRecover⁵, receives all household residual waste from RBC. However, despite being preferable to landfill, energy recovery is still low down the waste hierarchy (see Figure 1). To avoid considerable negative impacts on the environmental and economic performance of our waste service in respect of Collection and Disposal, there is a need to move it further up the hierarchy.
- 3.17 Worcestershire County Council (WCC) has promoted a discounted home compost bin scheme for over 20 years. There has been a steady decline in home compost bin sales in recent years and in 2016/17 only 74 bins were purchased through this scheme.
- 3.18 There is evidence that green garden waste is being placed in grey bins which are essentially supplied for residual waste⁶ with a small amount going being placed in Orange sacks.
- 3.19 Redditch Borough Council (RBC) is the only waste collection authority within Herefordshire and Worcestershire that does not offer a dedicated garden waste collection service. Nationally around 50% of collection authorities offer a

⁴ First Review 2011

⁵ EnviRecover is a 200,000 tonne per year Energy for Waste facility at the Hartlebury Trading Estate near Kidderminster

⁶ Waste not able to be recycled, reused or composted

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chargeable service specifically for garden waste⁷. It is predicted that by 2022 that all local authorities in England will be charging for garden waste.⁸

- 3.20 RBC consistently has the lowest overall recycling rate within Herefordshire and Worcestershire (Table 1). Where garden waste is collected and sent for composting, tonnage contributes towards the overall recycling rate. RBC relies on residents to home compost or visiting the HRC to dispose of garden waste. However, there is evidence that green garden waste is being placed in grey bins which are essentially supplied for residual waste⁹.

Table 1: Recycling Rates for H & W Collection Authorities 2016/17¹⁰

Waste Collection Authority	Total Dry Recycling	Total Composting (inc Garden Waste Collection)	Total Recycling Rate
Bromsgrove District Council	24.71%	19.50%	44.21%
Wychavon District Council	29.34%	14.78%	44.13%
Herefordshire	29.91%	12.61%	42.53%
Malvern Hills District Council	28.18%	10.27%	38.46%
Worcester City Council	30.09%	6.42%	36.51%
Wyre Forest District Council	25.49%	7.29%	32.78%
Redditch Borough Council	28.59%	2.18% ¹¹	30.77%

- 3.21 The service will form part of the current shared service arrangement currently in place between RBC and BDC. As such there will be an amendment to the current financial charging arrangements between RBC and BDC. RBC will pay BDC according to the charging bands in table 2 per subscription.
- 3.22 The service will consist of 20 collections on alternate weeks throughout March to November. Where a bin is not at the kerbside (or designated collection point in case of assisted collection) the bin will not be emptied.
- 3.23 BDC have the capacity within their current service to accommodate between 4,000 and 4,800 additional customers Tuesday to Friday on alternate weekly

⁷ 2014/15 Data taken from Waste Data Flow

⁸ Bird, A, 2017 Energy for Waste Conference, Local Authority Recycling Advisory Committee

⁹ Waste not able to be recycled, reused or composted

¹⁰ Figures taken from Waste Data Flow 2016/17

¹¹ From the clearance of fly tipped green waste and compostable street sweepings

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basis. This is dependent upon sequencing that will result from location and spread of customers.

- 3.24 BDC will administer and operate the garden waste collections to RBC residents as an extension of the current garden waste service already provided in Bromsgrove. Mirroring the BDC service, allows RBC to take opportunity of spare capacity in the BDC service which has been created via optimisation of routes.
- 3.25 BDC has operated a garden waste service within Bromsgrove District since 2003. From 2009, the service has been an opt-in chargeable collection which started with 39.9% participation; participation has now risen to 45.68%¹². This well established service continually performs well and consistently serves in excess of 18,500 customers per year. BDC has an overall combined recycling rate of 44.21%¹³ of which 9,649 tonnes is attributable to dry recycling and 7,613 tonnes comes from the garden waste service
- 3.26 The operational workforce engaged in the service is well established and have many years' experience in this role. They are managed by the Environmental Service shared service management team which covers both RBC and BDC operational services. There is thus a vested interest for the success of the RBC service for all parties involved.

Customer / Equalities and Diversity Implications

- 3.27 72% of residents¹⁴ identified that they would be willing to pay £45 for a fortnightly seasonal (March to November inclusive) garden waste collection.
- 3.28 As the proposal is for an opt-in service, by definition only service users will pay for the garden waste collections making this a fair way to fund the initiative. Non users will not be required to contribute any payment or part of any payment to the proposal.
- 3.29 During the initial implementation stage the team will work closely with Officers in the Corporate Communications team as additional work around promotion and awareness raising of the service will be required for RBC.
Due to an overwhelming positive reaction to the use of social media during market research, this will be the main method of awareness raising and communicating with our potential customers. Use of bin stickers is also planned to target particular areas where required.

¹² 2016/17 data

¹³ 2016/17 data

¹⁴ In a consultation research undertaken during May 2017 see appendix 1, 3.18

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Once customers are signed up to the service, they will receive an annual calendar and service information about collection days just prior to the start of the collection period. Collection days will also be available on the Council website.

4. RISK MANAGEMENT

- 4.1 As part of the business case a full evaluation and appraisal of long list options identified risks and benefits associated with each possible option has been completed.
- 4.2 Do nothing has been classed as non-viable due to being high risk and does not meet any of the desired evaluation criteria.
- 4.3 The Recommended Option (option 7 in the business case) was classed as viable as it is low risk and fully meets all evaluation criteria
- 4.4 Option 6 was also classed as viable however this only partially meets evaluation criteria as it does not meet budgeted income requirements

5. APPENDICES

Appendix 1 - Business Case for RBC Garden Waste Service

6. BACKGROUND PAPERS

None

7. KEY

None

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