

additional papers 1



Overview and Scrutiny Committee

Thu 26 Oct
2023
6.30 pm

Council Chamber
Town Hall
Redditch



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**If you have any queries on this Agenda please contact
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Overview and Scrutiny

Thursday, 26th October, 2023

6.30 pm

Council Chamber Town Hall

Agenda

Membership:

Cllrs:

Sid Khan (Chair)
Sharon Harvey
(Vice-Chair)
Imran Altaf
Karen Ashley
Chris Holz

Joanna Kane
Emma Marshall
Jane Spilsbury
Monica Stringfellow

5. Pre-Decision Scrutiny - Garden Waste Service (Pages 5 - 16)

This report is included in this Additional Papers pack.

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Executive

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Report title: Creation of a dedicated Garden Waste Service

Relevant Portfolio Holder	Councillor Clayton
Portfolio Holder Consulted	Yes
Relevant Head of Service	Simon Parry
Report Author	Job Title: Environmental Services Manager Contact email: matthew.austin@bromsgroveandredditch.gov.uk Contact Tel: 01527 548206
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Communities which are safe, well maintained & green
Key Decision - No	
If you have any questions about this report, please contact the report author in advance of the meeting.	

RECOMMENDATIONS**The Executive Committee is asked to RESOLVE**

- 1) subject to approval of recommendations 2 – 4 below, to agree the creation of a dedicated Garden Waste Collection Service for Redditch Borough Council residents;

And to RECOMMEND

- 2) An increase to the cost on Fees and Charges for Garden Waste to £60 per year, whilst maintaining the existing one-off set up fee of £20 for new customers;
- 3) Inclusion of the following Capital and Revenue expenses in the Medium-Term Financial Plan:

Capital Investment	
2025/26 & Inclusion on Fleet Replacement Schedule	£210,000

Revenue Investment	
2023/24	£11,000
2024/25	£156,000
2025/26	£135,000
2026/27 Onwards	£114,000

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4) Adjust the Medium Term Financial Plan to reflect the following financial pressures:

2023/24	-£11,897
2024/25	-£20,528

1 Background

- 1.1 Councils have a Statutory Duty to provide waste collection services to residents for dry recycling, and non-recyclable residual waste. They also have a discretionary duty to provide a Garden Waste service, for which a charge can be made to the resident.
- 1.2 In 2017, Redditch Borough Council commissioned Bromsgrove District Council to use spare capacity within their garden waste service to support Redditch residents by providing a limited service utilising a single vehicle and crew every other week for 20 scheduled collections per year (Feb – Nov) as part of an SLA, with an expectation that this would be able to accommodate initial demand for up to 4 years, and then a decision would be needed on whether to look at expanding the service, or placing a cap on it and maintaining it at that level.
- 1.3 The current service has been able to accommodate 1,800 customers, with the main limiting factor being the logistics of a single vehicle and crew covering the entirety of Redditch in a single week, and has not been able to accept new customers since 2020, but has not been able to consider options for expansion as a result of proposed legislative changes.
- 1.4 Consultation by Central Government since 2020 as part of formulating what has since been enacted as the *Environment Act 2021* has outlined three potential changes to current legislation on Garden Waste:
- Make the provision of a Garden Waste Collection service a Statutory duty, and remove the current discretion to charge domestic residents for the provision of this service.

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- Place a cap on the charge that can be passed on to residents as part of providing a chargeable discretionary service.
- Continuance of the current discretionary chargeable service arrangements.

1.5 However, as part of his speech about net zero on 20 September 2023, the Prime Minister indicated a change of direction in Government policy on recycling, and appears to be reinstating local discretion to collect waste and increase recycling in the way that councils know will work best for local communities.

1.6 The announcement was very high-level and having already had delays of over two years regarding what the requirements will be for Local Authorities under the Environment Act 2021, it is unknown as to when we may have clarity on how far Defra proposes to amend other aspects of the consistency proposals, such as the possible garden waste collection changes.

1.7 Over the last two years, many Waste Collection Authorities have taken the decision to introduce charges on their previously free garden waste services in recognition of increasing costs and the non-statutory status of garden waste currently.

1.8 As such, the Portfolio Holder for Environmental Services has asked that we now look at options to expand our service provision to Redditch residents, as this is an issue many residents have raised with ward members.

1.9 This has potential for further income generation for Redditch Borough Council, and has potential Environmental Benefits linked to increasing the proportion of Waste collected by Redditch Borough Council for Recycling.

2 Proposal Details

2.1 **To Purchase a Refuse Vehicle & Recruit Three FT Staff to provide a dedicated RBC Garden Waste Collection Service, and operate a Hire Vehicle to support the service until the vehicle is delivered.**

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- 2.2 Options to expand the service will require provision of a vehicle and staff, but given the lead in time for purchases of new Refuse Collection Vehicles (RCV's) are approximately 18 months at the moment, it is proposed that if the Council were to expand the current service, we hire an RCV to support the service from February 2024 until we receive delivery of the dedicated vehicle. 40 weeks of the year that the current service operates (Feb – Nov).
- 2.3 This can be arranged through our current vehicle hire arrangements without delay, and although the hire costs are higher than the Revenue repayments would be against the purchase of a dedicated vehicle, the maintenance and operating costs are comparable, and the increased flexibility of using a hire vehicle gives options for how the service is or isn't provided should Central Government make changes to how garden waste is managed, or the service fails to deliver the intended outcomes associated with expanding the service during the eight year life span of a purchased vehicle.
- 2.4 It is proposed that recruitment of two full time drivers (Grade 5) and a loader (Grade 3) would give the garden waste service increased ownership and resilience, that could then be further supported by the Pool Staff that are in place as part of our shared services arrangements for Residual and Recycling collections to cover sickness and annual leave. This is under review currently to consider the impact of significantly higher long term sickness absence rates over the last three years, which has incurred increased Agency Costs as well, so this should be considered an additional pressure on existing resources that may require further consideration.
- 2.5 The table below shows the expected costs and potential income linked to the number of customers that a single vehicle could potentially service in a year.
- 2.6 This is indicative based on maintaining the current pricing structure, and not offering any discounts to support customer generation.

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- 2.7 Based on take up of the current limited service since its launch, it is estimated that without incentives to generate customer growth, the service would require 1-2 years to build its customer base to a point where it breaks even (approximately 1,300 additional customers at current pricing levels), but then has potential to grow and deliver more significant income for Redditch Borough Council in the longer term.
- 2.8 From our current customer base of 1,800 customers, there is a risk of losing up to £100,000 of revenue in year one as a result of the increased costs and lost income from the SLA arrangements. However a dedicated crew and vehicle will have the capacity to generate higher income over time, as well as support environmental benefits through increased recycling rates for Redditch. There will also be higher carbon benefits in composting garden waste than if it were collected within the residual waste bin (grey), although this will be offset by an increase in emissions arising from an additional Refuse Vehicle operating every other week in comparison with the current service.
- 2.9 Implementation of additional arrangements would incur additional direct costs to the authority, as well as indirect costs and pressures on other service elements to provide additional support, such as:
- Communications Team to help publicise the service and generate business
 - Finance Team to process new applicants and set up invoices & DD's
 - Business Support to handle increased call volume linked to the service and any confusion arising from parallel service
 - Management team to support process for approval, and implement arrangements.
 - Staff required to deliver additional service
 - Vehicle Hire & Operating Costs

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2.10 Costs and potential Income Generation of operating a dedicated Garden Waste Vehicle in Redditch¹:

Customers ²	Price	Income	Staff Costs	Vehicle Costs	Expenditure	Nett financial impact
1800	£60.0 0	£108,00 0	£94,678	£51,385	£146,063	-£38,063
2000	£60.0 0	£120,00 0	£94,678	£51,385	£146,063	-£26,063
2200	£60.0 0	£132,00 0	£94,678	£51,385	£146,063	-£14,063
2400	£60.0 0	£144,00 0	£94,678	£51,385	£146,063	-£2,063
2435 Break Even Point	£60.0 0	£146,10 0	£94,678	£51,385	£146,063	£37
2600	£60.0 0	£156,00 0	£94,678	£51,385	£146,063	£9,937
2800	£60.0 0	£168,00 0	£94,678	£51,385	£146,063	£21,937
3000	£60.0 0	£180,00 0	£94,678	£51,385	£146,063	£33,937
3100 Match current income	£60.0 0	£186,00 0	£94,678	£51,385	£146,063	£39,937
3200	£60.0 0	£192,00 0	£94,678	£51,385	£146,063	£45,937
3400	£60.0 0	£204,00 0	£94,678	£51,385	£146,063	£57,937
3600	£60.0 0	£216,00 0	£94,678	£51,385	£146,063	£69,937
3800	£60.0 0	£228,00 0	£94,678	£51,385	£146,063	£81,937
4000	£60.0 0	£240,00 0	£94,678	£51,385	£146,063	£93,937
4200	£60.0 0	£252,00 0	£94,678	£51,385	£146,063	£105,937
4400	£60.0 0	£264,00 0	£94,678	£51,385	£146,063	£117,937
4600	£60.0 0	£276,00 0	£94,678	£51,385	£146,063	£129,937

¹ Due to increased costs associated with operating a Hire Vehicle for the first 18 months, the vehicle costs are expected to be approximately £10,000 higher in Yr 1, and £5000 higher in year 2, but this supports the start of the service in 2024. Please see Forecast figures in table 3.4 for adjusted figures that reflect this.

² WCC have confirmed capacity for 3,000 additional Garden Waste customers in their current disposal arrangements without requiring additional investment in their current disposal arrangements. There is a cost impact on WCC for disposal of the additional Garden Waste collected under an expanded service.

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4800	£60.0 0	£288,00 0	£94,678	£51,385	£146,063	£141,937
5000	£60.0 0	£300,00 0	£94,678	£51,385	£146,063	£153,937
5200	£60.0 0	£312,00 0	£94,678	£51,385	£146,063	£165,937
5400	£60.0 0	£324,00 0	£94,678	£51,385	£146,063	£177,937
5600	£60.0 0	£336,00 0	£94,678	£51,385	£146,063	£189,937
5800	£60.0 0	£348,00 0	£94,678	£51,385	£146,063	£201,937
6000	£60.0 0	£360,00 0	£94,678	£51,385	£146,063	£213,937

3 Financial Implications

- 3.1 The current arrangements cost £49,000 for the provision of the vehicle and staff from Bromsgrove District Council's service, but generates £88,500 in income, leaving a net benefit to Redditch Borough Council of £39,500 with minimal direct risk.
- 3.2 However, Bromsgrove already has a high take up of their Garden Waste service as a result of having introduced the charge only after many years of having provided a free service, and at this point there are no plans to expand the current service in a way that would support expansion of the current SLA arrangements with Redditch Borough Council.
- 3.3 If Redditch were to implement its own arrangements to supplement the existing service, it would not need to share the income from any subscriptions achieved with Bromsgrove, which would offset some of the costs of implementing additional arrangements, whilst accepting the risks associated with operating additional staff and vehicles alongside the shared service arrangements for Domestic Recycling and Residual waste.
- 3.4 Forecast of Financial Performance and customer take up of the Service³:

³ Note that these figures reflect current costs and pricing. If the service moves to the use of HVO rather than Diesel, this will increase costs, and reduce ROI by £2,200 at current prices

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	2023/24 ⁴	2024/25	2025/26	2026/27	2027/28
Customers	2500	2950	3675	4075	4325
Income	£18,750	£175,650	£217,613	£241,725	£259,050
Expenses	£19,585	£156,678	£151,371	£146,063	£146,063
Return on Investment	-£835	£18,972	£66,242	£95,662	£112,987
Revenue Impact Vs" Do Nothing"	-£11,897	-£20,528	£26,742	£56,162	£73,487

- 3.5 If the service moves to the use of HVO rather than Diesel, this will increase costs, and reduce ROI by £2,200 at current prices.
- 3.6 The investment required to implement the Garden Waste Service would be as follows:

Capital Investment	
2025/26 & Inclusion on Fleet Replacement Schedule	£210,000

Revenue Investment	
2023/24	£11,000
2024/25	£156,000
2025/26	£135,000
2026/27 Onwards	£114,000

⁴ Due to the service starting within the 2023/24 financial year, there is a cost impact on the current year.

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4 Evaluation Criteria for Appraisal and Analysis of Long List Options Considered

Evaluation Criteria	Weighting for Scoring	Option One		Option Two		Option Three		Option Four	
		Maintain Current Arrangements		Purchase Vehicle & Recruit FT Staff for service start 2025		Operate Hire Vehicle & Recruit FT Staff for service start 2024		Recruit FT Staff and Hire Vehicle for provision of service in 2024, and Purchase Vehicle for use in 2025 onwards.	
Spending Objective	15	Yes	15	No	0	No	0	No	0
Strategic Fit	25	Yes	25	Yes	25	Yes	25	Yes	25
Meets Business Needs	10	Yes	10	Part	5	Yes	10	Part	5
Maintain standards	15	Yes	15	Yes	15	Yes	15	Yes	15
Support improved standards	10	No	0	Part	5	Part	5	Part	5
Capacity to support Increased Income Generation	5	No	0	Part	2.5	Part	2.5	Part	2.5
Affordability	10	Yes	10	Part	5	Part	5	Part	5
Environmental Benefit	10	Part	5	Part	5	Part	5	Part	5
	100		80		62.5		67.5		62.5

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5. Legal Implications

- 5.1. Garden Waste is a non-statutory service under the Environmental Protection Act 1990, and authority to charge for provision for this service is granted under the Controlled Waste Regulations 2012.
- 5.2. Implementing a dedicated RBC Garden Waste Service, will impact on the current SLA with Bromsgrove District, and require the current arrangements to be cancelled.

6. Other Implications

7. Climate Change Implications

- 7.1. The current Garden Waste Service is provided by Bromsgrove District Council, and the associated Carbon Cost of supplying the service sits with Bromsgrove District Council. This is estimated to be equivalent to 12 tons CO₂ per year under the current model.
- 7.2. Should a dedicated Garden Waste Collection service be implemented, there will be a carbon impact arising from the additional vehicle usage to supply this service, generating 23.5 tons of CO₂ per year using a Diesel fuelled vehicle.
- 7.3. This can be offset by the use of HVO⁵ as an alternative to Diesel, at an approximate cost increase of 20% at current prices, reducing the Carbon impact of providing the service to approximately 2 tons of CO₂ per year.
- 7.4. The additional tonnage of garden waste collected for composting will also support our wider recycling arrangements across Redditch should the service be implemented, and will increase the overall recycling performance of Redditch Borough Council and our residents.
- 7.5. Recent composition analysis done during 2022 has identified that approximately 7% of waste collected in our current residual waste collection service is garden waste, which is being incinerated to generate energy from waste. Transferring some of that material to composting will have a benefit, although there is no way to quantify the benefit at this time.
- 7.6. Garden Waste can be home composted or disposed of through the County Council's Household Waste Recycling Centre (HWRC), and the creation of a

⁵ Hydrotreated Vegetable Oil

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dedicated household collection service is expected to divert some of this material to our service.

8. Equalities and Diversity Implications

- 8.1. Provision of a dedicated Garden Waste Collection Service will support residents with mobility issues who may struggle to dispose of their garden waste through existing arrangements at the HWRC.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Brandon Clayton	13/10/23
Lead Director / Head of Service	Guy Revans – Executive Director & Simon Parry – Head of Environmental Services	13/10/23
Financial Services	Peter Carpenter – S151 Officer	11/10/23
Legal Services	Claire Felton – Head of Legal Services	11/10/23
Policy Team (if equalities implications apply)	N/A	N/A
Climate Change Team (if climate change implications apply)	Matthew Eccles – Climate Change Manager	Report Shared.

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