

# Gloucester City Council

<b>Meeting:</b>	<b>Overview &amp; Scrutiny Committee</b>	<b>Date:</b>	<b>9<sup>th</sup> January 2017</b>
	<b>Cabinet</b>		<b>11<sup>th</sup> January 2017</b>
<b>Subject:</b>	<b>Garden Waste Collection Service – Review of Charges</b>		
<b>Report Of:</b>	<b>Cabinet Member for Environment</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>1. Benchmarking of Garden Waste Collection Service Charges</b>		
	<b>2. Potential Financial Impact of Increasing GWCS Charge based on Demand</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

1.1 This report reviews the current charging regime in place in respect of the Councils Garden Waste Collection Service and proposes changes that will properly recover the cost of delivering such a service whilst being mindful of ongoing financial challenges.

### 2.0 Recommendations

2.1 Overview & Scrutiny Committee is asked, subject to any recommendations it wishes to make to Cabinet, to **NOTE** the contents of the report.

2.2 Cabinet is asked to **RESOLVE** that:

- (1) A fixed annual charge of £42.00 per bin is introduced for membership of the Garden Waste Collection Service in 2017/2018, with a concessionary charge of £24.00, and
- (2) A fixed annual charge of £44.00 per bin is introduced for the 2018/2019 membership period, with a concessionary charge of £26.00.

### 3.0 Background and Key Issues

3.1 The chargeable Garden Waste Collection Service ('the service') was introduced by the Council in April 2011 at a standard charge of £36, with a concession of 50% for those residents who are in receipt of Housing Benefit or Council Tax Benefit. These charges, although reviewed previously, have not increased since the introduction of the scheme. Collection of garden waste is a non-statutory function and was introduced by Councils as a way to meet statutory targets relating to recycling and diversion of waste from landfill.

- 3.2 The service provides a fortnightly collection of garden waste over 50 weeks of the year (the service is postponed for 2 weeks over Christmas and New Year) in a green wheeled bin for those residents who are members of the scheme. In 2015 the service was reviewed and a fixed annual subscription charge accompanied by a fixed annual renewal date (October) was introduced. This replaced the rolling 'opt in opt out' service which made administering the scheme resource intensive and costly. At this time the 50% concession was maintained.
- 3.3 Provision of the service is an important component of the Council's ambition to recycle/compost 50% of all material it collects by 2020. Since a charge was introduced, garden waste has consistently contributed around one third of all material diverted from landfill. In 2015/2016 over 5500t of garden waste was collected and subsequently processed into soil enhancing material.
- 3.4 Appendix 1 includes information from a benchmarking exercise of neighbouring Gloucestershire District Councils and a handful of Council's from other parts of England. Within this group of Council's the cost of delivering a garden waste collection service ranged from £28 - £58, with only one other Council in addition to us offering a concession of any type.
- 3.5 Only two of the Council's offered a direct debit discount with one Council accepting direct debit membership only. Nationally the cost of joining a Local Authority garden waste collection service ranges from £20 - £69. The charge of £42 for 2017/2018 and £44 for 2018/2019 proposed by this report would result in the Council providing a service that costs our residents £1.75 and £1.83 per available collection respectively over the next two annual membership periods. This is considered good value for money particularly compared to those schemes which are comparable in price but reduce their level of service during winter months, or in some cases withdraw their service.
- 3.6 This report proposes to maintain a concessionary charge whereby a resident who is in receipt of housing or council tax benefit would receive the existing discount of £18.00. This would result in the concessionary charges for 2017/2018 and 2018/2019 being £24.00 and £26.00 respectively.
- 3.7 At present 10% of members (2071) benefit from this concession. Offering such a concession is not a statutory obligation and when the charge of £18.00 is broken down, a member is currently paying approximately 0.75p per available collection and to have their renewal/sign up processed once a year. This charge does not cover the actual cost of delivering this service and therefore the increases proposed are still considered good value for money at £1.00 and £1.08 per collection over the next two membership periods.
- 3.8 Officers continue to undertake work to streamline the administration and processing of the scheme. A critical factor if we are to achieve this goal however is to encourage more members of the scheme to sign up or renew by direct debit and further work will be undertaken to achieve this moving forward.

#### **4.0 Asset Based Community Development**

- 4.1 N/A

## **5.1 Alternative Options Considered**

- 5.1 **Cease Operating the Service during Winter Months** – There are a number of Council's who reduce the frequency of collections or in some cases suspend their service during the winter months. This presents an opportunity to operate with fewer or no trucks during this period. Such an arrangement has been considered previously by officers but would not deliver savings as the resource in place to deliver the service during the winter months is contractual provided and the financial risks associated with removing this resource would lie with the Council.
- 5.2 **Retain Current Membership Fee of £36 but remove Concessionary Charge** – Implementing such a change would not generate the levels of additional income required to meet the Council's budget and provision of a concessionary charge to support those residents who require financial support is deemed important.
- 5.3 **Introduce Direct Debit Sign Up Only** – With channel shift an emerging priority for the Council and work already underway to try and streamline how the service is administered then it is essential we encourage as many customers as possible to sign up or renew by direct debit. Implementing such a change at this time would prove challenging due to other IT works underway across the Council and consideration to be given to its implementation during 2018.
- 5.4 **Offer 3 Year Sign Up (2017/2018 Season) for £100** – With further savings to be made moving forward, such an offer may be considered more useful to market in 2018/2019 and beyond in order to generate additional income in advance without the need for further price increases.

## **6.0 Reasons for Recommendations**

- 6.1 Since the introduction of a charge in April 2011 no increase has been applied. Many chargeable services the Council provide have seen year on year increases in order to generate additional income that will support the Council's savings plan.
- 6.2 The service is non-statutory and the proposed charge continues to provide a service that represents value for money.
- 6.3 The Council is required to make a significant amount of savings in 2017/2018 and increasing the charge will assist the Council in off-setting the cost of its biggest single contract from within which it is delivered, the Streetcare Contract.
- 6.4 If membership numbers continue to rise in excess of 20,000, additional resource to provide the service will need to be employed. Additional resource (i.e. 1 x Refuse Collection Vehicle, 1 x Driver and 2 x Loader) would be for the Council to fund in accordance with the terms of its Streetcare Contract and an increase in fees would offset this financial impact.

## **7.0 Future Work and Conclusions**

- 7.1 Subject to approval, Officers would ensure that any new fee structure is included within the Council's 2017/2018 Fees & Charges Report and subsequent 2017/2018 Fees & Charges Schedule.

- 7.2 Officers will continue to work on improving the administrative process that sits behind the service so that customers are receiving an efficient and effective service.

## **8.0 Financial Implications**

- 8.1 With delivery of the Councils Streetcare Contract costing £6,400,000 annually, then surplus generated through the service contributes towards offsetting this contract sum from within which it is delivered.
- 8.2 The Council's Financial Plan for 2017/2018 requires further significant savings to be made in respect of the Streetcare contract. Additional generation of income through utilising contract resource, in order to further off-set the contract sum is considered prudent.
- 8.3 Appendix 2 outlines the financial impact of the proposed charging regime based on varying demands for the service. In calculating financial impact the existing proportion of concessionary scheme members and direct debit members have been applied. Based on membership levels remaining unchanged, the proposed option would generate an additional £104,400 in 2017/2018 and a further £37,400 in 2018/2019, amounting to £141,800 over the next two annual subscription periods.

(Financial Services have been consulted in the preparation this report.)

## **9.0 Legal Implications**

- 9.1 The Controlled Waste Regulations (CWR) 2012 allow for a Waste Collection Authority (WCA) such as a District Council to levy a charge for the collection of garden waste. The setting of a charge rests with the individual WCA but it should be at a "reasonable" level as provided by section 45(3) (b) of the Environmental Protection Act 1990. The Act does not define "reasonable" but it is generally taken to mean of a level that achieves full cost recovery of providing the service.

(One Legal have been consulted in the preparation this report.)

## **10.0 Risk & Opportunity Management Implications**

- 10.1 The main risk from making changes to the charging regime is that of a reduction in demand for the service. Appendix 2 assesses the financial impact of changes having regard to varying levels of demand. Minimising this risk can be off-set by continuing to provide a reliable and effective service.
- 10.2 Another perceived risk is that of an increase in fly-tipping as a result of charges increasing and membership of the scheme decreasing. Nationally there is no evidence to indicate that fly-tipping has increased as a result of introducing a charge or increasing the charge for a GWCS. There are several other outlets for garden waste including home composting, House Recycling Centre or use of a private contractor.

## **11.0 People Impact Assessment (PIA):**

11.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

12.1 N/A

### Sustainability

12.2 An increase in income generated by delivery of the GWCS contributes to the Council's financial sustainability by off-setting the cost of the Council's Streetcare contract.

### Staffing & Trade Union

12.3 N/A

**Background Documents:** N/A

## Appendix 1 – Benchmarking of Garden Waste Collection Service Charges

Local Authority	Standard Charge per Bin (£'s)	Direct Debit Discount / Early Payment Discount	Concessionary Charge (£'s)	Frequency / Term of Service
Gloucester City Council	36	No	18	Fortnightly / 50 weeks of the Year
Tewkesbury Borough Council	42	No	No	Fortnightly / 50 weeks of the Year
Cheltenham Borough Council	38	2	No	Fortnightly / 50 weeks of the Year
Cotswold District Council	30	No	15	Weekly
Forest of Dean District Council	28	No	No	Fortnightly
Stroud District Council	36 (with an additional £20 in Year 1 for purchasing the bin)	No	No	February – November Service
Peterborough City Council	39 (one off £20 per additional bin)	No	No	Monthly collections in December & January
Reigate & Banstead Borough Council	55	No (DD customers only)	No	Fortnightly / 50 weeks of the Year
Oxford City Council	46	3	No	Fortnightly / 50 weeks of the Year

## Appendix 2 – Financial Impact of Increasing GWCS Charge based on Demand

Charging Option	Net Financial Position Resulting from Proposed Change ( + / - £'000s)			
	Current Membership Levels	-5% Drop Off	-10% Drop Off	- 15% Drop Off
Additional Income in 2017/2018 - £42 Fee & £24 concession	+ 104.4	+ 67.1	+ 29.9	+ 8.1
Additional Income in 2018/2019 - £44 Fee & £26 concession	+ 37.4	+ 35.5	+ 33.7	+ 31.8
Additional Income Generated over 2 Years	+ 141.8	+ 102.6	+ 63.6	+ 39.9