

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 June 2016

Subject: GREEN WASTE CHARGING

All Wards

Portfolio Holder for Environmental Health, Waste and Recycling: Councillor S Watson

1.0 PURPOSE AND BACKGROUND:

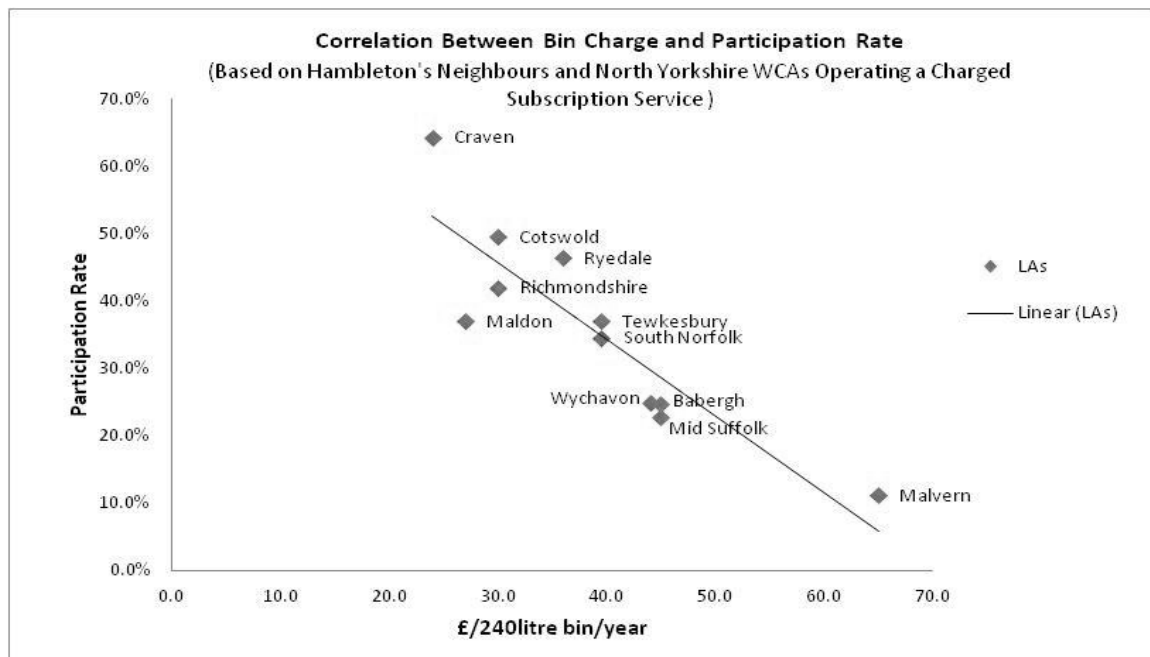
- 1.1 This report seeks approval for charging for green waste collections on an opt-in subscription basis from April 2017.
- 1.2 The Council introduced a free garden waste collection service in 2003/04; in part this was to help meet government recycling targets at the time. Since then compulsory recycling/composting targets have been removed although the Council has set its own target of 53% in the Waste Strategy adopted in 2015.
- 1.3 Green waste charging can provide substantial efficiency savings to contribute towards a more efficient and effective waste service.
- 1.4 Unlike the collection of general household waste which the Council is statutorily obliged to undertake, the collection of garden waste is a discretionary service for which the Council may make a reasonable charge under Controlled Waste Regulations (CWR) 2012. To protect the service and to ensure its continued provision, the recommendation proposes the introduction of a charge for green waste collections on an opt-in subscription basis. Introducing a charge for this discretionary service means the Council will be more able to maintain the delivery of other services.
- 1.5 There is an increasing trend for local authorities to charge for green waste collections. 2014/15 data from Waste & Resources Action Programme (WRAP) shows that approximately 36% of UK local authorities provide chargeable garden waste collections. A significant rise is expected when new figures are available around November 2016. This trend is reflected locally with 6 of the 7 other North Yorkshire Waste Collection Authorities having introduced charges, or doing so imminently. Details are included in the table at Annex 'A'. In authorities which most resemble Hambleton in terms of population and size 80%, or 12 out of 15 authorities operate an opt in charge, with one more starting in April 2016. Details of these are contained in Annex 'B'.

2.0 LEVEL OF CHARGES AND OPERATIONAL ISSUES:

- 2.1 If the principle of charging for green waste collections is approved there would be a further report on recommendations for the sum to be charged and the associated collection policy.
- 2.2 Statutorily, the Council is able to make a reasonable charge for green waste collections. With this in mind, in setting a charge it would be appropriate to consider the costs to the Council of providing the service and what residents would regard as value for money.

2.3 Figure 1 below shows that the relationship between the charge per bin and the participation rate is essentially linear; with participation rates increasing with reduced cost per bin and vice versa. The majority of authorities charge between £35 and £45 per bin/year. The average charge for Hambleton's nearest comparator authorities is £40/bin/year, which sits in the middle of the majority of authorities that make a charge. In terms of neighbouring authorities, charges vary from £20 in Richmondshire to £37 in Ryedale. Richmondshire however use a smaller 140 litre bin than other authorities, who all use a 240 litre bin. Full information is included at Annex 'A'.

Figure 1: Correlation between Bin Charge and Participation Rate



2.4 In Annex 'C' to 'F' for illustrative purposes, the impact of charges at £30, £35, £40 and £45 per bin per year are modelled. These show service costs and income at varying rates of participation. Table 1 below summarises the information with the most likely participation rates in year 1 of operation. These show a movement from a current net cost of £455,650 to a potential net income, with a 45% participation rate, of £167,140 at £30 and £257,790 at £35.

2.5 If the Council decides to charge for green waste collections there will be additional elements of expenditure over and above the collection costs and gate fees. This is made up of first year set up costs, such as contacting all residents, new IT systems, promotion etc and ongoing annual revenue costs associated with administering the scheme. Estimated set up and administrative costs will be covered in the next Cabinet report.

Table 1 Summary of modelled costs and income

Charge per Bin £	Participation Rate %	Garden Waste (Tonnes)	Total Income (£)	Total Costs (£)	Net (Income)/ Expenditure
	100%	10,188	(509,500)	965,150	455,650
£30	50%	6,970	(952,960)	708,330	(244,630)
	45%	6,273	(857,660)	690,520	(167,140)
£35	45%	6,273	(948,310)	690,520	(257,790)
	40%	5,576	(842,940)	672,710	(170,230)
£40	40%	5,576	(923,530)	672,710	(250,820)
	30%	4,182	(692,640)	637,100	(55,540)
£45	30%	4,182	(753,080)	637,100	(115,980)
	20%	2788	(502,050)	601,480	99,430

3.0 ADDITIONAL INCOME AND EFFICIENCIES:

- 3.1 There are potential areas to grow the service and so improve the income. Table 1 assumes that each participating household only subscribes for 1 bin. It is likely that some residents will want more than one. It is estimated this could raise up to £50k per annum in additional income. In Ryedale for example, 5% of subscribing households have two or more bins. Many authorities charge the same rate for additional bins.
- 3.2 If higher participation rates can be achieved then it follows that greater efficiency savings will be made. Richmondshire District Council achieves 42% resident participation and Ryedale achieve 46%. With strong publicity and a good quality service, higher participation rates would be anticipated in year 2.
- 3.3 The Council's green waste contract with Yorwaste expires in July 2018 and there is the potential to renegotiate gate fees, or draw off a framework agreement, at that time. It is estimated this could generate an additional £20k income per annum.
- 3.4 It is predicted that if residual black bin rounds were partnered with the dry recycle collections and the garden waste was routed separately, there could be a reduction of up to 2 vehicles, 2 drivers and 4 loaders resulting in a potential reduction in vehicle and staffing costs of £197,510 and fuel costs of £55,100, a total reduction of £252,610, based on 2015 budgets.
- 3.5 Overall these additions and efficiencies could potentially generate £322,610 from 2018/19.

4.0 OPERATION:

- 4.1 The detailed operation of the scheme and the associated collection policies will be reported to a subsequent meeting for approval. The policies would cover issues such as the charges for additional bins, any potential discounts, sharing bins between neighbours, geographic coverage of the service and acceptable materials.
- 4.2 The scheme would operate by residents opting-in to subscribe. Those subscribing to the service would be issued with an annual permit in the form of a secure tag, which would be affixed to the bin so that the collection crews would know which bins to empty.

5.0 IMPACT ON RECYCLING TARGETS:

- 5.1 The introduction of charges for green waste, and the consequential reduced resident participation in the scheme, would reduce the recycling rate the Council is able to achieve. The Council Plan target presently stands at 53% by 2017.
- 5.2 Early modelling indicated that at a 40% participation rate there will be approximately a 6% reduction in the overall estimated recycling performance from 53% to 47% in 2017/18. This is due to reduced tonnages of waste collected under the charged opt-in subscription scheme at the 40% participation rate as compared to tonnages from almost all households in the district under the free collection scheme. However, the tonnages of dry recyclables being achieved from the new collection system and the addition of road sweepings to the recycling calculation suggest that the reduction in the recycling rate will not be as great.

6.0 LINK TO COUNCIL PRIORITIES:

- 6.1 The recommendation supports the Council Plan priority of Caring for the Environment by improving the efficiency of refuse collections, reducing CO2 emissions and improving energy efficiency.
- 6.2 The recommendation also supports the Council Plan by improving the financial sustainability of the Council by reducing the cost of delivering services and introducing a new income stream.
- 6.3 However, the current recycling targets in the Council Plan may not be achieved and may require amendment.

7.0 RISK ASSESSMENT:

- 7.1 The key risks in not approving the recommendations are:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Due to cost pressures the Council may need to consider cessation of the service.	Loss of service to the public.	4	4	16	Consider efficiency savings in other areas.
The Council may need to consider cuts to other service areas	Loss of services and redundancies, reduced level of service to residents and/or businesses.	4	4	16	Introduce charging for green waste collections.

7.2 The risk in approving the recommendations is:

Risk	Implication	Prob	Imp	Total	Preventative Action
Negative reaction from residents.	Potential damage to the reputation of the Council.	4	3	12	Ensure there are effective communications throughout implementation. Ensure that a high quality, value for money service is provided.

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

8.1 FINANCIAL IMPLICATIONS:

8.1 Table 2 below illustrates the possible financial implications of charging for green waste collections in year 2 when the full efficiency savings could be realised. The figures relate to a charge of £35 per bin and a 45% participation rate which could be achieved in year 2 (2018/19) together with the additional income described in paragraphs 3.1 to 3.4.

Table 2

Revenue Effects	2018/19 £
45% participation rate at £35	(538,830) *
Increased cost to deliver the service at 45% participation	78,000**
Additional Bins per Household (4%)	(50,000)
Reduction in Gate fee	(20,000)
Reduction in service cost for 40% participation: 2 vehicles, 2 drivers, 4 loaders and fuel.	(252,610)
Total	(783,440)

* (£538,830) relates to the additional income at £948,310 less the current income at £509,500, which equals £438,810, plus the reduction in gate fees £160,270 compared to the current gate fees £260,290, which equals £100,020. This totals £538,830.

**This figure is an estimate only and is subject to more detailed modelling.

8.2 The next report will look in more detail at the financial implications including whether any savings on the cost of delivering the service can be achieved.

9.0 LEGAL IMPLICATIONS:

9.1 There are no legal implications associated with approving the recommendation. Green waste collection is a non-statutory service and making a reasonable charge is permissible under Section 45 of the Environmental Protection Act 1996.

10.0 EQUALITY/DIVERSITY ISSUES:

10.1 Some residents are eligible for an assisted collection due to physical impairment, where they do not need to present their bin at the kerbside. The collection crews retrieve the bin from the rear of the property and replace it after emptying. Eligible residents would still qualify under any new scheme.

11.0 RECOMMENDATIONS:

11.1. That Cabinet approves and recommends to Council that:

- (1) charging for green waste collections on a opt-in voluntary subscription basis be introduced from April 2017; and
- (2) a further report be submitted on the sum to be charged and the associated collection policies.

MICK JEWITT

Background papers: Review of Options for the chargeable Collection of Green Waste
January 2016 by WYG

Author ref: PS

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Table 1: YNYWP partners that have already introduced charged kerbside collection for garden waste

Local Authority	Charged service (Y/N)	Plan to implement	Date Subscription introduced	Current participation rate (% of households)	Annual subscription cost per bin for the kerbside collection service
Craven DC	Y	n/a	July 2013	34% (This is due to only 60% of households being offered the service)	£26/bin/year for the first (240- litre) bin licence – additional bins charged at £36.40 for the actual bin plus £26 per bin licence.
Richmondshire DC	Y	n/a	March 2014	42%	£20/bin/year for first (140- litre) bin licence and additional bins charged at £12/bin/year.
Ryedale DC	Y	n/a	June 2014	46%	£37/bin/year for each (240- litre) bin licence.
Harrogate	N	Summer 2017	n/a	n/a	£39/bin/year
Scarborough	N	n/a	March 2016	n/k	£18 per bin per year, plus a one off purchase cost of £20 per bin if the resident does not have one.
Selby	N	Being considered.	n/a	n/a	n/k
York	Partial	n/a	2013/14	n/k	1 st bin free, additional bins £37 per annum.

Comparison of charges in local authorities which most resemble Hambleton

Authority	Charged	Cost
Babergh District Council	Yes	£52.50 per bin/year.
Malvern Hills District Council	Yes	£65 per bin/year
Maldon District Council	Yes	£37 per bin/year
Harborough District Council	Yes	£40 per bin/year
Wychavon District Council	Yes	£45 per bin/year
Cotswold District Council	Yes	£30 per bin/year
Tewkesbury District Council	Yes	£39.50 per bin/year
Mid Devon District Council	Yes	£47 per bin/year
South Norfolk District Council	Yes	£44.50 per bin year
Craven District Council	Yes	£26 per bin/year
Mid Suffolk District Council	Yes	£47.50 per bin/year
Ryedale District Council	Yes	£37 per bin year
Stratford on Avon District Council	No	n/a
West Devon Borough Council	No	n/a
Derbyshire Dales District Council	No	n/a

NB: Authorities vary in their approach to collection and charging, such as charging more or offering a discount for second bins, or for a smaller bin. All charges illustrated above are shown before any discount has been applied. Some authorities collect year round and some suspend collections in winter.

ANNEX 'C'**Net costs and income at £30 per bin**

Participation Rate %	No of Households/Bins	Garden Waste (Tonnes)	Income from Bin Charges £30/Bin/Year(£)	Income from Recycling Credits (£)	Total Income (£)	Gate Fees (£)	Collection Costs (£)	Service Admin Costs (£)	Total Costs (£)	Net Income	Saving to the Council
100%	40,291	10,188		(509,500)	(509,500)	260,290	704,860			455,650	
30%	12,087	4,182	(362,620)	(209,150)	(571,770)	106,850	452,250	78,000	637,100	65,330	(390,320)
40%	16,116	5,576	(483,490)	(278,870)	(762,360)	142,460	452,250	78,000	672,710	(89,650)	(545,300)
42%	16,922	5,855	(507,670)	(292,810)	(800,480)	149,590	452,250	78,000	679,840	(120,640)	(576,290)
45%	18,131	6,273	(543,930)	(313,730)	(857,660)	160,270	452,250	78,000	690,520	(167,140)	(622,790)
46%	18,534	6,413	(556,020)	(320,700)	(876,720)	163,830	452,250	78,000	694,080	(182,640)	(638,290)
50%	20,146	6,970	(604,370)	(348,590)	(952,960)	178,080	452,250	78,000	708,330	(244,630)	(700,280)

ANNEX 'D'**Net Costs and income at £35 per bin**

Participation Rate %	No of Households /Bins	Garden Waste (Tonnes)	Income from Bin Charges £35/Bin/Year(£)	Income from Recycling Credits (£)	Total Income (£)	Gate Fees (£)	Collection Costs (£)	Service Admin Costs (£)	Total Costs (£)	Net Income	Saving to the Council
100%	40,291	10,188		(509,500)	(509,500)	260,290	704,860			455,650	
30%	12,087	4,182	(423,060)	(209,150)	(632,210)	106,850	452,250	78,000	637,100	4,890	(450,760)
40%	16,116	5,576	(564,070)	(278,870)	(842,940)	142,460	452,250	78,000	672,710	(170,230)	(625,880)
42%	16,922	5,855	(592,280)	(292,810)	(885,090)	149,590	452,250	78,000	679,840	(205,250)	(660,900)
45%	18,131	6,273	(634,580)	(313,730)	(948,310)	160,270	452,250	78,000	690,520	(257,790)	(713,440)
46%	18,534	6,413	(648,690)	(320,700)	(969,390)	163,830	452,250	78,000	694,080	(275,310)	(730,960)
50%	20,146	6,970	(705,090)	(348,590)	(1,053,680)	178,080	452,250	78,000	708,330	(345,350)	(801,000)

ANNEX 'E'**Net Costs and income at £40 per bin**

Participation Rate %	No of Households /Bins	Garden Waste (Tonnes)	Income from Bin Charges £40/Bin/Year (£)	Income from Recycling Credits (£)	Total Income (£)	Gate Fees (£)	Collection Costs (£)	Service Admin Costs (£)	Total Costs (£)	Net Income	Saving to the Council
100%	40,291	10,188		(509,500)	(509,500)	260,290	704,860			455,650	
30%	12,087	4,182	(483,490)	(209,150)	(692,640)	106,848	452,250	78,000	637,100	(55,540)	(511,190)
40%	16,116	5,576	(644,660)	(278,870)	(923,530)	142,460	452,250	78,000	672,710	(250,820)	(706,470)
42%	16,922	5,855	(676,890)	(292,810)	(969,700)	149,590	452,250	78,000	679,840	(289,860)	(745,510)
45%	18,131	6,273	(725,240)	(313,730)	(1,038,970)	160,270	452,250	78,000	690,520	(348,450)	(804,100)
46%	18,534	6,413	(741,350)	(320,700)	(1,062,050)	163,830	452,250	78,000	694,080	(367,970)	(823,620)
50%	20,146	6,970	(805,820)	(348,590)	(1,154,410)	178,080	452,250	78,000	708,330	(446,080)	(901,730)

Net costs and income at £45

Participation Rate %	No of Households /Bins	Garden Waste (Tonnes)	Income from Bin Charges £45/Bin/Year(£)	Income from Recycling Credits (£)	Total Income (£)	Gate Fees (£)	Collection Costs (£)	Service Admin Costs (£)	Total Costs (£)	Net Income	Saving to the Council
100%	40,291	10,188		(509,500)	(509,500)	260,290	704,860			455,650	
20%	8,058	2,788	(362,620)	(139,430)	(502,050)	71,230	452,250	78,000	601,480	99,430	(356,220)
30%	12,087	4,182	(543,930)	(209,150)	(753,080)	106,850	452,250	78,000	637,100	(115,980)	(571,630)
40%	16,116	5,576	(725,240)	(278,870)	(1,004,110)	142,460	452,250	78,000	672,710	(331,400)	(787,050)
42%	16,922	5,855	(761,500)	(292,810)	(1,054,310)	149,590	452,250	78,000	679,840	(374,470)	(830,120)
45%	18,131	6,273	(815,890)	(313,730)	(1,129,620)	160,270	452,250	78,000	690,520	(439,100)	(894,750)
46%	18,534	6,413	(834,020)	(320,700)	(1,154,720)	163,830	452,250	78,000	694,080	(460,640)	(916,290)
50%	20,146	6,970	(906,550)	(348,590)	(1,255,140)	178,080	452,250	78,000	708,330	(546,810)	(1,002,460)