

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

24 JANUARY 2014

REPORT OF THE PORTFOLIO HOLDER FOR ENVIRONMENT AND COAST PROTECTION

A.4 PROPOSAL FOR A HOUSEHOLD GARDEN WASTE COLLECTION PILOT

(Report prepared by Tim Clarke)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To inform Cabinet about the proposal to offer a garden waste collection service for residents and seek approval to run a two year pilot.

EXECUTIVE SUMMARY

- Tendring is the only Council in Essex not to currently provide some form of garden waste collection service to residents. Our overall recycling rate is consequently lower than other districts.
- It is proposed to implement a pilot scheme for the collection of garden waste on a phased approach over two years, although limited to a maximum number of customers.
- The Council's existing waste and recycling contractor (Veolia) have supplied initial costs for a garden waste pilot scheme.
- It is proposed that the service will be subscription based with 25 collections a year made via wheeled bins.
- The annual subscription proposed is £50 with a one off £25 fee for a wheeled bin.
- Discussions with other authorities indicate a take up rate of potentially 30–44% in the long term.
- At this stage it is felt that there is a low risk of a net cost falling to the Council during the period of the pilot with a relatively low break-even position identified.
- A pilot approach also provides a cost effective way to offer a green waste service whilst enabling the Council to increase recycling rates.
- Provision of this pilot scheme is supported by Essex County Council who will provide a disposal facility for an initial period of one year.

RECOMMENDATION(S)

It is recommended that Cabinet:

- (a) Agrees to introduce a pilot for a household collection of garden waste to commence in 2014, for an initial trial period of two years subject to on-going review and that officers provide an update to Cabinet within 6 months of the start of the pilot.
- (b) Agrees to the delegation to the Corporate Director (Public Experience) in consultation with the Portfolio Holder for Environment and Coast Protection to undertake the necessary activities to implement the pilot scheme, including negotiating the terms of the contract with Veolia and the final subscription fee.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The decision could contribute enormously to our aim to deliver excellent sustainable services to everyone in the District. It will protect and enhance our environment, countryside and coast through a potential reduction in fly tipping incidents and in a reduction in waste that is sent to landfill. Between April and September 2013 18.9% of reported fly tips were of green waste.

There will potentially be fewer trips by residents to the Recycling Centres for Household Waste (RCHWs) in the district meaning that associated vehicle emissions and traffic congestion are reduced.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Financial details are set out in **Appendix A** and in the main body of the report below.

Risk

The introduction of a subscription based service such as this is not without risk. Although judgements can be made on the likely uptake of the service there is no guarantee that the cost of the pilot will be net neutral. However, based on the similar experience of other Local Authorities, uptake of the service is likely to be good with no net cost falling to the Council.

It is also planned on challenging wherever possible the activities associated with the pilot scheme in order to reduce costs as much as possible, whilst enabling the breakeven position in terms of the level of customers to be as low as possible.

LEGAL

The Council has the legal power to introduce this service and provisions exist within the Controlled Waste Regulations 2012 for the Council to charge for the service.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

An initial Equality Impact Assessment has identified that there will be no equality issues arising out of the decision.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The collection of green or garden waste is a service that is provided by all councils in Essex apart from Tendring. This means that our overall recycling rate is lower when compared to the other Essex councils. Five councils charge for this service whereas the remainder provide the service to residents free of charge.

The only options for residents wishing to dispose of green waste in our District are to

compost it at home, take it to one of the four RCHWs in the District, or use one of the sack based collection services on offer from Veolia or Eastern Waste Disposal. Veolia estimate that they have 1500 – 2000 customers using their sack service during the year, purchasing rolls of 10 bags at a cost of £12. It should be noted that green waste collected in this way by Veolia is sent to landfill and not recycled via composting. Eastern Waste Disposal does recycle the garden waste they collect but their service does not reach a large number of residents and the quantity of garden waste collected is minimal.

It is believed that a large proportion of our residents (up to 70%) compost green waste at home but the four County run RCHW in the District are the highest four in the County for disposal of green waste with 8866 tonnes collected and composted via the sites in 2012/13.

Discussions have taken place with other district councils that provide a chargeable wheeled bin collection of garden waste indicating:

- Customer take up rate 30 – 44%
- 390 – 460kg of garden waste collected per household
- Cost to customer £25 – £45 per annum
- Very high customer satisfaction
- The service operates with a financial surplus
- New customers regularly sign up (up to 50 per month)

Veolia, the Council's existing waste and recycling contractor, provide a subscription based green waste collection service in the Broadland District in Norfolk which is a similar district to ours but with a lower number of properties (53,500). The service has over 23,000 subscribers paying an annual fee of £45. Other predominantly rural districts providing a successful subscription based service include Maldon, South Norfolk, Mid Suffolk/Babergh and Kings Lynn and West Norfolk.

PROPOSED GREEN WASTE COLLECTION PILOT

The current proposal is for the provision of a subscription based kerbside service. Such a service is anticipated to ease the burden on the RCHW sites and provide a more convenient means for residents to dispose of this type of waste whilst increasing the Council's recycling rate.

A phased roll out on a pilot basis will be necessary to ensure the service is introduced smoothly and enable the Council to gain an understanding of the level of demand for the service and the associated costs before any longer term decision is made.

The proposed pilot will provide a collection of garden waste via brown coloured wheeled bins with residents paying an annual fee of £50 to subscribe and receive 25 fortnightly collections a year (suspended over Christmas). The advantages of this system as opposed to sack based collection are that the bins are easy to manoeuvre and store waste in and last well in excess of 10 years. It is recognised that some households would not have space to store a wheeled bin and therefore may not subscribe to the service. Such issues will be kept under review as part of the pilot scheme.

The current proposal is for an additional one off charge of £25 to each subscriber to support the cost of the bin purchase and delivery charge. This results in a small subsidy of £6 per bin payable by the Council, but for the purpose of the pilot this approach does support the introduction of the scheme. The bin will become the property of the customer,

even if they do not subscribe again. This means the total cost to a resident for the first year would be £75. The cost will reduce to £50 in the second or subsequent years and a unique bin sticker supplied to subscribers to confirm their subscription to collection crews.

A fortnightly collection throughout the year is preferred to the alternative of providing a weekly collection during the Summer season and scaling back or ceasing collections in the Winter months. The regular collection pattern is better for Veolia in terms of resource management, reduces the chance of residents missing their collection week and provides a regular year round service.

Through discussions with our current waste and recycling contractor (Veolia) the basic costs of the pilot scheme have been developed. The pilot scheme would be within the wider scope of the existing contract with Veolia so no alternative supplier has been approached at this stage but this would be something to consider if the scheme were to be extended beyond the period of the pilot.

Veolia's currently proposed charges for providing the collection of green waste is based on a price per collection and the number of customers. The cost per collection ranges from £1.60 to £1.00 which is broadly comparable with another Local Authority who pays Veolia to deliver their similar garden waste scheme after undertaking a competitive tendering approach. In finalising the scheme, further discussions with Veolia would need to be undertaken to agree final costs.

Appendix A sets out the proposed costs with modelling undertaken based on various levels of customers who subscribe to the service. The pilot is currently based on a maximum level of subscribers of 5,880 as this is the anticipated capacity of a single round collection per fortnight.

Whilst the collection service will be provided by Veolia, the Council will need to provide the administration. A full time Business Support Officer/Assistant post will need to be created along with the development or purchase of bespoke customer relationship management software all of which have been reflected in the costs set out in **Appendix A**.

Based on providing the service to 5,880 customers it is estimated that 2,190 tonnes of garden waste will be collected (372kg per household) during the course of a year. It is intended to deliver this waste to one of Essex County Council's (ECC) designated sites for composting. ECC are offering a local disposal facility for the waste and will be picking up the processing cost for an initial 12 month period during which an assessment of the operational and financial impact will be undertaken. ECC have indicated that they are not in a position to offer any recycling or composting credits.

The service will have a significant financial impact on ECC in their capacity as Waste Disposal Authority. In view of this, they have requested that the pilot be limited to 2,200 tonnes of waste per annum so that they can cap their financial liability until the impact on the RCHW sites is known. Based on tonnage projections this would approximately match the capacity for a single round service to the 5,880 customer limit previously mentioned.

It is proposed to run the pilot over the CO15, CO13, CO14 and CO12 post code areas. Restricting the pilot to these areas will enable the impact on the three RCHW sites serving those areas to be assessed.

As there is no formal commitment to meet disposal costs by ECC after the initial period of 12 months, the second year of the pilot would be subject to seeking further commitment from ECC as appropriate.

Based on the figures set out in **Appendix A**, a breakeven position is achieved with 3,150 customers. There will also be some up front funding such as the purchase of wheeled bins but this would be recoverable from the customer via the one-off charge of £25 with the small subsidy met from within the overall scheme costs. It is recognised that there will be a phasing approach to the level of customers subscribing to the service which will have an impact during the period of the pilot.

Appendix A also highlights that if the number of customers achieved was as low as 500, then there would be a cost to the Council of £34,000. This is primarily due to the fixed costs of administration and other similar amounts as Veolia's charge is fully variable based on the level of customers. Where there are fixed costs, the department will investigate the opportunities to limit the commitment to such costs including the use of fixed term contracts for staff where appropriate.

In limiting the risk that there may be low demand for the service and to reduce the breakeven point to as low a number of customers as possible, the department will seek to challenge the cost of each element of the pilot as it is rolled out and maximise any opportunities to lower costs such as investigating the delivery of bins via the use of internal resources. However if the pilot scheme resulted in a net cost to the Council then this could be met from the current weekly collection support scheme grant.

At this stage it is felt that there is a relatively low risk of a net cost falling to the Council and the pilot should provide a cost effective way to provide a green waste service whilst enabling the Council to increase recycling rates and to capture the costs of the service to enable the consideration around the longer term future of such a scheme. However for the purposes of supporting the implementation of the scheme, it is proposed on using funding of up to £35,000 from the weekly collection support scheme grant to effectively 'underwrite' the potential net cost of the pilot. The use of this funding is already delegated to the Corporate Director (Public Experience) in consultation with the Portfolio Holder for Environment and Coast Protection.

There will be a number of actions required to implement the pilot scheme such as methods of collecting payment, charging for part year and other operational issues including working with Veolia to finalise costs. The recommendations above seek the necessary delegation to the Corporate Director (Public Experience) in consultation with the Portfolio Holder for Environment and Coast Protection to undertake the necessary activities to implement the scheme.

The aim is to have the service available for residents in April 2014 but this will be subject to the completion of the activities mentioned above and final contract negotiations with Veolia.

BACKGROUND PAPERS FOR THE DECISION

There are no background papers

APPENDICES

Appendix A – Modelling the Cost of the Pilot

Garden Waste Estimated Cost of Pilot

Veolia's Proposed Pricing Structure (Charge to TDC)		
Based on One Round Collection with 25 fortnightly Collections per year		
Upto 1500 Customers	£1.60	per collection
1501 to 2600 Customers	£1.20	per collection
2601 to 3500 Customers	£1.02	per collection
3501 to 5880* Customers	£1.00	per collection
<i>* Maximum Customers based on a one round collection</i>		

Modelling Potential Take-up of Service over Period of Pilot

One-Off Costs						
Wheeled bin purchase @ £22.00 each	11,000	33,000	55,000	72,600	88,000	129,360
Bin Delivery Charge @ £9 each	4,500	13,500	22,500	28,350	36,000	52,920
One-off Charge to Customer (incl Delivery) @ £25	(12,500)	(37,500)	(62,500)	(82,500)	(100,000)	(147,000)
Total Net Cost of Bin Purchase and Delivery*	3,000	9,000	15,000	18,450	24,000	35,280

* To be included in overall cost of scheme below

Revenue Cost of Pilot

Customers (percentage of total households in district)	500 (0.7%)	1,500 (2.2%)	2,500 (3.7%)	3,150 (4.6%)	4,000 (5.9%)	5,880 (8.6%)
Expenditure						
Veolia Charge for Collections	20,000	60,000	90,000	110,850	128,450	175,450
Estimated Administration, IT and Promotion Costs	36,000	36,000	36,000	36,000	36,000	36,000
Net Cost of Bin Purchase and Delivery	3,000	9,000	15,000	18,450	24,000	35,280
Total Revenue Cost to TDC	59,000	105,000	141,000	165,300	188,450	246,730
Income						
Annual Subscription - £50 per household	(25,000)	(75,000)	(125,000)	(165,000)	(200,000)	(294,000)
NET COST TO TDC	34,000	30,000	16,000	300	(11,550)	(47,270)

Garden Waste - Year 2 costs

	One Round				Two Rounds	Five Rounds
	£1.60 per coll	£1.20 per coll	£1.02 per coll	£1.00 per coll	£1.00 per collection	
	1500	2600	3500	5880	11760	27200
	1500	1100	900	2380	5880	15440
Customers (percentage of total)	1500 (2.2%)	2600 (3.8%)	3500 (5.1%)	5880 (8.6%)	11760 (17.29%)	27200 (40%)
50 TDC Income (from subscriptions £50)	75,000	130,000	175,000	294,000	588,000	£1,360,000.00
0 TDC Income for wheeled bins (one off charge £25 inc. del)	0	0	0	0	0	£0.00
Veolia Charge (for collection and administration)	60,000	93,000	115,950	175,450	322,450	£469,450.00
0 Veolia charge for bin delivery (£9)	0	0	0	0	0	£0.00
TDC Income after collections and bin delivery	15,000	37,000	59,050	118,550	265,550	£890,550.00
Back Office and promotion costs (20K admin, 5k promotion:	25,000	25,000	25,000	25,000	25,000	£25,000.00
IT costs (Payment handling and customer database) (estim:	1,000	1,000	1,000	1,000	6,000	£6,000.00
0 Wheeled bin purchase @ 21.76 each	0	0	0	0	0	£0.00
Replacement bins (allow 4%)	522.51	905.69	1,219.20	1,532.71	7659.52	£7,659.52
TDC Income after costs	-11,523	10094.31	31,830.80	91,017.29	226,890.48	£851,890.48