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| <b>PART B:</b>          | <b>RECOMMENDATIONS TO COUNCIL</b>                                    |
| <b>REPORT TO:</b>       | <b>POLICY AND RESOURCES COMMITTEE</b>                                |
| <b>DATE:</b>            | <b>26 SEPTEMBER 2013</b>   |
| <b>REPORT OF THE:</b>   | <b>HEAD OF ENVIRONMENT,STREETSCENE,FACILITIES, ICT<br/>PHIL LONG</b> |
| <b>TITLE OF REPORT:</b> | <b>IMPLEMENTATION OF GARDEN WASTE CHARGING</b>                       |
| <b>WARDS AFFECTED:</b>  | <b>ALL</b>   |

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek Member approval for the introduction of charging for garden waste from 1 June 2014.

### **2.0 RECOMMENDATIONS**

- 2.1 That Council is recommended to approve the implementation of charging for garden waste service from the 1 June 2014 on a voluntary subscription basis with:
- (i) detailed promotional literature to all households explaining the scheme and their options, including the option to purchase subsidised composting bins;
  - (ii) a charge of £27 per bin in 2014/15 be introduced;
  - (iii) a charge of £36 per bin in 2015/16 be introduced; and
  - (iv) the service available to all Ryedale Households.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The Council has been provided with an indicative Revenue Support Grant (RSG) for 2014/15 and 2015/16. This Committee agenda includes a report on the budget strategy and overall predictions for Council finances. The figures show major cuts in RSG, with particular uncertainty regarding further reductions to the 2015/16 year's figures and future finance. As such the Council is under significant financial pressure regarding delivery of front line services. The Council will need to consider cuts to services and/or charging for services.
- 3.2 Garden waste collection is a non statutory service. To protect the service and ensure its continued provision, the recommendation proposes to introduce a subscription (opt-in) service to offset part of the cost of providing the service. Introducing a charge for this discretionary service means the Council will be more able to maintain the delivery of other services.

- 3.3 Over the last few years an increasing number of Waste Collection Authorities (WCAs) have implemented charges for garden waste collection. Almost one third currently charge. For Ryedale this provides an income generation opportunity to maintain a valued service, help balance the Council's revenue budget and protect front line services.
- 3.4 Implementation of collection charging on a subscription (opt-in) basis means that only those residents that choose to use garden waste collection service pay for it, arguably a fairer system, following the 'producer pays' principle and removing subsidy from non users.
- 3.5 The most environmentally sustainable way of dealing with garden waste is to deal with it at the point of production through home composting. Implementation of a charged scheme and subsidised composters, in tandem with an information and marketing campaign that advocates home composting has the potential to help reduce greenhouse gas emissions. Waste prevention sits at the top of the waste management hierarchy.
- 3.6 As part of the vehicle replacement programme, six refuse vehicles come up for renewal during 2014/15 and the procurement process is scheduled to start now. As such there is a finite procurement window of opportunity regarding a decision on charging for garden waste. Early introduction of a subscription based service in 2014/15 takes advantage of this opportunity enabling the service to move towards a cost neutral position for 2015/16 with savings of up to £279K. If the decision is to introduce charging this needs to be taken at Council on the 31 October 2013 to maximise the savings available and allow sufficient time to plan the implementation.

#### **4.0 SIGNIFICANT RISKS**

- 4.1 In the event that Council does not support the proposal, members may need to consider cessation of the service in total at some point in the near future and make cuts to other Council services.
- 4.2 Potential risk is that the introduction of a charged service will meet with negative publicity and customer perception resulting in low participation levels for the new scheme and correspondingly reduced recycling performance. This can be mitigated - in part, by a comprehensive marketing approach regarding the reasons behind its introduction, a realistic pricing structure and full members support.
- 4.3 Introduction of a subscription based scheme has the potential for staff redundancies depending on take up by residents. This has the potential of adverse reputational risk and lowering of staff moral. This can be mitigated as achieved previously through requests for voluntary redundancies/early retirement.
- 4.4 Any decision represents a potential risk to the current Vehicle Replacement Programme as mentioned in 3.6. Careful consideration would need to be made on; the number of vehicles to be replaced to avoid locking the Council into a 6 year lease commitment and how many leases to extend. This would give some flexibility for delivering future efficiency savings and facilitate understanding participation levels. There are risks with extending leases for too long as experience shows that with older vehicles repair and maintenance costs increase. Extending beyond one year would not be recommended.

## 5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Council Aim 2: To create the right conditions for economic success in Ryedale:
- Opportunity for people; increasing wage and skill levels.

Council Aim 5: Transform Ryedale District Council

- Building our capacity to deliver through collaboration and working in Partnership.

- 5.2 Consultation has taken place as part of the budget setting process.

## 6.0 REPORT DETAILS

### Background

- 6.1 Under the existing Controlled Waste Regulations (CWR) 2012 (came into force on 1 April 2012), the Waste Collection Authority (WCA) can make a charge for the collection of garden waste, though this was also the case with the CWR 1992 regulations which they replaced.

- 6.2 Ryedale first introduced free garden waste collection services along with Alternate Weekly Collections (AWC) in 2003 with full roll out by 2006; this was to meet Government targets at the time of 33% for 2005/6. Since then compulsory waste targets have been removed, though in the Government's Review of Waste Policy in 2011, a recycling/composting target of 50% was set for local authorities (also adopted by the Joint York and North Yorkshire Waste Partnership) to reach by 2020. This is not however a statutory obligation and 78% of English Local Authorities have yet to reach a 50% recycling level (2011/12 league tables).

### Current Service Profile

- 6.3 Ryedale's overall recycling/composting rate is currently 52%, the bulk of which (35%) is made up of garden waste. This is the best capture rate in the Yorkshire and Humber region and significantly contributes to Ryedale's national standing regarding recycling and low residual waste levels by comparison to other North Yorkshire Districts.

- 6.4 Ryedale's Waste Management team runs an exemplar service:

- Ryedale has a comprehensive recycling collection service including collection of; garden waste, paper, glass and cans. This was enhanced in 2011 when the Council invested additional revenue funding into the household collection of card and plastic bottles, despite significant cuts to Council funding.
- Garden waste is currently collected by 7 crews (15 staff, 4 vehicles plus relief) on an alternate weekly basis. 2013/14 net budget costs are £285,730 per annum.
- The Council has been the top performer in the Yorkshire and Humber region for 6 years running, for both low levels of residual waste, and high levels of recycling.
- The Council has shown top quartile performance of English Councils for the last six years for recycling.
- SPARSE and Local Government information statistics place Ryedale high on recycling performance and low on cost. This follows the introduction of a 4 day working week, removal of task and finish, introduction of AWC, round optimisation etc.

### Why charge for Garden Waste Collection

- 6.5 Currently Ryedale DC provides this service to all households (at a net revenue cost of £285,730 per annum) as in the past did most Local Authorities. However over the last few years an increasing number of WCA's have started to implement charges for

garden waste collection and currently almost a third of councils across England now charge to collect garden waste.

- 6.6 Of the WCA's in York and North Yorkshire, Craven DC is the first to introduce a chargeable service (July 2013), with a number of others actively considering the issue (Annex A). This is a non statutory service. A logical conclusion to the significant and continuous cuts to funding councils continue to face is to; either stop the service entirely, cuts/cessation of other non statutory services or introduce a charge to help the service eventually become self funding/less costly, the latter being the least unpalatable option.
- 6.7 In considering the introduction of subscription based charged garden waste services the following should be acknowledged, in principle, regarding alternative ways of dealing with green waste:
- The most environmentally sustainable option is to ask residents to compost at home, however Ryedale already has a reasonable take up of home composting and any increase is likely to be challenging. To encourage greater take up, discounted composters would be considered if charging is introduced.
  - The scheme would run for 9 months of the year. As previously reported collection of limited tonnage during winter months is not cost effective or environmentally sustainable and makes collections unjustifiable. The Council resolved in setting the 2013/14 budget to cease winter garden waste collections in December, January and February which will save c£15k.
  - Advice should be given to encourage residents (not taking part in the scheme) to take their garden waste to the nearest Household Waste Recycling Centre (HWRC) run by North Yorkshire County Council. Garden waste can be taken free of charge to any HWRC in Ryedale and the material is then sent on for composting.
  - Residents should not put their garden waste into the residual waste bin, currently destined for landfill, though this would be difficult to effectively monitor and enforce.
  - Though full charge would be made, provision would remain to provide assisted collections for those requiring help, however a full impact assessment would need to be undertaken.

#### **What to charge**

- 6.8 Experience from other local authorities suggests that the annual charge for a fortnightly collection of green garden waste from a wheeled-bin ranges from £20 to £69; but is typically £24 to £45 per annum for comparator ('near neighbour') authorities (Table 1). As the charge increases, take up generally reduces, but much depends on the area, value placed on the service etc.
- 6.9 For this exercise potential cost/ benefits have been estimated on the basis of a range of charges (Annex B) of between £25 and £36 per bin per annum based on differing % levels of household participation. This range of costs sit at the lower end of the band of charges applied by local authorities in general and have good potential to obtain 30% - 40% participation levels.
- 6.10 Ultimately the aim should be for the service to become self funding, removing any need for Council subsidy/subsidy from non users. As such officers would recommend initially charging £27 for year one and £36 by year two after factoring in discounts for; registering on line, early sign up etc.

- The annual subscription charges would be for 9 months with no collections for 3 months during winter. In Year 1 the charges would be for 7 months as the subscription service would not start until 1 June 2013/4

**Table 1: Comparison prices and participation in near neighbours WCA's**

| Authority           | Annual Charge | Take up %          | Type             | Mix                 |
|---------------------|---------------|--------------------|------------------|---------------------|
| North Dorset        | £35           | 21%                | Garden only      | Other compostables  |
| Babergh             | £45           | 23%                | Garden only      | Garden              |
| Cotswold            | £30           | 50%                | Garden plus food | Mixed garden & food |
| Forest of Dean      | £26           | from Apr 2012      | Garden only      | Garden              |
| South Norfolk       | £43           | 25%                | Garden only      | Garden              |
| Craven (for ref NY) | £24           | 50% of target area | Garden only      | Garden              |

6.11 Due to the geographical size and low density population, collection costs are already very high for Ryedale's more remote villages and properties. As an example collection costs from the North York Moors Round (4% of total area servicing 1000 properties) are 5 times as much per lift as one of the more urban rounds. Lower participation levels for the 'opt – in' scheme would exacerbate this. As such there are options for service delivery including:

- Offer the service to all Ryedale residents – increasing collection costs in comparison to the options below.
- Target the charged service to those areas which would maximise performance – this is the option chosen by Craven and many others.
- Segment the area, offering differential pricing, for the harder to reach and least cost effective areas. However there will always be an element of subsidy from the easier to reach properties.

#### **Recycling participation levels**

6.12 Reports (Table 1) indicate that participation in Councils that have charged can typically fall to between 21% to 50% dependant on price and demand. Obviously this will result in a reduction in tonnages, which in turn reduces the overall recycling/composting rate. Currently 52% for Ryedale the bulk of which (35%) is made up of garden waste.

6.13 The effect of reduced participation on recycling % and cost is difficult to model precisely as it will depend on a variety of factors including:

- Residents generally ensure they use these schemes more effectively if they are paying for it. Nationally studies indicate that on average subscribers to an opt-in service put out for collection between 300 and 400 kgs per household per year. Analysis of similar authorities to Ryedale indicates this can range between 400 - 500 kgs per household per year. (RDC average is currently 297kgs per hh). As such the models (Annex B) account for collection weight to increase in a best and more modest scenario (i.e. 450kgs and 350kgs per hh).
- Conversely - regarding non participants - the danger is that more garden waste will find its way into the residual (non-recyclable) waste-stream. Surprisingly studies carried out by White Young Green consultancy and YNYWP indicate that this does not happen. Obviously some will go to the County Council's HWRC's (potentially around 13%), some would be home composted and some (according to the reports) effectively disappears from the waste stream. No increased fly

tipping was reported. Again this has been factored into the models best and worst case scenarios.

- 6.14 As modelled in Annex B, it is estimated that total recycling % could range between 32% - 45% (based on 30-40% take up). Taking into account the evidence and trend information, judgement indicates a reasonable estimated guideline would be for **recycling levels for RDC to fall to between 38% and 40%** assuming around 35% (mid range) participation. Based on 2011/12 this would place the council at high 3<sup>rd</sup> quartile (English councils), however with more Councils charging this position has potential to improve

#### **Additional Expenditure**

- 6.15 If the Council decides to move to a chargeable green garden waste scheme there will be two additional elements of expenditure over and above collection costs and gate fees. An estimated **£117,000 'one-off' costs** year one associated with setting the scheme up (including contacting all residents, redistributing wheeled-bins, promotion etc) and **£67,000 ongoing annual revenue costs** year two onwards - related to running the scheme (mainly administrative resources):
- Effectively year one will cost an additional £50K by comparison to future years.
  - The level of expenditure required will depend on the take up of the new service.
  - On going annual administration costs are difficult to estimate as the potential difficulties of administering the scheme, ensuring payment for bins collected, residents moving house, on going marketing to increase participation rates etc should not be underestimated.
  - Costs include for an annual licensing of those subscribing into the scheme. A number of Councils outsource this function.
  - There is scope for annual costs to reduce once the scheme settles down.

#### **Cost benefit Implications – Annex B**

- 6.16 Four options have been modelled in Annex B; all are judgements and should be treated with caution.
- Options are based on a collection rate of 350kgs per household
  - All scenarios indicate that the net costs of the service should significantly fall should charging be introduced.
  - All scenarios have been calculated based on ongoing costs (i.e. year two onwards) to facilitate comparisons.
  - 35% has been used as the mid range scenario for costs and benefits as detailed in 6.17 and 6.18. This assumes around 8500 households would participate. This figure was achieved by Craven from a targeted area of 15,000 properties and has good potential to be achievable.
- 6.17 The net budget cost of the service is currently £285,730 per annum. Assuming 35% participation based on £27 subscription charge year one, (June 2014 start date) and £36 year two :
- Year One - costs equate to £117,034 plus additional £50K one off expenditure £167,034 per annum
  - Year Two - costs based on increasing the charge to £36 equate to £6482 per annum, i.e. the service virtually breaks even.
- 6.18 As such, with reference to the current budget costs, assuming 35% participation levels are reached there is strong potential for revenue budget efficiency savings (based on £27 year one and £36 year two).(Table 2)

**Table 2- Potential Efficiency Savings 2014/15 and 2015/16**

|   |
|---|
| <b>Assumes 35% scenario - £27 year one and £36 year two</b>         |
| Year One 2014/15 - <u>£118,696 per annum – June 2014 start date</u> |
| Year Two 2015/16 - <u>£279,248 per annum</u>                        |

The following caveats apply:

- This assumes the decision is taken at 31 October 2013 Council to proceed and therefore the fleet reduction can be immediately realised. Major vehicle replacements take place 2014/15 and as such there is a window of opportunity regarding early decisions on the introduction of charging.
- Though studies indicate not, potentially additional cost could be incurred due to additional weight being picked up in residual tonnage. Existing refuse rounds have an element of capacity (regarding 2<sup>nd</sup> tips) however, should additional tips could be required, efficiency savings will effectively reduce.
- Redundancy costs have not been factored into savings; these can be met from the restructure reserve.
- Targeting collection areas would significantly increase efficiency and increase savings by an estimated £28-50K depending on scale.
- Should greater collection tonnage of garden waste be realised (i.e. nearer the 450Kg per hh) this could also increase savings up to an estimated £19.5k per annum.
- Cessation of the service entirely would save between £177K and £227K depending on the potential affect to residual collection rounds.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

a) Financial

Financial implications are outlined in the report and in annex B

b) Legal

There is no legal requirement to collect garden waste - under Schedule 2 of the Controlled Waste Regulations it is classified as a type of waste for which a charge can be made.

c) Other implications

7.2 The reduced recycling rate would considerably lower the Council's current high standing nationally and regionally to - at best - average performance. For the last 6 years the Council has invested in recycling and in this field have been the highest performing council in the Yorkshire and Humber, a fact justifiably esteemed by staff, members and the public. However with a third of councils starting to charge it could be the case that the playing field over the next few years will re-balance at a lower figure.

7.3 Environmentally the pros and cons are mixed. Lowering levels of recycling is a poor message for residents. Conversely RDC has always promoted home composting as the most environmentally sustainable option for dealing with household garden waste and this is in line with the waste hierarchy as set out in the Governments National Waste Strategy.

- 7.4 There is potential for resident dissatisfaction if a charge was introduced for this service which may result in negative publicity and customer perception, Northumberland suffered from significant and sustained adverse media coverage, though charges were introduced some years ago prior to the current economic downturn, conversely Craven DC and others have had little or no negative press. Clearly this is dependant on a good marketing and communication strategy with residents and full member support regarding press coverage etc.
- 7.5 Charging could benefit some. Currently, customers are only allowed one bin, however, requests for additional bins could now be granted if a charge per bin per annum for the collection of green waste were to be introduced. In reality these are likely to be few in number. Residents with smaller gardens would be encouraged to share bins.
- 7.6 In discussions with councils who had introduced charging none reported problems regarding increased fly tipping, large amounts of green waste being put in the residual refuse bins or increases in bonfires etc. However these areas would need to be monitored.
- 7.7 Reduced participation levels would have an impact on vehicle procurement, staffing and has redundancy implications which would need to be considered.

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**Background Papers:**  
None.