

EAST HERTS COUNCIL

COUNCIL - 18 OCTOBER 2017

REPORT BY EXECUTIVE MEMBER FOR ENVIRONMENT AND  
PUBLIC SPACE

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WASTE CONTRACT OPTION: INTRODUCTION OF A CHARGEABLE  
GREEN WASTE SERVICE ALONGSIDE A SEPARATE WEEKLY FOOD  
WASTE COLLECTION SERVICE

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WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- To consider the option of introducing a chargeable green waste service alongside a separate weekly food collection service.

<b><u>RECOMMENDATIONS FOR COUNCIL:</u> That:</b>	
<b>(A)</b>	<b>approval is provided for the introduction of a chargeable green waste service alongside a weekly food collection service;</b>
<b>(B)</b>	<b>subject to recommendation (A), the charge for the chargeable green waste service is £40; and</b>
<b>(C)</b>	<b>subject to recommendation (A), £125,000 of funding is approved for the provision of food waste caddys for the introduction of a separate weekly food collections service.</b>

1.0 Background

1.1 In February 2016 the Environment Scrutiny Committee agreed to set up a Task and Finish Group to review the Council's Waste and Street Cleansing service with the objective of informing the design of the next Waste and Street Cleansing contract, due to commence in May 2018.

1.2 Having considered a number of issues, the Task and Finish Group concluded that providing a chargeable green waste service

option alongside a weekly food collection service should not be recommended for approval. The Executive then approved this recommendation in July 2016. At this meeting it was also agreed that the Council would progress with developing a joint waste, recycling and street cleansing contract with North Herts District Council.

1.3 The key discussion points recorded in the Task and Finish group report included:

1.3.1 That the Waste Task and Finish group recognised that a key challenge for local authorities in reducing the amount of waste going to landfill is the amount of food waste in the refuse bin and the negative impact this has on the environment. A number of local authorities in the UK have introduced separate weekly food waste collections, seeking to reduce environmental impacts and the high cost of sending waste to landfill. In 2016, it was estimated that a weekly food collection service would result in increased operating costs in the region of £375k.

1.3.2 This increased cost of service in some local authorities has been met by charging for the green waste collection service. The cost of introducing a chargeable green waste collection service in terms of advertising, back office costs were also considered.

1.3.3 The group acknowledged that the savings from such a scheme would potentially come from the reduced collections of garden waste collections on the basis that not all residents would take up the service and that a suspended service or reduced service may take place in the winter months, resulting in a reduced number of vehicles and crews needed to operate the service.

1.3.4 In 2016, the estimated savings to the Council would be in the region of £107,000.

1.3.5 In addition it was recognised that separate processing arrangements could also result in a saving to the County Council. However, both parties are tied into a contract with the reprocessing facility until 2025. This contract includes a 'guaranteed minimum tonnage' to protect the reprocessor from a fall in income which is necessary to sustain their capital investment. A chargeable garden waste service

would potentially result in less material being delivered but at a higher cost and this would be passed on to the Council, potentially wiping out or exceeding savings in the collection service.

1.3.6 The Task and Finish Group recommended that this option was not incorporated into the next contract but is reviewed in 2023 in preparation for the following contract.

1.4 During the process of developing the tender documentation, new information came to light, which merits further consideration of the option for a chargeable green waste service:

1.4.1 Three Districts within the County have introduced a chargeable green waste service. All have reported higher than predicted take up in the service.

1.4.2 Both East Herts and North Herts are projected to exceed the 'guaranteed minimum tonnage' for organic waste by 11,000 tonnes (combined) in 2017/18.

1.4.3 The financial pressures on the council continue to be significant. From April 2018 the council will receive no government grant (known as Revenue Support Grant) and will rely on council tax, New Homes Bonus, and a proportion of business rates collected locally to fund its budget.

1.4.4 The Council has a savings target of £1.1m across the life of the Medium Term Financial Plan (2017/18 – 2020/21); there are still uncertainties over how the funding gap will be filled.

1.4.5 The Council has aspirations to sustain and improve services to residents, and this will be challenging with reducing revenue budgets.

1.4.6 Further analysis of the potential net income from charging for green waste shows a significantly better position than was considered by the Environment Scrutiny Committee in February 2016.

1.5 Public consultation on the service options for the waste contract including textiles collections from households and introducing a 'fully-comingled' recycling service (i.e. all dry recyclable material in

one bin) was due to take place in July 2017. The opportunity arose through this consultation to gauge views of our residents on whether they would consider paying for the collection of their green waste if the Council considered removing it in order to contribute to the gap in the medium term financial plan. Councils are not obligated to collect green waste and some authorities do not provide this service as a means of savings. The consultation was a joint survey with North Herts DC.

- 1.6 The Waste Task and Finish Group reconvened on Tuesday 29th August 2017 for an update on the contract options and to revisit the option of introducing a weekly food collection service alongside a chargeable green waste service. Members in attendance included:

Cllr Freeman (Chairman)  
Cllr J Jones  
Cllr Wyllie  
Cllr Pope

- 1.7 The Task and Finish Group were presented with the findings from the public consultation as of mid-August. In relation to a chargeable green waste service residents were asked. These findings have been updated following the closure of the consultation.

- 1.8 The Waste Task and Finish Group concluded that a recommendation on the introduction of a weekly food collection service alongside a chargeable green waste service could not be made based on the information provided. The consideration for this option was referred to the Overview and Scrutiny Committee.

## 2.0 Report

- 2.1 The Overview and Scrutiny Committee met in September 2017 to consider the option of a chargeable green waste service alongside the introduction of a separate weekly food collection service.

- 2.2 The Committee debated the topic and recommended more detail was provided to the Executive to help inform the recommendation to Council and that weekly food collection was considered separately and the option simplified. To support this, a table has been provided to simplify the current and future option in **Essential Reference Paper B**.

- 2.3 The scope of the procurement did not include a collection arrangement for food waste to go into the residual/black bin, the option was for a separate weekly food collection service. Therefore, it would be a material change to our requirements to allow the bidders to price for garden waste without a weekly food waste collection. It would be high risk to now vary the scope of the procurement documents to allow for a different collection arrangement for garden waste. The decision must therefore focus on a whether introducing a chargeable green waste service alongside a weekly food collection service is an option for Council to approve or not.
- 2.4 The collection of household food waste is a statutory requirement, whilst the collection of garden waste is a discretionary service that the Council does not need to provide. Food waste would not be acceptable in chargeable garden waste bins as this could be perceived as charging for food waste collection – UK law does not permit Councils to charge for the collection of food waste.
- 2.5 It is more expensive to divert waste (including food waste) to landfill as this is unfavourable environmentally. The option not to provide separate weekly food collections is highly likely to create more waste to landfill and therefore incur costs to the County. A weekly food collection service alongside a chargeable green waste service was therefore the option requested during procurement.
- 2.6 On the 16<sup>th</sup> October 2017, the Executive awarded the waste collection and street cleansing contract to the successful bidder. Members also considered various options. One of the options and recommendations agreed was to recommend to Council the option for a chargeable green waste service alongside the introduction of a weekly food waste collection service and refer the decision to Council.
- 2.7 There would be an up-front cost to acquire the food waste containers, which are estimated to be £2.50 per unit. This would equate to around £125k. This would require approval by Full Council for inclusion within the capital programme. There would also be revenue costs associated with container delivery (for the food waste containers) and the likely need for the collection of for the mixed organic bins (brown bins) from those not taking up the garden waste service costs.

- 2.8 The feedback from the public consultation in relation to this was that 83% of East Herts residents who responded to the survey (2314 residents) disagreed or strongly disagreed with introducing a chargeable garden waste service alongside weekly food waste collections. Overall 25% of all residents who responded said they would be likely to use a paid for green waste service, which is the same percentage as those that responded to a similar survey in a 'nearest neighbour' authority who have implemented a similar service. The actual proportion of the residents in that authority that are now signed up is 74% of eligible properties.
- 2.9 When asked what they would be likely to pay for the green waste service, 35% of residents indicated they would be very or quite likely to pay up to £40 a year, with 13% saying they would be very or quite likely to pay £41-55, and 6% saying they would be very or quite likely to pay between £56-£70. Given the high drop off between £40 (35%) and £41-£55 (13%), a charge of £40 has been assumed in assessing the financial impact. A lot of Authorities that have introduced green waste charging have chosen to charge £35 in the current financial year (2017/18), although this will be subject to review as to what they charge next year. Some authorities charge £40 or more.
- 2.10 The table in **Essential Reference Paper C** demonstrates potential income and is based on 40% take-up of the garden waste service as this was used for the tender. The amounts are based on both Councils taking up the option. This was based on consultant advice that this was a prudent conservative level of take-up based on experience in other Authorities/
- 2.11 The option of a weekly food collection service alongside a chargeable green waste service in the tender documents is an 'independent' item meaning that each Authority does not require the other to select the same position on the introduction of the service. The driver for the joint waste and street cleansing service is savings and therefore optimal efficiency is achieved if both Authorities have the same position. However, efficiencies can be achieved with differing positions. Should one Authority agree to adopt the weekly food collection and chargeable green waste service and other did not it would be difficult and costly to introduce such a service during the 7 year contract period, should the other Authority later wish to make a decision post contract award. Contract negotiations to vary the contract would almost inevitably result in a cost to the service and the vehicles procured for the service at the beginning of the contract may not be fit for

purpose for future changes and therefore will result in further additional capital and/or revenue costs for new vehicles. Efficiencies anticipated from a joint client team would need to be reviewed to ensure sufficient capacity is available to manage two essentially different services. Any income from collection will solely benefit the Authority which achieves income levels from such a service over the 7year contract life.

2.12 Recycling credits are only received for dry recycling, so this change has no impact. It is currently anticipated that a proportion of the increased food waste collected would off-set some of the reduction in garden waste, and therefore there would be no little detrimental impact on the Alternative Finance Model (AFM). However this is dependent on higher take up more closely resembling the experience of neighbouring authorities, than the baseline 40% with take up needing to be in the region of 60-70%.

2.13 The table below details the expected ongoing revenue implications at various levels of take-up (with a £40 annual charge). The capital costs will be the same as at 40%. Up-front revenue costs will also reduce with increasing levels of take-up as the number of mixed organic bins to be collected will reduce.

	<b>East Herts</b>
26% take-up	(210)
30% take-up	(260)
40% take-up	(386)
50% take-up	(512)
60% take-up	(638)
70% take-up	(764)

2.14 During the public consultation 21% of residents indicated that they would be interested in having more than one chargeable garden waste bin.

2.15 Compostable waste tonnages are difficult to predict accurately due to fluctuations in the growing season. Data from the 'nearest neighbour' previously referenced, is that tonnages for compostable waste during the first year of service change did not show a significant drop in the amount collected once a chargeable garden waste came into effect. Although this would be affected by levels of take-up and this is now 74% of eligible properties in that Authority.

- 2.16 There is a perception of the risk of increased fly tipping as a result of the change however, data from the same 'nearest neighbour' in relation to fly tipping shows no noticeable increase following the introduction of a chargeable green waste service. Reports of fly tipping across the county from Oct 2016 – May 2017 have generally reduced every month (apart from March 2017). In at least two of the Authorities that have introduced a chargeable green waste service the recorded number of fly tips in those Authorities has reduced; although there is insufficient evidence to draw a correlation or conclusion between the introduction of a chargeable green waste service and its impact on fly tipping.
- 2.17 A number of residents responding to the public consultation indicated that they would utilise the Household Waste Recycling Centres for the disposal of garden waste and Hertfordshire County Council has been consulted on the introduction of green garden waste charging. As part of this they provided some information on the likely impact on Household Waste Recycling Centres (HWRC) from introducing green garden waste charging. This confirmed that they would expect an initial increase in HWRC visits following the introduction of green garden waste charging. However, anecdotal data suggests the general behaviour has been that residents have soon opted into the paid service over a weekly visit to the local recycling centre. As with fly tipping it is difficult to ascertain whether there is an evidence based relationship between the two. Both of these concerns raised will be monitored by the Council in partnership with the Herts Waste Partnership.
- 2.18 If introduced, the charge for garden waste collection should be treated in the same way as other fees and charges. This means that it will increase each year in line with the agreed Medium Term Financial Strategy (MTFS).
- 2.19 Work undertaken in 2016 by a neighbouring District to determine the proportion of Councils currently charging for garden waste revealed the following:-

<b>Charging for Green Waste in England 201 District Councils, 36 Metropolitan Districts, 32 London Borough and 55 Unitary Authorities</b>	<b>Number of Councils</b>	<b>% of Councils</b>
No	109	38%
Unknown	23	8%
Yes	156	54%
<b>Grand Total</b>	<b>288</b>	<b>100%</b>



- 2.20 Questionnaires were sent to Councils who currently charge for garden waste. 19 responses were received all of which indicated that they would still have made the decision to charge given the information they know now about the implementation of the service, all Councils indicated that the service was either cost neutral or producing a surplus to support the rest of the service expenditure.
- 2.21 The charge levied by the Councils which responded ranged from £24 to £96 for a 240L bin, with the average price from response being £47.42. If the two extremes of the range are excluded (range £30-£65) the average charge becomes £45.94.
- 2.22 Other concerns raised during the consultation period include:
- Affordability for all members of the community
  - Charging for an existing service
  - An additional bin to manage
  - Weekly food collections

Each of these concerns is considered in detail below.

*Affordability for all members of the community*

- 2.23 There have been some concerns over the affordability of the service for East Herts residents. As with other chargeable services a concession could be provided for those members of the community who wish to take up the service who are unable pay £40 a year for the service, in addition payment in instalments could be provided. Residents who do not wish to take up a chargeable green waste service will not be required to pay towards the weekly food collection service. An equalities impact assessment has been carried out for this option, this can be found in **Essential Reference Paper D**.

*Charging for an existing service*

- 2.24 As set out in the table about 54% of councils across England either already charge for green waste, or are committed to doing so in the next 12 months. Three of these are in Hertfordshire. A number of Authorities report that introducing the charge has taken place to raise funds after central government budget cuts to support operational costs of the waste collection service. In East Herts the waste collection and street cleansing service is the single biggest revenue cost to the Council. Introducing a

chargeable green waste collection service could support some of the funding pressure for this area. There is naturally some concern over the public perception of such a decision. Communicating the reasons for a potential change in service may mitigate some of these concerns, including the environmental benefits of a weekly food collection service and supporting the sustainability of a discretionary garden waste collection service.

#### *An additional bin to manage*

- 2.25 The introduction of a weekly food collection service would result in residents receiving an additional 23litre food waste caddy (bin) to ensure food waste is not placed into the black bins (and therefore taken to landfill.) To provide some context in terms of size, the inner paper boxes as part of the blue lidded bins are 45 litres. A table is provided in **Essential Reference Paper B** to simplify the advantages and disadvantages of a weekly food collection service. The table also provides images of the different scenarios.
- 2.26 Given that the additional food waste caddy will be a secure bin to leave outside (reducing pests), in theory residents will be able to manage their food waste in the same manner as they currently do, i.e. using the kitchen caddy to then dispose of its contents in an outside bin. Alternatively the food caddy could be placed in the kitchen and taken out weekly.

### **3.0 Conclusion**

- 3.1 Based on the information provided, the Executive makes a recommendation to Council to introduce a chargeable green waste service alongside a weekly food collection service. The Executive also recommend that this charge is £40.
- 3.2 Should Council approve the introduction of a chargeable green waste service alongside a separate weekly food collection service, Council are asked to approve the investment of £125k for the purchase of food containers/caddys.

### **4.0 Implications/Consultations**

- 4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

Contact Member: Cllr Graham McAndrew – Executive Member for  
Environment and Public Space  
[graham.mcandrew@eastherts.gov.uk](mailto:graham.mcandrew@eastherts.gov.uk)

Contact Officer: Jess Khanom – Head of Operations  
Contact Tel No x1693  
[jess.khanom@eastherts.gov.uk](mailto:jess.khanom@eastherts.gov.uk)