

EAST HERTS COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE – 12 SEPTEMBER 2017

REPORT BY HEAD OF OPERATIONS

WASTE CONTRACT OPTION FOR CHARGEABLE GREEN WASTE SERVICE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To outline the proposal to introduce a chargeable green waste service alongside a weekly food collection in East Herts and seek the views of Overview and Scrutiny Committee, prior to the Executive's consideration of a joint waste contract with North Herts.

RECOMMENDATIONS FOR OVERVIEW AND SCRUTINY: That:

(A)	The proposal to introduce a chargeable green waste service be considered, and
(B)	The Committee makes a recommendation to the Executive on the basis of the evidence detailed in the report, to enable the Executive to come to a conclusion on this element of the new waste contract, at their joint meeting with North Herts District Council on 16 October 2017.

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.

2.0 Report

2.1 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

2.2 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:

“Currently the Council collects food and garden waste fortnightly in the same brown bin. Although the Council do not wish to stop this service, it has no legal obligation to collect garden waste. Bearing this in mind and the need for Councils to save money, we are considering changing the service to a more frequent (weekly) food waste collection service alongside a chargeable garden waste service. To what extent do you agree or disagree that the Council should make this change to the service?”

2.3 1585 residents in East Herts stated that they either disagreed or strongly disagreed with the statement.

2.4 Residents were then asked:

“If the paid for garden waste collection service was to be introduced, how would you dispose of your garden waste?”

2.5 20% said that they would be likely to use the paid for garden waste collection service. 62% said that they would take their garden waste to the Household Waste recycling centre. 17% said

that they would compost garden waste at home. 1% stated that they do not produce garden waste.

2.6 The question that followed was:

“Please indicate how likely you would be to use a paid for garden waste collection service if the annual cost were up to £40, £41 to £55 and £56-£70.”

2.7 30% of residents stated that they would either be very likely or quite likely to pay up to £40 for the service. With 70% stating that they would be unlikely to take up the service.

2.8 Based on the information above it can be assumed that between 20-30% of residents may take up the chargeable green waste service should it be introduced.

2.9 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.

2.10 Other concerns raised during the consultation period include:

2.10.1 Uncertainty over take up, expenditure and savings

2.10.2 Affordability for all members of the community

2.10.3 Charging for an existing service

2.10.4 An additional bin to manage

2.10.5 Impact on the contract/joint working with North Herts Council

2.10.6 Concerns over increased fly tipping

2.10.7 Household Recycling Centres being busier with no increase in opening times

Each of these concerns is considered in detail below.

Uncertainty over take up, expenditure and savings

2.11 Using the initial public consultation findings it could be assumed that approximately 20-30% of residents may take up a chargeable green waste service for £40. Other Authorities within the County are recording over a 50% uptake in the service. At least two Councils have advised that the take up was greater than expected.

- 2.12 In terms of expenditure it is currently not possible to determine the exact cost of the introduction of the weekly food collection service alongside the chargeable green waste service until the Council has awarded the Waste contract. In the 2016 reports it was assumed that the cost of the introduction of a weekly food collection service would be covered by the income generated from a chargeable green waste collection service which potentially would be a reduced collection service on the assumption that not all residents would take up this option. The remaining projected costs in 2016 have been updated to reflect proposed changes in customer service functions and developments in payments/IT systems.
- 2.13 Figures are set out in Table 1. Table 1 assumes a 34% uptake (on the basis of the evidence from other authorities where predicted uptake during the consultation almost always ended up with higher actual uptake). Table 2 assumes a 50% uptake in line with other authorities within the County. Both sets of calculations use an annual charge of £35 to the resident, and demonstrate net income ranging from £260k - £420k annually. (For reference, these figures would equate to a further 2.8% - 4.5% increase on council tax charged to all residents, if the council were to raise this amount of income through council tax – although members will recall that any council tax raise over 2% requires a local referendum).

Table 1

£35 uptake at 17,000 households (34%)	Expenditure	Income	Net
Additional collection cost	0		
Start up cost customer contact	30,000		
Administration @ £15 per trans	255,000		
Inspection of service	80,000		
Income		(595,000)	
Container purchase and delivery	200,000		
Remove 33,000 bins	100,000		
Income for bins		(40,000)	
Total Expenditure / Income (1st year start up)	665,000	(635,000)	30,000
Ongoing Expenditure / Income	335,000	(595,000)	(260,000)

Table 2

£35 uptake at 25,000 households (50%)	Expenditure	Income	Net
Additional collection cost	0		
Start up cost customer contact	30,000		
Administration @ £15 per trans	375,000		
Inspection of service	80,000		
Income		(875,000)	
Container purchase and delivery	200,000		
Remove 25,000 bins	75,000		
Income for bins		(30,000)	
Total Expenditure / Income (1st year start up)	760,000	(905,000)	(145,000)
Ongoing Expenditure / Income	455,000	(875,000)	(420,000)

- 2.14 In terms of savings, an East of England District Council with a similar demographic but smaller population than East Herts has provided indicative net income figures of year one c. £500k and year two c. £650k. This was based on approx. 36% uptake and annual cost to resident of £40. This council is now into year two of charging.

Affordability for all members of the community

- 2.15 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 £35 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.

Charging for an existing service

- 2.16 50% 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 budgets 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

- 2.17 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.
- 2.18 Given that the additional food waste caddy will be a secure bin to leave outside (preventing 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.

Impact on the contract/joint working with North Herts Council

- 2.19 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. Each Authority will have a different customer service approach with East Herts Council managing our own customers and any payments from a proposed service. 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 make a decision post contract start date. 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 a potential additional capital cost for new vehicles. Any income/savings will solely benefit the Authority which achieves income levels from such a service over the 7year contract life.
- 2.20 Therefore, while it would be possible to have a different service from North Herts (there would be some loss of efficiency), of

greater concern is the difficulty that East Herts would have should the council decide it wants to introduce the charge part way through the seven year contract.

Concerns over fly tipping

- 2.21 There are some concerns over the potential increase of fly tipping as a result of introducing 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.

Household Recycling Centres being busier with no increase in opening times

- 2.22 In relation to the household recycling centres, anecdotal data suggests that there have been some increases in use of the centres in the initial stages of the new chargeable green waste service; however 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.

3.0 Feedback from other Authorities

- 3.1 Feedback from three Authorities has suggested that the back office support and IT systems are crucial in terms of providing an effective chargeable green waste service including the ability to set up direct debit payments. With the work on the Digital East Herts programme there is scope to provide the level of IT required developing such an interface with customers.
- 3.2 Two Authorities stated that the key concerns from residents were why they were being asked to pay for the service and what would happen to their bins if they didn't opt in for the chargeable green waste service. As mentioned previously a clear communications strategy could alleviate some of these concerns, however it is important to recognise that a decision to introduce a charge will come with increased customer call volumes in the first few months and resources should be allocated to deal with this to ensure

residents are provided information in line with our customer service standards.

- 3.3 There have been some queries raised in terms of the relationship with the Waste Disposal Authority (Herts County Council). The position from HCC is that it is essential that any Waste Collection Authority considering changes to its kerbside collection services, including the introduction of green waste charging, fully engage with, consult and work in partnership with the Waste Disposal Authority to ensure any changes do not conflict with contractual commitments and do not represent a position that would lead to increased costs of disposal. The WDA would also seek to ensure all materials are managed in accordance to the national waste hierarchy.
- 3.4 We (East Herts) do not believe that the introduction of the chargeable green waste service would conflict with any contractual commitments on the basis that we are projected to exceed the guaranteed minimum tonnages for organic waste for 17/18. In addition, black bins that contained any green waste would not be collected to encourage residents to recycle or compost at home. A home composting education programme could also be introduced for those residents not wishing to use the chargeable green waste service, this would be in line with the national waste hierarchy. The waste hierarchy provide a continuum of preference in terms of dealing with waste materials, the top of the continuum is waste prevention and the bottom of the continuum is disposal. The favoured option in the middle is reuse and recycling.

4.0 Conclusion

- 4.1 There are a number of factors to consider when introducing a weekly food collection service alongside a chargeable green waste service as mentioned above. The waste contract will need to be awarded by mid-October 2017. Members are asked to consider the information above for a recommendation to the Executive. It is recognised that additional information on costs may support the decision making process; however, the cost of collections as part of bidders' tender submission is confidential due to commercial sensitivity and cannot be published. Should further information be available from other Authorities prior to the Overview and Scrutiny committee these will be tabled at the meeting.

4.2 Implications/Consultations

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

4.4 An Equalities Impact Assessment can be found within **Essential Reference Paper 'B'**.

Background Papers

None.

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