



Meeting: **POLICY REVIEW COMMITTEE**
Date: **10 DECEMBER 2012**
Time: **5.00PM**
Venue: **COMMITTEE ROOM**
To: **Councillors Mrs M Davis, M Jordan (Chair), Mrs E Metcalfe, R Musgrave (Vice Chair), I Nutt, R Packham, I Reynolds, Mrs A Spetch, R Sweeting.**

Agenda

- 1. Apologies for absence**
- 2. Disclosures of Interest**

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

- 3. PR/12/13 – Chargeable Green Waste Collections**

To consider the report from the Executive Director (s151), pages 3 to 14 attached

Martin Connor
Chief Executive

Policy Review Committee
10 December 2012

Dates of next meetings
18 December 2012 (Provisional)
15 January 2013
16 April 2013

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Report Reference Number PR/12/13

Agenda Item No: 3

To: Policy Review Committee
Date: 10th December 2012
Author: K Cadman
Lead Officer: Karen Iveson

Title: Chargeable Green Waste Collections

Summary:

The Council's revenue budget forecasts show a savings requirement of around £800k for the coming financial year and beyond.

The Council has achieved significant savings to date but it is becoming increasingly difficult to achieve further savings on a reducing cost base. Therefore, alternative savings proposals are being put forward by the Executive.

As part of their draft budget proposals the Executive recommend the introduction of charges for green waste collections to achieve a 'break even' position to meet the net cost (approximately £559k) of delivering the service.

The Policy Review Committee are asked to review the proposals being considered by the Executive and for recommendations to be brought forward as part of the Committee's response to the budget consultation.

Recommendation:

The Committee are asked to review the assumptions upon which the Executive's proposal for charging for green waste is based and to bring forward recommendations on the practical issues that will need to be taken into account in implementing the change.

Reason for recommendation

To allow the Committee to have a practical contribution in developing the proposals going forward to support the introduction of the charge to maximise the income for 2013/14, in order to support the achievement of a balanced budget for the forthcoming year.

1. Introduction and background

The Council's revenue budget forecasts show a savings requirement of around £800k for the coming financial year and beyond.

The Council has to date, achieved savings of £2.9m p.a. but it is becoming increasingly difficult to achieve savings on a reducing cost base. Therefore, alternative savings proposals are being put forward by the Executive.

As part of their draft budget proposals the Executive recommend the introduction of charges for green waste collections to achieve a 'break even' position to meet the net cost (approximately £559k) of delivering the service.

2. The Report

The full details of the proposals for charging for green waste that have been considered by the Executive are set out in **Appendix 1**.

The Executive also considered options for reducing the service over the winter months, which are set out in **Appendix 2**. However, they felt that a reduction in service along with charging would make the service less attractive so there are no proposals to reduce the service at this time.

Policy Review Committee are asked to review the assumptions upon which the Executive's proposal is based and to bring forward recommendations on the practical issues that will need to be taken into account in implementing the change (for example billing arrangements and communications).

As part of these considerations, the committee is asked to identify the optimum timing of the introduction of the charge to maximise the income for 2013/14, in order to support the achievement of a balanced budget for the forthcoming year.

Recommendations are to be brought forward as part of the Committee's response to the budget consultation.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The Environmental protection act 1990 provides for a council to charge for the collection of green waste.

3.1 Financial Issues

The financial implications of the proposals are set out in the briefings at Appendices 1 and 2.

4. Conclusion

The introduction of a charge for green waste collection could achieve a saving of up to £559K for the Council and thus support the achievement of a balanced budget in the forthcoming year.

5. Background Documents

Executive briefing paper (attached at Appendices 1 and 2)

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Appendices:

Appendix 1 – Briefing on green waste charging options

Appendix 2 – Briefing on green waste winter collection options

Appendix 1

Green Waste Collections –Charging Options

Background

Green waste is collected from approximately 30,000 properties within the district every fortnight excluding 4 weeks over Christmas and New Year. In addition there are approximately 300 properties that have purchased an extra green bin and are charged £26 per year for emptying the additional bin. The number of planned green waste collections per annum is 727,200.

In an average growing year the annual tonnage collected and diverted from landfill is 8,376 tonnes. This is sent to four green waste re-processors who charge an average gate fee of £19 per tonne, the material is turned into a compost through an open air wind row process that is subsequently spread onto farmland within the district to improve the soil.

Other comparable Local Authority experience of introducing a charge

A survey of other comparable local authorities was undertaken to identify if any councils had introduced a charge for green waste collections that had previously been provided free of charge. 87 comparable councils were identified of which 26 provided a chargeable service and of the 26 only 4 had introduced a charge after providing a free service and operated fortnightly green waste collection services using wheeled bins. Two of the four are directly comparable from waste data flow analyses of properties serviced and annual tonnages and therefore provide the most valuable information to inform the decision making process.

Information regarding the introduction of a charge was requested via email to the following councils:

Cotswolds (£30 per annum and direct comparator)
Forest of Dean (£26 per annum and direct comparator)
Gloucester (£38)
Harlow (£90)

The information requested included initial service demand, implementation period, impact on tonnages, when the change was implemented and post implementation issues. A summary of the feedback and learning will be provided as soon as received.

In the absence of feedback from the four councils above and in conversation with South Kesteven Council advice was given to contact Rushcliffe district council for information. Rushcliffe (Nottinghamshire) whilst not directly comparable in terms of property numbers is a predominantly rural district and

has implemented a chargeable service recently. An initial analysis of their website and Defra waste data flow database is summarised below:

- Tonnage reduction post implementation 20%
- Assume participation reduction to be the same
- Charge for the service £25
- Recycling impact 5% reduction
- Residual waste impact – nil
- Properties in district – 47,000
- Properties in scheme free service – 44,000
- Properties in scheme chargeable service – 24,000
- Bins left at properties not retrieved

Initial conclusions based on the tonnage reduction after introducing the charge are that participation in the free scheme was about 68% or 30,000. Resulting in 24,000 or 80% of residents who participated in the free scheme participating in the chargeable service. On the basis that tonnage reductions are a direct correlation with participation and that the residual waste impact was nil. In the second year of the scheme resident participation increased to 27,000 properties or 90% of participation when the service was free.

Initial verbal feedback from Rushcliffe was that;

- Service charging implemented April 2011
- implementation took in excess of 9 months
- the service was free for 9 years before charging
- participation rates were unknown before charging
- made a conscious decision not to ban green waste due to difficulty of enforcement
- annual invoice in advance
- coloured stickers issued to residents subscribing to identify participants.
- Only removed non participating bins upon request (minimal requests)

Green Waste Charging

From the survey it is clear that a council can legally charge for the service and there are a number of issues that require consideration prior to setting a charge.

Legality

Section 45 paragraph 4 of the Environmental Protection Act 1990 (EPA) states

*“A person at whose request waste other than household waste is collected under this section shall be liable to pay a **reasonable charge** for the collection and disposal of the waste to the authority which arranged for its*

collection; and it shall be the duty of that authority to recover the charge unless in the case of a charge in respect of commercial waste the authority considers it inappropriate to do so.”

The EPA also identifies items that can be charged for collection but not the disposal cost, within the EPA collection and disposal charge table item three green waste, clearly states that a Council can not charge for the disposal.

The EPA clearly allows a collection authority to charge for the service but the term reasonable charge would limit the level at which a Council can set the charge. It would be for a court of law to determine a reasonable charge but it is likely that the starting point for considering a reasonable charge would be for the Council to set a charge that recovered the collection cost only. However, if the Council recovered all collection costs and subsequently made a profit due to receiving recycling credits such a charge may be challenged as being unreasonable. The various pricing options below therefore assume a cost neutral position only.

Implementation

A chargeable green waste service would be an opt-in service and therefore mobilisation of the new service would require, resident notification, billing, payment, vehicle routing and collection schedules notification.

Decisions would have to be made regarding recovery of bins or leaving with residents unless requested to remove the bin by a resident.

Green Waste Policy

The Council has a policy of no green waste in residual waste bins and residents were advised of the policy as the service was introduced in phases between 2000 and 2008. Due to the level of participation it has not been necessary to instigate formal enforcement against a householder. In a two year period from 2007 warning letters were issued to 69 households and none have been issued in the last two years. Therefore the introduction of a charge notification letter to residents should include further reference to the existing policy as a reminder due to the effluxion of time since the initial service implementation.

Residual Waste policy enforcement

Formal enforcement activity would be likely to increase upon introduction of a chargeable service, but it is anticipated based on original service mobilisation that most residents who receive a warning letter will not continue placing green waste in residual bins. The level of formal enforcement and issuing of fixed penalty notices is likely to be minimal.

Education and awareness

Service planning and mobilisation would benefit from a campaign of education and awareness about available alternatives to green waste collections including home composting and communal composting. Such action would further reduce the potential for green waste entering the residual waste stream or being flytipped whilst at the same time reducing the impact on recycling rates.

Charging Options

	Green Waste Pricing Options			
	100% Sign up	75% Sign up	50% Sign up	25% Sign up
Collection Cost (3 RCV + 1summer)	522,505	522,505	522,505	522,505
Contract Savings				
Residual Contract Cost	522,505	522,505	522,505	522,505
Mgnt, Billing and debt	56,319	56,319	56,319	28,159
Contact centre	37,546	37,546	37,546	18,773
Enforcement		28,159	42,239	56,319
Annual service promotion	30,000	30,000	30,000	30,000
Bin Replacement (Wear)	48,000	36,000	24,000	12,000
Total collection costs	694,370	710,529	712,609	667,756
Disposal Cost (8,376 Tons)	159,144	119,358	79,572	39,786
Total Cost	853,514	829,887	792,181	707,542
Recycling Credit	-361,424	-271,068	-180,712	-90,356
Net Cost	A 492,089	558,819	611,469	617,186
Charging Options				
Charge per Household	16.40	24.84	40.76	82.29
No of Households	30,000	22,500	15,000	7,500
Income from Charge	B 492,089	558,819	611,469	617,186
Residual Waste Cost Estimated Increase	Nil	0	0	0
Net Saving	492,089	558,819	611,469	617,186
Impact on recycling rates***	43%	36%	30%	22%

*** The recycling % assume no transfer of green waste into residual waste stream and therefore should be regarded as "optimistic". Actual rates would be reduced by the tonnage of green waste entering the residual waste stream.

Costing assumptions / caveats

The above table attempts to set out the costs and income of a chargeable green waste service for varying resident sign up. The figures are best estimates based on a set of assumptions as set out below.

- All figures are based on property numbers and NOT participation rates for green waste service. However, tonnage based calculations are reflective of Rushcliffe experience.
- All figures are at 2012 / 2013 prices
- All depot costs are borne by Enterprise and are recovered within the rates and prices for each service stream.
- SDC pay depot insurance cost of £1,300, the amount attributable to green waste would be minimal.
- The collection service capacity is a combination of vehicle volumes and mileages covered. It is assumed service demand would be geographically equally spread across the district and therefore vehicle mileages would remain broadly similar to current mileages for higher percentage service take up. Less bins may be emptied but same number of properties have to be driven past.
- The collection cost of the green waste service includes a proportion of the depot costs and other overhead costs.
- A chargeable service would include a cost for managing the chargeable service and include annual notification, billing, debt management, updating of collection rounds and service promotion such as householder changes.
- Formal Enforcement
- The disposal cost and recycling credit are based on pro rata reduction in tonnages and an average gate fee of £19 per ton.
- There would be service set up costs for a chargeable service in the first year for;
 - Consultation
 - resident sign up
 - vehicle routing
 - Implementation of management systems
 - Collection of non contracted bins
 - Initial enforcement (warning letters)

Appendix 2

Green Waste Collections – Winter Service Options

Background

Green waste is collected from approximately 30,000 properties within the district every fortnight excluding 4 weeks over Christmas and New Year. In addition there are approximately 300 properties that have purchased an extra green bin making approximately 727,200 collections per annum. The collection service, provided under contract by Enterprise, utilises 3 Refuse collection vehicles plus one extra RCV during periods of peak demand and during the winter period the resources deployed are reduced from Driver plus two loaders to a Driver plus one Loader from December to February. The collection service consists of 30 collection rounds (3 vehicles x 10 collection days) and currently travel 3000 miles per fortnightly collection cycle.

Current Service Reduction

The reasons for the service reduction over the Christmas and New Year period for green waste collections was not a reflection of collection tonnages but a diversion of collection capacity to deal with increased residual waste and dry recycling tonnages over the same period and the need to contain service costs within the contract .

Collection Tonnage Analysis

In an average growing year the annual tonnage of green waste collected and diverted from landfill is 8,376 tonnes. Due to the nature of green waste, tonnages are higher in the peak growing season and reduce considerably over the winter period. The tables below show the monthly tonnage collected (table 1) and for the winter period (October to March) the weekly tonnages collected (table 2) to identify the best opportunity for cost reduction by maximising service dormancy over the winter period whilst minimising disruption to residents.

Further analysis in table 3 analyses the capacity of a standard 240ltr green waste bin to identify the length of service cessation during the winter before bin capacity is exceeded. To ensure on average that each property can store green waste generated during service cessation without exceeding the bin capacity.

Table 1 - Monthly Tonnages Collected

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Tons	1027	930	1036	846	981	919	747	510	259	215	113	794

Table 2 - Weekly Tonnages October to March

	Oct wk 1	Oct wk 2	Oct Wk 3	Oct Wk 4	Nov wk 1	Nov wk 2	Nov wk 3	Nov wk 4	Dec wk 1	Dec wk 2	Dec wk 3	Dec wk 4	Dec wk 5
Tons	222	165	169	190	135	119	134	123	101	157	1	1	0

	Jan wk 1	Jan wk 2	Jan wk 3	Jan wk 4	Feb wk 1	Feb wk 2	Feb wk 3	Feb wk 4	Mar wk 1	Mar wk 2	Mar wk 3	Mar wk 4	Mar wk 5
Tons	0	90	80	45	44	8	0	61	96	105	173	167	253

Table 3 – Residents Bin capacity

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Tons collected	1027	930	1036	846	981	919	747	510	259	215	113	794
Average Per bin KG	17.1	15.5	17.3	14.1	16.4	15.3	12.5	8.51	4.32	3.58	1.88	13.2
240ltr Bin capacity KG	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Surplus capacity KG	2.08	3.7	1.93	5.1	2.85	3.88	6.75	10.7	14.9	15.6	17.3	5.97
Monthly collection kg per bin								17	8.64	7.15	3.75	
Cessation Dec - Feb					19.5							

Using this information three options have been costed assuming further service efficiencies can be negotiated with Enterprise above the mileage saving identified:

Option A is a cessation of service from November to February inclusive.

Option B is a cessation of the service from December to February

Option C is a reduction in the frequency of collections from two weekly to four weekly during the winter period November to February inclusive.

Green Waste Service Costs options

Green Waste Winter Stand Down Options

	Current	Option A	Option B	Option C	
Collection Cost (3 RCV + 1summer)	522,505	522,505	522,505	522,50	5
Mileage Saving	-54,90	0	-36,600	-27,450	
Other contract saving		TBA	TBA	TBA	
Disposal Cost (8,376 Tons)	159,144	149,249	159,144	159,14	4
Total Cost	681,649	616,854	645,049	654,19	9
Recycling Credit	-361,424	-338,952	-361,424	-361,4	24
Net Cost	320,225	277,902	283,625	292,775	
Estimated saving	42,323		36,600	27,450	

Costing assumptions / basis

- All figures are at 2012 / 2013 prices
- Variable cost of a collection vehicle per mile is £3.05, fortnightly collection mileage is 3,000 miles, calculation excludes current cessation over Christmas and New Year.
- Average gate fee is £19 and option A would reduce tonnage collected by 520 tons approx. ie when bin is full all participants will dispose of green waste elsewhere.
- Recycling credit reduced by 520 tons approx for option A.
- One off costs would be limited to leafletting residents which is within budget
- It is anticipated there would not be any impact on management and administration costs.

Stopping the green waste collection service

Stopping green waste collections

Figures are detailed below for the estimated level of annual savings should the council decide to cease providing this service. However, there are a number of issues the Council would have to consider when making such a decision.

Green Waste Policy

The resource implications of enforcing this policy in the absence of a green waste collection service and potential impact on residual waste tonnages should the policy become unenforceable.

Impact on recycling rates should the policy either become unenforceable or changed.

Green waste bins

- The bins are Council bins and therefore decisions have to be made regarding; retrieval from properties (30,000) and associated cost of retrieval
- What to do with thousands of bins (recycle?)
- Offering bins to residents for conversion to compost bins and retrieval of bins not wanted

Recycling / landfill diversion rate

An initial analysis based on current tonnages would reduce the current recycling rate of 43% to 18.5% assuming green waste does not enter the residual waste stream. The Council receives recycling credit income from North Yorkshire County Council of £43.15 for every tonne diverted from landfill.

Residual waste impact

A cessation of the service will increase residual waste and therefore incur a transfer cost of resource from green to residual whilst at the same time reducing even further the councils recycling rates.

Estimated saving for stopping green waste collections

Current Collection Cost	£522,505
Less	
Estimated residual waste increase	<u>£280,000</u>
Net Saving	£242,505

Assumptions / Caveats

- All figures are at 2012 / 2013 prices
- Year one costs for redundancy, resident complaints, recovery of bins etc are not included
- Residual waste impact costs may be at variance with estimate above