

Report to: **Hub**  
Date: **7 June 2016**  
Title: **Future garden waste service design**  
Portfolio Area: **Cllr R F D Sampson Commercial Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

Author: **Jane Savage** Role: **Lead Specialist Waste Strategy (Strategy & Commissioning)**

Contact: **01822 813657**  
**jane.savage@swdevon.gov.uk**

---

**Recommendations:**

**The Waste Working Group recommends that at the time that the waste services contract is formally procured:**

1. An opt-in, financially sustainable, garden waste recycling service with collection from reusable sacks be approved
2. Concessions to the service are applied for residents on low incomes
3. A comprehensive publicity campaign is delivered highlighting the positive messaging around the retention of the service despite budgetary cuts and that the Council has considered the fairest method for residents
4. A structured campaign is delivered to promote home composting, as the best environmental option, along with community composting
5. Any changes considered necessary to the terms as highlighted are delegated to the Lead Specialist Waste Strategy (Strategy & Commissioning) in consultation with the Lead Hub Member for Commercial Services

## **1. Executive summary**

1.1 During 2015/16 the Council reviewed its priorities and agreed that the top priority is to achieve financial sustainability. The Council also stated that they do not want to see a reduction in the level and quality of the services delivered to their communities. Whilst the T18 programme has delivered programme efficiencies, more needs to be done to generate income and reduce cost from 2018 onwards if the Council is to meet its aims. Based on current financial modelling, by 2020/21, an additional £1.07m must be generated each year, by way of savings and/or additional income, to achieve a balanced budget.

1.2 A report entitled "Income Generation Proposals" was taken to Hub on March 22<sup>nd</sup> 2016 which highlighted a number of initiatives that when delivered will help to reduce this predicted budget gap. Charging for garden waste collection is one of the measures which can contribute towards funding this gap. It is recognised that there is a tension between service delivery perception and commercial decision making in this instance.

1.3 Nationally, councils are considering the frequency of their overall collection services, the need for chargeable green waste services, and other variants in terms of service delivery in order to provide both successful and affordable services. It is acknowledged that Members would have preferred for the service to remain unaffected.

1.4 The Waste Working Group presented the report 'Options for future garden waste service design' before Hub on 19<sup>th</sup> April 2016. At Council on 10<sup>th</sup> May 2016, it was resolved that an expanded report from the Group be presented to the next available Hub expanding Option C, to provide an opt-in charged garden service with collection from reusable sacks, in terms of financial implications, fly tipping risk and more detailed proposals for the promotion of home composting.

1.5 This further report of the Waste Working Group considers these points and recommends a financially sustainable option for the continuation of a garden waste collection service in West Devon which is insulated against potential additional cost threats from the waste disposal authority and future changes in legislation. The service would pay for itself, allowing the popular service to be retained and offering good value when viewed against other similar schemes both locally and around the country.

1.6 A decision is required now to inform the specification which will be sent to prospective bidders for the waste contract in early July. Should the future service be provided through a Local Authority Controlled Company, then the decision could be made in principle with a delayed introduction to suit future service needs.

1.7 The Group recommends that an opt-in, garden waste recycling service retaining collections from reusable sacks be adopted. This service would potentially reduce operational costs, and ensure that the service becomes financially sustainable. The standard service would be a fortnightly collection of four reusable sacks with a competitively set annual charge. Concessions would be applied to residents on low income including Pension Credits. Residents who choose not to opt in, would benefit from other concessions such as subsidised compost bins. A structured campaign on home composting would be supplemented by the promotion of community composting and food waste reduction.

1.8 The benefits of this change in service include:

- a) A financially sustainable service
- b) A fairer system for residents who do use the current system and a means of delivering a more bespoke service for residents who take up the service.
- c) Potential significant reduction in operational costs.
- d) Annual income may be expected of around £135,000 in the first year and £190,000 in subsequent years. If the service goes out to tender, the first year would be 2017-18.

1.9 The risks of this change include:

- a) A loss in public satisfaction
- b) A potential fall in recycling rate of between 2-6%
- c) A potential diversion of some of this waste into the residual waste stream
- d) A potential increase in fly tipping and bonfires though these are not expected to be significant

1.10 This report fits with the Council's core objectives of Environment and Resources.

## 2. Background

2.1.1 During 2015/16 the Council reviewed its priorities and agreed that the top priority is to achieve financial sustainability. The Council also stated that they do not want to see a reduction in the level and quality of the services delivered to their communities. It is acknowledged that whilst the T18 programme has been very effective at making delivered programme efficiencies, more needs to be done to generate income and reduce cost from 2018 onwards if the Council is to meet its aims. The following table illustrates the predicted budget (surplus)/gap from 2016/17 onwards as reported to Council on 16<sup>th</sup> February 2016 as part of the Council's Medium Term Financial Strategy:

	<b>2016/17</b> <b>£</b>	<b>2017/18</b> <b>£</b>	<b>2018/19</b> <b>£</b>	<b>2019/20</b> <b>£</b>	<b>2020/21</b> <b>£</b>
Annual budget (surplus)/gap	(669,292) budget surplus (One-off)	506,617 budget gap	571,781 budget gap	17,823 budget gap	(27,547) budget surplus
<b>TOTAL BUDGET GAP OVER THE 4 YEARS TO 2020/21</b>					<b>1,068,674</b>

2.1.2 Based on current financial modelling, this means by the financial year 2020/21, an additional £1.07m must be generated each year, by way of savings and/or additional income, to achieve a balanced budget.

2.1.3 A report entitled "Income Generation Proposals" was taken to Hub on March 22<sup>nd</sup> 2016 which highlighted a number of initiatives that when delivered will help to reduce this predicted budget gap. Charging for green waste is one of the income generation measures which can contribute towards funding this gap. It is recognised that there is a tension between service delivery perception and commercial decision making in this instance.

2.1.4 Whilst it is understood that the current garden waste service is highly regarded and Members would have preferred for the service to remain unaffected, changes in central Government thinking in relation to waste have led to the need for the Waste Working Group to consider service efficiencies for the future waste services contract. Nationally, many Councils are considering the frequency of their collection services with some already opting for 3 weekly collections of refuse. Many are also considering other variations in service delivery in order to provide both successful and affordable services, including chargeable garden waste collections.

2.1.5 Before 2004 West Devon did not offer a garden waste service to households. The current comprehensive service was introduced in 2010-11 with the support of central government funding. This funding also extended to disposal authorities and therefore the ability to collect this recycling stream from the household was created.

2.1.6 Austerity measures have reversed this position which leaves collection authorities in the position of wishing to support the householder in offering a robust, valued service but now recognising the financial costs of the service, which have changed since its introduction.

2.1.7 The garden waste collection service is not a statutory function of the Council and, if provided, can be charged for. The cost is currently shared by all council tax payers whether they use the service or not.

2.1.8 Most residents value the service and there would be significant reputational damage to the Council if it was withdrawn. Bearing this, along with the current budgetary position in mind, in considering the future specification for the waste service, the Waste Working Group brought the report 'Options for future garden waste service design' before Hub on 19<sup>th</sup> April 2016. The report set out three options for the future of the service once the current contract expires on 31<sup>st</sup> March 2017. Option C, to provide an opt-in, charged garden service with collection from reusable sacks, was resolved by Hub subject to full Council approval.

2.1.9 This option provides a financially sustainable option for the continuation of a garden waste collection service in West Devon which is insulated against potential additional cost threats from the waste disposal authority and future changes in legislation. The service recommended by

the Group, would pay for itself, allowing it to be retained indefinitely and offering good value when viewed against other local authority schemes.

2.1.10 About 45% of English local authorities already apply an annual charge for this service and more are considering introducing one in the near future. Annual charges range considerably from one authority to another with some London boroughs charging almost £100 per year. About half of the Devon Authorities apply charges which range from £34 to £47 per year. East Devon do not provide any garden waste service although a local community group provides a limited, charged service. North Devon are currently considering charges which if approved, would leave only West Devon and South Hams Councils offering uncharged services in Devon. Cornwall apply charges across the county. No concessions are offered by any of these authorities.

2.1.11 At Council on 10<sup>th</sup> May 2016, it was *"RESOLVED that the Council urgently refer back to the Waste Working Group "Option C" for further consideration. Specifically the service is to be considered in terms of financial implications, risk of an increase in fly-tipping in the event of charges being introduced and more detailed proposals for the promotion of home composting. An expanded report is requested to be presented to the next available Hub Committee meeting."* This report aims to address these points.

2.2 This report is pertinent now in the event that the Council decides to continue to deliver the service through an external provider as this decision will inform the specification which will be sent to prospective bidders in early July 2016.

2.2.1 Should the future service be provided through a Local Authority Controlled Company, then any decision taken now would be more flexible in terms of introduction as a decision could be made in principle but the introduction of any chosen option could be delayed until such a time that it is needed to inform future service needs.

2.3 This report fits with the Council's core objectives of Environment and Resources. It is also in line with developing action plans from the Devon Authorities Strategic Waste Committee and follows the principals of the international waste hierarchy.

2.4 The garden waste service affects all households in the Borough.

### **3. Outcomes/outputs**

3.1 The recommendations offer a financially sustainable garden waste recycling service which enables the Council to continue to provide a much valued service for residents. It will be competitive against other schemes, offers concession for those on low incomes, and promotes home composting and supports those households that choose to compost their garden waste.

3.2 If the service is tendered, the first year of operation will be 2017-18.

#### 4. Options available and consideration of risk

4.1 The two options considered here are the current service against a self-funding service where an annual charge is applied to all except those with low incomes which includes those on Pension Credits.

Opportunity/Risk	Current service	Self-funding service with concessions for low income households including those in receipt of Pension Credits
Financial implications	Would miss the opportunity for delivering financial savings which would ensure future sustainability for the service. Potential risk that the Waste Disposal Authority may charge for this type of waste in the future. If it subsequently became desirable to charge during the lifetime of a future contract to counteract this, then full operational savings of up to *£135,000 per year would be unlikely to be passed on to the Council by the contractor.	Potential operational savings of around £135,000 per year*.  Net income from charges of around £135,000 in the first year with around £190,000 in subsequent years**.  If the service continues to be outsourced to an external contractor, then the first year is expected to be 2017-18.
Public satisfaction	Assume no change	Negatively affected though some residents would perceive it as a fairer option. Mitigated by offering concessions and targeted promotional campaign as detailed in 5.6 and 5.10.
Recycling rate	Assume no change	Research shows a fall in recycling rate of between 2-6% would be expected. Mitigated by offering incentives for home composting which would reduce overall waste arisings as detailed in 5.6 and 5.10.
Bespoke service	Not bespoke as 4 sacks offered with no provision for additional sacks	Additional sacks could be purchased

Garden waste entering residual waste stream	Assume no change	Increased risk, though expected to be minimal due to the inconvenience of using sacks to for garden waste, and it being easy to identify, and therefore deal with, by this containment method.
Fly tips	Assume no change	Increased risk, though expected to be minimal based on research in other districts. Additional monitoring with education/enforcement if necessary.
Bonfires	Assume no change	Increased risk, though not quantifiable at present. Additional monitoring with education/enforcement if necessary.

\* Operational savings from reduction in participation is difficult to quantify as it is determined by participation rate, level of the charge levied, round size, local demographics and geography. However, potentially these could amount to around £135,000 per year.

\*\* As West Devon already has a free service, it would be reasonable to expect, based upon the CIPFA (Chartered Institute of Public Finance & Accountancy) nearest neighbours classification, that an annual charge of £38 would produce a participation rate of around 35%. *Please note that this level of charge has been used for illustration purposes only and any actual charge would be set by Members at a later date.*

## 5. Proposed Way Forward

5.1 Members of the Waste Working Group recommend that an opt-in, financially sustainable, garden waste recycling service with collection from reusable sacks be approved, subject to the concessions and promotional campaigns detailed at 5.6 and 5.9 below.

5.2 Should the future service be provided through a Local Authority Controlled Company, then a decision in principle is recommended to inform the future waste service.

5.3 It is recommended that four garden waste sacks are offered as the standard service. Most other local authorities provide 180 litre wheeled bins which equate in volume to two garden sacks. This would demonstrate significant value for money for West Devon residents compared with elsewhere where charges are made. This also compares favourably with a local community group which charges 40p per sack and which residents have to transport themselves to site; the charges suggested in this report equate to 36.5p per sack which are collected from the resident's home. Additional sacks to the standard service could be purchased, offering a more bespoke service than is currently provided.

5.4 The Group agreed to recommend to Hub that concessions should apply to householders in receipt of key benefits and all those over 65. However, once full costing were determined, this option was shown to have a significant impact on net income projections which in turn will have an impact on the Council's ability to meet future budget shortfalls.

5.5 In order for Members to assess the variance between the option recommended and an option where concessions are applied to those in receipt of key benefits, and all residents over 65, both sets of costings are compared below.

First year (2017-18)	Concessions for low incomes (in receipt of Council Tax Reduction / Housing Benefit / Pension Credit)	Concessions for low incomes and all over 65
Potential income	£250,000	£155,000
Expected expenditure	£115,000	£145,000
Net income	£135,000	£10,000

Subsequent years	Concessions for low incomes (in receipt of Council Tax Reduction, Housing Benefit and/or Pension Credit)	Concessions for low incomes and all over 65
Potential income	£240,000	£155,000
Expected expenditure	£50,000	£90,000
Net income	£190,000	£65,000

5.6 The Group therefore recommends that concessions are applied as follows:

- A free of charge standard collection service, or compost bin, is offered to householders on low incomes i.e. those in receipt of housing benefit and/or the council tax reduction scheme and/or pension credit.
- Subsidised compost bins, in a range of sizes, will be offered to those householders who choose not to take up the collection service.

5.7 In addition, an Assisted Collection will be offered in line with the current policy for all other waste collections. The option of paying by direct debit will be explored to help the householder spread the cost over the year.

5.8 The Group considered the risk of potential increase in fly tipping. Teignbridge District Council recently introduced an annual charge which coincided with an increase of around 1.5 flytips per month. However, research from other districts show little evidence of an increase in incidents. Appendix 1 is a graph showing the number of incidents of fly



tipping in West Devon since 2010-11. The overall trend over this period does not show an increase in numbers despite charges being introduced at the Household Waste Recycling Centres for certain types of waste on two occasions in the time monitored. However, it is acknowledged that annual fly tip numbers are not consistent and therefore trends are difficult to determine precisely. The Group recommend additional monitoring with education/enforcement follow up if required.

5.9 The Group also considered the risk of increased domestic bonfires and any effects this may have. The advice from the specialist COP lead is that regular garden bonfires are not illegal and can be burnt without any issue in the majority of cases. Some garden bonfires have the potential to cause a Statutory Nuisance to neighbours and this depends on their frequency, duration and location. Bonfires will have detrimental effect on local air quality, particularly in more built up areas. The Group recommend additional monitoring with education/enforcement follow up if required.

5.10 The Group recommend a campaign to promote home composting as the best environmental option which would include dedicated roadshows with a local compost expert on hand, the setting up of a tips and advice page on the website and higher profile promotion of community compost groups. The campaign would link to synergies with information on food waste. This is in line with the Devon Authorities Waste and Resource Strategy and support has been offered by Devon County Council who would provide the resource for a professional advertising campaign which may include adshels at supermarkets and bus stops.

5.11 Greater emphasis will also be placed on promoting the two Household Waste Recycling Centres in the Borough, where garden waste can be taken free of charge.

5.12 This recommendation fits with the Council's core objectives of Environment and Resources. It promotes and encourages home composting which is the best environmental option for garden waste.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Members' approval to the proposal is required as the recommendation involves a change in the way that the Council delivers its services. Controlled Waste Regulations 2012.
Financial	Y	Potential annual revenue income of £250,000, providing a net income of £135,000 in the first year and £190,000 in subsequent years. Potential reduction of up to £135,000 in operational costs.

Risk	Y	Potential reduction in recycling rate of between 2-6%. Loss of public satisfaction mitigated by comprehensive publicity campaign. Potential increase in fly tipping and bonfires mitigated by monitoring and educational campaign.
Comprehensive Impact Assessment Implications		
Equality and Diversity		The impacts on residents on low incomes, those over 65 and those with reduced mobility have been considered.
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

### **Supporting Information**

**Background Papers: None**

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed	yes
SLT Rep briefed	yes
Relevant Exec Director sign off (draft)	
Data protection issues considered	yes
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	n/a

## APPENDIX 1 West Devon flytips by financial year

