

North Tyneside Council Report to Cabinet Date: 14 January 2013

ITEM 7(d)
Title: Review of decision
to introduce a
subscription for garden
waste collection

Portfolio(s): Transport and the
Environment

Cabinet Member(s): Councillor Ed
Hodson

Report from Directorate: Community Services

Report Author: Phil Scott, Head of Environmental
Services (Tel: 0191 643 7295)

Wards affected: All Wards

PART 1

1.1 Purpose:

The purpose of this report is to enable Cabinet to review the decision to introduce a subscription for garden waste collection following the resolution of full Council on 27 September 2012, Minute reference C64/09/12 item (vii) in the following terms:

‘This Council is concerned at the introduction of a £20 charge for the collection of the brown garden waste bins. We believe this will have a detrimental effect upon recycling in North Tyneside and may end up costing more in terms of collection and environmental impact than it will realise in income.

The Council calls on the Mayor to reconsider the decision to implement the charge and to maintain free collection for this service.’

1.2 Recommendation(s):

A number of options are presented at Section 1.6 for consideration by Cabinet.

1.3 Forward plan:

The requisite 28 days’ notice of this report has been given and it first appeared on the Forward Plan that was published on 10 October 2012.

1.4 Council plan and policy framework

This report relates to the 2012 – 2015 Council Strategic Plan, Priority 1: Sustaining our front line Council services within the Council, but only spending what we can afford.

1.5 Information:

As part of the 2012/13 budget setting process a £20 subscription was introduced for the collection of garden waste. A summary of the information supplied by officers to Cabinet, Budget Study Group and Overview and Scrutiny Committee is attached at Appendix 1.

1.5.1 Introduction of the Garden Waste Subscription

Prior to the introduction of the garden waste subscription there were 68,000 households in the current scheme, with around 50,000 active participants. The service provides fortnightly collection from early March to the end of November, approximately 20 each year. Information and collection calendars are provided in the February before the first collections.

Publicity and Communication:

1.5.2 Information about the subscription was included in the March and June 2012 Widening Horizons magazine and printed on the collection calendar distributed in March to all 68,000 existing households with bins.

1.5.3 The scheme was highlighted on the front page of the Council website. Detailed information about the scheme, including Frequently Asked Questions has also been published on the Council website, and is regularly reviewed and updated. A further article about the scheme and a reminder about the proposed subscription deadline of the end of November were included in the September Widening Horizons magazine.

Collection of Subscriptions:

1.5.4 Additional software was purchased to facilitate the scheme to ensure that those who wish to subscribe can do so as easily as possible. Residents have been encouraged to register through various self-service routes. They are able to do this either through the Council website or at the self-service kiosks in Customer Service Centres. Residents can also make payments over the phone, in person at Customer Service Centres or by post. Nearly half the subscriptions received have been through self-service registration.

1.5.5 Environmental Services have worked closely with Customer Services to plan the distribution of letters, to manage the workload, and provide training and information to staff responsible for answering residents' enquiries and taking payments. Letters inviting residents to join the scheme were sent over a six-week period from the middle of July to the end of August to all existing households with bins. Additional temporary Customer Service Advisers were employed to manage the expected extra calls and there has been no adverse impact on the performance of customer contact performance despite the thousands of subscriptions.

1.5.6 The letter sent to residents gave additional information about the scheme, the legal Terms and Conditions applicable to the scheme, and allocated a unique reference number. Residents were given until the end of November 2012 to register and subscribe for the 2013/14 collections (starting March 2013).

1.5.7 Costs to date

There have been some set up costs associated with the implementation of the scheme. The costs include communications, IT systems to enable self-serve registration, system changes to accept payments, and letters to residents. The methods and processes chosen were based on those shown to be successful in other Councils, in particular providing individual letters with a unique reference number and enabling residents to pay online.

A breakdown of the costs to date is presented below.

Costs	£	Comments
Letters	21,000	Informing all 68,000 current households about the scheme
Contact Centre	3,259	Staff to manage additional calls from subscribers
Payment kiosk	500	Investment to enable payments at Killingworth
Payments Software	350	Investment to update current payment software (Paye.net)
Total	25,109	

1.5.8 Current Position

As of 6 December 19,236 properties had subscribed to the scheme, with 19,622 bins (several properties have multiple bins) bringing in an income of £392,440.

Over 78% have made payments using a credit or debit card, 21% have paid by cash and only 1% by cheque.

1.5.9 Customer Feedback

To 6 December we had received 193 written complaints from residents, a rate of 0.28% of the total who received a letter. Although the residents who have written were clearly unhappy about the charge several of these have still subscribed as they value the service. To that date we had received 74 requests to remove unwanted brown bins.

As part of the 'Voice your Choice' budget consultation events a question was asked, "Do you think there should be a charge for garden waste" – Yes / No. Out of 434 questionnaires, 82% said that there should not be a charge for garden waste. Clearly, however, many thousands of customers have gone ahead and paid the subscription.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

1.6.1 Option 1

Continue with the current subscription service as planned.

Benefits:

- The target of £0.250m net income will be achieved in 2012/13, and annually thereafter.
- Rounds can be reconfigured on the basis of more regular set-out of fuller bins and therefore ensure the optimal utilisation of resources.
- More residents are likely to subscribe during the growing season and in future years.
- Opportunity to include residents who have never previously been offered the service.
- Opportunity to plan ahead and refine the payment mechanism using direct debit payments which will further reduce costs.
- Provides certainty to service users and residents.
- Consistent with the approach of our neighbouring authorities, Northumberland and Newcastle.

Risks

- Decreased resident satisfaction.
- Adverse publicity.

- More garden waste in the residual bin than anticipated, leading to increased disposal costs (although estimates for this have already been built into the net £0.250m income target).
- Reduced level of composting and therefore overall reduced recycling rate.

Costs (already planned for)

- Reminder letter at a cost of around £0.016m (but should bring in more than the cost in additional subscriptions). This would pay for costs this year and deliver benefits year on year.
- £0.010m cost of garden waste recycling for new developments (which have been offered a collection in year for which there is no additional budget) can be covered by the subscription income.

Pressure on budget compared to the 2012/13 approved budget

2012/13	2013/14	2014/15	2014/15
£0	£0	£0	£0

1.6.2 Option 2

Remove the charge and refund all those who have subscribed from December 2012 (19,236 properties as at 6 December).

Benefits

- Composting rate maintained.
- Reduced landfill costs.
- Sustained user satisfaction.

Risks

- There could still be some increased landfill costs as there may be a reduction in garden waste due to uncertainty among residents.
- Decreased resident satisfaction through feeling of confusion and lack of consistency.
- Relies on subscribers contacting the Council for a refund.
- Reputational risk.
- Council performance targets relating to reduction in the amount of cheque payments will not be met.
- Current Council resources could not support delivery of a refund of this scale in a timely fashion. Accordingly additional staffing would be required to both contact residents and process repayments. The Council annually does not issue the number of cheques and refunds that would be required for this single repayment.

Costs

- Costs incurred to date to set up the scheme £25,109.
- £10k cost of garden waste recycling for new developments which have been offered a collection in year for which there is no additional budget.
- Cost associated with refunding the £20 payments is estimated at £0.047m, based on: £0.010m for a letter to all subscribers to ask them to contact the Council with their details; £0.007m for additional staff in Contact Centre to manage calls from subscribers; and £0.030m to produce and post cheques.-
- Potential payment to Business Partner for exceptional work item as outside of contract specification.
- In total, shortfall of £0.332m against income target for 2012/13.
- Increase in base revenue budget of £0.260m required from 2013/14

Pressure on budget compared to the 2012/13 approved budget

2012/13	2013/14	2014/15	2014/15
£0.332m	£0.260m	£0.260m	£0.260m

1.6.3 Option 3

Retain existing payment as a one-off charge for access to the service for a pre-determined period: either 2 years, 3years or 4years, and then reconsider the position with regard to a subscription for the service at that time.

- The income received has to be spread over the multiple of years leaving a shortfall each year.
- More residents are likely to subscribe, therefore reducing the amount of garden waste going to landfill.
- Rounds can be reconfigured on the basis of more regular set-out of fuller bins and therefore ensure the optimal utilisation of resources.
- Opportunity to include residents who have never previously been offered the service
- Provides certainty to service users and residents.

Risks

- Decreased resident satisfaction as charge still levied.
- Adverse publicity and confusion over level of charge.
- Increased uptake of subscribers does not reduce the amount of garden waste in the residual bin, leading to increase disposal costs.
- Reduced level of composting and therefore overall reduced recycling rate.
- Uncertainty how to accommodate new subscribers in future years, how they will be charged and how much.
- Uncertainty over future impact on budget after the prescribed periods.

Costs

- Shortfall against income target for 2012/13 and onwards.
- Increased landfill costs up to £0.140m in 2013/14 and onwards.
- Letter to all users at a cost of around £0.021m (but should bring in more than the cost in additional subscriptions).
- £0.010m cost of garden waste recycling for new developments which have been offered a collection in year, for which there is no additional budget in 2013/14 onwards.
- Increase in base revenue budget required from 2013/14, from £0.210m to £0.315m depending on predetermined period chosen as income only received in one year.

Pressure on budget compared to the 2012/13 approved budget

	2012/13	2013/14	2014/15	2014/15
2yrs	£0.210m	£0.210m	Reconsider position	Reconsider position
3yrs	£0.280m	£0.280m	£0.280m	Reconsider position
4yrs	£0.315m	£0.315m	£0.315m	£0.315m

1.6.4 Option 4

Reinstate the free service from November 2013 after the first paid for collections have been completed.

Benefits

- No increased landfill costs from March 2014.
- Composting rate maintained from 2014.
- Regain user satisfaction.

Risks

- Does not achieve level of anticipated subscriptions for 2013 due to uncertainty over the charge.
- Increased landfill costs as there may still be a reduction in garden waste due to uncertainty among residents.
- Decreased resident satisfaction through feeling of confusion and lack of consistency.
- Reputational risk.

Costs

- Shortfall against income target for 2013/14 and onwards.
- Increase in base revenue budget of £0.420m in 2013/14 to replace the lost income, reduced by £0.160m for following years as less garden waste going to landfill.
- Reminder letter at a cost of around £0.016m in 2012/13. Should bring in more than the cost in additional subscriptions and pay for costs in first year, but if there are uncertainties about the continuation of the subscription it may not do.
- £0.010m cost of garden waste recycling for new developments which have been offered a collection in year for which there is no additional budget.

Pressure on budget compared to the 2012/13 approved budget

2012/13	2013/14	2014/15	2014/15
£0.035m	£0.420m	£0.260m	£0.260m

1.6.5 Summary of impact on existing and future budgets

	£'000	£'000	£'000	£'000	£'000	£'000
2012/13	Option 1	Option 2	Option 3 - 2 years	Option 3 - 3 years	Option 3 - 4 years	Option 4
Income	(420)	0	(210)	(140)	(105)	(420)
Costs						
Additional Landfill	107		107	107	107	142
Reminder letter	16		16	16	16	16
Cost to refund		47				
New development costs	10	10	10	10	10	10
Stickers and Admin	12		12	12	12	12
Costs to date	25	25	25	25	25	25
	170	82	170	170	170	205
Net (Income)/Cost	(250)	82	(40)	30	65	(215)

Budget assumes	(250)	(250)	(250)	(250)	(250)	(250)
Pressure in 2012/13	0	332	210	280	315	35

	£'000	£'000	£'000	£'000	£'000	£'000
2013/14	Option 1	Option 2	Option 3 - 2 years	Option 3 - 3 years	Option 3 - 4 years	Option 4
Income	(420)	0	(210)	(140)	(105)	0
Costs						
Additional Landfill	140		140	140	140	140
Reminder letter						20
Communication	15		15	15	15	
New development costs	10	10	10	10	10	10
Stickers and Admin	5		5	5	5	
	170	10	170	170	170	170
Net (Income)/Cost	(250)	10	(40)	30	65	170
Budget assumes	(250)	(250)	(250)	(250)	(250)	(250)
Pressure in 2013/14	0	260	210	280	315	420
Thereafter (unless reconsidered)	0	260	210	280	315	260

1.7 Reasons for recommended option:

There is no recommended option. Cabinet is requested to consider the respective detailed decision options at paragraph 1.6.

1.8 Appendices:

Appendix 1: Summary of Information Supplied to Cabinet, Budget Study Group and Overview and Scrutiny Committee (per paragraph 1.5).

1.9 Contact officers:

Phil Scott, Head of Environmental Services. Tel: (0191) 643 7295
Catherine Lyons, Senior Manager, Waste and Environmental Sustainability. Tel: (0191) 643 7780
Alison Campbell, Finance Business Manager. Tel: (0191) 643 7038

1.10 Background information:

(1) [Council Minutes 27 September 2012](#) ref. C64/09/12 item (vii)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Charging £20 per annum for each garden waste bin was proposed as a savings target as part of the Budget set for 2012-13. It was envisaged that the scheme would generate circa £0.420m of additional income which would realise a net £0.250m saving for the Council after administration costs, and the expected £0.140m additional cost of landfill for residents who opt out of the scheme and deposit small quantities of garden waste in their general waste bins.

If the scheme is withdrawn then the set up costs, and the costs of any refunds would need to be found in addition to the saving which would not therefore crystallise.

The alternative options would result in net costs to the Council of between £0.035m and £0.332m in 2012/13 and £0.210m and £0.420m in 2013/14 and thereafter.

Summary of the net cost for each option

Option		2012/13	2013/14	2014/15	2014/15
1		£0	£0	£0	£0
2		£0.332m	£0.260m	£0.260m	£0.260m
3	2yrs	£0.210m	£0.210m	Reconsider position	Reconsider position
	3yrs	£0.280m	£0.280m	£0.280m	Reconsider position
	4yrs	£0.315m	£0.315m	£0.315m	£0.315m
4		£0.035m	£0.420m	£0.260m	£0.260m

The costs and revenue from option 1 are included in the 2012/13 approved budget. If options 2, 3 or 4 were approved by the Cabinet, there would be a net cost to the Council in 2012/13 and future years as set out in the table above. Costs arising in 2012/13 would be reported through the 2012/13 financial management process and the costs for 2013/14 and future years would need to be included in the 2013-2015 Financial Planning and Budget Process.

2.2 Legal

The current subscription arrangements are subject to applicable terms and conditions, which have been issued to subscribers. Accordingly should a decision be taken which alters the current arrangements, legal advice will be sought to ensure the change is correctly regularised.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

As part of the 2012/13 budget setting process briefings about the subscription were provided to the Mayor, Lead Cabinet Member and other members of Cabinet. Additional information was provided as requested by the Budget and Council Plan Study Group and Overview and Scrutiny Committee.

Environmental Services teams were provided with verbal and written briefings on the budget proposals.

2.3.2 External Consultation

External consultation on the subscription was been carried out including through the following events:

Area Forums	29 November, 5, 6, 12 December 2011
Community and Voluntary Sector	16 December 2011

Following the introduction of the subscription: Voice your Choice	22-26 October 2012.
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2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

An Equality Impact Assessment, EIA 1440, was undertaken for the introduction of the subscription. There are no equality and diversity implications directly arising from this report.

2.6 Risk management

The risks associated with the respective decision options are set out at paragraph 1.6. Further risks which may arise are set out at paragraph 2.8 below.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

A significant drop off in the take up of the garden waste collection service would lead to an increase of biodegradable waste (garden waste) sent to landfill and lead to an increase in the production of greenhouse gases. This would damage our rapid progress in reducing our carbon footprint.

Confusion around the garden waste collection service, whether it is free or a subscription service, could lead to residents either adding their garden waste to their residual bins or being tempted to fly tip it. The former would impact negatively on our refuse collections, increasing their weight, reducing productivity and increasing costs and our carbon footprint. The latter would harm the amenity value of the Borough and increase pressure on our street environment teams.

PART 3 - SIGN OFF

- Chief Executive X
- Strategic Director(s) X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Manager for Policy and Partnerships X

Summary of Information provided to Cabinet, Budget and Council Plan Study Group and Overview and Scrutiny Committee

The following is a summary of the information provided as per paragraph 2.3.1 of the report prior to the introduction of a subscription for the garden waste collection service over the period October 2012 to February 2013.

Background

Currently there are 68,000 households in the garden waste collection scheme, with around 50,000 active participants. The service provides fortnightly collection from March to November, approximately 20 each year.

As part of the budget setting process 2012/13 it was identified that there was potential to receive significant income, overall £250,000, from the introduction of a subscription for the garden waste service.

Participation

It was recognised that the number of participants was likely to fall, and that there was a risk that we may collect less garden waste, which would impact on the overall recycling rate and lead to increase waste disposal costs. The future costs of additional landfill and the set up costs in 2012/13 and annual administration costs were included in the assessment of income.

The proposal was modelled on 30% participation, but with different levels of waste capture, on the basis that it would be the more committed recyclers and gardeners who are more likely to take up the service. This was in line with a recent survey (by Eunomia Consulting) that found participation rates for a charged service to be around 30% where a service was previously free. In Northumberland the rate was 38%, but some districts already charged for the service, or had never had the service.

The proposal was modelled on 70% of the garden waste being collected. This was based on the experience of other authorities. For example Northumberland retained 94% of its green waste. There was a reduction of 18% in its green waste collected at the kerbside, however, this was balanced in part by an increase in the tonnage captured at their Household Waste Recycling Centre, so overall only 6% was lost.

Experience from other authorities who have introduced a subscription is that although not all households take up the offer, those that do make sure that they use the service more fully, and they see higher volumes collected per bin. For example Bromsgrove DC saw a 63% increase in the amount collected per bin.

If more garden waste does enter the residual waste stream then there would be increased landfill costs, but there would also be some savings in garden waste collection costs as the volume of waste presented would be less.

Level of Charge

The £20 charge was proposed based on research done by WRAP (Waste Resource Action Programme) that in 2009/10 31% of English Councils charged for garden waste, with an average charge of £25 per year, that locally Northumberland apply an annual charge of £22 (2012/13) and Newcastle were also planning to introduce a charge of £20.

It was considered to be the most appropriate initial charge taking into account:

- The likely reduction in households wishing to participate

- The impact on the recycling rate
- Increased waste disposal charges
- Accommodating costs in setting up and administering the charges.

Flats and Communal Arrangements

Options for flats and other communal arrangements were provided. Managing agents and residents committees would be involved to agree responsibilities as the subscription needs to be allocated to a property. If residents with limited need for a bin wish to come to a sharing arrangement, then one household would still have to be registered, and it would be up to the residents to share costs.

New Requests

New requests for the service could also be accommodated, where possible, subject to there being sufficient space in the collection vehicle, and issued with a unique reference number.

Non-Subscribers

Any resident who didn't want to subscribe would not have to do anything. The bins, however, would remain the property of the Council and we would retain the right to collect unused bins. We would make arrangements for the collection of bins on request, and wash and retain as stock. There were no plans, however, for large scale collections in the first year in order to accommodate people changing their minds. In future years it may be possible to do this on an incremental basis. This would reduce the cost of purchasing replacement bins.

Communication and Administration

It was recognised that communication was key to the success of the proposal and that it should start as soon as possible after the formal agreement of the budget and associated proposals.

From March 2012 information to be included on the collection calendars, and articles to be included in the Widening Horizons Magazine and on the Council website. We would use this as an opportunity to highlight the environmental benefits of composting, and the value for money aspects of the kerbside collection.

All current participants would be sent a letter providing them with additional information about the scheme and their unique reference number. We would also inform residents of the other options available to them, namely free disposal at the Households Waste Recycling Centre, purchase and use of a subsidised home composter, and the special collection service (up to 6 bags of garden waste removed at one time for £10).

The payment process proposal was to use a similar model to Northumberland, where residents are given a unique reference number that is needed to pay for the service every year.

In the first year existing customers would be invited by letter to renew their subscription to the garden waste collection service, and issued with their unique reference number. Once the resident has their reference number they would be able to pay online or by phone, or at a Customer Service Centre. Payments could also be made by cheque but residents would be encouraged to self service where possible.

Subscribers would be identified using an annually updated (brightly coloured) sticker to be affixed to each bin lid, with the relevant collection calendar.

Income and Costs

Income would be received in 2012/13, for the subscription service to start from March 2013.

There would be some set up costs in 2012/13; estimates of these have been included in the assessment of income. The costs would include, communications, IT systems to enable self-serve registration, round reorganisation, system changes to accept payments, letters and bin stickers, and unused bin collections.

It is difficult to predict what the participation rate will be and there remain unknowns around the amount of green waste that might be lost to landfill. The impact on increased landfill costs should, however, only take full effect from 2013/14. Additional costs for the scheme set up should therefore be able to be covered within the first year's income.

In addition to the above the Budget and Council Plan Study Group asked for further detailed information about the cost breakdown which was supplied as below:

Additional Income

Estimated % Participation	Current No. Household	Reduction due to charging	Charge	Estimated Income
30%	70000	21000	£20.00	£420,000.00

Green Waste diverted to Landfill

Although 30% only participate we expect them to generate 70% of the waste (only high users will subscribe) - additional cost of green waste put in main bin:

waste	Total Weight 2010/11	Reduction due to Charging	Tonnage diverted to landfill	Additional Disposal Cost
70%	8545	5982	2564	£142,504.97

Estimated cost Admin/Provision of Stickers

% Participation	No	Cost per Sticker	Cost of Delivery	Total
30%	22000	£0.25	£6,000.00	£11,500.00

Summary

	£'000
Additional Income	-420
Green waste to landfill	142.5
Stickers cost	11.5
Agency savings	
Comms/marketing	16
	-250

Currently £70k agency cost. Assume minimal saving as rounds will be widespread and we may actually collect from further afield
costs of letters, promotion

In business case		
	Income	-420
	Expenditure	143
		27
		-250

fees and charges
third party payments
supplies