

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT TO CABINET TASK & FINISH GROUP

Date 25th July 2018.

1. **REPORT TITLE** Options for Garden Waste Collections
- Submitted by:** Head of Recycling & Fleet - Andrew Bird
- Portfolio:** Operational Services
- Ward(s) affected:** All

Purpose of the Report

To inform members of the Cabinet Task & Finish Group for Recycling, of Staffordshire County Councils recent decision to remove payment of recycling credits for garden waste material, consider the impact of these changes and review options for the garden waste collection service moving forward.

Recommendations

That members of the Councils Cabinet Task & Finish Group for Recycling note the financial implications and consider three options for the future provision of garden waste collections following the withdrawal of recycling credits paid by the County Council, and makes recommendations to the Councils Cabinet on future service provision.

Reasons

The Staffordshire County Council have confirmed the intention to reduce recycling credits for garden waste down to just paying for treatment over the next four years. If no action is taken, this decision will create additional significant budget pressures for the Council

1. **Background**

- 1.1 As part of its recycling and waste strategy, the Council operates a separate garden waste service to the majority of residents within the Borough. This service has remained largely unchanged since its phased introduction in the mid 2000's, apart from the introduction of a paid for subscription service in 2011 for residents who wish to have additional garden waste bins.
- 1.2 Garden waste is composted at a site within the Borough boundary, under a contract with Veolia which will run until July 2022. The gate fee paid to the contractor, who turn the collected garden waste into compost is currently £23.84p per tonne.
- 1.3 As with dry recycling, recycling credits are paid to the Council by the County Council for all garden waste collected. The rate however is a little less per tonne than that which we receive for other materials, currently standing at £51.58p / tonne, for this financial year
- 1.4 In late 2017, the County Council, as Waste Disposal Authority (WDA) initiated discussions with the eight district waste collection authorities (WCA's) as they wished to stop paying recycling credits for garden waste collections, and merely reimburse WCA's for the cost of

treatment for the material. This was in order for the WDA to contribute towards significant savings the County Council has to make as part of its Medium Term Financial Strategy (MTFS), and follows a similar policy approach adopted by many WDA's, operating in two tier authority systems.

- 1.5 The Council has subsequently been informed of the County Councils intention to bring in phased reductions in the payments of recycling credits for garden waste, over a four year period, down to reimbursement of treatment costs only.
- 1.6 This change will bring an additional and significant budget pressure with the loss of £275,600/year in recycling credit income by 2022, when the County Council will only reimburse for the cost of treatment at £23.84p per tonne.

2. **Issues**

- 2.1 It is vitally important that the Council looks to obtain the best financial value from the services it operates, but also high customer satisfaction.
- 2.2 The separate garden waste collection service is popular with residents, and the Council collects on average around 10,500 tonnes of garden waste each year which is processed into compost mainly for the agricultural market.
- 2.4 Loss or a reduction in the amount of garden waste collected will result in lower overall recycling performance for the Council due to the significance (in weight) of this stream of the Councils recycling service to the overall recycling rate for the Borough

3. **Proposal**

- 3.1 It is recommended that the Council's Cabinet Task and Finish Group note the financial implications to the Council of the impending withdrawal of recycling credits and consider options for the future provision of garden waste collections.
- 3.2 In considering the garden waste collection service, there are generally three options to be evaluated –
 - Do nothing and continue to provide the service as is, and find a way of dealing with the additional financial pressure of £275,600 on the Councils MTFS.
 - Introduce a chargeable garden waste collection service, whereby residents wishing to receive a garden waste collection service pay an annual subscription fee. This system is now operated by around 60% of WCA's in England.
 - Outsource the provision of a garden waste collection service to a private sector waste management company, a number of whom operate services in this way to a number of authorities.
- 3.3 In essence it is the latter two options which members are recommended to consider in more depth, in order that a popular service could continue to be delivered, but without the added cost burden to the Council resulting from the withdrawal of Recycling Credits.

4. **Reasons for Preferred Solution**

- 4.1 Separate collection of garden waste is popular with residents who are able to take advantage of it, and its collection has helped the Councils overall recycling performance, which sits in the upper quartile of performance when measured against WCA's across the

UK. However the withdrawal of Recycling Credit payments, which have been used to fund the collection service, will have a significant increase in budgetary pressure faced by the Council. Additionally there are a number of residents who cannot take part in the scheme as they do not have gardens, but are subject to the same Council Tax levels as those who have, and therefore it could be argued are receiving less service from the Council.

4.2 The first option stated in paragraph 3.2 is the least favourable of the three proposals put forward, as it is difficult to see where the Council could find the additional revenue required to continue the service without receipt of recycling credits. The proposal therefore is to look at the latter two options outlined in paragraph 3.2.

4.3 It is timely therefore to consider these options, along with review of the Recycling Collection Service, through the Cabinet Member Task and Finish Group with a view to making recommendations for a new service to Cabinet in September.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 The proposal is key to having in place an up-to-date efficient and customer focused Integrated Municipal Waste Management Strategy for Newcastle under Lyme Borough Council, and will contribute to the following corporate priorities:

- creating a cleaner, safer and sustainable Borough
- creating a Borough of opportunity
- transforming our Council to achieve excellence

6. **Legal and Statutory Implications**

6.1 The Council has no statutory responsibility to provide garden waste collection services, and can cease to provide the service or introduce a charge for doing so if it so wishes.

6.2 Currently the Council does not have any statutory recycling targets imposed by Central Government; however there is a service level agreement with the County Council to deliver recycling levels above 55% as part of their PFI arrangements for their Energy from Waste Plant in the South of the County.

7. **Equality Impact Assessment**

7.1 The proposal supports the Equality Impact Assessment undertaken for the effective delivery of the Integrated Municipal Waste Management Strategy for Newcastle under Lyme Borough Council

8. **Financial and Resource Implications**

8.1 The proposal has financial and resource implications for the Council.

8.2 The 'do nothing' approach and continue to operate the service with reduced payments for recycling would have the following financial burden on the Council

- 2019/20 - £68,900.
- 2020/21 - £137,800.
- 2021/22 - £206,700.
- 2022/23 - £275,600.

8.4 Charging for the collection of garden waste, assuming a £36 charge per bin, per year would offset the loss in recycling credit payments, and provide revenue saving at the following levels. Figures assume an initial uptake of 20% rising to 40% in five years. Figures also assume the cost of subscription would also rise to £38 in the same five year period.

- 2019/20 - £84,984
- 2020/21 - £162,517
- 2021/22 - £248,159
- 2022/23 - £314,411 – *at this point the Council would make a surplus.(£ 63,271)*

8.5 Outsourcing the service to the private sector, for them to provide the whole service, including revenue generation would result in a saving to the Council of £545,184. This would be subject to any TUPE negotiations.

8.6 With exception of the last option, it is assumed that the same level of resources employed to carry out the garden waste collection service currently in terms of vehicles and staff is maintained until a clear picture of take-up is known.

9. **Major Risks**

9.1 Charging for a service which was previously provided free of charge for one garden waste bin per household is likely to be unpopular, and will therefore need to be managed effectively from a communications process.

9.2 Poor take up of service with resources maintained at their current level could result in overall savings not being achieved.

9.3 A reduction in garden waste tonnage collected will have an adverse effect on the Councils Recycling performance, which in turn could impact on the County Council reach an overall 55% recycling target for Staffordshire, imposed as part of the WDA's PFI contract arrangements with DEFRA, which are valued at around £5million a year.