

## Appendix 1: Operational and Financial Implications of Alternative Means of Green Waste Service Delivery

### Background

Fylde Council has operated a kerbside collection of green waste since 2004 as part of the alternate weekly twin bin scheme. The service is available to approximately 90% of all households with 33,883 properties on the scheme. Several properties have two or more green bins that are regularly full. Most households present the green bins once a fortnight as scheduled during the main growing season however this is reduced over the winter months. Wheeled bins are provided to properties where it is operationally practicable to do so, there are about 10% of properties that cannot accommodate wheeled bins because there is no garden, a lack of storage space or access issues for the refuse vehicle. Assessment of collection data available through Bartec and the vehicles' bin counters indicate that approximately 20,000 green bins are regularly presented for collection every fortnight. The green waste collected at the kerbside is processed into compost and contributes in excess of 40% to the overall recycling rate.

Year	Green Bin Tonnage	Composting %	Overall Recycling %
2012-13	7,142	22.26	45.80
2013-14	7,217	22.00	49.10
2014-15	7,432	22.32	48.92
2015-16	7,402	21.39	51.40

### Operational Costs – Existing Service

Based on the existing fortnightly collection of 6 green rounds, the total costs of delivering a like for like green waste service will be £563,810 in 2017-18, as follows:

#### Existing Green Waste Collection Service

**6 x front line refuse collection vehicles + 1 spare**

**(operating 26 weeks per year - alternating with grey rounds)**

		Year 1 2017-18	Totals	
Uplift				
<b>Labour</b>				
Drivers	6	£127,464	£127,464	
Loaders	12	£239,292	£239,292	
Spare Drivers	2	£42,488	£42,488	
Spare Loaders	3	£59,823	£59,823	
PPE	£200	£4,600	£4,600	
<b>Total - 50% as 26 weeks per year</b>			<b>£236,834</b>	<i>Direct</i>
<b>Vehicles</b>				
Twin Bin RCV	6	£391,092	£391,092	
Spare Wagon	1	£65,182	£65,182	
<b>Total - 50% as 26 weeks per year</b>			<b>£228,137</b>	<i>Direct</i>

<b>Containers</b>	33,833			
Replacement Green Bins 240L (1 per property @ 1.5% replacement)	£18	£9,135	£9,135	
Income from replacement bins	-£32.50	-£16,494	-£16,494	
<b>Total after income</b>			<b>-£7,359</b>	<i>Direct</i>
<b>Promotion</b>	33,833			
Service literature and associated paperwork	£0.15	£5,075	£5,075	
<b>Total</b>			<b>£5,075</b>	<i>Direct</i>
<b>Total Operational Costs - direct costs</b>			<b>£462,687</b>	
<b>Total Support Service Costs</b>				
All Support Service / Service Management Costs	£101,123	£101,123	£101,123	
<b>Total</b>			<b>£101,123</b>	<i>Support</i>

**Total Operational and Support Costs - Existing Green Waste:**

**£563,810**

### Options Appraisal

At a special meeting of the Operational Management Committee in March 2016 it was RESOLVED that a subscription service for green waste be considered as part of future budget proposals and the intervening time is used to research other options for the service, to be reported to a future meeting of the Operational Management committee. To mitigate the financial impact of the removal of the funding by Lancashire County Council which has been identified as a high risk in the Medium Term Financial Strategy, officers have considered the implications of a number of options with regards to the green waste service, including:

- No service at all
- A seasonal collection of green waste (March – October) without charge
- A seasonal collection of green waste (March – October) chargeable
- A chargeable subscription service 50 weeks of the year

#### 1. No service at all

The Controlled Waste (England and Wales) Regulations 2012 set out those household wastes, for which collection and disposal charges may be made, and these state that a collection charge can be made for garden waste from households.

The consequences of not having a green waste service would include public dissatisfaction and loss of reputation; a negative impact on the recycling rate; increased waste presented on grey bin day resulting in side waste, overflowing bins and requests for extra grey bins. Having no service would place additional demands on the grey bin rounds with more trips for disposal required, increased journeys to and from the tip and potential overtime to complete the rounds, leading to increased costs for the grey rounds. In addition, there may be an increase in instances of fly tipping and use of the LCC Household Waste Recycling Centre to dispose of green waste. Although some of these risks are the same as those identified in the event that there is a chargeable service they are significantly increased with no service offered. LCC have

previously suggested they may consider passing on a charge if green waste is not dealt with at the kerbside in the first instance.

There would be guaranteed savings in the region of £460,000 per annum from vehicles and labour with no green waste service, this benefit must be considered against the challenges detailed above. The support service costs are part of the wider council management of all services and it cannot be guaranteed that these costs will be reduced, in fact the cost will need to be spread over existing services and therefore reduce value for money. Any capacity created as a result of reduced demand for support service costs would need to be reviewed.

Blackpool Council originally advised residents they would be ceasing green waste collections earlier this year, however, as a result of public demand for the service, they subsequently introduced a chargeable opt in scheme. The green waste collected at the kerbside contributes around 45% of the overall recycling rate and it would definitely not be possible to meet the 2020 recycling target of 50% without it. This is an EU target which has been adopted by England and it is unclear which direction the government will take on waste management issues post Brexit; a failure to meet the target may result in fines being passed down to local authorities.

## **2. A seasonal collection of green waste (March to October) without charge**

A seasonal service would realise financial benefit from savings on labour and the running cost of the vehicles but these would be significantly lower than the no service option because only four months would have no service, it is estimated that there would be no more than £80,000 per annum direct cost saving at best and very likely less than this (based on four month saving of direct cost @ about £20,000 per month). Besides the revenue cost for 8 months of the year there would still be the capital outlay and fixed costs and it would lead to 3 vehicles parked up in the yard for part of the year which is not the best use of resources. There would be numerous logistical and operational challenges with any seasonal service including a heavy reliance on agency workers at an increased cost and reduced quality/reliability. In addition, correctly trained agency drivers are very difficult to secure and retain long term without the security of permanent employment it could not be guaranteed that reliable and quality drivers would be available. There would be public dissatisfaction at this reduction, particularly from residents with leafy and larger gardens as the service would not be available for the collection of fallen leaves; this usually peaks in November.

## **3. A seasonal collection of green waste (March – October) chargeable**

This option has the same considerations as option 2 above, however the additional income from a charge would contribute to the operational cost of service delivery. Current estimates indicate there are approximately 20,000 green bins being presented for collection on a regular basis. Assuming a 50% uptake rate and a charge of £30 per bin (in line with neighbouring authorities), potential income generation will be in the region of £300,000. There may be public dissatisfaction at a £30 charge for a reduced, seasonal service, when neighbouring authorities are charging a similar fee for a 50 week service. Suspending the service for 4 months would result in a 34 week service with 17 collections equating to £0.88p per week or £1.76 per collection (compared to £1.16 for a 50 week service). The logistical and operational

challenge of operating a seasonal service that inevitably lead to reduced quality and efficiency because of regular staff turnover and the continued need to train new seasonal employees make this a less viable option than a year round service.

#### **4. A chargeable subscription service 50 weeks of the year**

This is the most popular option that has been adopted by other Councils who have already implemented a charge and the option most likely to be considered for others going forward as budgetary pressures continue. This option represents the simplest logistical method of delivery with no seasonal or employee implications. This option would be in line with the chargeable services already implemented and currently being considered across Lancashire. This option offers the benefit of still operating a year round service whilst making a significant contribution towards the financial impact from the withdrawal of the cost sharing support from LCC.

Feedback from authorities that have implemented a green waste subscription service have identified two key considerations:

- Not to under estimate administrative, financial and officer time involved with operating a chargeable service, and
- The implications of not achieving the assumed level of uptake in the service and the revenues received being lower than those budgeted

Authorities experience a significant reduction in participation when a charge is first introduced with a steady increase over time as residents realise it is easier and cheaper than disposing of the waste themselves. The percentage uptake is critical to the success of the proposal and associated income generated. Based on the demographics of garden properties in Fylde it would be reasonable to assume a good uptake, particularly if the scheme is launched at the height of the growing season, however this is difficult to predict with any degree of accuracy without public consultation to measure potential support for any scheme. Assessment of collection data available through Bartec and the vehicles' bin counters indicate that approximately 20,000 green bins are regularly presented for collection across the fortnightly period.

Fylde is very often compared to Wyre with many socio economic and geographical similarities, in 2016 Wyre introduced a chargeable waste collection service in response to the removal of the cost sharing payments from LCC and to date have over 80% take up of the service, if this was achieved in Fylde the contribution towards mitigating the financial impact of the cost sharing payments would be £450,000.

#### **Potential Income Based on Variable Participation**

<b>Participation (%)</b>	<b>No of Bins*</b>	<b>Income @ £30 per bin</b>
40	8000	£240,000
45	9000	£270,000

50	10000	£300,000
55	11000	£330,000
60	12000	£360,000
65	13000	£390,000
70	14000	£420,000

\*Based on 20,000 green bins regularly presented for collection

### Operational Costs

Operational costs would depend on uptake e.g. if the customer base reduces significantly it may be possible to drop a crew/vehicle on certain days, making savings, however there may also be an associated impact for the grey bin collections with residents disposing of green waste in the grey bin.

The table below illustrates the operational costs for delivering a reduced fortnightly collection of three green rounds, based on £30 per bin with a 50% uptake rate, using 2017-18 costs.

### Chargeable Green Waste Collection Service

**3 x front line refuse collection vehicles + 1 spare**  
**(operating 25 weeks per year - alternating with grey rounds)**

		Year 1	Totals	
		2017-18		
Uplift				
<b>Labour</b>				
Drivers	3	£63,732	£63,732	
Loaders	6	£119,646	£119,646	
Spare Drivers	1	£21,244	£21,244	
Spare Loaders	2	£39,882	£39,882	
PPE	£200	£2,400	£2,400	
<b>Total - 50% as 25 weeks per year</b>			<b>£123,452</b>	<i>Direct</i>
<b>Vehicles</b>				
Twin Bin RCV	3	£195,546	£195,546	
Spare Wagon	1	£65,182	£65,182	
<b>Total - 50% as 25 weeks per year</b>			<b>£130,364</b>	<i>Direct</i>
<b>Containers</b>	33,833			
Replacement Green Bins 240L (1 per property @ 1.5% replacement)	£18	£9,135	£9,135	
Income from replacement bins	-£32.50	<b>-£16,494</b>	<b>-£16,494</b>	
<b>Total after income</b>			<b>-£7,359</b>	<i>Direct</i>
<b>Promotion / Subscription Fee Collection</b>	33,833			
Estimated Subscription Fee Collection		£15,000	£15,000	
Associated Call Centre and Waste Officer time		£15,000	£15,000	
Service literature and associated paperwork	£1.00	£33,833	£33,833	
<b>Total</b>			<b>£63,833</b>	<i>Direct</i>

<b>Total Operational Costs - direct costs</b>		<b>£310,290</b>	
<b>Total Support Service Costs</b>			
All Support Service / Service Management Costs    £101,123	£101,123	£101,123	
<b>Total</b>		<b>£101,123</b>	<i>Support</i>

**Total Operational and Support Costs - Chargeable Green Waste:**                      **£411,413**

### Financial Impact for Fylde Council

Year 1 Potential Income <i>(based on 50% of 20,000 regularly presented green bins)</i>	£300,000
Potential impact on Direct Costs – Cash Savings <i>(based on potential reduction from 6 to 3 wagons/crews – redundancy considerations)</i>	£152,396
Overall Direct Financial Benefit to FBC	<b>£452,396</b>
Cost Sharing Deficit 2018-19	£763,000
Income Shortfall	<b>£310,604</b>

### Impact on the Recycling Rate

Reduced participation levels will have an impact on the recycling rate though a reduction in tonnage and may have considerations for the grey bin rounds and increased fly tipping.

#### Potential Impact of Reduced Participation on Recycling Rate

Participation%	Green Tonnage	Green Recycling %	Overall Recycling %
100	7432	22.32	48.92
95	7060	21.20	46.47
90	6689	20.09	44.03
85	6317	18.97	41.58
80	5946	17.86	39.14
75	5574	16.74	36.69
70	5202	15.62	34.24
65	4831	14.51	31.80
60	4459	13.39	29.35
55	4088	12.28	26.91
50*	3716	10.60	24.46

\*A 50% uptake rate will reduce the overall recycling rate to less than 25%, below the recycling rate achieved by Fylde residents in 2005.

### Communicating with Residents

Communication using different methods including leaflets, press releases, social media, website, posters, vehicle signage etc. will be in place during the following stages in the event of any changes made to the service:

- Press release and early communications - to explain rationale for the change / charge
- Prelaunch stage – to promote/explain new service and gain subscribers
- Service information pack – to explain collection days and details of what can be collected
- Subscription sticker – attached to green bin to identify participation in the scheme
- Ongoing communications after rollout – to optimise subscription numbers and educate/reduce misuse of service
- Annual reminders – to advise people when subscription is due for renewal

### **Timescales**

A change to the whole service (seasonal or chargeable subscription service) would require a 4-6 months lead time for planning and implementation however this could be reduced because resources are already in place making it primarily a communication campaign with back office support to set up IT/financial systems and deal with customer enquiries. It would be recommended to start communication in January in preparation for a charging scheme in Spring 2017 in line with the growing season. The number and size of the rounds will depend on the uptake of the service in different areas of the local authority; proximity to HWRC; the rural nature of the borough; seasonality and whether people join/leave at different times of the year. Although this model has been based on a 50% uptake of the service with a reduction down to 3 green vehicles and crews working on a fortnightly collection system, it should be recognised that this is very much an estimate at this stage and the rounds will be resourced in accordance with participation in the scheme.

### **Further Information**

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