

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	OPERATIONAL MANAGEMENT COMMITTEE	13 SEPTEMBER 2016	4
SUBSCRIPTION BASED GREEN WASTE SERVICE			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report provides the committee with the details of possible options to mitigate the reduction in funding from Lancashire County Council following the decision to terminate the Waste Cost Sharing Arrangement from March 2018. Options for consideration include the implementation of chargeable green waste subscription service, a withdrawal of the green waste service or the introduction of a seasonal service.

RECOMMENDATION

The Committee is recommend to approve:

That the introduction of a year-round green waste subscription service, at a charge of £30 per waste bin per annum, be proposed for consideration by the Council in December 2016, in order that the service may be ready for implementation from April 2017; and that the income arising from the introduction of the charge, if approved, be reflected within the Councils budget for 2017/18 onwards.

SUMMARY OF PREVIOUS DECISIONS

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.

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	√
Working with all partners (Vibrant Economy)	
Fylde continues to be one of the most desirable places to live (Great Place to Live)	√
Promoting Fylde as a great destination to visit (Great Place to Visit)	

REPORT

Background

1. In November 2005 the Council entered into the Property Based Payment Agreement; introduced as an enhanced system to the former recycling credits to enable districts to invest in kerbside recycling collections and help reach the Lancashire Waste Strategy Target of 90% of households receiving a three-stream collection.
2. The Cost Sharing Agreement had a number of conditions which included:
 - There must be a minimum of 90% of properties within the borough served by a three-stream waste collection service.
 - The introduction of an alternate week collection for residual waste.
 - Green waste collected fortnightly.
 - Dry recyclates must be collected at least fortnightly (paper, card, glass, plastic bottles).
 - Collection of residual and recyclates on the same day of the week.
3. The original cost sharing agreement was for a payment per participating property index linked to RPI each year. Lancashire County Council also agreed to pay a 'Loss of Recycling Income (LORI)' payment to districts for the loss of recyclate income when districts started using the new PFI facilities. This was calculated based on the 2003/04 recycling tonnages for paper and indexed linked to RPI.
4. The Agreement was reviewed in 2012 following budgetary pressures at Lancashire County Council and a fixed level of support for a 5 year period bringing together the Cost Sharing Agreement and LORI payment was implemented from April 2013.
5. Lancashire County Council (LCC) decided in October 2013 that the Cost Sharing Agreement would not be extended beyond its current term. The rationale for this was that EU legislation now requires District Councils to separate recyclables. LCC offered to fund a review of collection services across Lancashire in order to establish potential opportunities to achieve savings on collection services either individually or jointly.
6. The objectives of the waste review was to:
 - Review the efficiency of waste collection services in Lancashire to ascertain where cost savings can be made both over the shorter and longer term; and
 - Assess a range of collection models selected by the authorities to provide an indication of the most cost - effective waste collection solution for Lancashire.
7. A number of alternative collection schedules were modelled for each authority and ranked in order of which delivered the most savings; 33 different options were modelled in total. The preferred option for Fylde was assessed to be a 3 weekly cycle of collections with grey bins on week 1, green bins on week 2 and recycling on week 3. This system of collections would deliver annual savings of £50,000 subject to one off costs of £172,000 for container purchases and implementation costs. This does not include the costs of any replacement vehicles. The savings identified from Fylde's modelling would only cover 7% of the cost sharing income deficit. The results of the baseline modelling on the existing service together with the extremely modest savings associated with a move towards three weekly collections demonstrates that Fylde is already running an efficient in-house operation.
8. The Lancashire wide modelling has concluded that even quite radical service re-design required to generate savings is unlikely to compensate for the loss of cost sharing income from 2018. In all cases generating savings will require service change. Some of the changes that could be introduced may be unpalatable to politicians and public alike and may have a negative impact on recycling performance; potentially increasing waste disposal and treatment costs. The

consultants have advised that changes involving the reduction of waste collection frequencies to every four weeks linked with the introduction of chargeable garden waste collections are likely to generate the most savings.

Key issues and the proposal

9. The decision by Lancashire County Council to end the cost sharing arrangement leaves a significant funding gap for the Council, with a recurring loss of £763,000 per annum from 2018/19 onwards which is currently used to support the Council's waste and recycling services. This loss of income is in addition to other central budget cuts and grant changes affecting the Authority resulting in a current forecast short fall of over £1.5 million from 2018/19 onwards. It is this income that has facilitated the three stream waste collection service including green waste, it is not mainstream council budgets that have funded the collection of green waste over the last 12 years.
10. Local authorities are able to levy a charge for the collection of green waste with arrangements to do so already in place in at least 120 local authorities. Many local authorities across the country have never had the benefit of a cost sharing agreement and as a consequence there has always been a charge for green waste collections. Charges have recently been introduced in Preston, Wyre and Pendle as part of the response to the removal of the payments from Lancashire County Council which have been supporting this collection service. Charges have also been introduced in Blackpool this year and will be introduced in Lancaster and Blackburn next year. Charges and participation rates vary across the country with fees ranging from £19.20 to £70.80 (average £35) per bin per year and participation rates from as little as 3% to over 80%.
11. Experience from other local authorities is that when a chargeable scheme is first introduced after a subsidised service has been in place there is an initial take up but some reluctance to pay for the service. Over the first two to three years of a chargeable scheme being in place the take up rate increases to a level that is then sustained for the life of the scheme. The optimal take up for Fylde is not expected to be realised until 2019/20, after the payments from LCC that currently support the service have ceased.
12. To mitigate the financial impact of the removal of the funding by Lancashire County council 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, details of which have been included in Appendix 1 to this report:
 - 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
13. It is essential that any future service delivery reduces the impact of the £763,000 funding deficit. Any option that includes ongoing costs will have an impact on the core budgets of the council when the cost sharing payments cease unless there is a corresponding charge made for the service to cover the cost.
14. Appendix 1 identifies that having no service can make a potential contribution to the £763,000 deficit of approximately £460,000 with a number of implications that are likely to lead to costs in the future from increased waste in residual grey bins and fly tipping as well as significant customer dissatisfaction with no service option at all. Members have indicated previously that retention of a green waste collection service is preferable.

15. Appendix 1 identifies that a seasonal service without charge would make at best £80,000 per annum contribution to the funding deficit and introduce a number of operational issues that would reduce the quality and reliability of service delivery.
16. Appendix 1 identifies that a seasonal chargeable service would realise the same income as a year round chargeable service with the operational challenges a seasonal service presents, including an inferior chargeable service than that which Lancashire neighbours are receiving (less collections and the quality reduction seasonal agency employment brings) and redundant resources for four months of the year. Members may consider mitigating this with a reduced charge leading to a corresponding reduced contribution to the funding deficit.
17. Appendix 1 identifies that a year round chargeable subscription service is the most popular option implemented and being considered across Lancashire. It provides the satisfaction of a continued service option significantly reducing the risk of increased residual waste and fly tipping. Based on a lower end estimated take up rate of 50% (from comparison with other areas offering the same service) the contribution towards mitigating the funding deficit would be £300,000 per annum. This will increase with increased participation that in some areas is between 70% and 80%.
18. Local authorities that have introduced green waste service charges have seen an initial reduction in participation followed by a steady increase over time. Reduced participation levels will have an impact on the overall recycling rate as green waste tonnages drop. It is as yet unclear what implications there may be to Local Authorities that do not meet the 2020 recycling target of 50%.
19. There is a risk that customers will put green waste in the residual grey bin which will have an impact on recycling rates and could lead to the requirement for increased resources to collect the additional waste from residual bins. There may also be an increase in fly tipping to avoid charges. All risks will be monitored and managed as part of the scheme with lessons learnt from authorities that have had chargeable schemes in place for several years.
20. If a chargeable scheme is introduced there will be a pro-active campaign of advice and support on alternative options for managing garden waste, e.g. home composting which has the least environmental impact as it stops unnecessary transportation of materials or use of the household waste recycling centre; grey bins will be recommended as a last resort for green waste and the closed lid/no side waste policy for collection arrangements of the grey bin will remain in place.
21. The introduction of a charge will require resources and some capital investment to set-up (i.e. software upgrades, payment system, back office administration etc.) but it is expected that by working closely with the IT, finance and customer service teams that any additional cost can be kept to a minimum and will be offset against the scheme income accrued in year 1.
22. The number of unknown variables, the need for a chargeable service to 'bed in' and mature, and mitigation of the risks support the need to introduce a charge in advance of the withdrawal of the cost sharing payment from LCC.
23. The following risks and mitigating actions have been identified if a chargeable green waste collection scheme is introduced, they have been presented to the committee previously in March 2016:

RISK	MITIGATING ACTION
The customer impact of collection service changes affects over 90% of households.	Set a charge that is reasonable and proportionate for the service, comparable to charges set by other authorities in the local area. Ensure that residents are aware of alternative options for dealing with green waste and provide support to do this where possible. Ensure the changes are communicated as effectively as possible.
An adverse impact on the reputation of the council by introducing a charge to the service.	A clear, consistent and robust communication strategy articulating the reasons for the charge (the removal of the payment by LCC), the weekly cost, the impact on other services if action is not taken, the fact it is optional and the value for money the council delivers for the low council tax base.
Low participation rates resulting in less income and contribution to the service.	Effective communication to ensure maximum publicity and support for the subscription service. Use of Bartec technology to continuously monitor the scheme and review at every opportunity to reduce cost and maximise resource/efficiency.
Reduced recycling rate not meeting target of 50% by 2020 and an increase in fly tipping	Promote alternative recycling options & composting to reduce the amount of green waste that can be put in the grey bin. Monitor tonnages of grey waste with strict no side waste policy to ensure green waste is not collected via the grey bin stream. Monitor fly tipping material and increase enforcement if green waste is being tipped though the majority will degrade naturally.
Initial set up costs and resource implications at a time when finances are limited and the budget has been set.	Introduce the scheme from April 2017 with the first call on income funding the set up costs.

24. A number of opportunities have also been identified if a chargeable scheme is introduced:

OPPORTUNITY	ACTIONS TO MAXIMISE
Additional income from increased participation rate	Effective promotion of the service. Easy to pay and participate options. Set a charge that is affordable / reasonable.
Reduction in the future cost of the service	Continually review the number of vehicles, the collection rounds and data from Bartec.

25. The County Council has confirmed as part of the current budget setting process that the Cost Sharing Arrangement which has been used to fund the collection service will terminate from April 1st 2018. Fylde has a duty to the public purse and a responsibility to ensure that it meets its legal duties with regard to residual waste and dry recycling whilst at the same time mitigating the budget shortfall from 2018/19.

26. The committee is requested to consider the introduction of a green waste subscription service at a charge of £30 and recommend this option to Full Council on 5th December 2016 with implementation of the scheme in Spring 2017.

IMPLICATIONS	
Finance	<p>This report requests that the Committee agree that the introduction of a year-round green waste subscription service, at a charge of £30 per waste bin per annum, be proposed for consideration by the Council in December 2016, in order that the service may be ready for implementation from April 2017; and that the income arising from the introduction of the charge, if approved, be reflected within the Councils budget for 2017/18 onwards.</p> <p>A charge of £30 is consistent with local Authorities that have already implemented a charge and below the national average of £35. A standard annual tariff will facilitate ease of administration. The upfront one-off cost associated with implementing the scheme will be met through the income accrued in year 1. The Appendix to the report includes estimated financial implications based on variable participation rates. Actual take-up and the consequential income that this will generate is difficult to estimate ahead of implementation of the scheme. If a chargeable scheme is introduced, then the financial implications will be reflected within the Councils budget for 2017/18 onwards.</p>
Legal	<p>The Controlled Waste Regulations 1992 classifies garden waste as a household waste for which a charge for collection may be made. On the level of a charge, the Environmental Protection Act 45 (3) does not stipulate the level of charging but states “the authority may recover a reasonable charge for the collection of the waste from the person who made the request”. In proposing revised arrangements for the collection of garden waste the Council is required to have regard to the provisions of the Equalities Act 2010 and s.17 of the Crime & Disorder Act 1998. Nothing within the proposals to charge for the collection of waste contravenes the provisions of these Acts.</p>
Community Safety	There are no direct community safety implications arising from the report
Human Rights and Equalities	There are no direct human rights and equalities implications arising from the report
Sustainability and Environmental Impact	There are no direct sustainability and environmental impact implications arising from the report
Health & Safety and Risk Management	There are no direct health and safety and risk management implications arising from the report

LEAD AUTHOR	TEL	DATE	DOC ID
Kathy Winstanley	01253 658634	August 2016	

LIST OF BACKGROUND PAPERS

Name of document	Date	Where available for inspection
Subscription based green waste collection service	March 2016	www.fylde.gov.uk
Information item at every Operational Management Committee meeting	May 2015 – June 2016	www.fylde.gov.uk

Attached document

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