

23 January 2024

<b>Report of</b>	<b>Head of Neighbourhood Services</b>	<b>Author</b>	<b>Rosa Tanfield</b>
<b>Title</b>	<b>Business Case for the Garden Waste Charging Scheme</b>		
<b>Wards affected</b>	All wards		
			<b>0330 053 8047</b>

## 1. Executive Summary

1.1 In response to an unprecedented budget gap, limited Government support, and £10 million in extra costs, Full Council approved budget-saving measures in February 2023. One key initiative included the introduction of a new paid-for Garden Waste Collection Service. Approval from the Cabinet in June 2023 paved the way for the launch of the opt-in paid-for Garden Waste service, set to replace the existing service from January 2024. The Portfolio Holder for Neighbourhoods and Waste was delegated authority to make adjustments, considering early take-up, experience, and the introduction of discounts and promotions. The Cabinet agreement allowed for discretionary adjustments, resulting in amendments to the pricing scheme and the introduction of a discount scheme. The launch has exceeded performance targets:

### Performance metrics, as of 10 January 2024

- o Subscribers: 22% of residents (Target: 11%)
- o Number of subscribers: 15,928 (Target: 7,758)
- o Income 2023/24: £741,594 (Target: £600,000)

1.2 This report sets out the latest financial position of the new chargeable garden waste service. Due to higher-than-expected uptake, the Council has received £1.474m income of which £741,594 is accounted in the financial year 2023/24 budget. The budget for 2024/25 estimates a net revenue impact of £1.3m, which includes a net decrease in the fleet portfolio.

1.3 The report sets out measures being taken to minimise costs and to ensure sustainable service delivery. This includes strategic staffing adjustments and redeployment, as well as vehicle and fuel cost optimisation through deployment strategies.

## 2. Action Required

2.1 Report is for noting.

## 3. Reason for Scrutiny

3.1 At it's meeting on 9 August 2023, at the request of Cabinet, the Panel scrutinised certain options for the proposed chargeable garden waste scheme. Panel Members indicated that they would like to examine the full business case for this new service and in particular any improved revenue position arising from the assumed associated savings in operating costs because the service was expected to be taken initially by only a small percentage of those currently receiving the free service.

## 4. Background Information

- 4.1 At Full Council in February 2023, important budget savings and income generating schemes to be implemented in this financial year were approved to meet an unprecedented budget gap, limited Government support and £10m of extra costs. One such approved scheme was the introduction of a new paid for Garden Waste Collection Service.
- 4.2 At Cabinet in June 2023, approval was given to make arrangements for the opt-in paid for Garden Waste service which would replace the existing service from January 2024, along with the capital funding and procurement of replacement vehicles and to delegate authority to the Portfolio Holder for Neighbourhoods and Waste to adjust the scheme as may be needed, taking account of early take up and experience, to include discounts and promotions.
- 4.3 The report set out that the operational costs for the service would be met by the approved revenue budget and presented variations to budgets considering the change in service and the net revenue impact on the overall revenue budget, with the assurance that income could be generated to offset the full costs in delivering the full service.
- 4.4 The Cabinet agreement allowed for adjustments at the discretion of the Portfolio Holder. His decision as published:

### 4.3.1 Amended the pricing scheme as follows:

Joining up fee	£35 per bin
Annual service charge for 2023/24 and 2024/25	£55 per bin

- 4.3.2 Introduced a discount scheme in 2023/24 to enable any residents, in receipt of Local Council Tax Support (LCTS) at the time of application, to be offered a free joining up fee when they opt-in to the new service for the first wheeled bin. With residents also directed to the Employment and Financial Support Team (EFST) website for help and support, regardless of whether in receipt of LCTS.
- 4.3.3 For subscription payments to be taken annually, online, using the Council's existing systems.
- 4.3.4 Introduced a community swap event whereby residents can pass unwanted bins to the Council who will jetwash and enable residents to collect the cleaned bins if they wish to have them.

### Performance

- 4.5 The following sets out the performance of the service since the public launch. In summary, performance has exceeded targets at the time of writing this report (as of 10 January 2024):

Description	Target	Actual
%age of residents subscribed	11%	22%
Number of subscribers	7,758	15,928
Income 2023/24	£600,000	£741,594

- 4.6 In total, the Council has received £1,474,005 income. Due to accounting rules, the Council is required to show the income in the financial year which matches the year of

delivery of the service. Therefore, for those customers subscribing in 2023/24 it is shown in the table above that officers are accounting for the joining fee at 100% (£35 per bin), and 20% of the annual fee (£55 per bin), making £741,594 of income in that year. £733,656 (i.e. 80% of the annual fee taken in 2023/24) will be accounted in 2024/25.

- 4.7 654 residents in receipt of Local Council Tax Support have signed up to the scheme as of 10 January 2024, benefiting from a discount on the joining fee.

## 5. Financial implications

- 5.1 Full Council agreed in February 2023 to introduce and increase the garden waste income from £200,000 to £600,000 for 2023/24, being a net revenue improved position.
- 5.2 In August 2023 Cabinet were then presented with the new Garden Waste Collection service proposals, setting out a net revenue impact for 2023/24 of £15,000 and £1.321m in 2024/25. This change in net improved position reflected the application of accounting rules on the treatment of income as set out in 4.6 above.
- 5.3 Further effects on the proposed revenue impact reported in August 2023 include the change to the fees and introduction of a discount scheme, as set out in 4.4 above, and a higher than expected take up of the service by residents.

### Revenue impact 2023/24

- 5.4 The table below sets out the account for the garden waste service in 2023/24 as forecasted at Period 9:

<b>2023/24</b>	
<b>Forecasted full operational costs at Period 9</b>	
	<b>£000s</b>
<b>Expenditure</b>	
Employee Costs <i>(costs and budget transferred from central waste budget)</i>	73
Financial reconciliation and stage payment processing	14
Operational costs <i>(costs and budget transferred from central waste budget)</i>	14
Community grant offer	2
Print, media, and comms	62
Saving on garden sacks <i>(costs and budget transferred from central waste budget)</i>	(45)
Borrowing costs – Interest	25
<b>Total</b>	<b>145</b>
<b>One off expenditure (for launch only)</b>	
Employee Costs	120
Vehicle hire and costs	25
Consultancy and IT integration costs	6
<b>Total</b>	<b>151</b>
<b>Total expenditure</b>	<b>271</b>

<b>Income</b>	
Income Season 1	(742)
Recycling credit income <i>(costs and budget transferred from central waste budget)</i>	(25)
<b>Total income</b>	<b>(767)</b>
<b>Overall total</b>	<b>(471)</b>

- 5.5 It should be noted that introducing a discount for recipients of the LCTS has had a financial impact of £22,890 deducted from the income reported, and this may increase as more residents in receipt of LCTS benefit from the discount.

Revenue impact 2024/25 onwards

- 5.6 The 2024-25 Revenue budget report to be presented at this meeting, sets out a proposal for additional (gross) income of £1.246m from the new Garden Waste scheme. This additional customer and client receipt income is calculated on the basis of £1.896m, as set out in the budget table below, less £650k (of which £50k is attributed to a reduction in credit claim income under Grants and Reimbursements) and which was agreed by Full Council in February 2023 as part of budget setting for 2023/24 and 2024/25.
- 5.7 The following is the budget account estimated for the garden waste service for 2024/25.

<b>2024/25 Budget</b>	
	<b>£000s</b>
<b>Expenditure</b>	
Employee Costs	408
Financial reconciliation, ICT and stage payment processing	14
Operational costs	86
Seasonal vehicle hire	30
Community grant offer	5
Print, media, and comms	28
Borrowing costs - MRP	83
Borrowing costs - Interest	45
<b>Total expenditure</b>	<b>699</b>
<b>Income</b>	
Income	(1,896)
Recycling credit income	(104)
<b>Total income</b>	<b>(2,000)</b>
<b>Overall total</b>	<b>(1,301)</b>

- 5.8 As set out further in this report, there is a net decrease in the fleet portfolio of one Refuse Collection Vehicle. The total estimated saving for this is £31,000 per annum. These savings have been accounted for within the fleet budget for 2024/25, but are not set out in the table above.

## Can further operational savings be made?

- 5.9 In regard to whether any improved revenue position arising from the assumed associated savings in operating costs because the service is expected to be taken initially by only a small percentage of those currently receiving the free service, the following sets out how higher levels of operational savings cannot be achieved, but how the Council is minimising costs in other ways.

### *Staffing*

- 5.10 The Council currently operates a full kerbside garden waste collection service using 5.25 vehicles and crews (i.e. 5 vehicles and crews that are dedicated to the garden waste collection routes on all operational days, and one vehicle and crew that operate one day per operational week on garden waste collection routes (it will service other materials on other days of the operational week)).
- 5.11 Officers have assumed that the new chargeable garden waste collection service will start with three crews, who will drive four routes until more capacity is needed. The operation will expand to four crews once capacity (both number of homes and distance driven) requires, with seasonal resilience if needed.
- 5.12 0.25 of the remaining vehicles and crews will be deployed to support the growth in flats which is currently an operational pressure point for the service and in doing so, reduces the need for the Council to invest additional capital and revenue for a period, whilst improving performance for these residents.
- 5.13 The remaining two crews (then one when increased capacity is required for the garden waste service) will be redeployed back into the operational team to either displace agency staff or fill vacant roles.
- 5.14 Note that due to the Council's current recruitment freeze policy, there are seven Senior Operatives and five Team Leader vacancies. The redeployed staff could, and will, be slotted into these roles without the need to consider redundancies. It should be considered that the number of staff being redeployed, (i.e. two Team Leaders and four Operatives (reducing to one Team Leader and two Operatives when customer numbers increase, and an additional garden waste crew is deployed to meet service need) will have a relatively small impact as the overall waste and recycling workforce contains 49 Team Leaders and 92 Operatives with a measured level of turnover.
- 5.15 Whilst the redeployed staff could displace agency staff, no savings on agency budget are proposed. The reason being that the agency budget for the whole waste and recycling collection service was reduced several years ago to £20,000 per year. This budget has historically been exceeded to ensure operational delivery of this statutory service, and the overspend has been balanced with vacancies and turnover of staff (i.e. managing within the total staff and agency budget). The agency budget has been increased to better reflect the true spend for 2024/25. In addition, the operational management team have been reducing the reliance and costs associated with agency spend, reviewing working practices, proactively managing sickness absences and reasonable adjustments, along with the introduction of a new agreement/contract with Essex County Council, set to be presented at the next Cabinet meeting.

### *Vehicles and fuel*

- 5.16 Including the full fuel costs in the base budget, currently allows for costs of visiting all roads across the City, conscious that the service will need to visit all properties that are part of the scheme, and, in some cases, some households may be in isolation to other properties. The budget forecasts will be updated to reflect the routes as they are developed, but until officers are clear on the distribution of properties signed up to the scheme, this is difficult to predict at this stage.
- 5.17 To service the existing kerbside garden waste collections, the Council currently run a fleet of one twin lift RCV (serving households who already have wheeled bins), four open back RCV's (cannot service wheeled bins) and additionally, to address capacity needs, on a Friday, a second twin lift RCV is used; this makes a total of 5.25, as referenced above.
- 5.18 It is proposed that the service will launch with three twin lift vehicles (one current and two new), with a further new vehicle when capacity is needed.
- 5.19 It is proposed that two of the existing open back garden waste RCV's (with 2 years serviceable life, against a 7-year life expectancy) will be redeployed to replace a resilience vehicle which is eleven years old, and a spot hired vehicle which is currently on hire covering a further resilience vehicle that was decommissioned in the early part of 2023 due to high repair costs. This reduces the need for capital investment on their replacements. This approach to vehicle replacement and capital spend has been accounted for already in the capital programme agreed by Cabinet this financial year. The spot hire resilience vehicle costs approximately £5.5k per month. Decommissioning this vehicle will not be a saving as it is currently unbudgeted but is required to maintain service delivery. However, its removal from the fleet will reduce an ongoing budget pressure.
- 5.20 The other two RCV's will be sold. As the two vehicles will be sold within their life expectancy, there will be borrowing costs still to be paid, which will be deducted from the value received from the sale of the vehicles. Should there be any surplus from the sale, after costs, this income will be accounted for.
- 5.21 Overall, there will be a net decrease in the fleet portfolio of one RCV.
- 5.22 The information above is summarised in the below table:

<b>Vehicle</b>	<b>Type</b>	<b>Age</b>	<b>Plan for Vehicle</b>	<b>Plan for new Garden Service</b>
1	Bin-lift Existing	5 Years	Retain for Garden Waste Service	Retain for Garden Waste Service
2	Open-back Sacks	5 Years	Replace spot hire vehicle 1	Replaced by New Bin-lift 1
3	Open-back Sacks	5 Years	Replace Resilience Vehicle 2	Replaced by New Bin-lift 2
4	Open-back Sacks	5 Years	Sell	Additional vehicle for Garden Waste Growth
5	Open-back Sacks	5 Years	Sell	Reduction in fleet
0.25	70/30 Bin-lift	4 Years	Return to flats for growth	n/a

## **6. Equality, Diversity and Human Rights implications**

- 6.1 An Equality Impact Assessment was completed at the time of the Cabinet proposal and can be found online: [www.colchester.gov.uk/chargeable-garden-waste-service/](http://www.colchester.gov.uk/chargeable-garden-waste-service/). It was considered that the proposals do not breach human rights as a service will continue to be offered.

## **7. Strategic Plan References**

- 7.1 The proposal directly links to the vision, themes and objectives of the [Strategic Plan 2023-26](#) – A City Fit for the Future: Respond to the climate emergency – Continuing to be a leader in waste and recycling collections through the review of waste and recycling services and collection arrangements simplified and revised to support the government recycling collection targets of 70%.

## **8. Consultation**

- 8.1 The Cabinet report of June 2023 sets out the consultation undertaken to inform the proposal, in addition to the previous Scrutiny Panel meeting in August 2023.

## **9. Publicity Considerations**

- 9.1 A comprehensive publicity campaign is already underway.

## **10. Health, Wellbeing and Community Safety Implications**

- 10.1 The Cabinet report of June 2023 sets out that scheme does not have any potential impacts to health and wellbeing outcomes for the public.
- 10.2 It is not considered that community safety or crime and disorder will be impacted.

## **11. Health and Safety Implications**

- 11.1 Details of the potential improvements to health and safety within the operations of the Recycling and Waste Services, and improved outcomes for the workforce are set out in the Cabinet report of June 2023.

## **12. Risk Management Implications**

- 12.1 The risks of delivering the new chargeable garden waste collection service are set out in the Cabinet report of June 2023.

## **13. Environmental and Sustainability Implications**

- 13.1 Detailed considerations of the environmental and sustainability implications are set out in the Cabinet report of June 2023.