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|  | FINANCE & OPERATIONS PORTFOLIO 5 DECEMBER 2019 | |
| | Key Decision | NO |
| Corporate Aims: Place, Prosperity and Council | Cabinet Portfolio Holder | Cllr J Jefferson |
| | Date of decision/referral to O&S | 5 December 2019 |
| | Deadline for call-in 5pm | 10 December 2019 |
| | Implementation Date (if no call-in) | 11 December 2019 |

REPORT OF: Director (NE) Ref 19/258

WARDS AFFECTED: All

SUBJECT: GARDEN WASTE SERVICE FOR 2020/21

RECOMMENDATION:

It is recommended that the Cabinet Portfolio Holder:

- i. Receives the report
- ii. Approves the garden waste pricing structure for 2020/21, specifically:
 - a. An annual charge of £38 per licensed bin or £38 per property for a sack collection.
 - b. A £20 administration charge for a new brown bin.
 - c. A £20 charge for seven rolls of 10 garden waste sacks if required
- iii. Approves the removal of the credit card style licence to be replaced with a bin sticker.

REASON FOR RECOMMENDATION:

Garden waste collection is a non-statutory service funded through licence subscriptions and recycling credits. North Yorkshire County Council has significantly reduced its financial support for the scheme through a reduction in the payment of recycling credits. In order to protect the service and ensure its continued provision consideration must be given to increase the subscription (opt-in) charge to deliver a balanced budget.

RISK ISSUES:

There are clear environmental, budgetary and reputational implications arising from this report. These are addressed in the body of the body of the report and risk matrix.

HIGHLIGHTED RISKS:

Failure to implement a price increase for the garden waste service may result in significant revenue budget implications for the Council

Failure to agree a pricing structure by the end of November will restrict the ability of Officers to undertake the necessary administrative process in advance of the next garden waste season.

There may be a negative public reaction to the proposed increase in garden waste charge and the move away from the credit card style licence.

1. INTRODUCTION

- 1.1 This report provides a summary of the current garden waste subscription scheme and brings forward a price recommendation for the collection of garden waste in 2020/21.

2. CORPORATE AIMS

- 2.1 This report supports the Council's key aims of People, Place and Efficient Council.

3. BACKGROUND AND ISSUES

- 3.1 The Council operates an opt-in, subscription based service for garden waste collections. As of the 1st September 2019 there were 16,623 active customers.
- 3.2 Participation has decreased slightly each year since the introduction of the scheme in 2015 with an annual loss of approximately 1.5% of subscribers as the price has increased.
- 3.3 In the financial year 2018/19 the Council collected approx. 6,000 tonnes of garden waste. The Council's overall recycling rate in 18/19 was 35.3% which is just above the bottom quartile for performance nationally.
- 3.4 Collected garden waste is composted at Seamer Carr Waste Site and Broadings Farm in Whitby under contracts with Yorwaste and directly with the farm.

- 3.5 In 2017, North Yorkshire County Council notified the Borough Council of their intention to reduce their support for garden waste schemes across North Yorkshire through a reduction in the payment of recycling credits for garden waste. Following this notification a number of Council's challenged this approach and sought appropriate legal advice on how to proceed. Alongside this, Scarborough Borough Council took a prudent approach and the Cabinet Portfolio Holder agreed (ICM Report 17/299 appended) to raise the price of the garden waste licence from April 2018 and incrementally over following years to mitigate the impact of NYCC's reduced payments on SBC's budget.
- 3.6 Although delayed, North Yorkshire County Council finally agreed at their Executive Meeting on 4 September 2018 to implement the reduction in the payment of recycling credits for garden waste from 1 April 2019. Following this meeting, NYCC wrote to all district councils to inform them of this decision and the Council reluctantly entered into contract with NYCC for the reduced incentive payment.
- 3.7 The Council's Cabinet further considered this issue on 16 October 2018 (Ref 18/231), and agreed, to:
1. Note the reduction in financial support from North Yorkshire County Council for garden waste collections.
 2. Approve the subscription charges set out below as previously agreed in principle by the Cabinet Portfolio Holder (report ref: 17/299);
 - a) Financial year 2019/20 - An annual charge of £33 per licensed bin or £33 per property for a sack collection.
 - b) A £15 administration charge for a new brown bin.
 - c) A £15 charge for seven rolls of 10 garden waste sacks if required.
 3. Defer consideration of the annual charge for the financial year 2020/21 pending review of the Subscription Service in 2019/20 by the Overview and Scrutiny Board
- 3.8 Current income budgets are based on an assumed 16,262 active customers with an annual charge of £33. In addition to the income received from the sale of green waste licenses the Council receives incentives from NYCC in the form of garden waste incentive credits.
- 3.9 In order to dispose of the waste the Council incurs charges based on the relevant amount of tonnage collected, and for the production of the physical licenses.
- 3.10 The table below details the direct budgets in relation to Green Waste:

| | 2019/20 Budget | 2020/21 Projection |
|------------------|---------------------------|-------------------------------|
| | £k | £k |
| Licenses | 537 | 606 |
| Recycling Credit | 309 | 161 |
| Gate Fees | (156) | (159) |

| | | |
|--|------------|------------|
| Budgeted contribution to reserve to offset reduction in NYCC contributions | (85) | - |
| Direct Income | 605 | 608 |

Note: These figures do not include the cost of collection in terms of staffing, vehicle, fuel and management costs.

- 3.11 It is possible to model the impact of a range of subscription prices for the 2020/21 season against the direct revenue budget set out in section 3.10 above. It should be noted that this model assumes a 2% decrease in active licences and tonnage collected when a price increase is applied.

| License fee £ | Net impact on budget £k |
|------------------|----------------------------|
| 33 | (60) |
| 35 | (27) |
| 38 | 6 |

- 3.12 Projections show therefore that an increase in license fee to £38 together with the cessation of the reserve contribution will provide a broadly net neutral position to the Council.
- 3.13 Through prudent financial management the Council has accrued a financial reserve from the sale of garden waste licences over the last two years to mitigate some of the risk associated with the management of recyclables including the potential for customers to not renew their subscription as a result of any price increase coupled with the reduction in support from NYCC.
- 3.14 An agreement on pricing for 2020 is required to ensure that the scheme can be opened up for subscribers in December for the 2020 season.
- 3.15 Over the last 12 months a number of additional factors have come into play which need consideration. Firstly, there has been an increase in the cost for the supply of bins (£16.10) and the cost of sacks (£17.78 for a supply of 70 sacks). Therefore, as it stands, the Council is making a small loss on the supply of both.
- 3.16 Furthermore, the Council has declared a Climate Emergency and consideration must be given to the impact of this declaration upon the pricing structure. From a carbon perspective, the most beneficial option is for residents to compost at home, followed by collection for recycling and then disposal. At present, we are awaiting updated residual waste composition analysis information from NYCC, however anecdotal information suggests some garden waste is being disposed of in residual waste bins as residents seek to avoid the increased charge.
- 3.17 In addition, the recently published consultation on the National Waste Strategy, has suggested that the Government is considering the implementation of free garden waste collections, although it is recognised that further work is required to establish the true financial and environmental impact of this recommendation. Officers are also working across the North

Yorkshire Waste Partnership to consider new operating models to maximise the use of Allerton Park Waste Recovery Park to drive up recycling rates.

- 3.18 The Council currently provides subscribers with a credit card style annual licence which householders attach to their bin to identify that they have paid their subscription for the calendar year. These have proved successful and easily identify bins for collection. As part of the Council's budget savings agenda, consideration should be given to replacing these licences with a one-off bin sticker which will enable collection crews to check licence holder information against the data held in the collection vehicles in-cab terminal. Adopting this approach would save a further £16k per annum but will require a one-off capital investment of £16k to provide the stickers.

4. CONSULTATION

- 4.1 Extensive consultation was undertaken prior to the introduction of the subscription based garden waste scheme. In addition, annual review and consultation has been undertaken through the Overview & Scrutiny process.
- 4.2 The Council's Overview and Scrutiny Board specifically considered this issue at the October 2019 meeting (Report Ref 19/224) and supported the proposed pricing structure.

5. ASSESSMENT

- 5.1 The garden waste collection arrangement continues to be a successful scheme which is well used by residents across the Borough.
- 5.2 There has been an overall reduction in the tonnage of garden waste collected following the introduction of the scheme; however, there has been no significant increase in the illegal disposal of garden waste through other means such as fly-tipping.
- 5.3 The cost to procure garden waste bins and sacks has increased in the last 12 months.
- 5.4 Home composting has the lowest carbon impact of all options for the disposal of garden waste.
- 5.5 Officers have benchmarked the proposed pricing structure against charges levied by our closest geographical neighbours and benchmarking family group. The results are displayed in the table below:

| Authority | Yr1 (£)* | Yr2 (£) | Recycling rate % (1718) |
|--|-----------------|----------------|--------------------------------|
| UK average of Councils which levy a charge | 31 | 27 | |
| CIPFA 'nearest neighbour' average | 52 | 45 | |

| | | | |
|----------------------|----|----|------|
| Ryedale DC | 38 | 38 | 46.2 |
| Craven DC | 36 | 36 | 42.5 |
| Hambleton BC | 35 | 35 | 48.3 |
| Harrogate BC | 39 | 39 | 39.6 |
| Selby DC | 0 | 0 | 41.6 |
| Richmondshire DC | 22 | 22 | 37.7 |
| East Riding Council | 0 | 0 | 64.5 |
| Scarborough Existing | 48 | 33 | 37 |
| Scarborough proposed | 58 | 38 | |

*Yr1 assumes a new customer signing up for a scheme and requiring a bin

- 5.6 The Council faces considerable budgetary pressure and this, coupled with the reduction in financial support from North Yorkshire County Council, leaves little option when considering the pricing strategy for 2020/21. An increase to £38 for a licence would result in a net neutral budget position for the Council and prevent additional savings having to be found from elsewhere.
- 5.7 Operating an opt-in subscription scheme for garden waste ensure that the Council follows the 'polluter pays' principle with householders producing the waste paying for its collection and disposal.
- 5.8 The replacement of the credit card style licence with a bin sticker will enable the Council to save an additional £16k per annum.
- 5.9 The Council's Cabinet has previously delegated authority to set prices in future years to the relevant Director in conjunction with the relevant Cabinet Portfolio Holder following consultation with the Overview and Scrutiny Board. (Report Ref: 16/255).
- 5.10 Giving due consideration to all of the above, it is recommended by Officers to adopt the following pricing structure:
- a) Financial year 2020/21 - An annual charge of £38 per licensed bin or £38 per property for a sack collection.
 - b) A £20 administration charge for a new brown bin.
 - c) A £20 charge for seven rolls of 10 garden waste sacks if required

6. IMPLICATIONS

(a) Policy

There are no new policy implications that arise from this report.

(b) Financial

All financial implications are identified in the main body of the report.

(c) Legal

There are no new legal implications that arise from this report.

(d) Equalities and Diversity

There are no new equality and diversity implications that arise from this report.

(e) Staffing Issues

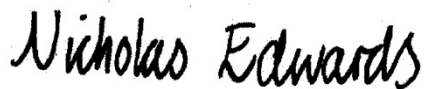
There are no staffing issues associated with this report.

(f) Planning, Environmental, Health and Safety, Sustainability, Crime and Disorder

There are no planning issues that arise from this report. The Council has a clear strategic aim to protect and improve our environment. This report has implications for this aim and the proposals contained therein seek to ensure that the garden waste scheme is still accessible and continues to divert waste away from landfill.

(g) Communication

The outcomes of the pricing review will impact upon all residents of the Borough. A communication plan has been utilised to successfully deliver the garden waste scheme since its inception and this will be mirrored moving forwards. Careful consideration will need to be given to mitigate any negative publicity arising from the price increases and the move to a bin sticker. Early engagement will take place on this issue with the Council's Communications Team.



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Director

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Background Papers: None

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT PAUL THOMPSON ON 01723 232323 OR E-MAIL paul.thompson@scarborough.gov.uk

Risk Matrix

| Risk Ref | Date | Risk | Consequences | Mitigation | Current Risk Score | Target Score | Service Unit Manager/ Responsible Officer |
|-----------------|-------------|--|--|--|---------------------------|---------------------|--|
| 1 | Dec 2019 | Household take-up of the scheme drops due to price increase | Large numbers of residents may abandon the scheme with the potential for reputational damage for the Council Operating Costs remain high but income is much lower | The Council has built a financial reserve to mitigate this issue. | C3 | B3 | Operations, Transport & Countryside Manager |
| 2 | Dec 2019 | New pricing structure fails to reflect removal of NYCC support for the scheme and increased operational cost | Significant budget shortfall | Adopt the pricing structure as identified in this report. | C3 | B2 | Operations, Transport & Countryside Manager |
| 3 | Dec 2019 | Implementation is delayed | Subscription sign up period is shorter and call centre struggles to cope with traffic. | Mirror the successful project plan as delivered in 2018 | C3 | B2 | Operations, Transport & Countryside Manager |
| 4 | Dec 2019 | Negative public perception following price increase or use of bin sticker | Reputational damage to the Council | Undertake clear communications campaign regarding the increased charge | C3 | B2 | Operations, Transport & Countryside Manager |

Glossary of Terms

| | |
|----------------------|--|
| Risk | An event which may prevent the Council achieving its objectives |
| Consequences | The outcome if the risk materialised |
| Mitigation | The processes and procedures that are in place to reduce the risk |
| Current Risk Score | The likelihood and impact score with the current mitigation measures in place |
| Target Risk Score | The likelihood and impact score that the Council is aiming to achieve |
| Service Unit Manager | The Service Unit or Officer responsible for managing the risk |
| Action Plan | The proposed actions to be implemented in order to reduce the risk to the target score |

Risk Scoring

| | | | | | | |
|--------|------------|---|---|---|---|---|
| Impact | 5 | | | | | |
| | 4 | | | | | |
| | 3 | | | | | |
| | 2 | | | | | |
| | 1 | | | | | |
| | | A | B | C | D | E |
| | Likelihood | | | | | |

Likelihood:

A = Very Low
 B = Not Likely
 C = Likely
 D = Very Likely
 E = Almost Certain

Impact

1 = Low
 2 = Minor
 3 = Medium
 4 = Major
 5 =

=

Disaster

