

Decision Maker: 1. Environment Portfolio Holder

2. Executive

**For pre-decision scrutiny by
Environment PDS Committee on 15th November and
Executive & Resources PDS on 6th December 2011**

Date: 14th December 2011 for Executive

Decision Type: Non-Urgent Executive Non-Key

Title: **INTRODUCTION OF TRIAL OF REVISED GREEN GARDEN
WASTE COLLECTION SERVICE AND TEXTILE COLLECTIONS**

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Chief Officer: Nigel Davies, Director of Environmental Services

Ward: All

1. Reason for report

- a. This report asks for approval for the introduction of a trial scheme which supplements the current Green Garden Waste Sticker Service with a chargeable wheelie-bin based system.
- b. The Portfolio Holder gave approval on April 11 2011 for Veolia and other potential contractors to explore the options for textile collections in the borough. This report asks for approval to finalise these negotiations and appoint a contractor.

2. **RECOMMENDATIONS**

That the Environment Portfolio Holder: -

2.1 Approves the introduction of a trial of a fixed price fortnightly wheelie bin collection service for Green garden Waste in specified geographical areas.

2.2 Decides which of the following options to adopt for the new service relating to the length and price of the service provided: -

Option 1 - 12 month service at a price of £65 per property

Or

Option 2 - 9 month service at a price of £55 per property

- 2.3 Refer the proposal to the Executive as an 'Invest to Save' scheme to part fund the wheelie bin containers at a cost of £220k using £140k of the current projected underspend for the Environment portfolio with a contribution from the Invest to Save fund, estimated to be £80k.
- 2.4 That the Environment Portfolio Holder approves the replacement of current arrangements for the provision of and collection from textile banks in the borough as set out in paras 3.13 – 3.17.

That the Executive:-

- 2.5 Approve the utilisation of the current projected underspend for the Environment Portfolio to part fund the wheelie bin containers to facilitate the introduction of this trial service, with the balance being met from the Invest to Save fund.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Quality Environment.
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Financial

1. Cost of proposal: Estimated cost Initial one-off cost of £220k with estimated additional net income of between £178k and £182k per annum from Garden waste, plus income of between £75k and £135k from the sale of bring bank textiles
 2. Ongoing costs: Recurring cost. net additional income of between £253k and £317k depending on volume of customers/tonnage
 3. Budget head/performance centre: Waste Services
 4. Total current budget for this head: £17.75 m
 5. Source of funding: Corporate 'Invest to Save' fund and existing revenue budget for 2011/12
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Staff

1. Number of staff (current and additional): 2 additional FTE, funded by income from the scheme
 2. If from existing staff resources, number of staff hours: na
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Legal

1. Legal Requirement: Non-statutory - Government guidance. Environmental Protection Act 1990 & Controlled Waste Regulations 1992
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Initially 10,000 residents in the initial trial area, with the aim of a borough-wide service in the longer-term
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: na

3. COMMENTARY

Garden Waste Collection Service

- 3.1 Following the Comprehensive Spending Review, all departments were asked to consider efficiency savings in the way services were delivered. The majority of Waste Services operations are statutory duties, limiting the opportunities for change. However, the collection of green garden waste is not a statutory duty, and the council is allowed to charge for the collection element of any service provided.
- 3.2 At present, we provide 3 options for residents to dispose of their green garden waste (GGW).
- a chargeable collection (via a sticker system)
 - the Household Waste Recycling Centres at Waldo Road and Churchfields
 - the 5 Green Garden Waste Satellite Sites
- 3.3 *The chargeable collection service.* The Controlled Waste Regulations (1992) allow local authorities to levy a charge for the collection of GGW (although we are not allowed to charge for the cost of its subsequent disposal). Residents purchase stickers from the council (by post, at the Civic Centre or at libraries) at a cost of £1.60 per sticker. Residents then book a collection directly with Veolia, either by calling a free-phone number or through an e-mail system. Veolia provide the resident with a collection date, and are able to confirm the probable number of sacks to be collected. The resident simply leaves the stickered sacks at edge of curtilage on the agreed collection day.
- 3.4 Veolia operate the collection service, covering the whole borough over a 2 week period. As residents book their collection, they are allocated a date for their collection, allowing Veolia to allocate appropriate resources. The cost of the service is £1.59 per sack collected for 2011/12. This means that the service effectively breaks even from the council's perspective. Sticker sales for 2010/11 were 58,000.
- 3.5 *Household Waste Recycling Centres.* The Environmental Protection Act 1990 requires authorities to provide a facility where residents can deliver their household waste free of charge. This requirement includes GGW. Both Waldo Road and Churchfields Road Household Waste Recycling centres have extensive facilities for the acceptance of GGW. However, at certain times, particularly Easter and other Bank Holidays, the number of residents wishing to use the sites is such that congestion develops, which can spread into the surrounding roads, leading to complaints both from site users and local residents. The Waldo Road Webcam has assisted with this issue, allowing residents to check whether there is a queue before setting off to the site. However, the major initiative which resolved the congestion was the introduction of the Green Garden Waste Satellite Sites (GGWSS).
- 3.6 *The GGW Satellite Sites* were introduced in 2005, with the aim of reducing the extreme congestion at Waldo Road and Churchfields HWRCs, and also dealing with the high level of complaints regarding the collection service (which was equally overwhelmed at times of high demand). The 5 sites have undergone changes of location for practical and operational reasons, but continue to be extremely popular with the public. In 2010, there were 62,000 customer visits, with 2,000 tonnes of GGW delivered. Veolia provide appropriate vehicles and staffing for the sites, with all material delivered back to Waldo Road. The service is available every weekend from March to November and the budget for this service currently stands at £307k per annum.
- 3.7 This report proposes the introduction of a trial for an alternative scheme, where residents would have the option of replacing the GGW Sticker Service with a wheelie-bin based system in specified geographical areas. Residents would pay an annual charge covering both the fortnightly collection service and a specified container.

- 3.8 Dependant on customer demand, a further option for residents who find it more convenient to use re-useable bags will be considered, with the same annual price providing for the fortnightly collection of up to 3 re-useable 60 litre sacks for garden waste.
- 3.9 Research has shown that other authorities operating a chargeable collection service using this methodology have achieved an average customer base of 20% of residents in accessible properties (generally excluding flats). Bromley has approximately 119,000 street level properties and for the purposes of this trial it has been assumed that 10,000 customers would participate.
- 3.10 Officers have spoken with and visited authorities who have introduced similar schemes. A table of other authority's prices and customer numbers is attached as Appendix A. A paper prepared by the government sponsored Improvement & Efficiency South East team (iESE) summarising local authority experiences in introducing such schemes is also attached as Appendix B.
- 3.11 Using the current Contract schedules of rates, and a projected customer base of 10,000 properties, a costings scenario has been developed, identifying the potential costs and income as shown in 5.4.
- 3.12 Based on latest estimates, it is proposed to use a contribution from the current projected underspend for the Environment Portfolio of £140k to purchase some of the containers with the balance of £80k being funded from a bid to the Executive to use the 'Invest To Save' monies. It is estimated that the fund will be repaid during year 1 of the trial.
- 3.13 Should the scheme be successful in attracting the required number of customers, the on-going net income could be used to offset financial pressures facing the Council in future years.

Textile Collections

- 3.13 As described in Report ES 11049, at present, all textile banks in Bromley are operated by charity groups. Tonnages from textile and shoe banks average 25 tonnes per month.
- 3.14 Initial negotiations with potential contractors indicate that payments ranging from £250 - £450 per tonne can be obtained from this material, representing a potential income of between £75k and £135k per annum. This pricing incorporates the provision of replacement textile banks at all council sites (ie the Bring bank sites). This potential additional income per annum can be used to bridge the gap between the estimated and actual budget savings achieved following successful negotiations with Veolia as described in ES11128 elsewhere on this agenda.
- 3.15 For negotiations to progress, notice will need to be given to the current operators (Scope and Green World Recycling operate the general textile banks, whilst The European Recycling Company operate the dedicated shoe banks). Current government guidelines suggest that a minimum of 3 months notice should be provided to third sector operations.
- 3.16 This will allow officers to finalise negotiations (in partnership with Veolia, as the new operators will work as sub-contractors to Veolia) for the transfer of this service to a new operator, or to reach an arrangement with the current operator which involves payment to the council for the materials collected.
- 3.17 These negotiations will also incorporate options for a monthly kerbside collection of textiles.

4. POLICY IMPLICATIONS

- 4.1 There are no explicit policies which would be affected by the introduction of a revised methodology and costing structure for the collection of green garden waste, or for a change in the contractor supplying and emptying textile banks.

5. FINANCIAL IMPLICATIONS

- 5.1 It is estimated that the introduction of the alternative Green Garden Waste collection service could generate surplus income of between £178k and £182k per annum depending on which Option is agreed. However, this assumes that at least 10,000 paying customers in a specified geographical area choose to utilise the scheme. Both the number of customers and the size of the geographical area covered are critical in terms of ensuring that the two vehicles are fully utilised but not over extended. It should thus be noted that the level of surplus income is dependent on the number of customers requiring the service.
- 5.2 It is proposed that the service will be provided by 2 vehicles, each with a driver and 2 loaders, emptying an average of 500 GGW bins per day. Once the service is operating these assumptions will be challenged based on the operational efficiencies that might be realised.
- 5.3 Examination of the current Green Garden Waste Sticker collection service for the last two years shows that only between 7% and 11% of garden waste is collected during the three month period December to February and therefore based on this evidence (Appendix C), Members are asked to consider an alternative option of providing the service for a period of 9 months as well the annual option. The two Options are summarised below: -

Option 1 A service run over a period of 12 months at a price of £65 per household

Option 2 A service run over a period of 9 months at a price of £55 per household

- 5.4 The estimated costs and income are shown in the table below for each of the Options.

Summary of expenditure and Income for the two Options

	Option 1	Option 2
Proposed price per property	£65	£55
	12 Month	9 Month
	Service	Service
	£'000	£'000
One-Off costs of containers (purchase & delivery)	220	220
On-going revenue income & expenditure		
Collection service	373	280
Disposal costs	49	38
Additional staffing costs	50	50
Total estimated costs	<u>472</u>	<u>368</u>
Income (assuming 10,000 customers)	(650)	(550)
Net estimated annual surplus	<u><u>(178)</u></u>	<u><u>(182)</u></u>

- 5.5 It should be noted that the service breaks even with 7,300 customers under Option 1 and 6,700 customers under Option 2. However, at this lower level of customers, Officers would explore whether or not the service could be run with only one vehicle and crew.
- 5.6 This net surplus incorporates the cost of 2 FTEs, with one managing and monitoring the service, and one administering the database including the issuing of invoices and reconciliation of customer payments.
- 5.7 To enable the service, 10,000 240 litre wheeled bins would need to be purchased and delivered to participating residents. At a cost of £22 per bin (£18 purchase, £4 delivery) this represents a one-off cost of £220k.
- 5.8 It is proposed to request the Executive to agree that Officers can use a contribution from the current projected underspend for the Environment Portfolio of £140k to part fund the

containers and that the Executive consider whether to use part of the 'Invest to Save' monies to fund the balance of £80k. The aim would be to repay this amount during 2012/13.

- 5.9 Another proposal of this report is to enter into a contract with Veolia to sell the textiles collected from the bring banks at a price of between £250 to £450 per tonne. Based on an average of 300 tonnes per annum, this could generate income of between £75k and £135k per annum.

6. LEGAL IMPLICATIONS

- 6.1 None. These proposals are compliant with both the Environmental Protection Act 1990 & the Controlled Waste Regulations 1992, which specify the council's statutory and non-statutory duties with regard to household waste, including the options for levying collection charges.

7. PERSONNEL IMPLICATIONS

- 7.1 The operational management of the trial will require an additional dedicated Waste Advisor. The administration of the charging structure will require an additional dedicated finance administrative support officer who will also be responsible for the customer database and the issuing and reconciliation of invoices and cash received.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	None