

Decision Maker: Environment PDS Committee

Date: 23rd September 2014

Decision Type: Non-Urgent Non-Executive Non-Key

Title: INVEST TO SAVE: GREEN GARDEN WASTE COLLECTION

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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: All

1. Reason for report

This report provides an update on the £80,000 Invest to Save funding made available for the introduction of a trial Green Garden Waste collection service.

2. **RECOMMENDATIONS**

That the Committee notes and comments on:

2.1 The progress of the Green Garden Waste collection service to date; and

2.2 The continuing expansion of the scheme and the associated financial implications.

Corporate Policy

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

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Waste Services
 4. Total current budget for this head: £17.5m (Cr £54k for the GGW collection service)
 5. Source of funding: Existing revenue budget for 2014/15
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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: N/A
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance: Environmental Protection Act 1990 & Controlled Waste Regulations 1992
 2. Call-in: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are currently over 15,000 properties receiving the service.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 On 7 December 2011 the Environment Portfolio Holder agreed to the introduction of a trial for a fixed price wheelie bin collection service for Green Garden Waste. The service to be provided was for fortnightly collections for 9 months of the year and monthly collections for the remaining 3 winter months, for a fixed price of £60.
- 3.2 Subsequently, on 14 December 2011, Executive approved the use of £140k from the waste service underspend together with £80k from the Invest to Save Fund to enable the purchase of 10,000 240 litre wheelie bin containers. The actual cost of the 10,000 containers was £218,808, £1,192 less than estimated.
- 3.3 The £80k was expected to be fully repaid to the Invest to Save Fund within 12 months.
- 3.4 The scheme provided a fourth option for residents to dispose of their green garden waste (GGW) in addition to those already offered:
- a chargeable collection for sacks of GGW (via a sticker system)
 - the Household Waste Recycling Centres at Waldo Road and Churchfields
 - the five Green Garden Waste Satellite Sites
 - The new wheelie bin scheme
- 3.5 The trial scheme launched in February 2012, covering four specified geographical areas. The public response was sufficiently positive that the scheme was expanded across the whole borough in June 2012.
- 3.6 Table 1 shows what was expected financially from the initial trial compared to the actual costs and income for each of the years 2012/13 to 2014/15:

Table 1 Expected and Actual Income and Expenditure

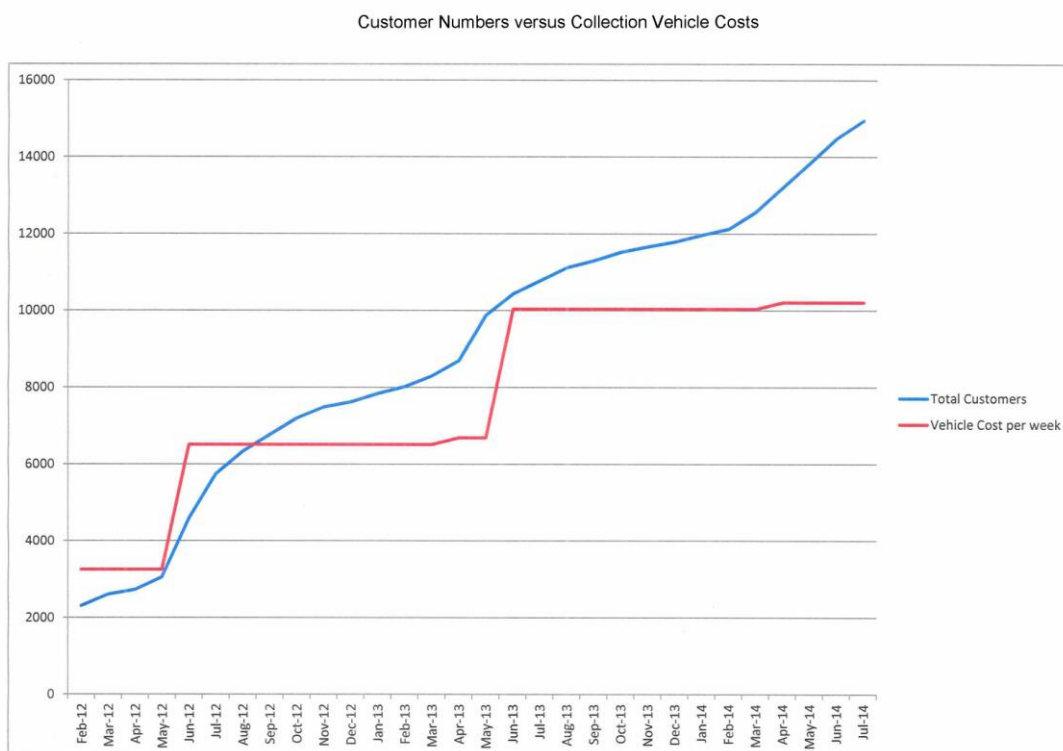
	Expected 2012/13 £'000	Actual 2012/13 £'000	Actual 2013/14 £'000	Projected 2014/15 £'000
Collection contract costs	304	272	506	615
Additional staffing	50	56	57	33
Printing & stationery	0	4	7	8
Postage & publicity	0	19	16	17
Purchase of containers	0	60	37	72
Income from wheelie bin service	-600	-368	-647	-892
Net surplus for GGW wheelie bin service	-246	43	-24	-147
Income from GGW stickers	0	-70	-43	-33
Net surplus	-246	-27	-67	-180
Payback of Invest to Save Fund	80	80		
Net surplus/Deficit after payback of loan	-166	53		
Additional disposal costs from GGW tonnage growth	43	54	110	235

- 3.7 Veolia agreed to absorb the collection contract costs for GGW sacks within this new service during 2012/13 and this resulted in net savings of £70k being achieved. Further containers were purchased towards the end of the year to ensure adequate stock for anticipated increase in customer numbers. As shown in the table above, the new GGW collection service actually made

a small surplus of Cr £27k. This was used, together with an underspend on the waste services budget, to payback the £80k from the Invest to Save Fund.

- 3.8 There are several reasons why the scheme did not achieve the expected level of surplus in 2012/13. Despite a lot of publicity, fewer customers participated than expected; and customer take-up was staggered throughout the year rather than having the expected 10,000 customers from the start of the scheme. At the end of the first year actual customer numbers had reached 8,300. Other reasons included the purchase of extra containers (£60k) and additional costs of £19k were incurred for publicity and postage.
- 3.9 The surplus of £67k made in 2013/14 was used to offset the additional cost pressures in the waste service mainly due to: the growth in tonnage; and the reduction in paper income caused by a fall in the amount of paper collected.
- 3.10 Figure 1 shows the effect of the staggered customer take-up against the stepped increase in vehicle costs: -

Figure 1. Customer Numbers versus Collection Vehicle Costs



- 3.11 It should be noted that when an additional collection vehicle is introduced to the service, because of capacity issues due to an increase in customer numbers and/or due to the impact of the geographical position of customers throughout the borough, the net surplus made from the scheme is affected. The scheme may run at a small deficit until such time as sufficient growth in customers enable the vehicle to be used to maximum efficiency, resulting in a surplus being generated.
- 3.12 The original proposal assumed that the introduction of the scheme would generate an estimated increase in GGW tonnage of 100kg per customer per annum. This was estimated to cost an additional £43k.

3.13 Table 2 shows the overall GGW tonnages from all sources before and after the introduction of the scheme:

Table 2 GGW Tonnages - all sources	2011/12	2013/14	Variation	% variation
	Tonnes	Tonnes	Tonnes	
GGW collected sticker scheme	348	0	-348	-100.00%
GGW collected wheelie bins scheme	0	4,536	4,536	N/A
GGW satellite sites	2,060	1,652	-408	-19.81%
GGW Waldo	6,380	5,184	-1,196	-18.75%
GGW Churchfields	2,061	2,092	31	1.50%
Leafing from street cleansing contract	607	603	-4	-0.66%
Total	11,456	14,067	2,611	22.79%

3.14 By the end of 2013/14 the overall GGW tonnage had increased by 2,611 tonnes. This was more than double what was originally expected and cost £110k.

3.15 Excluding 3,000 tonnes that were estimated as one-off growth due to Christmas storms in 2013, overall tonnage from all waste streams for 2013/14 was 3,200 tonnes above the actual disposal tonnage for 2012/13. This tonnage variation included the GGW tonnage increase of 2,611. The 2014/15 waste service budget included the additional costs of this increase in tonnage.

3.16 Table 3 shows the current budget situation that is reported in the budget monitoring report elsewhere on the agenda: -

Table 3 Green Garden Waste Wheelie Bin Collection Service	2014/15	2014/15	2014/15
	Latest	Projected	Variance
	Budget	Spend	Variance
	£'000	£'000	£'000
Staffing	63,000	33,000	-30,000
Purchase of containers	65,300	72,300	7,000
Printing/stationery/postage/publicity	34,800	25,000	-9,800
Collection contract costs	659,220	614,620	-44,600
Income from wheelie bin service	-867,750	-891,890	-24,140
Income from GGW stickers	-9,110	-32,610	-23,500
Net expenditure	-54,540	-179,580	-125,040

3.17 The GGW collection service budget for 2014/15 was based on the assumption that customer numbers would reach 14,750 by the end of the year. The budget also assumed that a fourth vehicle would be needed from July 2014.

3.18 Latest budget monitoring projections assume that customer numbers will increase to 15,300. The fourth collection vehicle was introduced during late August, which is why an additional surplus of £125k is projected. The continuing publicity campaign continues to attract an average of 90 new households per week.

3.19 As the new GGW wheelie bin service has increased in popularity, the sales of GGW sticker sales have reduced as residents have switched to the wheelie bin service. The resulting income from stickers has gradually reduced to an estimated projected income of £33k for 2014/15. It is expected that at some point in the future the remaining sticker customers will switch to the wheelie bin service.

- 3.20 Overall tonnage (mainly from households) is expected to be at least 4,250 tonnes above budget, and could end up being a further 1,200 tonnes above budget by the year end. This has led to a projected overspend for waste disposal contract costs of £255k. It should be noted that 2,800 tonnes of this increase is due to additional green garden waste tonnage. The surplus/underspend of £125k from the GGW service (see Table 3 above) is being used to offset the budget pressure on waste disposal contract costs.
- 3.21 The charge made to residents for the scheme was set at £60 per annum in 2011. This has not been increased to reflect inflation, although the costs incurred in the operation of the service have all increased over the two years since the service commenced.
- 3.22 The need to ensure that a reliable stock of containers is maintained, to ensure new customers receive their container promptly, means that procurement must follow customer demand. This can make it difficult to project annual spend.

4. POLICY IMPLICATIONS

- 4.1 The Environment Portfolio Plan 2014/17 includes the aim “Increase take up of the Green Garden Waste collection service to at least 15,000 households”.

5. FINANCIAL IMPLICATIONS

- 5.1 Financial considerations are included in the main body of the report.

6. LEGAL IMPLICATIONS

- 6.1 The new scheme is compliant with both the Environmental Protection Act 1990 and the Controlled Waste Regulations 2012. These 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 scheme requires an additional dedicated Waste Advisor. An additional dedicated finance officer is also required, to administer charges, the customer database, and the issuing and reconciliation of invoices and cash received.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	Report ES11108 - Executive, 17 December 2011 INTRODUCTION OF TRIAL OF REVISED GREEN GARDEN WASTE COLLECTION SERVICE AND TEXTILE COLLECTIONS