

19th October 2017

Chargeable Garden Waste Collections

Ward(s) All

Portfolios: Cllr C Jones – Clean and Green

1.0 Executive Summary

1.1 In October 2016 Walsall Council's Cabinet approved the introduction of charging for garden waste collections, subject to public consultation. This would make a saving in the region of £300,000 and give the potential to extend the service and collect garden waste for more months of the year than we currently do.

The saving was deferred to 2018/19 to allow appropriate public consultation to be carried out. Public consultation was completed on 7th August 2017 and the outcome is now being reviewed as detailed later in this report.

Overview and Scrutiny Committee met on 7th September 2017 to consider the report on Chargeable Garden Waste Collections. Scrutiny Committee made the following recommendations to be considered and tabled in a follow up report for October 2017 Scrutiny meeting.

- a) Cabinet be requested not to go ahead with charging for brown bin collections and consider whether the saving can be achieved in another way. Whilst this is being considered the decision on whether to charge for brown bin collections should be delayed to enable the decision to be taken in parallel with potential changes to recycling collections.
- b) If Cabinet do decide to introduce charges then this should only be for the months when the brown bin collection service is extended. The existing months that the service runs for should continue to be provided to all residents with no charge.
- c) Further to the suggestions above consideration should be given to outsourcing the service.
- d) A report should be considered at the next meeting regarding twin streaming and brown bin collection proposals. The report should include details on the outcome of the consultation and an analysis of issues and potential alternative ideas that could be implemented.

2.0 Reason for scrutiny

2.1 Scrutiny Committee have requested a follow up report that details the outcome of the consultation process and consideration the alternate proposals to charging for garden waste collections identified at the 7th September Scrutiny Committee.

3.0 Recommendations

3.1 To note the content of the report and provide a view on the direction of the service.

4.0 Report Detail

4.1 Background

4.1.1 The estimated saving of circa £300,000 for a chargeable garden waste service is based on 20% of residents participating in the scheme and an estimated annual charge of circa £35 per year. The chargeable service could operate for up to 11 months per year, from mid January to mid December, closing for only four weeks to accommodate changes to residual and recycling collections over the Christmas and New Year period.

4.1.1 Following the decision by Cabinet in October 2016, public consultation on the introduction of a charge for garden waste collections has been undertaken between 9 June 2017 and 7 August 2017.

4.2 Consultation

4.2.1 There were two aspects of the consultation exercise;

Postal Survey

A postal questionnaire was sent to a random sample of 13,819 households who have a brown garden waste bin.

Online questionnaire

Households who did not receive a questionnaire could have their say by completing the questionnaire online at www.walsallbins.co.uk. Paper copies were provided on request to anyone who could not complete the on-line version.

Due to the different methodologies, results from the postal survey and the online survey are being analysed separately.

4.3 Consideration of Scrutiny views

4.3.1 **Charging for garden waste, part year** (October to March) - If Cabinet decides to introduce charges then this should only be for the months when the brown bin collection service is extended. The existing months that the service runs for should continue to be provided to all residents with no charge.

4.3.2 Given the estimated saving of £300,000 is based on 20% of residents participating in the scheme and an estimated annual charge of £35, to operate a part year, it is considered that a winter buy in service would potentially be operationally and financial unviable on the following basis;

- The service would only operate from October to November and re-commence in January to March, given a four week Christmas closedown to accommodate weekly collections over this period. This would result in a fragment charge for service.
- The public consultation shows that there is a limited appetite for a collection during the winter months so it is unlikely a service would be financially viable.
- In order to meet operational costs (labour, fleet, disposal), costs would exceed £35 proposed charge for a full year effect. The outcome of the postal consultation identified that residents were prepared to pay an average of £26 per year for a collection over an extended period during the prime months, with the most commonly quoted figure being only £20.
- Take up for the service is anticipated to be significantly lower than the predicted 20% full year effect. The public consultation showed that 16% of residents were prepared to pay for a collection over an extended period during the prime months.
- The service would be very difficult to administer and manage on an annual basis.
- Collections would be sporadic across the borough making the service operationally costly and inefficient.
- Operational costs for fleet hire would be increased over existing provision, and securing a stable agency workforce with such peaks and troughs, would be difficult to recruit.

4.4.1 **Outsourcing Garden Waste Collections** - Further to the suggestions above consideration should be given to outsourcing the service.

4.4.2 The market for out-sourcing was a richer target in the 2000s, whereby the private sector was easily able to promise savings by demonstrating instantly leaner services. However, given a decade of efficiency saving and service re-design this has resulted in difficulty for the private sector to demonstrate such immediate quick wins, as much has been done to reduce spend, re-shape services, and changes to staff working practice and terms and conditions.

4.4.3 There is an increasing trend for councils to shy away from letting longer duration contracts due to the uncertainty of budgets. Walsall has been no exception to this approach given service change, volatile markets for disposal and recyclable materials and austerity measures. This can cause doubt in many suppliers minds as out-sourcing contracts typically rely on investment upfront and do not start to reach profitability till some years later.

4.4.4 It is unclear at this stage whether the market place would/could deliver significant efficiencies in the service due to associated fixed costs such as:

- Fleet/transport for collections
- Gate fees associated with disposal/composting
- Labour to undertake collections
- Premise costs
- Overheads
- Contractor profit

4.4.5 The contract may prove unattractive to bidders due to the seasonality and annual mobilisation and cessation of the service on an annual basis. Other factors would depend on term of contract and ability to recover any long term investment in facilities, transport associated costs etc.

4.4.6 Further considerations would be required and include:

- Contract procurement, management and monitoring
- Annual communication to residents on service commencement and cessation (service calendars, management of web pages)
- Route optimisation and day changes to collections
- The Council could lose control over the service, and no longer have such a high degree of flexibility in responding to emerging policies, specification, and delivery design. For example specifications are often tight and contractually bound, which can often lead to disputes with regards to the authority wanting to make any potential changes to the service.
- Retained government pension costs/ TUPE: When a service is out-sourced for the first time provision of TUPE will apply. TUPE is the transfer of undertakings (Protection of Employment). Under TUPE law the employees providing the service in-house might have the right to transfer with their work under the new contractor on their current terms and conditions.

Consideration would have to be given to those full time personnel spending large percentages of time on the green waste collection service.

- **Contractor Profit:** Any in-house service is not subject to a profit margin that a private contractor would need to take into account to run the services. The profit margin which will be in the region of 10–15% in addition to typical budget costs associated with running the service in-house.
- **Back-Office:** Out-sourcing any of the Clean and Green Service portfolio will have knock-on implications for the back-office support functions at WMBC Who currently support frontline staff who work in the services provided by the Clean and Green Service portfolio. For example Business Support, Contact Centre, Payroll and HR workloads could be diminished as this support will probably be facilitated by the contractors own back-office support.
- **Quality Service:** Good management isn't guaranteed by the private sector contractor and there are examples of a large number of very weakly managed contracts in the waste arena. Local contract management teams may feel pressured by contract performance incentives and penalties but may also be ill-equipped in terms of experience and capabilities to manage these services well. The private sector is not reliably able to manage public services well although that preconception continues to exist.

4.5.1 **Soft Market Testing** - Taking the principles of 'best value' into account before any type of out-sourcing is considered we need to understand what the 'market' could really offer with regards to service design, expertise, efficiencies and innovation. A soft market test would be required and will give good insight with regards to suppliers' interest in the potential requirement and the commercial factors they might consider with regards to pricing the requirement.

This market consultation would help with overall strategy and specification for any out-sourcing project.

4.5.2 **Procurement / Timeline** - Due to the fact that any procurement options take time in planning, production of documentation, OJEU notice periods, invitations to tender, tender evaluation, award of contract, stand still periods and mobilisation, the end to end process would typically take approximately 18 months, therefore any efficiencies derived from outsourcing would potentially not be realised until April 2020 onwards.

4.6 **Twin Stream Recycling** – A report should be considered at the next meeting regarding twin streaming and brown bin collection proposals. The report should include details on the outcome of the consultation and an analysis of issues and potential alternative ideas that could be implemented.

4.6.1 A separate report on this agenda details the twin stream recycling issues.

5.0 Legal Considerations

5.1 As a Unitary Authority, Walsall Council has the responsibility for both waste collection and waste disposal. As a Waste Collection Authority (WCA) and Waste Disposal Authority (WDA) Walsall Council has a number of statutory obligations. These include:

- A duty under Section 45 of the Environmental Protection Act 1990 (EPA 1990) to collect household waste and, if requested, commercial waste within Walsall.
- Responsibility under Section 48 of the EPA 1990 to arrange and provide places for the disposal of waste collected by Walsall Council within its function as a WDA.

5.2 The free collection of garden waste is not a service the council has to provide by law. The Environmental Protection Act 1990 gives councils the option to introduce a charge for the service.

6.0 Citizen Impact

6.1 This service affects over 90% of households in the borough and is popular with residents and has a high participation rate. The citizen impact will be different and dependent upon final proposal. A thorough review of the citizen impact will be carried out when if changes to the service are determined.

In any event, all residents would continue to have access to the Household Waste Recycling Centres to dispose of their garden waste

7.0 Environmental Impact

7.1 The need for an Environmental Impact Assessment would be determined, subject to the preferred service option.

8.0 Performance Management

8.1 Currently approximately 14,000 tonnes of garden waste are collected from the kerbside each year. This makes a significant contribution to the recycling rate.

Green waste 2016/17		
Source	Tonnes	% of Total Waste Arisings
Kerbside Collections	13711.54	11.17%
Household waste recycling centres	4421.64	3.60%
Total	18133.18	14.77%

9.0 Equality Implications

9.1 The need for an Equality Impact Assessment would be determined, subject to the preferred service option.

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