

# Informal Joint Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Subscription Charge for the Brown Bin Service</b>	
<b>Report No:</b>	<b>PAS/FH/15/029</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holders:</b>	David Bowman Portfolio Holder for Operations <b>Tel:</b> 07711 593737 <b>Email:</b> <a href="mailto:david.bowman@forest-heath.gov.uk">david.bowman@forest-heath.gov.uk</a>	
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<b>Purpose of report:</b>	To consider and approve in principle a West Suffolk subscription charge for the brown bin service to take effect from April 2016.	
<b>Recommendation:</b>	<p><b>Performance and Audit Scrutiny Committee:</b></p> <p>That the Performance and Audit Scrutiny Committee <b>approve</b>, in principle, the £40 brown bin annual subscription charge, as detailed in Report No: PAS/FH/15/029, and agree to the implementation of the charge with effect from 1 April 2016 by the Head of Operations in line with the Council's Fees and Charges Policy.</p>	

<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
<p><b>Consultation:</b></p>	<ul style="list-style-type: none"> <li>• Joint Cabinet Planning and the Portfolio Holder (Operations) have considered and reviewed the variables and assumptions in relation to the introduction of a subscription charge.</li> </ul>
<p><b>Alternative option(s):</b></p>	<ul style="list-style-type: none"> <li>• A number of subscription amounts have been considered to reflect experience elsewhere and to provide a sustainable budget over the next three years.</li> </ul>
<p><b>Implications:</b></p>	
<p><i>Are there any <b>financial</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• Introduction of the charge will avoid the expected reduction in recycling payments (RPP) from SCC.</li> <li>• The subscription charge will generate income to offset the cost of the service.</li> <li>• There will be costs associated with the transition to the new service. These will be funded through an agreement with the Suffolk Waste Partnership as agreed by Cabinet and Council in reports referenced below.</li> </ul>
<p><i>Are there any <b>staffing</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• A review of the operational costs will be undertaken during the first year once service demand is fully understood.</li> </ul>
<p><i>Are there any <b>ICT</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• To enable efficient administration, it is important that the corporate IT systems enable online applications and payments.</li> </ul>
<p><i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• The council has the power to charge for the collection of garden waste.</li> <li>• The new service is a service change and take-up is optional.</li> </ul>

<p>Are there any <b>equality</b> implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• Inclusion in the new service is optional and the choice to participate will reflect the individual circumstances of each household.</li> <li>• A number of alternative options will be promoted to households to help them manage their organic waste such as home composting, food waste reduction advice, use of the Household Waste Recycling Centres and sharing bins with neighbours.</li> <li>• Assisted collections are available to residents who are unable to put their bin out for collection.</li> <li>• Payment options will be limited to reflect the corporate drive for channel shift e.g. online payments and customer self serve.</li> </ul>	
<p><b>Risk/opportunity assessment:</b></p>		<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>	
<p><b>Risk area</b></p>	<p><b>Inherent level of risk</b> (before controls)</p>	<p><b>Controls</b></p>	<p><b>Residual risk</b> (after controls)</p>
	<p>Low/Medium/ High*</p>		<p>Low/Medium/ High*</p>
<p>Limited take up</p>	<p>Medium</p>	<p>Review of experiences at other councils to guide the assumptions used. Scalability of service to reflect take up.</p>	<p>Medium</p>
<p>Cost of administering the application and payments systems.</p>	<p>High</p>	<p>Use of online applications. Adopt a simple pricing system to exclude means testing and refunds. Use of the waste back office system to update collection rounds.</p>	<p>Medium</p>
<p>Resident dissatisfaction with the level of the subscription charge.</p>	<p>High</p>	<p>The charge is in line with other councils. Take up of the service is optional.</p>	<p>Medium</p>
<p><b>Ward(s) affected:</b></p>		<p>All Wards</p>	
<p><b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i></p>		<p><a href="#">FHDC Cabinet 15SEP15 report CAB/FH/15/041</a> <a href="#">FHDC Council 14OCT15 report COU/FH/15/034</a> <a href="#">SEBC Cabinet 08SEP15 report CAB/SE/15/051</a> <a href="#">SEBC Council 22SEP15 report COU/SE/15/028</a></p>	
<p><b>Documents attached:</b></p>		<p>N/A</p>	

## **1. Key issues and reasons for recommendation(s)**

### **Introduction**

- 1.1 Respective Forest Heath and St Edmundsbury Cabinets and Full Councils have approved the introduction of a subscription charge of between £35 and £50 per annum for those households wishing to opt-in to the new organics waste collection service from April 2016.
- 1.2 Having regard to the respective Council budget setting process for the financial year 2016/17, this committee is asked to approve in principle an appropriate annual charge, between the approved limits, for Cabinet to consider.

## **2. Background**

- 2.1 The full background and rationale for these changes is detailed in the Cabinet reports (see the links in the 'background papers' section of this report).

## **3. The subscription charge and next steps**

- 3.1 Subscription charging
  - 3.1.1 Following the agreement of full Council to implement a subscription charging scheme between £35 and £50, additional work has been undertaken to ascertain the most appropriate charging level. Based on the analysis set out in this report it is recommended that the subscription charge is set at £40 per year, per bin, per household. Further details around the practicalities of the scheme are currently being worked through, however it is anticipated that if households are allowed additional brown bins these will also be charged at £40 per year. The implementation and take-up of the scheme will be reviewed in three years or before if necessary.
  - 3.1.2 The £40 charge across West Suffolk has been established to reflect a range of variables and assumptions and to take into account the following:
    1. Experience elsewhere;
    2. Impact on the service revenue budget; and
    3. Enabling efficient payment transactions.

### **Experience elsewhere**

- 3.1.3 More than a third of Councils across England now charge to collect garden waste from households and this figure is increasing. Some councils introduced a charge from the onset of the garden waste service, whilst others have made the transition from a "free" service i.e. provided to all households and paid for through the council tax, to a subscription based service.
- 3.1.4 Nationally, the charge varies between £25 and £95 per annum and the frequency of collection varies between 40 weeks (20 collections) and

52 weeks (26 collections) per year. The table below outlines the current subscription charge among some of the local councils.

<b>Council</b>	<b>Subscription charge</b>
Kings Lynn BC	£42.00
Broadland	£47.00
Breckland	£42.00
Great Yarmouth	£51.60
South Norfolk	£39.50 - £44.00*
North Norfolk	£42.64
Norwich	£42.00
Mid Suffolk/Babergh	£45.00
Peterborough City Council	£39.00
Waveney DC (2016)	£42.00

\* reflects variable pricing based on payment method

3.1.5 In terms of the variation in the service provided among the councils outlined in **Appendix A**, most of the councils:

- provide an alternate week annual collection service;
- enable service subscribers to book and pay for the service online; and
- do not offer a refund e.g. if the resident moves from the area or opts out of the service.

3.1.6 There is variation among councils offering a pro-rata service charge i.e. the charge is reduced to reflect the length of the subscription year remaining at the time of application, and the availability of discounts e.g. a means tested service.

#### **Impact on the service revenue budget**

3.1.7 In calculating the impact of the subscription charge on the current service, a number of assumptions have been made. This is because the implications of charging a subscription are varied as it influences service take up and participation (customer choice and garden size), which in itself affects the amount of waste collected (tonnes), which affects potential income (RPP and subscription) and service costs (waste treatment gate fee, transitional costs, administration costs and operational collection costs).

3.1.8 Assuming operational collection costs initially remain unchanged along with costs associated with organic waste in the black bin, the dynamics of the above relationships for West Suffolk have been assessed using the following assumptions:

- around 70% of organic waste will continue to be collected;
- participation rate will be around one-third of current households; and
- estimated gate fee of £46 per tonne and a RPP of £54.76 per tonne.

3.1.9 The estimated results for West Suffolk are outlined in **Appendix B** based on the 2014/15 financial information for West Suffolk. The table provides the estimated brown bin service net cost resulting using three variables – (1) subscription charge, (2) take up rate and (3) tonnes of organic waste collected.

3.1.10 It should be noted however that:

- The purpose of the table is to show the indicative relationship between the participation rate, tonnes of garden waste collected, annual subscription income, gate fee cost and RPP income.
- Operational delivery costs are those experienced at present and are assumed to be worse case scenario i.e. no account has been made of potentially lower costs by servicing fewer households.
- Service expectation such as tonnes collected, participation rates etc. are assumed based on experiences elsewhere and are not guaranteed;
- The above costs relate to West Suffolk and not the full Suffolk taxpayer i.e. they exclude disposal cost impacts.
- There are no costs included associated with the continued administration of the subscription service or the promotion of alternative organic treatment options for non subscribers.
- The transitional costs associated with the implementation of the new scheme are not included. These costs will be incorporated into the cost sharing model agreed by Suffolk Waste Partnership as approved by Cabinet and Council in the reports referenced above.

3.1.11 Based on the information in **Appendix B**, all scenarios demonstrate a reduction in service costs. However, due to the wide variation in assumptions used, it has been agreed to (1) review the potential budget further and as part of the cost sharing with SCC; (2) to fix the subscription charge for three years and (3) review annually once a better understanding of take-up is available.

#### **Enabling effective payment transactions**

3.1.12 In order to ensure the subscription process is efficient and supports the model of shared services across West Suffolk, the following principles are important:

- Embrace the corporate drive to maximise customer channel shift and self serve i.e. online payment transactions whilst utilising the full range of back office IT systems to minimise manual data entry.
- Use a single subscription charge across West Suffolk to simplify the:
  - Design and financial administration of the service;
  - Promotion and advertising of the service
  - Customer understanding and awareness of the new scheme and the charge that applies; and

- Use of joint customer contact/access points.

## 3.2 **The Next Steps**

### 3.2.1 In terms of the next steps for the project:

- the joint procurement of the organics treatment service is currently underway, and it will be for garden waste only;
- it is expected that the new service will commence in April 2016 and will be offered to all residents in West Suffolk;
- west Suffolk wide publicity material and a communications plan will be finalised and implemented with a view to maximising the take-up of the scheme across the two councils;
- we will continue to promote home composting and use of the HWRC's; and
- we will work up proposals and costs associated with the administration of the subscription service and communications with residents.

**APPENDIX A: Summary of information from other councils**

<b>Council</b>	<b>Annual Charge</b>
Harlow Council	£94.92
Kingston Upon Thames	£78.00
Malvern Hills District Council	£65.00
Merton Council	£65.00
Wokingham Borough Council	£60 - £62
Chichester District Council	£55.75
Great Yarmouth Borough Council	£51.60
East Northamptonshire Council	£51.50
Southend-on-Sea Borough Council	£48.70
Mendip District Council	£48.00
Broadland District Council	£47.00
Mid Suffolk/Babergh	£45.00
Wyre Forest District Council	£43.00
North Norfolk District Council	£42.64
Breckland District Council	£42.00
Norwich	£42.00
Kings's Lynn and West Norfolk Borough Council	£42 - £47
Oxford City Council	£41 - £44
Brentwood Borough Council	£41.00
Bromsgrove Council	£40.00
Derby City Council	£40.00
Wiltshire Council	£40.00
South Norfolk	£39.50 - £44.50
Peterborough City Council	£39.00
Rushmoor Borough Council	£39.00
Exeter City Council	£38.00
Gloucester City Council	£36.00
Cornwall Council	£35.00
South Kesteven District	£35.00
Newark and Sherwood District Council	£30.00
Rushcliffe Borough Council	£30.00
Maldon District Council	£27 - £32
North Kesteven District	£25.00

Note:

Pricing range reflects where the council offers a variable charge.



## APPENDIX B: Summary of estimated service costs

Take up	20%			30%			40%			50%		
	30%	50%	70%	30%	50%	70%	30%	50%	70%	30%	50%	70%
<b>% of current organic waste</b>												
<b>Subscription</b>	Estimated WCA service cost per annum (£'000)											
<b>-£35.00</b>	£396	£363	£330	£134	£101	£67	-£129	-£162	-£195	-£391	-£424	-£458
<b>-£39.00</b>	£336	£303	£270	£44	£11	-£23	-£249	-£282	-£315	-£541	-£574	-£608
<b>-£40.00</b>	£321	£288	£255	£21	-£12	-£45	-£279	-£312	-£345	-£578	-£612	-£645
<b>-£42.00</b>	£291	£258	£225	-£24	-£57	-£90	-£339	-£372	-£405	-£653	-£687	-£720
<b>-£45.00</b>	£246	£213	£180	-£91	-£124	-£158	-£429	-£462	-£495	-£766	-£799	-£833
<b>-£50.00</b>	£171	£138	£105	-£204	-£237	-£270	-£579	-£612	-£645	-£953	-£987	-£1,020

Notes:

Current West Suffolk service cost is £583,000 (2014/2015)