

Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Development and implementation of the garden waste collection service	
Report No:	PAS/FH/16/003	
Report to and date/s:	Performance and Audit Scrutiny Committee	28 January 2016
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Purpose of report:	To update Members of progress with the implementation of the new garden waste collection service	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to note progress with the implementation of the new garden waste collection service.	
Key Decision: (Check the appropriate box and delete all those that do not apply.)	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:			
Alternative option(s):		<ul style="list-style-type: none"> A number of options for the delivery of the project have been considered. 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> At the time of report preparation, the results (in terms of successful operator and cost) of the countywide procurement of garden waste treatment were unknown. The costs of developing and implementing the new service will be funded through an agreement with the Suffolk Waste Partnership as agreed by Cabinet and Council in reports referenced below. 	
Are there any staffing implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> A review of the operational impacts and costs will be undertaken during the first year once service demand is fully understood. 	
Are there any ICT implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> To enable efficient administration, it is important that the corporate IT systems enable online applications and payments. 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The council has the power to charge for the collection of garden waste. The new service is a service change and take-up is optional. 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> Inclusion in the new service is optional and the choice to participate will reflect the individual circumstances of each household. 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. Assisted collections are available to residents who are unable to put their bin out for collection. Payment options will reflect the councils' agreed approach of digital by default whereby the primary methods of payment are electronic. 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/High*		Low/Medium/ High*

Limited take up	Medium	Review of experiences at other councils to guide the assumptions used. Scalability of service to reflect take-up.	Medium
Cost of administering the application and payments systems.	High	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.	Medium
Resident dissatisfaction with the level of the subscription charge.	High	The charge is in line with other councils. Take up of the service is optional.	Medium
Ward(s) affected:	All Wards		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	FHDC Cabinet 15SEP15 report CAB/FH/15/041 FHDC Council 14OCT15 report COU/FH/15/034 SEBC Cabinet 08SEP15 report CAB/SE/15/051 SEBC Council 22SEP15 report COU/SE/15/028 FHDC PASC 25NOV15 report PAS/FH/15/029 SEBC PASC 25NOV15 report PAS/SE/15/029 FHDC Cabinet 6NOV12 report CAB12/037 SEBC Cabinet 21NOV12 report D196		
Documents attached:	None		

1. Key issues and reasons for recommendation(s)

Introduction

- 1.1 The new garden waste scheme forms part of a range of other initiatives to reduce the £6.6 million it currently costs to manage organic waste (kitchen and garden) across Suffolk each year.
- 1.2 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 garden waste collection service from April 2016. Members will recall that the decision to introduce a charge was driven by the requirement to mitigate an estimated £500,000 increase in service costs from April 2016, associated with a potential increase in waste processing costs and a reduction in the recycling payments received. A subscription charge of £40 per year has since been proposed subject to final approval as part of the council's 2016/17 budget setting process.
- 1.3 Members have previously approved a Customer Access Strategy that places a greater emphasis on self serve and channel shift (as outlined in the councils' target operating model for customer service approved in 2012). This incorporates the proposed roll out of more self-service payment options.
- 1.4 The background and rationale for the introduction of a subscription charge are detailed in the Cabinet reports (see the links in the 'background papers' section of this report).
- 1.5 Following on from the discussion at PASC in November 2015, this report outlines the following:
 1. The project plan key stages.
 2. A summary of how the new service will work.
 3. Subscription payment options.
 4. The indicative administration costs.
 5. Plans for managing unwanted brown wheeled bins.

2. Developing the new garden waste collection service for West Suffolk

- 2.1 Reviewing the activities of other councils, there is variation in the design and implementation of subscription charging and this is driven by key variables:
 - The extent to which online application and payment systems are available and used;
 - Whether the service is new or it is evolving from a "free" service;
 - The availability of in-cab technology to enable operational crews to identify which residents have subscribed; and
 - The preferred methods used by the council to communicate service changes and updates to residents.
- 2.2 The design of the service implementation in West Suffolk has taken into account the above plus the relevant experience of councils who have transitioned from a "free" service.

2.3 **The project plan key stages**

The project is currently being developed by a team of officers from Operations, IT, Finance, Policy, Communications and Legal in order that the new service can start on 4 April 2016. A summary of the key activities and milestones are as follows: (please note that these are indicative dates)

Actions	Indicative dates
Develop online application and payments to enable subscribers to apply and pay for the service online.	End of January 2016
Completion of countywide procurement of organic waste treatment services and award to the successful bidder.	February 2016
Development and implementation of a communications campaign to inform residents of the service change and to explain the application process: <ul style="list-style-type: none">• Letter delivery to all households• Website information• Bin hanger – all residual (black) bins• Additional communications	Mid February 2016 Mid February 2016 Mid March 2016 Mid March 2016
New garden waste service starts	From 4 April 2016

2.4 **A summary of how the new service will work**

The new Garden Waste Collection Service will operate in a similar way to the current brown bin scheme but it will be for garden waste only. The key terms and conditions applicable to the new service are as follows:

- The £40 subscription covers the period from April to March.
- The resident must pay the subscription charge in full before the collection of their garden waste commences.
- No refunds will be made for service cancellations made during the year.
- There are no discounted subscriptions available.
- Additional bins up to a maximum of four can be ordered and each additional bin will require a subscription of £40 per year.
- The current arrangements in place that require residents to manage their bins correctly e.g. store in correct location, remove following collection etc., will continue.
- Sack collections will continue for those currently using that service.
- Bins not emptied must be reported by the customer within two working days. If the bin is not presented by 6:30am on the day of collection we will not return to collect the bin if it has been missed.
- If moving house within West Suffolk, the customer can transfer their bin to their new property.
- Customers can cancel their service at any point during the year. However there are no full or part refunds for the cancellation of the service part way through the year.

2.5 **Subscription payment options**

Unlike mandatory services such as waste collection (black and blue bin) and payment of council tax etc., the new garden waste collection service is optional and residents can choose whether to use it or not.

2.6 The application and payment processes will place a greater emphasis on pre-payment using online methods, in light of the Councils' channel shift agenda

(as outlined in the councils' target operating model for customer service approved in 2012). Online transactions are significantly cheaper to administer than face to face and telephone methods and will be the focus in the information circulated to residents.

- 2.7 In year one, the principal accepted method of payment is by debit/credit card through the West Suffolk website at www.westsuffolk.gov.uk. The emphasis will be to direct residents to the online application and payment process. However, assisted self-serve will be available over the phone or face to face to support those who have difficulty accessing online services.
- 2.8 In year two, subscriptions will need to be renewed. However, work is progressing to enable residents to set up an online direct debit payment, which will be the preferred application and payment method. This will automate the payment process and subscriptions will continue to be charged annually until the customer chooses to opt out. This method reduces the need to send invoice renewals and removes the need to annually "market" the service to current users in order to encourage them to renew. As with the 'year one' process, we will assist customers who experience difficulty accessing the electronic options.
- 2.9 Experience from the Anglia Revenues Partnership suggests that 56% (FHDC) and 79% (SEBC) of households currently pay their annual council tax using direct debit. Online applications will provide flexibility and convenience for the customer and reduce transaction costs for the council.

The administration process and indicative costs

- 2.10 The new service will involve the development of new administrative processes incorporating:
- Online application and payment.
 - The provision of electronic and paper format information explaining how the service operates.
 - Details of what to do if residents do not wish to use the new service.
 - Other options available to residents to manage their organic waste. This includes the Suffolk wide promotion of home composting, food waste reduction and use of the Household Waste Recycling Centres.
- 2.11 In the first year, residents will be directed to the website where they will be able to apply and pay for the service using an online form. Payment can be made by debit or credit card. Experience from North Kesteven District Council (NKDC) demonstrated that 54% of those who joined the first year of the scheme did so using the web portal. The take-up at NKDC, from the initial communication to residents on 28 February 2013, steadily rose to 25,500 households by 28 May 2013 – representing 54% of the total households. During this same period, a total of 84 emails of complaint and enquiry were received, with hard copy letter responses totalling 20.
- 2.12 The cost of administrating the new service incorporates one off (Year 1) transitional costs and ongoing annual costs. There is variability in these costs dependant upon:
- The number of residents subscribing;
 - The variety of payment options available;
 - The variety in methods offered to apply for the service;

- The method used to identify subscribed brown bins (as opposed to bins put out by residents who haven't paid); and
- The decision relating to managing unwanted brown bins.

2.13 Assuming 25,000 residents subscribe and 54% utilise the online application and payment process (self serve), a summary of estimated costs for administrating the change is as follows:

Item	Cost	Comments
Customer Service (Year 1 – reduces in subsequent years if online applications increase)	£35,000	Assumes 4 x temporary Customer Services staff (for 10 weeks) to deal with queries and take payment from those unable to access the online option.
Mailshot costs: Initial Letter Reminder bin tag	£17,000	Includes one direct delivered letter (post delivery) and one reminder bin hanger (issued by collection crews to bins)
Other comms.	£8,000	Includes banners, vehicle sides, bin tags and leaflets.
Year end subscription reminder process (Year 1 – reduces in subsequent years once Direct Debit payment options are available)	£10,000	Assumes printing and sending to non-online subscribers.
Targeted marketing	£5,000	Targeted marketing to areas where green waste is put in black bin.
Misc. and contingency	£7,000	
Total Year 1 Administration Costs	£82,000	

2.14 In West Suffolk we have had success communicating previous service changes to residents using the direct delivery of leaflets / letters and providing information and advice on the corporate website. As part of the communication process for the new service, we will utilise these methods to ensure awareness among residents. This information will also be circulated to all councillors.

2.15 For noting, consideration was given to incorporating the subscription charge as part of the annual council tax bill. However, the subscription charge could only be added if it applied across an authority or whole parishes; the charge can not be applied to individual household accounts.

2.16 There are also a number of one-off costs associated with the new service. The estimated costs are listed in the table below.

Item	Cost	Comments
Development of the Operations' back office system. Development of online applications and payment	£ 15,000	Identifies to the crew who has subscribed - avoids cost of issuing and printing a subscription bin ID sticker (circa. £12,500pa). This will include the design and integration of the Operations back office system, the online form and the payments system -Adelante.
Development of online Direct Debit payment (Year 2)	TBC	To enable online debits payments to be processed online.
One-off cost of managing unwanted bins	£10,000	Include removal of bins that are abandoned.

2.17 **Plans for managing unwanted brown wheeled bins**

A potential significant cost involves the collection, storage and disposal of unwanted brown bins. There are two options for dealing with unwanted brown bins:

Option 1: Organise a programmed collection once we understand the number of bins involved and their location.

Option 2: Allow residents to keep their bin and collect only those bins left on the street. This is the approach taken by NKDC.

2.18 Assuming a take up rate of 25,000 households, there will be up to 50,000 bins in West Suffolk requiring collection. The estimated cost of the collection will be:

Item	Est. Cost	Comments
Communications with non subscribers (50,000)	£ 9,000	Based on a leaflet distributed by collection crew advising on the bin collection process.
Collection, de-wheeling and washing of bin.	£ 110,000	Bins will require their wheels to be removed in order that they can be collected and stored in stacks of ten. (based on £266 day rate and the ability to collect 100 per day).
Storage of collected bins	£ 25,000	Stored until removed for recycling.
Bulk collection for recycling	Free	This will vary subject to recycled material prices.
Total:	£144,000	

2.19 Obviously, we do not know the exact numbers that will subscribe or where the non subscribers will be located across West Suffolk. As such the costs above are a best estimate at this stage.

- 2.20 Our preferred approach will be to encourage all households to keep hold of their bin. This approach has proved successful in other council areas and the benefits are to:
- Avoid the significant collection costs referred to above; and
 - Minimise circumstances whereby a resident originally opts out of the service but later wants to subscribe, requiring a bin to be both collected and delivered - especially if their original decision was driven by dissatisfaction rather than practicality. It is reasonable to assume that residents may wish to change their mind during the main garden waste season (April to October).
- 2.21 Obviously we would collect bins abandoned on the street to avoid ongoing problems and would retain a number of collected bins which will be reused if demand increases; this is inline with our current bin provision approach.
- 2.22 If it is decided to collect all unwanted bins, it will have to be programmed to cope with the expected number requiring collection. Our preference in this approach will be to delay any form of collection of these until the October following implementation. By this time we will have a better understanding of both the location and number of bins that require collection. This will enable us to organise an efficient and phased bin collection process.
- 2.23 As previously noted, all costs associated with the implementation of the garden waste collection service will be part of the cost sharing model agreed with the Suffolk Waste Partnership, whereby SCC have agreed to continue recycling performance payments at the current level for up to three years for those councils that introduce a subscription charge. Through this process, all costs incurred by SCC and West Suffolk will be reviewed to ensure that no council benefits financially at the expense of the other.