Redesign of the garden waste collection service

Recommendation

The Committee is invited to comment on proposals for the redesign of the garden waste service ahead of consideration by the Executive on 21 June.

Reason(s) for Recommendation:
To enable the Committee to be fully involved in the review of this major service.

1. Purpose of Report

1.1 This report accompanies a presentation to the Committee by James Whiteman (Head of Operational Services) and Chris Wheeler (Recycling and Cleansing Services Manager) on proposals for redesigning the garden waste service. The Leader of the Council has asked that the Committee discuss the proposals prior to the Executive on the 21 June 2012.

1.2 The service is currently based on a reusable bag, subscription-based collection service. It is proposed to change the service to a wheeled bin, subscription-based service.

2. Strategic Priorities

2.1 This service contributes to our Key Strategic Priority of achieving a sustainable local environment. This is through providing a service that ensures green waste is collected and composted and is not sent to landfill.

2.2 This service redesign will contribute to the Key Delivery Target for achieving 70 per cent recycling and composting by 2015.

3. Background and Main Issues

3.1 The presentation and the report to the Executive will highlight a number of key challenges for this service:
• **Vehicle age** – The current fleet was second hand when bought seven years ago and is in need of replacement because of reliability problems, parts availability, cost of maintenance and hiring costs of substitute vehicles. There are four vehicles, that range in age from 11 to 15 years old. The typical lifespan for these types of vehicles is usually 7 years. There is a high risk of critical vehicle failure which will result in significant unbudgeted hire costs.

• **Health and Safety** – The current bag collection scheme is deemed to be less safe by the Health and Safety Executive (HSE) than wheeled bin operating systems due to manual handling issues. We are at a point of a major fleet change and need to review the safety of the available systems to collect this waste.

• **Financial** – From the Surrey-wide evidence our service is comparatively low cost and the customer levels are not significantly higher as a result. Until this year the service has not covered its costs and unless charges are increased the cost of the new fleet will result in future losses. A sustainable charge would need to be set in the region of £30 to cover these additional costs and provide revenue for future service investment. Options for proposed charging structures are shown in Appendix 1.

A large price increase to this level, without adding value, risks significant customer loss; therefore we need to look at mitigating this risk. Evidence from across Surrey show that residents value bins and the move to bins will add value to support an increase in charges to that proposed. Bins will also bring improvements in ease of use and health and safety for crews and residents alike. Based on the participation rates elsewhere within Surrey, the popularity of bins and the added value they bring, it is likely that customer loss will be limited if we increased pricing whilst introducing a bin.

• **Recycling Targets** - Whilst we support home composting as the most sustainable and appropriate method of dealing with garden waste, it is acknowledged that this is not suitable for every property and there will always be a need for a collection service. Using bins will increase the tonnages of garden waste. This will contribute to our performance for reaching the 70 per cent target. It is important that the pricing structure addresses the balance of encouraging home composting and making the service more efficient and financially sustainable.

• **Customer ease-of-use** – There are two councils that offer a genuine choice (Epsom and Ewell and Elmbridge) and in both the vast majority of residents choose a bin. They have confirmed that they believe this is because of the convenience and ease of use. In Waverley officers have fed back that they regularly receive requests for bins for this service and are introducing bins in 2013. The bags take up a great deal of ground space and are heavy and awkward to lift when full. Wheeled bins are easier to use and manoeuvre, especially around the garden, and can contain greater weight without causing service issues. Bins will also reduce issues on windy days when we do receive increased calls from residents complaining about chasing bags down their streets or having completely lost their bags.
**High container replacement costs** – every year we replace between 7,000 and 8,000 bags of which we deliver around 2000. In 2011/12 the bag purchase cost alone was nearly £9,000. Bin replacement numbers would be much smaller. Epsom and Ewell estimate between two percent and five percent replacement for bins – so between 340 and 850 bins versus 8,000 sacks.

3.2 The report will also highlight some significant opportunities to improve services as a result of this proposed change to service:

- **Service resilience** – In December 2010 we had major disruption due to very poor weather. We had a situation where we continued to collect garden waste when refuse was left outstanding as the green waste fleet does not have bin lifting equipment. Changing the service to a bin lift service will give greater flexibility and resilience in the future.

- **Customer choice on bin numbers** - We propose removing the upper limit on bins. Removing the upper limit on bins will encourage use of the service and maximise service revenue.

- **Payment methods** – We have a wide range of payment methods all of which require customer action. The payment system also incentivises the renewal methods that are more expensive to the council. Reduced demand on the Council’s systems can be achieved by adopting pricing strategies that encourage use of administratively and financially cheaper methods such as direct debit and web payment. Subject to further consultation with the Head of Revenues and Payments the proposals will include the introduction of Direct Debit and a provision to charge £5 for raising an invoice, which will be avoided if the resident pays by direct debit.

- **High customer contact** – This is caused by the requirement to contact us to make payment and by the high attrition rate on bags and vouchers. Changing to a bin based system without vouchers or tags will significantly reduce contacts and costs.

- **Key Delivery Target** – The need to review this service is being driven by a number of factors including health and safety concerns, ease of use of the scheme, high contact rates and compatibility with the other waste services within ‘Recycling Works’. The main issue is that the vehicles require changing. It is proposed that the garden waste service should be redesigned with bins and the proposed charging structure. We are aware, however, that further work is required to look at how we can reach the 70 per cent target. There are a number of vehicle designs and service design models that can be considered. It may be that garden waste can be co-collected in vehicles collecting other materials/waste depending on the type of scheme agreed for 2015 onwards. It is therefore suggested that we do not procure new garden waste vehicles at this stage and instead launch the new scheme in April 2013 using either hired or second hand vehicles. This would provide time to look at the relevant vehicles and service design models for reaching the 70 per cent target.
3.3 It is proposed that the following draft recommendations will be made to the Executive on the 21 June 2012:

- Replacing the garden waste fleet with bin lifting vehicles whilst options for the future design of the whole waste collection service (Recycling Works) are fully explored.
- Changing the service from bags to bins.
- Approving the allocation of capital of up to £564,000 from the provisional list to the approved list. The final amount will be determined once quotes for suitable new, second hand or hire vehicles have been obtained.
- Approving the allocation of £436,000 from revenue towards the capital cost of the new bins and fleet.
- Operating the service without vouchers or tags on the bins.
- Introducing a revised pricing structure as agreed by the Executive.
- To authorise the Head of Operational Services in consultation with the Head of Revenues and Payments to introduce a Direct Debit payment system and additional charges for non direct debit customers.
- Allowing for residents to pay for an unlimited number of bins for a property.
- Introducing smaller bags for those customers not able to accommodate bins.
- To authorise the Head of Operational services to carry out a feasibility study to confirm the potential of collecting this material on the core domestic collection fleet as part of a partly or fully comingled recycling collection from bins and to produce a report for the Executive detailing how this Council will reach its 70 per cent recycling and composting target.
- Authorising the Head of Operational Service, in consultation with the Lead Councillors for Environmental Services, Service Transformation and Finance and Resources, be authorised to procure the necessary vehicles, equipment and containers and any other item required for the implementation of this new service.

Reason(s) for Recommendations: To improve the safety of the service, to reduce costs, to remove inefficiencies, to reduce avoidable contact, to increase income, to align our services and to improve the quality of the service.

4. Financial Implications

4.1 The pricing strategy should see the service move to a sustainable surplus of around £100,000 per year (excluding anticipated capital costs of around £120,000). This surplus would ensure that the service is sustainably funded for future developments and replacement vehicles. This income level is dependant on the pricing model chosen and on retention of customer numbers. Should a significant fall in customers occur there would be a need to look at resource and staffing levels on the service.
4.2 Provision has been made and agreed in the capital plans for both the vehicles (£600,000) and the bins (£400,000). £436,000 has been allocated from additional revenue from the sale of paper to contribute to the capital costs.

5. **Legal Implications**

5.1 Any procurement of containers or vehicles will be carried out in accordance with the Council’s procurement rules.

6. **Human Resource Implications**

6.1 There are no immediate issues. The current crews will continue to carry out the collections using the new method of collection. Health and safety issues will certainly be addressed through improving manual handling issues through the introduction of wheeled bins.

7. **Conclusion**

7.1 The proposed service redesign will address a number of issues. The current fleet is in need of replacement and the current fleet design is not compatible with the main refuse fleet. This is important in times of service recovery (e.g. snow). There are also a number of health and safety issues that need to be addressed on the current system. It is also noted that bins are the prevalent method of collection for garden waste throughout Surrey with good levels of participation and satisfaction. Our prices are currently very low and our costs are likely to increase with new vehicles. Our pricing strategy also limits the Council’s income potential and encourages the least efficient customer payment methods.

7.2 The current design of containers and approach to renewals requires high levels of customer contact. By changing the design of the service we can reduce a great deal of unnecessary contact and therefore improve the overall customer experience.
9. Appendices

Appendix 1 - Charging Structure
Options
Option 1 - Staggered increase to £30

Main advantage: Slower pricing increases, resulting in better customer retention
Main disadvantage: Lower income recovery, resulting in slower payback on capital

Direct Debit price *

<table>
<thead>
<tr>
<th>Number of containers</th>
<th>Apr-13**</th>
<th>Apr-14</th>
<th>Apr-15</th>
<th>Price for set of three/four reusable sacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>£20.00</td>
<td>£25.00</td>
<td>£30.00</td>
<td>£20.00 £25.00 £30.00</td>
</tr>
<tr>
<td>2</td>
<td>£40.00</td>
<td>£50.00</td>
<td>£60.00</td>
<td>n/a n/a n/a</td>
</tr>
<tr>
<td>3</td>
<td>£60.00</td>
<td>£75.00</td>
<td>£90.00</td>
<td>n/a n/a n/a</td>
</tr>
<tr>
<td>4</td>
<td>£80.00</td>
<td>£100.00</td>
<td>£120.00</td>
<td>n/a n/a n/a</td>
</tr>
<tr>
<td>5</td>
<td>£100.00</td>
<td>£125.00</td>
<td>£150.00</td>
<td>n/a n/a n/a</td>
</tr>
<tr>
<td>6</td>
<td>£120.00</td>
<td>£150.00</td>
<td>£180.00</td>
<td>n/a n/a n/a</td>
</tr>
<tr>
<td>7</td>
<td>£140.00</td>
<td>£175.00</td>
<td>£210.00</td>
<td>n/a n/a n/a</td>
</tr>
</tbody>
</table>

* An invoice would be needed for any non direct debit customer.
An additional charge of £5 per customer will be made for any invoices raised.

** We would require sign up to DD by the end of January 2012.
Applicants after this date will need to be invoiced, regardless of whether they opt for DD in the future.
This invoice will be subject to a £5 charge.
Option 2 - Early sign up discount

Main advantage
Discount linked to early sign up allows more effective delivery planning

Main disadvantage
Steeper price rise and cliff edge for sign up may put off customer who are late responding

<table>
<thead>
<tr>
<th>Number of containers</th>
<th>Sign up by Jan 12</th>
<th>Price Bin</th>
<th>Price for set of three/four reusable sacks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Apr-13</td>
<td>Apr-14</td>
</tr>
<tr>
<td>1</td>
<td>£20.00</td>
<td>£30.00</td>
<td>£31.00</td>
</tr>
<tr>
<td>2</td>
<td>£40.00</td>
<td>£60.00</td>
<td>£62.00</td>
</tr>
<tr>
<td>3</td>
<td>£60.00</td>
<td>£90.00</td>
<td>£93.00</td>
</tr>
<tr>
<td>4</td>
<td>£80.00</td>
<td>£120.00</td>
<td>£124.00</td>
</tr>
<tr>
<td>5</td>
<td>£100.00</td>
<td>£150.00</td>
<td>£155.00</td>
</tr>
<tr>
<td>6</td>
<td>£120.00</td>
<td>£180.00</td>
<td>£186.00</td>
</tr>
<tr>
<td>7</td>
<td>£140.00</td>
<td>£210.00</td>
<td>£217.00</td>
</tr>
</tbody>
</table>

* An invoice would be needed for any non direct debit customer.
An additional charge of £5 per customer will be made for any invoices raised.