

APPENDIX B

**Fareham Borough Council
Garden Waste Review**

1. Garden Waste Charging Review

Introduction

This document outlines in detail the results of the assessment into whether a chargeable garden waste subscription service should be introduced by the Council.

Why look at the option of charging for Garden Waste collections?

- This discretionary service costs the Council approximately £336,000 a year to provide.
- Changes to the arrangement with Hampshire County Council regarding the recovery of costs for material recycling are projected to cost the Council approximately £400,000 a year from April 2021 onwards.
- The Council is also facing broader financial challenges that have been intensified by the impact of Covid-19 on its income generating activities.
- The Government has published its Resources and Waste Strategy, which will result in significant changes to the sector, with the “producer pays” principle forming a key part of the approach.
- Fareham’s current approach means that residents without gardens e.g. those living in flats, are currently subsidising the service through Council Tax for those that do.
- The potential introduction of a Garden Waste subscription service was identified as part of the Opportunities Plan approved by the Executive on 7 January 2019.
- The Opportunities Plan has been drawn up to address the Council’s projected funding shortfall by 2020/21 and build in some capacity for future pressures and uncertainties.

2. What does the Garden Waste Service look like?

How has the service developed since it started?

- The garden waste collection service was introduced in 2005.
- Every household was given one free garden waste sack. Up to 3 sacks per household were permitted.
- The weights and volume of garden waste increased quickly.
- The additional sacks had an impact on the weights collected per crew per day, exceeding 20 tonnes at peak times.
- This prompted a review of the potential health and safety implications and subsequent discussions with the Health and Safety Executive (HSE).
- The HSE required the Council to prepare a health and safety improvement plan for the service.
- In April 2009 the decision was taken to restrict the number of sacks emptied, free of charge, to one per household, reducing the physical impact on crews.

What does the service look like now?

- It is estimated that around 40% of households use Fareham's garden waste collection service.
- Residents are allowed a single white sack, which is collected fortnightly on the same day as their recycling blue-top bin.
- The maximum weight allowed to be lifted by operatives is 20kg per sack.
- As would be expected, the peak months are generally during the spring and summer.
- Approximately 3,700 tonnes of garden waste are recycled in the Borough every year, contributing to around a quarter of Fareham's overall recycling rate, which is currently 33%.
- Garden waste is tipped at Warren Farm, then transferred to a composting station near Basingstoke and turned into a highly fertile commercially available compost.
- The Garden Waste Team operate three rounds across the Borough. Each collection vehicle has one driver, typically with:
 - A single loader during winter (November-February)
 - Two loaders during the peak season (March- October)
- This level of resource is needed to ensure that we comply with HSE approved procedures and is managed through a traffic light system.
- There is an additional round that operates one day every fortnight. Crewed by one driver and a single loader, this round services homes on narrow roads
- To help maintain the life of the main waste collection fleet, older vehicles are used.
- The vehicles do not have the bin lifting hoist used for residual waste, but the low height of the waste collection area helps with the manual loading of the sacks.
- This approach to loading the vehicles is less efficient than using wheeled bins and is more physically demanding.

What has been the impact of Covid-19?

- The garden waste service was suspended between 18 March and 20 April 2020.
- This helped to enable the continued and timely collection of residual waste throughout the lockdown.
- During the weeks following the resumption of the service, there was a noticeable increase in collection weights, as people were able to dispose of grass cuttings etc that had built up over the preceding weeks.
- There was also a high demand for garden waste sacks. These were only available through delivery. Any potential income from this was lost, as we did not charge the normal £5 delivery fee up until 5 August.
- Across the Refuse and Recycling service expenditure has increased:
 - Two additional drivers have been hired costing £11,000 so far.
 - Extra expenditure for vehicle hire, vehicle cleaning and PPE has cost approximately £40,000 so far.
- The loss of Trade Waste Income is estimated to be around £56,000 based on 35% of collections being impacted during April.

What does the Garden Waste Service cost the Council?

- There are significant costs associated with this free, discretionary service.
- As Table 1 shows, there was a £34,100 increase in spending between 2018/19 and 2019/20 with increased fuel and vehicle maintenance costs being the main reasons for the rise.

Table 1: Garden Waste Costs

Item	2018/19	2019/20
Drivers - (3 FTE G4)	£92,700	£92,700
Loaders - (2 FTE G2)	£49,800	£49,800
Overtime	£10,500	£11,400
Agency	£62,000	£54,100
TRU (Maintenance)	£60,000	£78,800
Fuel Costs	£35,000	£50,000
Waste Sacks	£11,000	£11,600
Insurance	£3,500	£4,200
Total Expenditure	£318,500	£352,600
Income (Sacks & DGB's)	£16,000	£16,000
Outcome	£302,500	£336,600

- The most significant expenditure (£208,000 in total) relates to employee costs, including overtime, which is paid when the crew work on bank holidays.
- As mentioned earlier, agency staff are used to ensure safe loading during the summer months and also to cover leave, training and sickness when required.
- As would be expected when using vehicles, but particularly older models, maintenance and fuel are the major service outgoings (£95,000 in total).
- Around £11,000 a year is spent on purchasing replacement reusable sacks, which can be easily blown away in the wind, lost, damaged or stolen.
- Around 10,000 sacks a year are given to residents with the majority picked up at the Civic Offices free of charge. There is normally a charge of £5 for deliveries to homes.
- Plastic Disposable garden waste bags are also provided. There is a charge of £40.00 for 25 bags (including delivery) or £10.00 for 5 bags.
- £16,000 income is generated from the sale and delivery of sacks. This helps to cover the Council's cost of purchase plus contributes to delivery and administration costs.

Analysis

- The garden waste collection service is currently a free discretionary service that is costing the Council approximately £336,000 a year.
- There is limited scope for any cost savings without impacting on the safety of waste operatives.
- The income generation potential of the service in its current form is significantly below the cost of running the service.
- It is difficult to justify this discretionary service being subsidised by Council Taxpayers money when front line services are facing severe financial challenges.
- Taking these factors into account it is appropriate to identify alternative ways of funding the service and generating much needed additional income.

3. What are other Councils doing?

Charging for garden waste is the norm

- In order to understand the options available to the Council, analysis of the approaches of other Local Authorities is important.
- Across the waste management sector as a whole, the “producer pays” principle is increasingly being seen as a fairer approach to managing costs.
- Looking at Local Authority garden waste, this approach means that residents who choose to have a garden and do not compost, should not be subsidised by those that don't have a garden or do but choose to compost.
- Across England, the majority (65%) of Councils now charge for garden waste collections.
- This percentage is rapidly growing as Councils look to offset the increasing financial challenges they face.
- Within Hampshire, all but ourselves and Winchester City Council currently charge for garden waste.
- Fareham will soon be the only Council in the Hampshire not charging, as Winchester will introduce a chargeable garden waste service in early 2021.

Approach to bins

Of the 11 Councils currently charging in Hampshire:

- 10 of the 11 use 240 litre wheeled bins.
- Only 3 offer more than one bin size (e.g. Hart use 140 litre and 240 litre bins).
- Of the 10 using bins, 7 allow households to have additional bin subscriptions.
- Only 4 also offer the use of reusable sacks.
- New Forest District Council has a sack only service.

Approach to charging

- 8 of the 11 offer a single price across the year, with only Gosport, Eastleigh and New Forest offering a discounted price dependent on when during the year a resident sign up to the scheme.
- Only Gosport, Portsmouth and Eastleigh offer residents the opportunity to spread their payments. The technical IT challenges and the significant increase in recovery work are most likely the reasons for more not offering this option.
- Hart charge the highest subscription for a 240-litre bin; £73.32 plus £32.59 for the bin purchase.
- Test Valley are the cheapest with an annual subscription of £35 and £25.50 for the bin purchase.
- Our closest neighbouring District Councils charge the following for an annual subscription:
 - Gosport: £60
 - Eastleigh: £39
 - Havant: £65
- Only Hart and Eastleigh offer discounts to residents receiving benefits.

The above information shows, that whilst there are several different models involved in Hampshire, most are based around a core offering of up to 4x240 litre bins, available via a set annual subscription with no concessions or recurring instalment payments offered.

What is the impact of charging on recycling rates?

- Based on the evidence available, most Councils experience a drop in Garden Waste recycling tonnages following the introduction of charging.
- Whilst there are variations dependent on the individual Councils circumstances, subscription numbers tend to increase annually.
- After a number of years, the tonnages tend to achieve close to but do not exceed pre-charging tonnage weights.

4. Designing a chargeable Garden Waste Service

What are the aims of the proposed new model?

- When designing the proposed Garden Waste Charging Model for Fareham, it was identified that it should aim to:
 - Be simple to manage and administer
 - Be easy for residents to understand
 - Offer good value to residents
 - Promote alternative options for those not wanting to pay
 - Continue to ensure the safety of garden waste operatives
 - Generate much needed income for the Council

Bin, sack or both?

- When designing a new collection service, one of the key considerations is whether to use waste sacks or wheeled bins.
- Most other Councils use wheeled bins. Whilst sacks are cheaper to purchase, wheeled bins have several advantages as they:
 - **Improve working conditions:** They remove many of the manual handling concerns associated with loading sacks, as refuse vehicles can automatically lift and load the bins. Wheeled bins would also reduce spillage and eliminate waste being blown in the faces of the loaders.
 - **Create less waste:** Wheeled bins are substantially more robust than garden waste sacks and less likely to be stolen, damaged or blown away.
 - **Responds to resident requests:** Regular calls are received from residents requesting either larger capacity sacks or bins.
- Some Councils mix the use of sacks and bins. However, manually loading waste sacks whilst the automatic hoist unloads wheeled bins carries a significant risk of harm to the operative.
- The use of separate vehicles for collections would also prove too expensive to consider.
- The use of mixed sacks and bins has therefore been discounted as an option.

Single Use Waste Bags

- The feasibility of allowing people to continue to purchase single use plastic disposable garden waste bags was explored.
- Manually loading the bags whilst the hoist unloads bins would carry a similar level of risk of harm to operatives as loading sacks.
- A roll of 25 bags costs £40. Once the bin has been purchased in the first year, it will be more cost effective to pay the subscription as the bin has a greater capacity than the sacks.
- If residents have any remaining bags when the new scheme is introduced, they would still be able to take the garden waste to their local Household Waste Recycling Centre.
- As will be discussed below, it is proposed that households will be able to share bins, meaning that people with smaller gardens can have a single bin but share the cost, offering further value.
- It is anticipated that most people who have a garden would also have space for a bin.
- It is therefore, proposed to stop emptying plastic single use garden waste sacks when the proposed new scheme begins.

What would be the best size bin?

- Some Councils offer a different combination of bin sizes to their residents.
- However, this makes the system more complicated to administer and operate.
- Offering the same type of 240 litre wheeled bins used for refuse and recycling, with green bodies and interchangeable lids that are coloured brown would:
 - Allow flexibility of use, as the 240 litre bins could be used across the entire waste service i.e. refuse, recycling and garden waste.
 - Significantly increase the amount of garden waste a household could recycle.
 - Reduce the manual handling load on residents carrying full sacks to the kerb.
 - Offer choice to residents with smaller gardens.
- Assisted lifts could be offered to elderly or disabled residents unable to wheel out their bins.

What is the most appropriate charging model?

- As discussed before, there are a range of charging models used by other Councils.
- To ensure a simple offer to residents and an easily administered scheme, it is proposed that a single annual subscription charge, plus one-off bin purchase charge is offered.
- As will be shown later, the scheme would struggle to be financially viable without the one-off bin purchase charge.
- Several charging level options have been assessed:

Option 1:

240 litre bin - £50 annual charge + £34 one-off bin purchase charge (50% discount on bin purchase for first year early bird)

- The £50 annual charge compares well with those offered by local Councils e.g. £60 in Gosport for a 240-litre bin.
- The relatively low price point is likely to encourage people to join.
- The £34 charge for the 240-litre bin purchase is the same as currently charged for replacement refuse bins.
- The £50 annual subscription charge could generate:
 - £650,000 income with 13,000 subscribers
 - £700,000 income with 14,000 subscribers
 - £750,000 income with 15,000 subscribers
- If three quarters of customers took up the first-year early bird offer, 10,565 subscribers would be needed to break even if we purchased 13,000 bins.
- Without a one-off bin charge this figure would be 14,434.

Option 2:

240 litre bin - £60 annual charge + £34 one-off bin purchase charge (50% discount on bin purchase for first year early bird)

- The £60 annual charges compares well with neighbouring Councils e.g. Havant charging £65 for a 240 litre bin.
- Whilst £10 higher than Option 1, the two price points are still likely to attract a good level of subscribers.
- The 240 litre £34 charge for the bin purchase is the same as currently charged for replacement refuse bins.

- The £60 annual subscription charges could generate:
 - £780,00 income with 13,000 subscribers
 - £840,000 income with 14,000 subscribers
 - £900,000 income with 15,000 subscribers
- If three quarters of customers took up the first-year early bird offer, 9,373 subscribers would be needed to break even if we purchased 13,000 bins.
- Without a one-off bin charge this figure would be 12,029.

Option 3:

240 litre bin - £70 annual charge + £34 one-off bin purchase charge (50% discount on bin purchase for first year early bird)

- The £70 annual charge would make Fareham one of the most expensive schemes within the County.
- However, it is still lower than Hart (£73.32 subscription + £32.59 bin purchase)
- The higher price point is still likely to have an impact on subscriber numbers.
- The £34 charge for the 240-litre bin purchase is the same as currently charged for replacement refuse bins.
- The £70 annual subscription charges could generate:
 - £910,000 income with 13,000 subscribers
 - £980,000 income with 14,000 subscribers
 - £1,050,000 income with 15,000 subscribers
- If three quarters of customers took up the first-year early bird offer, 8,296 subscribers would be needed to break even if we purchased 13,000 bins.
- Without a one-off bin charge this figure would be 10,310.
- It is questionable whether the higher number of subscriptions e.g. 15,000 be achieved at this price point.

Recommended Approach

- Option 2 appears to offer the best balance between covering our costs, offering value to the customer and generating much needed income for the Council.
- A 50% early bird reduction for the 240 litre bin purchase charges could be offered in the first year to encourage sign ups.
- To accommodate those with larger gardens, up to 5 bins per household could be offered. For those with 5x240 litre bins, there would be a first-year bin purchase charge of £170 plus an annual subscription of £300.
- As with many other Councils, no concessions will be offered to residents on benefits.
- However, residents will be allowed to share bins to reduce their individual costs.
- As with many other Councils, subscriptions will be made via a single annual payment.
- Alternatives such as composting or mulching would be encouraged for those not wanting to subscribe e.g. sign-posting people to [Hampshire County Council's discounted Compost Bin scheme](#).
- The free collection of Christmas Trees over the two weeks after the Christmas period will continue.

How much would the proposed scheme cost to set up?

- As Table 2 shows there will be expected start-up costs of

Table 2: Start Up Costs	
Item	Cost
240ltr Bin Purchase x 13,000	£221,000
Bin Delivery	£45,000
Admin Support	£11,000
Subscription Management Software	£15,000
Communications	£20,000
Total	£312,000

- The major expense in the first year would be the purchase of bins.
- Whilst difficult to accurately anticipate demand, based on the experiences of other Councils, it is anticipated that 13,000 bins should be purchased at a cost of £221,000 in the first year, with the option to buy further if demand is higher.
- These will be stored on Council sites with capacity e.g. a unit at Daedalus.
- Options for delivering the bins to customers internally or using an external provider are being explored. Both approaches would cost around £45,000.
- The Council will deliver bins to homes in subsequent years.
- The cost of purchasing the bins would be recovered when residents purchase them.
- Short term additional support (2 x FTE Agency Staff at grade 2 for 3 months) will be required during the setting up and initial running of the scheme costing £11,000.
- New Subscription Management Software will be needed to manage the scheme, which could cost up to £15,000 a year.
- The new scheme will require significant publicity e.g. letters, posters, adverts and paid for social media posts to ensure a good level of take up and £20,000 is allocated for this.

What will the ongoing income and expenditure be?

- As Table 3 shows, service costs drop significantly following the expenditure on bins, bin delivery and communications in the first year.
- The bin purchase income is calculated based on three-quarters of subscribers in the first year taking advantage of the early bird discount.

Table 3: Projected Costs and Income			
	Year 1	Year 2	Year 3
Subscription Levels	13,000	14,000	15,000
Drivers - (3 FTE Grade 4)	£99,000	£99,000	£99,000
Loaders - (4.5 FTE G2)	£119,250	£119,250	£119,250
Admin - (1 FTE G3)	£28,600	£28,600	£28,600
Overtime	£11,000	£11,000	£11,000
Bin Delivery	£45,000	£0	£0
Admin Support – 1 st year	£11,000	£0	£0
Communications	£20,000	£0	£0
Subscription Management Software	£15,000	£15,000	£15,000
Agency	£17,000	£17,000	£17,000
TRU (Maintenance)	£78,800	£78,800	£78,800
Fuel Costs	£50,000	£50,000	£50,000
Equipment	£1,000	£1,000	£1,000
Subscription Stickers	£1,560	£1,680	£1,800
Insurance	£3,500	£3,500	£3,500
FBC Purchase of bins	£221,000	£17,000	£17,000
Total Expenditure	£721,710	£441,830	£441,950
Customer purchase of bins	-£276,250	-£34,000	-£34,000
280L Income (£60 per property)	-£780,000	-£840,000	-£900,000
Total Income	-£1,056,250	-£874,000	-£934,000
Outcome	-£334,540	-£432,170	-£492,050

- In order to administer the scheme properly a new admin post will be created at a cost of £28,600 per annum.
- 1.5 additional loaders will be added to the establishment and employed for the busy period March to October rather than rely on agency staff.
- This will ensure that there are trained staff working together in teams which will help provide a consistent and safe operation and support Covid-19 secure arrangements.
- A similar reduction in Agency spend will be achieved.
- A positive financial outcome should be generated from year 1 onwards.
- This will help offset the approximate £400,000 loss of income caused by the previously discussed changes the material recycling arrangement with Hampshire County Council.
- Year 3 should see additional income which could be used for front line services and to help tackle the Council's broader financial challenges.

When could the new charging model start?

- If approved, procurement of the bins and delivery services would start immediately.
- Early bird subscriptions would start late 2021.
- The garden waste sack service would be suspended in December 2021 and delivery of new garden waste bins would take place early 2022.
- The new scheme would start February 2022.

Conclusion

- The Council is facing significant financial challenges, particularly after the impact of Covid-19 on income generating activities e.g. parking.
- Garden Waste is a discretionary service that is offered to residents for free, costing the Council approximately £336,00 a year.
- From early next year the Council will be the only one in Hampshire not charging to collect garden waste.
- Within this context it is very difficult to justify not charging for collections.
- The proposed introduction of a garden waste subscription service using wheeled bins instead of sacks offer the best balance of value to the customer, improved safety of operatives and income to the Council.

Proposed Garden Waste Subscription Service Summary

- **Start:** February 2022
- **Collection method:**
 - 240 litre wheeled bins, green coloured bodies and brown lids.
 - Current garden waste vehicles fitted with spare lifting hoists currently stored in the depot.
 - Wheeled bins will improve health and safety of garden waste operatives.
- **Customer charges:**
 - **Bin Purchase:**
 - Up to 5 bins per household can be purchased
 - Bins can be shared by more than one household.
 - £34 charge for 240 litre bin
 - First Year Early Bird Discount - 50% saving on price of bin purchase
- **Annual subscription charge:**
 - 240 litre - £60 per bin
- **Options for those not wanting to subscribe:**
 - Council to promote mulching and composting alternatives