



**INTRODUCTION OF CHARGES FOR GREEN WASTE COLLECTION
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)**

WARDS AFFECTED: ALL

1. PURPOSE OF REPORT

- 1.1 To advise Council of a reduction in funding from Leicestershire County Council for recycling credits for green waste collections from 2015/16 (and the real possibility of further reductions in dry waste recycling credits from 2018/19).
- 1.2 To explain the potential for the introduction of a charge for green waste collections.
- 1.3 To seek agreement to consult stakeholders on a proposal to introduce a charge for green waste collections from 2015/16.

2. RECOMMENDATION

- 2.1 That Council agree to a consultation on the introduction of charges for green waste collections, from 2015/16 as outlined in this report.

3. BACKGROUND TO THE REPORT

- Changes in Leicestershire County Council Funding
- 3.1 Since 2006 Hinckley and Bosworth Borough Council has received recycling credits from Leicestershire County Council. These credits are a mechanism under section 52 of the Environmental Protection Act 1990 (EPA 1990) by which waste disposal authorities (Leicestershire County Council) can provide incentives to waste collection authorities (Hinckley and Bosworth Borough Council) to implement effective collect recycling arrangements, thus reducing landfill and saving Leicestershire County Council incurring disposal costs and landfill tax charges. The rate payable for 2014/15 is £49.97 per tonne.
- 3.2 Leicestershire County Council's Medium Term Financial Strategy (February 2014) identifies the need to make a saving from "Revised Payment Mechanism for Recycling Credits" and details the following budget reductions from current expenditure levels:
 - 2015/2016 - £1,480,000
 - 2016/2017 - £1,665,000
 - 2017/2018 - £1,850,000
- 3.3 Leicestershire County Council have advised they intend to cease payment of recycling credits for green waste from 31 March 2015. They are able to do this if they direct Hinckley and Bosworth Borough Council to use a green waste treatment site. In doing so Leicestershire County Council will then be responsible for the waste treatment costs.
- 3.4 Hinckley and Bosworth Borough Council collected 10,988 tonnes of green waste during 2013/14. The net impact of this reduction in funding from Leicestershire County Council would be reduction £345,792 per year (based upon 2013/14 tonnages). This is credit income of £549,070 being offset by gates fees of £203,278 that will no longer be charged for.
- 3.5 Leicestershire County Council have also indicated that in the future they may also reduce the recycling credits payable for dry recycling . If these were totally removed

then the potential additional annual funding loss is estimated at £484,109 (based on 2013/2014 tonnages). Therefore the total impact on this Council's budget would be around £830,000.

Introduction of charges

- 3.6 Hinckley and Bosworth Borough Council can make a charge to residents for the collection of green waste. A charge is already made by Blaby District Council, Charnwood Borough Council and Melton Borough Councils in Leicestershire. It is likely that other districts in Leicestershire will also consider introducing a charge to offset the loss of funding from Leicestershire County Council. The deputy leader of the County Council has stated that districts need to consider charging for the collection of green waste.
- 3.7 Charges and participation rates from other councils in Leicestershire are included in appendix 1. Melton Borough Council was the most recent to introduce a charge. The reduction in recycling was not significant as the residents who do not pay for the service now take their garden waste direct into the household waste and recycling centres.
- 3.8 To offset the reduction in funding by Leicestershire County Council, Officers have considered a number of options and suggest the following change to this service from 1st June 2015, subject to appropriate consultation (see Legal Implications below).
- introduction of a £30 per year charge for green waste collection (1 wheelie bin x 23 collections per year – no collections from early December to mid January)
 - £20 charge for a second bin
 - No reductions for part year (payment is for 1st April – 31st March)
 - No discounts available to minimise costs
- 3.9 The consultation will ask residents if they want the service to stop, or if they want the service to continue with a charge for those who choose to continue to use the service.
- 3.10 Should the charge not be introduced then the budgets for other discretionary services from 2015/16, and onwards, may need to be reduced to make up this funding shortfall.
- 3.11 Scenarios for the number of properties paying for the service are given within the financial implications.
- 3.12 The introduction of this change would require an upgrade to the current payment systems. These have already been planned and budgeted for within the Councils Channel Shift Project.
- 3.13 Wheelie bins no longer required would be collected from residents during Autumn 2015.

4. FINANCIAL IMPLICATIONS [KP]

- 4.1 The recommendations in this report relate to the approval of a consultation exercise to consider implementation of green waste charging. The cost of this exercise will be met from existing budgets.
- 4.2 The remainder of the financial implications provide details of the potential financial impact of any decision to implement charging following the proposed consultation and any future decisions. Any decision to implement charging should be taken in the context of the wider financial pressures outlined in the Budget Strategy for 2015/2016

and the potential need to reduce discretionary services to fill this gap should charging not be introduced.

- 4.3 If charging was approved, and in order to meet the gap created by the reduction in funding of recycling credits, a charge of £30 for the first bin and £20 for subsequent bins is proposed. A recent benchmarking report produced by the Internal Audit, outlined that this charge is consistent with those other East Midlands Councils currently levying a similar charge.
- 4.4 The following table summarises the income and expenditure associated with this suggested charge. The “associated expenditure” reflects the cost of administering the charge (e.g. printing, finance and other support services). It should also be noted these figures are showing a full year impact of the charge. Given timescales it is not envisaged that this will be achieved in 2015/2016 (probably implementation is likely for summer 2015). The upfront one-off costs associated with implementing the scheme in year 1 are estimated at £100,000.

	30% Take-Up	40% Take-Up	50% Take-Up
	£	£	£
Income	(427,500)	(570,000)	(712,500)
Additional associated expenditure	143,117	147,179	151,242
Overall Position (surplus)	(284,383)	(422,821)	(561,258)
Reduction in LCC funding	345,792	345,792	345,792
Net budget impact (income)/cost	61,409	(77,029)	(215,466)

- 4.5 Due to the fixed nature of the expenditure cost and the variability of income volumes, the percentage uptake is critical to the success of proposal. Once demand for the service is determined it will be possible to reduce the number of collection crews and make further reductions in the cost of operating the service.
- 4.6 Should a decision be made to consider charging, a further report detailing all financial implications will be produced.

5. LEGAL IMPLICATIONS [EH]

- 5.1 A council may make a charge for the collection of green or garden waste under Section 4 of the First Schedule of the Controlled Waste (England and Wales) regulations 2012.
- 5.2 As a Best Value authority the council is under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” The government guidance issued on this goes on to state:

“Under the Duty of Best Value, therefore, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision...”

To achieve the right balance – and before deciding how to fulfil their Best Value Duty – authorities are under a Duty to Consult representatives of a wide range of local persons; this is not optional..”

- 5.3 Under the duty to consult we are required to conduct consultation with:

- (a) Representatives of persons liable to pay any tax, precept or levy to or in respect of the authority,
- (b) Representatives of persons liable to pay non-domestic rates in respect of any area within which the authority carries out functions,
- (c) Representatives of persons who use or are likely to use services provided by the authority, and
- (d) Representatives of persons appearing to the authority to have an interest in any area within which the authority carries out functions

This will need to be undertaken, and the responses considered, prior to any decision being implemented.

- 5.4 Best practice taken from other authorities who have implemented this shows a consultation undertaken on the imposition of charges (often with other “options” to be ranked) for members of the public to comment on.
- 5.5 Failure to comply with this duty would leave any decision open to challenge.

6. CORPORATE PLAN IMPLICATIONS

- 6.1 Green waste collections contribute to the corporate plan aim of reducing our impact on the environment. A reduced take up of the service will inevitably reduce the Councils recycling rate, and therefore the Council may not meet the target of 50% recycling by 2017 set within the Leicestershire Waste Strategy (Hinckley and Bosworth’s current recycling rate is 56%). However the introduction of a charge at Melton Borough Council did not result in a significant reduction in the recycling rate as residents continued to recycle through the Household waste and Recycling sites.
- 6.2 Introducing a charge will enable the Council to continue to deliver this service without the need to make savings in other areas.

7. CONSULTATION

- 7.1 Leicestershire County Council has suggested District Councils consider introducing a charge to offset the reduction in Leicestershire County Council funding.
- 7.2 39% of respondents to the citizen panel survey January 2010 indicated they would use a chargeable green waste service (a £10 charge was given).
- 7.3 Respondents to the summer 2012 residents survey placed a chargeable green waste service within the bottom 2 priorities (a £15 charge was given).

8. RISK IMPLICATIONS

- 8.1 It is the Council’s policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer’s opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant Risks

Risk Description	Mitigating actions	Owner
Impact on customers – introduction of a charge	Apply a charge which is reasonable and in line with other councils. Ensure alternatives to this service are promoted to residents.	Caroline Roffey
Adverse impact on reputation of the Council	Communications strategy to ensure reasonableness of charge is communicated and the impact on other council services of not introducing this charge.	Caroline Roffey
Capital and revenue: Low participation means income does not cover cost of service.	Seek to reduce costs a every opportunity. Review service after first year of operation.	Darren Moore
Impact on environment: reduction in recycling rate	Promote alternative methods of recycling to residents to reduce amount of green waste which ends up in the black bin.	Darren Moore

8.4 The following opportunities have been identified:

Opportunity description	Positive actions to increase likelihood / impact
Additional income resulting from a higher than anticipated participation	Strong promotion of the service Affordable charge in line with other Leicestershire Councils Easy payment methods
Reduction in future costs of the service	Reduction in service demand means no additional green waste rounds will be needed. IT will be possible to reduce the number of rounds by 1 once the new service is embedded.

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 A flat charge is recommended to ensure residents all have equal access to the service despite their geographical location.

9.2 Discounts are not available for those in receipt of benefits due to the additional costs which will be incurred validating eligibility for discounts, and processing different payments.

9.3 Those who do not pay for the service will be able to continue to recycle their green waste in the following ways:-

- Home composting
- Using a mulch mower to grass cycle (grass cuttings are chopped very finely by the mower and then pushed down into the lawn preventing the need for their collection and removal)
- Taking green waste to the Household waste and recycling sites (Barwell and Whetstone are the nearest for our residents)

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications (reduced recycling performance)

- ICT implications (payment system upgrade – channel shift project)
 - Asset Management implications
 - Human Resources implications (addition staff to assist with payments / customer service built into costs)
 - Planning Implications
 - Voluntary Sector
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Background papers: None

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Executive Member: Councillor Bill Crooks

**Appendix 1:
Charges for green waste collection**

Local Authority	Charge 2014/15	% of properties using the service	Comment
Blaby District Council	£27	52%	Lower charge of £18 available for 140l bin.
Melton Borough Council	£47	34%	Charge introduced 2 years ago. Service administered by contractor.
Charnwood Borough Council	£26	41%	Discounted rate of £17 for direct debits.
Leicester City Council	£30	3%	Service in first year of operation (not offered in any form previously)
Gedling District Council	£34	28%	21 collections pa (Nottinghamshire)
Rushcliffe District Council	£30	70%+	Income over £950,000. Expanding into adjacent local authority areas. (Nottinghamshire)