



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission

9 June 2022

Wards affected:

All

Garden Waste Costs Update

Report of Head of Finance

1. Purpose of report

- 1.1 To update members on the garden waste position in relation to income and cost recovery.
- 1.2 The General Fund revenue budget agreed at the February Council meeting noted the scheme made a loss, and members requested further information on the position of the finances of this area in relation to when the first £24 charge was introduced. This report covers these areas.

2. Recommendation

- 2.1 That the report is noted, and consideration is given to moving toward a service that covers its costs via the fees charged and breaks even.

3. Background to the report

- 3.1 The General Fund Revenue budget for 2016/17 saw the introduction of a Garden Waste Charge of £24. Previously to this, there had been no charge for this service. In 2016/17 the main income streams for the refuse and recycling service were as follows:

- Recycling credits from the County Council
- Collection of bulky waste items from residential premises
- Collection and disposal of trade waste
- Second brown bin rentals
- Sales of plastic and glass
- Purchase of new bins by new occupiers of properties

The Council needed to introduce a Garden Waste charge as it was facing significant pressures in the MTFs period. This was primarily because of the County Council withdrawing recycling credits which created a pressure of £0.5m

- 3.2 The General Fund Budget report presented in February 2016 noted that the net additional income of from the introduction of the garden waste charge of £24 per subscriber would be as noted in the table below, which was based on an estimated 40% take up of the service, which was 19406 subscribers with 25 collections a year. Note, the table does not show the full **cost** of service, but the net income set off against the costs arising from introducing the new charge. For example, the administration of the scheme, bin stickers, postage etc. It was not intended to have shown the actual cost of delivering the service as a whole, as this would obviously have been substantially higher.

Table 1	2016/2017	2017/2018	2018/2019	2019/20
	£	£	£	£
income	£465,753	£465,753	£465,753	£465,753
Cost	£203,603	£70,555	£70,555	£70,555
Net	£262,150	£395,198	£395,198	£395,198

- 3.3 The general fund budget report in February 2022 noted the **overall** cost of the service (which has been included in every budget from 2017 onwards). This is noted in the table below, which shows the overall service is forecast to cost more than it brings in in terms of garden waste fees at a charge of less than £45. The service now has just under 33,200 subscribers.

Table 2	2021/22	2022/23	2022/23
		@£35	@45
Income	£995,750	£1,162,000	£1,494,000
Cost	£1,462,100	£1,491,342	£1,491,342
Net Loss/Gain	-£466,350	-£329,342	£2,658

Similar comparison

- 3.4 The 2016/17 budget position reported was used solely to demonstrate how the fee would improve the overall general fund position, as previously there was no charge. The overall service costs already being incurred were not included, as the report was not aimed to cover full cost recovery of the service.
- 3.5 The figures reported only indicated how much the general fund would benefit from the new charge being introduced of £24. A fee of £35 had been proposed, but on consideration of consultation responses from 2150 local residents it was decided to introduce a lower charge of £24. The consultation outcome is noted in the minutes of the Council meeting in February 2016.
- 3.6 If the full costing basis from 2016/17 is considered, it can be seen that the overall service was costing far more to deliver than was brought in by subscriptions. The table below gives a comparison.

Table 3	2016/17 Budget	2021/22 Budget
Costs including recycling actives	£2,079,753	£1,462,100
Less non-garden waste items		
Waste Recycling/Kerbside Recycling	-£581,890	
Waste Management- one off set up for garden waste charging.	-£203,603	
Other charges	-£24,010	
Garden Waste costs	£1,270,250	£1,462,100
Garden Waste Income	£465,753	£995,750
Net Loss	-£804,497	-£466,350

- 3.7 If the £35 fee consulted on had been introduced in 2016/17 and had kept pace with inflation, the inflated fee position would have been as per the table below. Therefore, a fee of £45 for 2023/24 would be a reasonable expectation if inflation is applied.

	CPI %	RPI %	CPI £	RPI £
2017	2.30	3.20	£35.81	£36.12
2018	2.70	3.60	£36.77	£37.42
2019	1.90	2.50	£37.47	£38.36
2020	1.70	2.50	£38.11	£39.31
2021	0.40	1.40	£38.26	£39.87
2022	6.20	8.20	£40.63	£43.13

- 3.8 For 2021/22 the benefit to the general fund of the current fee is £0.97m, but this does not cover the costs of £1.46m as noted in table 2 above.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [AW]

- 5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 The council's powers to charge can arise from mandatory powers, express discretionary powers or implied or incidental powers.
- 6.2 Mandatory powers are set out in the functional legislation such as the power to charge for planning applications set out in the Town and Country Planning Act 1990.
- 6.3 Section 93 Local Government Act 2003 gives the Council power to charge for

discretionary services, but not in cases where there is already power to charge under other legislation e.g., power to charge for the use of a swimming pool pursuant to the Local Government Miscellaneous Provisions Act 1976.

6.4 The power to charge under Section 93 can only be used for services which the Council is empowered to provide.

6.5 The Section 93 power is not intended to provide a new income stream: its aim is to allow the Council to recover the costs of providing services, and there is a general duty on the Council to secure that, from one year to the next, the income from charges for services does not exceed the costs of provision.

7. Corporate Plan implications

7.1 A robust General Fund Budget is required to ensure that resources are effectively allocated in order to ensure delivery of all of the aims, outcomes and targets included in the Council's Corporate Plan.

8. Consultation

8.1 None

9. Risk implications

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

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.

The following significant risks associated with these report / decisions were identified from this assessment:

Management of Significant (Net Red) Risks

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	Strategic Leadership Team
	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council

10. Knowing your community – equality and rural implications

10.1 This budget ensures that value for money services can be delivered to all residents and communities within the Borough.

11. Climate implications

11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the Corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities.

11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.

11.3 The pressure that is in the budget for 2022/23 pose risks for all the council's activities, including these areas.

12. Corporate implications

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

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: None

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