

Thursday 22nd August 2024

Report of the Portfolio Holder for Environmental Sustainability, Recycling and Waste

Annual Garden Waste Subscription Charge

Exempt Information

Not applicable

Purpose

This report provides IS&G Scrutiny with the updated information regarding the rationale to substantiate the increase in garden waste subscription. The original report presented to Scrutiny on the 7th August has been updated and is contained herewith. This report will subject to IS&G scrutiny approval be presented to Cabinet on the 29th August. To seek approval to increase the garden waste subscription fees with effect from 1st January 2025.

Recommendations

It is recommended that IS&G support the following recommendations for Cabinet to agree:

1. Approve the increase of the annual subscription fee to £41 effective 1st January 2025, with the sign up window open in October.

1. Executive Summary

Lichfield District Council (LDC) is the lead authority for delivery of the Joint Waste service. This report is presented for consideration and uses the Fees and Charges Review – Garden Waste report presented to LDC’s Cabinet on 18th August 2023 as its basis, thus ensuring consistency of approach but allowing full transparency and independent decision-making.

For information, Members are advised that previously this service was led and directly managed by the previous Chief Executive. Since Mr Barratt’s retirement and with new leadership this service has since June transferred under the executive scope of the Executive Director Organisation.

To further support the information contained within this report, an ‘all members’ briefing was held on 5th August and this report is presented with the aim of providing members with as much information, transparency of decision making as well as the opportunity to understand and challenge recommendations contained herein.

This report also details the need to increase the annual charge for the garden waste subscription (effective 1 January 2025) and recommends that due to the need to build systems to support the annual subscription process (including the direct debit process which requires an eight-week lead in to allow banking set-up and testing to take place), that from 2024, the annual price increase for the coming year’s subscriptions will be based on June’s CPI figures, which are released in July annually by the [Office for National Statistics](#). The final subscription price will also be rounded up or down to the nearest 50 pence.

Garden waste subscriptions were launched in October 2017 at a cost of £36 per bin for 23 collections from the kerbside each year. The price of collections has been held since its introduction but increasing cost pressures in delivering this service require TBC to review this fee. LDC have however, continued to increase their subscription rates (currently at £40)

which has now resulted in a £4 differential across the Joint Waste Service. This variance places a significant administrative burden on the service.

The service is a fully automated process to allow residents for both Lichfield and Tamworth, served by the Joint Waste Service, to sign up for the scheme. This year around almost 41,000 Lichfield and Tamworth households have subscribed for the service.

Cost pressures in the service include the increase in staffing costs following the 2023 Pay Settlement, fuel cost, fleet maintenance and replacements; measures to reduce the carbon footprint of the service; recycling credit reductions and gate fee price increases. Members' attention is drawn to appendix 5 where details of the financial analysis as requested is contained.

In addition, the approved Medium Term Financial Strategy assumed that a number of fees and charges across the council would be increased in 2024/25 to ensure that prices reflect higher operating costs and ensure the principal for non-statutory services to ensure full cost recovery. It was agreed however, that the annual subscriptions for green waste would not be increased. Instead, it was agreed that this shortfall would be met by use of reserves.

It is important to highlight that Section 93 of the Local Government Act 2003, limits non statutory or discretionary prices to a full cost recovery pricing policy.

The garden waste subscription service is a discretionary service and has a pricing policy of full cost recovery. The pricing objective is that the Council wishes to make the service generally available but does not wish to subsidise the service. Therefore, prices are based on the direct cost and overheads related to the activity whilst also taking account of the market (what the market or customers will allow us to charge).

The service is currently priced at £36 per bin, however recent cost pressures identified above have been absorbed by the service and therefore an increased charge of £41 is recommended. This figure would also bring TBC in line with Lichfield District Council, who will be increasing their fee to £41 with effect from 1st January 2025.

2. Options Considered

By not increasing the annual garden waste subscription charge the deficit associated with the scheme would increase (see Appendix 5) which would negatively impact on the MTFs and General Fund budgetary position. Funding this deficit from reserves would limit the other projects the Council could deliver and is not sustainable over the longer term. Furthermore, it is worth noting that through charging only those who use the garden waste service for its costs, it ensures that only those residents who benefit from the scheme pay for the cost of its delivery.

3. Resource/Financial Implications

During 2023/24 the Council utilised reserves in respect of the Joint Waste Service to meet the shortfall in income by not increasing the annual charge in line with Lichfield, estimated to be approx. £55k pa, and will need to do so again in 2024/25. The current balance of Joint Waste reserves is £153k.

However, the Council's budgetary provision for the Joint Waste Service for the current year is insufficient to meet the costs due, with an annual contribution of £1.98m payable to Lichfield, against a budget of £1.79m. The reserves will be applied to contribute to meeting this shortfall and will therefore not be available to meet the shortfall in the cost of running the garden waste subscription service in future years. Further to the IS&G Scrutiny report on the 7th August and the Cabinet report on the 8th August with regards to the joint fleet procurement Members will be aware that there is already a requirement for an increased budgetary contribution in future years to be considered as part of the MTFs and budget process.

It is now vital that the price increase recommended is supported and income maximised in order to assist in meeting the council's anticipated budget gap. The increase will be built into the budget setting process for 2025/26.

Appendix 5 provides members with the details of the full cost recovery for the garden waste service.

Members also sought clarification on the impact of a significant reduction of the take up of the service, e.g. a 30% drop in subscriptions. This could reduce the income by approximately £20,000 and therefore increase the deficit by this amount taking the deficit to around £88K for the garden waste service for 2025/26.

It's worth noting that the constitution delegates authority to authorised officers to increase fees and charges as below:

In consultation with the Executive Director Finance and where necessary The Portfolio Holder, to set rent, fee, charges and other income levels unless any changes:-

exceed inflation by more than 3%; and /or
involve a change in policy; or
potentially have significant political implications.
Which will require executive approval

It should be noted the Authority's financial guidance and fees and charges policy requires an inflationary increase to be considered on an annual basis, for this service this would be before the end of June going forward.

If charges had been put up in line with inflation the following prices would have been applicable since 2018:

CPI Annual Increases			
	%	£	
2018	2.5	0.900	£36.90
2019	1.8	0.664	£37.56
2020	0.9	0.338	£37.90
2021	2.6	0.985	£38.89
2022	9.1	3.539	£42.43
2023	7.3	3.097	£45.52

4. Legal/Risk Implications Background

The collection of garden waste is not a statutory service and under the Controlled Waste Regulations 2012 the council has discretion to charge for this service.

The constitution of the Joint Waste Board does not require both councils to agree the charge, but each council must provide sufficient funding to cover the cost of collections in their respective areas.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Garden waste subscription take up reduces and income levels decline because of the increase	Yellow (material) Likelihood (Yellow) Impact (Yellow)	Increase by the minimum viable amount (CPI) to make the service sustainable, provide clear messaging on reasons for the increase, make it easy to pay via direct debit.	Green (tolerable) Likelihood (Green) Impact (Yellow)
B	Recycling rates drop and fly tipping increases because of the increase	Yellow (material) Likelihood (Yellow) Impact (Yellow)	Increase communication messaging regarding the importance of recycling. Investigate, deploy deterrents and enforce all fly tipping incidents.	Green (tolerable) Likelihood (Green) Impact (Yellow)
C	Failure to balance the MTFS	Yellow (material) Likelihood (Yellow) Impact (Yellow)	The annual increase in fees ensures the income covers the cost of delivering the service and removes the need for subsidy.	Green (tolerable) Likelihood (Green) Impact (Yellow)

5. Equalities Implications

A Community Impact Assessment has been compiled at **Appendix 1** for the changes to the green waste service.

6. Environment and Sustainability Implications (including climate change)

The collection and composting of garden waste contribute to the council's recycling rates. The annual increase in fees helps to ensure the council's budgets are not negatively impacted through the provision of the service, and as such are able to focus available resources on initiatives that target the council's ambition of achieving net zero by 2030.

7. Background Information

Approximately 41,000 residents are signed up to the garden waste service across Lichfield District and Tamworth Borough and this number increases every year. The council receives very few complaints about the premise of charging for garden waste which is well understood by the respective communities.

Tamworth Borough Council currently charges £36 per annum for garden waste subscriptions whilst Lichfield District Council Charge £40. This differential costs TBC approximately £55K per year based on current rate of subscriptions for Tamworth residents of over 13,000.

Whilst the garden waste service helps to increase recycling rates and reduce waste sent to landfill, it is not a statutory service, and the council is not required to deliver it. As such, like councils across the country, a charge is levied to those residents who wish to benefit from the garden waste service.

The income generated from the sale of garden waste subscriptions funds the cost of the garden waste service, which each year increases due to annual pay settlements, increases in cost of fuel and other changes to costs of delivering the service (gate fees, recycling credits, overhead costs etc).

Any annual increase in subscription prices helps to offset the increase in these associated costs. The current annual cost of the subscription of £36 per year has been in place since 2018 and as such, the Council has had to make up the shortfall (as part of the shared service) from reserves.

Councils across the country charge differing amounts for a garden waste subscription, and the current fee (£40) charged by Lichfield District Council is favourably comparable, as shown below:

Council	2024 fee
Cannock Chase District Council	£38.50
Newcastle-under-Lyme Council	£39.95
Stafford Borough Council	£42
North Warwickshire Borough Council	£43
Birmingham City Council	£60
Oxford City Council	£85

As an illustration, an increase by CPI based on June 2024's CPI figure (for the 2025 subscription fee) would see the costs of a subscription rising to £41 per annum for 2024/2025.

8. Report Authors

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Credit and thanks to L Barton (Director) and S Gee (Ops Manager) of Lichfield District Council for support

Appendices

Appendix 1 - Community Impact Assessment for Annual Garden Waste Subscription Charge 2024

Appendix 2 – 2014 Shared Services Memorandum of Understanding

Appendix 3 – Committee Report 2009 household Waste & Recycling Service

Appendix 4 – A guide to Staffordshire Waste Partnership

Appendix 5 - Financial breakdown of the Waste and Recycling Service and Garden Waste Service

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