



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	12 September 2016
Officer	Director of the Dorset Waste Partnership
Subject of Report	Garden Waste service and setting the 2017/18 price
Executive Summary	This paper provides the Joint Committee with an update on the Garden Waste service and seeks approval to set the price of the service for the year 2017/18.
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>Not applicable.</p>
	<p>Use of Evidence:</p> <p>Benchmarking of other local authority garden waste services and charges. Customer satisfaction surveys. Customer numbers. DES garden waste trading account expenditure and income. DWP MTFP. Vehicle procurement requirements.</p>
	<p>Budget:</p> <p>The decisions made in respect of the annual fee will have a direct impact upon the 2017/18 budget.</p>
	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p>

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	<p>Current Risk: LOW Residual Risk LOW</p>
	<p>Other Implications:</p> <p>None.</p>
Recommendation	<ol style="list-style-type: none"> 1) That the Joint Committee approve an annual fee of £47.50 for 2017/18 for the DWP Garden Waste service. 2) That the Joint Committee give consideration to exploring the implications of a reduced Garden Waste service in the winter months, to take effect no earlier than 2018/19. 3) That the Joint Committee agree that the annual charge for garden waste sack customers is set at £5 less than the price agreed for a wheeled bin.
Reason for Recommendation	To offer a garden waste service at a price that will remain popular with customers whilst maintaining an acceptable level of contribution to overheads.
Appendices	<p>Appendix A – benchmarking of the DWP against other authorities</p> <p>Appendix B – Customer survey – price question</p> <p>Appendix C – Customer survey – pre-service question</p> <p>Appendix D – Garden Waste Trading Account up to 2016/17 (Exempt Information under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</p> <p>Appendix E – Garden Waste Trading Account for 2017/18 and beyond (Exempt Information under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</p>
Background Papers	None.
Report Originator and Contact	<p>Name: Paul Ackrill, Finance and Commercial Manager, Dorset Waste Partnership</p> <p>Tel: 01305 224121</p> <p>Email: Paul.Ackrill@dorsetwastepartnership.gov.uk</p>

1. Background

- 1.1 The garden waste service consists of a 240 litre wheeled bin collected once a fortnight throughout the whole year, with the exception of a break for Christmas and New Year. Customers receive 25 garden waste collections for their annual subscription. A compostable sack option is available for customers who are unable to store wheeled bins.

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- 1.2 The standard garden waste service was introduced in October 2012 at a cost of £35 for an annual service, increasing to £40 in 2014/15, to £41 in 2015/16 and £45 in 2016/17.
- 1.3 The Dorset Waste Partnership (DWP) currently provide the garden waste service at a cost of £1.80 per collection. When comparing the collection costs of twenty seven other local authorities which provide a garden waste service the costs vary from £1.18 - £2.86 per collection. Appendix A provides further information on how the price of the DWP's garden waste service compares to other local authorities. These local authorities have been selected for comparison due to the similarities in the garden waste service provided, with the emphasis on authorities collecting garden waste from a wheeled bin. The sample has tried to collate a broad selection of authorities from around England, whilst including local authorities which have similar geographical and demographical characteristics. These similar local authorities have been identified using the nearest neighbour indicator on Waste Data Flow, the official government data reporting system.
- 1.4 The garden waste service is now accessible to 100% of households serviced by the DWP, following the completion of the rollout of the recycle for Dorset service. This equates to approximately 202,000 properties.
- 1.5 Previous estimates of the potential customer base had been identified as 40,000 customers. As of 1st July 2016 there are 39,500 individual garden waste customers and ongoing growth in customer numbers, some of whom purchase more than one bin. Financial year 2016/17 has seen the DWP successfully achieve growth in the customer base, including an improved process of ensuring the maximum number of customers renew their service. In 2015/16, 2,400 customers did not renew their service initially (8.2% of all garden customers) compared to 1,200 for 2016/17 (3.7% of all garden customers).
- 1.6 There are currently 113 garden waste rounds in place to service all 39,500 customers. It is estimated that there is capacity for another 3,500 - 4,000 garden waste customers within the existing garden waste rounds, although the majority of this capacity is located in the West Dorset and Weymouth & Portland areas. The current marketing strategy is focussing on increasing garden waste sign ups in the areas where we have spare capacity.
- 1.7 A decision is now needed from the Joint Committee with regard to the price to be set for the 2017/18 financial year. The decision is needed now due to the timescales required to implement the necessary changes and also to feed into the 2017/18 budget process.
- 1.7 Further detail on the costs of the service, and the implications for the decision on price, are given at paragraph 6 below.

2. Sign-up Periods 2016/17

- 2.1 When the garden waste service started in October 2012 a continual sign up system was in place, where customers would receive their bin and start the service within 20 days of paying for the service. However, the continual sign up provided serious operational challenges with bin deliveries and missed collections as a result of customers not being added to rounds in time.

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- 2.2 For the year 2015/16 it was decided to move to a two sign up periods per year. Customers could sign up from 1st March – 31st July to start the service on 1st September and from 1st August – 28th February to start the service on 1st April.
- 2.3 At Joint Committee in September 2015 it was decided that garden waste sign ups would be increased throughout the year. Following that decision the 2016/17 garden waste service now has five sign up periods where customers can start the service on the 1st of April, June, August, October and December.
- 2.4 The new five sign up periods is working well to date, with new customers being allocated rounds and receiving their bins in time for their service start date. There have been 5 complaints received about the sign up periods from 1st January 2016 – 1st July 2016, which represents less than 0.1% of all the customers that signed up to the garden waste service in that period.
- 2.5 In 2017/18, the DWP will continue to move towards a “continuous” sign up process. This becomes easier to manage where the number of new customers signing up flattens out. Numbers of customers signing up, and the effects on sign up periods, will continue to be monitored and reviewed.

3. Customer Satisfaction Survey and Results

- 3.1 In July 2016 a garden waste satisfaction survey was circulated to Dorset residents via the recycle for Dorset newsletter. This newsletter was sent electronically to approximately 40,000 residents who have previously provided their email address to the DWP.
- 3.2 The garden waste satisfaction survey has been completed by 4,046 residents. The survey was mainly targeted at garden waste customers, but was also able to be completed by non-garden waste customers. The inclusion of non-garden waste customers allowed us to establish why customers currently do not sign up to the service, and also whether they are interested in joining in the future. Of the 4,046 completed surveys, 3,701 (91%) were completed by garden waste customers, which represents 9.5% of all the garden waste customers.
- 3.3 The satisfaction survey asked customers about how satisfied they were with five key elements of the service, which were collections, frequency/seasonality, online payments, phone/postal payments and finally whether the service was value for money. The results have shown that a high number of customers are satisfied with the garden waste service. Some of the results have been summarised below:
- 99% of customers are satisfied with the garden waste collections, with 95% finding the collections either excellent or good.
 - 97% of customers are satisfied with the collection frequency and seasonality, with 85% either finding the frequency/seasonality of collections excellent or good.
 - 98% of customers who pay for the garden waste service either online, by phone or by post are satisfied with the payment process.
 - 96% of customers are satisfied that the garden waste service is value for money. 72% of these customers find the garden waste service either excellent or good value for money.
- 3.4 A question about how much customers were willing to pay for a 12 month garden waste service was included in the satisfaction survey. This question allowed residents to select a price from £0 with incremental £5 options up to over £100. The majority of customers selected that they are prepared to pay up to £40 for the garden waste service, with 25% of customers selecting this price option. The average price

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customers are prepared to pay is £40.03 for a 12 month garden waste service. It is noted that the response to pay £40 (lower than the current price of £45) is somewhat at odds with the earlier response where 96% are satisfied with the value for money aspect of the service. See Appendix B for the results in a graphical format. It can be noted that there is a clear drop off beyond the figure of £50.

- 3.5 Appendix C illustrates responses to the question “what did Garden Waste customers do with their waste before the service existed”. This helps us to understand what would happen to this waste if the service ceased. The largest response, at 59%, was to take the garden waste to the HRC. The second largest response, at nearly 30%, was that the waste would be home composted.

4. Marketing Strategy

- 4.1 Marketing of the Garden Waste service has been minimal in the past, partly linked to the fact that the full service was rolled out on the back of the Recycle for Dorset scheme.
- 4.2 As can be seen from the numbers below, the highest numbers of customers are in the East Dorset area of the County. Arguably, this is to be expected, given that the service has been available in that area for the longest. However, it is also true that new customer sign up continues to be greatest in the East Dorset and Christchurch parts of the County, and that new customer sign up in the West Dorset and Weymouth areas is not following suit. The table below shows numbers of bins (not customers) served by local depots (data taken at the time of writing, excludes August start period). Note that the service for Purbeck is provided from Poundbury depot, due to constraints at the existing Wareham site, so the figure quoted for “Poundbury depot” are for both the Dorchester area and the Purbeck area. There are approximately 2,800 customers in Purbeck, and around 4,500 for Dorchester.

<i>Depot</i>	<i>Number of bins</i>
FERNDOWN Total	17,502
POUNDBURY Total	7,264
SHAFTESBURY Total	5,799
CHRISTCHURCH Total	5,302
BRIDEC Total	2,150
CROOKHILL Total	2,044
TOTAL	40,061

- 4.3 The marketing strategy for the Garden Waste service is therefore focused in the short and medium term on filling the capacity that exists in the service in the West Dorset and Weymouth areas. Filling the existing capacity in these areas generates very little in additional costs and maximises the contribution to the DWP and its partners. A radio marketing campaign carried out on a local radio station has already proved successful.
- 4.4 For this reason, the recommendation for the price increase in 2017/18 is to keep the price increase as low as is reasonably possible, to encourage growth in the customer base in the Weymouth and West Dorset areas, whilst covering the necessary increases in cost in the service.

5. Financial Forecast for the Garden Waste Service for 2016/17

- 5.1 The Joint Committee are reminded that a separate trading account exists for the Garden Waste service, which generates a contribution to overheads for the DWP as a whole. The trading account takes account of income from customers, operational costs (vehicle running costs, capital charges and crew costs) and back office costs (staffing and associated administrative costs). The trading account was independently reviewed by consultants WYG during their time with the DWP in 2015.
- 5.2 The trading account does not take into account disposal costs. Advice given to the DWP is that the disposal of domestic waste, including garden waste, cannot be subject to a charge under law, however a contribution to costs can be issued for the collection. Arguably garden waste disposal costs would be incurred irrespective of whether a garden waste collection service was offered, with disposal taking place either through Household Recycling Centres (HRCs) or, in the worst case, increasing the volumes of black bag waste collected. Only home composting would avoid any costs at all for the DWP, which the DWP encourage but is, in practice, not undertaken by all garden owners.
- 5.3 Appendix D shows the Garden Waste trading account position for the last two financial years, together with the latest forecast for the current year. The current year forecast is broadly in line with the budget.

6. Options for 2017/18 Pricing

- 6.1 2017/18 will see an increase in costs in the Garden Waste trading account. The increase primarily relates to capital charges for replacement vehicles - which are needed for both 2016/17 and 2017/18 years to replace existing vehicles – and some growth in resourcing levels to match anticipated demand for 2017/18. For that reason, and despite the increasing customer base, any increase in the bottom line contribution to overheads is unlikely to be as dramatic as seen in the past couple of years. The additional capital charges in respect of replacement vehicles should be seen as an investment needed to underpin the service, and allow growth, over the next few years (in accounting terms, vehicles are written off over seven years). For that reason, options on any price increases and their effects on the trading account are illustrated over a five year period on the attached Appendix E.
- 6.2 Appendix E illustrates 3 options for charging in 2017/18.
- 6.3 The following assumptions are then applied to each option:
- a) That the customer base can be grown by 1000 customers each year.
 - b) That the costs of the service and the price charged for the service increase by an inflationary factor each year.

The effect shown for 2017/18 will be used to set the budget, however the effect in following years is intended to be illustrative only.

No assumption is made for additional resourcing beyond the 2017/18 levels, as the marketing strategy will focus on utilising existing spare capacity. However, if growth continues in areas which are close to full capacity, additional resources may be needed at some point.

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- 6.4 All options use 43,000 “bins” as an assumption for the start date of 1st April 2017. Based on experience to date, we believe that this is a realistic prospect.

Number of bins pre Aug 2015	34,556
New at Sep 15	1,862
New at Apr 16	2,413
New at Jun 16	1,060
New at Aug 16	1,264
New at Oct 16	292
Target to sign up for 1st April 2017	1,553
Total bins	43,000

- 6.5 Option A on Appendix E illustrates the effect of a zero price increase for 2017/18. The effect is to produce a contribution to overheads of around £450k, in effect maintaining the same level as expected for this year. It can be seen (in all of the options) that whilst both revenue costs and income rise in future years (on the stated assumptions), the capital charges for vehicles remain constant, and the effect is that the contribution increases over the five year period shown.
- 6.6 Option B on Appendix E illustrates the effect of a £2.50 price increase (i.e. a full year charge of £47.50). The effect is a contribution of £557k in 2017/18, which is £107k greater than in the current year.
- 6.7 Option C on Appendix E illustrates the effect of a £4 price increase (i.e. a full year charge of £49). The effect is a contribution of £622k in 2017/18, which is £172k greater than in the current year.

7. Prices for Sack Customers

- 7.1 Garden Waste Service customers who are unable to store a wheeled bin are given compostable sacks. These are relatively few in number – around 140 customers of the total customer base which is now over 40,000. Historically, the sack service customers are charged less than the “bin service” price due to a differential in sack volume capacity. However, the DWP incur additional cost in the annual purchase of the sacks, and also in terms of DWP resource to deliver these sacks.
- 7.2 The current price of a “sack service” is £34, compared to the “bin service” price of £45. Historically, sacks have been priced at less than the “bin service” by a similar differential.
- 7.3 It is recommended, in recognition of the additional expense incurred by the DWP for sack customers, that the price for a garden waste “sack” service is set at £5 less than the “bin service” price, with effect from 1st April 2017

8. Winter Service

- 8.1 The Garden Waste service currently offered is an “all year round” service, with the exception of a break at Christmas/New Year.
- 8.2 At the Joint Committee meeting of 15th June 2015, the Joint Committee received a report which demonstrated that Garden Waste service tonnages collected during the months of December through to February were greatly reduced. The highest

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tonnage in that report was 1628 tonnes in June 2014 and lowest tonnage of 503 tonnes in February 2015. Given the tonnage data that was presented, and with the knowledge that many local authorities do not offer a winter service, the Joint Committee were asked if they wished to consider a cessation or reduction in winter service. Savings were estimated to be up to £40k for cessation of winter service. The Joint Committee decided not to change the service at that time.

- 8.3 One year on, there is mounting pressure on all partner councils to find financial savings. In this light, the Joint Committee are asked whether they now wish the DWP to further explore the extent to which savings are possible from a reduced or ceased winter service. It should be noted that the timescales required for implementing any such changes mean that any changes to collections over the winter period cannot be applied until the 2018/19 service year. If it is the Joint Committees wish, the DWP will further explore the issues and savings and report back to Joint Committee with a recommendation at a later date.

9. Recommendation

- 9.1 Given the marketing strategy being followed – to maximise the existing capacity available, in order to maximise the financial contribution for partner councils – and given the (albeit limited) information on the extent to which customers will choose not to renew the service if the price increases is perceived as too high, the recommendation to Joint Committee is to agree to a price increase of £2.50 for the year 2017/18, i.e. a full year price of £47.50.

Karyn Punchard
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September 2016