

 Executive meeting – 10th February 2016		Agenda Item No. 3
Title	Waste container charging	
For further information about this report please contact	Becky Davies Recycling Development Officer Becky.davies@warwickdc.gov.uk 01926 456615	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes (Ref. 731)
Equality Impact Assessment Undertaken	Yes

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	19 th January 2016	Bill Hunt
Head of Service	19 th January 2016	Rob Hoof
CMT	19 th January 2016	Chris Elliott, Andy Jones, Bill Hunt
Section 151 Officer	19 th January 2016	Mike Snow
Monitoring Officer	19 th January 2016	Andy Jones
Finance	19 th January 2016	Mike Snow
Portfolio Holder(s)	20 th January 2016	Cllr David Shilton
Consultation & Community Engagement		
No consultation proposed		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1. Warwick District Council (WDC) currently provides the majority of waste containers (wheeled bins, red boxes, recycling bags and food caddies) free of charge to households.
- 1.2. A budget of £120k has been allocated each year to cover the cost of replacement receptacles; however in recent years this cost has risen to approximately £165k per annum. Therefore, WDC needs to consider introducing a charge to households for the provision of waste containers to reduce the budgetary pressure. This report makes recommendations for the level of charge to be introduced.

2. Recommendation

- 2.1. From 1st June 2016 WDC introduces a charge to the household for any new, replacement or additional waste containers requested and for the delivery of them to their property.
- 2.2. The following charges are introduced :

Wheeled bin (grey and green)	£25.00
Recycling box with lid	£5.00
Lid only (for recycling box)	£1.50
Recycling bag	£2.50
Food caddy	No charge (funded by Warwickshire County Council)
Delivery Cost Per Order	£5.00

- 2.3. The £5 delivery charge would be a one-off charge per order irrespective of the number of containers requested (e.g. the same charge applies to the delivery of just 1 red box as it would to the delivery of 2 red boxes and 2 recycling bags).
- 2.4. No concessions will be offered as experience has shown that it is difficult to prove whether a household may or may not be entitled to a concessionary rate.

3. Reasons for the Recommendation

- 3.1 The original capital budget for the supply and delivery of waste containers was set in 2013 at £600k for 5 years (April 2013 – March 2018). However, the cost of waste container provision has increased since this time and there is now a significant projected budget shortfall.
- 3.2 The cost of waste container provision is likely to increase in future years as waste containers come to the end of their lifespan and need replacing. It is estimated that the cost of replacing containers could be in excess of £2.3million over the next 10 years (inclusive of current annual expenditure on waste containers).
- 3.3 In addition, the provision of waste containers to new homes, as identified in the local plan, will increase costs further.

- 3.4 WDC receives requests for approx. 6,500 red boxes, 6,500 recycling bags and 2,000 green wheeled bins every year, however recycling levels remain static. WDC also receives requests for over 1,000 grey wheeled bins every year.
- 3.5 A number of local authorities have introduced charges and have seen reductions in the number of waste containers requested. Once a charge is introduced households tend to look after their waste containers to a greater extent, make their containers last for a longer period of time or are deterred from ordering excess containers.

4. Policy Framework

- 4.1. Introducing a charging scheme will enable WDC to continue providing a high quality service whilst helping to reduce future budgets, in line with two of the Fit for the Future key strands; Service - maintaining or improving services; and Money – delivering a sustainable balanced budget. It will have no impact either way on the 3rd strand – People.
- 4.2. Households can still request as many recycling containers as they need, enabling them to fully participate in the collection service and keep recycling levels above the national target of 50% by 2020.

5. Impact Assessment

- 5.1. Residents without internet access will be able to order containers at any Warwickshire Direct One Stop Shop.
- 5.2. Residents without a debit or credit card can pay by cash or cheque at any Warwickshire Direct One Stop Shop.
- 5.3. Where there is a language barrier, residents will be able to use Language Line to request containers.

6. Budgetary Framework

- 6.1. The original capital budget for the purchase and delivery of waste containers was set at £120k per year for 5 years (April 2013 – March 2018). Due to an increase in demand for containers, the budget has proved to be inadequate and as a result only £93k now remains for 2016/17.
- 6.2. Over the last 2 years WDC has spent an average of £165k per year on the purchase and delivery of waste containers to households.
- 6.3. The proposed charges (paragraph 2.2) could generate £78k to contribute to the annual cost of waste container provision.
- 6.4. In order to cope with current demand a further £87k will still be required in addition to the income from charges to cover the cost of the service until 2016/17.
- 6.5. In order to be able to provide bins for the future, the Capital Budget needs to be increased to £165k per annum from 2017/18, funded by the estimated income from charges of £78k, the balance falling upon the General Fund.

- 6.6 The recommendations in this report have been factored in to the Budget Report, in terms of the additional projected income, increased capital spend and funding of the capital spend from the income and the General Fund.

7. Risks

- 7.1. Some households may refuse to pay charges and use their own containers instead which do not meet health and safety standards for waste storage and collection. SITA has already formally raised this issue with WDC and has serious concerns for their workforce with regards to manual handling or unsuitable waste containers. WDC would have to instruct SITA not to empty containers that they considered being unsafe to handle.
- 7.2. Charging for replacement containers after loss or damage as a consequence of the refuse/recycling collection could generate corporate complaints, legal challenges and/or insurance claims.
- 7.3. There could be increased instances of fly-tipping or uncontained waste left on the street should residents choose not to pay for replacement receptacles. WDC may have to use the powers available under the Environmental Protection Act to address any such incidents.
- 7.4. WDC is a member of the Warwickshire Waste Partnership and has a joint responsibility to help meet the targets set in the Warwickshire Waste Management Strategy. A charging scheme could have an impact on the Council's ability to further increase recycling rates.
- 7.5. The income generation figures in this report are not guaranteed and therefore further additional funds may be required in the future to cover the cost of the service.

8. Alternative Option(s) considered

- 8.1. There are a number of alternative options for waste container charging as follows:

8.2. Option 1 - A charge for each waste container but no delivery charge:

- 8.2.1. The following charges are introduced:

Wheeled bin (grey and green)	£25.00
Recycling box with lid	£5.00
Lid only (for recycling box)	£1.50
Recycling bag	£2.50
Food caddy	No charge (funded by Warwickshire County Council)
Delivery	No charge

- 8.2.2. This option could generate £64k to contribute to the annual cost of waste container provision.

- 8.2.3. This option is not recommended as it does not generate the same level of income as the charges proposed in paragraph 2.2.

8.3. Option 2 - A charge of £34 for each individual green bin and a £5 delivery charge for all containers:

8.3.1. This option could generate £56k to contribute to the annual cost of waste container provision.

8.3.2. This option is not recommended as it does not generate the same level of income as the charges proposed in paragraph 2.2.

8.4. Option 3 - A charge of £5 for the delivery of recycling containers and £15 for the delivery of wheeled bins:

8.4.1. This option could generate £37.5k to contribute to the annual cost of waste container provision.

8.4.2. This option is not recommended as it does not generate the same level of income as the charges proposed in paragraph 2.2.

8.5. Option 4 – No charges are introduced:

8.5.1. This option will not generate any income to contribute to the annual cost of waste container provision.

8.5.2. This option is not recommended as it does not help WDC's financial position.

9. Background

9.1. WDC has the power to charge for the provision of waste containers under Section 46 of the Environmental Protection Act 1990. It also allows WDC to specify the type and number of containers that a household can use, the specific types of waste they should be used for and where they should be placed for collection. Enforcement action can be taken and a fixed penalty notice of £60-£80 issued if a household does not comply.

9.2. The proposed charges in paragraph 2.2 would cover administration costs.

9.3. VAT is not applicable to the provision of waste containers.

9.4. The only instances where a charge would be waived is where the Contractor has reported that a wheeled bin has been accidentally crushed in the back of the collection vehicle and needs replacing or the exchange of a small grey bin for a large grey bin for large households or households with special medical needs. In all other cases the charge will apply (e.g. lost containers, damaged/broken containers, additional containers, etc.).

9.5. Residents would not be able to collect waste containers to avoid the delivery charge. All containers are stored in a secure location at our Contractor's depot and it would not be safe for the general public to enter the site.

9.6. The containers would remain in the ownership of WDC and as such must remain at the property if the occupiers move house. Although there is the potential that containers are removed leaving a problem for the new occupiers.

9.7. The existing WDC refuse and recycling service policy still applies i.e. 1 x 180litre grey bin for households with up to 5 permanent residents, no limit to the amount of recycling a household can present for collection, etc.

- 9.8. A growing number of local authorities have introduced charges for waste containers, including our neighbours Stratford District Council and Solihull Metropolitan Borough Council. Appendix 1 shows a comparison of 12 Councils which charge for containers, including our most local Councils. Charges for wheeled bins vary between £10 and £38 and charges for recycling boxes vary between £0 and £4. In some cases there is an additional delivery fee of up to £8.36.
- 9.9. A short questionnaire undertaken by APSE (Association for Public Service Excellence) in 2013 indicates that full cost recovery from any waste container charging scheme unlikely. Appendix 2 shows the results of the questionnaire and experience of other local authorities in terms of cost recovery from their waste container charging schemes.
- 9.10. Some local authorities request that the household obtains a Police crime reference number if their container goes missing, in order to get a free replacement. However, this has not been received well by the Police as it increases their crime statistics.
- 9.11. The key assumptions of this report are as follows:
- All calculations are based on an analysis of waste container requests from the past two financial years - 2013/14 and 2014/15.
 - The calculated future costs for provision and delivery of containers have used 2014/15 prices of containers.
 - The figures shown in this report assume that the number of requests and number of containers requested will remain the same but that a charge will only be successfully made in 50% of cases.
- 9.12. The green bin scheme was introduced to half of the district in 2002 and the bins have now exceeded their warranty of 10 years and may be starting to fail. The green bin scheme was extended to the rest of the district in 2008 along with the introduction of the grey bin scheme. These bins have another 3 years left of their warranty after which they may slowly start to fail. It is estimated that the cost of replacing containers could be in excess of £2.3million over the next 10 years (inclusive of current annual expenditure on waste containers).
- 9.13. The Waste and Planning Departments across Warwickshire, Coventry and Solihull are currently discussing how a planning policy could be implemented which would require developers to pay for waste containers for new properties.