



# Title of report: **Garden Waste Collection Service**

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday 1 May 2025</b>
<b>Cabinet member:</b>	<b>Cllr Swinglehurst, environment</b>
<b>Report by:</b>	<b>Corporate Director, Economy and Environment</b>
<b>Report author:</b>	<b>Head of Environment Climate Emergency and Waste Services</b>

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose**

Following the successful award and mobilisation of the new recyclables and waste collection service this report is to consider the business case for the introduction of a new chargeable garden waste collection service.

## Recommendation(s)

That:

- a) Cabinet approves the commencement of a new chargeable garden waste collection from 30 March 2026;
- b) Authority is delegated to the Corporate Director for Economy and Environment to enact the existing option to introduce a chargeable garden waste service within the Recyclables and Waste Collection Services Contract with FCC Environment for an initial term of 6 years, including options to extend by up to a further 12 years;
- c) Authority is delegated to the Corporate Director for Economy and Environment to enact the existing variation option to within the current Waste Management Services Contract with Mercia Waste Management Ltd to recycle the garden waste;
- d) To authorise the expenditure of up to £1,039,292 from the approved capital programme to purchase the new garden waste collection fleet;
- e) To authorise the expenditure of up to £588,050 from the waste revenue reserve to fund mobilisation and to purchase and deliver the new garden waste containers;
- f) To authorise the expenditure of up to £890,000 to underwrite any potential year losses as the new service establishes and grows the customer base;
- g) Delegate all operational decisions to implement the above recommendations and to undertake the annual review of fees and charges to the Head of Environment, Climate Emergency & Waste.

## Alternative options

1. Not to implement a new chargeable garden waste collection service. This is not recommended as legislation under the Environment Act 2021 stipulates that garden waste from households must be collected separately and must be composted.
2. Not to implement a new chargeable garden waste collection service. This is not recommended as the additional collection and recycling of ~14,260 tonnes of garden waste per year will significantly support the delivery of the Council's targets to increase recycling rates within the Integrated Waste Management Strategy.
3. To introduce a new garden waste service on a seasonal basis for 36 weeks per year. This is not recommended due to a strong preference for a year-round service through the public consultation.

## Key considerations

### Background

4. In July 2021 Cabinet approved an ambitious new Herefordshire Integrated Waste Management Strategy with new targets to achieve recycling rates of 55% by 2025, 60% by 2030 and 65% by 2035. The current recycling rate is 40%.
5. On 25 November 2021, Cabinet approved the adoption of a three weekly residual collections with twin stream recycling service in line with the outcome of a public consultation.
6. Between November 2022 and February 2024 the Council conducted a competitive dialogue procurement process for a new recyclables and waste collections services contract.

7. During this process, initial submissions highlighted significant cost escalation due to a number of compounding market factors and Government delays to implementing and resourcing the new obligations within the Environment Act 2021. In order to mitigate the significant cost escalation the proposed solution was to phase the introduction of the new service.
8. On 5 October 2023, Cabinet approved the continuation of the existing waste collection model and for a phased introduction of the new collection model to be introduced at the appropriate time, subject to funding, legal responsibilities and approved business case(s).
9. FCC Environment were successfully awarded the new contract which commenced on 1 September 2024 with an initial 8 year term with an option to extend by up to a further 12 years.
10. The new collection contract includes a robust change mechanism for the future inclusion of numerous new services, specifically including a costed option for a chargeable garden waste collection service.
11. In December 2023 the Council extended the Waste Management Services Contract (WMSC). This extended the existing disposal contract arrangements until 11 January 2029 and also included a number of variation options for the future processing of new recycling and composted materials. This specifically included a costed options for the composting of garden waste utilising existing facilities in Dymock and Abergavenny.
12. The Council currently offers a green garden waste sack collection service which is co-collected with the residual waste collections and processed at our energy from waste facility at Hartlebury.

### **Public Consultation and benchmarking**

13. In February 2021 MEL Research undertook a public consultation exercise on future waste collection models which reported that 49% of the 3,498 respondents indicated that they would pay for a council garden waste collection service.
14. In June 2023 a benchmarking exercise was undertaken by WSP which indicated that the average uptake of chargeable garden waste bin collection services by similar authorities was 44% with an average annual subscription charge of ~£50.
15. In February 2024 a subsequent public consultation exercise was undertaken with 1,731 responses which indicated that 51.2% of respondents would be willing to pay an annual subscription of £55. This was based on a seasonal service operating 36 weeks of the year.

### **New Garden Waste Service**

16. Following the successful mobilisation and commencement of the collection service, a financial business case has been produced for the introduction of the garden waste service. Informed by the outcome of the public consultation exercise the proposed service includes:
  - a. A fortnightly service operating all year round (Excludes collections on Christmas and New Year weeks).
  - b. A recommended annual subscription fee of £60, recognising the increase from 36 weeks to 50 weeks per year.
  - c. The introduction of a new 240l brown bins for garden waste with a one-off sign up and bin delivery charge of £10.
  - d. Acquisition of a new garden waste collection fleet.

- e. Depot improvement at the Waste Collection depots to facilitate the vehicle fleet and additional staffing requirements.
17. The business case indicates that the new garden waste service will achieve full cost recovery with ~16,000 customers, approximately 19.3% of households (excluding flats). The benchmark update for similar authorities was identified as 44% and our own consultation indicated that 51.2% of residents would be willing to pay £55 for a seasonal 36 week service, but with a preference for a 50 week service.
  18. The recommended charge of £60 is in line with benchmarking of other local authority schemes and is cheaper for residents than private sector schemes.
  19. The business case includes consideration of the mobilisation, promotional and set-up costs, required capital investment, projected income models, risk and the ongoing service delivery costs, both collection and disposal. This is summarised in the financial impact section of this report.
  20. It is proposed that the existing green garden sack collection service is discontinued with the introduction of the new service.

### **Mobilisation**

21. FCC Environment require a 10-month mobilisation period for the commencement of the new service, which is recommended to commence in March 2026.
22. To ensure a robust mobilisation and effective communication and marketing plan prior to the new service commencement date the business case includes a dedicated resource allocation for:
  - a. Project management and staffing
  - b. ICT, revenues, legal and training provision
  - c. Communication and promotional resources
23. A dedicated communications and promotional campaign will be developed and launched prior to the new service commencement date to enable pre-registration and sign ups.

### **Community impact**

24. A comprehensive marketing and communications strategy is being developed to continue to support residents in making good reduce, reuse and recycle choices to drive recycling to even higher levels, and to support the mobilisation of the new service.
25. The new waste collection service will have a positive impact on contributing towards local and regional strategy priorities, targets and legislation. These all are complementary to The Council Plan 2024 – 2028 objectives to:
  - a. Reduce waste, increase reuse and increase recycling.
  - b. Work towards reducing county and council carbon emissions, aiming for net zero by 2030/31 and work with partners and communities to make the county more resilient to the effects of climate change.
26. The new waste collection contract includes significant social value commitments to support volunteering within the County, to support care leavers into employment and to support local employment.

## Environmental Impact

27. The council seeks to treat waste as a resource, supporting a more circular economy for Herefordshire reducing, reusing and recycling materials so that they stay in use for longer, offsetting use of raw materials and reducing carbon emissions.
28. Environmental sustainability was an integral consideration to the service specification for the new collection contract which includes contractual commitments to minimise energy use and carbon emissions, two new electric collection vehicles for the residual and dry-recycling services and the creation of a new biodiversity investment fund.
29. The modelling undertaken by Frith Resource Management (FRM) indicates that the new service will enable the recycling of an additional 14,260 tonnes of garden waste per year which will significantly increase the Council's recycling rate.
30. This will significantly increase the Council's recycling rate and as participation increases toward the benchmark 44% uptake, this proposal combined with the accompanying proposal to introduce a weekly food waste collection service together these are projected to increase recycling rates from 40% to 58%.

## Equality duty

31. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
32. The previous cabinet decisions to approve the new contract and collection model were considered in line with the council's Equality Act 2010 duties and an extensive public consultation exercise was undertaken.
33. No new impacts have been identified beyond those identified in the 25 November 2021 Cabinet report and Equalities Impact Assessment.
  - a. <https://councillors.herefordshire.gov.uk/ielIssueDetails.aspx?IId=50039497&PlanId=0&Otp=3#AI59562>

## Resource implications

34. Detailed modelling and projections have been undertaken showing the total operational costs, capital costs and projected subscription income levels to assess the financial viability of this new service.
35. This indicates the required uptake level to achieve full-cost recovery is a minimum customer base of ~16,000 customers representing ~19.3% uptake across households (excluding flats).
36. As the service grows and develops, it is proposed that any reserve utilisation is subsequently repaid to the revenue reserve as the service generates a projected future surplus.
37. Uptake levels in excess of this are projected to generate an operational surplus which are recommended to repay the initial mobilisation costs, any year 1 underwriting costs and to subsequently offset the wider waste management service delivery costs and new waste minimisation projects.
38. The financial summary detailed below is based on the customer base of 18,150 customers which is the minimum resource level to provide a countywide service. The financial risk is any

underperformance on the revenue subscription income levels. This has been modelled for the remaining 6years of the current contract, starting in March 2026.

39. The cost of the new garden waste collection fleet is £1,039,292 and will be funded through prudential borrowing within the existing capital budget allocation. The resulting capital repayments will be funded through the annual subscription fees and the depreciated over the 8year minimum guaranteed asset life.
40. The existing green garden sack service currently has a net operating cost of ~£9k and the discontinuation of this has been included within both the new income projections and future operating costs for the proposed new service.

Project Spend Revenue (R) or Capital (C)	2025/26	2026/27	2027/28	2028/29	Future Years (3 years)	Total
<b>Modelled on 18,150 customers - 6yr contract</b>	£ -	£ -	£ -	£ -	£ -	£ -
Mobilisation costs (R)	260,850	0	0	0	0	260,850
New Garden Waste Collection Fleet (C)	1,039,292	0	0	0	0	1,039,292
New Garden Waste containers (inc delivery) (C)	478,434	0	0	0	0	478,434
<b>TOTAL</b>	<b>1,778,576</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,778,576</b>

Funding streams	2025/26	2026/27	2027/28	2028/29	Future Years (3 years)	Total
<b>Modelled on 18,150 customers - 6yr contract</b>	£ -	£ -	£ -	£ -	£ -	£ -
One-off sign up and bin delivery charge @£10 (R)	-181,500	0	0	0	0	-181,500
Approved Prudential Borrowing (Waste Fleet)	-1,039,292	0	0	0	0	-1,039,292
Waste Revenue Reserve	-557,784	0	0	0	0	-557,784
<b>TOTAL</b>	<b>-1,778,576</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,778,576</b>

Revenue budget implications	2025/26	2026/27	2027/28	2028/29	Future Years (3 years)	Total
<b>Modelled on 18,150 customers - 6yr contract</b>	£ -	£ -	£ -	£ -	£ -	£ -
Operational costs - Herefordshire Council (R)	0	126,700	126,700	126,700	380,099	760,198
New GW Waste collection contract costs (R)	0	616,700	616,700	616,700	1,850,100	3,700,200
Net Waste disposal contract costs (R)	£0	£58,245	£58,245	£58,245	£174,736	£349,472
Loss of Garden Sack income	0	125,000	125,000	125,000	375,000	750,000
Capital Repayments - RCCO 8yr asset life	0	148,427	148,427	148,427	445,280	890,560
Annual subscription income @£60 pa. (R)	0	-1,089,000	-1,089,000	-1,089,000	-3,267,000	-6,534,000
Garden Sack service savings	0	-133,755	-133,755	-133,755	-401,264	-802,528
<b>TOTAL</b>	<b>£0</b>	<b>-147,683</b>	<b>-147,683</b>	<b>-147,683</b>	<b>-443,049</b>	<b>-886,099</b>

41. Whilst a communication and marketing campaign will be launched during the mobilisation period seeking to maximise the new customer base, as a new business start up it is recognised that it may take time to reach the breakeven customer base of 16,000 households. As such it is proposed that the full year 1 cost of the service is underwritten through an allocation of £890,000 in the dedicated waste revenue reserve to mitigate this risk.
42. If the uptake level rose close to the 44% benchmark uptake levels seen by comparator authorities, the net annual revenue income is projected to rise to ~£517k per annum based on 35,600 customers (43% uptake).

### **Legal implications**

43. The new recyclables and waste collection contract was developed with external specialist legal and procurement support to include the future options for the proposed additional collection service, and was procured in accordance with the Council's Procurement Rules and the Public Contract Regulations 2015.
44. The waste disposal extension in Dec 2023 was undertaken in line with the Council's Procurement Rules and Regulation 72 of the Public Contracts Regulations. This extension includes the provision for the future inclusion of garden waste disposal through a variation agreement.

### **Risk management**



Risk / opportunity	Mitigation
Public engagement and successful roll out of the new service	<p>Public consultation exercises identified that:</p> <ul style="list-style-type: none"> <li>• 86% of residents agreed that more needs to be done to reduce waste and to increase recycling</li> <li>• 60% of residents accept the need for the council to change the current service</li> <li>• Successful launch of pilot schemes</li> <li>• Communication and Engagement campaigns will be required to initiate subscription to the service and support residents with ongoing updates.</li> </ul>
Poor Value for Money	<p>The procurement of the new waste collection contract, which includes the optional garden waste service was procured with support from specialist technical and legal consultants to ensure value for money was achieved.</p>
Insufficient customer demand	<p>The business case indicates that a new garden waste service would achieve full cost recovery with a customer base of 16,000 households (19.3%).</p> <p>The outcome of two separate public consultation exercises identified that between 49% and 51.2% of residents would be willing to pay for a chargeable garden waste service, with the Feb 2024 consultation indicating they would be willing to pay an annual subscription on £55 for a seasonal 36 week service, but with a preference for a 50 week service.</p> <p>In June 2023 a benchmarking exercise was undertaken by WSP which indicated that the average uptake of chargeable garden waste collections services by similar authorities was 44% with an average annual subscription charge of ~£50.</p> <p>A provisional allocation of £890,000 from the dedicated waste revenue reserve is recommended to underwrite any potential initial losses as a customer base is established, to be replenished with any future operational surplus.</p>
Third party services	<p>Private sector organisations currently operate within the County and have a significant existing customer base.</p> <p>The proposed £60 annual subscription charge is considered very competitive in this market.</p>
Subscription Costs	<p>As a chargeable service, the annual subscription cost will be reviewed in line with the Council's annual review of fees and charges and may change over time.</p>



## Consultees

45. The following consultation has taken place:

Consultation	Date	Feedback
Public Consultation	February 2021	49% of the 3,498 respondents indicated that they would pay for a council garden waste collection service.
Public Consultation	June 2023	51.2% of the 1,731 respondents indicated that they would be willing to pay an annual subscription of £55 for a garden waste collection service.
Waste Management Services Review Project Board	Monthly meetings in	Lead the development of the recommendations through the process.
Political Groups Consultation	22 <sup>nd</sup> April 2025	<p>The consultation was attended by 14 councillors from across the Conservative Party, Green Party, Independents for Herefordshire and Liberal Democrats groups.</p> <p>The following discussion/feedback was noted:</p> <ul style="list-style-type: none"> <li>• Positive support for the proposal.</li> <li>• Noted the availability of the assisted collection service to support vulnerable residents.</li> <li>• The need for education and promotional campaigns to maximise uptake of the services,</li> <li>• Noted that the services are in addition to and not impacting the existing collection services or HRC's.</li> </ul>

## Appendices

- None

## Background papers

- None

## Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 28/03/2025

Finance	Karen Morris Wendy Pickering	Date 24/04/2025 Date 24/04/2025
Legal	Sean O'Connor	Date 24/04/2025
Communications	Luenne Featherstone	Date 28/03/2025
Equality Duty	Harriet Yellin	Date 28/03/2025
Procurement	Claire Powell	Date 24/02/2025
Risk	Paige McInerney	Date 28/03/2025
Approved by	Ross Cook	Date 24/04/2025