

# Portfolio Holder Briefing Report

## Introduction of Domestic Waste Container Delivery Charge



### PURPOSE

The purpose of this briefing paper is to:

- Seek approval to introduce a new charge of £20 (£16 excluding VAT) for the delivery of domestic waste containers for residential properties to be applied in all instances except where the Council have damaged the containers through the waste collection process. The charge will apply to the delivery not the number of containers.
- Seek approval of a 50% discount for any person claiming Council Tax Support.
- Gain approval for charges and an inflationary increase to be applied to this charge to take effect for each year from 1 April 2024 onwards. Charges will increase in line with the Consumer Price Index (CPI) as per the Corporate Charging Policy.

### BACKGROUND

Introducing a charge for the delivery of new and replacement waste containers to residential properties is proposed on the basis it will reduce the cost the Council faces in delivering bins to residents. The proposals are aligned to the Council's strategic transformation programme and journey towards adopting a new operating model. Whilst benchmarking demonstrates an abundance of different charging mechanisms used by other Local Authorities for new, replacement and additional bins, the Council has the opportunity to introduce a simple and straightforward charging decision which will ensure fairness and transparency.

The delivery charge will be levied per transaction and therefore may include more than one bin. If bins become damaged during the course of a waste collection, the damage will be logged and a replacement bin will be provided and delivered free of charge.

Containers may be replaced or removed for the following reasons:

- Lost/Stolen
- Damaged
- New Build or a new Resident
- Additional Containers
- Request to change bin size
- Request to remove a bin

Charges for bin delivery and collection were previously introduced during the 2019/20 financial year and ran until June 2021 when they were removed, with the exception of new build properties, as part of the then Administration's manifesto commitments. Data from this period is unreliable due to a number of factors including; inconsistent inputting into data collection systems, the impact of Covid19 on services and charges being inconsistently applied during this period. Plymouth City Council are now looking to reintroduce charges for deliveries of wheelie bins to householders to generate income which will feed into the corporate budget to address the shortfall.

## In scope

Delivery of all domestic waste containers which includes:

- wheelie bins (brown/general waste, grey/garden waste, green/recycling)
- bulk bins
- Reusable sacks that are issues to households where wheelie bins are not appropriate.

## Out of scope

The collection of garden waste wheelie bins. A reduced charge of £10 for the collection of these bins was included within the wider Cabinet Decision to implement a Garden Waste subscription service. This decision was made on 10 November 2022.

The delivery of garden waste containers for households who subscribe before the 13 February 2023 will be exempt from any delivery charge. Standard delivery charges will apply for new subscriptions made on or after 13 February 2023.

## Options appraisal

### 1. **Do Nothing:** Continue to provide waste container delivery free of charge for residents.

Advantages:

- Residents are provided delivery free of charge

Disadvantages:

- Does not achieve cost recovery for the Council in terms of contributing towards the cost of providing this service.

### 2. **Introduce a charge:** Introduce a charge of £20 per delivery (inclusive of VAT and administration), with the exception of instances where the Council have damaged containers during collections. A 50% discount will be offered for residents who claim Council Tax Support.

Advantages:

- Provides additional income to contribute towards the cost of providing this service.
- Reduces the pressure on the corporate budget incurred by container delivery in the face of unprecedented increases in costs and pressure on the budget.
- Likely to reduce demand for wheelie bins, thus reduce cost of purchase.
- A concession is offered to help those who are most financially vulnerable.

Disadvantages:

- Potential increase in customer complaints as they feel this charge is covered with their Council Tax payment.
- Residents who receive other means tested benefits may complain that their benefits are not eligible for a discount. However, this is because the Council can automatically validate eligibility against Council Tax Support because we administer it whereas any other means tested benefit would require more extensive admin processes. Approximately 19% of Plymouth households claim Council Tax Support.

### 3. **Stop delivery service:** Do not provide a bin delivery service.

#### Advantages:

- No cost to the service for bin deliveries

#### Disadvantages:

- The only reasonable adjustment to facilitate this would be to allow residents to collect the bins themselves. However, due to high demand at Recycling Centres and limited resource at Depots to administrate collections, alongside Health and Safety concerns, this is not feasible.
- Small risk of increased fly tipping if residents choose not to request bins and dispose of waste illegally. However, the proposed charge is significantly less than the penalty for fly tipping and therefore the charge is not considered as a real deterrent.
- Potential increase in customer complaints as they feel this charge is covered with their Council Tax payment

Option 2 is the preferred option as it will ensure residents have access to waste containers to ensure waste is properly disposed of whilst ensuring cost recovery towards the cost of the services. This will assist in contributing towards removing pressure on the Council's revenue budget. Removing the service risks increased complaints from residents and an increased likelihood of fly tipping due to residents not having bins to contain their waste.

## What other Local Authorities are doing

A benchmarking exercise was undertaken in 2019 across both our APSE group (17 Local Authorities), and our neighbouring Local Authorities. A wide range of approaches are taken including completely free deliveries, differential charging with a lower cost for recycling containers compared to general waste and differential charging depending upon the reason for request. Where a charge is applied, observed in 11 Local Authorities, this varied from £20 to £55. Only Wirral and Sunderland charge in every instance for deliveries, and additionally they charged for collection also.

Cornwall Council do not provide wheeled bins, rather residents provide their own standard bin and bags are collected.

## Bin Delivery Charge (Option 2)

Due to a number of factors including inconsistent inputting into data collection systems, the impact of Covid19 on services and charges being inconsistently applied during previous period where charges were in place there is limited reliable data to base assumptions upon. Analysis has therefore been based upon September 2022 to give a forecast on the impact.<sup>1</sup>

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#### <sup>1</sup> Notes:

- 1) The number of 140 litre brown bins delivered in September was unusually high as there was a backlog of deliveries due to the service waiting for an order so these have been reduced.
- 2) Data from September 2022 shows the number of bins that were delivered (including multiple bins per household) rather than the amount of drop offs the drivers made. Therefore the number of deliveries have been reduced to account for this.
- 3) Data from September does not include black bin/garden waste deliveries as the service was suspended at this time. Due to the reintroduction of garden waste collection as a chargeable service in 2022/23 it is unlikely that new bins will be ordered initially in year 1 as all residents who previously signed up to the free service still have their black bins

Based upon this analysis it has been assumed that the maximum amount of bins delivered in year 1 will be 2218 bringing an income of £35,488 before any concessions are applied for customers. Table 1 reflects the assumptions noted above and the income is based on the proposed delivery charge of £16 which is exclusive of VAT. This will be £20 (inclusive VAT to the customer). Table 2 shows the percentages of those who have bin deliveries who will likely receive the concession because they claim Council Tax Support and the impact on the income in Year 1. The proportion of deliveries receiving the concession is based on the number of households receiving Council Tax Support in the city in December 2022 (19%).

**Table 1: Deliveries Income Year 1**

Likehood	Max		High		Medium		Low	
% uptake	100%		60%		48%		30%	
Type of bin	Volume	Income	Volume	Income	Volume	Income	Volume	Income
Green (recycling) - 140 litre	60	£960	36	£576	29	£464	18	£144
Green (recycling) – 240 litre	1836	£29,376	1102	£17,632	881	£14,096	551	£4,408
Brown (general waste) - 140 litre	372	£5,952	223	£3,568	179	£2,864	112	£896
Brown (general waste) – 2540 litre	2352	£37,632	1411	£22,576	1129	£18,064	706	£5,648
Garden waste	0	£0	0	£0	0	£0	0	£0
	<b>4620</b>	<b>£73,920</b>	<b>2772</b>	<b>£44,352</b>	<b>2218</b>	<b>£35,488</b>	<b>1387</b>	<b>£11,096</b>

**Table 2: Impact of Concessions on Year 1 income**

	19%		81%		100%	
	Concessions		Non - concession		Total	
Type of bin	Volume	Income	Volume	Income	Volume	Income
Green (recycling) - 140 litre	6	£48	23	£368	29	£416
Green (recycling) – 240 litre	167	£1,336	714	£11,424	881	£12,760
Brown (general waste) - 140 litre	34	£272	145	£2,320	179	£2,592
Brown (general waste) – 2540 litre	215	£1,720	914	£14,624	1129	£16,344
Garden waste	0	£0	0	£0	0	£0
	<b>422</b>	<b>£3,376</b>	<b>1796</b>	<b>£28,736</b>	<b>2218</b>	<b>£ 32,112</b>

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at their residence. As this is now a chargeable service, PCC are expecting to see a dramatic reduction in uptake from 50% of households to 23.5%.

## FINANCIAL IMPLICATIONS

- **Charging:** There is currently no charge for the delivery of containers, the introduction of a £20 charge will be subject to VAT and therefore the Council will retain £16 per transaction.
- **Forecast income:** Medium range estimate of £32,000 per year = approximately 2000 charged deliveries per year at £16 excl VAT.
- **Cost of delivering the Service:** The budget for container deliveries for 2022/23 is circa £105k, which includes staffing, fuel and vehicle charges. This excludes the cost of the bins which are capitalised over a period of £10 years.
- **Demand:** The addition of charges and increased charges would likely influence behaviour and reduce demand and Tables 1 & 2 detail these scenarios, including taking into account VAT which applies to the delivery charge.

## ENVIRONMENTAL & OPERATIONAL IMPLICATIONS

The introduction of the charge is likely to reduce demand for replacement bins and therefore the associated fuel and mileage will reduce also, thus reducing emissions.

## RISKS

- Risk of not meeting forecast income of £32,000 due to demand reducing more than expected.
- Complaints about the cost of what some residents may consider they already pay for through Council Tax.
- Small risk of increased fly tipping if residents choose not to request bins and dispose of waste illegally. However, the proposed charge is significantly less than the penalty for fly tipping and therefore it is not considered as a real deterrent. It is a significant step to become an environmental criminal.

## CONCLUSIONS AND RECOMMENDATIONS

- Approve the introduction of a charge of £20 (£16 excluding VAT) for the delivery of domestic waste containers to residential properties to be applied in all instances except where the Council have damaged the containers through the waste collection process. The charge will apply to the delivery not the number of containers.
- Approve a 50% discount to the charge for any person claiming Council Tax Support.
- Approve an ongoing inflationary increase to be applied to this charge to take effect for each year from 1 April 2024 onwards. Charges will increase in line with the Consumer Price Index (CPI) as per the Corporate Charging Policy.