

Report to the Cabinet

Report reference: C-029-2008/09
Date of meeting: 1 September 2008



Portfolio: Environment

Subject: Garden Waste Collection Service – Procurement Budget

Responsible Officer: John Gilbert (01992–564062).

Democratic Services Officer: Gary Woodhall (01992–564470).

Recommendations/Decisions Required:

To note the projected costs associated with the procurement of sacks for the garden waste collection service and that a supplementary estimate may be required later in the year subject to a further report.

Executive Summary:

This report follows that received by Cabinet, in private session, at its meeting on 9 June 2008. In that report Cabinet was informed of the funding difficulties with the current garden waste collection service and options were considered for controlling the potential overspend on sack provision. Cabinet resolved:

“ ...

(4) *That the possible short term options for the provision of the garden waste service be noted;*

(5) *That the Waste Management Partnership Board be requested to:*

(a) *urgently investigate options for a more cost effective service for 2008/09; and*

(b) *bring forward options for the garden waste service in time for consideration as part of the 2009/10 budget process; and*

(6) *That, dependent upon the decisions made and subject to a review of other budgets within the Environment Portfolio later in the 2008/09 financial year, the possibility of supplementary funding to meet the costs of the garden waste collection service be noted.”*

This report deals with issues highlighted in recommendation (6) above in that demand for the service has remained extremely high, and that given the fact that significant changes to the service cannot be brought into place ahead of the next financial year, the budget for sacks has been expended. The earlier Cabinet report suggested waiting until later in the financial year to consider the need for a supplementary estimate, and whilst this report does not seek additional funding at this time it was considered appropriate to keep Cabinet apprised of the present spending profile.

Reasons for Proposed Decision:

To note the spending profile in respect of the garden waste collection service and the possibility of a requirement for a supplementary estimate later in the financial year.

Other Options for Action:

To seek the supplementary estimate at this time. Given that recycling credit income may well provide the additional resource anticipated and the likelihood of other as yet unidentified CSB underspends, this action is not recommended at this time.

Report:

1. The report to Cabinet in June 2008 set out the following issues:
 - (a) the proposed settlement arrangements with Cory Environmental;
 - (b) the overspend on the 2007/08 waste management budget arising from:
 - (i) the Cory settlement; and
 - (ii) the escalating costs of the garden waste collection service; and
 - (c) options for the future management and cost control of the garden waste collection service.
2. Cabinet resolved not to make any fundamental service changes at that time, such as the introduction of a charge or limitation in sack availability, but tasked the Waste Management Partnership Board to urgently review the service and bring forward proposals to be considered as part of the 2009/10 budget process. It also resolved to consider the need for supplementary funding to support the service when that was considered necessary.
3. It is however clear that the use of the garden waste service remains at a high level. Residents have done a tremendous job in helping the Council to become one of the best performing recycling authorities in Essex and in England, with recycling exceeding 40%. However, with respect to the garden waste service, that success has resulted in the overall waste stream increasing and, combined with the increasing costs of the biodegradable sacks is causing significant budget pressure, hence Cabinet's decision to commission the review.
4. The ongoing high usage of the service is resulting in a heavy demand for the biodegradable sacks. In order to ensure the maintenance of the service it has been necessary to maintain a steady flow of orders, either through the Essex Procurement Hub or through local procurement exercises. Looking forward, it is clear that demand will remain high and that maintaining supply will result in the budget being overspent

Resource Implications:

The budget for 2008/09 for refuse sacks of all kinds is £338,000. The earlier Cabinet report set out that of this around £125,000 would be spent on clear recycling and black residual bags leaving £213,000 available for the procurement of garden waste sacks. Garden waste sacks are currently costing up to £0.17p each so the remaining budget will procure between 1.25 and 1.5 million sacks.

The expenditure profile to date is as follows:

	Dry recycling / residual		Garden	
	No.	Cost	No.	Cost
Procured to date	2,000,000	£68,000	993,553	£138,104
Currently on order	1,000,000	£34,000	824,400	£117,091
Required to maintain service	-	-	1,000,000	£144,000
Total	3,000,000	£102,000	2,817,953	£399,195
Budget 2008/09		£125,000		£213,000
Overspend/(underspend)		(£23,000)		£186,195
Projected overspend	£163,195			

The Council receives recycling credits from the County Council to reflect the savings made from the avoidance of landfill. These credits are made up of, for 2008/09, of £50.82 for dry recycling and £20.28 for garden waste (composting credit – a reduced value to reflect the gate fee at the composting plant). The 2008/09 budget assumes a recycling credit income of £759,560. If 2008/09 recycling performance were to remain static, using the uprated credit allowances the Council would receive recycling credit income of £875,944 leading to a surplus of £116,400. If dry recycling performance were to increase further by just 1% over 2007/08 outturns then recycling credit income would increase further resulting in a surplus of £142,500 which meets all but £21,000 of the supplementary estimate being sought (every 1% increase in dry recycling performance generates approximately an additional £26,000 of recycling credit income).

However, a judgement has to be made in respect of the maintenance of performance or the likelihood of an improvement during 2008/09. Furthermore, whilst the additional numbers of sacks set out in the table above are based on estimates of potential demand, it always remains the case that if the weather remains variable throughout the summer and autumn, then garden waste tonnages could increase further and additional sacks be required.

Legal and Governance Implications:

Relevant statutory authorities include the Public Health Acts, Environment Act 1990 and the Environmental Protection Act 1990 and associated regulations and guidance.

There are no human rights issues arising from this report and its recommendations.

Safer, Cleaner and Greener Implications:

The delivery of an effective waste management service is a key component of the Council's "Safer, Cleaner, Greener" strategy. There is a requirement upon the Council to increase the recycling and diversion of waste and to reduce the volume of waste destined for landfill. This action makes better use of scarce resources and reduces the environmental impacts of landfill, these being the emission of methane, a potent greenhouse gas and the effects of leachate on surrounding land and watercourses.

Consultation Undertaken:

None.

Background Papers:

Report to Cabinet on 9 June 2008.

Impact Assessments:

The risks associated with the possible decisions include:

- (i) at year end the projected overspend is not fully covered by underspends or increased income elsewhere and therefore a supplementary estimate is required;
- (ii) that demand for sacks grows more than anticipated and the projected overspend is significantly exceeded; and
- (iii) that continued upward trends in commodity prices results in further cost rises for future procurements and the projected overspend is significantly exceeded.