

# Cabinet Report



Listening Learning Leading



Report of Head of Corporate Services and

Head of Housing and Environment

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To: JOINT SCRUTINY

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CABINET

Dates: 9 February 2024 (Vale) and 15 February 2024 (South)

# Introduction of a garden waste permit scheme

## Recommendations

### Cabinet agrees:

- (a) To approve, subject to the approval of growth bids as part of the councils' 2024/25 budgets, the implementation of a garden waste permit payment model commencing 1 April 2025
- (b) To delegate authority to the Head of Corporate Services and Head of Housing and Environment in consultation with the relevant Cabinet members to:
  - (i) agree any revisions to the terms and conditions of the councils' garden waste provision, and,
  - (ii) to award a joint contract for provision of garden waste permits as required.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	Yes	Yes	Yes
Signing off officer	Simon Hewings	Pat Connell	Climate Team	Mark Minion

## Purpose of report

1. This paper outlines a proposal to improve the way the councils' garden waste service is paid for, in essence moving from the heavily manual process relying on payment by direct debit to a more automated and customer friendly permit-based approach.

## Corporate objectives

2. The proposal seeks to introduce a more efficient way for customers to pay for their garden waste service, increasing self-service and online take-up, and providing customers with a simplified and improved customer experience. It, therefore, contributes to the following corporate objectives:

### South

- Action on the Climate Emergency
- Openness and accountability
- Investment and innovation that rebuilds our financial viability.

### Vale

- Tackling the Climate Emergency
- Building stable finances
- Working in an open and inclusive way

## Background

3. The councils have a statutory duty to collect household waste and recycling at no charge. However, currently garden waste is a discretionary service that local authorities can provide, either free of charge or at a charge to cover the cost of collection. Under the Environment Act 2021 and clarified by the Government, all local authorities will be required to offer a garden waste collection service from 31 March 2026, and a reasonable charge for collection can continue to be levied from this point.
4. Currently both councils provide a chargeable household collection service for garden waste. The service is provided on behalf of the councils by Biffa and is currently charged (based on fees for 2023/24) to residents at a cost of £60 per year for each bin. Further details on the scheme can be found here ([South](#) and [Vale](#))
5. The councils insourced the customer service handling of our garden waste service from Capita in April 2021. Provision of the current service is delivered through the close working of three service teams. The customer service centre (CSC) manages all interaction with customers including chasing non-payment and liaising with Biffa on new/cancelled accounts, bin deliveries etc., Exchequer Services manage the ongoing direct debit (DD) payment process, and the Waste team manage the operational elements of the service carried out as part of the Biffa contract. As this is a paid for service it should be operated on a full cost recovery model, where the cost of the collection service can be offset by the income generated through DD subscriptions.
6. As at November 2023 there were circa 59,300 live accounts (31,500 South and 27,800 Vale). Some properties pay for more than one bin, so this equates to circa 66,300 bins (South 36,000 Vale 30,300).
7. To ensure that the customer is getting the most appropriate and efficient service possible, the operation of the service has been reviewed by the service teams referenced above with a particular focus on the way that customers contact the councils, payments are handled, and how we ensure that everyone gets a fair and reasonable service. This review has taken place with consideration of the councils' customer transformation and IT strategies, and in particular the implementation of the councils' CRM platform.

## Our current service

8. Findings from the review show that there is considerable scope to improve the customer experience by changing the payment model, as the current process is complex and confusing for customers. In summary:
  - each customer's subscription runs from the date they first commenced the service, so it could be at any time through the year, and customers with more than one bin can have several payment dates to remember.
  - those moving into the districts are not always aware of the details of the service, and therefore do not contact us to set up payment. However, if the property has a bin, it may still get a collection as there is not currently a simple way for the collection crews to identify if a property has a live subscription. This often comes to light when a customer contacts us for a different reason related to the service e.g., for a replacement bin.

- if a DD fails, or ‘bounces’, customers are often not aware until the CSC contacts them, and the councils are often requested to reinstate a customer account that has been cancelled meaning the customer has to complete a further DD mandate form.
  - customers are currently required to proactively provide the councils with new bank account or contact details. If this doesn’t happen invoices or other communication often go to old email addresses.
  - all customers who have provided an email address as a contact are sent invoices or other communication on this service by email. This can go to junk folders, so the customer is unaware that payment is due to be taken. This means the first they know of a problem with their account is when their bin isn’t emptied as part of our regular enforcement activity; and this can cause considerable frustration and in turn creates customer contact which neither the customer nor the councils want to happen.
  - as part of the back-office processing, a complicated manual upload process is required between the Bottomline (DD) system and the Unit4 finance system, this means a delay of up to a week between the customer signing up for an account and it showing as ‘live’ on our system which in turn enables Biffa to empty the customer’s paid for bin.
9. The main internal issue for management of the garden waste service is that of non-payment for service which under the current model requires significant manual intervention to resolve.
10. To understand the extent of non-payment, Biffa have periodically carried out ‘pink hanger’ exercises where they place a hanger on a bin where it is believed that the subscription is not live. This is only partially successful because it’s not always possible to identify which bin belongs to which property. This is especially difficult for instance where several properties place bins in the same location.
11. Biffa carried out its last full ‘pink hanger’ exercise across all rounds and both districts between March and July 2023 – this resulted in more than 10,000 hangers being placed on bins (some were ‘repeats’ on subsequent collection rounds). This exercise generated circa 1,700 calls to the customer service centre and over the period circa 2,000 new subscriptions were generated. A comparison with the same period in 2022 showed a net increase of 369 subscriptions during the same five-month period. Whilst not all the additional subscriptions can be attributed to this pink hanger exercise – for example housing growth and new customers will play a part – it does show a significant ‘hidden demand’, which in pure monetary terms generated additional income of circa £100,000.
12. Other issues which affect management of the service are:
- duplicate accounts must be manually chased and regularised. This happens when customers set up new accounts online when they only require additional bins, or where a previous occupant at a property hasn’t cancelled their account and the new owner sets up an account online.
  - all cancellations and address changes must also be processed manually, including any unpaid invoices being reversed off the account.

- where DD payments are not able to be collected; the CSC attempt to contact the customers to obtain payment or close the account. This is a further complex manual process.
  - as the councils do not have e-mail or contact details for all customers, it is costly to advise them of service changes/difficulties by post.
  - payment by DD also provides challenges when, despite CSC staff contacting the customer if a DD collection fails, payment cannot be collected.
13. For all the above reasons officers have investigated alternative ways to manage the service that would provide benefits for the customer and the councils. The project team have completed an initial analysis of alternative approaches to garden waste, including introducing an annual permit system. This is an approach used by many other councils, some of whom provide this through the same Goss CRM platform that the councils procured in 2023.

## **A Garden Waste Permit Scheme**

14. The officers' view is that to meet the goals of the transformation programme and improve the customer experience, the councils should revise the way the customer contact element and accompanying payment process is structured. Many other local authorities operate a permit system where a one-off credit or debit card payment is made once a year, generally online, for a permit that the customer then places on their bin. This identifies to the waste collection crew that the service has been paid for and the bin can be emptied.
15. A permit-based process is envisaged as working as follows:
- The customer would continue to find information about the service, and place an order for a subscription, through the various communication channels. For the customers benefit, and to maintain efficiency, the councils will look to encourage as many customers as possible to use the existing online self-serve methods of ordering a service. During this process payment would be taken via the online system.
  - At the point of payment, the customer's name and address is captured within the CRM and this information is passed to the permit company who will mail out a permit, usually within 3-5 working days. This permit will be an identifying sticker that customers will place in a prominent position on their bin(s). For requests that require a bin to be delivered, the system will send a request to Biffa to deliver a bin to the property.
  - Customer Services staff would be able to interrogate the CRM and/or the garden waste permit database to see how many permits are registered at each property to assist in any queries received.
  - This more simplified process would be able to be automated so it would cut out the manual steps required to manage the service currently.
16. This approach also has the benefit of clearly identifying for customers and the waste crews where the service has been paid for, resolving the non-payment enforcement issues outlined above. Additional benefits include having more accurate, real-time data on live permits (and customer information) that could enable more targeted campaigns about the garden waste collection service and potentially improve future route mapping for collection crews.

17. Replacing DDs with a direct online payment would increase self-service and pass control for payment to the customer, who can actively manage their account online including changes of contact details, thus improving two-way communication with customers.
18. There will be the opportunity to actively encourage customers to set up a 'My Account' through the CRM to complete the transaction, this would mean that any correspondence could be sent directly by email (e.g., when the next year's permit 'window' is open), thereby reducing postal costs, carbon footprint, and ensuring the customer can be kept informed proactively of any service issues.
19. If a bin placed out for collection doesn't have a permit, Biffa can more easily do a periodic sweep to collect any bins without a live permit sticker. This would remove unwanted street furniture and produce a small saving as fewer new bins would be required.

#### Moving to a single payment date

20. As part of this new system, it is proposed to move all customers to the same renewal date of 1 April i.e., payment to be made in February-March for the service to be provided from 1 April to 31 March (municipal year). Moving to a single payment date would be less confusing for customers, particularly those who have multiple bins on different accounts.
21. Many councils have a simplified payment structure where the same fee is charged at any point during the year. Officers are proposing the introduction of a simplified payment structure where the full fee is charged to cover 1 April to 30 September, and a half-fee is charged from 1 October to 31 March for any customer joining part way through the year.
22. The councils would look to contact existing customers early in each calendar year to remind them to purchase permits for the forthcoming year.

#### **The Transition Plan**

23. Introducing a single payment date would require a clear transition plan to ensure that customers whose current subscription end date is part way through the financial year are not disadvantaged. This would mean a sliding scale of DD payments in the last year of the existing scheme reflecting the number of weeks left on the subscription before the move to the new model on 1 April 2025. For example, for the current annual fee of £60 a customer whose DD is taken in the first week of April would pay £60, those renewing in the second week £58.85, on a sliding scale to the last week in March when the DD collected would be £1.15.
24. A communications campaign would be run to make all customers aware of the move to the new model and what they need to do differently to continue to receive the service, and of arrangements for the transition year. In summary this would be achieved through:
  - in March 2024, letters/email to all current subscribers to explain the changes.
  - inserts with customer invoices throughout the 2024/25 transition period.

- in March 2025, bin hangers on all bins reminding customers of the changeover and to remember to buy a permit.
- web content including FAQs, social media and local press to keep the messaging 'live' throughout transition.
- inserts within the Council Tax bills for 2025/26 sent out in February/March 2025 including information on the new scheme.

25. Any unintended confusion caused for those customers whose DD payments will be taken in the last few weeks of the old model will need to be managed, whilst at the same time being invited to purchase a permit for 2025/26.

#### New customers

26. Clearly as the end of the current model is approached, it would cease to be cost effective to continue to set up new accounts for such a short period before the switchover. To enable any work to implement the new model to take place it is proposed that the garden waste scheme would be closed to new customers from 1 to 28 February 2025. A comparison with new subscribers in the same period last year shows that the number of new subscribers in this period is relatively low. A February 'pause' will enable those wishing to use the new permit approach to dispose of Christmas trees.

#### Costs

27. There are several elements to consider in relation to the cost - positive and negative - of introducing a garden waste permit scheme. For example, there will be the cost of implementation which would include software development of our CRM, providing customer notifications and reminders (both digital and hard copy). The cost of the permits will also need to be considered – however as noted above the provision of this service should be cost neutral.

28. There will be, on the positive side a reduction in costs due to a likely increase in the number of bins being paid for, and the need to no longer provide invoices for payment.

29. For clarity, as this proposal is for the way in which the service is paid for by customers it will not change the cost of collection as set out in the contract and included as part of the garden waste base budget. At a high level these costs are currently understood to be as follows:

Total additional costs	2023/24	2024/25	2025/26	2026/27
Transition costs (funded from transformation budget) (i)	30,000	29,000	0	0
Gov.notify (funded from CRM budget) (ii)	0	2,000	2,000	2,000
Permits (70% purchasing permits before 1 April) (iii)	0	57,000	84,000	86,000
Annual reminder (iv)	0	9,000	7,000	5,000
Reduction in costs (v)	0	0	-64,000	-64,000
<b>Additional budget</b>	<b>30,000</b>	<b>97,000</b>	<b>29,000</b>	<b>29,000</b>
Cost per Council (vi)				
South	15,900	51,410	15,370	15,370
Vale	14,100	45,590	13,630	13,630

Notes:

- i. Transition costs: this is the predicted cost of mail outs to existing customers, promotion of the changes through exercises such as ‘bin hangers’ and development of the councils’ CRM system.
- ii. Gov.notify: this is the annual licence cost for this system which allows bulk emails to be sent to customers who have subscribed to the service.
- iii. Permits: this is the expected cost of production and mailing out of the permits, with an estimate that circa 70% of customers will apply prior to the 1 April start date of the service (i.e., during an application window starting from 1 March each year).
- iv. Annual reminder: this is mail out of reminders to existing customers, which is expected to reduce year-on-year as more customers sign up online.
- v. Reduction in costs: this is expected to comprise of additional income i.e., bins that are not currently paid for, unused bins being returned, the requirement to no longer send out invoices, and no longer being required to carry out regular ‘pink hanger’ exercise.
- vi. Cost per council: this is based on the split of current customer numbers of 53% South and 47% Vale.

**Policy changes and changes to terms and conditions**

30. In addition to the policy changes outlined above, a permit model would enable the councils to simplify the terms and conditions of the service significantly. The key changes proposed and outlined in this paper are summarised below:

<b>Proposed change</b>	<b>Rationale and Benefits</b>
A single payment date for all customers	<ul style="list-style-type: none"> <li>• clarity for the customer, particularly those with multiple bins.</li> <li>• easy identification for crews of paid for bins (through a differently coloured permit each year).</li> <li>• easier budget planning as subscriptions don’t run over multiple years with different prices.</li> </ul>
A one-off online payment per year	<ul style="list-style-type: none"> <li>• less complex payment mechanism for the customer.</li> <li>• significantly reduces manual effort required to manage the DD process and eliminates aged debt</li> </ul>
No in-district moves	<ul style="list-style-type: none"> <li>• the permit must be affixed to the bin and will have the address of the property the bin relates to and therefore must stay with the bin.</li> <li>• many customers moving in-district or between districts will move to a property which already has a permit.</li> </ul>
Part-year permits	<ul style="list-style-type: none"> <li>• new customers joining the scheme will be able to either join between 1 April – 30 September for the full annual cost or buy a six-month permit if after 30 September.</li> </ul>
No refunds	<ul style="list-style-type: none"> <li>• this forms part of our existing terms and conditions but needs to be reinforced.</li> <li>• refunds are costly to process increasing the cost of the service and refunds for relatively short periods of time are disproportionate to the cost of processing.</li> </ul>
No minimum number of collections	<ul style="list-style-type: none"> <li>• we need flexibility to manage the service around any disruptions that are out of our control (weather/staff shortages etc) including flexibility to prioritise statutory services when necessary, so committing to a minimum number of collections is impractical.</li> <li>• refunds for a small number of ‘missed’ collections would be disproportionate to the cost of processing.</li> </ul>



	N.B refunds would still be considered on a case-by-case basis for serious failure of service.
Encourage all customers to set up an account with an email address/SMS capability	<ul style="list-style-type: none"> <li>• increase in the number of customers receiving communication by email rather than post in line with our transformation aims.</li> <li>• customers will be able to use their account to proactively keep up to date with other council transactions as more services are migrated to the CRM.</li> <li>• begins to build a 360-degree view of the customer in line with our transformation strategy.</li> </ul>

### Other options considered

31. One other option was considered, that is to continue with the status quo. As outlined above it is a highly complex and manual process which is confusing to customers and to manage and doesn't therefore meet the councils' transformation goals of 'customer first' and 'digital by default'.

### Financial Implications

32. Any council decision that has financial implications must be made with the knowledge of the councils' overarching financial position. For South, the position reflected in the council's medium-term financial plan (MTFP) as reported to Full Council in February 2023 showed that it is due to receive £640,000 less in revenue funding than it plans to spend in 2023/24, with this budget gap expected continue in future years. For Vale, a balanced budget was set in 2023/24 but there is expected to be a budget gap in future years. However, there is great uncertainty over this caused by a lack of clarity from government.

33. The funding gap at both councils is predicted to increase to over £7.8 million by 2027/28, based on current cautious officer estimates of future funding levels. Whilst it is anticipated that overall funding for the councils will remain relatively unchanged in 2024/25, the lack of certainty on future local government funding from 2025/26 onwards meaning the level of funding, and the resulting estimated funding gap, could be significantly different from current officer estimates in either a positive or negative way. Every financial decision, particularly those involving long-term funding commitments (i.e. those beyond 2024/25), needs to be cognisant of the potential for significant funding gaps in future years.

34. As a discretionary paid-for service the councils seek to recover the costs of the garden waste service through the annual charge, and the cost of each permit would form part of that calculation, as would the costs of annual reminders to customers.

35. Current understanding of the costs of implementing a garden waste permit system are included above in paragraph 29. In summary the costs of implementation will be covered from the councils' transformation budget. The currently unbudgeted one-off transition costs of £68,000 (circa £36,000 - South and £32,000 - Vale), expected to be incurred in 2024/25, are subject to agreement by Full Councils at their budget meetings in February 2024. Costs from 2025/26 onwards will be covered through the fees levied and will be cost neutral.

## Legal Implications

36. The councils have a statutory duty to collect household waste and recycling at no charge. However, currently garden waste is a discretionary service that local authorities can provide, either free of charge or at a charge to cover the cost of collection. Under the Environment Act 2021 and clarified by the Government, all local authorities will be required to offer a garden waste collection service from 31 March 2026, and a reasonable charge for collection can continue to be levied from this point. Should this proposal proceed the procurement of a permit provider will be undertaken as an open tender due to the cost of the contract, led by the Procurement team and with input throughout from the Legal team as set out in the procurement management plan.
37. Legal Services are currently reviewing proposed terms and conditions for both the transition period and the service from 1 April 2025 onwards.
38. To comply with data protection legislation, a data protection impact assessment will be completed following the procurement of a permit supplier, and relevant privacy notices and data-sharing agreements will be put in place to allow lawful sharing of address data as required.

## Climate and ecological impact implications

39. Through encouraging customers to sign up for a MyAccount and opting for email correspondence this proposal will help to reduce the use of paper and postage and is in line with the principles of the customer transformation strategy to be efficient and environmentally positive.

## Equalities implications

40. This proposal is in accordance with the principles of the customer transformation strategy and will put in place safeguards for our most vulnerable residents. The council is only proposing to change the method by which customers make payment for the garden waste service, and those not able to set up an account or make payment online will be signposted to our customer service centre where customer service advisors will support them to do this. Customers will still receive the same assisted collections where needed. A full equality impact assessment will be completed prior to the commencement of this new approach.

## Risks

41. The key risk associated with this proposal is reputational risk due to customer perceptions of the change and several actual changes being proposed to the terms and conditions of the service as outlined above. There is a detailed transition plan in place supported by a communications plan to ensure that all stakeholders are fully informed throughout the transition period, of the changes and the benefits to the customer. If the proposal is agreed a full risk log will be developed and monitored.

## Conclusion

42. This report recommends changing the way in which customers pay for their garden waste service, moving from the existing heavily manual direct debit process to a permit-based approach. Customers will be required to purchase a permit for 1 April

each year which is affixed to the bin and identifies it as being paid for and to be emptied. The proposal is seeking to improve the customer experience, address non-payment issues and to automate the process as far as possible, saving a significant amount of staff time over the current model. Several changes are proposed to the existing terms and conditions of the service which is in line with many other local authorities. No changes are proposed to the way in which the collection service operates.

43. This report outlines the transition plan to move from the current model to a permit-based, single payment date model, this will be supported by a detailed communications plan to support the move. Whilst additional funding will be required to implement this approach, the change will be cost neutral from 2025/26 onwards, as this is a discretionary paid for service, with all costs covered by the annual permit charge.

## **Background Papers**

None