

This Report will be made public on 11 October 2021

Report Number **C/21/38**

To: Cabinet
Date: 20 October 2022
Status: Key Decision
Responsible Officer: Ewan Green, Director of Place
Cabinet Member: Cllr Stuart Peall, Cabinet Member for Enforcement, Regulatory Services, Waste & Building Control

SUBJECT: GARDEN WASTE SUSPENSION & REBATE PROPOSALS

SUMMARY: The garden waste collection service was suspended from 22 July to 27 September 2021 due to the national shortage in HGV drivers. This report sets out options by which subscribers to the service can be rebated for collections missed during the period of suspension.

REASONS FOR RECOMMENDATIONS:

The council has previously stated that a rebate will be offered to garden waste subscribers for the period of suspended collections.

RECOMMENDATIONS:

1. To receive and note report C/21/38.
2. The rebate to the garden waste subscriptions is calculated based on the actual period of suspension measured in two-week cycles starting at 19 July 2021 and ending 27 September 2021.
3. To proceed with Option 3 (Rebate By Annual Subscription) as set out in 3.6 and 3.7.

1. BACKGROUND

- 1.1 The garden waste service was suspended on Thursday 22 July 2021. It was a difficult decision to suspend the service and was only taken when all other options had been considered. The situation faced was that due to a national shortage of HGV drivers and the immediate impact of a large number of Covid-19 self-isolations to drivers and crews, the contractor Veolia reported that they could no longer adequately support the collection of all waste streams. The suspension of the garden waste service allowed for available drivers and crews to be transferred to support the priority refuse and recycling core rounds to ensure continuity of these services.
- 1.2 The garden service was suspended on a temporary basis and the council was committed to restarting the service at the earliest opportunity. In order to do so Veolia needed to be in the position to offer a stable service across the different waste streams which, in operational terms, meant adding a further five additional HGV drivers to their current roster as well as incurring no further absences. This was achieved through external recruitment and will be supplemented in the long-term through internal training programmes to provide added resilience. The service restarted on Monday 27 September 2021. The first week saw heavy loads but rounds have been successfully completed. This has continued into the second week.
- 1.3 Whilst Veolia have put into effect a number of staff retention actions, the national shortage of HGV drivers continues and staff absences due to the pandemic remain a relative high risk. For these reasons, at this time, further service disruption cannot be discounted. Officers will continue to review performance on a daily basis and work with Veolia to address any early-warning signs of future potential disruption in order that the service continues to operate.
- 1.4 In order to ensure that garden waste subscribers were fully advised of the restart of the service the council sent a letter to each subscriber notifying them of the date of the restart and which week cycle (w/c 27/9/21 or w/c 4/10/21) their service would resume. The collection day remains the same. We have also updated the website and posted on social media.
- 1.5 It is recognised that the suspension of the garden waste scheme has negatively impacted on residents. The scheme is popular with over 15,000 subscribers across the district and a number of apologies from the council and portfolio holder have been issued. Alternatives to suspension were considered but delivering a service on this scale required large compaction vehicles and HGV drivers. The sudden suspension of the service inconvenienced residents and other options, like home composting or using the Household Waste & Recycling Centres, were not alternatives for many householders compared to the convenience of a kerbside collection. At the time the suspension was announced the council committed to a form of rebate to subscribers for the suspended collections. The purpose of this report is to set out the policy and process options for the rebate.

2. GARDEN WASTE REBATE – BASIS OF CALCULATION

- 2.1. There are currently around 15,195 garden waste subscribers. This figure includes multi-bin subscribers. This means that any rebate option will need to operate at scale. In addition subscribers use multiple methods of payment as set out below.

Payment Methods & Values - 2021/22

Intranet Credit Card	£ 6,662
Intranet Debit Card	£ 23,571
Website Credit Card	£ 261,545
Direct Debit (Annual)	£ 168,674
Post Office	£ 49,852
Pay Point	£ 5,952
Phone	£ 104,221
Cheque	£ 37,219

- 2.2. As the subscription is a single one-off payment (all direct debits are annual) we do not hold bank account details for subscribers and there is not simple existing process for rebating subscription already in place. In considering the rebate options the following factors need to be considered: -

- The process needs to operate at scale.
- The process needs to be fair and accessible.
- The process needs to have robust controls against fraud.
- The rebate sum needs to be simple to calculate and understand.
- The process needs to be efficient so that administration costs are not disproportionate to the amount of the rebate.

- 2.3. The weekly subscription cost to the service is calculated as below: -

2021/22 Fee	£48.40
Serviced every two week over 50 weeks	
Pro rata fee per two-week cycle	£1.94 (£48.40/25 weeks)
Refund per two week cycle	£ 29,478 (£1.94 x 15,191)

- 2.4. The rebate options include per day, per week or per two-week cycle. To calculate on a per day or per week basis depending on when the service was reinstated and then calculating a refund for each subscriber depending on what day/week round was missed would be complicated and administratively burdensome.

- 2.5. For simplicity, it is recommended that the rebate is calculated on a two-week cycle starting from Monday 19 July 2021 and ending Monday 27 September 2021. This is five collection cycles over ten weeks. Although the service was suspended from 22 July 2021, it had experienced heavy disruption earlier that week and there was legacy work remaining from the preceding days at the time of suspension.

- 2.6. The rebate will only be linked for service disruption from 19 July 2021. No refunds will be made for the part-year cancellation of subscriptions, which is the existing policy position as the service still incurred the upfront capitalised costs of vehicle and other equipment purchased, and the service was suspended on a temporary basis not cancelled by the council.
- 2.7. In summary, the recommendation is for a rebate of £1.94 per subscriber calculated on a two-week cycle starting from week commencing 19 July 2021 and ending 27 September 2021. The cost for each two-week cycle is estimated at £29,478 making a total of £147,390 for the five weeks. **The total rebate for each subscriber would be £9.70.**

3. **GARDEN WASTE REBATE - OPTIONS**

- 3.1. As described there is no existing rebate process or ability to automatically rebate garden waste subscribers. This means that a new process will need to be set up and administered.
- 3.2. **Option 1 Rebate by Cheque** – This option would involve sending a rebate cheque to each garden waste subscriber.
- This would appear to be an outwardly simple option but requires significant administration which would require additional resources being employed to administer the garden waste rebate.
 - Each garden waste subscriber (15,195) would need to be individually added as a supplier on the council's e-Fin system. This would take considerable time and would be at risk of administrative errors.
 - Additional stocks of cheques would need to be purchased, printed and then each cheque reference re-inputted onto the e-Fin system to each individual subscriber to monitor if the cheque has been cashed for financial control purposes.
 - There would be postage costs from sending out cheques and risk of missed deliveries and requests for re-issues.
 - There would need to be a final reconciliation process when, after an agreed period, uncashed cheques were cancelled.
 - It is not clear if garden waste subscribers would find a cheque rebate particularly convenient for them.
- 3.3. For the high levels of administration required and the resulting additional costs this option is not recommended.
- 3.4. **Option 2 Rebate By Application** – This option would involve garden waste subscribers applying for a rebate and supplying their bank details so the payment could be automatically transferred.

- There would need to a financial control and verification process to ensure that those applying for a refund are actual garden waste subscribers and that there are not repeat applications. This would probably mean sending subscribers a UPRN code to cross reference in the application.
- The application process could start in advance of the reinstatement of the garden waste service although any rebate would only be issued when the service was operational.
- The application process would need a cut-off point. We would recommend three-months following the reinstatement of the service.
- A web form linked to My Account could be set up for online applications although a non-electronic option would need to be offered.
- A mailshot would go out advising people of the link for the online form (and the alternative of calling the office to have an officer complete the form on their behalf) as well as their UPRN.
- We would then use the UPRN as a unique identifier to make sure that we only issued payments to each UPRN once. We do not hold names in the garden waste system and so we can only check against the UPRN. Multi-bin subscribers (around 473 addresses) may need to make separate applications for each bin.
- We would capture the bank details of the householder to enable Bankline payments to be created to minimise the administrative burden and there is already a robust process in place regarding authorisation of these. Payments would be made to the subscribed householder, as opposed to the person who made the payment, as we have no way of identifying the payee.
- We would also check the bank details provided so that we were not making multiple payments to the same bank accounts. These steps should mitigate the risk of fraud.
- The anti-fraud controls as outlined would also be reviewed by Internal Audit in advance and any further mitigation actions implemented as recommended.

3.5. This option is not recommended. It would allow, after applications have been processed, for the financial reimbursement to subscribers for the period of service suspension. However, it is likely to prove an unpopular option for most subscribers, who will perceive the application process as an inconvenience or barrier. It is more deliverable in terms of administration compared to Option 1, although would still incur administration costs estimated at £13,852.

3.6. **Option 3 Rebate By Annual Subscription Fee** – This option involves reducing next year's annual subscription by the suspension period rebated

to subscribers at renewal. The current fee is £48.40, which would be reduced to £38.70 (no indexation applied).

- The main argument in favour of this approach is that it is convenient for the customer and the simplest way to rebate in terms of process. Renewing subscribers would benefit without the requirement to apply for a rebate, or to check that a financial payment had been received. There would be no additional administrative costs to users or the council. Historically, the garden waste scheme has received high levels of annual renewal and it is thought to be the most convenient method for service users.
- A potential downside of this approach would be that the rebate is to future subscriptions rather than the current subscription, and the garden waste subscription would need to be renewed in order for customers to benefit. It would however avoid the criticism that the council, through application processes, were discouraging rebates being claimed and this would be the simplest method to rebate the largest number of subscribers by the most efficient means.

3.7. This is the recommended option in terms of administration and the ability to directly benefit the largest number of residents as garden waste subscribers. It is hoped that most garden waste subscribers will be content with this as approach but if direct rebate requests are received for the suspended collection period (e.g. if a subscription is not going to be renewed) it is recommended that the Director Place is given the authority to resolve any requests at his discretion.

4. Financial

4.1. The cost of the rebate is linked to the length of the period of suspension. The cost is calculated at £ 29,605 per two-week cycle. Estimated over ten weeks, or the equivalent of five missed collections, the rebate per customer is £ 9.70 and £ 147,390 in total.

4.2. The additional administrative costs of Option 2 Rebate By Application are estimated at 250 hours (approximately 6-7 weeks) based on other agency temporary staff costs at £15.90 with on-costs per hour = £3,975. The cost of postage is calculated at £9,877 (15,195 x 65p) giving a total cost of £13,852 (£3,975 + £9,877).

4.3. Option 3 Rebate By Annual Fee would have no additional administrative costs other than the temporary agency staff normally employed to support Customer Contact during the subscription renewal period.

4.4. Any rebate and additional costs of administration would need to be budgeted from the garden waste subscription income in the first instance. Both FHDC and DDC (where the garden waste service is also suspended) are preparing to make a contract claim from Veolia for the suspended service.

5. **RISK MANAGEMENT ISSUES**

5.1 Risks are linked to the rebate option.

Perceived risk	Seriousness	Likelihood	Preventative action
Fraudulent claims – Option 2	High	Medium	<ul style="list-style-type: none"> • Controls as outlined in the report. • Controls to be reviewed by Internal Audit.
Future Service Disruption	High	High	<p>The risk remains high due to national situation with HGV drivers and the pandemic. The following steps have been taken -</p> <ul style="list-style-type: none"> • We allowed for a period of stable running of services and drivers before proceeding with the service resuming. • Veolia continue to recruit drivers and there is contingency of between 3-4 drivers HGV drivers within the workforce to allow for absences. • Veolia have an internal training programme for HGV licensed drivers. • Veolia have an additional GW vehicle for the first

			two week cycle for the anticipated higher backlogged volumes.
Communication to subscribers – GW subscribers not aware of the service restart.	High	Low	<ul style="list-style-type: none"> • Social Media • Website Updated • Email alerts reinstated. • Letter to all subscribers.
Reputational – confidence in the GW service	High	Medium	<ul style="list-style-type: none"> • Risk mitigation actions related to Communications of service restart. • Risk mitigation actions related to future service disruption.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (NM)

The refunds need to be dealt with as quickly and efficiently as possible in order to mitigate any potential legal action that a subscriber may take against the Council (one such subscriber has already commenced legal action against us in relation to his refund). Controls as set out in the report need to be put in place to mitigate the likelihood of fraudulent claims.

6.2 Finance Officer's Comments (RH)

The financial implications are stated in section 4 of the report. The potential total rebate, and therefore loss of income, is approximately £147,390 this is dependent on the length of suspension. The estimated additional administrative cost are £3,975, this has been based on current temporary worker rates and the postal costs estimated at £9,920.

6.3 Diversities and Equalities Implications (AR)

No implications.

6.4 Climate Change Implications (OF)

There are no climate change implications arising directly from producing this report.

It is advised that all communications to inform garden waste subscribers of the recommended option be done electronically where applicable.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Andrew Rush
Regulatory Services & Corporate Contracts Lead
Telephone: 01303 853271
Email: andrew.rush@folkestone-hythe.gov.uk