

Committee(s):	Date(s):
Port Health and Environmental Services	16 September 2014
Subject:	Public
Clean City Awards Scheme Review	
Report of:	For Decision
Director of Built Environment	

Summary

The Clean City Awards Scheme (CCAS) encourages businesses to adopt sustainable waste management practices within the workplace. Now in its 20th year, the scheme successfully engages with approximately 500 members and currently provides those members with a range of activities to help promote sustainable waste management, including an annual awards ceremony at the Mansion House, free of charge.

Budgetary pressures mean that as part of the Service Base Reviews (SBR) the CCAS has been identified as delivering a potential savings of £25k to reduce the burden on the local risk budget. Consultation with CCAS members indicates that they may be willing to pay a membership fee on a sliding scale, relative to the size of the company where by larger companies pay a higher membership fee than smaller companies. Feedback from members indicates that a clear membership package including the benefits of joining the fee-paying scheme would need to be outlined.

Using information received from the businesses engaged in the consultation process, the following annual membership fees are being proposed: £750 for large companies, £50 for small companies and £250 for facility management companies. The table below summarises the potential income based on three models of active members, including an assumed reduction in members following the introduction of charges.

	Model A	Model B	Model C
CCAS Members	200	60	45
Income	£83,200	£24,900	£18,750

Take-up of membership in line with Models A and B would deliver the required savings; Model C falls short and further review of the scheme would be required in that instance.

A membership package will be developed in line with feedback as shown in the main body of the report.

It is proposed that annual membership fees are introduced with effect from 1 April 2015.

Recommendations

Members are asked to consider and note the contents of this report and agree:

1. To a new model of delivery for the Clean City Awards Scheme whereby an annual membership fee structure is introduced with effect from 1 April 2015 in return for the members' package as outlined in the report with a

view to achieve the £25k savings identified through the Service Based Reviews.

2. A progress report on the scheme to be presented following 6 months of charging being introduced.

Main Report

Background

1. The Clean City Awards Scheme (CCAS) was established in 1994 to encourage businesses within the Square Mile to manage their waste responsibly. At that time good waste management usually meant simply placing your waste in a black bag or other container and having a trade waste agreement with the City. The scheme has subsequently changed and evolved in line with the waste and recycling industry and now the emphasis is placed firmly on sustainability.
2. Of the current membership there are approximately 500 active members. The definition of 'active' being, those that we are regularly able to correspond with via email, our newsletter or social media, of which a number apply for an award each year.
3. Over the years recycling officers have developed a number of activities to engage members to support and promote the principles of sustainable waste management. These include: an inspection visit once a year, a monthly e-newsletter, quarterly best practice meetings, guidance on the City's website on CCAS activities and provision of ad-hoc support and advice.
4. Businesses that are nominated for CCAS awards are also invited to attend an awards ceremony and lunch which has traditionally been hosted by the Lord Mayor at Mansion House.
5. The CCAS is provided free of charge to its members. It is operated by the City of London Corporation's Recycling Team within Cleansing Services and funded from their local risk budget.

Current need for change

6. The City's budgets are under significant pressure and a savings programme is in place to meet the future reductions required to local risk budgets. As part of the Service Based Review the CCAS has been identified as a potential savings opportunity of £25k to be achieved by 2016/17. This could be achieved by either a reduction in the services provided by the scheme or by re-modelling the scheme to generate income by charging a fee for membership.
7. On this basis work has been undertaken to establish the appetite from members of the scheme as to whether they would be willing to pay for membership.
8. An initial consultation with CCAS members (Appendix 1) was carried out using 'Survey Monkey' questionnaires. Based on the findings it is believed that the scheme could operate with a structured membership

package. Feedback from the consultation indicated that members find the scheme to be beneficial to their company and many members would be willing – or potentially willing – to pay a membership fee with a clearly identifiable membership package. Members also stated that they would consider paying to attend the annual awards ceremony in its existing format and would potentially purchase additional seats at the ceremony, if available. Members also stated that although they find the quarterly environmental best practice meetings to be useful, they were unwilling to pay to attend these meetings. The membership fee charged would be on a sliding scale, i.e. large businesses will pay a larger membership fee and smaller businesses will pay a smaller fee.

9. Following on from this consultation, 10 businesses were visited to gather some individual feelings from businesses on the introduction of charging a fee and any other general feedback on CCAS. The outcomes of these meetings were generally very positive: members stated their satisfaction with, and enthusiasm for, the scheme and emphasised the value, support and kudos that membership of the CCAS brings to their company.

Proposals for CCAS review: fee structure modelling

10. It is difficult to determine the level of take up if a membership fee is introduced. To try to gain some understanding of what it might look like this paper sets out models using a number of variables. The following paragraphs shows models using the 'variable' - number of current members, and applies a methodology to estimate possible income levels.
11. There are approximately 500 active members. Officers have considered the following three options in seeking to calculate likely interest in the scheme if a fee was charged.
 - Model A: these are the 500 active members who have registered to receive the monthly CCAS newsletter.
 - Model B: those members that we are aware of that actually open the newsletter and so show a level of interest in the CCAS. There are, on average, approximately 150 members in this category.
 - Model C: those members who applied for an inspection/ award in 2013.

In all of the models businesses range from small shops and food outlets to large multinational companies and financial institutions, which are divided into three categories: Large Sites, Small Sites and Facilities Management.

12. The methodology applied to the modelling assumes a 60% reduction in members on introduction of a fee. Whilst this is a fairly cautious assumption, the actual level of reduction would not be known until a charge is introduced.

13. Table 1 illustrates the potential uptake in CCAS membership in each of the model scenarios.

TABLE1	Model A	Model B	Model C
	500 registered members	150 engaged members (newsletter)	115 inspection/award applications
CCAS Category			
Large Sites	-	-	19*(42%)
Small Sites	-	-	10*(22%)
Facilities Management	-	-	16*(36%)
Members after 60% reduction	200	60	45

*We only know the category and size of those businesses that fill in an application form for the inspection/awards.

14. The intention of the proposal is to create a fee structure which feels fair and proportionate and creates a scheme that is sustainable going forward with at its heart large organisations supporting the smaller ones operating within the City. Applying this principle and using feedback from the sample of 10 business members visited (5 small, 4 large and 1 representative from the Facilities Management category), officers explored what members thought would be a reasonable fee structure.
15. Anecdotal feedback from all members visited suggested that the payment of any membership fee would need to be justified by a clearly defined membership package.
16. Feedback from the large businesses visited was that they were generally already doing or trying to do something around sustainable waste management and energy reduction and therefore already had some sort of sustainability 'budget' or Corporate Social Responsibility budget. They indicated that the introduction of a membership fee was unlikely to cause them to drop out of the scheme as long as it was not too high. When asked to give a suggestion of an acceptable fee level, £500-£1000 was quoted, although with a note of caution if it was to be at the higher end of that range.
17. Feedback from the Facilities Management category was equally positive, in that these types of activities are reasonably well established often with some budgets set aside to promote sustainability.
18. Feedback from small companies indicated that they would be unlikely to be able to justify a membership fee of more than £50.
19. All members that were spoken to also noted that, although recommendations can be made to the budget holder to join the fee-paying scheme, the recommendation may not be accepted by that service manager.

20. The following membership fee structure is proposed:

- Large Sites - £750 per site
- Facilities Management - £250 per site
- Small Sites - £50 per site

21. By way of comparison, Table 2 illustrates the charges for other fee-paying environment related membership schemes or award ceremonies. The proposed CCAS membership fees are generally in line with these other schemes.

TABLE 2	CCAS proposed fees	Best Business Awards	Considerate Constructor Scheme	Green Apple	Green Economy Awards	Guardian awards
Large sites	£750		£850	£600		£850
Small sites	£50 (Small) £250 (FM)		£215	£300-400		£295
General entry		£195			£140	

Potential income for the CCAS

22. In considering the likely income from introducing charges Officers have considered 3 possible outcomes to assess the size of the currently engaged business community and therefore the likely income. In each case it has been assumed that there will be a 60% reduction in take up. The three different models considered are shown below; the first is based upon the current 500 businesses that receive our quarterly newsletter. The second is based upon the 150 businesses that routinely respond to our newsletter and engage with the service and the third is based upon the 115 businesses that actually apply for awards each year. Details are as follows:

Table 3: Model A - Potential income with 60% decrease in active members (500) to 200 members

TABLE 3	Proposed CCAS fee	200 registered CCAS members (assume 1/3 per category)	Estimated income	Using the known breakdown as shown in Table 1
Large	£ 750	84	£63,000	(42%)
Small	£ 50	44	£2,200	(22%)
Facilities Management	£ 250	72	£18,000	(36%)
Total income		200 members	£83,200	

23. Table 3, above, illustrates the “best case scenario”, this is an optimistic and ambitious estimate and may be unlikely that in the CCAS will retain this number of fee-paying members in total. Additionally the apportionment of members across the categories is another unknown factor which will have an impact on the income received.

24. Table 4: Model B - Potential income with 60% decrease in engaged members (150 newsletter) to 60 members

TABLE 4	Proposed CCAS fee	60 Engaged members (newsletter)	Estimated income	Using the known breakdown as shown in Table 1
Large	£ 750	25	£18,750	(42%)
Small	£ 50	13	£650	(22%)
Facilities Management	£ 250	22	£5,500	(36%)
Total income		60 members	£24,900	

25. Table 5: Model C - Potential income based on 60% decrease in actual numbers for the CCAS inspection/ awards, 115 to 45 based on 2013 applications

TABLE 5	Proposed CCAS fee	45 Inspection/award applications from members	Estimated income	Using the known breakdown as shown in Table 1
Large	£ 750	19	£14,250	(42%)
Small	£ 50	10	£ 500	(22%)
Facilities Management	£ 250	16	£ 4,000	(36%)
Total income		45 members	£18,750	

26. Tables 4 and 5 illustrate what may be a more realistic scenario of take up of the new proposed scheme.

Benefits package for membership

27. Feedback from CCAS business visits has shown that being part of the CCAS is good for the company's green credentials and members highly value the association with the City of London Corporation. Many businesses visited had their CCAS trophies and/or certificates on display in public and prominent areas, indicating that they are keen to publicise their participation into the scheme.
28. It is important that if a fee is introduced members can clearly identify what benefits they will get. Members currently receive the following benefits which will continue:
- Monthly e-newsletter containing case-studies, news, updates on legislation etc.
 - Invitation to quarterly environmental best practice meetings
 - Access to mentoring scheme to facilitate best practice
 - Annual inspection of CCAS member site
 - Entry into awards scheme upon receiving application
 - Access to CCAS team for ad-hoc advice, guidance and site visits

- Ticket to prestigious annual awards ceremony hosted by the Lord Mayor in Mansion House (this is normally determined by the number of Gold and Platinum winners which limits attendance, any spare capacity remaining will provide an opportunity to sell tickets for the event)
29. In addition to the above it is proposed to introduce the following benefits:
- Permission to use CCAS logo on members' website and literature to promote their sustainability commitment credentials as a member of the scheme.
 - Access to CCAS member log-in area of website including CCAS blog (pending confirmation from IS Division)
 - Summary report after CCAS inspection
 - Window stickers to promote to public inclusion into scheme and publicise greater awareness of the scheme.
 - Further networking opportunities through increased best practice events and member-only online support chat rooms.
 - Re-branded CCAS scheme logos, to reflect the changing skyline of the City plus a small number of promotional items, e.g. USB sticks, pens etc.
 - Entitlement to buy extra seats, if available, at CCAS ceremony (result of feedback paragraph 8)

Plans for future growth of the scheme

30. If there is the predicted reduction in members as a result of introducing a membership fee, the CCAS team will work on establishing a good product for members, ensure that it becomes embedded and sustainable and then we can consider how the scheme can then be marketed to attract more members and re-grow the scheme in its new format.

Timeline for implementation

31. It is proposed that the CCAS moves to a membership fee model starting on 1 April 2015. This will allow time to communicate the changes to the current members and for officers to set up the benefits package for the new scheme.
32. An implementation time line is shown below for guidance (subject to Committee approval).

On-going	Oversee promotion of CCAS to retain existing members and recruit new members to CCAS
Aug-14	Present proposals for CCAS membership to Senior Management
Sep-14	Confirm charging structure/membership package and inform members
Sept 14 – March 15	Set up administration processes and financial protocols
Apr-15	All membership fees to be received by CoL for 2015/16 scheme year.

33. As there is a significant degree of risk attached to the level of take up, it is recommended that if the take up level is considerably lower than the lowest figures shown in this report consideration must be given to the viability of proceeding with this proposal as it will fall significantly short of the £25k saving target identified in the SBR. Officers will then report back to this Committee with further options including the option of terminating the scheme.

Corporate & Strategic Implications

34. This will support the City's Corporate Plan Key Policy Priority, KPP2 Maintaining the quality of our public services whilst reducing our expenditure and improving our efficiency

H.R. Implications

35. HR have been consulted and there are no current HR implications

Legal Implication

36. The Comptrollers and City Solicitor department have been consulted and there are no legal implications.

Financial Implications

37. The Service Based Review has identified a savings target of £25k for the CCAS to be achieved by 2016/17. The cost of delivering the scheme, including the additional benefits outlined in paragraph 30, will continue to be met from the existing budget, so all income generated by charging a membership fee would contribute directly to this savings target. From the potential membership models identified, Model A would generate an income in excess of the £25k target, Model B would meet the target, but Model C would fall short. If this proves to be the case consideration will need to be given to terminating the CCAS.
38. Introducing membership fees in 2015/16 will allow take-up of the renewed scheme to be assessed and if necessary a further review to be carried out in time to meet the 2016/17 savings requirement.

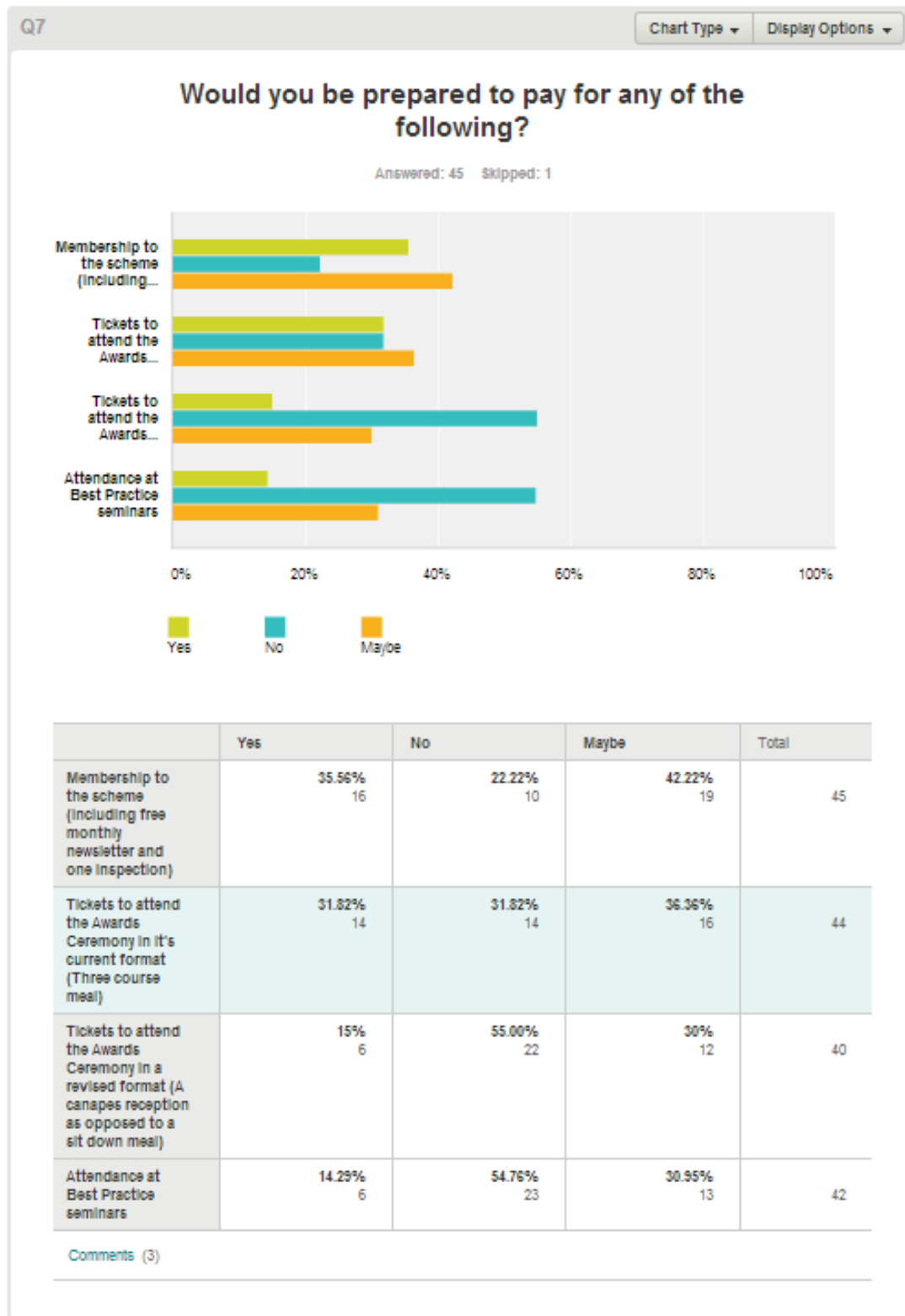
Appendices

- Appendix 1 – Feedback from CCAS members in 2013

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Feedback from CCAS members in 2013



- 35 of the 45 respondents to this question said 'yes' (16 respondents) or 'maybe' (19 respondents) that they would be prepared to pay for membership to the scheme in its existing format. 10 respondents declared 'no' they would not be prepared to pay a membership fee.

- When asked whether members would be prepared to pay to attend the Awards Ceremony in its current 3-course meal format, there was no clear preference: 14 respondents said yes, they were prepared to pay, the same number said no, and the remaining 16 respondents indicated they would 'maybe' pay to attend.
- The majority of respondents (22 and 23 respectively) said 'no' they would not be prepared to pay for tickets to attend the Awards Ceremony if it changed to a canapé style reception, nor would they be prepared to pay to attend the best practice meetings.

	£0	£25	£50	£75	£100	£200	Total
Membership to the scheme (including free monthly newsletter and one inspection)	26.19% 11	16.67% 7	16.67% 7	7.14% 3	28.57% 12	4.76% 2	42
Tickets to attend the Awards Ceremony in it's current format (Three course meal)	32.50% 13	27.50% 11	25% 10	10% 4	5% 2	0% 0	40
Tickets to attend the Awards Ceremony in a revised format (A canapes reception as opposed to a sit down meal)	57.89% 22	28.95% 11	13.16% 5	0% 0	0% 0	0% 0	38
Attendance at Best Practice seminars	86.49% 32	8.11% 3	2.70% 1	0% 0	2.70% 1	0% 0	37

Comments (3)

- When asked how much members would be prepared to pay for membership to the scheme in its existing format, only 2 of the 42 respondents to this question said they were prepared to pay the highest fee on the questionnaire of £200, however 12 respondents would be prepared to pay £100. Some 11 respondents said they would pay £0 which correlates with the 10 respondents in the previous question who stated they were not prepared to pay for any form of membership. However, as insightful as these responses may be, the answers do not indicate which size company/category the respondents align with and therefore the proposed membership fee they may be charged as indicated in paragraph 20.
- A total of 21 out of 40 respondents indicated they were prepared to pay either £25 or £50 to attend the 3 course meal awards ceremony, and 13 respondents are not prepared to pay for attendance.

6. The majority of respondents (22) would not be prepared to pay to attend the awards ceremony in a revised format, i.e. canapés reception, however 11 of the 38 respondents indicated they would be prepared to pay £25 and 5 respondents would be prepared to pay £50.
7. There was almost unanimous feedback in that 32 of 37 respondents would be prepared to pay nothing to attend the best practice meetings – only 3 respondents would be prepared to pay £25 and a single respondent would be prepared to pay £50.
8. These results were inconclusive but give a reasonable indication that there is scope in exploring a membership fee model further with businesses on a more direct level to establish views where we are able to identify the size of the organisation and allow some context.