

Response to SRT Grass Roots report

The report contained 15 recommendations. We have grouped our response under three themes:

1. Funding/finance
2. Contract procurement
3. Contract management

Each theme is considered in turn beginning with a paraphrase of the SRT recommendations grouped under each heading.

A summary table has been included at the end setting out which recommendations have been accepted in full those that have been accepted in part or a commitment to explore in more detail and those that have not been accepted but an alternative proposed.

1. Funding /Finance

The SRT report asked us to consider:

- A. Reinstate funding for Welfare Gardens Scheme.
- B. Reconsider the GF/HRA funding split.
- C. De pool rents & set up a separate GM service charge.
- D. Create a level playing field to enable an enhanced service for all tenants not just sheltered housing tenants.

A. Reinstatement of ***Welfare Gardens Scheme*** agreed.

B. The ***split*** between General Fund (GF) and the Housing Revenue Account (HRA) is to ensure that the legally required HRA ring fence is maintained. This can be subject to scrutiny by the external auditors. The Council as a result has a very limited ability to vary this.

The exact percentage split is based largely on the numbers of homes in the General Fund (GF - former Council houses now sold) compared to those in the HRA. Last year 38% of the total outdoor maintenance expenditure was charged to the GF, with 62% being charged to the HRA.

Sheltered housing schemes are different as sheltered properties are not eligible for the right to buy (RTB). All sheltered outdoor maintenance is funded from service charges and the HRA. If we exclude the sheltered housing element the split is around 44% GF and 56% HRA.

C. The rationale for **de pooling rents** is to establish a separate grounds maintenance service charge for all tenants, not just sheltered housing residents, and to enable the charging of Right to Buy (RTB) owners. This is to provide transparency and extra income.

With regard to the RTB owners, many of the sales agreed did not include the ability to levy service charges. For those that did it would now be very difficult, both administratively and politically, to apply this charge retrospectively.

The principle of applying a service charge to all new RTB sales is agreed. The number of new sales each year is around 10 – 20. Assuming an annual service charge of £35 per household this would only add £350 -£ 700 per year to the budget so whilst the principle can be established, it does not make a significant extra contribution to the funding available. The cost of administering it would be approximately £27 per property, so therefore the net gain is only around £8 per annum per new RTB sold.

There is no separate land owned by the General Fund.

Transparency is currently provided to all tenants by identifying the contribution from rents to grounds maintenance averaged out equally across all tenants.

Based on an average rent, in **2012/13** the contribution from each tenant per week for outdoor maintenance as part of their rent was **44 pence**, or an annual total of just **under £23 per year**. In addition sheltered tenants paid around 40p a week as part of their service charge.

This amount covers all grass cutting, shrub and hedge cuts, weed management, car park, foot path, private road and the maintenance of trees which are the responsibility of the HRA spread across 95 villages within a district of 325 square miles.

With the exception of additional works on sheltered schemes, the cost of the service is spread equally across all tenants, similar to general taxation, and in some cases people receive a service that exceeds their contribution and in some cases does not.

For **2014/15** the estimated figures are:

Category	Per annum	Per week
Average contribution per tenant household from rent (HRA)	£30.00	£0.58
Average contribution per household from Council Tax (General Fund Band D equivalent)	£1.00	£0.02

The table below shows the key figures using **2014/15 budget** estimates:

OUTDOOR MAINTENANCE BUDGET 2014/15

		ESTIMATE £
EXPENDITURE		
WORKS		
General Needs		163,860
Sheltered		76,100
TOTAL WORKS		239,960
Administration		104,130
TOTAL EXPENDITURE		344,090
FUNDED BY		
HRA		183,090
Service Charges		22,000
General Fund		139,000
TOTAL FUNDING		344,090

To de pool the rents would have the following consequences:

- The total budget available is limited by the amount of GF contribution available as noted above. Making a separate service charge would not therefore increase the budget and would reduce the amount available for actual work.

The cost of de pooling would include:

- X making an individual calculation for each tenant
- X setting up separate accounting lines to take account of actual work carried out in relation to individual tenants
- X dealing with disputes in relation to these personalised accounts.

The cost would include 1 x FT role to administer the de-pooling arrangements at around £35,000 per annum (Inc. all overheads); thus reducing the amount that could be spent on the actual general needs works by around 20% or 5 grass cuts per year from a total of 12.

- In areas where there are a lot of tenants and limited grounds to manage the annual service charge may be less than the current contribution from rent. In an area where there are only a small number of tenants and a lot of grounds the service charge may be considerably more. This could produce some very

distorted and inequitable outcomes with some tenants only paying perhaps £5 per year whilst others could be charged £100.

In short to de pool the rents would result in:

- X a decrease in the total budget available because of the higher administration costs
- X increased complexity and disputes
- X unequal treatment of some tenants.

The overall impact would therefore be the opposite of providing improved transparency and an increase in resources.

D. Create a *level playing field*

As an alternative it is proposed that a new budget is established funded by the HRA, called a Tenant Led Environmental Improvement Grant.

This will enable an extra £50,000 per year to be made available for additional grounds maintenance general needs works e.g. clearing a path or re seeding a grassed area as requested by tenants during the year.

This separate fund is equivalent to an additional 30% HRA funding being made available for general needs outdoor maintenance works.

£15,000 has already been set aside in the current year for projects of this kind.

This would also therefore address the request to create a more 'level playing field' with sheltered housing tenants.

The mechanism for operating this would form part of the discussions on contract management.

2. Contract Procurement

The SRT report asked us to consider:

- A. Specify a new contract to reinstate cuts made in 2009.
- B. Consult residents about an enhanced Grounds Maintenance Service and develop a set of service standards.
- C. Review the sites and maps to make sure they are accurate.
- D. Investigate the potential for using the Eastern Procurement Consortium contactors.
- E. Ensure tender allows for smaller lots to allow local small firm bids.
- F. Seek employment and training opportunities through contract.
- G. Redevelop garage sites.

- A. A **new grounds maintenance contract** will be specified. This will review the full range of service and have regard to those elements cut back in 2009. It may not be possible to reinstate all of these as the total budget available cannot increase as noted above in the consideration of financial issues.
- B. **Residents will be consulted** using a variety of methods to help develop a set of service standards. In particular we will work with SRT volunteers to create the initial draft of the Service Standards.
- C. The **maps** will be refreshed and renewed to ensure they reflect more accurately the true position on the ground. This is a necessary step before the new contract is tendered.
- D. Work is underway to explore the potential for using the **Eastern Procurement Limited (Consortium)** contract.
- E. Setting out the works in **smaller lots** is problematic. There are hundreds of different areas of grounds set in 95 different villages. Even if these were bundled into groups there is the potential for perhaps 30 different contractors. To manage this number of contracts would require extra resources of around £15,000 per year. This would have to come from the general needs outdoor maintenance budget of £163,800 thus reducing the amount that can be spent on the works.

The overall budget is also small by contractor standards.

Some aspects of the work will not generate any return for the contractor and have to be subsidised by the more profitable parts of the contract. A larger contract allows the contractor to create a viable business proposal whereas a number of smaller contracts would not support this. Whilst a large number of small local businesses may be able to offer the service this brings us back to the management costs of overseeing this sort of arrangement.

For these reasons we are not proposing to let the contract in small lots. What can be explored through the contract process is the potential for smaller local firms to be used as sub contractors to the main contractor.

- F. In this way the potential for **training and local employment** opportunities could also be explored.
- G. A separate **garage site strategy** has already been agreed by the Council and every site will be improved or used in a different way as the works are undertaken over the coming years.

3. Contract Management

The SRT report asked us to consider:

- A. Require contractor to use Council's complaints procedure.
- B. Set up tenant board to oversee contract delivery.

C. Use tenant inspectors to monitor quality of delivery and sign off works.

A. ***Council's Housing complaints procedure*** is in force and this will be emphasised in the new contract.

B. & C. A mechanism for working more closely with a team of **tenant inspectors** and the establishment of some form of board to oversee this contract can be explored as part of the improvements to managing grounds maintenance being considered this year.

The signing off of invoices however must remain a function of paid officers to meet the legal and accounting procedures required of the Council.

SUMMARY TABLE

SRT Recommendation	Directors Response	Accepted In Full	Not Accepted but alternative proposed	Explore Further
Reinstate funding for Welfare Gardens Scheme	Agreed with an increased budget	✓		
Reconsider the 50/50 GF/HRA funding split	We will work to justify a reduction in GF portion. In 2013/14 38% of outdoor maintenance costs went to GF.		✓	
De pool rents & set up a separate GM service charge	Keep pooling but establish a Tenant led Environmental Improvement Grant		✓	
Create a level playing field to enable an enhanced service for all tenants not just sheltered housing tenants.	Establish a Tenant led Environmental Improvement Grant	✓		
Specify a new contract to reinstate cuts made in 2009	Commitment to review whole contract and to identify which elements can be included but may not be possible to fund all.			✓
Consult residents about an enhanced Grounds Maintenance Service and develop a set of service standards.	Agreed	✓		
Review the sites and maps to make sure they are as accurate as possible	Agreed	✓		
Investigate the potential for using the Eastern Procurement Consortium contractors	Agreed	✓		
Ensure tender allows for smaller lots to allow local small firm bids	Tendering out smaller lots is not practical but potential for local labour as sub contractors to be explored. The new contract will contain social value requirements		✓	
Seek employment and training opportunities through contract	Potential to be explored.			✓
Redevelop garage sites	Agreed - Garage site strategy already agreed and underway	✓		
Require contractor to use Council's complaints procedure	Agreed	✓		
Set up tenant board to oversee contract delivery	Agree to explore this			✓
Use tenant inspectors to monitor quality of delivery and sign off works	Agree to help establish this but not permissible to include sign off invoices	✓		