

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **HOUSING OVERVIEW & SCRUTINY COMMITTEE**

DATE: **WEDNESDAY, 26 NOVEMBER 2014**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **SERVICE CHARGES/ASSISTED GARDENING SERVICE**

1.00 PURPOSE OF REPORT

- 1.01 The purpose of the report is to set out the requirements for the council to introduce service charging for tenants who receive some services which other tenants do not.
- 1.02 The report aims to explain the options open to the council in the way that it introduces and applies these charges, to highlights the risks and benefits of these options and to makes recommendations on the way forward.

2.00 BACKGROUND

- 2.01 Welsh Government expect all social landlords to separate services from rents and introduce charging from 2015. Councils are expected to recover the cost of services in addition to rent.
- 2.02 The rationale for this is that currently some tenants receive services that other tenants do not and therefore the charging policy lacks transparency and is arguably unfair.
- 2.03 At the Cabinet meeting on 16th September 2014 a new Rent policy for council housing was agreed to enable submission of the HRA business plan to Welsh Government by the end of September 2014. This report contained proposals to meet the Welsh Government requirement to introduce charging for services on a phased basis.
- 2.04 The kinds of services that may be subject to service charges are as follows:
- 2.05 **Communal Services**
Cleaning charges in communal areas (not community rooms)
- Laundry facilities
 - Janitors service (high rise only)
 - Aerial maintenance and digital services
 - Grounds maintenance/estate caretakers
 - Management charge for administering service charge

2.06 **Individual Services**

- Individual Grass cutting
- Individual Hedge cutting

2.07 There are currently £0.700m of services being provided to tenants. It is recognised at the moment that the costs for providing some of the services identified above are not value for money and the quality of some services will need to be improved and costs reduced.

2.08 In addition there are community rooms at many sheltered schemes, which are used by community groups in addition to the residents themselves. In most schemes there are no charges made for using these rooms and therefore a full review will be undertaken and a future strategy developed for this part of the Housing service.

2.09 From a tenant's perspective, the implementation of service charges will lead to greater transparency. It will become clear how much services cost and improved tenant awareness will provide greater accountability for the services that are being delivered.

2.10 With the exception of services provided for the benefit of individuals, the service charges described above are all currently "housing benefit eligible". At the beginning of this financial year 67% of tenants were in receipt of full or partial housing benefit.

Assisted Gardening Service

2.11 The assisted gardening service would not currently be eligible to be covered by housing benefit. Prior to April 2014, the Council provided an assisted gardening service free of charge to some tenants.

2.12 In line with the Welsh Government requirement to charge individual tenants for services that they receive, that other tenants don't, a new scheme was implemented in April 2014. The new scheme introduced a charge for all tenants based on the size of the garden, and whether tenants wanted hedge cutting, in addition to lawns.

2.13 Tenants who were on the earlier free scheme were migrated onto the new scheme, with an option to "opt-out". The scheme was problematic to administer for a number of reasons:

- Inaccurate data regarding the size of lawn to be cut and length of hedges to be cut resulted in inaccurate bills being issued
- The council's rent IT System was unable to accommodate the new charges, and therefore tenants did not have the option to pay the charge weekly/monthly with their rent.

- Many tenants had not realised it was an opt-out service, and were unhappy that they were notified of the potential charge for the service, when they did not want the service provided now it was chargeable.

2.14 Following receipt of a range of complaints about the new service cabinet agreed to suspend charging for 2014/15 and to provide the service at no cost to all those who had received the service previously and who were disabled. Refunds were issued to those who had qualified for the free service and a formal apology given.

2.15 The Housing Revenue Account cannot continue to provide a non chargeable service. The Council is mandated to introduce service charges. The principle underlying this is that it is inequitable for some tenants to receive a service, which is funded through rent payments by all tenants. The cost of the service is currently circa £0.200m per year (contract and administration).

3.00 CONSIDERATIONS

Service Charging Policy

3.01 Charges would be introduced on a phased basis for existing tenants over 3 years from 2016 leaving a full year to review, consult and improve services. Charging would be introduced for new tenants from April 2015.

3.02 Introducing service charging for all the services shown above would bring in additional income to the HRA of circa £0.700m per annum by 2018/19 (Excluding administration charges).

3.03 There are two methods for charging for services:-

Option 1

3.04 The total cost of each chargeable service is shared equally amongst all tenants receiving that type of service. For example, all flats that receive cleaning of communal areas would be charged the same, regardless of how much the cleaning cost in each building. This is the simplest to administer and explain and helps to address cost differences where, for example one block of flats is significantly larger than another and has more communal space. However, costs would not be fully transparent with this model.

Option 2

3.05 Each service is charged on actual costs. This would create maximum transparency although there would be disparity in cost of services to different buildings and normally this means that those in small blocks of flats pay more than those in larger blocks of flats due to economies

of scale.

- 3.06 Option 1 is the agreed option as this would be the simplest to explain and administer.

Implementation Transition

- 3.07 Councils that have implemented service charges have done so via two different methods:
- Option 1 de pooling from rents which sees the rent reduce by the value of the service charge and then the rent increases back to target rent over a transitional period. This approach works well when all charges are implemented in year 1.
 - Option 2 is not to de pool but to keep rents at their current levels and phase service charges in gradually as an additional charge over a period of 3 years.
- 3.08 Option 2 is the agreed option as this would allow a phased implementation, allowing time for each service to be reviewed and for full discussion with those tenants who would be affected by the implementation of any charge.
- 3.09 It has been agreed that in year 1 (2016/17), charges are introduced for TV aerial maintenance and digital services, and cleaning services. TV aerials charging will be circa £1.30 per week, with cleaning services circa £2.50. This would then be followed in the next two years by firstly laundry and janitor services (2017/18) and finally grounds maintenance/caretaking in (2018/19), after full review of quality and price, alongside resident consultation.

Charging Policy for Assisted Gardening Service

- 3.10 It is recommended that charging will not be reintroduced until 2016 following full and detailed tenant consultation. Two levels of charge are proposed; one for small gardens and one for medium/large, and a single charge for hedge cutting. These charges would be collected weekly/monthly with rent payments. They would be simple to administer and would recognise that in the main tenants do not choose the size of the garden in their home.
- 3.11 The aim is to provide an affordable chargeable service to all tenants but with a discount to qualifying tenants (those aged over 70 or with a disability)
- 3.12 Benefits
- The council will recover the majority of the cost of the service and any shortfall in income to the HRA would be reduced.

- The scheme would show recognition of the additional costs incurred by older or disabled tenants who cannot manage their gardens themselves.
- A similar administration scheme such as the Blue Badge scheme could apply, where certain disability benefits “passport” people onto the scheme, and those over 70 years of age would automatically qualify.
- Such a scheme would therefore be less costly to administer which in turn would offset some of the additional cost to the HRA

3.13 Risks

- There would still an element of subsidised cost to the HRA.

3.14 The following categories of customer are currently receiving the service:

291 Over 65
211 Disabled
762 Sheltered

3.15 Customers could fall into one or more of these categories at any one time.

4.00 RECOMMENDATIONS

4.01 Scrutiny Committee is asked to note

- The agreed plan for the phased implementation of service charges for existing tenants from 2016 following detailed consultation;
- That full implementation of service charges will take effect for new tenants from April 2015

4.02 Scrutiny committee is asked to support the proposals in this paper for re-introducing charging for the assisted garden service in 2016, following detailed customer consultation; and on the basis that there should only be two charges for grass cutting and one for hedges, and that payments can be made weekly.

5.00 FINANCIAL IMPLICATIONS

5.01 **Assisted Gardening Service**

5.02 The service currently costs £0.200m per year (contract and administration). It is the purpose of this paper to seek elected members views on how these costs can best be re-covered without having an adverse and inequitable impact on customers.

5.03 Early proposals show an estimated weekly charge as the table below from April 2015.

	Estimated Discounted Weekly Charge	Estimated Non-Discounted Weekly Charge
Grass Cutting (Small)	1.50	1.75
Grass Cutting (Large)	3.00	3.50
Hedge Cutting	0.65	0.80

5.04 **Service Charges**

The HRA currently funds services to the value of £700k per annum (excluding Administration costs). The estimated cost recovery (based on current service costs) over the next four years is:-

Year 1 (2015/16)

New tenants service charges c£0.015m

Year 2 (2016/17)

As above plus Aerials and cleaning services c£0.370m

Year 3 (2017/18)

As above plus Laundry and Janitor services c£0.460m

Year 4 (2018/19) As above plus Caretaking and Communal garden services c£0.700m

6.00 **ANTI POVERTY IMPACT**

6.01 **Assisted Gardening Service**

6.02 It is recognised that the assisted gardening service is an additional charge for customers who have previously enjoyed the service for free. However, the council has tried to mitigate the impact of this going forward in a number of ways:

- From April 2016, customers will be able to spread the cost over the year.
- Customers can opt-out of the service if they choose, and those customers who cannot do their own gardens will be entitled to a discount.

6.03 **Service Charges**

6.04 The impact of services charges will be less for households on a low income as the service charges that the council proposes introducing a charge for, are currently eligible to be paid by Housing Benefit.

During the consultation period, the council will be discussing the levels of service, whether customers want the service, and the forecasted costs that are likely to be charged with tenants and leaseholders.

7.00 ENVIRONMENTAL IMPACT

7.01 Assisted Gardening Service

7.02 The scheme provides a positive environmental impact by improving the look and feel of the Council's neighbourhoods.

8.00 EQUALITIES IMPACT

8.01 There is an inequitable impact on disabled people who have to meet costs pertaining to their disability. Requiring assistance with gardening is one such additional cost. However, the purpose of disability benefits is to bridge this gap, and it could therefore be argued that additional financial assistance should not be offered by the council.

8.02 However, by providing a discounted service for qualifying customers, more customers can be helped than was the case with the pre-2014 scheme, whilst still minimising the financial impact to elderly or disabled customers.

8.03 Weekly payment will be possible from April 2016 so that the cost of services can be spread over the financial year, minimising the impact on customers.

9.00 PERSONNEL IMPLICATIONS

9.01 The 2014/15 budget makes provision for an officer to undertake developmental work to implement service charges.

10.00 CONSULTATION REQUIRED

10.01 Full consultation will be required with any tenants affected by the introduction of service charges. This will take place scheme by scheme; with a full opportunity to discuss the proposed charges, quality of service provision, and tenant expectations around service frequency. It is likely that different groups of property could ultimately require different service levels and therefore different charges could be set. At any scheme it would be a majority decision as to service standards/cost and whether a service is provided at all.

11.00 CONSULTATION UNDERTAKEN

11.01 Some early consultation around the principles of charging has already taken place with the Tenant's Federation and with customers who attended the tenants' conference.

12.00 APPENDICES

12.01 None.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

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