

COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 9 December 2015
Report Subject	Service Charges
Cabinet Member	Cabinet Member, Housing
Report Author	Chief Officer - Community & Enterprise
Type of Report	Strategic

EXECUTIVE SUMMARY

This report updates the committee on the Councils progress in implementing service charges, following the expectation from Welsh Government (WG) that all Local Authorities (from April 2015) must separate service charges from rents and recover the cost of services, in addition to the rent charged.

The report summarises the feedback from the Information and Consultation Events undertaken across the county during June and July 2015. These were aimed at informing tenants about the requirements to introduce service charges and to obtain views on the standard of the services currently being provided. The report sets out the outcomes and the next phase of work to be undertaken as part of the ongoing implementation of service charges.

RECOMMENDATIONS

1	That committee notes the progress made to date with regard to the introduction of service charges and the feedback from the tenant's consultation.
2	That committee supports the delivery of an action plan as described in 1.25 that focuses on achieving value for money for tenant services.

REPORT DETAILS

1.00	EXPLAINING SERVICE CHARGES
1.01	From April 2015, the Welsh Government expected all social landlords to separate services from rents and introduce charges, to recover the cost of services in addition to rent. Prior to this the cost of these services were spread across all tenancies. Through the separation of service charges from rents, tenants are able to see how much they pay for the rent of their home and how much they pay for any additional services that they receive e.g. aerials, laundry services, window cleaning and communal cleaning.
1.02	The introduction of service charges aims to achieve greater transparency and fairness for tenants, providing greater accountability whilst helping to improve both the efficiency and quality of services being delivered.
1.03	The Council is currently working in collaboration and sharing best practice with three other North Wales stock retaining Councils. These being Wrexham, Denbighshire and Isle of Anglesey.
1.04	At the Cabinet meeting held on 17 February 2015, approval was given for the implementation of service charges on a phased basis for existing/ongoing tenancies from April 2016 and for service charges to be introduced fully for new tenancies from April 2015.
1.05	<p>The phased schedule for the introduction of service charges is:</p> <p>April 2015/16 New tenants service charges</p> <p>April 2016/17 Communal area cleaning - £2.75 p/w Aerial maintenance, digital services & power - £0.88 p/w</p> <p>April 2017/18 Laundry facilities & cleaning – subject to review Window cleaning – subject to review</p> <p>April 2018/19 Caretaking – subject to review Communal gardening – subject to review</p>
1.06	With the exception of services provided for the benefit of individuals, the service charges outlined above are all currently 'housing benefit eligible'. At the beginning of this financial year, 63% of all Council Housing tenants were in receipt of full or partial housing benefit.
1.07	<p>It was agreed that the total cost of each chargeable service would be shared equally amongst all tenants receiving that type of service. For example, all flats that receive a service for the cleaning of communal areas would be charged the same.</p> <p>It is recognised that the costs for providing some services are not value for money and the quality needs to be improved. In view of this, it is agreed, that the communal aerial and communal cleaning charge be subsidised whilst a comprehensive review of these services is undertaken as outlined in 1.20.</p>

	Cost to provide service per annum 2014/15	Actual cost Per week	Adjusted cost Per week
Communal Aerial	£123,438.75	£1.43	£0.88
Communal cleaning	£129,675.81	£3.11	£2.75

1.08	Service charges are based on fixed costs and the Council aims to charge an amount which accurately reflects the cost of providing the service. Service charges will be reviewed annually based on actual costs of providing services and tenants notified of the service charge as part of their annual rent setting notification in March each year.
1.09	At the Cabinet meeting held on 17 February 2015 approval was given to deliver Information and Consultation events to existing tenants who would be affected by service charges. The purpose of the events was to provide information about the changes and obtain feedback on the standard of services being delivered.
1.10	Initial consultation around the principles and the phased implementation of service charges took place with the Tenant's Federation and customers who attended the Tenants Conference in February 2015.
1.11	In the second phase all tenants living in accommodation affected by the introduction of service charges and the local Elected Member were invited to attend one of eighty-one Information and Consultation events held during the period 8 June to 31 July 2015. This provided an opportunity for tenants to discuss the proposed charges, quality of service provision and tenant expectations around service frequency. A total of 1,851 invites were sent and 235 tenants attended, resulting in a 12.7% turnout. Housing Officers and Accommodation Support Officers undertook home visits to further encourage attendance and/or feedback.
1.12	Along with the invitation, an information pack was sent to all tenants, which included a questionnaire, enabling those tenants who did not wish to attend the event the opportunity to feedback and return in a pre-paid envelope. The closing date for the return was 29 th August 2015. There was a 23.5% response rate to the questionnaires. Similarly, a minimal number of telephone enquiries were received and it is felt that this was a reflection of the detailed information provided to tenants, prior to the events.
1.13	At each event, a presentation was delivered on the proposed service charges. The presentation provided information on why the Council is required to implement service charges and when charges will be introduced. Following the presentation, tenants took part in an interactive group exercise to discuss the quality and standards of the services which they will be charged for and also to discuss wider Housing service standards.

1.14	<p><u>Summary of Feedback</u></p> <p>Feedback from the Tenant Information and Consultation events indicates that tenants are aware of and understand their responsibility to pay service charges for services they receive. Some tenants when completing the questionnaire took the opportunity to provide comments and suggestions on how services can be improved.</p> <p>In summary, window cleaning and communal cleaning are the services which tenants have identified as priorities for improvement and will be the focus of service improvement reviews. Over 50% of tenants who responded rated both the aerial/digital services and laundry services as either good or excellent.</p> <p>A summary of the results are attached as an appendix to this report.</p>
1.15	<p>The key issues for tenants are:</p> <ul style="list-style-type: none"> • The standard and quality of service provided must be good. • Tenants need to be aware of what the service standard and specification is e.g. how often, when and what. • That the service provided be monitored and poor performance addressed in a timely manner.
1.16	<p>Individual scheme reports have been collated and provide detailed information on the quality and standard of the services delivered at each scheme. These will provide the focus for where standards need to improve in specific areas. It is evident from the reports that standards do vary across the county and each scheme has been assessed on an individual basis.</p>
1.17	<p>Since April 2015 service charges have been introduced fully for all new tenancies. To date out of 357 new tenancies, a total of 131 tenants have been subject to service charges during 2015/16. The Neighbourhood Housing team have not reported any concerns from these tenants, (partly due to the information being provided to the potential tenant at the point of being offered a property).</p> <p>The process of implementing a sub accounts to monitor service charge payments is still being developed. This will enable the amount of arrears attributed solely to service charges to be identified. In the meantime, the Income team have not reported any increase in rent arrears attributable to Service Charges.</p>
1.18	<p>Tenants will shortly be sent a letter thanking them for their feedback along with a summary update on the outcomes following the consultation events.</p>
1.19	<p>A full time Service Charge Officer was appointed in September on a 12 month temporary contract. The role will focus on using the feedback raised by tenants to undertake a comprehensive review of all the services being charged for. The review will be carried out over the next twelve months to look specifically at the quality and standard of the services delivered to ensure value for money. An action plan to support this is being developed.</p>

1.20	<p>In line with the phased implementation of service charges the review will initially focus on window and communal area cleaning and address any issues of under-performance. A clear SLA will be introduced for the communal cleaning contract with the internal providers ahead of the service charge being introduced in April 2016. In addition to this, clear information will be displayed at each scheme identifying the areas that are to be cleaned and also the expected standard and frequency of the cleaning. This will allow for more effective monitoring to take place and to be measurable against agreed standards. The communal cleaning service will continue to be charged at a adjusted cost to tenants whilst service level agreements are embedded with a view to receiving full cost recovery for this service when standards have been improved.</p>
1.21	<p>A failure to improve the standard of cleaning, may result in the re-tendering of contracts where appropriate. However, whilst the service charge for window cleaning is not due to be introduced until 2017, due to the specific issues raised about the standard, officers are currently working with the contractor to address some of the immediate issues.</p>
1.22	<p>Taking in to account the feedback about the laundry service, further consultation will be carried out with tenants throughout 2016 to establish how the laundry service will need to be delivered to meet tenant's needs and requirements. This may include reviewing the laundry equipment provided e.g. token machines.</p>
1.23	<p>At the Housing Overview & Scrutiny Committee meeting held on 26 November 2014, the proposal to re-introduce charging for the Assisted Gardening Service in 2016, following full and detailed customer consultation was agreed. This was on the basis that there should only be two charges for grass cutting and one for hedges, and that payments could be made weekly.</p> <p>However, during 2015 it has become apparent that there are issues with the service specification, standard and contractual performance, which need to be addressed. In view of this, it is felt that the Council is not currently in a position to re-introduce service charges for the assisted gardening scheme in 2016/17.</p> <p>A full review is currently being undertaken and service improvements introduced with the Service Charges Officer and Streetscene monitoring and managing the contract. By delaying the charging it will give the Council the opportunity to build customer confidence in this service and carry out more meaningful consultation towards the end of Summer 2016. Further recommendations regarding the introduction of service charges for the assisted gardening scheme will be presented in December 2016.</p>
1.24	<p>A quality assurance system is currently being developed to objectively measure key performance indicators which will ensure effective monitoring, action and review of performance standards. This may include displaying the service standard and specification on scheme notice boards and sign off by tenants on site to improve local accountability.</p>
1.25	<p>In summary, the action plan being developed to review the chargeable services, will focus on the following outcomes to help achieve value for money:</p>

	<ol style="list-style-type: none"> 1. Tendering the window cleaning contract during 2016/17. 2. Review the cleaning contract with the internal providers to establish a clear service level agreement (SLA) and monitoring framework, with a view to charging adjusted costs until 2017/18. 3. Review of laundry facilities at individual schemes, including the equipment provided and access arrangements during 2016/17. 4. Continue with the aerial contract which expires in 2020 and consider options for re-tendering following expiration. 5. Delay by a further year the re-introduction of service charges for the assisted gardening scheme to enable a review of the service specification and for consultation with tenants. 6. Publishing and promoting to tenants the service standards and specifications, helping to improve local accountability and quality in line with the phased introduction of service charges.
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2.00	RESOURCE IMPLICATIONS
2.01	A full time Service Charge Officer is now in post on a temporary 12 month contract to carry out work in implementing these service charges and working with contractors to ensure good standards of service, value for money and the introduction of Service Level Agreements with internal service providers.
2.03	For those on lower incomes, all charges, for “shared” services are eligible for housing benefit.
2.04	The projected HRA income from service charges for 2016/17 is £190k against a business plan figure of £260k. This shortfall is due to the delayed introduction of the Assisted Garden Scheme and will be included as an additional area of expenditure in the draft 2016/17 budget.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Full consultation has been carried out on the implementation of the service charges, as detailed in paragraph 1.10 above. Further consultation with tenants will be carried out during 2016 to support the review of specific services.

4.00	RISK MANAGEMENT
4.01	An equality impact screening assessment has been carried out and no adverse impact has been identified on the equality groups. Whilst some tenants may experience increased rents in the longer term, charges being de-pooled are eligible for housing benefit under current regulations.

5.00	APPENDICES
5.01	Summary of results from consultation.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.0	<p>Consultation Document 'A New Policy for Social Housing Rents' http://wales.gov.uk/docs/desh/consultation/110331housing-social-rent-consultation.pdf</p> <p>Contact Officer: Dawn Kent – Accommodation Support Service Manager Telephone: 01352 703526 E-mail: dawn.kent@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(1) Housing Revenue Account: Local authorities with housing stock are required to record all income and expenditure in relation to these dwellings in their Housing Revenue Account (HRA).</p> <p>(2) Service Level Agreement: where a service is formally defined. Particular aspects of the service - scope, quality, responsibilities - are agreed between the service provider and the service user.</p> <p>(3) Tenants Federation: an umbrella group which supports tenants and residents in Flintshire to get involved with local and national issues which affect their communities.</p> <p>(4) Tenants Conference: an annual event whereby tenants have the opportunity to meet with Senior Officers and the Head of Housing from the Council and consult on various issues such as the rent increase proposals, the planned works programme and tenant priorities for the coming year.</p> <p>(5) Housing Benefit: is a regular Council payment that helps pay your rent if you are a tenant on a low income. It will not only reduce your rent but also cover some service charges like lifts and communal laundry facilities.</p>