

7 February 2018		ITEM: 9.1 Decision 0110458
Cabinet		
Recommendation of Housing Overview and Scrutiny Committee – Grounds Maintenance Charge		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor Luke Spillman, Chair of the Housing Overview and Scrutiny Committee		
Accountable Assistant Director: John Knight, Assistant Director for Housing		
Accountable Director: Roger Harris, Corporate Director of Adults, Housing and Health		
This report is public		

Executive Summary

This report follows the re-consideration of the proposed grounds maintenance charge to Council tenants following the decision in September to suspend its introduction for 2018-19.

1. Recommendation

1.1 That the Cabinet agrees to the withdrawal of the grounds maintenance charge.

2. Background Information and Issues & Options

2.1 In November 2017 the Committee considered an update report on the grounds maintenance charge, which had been included as a proposal in the Housing Revenue Account (HRA) for 2017-18 and suspended on September 26th 2017. Following the suspension the Leader of the Council had asked the Committee to consider afresh the proposal to introduce such a charge for tenants receiving the grounds maintenance service.

2.2 At its December 2017 meeting the Committee agreed to recommend to Cabinet that no charge should be introduced for any tenants in the 2018-19 HRA.

- 2.3 The December meeting considered a number of options as set out in the report, including a) proceeding with the charge as proposed b) introducing a standard charge for all tenants c) withdrawing the charge completely, d) applying a lower standard charge to the same selected tenants, e) introducing a variegated charge according to the level of service provided, f) charging only tenants in certain types of property g) a variation of any of the above, potentially on a phased basis so that the full impact was spread over more than one year.
- 2.4 After a full discussion the Committee agreed to vote on whether to recommend to Cabinet that no charge should be introduced for any tenants in the 2018-19 HRA - option (c) above. All members who were present voted to recommend this option with the exception of one Councillor, who voted for option (d) above, i.e. the introduction of a lower standard charge. On that basis the Committee's recommendation to Cabinet on completion of its review is that no grounds maintenance charge should be introduced for any tenant in 2018-19.

3. Implications

3.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

The Housing Revenue Account is subject to a range of financial pressures. The proposed charge would have resulted in an additional £1.6 million p.a. being collected from tenants. In light of the suspension budgets have already been adjusted so that no revenue from this source is assumed. Some items of capital expenditure in particular will need to be funded over a longer period without this additional revenue.

3.2 Legal

Implications verified by: **Martin Hall**
Principal Solicitor

As a landlord the Council is entitled to apply charges for specific services to the rent paid by tenants but is not obliged to do so. On this basis the proposed course of action is lawful. As a landlord the Council must ensure that a balanced budget for the Housing Revenue Account is set each year and that there is no overspend against the budget – the service will need to meet these obligations based on the annual revenue it receives without the collection of a grounds maintenance charge.

3.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**
Community Development Officer

No direct implications from this report.

3.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- Not applicable.

4. **Appendices**

- Appendix 1 - Meeting of Housing Overview and Scrutiny Committee, Tuesday 19 December 2017 – extract from minutes (Item 18.)

Housing Overview and Scrutiny Committee Minutes

Tuesday 19 December 2017 – extract from minutes (Item 18.)

Presented by the Assistant Director of Housing (ADH), John Knight, the report summarised the review of the Grounds Maintenance Charge (GMC) that had been presented earlier in the year. The review sought to resolve the issues that had resulted in the suspension of the charge back in September. Outlined in the report were the following potential options for the Housing Overview and Scrutiny Committee to consider:

- To proceed with suspended standard charge for all selected tenants (option 3.1)
- To introduce a standard charge for all tenants (option 3.2).
- To withdraw the charge in full (option 3.3).
- To implement a lower standard charge for the same selected tenants (option 3.4).
- To introduce a variegated charge (option 3.5).
- Charging tenants in certain types of property (option 3.6).
- To lower standard charge for fewer selected tenants (option 3.7).
- A phased introduction (option 3.8).

Detailed work would continue to be undertaken to reconcile costings of the GMC and if a charge was proposed, a consultation will be carried out with potential included tenants. The service would also continue to work with other departments to monitor the contract and ensure costs were reduced where possible.

The Chair felt the options given in the report were more detailed and thorough than previous reports that had been brought to the Housing Overview and Scrutiny Committee. Councillor Potheary agreed but stated that she was still against the GMC and that it had left tenants confused over what their rent was paid for. She wished for the charge to be fully withdrawn. Residents have said to her that the services provided were not a full service. She went on to question why the environment charge was high as the work carried out was simple. She also questioned where the previously proposed £5 charge came from and whether alternative options had been considered.

Not wishing to reiterate previous discussions of the GMC, the ADH said the charge had been based on transaction costs, Service Level Agreements (SLAs) and full recovery costs; based on HRA costs for 2016 – 17. The service department would also work with the Environment Team to drive service charges down. There were a number of service elements that would not be directly charged to selected tenants under certain options. In regards to what tenants' rents were paid for, the basic rent was for the possession of the property, in addition to some management services provided which were legitimate for tenants to be charged for. Councils across the country used this same model of charging and Thurrock would not be unique in this. Thurrock would seek to reduce the annual costs over time. Some of the options

provided in the GMC report would reduce the charge and alternatives had been considered with no other cheaper options identified.

Echoing the Chair's earlier comments, Councillor Redsell felt the options were detailed in this report and that the confusion had been caused by the generic letters sent out to council tenants stating the charge the first time round. She said some tenants within her ward of Little Thurrock Blackshots would be paying the GMC and some would not. She felt a broader method of charging needed to be identified and an agreement to be discussed to lower costs.

The Vice-Chair said the reason the GMC came about was due to the Conservative Party in central government decreasing the rents down by 1% each year until 2020. The charges might increase in the next few years but the HRA would not go bankrupt so it was not right to single out the 3800 out of the 10,000 council tenants to charge. He went on to say that if necessary, he would put a motion into Full Council to remove the GMC (option 3.3 of the report) which was seconded by Councillor Potheary. He felt the charge was just recovering the 1% reduction in rent and that the GMC would be charged to vulnerable people.

The Chair also felt option 3.3 was best and did not like giving the Housing department 'tax raising powers' for the GMC which he saw as an aggressive tax. There was no guarantee that other administrations would not raise the revenues in the future. Echoing the Vice-Chair's earlier comments, Councillor Allen commented that the charge was political and that the rent reduction from central government had caused a shortfall so money could not be spent elsewhere e.g. in home improvements.

The Housing Tenant Representative (HTR), Lynn Mansfield, questioned where the funds would come from to pay for grounds maintenance if the charge was to be withdrawn in full. The ADH replied that the other reports within the agenda would explain the funds and investments in housing stock. The service had been effective in managing the HRA with the limited number of resources the service department had. Under current conditions, there was limited investment into the housing stock and with the combined costs from grants and rents; it was not enough to maintain the 10,000 council owned properties. Where charges were introduced, it would be charged year on year and would allow for capital investments and maintenance of the housing stock. The big ticket expenditures were repairs in which there were no other resource revenues available to pay for these. The service department would continue to provide grounds maintenance even without the charge but the proposal of the GMC had been to collect the cost from tenants who benefitted from the service.

The HTR sought further clarification on whether the charges for grounds maintenance would be sought elsewhere or if another charge would be introduced that would be related to grounds maintenance. The ADH said the costs would need to be met from the 'basic rents pool' as they could not be collected from other sources such as the General Fund. There was no equation of other costs to match the GMC nor was there a flexibility to increase tenants' rents. Instead, the service department would have to manage other expenditures more carefully.

Councillor Allen asked whether there would have been revenue to cover grounds maintenance costs if there had not been the 1% rent reduction. The ADH responded that a GMC had been an established feature within other Housing departments from the benchmarking data gathered prior to the reduction so the link was not necessarily as strong as suggested in Councillor Allen's question. Service charges were a part of social housing charges elsewhere before the introduction of the 1% per annum rent reduction.

Referring to the 1% rent reduction, Councillor Redsell queried whether another charge could be taken to lower council tenants' rents. The ADH stated that rent was a recognised cost for the purposes of Housing Benefit. Service charges were a part of the regime and eligible to be in the 'eligible rent' for benefits. The model used to charge rents was not based on incomes as it had been considered before and rent increase would have an impact on housing benefits.

Councillor Redsell asked for clarification on where grass verges were split to indicate which part of land belonged to the HRA or General Fund. As discussed in the previous Housing Overview and Scrutiny Committee meeting, the ADH said a bigger piece of work would need to be carried out on the land and assets that fell under the HRA and General Fund. The SLAs implemented with the Environment services was to avoid the differences and ensure they maintained both plots of land. Councillor Redsell went on to say that the disparities lay in areas of land where old pensioners resided and that some of the grass verges could be cut by the residents themselves. She stated that she was not in favour to withdraw the GMC in full as the services provided had to be paid for somehow.

Following on from Councillor Redsell's last comment, the Chair asked Members to vote on the options. The Vice-Chair, Councillor Potheary and Councillor Allen voted for option 3.3 which was to withdraw the GMC in full. Councillor Redsell voted for option 3.4 which was to implement a lower standard charge for the same selected tenants. With the Chair's vote on option 3.3 as well, he asked Officers to take the recommendations from the Committee to Cabinet. The Corporate Director of Adults, Housing and Health (CDAHH), Roger Harris, stated that this would be taken to Cabinet in February 2018. Councillor Redsell asked if the report would come back to the Committee again after going to Cabinet to which the CDAHH confirmed it would not.

RESOLVED:

- 1) That the Housing Overview and Scrutiny Committee commented on the options outlined in the report regarding the grounds maintenance charge.**
- 2) That the Housing Overview and Scrutiny Committee made a recommendation to Cabinet based on its consideration of the report.**