

THE EXECUTIVE

14 DECEMBER 2004

JOINT REPORT OF THE DIRECTOR OF HOUSING AND HEALTH AND THE DIRECTOR OF REGENERATION AND ENVIRONMENT

FUTURE FUNDING AND MAINTENANCE OF CERTAIN AMENITY GREENS WITHIN THE BOROUGH	FOR DECISION
<i>This report deal with issues of a policy and financial nature which are reserved to the Executive by the Constitution. Summary</i>	
Summary	
<p>Historically the maintenance of Amenity Greens has been charged to the Housing Revenue Account (HRA) even though the advent of Right to Buy means that many of the greens are no longer solely for the benefit of only Council tenants. This report seeks approval to correctly identify Amenity Greens and to subsequently re-apportion the part of the costs of maintenance of Amenity Greens from the Housing Revenue Account to the General Fund.</p>	
<p>The proposals are founded upon a clear distinction between the greens that are an integral part of the environment of Council housing estates and those that are part of the overall public domain.</p>	
<p>All the Amenity Greens in the Borough have been mapped by ward, Community Housing Partnership and Community Forum areas. These maps are supported by detailed spreadsheets showing the costs of maintenance for each Green and the proposals for re-apportioning the costs between the Housing Revenue Account and the General Fund.</p>	
Recommendation	
<p>The Executive is asked to:</p>	
<ol style="list-style-type: none">1. Agree that: £142,817 is reappropriated from the HRA to the General Fund for 2004 - 2005 (being effective from 1st January 2005) and £571,265 for the full year commencing 2005 – 2006 through the process of administrative rectification;2. Note that the sum of £71,265 is in addition to the provisional sum of £500,000 set aside in the budget setting process for 2004 – 2005; and3. Note that this additional sum would need to be considered as part of the budget setting process for 2005 - 2006.	
Reason	
<p>To help ensure that costs are charged to the appropriate accounts. To ensure that revenue costs are funded from the appropriate budgets where Amenity Greens are a key part of the public domain for example on public highways, adjacent to ex-council housing stock and adjoining commercial or industrial concerns.</p>	

Contact: Jim Ripley	Head of Landlord Services	Tel: 020 8227 2827 Fax: 020 8227 2846 Minicom: 020 8227 5755 e-mail: jim.ripley@lbbd.gov.uk
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1. Introduction and Background

1.1 Introduction

1.1.1 This report sets out the background of the maintenance and funding of the Amenity Greens and identifies where anomalies have arisen between ownership and funding. The report therefore sets out recommendations for the re-apportionment of the funding for certain amenity lands from the Housing Revenue Account to the General Fund.

1.1.2 Many areas of Amenity Green that were once an integral part of Council estates, for example the Becontree Estate, are now part of the overall public domain. This is due to the numbers of houses that have been sold Freehold under the Right to Buy (RTB) provisions. However, the current apportionment of the costs for the maintenance of the Greens does not reflect these changes over the passage of time.

1.2 The Current Situation

1.2.1 Providing the Service - The maintenance of the Amenity Greens across the Borough is undertaken by the Director of Regeneration and Environment (DRE) under a 'contract' originally let during the CCT regime. This 'contract' is extended by mutual consent between DRE and Landlord Services on an annual basis.

1.2.2 Service Costs - The maintenance of the Amenity Greens across the Borough is funded jointly through the Housing Revenue Account (HRA) and the General Fund. The costs charged to HRA are increased each year to reflect increases in both wages and other service costs. The increase for 2003-2004 was 6.5%. As at November 2003 the total charges to the HRA for the maintenance of the Amenity Greens was:

£ 1,320,128 - works costs
 £ 264,026 - 20% administration charge
 £ 1,584,154 - Total

1.3 The G.I.S. mapping exercise

1.3.1 The mapping exercise was predicated by a set of agreed criteria for deciding the proposed future funding for each individual Green. These were agreed by the Councils external auditors, Mills & Reeve solicitors and Corporate Finance. The criteria were:

- That Amenity Greens identified as an integral part of a Council housing estate or within the boundary of the communal grounds around an individual block of flats or sheltered housing would continue to be funded from the HRA as the land is

owned by Housing & Health and Leaseholders are charged for a proportion of the grounds maintenance costs in their service charges.

- That all other Amenity Greens currently funded from the HRA would have their costs apportioned as a percentage of Council owned properties and those disposed of under the RTB and transfer to Registered Social Landlords.

1.3.2 This percentage was applied to the total cost of Amenity Greens outside of an estate or sheltered housing boundary to calculate how much should be apportioned to disposed properties and the General Fund and how much to Council owned houses and the HRA. The results and calculations are shown below.

Figure as at November 2003 the total charges to the HRA for the maintenance of the Greens was £1,584,154 this includes DRE fees of £98,339 per annum

Figures from the GIS work:

Total costs after joining the cost table to the GIS Amenity greens GIS layer = £1,409,566,

This figure shows there being a difference of £76,249 + fees of £4,917 = £81,166 the reason for this is because costs exist in the costing sheet which do not relate to any plot of land on the GIS layer. This is the subject of ongoing discussions, but does not compromise the current proposals.

Boundaries Greens Costs = £627,723 + fees of £41,302 = £669,025

Non-Boundaries Greens Costs = £781,843 + fees of £52,102 = £833,963

Total Council Houses (Original Figure before any RTB) – 32,542

Council Houses (Current Figure) – 10,235

RTB / Disposal Sales – 22,307

Calculation : $\frac{22307}{32542} \times 100 = 68.5\%$

68.5 % of the Non Boundaries Amenity Greens cost

$0.685 \times £833,963 = £571,265$

1.4 Padnall Lake and Green Redevelopment

There are a number of amenity plots around this area, which will be regenerated and turned into a park. they therefore will no longer need to be maintained by Housing. The total cost of all the amenity plots in this area adds up to £5150.56 this cost is included within the foregoing figures. This will be the subject of a separate report.

1.5 The outputs of the GIS mapping exercise have also been used to inform and support the submission to the Secretary of State for the introduction of the new Council Byelaws.

2. Proposals

2.1 Provision has been made in the Council's budget setting process to meet the total potential financial impact on the General Fund if the key criteria set out 1.3 above were fully met. The immediate impact of this on the General Fund and the resultant consequences on the Council Tax lead the Council's Corporate Management Team to set the following parameters for any potential re-apportionment:

- phasing the re-apportionment over two financial years with the first phase in April 2004 and the balance in April 2005.

2.2 New Ward based costing information

2.2.1 As at the end of March 2004 the proposed apportionments of the costs of maintaining the Amenity Greens for all the wards to the HRA and the General Fund are set out below. This would result in an additional cost of £571,265, being attributed to the General Fund from April 2004 onwards. (A sample of maps showing all the wards and the individual Amenity Greens colour coded to show the proposed funding source will be available at this Meeting).

2.2.2 The re-apportionment of costs to the General Fund at current prices would result in the following additional expenditure for a full year"

Year	£s	Wards
2004/2005	£571,265	All

2.2.3 The sum of £571,265 equates to the proposed re-apportionment to the General Fund for all Wards.

2.2.4 These proposals have been developed and agreed in conjunction with the Director of Finance, Head of Legal Services and Department of Regeneration and Environment

2.3 Validation of the proposals

2.3.1 The Directorate of Housing & Health Strategy Section has been checking that these proposals do not compromise any options for the Council to use any of the Greens for future development. The maps for all Wards have been checked.

3. Financial implications

3.1 The proposed re-apportionment would mean a recharge from the HRA to the General Fund in 2004-05 of £142,817 (part year effect from 1st January 2005), and £571,265 in a full year. This is slightly more than the provisional £500,000 agreed by Members as part of the budget setting process for 2004-05. If Members accept the proposals in the report, then an additional £71,265 will need to be funded from the General Fund in a full year.

3.2 The re-apportionment of the costs following the extensive review of the service will mean a net saving to the HRA over the next two years of £571,265 with a corresponding additional cost to the General Fund.

4. Legal implications of the proposals

- 4.1 The Council has received Counsels advice and based upon this it appears that one approach, administrative rectification, is available to ensure that the costs of the maintenance of the Greens are attributed to the correct funding sources. The Barrister has confirmed that the methodology we have adopted is sound.
- 4.2 This course of action treats the proposals from this exercise as an administrative exercise to re-apportion the costs between the two accounts.
- 4.3 The external solicitor advises that for this course of action specific consent from the Secretary of State would not be required.

5. Consultation

The following persons have been consulted in the preparation of this report:

DRE

Allan Aubrey, Head of Leisure and Community
Jim Ventris, Operations & Business Manager, Grounds Maintenance
Mike Mitchell, Head of Environmental Management
Peter Estcourt, Principal Engineer-Infrastructure
Peter Blanchard General Manager – Infrastructure

H&H

Roger Phillips, Head of Housing Business Services
Ken Jones, Head of Housing Strategy
Maryam Collard, Senior Business Officer
Stephen Croney, GIS Analyst

CS

William Bennett (Legal Department)

Finance

Colin Rigby, Head of Finance – H&H
David Waller, Interim Head of Finance – DRE
Joe Chesterton, Head of Financial Services, Finance

Background Papers

- Letter from Mills & Reeve dated 9 February 2004 Reference: BJLW/2007856-0139-0.
- Email from Mills & Reeve (Johann Wylly) dated 18 February 2004
- GIS data from DRE and H&H