

Report To:	OVERVIEW AND SCRUTINY COMMITTEE	Date:	12th DECEMBER 2017
Heading:	INTRODUCTION TO SCRUTINY CONSIDERATION OF DECORATION ASSISTANCE VOUCHERS		
Portfolio Holder:	PORTFOLIO HOLDER FOR HOUSING AND ASSETS		
Ward/s:	ALL		
Key Decision:	NO		
Subject to Call-In:	NO		

Purpose of Report

This report outlines the current process and financial amounts allocated for decoration assistance via Decoration Vouchers, and to provide further information and options regarding alternative potential methodologies regarding financial assistance associated with the quality of decoration when let and decoration disturbance following receipt of major works, with a view to ensure that the approach going forward is fit for purpose.

This report relates to the allocation of Decoration Vouchers from both HRA Capital and Revenue budgets. This topic was considered a suitable issue for consideration by the Overview and Scrutiny Committee in it's Housing Related Performance role, as approved by Council on the 6th October 2016.

Recommendation(s)

Committee is asked to;

- 1. To note the contents of this report;**
- 2. Consider and comment on the alternative decoration assistance options;**
- 3. To provide guidance on the preferred course of action in respect of any further investigation/information requirements of the Scrutiny Panel;**

Reasons for Recommendation(s)

To provide the Overview and Scrutiny Committee with sufficient information to undertake it's consideration of Decoration Assistance Vouchers.

Background

Decoration vouchers are issued to eligible tenants following the completion of various improvement works (where decorations have been disturbed during the replacement of building components within tenants' homes such as the replacement of central heating and electrical installations), or to new tenants of void properties. The value of decoration vouchers is determined by the number of rooms disturbed and the extent of disturbance to each such room affected by improvement works, or the condition of existing decor in a void property.

The Council's Cabinet/Committee approved changes to the 'Decoration Voucher Scheme' in January 1996. Please note the report that originally accompanied the Minutes could not be located, but the Minutes advise approval was sought for incoming tenants of a void property to receive a payment of £35 per unacceptable room.

Prior to this and in the absence of the accompanying report it appears that the only time tenants would be provided with a decoration assistance voucher was during refurbishment schemes, at a rate of £15 per room. The paper also requested that this allowance was raised to £35 per room.

In September 2002, a further report was taken to the Cabinet to give consideration to maintaining the allowance at its current rate or to increase it to £40 per room, plus a higher allowance of £70 for the redecoration of Living rooms, and for all future allowances to be uplifted annually in accordance with the Retail Price Index (RPI), with effect from 1st April 2004. The increases in the allowances were approved. Please note that these allowances were maximum values, whereby a process is operated of issuing full, half or nothing per room based upon the level of disturbance or condition of existing decor. This approach, although simplistic, allows for a consistent approach to be operated, minimising the scope for subjectivity. To aid this process, only a very small number of officers are permitted to issue decoration vouchers. The number and values of decoration vouchers is recorded to allow independent validation and checking.

Vouchers can be redeemed for decorating materials, including brushes, dust sheets etc. and decorating services. Taking into account the annual RPI increases, the current maximum values of vouchers is £105 towards the cost of decorating a living room and a £60 for all other rooms including bathrooms, bedrooms, kitchens and hallways. This can result in the allocation of a decoration voucher in the most extreme of cases of £585, although these higher amounts are rare.

Currently tenants that have had their decorations disturbed following modernisation works are still provided with a decoration voucher even if they are in rent arrears or owe any other debt to the Council. It may be possible for the Council to credit rent accounts, where they are in arrears and entitled to a decorating allowances rather than provide the allowance direct to the tenant. This would require a formal procedure to administer this process fairly and consistently.

Over the years, the Council has received a small number of complaints in relation to tenants considering that the vouchers did not cover the cost of redecoration. This would generally only be the case if a professional decorator was to be employed to carry out the decoration works on the tenant's behalf.

Following the issue of the decorating vouchers, tenants have the option to use the full amount allocated to purchase decorating materials and associated sundries from a range of local suppliers, and/or decorators. Alternatively, tenants have the option to use the full/partial value of vouchers as a contribution towards the cost of any other decorating contractor who is willing to carry out decoration works and redeem the vouchers from the Council. There is currently limited evidence of tenants utilising this option based on the volume of invoices

received from decorating contractors. All vouchers are to be expended within 180 days of issue. A proportion of decoration vouchers are never redeemed.

The historic approach to use local suppliers has worked very well over the years, offering tenants the ability to travel short distances to access a decoration material supplier, whilst adding benefit to the community sustainment initiative. The Council does not vet suppliers or decorators, and it is up to the tenant to establish best value from their own perspective. Some suppliers offer discounts where vouchers are used. No change is given against a voucher if it is not fully expended. The relationship between the Council and suppliers is informal.

Anecdotal evidence suggests that the current scheme may be open to abuse whilst it should also be recognised that the Council has no significant issues in either letting its void properties or having acceptances of repair/improvements works. As such the decoration vouchers are more a mechanism for being reasonable than acting as incentive for tenants to take on a property or having works completed.

The exception to issuing decorating vouchers is for properties that become vacant in the Council's Sheltered accommodation, where if a property in one of these designated schemes becomes vacant the 'Voids' team will complete the necessary repairs and decorate.

Along similar lines, for major works, the installation of replacement kitchens and bathrooms includes for full decoration works, to leave a fully finished 'new' kitchen or bathroom.

Expenditure levels against these budgets can be found below (See Finance).

Considering the current scheme and expenditure levels, Members are asked to review the information within the report and provide guidance on whether they wish to continue with the current approach or consider investigating/adopting a varied or alternative approach in the future.

Alternative Options Considered (With Reasons Why Not Adopted)

Cease issuing Decoration Vouchers – following repairs and improvements the Council has a duty to 'make good', this could be in the form of issuing decorative vouchers or actually decorating – please see legal section of this report for more detail.

Ceasing the issue of decoration vouchers altogether following major improvement works would be unpopular with tenants.

Decorate all properties directly at void stage. The average cost of decorating a property is approximately £1120.00, the average number of void properties per annum is approximately 550 which, if they all required decorating could result in an expenditure in the region of £616,000. The current budget for decoration vouchers for void properties is £72,700. Given the financial pressures on the HRA there is no scope to increase the budget in this area.

Detailed Information

Options for assistance towards decoration vouchers in the future

There are a number of alternative methods available to satisfy the Council's duty with regards to providing tenants with assistance towards their decorations following improvement works or at the start of their tenancy;

Options for change include the value of assistance towards decoration, as well as the methodology.

As stated above the value is determined by the 2002 Cabinet Report, as uplifted by RPI, however there is scope to reduce the value without removing it altogether.

Options could include to cease the annual uplift, reduce the maximum values to any prescribed amount, or add further criteria to offer different amounts based upon other criteria i.e. demand for such housing types/area, age, disability etc.

The following options refer to alternative methodologies regarding the delivery.

1) Frameworks

A number of well-established procurement Frameworks for the supply of decorating materials are available through Consortia which the Council could benefit from.

For example the B&Q card that could be issued as part of the Framework offers;

- Cards can hold any value and are “loaded” by the member and have no face value or visible amount. Cards can also have the member’s logo on them. Use of cards must be supported by an effective identification checking system when presented at a store for purchases to prevent fraudulent use.
- Cards can be loaded with an expiry date which ensures materials have to be purchased and used within a particular timescale.
- Any unspent values are returned to the member if not used within the prescribed timescale.
- Category control on cards which means they can only be spent on products the member specifies.
- Cards can be cancelled or stopped.
- Tenants can revisit the store at a later date if they wish prior to expiry of the card to use any unspent balance on the card. No change will be given at the till. Any purchases with the card would need to be supported by evidence confirming who the card has been allocated to.
- Full audit control – each card is numbered and allocated by the member
- A few suppliers provide a price promise guarantee – if products are found cheaper locally then specified percentage value is refunded on the card.
- Tenants have a vast range of products (and discounts) to choose from in one location.
- Some stores offer free next day delivery but this may depend on the amount spent, some stores that charge except the decoration cards can be used to pay for delivery.
- An extensive range of products, advice (and in some stores DIY training sessions).

Issues to consider

- This type of decoration assistance does not provide the option of engaging with a professional decorator to complete the works. This could discriminate against the elderly or disabled who are not able to complete decorating themselves.
- Tenants that are unable to travel or who prefer not to travel would either have to pick products from a brochure, or visit the stores website to identify the products they wish to purchase. This may not suit all tenants as they may wish to browse the products on the shelves and see the displays within the stores.
- Should tenants choose to visit the store, they will be limited to the chosen supplier’s location which may result in travelling a significant distance at their own personal cost.
- Although the larger stores will have a wide and varied range of products and promotions, tenants will have no choice other than to utilise the card with the specified supplier and

purchase the products they sell at the prices they have set.

- Tenants may choose to utilise the card to purchase the paint and products but not actually decorate their home, or even sell the products for personal gain.

A further option included in a number of frameworks is to provide 'paint packs'

- Paint packs or Decorating packs contents are pre-determined by the member in conjunction with the supplier. Packs are designed specifically for the size of the property and 3 to 5 paints are selected from the Suppliers colour card.
- Accessories can also be included such as dust sheets, brushes rollers and any other specific decorative associated materials.
- A number of Suppliers include delivery straight to the tenant's door.
- Suppliers such as Dulux have a vast experience on the quantities of paint and associated products required to decorate properties. Their pack sizes are designed based on their knowledge of the Social Housing environment and the paint and materials that would be required to decorate and typically sized property, packs generally include;
 - Diamond Matt Emulsion
 - Acrylic Eggshell
 - Vinyl Matt Emulsion
 - Rollers and tray
 - Selection of brushes
 - Masking tape
 - Dust sheets

This list is not definite and can be agreed with the supplier.

Issues to consider

- This type of decoration assistance does not provide the option of engaging with a professional decorator to complete the works. This could discriminate against the elderly or disabled who are not able to complete decorating themselves.
- Although the Council will be able to contribute to what products/materials would be included in each pack, once the pack contents are agreed at the beginning of the contract for the size of each property there would be limited flexibility to amend this. This may result in tenants of the poorer decorated properties complaining that they have not been provided with enough materials to complete the decorating to their home.
- The choice for tenants is more limited from quantity through to product brands, for instance tenants may prefer gloss paint and we have included eggshell within the specified pack.
- Because the pack contents are pre-determined, their makeup of emulsion, glosses and products may not suit the individual requirements for the tenant's property, for example the property may need all the walls to have two coats of emulsion but the glossing may be ok, which would result in a shortage of emulsion and too much gloss.
- Tenants receive the pack but not actually decorate their home, or even sell its contents for personal gain.

2) Large High Street Retailers

Company's such as B&Q, Dulux and Wilko (Wilkinson's) offer differing schemes but very similar to the Frameworks discussed above.

Many of the benefits are exactly the same as above but the Council would be engaging with them directly, which allows for a greater involvement in the products and services provided, but increases the burden of ensuring compliance with any procurement.

A number of the Suppliers (including Dulux) have been known to offer discounts to all tenants for decorating products, but this would need to be investigated further.

Issues to consider

- Utilising the high street retailers will include all of the same issues to consider as above as most of them offer similar options with regards to purchasing cards and 'paint packs'.
- There would be the additional burden of ensuring compliance with procurement legislation.

3) Make good decoration utilising directly employed employees or Contractors

A further option would be to utilise our own directly employed employees or Contractors to decorate following modernisation or at the start of a new tenancy.

A full cost benefit analysis would need to be completed as the additional time taken to decorate whilst the property is empty could have a negative impact on rent loss performance as the property may take an extra week to return to the lettings pool were it could have been attracting rental income.

In addition, for improvement works it would require the modernisation Contractor to engage with a further tradesperson, which may not be cost effective and slow the programme of major works down. Costs to decorate will invariably be higher than that of the value of the decoration voucher issued, since in most cases the vouchers are seen as a gesture of goodwill rather than a means to redecorate.

The Council will also carry the extra risk of administering the works and be liable for any defects or damage to carpets, furnishings etc., during the redecoration, which may result in claims leading to higher insurance premiums. Selection of 'equivalent' materials may also be a contentious issue especially where high value wallpaper is disturbed.

As stated above, the use of this option could be limited to or exceptional circumstances based on a set criteria, but the higher cost would need to be offset by a reduction in the existing budget.

Issues to consider

- A full cost benefit analysis would need to be completed to ensure the proposal would be viable, from historical cost analysis it is more likely that this option would be significantly more expensive to provide than the current scheme.
- Tenants would not have the extensive choice of wallpapers and colours of paint, it is anticipated that a limited choice of colours would be offered.
- A further option may be to provide this service solely to the properties that are difficult to let, however due to the additional expense of fully decorating these properties it is highly likely that the decorative assistance budget would be fully utilised. All other decorative assistance for tenants following modernisation works and the issuing of decorative assistance vouchers for high demand properties works would need to cease (other than were required by law).

Implications

Corporate Plan:

Reviewing areas of high expenditure and considering alternative methods of delivery through consideration of this topic through the Council's Values;

- Enterprising, Ambitious and Innovative;
- Community and Customer Focused, Putting People First;
- Collaborative;
- Transparent and Accountable;
- Commitment to Residents.

Legal:

Under legislation and case law, a landlord's obligation is to make good consequential damage to decorations following repair, not after improvements. The legal definition of what is a repair or improvement is not always straightforward. For instance work to eradicate dampness will tend to be a repair although older case law states that a damp proof course, where there previously wasn't one, will be an improvement. However, corroded metal window frames being replaced with modern double glazing has been held to be a repair as there was no other way of repairing other than replacement.

For improvement works there is no strict obligation to put the decor back in its pre-works condition (by agreeing to the work the tenant has consented to a change).

It may be possible for the Council to credit rent accounts, where they are in arrears and entitled to a decorating allowances rather than provide the allowance direct to the tenant. This would require a formal procedure to administer this process fairly and consistently.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	<p>Expenditure over the previous 5 financial years;</p> <p>2016/17 - £69,607 2015/16 - £63,023 2014/15 - £61,298 2013/14 - £70,795 2012/13 - £78,101</p> <p>Current year's budget is £62.700pa for decorative assistance for new tenants in general accommodation. There is a separate budget line of £10,000pa for the decoration of Sheltered accommodation.</p>

Housing Revenue Account – Capital Programme	<p>Expenditure over the previous 5 financial years; (variable dependent upon the predominant work types included in any specific year's programmes).</p> <p>2016/17 - £87,554 2015/16 - £60,220 2014/15 - £33,485</p> <p>2013/14 - £23,340 2012/13 - £36,795</p>
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There is the potential that savings could be made depending on the cost benefit analysis of the preferred option.

If the chosen option is to retain the current process, it is recommended to change the annual RPI increase in April to a CPI increase in April based on the previous September results to fall in line with the rest of the budget process.

Risk:

Risk	Mitigation
Adverse feedback if expenditure is reduced.	Standard response in terms of reasons for the necessity for change i.e. affordability in the longer term/investment in other areas to the benefit of the tenant.
Increasing strain on budgets if RPI continues to rise.	A cost/benefit analysis of the chosen option (or options for further consideration) contained within this report, ensuring the outcome is affordable and fit for purpose going forward.

Human Resources:

There are no HR implications within the report however additional employees may be required if a decision was taken to directly decorate properties during the Void period. Any requirement for additional employees will be approved through the normal process and the recruitment will be in line with the Recruitment and Selection Policy.

Equalities

Depending on the preferred option there may be equality issues against one or more of the 9 protected characteristics.

Other Implications:

N/A

Reason(s) for Urgency (if applicable):

N/A

Background Papers

N/A

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