

ST LEGER HOMES OF DONCASTER LTD

Company limited by guarantee registered in England
Company Number 05564649

Joint Area Board

Date : **10 November 2008**

Item : **05**

Subject : **Introduction of Decoration Packs & Provision of Pilot O.A.P Decoration Service.**

Presented by : **Ken Hopkins
Interim Director of Property Services**

Prepared by : **Lesley Saxelby – New Initiatives Team Officer
Ellie Kershaw - SLA Monitoring and Efficiency Officer.**

Purpose : To invite the board to consider a revision of the current decoration allowance scheme.

Recommendation: That the Area board approves the introduction of scheme to pilot the use of Decoration Packs as an alternative to Decoration Vouchers and that they consider approval of a pilot Decoration Scheme for O.A.P and disabled tenants.

Company Number 05564649
A Company Limited by Guarantee
Registered in England

**To the Chair and Members of the
ST LEGER HOMES OF DONCASTER BOARD**

**Agenda Item No. 05
Date: 10 November 2008**

1. Report Title

**1.1 Introduction of Decoration Packs & Provision of Pilot O.A.P
Decoration Service**

2. Purpose

2.1 The purpose of this report is to inform the Chair and fellow board members that decoration packs are a cost effective and tenant friendly alternative to the provision of decoration vouchers and to show the need for the introduction of a Decoration Scheme for O.A.P and disabled tenants.

3. Recommendation

3.1 That the board approves a change in policy with regard to decoration following repairs and improvements:

- a. the introduction of pilot scheme lasting a maximum of six months, to test the take up and demand for Decoration Packs as a replacement for Decoration Vouchers.
- b. During the period of the pilot, customers will be offered a choice between vouchers and decoration packs while our existing stock of decoration vouchers remain.
- c. Where O.A.P and disabled tenants opt to receive a decoration pack, SLH undertakes the decoration on their behalf, provided they meet the same criteria as that required for the existing Garden Service Scheme.
- d. Board receives a further report on the outcome of the pilot in six months tie with a view to either dropping the decoration vouchers completely, or introducing firm guidelines on the use of vouchers and dropping the idea of the decoration packs

4. Background

4.1 Introduction of Decoration Packs

St. Leger Homes currently uses a Decoration Voucher Scheme to contribute towards decoration of properties as shown below. The vouchers are intended to be a contribution rather than an amount that allows for total property redecoration.

Work	Per Room	Maximum
Repairs	£25	£100
Damp proofing	£25	£200
Decency	£25	£250
Empty Homes	£33/£50 depending on size of room	£250

4.2 It is apparent from the information in the table above that the scheme we are currently running does not treat our customers equally but varies considerably depending on the type of work carried out. This is further compounded by the fact that St. Leger Homes has no clear guidelines pertaining to when vouchers should be awarded. The decision as to whether a room requires decorating is based on each individual officer's opinion.

If the current Decoration Voucher scheme was to be retained, then consideration should be given to introducing a set of criteria to act as guidance for officers when awarding vouchers.

For example:-

- Rooms where there is offensive or excessive graffiti
- Rooms where there is mould growth
- Rooms that are dirty or with significant amounts of peeling or discoloured paper
- Rooms that have had fixtures or fittings removed leaving bare patches or discoloured areas
- Rooms where plastering has taken place

4.3 After a repair has been carried out St. Leger Homes has a duty to pay for the decoration to be made good or to decorate the room to a lettable standard. There is no statutory requirement to offer any form of decoration following improvement work or for new tenants. The current scheme does not enforce this and, indeed, it is rare that officers award decoration vouchers following a repair. A summary of the legal position can be found at Section 9 – Legal Implications.

4.4 In 2007/8 a total of £188,891.90 plus VAT was spent on decoration allowance. The total VAT amount was £33,056, which St. Leger Homes was able to reclaim. This comprised of £104,125.91 Capital and £84,765.99 Revenue. Of the Revenue amount only £7,000 was awarded following a repair.

4.5 The current scheme allows tenants to purchase materials at a variety of outlets. These are situated in Armthorpe, Doncaster Town Centre, Mexborough, Rotherham, Thorne, Woodlands and two a few miles outside of Doncaster town centre. The items that can be purchased are listed on the vouchers. However, no monitoring is undertaken to ensure that only approved items are being purchased. If St. Leger Homes decides to continue with this scheme some form of mystery shopping should be put in place to ensure that merchants are only exchanging vouchers for approved items.

The vouchers are valid for six months and St. Leger Homes are able to reclaim the VAT on these vouchers. St Leger Homes can also claim up to 5% of the yearly spend back from the merchant. However, it appears that this is not being monitored and little of the rebate is actually being claimed.

5 What are the options?

A number of alternatives have been considered for payment of the decoration allowance.

- 5.1
- i. **Keep the existing Decoration Voucher Scheme.**
Although there are a number of financial benefits to the existing scheme there are also a number of problems.
- The vouchers rely on the tenant being able to get to an approved supplier and transport the goods home.
 - The number of suppliers has reduced from the original 15 to just 8.
 - There is nothing to stop someone selling on the vouchers, as no ID is required to spend them.
 - Although alternative vouchers could be procured for use at national chains such as Homebase, transportation would still be a problem. In fact, given the location of large DIY stores throughout the borough it is likely that they would be more difficult to access than the existing suppliers.
- 5.2
- ii. **Payment by Cash or Cheque**
- The benefit of this idea is that it would allow tenants to purchase goods at a place of their choosing which may be more convenient to where they live.
 - This scheme also means that tenants are able to pay someone to carry out the work for them.
 - However, there are a number of foreseeable problems. Holding the required amount of cash at each office presents a security risk. .
 - Cheque payment would carry a higher production cost to St. Leger Homes than the voucher scheme.
 - Not all of our tenants have bank accounts, which could lead to them using cheque-cashing facilities thereby losing a percentage of the value.
 - Advice from the Benefits Information Team is that the tenant would need to prove that they had spent the money on decorating to prevent it being classed as income. The only way to prove that tenants are spending the money on decorating their property is to carry out an inspection at a set period after issuing the cheque. This would cost St. Leger Homes the officer time. There would also need to be a recharge scheme created for tenants who had not spent the money on decoration.

5.3

iii. Decoration Packs

Decoration Packs containing the following materials can be purchased through St. Leger Homes own Procurement Section who already have a contract in place with Crown paints and who can deliver direct to the tenants property free of charge.

- **Pack A** (one bed dwelling) 10lts white matt emulsion, 20 lts matt emulsion in the tenants' chosen colour(s), 2.5 lts white undercoat, 2.5 lts gloss paint, 1 box filler, 2 tubes caulk, 5 sheets sandpaper in varying thickness, 1 no 75mm paint brush, 1 no roller/refill and tray, 750ml white spirit.
Cost £59.34
- **Pack B** (two bed dwelling) 10lts white matt emulsion, 25 lts matt emulsion in the tenants' chosen colour(s), 5 lts white undercoat, 5 lts gloss paint, 1 box filler, 2 tubes caulk, 5 sheets sandpaper in varying thickness, 1 no 75mm paint brush, 1 no roller/refill and tray, 750ml white spirit.
Cost £72.22
- **Pack C** (three bed dwelling) 15lts white matt emulsion, 30 lts matt emulsion in the tenants' chosen colour(s), 2.5 lts white undercoat, 2.5 lts gloss paint, 2 boxes filler, 3 tubes caulk, 5 sheets sandpaper in varying thickness, 1 no 75mm paint brush, 1 no roller/refill and tray, 750ml white spirit.
Cost £87.00

The packs are extremely cost effective – Pack C costs £87 plus VAT. To purchase the materials on an individual basis through a national retailer would cost in the region of £275. We also have the option to create one and two room packs for properties where only a small amount of decoration is required.

5.4

Further consideration has been given to the provision of wallpaper in the Decoration Packs but this has been found not to be feasible for the following reasons:-

- Officers would have to be responsible for accurately measuring rooms to ensure the correct number of rolls ordered for each
- If the amount of wallpaper ordered was incorrect this may cause problems with obtaining same batch number/type of paper if the tenant did not decorate straight away
- Tenants would need extra sundries to apply the paper – paste, scissors, pasting brush, paste table etc which would significantly add to the cost of the packs
- There would be difficulties transporting paper samples around and therefore only a limited number would be available
- Many other organisations are providing Decoration Packs but not including wallpaper because of the problems administering it as set out above.

5.5 **Appendix A** – Shows a breakdown of a 100 relet properties in August/September 2008 and the amount of decoration vouchers they were awarded. This is compared against how much it would have cost to provide each new tenant with a Decoration Pack with enough materials to decorate the whole property. As you can see the totals compare favourably and every new tenant could have been provided with a decoration pack for less money than providing only some with vouchers.

5.6 The recommended option is to use the Decoration Packs for voids and decency and also provide 1 and 2 room packs for small amounts of decorating after repairs and Decency Work. This needs to be backed up with a good promotion using tenants' choice events, leaflets and HouseProud. Crown has indicated that their marketing department would be happy to work with ours and produce a range of materials, such as leaflets FOC and also provide sample packs for demonstration. They will also offer a discount of 25% on any extra items that tenants may wish to purchase. Crown is already working with a Housing Association in Leicester who also wants to introduce Decoration Packs.

6 Provision of an O.A.P and Disabled Decoration Service after Repairs

6.1 Whichever scheme is agreed, some provision will need to be made for vulnerable people who are unable to carry out their own decoration. It would seem reasonable that the qualifying criteria should be similar to that which the Garden Service Scheme currently uses:-

- i. Tenants must be over 60 or registered disabled and
- ii. No one else in the household aged 16-60 unless they are registered disabled or
- iii. Tenants have to be registered disabled with Social Services

6.2 Approximately 3,000 tenants are registered for the garden service, which equates to approximately 14% of the housing stock. However, it is difficult to judge what amount of work is involved as we cannot accurately predict how many eligible tenants may have repairs undertaken.

6.3 There are three basic options for provision of this service

- i. To use the existing painters
- ii. To employ extra staff to undertake the work
- iii. To reimburse the tenant for the cost of an external contractor.

6.4 St Leger Homes has a statutory obligation to make good decoration following a repair and that the law does not require the tenant to carry out the decoration themselves. If they request that the decoration is carried out for them, St. Leger Homes must either carry out the work or pay for a contractor to do so.

As we cannot provide a decoration service to all tenants it seems reasonable to provide a service to our most vulnerable.

- 6.5 It is recommended that as part of the pilot on decoration packs, a scheme be introduced following repairs carried out, where a qualifying tenant opts for a Decoration pack, the work is carried out by SLH. The Development Team Manager believes that this could be undertaken using existing resources. St. Leger Homes will monitor the take up which would then enable us to calculate what it would cost to employ any extra resources to roll out the scheme to Capital Programmes and for new tenants. A report on this aspect of the pilot scheme will be included in the overall pilot evaluation in six months.

7. Procurement

- 7.1 If a decision is made to provide Decoration Packs to all new tenants and after repairs these could be provided and delivered free of charge to the tenants home through Crown Decorator Centre who have already been approved by Procurement following a competitive tender.
- 7.2 If it is agreed that the existing Decoration Voucher scheme should be kept the Procurement Team could carry out a tendering exercise to increase the number of suppliers. The contract could be set up for a specified length of time and new retailers could apply at an agreed time each year. This should address the problem of dwindling suppliers. The contract should also state that retailers supplying unauthorised goods will be removed from the list.

8. Consultation

- 8.1 Informal consultation with the SJC indicates that Decoration Packs would be a preferred option. Consultation with tenants was carried out as part of the Property Standard Review and one of the recommendations was to offer a "Paint Package" to all new tenants.

9. Legal Implications

- 9.1 The Landlord and Tenant Act part 69 states that "repairs" includes any work of maintenance, decoration or restoration, and references to repairing, to keeping or yielding up in repair and to state of repair shall be construed accordingly;
- 9.2 Case law from the 1980's states that landlord's must make good disturbed decoration resulting from repair work or pay for the decoration to be reinstated to a lettable standard. This must be to the full amount of the cost of reinstatement and not a contribution.

It does not require the tenant to carry out the work – they can employ a contractor and the landlord must reimburse them.

There has been no case law to contradict this and both HouseMark and the CIH agree that this is the legal position. However, it is reasonable to offer a Decoration Pack and only pay for a decoration service where this is requested.

- 9.3 There is no legal requirement to provide an allowance following improvement works or at the start of a tenancy although a number of ALMOs offer some form of decoration allowance to help let hard to let properties.

10. Financial Implications / Value For Money /Risk / Diversity

10.1 Financial Implications

In 2007/8 a total of £188,891.90 plus VAT was spent on decoration allowance. The split was £104,125.91 Capital and £84,765.99 Revenue. The total VAT amount was £33,056, which St. Leger Homes was able to reclaim. This money could not be reclaimed if the Decoration Allowance were to be paid by cash/cheque.

- 10.2 St. Leger Homes received a rebate of £1,053.65 from B&Q but no rebate from any other company was claimed.

- 10.3 It costs approximately £105 to process 100 decoration vouchers. Based on figures from 2007/8 this means that the current scheme costs approximately £10,000 p/a to administrate.

- 10.4 If St. Leger Homes were to pay the allowance by cheque or cash, based on the number of vouchers issued last year the amount of extra work would be equivalent to one full time post. Assuming the post was graded at Scale 3 the cost would be a minimum of £18,000 p/a including on costs. This is not inclusive of any reality checking to check that tenants are spending the money on decorating.

- 10.5 In 2007/8 St. Leger Homes spent approximately £77,500 plus VAT providing a Decoration Vouchers to approximately 900 new tenants. We let almost 1400 properties. To provide a full house decoration pack to all 1400 new tenants would have cost approx £99,405 plus VAT. Some of this cost would be offset by a reduction in administration costs involved in the current system which are approximately £10,000.

Appendix A – shows a breakdown of Decoration Vouchers v Decoration Packs for 100 relet properties carried out in August/September 2008.

- 10.6 In 2007/8 St. Leger Homes spent approximately £7,000 following repairs. Whilst the cost of the proposed scheme will be higher it will ensure that we are fulfilling our statutory obligation. We also paid £21,000 in claims made against our insurance. St. Leger Homes' Insurance Officer believes that the majority of these claims would have been prevented had a Decoration Pack been offered immediately following the repair.

- 10.7 £104,125.91 plus VAT was spent on Decoration Vouchers following Capital works. To provide a Decoration Pack to all properties that underwent decency work would have cost in the region of £87,000 plus VAT a significant saving. It is anticipated that to provide a decoration service for vulnerable tenants would cost approximately £250 per day inclusive of materials.
- 10.8 **Value For Money**
The only cost in officer time to providing a Decoration Pack is inputting the order to the TASK system, which will lead to a non-cashable saving in the time spent on administrating the current voucher system.
- 10.9 It is anticipated that the use of Decoration Packs would lead to a substantial saving over the life of the Decent Homes scheme which would contribute to decreasing the affordability gap.
- 10.10 A Decoration Pack scheme would allow customers to order from a wide range of paints 100 – 200 colours, which will be delivered to their home at no extra cost to either the tenant or to St. Leger Homes. Crown Decoration Centre will also provide a 25% off voucher for each tenant to purchase further materials from them if they wish. They have also offered to provide promotional leaflets for advertising the scheme at no extra cost.
- 10.11 **Risk**
Payment by cheque and cash would mean that there was no audit trail for the expenditure.
- 10.12 All methods of providing a Decoration Voucher Scheme are open to abuse. However, it is felt that provision of a Decoration Pack is more likely to ensure that tenants decorate their properties this could be checked at the Post Tenancy Visit.
- 10.13 By continuing to offer no form of recompense following repairs, St. Leger Homes is open to legal challenge, which also carries the risk of negative publicity.
11. **Diversity**
The current scheme has no provision for elderly and disabled tenants. Assuming the number of elderly and disabled tenants does not significantly increase, it is felt that the Development Team would be able to offer a post repair decorating service from within existing resources. A trial scheme could be piloted prior to it being rolled out to all tenants who qualify.
- 11.1 The Decoration Pack Scheme would be open to all and an Equality Impact Assessment will be carried out should the scheme be finally approved.
12. **Report Author**
Lesley Saxelby - New Initiative Team Officer.
Ellie Kershaw – SLA Monitoring and Efficiency Officer

