

WITHDRAWAL OF HEREFORD CITY COUNCIL SUPPORT FOR GROUNDS MAINTENANCE AND ITS IMPACT ON THE PARKS SERVICE

PROGRAMME AREA RESPONSIBILITY: COMMUNITY SERVICES

CABINET

22ND MARCH, 2007

Wards Affected

Alyestone
Belmont
Central
Hinton
St Martins
St Nicholas
Three Elms
Tupsley

Purpose

To inform Cabinet of Hereford City Council's decision to withdraw funding support for grounds maintenance in Hereford City for 2006/7 and to advise of the impact to services of this decision.

Key Decision

This is a key decision because it is significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

Recommendation

THAT: Cabinet

- (a) Notes the unilateral decision of the City Council to vary the terms on which the City Council would contribute to grounds maintenance within the City;**
- (b) Accepts that the situation is not capable of resolution between the parties prior to the forthcoming elections;**
- (c) Accepts that the residents of Hereford City should not be disadvantaged as a consequence of the unilateral breach of understanding and adjusts the base budget by £130,000 to allow that activity to be funded pending a permanent resolution;**
- (d) Requests that reports be prepared for the successor administration:**
 - (i) In relation to the potential contractual recovery of the sums unpaid in 2006/2007;**

- (ii) **In relation to the options available for the balance of 2007/2008 with a view to minimising the effect of the reduction of funding on the environment of the City;**
- (iii) **Following enquiry of the City Treasurer to illustrate how the sums included in the City Council's precept for this purpose in 2006/2007 were actually expended.**

Reasons

The contribution from Hereford City Council which was forthcoming from 2002/3 via an SLA ceased in 2004/5 and carried over for 12 months at a reduced rate for 2005/6. This accounted for approx 40% of actual cost of grounds maintenance expenditure in its last year.

The loss of this contribution will make a basic programme of maintenance undeliverable across the City and impact upon the ability of HJS to provide sufficient core capacity to undertake a Countywide service.

Considerations

1. The contribution from Hereford City Council was previously agreed as part of service level agreement which includes a financial contribution to other services including the operation of CCTV in the city. This relates only to the contribution in respect of grounds maintenance in the city.
2. The contract period with the City Council was from 1st April 2002 to 31st March 2005 with a right for either party to terminate sooner on six months notice. Although a new contract has not been signed the arrangements have continued by agreement. The legal principle in such circumstances is that the same terms apply as the original contract, subject to any changes that have been agreed in correspondence or verbally, or in the absence of any clear agreement on terms that would make commercial sense. If there is no evidence that it was agreed to continue for a further three years a likely assumption is that the arrangements continue from year to year, subject to confirmation of renewal or termination on a reasonable period of notice. The notice period would depend on factors such as length of notice required to terminate the employment contracts of any staff affected.
3. For the financial year 2006/7, the City Council Treasurer advised that Hereford City Council would continue to provide substantial financial support (£130k) subject to an additional breakdown of the grounds maintenance activities undertaken. This was provided in very great detail for an agreed number of sites. Once submitted, the Parks Manager was advised that while the breakdown was sufficient and acceptable, Hereford City Council had now decided that they would not fund any core activity on the basis that such a move would in their view constitute double taxation. This was notified to the Parks Manager by e-mail on 4th January 2007. A sum of £33,125 was however paid as a Section 137 contribution.

4. Hereford City Council have further advised that they are still minded to support some enhancement schemes for city parks in future years provided that these are subject to formal bid applications and that they do not constitute any form of maintenance activity which they deem to be the responsibility of the Herefordshire Council.
5. The main arguments put forward for this withdrawal are double taxation and parity of resourcing with that of other market towns (who they claim make no contribution to the core costs of grounds maintenance of Herefordshire Council owned land). In terms of the double taxation issue we can demonstrate quite clearly that within Herefordshire Council's overall budget there is an expenditure line for grounds maintenance and an income line for Hereford City Council's contribution, therefore the net cost in Herefordshire Council's budget is zero, so no cost falls on Council tax payers. If Hereford City Council include the cost of grounds maintenance in their budget, tax payers will only pay for the service once - so it cannot be double taxation.
6. The whole grounds maintenance programme for the City will be undermined by the reductions in resource. Key decisions will need to be made around the future of the service and the nature of the Council's service delivery agreement with HJS.
7. The 'Britain in Bloom' initiatives across the market towns will no longer be supportable.
8. The Council's GEM targets in respect of grounds maintenance will not be deliverable.
9. The implications for the HJS workforce are such that the reduction would mean the redundancy of up to 15 full-time employees.

Risk Management

A large proportion of the core resource for grounds maintenance of the City parks has been withdrawn. There is now insufficient resource to carry out even a minimalist regime across even the highest profile sites. Balancing the budget would mean the total withdrawal of maintenance from some 50% of sites in the city, a scenario which is likely to evoke legal challenge.

Financial Implications

If the full contribution expected from the City Council for 2006/07 is not forthcoming there will be an overspend on this budget heading of approximately £97,000 for the year. An addition to the base will impact on projected general reserve levels for the future by up to £130,000 in each financial year.

Alternative Options

There are no alternative options.

Consultees

Legal Practice Manager

Director of Resources

Director of Adult & Community Services

Principal Accountancy Manager

Hereford City – Town Clerk, City Treasurer,
Councillor D. Fleet and Councillor Mrs P. Andrews.

Background Papers

SLA Hereford City Council 2002/3 – 2004/5

Correspondence with City Council 4th January 2007

Submission to Hereford City Council for Revenue Support 2006/7