

Committee: Cabinet

Date of meeting: 6 July 2016

Subject:	Surrey Streetscene Services
Lead Officer:	Head of Leisure and Cultural Services, Head of Environmental Services
Portfolio Holder:	Portfolio Holder for Leisure and Culture
Link to Council Priorities:	P1, P2, P3
Exempt information:	None
Delegated status:	For resolution
Key Decision:	Yes

EXECUTIVE SUMMARY:

Responsibility for highway verges and weed treatment rests with the local highway authority, Surrey County Council (SCC). The current agency agreement between SCC and EBC for grass cutting on highways verges and weed treatment comes to an end on 31 March 2017.

SCC has sent through a revised 4-year funding offer, at a reduced maintenance specification and 39% less funding for Members to consider.

In addition, Elmbridge continues to support the delivery of services on behalf of SCC including the highway garden sites, which for historic reasons, no funding is provided by SCC.

RECOMMENDED: THAT MEMBERS SUPPORT OPTION 2: MAINTAIN EXISTING FREQUENCY AS THE PREFERRED OPTION MOVING FORWARD FOR THE STREETSCENE SERVICES.

REPORT:

1. **Background**
2. Members originally approved the transfer of selected Streetscene services to Elmbridge Council at a meeting of the Cabinet in November 2008, with responsibility for the highway verge cutting, weed control and verge repairs passing to the Council from 1 April 2009.
3. With the transfer of services a legal agency agreement was signed which detailed the services to be provided and also offered the Council details of the budget calculations for future years. This agreement has since been renewed and extended with the current agreement due to expire on 31 March 2017.
4. The benefits of Elmbridge carrying out this work on behalf of Surrey were that the Borough has been able to offer an improved service to local residents by removing a layer of contract management, increasing the frequency of cutting at that time from 9 urban cuts to 10 – 12 per year for the same budget sum.

5. At the time of transfer Surrey was unable to provide any maps detailing the verges to be cut, and as a result the tendering of the verges was delayed while Officers worked with Surrey's contractor, Wyevale (now known as the Landscape Group), to map all of the verges. These maps were all digitally captured over the course of a year, and have now been added to the Council's GIS system.
6. Budgetary provision has also been provided by Surrey to undertake up to 3 weed-spraying treatments each year up to a total cost of £40,000. This is carried out as a variation to the existing Veolia street cleaning and waste collection contract.
7. In Elmbridge the total area of grass is approximately 603,000 square metres. This includes (urban) highway verges adjacent to pavements and roads, as well as central reservations and sightlines (rural cuts) at junctions.
8. **Urban** – Grass cutting within urban areas is carried out to a higher standard than rural areas. The current agreement allows a schedule for 10 cuts per annum based on a four-weekly schedule, however this is variable due to climatic influences.
9. **Rural** – In rural areas we cut grass whilst aiming to maintain the natural growth of wild flowers and native habitats for wildlife. Rural grass cutting is carried out at a reduced frequency, promoting a balance between pedestrian and driver safety and the protection of flora and fauna. The Council currently schedules two rural cuts per annum, in the Spring, and the Autumn.
10. **Green Spaces Contract**
11. The Landscape Group (TLG), have been carrying out the cutting of the verges since responsibility first transferred to Elmbridge in 2009. The previous contract for this work coming to an end on 31 March 2016. With the combining of the grounds maintenance and highway verge contracts into the new Green Spaces contract in 2015, the Highway verges contract was included within the tender documentation with the contractor being made aware that the new arrangement would come into effect from April 2016 with a suitable break clause should Surrey withdraw or reduce their funding.
12. Initially TLG had intended as part of their contract award to purchase new machinery for use on the verges element of the contract. Contractors would normally expect the normal life of plant and machinery of this nature to last 7 years. With only 1 year from the inclusion of the verges in to the new contract and with confirmation of funding only being received in February 2016 TLG have not been able to invest in machinery as they would have wished, but instead have been forced to sub contract the works for this current financial year whilst a decision is made on the future of the service.
13. In order to continue to provide best value for the Council, officers agreed with TLG to continue to maintain the grass verges on a frequency based contract for the remaining year of the agency, continuing to maintain the verges at 10 Urban (on a 4-week cycle) and 2 Rural Cuts a year. In previous years

under slightly different funding arrangements, the urban cycle has been managed on a 3 week cycle.

14. There have been some issues at the start of the growing season, using a new subcontractor and a later than usual spring flush and officers are continuing to work closely with the Portfolio Holder for Leisure and Culture and TLG to remedy this situation.
15. **Revised Surrey Offer**
16. The existing agency agreement between Elmbridge and Surrey, including the grant to be payable for the Streetscene services expires on 31 March 2017. Officers from SCC have undertaken a tendering exercise to establish a new base level of funding from 1 April 2017 onwards, should any Surrey Boroughs decide to hand back the services, or to use the contract prices provided through the framework. The framework has been tendered on the basis of 7 urban cuts, 2 rural cuts and 3 weed spray treatments per year. Surrey's responsibilities are primarily highway safety in so far as cutting to maintain sight-lines more so than amenity of street scene. As a result, these standards are some way below the existing standard of cut delivered for verges in Elmbridge.
17. Surrey's Local Highway Services Group Manager has contacted Elmbridge with the financial offer for the next 3 years based on the outcomes of the Framework tender. This will be secured through an updated agency agreement to protect the levels of funding for this period. The offer sum is a 39% reduction on the current level of funding, however Surrey have made clear that they are prepared to offer an additional 20% for staffing costs on top of that amount. A summary of the funding available, and shortfall is highlighted in the financial implications.
18. The existing contract for the weed spraying has come to an end, and as such the Head of Environmental Services has confirmed that they would likely use one of the companies provided through the framework. Therefore there are no financial implications.
19. **Other services**
20. From time to time, Elmbridge has also supported Surrey, using local knowledge and contractors to oversee works on hedges and the clearance of gullies. SCC also provide £50k towards the work of the Street Smart team dealing with local issues and also minor highway maintenance. The hedges and gullies has been through more annual agreements and normally funded from Local Area Committee priorities and funding. No work has been currently scheduled in either of these areas for 2016/17 although Surrey has more recently offered up to £5 to £10k for hedge works.
21. Surrey's highway garden sites (planters on many high streets i.e. Molesey\ Esher) remained with Elmbridge in the nineteen nineties, when the highways agency agreement came to an end. There is no agency agreement or funding to cover this area, but Elmbridge has continued to maintain the contents (not

structures) as part of the Grounds Maintenance contract. This has long been considered to be an environmental matter, and consistent with other Boroughs all of this work has been carried out by Boroughs and Districts. The current contract cost for maintaining 139 sites is £110,930.

22. **Service Delivery Options**

23. In view of the reduced funding on offer as detailed above, Officers have spoken with Surrey on several occasions and while we secured the funding for the current financial year, we have agreed to consider options for the verges based on the reduced level of funding for the next 3 years and reply back to Surrey this summer. Financial breakdowns for each option are shown in the financial implications.

24. Option 1: Carry out reduced level of cutting to the revised SCC client specification.

It would be possible to work with TLG to agree a schedule of approx. 5 urban cuts and 1 rural cut spread throughout the year within the level of funding offered by Surrey. A higher proportion of these cuts would be scheduled during the spring and early summer.

25. It would be possible to use an alternative contractor identified from SCC's framework who should be able to provide 7 urban cuts, however this is still some way below what might be considered the minimum required for Elmbridge.

26. Members may feel that current level of cuts (10 & 3) is close to the minimum standard required in Elmbridge and a significant reduction to 5 urban cuts and 1 rural cut is likely to have a detrimental impact to the appearance of the Borough.

27. Members may consider working with local residents through a communications campaign to encourage residents to cut nearby verges should they wish a higher standard of service making clear that the funding provided had been reduced. However this could lead to a high level of inconsistency and complaints.

28. Both Officers and TLG are concerned about the reputational risk by reducing the specification for the urban verges to such a level. This is likely to generate a large increase in complaints to be managed by the Green Spaces Team and the Customer Services Team and is likely to be viewed as a failing of the contractor.

29. Option 2: Maintain existing frequency

TLG have priced their contract bid on the basis of continuing 10 urban cuts a year (although as an output rather than frequency) on a 4 week cycle as is currently in operation around the Borough. The Council could choose to top up the funding provided by SCC at the additional annual cost of £3,597 to maintain the existing level of maintenance for the remainder of the agreement. This would require a growth in the current budget.

It is important to note that EBC already subsidises a number of County functions both in the streetscene area, and other areas of service delivery, taking on the responsibilities of another authority and saving the client money. It is easy to see that this very expensive practice will become increasingly difficult to break in the future.

30. Option 3: Increase frequency to 12.

Some members and residents have expressed concern this spring at the standard of the urban verge maintenance based on the 10 cuts at a 4 week cycle. It would be possible to consider increasing the frequency to a maximum 12 Urban and 2 rural cuts based on a 3 week\ 15 working day cycle. Where 12 cuts may be budgeted for, in normal climatic conditions 11 has normally proved to be sufficient. This would require a growth item in the Highway Verges Budget by £28,534 a year for the remainder of the contract.

31. The contractors have requested that if members chose this route this would need to be linked to an annual increase in order to cover rising costs and to take into account National Living Wage increases.

32. This would require further negotiation with the contractor to agree the exact mechanism and also the means by which to vary the contract for this element. Annual increases would not apply to the remainder of the contract.

33. Option 4: Hand back to Surrey

Should none of the above options be acceptable to members, the final option would be to hand back the responsibility for the verges and highway weeds to SCC. SCC have already indicated that they would then appoint one of the contractors from their tendering exercise but on the basis of a lower specification.

34. If this option were to be chosen, responsibility for managing complaints for this service would pass back to SCC and this would be clearly communicated through our Customer Services team and on the Council website.

35. Should the responsibility for the verges return to Surrey, it is likely that SCC would request all of the maps that Elmbridge now have ownership of. Members may wish to consider recharging SCC for this exercise as this was carried out at some time and expense to the Authority.

Financial implications:

In advance of the 2016/17 budget setting, officers were made aware of Surrey County Council's intention to reduce their funding for grass cutting on highways verges and weed treatment from 1 April 2016. A summary of the 2015/16 and 2016/17 budgets are shown below.

Highways Grass Cutting	2016/17	2015/16	Weed Control	2016/17	2015/16
	£	£		£	£
Contractor Costs	133,690	169,850		22,790	41,140
Verges On costs	18,000	20,490		1,830	0
Total Expenditure	151,690	190,340		24,620	41,140
Total SCC Funding	(133,690)	(169,850)		(27,830)	(41,140)
Net Expenditure/(Income)	18,000	20,490		(3,210)	0

Surrey County Council did not reduce their funding for 2016/17 but as indicated in this report have given notice to reduce funding for 2017/18. The table below summarises each of the three options and the variance against the 2016/17 budget.

	Option 1	Option 2	Option 3
Highways Grass Cutting	£	£	£
Contractor Costs	125,000	133,685	158,622
Verges On costs	7,710	18,000	18,000
Weed Treatment			
Contractor Costs	22,790	22,790	22,790
Oncosts	1,830	1,830	1,830
Total Expenditure	157,330	176,305	201,242
SCC Funding	131,598	131,598	131,598
Plus 20%	26,320	26,320	26,320
Total	157,918	157,918	157,918
(surplus)/Deficit	(588)	18,387	43,324
2016/17 Budget			
Highways Grass Cutting	18,000	18,000	18,000
Verges	(3,210)	(3,210)	(3,210)
2016/17 Budget	14,790	14,790	14,790
2017/18 Budget (Saving)/Growth	(15,378)	3,597	28,534

Environmental/Sustainability Implications:

As contained within the report

Legal implications:

As contained within the report

Equality Implications:

As contained within the report

Risk Implications:

As contained within the report

Community Safety Implications:

As contained within the report

Principal Consultees:

CMB

Services Group Accountant

Head of Legal Services

Background papers:

None.

Enclosures/Appendices:

None.

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