

HOUSING MANAGEMENT ADVISORY BOARD – 12TH JUNE 2019

Report of the Head of Landlord Services

ITEM COMMUNAL CLEANING CONTRACT UPDATE

1. PURPOSE OF REPORT

To provide members of the Board with an update on the proposed communal cleaning service to residents of flats served by communal entrances, stairways, landings and internal bin stores.

2. ACTION REQUESTED

Members are requested to note the report and endorse the recommendations.

3. DEFINITIONS

Throughout this report a number of terms will be used whose meaning it will be useful to define here:

- Tenant: an introductory, secure or non-secure tenant of the council;
- Leaseholder: an owner-occupier of a previous council stock dwelling;
- Resident: both tenants and leaseholders;
- Block: a number of dwellings served by a common entrance, stairway and landing;
- Entrance: see “block” above – the same;
- Scheme: a number of blocks with the same postal address (e.g. Peel Drive or Staveley Court).

4. BACKGROUND

- 4.1 The council currently owns 263 blocks of general needs residential accommodation¹ with internal shared areas including stairs and landings. 1,516 residents live in properties that share communal entrances, stairs and landings. This includes 200 leaseholders.

¹ The Council directly employs cleaners at its sheltered accommodation. This accommodation and service does not fall within the scope of this report.

- 4.2 The council does not provide a communal cleaning service at the shared areas. Many of those shared areas are in poor condition with a build-up of dirt and other substances / materials having accumulated over many years.
- 4.3 The landlord service receives regular requests from tenants to clean up bodily fluids including blood, faeces and urine from its shared areas, and to remove litter and drugs paraphernalia. One-off cleans are arranged on a responsive basis in respect of these problems. The poor condition of the blocks has also been highlighted by tenancy and estate management officers, elected members and other professionals visiting these blocks.
- 4.4 As part of its commitment to seek the views of tenants, in 2015/16 the council commissioned BMG Research to carry out a [STAR] survey to establish tenant satisfaction with different aspects of housing service. All respondents were asked to select, from a list of seven improvements, which three improvements they would most like to see. 45% of general needs tenants in flats wanted to see an improvement in cleaning of communal hallways, entrances and stairs. The 2018 STAR survey produced similar levels of dissatisfaction.
- 4.5 All respondents who live in a flat were asked how satisfied or dissatisfied they are with the cleanliness of shared areas. Overall, 39% of general needs tenants who live in a flat indicated satisfaction with the cleanliness of communal areas; a higher proportion overall indicated dissatisfaction rather than satisfaction with the cleanliness of internal shared areas (50% compared to 39%).
- 4.6 Our tenancy agreement states that tenants are responsible for keeping the internal shared areas and common parts adjacent to the property, such as stairs and landings, clean and tidy. Some of the communal areas are cleaned by tenants; most are not, however. In some instances tenants may not have the physical ability to undertake a clean themselves.
- 4.7 The council has legal and moral obligations to ensure that its communal areas are clean and tidy. In respect of the latter, we have an obligation under the Regulatory Reform (Fire Safety) Order 2005 to take all reasonable steps to ensure that its premises are made safe from fire.
- 4.8 A report on this matter dated 9 May 2018 was presented to members of this board. The report set out likely costs to tenants of the council taking out a contract to clean shared internal areas and passing that cost on to tenants (and leaseholders) through a service charge. Anticipated weekly costs to tenants differed according to the frequency of cleaning but ranged from between £1.35 and £1.90 per week (based over 48 charging weeks a year) for a weekly clean, between 81p and £1.08 a week for a fortnightly clean and 88p a week for a monthly clean.
- 4.9 HMAB endorsed the recommendation that we carry out the communal cleaning of shared internal areas via a procured contract and the cost would be borne by tenants through the levying of a service charge. It also approved our plans for consulting tenants on the basis of eliciting their views on the existing

condition of their shared areas, their views on our decision to carry out the cleaning and charge through a service charge and on their preferred frequency of that service.

4.10 We have identified a suitable contractor to carry out the service through one of our framework procurement agreements and requested a quotation in the autumn of 2018. The quotation was requested on the basis of the following:

- A standard specification throughout our stock;
- 263 entrances serving 68 individual schemes (defined by address);
- Cleaning frequencies of weekly, fortnightly, three-weekly, four-weekly and calendar monthly
- The cost of an initial, one-off, clean in order to bring the areas up to an acceptable standard, that cost being borne by the council and not its tenants.

5. PRICING

5.1 The quotation was received in December 2018. Its analysis gave the following results:

Annual contract cost according to frequency:

Frequency	Quoted price
Weekly	£ 179,313.91
Fortnightly	£ 105,651.00
Three-weekly	£ 75,063.08
Four-weekly	£ 61,341.17
Monthly	£ 58,415.28
<i>One-off clean [entire stock]</i>	£ 7,328.63

5.2 Once the prices had been obtained there was then the question of the basis on which those costs would be rendered down to an individual charge per resident, regardless, at this stage, of the frequency of cleaning, which was still to be decided through the consultation exercise. The options open to us were:

- **by block:** each block's (263 no.) cleaning cost would be divided up by the number of residents served by that actual block;
- **by scheme:** each scheme's (68 no.) cleaning cost, made up of the blocks in that scheme, would be divided up by the number of residents living in that particular scheme;

- **by stock:** the total cost of the contract would be divided up by the total number of residents (1,516 no.).

5.3 The weekly cost to each resident was calculated for each option above and produced markedly varying charges. This was because the number of residents served by a block varies considerably, ranging from two to fourteen and the number of blocks in a scheme varies similarly - from one to thirteen. The table below illustrates the range of charges to residents according to which charging option (based on a weekly cleaning frequency to tenants on a 48-week charging year):

Option	Range from	Range to
Block	74p	£8.47
Scheme	87p	£4.63
Stock	£2.46	

The clear indication from the table above is that the more one renders the charge to the smallest local unit the greater the differential the weekly charge is to each resident – determined simply by where that person happens to live.

5.4 Given the range of charges it was decided that the fairest method of charging would be to divide the total contract price by the numbers of residents to be charged.

6. CONSULTATION

6.1 Residents were consulted by a survey sent out to them in the post. The survey went out in early February 2019 and the closing date was 13 March 2019. Residents were able to respond in two ways, either by posting their answers back to us or completing the survey online.

6.2 The survey, a copy of which is attached as appendix 2, consulted residents on a range of matters, namely:

- residents' preferred frequency of cleaning;
- their views on the current cleanliness of their block;
- whether or not someone [resident] cleans their block currently;
- their satisfaction with the arrangement that requires residents to clean their blocks;
- giving residents the ability to make free-text comments at the end of the survey.

6.3 239 responses were received, representing a response rate of only 15³/₄%. This would not be considered to be statistically reliable but nevertheless gave us a useful indication of where opinion lay.

6.4 The results of the survey are tabulated below. Percentage figures are based on those answering each specific question, not on the total number of responses received:

Frequency	No. responses	% (approx.)
Weekly	6	3.25 %
Fortnightly	23	12.5 %
Three-weekly	6	3.25 %
Four-weekly	39	21.0 %
Monthly	112	60.25 %

	Opinion on existing cleanliness of block		Currently cleaned?		% Satisfaction with current arrangement	
	Nos	%	Nos	%	Nos	%
Very clean	22	9.7%				
Clean	93	41.2%				
Unclean	65	28.8%				
Very unclean	45	19.9%				
Don't know	1	0.4%				
Yes			135	60.5%		
No			70	31.4%		
Don't know			18	8.1%		
Very satisfied					36	17.6%
Satisfied					46	22.6%
Neither satisfied nor dissatisfied					49	24.0%
Dissatisfied					39	19.1%
Very dissatisfied					32	15.7%
Don't know					2	1.0%

6.5 Points worth drawing out from the figures above are:

- Those who feel that their block is clean at the moment just managed to exceed 50%. Nearly 49% of those responding feel that their blocks are not clean.

- Over 60% of those answering the question currently live in a block where a resident cleans it;
- Nearly 45% of those answering the question are dissatisfied with the current cleaning arrangement in their block;
- These responses are broadly consistent with the STAR survey results of both the 2016 and the 2018 surveys.

6.6 We have also analysed the free-text comments that respondents made. A total of 136 comments were made. From those comments, we inferred that:

- 26% were in favour of our proposals;
- 42% were opposed to our proposals;
- 32% were neither in favour nor opposed or raised other matters.

6.7 The majority of the positive comments that were made in favour of the communal cleaning were based upon the perceived current condition of the blocks. Residents welcomed the idea of having a regular cleaning service so long as the work was done to a high standard. Other points raised were:

- that many elderly residents are not able to clean the blocks owing to health and age-related problems;
- that people may take [more] pride in the areas where they live;
- that blocks will look more welcoming;
- that a positive outlook on certain areas will be achieved.

6.8 Negative comments were:

- that the price was too high;
- that the block is already cleaned by the tenants;
- that the cleaning goes against the tenancy agreement as tenants are expected to clean communal areas;
- that work will not be done to a good standard as with all council contracts;
- “it’s another council money-making scheme”;
- “why should tenants who make the effort to clean areas be asked to pay”;

- “tenants who don’t clean communal areas should be reminded of [their] tenancy agreement;
- that they couldn’t afford to pay for the service.

6.9 Neutral comments were:

- that repairs to the block should be a priority;
- over who will oversee the quality of the work;
- that tenants who constantly cause mess in blocks need to be told what is expected by the council;
- that blocks should be upgraded with new paint, new flooring and lighting.

6.10 It is probably fair to believe that the numbers of people taking the trouble to respond to the consultation were more likely to be those who were unhappy at being charged for something that they did already. This is supported by the fact that of those who answered the question “Is your block cleaned currently”, over 60% answered “yes”.

6.11 We also spoke to a number of residents on the phone, who wanted a conversation with us over our proposals. Almost without exception they were opposed to the proposal because they already cleaned their block themselves. After we explained why we were doing this and why those currently doing the cleaning or benefiting from it could not opt out, most understood our position and reasoning without necessarily changing their minds.

6.12 In respect of the cleaning frequency we decided that we would analyse the results of the consultation on a scheme basis, thus giving residents the greatest influence over the cleaning frequency at a level [scheme] that was both practicable in terms of contract delivery and charging and sufficiently local so as to give credibility and integrity to the consultation exercise. Prior to making that decision we sought and received confirmation from our presumed contractor that differential cleaning frequencies would present no problem to the delivery of the contract.

6.13 As well as asking residents for their preferred frequency of cleaning, we also asked the tenancy and estate management team for its view on the desired frequency of cleaning in order that we could compare their professional opinion with residents’. The result of that comparison exercise was:

- 44% of schemes had matching officer and [majority of] resident preferences;

- 32% of schemes had differing preferences. In these cases the tenancy officers were asked to re-consider their original preference and, with that having been done, a decision was made as to the agreed frequency. In some cases officers changed their minds and so we went with the majority respondent preference but in others the officers adhered to and justified their original opinion and we decided, therefore, that we would clean according to the officer's professional view;
- 24% of blocks had no resident responses at all.

6.14 In all schemes the majority preference was either fortnightly or monthly (be that four-weekly or calendar monthly).

6.15 16 schemes preferred a fortnightly clean; 52 schemes opted for a monthly clean.

7. PROPOSED ACTION

7.1 Having decided the frequency of cleaning for each scheme the only remaining question to be answered was how the total contract price would be charged to residents living in each scheme. Two options were open to us:

- We could levy a flat rate charge to each resident, irrespective of the frequency of cleaning; or
- We could levy a differential charge to each resident according to the frequency of cleaning.

7.2 The contract sums, together with weekly charges [48 weeks – tenants; 52 weeks – leaseholders] are shown in the table below according to each charging option as set out in 7.1 above.

	Option 1	Option 2	
		Fortnightly	Monthly
Total contract price	£75,908.34	£39,125.00	£36,783.34
No. tenants	1,316	461	855
No. leaseholders	200	51	149
Weekly charge – tenants [48 weeks]	£1.04	£1.59	£0.76
Weekly charge – leaseholders [52 weeks]	£0.96	£1.47	£0.70

7.3 After considering the advantages and disadvantages of flat-rate or differential charging, it was decided that the most equitable way of charging would be that

those tenants opting for a fortnightly or monthly clean should be charged for receiving that service at that frequency.

8. RECOMMENDATIONS

Members are requested to endorse the following recommendations:

- That the council implement a contract for communal cleaning;
- That those residents benefiting from the service pay for the full cost of that service through a service charge levied weekly in addition to their existing gross rent ;
- That the administration of that service should not be passed on to residents but be absorbed as part of our normal housing management service, paid for by rental income;
- That the frequency of cleaning be carried out according to the outcome of the consultation exercise and officers' recommendations;
- That those receiving the service will be charged according to the frequency decided.

9. RISKS

We have assessed the risks to the council in delivering this service as per our recommendations above as being financial and reputational. These are listed below, together with how we can mitigate those risks. There are no anticipated legal risks since we have established that charging for this service does not breach our contractual obligations either under our tenancy agreement or our leases:

- **Financial**

There are two financial risks:

- Contractor non or under-performance, leading to a reduction in the value for money that the service is expected to deliver but also the cost of the resources that will be necessary to employ be that in the more rigorous monitoring of the contract, in terminating the contract and in procuring a new contract. Mitigating measures that will be put in place include a very rigorous monitoring regime that will be developed and be in place at the start of the contract, and which will be part of the contract implementation process with the contractor. Performance indicators will be developed, including making sure that the contractor cleans according to a pre- agreed cycle and programme of works, so that quality control inspections can take place immediately after the cleaning has been carried out. We will expect 98% of all work meeting

the specification and adherence to the agreed programme of cleaning. There will also be a condition written in to the contract that allows for a no-fault break clause in the initial term, which is not expected to be for more than three years. Regular contract liaison meetings will be set up by the tenancy and estate management team.

- The other financial risk is that we fail to recover the full cost of the contract through the service charge. Although the increase in someone's rent, even for a fortnightly clean, might only £1.59, there is a risk that there will be numbers of tenants affected by this additional charge who are already not paying their rent or are in rent arrears and so this service charge will not be paid, either. We will be publicising the new service in the tenants' magazine and explaining that the charge is fully eligible for housing benefit or universal credit and that help and advice is available to those who are going to be affected by this new charge. Ultimately, however, as is the case already, those failing to pay their rent will subject themselves to our recovery processes; and these will be unaffected by this new charge.

- **Reputational**

The reputational risk lies with residents' perception of the value for money they get from the service charge that will be levied on their weekly rent. It is possible that those who did not agree with our decision to introduce this chargeable service, many of whom are the ones who currently clean the blocks themselves, will be very zealous in their critical evaluation of the quality of cleaning. Complaints are likely to occur, therefore; and these will have to be managed. An aggravating factor will be that many of the finishes and materials to be cleaned are old, with indelible staining and discolouration and constructed of materials, such as concrete floors, that are difficult to clean and to be appreciated as having been cleaned. Again, mitigating actions will be the rigorous contract monitoring and quality control that we will put in place; but we have to be prepared to deal with possible reputational damage, albeit of a minor nature, that might arise through mischievous or legitimate complaints about the quality of cleaning.

10. NEXT STEPS

- 10.1 This report has already been discussed by Charnwood Housing Residents' Forum [CHRF] and members have approved all recommendations made in section 8 above.
- 10.2 This report will go for cabinet approval.
- 10.3 Subject to cabinet approval being given, the new contract will be procured according to our procedures [framework agreement] and strategy.

- 10.4 Tenants will be advised of the outcome of the consultation exercise and be told of the frequency of cleaning and the additional charge to be made on their weekly gross rent.
- 10.5 Tenants will be given four weeks' notice of the levying of the new service charge.
- 10.6 Any future changes to cleaning frequency and therefore charging will only be made at the beginning of new financial years.
- 10.7 I anticipate bringing an updated report to HMAB on the progress of the communal cleaning contract later on this autumn.

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