

HIGHWAYS HORTICULTURE

Report of the: Head of Operational Services

Contact: Samantha Whitehead

Urgent Decision?(yes/no)

If yes, reason urgent decision
required:

Annexes/Appendices (attached):

Other available papers (not
attached):

REPORT SUMMARY

This report details the decision by Surrey County Council to review the current agreements for highways horticulture and proposals for 2018/19.

RECOMMENDATION (S)

That the Committee:

- (1) Considers the following options for 2018/19 and determines the most appropriate service arrangement for the Council:**

EITHER

OPTION 1:

- (a) Surrey County Council's reduced offer of £63,602 for the provision of 4 urban verge cuts, 2 rural verge cuts, highway hedge maintenance and 1 weed spraying treatment, and**
- (b) to carry on with the current provision of 12 urban verge cuts, 2 rural verge cuts, hedge maintenance and 3 weed spraying treatments, and**
- (c) to request that provision be made in the budget for 2018/2019 to fund the £35,776 shortfall,**

OR

Notes

OPTION 2:

- a) Surrey County Council's reduced offer of £63,602 for the provision of 4 urban verge cuts, 2 rural verge cuts, hedge maintenance and 1 weed spraying treatment, and
- b) to revise operations to reduce to two verge teams (consisting of two full time operatives and one seasonal operative per team) and reduce to 8 urban verge cuts (there will be no change to the 2 rural verge cuts, hedge maintenance or 3 weed spraying treatments), and
- c) to note that this option will deliver a small saving to Epsom & Ewell Borough Council of £8,932 against the proposed 2018/19 budget;

OR

OPTION 3:

- a) to allow the current agency agreement to end with effect from 31 March 2018, and hand back the highways horticulture responsibilities to Surrey County Council, and
 - b) to retain one verge team for land owned by Epsom & Ewell Borough Council, and
 - c) to note that this option will deliver a saving to Epsom & Ewell Borough Council of £40,776, but that this will not be realised in 2018/19 as there will be penalties payable to the Council's transport contractor.
- (2) Agrees one of the three options above for the delivery of these services subject to noting that approval of Option 1 would require provision to be made in the 2018/19 budget.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 This report supports three of the Council's key priorities: sustainability, managing resources and visual appearance.

2 Background

- 2.1 At the meeting of the Environment Committee in February 2016, it was agreed that Epsom & Ewell Borough Council (EEBC) would continue to provide grass cutting, hedge maintenance and weed spraying on behalf of Surrey County Council (SCC), under a new agreement as set out as follows:

Description	Cost £
Verge cutting (seven urban cuts, two rural cuts per annum).	66,000
Weed spraying (three weed spraying treatments).	21,378
Other horticultural works such as hedges, central reservation and roundabouts.	12,000
Package price agreed with S.C.C for 2016/17	99,378

- 2.2 In addition, the Committee agreed to 'top-up' the seven urban verge cuts to twelve on all land belonging to both the County and the Borough at an additional cost of £36,500 to be funded by EEBC.
- 2.3 In order to reduce the costs of the three verge teams the Committee agreed to adjust the workforce to one full time operative and two seasonal operatives per team to mitigate the cost to EEBC.

3 2016 Grass Cutting Season Results

- 3.1 Further to these agreements, the new arrangements for Highways Horticulture came in to effect from 1 April 2016.
- 3.2 The change from full-time to seasonal workers had a bigger impact than predicted, as finding reliable staff who were willing to work for just the season turned out to be problematic. A number of temporary staff came and went throughout the season, which resulted in a lack of continuity. As a result, we achieved 11 cuts rather than 12 and a reduction in spend in the overall staffing budget.

4 New Proposals from Surrey County Council

- 4.1 On 31 March 2017, Kathryn Beldon, Chief Executive of Epsom & Ewell Borough Council, received a letter from Jason Russell, Assistant Director – Highways and Transport, to notify the Borough of SCC's intention to reduce their 2018/19 environmental maintenance budget by £700,000 (36%) across Surrey.

- 4.2 This decision by Surrey County Council is ahead of the wider piece of work the County are currently undertaking on joint working. This work has been approved by the Surrey Chief Executives' sub group and is focused on greenscene activities and parking enforcement. In terms of the greenscene, the County is considering how the districts and boroughs could align their grounds maintenance operations with County's highway horticulture work under a joint working arrangement.
- 4.3 The initial impact on EEBC will be in 2018/19 with an overall reduction of £35,776 (36%) to the current contract payment of £99,378, giving a revised payment of £63,602.
- 4.4 SCC have advised that where they manage the service directly, this will result in the service level reducing to 4 urban verge cuts, 2 rural verge cuts and 1 weed spraying treatment.
- 4.5 SCC have asked EEBC to confirm their position on the above reduction by 1 July 2017 in preparation for the 2018 season.

5 Options for EEBC

Option 1 – Continue with current level of service provision:

- 5.1 If we continue with the same provision as in 2017/18 (12 urban verge cuts, 2 rural verge cuts, highways hedge maintenance and 3 weed spraying treatments), EEBC will need to accommodate the reduction in funding received from Surrey (£35,776) from within the EEBC budget. The table below looks at advantages, disadvantages and risks of this option. The level of funding required would need to be factored into budget assumptions around the preparation of the budget for 2018/2019.

Advantages	Disadvantages	Risks
<ul style="list-style-type: none">Continue to maintain Borough to existing standard	<ul style="list-style-type: none">EEBC seeking reductions in cost of services	<ul style="list-style-type: none">Difficulties in employing seasonal staff may result in a reduction of grass cuts
<ul style="list-style-type: none">No impact to the new 10 year transport contract	<ul style="list-style-type: none">To cover shortfall will mean reductions elsewhere	

Option 2 – Revise operations:

- 5.2 If we revise our method of operations, there is potential to provide 8 urban grass cuts, 2 rural grass cuts, hedge maintenance and 3 weed spraying treatments which would result in a small saving of £8,932 to EEBC.

- 5.3 This revised model would require two verge teams, with four full time operatives and two seasonal operatives. The move towards employing more full time operatives, whilst more costly, reduces the risks associated with employing mainly seasonal staff.
- 5.4 There would be no change to the weed spraying operation and we would continue to deliver three sprays of the Borough, which in officers' opinion is the minimum standard that we would want to consider to control weed growth.
- 5.5 We would continue to maintain the highway hedges and other highways horticulture elements such as roundabouts and shrub beds.
- 5.6 There would be little impact on our new 10 year transport contract as we only leased three ride-on mowers rather four so we could retain flexibility and reduce to two verge teams if necessary. With the cemetery grounds maintenance contract potentially returning to an in-house operation the vehicle and trailer associated with grass cutting could be re-deployed to this contract, otherwise there would be a penalty to pay on handing these back.
- 5.7 The table below summarises the cost of this option:

Revised Model-Two Teams	
8 urban verge cuts, 2 rural verge cuts, hedge maintenance and 3 weed spraying treatments	
	Cost £
Two teams with 4 full time and 2 seasonal operatives	153,292
Funding from Surrey Council for verges, hedges and weeds	(63,602)
Estimated net cost to EEBC in 2018/19	89,690
Less: Net cost to EEBC in 2017/18	98,622
Estimated net saving to EEBC in 2018/19	8,932

- 5.8 The table below sets out the advantages, disadvantages and risk of this option:

Advantages	Disadvantages	Risks
<ul style="list-style-type: none"> No change to service provision for rural verges and weed spraying 		
<ul style="list-style-type: none"> Little impact to the 10 year transport contract, if the vehicle and trailer can be redeployed to 		

another area of the contract.		
<ul style="list-style-type: none"> Less risk to grass cutting operations by employing more full time staff 	<ul style="list-style-type: none"> Reduction of 4 urban verge cuts. 	<ul style="list-style-type: none"> May lead to a rise in complaints from reduction in urban verge cuts
<ul style="list-style-type: none"> More grounds maintenance provision over the winter period due to two additional members of staff 		
<ul style="list-style-type: none"> Small saving of £8,932 to EBBC 		

Option 3 – Hand back all highways horticulture activities to Surrey County Council (Reduction to One Team):

5.9 Whilst handing the highways horticulture back to Surrey may appear to be the most cost effective option, it comes with a number of drawbacks. Firstly, the provision Surrey has made for urban grass cutting and weed spraying will see the number of cuts reduce from 12 to 4 per annum and the weed spraying treatments reduce from 3 to 1, both which will result in a perception of untidiness and complaints to both the Borough and County.

5.10 As the Borough has recently entered into a 10 year transport contract there will be penalties to pay if we wish to return vehicles early. Even if we can redeploy some of the vehicles to other areas of the Grounds Maintenance operation, there will still be vehicles that will need to be returned and the penalty costs may be significant. As mentioned in the February 2016 report, certain areas and verges in the Borough belong to EEBC and these will still need to be maintained, which will require the retention of 1 verge team.

5.11 The cost of handing back the highway horticulture to Surrey County Council is set out below:

Reduction to One Team	
Retain one verge team for EEBC land and verges	
	Cost £
One team with 2 full time operatives and one seasonal	£76,645
Funding from Surrey County Council for verges, hedges and weeds	£0
Tractor Saving	(£10,800)
Staff saving (one post reduced to three days per week)	(£8,000)

Estimated net cost to EEBC in 2018/19	£57,845
Less: Net cost to EEBC in 2017/18	£98,622
Estimated net saving to EEBC in 2018/19	£40,776

5.12 The advantages, disadvantages and risks to this option are set out below:

Advantages	Disadvantages	Risks
<ul style="list-style-type: none"> • Saving to the Borough of £40,776 	<ul style="list-style-type: none"> • Dramatic change in service provision. • Reduction of 8 urban verge cuts and 2 weed spraying treatments 	<ul style="list-style-type: none"> • Will lead to a rise in complaints from reduction in urban verge cuts and weed spraying treatments
	<ul style="list-style-type: none"> • Loss of one tractor and two days of a full time post 	<ul style="list-style-type: none"> • Impact on savings in the first year as penalties are likely to be incurred
	<ul style="list-style-type: none"> • Impact on the 10 year transport contract with penalties to pay on all vehicles that are returned early 	<ul style="list-style-type: none"> • No savings in the first year as penalties will be incurred
	<ul style="list-style-type: none"> • Less staff over the winter period compared to Option 2 	

5.13 Please note that there are some variations in the cost of staff and labour from when we originally priced up the cost of a team in 2015/16. This is due to pay increases to keep operatives in line with the living wage recommendations and an increase vehicle and equipment costs.

5.14 The cost of a team of one full time and two seasonal (8 months) operatives plus associated equipment and vehicles was £66,450 in 2015/16, rising to £69,140 in 2017/18. All figures quoted in the above options are calculated from the 2015/16 baseline.

5.15 The estimated costs of penalties for the early termination of vehicles, plant and equipment under contract hire agreements which are likely to be significant are currently being investigated with the supplier.

6 Financial and Manpower Implications

6.1 Please see section 5 of this report.

6.2 *Chief Finance Officer's comments: The report sets out 3 options for consideration and decision.*

Option 1: Continue with current level of service provision (12 urban cuts, 2 rural cuts, highway hedge maintenance and 3 weed spraying treatments). This would result in an estimated additional cost to EEBC of £35,776.

Option 2: Reduce the level of service provision to (8 urban cuts, 2 rural cuts, highway hedge maintenance and 3 weed spraying treatments). This would result in an estimated saving of £8,932 to EEBC.

Option 3: Hand back the Highway Verge responsibilities to Surrey this will reduce the level of service on many highways to the level of service (4 urban cuts, 2 rural cuts, highway hedge maintenance and 1 weed spraying treatment). This would result in an estimated saving of £40,776, before any penalty costs arising from handing back vehicles and plant.

There is no provision within the 2017/18 Budget for the additional costs arising from Option 1 and therefore funding would need to be identified for the additional expenditure in 2018/19, if Members are minded to progress this option.

7 Legal Implications (including implications for matters relating to equality)

- 7.1 If the committee decide to hand back the highway horticulture to Surrey County Council, the need for Transfer of Undertakings (Protection of Employment) Regulations (TUPE) is likely to be avoided as there is only one full time member of staff employed in grass cutting operations and this position will still be required.
- 7.2 All staff reductions connected to highways verge cutting will be achieved through the loss of agency workers.
- 7.3 ***Monitoring Officer's comments:*** *The main issues are the choices to be made about the nature and level of work to be undertaken in the Borough. There are no significant legal implications arising from this report.*

8 Sustainability Policy and Community Safety Implications

- 8.1 There are no direct community safety implications for the purposes of this report.

9 Partnerships

- 9.1 Epsom & Ewell Borough Council and Surrey County Council have enjoyed a long and successful partnership, which both parties are keen to continue.

10 Risk Assessment

- 10.1 The risks associated with each option are identified in section 5 of this report.

11 Conclusion and Recommendations

- 11.1 That the Committee choose their preferences from the following options for 2018/19:
- 11.2 Option 1 - That the Committee agrees to the County's reduced offer of £63,602 for the provision of 4 urban verge cuts, 2 rural verge cuts, highway hedge maintenance and 1 weed spraying treatment. In addition, the Committee agrees to carry on with the current provision of 12 urban verge cuts, 2 rural verge cuts, hedge maintenance and 3 weed spraying treatments and fund the £35,776 shortfall.
- 11.3 Option 2 - That the Committee agree's to the County's reduced offer of £63,602 for the provision of 4 urban verge cuts, 2 rural verge cuts, hedge maintenance and 1 weed spraying treatment. In addition, the Committee agrees to revise it's current operation and reduce to two verge teams (consisting of two full time operatives and one seasonal operative per team) and reduce to 8 urban verge cuts. There will be no change to the 2 rural verge cuts, hedge maintenance or 3 weed spraying treatments. This option will deliver a small saving to Epsom & Ewell Borough Council of £8,932.
- 11.4 Option 3 - That the Committee agree's to hand back the highways horticulture to Surrey County Council and retain one verge team for it's own land. This will deliver a saving to Epsom & Ewell Borough Council of £40,776, although this will not be realised in 2018/19 budget as there will be penalties payable to the Council's transport contractor.

WARD(S) AFFECTED: (All Wards);