

SURREY COUNTY COUNCIL

CABINET

DATE: 24 NOVEMBER 2015



REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE

LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE

SUBJECT: FUTURE OPTIONS FOR THE MANAGEMENT OF GYPSY TRAVELLER CARAVAN SITES

SUMMARY OF ISSUE:

Surrey County Council owns a portfolio of Gypsy Traveller Caravan sites. This report provides the options as to how these sites might be managed in the future, developing a medium term strategy that will deliver financial savings to Surrey County Council whilst protecting their existing use.

At this early stage, Cabinet is asked to approve the principle of looking at alternative ways in which sites can be managed, including possible transfer of sites to the residents or to a Housing Authority or disposal to a single private purchaser.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet approves a review of future arrangements for the management of its caravan sites.
2. Final recommendations will be made to Cabinet for full consideration in 2016.

REASON FOR RECOMMENDATIONS:

Whilst historically a statutory duty was placed on County Councils to provide and manage caravan sites, this has not been the case for over 20 years, with relevant responsibilities now being placed upon the local housing and local planning authorities to ensure sufficient sites are provided in their area.

Different approaches have been taken over the years to optimise the management of Surrey County Council's existing sites, however such direct provision is not the Council's core business and a review of alternatives could deliver this service more effectively, produce savings and provide an improved experience for site residents.

<u>BACKGROUND:</u>

STATUTORY CONTEXT:

1. Under the Caravan Sites Act 1968, County Councils had a duty to ensure sufficient provision sites for Gypsies and Travellers who resided in its area of responsibility. As a result, Surrey County Council developed 18 Gypsy Traveller sites providing circa 200 pitches.
2. The Act was repealed by the Criminal Justice and Public Order Act 1994, which then transferred the responsibility to ensure sufficient provision of pitches for gypsies and travellers to the relevant housing and planning authorities, i.e. the local district or borough council within Surrey. However this did not require district or borough council's to take over the management of the sites already developed and managed by Surrey County Council.
3. For a period of circa 14 years, Surrey County Council entered into a number of agency arrangements with the district and borough councils within Surrey to manage the sites located within their area. In 2010 Surrey County Council recommended direct control and management of the majority of its sites.
4. Today, Surrey County Council is responsible for 17 sites, 14 of which are owned freehold and 3 held on long leases from Mole Valley District Council and Surrey Heath Borough Council. A list of the sites, number of pitches and freehold / leasehold status can be found in Appendix A. All sites are permanent sites.
5. Each pitch is held by a resident under a formal signed "licence" agreement. Following a 2011 amendment to the Mobile Homes Act 1983, site residents have the right to remain in occupation for life or until such time as they voluntarily vacate the pitch or, are evicted due to serious breach of the tenancy agreement. Residents can seek approval to transfer their rights to a surviving family member upon their death.

MANAGEMENT ARRANGEMENTS PAST AND PRESENT

6. As a result of the 1994 Act, removing the duty on Surrey County Council to provide sites, the Council adopted a policy to enter into agency agreements with the relevant borough and district councils for the management of the sites, with the exception of sites in Waverley and Elmbridge where Surrey County Council managed the sites. The main drivers for the policy were the lack of alternative arrangements, continuity and local management in parallel with the housing obligations of the borough and district councils.
7. The Agency Agreement offered little incentive to the borough and district councils to manage the site effectively and secure income through licence fees, with Surrey County Council funding any deficit funding (costs over income). In 2010/11 and 2011/12 the deficit to Surrey County Council was £375,461 and £429,900 respectively.
8. In 2011 Members approved that the management of the sites be brought back in-house to be managed by Surrey County Council, with a few exceptions (see point 14). Surrey County Council saved approximately £100,000 per year in management fees against the previous arrangement (Note: Appendix B; 2010/11 management fees recorded as Rents Payable of £233,864 and in

2011/12 recorded Managing Agents costs of £177,973. These reduced to circa £10,000 to £20,000 per annum after in-sourcing).

9. New agency agreements were put in place with Guildford Borough Council and Epsom & Ewell Borough Council, to incentivise better management of the sites and financial control.
10. The Estates team has also tendered and implemented a Responsive Maintenance Contract for the repair and maintenance of its sites to bring about procurement efficiencies. Borough and district councils can also use the contract if they wish.
11. A summary of the income and expenditure for the portfolio of sites as whole for each of the last five full financial years is attached in Appendix B.
12. Expenditure on maintenance during the three financial years ending 31 March 2015 has averaged £263,000 per annum (Appendix B – Revenue Maintenance / Repairs / Inspections). Completed Condition Surveys indicated that an additional £30,000 per year over 8 years will need to be spend to maintain the sites at existing levels. It does not take account of improvements that may be required to bring premises up to modern standards.
13. The deficit has reduced over recent years, however, after taking into account staffing costs and the maintenance requirements the portfolio continues to run at deficit of circa £90,000 per annum increasing to a predicted £120,000 per annum as a consequence of additional maintenance requirements.
14. Property Services has implemented a number of initiatives to bring costs down over the last three years, but given the on-going negative financial position recommends a further review into how sites are managed and owned, where such models might offer improved value for money, whilst maintaining a good standard of management and service to residents.

OPTIONS

15. Property Services intends to explore a number of options for the future management of the sites, an overview of which is provided below. At this early stage Property Services seeks approval from Members to review the future arrangements for the management of its caravan sites, with a view to making recommendations next year.
16. (1) External Management
This involves identifying an appropriate body to manage the sites effectively. Surrey County Council will look to transfer risk and reward to the managing body.
17. (2) Disposal / Transfer (retaining the existing use)
This option considers the opportunities to dispose of the site to a single purchaser or body. Property Services will explore opportunities to transfer sites to the district and borough councils, housing associations, site residents or a private purchaser amongst other options. The disposal will be subject to the placement of restrictive covenants within the transfer protecting the sites existing use as a Gypsy Traveller Caravan site. The purchaser would effectively become the Landlord, collecting rents, providing maintenance

services and fulfilling the Landlord obligations within the tenancy agreements held by individual pitch holders.

18. (3) Leasing

Under this option Property Services will investigate whether there are opportunities to lease sites to a single individual, organisation or association or other body. The lease will contain restrictions and obligations on the organisation that can be enforced by Surrey County Council. The organisation will become the head lessee of the site and become responsible for the management, maintenance and collection of rents from individual pitch residents, who will become subtenants of the organisation.

19. Under each of the above options, the existing site licence agreements (tenancy) for each pitch will continue to exist and so residents would still have the statutory protection of their rights and security of tenure under the licence agreement.

CONSULTATION:

20. At this stage no consultation has been undertaken but would follow upon identifying the available options.
21. Following the options analysis, consultation with all relevant stakeholders will take place as part of the study to include site residents and the Gypsy Traveller Forum, local Members, the local borough or district council and parish councils. The results will be reflected in the recommendations for next steps.

RISK MANAGEMENT AND IMPLICATIONS:

22. The risks, both financial and qualitative will be identified during the next stages and reported to Cabinet together with the implications. Recommendations for reducing risks will be made where possible.
23. There are no risks in completing the feasibility study into other forms of management.

Financial and Value for Money Implications

24. There are no immediate significant financial implications in completing the study into alternative methods of managing Gypsy Traveller Caravan sites, as this will be undertaken internally without recourse to external consultants. The Council will continue to fund any deficit in the revenue budget until a decision has been reached and implemented in the future. The deficit is estimated at £0.1m from 2016/17, shown in Appendix B.

Section 151 Officer Commentary

25. The Section 151 Officer confirms that the net costs of managing the Council's caravan sites in 2016/17 is likely to be £120,000 and savings of alternative arrangements will be considered as part of the next phase, prior to consideration by Cabinet next year.

Legal Implications – Monitoring Officer

26. Provision and management of gypsy traveller sites is a historic and not a current statutory duty placed on county councils. This specialist type of housing provision is now dealt with through statutory duties and guidance placed on local housing authorities and local planning authorities to ensure that sufficient resources exist and/or future supply is identified, either by way of direct provision of accommodation to gypsy travellers in the area or by way of identifying appropriate land where private sites may successfully obtain planning permission.
27. As such, this changed statutory background serves to illustrate that gypsy / traveller site provision is properly a housing and planning issue and not a core function of the council. Continued involvement in this specialist sphere may not represent the optimum method to secure the future viability of what is an increasingly scarce resource.
28. At this stage, Cabinet is not being asked to commit the Council to a particular course of action and the options that fall out of the study will be fully evaluated and returned to Cabinet for further approval.
29. As a minority ethnic group, the Council has equality duties towards gypsy / travellers under the Equality Act 2010 as well as a duty under statutory guidance to protect and promote the gypsy / traveller way of life. This report envisages that site residents' interests will be at the forefront of the study and borne in mind when considering the viability of other options.

Equalities and Diversity

30. There is a requirement for the County Council to ensure it is providing appropriate services to a community to whom it is responsible by virtue of land ownership. The recommendations suggested in this report will ensure a transparent and improved service to the residents of the traveller sites. As set out in the Race Relations Act 2000, Surrey County Council recognises that the Gypsy Traveller community are a recognised minority ethnic group who should be treated as equals to the settled population of Surrey. If changes are to be made in the way in which sites are managed, due regard will be had as to whether an Equalities Impact Assessment is required and reported alongside the final recommendations next year.

WHAT HAPPENS NEXT:

31. If Cabinet approval is given, Property Services will investigate the various options in more detail. The following actions and timescales are anticipated:
 - Property Services will investigate the legal implications of the various options and seek out case studies to review in order to understand the implications of the options, understand what works well and what has not worked well. New options may be considered.

- The various options will be explored further to ascertain the appetite for the various options, how it might apply to the various sites and possible implications including risks to Surrey County Council. If an option is viable, Property Services will formulate terms on which the options might be considered.
- A full financial and risk analysis will be completed.
- Consultation with stakeholders will be completed.
- A further report will be made to Cabinet setting out the recommendations for the future management of Gypsy Caravan sites. Different solutions are likely to be considered due to the differences between sites.

Contact Officer:

Clare Neave, Estates Delivery Manager, Property Services.

Tel: 020 8541 9387

Email: cneave@surreycc.gov.uk

Consulted:

N/A

Annexes:

Appendix A List of Gypsy Caravan Sites

Appendix B Income & Expenditure

Sources/background papers:

N/A
