

Wiltshire Council

Cabinet Capital Asset Committee

24 July 2012

Subject: Gypsy, Roma and Traveller Project

**Cabinet member: Councillor Toby Sturgis
Waste Property, Environment and Development Control
Services**

Key Decision: Yes

Executive Summary

The Council owns and manages 90 permanent and 12 transit gypsy and traveller pitches in Wiltshire across 6 sites.

Through the emerging Gypsies and Travellers Development Plan Document a need has been identified for additional pitches in Wiltshire. The provision of additional pitches will enable the council to more effectively tackle issues of unauthorised development and unauthorised encampment.

In addition, a site survey carried out in 2008 and a more recent internal audit report carried out in 2011 identified a number of outstanding issues with the condition of the sites in the council's ownership.

In May 2011 the council had the opportunity to bid for funding from the Homes and Communities Agency (HCA) to invest in the refurbishment and new provision of gypsy and traveller pitches. A bid for £3.6m capital funding was submitted to refurbish 40 of the council's permanent pitches and to provide 20 new pitches.

On 5th January 2012 the HCA announced that the council had been successful in securing an allocation of £3.42m to deliver 60 gypsy and traveller pitches by March 2015. This capital investment, together with £250,000 allocated in the council's capital budget for provision of gypsy and traveller sites will enable the council to invest in gypsy and traveller sites raising the standard of accommodation and reducing the ongoing revenue deficit to the budget.

Initial feasibility work has indicated that the overall cost of delivering the project may be higher than originally anticipated when the bid was submitted and is likely to require additional borrowing to enable a standard of facilities that will meet the council's aims and objectives. Due to the higher than anticipated cost approval has been sought from the HCA to reduce the number of pitches included within the scope of the project from 60 to 50 whilst maintaining the full grant funding allocation. This will reduce the funding gap

significantly and enable the council to continue with the project albeit with an increased level of investment.

Approval is now sought to adopt the recommendation within the options paper to proceed with the project based on Option 3, enter into a framework agreement with the HCA to agree the terms for receiving and using the allocated funding and to enter into a contract with a developer to carry out the works to the sites following the conclusions of an appropriate tendering process.

Proposal

Members are recommended to;

1. Approve the recommendation within the options paper to proceed with the project based on Option 3 (preferred) or Option 2 to deliver 50 pitches providing the council receives appropriate agreement from the HCA.
2. Approve the provision of borrowing as set out in the options paper to support delivery of the project which will be paid back through the service via increased rental income
3. Delegate authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for waste, property, environment and development control services to enter into a framework agreement with the Homes and Communities Agency (HCA) to deliver 40 refurbished and 10 new gypsy and traveller pitches by March 2015 with capital grant funding provided by the HCA.
4. Delegate authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for waste, property, environment and development control services to enter into a contract to deliver the newbuild works for the 50 pitches
5. Delegate authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for waste, property, environment and development control services to enter into any associated legal agreements or procurement activities to enable the delivery of the project.

Reason for Proposal

There are a number of drivers for pursuing the opportunity to secure grant funding to invest in existing and new gypsy and traveller pitches in Wiltshire. These include;

- (i) The requirement to ensure the provision of good quality well

managed sites

- (ii) The need to reduce unauthorised encampments
- (iii) The need to reduce unauthorised developments

These outcomes have been supported through the approval of the Council's Gypsy and Traveller Strategy by Cabinet on 24th May 2010, traveller policies within the emerging Wiltshire Core Strategy, the emerging Development Plan Document for Gypsy and Traveller sites and the internal audit report August 2011 relating to the provision of services to travellers by the Council.

James Cawley, Service Director – Strategy and Commissioning

Wiltshire Council

Cabinet Capital Asset Committee

24 July 2012

Subject: Gypsy, Roma and Traveller Project

**Cabinet member: Councillor Toby Sturgis
Waste Property, Environment and Development Control
Services**

Key Decision: Yes

Purpose of Report

1. To approve the recommendation within the options paper to proceed with the project based on Option 3 (preferred) or Option 2 to deliver 50 pitches providing the council receives appropriate agreement from the HCA;
2. To approve the provision of borrowing as set out in the options paper to support the delivery of the project which will be paid back through the service via increased rental income;
3. To seek authority to enter into an agreement with the Homes and Communities Agency (HCA) to commit capital funding to deliver 50 gypsy and traveller pitches and;
4. To seek authority to enter into a contract with a developer, selected through a tendering process, to carry out the works to deliver the 50 pitches by March 2015;
5. To seek authority to enter into any associated legal agreements/contract or procurement activities to enable the completion of the project.

Background

6. In May 2010 Cabinet approved the Gypsy and Traveller Strategy. One of the objectives of this strategy is to achieve clear pathways to providing appropriate sites for Gypsies and Travellers, with standards of accommodation on local authority sites being equitable to that of the settled population.
7. Between 6th April and 4th June 2010 the Council consulted on a new Gypsy and Traveller sites Development Plan Document (DPD). As part of the wider consultation on the Wiltshire Core Strategy, from June 2011 to August

2011, a draft topic paper was produced relating to Gypsies and Travellers and referring to Core Policy 31. Responses to the consultation document are currently being assessed. The purpose of the Gypsy and Travellers DPD includes ensuring the identified needs of Gypsies, Travellers and Travelling Showpeople who permanently reside in Wiltshire are met through the allocation of suitable and sustainable new sites and assisting the Council in reducing the occurrence of unauthorised Gypsy and Traveller encampments and associated nuisance through the provision of adequate authorised transit and permanent sites.

8. In 2008 a site conditions survey identified that local authority managed sites are in a poor state of repair. No capital budget has been identified to undertake large scale refurbishment or rebuilding of these sites.
9. In August 2011 the Council's internal audit report identified a high risk in delaying funding and carrying out essential and urgent repairs risking health and safety incidents at Traveller sites. The report recommended that urgently needed repairs threatening health and safety should be undertaken as a priority.
10. The project seeks to contribute to addressing the objectives of the Gypsy and Traveller Strategy, core policy 47 of the emerging Wiltshire Core Strategy, the Gypsy and Traveller Development Plan Document and to address issues raised as part of the 2008 site conditions survey and the internal audit of Gypsy and Traveller sites in the Council's ownership.
11. In May 2011 the Council expressed an interest in securing £3.6m capital funding from the HCA to deliver 60 gypsy and traveller pitches in Wiltshire.
12. On 5th January 2012 the HCA announced that the council had been successful in securing £3,420,014 to deliver 60 gypsy and traveller pitches.
13. Following on from the confirmation of funding a feasibility study was undertaken to confirm the financial assumptions used within the bid which included the complete demolition and rebuild of 3 existing sites and the provision of 20 new pitches. This report outlined costs significantly higher than originally anticipated and therefore some further work has been undertaken to consider the options for the project as a whole and these have been consolidated into the options paper in Appendix A
14. In June 2012, a further proposal to reduce the number of pitches delivered through the project from 60 to 50 whilst retaining the full grant funding allocation was submitted to the HCA for consideration.
15. In order to secure the funding the Council will need to enter into a framework agreement with the HCA.
16. In addition, if approval is received to continue the project it will be necessary to commence a procurement process to ensure the council is in a position to enter into contract in January 2013 and start on site with the first phase of pitch refurbishments in March/April 2013.

Main Considerations for the Council

Project Governance

17. A governance structure has been set up for the project including a Project Board, chaired by Councillor Toby Sturgis and a Project Delivery Group.

Consultation

18. A programme of consultation has been developed including consultation with Lead Members, local Members, Area Boards, local residents and gypsy and traveller households which commenced in February 2012 and is currently ongoing.

Communication

19. A communication plan has been developed and was agreed by the Project Board. It outlines the plans for communication with all stakeholders and partners including the media and residents and will be updated as the project progresses.

Decanting

20. Consideration has been given within the options paper to whether or not the full decant of residents from the existing sites is required in order to complete the objectives of the project.
21. Where appropriate estimated decanting costs have been included in the financial appraisal.

Land Purchase

22. Delegated authority was received to proceed with exercising the option to purchase land adjacent to the Thingley Traveller site. This purchase enables the provision of an additional 8 pitches and provides a phased approach to the refurbishment of the existing site.
23. The project team is also looking into the possibility of creating a Community Land Trust to deliver a small number of pitches although it is unclear at the present time whether this would be achieved by the funding deadlines and within the scope of this project

Procurement

24. Options for procuring the delivery of the new and refurbished pitches are also being explored with advice from the Corporate Procurement Unit and it is envisaged that, if the project proceeds, a tender process will be undertaken between October and January to select an appropriate contractor.

Financial Feasibility

25. The bid was based on achieving the completion of 60 pitches with a total scheme cost of £3.85m, receiving grant funding from the HCA of £3.6m plus £250,000 of the council's capital grant funding.
26. The HCA granted the council £3.42m grant funding, £180k less than originally bid for and a feasibility study was commissioned to ensure the project would be deliverable within the reduced budget.
27. Following on from the receipt of a feasibility study indicating that the construction costs are higher than originally anticipated further work has been undertaken to look at the options for the project as a whole.
28. The financial implications of each option is considered within the options paper attached at Appendix A
29. Discussions with the HCA have indicated that there is no additional funding available for the project, however, consideration has been given by the HCA to a reduction in the number of pitches delivered whilst maintaining the allocated level of grant funding.

Planning

30. Work is ongoing to ensure the new pitches are delivered in line with the emerging core strategy, the emerging Gypsy & Traveller Site Allocations DPD and generally in line with planning policy.
31. Planning permission may be required for the new pitches. Applications for permission will follow the planning policy process including public consultation.

Environmental Impact of the Proposal

32. Refurbishment of existing gypsy and traveller sites will contribute to the improvement of the local physical environment.
33. Provision of new pitches will meet planning policy requirements in terms of sustainability and impact on the local environment.
34. As part of the work to improve facilities on the existing sites, options for use of biomass heating and other sustainable energy generation will be explored.
35. New amenity blocks will be provided on the sites to meet at minimum code level 3 for sustainable homes incorporating a high level of insulation to reduce energy consumption.

Equalities Impact of the Proposal

36. The project involves the improvement of facilities for one of Wiltshire's minority groups as well as provision of new accommodation for those groups. If the project does not proceed this will have an adverse impact on this minority group and will leave them with sub-standard facilities which are not equitable to the settled community.
37. The project will involve comprehensive consultation and communication with local residents to achieve optimum community cohesion and integration. Consultation has already begun with the communities on the existing sites proposed to be included within the project and although steps have been taken to manage expectations if the project does not proceed this could have a negative impact on the council's reputation within this community.
38. The project aims to provide additional pitches to assist the council in managing instances of unauthorised encampments and developments reducing the perceived negative image of the Gypsy, Roma and Traveller community. If the project does not proceed this could perpetuate instances of unauthorised camping/development and the negative image of the community lessening community cohesion.
39. An Equality Analysis of the project has been carried out in line with the council's approved template and is being monitored and updated on an ongoing basis.

Risk Assessment

40. There is a risk that development of the proposal will generate negative publicity for the Council. However strategies have been put in place to manage communication and consultation to mitigate this risk and outline the positive benefits of the proposal for local communities.
41. There is a risk that further resources dedicated to evaluating and developing this proposal will lead to a decision that the project is not viable and/or deliverable. However, this is a low risk as substantial work has been undertaken to explore the potential barriers to delivery. All efforts will be made to find workable solutions to enable the project to proceed.
42. There is a risk that the HCA may refuse the council's proposal to reduce the number of pitches being delivered to 50 pitches instead of 60 whilst retaining the full grant funding allocation. If this occurs the council will not be able to proceed with the project within significant additional investment, however, this risk is low as the HCA are willing to work with the council to find a solution for the project to proceed.

Financial Implications

43. There is a sum of £250,000 allocated within the Council's capital budget for provision of gypsy and traveller sites. It is proposed that this funding is used to support the delivery of the project.

44. Following the purchase of land adjacent to the Thingley site there will be £115k left in that capital budget.
45. The HCA has allocated funding of £3.42m to enable the cost of the project to be fully met. However, the payment terms of the HCA are that funding will not be forthcoming until completion. Therefore, the Council will need to commit expenditure in advance of receiving the grant funding. As units are completed, the Council will be able to claim the grant from the HCA. The interest costs incurred have been included within the overall project costs.
46. It is anticipated that the rental income raised from the letting of the pitches and/or the lease payments will cover ongoing planned and reactive management and maintenance costs for the 50 pitches.
47. Rent modelling work has been undertaken to assess the amount of borrowing that may be supported by the service in order to bridge any potential funding gap.
48. If the project does not proceed the council will need to find approximately £450-550k of capital and revenue funding over the next 5 years to continue to support the existing sites and meet some of the aims and objectives outlined in the Strategy and Audit reports.
49. If the HCA accept the council's proposal to reduce the number of units to 50 but reduces the grant funding proportionately there would be additional borrowing required to support the delivery of the project as outlined in the options paper.
50. If the project proceeds, there will be further value engineering work undertaken to reduce the construction costs and it is anticipated that this will reduce the level of borrowing required.

Legal Implications

51. Legal services will also be required to advise on site purchase and any planning agreements required.
52. Legal advice has also been sought on the terms of the HCA framework agreement.
53. There will be a number of models of ownership and management of the sites to consider as part of this proposal.
54. Further legal advice will be sought regarding the appropriate models for the sites being considered as part of this project.
55. Options include continued ownership and management of the sites by the Council, long lease arrangements or options for self-ownership and management by the gypsies and travellers. The legal and financial implications of these options will need to be further explored.

Options Considered

56. Not to progress the project
This option is not a no cost option for the council and would remove the opportunity to access government funding for the 2011-15 programme of investment in gypsy and traveller sites. The implications of this would be that the Council would need to find other ways of investing in sites owned by the local authority in order to address the issues outlined in the options paper and supported by the audit report and condition surveys. The Council would also need to be able to demonstrate how it is enabling provision of sufficient pitches in Wiltshire in order to effectively defend against unauthorised encampment and unauthorised development.
57. To progress the project on a retain and rebuild approach or demolition and rebuild approach for 60 pitches
Additional work has shown that whilst the main project objectives would be achieved through either of these options they are financially unacceptable for the council given the additional borrowing that would be required and the ongoing effect on the council's revenue budget.
58. To progress the project on a reduced scope basis of 50 pitches
This option enables the council to meet its original objectives for the existing sites, providing sustainable accommodation with reduced management and maintenance implications. Whether the HCA agree for the council to retain the full grant funding allocation or reduce it proportionately borrowing is likely to be required to a varying degree to meet the full costs of the project. This will be supported through the increased rental income from the new and refurbished pitches and would be significantly less than delivering the original 60 pitches. This option still delivers 10 of the original 20 additional pitches proposed to assist the council in meeting the demand outlined in the Core Strategy.

Conclusions

59. The gypsy and traveller project will deliver substantial investment in improving conditions on existing pitches and delivering new pitches in line with the council's gypsy and traveller strategy and core strategy policy.
60. The ability to use Government funding will reduce the pressure on the council's own capital and revenue budgets.
61. Due to the tight timescales it is essential to enter into agreement with the HCA for the use of their funding and to be able to enter into contract with a developer as soon as possible to enable a start on site for the first phase of construction in March 2013.
62. Members are asked to:
- a. Approve the recommendation within the options paper to proceed with the project based on Option 3 (preferred) or Option 2 to

deliver 50 pitches providing the council receives appropriate agreement from the HCA.

- b. Approve the provision of borrowing as set out in the options paper to support delivery of the project which will be paid back through the service via increased rental income
- c. Delegate authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for waste, property, environment and development control services to enter into a framework agreement with the Homes and Communities Agency (HCA) to deliver 40 refurbished and 10 new gypsy and traveller pitches by March 2015 with capital grant funding provided by the HCA.
- d. Delegate authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for waste, property, environment and development control services to enter into a contract to deliver the newbuild works for the 50 pitches
- e. Delegate authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for waste, property, environment and development control services to enter into any associated legal agreements or procurement activities to enable the delivery of the project.

James Cawley, Service Director – Strategy & Commissioning

Report Author:

Janet O'Brien
Head of New Housing
Tel. 01249 706550
Email. Janet.obrien@wiltshire.gov.uk

4 July 2012

Background Papers

HCA Draft Framework Agreement available at
<http://www.homesandcommunities.co.uk/ourwork/traveller-pitch-funding>
Gypsy and Traveller Strategy
Internal Audit Reports

Appendices

Appendix A – Options Paper (Confidential)