

CABINET

Mellishaw Traveller Site – Future Arrangements 5th November 2019

Report of Director for Communities and the Environment

PURPOSE OF REPORT			
To consider whether Cabinet wishes to support in principle the transfer of ownership of Mellishaw Traveller site from Lancashire County Council and refer to Full Council for a decision.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Cabinet Member	<input type="checkbox"/>
Date of notice of forthcoming key decision	27 th September 2019		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR CAROLINE JACKSON

- (1) Cabinet supports in principle the transfer of Mellishaw Traveller site from Lancashire County Council to Lancaster City Council for a nominal fee.
- (2) Cabinet refers the decision to Full Council in accordance with financial regulations as the funding requirement is currently not budgeted for and is outside the budget and policy framework.

1.0 Introduction

- 1.1 Mellishaw Traveller Site is a Gypsy and Traveller site with nineteen pitches. It is owned by Lancashire County Council and has been managed by Lancaster City Council since 1982. There are families who have lived on the site since it was developed, although it was originally designed as a transit site. It is fully occupied with either touring caravans or static caravans on the plots.
- 1.2 Following a consultation exercise, Lancashire County Council agreed to declare the Traveller site surplus to the County Council's needs as part of their budget savings proposals (together with their sites in Accrington & Preston). This decision was taken at their Cabinet meeting on 5th September 2019
- 1.3 Lancashire County Council can provide such sites (under s.24 Caravan Sites & Control of Development Act 1960), but no longer have a statutory duty to do so.
- 1.4 Similarly, District Councils do not have any statutory duty to provide Traveller sites. However, we are required to consider the needs to people residing in or who wish to reside on sites where caravans can be stationed. As the Planning Authority, we need

to consider Planning Policy for Traveller sites in conjunction with the National Planning Policy Framework and must assess the need for sites, identify land for sites and increase Traveller sites in appropriate locations.

- 1.5 During their consultation, the County Council confirmed that, if the sites were to be transferred, any sales would be subject to a condition that the sites could only be used as Traveller sites.
- 1.6 The general view from the consultation (particularly from residents) was that Lancashire County Council should retain the site, and that selling it could result in residents losing their homes, families being split up, and that a new landlord could have a negative impact. Those responding raised concerns that they may become homeless, or forced to live on the road. The primary concerns were around the use of intimidation, threats, violence and bullying by new potential owners resulting in residents being forced to leave.
- 1.7 During the consultation stage, the City Council submitted a response saying "*Lancaster City Council is keen to explore possible solutions with County which will result in a positive outcome for the residents and both councils as we recognise the potential distress and upset that major change and uncertainty could have on the residents of Mellishaw. Our officers have started a dialogue with Lancashire County Council officers and wish to continue this over the coming weeks and months with a view to investigating whether there is a way the City Council could look to take ownership and either manage directly or in partnership with a social housing provider.*"
- 1.8 During the Cabinet meeting, the Leader of County said he was aware of Lancaster City Council's wish to secure a positive outcome for the residents of Mellishaw and engage with the County Council to potentially take on the ownership of the site. He said he welcomed this and wished to continue this dialogue as soon as possible. In addition, County have stated that the disposal is to save on revenue costs, not to seek a capital receipt for the site. As such, the sale of the site to the City Council would be for a nominal fee.

2.0 Proposal Details

- 2.1 The last major refurbishment of the site was in 2004/5 and the site is in need of major reinvestment to modernise it. Because the site was designed as a transit site initially, the sewerage and electricity infrastructure are not fit for purpose and are in need of renewal. Repairs have been carried out over the last few years, but no real improvement works.
- 2.2 Lancaster City Council commissioned an independent condition survey in July 2019 to provide an objective, professional opinion to indicate the types of works required to bring the site up to a suitable standard and the possible cost of the works.
- 2.3 In summary, the survey revealed that the site needs major works to the utility blocks (which have a constant issue of damp), site electrics (which need upgrading to increase the load), mains drainage connection and a number of other more minor repairs.
- 2.4 The utility blocks are in such a poor state that the only realistic options are either to demolish and rebuild the individual blocks to current standards or to demolish and provide one central amenity block for all residents. Although the latter is the cheaper option, officers would not recommend this option as we would want our residents to

have modern, dignified, accessible facilities for their homes. This is in line with current best practice design guidance.

- 2.5 The works required would need to be included in a more detailed plan, with specifications and costings, and we would want the residents to be fully involved in the design and layout. Therefore, the costs at present are only a 'best estimate' and are in the region of a capital cost of £1.2m. This would need to be borrowed and would, therefore, carry an annual revenue charge... Based on a 25 year life span for the works, the annual revenue contribution is estimated at £50k per annum.
- 2.6 With regard to day to day revenue costs, the current arrangement is that the City Council manage the site and collect rent and service charges (circa £70k) on behalf of Lancashire County Council, who in turn subsidise the net cost of the account in full. If the City Council took ownership of the site, this arrangement would then cease and the management would be transferred to the City Council, together with the net cost of the operation. Again, based on best estimates of staffing requirements and maintenance costs, the annual future revenue costs are likely to be £88k in 2020/21, rising to £96k by 2023/24. However, these costs may need to be revisited if maintenance or staffing costs turn out to be higher than expected.
- 2.7 Although taking on the site would result in increased costs for the council, if the site was sold to a private owner, it is possible that the council would incur some costs in rehoming residents should they become homeless. Experience elsewhere in the country has shown this is a real possibility.
- 2.8 The council could therefore be faced with the possibility of up to 19 families becoming homeless at about the same time with the consequential impact on council resources in terms of temporary accommodation costs and rehousing to more permanent homes... The district has a shortage of affordable housing for those who require it and specifically has a lack of suitable available accommodation for Travellers. In addition, homelessness has financial impacts on other agencies such as NHS, Police, DWP and the voluntary sector and Cabinet may wish to consider this in their decision making. It is widely accepted that preventing homelessness is preferable to rehousing both in financial and health and wellbeing terms especially as many people threatened with homelessness are vulnerable. Although it is difficult to estimate what the financial cost to the council would be if we were faced with assisting homeless Travellers from Mellishaw, the homeless charity, Shelter have estimated the general costs of homelessness to the economy. They report that evidence shows that people who experience homelessness for three months or longer cost on average £4,298 per person to NHS services, £2,099 per person for mental health services and £11,991 per person in contact with the criminal justice system.
- 2.9 The site is currently managed within the Council Housing service, but is a general fund function and is not covered by the housing revenue account. The proposal would be to continue to manage the site within the housing service. However, it is recognised that there may be other organisations with more specialist skills relating to Traveller site management and, thus, officers are exploring the option of a Housing Association partner managing the site in the future.
- 2.10 Lancashire County Council have served 12 months' notice on the City Council to terminate the management agreement dated 10th December 1996. This agreement terminates on 31st March 2020.
- 2.11 However, the County Council have indicated that, if the City Council is minded to take on the site, they would welcome a transfer as soon as possible and in advance of 31st

March 2020. This would provide them with the certainty of a new owner in place, which would mean they would not need to offer the site for sale on the open market. Therefore, the County Council's preference would be for a transfer date as soon as possible.

- 2.12 If the City Council is minded to take ownership of the site, officers do not foresee any major additional operational difficulty or financial requirement in advance of 31st March 2020 but this isn't guaranteed.
- 2.13 County have agreed to draw up the Heads of Terms for our agreement in due course.
- 2.14 There may be opportunities in the future to consider expansion of the site or reconfiguration to increase capacity and this may attract Homes England funding (although this cannot be guaranteed). This could be explored further as part of the improvements to the site if it was financially beneficial.

3.0 Details of Consultation

- 3.1 Lancashire County Council consulted widely on the proposal for them to dispose of the site and the main concerns from residents are included earlier in this report. Officers have had some quite in depth contact with Travellers as part of the Poverty and Truth Commission. Although only representing a couple of families, they have reported that there is strong support for the City Council to take ownership of the site.

4.0 Options and Options Analysis [including risk assessment]

	Option 1: The city council takes ownership of the site undertaking a programme of improvement works as outlined in the report and manages the site at least in the short term.	Option 2: The city council does not take on ownership of the site
Advantages	<p>The homes of the Travellers on the site are secured.</p> <p>The wellbeing of the residents is improved with the peace of mind that the council will own the site.</p> <p>The city council have several years of experience managing this site.</p> <p>An opportunity for the residents on the site to influence the scope and nature of improvement works therefore creating sense of pride and ownership.</p>	<p>Reduced financial outlay compared with any potential re housing costs.</p> <p>The council would still have an enforcement and licensing role in relation to any new owner.</p>
Disadvantages	Substantial additional capital investment required	The site would most likely be sold to a private owner with potential impacts on the

	Additional revenue costs required for maintenance and staffing costs in managing the site.	residents future security of their homes. Increased demand due to homelessness on other statutory or third sector agencies.
Risks	Possible reputational risk to council if council taxpayers not in favour of a large financial outlay for a small percentage of residents. The costs of undertaking the works and managing the site is a best estimate and unforeseen issues may mean the costs could be higher.	Possible reputational risk to council if seen to be failing in safeguarding the residents homes

5.0 Officer Preferred Option (and comments)

5.1 As there is no statutory duty to provide Traveller sites, there is no officer preferred option

6.0 Conclusion

6.1 Following Lancashire County Council's decision to declare Mellishaw Traveller site surplus to their requirements, this report provides information and the potential financial implications to the City Council if Cabinet is minded to support the council taking ownership of this site.

RELATIONSHIP TO POLICY FRAMEWORK

There are links to Healthy and Happy communities in relation to reducing health inequalities, preventing homelessness and providing access to quality housing.

Links to the housing strategy and local plan in relation to provision of pitches for Travellers.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Human Resources, Sustainability and Rural Proofing)

A decision to take on the ownership of the site will have a positive impact on meeting the housing needs of the Traveller community. Additional investment will provide modern, safe and welcoming facilities.

LEGAL IMPLICATIONS

Legal Services will be instructed in relation to any transfer of land to the City Council.

FINANCIAL IMPLICATIONS

As detailed in the report, initial estimates for the required capital works are in the region of £1.2M. This would need to be funded via prudential borrowing and would, therefore, carry an annual revenue charge. Based on a 25 year life span for the works, the annual revenue contribution is estimated at £50k per annum.

With regard to day to day revenue costs the current arrangement is that the Council manage the site and collect rent on behalf of Lancashire County Council (LCC) who in turn subsidise the net cost of the account in full. This arrangement would then cease and the management transferred to the Council together including the net cost of the operation. The estimated future revenue costs are as follows:-

GENERAL FUND REVENUE	20/21 Estimate	21/22 Estimate	22/23 Estimate	23/24 Estimate
Employee Costs	27,800	28,700	29,600	30,400
Premises R&M	50,000	51,000	52,000	53,000
Utility Costs	27,100	28,100	28,800	29,400
Miscellaneous Costs	3,300	3,300	3,300	3,300
Minimum Revenue Provision (MRP)	50,000	50,000	50,000	50,000
Rent & Service Charge Income	-69,700	-69,900	-70,000	-70,200
Additional Revenue Requirement	88,500	91,200	93,700	95,900

It should be noted that the repairs and maintenance figure included in the table above is purely speculative at this juncture and therefore the additional revenue requirement is subject to change.

The operation of Traveller sites is a general fund function and as such these amounts have not been included in any current future budget projections and therefore consequently place a further burden on local council taxpayers (growth).

As the timing is outside that of the budget and policy framework, the decision to proceed with this proposal would require referral to and approval of Full Council.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

Property

Lancashire County Council have provided draft heads of terms but no negotiations have taken place. The draft heads of terms include the following clawback provision, '*should any additional planning consent be granted other than for the direct benefit to the development / enhancement of the site for use as a GRT site during a period of 999 years from completion of the sale then the County Council will be entitled to 75% of the enhanced land value attributed to the benefit of such consent*'. Should the Council's position on the site change in the future such a provision would make a return on any investment made in the site unlikely. Another concern is the site boundary indicated in the draft heads of terms as it includes areas of adopted highway and incorporates a lease to Electricity North West and these issues will require further investigation.

Human Resources

The city council employs a member of staff for the Traveller site. If the city council takes ownership of the site, some additional staffing capacity would be required and this has been taken into account in the financial implications. If the city council didn't take on the site, there may be human resource implications which would be covered by TUPE legislation.

SECTION 151 OFFICER'S COMMENTS

In considering the proposal Members are advised to note that as a non-statutory function there is no legal duty placed on the Council to undertake this action.

The financial implications above represent the best estimates available at this time, and we continue to attempt to obtain more reliable financial data from neighbouring Councils with experience in managing such sites against which these can be benchmarked.

In this regard, Members should satisfy themselves that the proposal represents value for money, recognising initial capital, revenue costs and future commitments reflected against its stated outcomes and priorities.

MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

Lancashire County Council Cabinet minutes
5th September 2019.

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