

## **Gypsy Site Management**

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### **Purpose of the Report**

To recommend the transfer of the day to day management of Gypsy Sites to Elim Housing

### **Public Interest**

The Council has a statutory duty to provide Gypsy and Traveller residential and transit pitches.

There is a need to monitor the site management arrangements to ensure the sites are managed in the best way and at the lowest possible cost to the Council.

### **Recommendation(s)**

It is recommended that the District Executive:

1. Approve the appointment of Elim Housing, for a five year period, to manage the Council's Gypsy sites at Ilton, Tintinhull and Pitney.
2. Authorises the Assistant Director (Health and Well-Being), in conjunction with the Assistant Director (Legal and Corporate Services) and the Housing and Welfare Manager to negotiate and finalise the Management Agreement.
3. Instruct Officers to report on performance annually.

### **Background**

The Council has a statutory duty to provide Gypsy and Traveller residential and transit pitches. As part of this duty SSDC currently provides three gypsy sites Ilton, Tintinhull and Pitney took over the management of Chubbards Cross, Ilton and Marsh Lane, Tintinhull from Somerset County Council.

The Ilton site consists of four pitches with utility blocks and hard standing known as Twisted Willows. Next to Twisted Willows there are six pitches with park homes. (See Appendix A). The Tintinhull sites costs of 8 park homes. (See Appendix B). The Pitney site is one large extended site with a utility block.

Each site was extensively refurbished in 2009 with central government grant and for the last seven years the sites have been managed in house by a dedicated Gypsy Sites Officer, with rent account management provided by the Housing Finance Team.

Following the departure of the Gypsy Site Officer, the service has taken the opportunity to review the current arrangements for the sites and consider the most appropriate future management option for the Council.

This report presents the key findings from this review and recommends the transfer of the day to day management of Gypsy Sites to Elim Housing.

## **Management Options**

There are three main management options available to the Council:

### **Option 1: In-House Management**

The key characteristics of continued in-house management by the Council are:

- The Council takes direct responsibility for the management and operation of the sites and services.
- The responsibility for the organisation of maintenance of the Park Homes and site infrastructure remains with the Council.
- The operation uses the Council's central support services, particularly Property Services, Finance and Legal.
- The Council continues to employ staff.
- The Council receives all income generated by the sites and is responsible for all expenditure incurred in the delivery of the services.

Whilst delivery in-house gives flexibility and a high degree of control, the service is not resilient and relies on one Officer delivering the work. Past experience has shown this is can present management challenges from time to time in ensuring continuity of service to our residents. Recruiting is also often difficult, and our Property expertise tends to be commercial building focussed rather than residential or park home focussed.

### **Option 2: Private Contractor Management**

The key characteristics of private contractor management are that:

- The Council would be the "client" and would manage operations under a contract agreed by both parties.
- The management opportunity is defined by a number of key heads of terms, including:
  - A fixed contract term (typically 3-5 years).
  - A management fee payable by the Council to the contractor.
  - A management specification setting out the Council's requirements in respect of the delivery of the management services.
- The contractor manages the sites, collects the rent, and is responsible for the majority of costs incurred by the facilities.
- Typically, the Council would retain some responsibilities (usually including items such as maintenance of the site pumping stations, allocations, and replacement of Park Homes) and incur costs in respect of these responsibilities.

- Staff are employed by the private contractor.
- The majority of the operating risks of the services are transferred to the contractor. The contractor would incorporate its own profit (risk) margin within the management fee agreed.
- The Council would typically undertake ongoing contract monitoring of the operational performance and service standards delivered by the contractor, including quarterly site visits.
- The private contractor will use their own central support (finance, HR, property, and legal services etc) and will not need to use those of the Council.

Whilst delivery in this way is feasible, the management of Gypsy sites does not appear to be particularly attractive to the private sector. As a consequence of the risks, contract pricing tends to be very high, and the market is extremely limited locally. This option has therefore not been considered further.

### **Option 3: Registered Social Landlord (RSLs)**

These organisations are charitable housing providers, and have the fiscal benefits that are attributable to this status.

Any surpluses are reinvested into the delivery of the charitable objectives of the organisation and are not able to be distributed to shareholders as dividends. Due to the non-profit motive their purposes are social and welfare-oriented.

The key characteristics of RSLs are:

- The Council will enter into a contract and specification for the management and operation of the sites.
- The assets, as with the private sector option, can either be transferred under a lease to the RSL or remain under the ownership of the Council.
- In return for the services and management of the sites, the trust will receive an agreed management fee from the Council.
- The majority of the operating risks are transferred to the RSL.
- RSLs have an extensive range of tenant support services, offering much valued resources and support for tenants.
- The Council would typically undertake ongoing contract monitoring of the operational performance and service standards delivered by the contractor, including quarterly site visits.
- The RSL will use their own central support (finance, HR, maintenance, and legal services etc) and will not need to use those of the Council.

In overall terms this approach has the potential to deliver the best value for money to SSDC whilst also providing better support and services for tenants.

Two RSLs who have expressed an interest in managing our sites, namely Yarlinton Housing Group (YHG) and Elim Housing (EH).

## Valuation of Options

A summary of the potential options available to the Council is set out in the table below.

	<b>In-House</b>	<b>Yarlington Housing Group</b>	<b>Elim Housing</b>
Resilience	Low	Good	Good
Experience of dealing with Gypsy and Travellers	Good	Low	Good
Maintenance	Fair- contractors are experienced in dealing with commercial buildings but not residential properties.	Fair-good service but expensive.	Good
Back office systems- rent accounting	Fair- no rent accounting system so have to rely on manual input into spreadsheets by Housing Finance Team.	Good	Good
Cost of overall service	Fair	High	Medium
Recruitment of experienced staff	Low- we have previously struggled to recruit experienced staff in the past for this post	Fair- lack experience in dealing with the Gypsy and Traveller community.	Good- already have team of experienced staff in place.
Savings	Cost will remain the same.	Most expensive.	Slightly more expensive but there will be some time saved with Property Services and Housing Finance Team.

Whilst YHG were happy to explore the options of managing the sites they do not have any experience of working with the Gypsy and Traveller community. The service would have also been considerably more expensive than keeping the service in house.

Elim Housing manage four Gypsy and Traveller sites in North Somerset and are in the process of developing a 24 pitch Gypsy and Traveller site in Weston-Super-Mare. Elim Housing was established in 1963 and comprises Elim Housing Association and Elim Housing Services. The association is a charitable registered social landlord (RSL). The association owns and manages around 800 homes in England and Wales and this comprises a diverse stock of general needs and supported housing.

The assessment indicates that progressing the Elim option represents the best option for the Council.

## Structure of Arrangements and Costs

The proposal would see SSDC maintain the allocation of pitches, planned replacement maintenance, and maintenance of the pumping stations. Elim Housing would manage the sites on a day to day basis, dealing with routine repairs, rent collection and any tenancy or neighbourhood issues. (See Appendix C for a full breakdown of responsibilities).

The costs for this service are set out in the table below, together for comparison purposes with the costs for previous years.

	<b>Actual costs 2014/15</b>	<b>Estimated Budget Savings 16/17</b>	<b>Proposed costs for first year of service</b>	<b>Proposed costs for second year of service</b>
<b>Staffing &amp; travel costs</b>	0	8,320	£28,500	£24,700
<b>Maintenance costs</b>	69,086	22,060	£15,000	£15,000
<b>Totals</b>	<b>69,086</b>	<b>30,380</b>	<b>£43,500</b>	<b>£39,700</b>

There will be a slight increase in the direct annual running cost for the site. However, there will be below the line savings in Property Services, Housing Finance and Legal, which will result in further savings in both financially and in staff time.

The work involving our Housing Finance Team will be dramatically reduced as Elim would take over responsibility for managing the rent account.

There would also be a considerable amount of time saved within the Property Services Team, as Elim would deal with all routine repairs and maintenance on site.

With the site being managed by experts I think we will see a continued reduction in our maintenance costs.

The sites currently operate on a break even basis after transfer of monies to the reserves.

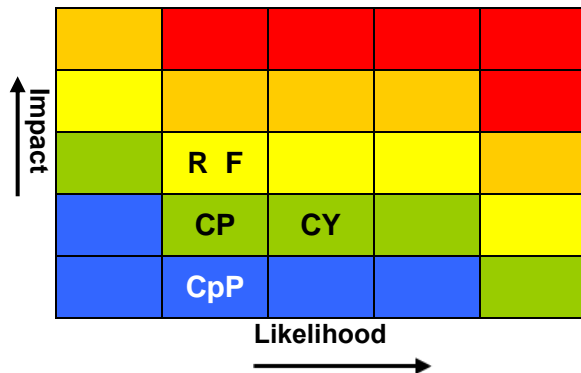
Repairs and maintenance expenditure must remain within the agreed budget, unless an overspend is agreed in advance with the Housing and Welfare Team, this would result in additional costs to SSDC, and less money going to the reserves.

## Financial Implications

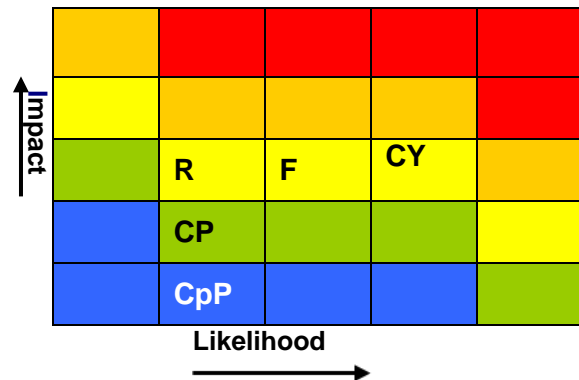
SSDC will be tied to a three year contract. It has been estimated that from the Traveller's site budget all staffing costs will be saved and 50% of maintenance costs. Although there is an increase in costs at the start of the contract it is hoped that further budget savings will be made from the improved management of the site. These costs will be met from within the Housing Service and budgets will not change.

## Risk Matrix

Risk Profile if the proposal is approved



Risk Profile if the proposal is NOT approved



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

### Corporate Priority Implications

None

### Equality and Diversity Implications

A full impact assessment has been completed

### Background Papers

None