

Report of : Director Environment and Neighbourhoods

Report to : Executive Board

Date: 13 March 2013

Subject: Proposal to Modernise Cottingley Springs

Capital Scheme Number: 16807/MOD/000

Are specific electoral Wards affected? All If relevant, name(s) of Ward(s): Farnley and Wortley	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Cottingley Springs is the Leeds City Council managed site, comprising 41 pitches, for Gypsies and Travellers.
2. In September 2012, Executive Board requested that officers identify how Cottingley Springs can be expanded with the development of twelve new pitches. The Board also approved in principle a programme of modernisation to improve the housing offer made to existing tenants. Funding of £1.074m for the twelve new pitches from the Homes and Communities Agency (HCA) has been secured to cover the expansion costs.
3. It is intended that site expansion will be preceded by the refurbishment of the existing 41 pitches to bring this accommodation up to a standard commensurate with the residents being tenants of Leeds City Council.
4. The refurbishment work which LCC will pay net of VAT is costed at £1.116m. HCA funding of £890k has been secured on the condition that work on site starts before the end of March 2013. It is proposed that the balance of £226k is covered through a prudential borrowing arrangement over a 20 year period.

Recommendations

1. Executive Board is recommended to inject this scheme totalling £1.116m, into the capital programme, to be funded from £890k of HCA grant, and £226k of prudential borrowing.
2. Executive Board is recommended to give authority to spend in order to progress this scheme.

1. Purpose Of This Report

To seek approval to inject £1.116m into the capital programme for the purpose of refurbishing Cottingley Springs.

To seek authority to spend £1.116m to progress this capital scheme.

2. Background Information

- 2.1 Cottingley Springs is the Leeds City Council managed accommodation site for Gypsies and Travellers and comprises 41 pitches over two sub-sites. In September 2012, Executive Board approved proposals, subject to a successful planning application, to expand Cottingley Springs by an additional 12 pitches. Investigation work is currently being carried out to establish whether the new pitches can be developed on Council owned land adjacent to the existing site and within the existing site 'footprint'. The Council has secured £1.074m funding from the Homes and Communities Agency (HCA) to cover the cost of developing the 12 new pitches. This funding is available on condition that the works are completed by the end of March 2015. A separate report will be prepared seeking the necessary approval for this scheme.
- 2.2 The site expansion proposals are a response to the 2010 (then Environment and Neighbourhoods) Scrutiny Inquiry into the housing needs of Gypsies and Travellers. The Inquiry sought, in part, to address the cycle of encampment and eviction of 'roadside' Gypsies and Travellers. The expansion proposals are predicated on the principle that unauthorised encampments are partly a result of there being a shortage of formal pitches in the city for Gypsies and Travellers to live on. The impact of unauthorised encampments on local communities and the Council's budgets were also issues highlighted in the Inquiry.
- 2.3 The Scrutiny Inquiry also made recommendations relating to improving the 'service offer' made to the existing residents of Cottingley Springs.
- 2.4 Government guidance of the planning and development of Gypsy and Travellers accommodation sites states that they should be:
 - § Sustainable, safe and easy to manage and maintain.
 - § Delivered to a standard commensurate to that enjoyed by social housing tenants in conventional housing.
 - § Able to promote harmonious relations between Gypsies and Travellers and settled communities.

- 2.5 Since April 2011, with the enactment of a provision within the 2008 Housing and Regeneration Act, the tenants of Cottingley Springs have held security of tenure meaning that they cannot be evicted without a court order on the grounds of a specific breach of the tenancy agreement. This security of tenure is commensurate to that enjoyed by council tenants in conventional housing, and given the tenancy relationship is between a site occupant(s) and the Council, then the Cottingley Springs' residents are essentially Leeds City Council tenants.
- 2.6 The principle set out in paragraph 2.4.2, of Gypsies and Travellers enjoying a 'housing offer' commensurate to that received by social housing tenants, could be viewed within the context of the decency programme investment in council housing over the last ten years.
- 2.7 In September 2012, Executive Board gave approval to expand Cottingley Springs. It is anticipated that the 12 new pitch provision will generate an additional £72K in rental income and the expansion will create economies of scale and potential efficiency savings on management and maintenance costs. Executive Board also gave approval to look at options for modernising the existing 41 pitches at Cottingley Springs.
- 2.8 The refurbishment of Cottingley Springs is a separate project from the site expansion. Nevertheless, the two projects are linked in that an expanded site, without refurbishment work, would create 'two tier' standards of accommodation and potentially site tensions.
- 2.9 A project board and two project teams have been established to oversee the new build and improvement programme at Cottingley Springs. A Project Plan and an Engagement Plan has been produced to show how the development will be managed.
- 2.10 A project board has been established to address Service recommendations within the Scrutiny Inquiry, to work with the residents of Cottingley Springs in partnership with other Council/voluntary sector services to improve the service offer made to residents, including a review of access to facilities and services which specifically includes Health, Adult Social Care and Children's Services. The project's initial focus has been to develop a working relationship with the community and develop links with the voluntary sector to improve communications and engagement. A project and engagement plan are in development to identify and action key issues for residents to improve access to mainstream services and future models and options for management of the site.
- 2.11 Changes to the management of unauthorised encampments has resulted in a significant reduction in legal costs. Prior to 2012/13, the Council was incurring annual costs in excess of £300k for legal and site cleaning relating to unauthorised encampments. The costs for 2012/13, because of the 'toleration' of the Leeds 'roadside' families on specific sites, are forecast to be lower than £100k.

3. Main Issues

- 3.1 In October 2012, the HCA invited applications for a £13m funding programme for Gypsy and Traveller accommodation.

- 3.2 The HCA has agreed to release £890k (in February 2013) of unallocated funding for the refurbishment work on the condition that work started before the end of March 2013 and that the Council identified supplementary funding.
- 3.3 Officers agreed to submit an urgent report to Executive Board for approval to this as it is believed that it is unlikely that such a funding opportunity will emerge in the immediate future. The timescales for starting work are nevertheless extremely challenging.
- 3.4 In December 2012, in preparation, a waiver to Contracts' Procedure Rules was sought, through the delegated decision process, to appoint Yorkshire Housing Association (YHA) as the managing agent for both the refurbishment and expansion work. An approved Yorbuild contractor, has been identified to carry out the refurbishment works.
- 3.5 Yorkshire Housing Association has costed the programme of works at £1.312m. The appendix A to the report includes a VAT element of £219k. LCC can reclaim the element of the VAT that will be billed directly which is currently estimated at £196k.
- 3.6 The works included in the refurbishment will include a new heating system to each plot. This includes getting a gas supply connected from Gelderd Rd into the site and then installing a gas supply to each plot. Each plot will then benefit from a new gas fired boiler with 3 radiators.
- 3.7 Works also include cavity and loft insulation, replacement of UPVC soffits and fascias, and rain water pipes, installing new UPVC windows and doors and hacking off and replacing render on the exterior of the properties.
- 3.8 New kitchens with replacement vinyl, new extractor fans and decoration will be installed on Site B. Repairs and decoration works will be made to kitchens on Site A. New bathrooms will be installed on both sites.
- 3.9 The HCA grant allocation of £890k leaves a balance of £422k to be identified to cover the cost of the programme of works. However included in that amount is a figure of £219k for VAT. The council will be able to claim the VAT back on the contract amount of £980k which equates to £196k which means the balance which the Council will need to fund from Prudential Borrowing is £226k.
- 3.10 The Council is only able to claim back the VAT on the contract amount as this has been procured directly between the Council and the contractor, however the VAT incurred on the other professional fees and surveys cannot be claimed back as it was commissioned by Yorkshire Housing Association on behalf of the Council. .
- 3.11 The September 2012 report to Executive Board (paragraph 3.14) refers to officers looking at the feasibility of sourcing funding for the refurbishment of Cottingley Springs through the Housing Revenue Account (HRA) as the residents are tenants of the Council. Advice has been sought from Legal Services and this has concluded that such an approach might present some risks and therefore officers from Environment and Neighbourhoods have decided to pursue other options; specifically a prudential borrowing arrangement.

- 3.12 The cost of borrowing £226k through prudential borrowing over 20 years equates to £19,700 per annum. The prudential borrowing business case has been approved by the Director of Resources
- 3.13 The cost of the borrowing is affordable and will be met through a combination of funding sources. The rental income for the current site is £226K p.a. and the refurbishment works will reduce the ongoing repairs and maintenance costs.
- 3.14 The £19,700k annual payment is considered to be a reasonable cost to bring the standard of pitch provision at Cottingley Springs to a standard commensurate to that to be expected for council tenants.

Capital Funding and Cash Flow

Funding Approval :		Capital Section Reference Number :-					
Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14	2014/15	2015/16	2016/17	17016 on
			£000's	£000's	£000's	£000's	£000's
LAND (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FURN & EQPT (5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DESIGN FEES (6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER COSTS (7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14	2014/15	2015/16	2016/17	17016 on
			£000's	£000's	£000's	£000's	£000's
LAND (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION (3)	784.0	0.0	784.0	0.0	0.0	0.0	0.0
FURN & EQPT (5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DESIGN FEES (6)	110.0	0.0	110.0	0.0	0.0	0.0	0.0
OTHER COSTS (7)	222.0	0.0	222.0	0.0	0.0	0.0	0.0
TOTALS	1116.0	0.0	1116.0	0.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14	2014/15	2015/16	2016/17	17016 on
			£000's	£000's	£000's	£000's	£000's
LCC Supported Borrowing	226.0	0.0	226.0	0.0	0.0	0.0	0.0
Government Grant	890.0	0.0	890.0	0.0	0.0	0.0	0.0
				0.0	0.0	0.0	0.0
Total Funding	1116.0	0.0	1116.0	0.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Revenue Effects

The following table illustrates the alterations which will be necessary to the department's revenue budget:

REVENUE EFFECTS	2013/14 £000's	2014/15 £000'S
EMPLOYEES	0.0	0.0
PREMISES COSTS	0.0	0.0
Prudential Borrowing Repayments	19.0	19.0

The alterations illustrated in this table will be incorporated into the department's Revenue Budget by means of a self-funding virement.

4. Corporate Considerations

4.1. Consultation and Engagement

- 4.2 A Communication Management and Stakeholder Engagement Plan has been produced which sets out how communications will be established and managed during the running of the project. This Plan has been approved by the Project Board.

5.0 Equality and Diversity / Cohesion and Integration

- 5.1 An equality, diversity, cohesion and integration screening exercise has been carried out. This has confirmed that equality diversity cohesion and integration considerations have been effectively considered in relation to developing proposals to better meet the housing needs of Gypsies and Travellers.

6.0 Council Policies and City Priorities

- 6.1 Action to address the housing needs of Gypsies and Travellers in the city reflect two of the aims of the Vision for Leeds: 'Leeds will be fair, open and welcoming' and 'All Leeds communities will be successful'. The improvement to the existing 41 pitches at Cottingley Springs will contribute to the 'safer and stronger communities plan' to increase a sense of belonging that builds cohesive and harmonious communities, as well as those relating to reducing crime and anti social behaviour.

7.0 Resources and Value for Money

- 7.1 The Council has provisionally secured £890k funding from the HCA to part cover the cost of refurbishment. It is likely that such an allocation will not be available again in the immediate future and officers believe that the conditions of the allocation (work on site starts before the end of March 2013 and supplementary funding to cover the full cost of refurbishment) should be met in order to secure the £890k.
- 7.2 In this context, the £226k prudential borrowing proposal represents value for money.

8.0 Legal Implications, Access to Information and Call In

- 8.1 There is no legal requirement for the council to provide sites for Gypsies and Travellers but the Council does have a duty to consider and make reasonable provision for the accommodation needs of this group.
- 8.2 The report does not contain any exempt or confidential information
- 8.3 The report is not open to call in. If this matter was open for call in and subsequently called in this would put at risk the timescales set by the HCA to start on site by 25 March 2013. This process could not be concluded in time for the deadline and therefore the grant funding would be at risk.

9.0 Risk Management

- 9.1 The provisional £890k allocation from the HCA is conditional on the Council starting work on site by 25 March 2013 and the Council finding the balance of £226k to fully cover the cost of the refurbishment work.
- 9.2 A prudential borrowing arrangement, provides the most appropriate option for delivering significant inward investment and delivering the decent homes standard to this accommodation offer.
- 9.3 A prudential borrowing arrangement is considered to be a low risk as the payment costs are £19k per annum and the financial business case has been agreed.

10.0 Conclusions

- 10.1 In September 2012, Executive Board gave approval for officers to identify opportunities to refurbish the existing 41 pitches at Cottingley Springs so that the 'housing offer' is commensurate to that enjoyed by council tenants in conventional housing.
- 10.2 The Council's contractor, Yorkshire Housing Association, has costed the refurbishment work at £1.312m which is inclusive of VAT most of which can be reclaimed by LCC. The HCA has allocated the Council £890k towards this cost on the condition that the work starts before the end of March 2013 and that the Council finds the cost balance.
- 10.3 A prudential borrowing arrangement of £226k represents an affordable and acceptable risk based approach to securing the requisite funding.

11.0 Recommendations

- 1 Executive Board is recommended to inject this scheme totalling £1.116m, into the capital programme, to be funded from £890k of HCA grant, and £226k of prudential borrowing.
- 2 Executive Board is recommended to give authority to spend in order to progress this scheme.

12.0 Background documents

12.1 There are no relevant background documents

13.0 Appendices

- Appendix A Summary of Total Budget Estimate
- Appendix B Preliminary Budget Estimate

The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.