

Providing Accommodation for Gypsies and Travellers in Leicestershire:

A Financial Analysis



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Executive summary

- Previous research has identified the costs of unauthorised Gypsy and Traveller sites (Morris and Clements, 2002) and the possibility of generating income through provision of authorised sites (Niner and Walker, 2008). This research builds on these previous studies and broadly supports their findings.
- This study used a survey to assess the cost incurred and income generated by Gypsy and Traveller sites in one county in England (Leicestershire).
- Evidence from responses to this survey indicated that local authorities in Leicestershire spend at least £200,000 per year dealing with unauthorised sites. Local authority run authorised sites in the county cover costs or generate a small amount of income. Both council and private run sites in the county generate council tax receipts for the authorities of up to £125,000 per year.
- The evidence from this research suggests that providing the accommodation outlined in the local Gypsy and Traveller Accommodation Needs Assessment would produce a significant financial benefit to local authorities.

Introduction

In 2007 the Building and Social Housing Foundation (BSHF) coordinated a consultation at St George's House, Windsor Castle on the accommodation needs of Gypsies and Travellers. The discussions between a variety of people with experience or expertise were distilled into 'Out in the Open' (BSHF, 2007) a report that made policy recommendations to improve the accommodation provided to this group. The recommendations covered three key areas: providing accommodation, promoting understanding and recognising the rights of Gypsies and Travellers.

The report highlights the experiences of Bristol City Council who have made significant financial savings by developing a transit site for Gypsies and Travellers. Prior to the development of the site Bristol City Council was spending around £200,000 per year on enforcement and clean up costs related to unauthorised sites. These costs were reduced to £5,000 after the completion of the new transit site. Development of the site cost £425,000, equivalent to a sum that would have been recouped from savings within three years of completion. This example suggests that there are financial, as well as moral and legal, arguments in support of the development of Gypsy and Traveller accommodation.

There is existing research on both the costs of unauthorised sites and income generated by authorised sites. Morris and Clements undertook a detailed analysis of the costs associated with unauthorised sites in 2002. A questionnaire was sent to every local authority in the UK to assess the direct and indirect costs of unauthorised sites during a one year period (September 1998 to August 1999). The high response rate (70 per cent) provided a substantial amount of quantitative and qualitative information on this issue. This information was used to estimate that £9m had been spent on unauthorised sites in the UK during the survey year. On average each local authority had spent £18,000 in one year.

The limitations of these estimates are acknowledged by the authors. They suggest that the figures are likely to be a considerable underestimate. Many of the authorities who responded failed to give a full breakdown of the different costs incurred. Costs for authorities that had given a full breakdown were around 100 per cent higher than those that had failed to do so. Another key finding of the research was the variety in the costs reported by local authorities. They ranged from no recorded cost (around 5 per cent of authorities) to one authority that had a contingency fund of £183,000 to deal with unauthorised sites. This study is a valuable source of information in an area that has received little attention.

An assessment of the financial and practical issues associated with running sites for Gypsies and Travellers was produced by Niner (2003). A survey of sites run by local authorities found that running costs are greater than income on approximately half of the sites surveyed. The remaining sites surveyed were obtaining enough income to cover running costs. Niner highlights the wide variety of financial situations on different sites. These variations appear to

be related to site issues (desirability, turnover, etc.) and how local levels of housing benefit compare to the license fees charged. The financial viability of sites needs to be assessed on a case-by-case basis. One example of this is given in the toolkit produced by Niner and Walker (2008) for Registered Social Landlords on the provision on sites for Gypsies and Travellers. They provide a case study of a 16 pitch site that has made a net profit over the past three years. Two years show profits of £9,000 and £10,000 but the third year shows a net loss of £4,000 due to major repair work, bad debts and increased electricity costs.

This research seeks to build on the experiences of the Bristol case study and the above research in order to assess the financial impact of authorised and unauthorised Gypsy and Traveller sites on local authorities. More detailed background on the accommodation needs of Gypsies and Travellers and literature review can be found in *Out in the Open* (BSHF, 2007) or a number of other publications (e.g. Niner, 2003). Gypsy and Traveller Accommodation Assessments (GTAA) are another important source of information. These assessments have been completed to provide more detailed information on the local needs of this section of the population¹. GTAAs make recommendations for the amount of accommodation required. They do not, however, analyse the costs of failing to make this provision or the possible financial benefits of doing so. This research aims to make a more detailed assessment of both the costs incurred and possibility for income generated by Gypsy and Traveller sites in one area of the UK.

¹ A review of the GTAAs in East Midlands was completed by BSHF in October 2008.

Methods

A freedom of information (FoI) request was used to gain information about the accommodation situation provided in each local authority covering one county in England.

The FoI request consisted of two questions. Each authority was asked to provide:

- Details of the costs relating to unauthorised Gypsy and Traveller sites that the authority has incurred over the last two financial years (2006/7 and 2007/8).
- Details of the costs incurred and income received in relation to authorised Gypsy and Traveller sites over the same two financial years.

The FoI method was used to gain the maximum response rate possible. A supporting questionnaire was sent with the information request. This detailed questionnaire² included 28 sections relating to the two overall questions. It was designed to enable authorities to give a full breakdown of cost incurred and income generated by Gypsy and Traveller sites. The questionnaire was developed through assessing costs and income streams identified in the existing literature (Morris and Clements, 2002; Niner and Walker, 2008).

This questionnaire was sent to fourteen local authorities in England. Twelve authorities responded to the questionnaire, one refused due to the FoI time limit and one failed to respond at all. The local authorities were specifically selected for methodological reasons. Nine of the fourteen authorities chosen were the district, unitary and county councils that covered Leicestershire, a county in the Midlands of England. They were chosen to provide a complete picture of one part of the UK. This county was chosen because it appears to have an average Gypsy and Traveller population that cover both urban and rural areas. All of the authorities in the county responded to the survey. Five other local authorities were chosen to provide a comparison with the main study area. These authorities were chosen to represent authorities that are likely to be atypical like London boroughs and very rural areas. Three out of these five authorities responded to the information request.

Responses to the questionnaire were analysed to assess the costs incurred and income generated by Gypsy and Traveller sites.

² Further details of the methods used, including the questionnaire, are available from BSHF on request. Please email bshf@bshf.org

Results

The results from the questionnaire were broadly in line with previous studies on this subject (Morris and Clements, 2002; Niner, 2003). All nine local authorities covering the county of Leicestershire responded to the questionnaire. One authority responded that they had incurred no costs associated with either authorised or unauthorised Gypsy and Traveller sites during the two financial years covered by the request. Morris and Clements (2002) reported that around 5 per cent of authorities in their survey reported no costs incurred in association with unauthorised sites. The remaining eight authorities completed the questionnaire provided. These authorities provided a wide variety of levels of information. Several were able to provide only very basic information about estimated numbers of unauthorised encampments and no information on costs incurred. Other authorities were able to provide very detailed information about the situation in their area, including breakdowns of costs incurred and income received. This variation also reflects the findings of Morris and Clements' study.

Costs of unauthorised sites

Several methods were adopted to assess the costs incurred by local authorities in responding to unauthorised sites, ranging from the most conservative assessment where only those costs directly reported by the authorities were added up, to methods that sought to account for absent data.

At the most simple, the costs reported by the local authorities equalled £155,924 over the two year period, or an average of £77,962 per year. This can be taken as an absolute minimum spent over the period, as some costs are not counted in this method. More realistic approaches sought to use the data provided by some authorities to provide realistic estimates of the costs incurred by others where the financial data are not available.

In total, 177 unauthorised encampments were recorded in the two years (102 in 2006/7 and 75 in 2007/8). The most detailed costings were provided for around one quarter of these encampments (48 encampments which represent 27.6 per cent of the total). The total cost of these encampments was £107,000 (£53,500 per year). If these encampments are representative of the rest of the sample it would give a combined cost of £197,400 per year.

An alternative method to extrapolate the costs for the whole county from the available data was adopted by analysing expenditure by department. For example, from those authorities that had provided both the number of legal cases they had been involved in and the total cost of legal action it was possible to calculate an average cost per case; this figure was then able to be applied to a local authority where the number of cases was known, but the costs were not. This approach gave an estimated total cost of £390,120 for the period, or £195,060 per year.

These figures calculated by the preceding methods are comparable to those identified by Morris and Clements as the cost per local authority³.

Due to the relatively small number of local authorities sampled and the wide variation in costs reported, the precise level of the estimate should be treated with caution. However, the agreement between the findings of this survey and earlier work supports the reliability of the overall cost estimate.

From the data collected it was also possible to calculate an estimate for the cost per caravan day of unauthorised sites (where a caravan day consists of an unauthorised encampment of one caravan for one day). Full details of the number of caravans and length of stay were available for 76 of the 176 encampments reported in the survey (43.2 per cent). These encampments consisted of 8076 caravan days. If these encampments are representative it would give a total of 18,694 caravan days over the two years. Given the estimates above of the costs incurred, the cost per caravan day is around £10.50. Again, this is comparable to Morris and Clements' figures of £9 per caravan ten years ago.

Underestimation of costs

It should be noted that the costs estimated above are only based on costs that local authorities were able to identify within their records in response to the survey⁴, and consequently there is a systematic bias towards underestimating the costs as councils are able to identify some costs but not others. Expenditure relating to taking legal action relating to unauthorised sites is a particular example of this; within the Leicestershire geographical county only two of the survey respondents were able to provide details of expenditure under this heading. (One further authority also provided information on the number of cases.) Even within those councils that were able to provide some details of their legal costs there were some gaps within that heading.

Based on the partial information available, the two Leicestershire local authorities identified five cases over the two years where they used legal processes, costing a total of £12087.55, or an average of £2417.51 per case. These figures need to be treated with some caution as they represent a small number of cases, and a wide range of average costs, varying between the two authorities and over the two years. Reported figures ranged from £292.67 to £4459.43 per case.

If legal action had been taken in all 177 incidents of unauthorised sites reported, and the average cost were the same, this would have resulted in a total cost of over £427,000. Fortunately, legal action is not taken in all cases; although this is an area where several

³ Morris and Clements provided estimates of the average annual costs of unauthorised sites of £18,000 for each local authority. This figure would predict that the nine authorities in Leicestershire would have combined costs of £162,000 per annum.

⁴ Even in the model that effectively extrapolated costs from other local authorities, the figures ultimately came from local authority data.

respondents were unable to supply information, from those that did this appears to be a particularly expensive method of dealing with unauthorised sites.

In every area where costs can be incurred relating to unauthorised sites some authorities were unable to quantify the costs. These included:

- A director-level employee handled a complaint but the cost / amount of hours were not recorded.
- An authority that had no records of costs relating to planning issues (although the authority had issued seven temporary stop notices).
- An authority that had taken steps to secure sites against encampments, but did not know how many sites were protected or the costs incurred.

Costs incurred by other public bodies were not included in this research. These include the additional costs incurred by organisations like the police, Highways Agency or Environment Agency. Most importantly the research makes no attempt to quantify the costs incurred by Gypsy and Traveller communities. These include poor educational outcomes, significant health inequalities, discrimination and the many other difficulties associated with under provision of sites. The right of Gypsy and Traveller communities to have safe and secure sites is still the strongest argument for site provision.

Income generated by authorised sites

Most of the authorised sites in Leicestershire are privately owned. There are twelve of these privately owned sites providing 105 pitches. Although the local authorities would not gain any direct rental benefit from these sites the pitches would be liable to pay council tax. Several local authorities indicated that pitches were liable to pay Band A council tax (the lowest rate). If all the private pitches paid council tax at the lowest Band A rate for their authority it would provide council tax receipts of around £90,000 per annum. The number of authorised sites and pitches reported in the survey is lower than the estimation made in the local GTAA (Niner and Bloxom, 2007) so this figure could be significantly higher. It is unlikely that the full amount of council tax would be recovered in practice as it would require full occupancy of each pitch and that none of the tenants were receiving council tax discounts or exemptions. Nevertheless, private sites may provide significant amounts of income to local authorities in the form of council tax receipts.

Three sites in Leicestershire are owned by local authorities providing 42 pitches. A full income and expenditure break down was available for 21 of these pitches. This showed that in 2006/7 income exceeded expenditure by £1,002 and in 2007/8 it was greater by £8,945. Only income was available for the third site covering the remaining 21 pitches. In 2006/7 income for these pitches was just less than £65,000 and by 2007/8 this had increased to just over £68,000.

Niner and Walker (2008) give the average costs for a pitch as £3,100 for 2006/7. If this site reflects these average costs its income will more or less match the running costs. In addition any small amounts of surplus generated, these pitches would represent the potential for around £35,000 of council tax receipts.

Results in comparison areas

Responses from the three local authorities in other parts of the country were similar to those in Leicestershire. The first London Borough reported no unauthorised site and recorded little information on costs. It was responsible for running one authorised site that had running costs which were slightly higher than income for the last two years (£600 and £1,600 deficits). Only one unauthorised encampment was recorded in the second London Borough which charges council tax on 54 privately provided pitches. The rural district council recorded some of the costs associated with the seven unauthorised encampments it estimated to have taken place in the survey period. Court action against unauthorised sites had cost over £3,000 during the survey period for in house legal cost and court fees alone. These responses provide evidence to support the view that Leicestershire is not atypical in relation to its costs incurred in this area.

Note on site provision

Provision of Gypsy and Traveller sites is covered by Site Provision Grants that provide up to 100 per cent of the costs of developing new sites.

Conclusion

This study builds on previous research into the costs of unauthorised sites and income generated from authorised sites. It draws together this research to build a full financial analysis of one county in England.

The results from the survey demonstrate that local authorities in Leicestershire are spending a significant amount of money dealing with unauthorised encampments and developments. It is estimated that these authorities are spending at least £200,000 per annum dealing with this issue. This is a relatively conservative estimate that is in line with other estimates on costs from Bristol and across the UK. If Morris and Clements' analysis is correct the true costs could be double this amount.

Experience from Bristol suggests that these costs could be massively reduced through provision of authorised sites. Any remaining costs could be offset by income provided by authorised sites. If these sites are run by local authorities they should be self financing or even make a small profit. Provision of sites through private landlords or housing associations would remove financial risk from local authorities. Local authorities would gain council tax receipts from authorised sites whether they were run by housing associations, private landlords or the authorities themselves.

Evidence from this survey indicates that provision of the required authorised sites detailed in the Leicestershire, Leicester and Rutland GTAA would provide a significant financial benefit to the county. Experience from other parts of the country suggests that it would significantly reduce authority spending on unauthorised development, currently estimated at £200,000. Instead, authorised sites could contribute to local authority income in the area.

The research also highlighted significant variation in the amounts of information recorded by different local authorities in a county area. This is likely to reflect differing levels of awareness of the issue and possibly different levels of political will to tackle it. This variation has meant that it was not possible to provide the desired level of detail about the financial implications. Despite this limitation, clear evidence has emerged of the financial benefits of site provision. Further work on the financial implications of site provision is required at both a local and national level. This should build on the GTAAs to help support the moral and legal arguments for increased provision of accommodation. Part of this further research should focus on monitoring the costs of unauthorised sites after there are increases in the provision of authorised accommodation to identify whether the Bristol case study is reflected in other areas.

References

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