

Title of meeting: Cabinet Member for Housing and Preventing Homelessness

Date of meeting: 2nd February 2023

Subject: Park Homes Pitch Fee review 2023

Report by: James Hill - Director for Housing, Neighbourhood and Building Services

Report Author: Clare Hardwick - Head of Private Sector Housing

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of the report is to present the options, and agree the approach that will be applied to the upcoming annual pitch fee review process for April 2023.

2. Recommendations

2.1. That the Cabinet Member for Housing and Preventing Homelessness takes note of the recommendations in this report and agrees to one of the following options:

2.1.1.1. Option 1: Increase Park Homes pitch fees by 6% from 1st April 2023, or

2.1.1.2. Option 2: Increase Park Homes pitch fees by the Retail Price Index (RPI) for England at the rate set in January 2023 from 1st April 2023.

2.2. That an annual report will be brought to the Cabinet Member for Housing and Preventing Homelessness for decision before each pitch fee review process commences.

3. Background

3.1. Portsmouth City Council is the land owner of two residential Park Home Sites; Cliffdale Gardens and Henderson Park. The residents of these sites are private owner occupiers who own their private mobile homes and rent their plots from the local authority for a weekly charge.

3.2. Residents who live on fully residential sites are required to pay a pitch fee in line with their pitch agreement, which is a contract between site owner and park home resident. The agreement states the amount of the pitch fee and when it is to be



paid. Pitch fees are subject to regular reviews that allow for the amount to be adjusted in line with inflation.

- 3.3. The pitch fee is a rental charge applied to Park Home residents for allowing them to keep their mobile home on the site. This fee allows the council, as the site owner, to cover the cost of managing the site, including repairs and maintenance of it, as well as to generate a surplus which contributes the councils General Fund.
- 3.4. The pitch fee can be increased by up to the Retail Price Index (RPI) each year, as well as recovery of certain costs related to "improvements" to the site. This means that the pitch fee must cover the cost of managing the site, including all repairs and maintenance of the existing facilities. If, for example, a major repair or maintenance scheme were required that exceeded the income from the pitch fees, there is no mechanism to recharge this to residents by increasing the fee above RPI or levying an additional charge.
- 3.5. The pitch fee can only be changed either by agreement between the occupier and site owner or by a determination of the First-tier Tribunal (Property Chamber). It should be reviewed annually at the review date, a date which is specified in the pitch agreement. For Cliffdale Gardens and Henderson Park this review date was set last year as 1st April 2023. The fee has historically increased each year for both sites in line with RPI. However in January 2022 the retail price index was 7.8% which was higher than in previous years. The local authority made the decision to increase the pitch fee by 3% from 1st April 2022 instead of the national RPI rate of 7.8%.
- 3.6. This was communicated to the residents of Cliffdale Gardens and Henderson Park in a letter dated 2nd March 2022 accompanying the Pitch Fee review form, which read *"Please note that pitch fees are usually increased by the latest published Retail Price Index (RPI) figure in line with the Mobile Homes Act 1983. However, on 16th February 2022 RPI was published as 7.8%. The Council have taken the view that this is an exceptional situation whereby the RPI increase is such that we feel it would be unreasonable to apply this amount this year and therefore propose to increase the pitch fee by 3%, substantially lower than the latest RPI figure. The council reserves the right in future annual pitch fee reviews to apply the RPI and set the fees in accordance with it."* A copy of the letter template from March 2022 can be found in Appendix 1 and the pitch fee review form template from March 2022 can be found in Appendix 2.

4. The Pitch Fee review Process

- 4.1. On 26th July 2013, the government introduced a prescribed procedure a site owner must follow in order to increase a pitch fee.
- 4.2. At least 28 days before the specified review date, occupiers must be formally notified of the pitch fee review. For Cliffdale Gardens & Henderson Park the next review date is 1st April 2023. Residents of the site must therefore be notified in writing no later than 4th March 2023 of any proposed revision to the fee.

4.3. The written notice must be accompanied by a pitch fee review form. This form is prescribed by legislation and is designed to provide transparency in the Pitch Fee Review process and to help Park Home residents to understand the amount that they are being charged. It is also designed to ensure that a site owner is not able to add unfair charges to the pitch fee.

4.4. A park home resident is not obligated to accept the proposed increase in pitch fees. They can, however, pay the current amount and withhold the increase. Either party (site owner or resident) may make an application to the First-tier Tribunal (Property Chamber) for a determination of the amount of the new pitch fee. This should be done no later than three months after the review date. If there is a late review, an application to the Tribunal will need to be made no later than four months after the date that the site owner serves the notice.

5. How the Pitch fee is calculated

5.1. The calculation of the fee takes into account; the current pitch fee adjusted by the Retail Prices Index 'RPI', any recoverable costs (for improvements) and any relevant deductions (for reduction or deterioration in service or facilities).

5.2. The RPI is calculated by using the last figure that was published, 28 days before the review date. This year it will therefore be the RPI for January 2023 which will be published on 15th February 2023.

5.3. As outlined in section 3.4 above, prior to 2022 the local authority always increased the pitch fees for its Park Homes sites in line with RPI. However the RPI figure has historically been much lower. In April 2020 the fee increased by 2.7% and in April 2021 it increased by 1.4%.

5.4. The Mobile Homes Act 1983 (as amended) states that "*Unless this would be unreasonable having regard to paragraph 18(1), there is a presumption that the pitch fee shall increase or decrease by a percentage which is no more than any percentage increase or decrease in the retail prices index*"

6. Current Pitch Fees

6.1. Henderson Park has 67 Plots comprising of:

- 23 x Small plots
- 27 x Large Plots
- 17 x Double Plots

6.2. Cliffdale Gardens has 48 plots comprising of:

- 13 x Small plots
- 25 x Large plots
- 10 x Double plots

6.3. The pitch fees at both sites are charged at the same weekly rates, which are currently as follows:

- Small plot: £35.42
- Large Plot: £40.04
- Double plot: £44.49

6.4. The combined total fee from both sites currently generates an income of approximately £237,000 per annum.

7. Reasons for recommendations

7.1. As outlined in this report, there is a process of annual review of the pitch fees for mobile homes, following legislative criteria. The pitch fee date for this year is set for 1st April 2023, and the local authority must write to residents at least 28 days before this date detailing the review and proposals for any changes to the pitch fee using a nationally prescribed proforma (an example of which is contained in Appendix 2).

7.2. The Council incur a number of costs in running the two park homes sites, including staffing costs for managing the sites. Staffing costs have increased by approximately 6% since the pitch fees were last reviewed in April 2022.

7.3. The council are also responsible for the costs of repairs and maintenance of the park homes sites. The cost of building work nationally, including repairs and maintenance, have increased significantly in recent years. In the last year the council's Building Projects team have been receiving tenders around 20% to 25% higher than 2019/2020 pre COVID-19 levels. The Royal Institute of Chartered Surveyors (RICS) building cost information service overview have forecast that their 'All-In' Tender Price Index (TPI) predicts a further 13% rise in tender costs from quarter 1 of 2022 to quarter 2 of 2023. The costs of any repairs and maintenance of the park homes sites required in the next financial year should therefore be expected to increase in cost significantly.

7.4. The Cabinet Member for Housing and Preventing homelessness is now asked to consider the following options presented, to agree the approach that will be applied to the upcoming pitch fee review process.

7.5. **Option 1: Increase the pitch fee by 6% for 2023.** This level of increase would be in line with the increase in costs to the local authority in staffing the management of the site which have risen by approximately 6%. It would also likely cover inflationary increases in the cost of repairs and maintenance to the two sites, although this would depend on the scope and volume of repairs and maintenance to the sites required. An increase of 6% would result in weekly fees as follows:

Small plot: £37.55 (an increase of £2.13 per week or £110.51 per annum)

Large plot: £42.44 (an increase of £2.40 per week or £124.92 per annum)

Double plot: £47.16 (an increase of £2.67 per week or £138.81 per annum).

7.5.1. The combined total fee from both sites would generate an income of approximately £251,000.

7.5.2. If the local authority were to increase the fee by less than RPI the communication of this would need to be clear with residents that the council reserve the right to increase by RPI in future years.

7.6. **Option 2: Increase the pitch fee by RPI for 2023.** This is the presumed increase each year. At the time of writing this report the January 2023 RPI figure is unknown (the rate will be published on 15th February 2023). It is expected to be approximately 15% based on recent monthly RPI rates. An increase of 15% (the assumed rate for illustrative purposes) would increase the pitch fees to:

Small plot: £40.73 (an increase of £5.31 per week or £276.28 per annum)

Large plot: £46.05 (an increase of £6.01 per week or £312.31 per annum)

Double plot: £51.16 (an increase of £6.67 per week or £347.02 per annum).

7.6.1. The combined total fee from both sites would generate an income of approximately £273,000.

8. Integrated impact assessment

8.1. An Integrated Impact Assessment can be found at Appendix 3.

9. Legal implications

9.1 The residents of these mobile homes site occupy them under the Mobile Homes Act 1983 (MHA 1983). The Act sets out a number of terms which are implied into the agreement between the Council and the occupants. Occupiers of the sites must be given a written statement of the terms of the agreement setting out certain information including the terms implied by the MHA 1983 and the express terms. The pitch fee can only be amended in accordance with the procedure set out in the implied terms which are in the written statement. The Council must give each occupier written notice of the new pitch fee at least 28 days before the review date for the pitch fees. If the occupier agrees then the new fee takes effect on the review date. If the occupier does not agree then an application to the Residential Property Tribunal can be made to determine the amount of the new fee.

9.2 The pitch fee can only be reviewed and changed on an annual basis. The proposed new pitch fee may increase (or reduce) by no more than the change in RPI since the last review date. In setting the proposals for the pitch fee, the site owner must take account of the following matters:

- Any authorised amounts spent on improvements to the site since the last review date.

- Any reduction in occupier's ability to use the site since the last review date.
- The effect of a relevant change in the law that has come into force since the last review date.

9.3 It is within the Cabinet member's powers, as set out in the Council's constitution, to make the recommendations set out in this Report

10. Director of Finance's comments

10.1 The report gives two options for an increase in Park Homes pitch fees for 2023/24. Option 1, which is a 6% increase, is the minimum level of increase that is considered necessary to prevent a deficit on the Mobile Homes account, in the context of the increased staff and maintenance costs experienced this year. The second option, to increase the pitch fees by the January 2023 Retail Price Index (RPI) is the maximum permissible. It is likely that this increase would be significantly higher than the one set out in option 1. As such, it would ensure that the account doesn't fall into deficit and would provide a level of resilience against future increases in staff and maintenance costs.

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Signed by: James Hill, **Director of Housing, Neighbourhood and Building Services**

Appendices:

- Appendix 1 - Template letter for the pitch review 2022
- Appendix 2 - Pitch fee review form template 2022
- Appendix 3 - Integrated Impact Assessment

Background list of documents:

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Mobile Homes Act 1983	Mobile Homes Act 1983 (legislation.gov.uk)
Mobile Homes Act 2013	Mobile Homes Act 2013 (legislation.gov.uk)
Park Homes LEASE advice website	Pitch fee reviews on fully residential park homes explained - Park Homes (lease-advice.org)
Office for National Statistics (ONS) monthly RPI records	RPI All Items: Percentage change over 12 months: Jan 1987=100 - Office for National Statistics (ons.gov.uk)

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on



Portsmouth
CITY COUNCIL

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Signed by: