



Title of meeting: Cabinet Member for Housing and Tackling Homelessness

Date of meeting: 22nd February 2024

Subject: Park Homes Pitch Fee Review 2024 & Park Homes Policy

Cabinet Member: Councillor Darren Sanders, Cabinet Member for Housing and Tackling Homelessness

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

Report Author: Clare Hardwick - Head of Private Sector Housing
Sam Rickeard – Housing Regulation Manager

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of the report is to make recommendations regarding the Park Homes pitch fee review, and agree the approach that will be applied to the upcoming annual pitch fee review process for April 2024. This report also makes recommendations for Officers to conduct a resident consultation regarding the implementation of a Park Homes policy.

2. Recommendations

- 2.1. That the Cabinet Member for Housing and Tackling Homelessness increase Park Home pitch fees by 4% in the new financial year (2024/25) starting 01st April 2024. This increase is in line with the January 2024 Consumer Price Index (CPI) rate for England and is the latest published figure 28 days before the review date (01st April 2024).
- 2.2. That an annual report will be brought to the Cabinet Member for Housing and Tackling Homelessness for decision before each pitch fee review process commences.
- 2.3. That the Cabinet Member for Housing and Tackling Homelessness instructs Officers to conduct a 4-week resident consultation starting 01st March 2024 regarding the implementation of a Park Homes policy. The Cabinet Member for Housing and Tackling Homelessness should instruct Officers to bring a report back to cabinet regarding the findings of this consultation and a further recommendation regarding the implementation of this policy.

- 2.4. That, regardless of any consultation, the current policy of not charging any sales commission is reconfirmed.

3. Background

- 3.1. Portsmouth City Council is the landowner of two residential Park Home sites: Cliffdale Gardens and Henderson Park. The residents of these sites are private owner occupiers who own their private Park 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 can be reviewed annually to allow site owners to recover increases in costs due to inflation. On 2nd May 2023, the Mobile Homes (Pitch Fees) Act 2023 was introduced to amend the provisions regarding pitch fees in the Mobile Homes Act 1983. Primarily this Act changes the inflationary index for annual pitch fee reviews from Retail Price Index (RPI) to Consumer Price Index (CPI). CPI is generally lower compared with RPI.
- 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 to the council's General Fund.
- 3.4. The pitch fee can be increased by up to the CPI each year, as well as recovery of certain costs related to "improvements" to the site. Any cost increase that seeks to include "improvements" must follow a consultation process with residents, where the majority of residents do not disagree to the proposal. 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 CPI 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. In February 2023 cabinet made the decision to increase pitch fees by 6% from 01st April 2023. The rate of RPI was 11.4% as of 01st April 2023, meaning the cost increase was lower than the potential maximum rate.
- 3.6. As mentioned in 3.2 above, the applicable rate of inflation that can be used for pitch fee increases has now changed to CPI. The applicable rate of CPI is approximately in line with the Council's expected internal rate of inflation, such as increased costs in staff salaries and repairs and maintenance. Some services, such as water rates, are expected to exceed the current rate of CPI. As mentioned in 3.3 above, the

Council may use any surplus income generated from pitch fees as a contribution towards the Council's General Fund. Because of this it is not recommended that a rate lower than CPI is considered.

- 3.7. The Council currently manages its Park Home sites in line with several legislative requirements and prescribed standards which relate to the management of Park Home sites. Residents of Park Home sites have a written statement which provides them with the terms under which they may rent the plot from the Council. The written statement can be broadly considered the rules that residents and the council must adhere to.
- 3.8. Due to the construction type and build materials of Park Homes, they are considered higher risk compared with typical 'bricks-and-mortar' properties. To manage the collective risk at Park Home sites, especially regarding fire safety, specific requirements regarding building works, temporary structures and stored items must be met. The Council currently manage this risk by giving consideration towards any requests for works based upon relevant legislation, national guidance (including the Model Standards 2008 for Caravan Sites in England), advice received from the Fire Service and Fire Risk Assessors as well as other sources, where applicable.
- 3.9. The current process for determining whether works can be approved or not relies heavily upon residents supplying information to the Council regarding any proposed changes and seeking express consent before any works take place. Residents are not currently furnished with the Councils' requirements in relation to most typical build or alteration requests, nor how the Council reaches a determination on whether to give permission or not. The process can often be unclear and burdensome for residents and the Council in responding to individual requests.
- 3.10. Current established practises are formalised through the written statement that each resident living on Park Home sites holds with the Council. In most cases this requires residents to contact the Park Homes Management team and seek consent to carry out works, or permission to make a change, including common day-to-day matters such as improvement works and alterations to the home and individual plots. It is proposed to create a written policy which makes the Council's requirements clear for residents, so that permission for common alterations and changes can be given to the requirements in the policy, without needing to seek consent from the Park Homes Management team. It is also intended that the policy will include helpful information as guidance regarding how the Council manages Park Home sites, information on obtaining planning permission and buying and selling a Park Home. This will not introduce any changes to how the council manages sales, including not charging a sales commission, and is intended to inform current and prospective Park Home residents. A draft policy is contained within appendix 3 of this report.
- 3.11. The policy does not amend or interfere with planning permission requirements and informs residents of the need to seek planning consent in most cases. Park Homes do not benefit from 'Permitted Development' rights like 'bricks-and-mortar'



properties. Extensions, porches, sheds, and other structures may require full or partial planning permission. Residents should contact the Council's Planning department before undertaking works. Failure to do so may result in the requirement to remove any unlawful structures by the Council's Planning Enforcement team.

4. The Pitch Fee review Process

- 4.1. On 26th July 2013, the government introduced a prescribed procedure that a site owner must follow 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 2024. Residents of the site must therefore be notified in writing no later than 4th March 2024 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. The site owner 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. As mentioned in 3.2 above, the Mobile Homes (Pitch Fee) Act 2023 amends the provisions regarding pitch fee review, changing the rate of any increase from RPI to CPI. This change is effective from any pitch fee review commencing after 2nd July 2023. This change does not impact the current written agreement residents hold to rent a pitch from the site owner.
- 5.2. The calculation of the fee takes into account; the current pitch fee adjusted by the Consumer Price Index (CPI), any consulted upon recoverable costs (for improvements) and any relevant deductions (for reduction or deterioration in service or facilities).
- 5.3. The CPI is calculated by using the last figure that was published 28 days before the review date (01st April 2024). Due to CPI being published mid-month in arrears the rate of CPI to be applied for the pitch fee review is the January 2024 rate of 4%.

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: £37.55
- Large Plot: £42.44
- Double plot: £47.16

The combined total fee from both sites currently generates an income of approximately £251,000 per annum.

7. Park Homes Policy

7.1. The council wishes to seek the views of Park Home residents on a proposed written Park Homes policy, by conducting a 4-week consultation with the residents of Cliffdale Gardens and Henderson Park.

7.2. The consultation will include a survey, made available online and in print, which will capture the views regarding specific areas of the policy. Officers also propose to hold an in-person forum with residents' mid-way through the survey to support residents in completing the survey and enable residents to raise any questions regarding the consultation or policy.

7.3. The policy does not make any changes to the written statement residents hold to rent their pitch. The main aims of the policy will be to provide information and advice to both current and prospective Park Home residents regarding the obligations of the Council and residents. Key areas the policy will include rules and requirements around works, modifications or alterations to Park Homes and individual plots, guidance on buying and selling a Park Home and information on Council services applicable to Park Home sites.

7.4. The intention of introducing this policy is to provide clarity regarding day-to-day obligations that impact those living on Park Home sites, as well as removing the need for residents to seek individual permission for common works that adhere to the published standards. Residents will be given the necessary information on the Councils' requirements to carry out works, so as to remove the need to seek

permission in most cases. As mentioned within this report, this will not remove the requirement for residents to seek Planning consent in most cases. The Council would continue to support residents who had questions or concerns regarding these standards and would continue in its duty as site manager to ensure the sites remain safe and well managed, taking action where necessary if works have not been completed to the required standard.

- 7.5. In addition to this, the policy would seek to cover areas of joint responsibility, such as repairs and drainage and give guidance surrounding common Park Homes issues, such as buying and selling a Park Home and insurance needed. This will not introduce any changes to how the council manages sales, including not charging a sales commission, and is intended to inform current and prospective Park Home residents. A draft policy is contained within Appendix 3 of this report.

8. Reasons for recommendations

- 8.1. As outlined in this report, there is a process of annual review of the pitch fees for Park Homes, following legislative criteria. The pitch fee date for this year is set for 1st April 2024, 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 1).
- 8.2. 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 2023.
- 8.3. 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. The "All In" Tender Price Index showed an annual growth of 4% in 2023. Market predictions indicate that construction costs are forecast to rise just over 3% in the year leading up to quarter 3 in 2024. 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.
- 8.4. The Council currently include water charges amongst the pitch fees charged to residents and recover these costs through the pitch fee income. Water rates have risen by approximately 7.5% per household from April 2022 to April 2023. Increases in water rates should be expected over the next financial year and therefore considered regarding the rate of increase to pitch fees.
- 8.5. The applicable rate of CPI for the proposed increase is 4% (January 2024). This rate of inflation is approximately in line with expected internal cost increases, such as staff salaries and repairs and maintenance. However, due to the unpredictable nature of some cost increases Officers recommend that the maximum permitted increase is applied to prevent a negative budget pressure.

8.6. The Cabinet member for Housing and Tackling Homelessness is now asked to increase the pitch fee by the January 2024 rate of CPI for the next financial year (2024/25). An increase of 4% would increase the pitch fees to:

Small plot: £39.05 (an increase of £1.50 per week or £78 per annum)

Large plot: £44.14 (an increase of £1.70 per week or £88.40 per annum)

Double plot: £49.05 (an increase of £1.89 per week or £98.28 per annum).

8.6.1. The combined total fee from both sites would generate a gross income of approximately £261,000.

8.7. Officers recommend that the Cabinet Member for Housing and Tackling Homelessness instructs Officers to conduct a 4-week resident consultation, starting 01st March 2024, and present the findings of this consultation in a subsequent cabinet report, so that the views of residents can be gathered and included as part of the decision-making process.

9. **Integrated impact assessment**

9.1. An Integrated Impact Assessment can be found at Appendix 2.

10. **Legal implications**

10.1 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.

10.2 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 CPI 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 any relevant change in the law that has come into force since the last review date.



- 10.3 A further recommendation in this report is to conduct a 4-week resident consultation regarding the implementation of a written Park Homes policy with the intention of clarifying and offering transparency and guidance on the council's management processes and policies in respect of its mobile home sites. Provided the policy content does not seek to make, vary or delete existing site rules for the mobile home sites, it is not necessary for the council to follow the statutory consultation process set out in the Mobile Homes (Site Rules) (England) Regulations 2014. However, the Cabinet Member should be satisfied that the consultation proposed allows residents sufficient time to respond and is carried out in an accessible manner.
- 10.4 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.

11. Director of Finance's comments

11.1 The recommendation to increase the pitch fees by the January 2024 Consumer Price Index (CPI) is the maximum permissible increase. It is considered necessary to prevent the Mobile Homes account falling into deficit due to predicted future increases in staff and maintenance costs. Staffing costs for managing the sites have increased by approximately 6% since the pitch fees were last reviewed in April 2023. The cost of building work, including repairs and maintenance, have also increased significantly in recent years. In addition, water rates have risen by approximately 7.5% per household from April 2022 to April 2023.

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

Appendices:

- Appendix 1 - Pitch fee review form template 2023
- Appendix 2 - Integrated Impact Assessment
- Appendix 3 – Draft Park Homes Policy

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 (Pitch Fees) Act 2023	Mobile Homes (Pitch Fees) Act 2023 (legislation.gov.uk)
Mobile Homes Act 2013	Mobile Homes Act 2013 (legislation.gov.uk)
Park Homes LEASE advice website	Pitch Fee Review - Park Homes (lease-advice.org)
Consumer Price Inflation UK	Consumer price inflation, UK - Office for National Statistics

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

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Signed by: