

Carl Sargeant AC / AM
Y Gweinidog Tai ac Adfywio
Minister for Housing and Regeneration



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-04-519
Ein cyf/Our ref MB/CS/2515/14

William Powell AM
Chair
Petitions Committee
National Assembly for Wales

18 June 2014

Dear William

Thank you for your letter of the 30 May in which you share your petitioners comments following my letter of 18 March about the commission on sales of mobile homes.

The consultation on regulations made under the Mobile Homes (Wales) Act 2013 ended on 6 May. The purpose of the consultation was to seek views on clarity and usability of the new processes set out in 3 different regulations made under the Act. Consequently, the rate of the sales commission was not the focus of views being sought from the consultation but rather the clarity and usability of the new processes being set out. Only 3 of the 28 respondents made reference to the existing rate of commission in their responses. Following the close of the consultation my officials have amended the regulations to remove references which could be open to misinterpretation and improve their clarity. A series of engagement events are taking place and easy to read factsheets and guidance are being prepared for implementation.

The existing evidence is that if the 10% commission rate is reduced or abolished, pitch fees will increase and for many residents who are on a fixed income this would not be welcomed. In 2006, a Department for Communities and Local Government consultation highlighted a number of alternative options and although some mobile home owners favoured a reduction or removal of the commission rate, others wished to retain the current level of commission in return for protected pitch fees. The vast majority of park home residents are retirees on a fixed income and this is an important consideration when reviewing policy options as the impact on residents' finances of any action that could directly or indirectly increase pitch fees. A reduction in, or abolition of, the commission rate could significantly weaken the business model for site owners with the subsequent risks to the homes of those residents who live on, and have invested in, the sites.

It is important to remember that the Mobile Homes (Wales) Act 2013 does not simply replicate the English legislation but goes much further in regulating the licences of mobile home site owners and providing enhanced protections to sites residents. All site owners must apply for a new site licence under the Mobile Homes (Wales) Act and unlike the English legislation we have introduced the requirement for site owner/managers to pass a 'fit and proper person' test before being granted a site licence from the local authority. This is designed to root out unscrupulous site owners who intimidate or harass site residents as you have mentioned in your letter.

Local Authorities have also been given enhanced powers to charge site owners for site licences and where there are poor management practices taking place, issue fixed penalty notices or compliance notices for breaches of condition. Any costs incurred as a result of enforcement under the new Act (site licences, fees and fines) may not be charged back to site residents through pitch fees, again to the benefit of site residents.

In Wales we have also changed the rate of inflation which pitch fee increases can be linked from the Retail Price Index to the Consumer Price Index. This has been made with residents in mind as many mobile home owners are on fixed incomes from pensions or benefits, which are linked to the rate of CPI. It was considered that a change in CPI would have less of an impact on site owners than an increase linked to RPI would have on individual mobile home owners, particularly those on fixed or CPI linked incomes

The Mobile Homes (Wales) Act will come into force on the 1 October and my current priority is to ensure its effective implementation. It is important that all local authorities, site owners and residents understand the new legislation and their rights and responsibilities under the new law. Currently my officials are working closely with local authorities in preparation for the task of renewing all existing site licences by April 2015. They are also preparing information leaflets and factsheets as well as holding a number of engagement events with site residents across Wales to ensure they understand their new rights under the legislation.

Considering the range of changes that are being introduced as a result of the new Act, it is important that we ensure that these are properly bedded in and that an assessment of the new law and its impact upon local authorities, mobile home businesses and site residents is undertaken. My priority must be to ensure the effective implementation of the new legislation before considering any changes to the law before it is even introduced.

Yours sincerely

A handwritten signature in black ink that reads "Carl Sargeant". The signature is written in a cursive, flowing style.

Carl Sargeant AC / AM
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Minister for Housing and Regeneration