LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Committee: **COUNCIL BUSINESS COMMITTEE**

Date: **THURSDAY, 13 NOVEMBER 2008**

Venue: **MORECAMBE TOWN HALL**

Time: **4.30 P.M.**

A G E N D A

1. **Apologies for Absence**

2. **Minutes**

   Minutes of meeting held on 18th September 2008 (previously circulated).

3. **Items of Urgent Business Authorised by the Chairman**

4. **Declarations of Interest**

5. **Charities Review** (Pages 1 - 11)

   Report of the Chief Executive

6. **Consultation on implementing the Mobile Homes Act 1983 on local authority Gypsy and Traveller sites** (Pages 12 - 98)

   Report of the Principal Housing Manager

7. **Local Authority Business Growth Incentive Scheme Consultation Response** (Pages 99 - 172)

   Joint report of Corporate Director (Regeneration) and Corporate Director (Finance and Performance)

8. **Appointments to Committees and Changes to Membership**

   The Committee will consider any appointments to committees and changes to membership.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Rob Smith (Chairman), Evelyn Archer, Susan Bray (Vice-Chairman), Geoff Knight, Karen Leytham, Joyce Pritchard and Morgwn Trolinger

(ii) Substitute Membership

Councillors June Ashworth, Abbott Bryning, Chris Coates, Jean Dent and Janie Kirkman

(iii) Queries regarding this Agenda

Please contact Gillian Noall, Head of Democratic Services - telephone: 01524 582060 or email gnoall@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on Monday 3rd November, 2008

 Agenda Item 5

COUNCIL BUSINESS COMMITTEE

Charities Review
13th November 2008

Report of Head of Democratic Services

PURPOSE OF REPORT

To consider options for use of existing charity and trust funds for which the Council is responsible which are currently dormant.

This report is public

RECOMMENDATIONS

(1) That the continued use of the following funds for their original purpose be noted:

- **Williamson Park**
- **William Smith Festival**
- **War Memorial Fund**

(2) That Cabinet be recommended to support the setting up of Community Foundation for Lancashire and agree:

(a) That the Head of Democratic Services be authorised to identify sufficient funds from amongst those bequests listed in Appendix A to transfer £6,000 to the CFL over the next 3 years for the benefit of the people of the Lancaster District.

(b) That Lancashire County Council be recommended to transfer the Bertha Taylor and Agnes Holmes prize funds to the CFL for the benefit of the Lancaster District.

(c) That consideration be given to the future use of the remaining funds following the evaluation of the CFL.

1.0 Introduction

1.1 During 2006, the Civic Task Group undertook a review of the Council's civic functions and as part of this work became aware of a number of charities, bequests and endowments for which the Council has over the years become responsible. Whilst some of these were being put to their correct use such as the William Smith Festival, Williamson Park and the War Memorial Fund, others are not being used and are collecting interest. The Task Group requested Officers to investigate these charitable funds and consider:

- How they could be better used for their original purpose
- A reduction in the number and work involved in administering charities.

1.2 An audit was carried out of all charities, bequests and endowments that the Council has responsibility for details of which are set out in Appendix A.

1.3 Currently there is a total of approximately £68,000 of charitable funds, which are lying dormant, accruing interest and not being used.

1.4 In order to bring this money back in to public use the Task Group recommended that these charities be consolidated to form the following five charities to be managed by the Lancaster City Council with the income by a Committee of trustees appointed by the Council, supported by Democratic Services and used for the following purposes:

1.4.1 **William Briggs and Sarah Ann Albright Trust (Approximately £3390)**

- To purchase/ restore pictures, works of art and objects of local interest at Town Hall, Museum or Art Gallery.

1.4.2 **Enid Smith Trust (Approximately £5910)**

- Promotion and encouragement of moral and intellectual training of children.

The Task Group believed that this Charity is ideally placed to further the aims and objective of increasing and promoting Citizenship with regard to young people in the district.

1.4.3 **Pyper, Dean, Aitken and Seward Schools Prize and Exhibitions Fund (Approximately £20,000)**

- Provision of secondary school exhibitions and maintenance allowances.
- Prizes for musical knowledge, Botany, religious knowledge or Geology.
- Musical education of boys and girls within the district.

1.4.4 **Isabella Simpson and Mrs Green Charity (Approximately £16,300)**

- Support to Widows, Spinsters and the poor.

1.4.5 Additionally, there is a sum of approximately £1,400, known as the **Jane Gardner** bequest for assisting those in the district with Tuberculosis. It was suggested that this be consolidated with the **James Bond and Henry Welch Charity** (managed by Democratic Services), which has similar aims and objectives

1.5 There are several charities and charitable funds that the City Council has relating to current and former education establishments for safekeeping and the Task Group recommended that these be transferred to the relevant Board of Governors for use as prize money for the school.

1.5.1 **Skerton Community High School**

There is approximately £1,426 of money relating to the former Skerton Girls and Boys Schools (now the Skerton Community High School).

1.5.2 **Lancaster and Morecambe College**

There is approximately £3640 of money relating to Lancaster and Morecambe College and its preceding institutions.

1.5.3 **Lancaster Girls Grammar School**

There is approximately £86 of money relating to the Lancaster Girls Grammar School.

1.5.4 **Bowerham County School**

There is approximately £139 of money relating to Bowerham County School.

1.5.5 **Our Lady's Catholic School**

There is approximately £97 of money relating to Our Lady's Catholic School.

1.6 These recommendations were reported to Council on 6th December 2006 when the following resolution was passed:

(a) That the amendments, transfers, proposed objectives and consolidations of charitable funds as set out in the report be agreed, subject to the required approvals being obtained.

(b) That officers be authorised to begin discussions with the Charity Commission, boards of governors and joint trustees.

(c) That this work be included within the Democratic Services Business Plan 2007/08.

(d) That the County Council be requested to consider the transfer of the Bertha Taylor and Agnes Holmes Charitable funds to the relevant Board of Governors for use as prize money for the school.

1.7 It was noted at the time that in order to make the changes set out above there needed to be extensive discussions with various parties including joint trustees and boards of governors and all changes would require agreement and approval by the Charity Commission. This is therefore a substantial piece of work involving officer time in Democratic Services and it whilst it was included in Democratic Services Business Plan initially for 2007/08 it has been carried forward into 2008/09.

2.0 Proposal

2.1 Since the initial review by the Civic Task Group and subsequent decisions to progress this piece of work, there have been discussions in the County regarding the setting up of a Community Foundation for Lancashire (CFL). This would be one of a network of community foundations across the UK which use endowment funds to generate income to enable the making of grants for the benefit of local communities.

The broad purpose is to help donors collaborate in generating funds that promote and support local voluntary activity through a programme of grant making.

2.2 The proposal is to set up a Lancashire County Fund managed by the Community Foundation for Lancashire allocating grants which will contribute to LAA outcomes – to be kick-started using existing funds which will build up into an endowment fund providing sufficient income for future grant funding in Lancashire.

2.3 The aim is to raise £50m over the next few years and the Foundation is asking for a contribution from each of the District Councils in Lancashire of £6,000 over 3 years (£2k p.a.)

2.4 The intention is to protect the geographical interest of each income stream so that where a District Council has channelled resources into the Fund, grant funding would be made available on a proportional basis for that District and in a way determined by the District Council (focusing for example on a particular outcome).

2.5 It is proposed that decisions would be made by a Lancashire County Fund Panel comprising representatives of the various partners (including the local authorities and LSP) and of local voluntary and community organisations.

2.6 Members may therefore wish to consider the use of some of these inactive charitable funds for this purpose, bringing them back into use for the good of the local community.

3.0 Options and Options Analysis (including risk assessment)

3.1

	Option	Advantages	Disadvantages/risks
1	To proceed with the proposed amalgamations of Charity Trust Funds as set out in paragraphs 1.4 and the transfer of funds as set out in 1.5	Retains control over the allocation of funds via a Management Committee of Trustees appointed by the Council	Significant additional workload for staff in Democratic Services, initially to work with the Charity Commission to set up the new arrangements and on an ongoing basis to management the Trust Fund, the Management Committee and the allocation of funds
2	To agree to support the proposed setting up of the CFL and identify sufficient funds from the bequests listed in Appendix A for transfer to the CFL over the next 3 years, holding the remaining sums in abeyance until the operation of the CFL has been evaluated, but with the long term intention of transferring all unused funds to the CFL	Takes advantage of the opportunity to be part of the Lancashire Community Foundation, utilising the expertise available in grant funding Expected to ensure that grant allocations show a demonstrable contribution to LAA outcomes More cost effective than administering the funds 'in-house'	Could be seen as handing over Lancaster District money to the County The Lancashire Community Foundation may fail

3	To agree to support the proposed setting up of the CFL and identify sufficient funds from the bequests listed in Appendix A for transfer to the CFL over the next 3 years and continue with the proposed amalgamations of Charity Trust Funds for the remaining bequests.	Takes advantage of the opportunity to be part of the Lancashire Community Foundation, utilising the expertise available in grant funding Expected to ensure that grant allocations show a demonstrable contribution to LAA outcomes More cost effective than administering the funds 'in-house'	Could be seen as handing over Lancaster District money to the County The Lancashire Community Foundation may fail Work on amalgamations may be wasted if there is a later decision to transfer further funds to the CFL
4	Take no action in respect of any of the funds listed in Appendix A.		Money continues to accumulate and is not used for the benefit of the community

4.0 Officer Preferred Option

4.1 The officer preferred option is 2 above as this brings into use funds which have lain dormant for many years. This proposal takes full advantage of the expertise of a specialist grant making organisation and provides better value for money than the administration of individual Trust Funds by the City Council. Grant allocations will still be made for the benefit of the Lancaster District.

5.0 Details of Consultation

5.1 No consultation has been undertaken.

6.0 Conclusion

6.1 Significant funds as a result of bequests had been identified which are currently lying dormant and it is right that these should be brought back into use for the benefit of the District. Whilst this could be done by means of amalgamating and transferring funds as previously recommended by the Civic Task Group, the opportunity to use these funds to support the operation of a Community Foundation in Lancashire provides a more cost effective and efficient method of utilising the funds.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None

FINANCIAL IMPLICATIONS

Details of the funds identified are included in Appendix A. All these funds are held by the City Council on behalf of the appointed trustees and the adoption of the recommendations in this report will have no impact on the revenue budget.

SECTION 151 OFFICER'S COMMENTS The S151 Officer has been consulted and has no comments to add.	
LEGAL IMPLICATIONS Any changes to Trust Fund arrangements require discussions with various parties including joint trustees and boards of governors where appropriate. All changes to registered charities require agreement and approval by the Charity Commission. Initial enquiries have commenced to enable progress to made with whichever option Members wish to pursue.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer confirms that where the Council is a trustee, the role is an executive one, to be carried out by Cabinet.	
BACKGROUND PAPERS Community Foundation Network information (www.communityfoundations.org.uk)	**Contact Officer:** Gillian Noall **Telephone:** 01524 582060 **E-mail:** gnoall@lancaster.gov.uk

Appendix A

INACTIVE CHARITABLE FUNDS

Charitable funds held in Lancaster City Council accounts, where the City Council is the sole trustee, which are not being used			
Charity	**Objective**	**Original Capital**	**Current Balance (at 31.3.08)**
Jane Gardner Bequest (1921) *Not registered with Charity Commission*	For residents of the City who are suffering from TB.	£90.00	£1,397.42
Albright Legacy (1943) *Not registered with Charity Commission*	For the purposes of Public Library or Public Museum	£450.00	£580.62
Enid Smith Child Study Foundation (1934) No. 223403	Promotion and encouragement of moral and intellectual training of children.	£600.00	£5,909.84
William Briggs (1925) No. 223404	Purchase of pictures, works of art and objects of local interest at Town Hall, Museum or Art Gallery	£500.00	£2,810.47
Unknown Donors (1907) No. 526065	Putting out as apprentice to some useful trade or occupation a deserving child of a poor householder in the ancient township (Poulton, Bare and Torrisholme)	£17.57	£375.66
Mathew Pypers Foundation (1914) N0. 526232	Provision of secondary school exhibitions and maintenance allowances	£736.84	£12,931.01+ £766.60 re-invested
Dean Scholarship in Music (1895) No. 526116	Prizes for musical knowledge and for the musical education of boys and girls within the city.	£430.00	£3,769.28
Seward Prize *Not registered with Charity Commission*	Prize for Botany or Geology and Exhibition Award for Biology, Botany and Geology for Students at Storey Institute Technical College or any Secondary School in the City	£100.00	£508.66
Alderman E.C Parr – Technical *Not registered with Charity Commission*	Prizes at the Lancaster and Morecambe Technical College	£47.32	£35.94

Charity	Objective	Original Capital	Current Balance (at 31.3.08)
Alderman E.C Parr – Art *Not registered with Charity Commission*	Prizes at the Lancaster and Morecambe School of Art	Not known	£13.56
Alderman E.C Parr – LGGS *Not registered with Charity Commission*	Prizes at the Lancaster Girls Grammar School	Not known	(£-1.08)
Cambridge Local Committee *Not registered with Charity Commission*	Prizes at the Lancaster and Morecambe School of Art	£40.00	£120.12
Eleanor Smith Science *Not registered with Charity Commission*	Science Prizes at the Lancaster Girls Grammar School	£25.00	£33.89
A.E French Needlework *Not registered with Charity Commission*	Needlework prize and Exhibition Scholarship at the Lancaster and Morecambe School of Art	£100.00	£496.82
Sir Thomas Storey Memorial A.E French Needlework *Not registered with Charity Commission*	Prizes at the Lancaster and Morecambe Technical College	£100.00	£290.72
Dr. James Aitken Memorial (1936) No. 526694	Prizes for religious knowledge in secondary schools and assistance to Grammar School Pupils	£181.03	£2,109.00
Annie E. Helme – LGGS *Not registered with Charity Commission*	Art Prizes at Lancaster Girls Grammar School	£49.75	£10.76
Annie E. Helme – Skerton Girls (1962) *Included in No. 526579*	Prizes at Skerton Girls Secondary Modern School	£15.29	£54.43

Charity	Objective	Original Capital	Current Balance (at 31.3.08)
J.T Wright Memorial *Not registered with Charity Commission*	Prizes at Lancaster Girls Grammar School	£128.36	£42.74
Annie A Millray (1963) *Included in No. 526579*	Prizes at Skerton Girls Secondary Modern School	£7.26	£20.95
J.T Hayton (1956) *No. 526540*	Handwriting prize for Students at Cathedral Secondary Modern	£14.54	£97.35
Alderman H Price (1959) *No. 526542*	Prizes at Skerton Boys and Skerton Girls Secondary Modern School	£68.46	£263.88
Skerton Old Boys (1959) *No. 526543*	Prizes at Skerton Boys Secondary Modern School	£31.09	£95.87
Sir Edward Frankland *Not registered with Charity Commission*	Chemistry Prize and exhibition scholarship at Lancaster and Morecambe Technical College	£100.00	£533.97
J Shuttleworth (1963) *Included in No. 526579*	Science Prizes or allied subjects at Skerton Boys Secondary Modern School	£40.00	£311.34 + £80.30 invested
Skerton School Parents (1963) *Included in No. 526579*	Prizes at Skerton Boys Secondary Modern School	£85.88	£169.00
H J Weaver Memorial (1965) *Included in No. 526579*	Prizes at Skerton Boys Secondary Modern School	£68.45	£432.11
E. W Soar Memorial *Not registered with Charity Commission*	Prizes at Skerton Boys Secondary Modern School	£10.64	£28.42
H J Weaver (National Association of Teachers) (1965) *Included in No. 526579*	Prizes at Skerton Boys Secondary Modern School	£16.37	£49.68

Charity	Objective	Original Capital	Current Balance (at 31.3.08
I H Storey Memorial *Not registered with Charity Commission*	Prizes and Exhibition Scholarship for Electrical Engineering at the Lancaster and Morecambe College of further Education	£100.00	£443.44
G R Roberts Foundation (1936) *No. 526395*	Prizes at Bowerham County School	£25.67	£138.89
Charitable funds held in City Council accounts where Lancaster City Council is a joint trustee, which are not being used			
H L Storey Science Scholarship *Not registered with Charity Commission Joint trustees with Kenneth L Storey Esq*	Science Scholarships at Lancaster and Morecambe Technical College.	£325.00	£1,665.45
Sir Richard Owen Memorial *Not registered with Charity Commission Joint trustees with Lancaster Astronomical and Scientific Association*	Prizes at Lancaster and Morecambe Technical College	£7.13	£41.47
Charitable funds not held in City Council accounts where Lancaster City Council is the sole trustee, which are not being used			
The Isabella Simpson Charity (1920) *No. 223402*	the payment of not more than £10 each per annum to spinsters over the age of 35 years who may be in need of help and who have resided in the city for at least 10 years.	Not known	15, 184.52
The Isabella Simpson Charity The Second (1964) *No. 223401*	The payment of not more than £10 each per annum to spinsters over the age of 35 years who may be in need of help and who have resided in the city for at least 10 years.	Not known	Included as above

Charity	Objective	Original Capital	Current Balance (at 31.3.08
Mrs Green's Charity (1896) *No. 249775*	Annual income to be paid to the mayor and vicar who shall on every Christmas eve out of such income pay to forty widows residing in the borough of Lancaster the sum of 3/- each and the residue of such income shall be paid and applied to such poor person(s) or for such charitable purposes as they from time to time determine.	Not known	£1,138.84
Charitable funds held by Lancashire County Council for the benefit of the Lancaster City Council area which are not being used.			
Bertha Taylor Prize (1951) *No. 526406*	Prizes to Boys and Girls for Annual Sports at Morecambe and Heysham, Euston Road County School	Not known	Not known
Agnes Holmes Prize Fund (1956) *No. 526539*	The award of a book prize annually to the value of £1 to the boy or girl that has attained the highest position in English language, Literature and who has produced the best essay of the year at Balmoral Road County School.	Not known	Not known

COUNCIL BUSINESS COMMITTEE

Consultation on implementing the Mobile Homes Act 1983 on local authority Gypsy and Traveller sites
13TH November 2008

Report of the Principal Housing Manager

PURPOSE OF REPORT

To advise Members about implications of the Housing and Regeneration Act 2008 and how it will apply the Mobile Homes Act 1983 to local authority Gypsy and Traveller sites, and to enable the Committee to respond to the Government's Consultation Paper.

This report is public

RECOMMENDATIONS

(1) That the Committee indicate its views on the questions set out in the Consultation Paper, and that the Principal Housing Manager, in consultation with the Chairman, be authorised to finalise and submit the Committee's response to the Government on behalf of the Council.

1.0 Introduction

1.1 The Council manages the Mellishaw Park Gypsy and Travellers site, one of three County Council Gypsy and Travellers sites within Lancashire, under a management agreement. The Housing and Regeneration Act 2008 which is now on the statute book is introducing changes in the way that Gypsy and Travellers sites are managed by bringing local authority sites within the provisions of the Mobile Homes Act 1983 to provide greater security of tenure and further rights.

1.1 Section 138 of the Housing and Regeneration Act 2008 (HRA 2008) will amend the Mobile Homes Act 1983 (MHA 1983) so that Gypsies and Travellers on local authority sites will have the same security of tenure and responsibilities as Gypsies and Travellers on private sites and occupants of other residential caravan sites. This follows the decision in Connors v United Kingdom (App No 66746/01 ECHR) in which the European Court of Human Rights held that the existing statutory scheme breached Article 8 of the European Convention for Human Rights.

1.2 Section 318 of the HRA 2008 will be brought into force by order. This order will include the amendments to the implied terms or other provisions of the MHA 1983 considered necessary for local authority Gypsy and Traveller sites following this consultation, and the transitional provisions for existing residents. The order will be laid before Parliament for approval by both the House of Commons and the House of Lords.

1.3 The Department for Communities and Local Government is also establishing a working group of local authority officials and residents on their Gypsy and Traveller sites to prepare a model agreement. This will include standard express terms on issues that are not covered by the implied terms of the MHA 1983 which could be included in agreements on local authority Gypsy and Traveller sites.

1.4 The Department for Communities and Local Government has published a consultation paper, "Implementing the Mobile Homes Act 1983 on local authority Gypsy and Traveller sites", seeking views on the implementation of the changes and any amendments to the MHA 1983 that are needed, a copy of which is appended to this report.

1.5 The consultation document seeks views on:

- whether some of the provisions of the MHA 1983 need to be amended for local authority Gypsy and Traveller sites
- how we should move from a position where existing residents have licences under the CSA to agreements under the MHA 1983
- the other transitional provisions that we may need in applying some of the provisions of the MHA 1983 to existing residents.

2.0 Proposal Details

2.1 The Consultation Paper deals with the proposed details of the arrangements that will be needed to implement the provisions of the HRA 2008 together with proposed amendments to the MHA 1983.

2.2 Members may wish to consider all the questions set out in the Consultation Paper; however a number of issues that may be of the most significance to the Committee are highlighted in this report.

2.3 **Assignment (paragraphs 21 – 30)** The MHA 1983 enables a resident that either sells their caravan, or gives it to a family member, to pass on (or assign) the agreement to live in the caravan on the pitch to the person that buys it or it is given to, providing the site owner approves of that person. The Government has identified two options for dealing with the issues raised about assignment by the current national shortage of authorised sites:

- do not apply the right of assignment to local authority Gypsy and Traveller sites; or
- require that in considering whether to approve a proposed assignee, local authorities must consider the needs of Gypsies and Travellers in their area as well as those of the proposed assignee.

Question 1 asks "Which of these two options do you think the Government should pursue to deal with the issues raised by the right to assignment on local authority Gypsy and Traveller sites?"

The Principal Housing Manager, on balance, is of the view that the right to assign should be granted subject to the provisions set out in option two. However clear guidance would need to be established on how the relative needs of Gypsies and Travellers in the area as well as those of the proposed assignee are assessed.

2.4 **Succession (paragraphs 31 – 38)** Where there is no spouse or family member living with a resident when they die, the MHA enables the person that inherits the

caravan (either through a will or, if there is no will, under the laws of intestacy) to sell it and assign the agreement.

Question 2 asks “Do you agree with the proposal that the provision in the MHA relating to succession, where no family member is living with a resident when they die, should not be applied to local authority Gypsy and Traveller sites, whichever option we decide to pursue in respect of assignment generally?”

Currently we already pass on the licence to a spouse or family member residing on the pitch at the time they died with the agreement of the County Council The Principal Housing Manager is of the view that extending this to family members not residing on the pitch or site would seriously effect the ability to properly manage the site , and therefore recommend supporting the Governments view that succession should not be extended in this way.

2.5 **Re-siting a caravan (paragraphs 49 – 50)**.

Question 3 asks: “Do you agree with the proposal to amend the implied terms to enable local authorities to require a resident on one of their Gypsy and Traveller sites to move their caravan to a pitch on another site, as well as another pitch on the same site, for example when they need to carry out repairs to the pitch?”

It is suggested that the proposals set out within the consultation document should be supported to ensure that the effective delivery of repairs and improvement works can be maintained.

2.6 **Site owners responsibility for repairs (paragraphs 51 – 52)**.

Question 4 asks: “Do you agree with the proposal to amend the implied terms to clarify that local authorities will continue to be responsible for repairing any amenities provided by them on the pitch as well as the base (or hardstanding)?”

The proposals would appear to be non-contentious, are common sense, and should be supported.

Question 5 asks: “Do you agree with the proposal to amend the definition of “essential repair and emergency work” in the implied terms to specify that these works include repairs to amenities provided by the local authority, as well as the base (or hardstanding)?”

The proposals would appear to be non-contentious, are common sense, and should be supported..

2.7 **Moving from licences to agreements (paragraphs 57 – 73)** The Government have identified two options for moving from a position where existing residents have licences under the CSA to one where they have agreements under the MHA:

- local authorities would be required to make agreements under the MHA with existing licence holders by a specified date. If a local authority failed to make an agreement by the specified date, residents would be deemed to have agreements from that date which include the terms of their licence; or
- all existing licences would be deemed to be agreements to which the MHA applies from the date section 318 of the HRA is brought into force.

Question 6 asks: “Which of the two options do you think is the better option for moving from licences to agreements? Do you agree with the assessment of the pros and cons of each option? Is there a further option which we have not identified?”

The Principal Housing Manager is of the view that the first option producing a new agreement is the preferred approach as it would ensure that all residents on the site would be covered by the same terms. The Government is producing a model agreement for local authorities to use which will reduce the burden of formulating a new agreement. By using a model agreement there will be clarity and consistency in the approach.

2.8 **Breaches of licence relevant to the agreement (paragraphs 77 – 78)** Where a term of the licence has been breached and the local authority has written to the resident before the agreement is made, asking them to remedy this breach within a certain timescale, we propose that the local authority should be able to apply to the court to terminate the agreement once it is made, without writing to the resident again as the implied terms would require. However, the local authority would only be able to do this where the term of the licence that had been breached was also in the agreement.

Question 7 asks: "Do you agree with this approach to breaches of a licence relevant to the agreement?"

Again the Principal Housing Manager is of the view that this is the right approach to ensure continuity of management following the move from the licence to a tenancy agreement.

2.9 **Overpayments (paragraph 79)**.

Question 8 asks: "Do you agree with the proposal that residents should also be able to use the implied terms to recover any payments made under a licence that might cover the period after an agreement is terminated?"

The proposals being made seem to be fair and equitable.

2.10 **Pitch fees (paragraphs 80 – 84)**.

Question 9 asks: "Do you agree with the proposal that if a licence includes a review date for the pitch fee, this date should continue to be the review date in the agreement? Do you also agree that if no review date is included in a licence then the last review date for the purposes of calculating the change in RPI should be a year prior to whatever review date is included in the agreement?

The proposals being made are broadly in line with e current practice where pitch fees are raised by a general inflation factor agreed by the County Council.

Question 10 asks: "Question 10: Do you agree with the proposal to delay applying the implied term in the MHA that makes the presumption about pitch fee changes and the RPI to Gypsy and Traveller site owned by county councils until after the DWP has made the changes necessary to resolve the anomaly in the way housing benefit is paid for these sites?"

This is a question directed at County Councils and is one for them to consider.

2.11 **Improvements proposed before agreement (paragraphs 85 – 86).**

Question 11 asks: "Do you agree that where a local authority has already consulted residents on proposed improvements to a site prior to an agreement being made they should not have to consult them again, as the implied terms would require?"

The Principal Housing Manager is of the view that this is a sensible and practical proposal and should be supported.

Question 12 asks: "Do you think there are any other implied terms under the MHA which may require transitional provisions?"

No other considerations have been identified.

3.0 Conclusion

3.1 The Committee is asked to consider its response to the questions set out in the Consultation Paper, and to authorise the Principal Housing Manager, in conjunction with the Chairman, to finalise the Committee's response to the Government on behalf of the Council.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

A full impact assessment of the proposal has been undertaken by the Government and are set out in Annex C of the consultation document

FINANCIAL IMPLICATIONS

There are no financial implications arising directly out of the report. Subject to the requirements of the implementation strategy adopted by the Government when finalised there may be some minimal costs, however any cost incurred the City Council would be reimbursed by the County Council within the terms of the management agreement that is in place.

SECTION 151 OFFICER'S COMMENTS

The Deputy s151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

There are no additional legal implications arising out of this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS Government Consultation Paper	**Contact Officer:** Mr Chris Hanna **Telephone: 01524 58**2516 **E-mail:** channa@lancaster.gov.uk **Ref:** none

Implementing the Mobile Homes Act 1983 on local authority Gypsy and Traveller sites

Consultation

www.communities.gov.uk
community, opportunity, prosperity

Implementing the Mobile Homes Act 1983 on local authority Gypsy and Traveller sites

Consultation

September 2008
Department for Communities and Local Government

Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 020 7944 4400
Website: www.communities.gov.uk

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Contents

Introduction	5
Part 1: Applying the Mobile Homes Act provisions to local authority Gypsy and Traveller sites	10
Part 2: Moving from licences to agreements	19
Part 3: Other transitional provisions	22
Annex A: Summary of issues for consultation	26
Annex B: Further details of rights and responsibilities under the Mobile Homes Act 1983	30
Annex C: Revised Impact Assessment	50
Annex D: Key stakeholder organisations consulted	77
Annex E: The consultation criteria	78

Introduction

Background

1. Gypsies and Travellers currently occupy pitches on local authority sites under licences under the Caravan Sites Act 1968 (referred to throughout this document as "the CSA"). The CSA provides limited protection from eviction and harassment. In particular, in order to evict a Gypsy or Traveller from one of their sites, a local authority need only give twenty eight days' notice to terminate the licence. If the resident does not leave the authority can seek a possession order from the court. The court does not have the opportunity to consider the reasons for the eviction and, if proved, consider whether it is reasonable to grant the order.

2. In 2004, in the case of *Connors v United Kingdom*, the European Court of Human Rights ruled that the lack of procedural safeguards to eviction on local authority Gypsy and Traveller sites breached article 8 of the European Convention for Human Rights, which provides a right to respect for private, family and home life.

3. Amendments made to the CSA by the Housing Act 2004 now enable the courts to suspend a possession order given on a local authority site.

The Housing and Regeneration Act

4. Section 318 of the Housing and Regeneration Act 2008 ("referred to throughout this document as "the HRA") will amend the definition of a protected site in the Mobile Homes Act 1983 (referred to throughout this document as "the MHA") to remove the exclusion for local authority Gypsy and Traveller sites. This means that the MHA will apply to these sites. It will mean that residents on local authority Gypsy and Traveller sites will have the same rights and responsibilities as residents living in similar accommodation, such as private Gypsy and Traveller sites and park homes sites.

The Mobile Homes Act

5. Under the MHA, residents occupy pitches under agreements that consist of:

   - a number of implied terms, which are the rights and responsibilities set out in Part 1 of Schedule 1 to the MHA; and
   - express terms, which are the details of the agreement between the site owner and resident, which are not set out in the MHA.

6. The MHA will improve security of tenure for Gypsies and Travellers on local authority sites. In order to evict a resident under the MHA the site owner must apply to the court for the agreement to be terminated, and seek a possession order. In order for an agreement to be terminated the site owner must satisfy the court that either:

   - a term of the agreement has been breached, the resident has been given the opportunity to remedy the breach, but has not done so within a reasonable time; or
   - the resident is not living in the mobile home (a term which means the same as a caravan – throughout this document we refer to caravans rather than mobile homes) as their only or main residence; or
   - the condition of the caravan is having a detrimental impact on the amenity of the site.

   The site owner will also need to satisfy the court that it is reasonable to terminate the agreement.

7. The MHA also gives site owners and residents other rights and responsibilities, including:

   - the right for a member of a resident's family living with them to inherit (or succeed to) their agreement if they die
   - the right for the resident to pass on (or assign) their agreement with the site owner's approval, if they sell their caravan or give it to a member of their family
   - the responsibility on the site owner to provide certain information on request
   - the responsibility on the resident to maintain their caravan in a sound state of repair, and the site owner to make certain repairs to the pitch and maintain the common areas of the site
   - the responsibility on the site owner to consult on improvements and management
   - the responsibility on the site owner to review the rent annually, with changes subject to certain requirements
   - the right for the site owner or resident to ask the court to consider various matters arising under the MHA.

   Further details of these rights and responsibilities are in the consolidated version of the MHA at Annex B. Many of them are already likely to be given as a matter of good practice.

Consultation

8. Communities and Local Government has held a number of consultation events across the country with both local authorities and Gypsies and Travellers to explain the provisions of the MHA, and seek feedback on applying them to local authority Gypsy and Traveller sites. Feedback from these events is available on the Gypsy and Traveller Knowledge Network (Housing and Regeneration Bill consultation process forum) on the Improvement and Development Agency's Community of Practice website at www.communities.idea.gov.uk. The feedback from these events has helped inform this consultation paper.

9. Many other issues were raised at these events which were outside the scope of the MHA. A good many of them related to site management, and we are considering these in producing the final version of our good practice guidance on managing Gypsy and Traveller sites. The draft version of the guidance is available on our website at: www.communities.gov.uk/publications/housing/guidancemanagementgypsies .

10. This consultation document seeks views on:

    - whether some of the provisions of the MHA need to be amended for local authority Gypsy and Traveller sites
    - how we should move from a position where existing residents have licences under the CSA to agreements under the MHA
    - the other transitional provisions that we may need in applying some of the provisions of the MHA to existing residents.

Impact Assessment

11. An impact assessment was prepared for section 318 of the HRA which included assumptions about the costs and benefits of applying the provisions of the MHA to local authority Gypsy and Traveller sites. The two options that we set out for dealing with the issues raised about assignment (see paragraphs 25 – 30) will affect that assessment. We have revised the assessment, which now includes the costs and benefits of these two options. The revised assessment is at Annex C.

Moving forward

12. Section 318 of the HRA will be brought into force by order. This order will include the amendments to the implied terms or other provisions of the MHA considered necessary for local authority Gypsy and Traveller sites following this consultation, and the transitional provisions for existing residents. The order will be laid before

Parliament for approval by both the House of Commons and the House of Lords.

13. Communities and Local Government is establishing a working group of local authority officials and residents on their Gypsy and Traveller sites to prepare a model agreement. This will include standard express terms on issues that are not covered by the implied terms of the MHA which could be included in agreements on local authority Gypsy and Traveller sites.

14. Section 318 of the HRA applies to England and Wales. The National Assembly for Wales is responsible for bringing the clause into force, and making any amendments to the implied terms and other provisions of the MHA in Wales.

Responding to this consultation

15. A summary of the issues on which we are consulting is at Annex A. A list of consultees to whom this paper has been sent is attached at Annex D. The consultation paper is also available on our website at www.communities.gov.uk. Further hard copies can be obtained from:

    Communities and Local Government Publications
    PO Box 236
    Wetherby
    West Yorkshire
    LS23 7NB

    Telephone: 08701 226 236
    Fax: 08701 226 237
    Textphone: 08701 207 405
    E-mail: communities@capita.co.uk

    quoting the title, product code and ISBN, and your address and telephone number.

    Copies of this publication in alternative formats, including audio versions, are available from alternativeformats@communities.gsi.gov.uk, quoting the same details.

16. Responses to this consultation, to be received by *19 December 2008,* should be sent to:

    Philip Davies
    Gypsy and Traveller Unit
    Department for Communities and Local Government
    Zone 7/J9
    Eland House
    Bressenden Place
    London
    SW1E 5DU

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    Telephone: 020 7944 8769

17. A copy of the consultation criteria is at Annex E.

18. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Regulations 2004).

19. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Communities and Local Government.

Part 1

Applying the Mobile Homes Act provisions to local authority Gypsy and Traveller sites

20. Removing the exclusion in the MHA for local authority Gypsy and Traveller sites will ensure that residents living in similar accommodation have the same rights and responsibilities. However, at the consultation events that we held, stakeholders raised concerns about the impact that some of the provisions of the MHA may have on local authority Gypsy and Traveller sites. This part of the consultation paper explains these provisions, the concerns raised, and sets out possible options for amending them where we believe this is necessary.

Assignment

21. The implied terms (paragraphs 8 and 9 of Part 1 of Schedule 1) of the MHA enable a resident that either sells their caravan, or gives it to a family member, to pass on (or assign) the agreement to live in the caravan on the pitch to the person that buys it or it is given to, providing the site owner approves of that person. Where the caravan is sold, the site owner can claim a commission up to a maximum fixed by law. This maximum is currently set at 10 per cent of the sale price by the Mobile Homes (Commissions) Order 1983 (SI 1983 No 748).

22. Turnover on many local authority Gypsy and Traveller sites is low, and it is not unusual to meet residents that have lived on their site for 20 or 30 years. This is often likely to be a result of concern that the shortage of sites means they will not be able to get a pitch on another site if they leave, or a desire to ensure access to schools and healthcare for their family. Traditionally, Gypsies and Travellers travel with their caravans to different sites, and we would expect this to continue to be the way in which the vast majority of Gypsies and Travellers move to a different site. However, the right to assign the agreement will provide another option for Gypsies or Travellers on local authority sites seeking to move. Some stakeholders have welcomed this.

23. However, a significant proportion of stakeholders have raised a number of concerns about the impact of assignment on local authority Gypsy and Traveller sites, including:

- that, given the shortage of authorised Gypsy and Traveller sites this could potentially lead to pitches being occupied by those able to pay the most for a caravan, rather than those most in need of a pitch. Currently households in around a quarter of Gypsy and Traveller caravans do not have an authorised place to stop and are therefore effectively homeless. We have established a new framework to increase authorised site provision, however, we recognise that it will take time for this need to be addressed
- that this will cut across local authority allocation policies. Our site management guidance recommends that, as with other forms of social accommodation, local authorities should have schemes setting out policies and procedures for allocating pitches, and that priority for allocation of a suitable pitch should be given to those in greatest need
- the circumstances in which the site owner may refuse approval of the person to whom the resident proposes to assign the agreement. If the resident feels that approval is being withheld unreasonably they can apply to the court for an order requiring the site owner to give approval. The issue of the circumstances in which it is reasonable for approval to be withheld are therefore for interpretation by the courts.
- whether it is appropriate for a local authority to charge commission on the sale of a caravan – although many local authorities said that they would not charge commission.

24. Communities and Local Government agrees that the current shortage of authorised sites for Gypsies and Travellers raises particular issues about the impact of a right to assign agreements. We have identified two potential options for dealing with this.

Option one
Do not apply assignment

25. Under this option we would specify that the implied terms dealing with assignment did not apply to local authority Gypsy and Traveller sites.

26. The advantage of this option is:

- **Clarity.** No resident on a local authority Gypsy and Traveller site would have the right to assignment under the MHA – although some local authorities may decide to include this right to assign, or something similar, in the express terms of their agreements.

27. However, the disadvantage of this option is:

   - **Potential future inconsistency.** If in future, in light of increased levels of site provision, it was considered appropriate to give Gypsies and Travellers on local authority sites this right of assignment, it would only be possible to give this right to those moving onto sites after this change was made, and not existing residents on these sites. Although local authorities could add an express term to existing agreements with the agreement of the resident, if a local authority did not want to do this it could potentially result in different residents on the same site having different rights.

Option two
Impose requirements on approval

28. Under this option the implied terms on assignment would be amended to require that, in considering whether to approve a person to whom a resident on one of their Gypsy and Traveller site proposed to assign an agreement, the local authority must consider the needs of other Gypsies and Travellers in their area, as well as the proposed assignee.

29. The advantage of this option is:

   - **Local discretion.** Local authorities would be able to take decisions on assignment based on current local circumstances. If there were Gypsies and Travellers in the area in greater need than the person to whom it was proposed to sell the caravan and assign the agreement, the local authority could withhold approval for that person. If the proposed assignee's need was greater than other Gypsies and Travellers in the area, or if an authority did not have waiting lists for pitches on its site/s, then it could approve the proposed assignee.

30. The disadvantage of this option is:

   - **Possible mobility restrictions.** If a local authority withholds approval for a proposed assignee because there are other Gypsies and Travellers in the area in greater need, a resident's plans to move to a different caravan on a different site, or purchase a new caravan and move to a different site may be frustrated. However, residents could check with the local authority about the current situation in relation to need in the area before making any such plans. Even without a requirement for local authorities to consider need, plans may be frustrated if approval for a proposed assignee is withheld for other reasons.

Question 1: Which of these two options do you think the Government should pursue to deal with the issues raised by the right to assignment on local authority Gypsy and Traveller sites?

Please explain why.

Succession

31. We are aware that, if a resident on one of their Gypsy and Traveller sites dies, many local authorities will already pass on the licence under which they occupied the pitch to a spouse or member of their family that was living with them at the time they died (succession), even though the CSA does not require them to do this.

32. The provisions (section 3) of the MHA mean that if a resident dies then their spouse (this includes a civil partner) will inherit the agreement to live in the caravan on that pitch, if they are living with them when they die. If there is no spouse living with a resident when they die then the agreement can be inherited by another member of their family living with them when they die.

33. The MHA defines a member of a resident's family as being a spouse, civil partner, parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece. This right of succession will ensure that a bereaved family do not also lose their home.

34. However, in order to avoid potential disputes about whether a family member was living with a resident at the time they died, the local authority will need to ensure that it is aware of who is living on the pitches on its sites. Some licences under the CSA may already include terms requiring residents to inform the local authority if others come to live with them after the licence is given, and local authorities may want to include this as an express term in agreements under the MHA.

35. Where there is no spouse or family member living with a resident when they die, the MHA enables the person that inherits the caravan (either through a will or, if there is no will, under the law of intestacy) to sell it, and assign the agreement to live in the caravan on the pitch, to the person that buys it, with the approval of the site owner. The rules about selling caravans on site (see paragraph 21) will apply to this sale. Alternatively, the person that inherits the caravan may choose to remove it from the site, enabling the site owner to allocate the pitch to someone else. The person that inherits the caravan does not have the right to live in it on the pitch, or to give it to a member of their family to live in on the pitch, unless the site owner agrees that they can.

36. The right for a person who inherits a caravan on a local authority Gypsy and Traveller site to sell it and assign the agreement raises similar issues to the general right to assign, which are set out in paragraph 23. **We propose that the provisions (sections 3(3)(b) and 4) of the MHA relating to succession where no family member is living with a resident when they die should not be applied to local authority Gypsy and Traveller sites, whichever option we decide to pursue in respect of assignment generally.**

37. This is because the person that inherits the caravan does not have the right to live in it on the pitch unless the site owner agrees. This means that if they do not remove the caravan from the site or seek to sell it and assign the agreement, or the site owner withholds approval of the person to whom they propose to assign the agreement, the caravan could potentially remain empty on the pitch at a time when there is a shortage of authorised sites. This situation should not arise under the general right to assign as a site owner can seek to terminate the agreement if the resident is not living in the caravan as their only or main residence.

38. If in future, in light of increased levels of site provision, it was considered appropriate to give a person that inherits a caravan on a local authority Gypsy and Traveller site the right to sell it and assign the agreement, this would apply to existing residents from the date of the change, as well as those moving onto sites afterwards. This is because, unlike the general right to assignment, the provisions on succession are in the MHA itself and not the implied terms.

Question 2: Do you agree with the proposal that the provision in the MHA relating to succession, where no family member is living with a resident when they die, should not be applied to local authority Gypsy and Traveller sites, whichever option we pursue in respect of assignment generally?

Jurisdiction

39. In addition to the termination of agreements, under the MHA, the courts are able to consider a number of matters:

- applications by residents for a written statement from site owners, where this has not been provided as required
- applications by site owners or residents to vary or delete an express term of the agreement
- applications by site owners or residents to include further implied terms in the agreement on certain matters

- applications by residents to approve a person to whom a caravan is to be sold or given and the agreement assigned, where the site owner has not responded, or where refusal to give consent is considered unreasonable
- applications by site owners to change the pitch fee where the resident does not agree with the change.

The court also has a general power to determine any question arising under the MHA or an agreement to which it applies, and entertain any proceedings under the Act.

40. The MHA defines the court as the county court, or where both the site owner and the resident have agreed to this, an arbitrator.

41. Some stakeholders have raised concerns that residents could be prevented from taking disputes to the county court through the inclusion of an express term in the agreement requiring any disputes to go to arbitration by someone appointed by the site owner. They also feel that a resident should not be prevented from taking a dispute to the county court if arbitration does not resolve the dispute to their satisfaction.

42. Although it is not known how many agreements under the MHA include express terms requiring disputes to be settled by arbitration, it is understood to be a small minority. However, the Government is aware of concerns about the use of such terms in agreements.

43. **The Government recently consulted on proposals for a new approach for resolving disputes and to proceedings under the MHA. Its preferred option, subject to the views of consultees, is to transfer jurisdiction for all the matters set out in paragraph 39, to the residential property tribunal (RPT). Applications to terminate agreements would still be dealt with by the county courts.**

44. An RPT is a specialist housing tribunal with a wealth of experience in adjudicating on disputes and in carrying out other functions in connection with housing and landlord and tenant matters. Proceedings relating to the termination of an agreement would remain with the county courts, as the RPT's have never had jurisdiction on possession proceedings. The county courts have longstanding experience in hearing housing and land possession cases.

45. **If the Government decides to proceed with this option, it also proposes that agreements should not be permitted to bind site owners and residents to resolve disputes through arbitration.**

46. The Government does not, however, propose to prohibit the use of arbitration where the site owner and resident agree in writing at the time of the dispute to submit it to arbitration, as this agreement, the terms of reference for arbitration, and the arbitrator will have been agreed freely by both. It also feels that if site owners and residents agree to settle through arbitration, they should be bound by that decision, and should not be able to apply to the county court for the dispute to be re-heard if they are unhappy with the result – although they will be able to appeal a decision on the grounds provided for in the Arbitration Act 1996.

The condition of the caravan and site

47. The implied terms (paragraphs 21 and 22 of Part 1 of Schedule 1) of the MHA place certain responsibilities on the resident and site owner in relation to the condition of the caravan and the site. The resident must keep their caravan in a sound state of repair, and the site owner could seek to terminate an agreement if the caravan is having a detrimental impact on the amenity of the site. Both the resident and the site owner are also responsible for keeping the pitch, and the communal areas of the site respectively, in a clean and tidy condition.

48. Several stakeholders have asked what would be considered a sound state of repair or a clean and tidy condition. Current licences under the CSA may include terms setting out the responsibilities of the local authority and resident in respect of the caravan, pitch and site. **We will include guidance on repair and maintenance issues likely to be common across sites in the final version of our site management guidance**. However, this may need to differ between sites depending on their particular characteristics.

Re-siting a caravan

49. The implied terms (paragraph 10 of Part 1 of Schedule 1) of the MHA enable the site owner to require a resident to move their caravan to another pitch on the site, for example where they need to carry out repairs to the pitch.

50. We are aware from the bids that we receive for Gypsy and Traveller Site Grant that the repair and improvement works necessary to some local authority sites can be extensive. In some instances it has been necessary to move residents to another site whilst the works are carried out. **We therefore propose to amend this implied term to enable local authorities to require a resident on one of their Gypsy and Traveller sites to move their caravan to a pitch on another site, as well as another pitch on the same site.**

Question 3: Do you agree with the proposal to amend the implied terms to enable local authorities to require a resident on one of their Gypsy and Traveller sites to move their caravan to a pitch on another site, as well as another pitch on the same site, for example when they need to carry out repairs to the pitch?

Site owner's responsibility for repairs

51. The implied terms (paragraph 22 of Part 1 of Schedule 1) of the MHA require the site owner to repair the base (or hardstanding) on which the caravan is stationed. However, on local authority Gypsy and Traveller sites amenity blocks that include a kitchen and bathroom, and possibly also include a day room will usually be provided. Caravans are essentially used as sleeping accommodation.

52. **We therefore propose to amend this implied term to clarify that local authorities will continue to be responsible for repairing any amenities provided by them on the pitch, as well as the base. We also propose to amend the definition of "essential repair and emergency works" in the implied term about re-siting the caravan (see paragraphs 49 – 50) to specify that these works include repairs to amenities provided by the local authority, as well as the base. Do you agree?**

Question 4: Do you agree with the proposal to amend the implied terms to clarify that local authorities will continue to be responsible for repairing any amenities provided by them on the pitch as well as the base?

Question 5: Do you agree with the proposal to amend the definition of "essential repair and emergency work" in the implied terms to specify that these works include repairs to amenities provided by the local authority, as well as the base?

Residents' associations

53. The implied terms (paragraphs 22(f) of Schedule 1 of Part 1) of the MHA require the site owner to consult any qualifying residents' associations about all matters relating to the operation and management of the site, and any improvements to it, as well as individual residents. The implied terms (paragraph 28 of Part 1 of Schedule 1) define a qualifying residents' association.

54. Where there is a residents' association on a local authority Gypsy and Traveller site, but it does not meet the definition of a qualifying residents' association, we would still expect local authorities to consult it on the management and operation of the site, and improvements to it, as a matter of good practice, as set out in our site management guidance.

Written communications

55. Several stakeholders raised concerns about the various provisions in the MHA requiring written communications – for example, the requirement for the site owner to give the resident a written statement of the terms of the agreement, or to write setting out any proposed changes to the pitch fee or improvements to the site – given the low levels of literacy in the Gypsy and Traveller community.

56. The requirement for these communications to be written is important to both the site owner and resident being able to prove that responsibilities have been met in the event of a dispute. However, we would also expect local authorities to also consider using other means to communicate with Gypsies and Travellers on their sites. For example, our site management guidance suggests that the local authority explain the terms of licences or agreements verbally, or provide an audiotape or video version.

Part 2

Moving from licences to agreements

57. As explained in paragraph 5, under the MHA pitches are occupied under an agreement that consists of the implied terms in Part 1 of Schedule 1 to the MHA, and any other express terms. Twenty eight days before the agreement is made (or less if the prospective resident gives written consent) the site owner must provide a written statement including the implied terms, express terms and some specific details about the parties to the agreement and the pitch. *The Mobile Homes (Written Statement) (England) Regulations 2006* prescribe a form for these statements.

58. The provisions of the MHA will apply to Gypsies and Travellers that move onto local authority sites after section 318 of the HRA is brought into force from the date of their agreement, and the local authority will need to provide the written statement required by the MHA 28 days before the agreement is made (or less where the prospective resident agrees to this).

59. If local authorities want terms from their licences under the CSA that are not covered by, and do not contradict, the implied terms of the MHA – for example covering behaviour on site, or absence from it – to apply to Gypsies and Travellers that move onto their sites after section 318 of the HRA is brought into force, they will need to include them as express terms in agreements.

60. As explained in paragraph 13, Communities and Local Government is establishing a working group to prepare a model agreement for local authority Gypsy and Traveller sites that will include standard express terms which could be included in agreements.

61. The provisions of the MHA will also need to be applied to existing residents of local authority Gypsy and Traveller sites. They will be applied to those with a licence to occupy a pitch under the CSA immediately before section 318 of the HRA comes into force. They will not be applied to Gypsies and Travellers living on local authority sites without a licence.

62. Gypsies and Travellers may be living on a local authority site without a licence if the licence has been terminated by the local authority but the resident has not yet left. In these circumstances the local authority will need to apply to the court for a possession order. This follows the general rule that changes to any legislation should not interfere with action taken under preceding legislation before the change was made.

63. Some Gypsies and Travellers may have never had a licence to occupy the site, for example if they are occupying communal parts of the site because of the shortage of authorised sites, without the agreement of the local authority.

64. This part of the consultation considers how we should move from a position where existing residents have licences under the CSA to agreements under the MHA. We have identified two possible options, which fall at either end of the spectrum.

Option one
Requiring new agreements to be made

65. Under this option, local authorities would be required to make agreements under the MHA with existing licence holders by a specified date.

66. If a local authority failed to make an agreement by the specified date, we would also provide that residents with licences immediately before the date when section 318 of the HRA came into force would be deemed to have an agreement under the MHA from the specified date, and that terms in their licences which did not conflict with the implied terms in the MHA would be deemed express terms of the agreement. The 6 month period during which either the site owner or resident can apply to the court to vary or delete an express term of the agreement would start on the specified date.

67. Requiring agreements to be made under the MHA has a number of advantages:

- **Clarity.** Gypsies and Travellers and local authorities will have one document which contains all the terms applicable to the occupation of the pitch
- **Consistency.** All Gypsies and Travellers living on a site – whether they were living there before section 318 of the HRA came into force, or have moved on since – will have the same documentation relating to their agreement
- **Ease.** It will be easy to apply the timebound rights and responsibilities in the MHA – for example the responsibility on the site owner to provide the written statement 28 days before the agreement is made, and the right of either the site owner or resident to ask the court to change or delete any express term, or add further implied terms, within 6 months of the agreement being made.

68. The disadvantage of this option is:

- **Additional work.** This will involve additional work for local authorities. They will need to review their licences and consider which terms that are not covered by the implied terms under the MHA, and do not contradict them, should be included in agreements as express terms. An estimate of the cost of this work is included in the Impact Assessment prepared for this consultation.

69. However, local authorities will need to undertake this work for Gypsies and Travellers moving onto their sites after the clause is brought into force anyway. The model agreement that the working group will be seeking to prepare should help to reduce the burden associated with making agreements.

70. **This is the Government's preferred option for moving from licences under the CSA to agreements under the MHA.**

Option two
Licences deemed to be agreements

71. Under this option, all licences current immediately before the date on which section 318 of the HRA is brought into force would be deemed to be agreements to which the MHA applies from this date. They would therefore include the implied terms in the MHA. The responsibility on the site owner to provide a written statement of the terms of the agreement would not be applied as residents should already have copies of their licence (which would effectively form the express terms). The right for the site owner or resident to go to court to delete or vary an express term of the agreement would also not be applied as the terms in the licence would not have changed.

72. The advantage of this option is:

- **No additional work.** This will not involve additional work for local authorities.

73. The disadvantages of this option are:

- **Confusion**. The terms which apply to the occupation of the pitch will be set out in both the licence and the MHA. Any terms in the licence which contradict the implied terms in the MHA would still appear in the licence, even though they were no longer valid under the provisions (section 2(1)) of the MHA. This could lead to confusion over terms, particularly given the low literacy rates among the Gypsy and Traveller community.
- **Inconsistency.** Gypsies and Travellers already living on local authority sites, and those moving onto them after the clause was commenced would have different documentation relating to their occupation of the pitch.

Question 6: Which of the two options above do you think is the better option for moving from licences under the CSA to agreements under the MHA? Do you agree with the assessment of the advantages and disadvantages of each option? Is there a further option that we have not identified?

Part 3

Other transitional provisions

74. Whichever option is pursued for moving from licences under the CSA to agreements under the MHA, further transitional provisions will be needed to set out how some of the implied terms in the MHA will apply to existing residents on local authority Gypsy and Traveller sites. Paragraph 62 explains the position where Gypsies and Travellers are living on local authority sites without licences. This part of the consultation paper highlights circumstances in which transitional provisions may be needed, and proposes what they might be.

Notice of termination of licence expiring after agreement

75. As explained in paragraph 1, under the CSA local authorities are required to give four weeks notice to terminate a licence. If a local authority has given this notice, but it does not expire until after the date by which local authorities must make agreements, or licences are deemed to be agreements, under the MHA, the resident will still have a licence and the local authority would have to make an agreement with them.

76. We agree that this should be the case. However, the proposals set out in paragraph 81 may also apply in these circumstances.

Breaches of licence relevant to the agreement

77. The implied terms (paragraph 4 of Part 1 to Schedule 1) of the MHA enable a site owner to terminate the agreement if the court is satisfied one of its terms has been breached, the resident has been given the opportunity to remedy the breach but has not done so within a reasonable time, and the court considers it reasonable.

78. As explained in paragraph 59, terms in licences may also be covered by an agreement – either through the implied or express terms. **Where a term of the licence has been breached and the local authority has written to the resident before the agreement is made, asking them to remedy this breach within a certain timescale** (as recommended in our good practice guidance on site management) **we propose that the local authority should be able to apply to the court to terminate the agreement once it is made. The local authority should be able to do this without writing to the resident again as the implied terms of the agreement would require. However, the local authority would only be able**

to do this where the term of the licence that had been breached was also in the agreement.

Question 7: Do you agree with this approach to breaches of licence relevant to the agreement?

Overpayments

79. The implied terms (paragraph 7 of Part 1 of Schedule 1) of the MHA enable residents whose agreements have been terminated to claim back any payments made to the site owner under the agreement, for example the pitch fee, which cover the period after the agreement is terminated. **We propose that residents should also be able to use this implied term to recover any payments made under a licence that might cover the period after an agreement is terminated.**

Question 8: Do you agree with the proposal that residents should also be able to use the implied terms to recover any payments made under a licence that might cover the period after an agreement is terminated?

Pitch fees

80. The implied terms (paragraphs 16 to 20 of Part 1 of Schedule 1) of the MHA require the pitch fee to be reviewed annually, on the review date, and include a presumption that the pitch fee will not change by more than the percentage increase or decrease in the retail price index (RPI) since the last review date.

81. **We propose that if a licence includes a review date for the pitch fee, this date should continue to be the review date in the agreement**. The first time the pitch fee is reviewed under the agreement, the last review date for the purposes of calculating the change in the RPI would therefore be a year previously. **If a licence does not include a review date for the pitch fee then we propose that the last review date for the purposes of calculating the change in the RPI should be a year prior to whatever review date is included in the agreement.**

Question 9: Do you agree with the proposal that if a licence includes a review date for the pitch fee, this date should continue to be the review date in the agreement. Do you also agree that if no review date is included in a licence then the last review date for the purposes of calculating the change in RPI should be a year prior to whatever review date is included in the agreement?

82. Currently, housing benefit for local housing authority (district and unitary council) sites is paid by rent rebate, which means rents are met in full. For county council sites, however, housing benefit is determined through a rent allowance. This means that rents will normally be referred to the Rent Officer for a determination of whether they are reasonable, usually by comparison to the local reference rent. Since the local reference rent excludes the influence of housing benefit on the market, the majority of Gypsy and Traveller sites will not be included. The local reference rent is more likely to be based on the rents obtainable on private sites in the area such as those on park home sites. However, the rents for park home sites will not include the higher management costs associated with Gypsy and Traveller sites, and so the effect of determining housing benefit through rent allowance is that some county council sites are operating at a loss.

83. The Department for Work and Pensions (DWP) has written to interested parties outlining their proposal to resolve this anomaly.

84. The Government would not want county councils to be unable to benefit from the resolution of this anomaly to ensure that their pitch fees better cover the costs of operating their sites because of the presumption in the implied terms about changes to pitch fees and the RPI. **We therefore propose to delay applying the implied term (paragraph 20 of Part 1 of Schedule 1) in the MHA that makes the presumption about pitch fee changes and the RPI to Gypsy and Traveller sites owned by county councils until after DWP has made the changes necessary to resolve this anomaly.** Residents on county council owned sites would still be able to disagree with any proposed new pitch fee.

Question 10: Do you agree with the proposal to delay applying the implied term in the MHA that makes the presumption about pitch fee changes and the RPI to Gypsy and Traveller site owned by county councils until after the DWP has made the changes necessary to resolve this anomaly?

Improvements proposed before agreement

85. Under the implied terms (paragraph 22 (e) and 24 of Part 1 of Schedule 1) of the MHA site owners are required to consult residents about improvements to the site giving them notice in writing of the proposed improvements and taking into account any representations.

86. Improvements may have been proposed, but not yet made to a local authority Gypsy and Traveller site on the date by which local authorities must make agreements, or licences are deemed to be agreements, under the MHA. **Where the local authority has already consulted the residents on the proposed improvements prior to this we propose that they should not have to consult on them again, as the implied terms would require. Do you agree?** Local authorities should be consulting on improvements as a matter of good practice and if they are applying for Gypsy and Traveller Site Grant for the improvements they will have to provide evidence of this consultation.

Question 11: Do you agree that where a local authority has already consulted residents on proposed improvements to a site prior to an agreement being made they should not have to consult them again, as the implied terms would require?

Question 12: Do you think there are any other implied terms under the MHA which may require transitional provisions?

Annex A

Summary of issues for consultation

Applying the Mobile Homes Act provisions to local authority Gypsy and Traveller sites

Assignment (paragraphs 21 – 30)

We have identified two options for dealing with the issues raised about assignment by the current shortage of authorised sites:

- do not apply the right of assignment to local authority Gypsy and Traveller sites; or
- require that in considering whether to approve a proposed assignee, local authorities must consider the needs of Gypsies and Travellers in their area as well as those of the proposed assignee.

Question 1: Which of these two options do you think the Government should pursue to deal with the issues raised by the right to assignment on local authority Gypsy and Traveller sites? Please explain why.

Succession (paragraphs 31 – 38)

Where there is no spouse or family member living with a resident when they die, the MHA enables the person that inherits the caravan (either through a will or, if there is no will, under the laws of intestacy) to sell it and assign the agreement.

Question 2: Do you agree with the proposal that the provision in the MHA relating to succession, where no family member is living with a resident when they die, should not be applied to local authority Gypsy and Traveller sites, whichever option we decide to pursue in respect of assignment generally?

Re-siting a caravan (paragraphs 49 – 50)

Question 3: Do you agree with the proposal to amend the implied terms to enable local authorities to require a resident on one of their Gypsy and Traveller sites to move their caravan to a pitch on another site, as well as another pitch on the same site, for example when they need to carry out repairs to the pitch?

Site owners responsibility for repairs (paragraphs 51 – 52)

Question 4: Do you agree with the proposal to amend the implied terms to clarify that local authorities will continue to be responsible for repairing any amenities provided by them on the pitch as well as the base (or hardstanding)?

Question 5: Do you agree with the proposal to amend the definition of "essential repair and emergency work" in the implied terms to specify that these works include repairs to amenities provided by the local authority, as well as the base (or hardstanding)?

Moving from licences to agreements (paragraphs 57 – 73)

We have identified two options for moving from a position where existing residents have licences under the CSA to one where they have agreements under the MHA:

- local authorities would be required to make agreements under the MHA with existing licence holders by a specified date. If a local authority failed to make an agreement by the specified date, residents would be deemed to have agreements from that date which include the terms of their licence; or
- all existing licences would be deemed to be agreements to which the MHA applies from the date section 318 of the HRA is brought into force.

Question 6: Which of the two options do you think is the better option for moving from licences to agreements? Do you agree with the assessment of the pros and cons of each option? Is there a further option which we have not identified?

Breaches of licence relevant to the agreement (paragraphs 77 – 78)

Where a term of the licence has been breached and the local authority has written to the resident before the agreement is made, asking them to remedy this breach within a certain timescale, we propose that the local authority should be able to apply to the court to terminate the agreement once it is made, without writing to the resident again as the implied terms would require. However, the local authority would only be able to do this where the term of the licence that had been breached was also in the agreement.

Question 7: Do you agree with this approach to breaches of a licence relevant to the agreement?

Overpayments (paragraph 79)

Question 8: Do you agree with the proposal that residents should also be able to use the implied terms to recover any payments made under a licence that might cover the period after an agreement is terminated?

Pitch fees (paragraphs 80 – 84)

Question 9: Do you agree with the proposal that if a licence includes a review date for the pitch fee, this date should continue to be the review date in the agreement? Do you also agree that if no review date is included in a licence then the last review date for the purposes of calculating the change in RPI should be a year prior to whatever review date is included in the agreement?

Question 10: Do you agree with the proposal to delay applying the implied term in the MHA that makes the presumption about pitch fee changes and the RPI to Gypsy and Traveller site owned by county councils until after the DWP has made the changes necessary to resolve the anomaly in the way housing benefit is paid for these sites?

Improvements proposed before agreement (paragraphs 85 – 86)

Question 11: Do you agree that where a local authority has already consulted residents on proposed improvements to a site prior to an agreement being made they should not have to consult them again, as the implied terms would require?

Question 12: Do you think there are any other implied terms under the MHA which may require transitional provisions?

Annex B

Further details of rights and responsibilities under the Mobile Homes Act 1983

Set out below is a consolidated version of the Mobile Homes Act (1983) followed by a consolidated version of Schedule 1 of the Act which sets out the implied terms of an agreement. This is not a complete copy of the Act and should not be used as such.

The Mobile Homes Act (1983)

This is the main body of the Act. Of particular relevance to this consultation is section 3 on succession and section 5 which provides a definition of "the court" and of a family member (within the MHA). Section 5 also includes the definition of "protected sites" which will be amended by the HRA, removing the exclusion for local authority Gypsy and Traveller sites.

1. Particulars of agreements

(1) This Act applies to any agreement under which a person ("the occupier") is entitled—

(a) to station a mobile home on land forming part of a protected site; and

(b) to occupy the mobile home as his only or main residence.

(2) Before making an agreement to which this Act applies, the owner of the protected site ("the owner") shall give to the proposed occupier under the agreement a written statement which—

(a) specifies the names and addresses of the parties;

(b) includes particulars of the land on which the occupier is to be entitled to station the mobile home that are sufficient to identify that land;

(c) sets out the express terms to be contained in the agreement;

(d) sets out the terms implied by section 2(1) below; and

(e) complies with such other requirements as may be prescribed by regulations made by the appropriate national authority.

(3) The written statement required by subsection (2) above must be given—

(a) not later than 28 days before the date on which any agreement for the sale of the mobile home to the proposed occupier is made, or

(b) (if no such agreement is made before the making of the agreement to which this Act applies) not later than 28 days before the date on which the agreement to which this Act applied in made.

(4) But if the proposed occupier consents in writing to that statement being given to him by a date ("the chosen date") which is less than 28 days before the date mentioned in subsection (3)(a) or (b) above, the statement must be given to him not later than the chosen date.

(5) If any express term—

(a) is contained in an agreement to which this Act applies, but

(b) was not set out in a written statement given to the proposed occupier in accordance with subsection (2) to (4) above,

the term is unenforceable by the owner or any person within section 3(1) below.

This is subject to any order made by the court under section 2(3) below.

(6) If the owner has failed to give the occupier a written statement in accordance with subsections (2) to (4) above, the occupier may, at any time after the making of the agreement, apply to the court for an order requiring the owner—

(a) to give him a written statement which complies with paragraphs (a) to (e) of subsection (2) (read with any modifications necessary to reflect the fact that the agreement has been made), and

(b) to do so not later than such date as is specified in the order.

(7) A statement required to be given to a person under this section may be either delivered to him personally or sent to him by post.

(8) Any reference in this section to the making of an agreement to which this Act applies includes a reference to any variation of an agreement by virtue of which the agreement becomes one to which this Act applies.

(9) Regulations under this section—

(a) shall be made by statutory instrument;

(b) if made by the Secretary of State, shall be subject to annulment in pursuance of a resolution of either House of Parliament; and

(c) may make different provision with respect to different cases or descriptions of case, including different provision for different areas.

2. Terms of agreements

(1) In any agreement to which this Act applies there shall be implied the terms set out in Part 1 of Schedule 1 to this Act; and this subsection shall have effect notwithstanding any express term of the agreement.

(2) The court may, on the application of either party made within the relevant period, order that there shall be implied in the agreement terms concerning the matters mentioned in Part 2 of Schedule 1 to this Act.

(3) The court may, on the application of either party made within the relevant period, make an order—

(a) varying or deleting any express term of the agreement;

(b) in the case of any express term to which section 1(6) above applies, provide for the term to have full effect or to have such effect subject to any variation specified in the order.

(3A) In subsections (2) and (3) above "the relevant period" means the period beginning with the date on which the agreement is made and ending—

(a) six months after that date, or

(b) where a written statement relating to the agreement is given to the occupier after that date (whether or not in compliance with an order under section 1(6) above), six months after the date on which the statement is given;

and section 1(8) above applies for the purposes of this subsection as it applies for the purposes of section 1.

(4) On an application under this section, the court shall make such provision as the court considers just and equitable in the circumstances.

(5) The supplementary provisions in Part 3 of Schedule 1 to this Act have effect for the purposes of paragraphs 8 and 9 of Part 1 of that Schedule.

2A. Power to amend implied terms

(1) The appropriate national authority may by order make such amendments of Part 1 or 2 of Schedule 1 to this Act as the authority considers appropriate.

(2) An order under this section—

(a) shall be made by statutory instrument;

(b) may make different provision with respect to different cases or descriptions of case, including different provisions for different areas;

(c) may contain such incidental, supplementary, consequential, transitional or saving provisions as the authority making the order considers appropriate.

(3) Without prejudice to the generality of subsections (1) and (2), an order under this section may—

(a) make provision for or in connection with the determination by the court of such questions, or the making by the court of such orders, as are specified in the order;

(b) make such amendments of any provision of this Act as the authority making the order considers appropriate in consequence of any amendment made by the order in Part 1 or 2 of Schedule 1.

(4) The first order made under this section in relation to England or Wales respectively may provide for all or any of its provisions to apply in relation to agreements to which this Act applies that were made at any time before the day on which the order comes into force (as well as in relation to such agreements made on or after that day).

(5) No order may be made by the appropriate national authority under this section unless the authority has consulted—

(a) such organisations as appear to it to be representative of interest substantially affected by the order; and

(b) such other persons as it considers appropriate.

(6) No order may be made by the Secretary of State under this section unless a draft of the order has been laid before, and approved by a resolution of, each House of Parliament.

3. Successors in title

(1) An agreement to which this Act applies shall be binding on and enure for the benefit of any successor in title of the owner and any person claiming through or under the owner or any such successor.

(2) Where an agreement to which this Act applies is lawfully assigned to any person, the agreement shall enure for the benefit of and be binding on that person.

(3) Where a person entitled to the benefit of and bound by an agreement to which this Act applies dies at a time when he is occupying the mobile home as his only or main residence, the agreement shall enure for the benefit of and be binding on—

(a) any person residing with that person ("the deceased") at that time being—

(i) the widow, widower or surviving civil partner of the deceased; or

(ii) in default of a widow, widower or surviving civil partner so residing, any member of the deceased's family; or

(b) in default of any such person so residing, the person entitled to the mobile home by virtue of the deceased's will or under the law relating to intestacy but subject to subsection (4) below.

(4) An agreement to which this Act applies shall not enure for the benefit of or be binding on a person by virtue of subsection (3)(b) above in so far as—

(a) it would, but for this subsection, enable or require that person to occupy the mobile home; or

(b) it includes terms implied by virtue of paragraph 5 or 9 of Part 1 of Schedule 1 to this Act.

4. Jurisdiction of the court

The court shall have jurisdiction to determine any question arising under this Act or any agreement to which it applies, and to entertain any proceedings brought under this Act or any such agreement.

5. Interpretation

(1) In this Act, unless the context otherwise requires—

"the appropriate national authority" means—

(a) in relation to England, the Secretary of State; and

(b) in relation to Wales, the National Assembly for Wales;

"the court" means—

(a) in relation to England and Wales, the county court for the district in which the protected site is situated or, where the parties have agreed in writing to submit any

question arising under this Act or, as the case may be, any agreement to which it applies to arbitration, the arbitrator;

(b) in relation to Scotland, the sheriff having jurisdiction where the protected site is situated or, where the parties have so agreed, the arbiter;

"local authority" has the same meaning as in Part I of the Caravan Sites and Control of Development Act 1960;

"mobile home" has the same meaning as "caravan" has in that Part of that Act;

"owner", in relation to a protected site, means the person who, by virtue of an estate or interest held by him, is entitled to posse ssion of the site or would be so entitled but for the rights of any persons to station mobile homes on land forming part of the site;

"planning permission" means permission under Part III of the Town and Country Planning Act 1990 or Part III of the Town and Country Planning (Scotland) Act 1997;

"protected site" does not include any land occupied by a local authority as a caravan site providing accommodation for gipsies or, in Scotland, for persons to whom section 24(8A) of the Caravan Sites and Control of Development Act 1960 applies but, subject to that, has the same meaning as in Part I of the Caravan Sites Act 1968.

(2) In relation to an agreement to which this Act applies—

(a) any reference in this Act to the owner includes a reference to any person who is bound by and entitled to the benefit of the agreement by virtue of subsection (1) of section 3 above; and

(b) subject to subsection (4) of that section, any reference in this Act to the occupier includes a reference to any person who is entitled to the benefit of and bound by the agreement by virtue of subsection (2) or (3) of that section.

(3) A person is a member of another's family within the meaning of this Act if he is his spouse, civil partner, parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece; treating—

(a) any relationship by marriage or civil partnership as a relationship by blood, any relationship of the half blood as a relationship of the whole blood and the stepchild of any person as his child; and

(b) an illegitimate person as the legitimate child of his mother and reputed father;

or if they live together as husband and wife or as if they were civil partners.

Implied terms – Part 1 of Schedule 1 to Mobile Homes Act 1983 (as amended)

This consolidated version of Part 1, Schedule 1 of the Act is set out below and includes the amendments made to Schedule 1 by the Housing Act 2004 and the Mobile Homes Act 1983 (Amendment of Schedule 1) (England) Order 2006(1).

Implied terms are contractual terms which are implied by statute into the agreement between a resident and a site owner which permits the resident to station his or her mobile home or caravan on the site and occupy it as a residence. These terms implied by the Mobile Homes Act 1983 (the 1983 Act) constitute the minimum rights and obligations that all residents have.

Duration of agreement

1. Subject to paragraph 2 below, the right to station the mobile home on land forming part of the protected site shall subsist until the agreement is determined under paragraph 3, 4, 5 or 6 below.

Owner's estate or interest

2.

(1) If the owner's estate or interest is insufficient to enable him to grant the right for an indefinite period, the period for which the right subsists shall not extend beyond the date when the owner's estate or interest determines.

(2) If planning permission for the use of the protected site as a site for mobile homes has been granted in terms such that it will expire at the end of a specified period, the period for which the right subsists shall not extend beyond the date when the planning permission expires.

(3) If before the end of a period determined by this paragraph there is a change in circumstances which allows a longer period, account shall be taken of that change.

Termination by occupier

3. The occupier shall be entitled to terminate the agreement by notice in writing given to the owner not less than four weeks before the date on which it is to take effect.

Termination by owner

4. The owner shall be entitled to terminate the agreement forthwith, if on the application of the owner, the court—

> (a) is satisfied that the occupier has breached a term of the agreement and, after service of a notice to remedy the breach, has not complied with the notice within a reasonable time; and
>
> (b) considers it reasonable for the agreement to be terminated.

5. The owner shall be entitled to terminate the agreement forthwith if, on the application of the owner, the court—

(a) is satisfied that the occupier is not occupying the mobile home as his only or main residence; and

(b) considers it reasonable for the agreement to be terminated.

6.
(1) the owner shall be entitled to terminate the agreement forthwith if, on the application of the owner, the court is satisfied that, having regard to its condition, the mobile home—

(a) is having a detrimental effect on the amenity of the site; or

(b) the court considers it reasonable for the agreement to be terminated.

(2) Sub-paragraphs (3) and (4) below apply if, on an application under sub-paragraph (1) above—

(a) the court considers that, having regard to the present condition of the mobile home, paragraph (a) of that sub-paragraph applies to it, but

(b) it also considers that it would be reasonably practicable for particular repairs to be carried out on the mobile home that would result in sub-paragraph (1)(a) not applying to it, and

(c) the occupier indicates that he intends to carry out those repairs.

(3) In such a case the court may make an order adjourning proceedings on the application for such period specified in the order as the court considers reasonable to allow the repairs to be carried out.

The repairs must be set out in the order.

(4) If the court makes such an order, the application shall not be further proceeded with unless the court is satisfied that the specified period has expired without the repairs having been carried out.

Recovery of overpayments by occupier
7. Where the agreement is terminated as mentioned in paragraph 3, 4, 5 or 6 above, the occupier shall be entitled to recover from the owner so much of any payment made by him in pursuance of the agreement as is attributable to a period beginning after the termination.

Sale of mobile home

8.

(1) The occupier shall be entitled to sell the mobile home, and to assign the agreement, to a person approved of by the owner, whose approval shall not be unreasonably withheld.

(1A) The occupier may serve on the owner a request for the owner to approve a person for the purposes of sub-paragraph (1) above.

(1B) Where the owner receives such a request, he must, within the period of 28 days beginning with the date on which he received the request—

(a) approve the person, unless it is reasonable for him not to do so, and

(b) serve on the occupier notice of his decision whether or not to approve the person.

(1C) The owner may not give his approval subject to conditions.

(1D) If the approval is withheld, the notice under sub-paragraph (1B) above must specify the reasons for withholding it.

(1E) If the owner fails to notify the occupier as required by sub-paragraphs (1B) (and, if applicable, sub-paragraph (1D)) above, the occupier may apply to the court for an order declaring that the person is approved for the purposes of sub-paragraph (1) above; and the court may make such an order if it thinks fit.

(1F) It is for the owner—

(a) if he served a notice as mentioned in sub-paragraph (1B) (and, if applicable, sub-paragraph (1D)) and the question arises whether he served the notice within the required period of 28 days, to show that he did;

(b) if he did not give his approval and the question arises whether it was reasonable for him not to do so, to show that it was reasonable.

(1G) A request or notice under this paragraph—

(a) must be in writing, and

(b) may be served by post.

(2) Where the occupier sells the mobile home, and assigns the agreement, as mentioned in sub-paragraph (1) above, the owner shall be entitled to receive a commission on the sale at a rate not exceeding such rate as may be specified by an order made by the appropriate national authority.

(2A) Except to the extent mentioned in sub-paragraph (2) above, the owner may not require any payment to be made (whether to himself or otherwise) in connection with the sale of the mobile home, and the assignment of the agreement, as mentioned in sub-paragraph (1) above.

(3) An order under this paragraph—

> (a) shall be made by statutory instrument which (if made by the Secretary of State) shall be subject to annulment in pursuance of a resolution of either House of Parliament; and
>
> (b) may make different provision for different areas or for sales at different prices.

Note: The maximum rate is currently fixed at 10% by the Mobile Homes (Commissions) Order 1983 (S.I. 1983/748)

Gift of mobile home
9.

(1) The occupier shall be entitled to give the mobile home, and to assign the agreement, to a member of his family approved by the owner, whose approval shall not be unreasonably withheld.

(2) Sub-paragraphs (1A) to (1G) of paragraph 8 above shall apply in relation to the approval of a person for the purposes of sub-paragraph (1) above as they apply in relation to the approval of a person for the purposes of sub-paragraph (1) of that paragraph.

(3) The owner may not require any payment to be made (whether to himself or otherwise) in connection with the gift of the mobile home, and the assignment of the agreement, as mentioned in sub-paragraph (1) above.

Re-siting of mobile home
10.
(1) The owner shall be entitled to require that the occupier's right to station the mobile home is exercisable for any period in relation to another pitch forming part of the protected site ("the other pitch") if (and only if)—

> (a) on the application of the owner, the court is satisfied that the other pitch is broadly comparable to the occupier's original pitch and that it is reasonable for the mobile home to be stationed on the other pitch for that period; or
>
> (b) the owner needs to carry out essential repair or emergency works that can only be carried out if the mobile home is moved to the other pitch for that period, and the other pitch is broadly comparable to the occupier's original pitch.

(2) If the owner requires the occupier to station the mobile home on the other pitch so that he can replace, or carry out repairs to, the base on which the mobile home is stationed, he must if the occupier so requires, or the court on the application of the occupier so orders, secure that the mobile home is returned to the original pitch on the completion of the replacement or repairs.

(3) The owner shall pay all the costs and expenses incurred by the occupier in connection with his mobile home being moved to and from the other pitch.

(4) In this paragraph and in paragraph 13 below, "essential repair or emergency works" means—

(a) repairs to the base on which the mobile home is stationed;

(b) works or repairs needed to comply with any relevant legal requirements; or

(c) works or repairs in connection with restoration following flood, landslide or other natural disaster.

Quiet enjoyment of the mobile home

11. The occupier shall be entitled to quiet enjoyment of the mobile home together with the pitch during the continuance of the agreement, subject to paragraphs 10, 12, 13 and 14.

Owner's right of entry to the pitch

12. The owner may enter the pitch without prior notice between the hours of 9 a.m. and 6 p.m.—

(a) to deliver written communications, including post and notices, to the occupier; and

(b) to read any meter for gas, electricity, water, sewerage or other services supplied by the owner.

13. The owner may enter the pitch to carry out essential repair or emergency works on giving as much notice to the occupier (whether in writing or otherwise) as is reasonably practicable in the circumstances.

14. Unless the occupier has agreed otherwise, the owner may enter the pitch for a reason other than one specified in paragraph 12 or 13 only if he has given the occupier at least 14 clear days' written notice of the date, time and reason for his visit.

15. The rights conferred by paragraphs 12 to 14 above do not extend to the mobile home.

The pitch fee

16. The pitch fee can only be changed in accordance with paragraph 17, either—

(a) with the agreement of the occupier, or

(b) if the court, on the application of the owner or the occupier, considers it reasonable for the pitch fee to be changed and makes an order determining the amount of the new pitch fee.

17.

(1) The pitch fee shall be reviewed annually as at the review date.

(2) At least 28 clear days before the review date the owner shall serve on the occupier a written notice setting out his proposals in respect of the new pitch fee.

(3) If the occupier agrees to the proposed new pitch fee, it shall be payable as from the review date.

(4) If the occupier does not agree to the proposed new pitch fee—

(a) the owner may apply to the court for an order under paragraph 16(b) determining the amount of the new pitch fee;

(b) the occupier shall continue to pay the current pitch fee to the owner until such time as the new pitch fee is agreed by the occupier or an order determining the amount of the new pitch fee is made by the court under paragraph 16(b); and

(c) the new pitch fee shall be payable as from the review date but the occupier shall not be treated as being in arrears until the 28th day after the date on which the new pitch fee is agreed or, as the case may be, the 28th day after the date of the court order determining the amount of the new pitch fee.

(5) An application under sub-paragraph (4)(a) may be made at any time after the end of the period of 28 days beginning with the review date.

(6) Sub-paragraphs (7) to (10) apply if the owner—

(a) has not served the notice required by sub-paragraph (2) by the time by which it was required to be served, but

(b) at any time thereafter serves on the occupier a written notice setting out his proposals in respect of a new pitch fee.

(7) If (at any time) the occupier agrees to the proposed pitch fee, it shall be payable as from the 28th day after the date on which the owner serves the notice under sub-paragraph (6)(b).

(8) If the occupier has not agreed to the proposed pitch fee—

(a) the owner may apply to the court for an order under paragraph 16(b) determining the amount of the new pitch fee;

(b) the occupier shall continue to pay the current pitch fee to the owner until such time as the new pitch fee is agreed by the occupier or an order determining the amount of the new pitch fee is made by the court under paragraph 16(b); and

(c) if the court makes such an order, the new pitch fee shall be payable as from the 28th day after the date on which the owner serves the notice under sub-paragraph (6)(b).

(9) An application under sub-paragraph (8) may be made at any time after the end of the period of 56 days beginning with the date on which the owner serves the notice under subparagraph (6)(b).

(10) The occupier shall not be treated as being in arrears—

(a) where sub-paragraph (7) applies, until the 28th day after the date on which the new pitch fee is agreed; or

(b) where sub-paragraph (8)(b) applies, until the 28th day after the date on which the new pitch fee is agreed or, as the case may be, the 28th day after the date of the court order determining the amount of the new pitch fee.

18.
(1) When determining the amount of the new pitch fee particular regard shall be had to—

(a) any sums expended by the owner since the last review date on improvements—

(i) which are for the benefit of the occupiers of mobile homes on the protected site;

(ii) which were the subject of consultation in accordance with paragraph 22(e) and (f) below; and

(iii) to which a majority of the occupiers have not disagreed in writing or which, in the case of such disagreement, the court, on the application of the owner, has ordered should be taken into account when determining the amount of the new pitch fee;

(b) any decrease in the amenity of the protected site since the last review date; and

(c) the effect of any enactment, other than an order made under paragraph 8(2) above, which has come into force since the last review date.

(2) When calculating what constitutes a majority of the occupiers for the purposes of subparagraph (1)(a)(iii) each mobile home is to be taken to have only one occupier and, in the event of there being more than one occupier of a mobile home, its occupier is to be taken to be the occupier whose name first appears on the agreement.

(3) In a case where the pitch fee has not been previously reviewed, references in this paragraph to the last review date are to be read as references to the date when the agreement commenced.

19. When determining the amount of the new pitch fee, any costs incurred by the owner in connection with expanding the protected site shall not be taken into account.

20.
(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 since the last review date, unless this would be unreasonable having regard to paragraph 18(1) above.

(2) Paragraph 18(3) above applies for the purposes of this paragraph as it applies for the purposes of paragraph 18.

Occupier's obligations
21. The occupier shall—

(a) pay the pitch fee to the owner;

(b) pay to the owner all sums due under the agreement in respect of gas, electricity, water, sewerage or other services supplied by the owner;

(c) keep the mobile home in a sound state of repair;

(d) maintain—

(i) the outside of the mobile home, and

(ii) the pitch, including all fences and outbuildings belonging to, or enjoyed with, it and the mobile home, in a clean and tidy condition; and

(e) if requested by the owner, provide him with documentary evidence of any costs or expenses in respect of which the occupier seeks reimbursement.

Owner's obligations

22. The owner shall—

(a) if requested by the occupier, and on payment by the occupier of a charge of not more than £30, provide accurate written details of—

(i) the size of the pitch and the base on which the mobile home is stationed; and

(ii) the location of the pitch and the base within the protected site;

and such details must include measurements between identifiable fixed points on the protected site and the pitch and the base;

(b) if requested by the occupier, provide (free of charge) documentary evidence in support and explanation of—

(i) any new pitch fee;

(ii) any charges for gas, electricity, water, sewerage or other services payable by the occupier to the owner under the agreement; and

(iii) any other charges, costs or expenses payable by the occupier to the owner under the agreement;

(c) be responsible for repairing the base on which the mobile home is stationed and for maintaining any gas, electricity, water, sewerage or other services supplied by the owner to the pitch or to the mobile home;

(d) maintain in a clean and tidy condition those parts of the protected site, including access ways, site boundary fences and trees, which are not the responsibility of any occupier of a mobile home stationed on the protected site;

(e) consult the occupier about improvements to the protected site in general, and in particular about those which the owner wishes to be taken into account when determining the amount of any new pitch fee; and

(f) consult a qualifying residents' association, if there is one, about all matters which relate to the operation and management of, or improvements to, the protected site and may affect the occupiers either directly or indirectly.

23. The owner shall not do or cause to be done anything which may adversely affect the ability of the occupier to perform his obligations under paragraph 21(c) and (d) above.

24. For the purposes of paragraph 22(e) above, to "consult" the occupier means—

(a) to give the occupier at least 28 clear days' notice in writing of the proposed improvements which—

(i) describes the proposed improvements and how they will benefit the occupier in the long and short term;

(ii) details how the pitch fee may be affected when it is next reviewed; and

(iii) states when and where the occupier can make representations about the proposed improvements; and

(b) to take into account any representations made by the occupier about the proposed improvements, in accordance with paragraph (a)(iii), before undertaking them.

25. For the purposes of paragraph 22(f) above, to "consult" a qualifying residents' association means—

(a) to give the association at least 28 clear days' notice in writing of the matters referred to in paragraph 22(f) which—

(i) describes the matters and how they may affect the occupiers either directly or indirectly in the long and short term; and

(ii) states when and where the association can make representations about the matters; and

(b) to take into account any representations made by the association, in accordance with paragraph (a)(ii), before proceeding with the matters.

Owner's name and address

26.

(1) The owner shall by notice inform the occupier and any qualifying residents' association of the address in England or Wales at which notices (including notices of proceedings) may be served on him by the occupier or a qualifying residents' association.

(2) If the owner fails to comply with sub-paragraph (1), then (subject to sub-paragraph (5) below) any amount otherwise due from the occupier to the owner in respect of the pitch fee shall be treated for all purposes as not being due from the occupier to the owner at any time before the owner does so comply.

(3) Where in accordance with the agreement the owner gives any written notice to the occupier or (as the case may be) a qualifying residents' association, the notice must contain the following information—

(a) the name and address of the owner; and

(b) if that address is not in England or Wales, an address in England or Wales at which notices (including notices of proceedings) may be served on the owner.

(4) Subject to sub-paragraph (5) below, where—

(a) the occupier or a qualifying residents' association receives such a notice, but

(b) it does not contain the information required to be contained in it by virtue of subparagraph (3) above,

the notice shall be treated as not having been given until such time as the owner gives the information to the occupier or (as the case may be) the association in respect of the notice.

(5) An amount or notice within sub-paragraph (2) or (4) (as the case may be) shall not be treated as mentioned in relation to any time when, by virtue of an order of any court or tribunal, there is in force an appointment of a receiver or manager whose functions include receiving from the occupier the pitch fee, payments for services supplied or other charges.

(6) Nothing in sub-paragraphs (3) to (5) applies to any notice containing a demand to which paragraph 27(1) below applies.

27.
(1) Where the owner makes any demand for payment by the occupier of the pitch fee, or in respect of services supplied or other charges, the demand must contain—

(a) the name and address of the owner; and

(b) if that address is not in England or Wales, an address in England or Wales at which notices (including notices of proceedings) may be served on the owner.

(2) Subject to sub-paragraph (3) below, where—

(a) the occupier receives such a demand, but

(b) it does not contain the information required to be contained in it by virtue of subparagraph (1),

the amount demanded shall be treated for all purposes as not being due from the occupier to the owner at any time before the owner gives that information to the occupier in respect of the demand.

(3) The amount demanded shall not be so treated in relation to any time when, by virtue of an order of any court or tribunal, there is in force an appointment of a receiver or manager whose functions include receiving from the occupier the pitch fee, payments for services supplied or other charges.

Qualifying residents' association
28.
(1) A residents' association is a qualifying residents' association in relation to a protected site if—

(a) it is an association representing the occupiers of mobile homes on that site;

(b) at least 50 per cent of the occupiers of the mobile homes on that site are members of the association;

(c) it is independent from the owner, who together with any agent or employee of his is excluded from membership;

(d) subject to paragraph(c) above, membership is open to all occupiers who own a mobile home on that site;

(e) it maintains a list of members which is open to public inspection together with the rules and constitution of the residents' association;

(f) it has a chairman, secretary and treasurer who are elected by and from among the members;

(g) with the exception of administrative decisions taken by the chairman, secretary and treasurer acting in their official capacities, decisions are taken by voting and there is only one vote for each mobile home; and

(h) the owner has acknowledged in writing to the secretary that the association is a qualifying residents' association, or, in default of this, the court has so ordered.

(2) When calculating the percentage of occupiers for the purpose of sub-paragraph (1)(b) above, each mobile home shall be taken to have only one occupier and, in the event of there being more than one occupier of a mobile home, its occupier is to be taken to be the occupier whose name first appears on the agreement.

Interpretation
29. In this Schedule—
"pitch" means the land, forming part of the protected site and including any garden area, on which the occupier is entitled to station the mobile home under the terms of the agreement;

"pitch fee" means the amount which the occupier is required by the agreement to pay to the owner for the right to station the mobile home on the pitch and for use of the common areas of the protected site and their maintenance, but does not include amounts due in respect of gas, electricity, water and sewerage or other services, unless the agreement expressly provides that the pitch fee includes such amounts;

"retail prices index" means the general index (for all items) published by the Office for National Statistics or, if that index is not published for a relevant month, any substituted index or index figures published by that Office;

"review date" means the date specified in the written statement as the date on which the pitch fee will be reviewed in each year, or if no such date is specified, each anniversary of the date the agreement commenced; and

"written statement" means the written statement that the owner of the protected site is required to give to the occupier by section 1(2) of this Act."

Part 2 – Matters concerning which terms may be implied by court

1
Deleted

2
The sums payable by the occupier in pursuance of the agreement and the times at which they are to be paid.

3
The review at yearly intervals of the sums so payable.

4
The provision or improvement of services available on the protected site, and the use by the occupier of such services.

5
The preservation of the amenity of the protected site.

6
Deleted

7
Deleted

Part 3 – Supplementary Provisions

Duty to forward requests under paragraph 8 or 9 of Part 1

1.

(1) This paragraph applies to—

(a) a request by the occupier for the owner to approve a person for the purposes of paragraph 8(1) of Part 1 above (see paragraph 8(1A)), or

(b) a request by the occupier for the owner to approve a person for the purposes of paragraph 9(1) of Part 1 above (see paragraph 8(1A) as applied by paragraph 9(2)).

(2) If a person ("the recipient") receives such a request and he—

(a) though not the owner, has an estate or interest in the protected site, and

(b) believes that another person is the owner (and that the other person has not received such a request),

the recipient owes a duty to the occupier to take such steps as are reasonable to secure that the other person receives the request within the period of 28 days beginning with the date on which the recipient receives it.

(3) In paragraph 8(1B) of Part 1 of this Schedule above (as it applies to any request within sub-paragraph (1) above) any reference to the owner receiving such a request includes a reference to his receiving it in accordance with sub-paragraph (2) above.

Action for breach of duty under paragraph 1

2.

(1) A claim that a person has broken the duty under paragraph 1(2) above may be made the subject of civil proceedings in like manner as any other claim in tort for breach of statutory duty.

(2) The right conferred by sub-paragraph (1) is in addition to any right to bring proceedings, in respect of a breach of any implied term having effect by virtue of paragraph 8 or 9 of Part1 above, against a person bound by that term.

Annex C

Impact assessment

Summary: Intervention & Options		
Department /Agency: **Communities and Local Government**	**Title:** **Impact Assessment of improvements to security of tenure on local authority Gypsy and Traveller sites**	
Stage: Consultation	**Version:** One	**Date:** 1 July 2008
Related Publications: Implementing the Mobile Homes Act 1983 on local authority Gypsy and Traveller sites: A consultation paper		

Available to view or download at:
http://www.communities.gov.uk

Contact for enquiries: Philip Davies **Telephone:** 020 7944 8769

What is the problem under consideration? Why is government intervention necessary?
The European Court of Human Rights (ECtHR) ruled in 2004 in the case of Connors v United Kingdom that the lack of procedural safeguards to the eviction of Gypsies and Travellers from local authority (LA) sites breached article 8 of the European Convention on Human Rights (the right to respect for a person's private, family and home life).

What are the policy objectives and the intended effects?
To provide the same procedural safeguards, and other rights and responsibilities, to Gypsies and Travellers on LA sites as Gypsies and Travellers on private sites, and occupants of other types of residential caravan sites, such as park home sites. Following a series of stakeholder events where concerns were raised about a particular aspect of Option B, we are seeking views on two further options – C and D.

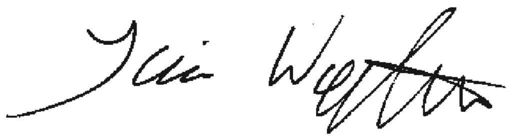
What policy options have been considered? Please justify any preferred option.
A. Do nothing.
B. Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites. All the provisions of the 1983 Act would apply to these sites.
C. Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites, but do not apply the right of assignment to these sites.
D. Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites, but impose additional requirements on assignment on these sites.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?
Three years from implementation.

Ministerial Sign-off For Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



Date: 28 August 2008

Summary: Analysis & Evidence

Policy Option: A **Description:** Do nothing

COSTS

ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups'
One-off (Transition)	**Yrs**	No monetised costs identified
£ –		
Average Annual Cost (excluding one-off)		
£ –		**Total Cost** (PV) £ –

Other **key non-monetised costs** by 'main affected groups'
Gypsies and Travellers, LAs, courts, Government: perpetuation of problem and inevitable increase in challenges to possession actions and associated costs.

BENEFITS

ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups'
One-off	**Yrs**	No monetised benefits identified
£ –		
Average Annual Benefit (excluding one-off)		
£ –		**Total Benefit** (PV) £ –

Other **key non-monetised benefits** by 'main affected groups'

Key Assumptions/Sensitivities/Risks

Price Base Year	Time Period Years	Net Benefit Range (NPV)	NET BENEFIT (NPV Best estimate)
		£ –	£ –

What is the geographic coverage of the policy/option?		England and Wales	
On what date will the policy be implemented?		Current situation	
Which organisation(s) will enforce the policy?			
What is the total annual cost of enforcement for these organisations?		£	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		No	
What is the value of the proposed offsetting measure per year?		£	
What is the value of changes in greenhouse gas emissions?		£	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase – Decrease)
Increase of £	Decrease of £	**Net Impact £**

Key:	**Annual costs and benefits: Constant Prices**	**(Net) Present Value**

Summary: Analysis & Evidence

Policy Option: B

Description: Amend Mobile Homes Act 1983 to include LA Gypsy and Traveller sites. All the provisions of the 1983 Act would apply to these sites

COSTS

ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups'	
One-off (Transition)	**Yrs**	LAs: one off – transitional arrangments (6 days of LA officer time per site); ongoing – consultation on site improvements (5.5 days of LA officer time for 50% of sites every 3 years); dealing with matters arising under the 1983 Act (10 days of LA officer time for 24 cases per year). G&T: ongoing – payment of commission.	
£ 180,880	1		
Average Annual Cost (excluding one-off)			
£ 122,289		**Total Cost** (PV)	**£ 1,233,505**

Other **key non-monetised costs** by 'main affected groups'
LAs and courts: applications to terminate agreements.

BENEFITS

ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups'	
One-off	**Yrs**	LAs: ongoing – commision on assignment	
£ –			
Average Annual Benefit (excluding one-off)			
£ 70,500		**Total Benefit** (PV)	**£ 606,842**

Other **key non-monetised benefits** by 'main affected groups'
Gypsies and Travellers: improved rights and responsibilities on LA sites. LAs and the courts: reduction in challenges to possession actions on grounds of breach of Convention rights.

Key Assumptions/Sensitivities/Risks
Net Present Value has been calculated over a period of 10 years and discount rate of 3.5%

Price Base Year	**Time Period Years**	**Net Benefit Range** (NPV)	**NET BENEFIT** (NPV Best estimate)
		£ –	**£ –626,663**

What is the geographic coverage of the policy/option?			England and Wales	
On what date will the policy be implemented?			2008/09	
Which organisation(s) will enforce the policy?			The courts	
What is the total annual cost of enforcement for these organisations?			£ see evidence	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			No	
What is the value of the proposed offsetting measure per year?			£	
What is the value of changes in greenhouse gas emissions?			£	
Will the proposal have a significant impact on competition?			Yes/No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase – Decrease)
Increase of £	Decrease of £	**Net Impact £**

Key:	**Annual costs and benefits: Constant Prices**	**(Net) Present Value**

Summary: Analysis & Evidence

Policy Option: C

Description: Amend Mobile Homes Act 1983 to include LA Gypsy and Traveller sites but do not apply the right of assignment

COSTS

ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups'	
One-off (Transition)	**Yrs**	LAs: one off – transitional arrangments (6 days of LA officer time per site); ongoing – consultation on site improvements (5.5 days of LA officer time for 50% of sites every 3 years); dealing with matters arising under the 1983 Act (10 days of LA officer time for 24 cases per year).	
£ 180,880	1		
Average Annual Cost (excluding one-off)			
£ 51,789		**Total Cost** (PV)	**£ 626,663**

Other **key non-monetised costs** by 'main affected groups'
LAs and courts: applications to terminate agreements.

BENEFITS

ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups'	
One-off	**Yrs**		
£ –			
Average Annual Benefit (excluding one-off)			
£ –		**Total Benefit** (PV)	**£ –**

Other **key non-monetised benefits** by 'main affected groups'
Gypsies and Travellers: improved rights and responsibilities on LA sites. LAs and the courts: reduction in challenges to possession actions on grounds of breach of Convention rights.

Key Assumptions/Sensitivities/Risks
Net present value has been calculated over a period of 10 years and a discount rate of 3.5%.

Price Base Year	**Time Period Years**	**Net Benefit Range** (NPV)	**NET BENEFIT** (NPV Best estimate)
		£ –	**£ –626,663**

What is the geographic coverage of the policy/option?			England and Wales	
On what date will the policy be implemented?			2008/09	
Which organisation(s) will enforce the policy?				
What is the total annual cost of enforcement for these organisations?			£ The courts	
Does enforcement comply with Hampton principles?			Yes/No	
Will implementation go beyond minimum EU requirements?			Yes/No	
What is the value of the proposed offsetting measure per year?			£	
What is the value of changes in greenhouse gas emissions?			£	
Will the proposal have a significant impact on competition?			Yes/No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase – Decrease)
Increase of £	Decrease of £	**Net Impact £**

Key:	**Annual costs and benefits: Constant Prices**	**(Net) Present Value**

Summary: Analysis & Evidence

Policy Option: D

Description: Amending the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites but with additional requirements on assignment

COSTS

ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups'	
One-off (Transition)	**Yrs**	LAs: one-off – transitional arrangments, 6 days of LA officer time per site; ongoing – consultation on site improvements, 5.5 days of LA officer time for 50% of sites every 3 years; dealing with matters arising under the 1983 Act, 10 days of LA officer time for 24 cases per year. G&T: ongoing – payment of commission.	
£ 180,880	1		
Average Annual Cost (excluding one-off)			
£ 87,789		**Total Cost** (PV)	**£ 936,540**

Other **key non-monetised costs** by 'main affected groups'
LAs and courts: applications to terminate agreements.

BENEFITS

ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups'	
One-off	**Yrs**	LAs:ongoing – commission from assignment.	
£ –			
Average Annual Benefit (excluding one-off)			
£ 36,000		**Total Benefit** (PV)	**£ 309,877**

Other **key non-monetised benefits** by 'main affected groups'
Gypsies and Travellers: improved rights and responsibilities on LA sites. LAs and the courts: reduction in challenges to possession actions on grounds of breach of Convention rights.

Key Assumptions/Sensitivities/Risks
Net present value has been calculated over a period of 10 years and a discount rate of 3.5%.

Price Base Year	**Time Period Years**	**Net Benefit Range** (NPV) **£ –**	**NET BENEFIT** (NPV Best estimate) **£ -626,663**

What is the geographic coverage of the policy/option?			England and Wales	
On what date will the policy be implemented?			2008/09	
Which organisation(s) will enforce the policy?				
What is the total annual cost of enforcement for these organisations?			£ The courts	
Does enforcement comply with Hampton principles?			Yes/No	
Will implementation go beyond minimum EU requirements?			Yes/No	
What is the value of the proposed offsetting measure per year?			£	
What is the value of changes in greenhouse gas emissions?			£	
Will the proposal have a significant impact on competition?			Yes/No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase – Decrease)
Increase of £	Decrease of £	**Net Impact £**

Key:	**Annual costs and benefits: Constant Prices**	**(Net) Present Value**

Evidence Base (for summary sheets)

Introduction

1. The rights and responsibilities of Gypsies and Travellers on local authority (LA) sites are currently covered by the Caravan Sites Act 1968. This provides limited protection from eviction and harassment. In particular, in order to evict a resident a LA need only give a minimum of 28 days notice to terminate the licence and obtain a court order for possession. The caravan counts undertaken in England and Wales in January 2007 show that there were 304 LA sites across England and Wales, providing 5,270 pitches and accommodating 7,113 caravans.

2. The European Court of Human Rights (ECtHR) ruled in 2004 in the case of *Connors v United Kingdom* that this lack of procedural safeguard to eviction breached article 8 of the European Convention on Human Rights (the right to respect for a person's private, family and home life).

3. The Housing Act 2004 provided additional protection, enabling the court to suspend the enforcement of a possession order against a Gypsy or Traveller on a LA site for up to 12 months.

4. The Housing and Regeneration Act 2008 includes a provision to amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites, which will be brought into force by secondary legislation. The 1983 Act provides further protection to Gypsies and Travellers on private sites, and occupants on other types of residential caravan sites, such as park home sites. It places certain requirements on site owners and residents, and gives the courts jurisdiction to determine questions and entertain proceedings under it. There are a number of options available in terms of implementing the 1983 Act on LA Gypsy and Traveller sites.

5. **Option A: Do nothing** ie do not bring the clause into force. This will further perpetuate current problems and inevitably lead to an increase in challenges by Gypsies and Travellers to possession action taken against them by LAs on the grounds that their Convention rights are being breached, and the costs associated with these actions. The Government would come under increasing pressure, including from the Joint Committee on Human Rights and European Commission, to take action.

6. **Option B: Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites. All the provisions of the 1983 Act would apply to these sites.** This may have costs and benefits for Gypsies and Travellers, LAs, and the courts.

7. Gypsies and Travellers on LA sites will benefit from:

   - the requirement for a LA to apply to the court and prove grounds and reasonableness to terminate their agreement to occupy the pitch;
   - the right for a member of a resident's family living with them to succeed their agreement if they die;
   - the ability to sell or gift their caravan, and assign their agreement (although see options C and D);
   - the requirement for a LA to provide certain information on request;
   - the requirement for a LA to make certain repairs to the pitch and maintain the common areas of the site;
   - the requirement for a LA to consult on improvements;
   - the ability for the court to consider various matters arising under the 1983 Act.

8. Costs may arise to Gypsies and Travellers on LA sites as a result of the requirement to pay up to 10% commission if they sell their caravan and assign their agreement (although see options C and D).

9. Costs may arise to LAs from the requirements to:

   - provide a written statement of the terms of the agreement under which a caravan is stationed on a pitch;
   - apply to the court if they wish to terminate the agreement and prove grounds and reasonableness;
   - consider requests from residents for approval of a person to whom they wish to sell or gift their caravan and assign their agreement (although see options C and D);
   - provide certain information if requested by the resident, for example on the pitch and fees or other charges;
   - repair and maintain parts of the pitch and common areas;
   - consult on improvements to the site; and
   - review the pitch fee annually – changes are subject to certain requirements.

   In many cases these requirements should not result in additional costs arising to LAs as they will already be following them or have procedures in place to deal with them.

10. Costs may also arise to both LAs and the courts from the courts dealing with matters arising under the 1983 Act for LA Gypsy and Traveller sites as well as the other types of site already covered by the Act.

11. LAs will benefit from the requirement on residents on their sites to pay up to 10% commission if they sell their caravan and assign their agreement (although see options C and D).

12. Options C and D vary in the approach to assignment applied to LA Gypsy and Traveller sites. As set out in paragraph 7 above, the Mobile Homes Act 1983 enables a resident that either sells their caravan, or gives it to a family member, to pass on (or assign) the agreement to live in the caravan on the pitch to the person that buys it or it is given to, providing the site owner approves of that person. Where the caravan is sold, the site owner can claim a commission up to a maximum fixed by law. This maximum is currently set at 10% of the sale price by the Mobile Homes (Commissions) Order 1983 (SI 1983 No 748). Amending the 1983 Act to include LA Gypsy and Traveller sites will ensure that residents living in similar accommodation have the same rights and responsibilities. However, at the consultation events we held, stakeholders raised concerns about the impact that assignment may have on LA Gypsy and Traveller sites. We are therefore seeking views on two further options.

13. **Option C: Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites but do not apply the right of assignment**. Gypsies and Travellers will not benefit from being able to sell or gift their caravan and assign their agreement, or have the cost of paying the commission (up to 10% of the value of the sale) on assignment. Local authorities will not benefit from receiving the commission payable by site residents on assignment.

14. **Option D: Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites but with additional requirements on assignment.** We estimate that Gypsies and Travellers will benefit from being able to sell or gift their caravan and assign their agreement in around half the cases per year estimated in option B, as LAs would have to assess the accommodation needs of other Gypsies and Travellers in their area in making a decision. But they will also only have the cost of paying half the commission estimated in option B. Likewise, LAs will only benefit from receiving half the commission estimated in option B.

15. These potential costs and benefits are considered in further detail below.

Costs and benefits of each option

Option A – Do nothing

16. There are no benefits arising from Option A. However, doing nothing will perpetuate the problem, and would inevitably lead to an increase in challenges to possession actions against Gypsies and Travellers on local authority sites. This would have costs for Gypsies and Travellers, local authorities, the courts and the Government.

Option B – Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites. All its provisions will apply to these sites

Annual costs

ONE-OFF COSTS (TRANSITION)
To LAs

Arrangements for applying the Mobile Homes Act 1983 to existing residents of LA sites.

17. Under the Mobile Homes Act 1983 an agreement to station a caravan on a site will include certain terms implied by that Act, and any additional express terms. Site owners are required to provide a written statement including these terms and details specific to the agreement such as the parties to it, date, and particulars of the pitch. The form of the statement and implied terms are set out in regulations and authorities will need to add express terms and the details specific to the agreement.

18. Gypsies and Travellers on LA sites will currently have licences under the Caravan Sites Act 1968 which set out the terms under which they occupy their pitch. There will be terms in current licences which are not covered by the implied terms of agreements under the 1983 Act, and which LAs will want to include as express terms, for example relating to behaviour on site or short term absence from the site.

19. Two options for moving from a position where existing residents of LA Gypsy and Traveller site have licences under the Caravan Sites Act 1968 to agreements under the 1983 Act are set out in Part 2 of "Applying the Mobile Homes Act 1983 to local authority Gypsy and Traveller sites; a consultation paper." One of these options would require additional work by LAs. It would require LAs to make agreements with existing residents that include the implied terms of the 1983 Act, terms of current licences that do not conflict with them as express terms, and the details specific to the agreement, which in some cases may need to be gathered. This is the Government's preferred option and we provide here an estimate of the cost for LAs of implementing this option. We are establishing a working group of local authority officials and residents on their Gypsy and Traveller sites to prepare a model agreement, which may reduce the cost of this option.

20. In calculating annual costs for local authorities we have assumed that:

- there will be one agreement per pitch;
- there are currently 304 local authority Gypsy and Traveller sites in England and Wales (285 in England and 19 in Wales);

- There are 260 working days per year;
- average annual salaries of local authority employees dealing with Gypsy and Traveller site management are as follows:
- LA officer – £25,000. One day's work = £96
- LA administrative support officer – £20,000. One day's work = £77
- LA Lawyer – £30,000. One day's work = £115
- all existing licences for the same site will contain the same terms. Many LAs will own more than one site, and terms may be the same across all their sites;
- it could take 2 days for an LA officer dealing with Gypsy and Traveller site management issues to prepare an agreement for a site: £96 per day, 2 days, 304 sites = £58,368
- It could take 2 days for an LA lawyer to prepare an agreement for a site: £115 per day, 2 days, 304 sites = £69,920
- It could take 1 day of an LA officer's time to gather the pitch details required for the agreement for each site: £96 per day, 304 sites = £29,184;
- it could take 1 day of an LA Administrative Officer's time to insert the specific details for each pitch into the agreements for a site and distribute them to residents. £77 per day, 304 sites = £23,408.

We therefore estimate that the cost to LAs of arrangements for applying the 1983 Act to existing residents, the one-off cost (transition) will be around £180,880.

AVERAGE ANNUAL COST (EXCLUDING ONE–OFF) To LAs

Agreements for new residents

21. Under the 1983 Act, LAs will be required to make agreements with new residents and provide a written statement of the terms 28 days before hand, as set out in paragraph 17 above. As explained in paragraph 20 above, the express terms of agreements for the same site are likely to be the same.

22. LAs already provide new residents of their sites with a licence under the Caravan Sites Act 1968 which will cover its terms and details specific to the licence. **This requirement should not therefore impose any additional costs on LAs.**

Sale or gift of caravan and assignment of agreement

23. Under the 1983 Act residents will be able to sell or gift their caravan, and assign their agreement to occupy the pitch, with the approval of the LA for the person to whom they wish to sell or gift and assign. LAs will need to respond to requests for approval within 28 days.

24. For park homes, to which the 1983 Act already applies, the re-assignment rate has been estimated at around 6% per year *(Economics of the Park Home Industry, ODPM, 2002)*. However, current practice suggests that Gypsies and Travellers will be more likely to move their caravan/s to a different site, rather than sell or gift their caravan/s, assign their agreement to occupy the pitch, and buy or rent another caravan/s on a different site.

25. LAs will already be assessing applications for vacant pitches as they arise on sites, for example through seeking references, and should therefore have procedures in place to deal with the approval of a person to whom a current resident may wish to sell or gift their caravan and assign their agreement. Given the current practice mentioned in paragraph 24, the ability to sell or gift their caravan and assign the agreement is more likely to be another option available to those Gypsies and Travellers who may be seeking to move, rather than a stimulus encouraging more Gypsies and Travellers to move. **This requirement should not therefore impose any additional costs on LAs.**

Provision of information

26. Under the 1983 Act, if requested by a resident, a LA will need to provide details about the pitch and base, including its size and location within the site. However, LAs will be able to charge up to £30 for these details. **This requirement should not therefore impose any additional costs on LAs**.

27. If requested by a resident, a LA must provide evidence in support or explanation of a new pitch fee, and charges for services or other costs or expenses payable under the agreement, free of charge. LAs will already be required by the 1983 Act to set out proposals for any change to pitch fees prior to the review date (see paragraph 33). Evidence such as bills, invoices or other documentation, should be readily available in relation to changes to pitch fees and charges for services. **Any costs associated with this requirement should therefore be nominal**.

28. LAs must inform residents, and any qualifying residents' association, of an address in England and Wales at which notices can be served on them. However, the regulations covering the form of the written statement will require an address for the LA to be included in the statement provided to residents, and so **this requirement should not therefore impose any additional costs on LAs above those estimated for the provision of these statements.**

Repairs and maintenance

29. Under the 1983 Act LAs will be responsible for making certain repairs to pitches, and maintaining any services supplied by them to it, for example, utilities, and will also be required to maintain the common areas of the site. LAs are already responsible for repairs and maintenance on their sites, and this should be covered by pitch fees. However, we are aware that the way that housing benefit is paid to county council sites may mean that this is not the case on all sites, and this is considered further in paragraph 38. Where repairs are more substantial, they may be included in bids for refurbishment work under the Gypsy and Traveller Site Grant provided by Communities and Local Government, or the Gypsy and Traveller Site Refurbishment Grant provided by the Welsh Assembly Government. £97 million has been made available for the Grant in England between 2008-11, and £3 million in Wales between 2007-10.

Consultation

30. Under the 1983 Act LAs will be required to consult residents about improvements to the site, and any qualifying residents association about matters relating to the operation and management of the site.

31. LAs should already be consulting residents of their sites about improvements and operation and management as a matter of good practice. LAs applying for the Gypsy and Traveller Site Grant in England or the Gypsy and Traveller Site Refurbishment Grant in Wales, to assist them in making improvements to their sites, are required to provide evidence of consultation with residents as part of their application. However, not all LAs will necessarily apply for grant to assist them with making improvements and since this will be a requirement we have estimated the cost of the process outlined in the 1983 Act.

32. We have assumed that:

- LAs will not apply for grant for improvements to 50% of sites (152);
- improvements might be made to these sites on average once every 3 years (51 improvement schemes per year);
- it could take an average of 5 days of an LA officer's time to prepare a letter to residents explaining the proposals for improvement and consider their responses. £96 per day, for five days = £480;
- it could take half a day of an LA administrative support officer's time to distribute the letter: £77 per day for half a day = £39

This could therefore lead to costs for LAs of £26,469 per year (£519 x 51).

Rent reviews and pitch fee changes

33. Under the 1983 Act LAs will need to review the pitch fee annually and provide written details of proposals for any changes 28 days before the review date. The majority of LAs are likely to review their rent periodically and will need to inform residents of any changes, **and so this requirement should not impose any additional costs on LAs.**

34. A pitch fee can be changed if the resident agrees, or if the site owner or resident applies to the court, and the court considers it reasonable. The potential cost of this requirement for the courts and LAs is considered in paragraphs 46 – 50 below.

35. In determining the amount of a new pitch fee, the 1983 Act requires particular regard to be had to sums spent on improvements to (but not expansion of) to the site, any decrease in the amenity of a site; and the effect of any enactment that has come into force since the last review.

36. The 1983 Act also contains a presumption that the pitch fee will only increase or decrease by a percentage no more than any percentage increase or decrease in the RPI since the last review date, unless this would be unreasonable having regard to factors such as any sums spent on improvements since the last review.

37. Communities and Local Government is currently working with the Department for Work and Pensions to consider how an anomaly in the way housing benefit is paid between county council and other types of local authority site might best be resolved. Currently, housing benefit payments for local housing authority sites are made through a rent rebate, and for county council sites through a rent allowance. This means county council rents are referred to the local Rent Officer for a determination of whether they are reasonable, which may be determined by comparison to the local reference rent, which may not take account of the costs of managing Gypsy and Traveller sites. This means that currently some county council sites may not be covering their operating costs.

38. The Government would not want county councils to be unable to benefit from the resolution of this anomaly to ensure that their pitch fees better cover the costs of operating their sites because of the presumption in the implied terms about changes to pitch fees and the RPI. We therefore propose to delay applying provision in the 1983 Act that makes the presumption about pitch fee changes and RPI to Gypsy and Traveller sites owned by county councils until after DWP has made the changes necessary to resolve this anomaly. **The presumption about RPI and pitch fees should not therefore impose additional costs nor bring additional benefits to LAs.**

To LAs and the courts

Termination of agreements

39. To terminate an agreement under the 1983 Act, a LA will need to apply to the court and satisfy it that one of the grounds set out in the Act is met, and that it is reasonable to terminate the agreement.

40. Currently, under the Caravan Site Act 1968, LAs need only give 28 days notice to terminate the agreement, and seek a possession order from the court if the resident does not leave. So the requirement to prove grounds and reasonableness may give rise to additional costs for both LAs and the courts.

41. However, in practice it is unlikely to be as straightforward as the 1968 Act suggests, to get a possession order, because:

    - many Gypsies and Travellers are likely to challenge possession actions against them on the grounds that their Convention rights are being breached, and seek a declaration of incompatibility between the legislation and the Convention, which will involve additional work and costs for LAs, the courts *and Government*. The Secretary of State will usually also intervene in these cases to try to prevent a declaration of incompatibility being made, which will involve additional work and cost for the Government;
    - some LAs may already be seeking to prevent challenge in this way by avoiding taking summary possession action, as advised in our draft site management guidance.

42. Communities and Local Government does not collect information on LA possession actions against Gypsies and Travellers on their sites. However, using information from a legal firm that specialises in Gypsy and Traveller cases, and deals with the majority of possession actions, we have estimated that 24 possession actions a year may go to court. There may be additional cases where Gypsies and Travellers have not engaged legal services.

43. Where possession action is challenged it will usually be transferred to the High Court because of the issues around Convention rights. Some cases will go on to the Court of Appeal and the House of Lords.

44. The impact of LAs being required to apply to the court and prove grounds and reasonableness in order to terminate an agreement may be that:

    - additional possession actions arise where LAs believe they can prove grounds and reasonableness against Gypsies and Travellers who may not currently seek legal

advice and leave a site when they receive notice to terminate their licence;

- fewer possession actions arise because LAs do not believe they can prove grounds and reasonableness against Gypsies and Travellers against whom they would currently not need to;
- fewer possession actions will end up in the higher courts as a result of the fact that issues around Convention rights and requests for declarations of incompatibility in this respect should not arise.

45. **Taking all these factors into consideration, we believe that overall this requirement should not therefore impose additional costs for LAs as, due to case law, there will be very few challengable actions. The Ministry of Justice has agreed that the amendment to the 1983 Act should not have a significant impact on the work of the courts and legal aid.**

Other matters considered by the courts

46. Under the 1983 Act, the courts are able to consider a number of other matters:

- applications by residents for a written statement from owners, where this has not been provided as required;
- applications by owners or residents to vary or delete any express term of the agreement within 6 months of the date it is made;
- applications by residents to approve a person to whom a caravan is to be sold or gifted and the agreement assigned, where the owner has not responded within 28 days, or where conditions imposed or refusal to give consent is considered unreasonable;
- applications by owners to change the pitch fee where the resident does not agree with this;
- determination of any question arising under the Act or agreement to which it applies.

47. Additional costs may arise to LAs and the courts from having to deal with these matters for LA Gypsy and Traveller sites as well as sites to which the 1983 Act already applies.

48. Communities and Local Government has estimated that the courts will deal with around 160 cases relating to park homes every year, excepting cases relating to the termination of agreements, which are covered in paragraphs 39 – 45 above. There are an estimated 2,000 park home sites in England and Wales. This means that there will be cases relating to less than 1% (0.08%) of park home sites in court every year.

49. If we apply the estimate that 0.08% of park home sites will be involved in court cases under the 1983 Act every year to LA Gypsy and Traveller sites, then 24 additional court cases (0.08% of 304 LA sites) would result from including LA Gypsy and Traveller sites in the scope of the 1983 Act.

50. We have assumed that each case will take:

- one day in court for an LA officer and LA lawyer: using the salary costs outlined in paragraph 20 above £96 + £115 = £211;
- an average of 4 days of work by both an LA officer and a LA lawyer beforehand: £96 for 4 days = £384 and £115 for four days = £460.

These 24 additional court cases could therefore lead to additional costs of around £25,320 a year for LAs (£211 + £384 + £460 x 24). As set out in paragraph 44, the Ministry of Justice has agreed that the amendment to the 1983 Act should not have a significant impact on the work of the courts and legal aid.

To Gypsies and Travellers

Commission on assignment

51. Under the 1983 Act LAs will be able to charge up to 10% commission if a Gypsy or Traveller on one of their sites sells their caravan and assigns the agreements to live on the pitch. As mentioned in paragraph 24 above, the re-assignment rate for park homes has been estimated at around 6% per year (around 5,000 park homes). An average of 89% of these re-assignments will be on sale, with the remaining 11% on gifting the park home to a family member, which does not attract commission. The average value of a park home on re-assignment is £35,000 (reflecting the sharp depreciation in value of mobile accommodation – the average value of a new park home is £62,000) *(Economics of the Park Homes Industry, OPDM, 2002)*.

52. As set out in paragraph 24 above, current practice suggests that Gypsies and Travellers will be more likely to move their caravan/s to a different site, rather than sell or gift their caravan/s, assign their agreement to occupy the pitch and buy or rent another caravan/s on a different site. We have therefore assumed that the re-assignment rate for pitches on Gypsy and Traveller sites would be around 1% per year. We have used pitch rather than caravan numbers for the purposes of this estimate as, although there would normally be one park home per pitch, there is an average of 1.7 caravans per pitch on a Gypsy and Traveller site. There are currently 5270 pitches on LA sites in England and Wales. This means that there may be around 53 re-assignments every year (one pitch for around every 6 sites).

53. If we apply the same ratio of sales to gifts as for park homes 47 of these re-assignments may be on sale. If we assume the average value of a new 20 foot trailer is around £30,000, and the average value on re-sale may be around £15,000, then the average commission per sale would be £1,500. **Gypsies and Travellers may therefore pay around £70,500 in commission payments per year (£1,500 x 53 assignments).**

54. The cost of the additional court cases in paragraph 50 (£25,320), consultation in paragraph 32 (£26,469), and commission payable on assignment will bring **the average annual cost of Option B to £122,289**.

Annual benefits

AVERAGE ANNUAL BENEFIT (EXCLUDING ONE-OFF)

55. Gypsies and Travellers will benefit from the additional rights and responsibilities outlined in paragraph 7.

To LAs

<u>Commission on assignment</u>

56. Under the 1983 Act LAs will be able to charge up to 10% commission on the sale of a caravan and assignment of an agreement to occupy the pitch it is stationed on. The £70,500 cost to Gypsies and Travellers of this calculated in paragraph 53 above will be a benefit to LAs.

Option C – Amending the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites but not applying the right to assignment to these sites

57. **The annual one-off (transition) costs for option C are the same as for option B (£180,880).**

58. **The average annual costs for consultation and other matters considered by the courts for option C are the same as option B (£26,469 and £25,320 respectively).**

59. A significant proportion of stakeholders have raised a number of concerns about the impact of assignment on local authority Gypsy and Traveller sites, which are set out in paragraph 23 of "Applying the Mobile Homes Act 1983 to local authority Gypsy and Traveller sites: a consultation paper". The Government has proposed two options for dealing with this in this consultation paper. The first option (paragraphs 25 – 27 of the consultation paper, and option C in the "Summary: Intervention and Options" and "Summary: Analysis and Evidence" section of this Impact Assessment) is to specify that the implied terms dealing with assignment do not apply to local

authority Gypsy and Traveller sites. **If there is no opportunity for assignment on these sites then there will not be any cost to Gypsies and Travellers in paying commission on assignment, and LAs will not receive the benefit of these commission payments.**

60. **The average annual cost for option C will therefore be £51,789, and there will not be an annual average benefit.**

Option D – Amend the Mobile Homes Act 1983 to include LA Gypsy and Traveller sites, but impose additional requirements on assignment on these sites

61. **The annual one-off (transition) costs for option D are the same as for option B (£180,880).**

62. **The average annual costs for consultation and other matters considered by the courts for option D are the same as option B (£26,469 and £25,320 respectively).**

63. The second option (paragraphs 28 – 30 of the consultation paper, and option D in the "Summary: Intervention and Options" and "Summary: Analysis and Evidence" section of this Impact Assessment) is to amend the implied terms on assignment to require that in considering whether to approve a person to whom a resident on a Gypsy and Traveller site proposes to assign an agreement, the LA must consider the needs of other Gypsies and Travellers in their area, as well the needs of the proposed assignee. This is likely to reduce the number of assignments made on LA Gypsy and Traveller sites. If we assume that this reduces the number of assignments estimated in option B by half, there may be around 27 assignments every year. Applying the same ratio of sales to gifts as in option B, 24 assignments may be on sale. Using the same average values for trailers as in option B (£15,000), **Gypsies and Travellers may pay around £36,000 in commission payments per year (£1,500 x 24 assignments). This £36,000 cost to Gypsies and Travellers will be a benefit to LAs.**

64. **The average annual cost for option D will therefore be £87,789 and the average annual benefit will be £36,000.**

Monitoring and enforcement

65. The rights and responsibilities imposed by the Mobile Homes Act 1983 are enforced by the courts. Paragraphs 39 – 45 and 46 – 50 explain that site owners and residents can ask the court to enforce specific rights and responsibilities under the Act, and that there is also a general power for them to ask the court to determine any question arising under the Act or an agreement to which it applies. They also consider the cost to the courts as the enforcement body.

66. Communities and Local Government will monitor implementation of this policy through the National Association of Gypsy and Traveller Officers (NAGTO – the organisation for local authority officers working with Gypsies and Travellers who will be leading on implementation in their authorities) and through the Forum that we hold with representatives of the various Gypsy and Traveller groups that we hold three times a year. We will undertake an evaluation of the policy and review this impact assessment three years after implementation.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	Yes	Yes
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	Yes
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	Yes
Rural Proofing	No	Yes

Annexes

Competition assessment

1. The proposal to amend the Mobile Homes Act 1983 to remove the specific exclusion for local authority Gypsy and Traveller sites will ensure that all Gypsies and Travellers have the same rights and responsibilities whether they live on a private or socially rented site. The shortage of accommodation for Gypsies and Travellers (caravan count data shows that around 25% of Gypsy and Traveller caravans do not have an authorised place to stop) means that turnover on sites is often low. There is not a "market" for site accommodation in the way that there is for conventional housing. The proposal does not raise any competition concerns.

Small firms impact test

1. The proposal to amend the Mobile Homes Act 1983 will improve the rights and responsibilities of Gypsies and Travellers on local authority sites. The proposals will therefore not impose or reduce costs on small businesses.

Race equality

1. Gypsies and Travellers on local authority (LA) sites currently have only limited protection from eviction and harassment under the Caravan Sites Act 1968. The caravan counts undertaken in England and Wales in January 2007 show that there were 304 LA sites across England and Wales, providing 5,270 pitches and accommodating 7,113 caravans.

2. Gypsies and Travellers on private sites, and occupants of other types of residential caravan sites, such as park home sites, have further protection under the Mobile Homes Act 1983. The caravan counts undertaken in England and Wales in January 2007 show that there are 6,663 Gypsy and Traveller caravans on private sites, although many of these are likely to be family sites rather than commercial sites run by private organisations or individuals. It is also estimated that there are around 78,000 park homes on sites across England and Wales.

3. The proposal to amend the Mobile Homes Act 1983 to remove the specific exclusion for local authority Gypsy and Traveller sites, and provide the same rights and responsibilities as others living on residential caravan sites will therefore directly impact on Gypsies and Travellers on local authority sites.

4. These will include Romany Gypsies and Irish Travellers, which are recognised racial groups under race relations legislation, as well as other groups with a nomadic habit of life, as set out in the definition of the term Gypsies and Travellers under section 225 of the Housing Act 2004 (see the Housing (Assessment of Accommodation Needs) (Meaning of Gypsies and Travellers) (England) Regulations 2006, SI 2006/3190). The proposal will therefore have a disproportionate impact on Romany Gypsies and Irish Travellers.

5. This proposal will improve the rights and responsibilities of Romany Gypsies and Irish Travellers on LA sites, ensuring that all those living on residential caravan sites have the same rights and responsibilities, irrespective of their racial group.

Disability equality

1. The Disability Rights Commission suggests that a proposal is likely to require a full Disability Equality Impact Assessment if:

   - the policy is a major one in terms of scale or significance for an authority's activities;
   - although the policy is minor it is likely to have a major impact on disabled people in terms of the number affected or the seriousness of the likely impact or both.

2. The proposal will affect LA Gypsy and Traveller sites. The caravan counts undertaken in England and Wales in January 2007, showed that there were 304 LA sites, providing 5,270 pitches and accommodating 7,113 caravans. Gypsies and Travellers on LA sites will therefore make up a very small percentage of a LAs population, and consequently the proposal is unlikely to be a major one in terms of scale or significance for their activities.

3. Although Communities and Local Government does not have figures on the number of disabled Gypsies and Travellers, the Disability Rights Commission estimates that one in five adults will have a disability. Therefore, around 1,400 Gypsy and Traveller caravans on LA sites may include a disabled adult affected by this proposal.

4. The proposal will improve the rights and responsibilities of disabled Gypsies and Travellers on LA sites, ensuring they have the same rights and responsibilities as both disabled and non-disabled residents of other types of residential caravan site.

Gender impact

1. Communities and Local Government does not have information on the number of men and women resident on LA Gypsy and Traveller sites. The Women and Equality Unit estimate that 51% of the population are female and 49% are male.

2. The proposal will apply equally to both male and female residents of LA Gypsy and Traveller sites, ensuring they have the same rights and responsibilities as both male and female residents of other types of residential caravan sites.

Health

1. Gypsies and Travellers have poor health outcomes compared to the settled population. For example:

   - the average life expectancy of Gypsies and Travellers is 12 years less for women and 10 years less for men than the settled population;

- 41.9% of Gypsies and Travellers have reported a limiting long term illness – compared to 18.2% of the settled population;
- 17.6% of Gypsy and Traveller mothers have experienced the death of a child – compared to 0.9% in the settled population.

2. Currently, the ability for LAs to evict Gypsies and Travellers from their sites quickly, by terminating the licence agreement with 28 days notice and seeking a possession order if they do not leave, may have a detrimental impact on Gypsies and Traveller's health, by making it difficult for them to maintain contact with health services, and increasing stress and related behaviours.

3. Improving security of tenure by requiring the LA to satisfy the court that one of a number of grounds for possession has been met, and that it is reasonable to terminate the agreement, may help to alleviate these difficulties and contribute to an improvement in health outcomes for Gypsies and Travellers.

Legal Aid

1. We have carried out a Legal Aid Impact Test and the Ministry of Justice has agreed that there should not be a significant impact on Legal Aid.

Human Rights

1. This proposal responds to the European Court of Human Rights (ECtHR) judgment in the case of *Connors v United Kingdom* in 2004 that the lack of procedural safeguards to eviction on local authority Gypsy and Traveller sites breached article 8 of the Convention (right to respect for private, family and home life).

Rural proofing

1. The proposal will improve the rights and responsibilities of Gypsies and Travellers living on local authority sites whether they are in rural or urban areas. The proposal will not have a different impact on rural areas because of particular rural circumstances or needs.

Annex D

Key stakeholder organisations consulted

(Please note this is not an exhaustive list)

All local authorities in England
Local Government Association
National Association of Gypsy and Traveller Liaison Officers
All Party Parliamentary Group on Gypsy and Traveller Law Reform
Traveller Law Reform Project
London Gypsy and Traveller Unit
Friends, Families and Travellers
Irish Traveller Movement in Britain
Gypsy Council for Education, Culture, Welfare and Civil Rights
Gypsy Council
Derbyshire Gypsy Liaison Group
Leeds Gypsy and Traveller Exchange
Northern Network of Travelling people
We're Talking Homes
Leicestershire Gypsy Council Liaison Group
South West Alliance of Nomads
UK Association of Gypsy Women
Irish Community Care Merseyside
Community Law Partnership
National Travellers Action Group
National Federation of Gypsy and Traveller Liaison Groups
East Anglian Gypsy Council
Leeds Justice for Travellers
Equality and Human Rights Commission
Citizens Advice Bureau
Romany Gypsy and Irish Traveller Southern Network
Thames Valley Gypsy Association
Canterbury Gypsy and Traveller Support Group
Hull Gypsy and Traveller Exchange
Avon Traveller Support Group

Annex E

Consultation criteria

The Government has adopted a code of practice on consultations. The criteria below apply to all UK national public consultations on the basis of a document in electronic or printed form. They will often be relevant to other sorts of consultation.

Though they have no legal force, and cannot prevail over statutory or other mandatory external requirements (e.g. under European Community Law), they should otherwise generally be regarded as binding on UK departments and their agencies, unless Ministers conclude that exceptional circumstances require a departure.

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.

2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.

3. Ensure that your consultation is clear, concise and widely accessible.

4. Give feedback regarding the responses received and how the consultation process influenced the policy.

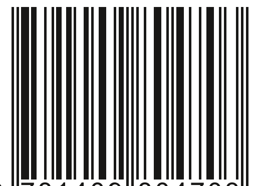
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.

6. Ensure your consultation follows better regulation best practice, including carrying out an Impact Assessment if appropriate.

The full consultation code may be viewed at:
www.cabinet-office.gov.uk/regulation/Consultation/Introduction.htm

Are you satisfied that this consultation has followed these criteria? If not, or you have any other observations about ways of improving the consultation process please contact:

Albert Joyce
Communities and Local Government Consultation Co-ordinator
Zone 6/H10
Eland House
London SW1E 5 DU
or by e-mail to: Albert.Joyce@communities.gsi.gov.uk



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COUNCIL BUSINESS COMMITTEE

Local Authority Business Growth Incentive Scheme Consultation Response

13 November 2008

Joint report of Corporate Director (Regeneration) and Corporate Director (Finance and Performance)

PURPOSE OF REPORT					
To seek Committee's approval to the draft response to the consultation on changes to the Local Authority Business Growth Incentive Scheme (LABGI).					
Key Decision		**Non-Key Decision**	**X**	**Referral from Cabinet Member**	
Date Included in Forward Plan	N/A				
This report is public					

RECOMMENDATIONS

That the Committee approves the draft response to the consultation attached as *Appendix A*.

REPORT

1 **INTRODUCTION**

1.1 The Government is consulting councils on its proposals to reform the Local Authority Business Growth Incentive Scheme (LAGBI) as from 2009/10. Responses are requested by 20 November 2008.

1.2 LAGBI has been in place for the last three years and ended in March 2008. Since then the Government has been developing with councils a revised, smaller scheme and is now consulting with councils.

1.3 The scheme is designed to reward local authorities for encouraging local economic and business growth by way of grants.

Lancaster has been very successful to date in delivering this growth and this has been rewarded as follows:

2005/06	£196,000
2006/07	£491,000
2007/08	£1,012,000

1.4 In the latest Comprehensive Spending Review Government announced that grant funding would be significantly reduced for the remaining period of the three year review. In particular funds for 2009/10 are proposed at £50 million, with £100 million for 2010/11. This level of funding is greatly reduced from the levels of grant set aside previously, i.e. £1 billion for the three year period 2005/06 to 2007/08.

1.5 The Government has further indicated that after 2010/11, LAGBI will be mainstreamed as a permanent part of the local government finance system but will be subject to decisions within future government spending reviews.

1.6 The revised proposed scheme, is set out in the attached consultation paper (***Appendix B***) which reflects the responses received so far by the Government following the earlier consultation exercise undertaken in respect of its paper "Building better incentives for local economic growth".

1.7 Officers have now considered the proposed scheme and have drafted the attached paper (***Appendix A***) for members consideration.

1.8 In particular it is felt that Lancaster would be better served if it could be recognised as its own separate sub area rather than being part of the proposed Lancashire grouping (questions 1 to 4).

1.9 Secondly the draft response challenges the method of calculating reward grant which would see the County Council receiving two thirds of the amount distributed. Officers believe that this is not a true reflection of their contribution to economic growth within each district.

2 OPTIONS ANALYSIS

2.1 Option 1

To approve the draft response as written.

2.2 Option 2

To approve an amended response.

3 PREFERRED OPTION

3.1 The officers preferred option is option 1. This sets out a realistic appraisal of the issues that reflect this council and offers views for improvements to the proposed scheme.

4 CONCLUSION

Members are asked to consider the attached draft response with a view to agreeing a version that can be submitted in the agreed timetable.

RELATIONSHIP TO POLICY FRAMEWORK
LABGI grants have been used to suppose the Council's Capital Programme, in particular its Regeneration Strategy.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability etc)
None arising from this consultation response.

FINANCIAL IMPLICATIONS
The Council has not included any future allocations of LABGI in its Medium Term Financial Strategy.

SECTION 151 OFFICER'S COMMENTS
The Deputy Section 151 Officer has been consulted and has no comments to add.

LEGAL IMPLICATIONS
Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS
The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS	**Contact Officer:** Roger Muckle / Heather McManus
None.	**Telephone:** 01524 582022
	E-mail: rmuckle@lancaster.gov.uk

APPENDIX A

DRAFT RESPONSE

REFORMING THE LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES SCHEME – CONSULTATION PAPER

1. Which other local authorities, if any, do you regard as being in the same sub-region as yours for the purposes of cooperation in economic development?

Within the North West there is a well-defined set of sub-regions based on County boundaries which form the geographic building blocks of the Regional Economic Strategy. In the case of Lancashire, the sub-regional partnership comprises Lancashire County Council, the two unitary authorities of Blackburn and Blackpool and the 12 District Councils including Lancaster City Council. This partnership has an Economic Strategy which relates directly to the Regional Economic Strategy. However, it is also recognised that the sub-region comprises five sub-areas, each with their own economic footprint and with varying economic performance.

Lancaster District is recognised as a separate sub-area in its own right, with a distinct economic geography, and a relatively self-contained labour market with low levels of commuting with neighbouring areas. Its economic structure and performance has differed markedly from other areas within Lancashire. Whilst there are, of course, linkages to the wider sub-regional and regional economies, economic growth within the District is largely dependent on local factors and especially the performance of local employers - economic inter-dependencies with neighbouring areas are relatively weak. One consequence of this is that the City Council does not generally have firm cooperation arrangements with neighbouring authorities for joint economic development activity, although it is part of the Lancashire Local Area Agreement. It is also worth noting that, in a number of respects, Lancaster District has commonalities with neighbouring South Lakeland which is in Cumbria, a wholly separate NUTS2 area. Therefore, we do not feel that there is an economic justification to view Lancaster District as part of the Lancashire NUTS2 sub-regional grouping for LABGI purposes. Our preference is that it should constitute a qualifying area in its own right.

2. Do you agree that London should be regarded as a single sub-region for the purposes of the scheme?

No comment.

3. Do you agree that where local authorities outside London cannot agree on a sub-regional grouping which meets the above criteria, the scheme should be broadly based on NUTS2 groupings, with the possibility of variation where the case for doing so can be made?

We believe that the main basis for any groupings should be grounded in recognised economic footprints. In many cases the use of NUTS2 boundaries may be appropriate. However, in Lancashire this is not the case. The economic performance of Lancaster District, as noted above, is quite distinct from that of Lancashire and we do not consider the application of the NUTS2 definition to be an appropriate base from which LABGI funding should be determined.

4. Would you prefer the Government to proceed directly to publish a final list of sub-regions, following discussion after this consultation; or to publish a provisional list for comment first?

In view of our concerns that the sub-regions identified should reflect meaningful economic geographies, our preference would be for the Government to publish a provisional list of sub-regions for further comment.

5. Do you agree with the calculation process?

Yes, this measurement meets the objective of a simple, transparent and easily understood calculation process. It also mirrors the current process of redistribution from the pool i.e. pro-rata to populations.

6. Do you have any comments on the calculation process?

Disagree that two thirds of the amount should be distributed to the County Council. This is not a true reflection of their contribution to economic growth within each district.

7. Do you agree that there should be no minimum or maximum awards, at least at the outset of the scheme?

Yes, they can be a disincentive.

8. Do you agree that the Reward Period should be set at 3 years' growth?

Lancaster can suffer over a shorter period (such as one year) for any changes on the RV of the power stations. There has been a trend over the last couple of years for the RV's to be reduced for short periods to accommodate temporary shutdowns, but is then increased several months later. A longer reward period would mean such actions have a lesser effect on the overall RV.

9. If not, what other reward period should be adopted in the new scheme?

A three-year period seems a sensible and equitable time period.

10. Do you agree with the proposed division of reward between district and county councils?

We are fundamentally opposed to the proposed division. As stated in our response to the initial LABGI consultation, in our own experience the City Council has been the prime mover of direct economic development within the District. In recent years this has included the management of programmes (SRB, ERDF, Neighbourhood Management), wide-ranging regeneration activity (including development of business sites and premises) and business support. Local economic growth is also linked to other functions such as Planning where the approach at District level has a marked impact on levels of economic growth. Furthermore, under the Local Development Framework, it is the lower tier authorities which set the planning framework and which determines the context for economic development.

This is not to ignore the significant impact that the County Council functions can have, especially in relation to transport matters, and their support for economic development. However, these tend to be from a wider strategic perspective. Local economic/ regeneration strategy now tends to be driven locally through Local Strategic Partnership structures (which include the County Council) and we therefore believe that the main LABGI revenues from economic growth should accrue locally and the application of those revenues should be determined locally.

We would urge DCLG to maintain the division previously applied with districts in two-tier areas receiving about 65% of the reward for an area.

11. Do you agree that the scheme should be based on the Contribution to the Pool, without any adjustment for reliefs?

Yes – the Local Authority has little control or influence on the numbers of properties/businesses that qualify for these reliefs, therefore to adjust for them would not represent a true reflection of the L.A.'s performance in terms of economic growth.

12. If not, which factors do you think should be reflected by adjusting the Contribution to the Pool?

None – the only true reflection of economic growth is the gross contribution i.e total R.V times multiplier.

13. Do you agree that, in calculating NNDR contributions for the purposes of this scheme, we should take actual yield as shown in Line 14 of Part 1 of the NNDR3 form (i.e. after the application of transitional relief)?

Line 14 of the 2006-07 NNDR 3 is net yield after the deduction of all reliefs, not just transitional relief, as well as allowance for cost of collection, losses in collection and interest, which is contrary to the intentions set out in the consultation document.

However, as stated in the document, transitional relief is meant as a cushion for the ratepayers and should therefore not form part of a calculation of yield for the purposes of LABGI. It bears no relation to the reward and allocation of cash sums for economic growth in a region.

14. If not, what would you propose?

What should be used is Line 1(i) Part II which is Gross Rates Payable (i.e Total RV times multiplier).

15. Do you agree that we should not seek, for the purposes of the scheme, to neutralise the impact of appeals on local authorities' contributions to the NNDR pool?

Yes

16. If not, what would you propose?

N/A

17. What are your views on the handling of revaluations?

Agree with the proposals not to adjust the scheme for a revaluation. The assessment of rateable values is meant to reflect the economic conditions of the market place (i.e rents). Areas of true economic growth should therefore be no more adversely affected by a revaluation than would be applicable due to normal countrywide conditions.

18. Do you agree that we should not make adjustments for cross-boundary transfers or for transfers between the central list and local lists?

Such a proposal could have an adverse affect on Lancaster and therefore its sub-region due to the two power stations should they be transferred back into the central list. Particularly if Lancaster were to be classed as a qualifying area in its own right. The amounts payable by the Power Stations currently equate to 22.3% of our gross rates payable, and 18.5% of our overall RV.

19. If not, what would you propose?

That central to local list adjustments such be factored out of the calculation. They would be easily identifiable and to remove them from one list to another would be a decision beyond an L.A's control.

Agree with the proposal in relation to cross-boundary hereditaments as in most cases the two authorities concerned would be in the same sub-region grouping.

20. Do you have comments on the approach we propose where an audited NNDR3 form is not available?

None – agree with the proposals.

Reforming the Local Authority Business Growth Incentives Scheme

Consultation paper

www.communities.gov.uk
community, opportunity, prosperity

Reforming the Local Authority Business Growth Incentives Scheme

Consultation paper

August 2008
Department for Communities and Local Government
HM Treasury

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Contents

Section 1	**Introduction**	**5**
	How to respond	5
	Confidentiality	6
	Comments and complaints	7
Section 2	**The Wider Context**	**8**
	Review of Sub-National Economic Development and Regeneration (SNR)	8
	New local performance framework	9
	The three-year settlement for local government	10
	Business Rate Supplements	10
	Recent changes to empty property relief	10
	Revaluation	11
Section 3	**LABGI and the response to the Issues Paper**	**12**
	Responses to the Issues Paper	12
Section 4	**A New Scheme**	**14**
	Main characteristics	15
	Local authorities	15
	Sub-regional focus	16
	Process for calculating rewards	18
	Terminology	18
	Calculation	18
	Minimum and Maximum awards	19
	The Reward Period	19
	Qualifying sub-regions, and changes in their contributions	20
	The change in the total qualifying pool for England	20
	The division of reward between districts and counties	21

Page 111

Possible adjustments to the measurement of NNDR contributions 21

The business rate multiplier 21

Treatment of reliefs 21

Transitional arrangements 22

Treatment of appeals 22

Treatment in revaluation years 23

Transfers between Rating Lists 24

Exemplification of Rewards 25

Administering the Reward 25

2009-10 27

Section 5 Consolidated Consultation Questions 28

Section 6 The Code of Practice on Consultation 30

Annex A The NNDR3 Form 31

Annex B NUTS 2 Areas 34

Annex C Exemplification 47

Introduction 47

Model for exemplifications 47

Local government restructuring 48

A worked example 48

Population data 48

Sub-regional distribution 49

Allocation to local authorities 50

Section 1

Introduction

1. For the three years from 2005-06, the Government is distributing £1bn to local authorities in England and Wales through the Local Authority Business Growth Incentives scheme (LABGI). The scheme is designed to give local authorities an incentive to encourage local economic and business growth.

2. In the Comprehensive Spending Review last year, the Government announced that a further £150m would be made available for this purpose (£50m in 2009-10 and £100m in 2010-11). The Government published an Issues Paper in October 2007 – *Building better incentives for local economic growth*[1] – which set out the lessons learned from the first three years of the LABGI scheme, and sought views on reform to further improve the scheme for the future. The Paper generated a significant level of interest, including 191 responses. A summary of the responses was published on 18 March 2008.

3. As a result of the experience of operating LABGI, responses to the Issues Paper, and recent wider policy developments, the Government has reconsidered its approach to the scheme and the parameters for reform. The proposed reforms set out in this consultation document build on LABGI and maintain its focus on incentivising economic development, but also embrace the overall direction of policy as it has evolved since LABGI was introduced.

4. The reformed scheme will apply to English local authorities for 2009-10 and 2010-11. The Government intends that, in the longer term, LABGI will be mainstreamed as a permanent part of the local government finance system. It will be subject to review (with further consultation on proposals for improvement and adjustment as necessary), and to decisions made during future spending reviews.

How to respond

5. The purpose of this consultation is to set out for comment the Government's proposed approach to a new scheme, which will help the Government to refine its thinking before the scheme is introduced.

6. We invite responses to the consultation questions by 20 November 2008.

[1] http://www.communities.gov.uk/publications/localgovernment/labgischemereforms

7. We particularly welcome responses submitted electronically. Please send responses by e-mail to:

   LABGI.Consultation@communities.gsi.gov.uk

8. If you are not able to respond by e-mail, please send your response to:

   Kenneth Cameron
   LABGI
   Local Government Finance
   Communities and Local Government
   Zone 5/D1
   Eland House
   Bressenden Place
   London SW1E 5DU

9. If you have any enquiries or require a paper copy of the consultation paper, please contact Kenneth Cameron on 0207 944 4227.

10. A summary of the responses to this consultation will be published on the Communities and Local Government (CLG) website within 3 months of the consultation closing.

Confidentiality

11. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

12. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department. The Department will process your personal data in accordance with the DPA and, in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Comments and complaints

13. This consultation is being undertaken in accordance with the Code of Practice on Consultation. The consultation criteria are set out on page 30 together with information on how to make comments or complaints about the consultation procedure.

Page 115

Section 2

The Wider Context

14. The Government is committed to achieving strong and sustainable economic growth, and recognises the vital contribution of partners at all spatial levels to deliver this. Local authorities in particular play a key role in developing the economies of their areas and managing the response to external pressures and economic uncertainty. They work individually and in collaboration with other local authorities, regional partners, central government and the private sector.

15. This consultation considers reform of the LABGI scheme in the context of local authorities' developing role in supporting economic growth, and takes account of key policy developments over the past year. The Government has:

    - published its *Review of Sub-National Economic Development and Regeneration* (also known as the 'Sub-National Review')
    - introduced a new local performance framework for local authorities
    - made the first three-year finance settlement for local government
    - planned the introduction of a power to enable upper-tier authorities to levy Business Rate Supplements
    - changed the basis for granting relief from non-domestic rates on empty and partially occupied property

    The following paragraphs set out background on these reforms.

Review of Sub-National Economic Development and Regeneration (SNR)

16. In July 2007, the Government published the *Review of Sub-National Economic Development and Regeneration* (SNR).[2] The reforms set out in the SNR are designed to strengthen the local authority role in economic development, including through a new statutory economic assessment duty; and to support local authorities in working together at the sub-regional level.

[2] www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm

17. In March this year, the Government launched a consultation exploring how to take aspects of the SNR forward. The consultation closed on 20 June 2008 and we are currently considering the responses and will be publishing a response later this year. Having described the advantages of economic development decision-making at a sub-regional level, the consultation paper set out a number of ways of promoting sub-regional working. These included Multi Area Agreements (MAAs) and the idea of establishing statutory sub-regional arrangements for economic development activity. The paper sought views on the type of activity which would be facilitated by such arrangements. Examples were given, including cooperation on economic growth projects supported by Business Rate Supplements (subject to legislation); and the LABGI scheme.

18. Developing this idea further, we are minded to build the new scheme in a way that recognises the importance of cooperation between local authorities at sub-regional level for economic development.

New local performance framework

19. As part of the 2007 Comprehensive Spending Review, the Government introduced a new local performance framework. This reduced the number of indicators against which local government performance is measured from around 1,200 to 198 and confirmed that Local Area Agreements (LAAs) are the only context within which the Government will agree targets with local authorities working alone or in partnership. Up to 35 targets from the indicator set are agreed in each local area for the three year lifetime of the LAA. The Government also announced a new round of LAA Reward Grant, with reward payable in 2011-12 and 2012-13 in respect of performance up to the end of 2010-11.

20. We have considered how the new scheme could best be aligned with the new performance framework, and have examined the idea of basing the scheme on a basket of economically relevant indicators from the national indicator set. We have also considered the option of merging this scheme into LAA Reward Grant, to create a single reward mechanism (performance against relevant economic indicators will be reflected in reward through LAA Reward Grant). Although the Government accepts that there are arguments in principle for developing LABGI along these lines, it has concluded that, over the next two years, it would be better to continue to run a scheme which focuses specifically on incentivising business growth.

The three-year settlement for local government

21. In December 2007, the Government announced the first three-year finance settlement for local government. The stability and level of certainty that this provided have been widely welcomed within local government. We asked, in the Issues Paper, whether respondents would prefer a scheme with firm allocations for three years. However, there was a clear preference for payments allocated year-on-year in order to reward performance more quickly. Authorities' preference for annual allocations does not in itself outweigh the Government's preference for three year allocations which bring greater stability and enhance longer-term planning and efficiency in local government. However, in the particular circumstances of incentivising economic growth, we have concluded that an annual allocation is the right approach, at least for the time being. To enhance the incentive effect, we have therefore concluded that we should adopt that approach.

Business Rate Supplements

22. In October 2007, the Government announced[3] proposals for a power enabling upper tier and unitary local authorities, and the Greater London Authority, to raise and retain a local supplement on the national non-domestic rate (with safeguards for business). This will require primary legislation. Subject to Parliamentary approval, the intention is that the power to raise Business Rate Supplements (BRS) should come into effect in April 2010. Authorities will be able to use the proceeds on additional projects to promote economic development. The new scheme proposed in this consultation paper needs to be consistent with the introduction of Business Rate Supplements.

Recent changes to empty property relief

23. Until 1 April 2008, no business rates were payable for the first three months that a property was empty and, after that, an empty property rate was 50 per cent of the normal bill. On industrial buildings, listed buildings and small properties with rateable values of less than £2,200, there were no rates to pay even after the first three months. Since 1 April, the full business rate has applied to most non-domestic properties that have been empty for three months or more. Exceptions include industrial and warehouse property, which are now subject to the full rate if they have been empty for six months or more; and listed buildings, which retain the relief. The Government has the power, by secondary legislation, to reduce the empty property rate from its current level of 100 per cent of the occupied rate back to a minimum of 50 per cent.

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[3] *Business rate supplements: a White Paper*, HM Treasury and Department for Communities and Local Government, October 2007

Revaluation

24. The current rating lists came into force on 1 April 2005. They will be replaced with effect from 1 April 2010, following a general revaluation reflecting values as at the antecedent valuation date of 1 April 2008.

25. The transitional arrangements introduced to smooth changes in the rates burden expire at the end of 2008-09. Any transitional arrangements for the 2010 rating lists will, in due course, be the subject of consultation. The 2010 revaluation and transitional arrangements will not affect the scheme for 2009-10 and 2010-11.

Section 3

LABGI and the response to the Issues Paper

26. The existing LABGI scheme measures increases in the rateable values of properties within each local authority area against historic rates of growth. The design of the scheme sought to exclude the impact of appeals on rateable values, which were therefore built up from detailed Valuation Office Agency (VOA) data. Historic rates of growth were determined by reference to increases in rateable value totals from 1995 to 2003 (2000 being interpolated to avoid distortions due to the general revaluation in that year). The scheme variously made use of a national adjustment factor, ceilings and the re-basing of floors in an effort to ensure fairness, and scaling factors to ensure that the total distributed did not exceed the overall funding allocated by the Government.

27. Although the principle of the scheme was widely welcomed, the Government recognised in the Issues Paper that there were concerns about the way it operated in practice. In particular:

- local authorities found the way the scheme operated, and the method for calculating allocations, difficult to understand and not transparent
- attempts to provide incentives which were applicable to all authorities and to create a 'fair' distribution of resources, made the scheme complex and unpredictable, and so weakened the incentive effect
- it was not aligned with the budget-setting process, making it difficult for authorities to take account of LABGI funding in financial planning

Responses to the Issues Paper

28. The Issues Paper discussed several objectives for reform i.e. to:

- empower every council to take a lead role in encouraging economic development by strengthening the link between growth in a local area and its local business tax base
- strengthen the fairness of the incentive so that all authorities – particularly the most deprived – make a greater contribution to local economic well-being by sharpening the link between financial rewards and local growth, recognising the scale of the challenge in low-income areas and delivering opportunity for all

- support the plans each authority makes for the future of its local area by delivering greater certainty, simplicity and transparency in the value of LABGI
- deliver long-lasting reform by creating a permanent incentive to reward economic development that is fully integrated with the local government finance system

29. A Summary of Responses received to the Issues Paper was published on 18 March 2008[4]. In very broad terms, the responses made it clear that a scheme of this type was still generally welcomed; but many respondents recognised that the objectives for reform are in tension with one another and cannot be equally met. Overall, the responses indicated:

- support for the continued use of business rates, with marginally more support for the use of yield than of rateable value as a measure of growth
- a clear preference to avoid ring-fencing by the Government
- split views about the appropriate balance of payments between authorities in two-tier areas
- a range of views about which of the objectives were most important
- a preference to reflect the size of a local authority's tax base as well as the rate of growth in the calculation of rewards

The Association of Chief Police Officers, and several police authorities, argued that police services are necessary for economic development, and that police authorities should therefore share in LABGI rewards.

4 http://www.local.communities.gov.uk/finance/labgi/summissuepaprep.pdf

Section 4

A New Scheme

30. The Government believes that local authorities have a key role to play in developing the economies of their areas and proposes that they should have a stronger focus on sustainable economic development and regeneration. It is committed to providing a framework within which authorities can work with business so that business can play its essential role of creating wealth. Giving local government a financial stake in the success of business in its area is one element of this framework. The Government also considers that economic development can best be pursued by authorities working together across boundaries to boost sub-regional economies; and that an appropriate reward scheme will help incentivise them to do so.

31. For these reasons, the Government remains committed to an incentive for economic development. It has concluded that an incentive scheme will work most effectively if it is based on understandable (and preferably publicly available) data and has simple and measurable objectives. Drawing on the experience of LABGI, responses to the Issues Paper and wider policy developments, we have therefore reached the following conclusions:

    (a) we cannot meet all of the objectives outlined in the Issues Paper to the same degree

    (b) the new scheme must aim to be simple and transparent

    (c) the Government provides other funding which is allocated on the basis of ‘need’. This scheme should focus on business growth

    (d) there would be a benefit in using published data that is generally understood and accepted by authorities

    (e) the use of rateable value has led to some of the complexities – and lack of transparency – in LABGI, so there is merit in using business rates yield as the basis of allocation

    (f) our analysis suggests that historical growth does not necessarily provide a consistent guide to future growth. Given this, and the desire to keep the new scheme simple, we do not propose that the new scheme should use historical growth baselines

    (g) we should align the timing of announcing allocations with the budget-setting process

In considering how the scheme could be integrated into the sub-national economic framework, we considered whether it could be based on increases of Gross Value Added (GVA) delivered from local authority areas. Although well established as a measure of economic activity at the national level, the required data are not available at local authority level and, at sub-regional level, we judge it currently to be too liable to subsequent amendment to form a dependable basis for this scheme. We therefore do not propose to adopt GVA as the measure for reward.

Main characteristics

32. The Government is therefore proposing a scheme for 2009-10 and 2010 11 with the following broad characteristics:

    (a) local authorities will group themselves, or be grouped, in sub-regions for the purposes of the scheme

    (b) performance will be based on the growth in yield of non-domestic rates in each sub-region

    (c) if a sub-region qualifies for reward, that reward will be distributed to the local authorities in the sub-region pro rata to their population (on the basis of the most recent mid-year population estimates)

    (d) in areas with two-tier local government, two-thirds of the amount attributable to a billing authority area will be allocated to the county council, and one-third to the district council

    (e) reward will be assessed by reference to the comparative performance of sub-regions, measured in terms of the growth achieved over a rolling period of three years ending in the year before that in which the reward is calculated[5]

    (f) the data on which yield will be calculated will be drawn from National Non-Domestic Rates 3 (NNDR3) returns submitted each year by billing authorities

    Some of these characteristics, and the calculations involved, are discussed in more detail in the following paragraphs. We would also like to hear respondents' views on some variants discussed in the remainder of this section.

Local Authorities

33. The Government takes the view that, for the purposes of the scheme, "local authorities" should include county councils, shire district councils, metropolitan district councils, London boroughs, the City of London, and unitary authorities. It does not propose to allocate rewards under the scheme to police authorities, fire and rescue authorities, the Greater London Authority, nor any other body which may, for other purposes, have the

[5] For example, for rewards to be made available in 2010-11, the allocation will be calculated during 2009-10 on the basis of growth data for a period ending on 31 March 2009.

Page 123

status of a local authority. In particular, whilst recognising the arguments put forward on behalf of police authorities in response to the Issues Paper, the Government does not accept that it is appropriate to incentivise them to promote economic growth, nor to reward them for growth that has been achieved. That is the role of local authorities as defined above.

Sub-regional focus

34. The intended sub-regional focus for calculating reward raises the question of how sub-regions should be defined. In the spirit of the Sub-National Review, we are inviting local authorities themselves to propose the sub-regional grouping which would be most appropriate for them. In order to make this work, we would expect each authority to discuss their proposed sub-region with others who would be affected, whether because they are included in the proposed sub-region or because they are not included but wish to be part of that sub-region.

35. Ministers will expect sub-regions to meet the following criteria:

(a) they should consist of contiguous local authorities and reflect, as far as possible, real economic areas

(b) no district or unitary authority should be divided between sub-regions

(c) every billing authority must be included in one, and only one, sub-region

(d) they should not change for the foreseeable future (certainly not before the end of the current spending review period in 2010-11)

Consultation Question 1 Which other local authorities, if any, do you regard as being in the same sub-region as yours for the purposes of cooperation in economic development?

36. We suggest that, with the exception of London, authorities may consider that a feasible option would be to use areas defined by Level 2 of the Nomenclature of Units for Territorial Statistics (NUTS2) categories used by the European Union. These are discussed and set out in Annex B. In our assessment, these categories fit reasonably well with functioning economic sub-regions. Where, after discussion with Communities and Local Government, authorities cannot agree on the boundaries of a sub-region for the purposes of the scheme, the Secretary of State for Communities and Local Government would need to decide the matter. In doing so, she will apply the above criteria; and in taking a view of economic areas, she will want to take into account the views of the authorities concerned, their membership of relevant MAA areas and other cooperative arrangements, and any other factors that seem relevant.

37. We think there is a case for saying that, for London, NUTS2 should not be the default option. Within the NUTS classification system, London is a NUTS1 entity, and is split into Inner and Outer London at NUTS2 level. We incline to the view that London *as a whole* should be regarded as the functional economic area, and that there is not an obvious alternative which takes account of the inter-dependency of the different parts of the London economy – which, indeed, is reflected in the governance structure of London. We note that the other major conurbations would be dealt with as single sub-regions under the NUTS2 classification.

38. Once authorities have expressed their preferences about sub-regions in response to this consultation, the Government has identified two possible ways of proceeding to a final list of sub-regions. Under both options, it would publish a list of the preferred sub-regions of all authorities; and enter into discussions with those authorities where there was not agreement about the sub-regional boundaries. Following those discussions, it could either:

- proceed directly to publish the final list of sub-regions, alongside provisional allocations for 2009-10. The advantage of this option is that final allocations for 2009-10 would be more likely to be announced in time for budget-setting deadlines; or
- issue a provisional list of sub-regions which it was minded to adopt, subject to authorities' further comments. It would consider the further comments before publishing a final list and provisional allocations for 2009-10. This would be a fuller process of consultation than the option above. However, it would mean that final allocations for 2009 10 would be unlikely to be announced in time for budget-setting

39. The decision about which option to adopt will clearly be influenced by the extent of disagreement between authorities about sub-regional boundaries.

Consultation Question 2 Do you agree that London should be regarded as a single sub-region for the purposes of the scheme?

Consultation Question 3 Do you agree that where local authorities outside London cannot agree on a sub-regional grouping which meets the above criteria, the scheme should be broadly based on NUTS2 groupings, with the possibility of variation where the case for doing so can be made?

Consultation Question 4 Would you prefer the Government to proceed directly to publish a final list of sub-regions, following discussion after this consultation; or to publish a provisional list for comment first?

Page 125

Process for calculating rewards

Terminology

40. In this description of the calculation process, the following terms are used:

The reward fund	• The total amount available for distribution
NNDR contribution of an authority	• The 'Contribution to the Pool' shown as Line 14 in Part I of the 2006-07 NNDR3 form[6]
NNDR contribution of a sub-region	• The sum of all the NNDR contributions of authorities in that sub-region
The reward period	• The years over which growth is being measured for the purposes of the scheme (we are proposing three years, but inviting views)
Qualifying sub-region	• A sub-region that qualifies for reward under the rules of the scheme
The change in contribution from a sub-region	• The change in the NNDR contribution of a sub-region over the course of the reward period
The change in the total qualifying pool for England	• The sum of all positive changes delivered by sub-regions over the reward period (please note that sub-regions where contribution has declined over the period are excluded from the calculation)

Calculation

41. We propose that the methodology for calculating reward should be broadly as follows (subject to possible variants discussed below):

(a) the reward fund will be announced in time for authorities to take account of it in their budget-setting each year[7]

(b) the NNDR contribution for each billing authority will be calculated for the year before the reward period and for the final year of the reward period, using data supplied in the authority's NNDR3 returns for those years. In order to announce provisional allocations in time for budget-setting, we propose using the best information available by the end of the September following the reward period – the audited version of NNDR3, wherever possible. This would be followed, after consultation, by final allocations which would reflect any updates of the NNDR3 data received by the end of December

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[6] The NNDR3 Form for 2006-07 is reproduced at Annex A

[7] NB: The Reward Fund available for 2009-10 and 2010-11 was set in the Comprehensive Spending Review of 2007, at £50m and £100m respectively.

(c) these figures will form the basis for calculating the change in the NNDR contribution of each sub-region

(d) the change in the national total qualifying pool will then be calculated

(e) the reward to be allocated to each qualifying sub-region will be calculated as:

$$\textit{Reward} = \textit{Fund} \times \frac{\textit{The change in contribution from the sub-region}}{\textit{The change in the total qualifying pool for England}}$$

(f) the sub-regional award will be distributed between the billing authorities in the sub-region (i) pro rata to their populations; and then, where appropriate (ii) by allocating two-thirds of the amount attributable to a billing authority area to the county council, and one-third to the district council

42. There are a number of variants that could be made to the above methodology. These are discussed in the following paragraphs.

> **Consultation Question 5** Do you agree with the calculation process as outlined above?
>
> **Consultation Question 6** Do you have any comments on the calculation process?

Minimum and Maximum awards

43. We think that the calculation methodology proposed in paragraph 41 above would allocate reward on a simple and logical basis. We have considered whether there is a case for the methodology to accommodate making allocations subject to a minimum payment, a maximum payment, or both. Our initial view is that these are complications which are best avoided, but we are interested in respondents' views.

> **Consultation Question 7** Do you agree that there should be no minimum or maximum awards?

The Reward Period

44. We have considered whether the rolling reward period should be a single year, or some longer period. The downside to a very short term view is that rewards would, on previous experience, be very unpredictable. A period including five annual changes in contributions would have advantages, the main one being that revaluations occur every five years, so any distortions resulting from appeals etc affecting Year 1 of the reward period would more-or-less equally affect Year 5. It would also minimise volatility in the rewards. We think the downside to such a long period is that the effect of energetic action by local authorities would take such a long time to feed through into the calculation of reward that the desired incentive effect could become imperceptible. On balance, we therefore incline to the view that a three

year period – involving four years of data and therefore three increments in yield – should be adopted. We acknowledge that such an approach will, in the early years of the operation of a new scheme, involve data from years which have already been taken into account in assessing rewards under the LABGI scheme. We are however keen to hear respondents' views on this issue.

Consultation Question 8 Do you agree that the Reward Period should be set at 3 years' growth?

Consultation Question 9 If not, what other reward period should be adopted in the new scheme?

Qualifying sub-regions, and changes in their contributions

45. The extent to which sub-regions qualify for reward will determine the overall distribution of LABGI funding and the incentive effect in each sub-region. We propose that a sub-region should qualify if its NNDR contribution increases over the reward period. Its contribution to the total qualifying pool for England would be the absolute size of that increase. Sub-regions whose contribution did not increase would not be included for the purposes of calculating reward, nor would their negative growth impact on the national totals.

46. We have considered variants to this approach. An option might be to allow a sub-region to qualify for reward if the percentage change in its contribution over the reward period is higher than a national standard. The standard could be, for example, the national median rate of change (perhaps reduced by a national adjustment factor, which would bring more sub-regions into scope). The size of a sub-region's contribution would then be taken to be the absolute amount by which its actual contribution exceeds that which it would have delivered if it had performed in line with the national standard. Sub-regions falling below that rate of growth would be excluded in subsequent calculations.

47. These variants could mean that fewer sub-regions would get reward, but that those that did qualify would get a bigger share of the total funds provided by Government. On balance, we do not think it worth adding to the complexity of the scheme by adopting this option, and that a simple model is preferable. Our analysis at Annex C shows the distribution of funds across local authorities, according to the lead option set out in paragraph 45.

The change in the total qualifying pool for England

48. In the interests of simplicity, we think that the best way to calculate the change in the total qualifying pool is to take the sum of the changes in contribution of the qualifying regions.

The division of reward between districts and counties

49. In the LABGI scheme, rewards in two-tier areas were divided between district and county councils in such a way that districts received about 65 per cent of the reward for an area, with counties receiving about 35 per cent. The Issues Paper asked for views on whether a reformed scheme should take a different approach to this. Responses were sharply divided, with all counties arguing for an increased share, and almost all districts arguing for the existing split. The Government has taken a fresh view of this for the purposes of the new scheme, and concluded that the division should be one third to district councils, and two thirds to county councils. This decision is influenced by the relative scale of the two tiers of local government, and the extent to which the upper tier can contribute to economic development across the larger geographical scales represented by sub-regions.

Consultation Question 10 Do you agree with the proposed division of reward between district and county councils?

Possible adjustments to the measurement of NNDR contributions

50. For the reasons set out earlier in this paper, the Government is minded not to make any adjustments to the figure for the 'Contribution to the Pool' shown in Line 14 of Part I of the 2006-07 NNDR3 form. Our intention is to make the scheme as simple, transparent and understandable as possible. Each adjustment would add to the complexity of the scheme. This section lists the main adjustments that could be made to the Contribution to the Pool figure, and explains the Government's thinking on each one.

The business rate multiplier

51. Business rates increase each year because of the application of a multiplier. This results in an increase in yield which is not directly related to business growth. There is an argument for excluding the effect of the multiplier, on the basis that it does not reflect business growth. However, we intend to include the effect of the multiplier each year since this is part and parcel of a straightforward approach to measuring yield. To do otherwise would be to start introducing an added level of complexity into the scheme.

Treatment of reliefs

52. For the purposes of calculating reward, we have had to consider how to deal with reliefs and adjustments to the gross rates payable to local authorities when they calculate their contribution to the national non-domestic rates pool. The reliefs and adjustments in question are as follows:

    (a) any overall reduction in the contribution as a result of transitional arrangements in the years after a revaluation (see paragraph 54 below)

    (b) any adjustment in the contribution as a result of the operation of small business

Page 129

rate relief

(c) empty property relief

(d) relief for partly occupied hereditaments

(e) mandatory and discretionary reliefs for charitable occupations, community amateur sports clubs, village shops, and former agricultural premises

53. We take the view that the arguments in favour of making adjustments are not sufficient to outweigh the benefit of a simpler and more transparent scheme. Therefore, we do not propose to make any adjustments to reflect these reliefs.

Consultation Question 11 Do you agree that the scheme should be based on the Contribution to the Pool, without any adjustments for reliefs?

Consultation Question 12 If not, which factors do you think should be reflected by adjusting the Contribution to the Pool?

Transitional arrangements

54. Transitional arrangements are designed to soften the impact of revaluation on individual ratepayers, by phasing in the changes to rates bills over a period of time (reducing both increases and reductions in those bills). The transition scheme for the 2005 rating lists operated over a four year period, so every ratepayer will pay their true rates liability in the fifth year (and many will pay it well before this). Lines 2i, 2ii, 3i and 3ii of Part II of the NNDR3 form (see Annex A) respectively require local authorities to report increases and reductions in rate yield due to full rate changes being deferred. In the interests of simplicity, we are inclined on balance *not* to build into the calculation of reward an adjustment to neutralise the impact of transitional reliefs. However, we are interested in respondents' views on this issue.

Consultation Question 13 Do you agree that, in calculating NNDR contributions for the purposes of this scheme, we should take actual yield as shown in Line 14 of Part I of the NNDR3 form (i.e. after the application of transitional relief)?

Consultation Question 14 If not, what would you propose?

Treatment of appeals

55. The outcomes of appeals against rateable values after a revaluation or reductions reflecting material changes to properties during the currency of a rating list inevitably exert a downward pressure on NNDR yields. We have considered whether, in a scheme aiming to reward performance in contributing to the NNDR pool, we should try to neutralise this effect. For several reasons, we do not think that we should incorporate such an element in the scheme:

Page 131

(a) all authorities are operating within the same cycle (i.e. from revaluation to revaluation) and given that awards are to be assessed by reference to sub-regions' comparative performance, it is unlikely that there will be any systematic bias towards particular sub-regions

(b) if growth is assessed over a rolling period of several years (as we propose), rather than from year to year, the impact will to some extent be self-correcting (i.e. as the factor emerges in recent parts of the period, it will tend to disappear from earlier ones)

(c) exploring the reasons for changes in the tax base will force the new scheme to embrace some of the complexities and uncertainties which detracted from the transparency of LABGI

(d) we do not see a straightforward way of identifying the effect of appeals, using yield figures from NNDR3 forms

Consultation Question 15 Do you agree that we should not seek, for the purposes of the scheme, to neutralise the impact of appeals on local authorities' contributions to the NNDR pool?

Consultation Question 16 If not, what would you propose?

Treatment in revaluation years

56. The next general Revaluation will occur in 2010-11 but, under the proposed scheme, would not impact on rewards until 2012-13 if the reward cycle discussed in paragraph 66 below were adopted. This is well beyond the period for which reward funds were allocated in the Comprehensive Spending Review, so the following discussion will only be relevant if the scheme remains unchanged for some years after that.

57. Revaluations inevitably redistribute the weight of the tax burden within local authority areas, between them, and indeed between sub-regions and regions. However, each revaluation is coupled with a corresponding adjustment of the NNDR multiplier, which is recalculated in a revaluation year to ensure that the national amount collected by the NNDR process only increases in line with inflation. The contribution to the national NDR pool made by local authorities will only change markedly if the impact on an authority's tax base is far from the average – and then only gradually, assuming we do not seek to neutralise the impact of transitional arrangements for the purposes of the scheme. Should this issue need to be considered in the future, we would therefore not anticipate making any adjustment to the Contribution to the Pool because a revaluation affects yields from particular local authorities.

Consultation Question 17 What are your views on the handling of revaluations?

Transfers between Rating Lists

58. Certain hereditaments are subject to non-domestic rates, but appear in the central rating list rather than any local list. British Telecom's assessment is an example. Rates are paid to the Secretary of State, and are contributed into the national pool. These rates will not therefore have any impact on the contribution of sub-regions to the pool, nor on the calculations we envisage using to calculate rewards under the scheme.

59. In other cases, cross-boundary hereditaments are included in local rating lists. In such cases, the whole value of the hereditament is included in the rating list which seems most appropriate to the Valuation Officers involved, based on rating law and practice or which is prescribed by regulations. The value of the Channel Tunnel Rail Link, for example, currently appears in the rating list for Ashford, Kent.

60. Unless changes occur, neither of these factors is an issue in the design of the new scheme. However, when movements to or from the central list, or movements of cross boundary hereditaments between local lists occur, sub-regions' contributions to the national pool may be substantially affected by what is essentially an administrative action.

61. Whilst recognising that fact, we are of the view that:

- the proposed sub-regional focus will tend to mitigate the impact although not eliminate it
- the complications needed to neutralise the impacts on rewards would damage the transparency we are aiming for
- the impact will only be marginally to redistribute the rewards between sub-regions (since the size of the fund is fixed)

We therefore do not propose to make any adjustments for transfers between lists.

Consultation Question 18 Do you agree that we should not make adjustments for cross-boundary transfers or for transfers between the central list and local lists?

Consultation Question 19 If not, what would you propose?

Exemplification of Rewards

62. In order to help local authorities consider how grant might be distributed under the scheme now proposed, Annex C sets out a detailed exemplification of the way in which a hypothetical fund of £100m would be distributed. It is based on NNDR return data for the years 2005-06 to 2008-09 – using data from NNDR 1 returns for 2007-08 and 2008-09, and NUTS2 groupings of local authorities (with the exception of London which is considered as one sub-region).

63. The model underpinning this exemplification has been published at http://www.local.communities.gov.uk/finance/labgi/exempmodel.xls. Respondents are invited to use it to help them gauge the impact of adjusting key parameters such as the length of the reward period, and the split between districts and counties in two tier areas.

64. The Government believes that the options in this paper could be used to reform the LABGI scheme in 2009-10 and 2010-11. However, the options here may be further refined following consultation, or respondents may propose new options. **Therefore, the components of the scheme may not necessarily be drawn from the list of options described in this paper.**

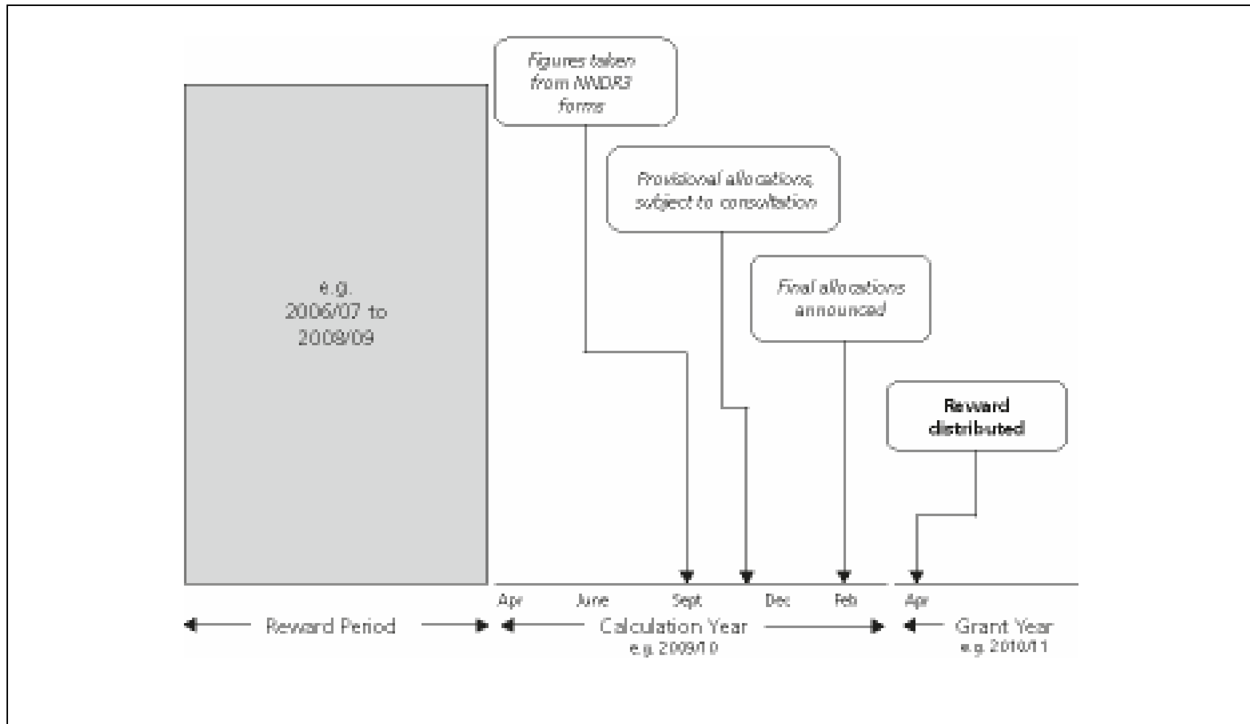
Administering the Reward

65. The Government has already indicated it proposes to issue the reward as an un-ringfenced grant, in line with its general policy. This was supported by the vast majority (85 per cent) of respondents to the Issues Paper who expressed a view on this point.

66. We anticipate that the process will operate so that three periods can be distinguished:

- the rolling reward period of three years, which advances by one year each year
- the calculation year, during which NNDR3 forms are received for the last year of the reward period, and rewards calculated
- the grant year, in which the reward is distributed to local authorities

67. The following diagram shows this cycle for the grant year 2010-11.



68. Based on past experience, Communities and Local Government expects all unaudited NNDR3 returns to be available by the end of September in each year. It should therefore be feasible to calculate provisional allocations in time for a consultation before the end of the calendar year, which would allow authorities to check them. Virtually all audited returns are received by the end of December. There have been rare exceptions where audited returns only become available after the end of December. However, we consider that the benefits of certainty and stability outweigh the case for adjusting payments in the light of audited returns received after the end of December. We are therefore proposing to use the best available NNDR3 data at each stage, with a cut-off date of 30 September for the data used for the provisional allocations; and 31 December for the date used for the final allocations. This will avoid knock-on effects on other authorities, and remove the need to make (what in practice are likely to be mostly minor) adjustments in subsequent years.

Consultation Question 20 Do you have comments on the approach we propose where an audited NNDR3 form is not available?

Page 135

2009-10

69. The cycle outlined above will be more difficult to achieve for grant year 2009 10. There is unlikely to be time for Communities and Local Government to reflect the outcome of this consultation in the process in time for a consultation in the autumn on proposed rewards. We therefore intend, exceptionally, to consult on proposed rewards in the early part of 2009 (taking account of responses to Consultation Question 4), and to make the appropriate payments as soon as possible after that.

Section 5

Consolidated Consultation Questions

Responses are sought to the following questions which have been asked in the sections above.

1. Which other local authorities, if any, do you regard as being in the same sub-region as yours for the purposes of cooperation in economic development?

2. Do you agree that London should be regarded as a single sub-region for the purposes of the scheme?

3. Do you agree that where local authorities outside London cannot agree on a sub-regional grouping which meets the above criteria, the scheme should be broadly based on NUTS2 groupings, with the possibility of variation where the case for doing so can be made?

4. Would you prefer the Government to proceed directly to publish a final list of sub-regions, following discussion after this consultation; or to publish a provisional list for comment first?

5. Do you agree with the calculation process as outlined above?

6. Do you have any comments on the calculation process?

7. Do you agree that there should be no minimum or maximum awards, at least at the outset of the scheme?

8. Do you agree that the Reward Period should be set at 3 years' growth?

9. If not, what other reward period should be adopted in the new scheme?

10. Do you agree with the proposed division of reward between district and county councils?

11. Do you agree that the scheme should be based on the Contribution to the Pool, without any adjustments for reliefs?

12. If not, which factors do you think should be reflected by adjusting the Contribution to the Pool?

13. Do you agree that, in calculating NNDR contributions for the purposes of this scheme, we should take actual yield as shown in Line 14 of Part I of the NNDR3 form (i.e. after the application of transitional relief)?

14. If not, what would you propose?

15. Do you agree that we should not seek, for the purposes of the scheme, to neutralise the impact of appeals on local authorities' contributions to the NNDR pool?

16. If not, what would you propose?

17. What are your views on the handling of revaluations?

18. Do you agree that we should not make adjustments for cross-boundary transfers or for transfers between the central list and local lists?

19. If not, what would you propose?

20. Do you have comments on the approach we propose where an audited NNDR3 form is not available?

Section 6

The Code of Practice on Consultation

The Code of Practice on Consultation sets out the basic minimum principles for conducting effective Government consultations. It aims to standardise consultation practice across Government and to set a benchmark for best practice, so that all respondents would know what to expect from a national, public Government consultation.

It is centred around six key consultation criteria which are as follows:

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy
- Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses
- Ensure that your consultation is clear, concise and widely accessible
- Give feedback regarding the responses received and how the consultation process influenced the policy
- Monitor your Department's effectiveness at consultation, including through the use of a designated Consultation Co-ordinator
- Ensure your consultation follows better regulation best practice, including carrying out an Impact Assessment if appropriate

Paragraphs 11 and 12 explain how information provided in response to this consultation will be handled.

If you are not satisfied that this consultation has followed the above criteria or you have any other observations about ways of improving the consultation process, then please contact:

Albert Joyce,
Communities and Local Government Consultation Co-ordinator,
Zone 6/H10, Eland House, Bressenden Place, London, SW1E 5DU;

or by e-mail to:

consultationcoordinator@communities.gsi.gov.uk

Page 139

Annex A

The NNDR3 Form

NATIONAL NON-DOMESTIC RATES RETURN – NNDR3 2006-07

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 13 July 2007.
In addition, a certified copy of the form before auditor certification, should be returned by no later than 13 July 2007 to Ibrahim Farrah, Communities and Local Government,
Zone 5/J6 Eland House, Bressenden Place, London, SW1E 5DU.
Auditor-certified forms should be returned to the same address no later than 28 September 2007.
Where possible all figures to be entered in pounds and pence.

Ver 1.0

Select your local authorities name from this list	
Check that this is your authority:	
E-code:	
Local authority contact name:	
Local authority telephone number:	
Local authority fax number:	
Local authority e-mail address:	

PART I: CONTRIBUTION TO THE NNDR POOL

GROSS AMOUNT (See notes)	**£**
1. Gross amount payable after taking into account transitional adjustments, empty property rate & mandatory relief	
DISCRETIONARY RELIEF (See Notes)	
2. Reductions under s47(1) and s47(2)(a) (Charitable occupation)	
3. Reductions under s47(1) and s47(2)(b) and (c) (non-profit making bodies)	
4. Reductions under s47(1) and s47(2ba) (Community Amateur Sports Clubs)	
5. Reductions under s47(1) and s47(3A) (Village shop)	
6. Reductions under s47(1), s47(3A) and s47(3B) (other small rural businesses)	
7. Reductions under s47(1) and s47(3c) (former agricultural premises)	
8. Reductions under s49 (hardship)	
9. Reductions under regulation 5 of SI 1991 No. 141 (charges on property)	
NET YIELD (See Notes)	
10. Line 1 – line 2 – line 3 – line 4 – line 5 – line 6 – line 7 – line 8 – line 9	
COST OF COLLECTION (See Notes)	
11. Allowance for Cost of Collection	

LOSSES IN COLLECTION (See Notes)

12. Yield lost in respect of bad debts written off and doubtful debts for which provision should be made

INTEREST (See Notes)

13. Interest on payments

CONTRIBUTION TO THE POOL (See Notes)

14. Line 10 – line 11 – line 12 – line 13

NATIONAL NON DOMESTIC RATES RETURN 3 2006-07
PART II OTHER INFORMATION
LA

1. Gross Rates Payable

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

TRANSITION (see notes)

2. Increase in rate yield due to full rate reduction being deferred

(ii) in respect of 2006-07

(ii) net amounts in respect of previous years

3. Reduction in rate yield due to full rate increases being deferred

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

SMALL BUSINESS RATE RELIEF (see notes)

4. Increases under s43(4B&C) Total additional yield generated to finance the small business rate relief

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

5. Reductions under s43(4B&C) Total cost of small business rate relief for properties within billing authority area

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

OTHER MANDATORY RELIEFS (see notes)

6. Reductions under s43(5) (Charitable occupation)

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

7. Reductions under s43(5) (Community Amateur Sports Clubs)

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

8. Reductions under s43(6A) and s43(6B) (Village shop)

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

9. Reductions under s43(6A) and s43(6F) (Former agricultural premises)

(ii) net amounts in respect of previous years

Page 141

NATIONAL NON DOMESTIC RATES RETURN 3 2006-07
PART II OTHER INFORMATION
LA

10. Reductions under s44A (Partly occupied hereditaments)

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

11. Reductions under s45 (Empty premises)

(i) in respect of 2006-07

(ii) net amounts in respect of previous years

GROSS AMOUNT (see notes)

12. Line 1(i) + 1(ii) + 2(i) + 2(ii) - 3(i) - 3(ii) + 4(i) + 4(ii) - 5(i) - 5(ii) - 6(i) - 6(ii) - 7(i) - 7(ii) -8(i) - 8(ii) -9(ii) - 10(i) - 10(ii) - 11(i) - -11(ii)
The figure in line 12 should be the same as Part I line 1.

ARREARS (see notes)

13. Estimated gross arrears of all non-domestic rates at 31 March 2007

DATE OF LATEST INFORMATION

14. Date of latest information taken into account when calculating the contribution to the pool (See Notes)

Certificate of Chief Financial Officer
I certify that the entries in Parts I and II of this form are the best I can make on the information available to me. I certify that the entries in Part I have been made in accordance with the Non-Domestic Rating Contributions (England) Regulations 1992 (SI 1992/3082), as amended, and that the entry given in Part I line 14 has been calculated in accordance with the number of hereditaments and aggregate rateable value shown in the rating list for my authority on 31 December 2005.

Chief Financial Officer:..

Date: ....

NOW PLEASE COMPLETE THE VALIDATION SHEET

Annex B

NUTS 2 Areas

1. The European Union defines sub-regions using Level 2 of the Nomenclature of Units for Territorial Statistics (NUTS) categories. Boundaries defined for the NUTS scheme are reasonably stable, and are based on local authority areas. They are subject to periodic review (the last being in 2003). Table 1 below shows how local authorities fall within NUTS 2 sub-regions. It reflects the restructuring of some local authorities due to come into effect on 1 April 2009.

Table 1 – allocation of local authorities to NUTS2 areas

Local Authority	NUTS 2 region	County	Type[8]
Adur	Surrey, East and West Sussex	West Sussex	SD
Allerdale	Cumbria	Cumbria	SD
Amber Valley	Derbyshire and Nottinghamshire	Derbyshire	SD
Arun	Surrey, East and West Sussex	West Sussex	SD
Ashfield	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Ashford	Kent	Kent	SD
Aylesbury Vale	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
Babergh	East Anglia	Suffolk	SD
Barking & Dagenham	Outer London	–	LB
Barnet	Outer London	–	LB
Barnsley	South Yorkshire	–	MD
Barrow-in-Furness	Cumbria	Cumbria	SD
Basildon	Essex	Essex	SD
Basingstoke & Deane	Hampshire and Isle of Wight	Hampshire	SD
Bassetlaw	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Bath & North East Somerset	Gloucestershire, Wiltshire and North Somerset	–	UA
Bedford	Bedfordshire and Hertfordshire	–	UA
Bexley	Outer London	–	LB

[8] "Type" can be Shire County (SC), Shire District (SD), Metropolitan District (MD), Unitary Authority (UA), London Borough (LB).

Birmingham	West Midlands	–	MD
Blaby	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)

Local Authority	NUTS 2 region	County	Type[8]
Blackburn with Darwen UA	Lancashire	–	UA
Blackpool UA	Lancashire	–	UA
Bolsover	Derbyshire and Nottinghamshire	Derbyshire	SD
Bolton	Greater Manchester	–	MD
Boston	Lincolnshire	Lincolnshire	SD
Bournemouth UA	Dorset and Somerset	–	UA
Bracknell Forest UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Bradford	West Yorkshire	–	MD
Braintree	Essex	Essex	SD
Breckland	East Anglia	Norfolk	SD
Brent	Outer London	–	LB
Brentwood	Essex	Essex	SD
Brighton and Hove	Surrey, East and West Sussex	–	UA
Bristol	Gloucestershire, Wiltshire and North Somerset	–	UA
Broadland	East Anglia	Norfolk	SD
Bromley	Outer London	–	LB
Bromsgrove	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Broxbourne	Bedfordshire and Hertfordshire	Hertfordshire	SD
Broxtowe	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Burnley	Lancashire	Lancashire	SD
Bury	Greater Manchester	–	MD
Calderdale	West Yorkshire	–	MD
Cambridge	East Anglia	Cambridgeshire	SD
Camden	Inner London	–	LB
Cannock Chase	Shropshire and Staffordshire	Staffordshire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)

Local Authority	NUTS 2 region	County	Type[8]
Canterbury	Kent	Kent	SD
Carlisle	Cumbria	Cumbria	SD
Castle Point	Essex	Essex	SD
Central Bedfordshire	Bedfordshire and Hertfordshire	–	UA
Charnwood	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Chelmsford	Essex	Essex	SD
Cheltenham	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Cherwell	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
Cheshire East Council	Cheshire	–	UA
Cheshire West and Chester Council	Cheshire	–	UA
Chesterfield	Derbyshire and Nottinghamshire	Derbyshire	SD
Chichester	Surrey, East and West Sussex	West Sussex	SD
Chiltern	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
Chorley	Lancashire	Lancashire	SD
Christchurch	Dorset and Somerset	Dorset	SD
City of London	Inner London	–	LB
Colchester	Essex	Essex	SD
Copeland	Cumbria	Cumbria	SD
Corby	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Cornwall	Cornwall and Isles of Scilly	–	UA
Cotswold	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Coventry	West Midlands	–	MD
Craven	North Yorkshire	North Yorkshire	SD
Crawley	Surrey, East and West Sussex	West Sussex	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type[8]**
Croydon	Outer London	–	LB
Dacorum	Bedfordshire and Hertfordshire	Hertfordshire	SD
Darlington UA	Tees Valley and Durham	–	UA
Dartford	Kent	Kent	SD
Daventry	Leicestershire, Rutland and Northamptonshire	Northamptonshi re	SD
Derby UA	Derbyshire and Nottinghamshire	–	UA
Derbyshire Dales	Derbyshire and Nottinghamshire	Derbyshire	SD
Doncaster	South Yorkshire	–	MD
Dover	Kent	Kent	SD
Dudley	West Midlands	–	MD
Durham County	Tees Valley and Durham	–	UA
Ealing	Outer London	–	LB
East Cambridgeshire	East Anglia	Cambridgeshire	SD
East Devon	Devon	Devon	SD
East Dorset	Dorset and Somerset	Dorset	SD
East Hampshire	Hampshire and Isle of Wight	Hampshire	SD
East Hertfordshire	Bedfordshire and Hertfordshire	Hertfordshire	SD
East Lindsey	Lincolnshire	Lincolnshire	SD
East Northamptonshire	Leicestershire, Rutland and Northamptonshire	Northamptonshi re	SD
East Riding of Yorkshire UA	East Riding and North Lincolnshire	–	UA
East Staffordshire	Shropshire and Staffordshire	Staffordshire	SD
Eastbourne	Surrey, East and West Sussex	East Sussex	SD
Eastleigh	Hampshire and Isle of Wight	Hampshire	SD
Eden	Cumbria	Cumbria	SD
Elmbridge	Surrey, East and West Sussex	Surrey	SD
Enfield	Outer London	–	LB

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
Epping Forest	Essex	Essex	SD
Epsom and Ewell	Surrey, East and West Sussex	Surrey	SD
Erewash	Derbyshire and Nottinghamshire	Derbyshire	SD
Exeter	Devon	Devon	SD
Fareham	Hampshire and Isle of Wight	Hampshire	SD
Fenland	East Anglia	Cambridgeshire	SD
Forest Heath	East Anglia	Suffolk	SD
Forest of Dean	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Fylde	Lancashire	Lancashire	SD
Gateshead	Northumberland and Tyne and Wear	–	MD
Gedling	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Gloucester	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Gosport	Hampshire and Isle of Wight	Hampshire	SD
Gravesham	Kent	Kent	SD
Great Yarmouth	East Anglia	Norfolk	SD
Greenwich	Outer London	–	LB
Guildford	Surrey, East and West Sussex	Surrey	SD
Hackney	Inner London	–	LB
Halton UA	Cheshire	–	UA
Hambleton	North Yorkshire	North Yorkshire	SD
Hammersmith & Fulham	Inner London	–	LB
Harborough	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Haringey	Inner London	–	LB
Harlow	Essex	Essex	SD
Harrogate	North Yorkshire	North Yorkshire	SD
Harrow	Outer London	–	LB
Hart	Hampshire and Isle of Wight	Hampshire	SD
Hartlepool UA	Tees Valley and Durham	–	UA

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
Hastings	Surrey, East and West Sussex	East Sussex	SD
Havant	Hampshire and Isle of Wight	Hampshire	SD
Havering	Outer London	–	LB
Herefordshire UA	Herefordshire, Worcestershire and Warwickshire	–	SC
Hertsmere	Bedfordshire and Hertfordshire	Hertfordshire	SD
High Peak	Derbyshire and Nottinghamshire	Derbyshire	SD
Hillingdon	Outer London	–	LB
Hinckley & Bosworth	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Horsham	Surrey, East and West Sussex	West Sussex	SD
Hounslow	Outer London	–	LB
Huntingdonshire (new)	East Anglia	Cambridgeshire	SD
Hyndburn	Lancashire	Lancashire	SD
Ipswich	East Anglia	Suffolk	SD
Isle of Wight UA	Hampshire and Isle of Wight	–	UA
Isles of Scilly	Cornwall and Isles of Scilly	–	UA
Islington	Inner London	–	LB
Kensington & Chelsea	Inner London	–	LB
Kettering	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Kings Lynn & West Norfolk	East Anglia	Norfolk	SD
Kingston upon Hull UA	East Riding and North Lincolnshire	–	UA
Kingston upon Thames	Outer London	–	LB
Kirklees	West Yorkshire	–	MD
Knowsley	Merseyside	–	MD
Lambeth	Inner London	–	LB
Lancaster	Lancashire	Lancashire	SD
Leeds	West Yorkshire	–	MD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
Leicester UA	Leicestershire, Rutland and Northamptonshire	–	UA
Lewes	Surrey, East and West Sussex	East Sussex	SD
Lewisham	Inner London	–	LB
Lichfield	Shropshire and Staffordshire	Staffordshire	SD
Lincoln	Lincolnshire	Lincolnshire	SD
Liverpool	Merseyside	–	MD
Luton UA	Bedfordshire and Hertfordshire	–	UA
Maidstone	Kent	Kent	SD
Maldon	Essex	Essex	SD
Malvern Hills (new)	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Manchester	Greater Manchester	–	MD
Mansfield	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Medway Towns UA	Kent	–	UA
Melton	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Mendip	Dorset and Somerset	Somerset	SD
Merton	Outer London	–	LB
Mid Devon	Devon	Devon	SD
Mid Suffolk	East Anglia	Suffolk	SD
Mid Sussex	Surrey, East and West Sussex	West Sussex	SD
Middlesbrough UA	Tees Valley and Durham	–	UA
Milton Keynes UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Mole Valley	Surrey, East and West Sussex	Surrey	SD
New Forest	Hampshire and Isle of Wight	Hampshire	SD
Newark & Sherwood	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Newcastle upon Tyne	Northumberland and Tyne and Wear	–	MD
Newcastle-under-Lyme	Shropshire and Staffordshire	Staffordshire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
Newham	Inner London	–	LB
North Devon	Devon	Devon	SD
North Dorset	Dorset and Somerset	Dorset	SD
North East Derbyshire	Derbyshire and Nottinghamshire	Derbyshire	SD
North East Lincolnshire UA	East Riding and North Lincolnshire	–	UA
North Hertfordshire	Bedfordshire and Hertfordshire	Hertfordshire	SD
North Kesteven	Lincolnshire	Lincolnshire	SD
North Lincolnshire UA	East Riding and North Lincolnshire	–	UA
North Norfolk	East Anglia	Norfolk	SD
North Somerset UA	Gloucestershire, Wiltshire and North Somerset	–	UA
North Tyneside	Northumberland and Tyne and Wear	–	MD
North Warwickshire	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
North West Leicestershire	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Northampton	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
Northumberland	Northumberland and Tyne and Wear	–	UA
Norwich	East Anglia	Norfolk	SD
Nottingham City UA	Derbyshire and Nottinghamshire	–	UA
Nuneaton & Bedworth	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Oadby & Wigston	Leicestershire, Rutland and Northamptonshire	Leicestershire	SD
Oldham	Greater Manchester	–	MD
Oxford	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
Pendle	Lancashire	Lancashire	SD
Peterborough UA	East Anglia	–	UA
Plymouth UA	Devon	–	UA

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
Poole UA	Dorset and Somerset	–	UA
Portsmouth UA	Hampshire and Isle of Wight	–	UA
Preston	Lancashire	Lancashire	SD
Purbeck	Dorset and Somerset	Dorset	SD
Reading UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Redbridge	Outer London	–	LB
Redcar & Cleveland UA	Tees Valley and Durham	–	UA
Redditch	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Reigate & Banstead	Surrey, East and West Sussex	Surrey	SD
Ribble Valley	Lancashire	Lancashire	SD
Richmond upon Thames	Outer London	–	LB
Richmondshire	North Yorkshire	North Yorkshire	SD
Rochdale	Greater Manchester	–	MD
Rochford	Essex	Essex	SD
Rossendale	Lancashire	Lancashire	SD
Rother	Surrey, East and West Sussex	East Sussex	SD
Rotherham	South Yorkshire	–	MD
Rugby	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Runnymede	Surrey, East and West Sussex	Surrey	SD
Rushcliffe	Derbyshire and Nottinghamshire	Nottinghamshire	SD
Rushmoor	Hampshire and Isle of Wight	Hampshire	SD
Rutland UA	Leicestershire, Rutland and Northamptonshire	–	UA
Ryedale	North Yorkshire	North Yorkshire	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)

Local Authority	NUTS 2 region	County	Type[8]
Salford	Greater Manchester	–	MD
Sandwell	West Midlands	–	MD
Scarborough	North Yorkshire	North Yorkshire	SD
Sedgemoor	Dorset and Somerset	Somerset	SD
Sefton	Merseyside	–	MD
Selby	North Yorkshire	North Yorkshire	SD
Sevenoaks	Kent	Kent	SD
Sheffield	South Yorkshire	–	MD
Shepway	Kent	Kent	SD
Shropshire	Shropshire and Staffordshire	–	UA
Slough UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Solihull	West Midlands	–	MD
South Bucks	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshire	SD
South Cambridgeshire	East Anglia	Cambridgeshire	SD
South Derbyshire	Derbyshire and Nottinghamshire	Derbyshire	SD
South Gloucestershire UA	Gloucestershire, Wiltshire and North Somerset	–	UA
South Hams	Devon	Devon	SD
South Holland	Lincolnshire	Lincolnshire	SD
South Kesteven	Lincolnshire	Lincolnshire	SD
South Lakeland	Cumbria	Cumbria	SD
South Norfolk	East Anglia	Norfolk	SD
South Northamptonshire	Leicestershire, Rutland and Northamptonshire	Northamptonshire	SD
South Oxfordshire	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
South Ribble	Lancashire	Lancashire	SD
South Somerset	Dorset and Somerset	Somerset	SD
South Staffordshire	Shropshire and Staffordshire	Staffordshire	SD
South Tyneside	Northumberland and Tyne and Wear	–	MD

Table 1 – allocation of local authorities to NUTS2 areas (continued)

Local Authority	**NUTS 2 region**	**County**	**Type**[8]
Southampton UA	Hampshire and Isle of Wight	–	UA
Southend-on-Sea UA	Essex	–	UA
Southwark	Inner London	–	LB
Spelthorne	Surrey, East and West Sussex	Surrey	SD
St Albans	Bedfordshire and Hertfordshire	Hertfordshire	SD
St Edmundsbury	East Anglia	Suffolk	SD
St Helens	Merseyside	–	MD
Stafford	Shropshire and Staffordshire	Staffordshire	SD
Staffordshire Moorlands	Shropshire and Staffordshire	Staffordshire	SD
Stevenage	Bedfordshire and Hertfordshire	Hertfordshire	SD
Stockport	Greater Manchester	–	MD
Stockton-on-Tees UA	Tees Valley and Durham	–	UA
Stoke-on-Trent UA	Shropshire and Staffordshire	–	UA
Stratford-on-Avon	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Stroud	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Suffolk Coastal	East Anglia	Suffolk	SD
Sunderland	Northumberland and Tyne and Wear	–	MD
Surrey Heath	Surrey, East and West Sussex	Surrey	SD
Sutton	Outer London	–	LB
Swale	Kent	Kent	SD
Swindon UA	Gloucestershire, Wiltshire and North Somerset	–	UA
Tameside	Greater Manchester	–	MD
Tamworth	Shropshire and Staffordshire	Staffordshire	SD
Tandridge	Surrey, East and West	Surrey	SD

Local Authority	NUTS 2 region	County	Type[8]
Table 1 – allocation of local authorities to NUTS2 areas (continued)			
	Sussex		
Taunton Deane	Dorset and Somerset	Somerset	SD
Teignbridge	Devon	Devon	SD
Telford & Wrekin UA	Shropshire and Staffordshire	–	UA
Tendring	Essex	Essex	SD
Test Valley	Hampshire and Isle of Wight	Hampshire	SD
Tewkesbury	Gloucestershire, Wiltshire and North Somerset	Gloucestershire	SD
Thanet	Kent	Kent	SD
Three Rivers	Bedfordshire and Hertfordshire	Hertfordshire	SD
Thurrock UA	Essex	–	UA
Tonbridge & Malling	Kent	Kent	SD
Torbay UA	Devon	–	UA
Torridge	Devon	Devon	SD
Tower Hamlets	Inner London	–	LB
Trafford	Greater Manchester	–	MD
Tunbridge Wells	Kent	Kent	SD
Uttlesford	Essex	Essex	SD
Vale of White Horse	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
Wakefield	West Yorkshire	–	MD
Walsall	West Midlands	–	MD
Waltham Forest	Outer London	–	LB
Wandsworth	Inner London	–	LB
Warrington UA	Cheshire	–	UA
Warwick	Herefordshire, Worcestershire and Warwickshire	Warwickshire	SD
Watford	Bedfordshire and Hertfordshire	Hertfordshire	SD
Waveney	East Anglia	Suffolk	SD
Waverley	Surrey, East and West Sussex	Surrey	SD
Wealden	Surrey, East and West Sussex	East Sussex	SD
Wellingborough	Leicestershire, Rutland and	Northamptonshi	SD

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
	Northamptonshire	re	
Welwyn Hatfield	Bedfordshire and Hertfordshire	Hertfordshire	SD
West Berkshire UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
West Devon	Devon	Devon	SD
West Dorset	Dorset and Somerset	Dorset	SD
West Lancashire	Lancashire	Lancashire	SD
West Lindsey	Lincolnshire	Lincolnshire	SD
West Oxfordshire	Berkshire, Buckinghamshire and Oxfordshire	Oxfordshire	SD
West Somerset	Dorset and Somerset	Somerset	SD
Westminster	Inner London	–	LB
Weymouth & Portland	Dorset and Somerset	Dorset	SD
Wigan	Greater Manchester	–	MD
Wiltshire	Gloucestershire, Wiltshire and North Somerset	–	UA
Winchester	Hampshire and Isle of Wight	Hampshire	SD
Windsor & Maidenhead UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Wirral	Merseyside	–	MD
Woking	Surrey, East and West Sussex	Surrey	SD
Wokingham UA	Berkshire, Buckinghamshire and Oxfordshire	–	UA
Wolverhampton	West Midlands	–	MD
Worcester	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Worthing	Surrey, East and West Sussex	West Sussex	SD
Wychavon	Herefordshire, Worcestershire and Warwickshire	Hereford & Worcester	SD
Wycombe	Berkshire, Buckinghamshire and Oxfordshire	Buckinghamshir e	SD
Wyre	Lancashire	Lancashire	SD
Wyre Forest	Herefordshire, Worcestershire and	Hereford & Worcester	SD

Page 155

Table 1 – allocation of local authorities to NUTS2 areas (continued)			
Local Authority	**NUTS 2 region**	**County**	**Type**[8]
	Warwickshire		
York UA	North Yorkshire	–	UA

Annex C

Exemplification

Introduction

The exemplification in this annex calculates the notional distribution of a hypothetical fund of £100m, based on NNDR return data from 1998-99 to 2008 09, and using the approach to calculation explained in the body of the paper (and which, subject to this consultation, the Government has said it favours). Where available, NNDR3 data have been used. For 2007-08 and 2008-09, NNDR1 data have been used.

This exemplification is purely indicative. It is the Government's firm intention that, before any real allocations are made in any year, authorities should have the chance to comment on provisional figures based on the fund actually available, the NNDR data actually being used, updated population data where available, and the methodology as resolved after this consultation.

Model for exemplifications

Respondents are also invited to create their own exemplifications using the Microsoft Excel model published with this consultation paper. The model allows the following parameters to be set, and the resulting distribution of reward to be examined at sub-regional, billing authority and (where applicable) county council levels:

- Total size of the fund available
- The proportions of reward in a two-tier area that are given to the district council and to the county council
- The number of years taken into the rolling Reward Period
- Whether London is treated as one sub-region or two (i.e. inner and outer London)

The model is underpinned by published data on the contributions to the national non-domestic rates pool made by each local authority for the years since 1998-99. On the assumption that respondents will want to see how rewards distributed by the Government's proposed method might vary from year to year, the model supports a (purely hypothetical) calculation of reward for any past periods that can effectively utilise the available data. If a reward period of three years is set, ending in 2008-09, the model generates results which are replicated in this annex.

Local government restructuring

To make the exemplification and model as relevant as possible, the historic data for district councils due to be abolished under local government restructuring have been manipulated to derive a notional basis for calculating rewards for the new unitary authorities which will come into being on 1 April 2009. The district councils that will then disappear are not included in the dataset: the new unitaries are.

A worked example

To illustrate the calculations we made to derive the results in Tables 2 and 3 below, Carlisle is taken as an example. It is a shire district authority. The county council is Cumbria. Carlisle is in the Cumbria NUTS2 sub-region. There are five other district councils in the sub-region.

(a) Carlisle's NNDR contribution in 2005-06 was £28,468,636. For 2008-09, for the purposes of this exemplification, it is taken to be £33,960,023. Carlisle's contribution will therefore have increased by £5,491,387 over those three years

(b) In total, the 6 districts in the Cumbria sub-region delivered an increase in contributions of £26,772,836 into the national pool in that period

(c) All other sub-regions in England delivered increases in the same period, so all qualify for reward from the scheme. The total increase in the national pool was £3,316,082,504. Cumbria sub-region therefore delivered just under 0.807% of the national increase

(d) The total reward fund is assumed to be £100,000,000. Cumbria is therefore entitled to 0.807% of it i.e. £807,363

(e) Cumbria has a population of 497,000, so its reward per capita is £1.6245. Carlisle has a population of 103,500, so the total reward to be shared between Carlisle and its county council (Cumbria County Council) is £168,133

(f) The assumed division of this reward allocates one-third to Carlisle District Council (i.e. £56,044), and two-thirds to Cumbria County Council (i.e. £112,089)

(g) Similar calculations are made for the other districts in the Cumbria sub-region i.e. Allerdale, Barrow-in-Furness, Copeland, Eden, and South Lakeland. The result is that, in total, Cumbria County Council receives a reward of £538,242

Population data

The exemplifications use Office of National Statistics mid-year population estimates for 2007, published 21 August 2008.

Sub-regional distribution

Table 2 shows how the hypothetical fund would be distributed between the sub-regions.

Table 2 – allocations to NUTS2 sub-regions

Sub-Region	Sub-regional Population	Sub-region reward	Award £ per capita
Bedfordshire and Hertfordshire	1,661,900	£3,760,483	£2.26
Berkshire, Buckinghamshire and Oxfordshire	2,180,200	£4,408,103	£2.02
Cheshire	1,003,600	£2,024,846	£2.02
Cornwall and Isles of Scilly	531,600	£702,593	£1.32
Cumbria	497,000	£807,363	£1.62
Derbyshire and Nottinghamshire	2,056,600	£2,611,142	£1.27
Devon	1,135,000	£1,551,544	£1.37
Dorset and Somerset	1,230,800	£1,728,334	£1.40
East Anglia	2,310,600	£4,147,654	£1.80
East Riding and North Lincolnshire	907,800	£1,305,413	£1.44
Essex	1,688,400	£2,894,595	£1.71
Gloucestershire, Wiltshire and North Somerset	2,280,400	£4,277,078	£1.88
Greater Manchester	2,562,200	£5,696,707	£2.22
Hampshire and Isle of Wight	1,845,200	£3,341,816	£1.81
Herefordshire, Worcestershire and Warwickshire	1,260,800	£2,028,008	£1.61
Kent	1,647,100	£2,877,592	£1.75
Lancashire	1,451,500	£1,574,609	£1.08
Leicestershire, Rutland and Northamptonshire	1,650,000	£2,304,265	£1.40
Lincolnshire	692,800	£744,474	£1.07
London	7,556,600	£27,137,113	£3.59
Merseyside	1,350,200	£2,206,240	£1.63
North Yorkshire	788,900	£1,073,022	£1.36
Northumberland and Tyne and Wear	1,400,000	£2,485,336	£1.78
Shropshire and Staffordshire	1,517,400	£2,008,498	£1.32
South Yorkshire	1,299,400	£1,864,537	£1.43
Surrey, East and West Sussex	2,636,400	£5,042,208	£1.91
Tees Valley and Durham	1,164,600	£1,522,278	£1.31
West Midlands	2,603,900	£4,158,269	£1.60
West Yorkshire	2,181,200	£3,715,880	£1.70

Page 159

Allocation to local authorities

Tables 3 and 4 show how, after allocation to sub-regions, the hypothetical fund would be distributed to their constituent local authorities on a per capita basis. It reflects:

- a per capita amount which will be the same for all billing authorities in a sub-region, subject to
- a further split between shire districts and the counties of which they are part. For the purposes of this exemplification, two-thirds of the amount attributable to a district is taken for the county of which it is part

Table 3 – Allocations to Billing Authorities

Local Authority	Population	Amount per capita	Amount distributed to Billing Authority
Adur	60,600	1.91	£38,633
Allerdale	94,500	1.62	£51,171
Amber Valley	120,400	1.27	£50,955
Arun	146,400	1.91	£93,332
Ashfield	115,900	1.27	£49,050
Ashford	112,500	1.75	£65,515
Aylesbury Vale	174,100	2.02	£117,336
Babergh	86,700	1.80	£51,877
Barking & Dagenham	166,900	3.59	£599,368
Barnet	329,700	3.59	£1,184,012
Barnsley	224,600	1.43	£322,283
Barrow-in-Furness	71,800	1.62	£38,879
Basildon	169,800	1.71	£97,035
Basingstoke & Deane	160,100	1.81	£96,652
Bassetlaw	111,700	1.27	£47,273
Bath & North East Somerset	178,300	1.88	£334,416
Bedford	154,900	2.26	£350,502
Bexley	222,100	3.59	£797,601
Birmingham	1,010,200	1.60	£1,613,228
Blaby	92,900	1.40	£43,246
Blackburn with Darwen UA	140,900	1.08	£152,850
Blackpool UA	142,500	1.08	£154,586

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Bolsover	74,200	1.27	£31,402
Bolton	262,300	2.22	£583,189
Boston	58,400	1.07	£20,919
Bournemouth UA	163,200	1.40	£229,171
Bracknell Forest UA	113,500	2.02	£229,483
Bradford	497,400	1.70	£847,368
Braintree	140,900	1.71	£80,520
Breckland	129,900	1.80	£77,726
Brent	270,000	3.59	£969,619
Brentwood	71,600	1.71	£40,917
Brighton and Hove	253,500	1.91	£484,828
Bristol	416,400	1.88	£780,992
Broadland	123,000	1.80	£73,597
Bromley	300,700	3.59	£1,079,868
Bromsgrove	92,300	1.61	£49,488
Broxbourne	89,500	2.26	£67,506
Broxtowe	110,900	1.27	£46,934
Burnley	87,500	1.08	£31,640
Bury	183,300	2.22	£407,543
Calderdale	200,100	1.70	£340,889
Cambridge	120,000	1.80	£71,802
Camden	231,900	3.59	£832,795
Cannock Chase	94,400	1.32	£41,651
Canterbury	148,000	1.75	£86,189
Carlisle	103,500	1.62	£56,044
Castle Point	89,200	1.71	£50,975
Central Bedfordshire	252,100	2.26	£570,442
Charnwood	164,800	1.40	£76,716
Chelmsford	164,500	1.71	£94,006

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Cheltenham	112,300	1.88	£70,209
Cherwell	137,600	2.02	£92,737
Cheshire East Council	360,800	2.02	£727,944
Cheshire West and Chester Council	328,100	2.02	£661,969
Chesterfield	100,600	1.27	£42,575
Chichester	109,400	1.91	£69,744
Chiltern	90,800	2.02	£61,196
Chorley	104,100	1.08	£37,643
Christchurch	45,400	1.40	£21,251
City of London	8,000	3.59	£28,729
Colchester	175,500	1.71	£100,292
Copeland	70,400	1.62	£38,121
Corby	55,200	1.40	£25,696
Cornwall	529,500	1.32	£699,817
Cotswold	83,900	1.88	£52,454
Coventry	306,700	1.60	£489,781
Craven	56,000	1.36	£25,389
Crawley	100,100	1.91	£63,815
Croydon	339,500	3.59	£1,219,206
Dacorum	138,600	2.26	£104,540
Darlington UA	100,000	1.31	£130,712
Dartford	90,600	1.75	£52,761
Daventry	79,100	1.40	£36,822
Derby UA	237,900	1.27	£302,047
Derbyshire Dales	70,200	1.27	£29,710
Doncaster	291,100	1.43	£417,706
Dover	106,700	1.75	£62,137
Dudley	305,400	1.60	£487,705
Durham County	504,900	1.31	£659,967

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Ealing	305,300	3.59	£1,096,387
East Cambridgeshire	81,000	1.80	£48,466
East Devon	132,300	1.37	£60,285
East Dorset	85,800	1.40	£40,161
East Hampshire	111,000	1.81	£67,010
East Hertfordshire	134,000	2.26	£101,070
East Lindsey	140,100	1.07	£50,183
East Northamptonshire	85,400	1.40	£39,754
East Riding of Yorkshire UA	333,000	1.44	£478,853
East Staffordshire	108,300	1.32	£47,784
Eastbourne	95,600	1.91	£60,946
Eastleigh	120,100	1.81	£72,504
Eden	51,900	1.62	£28,103
Elmbridge	131,000	1.91	£83,514
Enfield	285,100	3.59	£1,023,846
Epping Forest	123,300	1.71	£70,462
Epsom and Ewell	70,900	1.91	£45,200
Erewash	110,700	1.27	£46,850
Exeter	122,400	1.37	£55,774
Fareham	109,500	1.81	£66,105
Fenland	91,400	1.80	£54,689
Forest Heath	63,200	1.80	£37,816
Forest of Dean	81,900	1.88	£51,203
Fylde	76,400	1.08	£27,627
Gateshead	190,500	1.78	£338,183
Gedling	111,700	1.27	£47,273
Gloucester	114,500	1.88	£71,585
Gosport	79,200	1.81	£47,813
Gravesham	97,700	1.75	£56,896
Great Yarmouth	93,900	1.80	£56,185

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Greenwich	223,100	3.59	£801,192
Guildford	134,400	1.91	£85,682
Hackney	209,700	3.59	£753,071
Halton UA	119,500	2.02	£241,101
Hambleton	86,900	1.36	£39,399
Hammersmith & Fulham	172,500	3.59	£619,479
Harborough	82,300	1.40	£38,311
Haringey	224,700	3.59	£806,938
Harlow	78,300	1.71	£44,746
Harrogate	158,800	1.36	£71,997
Harrow	214,600	3.59	£770,667
Hart	89,900	1.81	£54,272
Hartlepool UA	91,400	1.31	£119,471
Hastings	86,200	1.91	£54,954
Havant	116,900	1.81	£70,572
Havering	228,400	3.59	£820,226
Herefordshire UA	178,400	1.61	£286,958
Hertsmere	97,000	2.26	£73,163
High Peak	92,800	1.27	£39,274
Hillingdon	250,700	3.59	£900,309
Hinckley & Bosworth	104,400	1.40	£48,599
Horsham	129,900	1.91	£82,813
Hounslow	220,600	3.59	£792,214
Huntingdonshire	167,700	1.80	£100,344
Hyndburn	82,000	1.08	£29,652
Ipswich	121,000	1.80	£72,401
Isle of Wight UA	139,500	1.81	£252,646
Isles of Scilly	2,100	1.32	£2,775
Islington	187,800	3.59	£674,424
Kensington & Chelsea	178,600	3.59	£641,385

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Kettering	89,500	1.40	£41,663
Kings Lynn & West Norfolk	143,500	1.80	£85,863
Kingston upon Hull UA	257,000	1.44	£369,565
Kingston upon Thames	157,900	3.59	£567,047
Kirklees	401,000	1.70	£683,141
Knowsley	150,900	1.63	£246,572
Lambeth	273,200	3.59	£981,110
Lancaster	143,500	1.08	£51,890
Leeds	761,100	1.70	£1,296,606
Leicester UA	292,600	1.40	£408,623
Lewes	94,500	1.91	£60,245
Lewisham	258,500	3.59	£928,320
Lichfield	97,500	1.32	£43,018
Lincoln	87,800	1.07	£31,450
Liverpool	435,500	1.63	£711,611
Luton UA	188,800	2.26	£427,209
Maidstone	144,200	1.75	£83,976
Maldon	62,400	1.71	£35,660
Malvern Hills	74,300	1.61	£39,837
Manchester	458,100	2.22	£1,018,524
Mansfield	100,100	1.27	£42,364
Medway Towns UA	252,200	1.75	£440,610
Melton	49,200	1.40	£22,903
Mendip	109,100	1.40	£51,067
Merton	199,300	3.59	£715,722
Mid Devon	75,900	1.37	£34,585
Mid Suffolk	93,800	1.80	£56,125
Mid Sussex	130,300	1.91	£83,068
Middlesbrough UA	138,700	1.31	£181,298
Milton Keynes UA	228,400	2.02	£461,797

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Mole Valley	81,200	1.91	£51,766
New Forest	174,700	1.81	£105,466
Newark & Sherwood	112,600	1.27	£47,654
Newcastle upon Tyne	271,600	1.78	£482,155
Newcastle-under-Lyme	124,300	1.32	£54,843
Newham	249,600	3.59	£896,359
North Devon	92,100	1.37	£41,967
North Dorset	67,600	1.40	£31,642
North East Derbyshire	98,000	1.27	£41,475
North East Lincolnshire UA	158,400	1.44	£227,779
North Hertfordshire	122,500	2.26	£92,396
North Kesteven	104,800	1.07	£37,539
North Lincolnshire UA	159,400	1.44	£229,217
North Norfolk	100,800	1.80	£60,314
North Somerset UA	204,700	1.88	£383,932
North Tyneside	196,000	1.78	£347,947
North Warwickshire	62,200	1.61	£33,350
North West Leicestershire	90,400	1.40	£42,082
Northampton	202,800	1.40	£94,405
Northumberland	310,600	1.78	£551,390
Norwich	132,200	1.80	£79,102
Nottingham City UA	288,700	1.27	£366,545
Nuneaton & Bedworth	121,200	1.61	£64,984
Oadby & Wigston	56,800	1.40	£26,441
Oldham	219,500	2.22	£488,029
Oxford	151,000	2.02	£101,768
Pendle	90,000	1.08	£32,544
Peterborough UA	163,300	1.80	£293,132
Plymouth UA	250,700	1.37	£342,707
Poole UA	138,100	1.40	£193,925

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Portsmouth UA	197,700	1.81	£358,052
Preston	131,900	1.08	£47,696
Purbeck	45,800	1.40	£21,438
Reading UA	143,700	2.02	£290,544
Redbridge	254,400	3.59	£913,596
Redcar & Cleveland UA	139,400	1.31	£182,213
Redditch	79,600	1.61	£42,679
Reigate & Banstead	132,300	1.91	£84,343
Ribble Valley	58,300	1.08	£21,082
Richmond upon Thames	180,000	3.59	£646,412
Richmondshire	51,400	1.36	£23,304
Rochdale	206,100	2.22	£458,236
Rochford	82,200	1.71	£46,975
Rossendale	67,000	1.08	£24,228
Rother	88,200	1.91	£56,229
Rotherham	253,400	1.43	£363,609
Rugby	91,000	1.61	£48,791
Runnymede	82,600	1.91	£52,658
Rushcliffe	109,000	1.27	£46,130
Rushmoor	89,400	1.81	£53,970
Rutland UA	38,400	1.40	£53,627
Ryedale	53,300	1.36	£24,165
Salford	219,200	2.22	£487,362
Sandwell	287,500	1.60	£459,120
Scarborough	108,400	1.36	£49,147
Sedgemoor	112,200	1.40	£52,518
Sefton	276,200	1.63	£451,314
Selby	80,800	1.36	£36,633
Sevenoaks	114,300	1.75	£66,563
Sheffield	530,300	1.43	£760,939

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Shepway	100,100	1.75	£58,294
Shropshire	290,900	1.32	£385,048
Slough UA	120,100	2.02	£242,828
Solihull	203,600	1.60	£325,137
South Bucks	64,300	2.02	£43,336
South Cambridgeshire	137,300	1.80	£82,154
South Derbyshire	91,200	1.27	£38,597
South Gloucestershire UA	256,500	1.88	£481,087
South Hams	83,500	1.37	£38,048
South Holland	82,600	1.07	£29,587
South Kesteven	131,100	1.07	£46,959
South Lakeland	104,900	1.62	£56,802
South Norfolk	117,300	1.80	£70,187
South Northamptonshire	90,300	1.40	£42,035
South Oxfordshire	128,400	2.02	£86,536
South Ribble	106,700	1.08	£38,583
South Somerset	157,800	1.40	£73,863
South Staffordshire	106,300	1.32	£46,901
South Tyneside	151,000	1.78	£268,061
Southampton UA	231,200	1.81	£418,723
Southend-on-Sea UA	162,000	1.71	£277,733
Southwark	274,400	3.59	£985,420
Spelthorne	90,900	1.91	£57,950
St Albans	132,300	2.26	£99,788
St Edmundsbury	102,900	1.80	£61,570
St Helens	177,400	1.63	£289,873
Stafford	124,000	1.32	£54,711
Staffordshire Moorlands	95,400	1.32	£42,092
Stevenage	79,400	2.26	£59,888
Stockport	280,900	2.22	£624,543

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Stockton-on-Tees UA	190,200	1.31	£248,615
Stoke-on-Trent UA	239,000	1.32	£316,351
Stratford-on-Avon	117,800	1.61	£63,161
Stroud	110,700	1.88	£69,209
Suffolk Coastal	124,400	1.80	£74,435
Sunderland	280,300	1.78	£497,600
Surrey Heath	83,300	1.91	£53,105
Sutton	185,900	3.59	£667,600
Swale	130,300	1.75	£75,881
Swindon UA	189,500	1.88	£355,423
Tameside	214,400	2.22	£476,690
Tamworth	75,600	1.32	£33,356
Tandridge	82,500	1.91	£52,595
Taunton Deane	108,200	1.40	£50,646
Teignbridge	126,800	1.37	£57,778
Telford & Wrekin UA	161,700	1.32	£214,033
Tendring	146,200	1.71	£83,548
Test Valley	114,700	1.81	£69,244
Tewkesbury	79,200	1.88	£49,515
Thanet	129,200	1.75	£75,240
Three Rivers	86,400	2.26	£65,168
Thurrock UA	150,000	1.71	£257,160
Tonbridge & Malling	115,700	1.75	£67,378
Torbay UA	134,200	1.37	£183,451
Torridge	65,000	1.37	£29,618
Tower Hamlets	215,300	3.59	£773,181
Trafford	212,800	2.22	£473,132
Tunbridge Wells	105,600	1.75	£61,497
Uttlesford	72,500	1.71	£41,431
Vale of White Horse	117,000	2.02	£78,853

Page 169

Table 3 – Allocations to Billing Authorities (continued)			
Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Wakefield	321,600	1.70	£547,876
Walsall	254,500	1.60	£406,421
Waltham Forest	222,300	3.59	£798,319
Wandsworth	281,800	3.59	£1,011,995
Warrington UA	195,200	2.02	£393,832
Warwick	134,600	1.61	£72,168
Watford	79,700	2.26	£60,114
Waveney	117,300	1.80	£70,187
Waverley	117,800	1.91	£75,099
Wealden	143,800	1.91	£91,674
Wellingborough	75,900	1.40	£35,332
Welwyn Hatfield	106,700	2.26	£80,479
West Berkshire UA	150,700	2.02	£304,697
West Devon	52,100	1.37	£23,740
West Dorset	97,100	1.40	£45,450
West Lancashire	109,800	1.08	£39,704
West Lindsey	88,000	1.07	£31,521
West Oxfordshire	101,600	2.02	£68,474
West Somerset	35,400	1.40	£16,570
Westminster	234,100	3.59	£840,695
Weymouth & Portland	65,100	1.40	£30,472
Wigan	305,600	2.22	£679,461
Wiltshire	452,500	1.88	£848,701
Winchester	111,300	1.81	£67,191
Windsor & Maidenhead UA	141,000	2.02	£285,085
Wirral	310,200	1.63	£506,870
Woking	91,400	1.91	£58,269
Wokingham UA	156,600	2.02	£316,626
Wolverhampton	236,000	1.60	£376,878
Worcester	93,700	1.61	£50,239

Table 3 – Allocations to Billing Authorities (continued)

Local Authority	**Local Authority**	**Local Authorit y**	**Local Authority**
Worthing	99,600	1.91	£63,496
Wychavon	117100	1.61	£62,785
Wycombe	161400	2.02	£108,777
Wyre	110900	1.08	£40,102
Wyre Forest	98600	1.61	£52,866
York	193300	1.36	£262,917

Page 171

Table 4 – Allocations to County Councils

County Council	County Population	Amount allocated to County Council
Buckinghamshire	490,600	£661,290
Cambridgeshire	597,400	£714,911
Cumbria	497,000	£538,242
Derbyshire	758,100	£641,676
Devon	750,100	£683,591
Dorset	406,800	£380,829
East Sussex	508,300	£648,094
Essex	1,376,400	£1,573,134
Gloucestershire	582,500	£728,351
Hampshire	1,276,800	£1,541,596
Hertfordshire	1,066,100	£1,608,220
Kent	1,394,900	£1,624,654
Lancashire	1,168,100	£844,782
Leicestershire	640,800	£596,595
Lincolnshire	692,800	£496,316
Norfolk	840,600	£1,005,949
North Yorkshire	595,600	£540,070
Northamptonshire	678,200	£631,415
Nottinghamshire	771,900	£653,357
Oxfordshire	635,600	£856,738
Somerset	522,700	£489,329
Staffordshire	825,800	£728,710
Suffolk	709,300	£848,822
Surrey	1,098,300	£1,400,358
Warwickshire	526,800	£564,908
West Sussex	776,300	£989,801
Worcestershire	555,600	£595,792

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