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Mobile (park) homes - 10% commission on sales



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British Holiday and Park Homes Association

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Mobile (park) homes - 10% commission on sales

Summary

When an owner of a mobile/park home situated on a site covered by the Mobile Homes Act 1983 (as amended) sells their home, there is a requirement to pay commission on the sale to the site owner. The maximum rate of commission is prescribed in regulations made by the Secretary of State and is currently set at 10% of the sale price.

There has been a polarised debate over the years about the commission payment, with park home owners calling for the rate to be reduced or abolished, and site owners arguing for the commission payment to be maintained.

The general justification for the commission charge is that what is sold is an amalgam of the value of the park home and the value of the site on which it is placed. Site owners regard the charge as an important source of income which allows them to reinvest in the parks and maintain higher standards without additional costs for park home owners.

Park home owners regard the requirement to pay commission as unfair and outdated. Various organisations, such as Park Home Owners Justice Campaign (PHOJC), have campaigned for reform. The PHOJC has argued that the 10% charge should be based on the difference between the last sale price and the current sale price.

Policy Reviews

England

The commission charge has been reviewed several times since it was last amended (reduced from 15%) in 1983. In October 2014 the Coalition Government said there were no plans to amend the amount payable – this position was reiterated by the Minister for Housing, then Brandon Lewis, on 8 June 2015.

In 2015, the Government set up a Park Homes Working Group “to identify evidence of poor practice where it exists, and investigate how best to raise standards and further tackle abuse.” The Working Group, which included national resident groups and industry trade bodies, considered the issue of the 10% commission charge, but was unable to reach a consensus.

The Government conducted a [two-part review of mobile \(park\) homes legislation](#) in 2017. The 10% commission charge was outside of the scope of the review. However, many consultation responses raised the issue, and the Government said it would give the matter further consideration separately

from the review. The Government's [response](#) to the review, published on 22 October 2018, consequently confirmed that the Government would commission research to gather relevant data to enable a detailed assessment of the likely impacts of a change to the 10% commission charge on residents and site owners.

A consortium, led by the University of Liverpool, has been commissioned to carry out the research. The research team has completed focus group meetings and surveys with residents and site owners and is assessing and modelling the data obtained. The final report is expected at the end of 2021.

Wales

The Welsh Government held a [public consultation](#) on the park homes commission rate from May to August 2017, inviting views on whether the rate should continue at its current level of 10% or be reduced or abolished. The Welsh Government subsequently commissioned further financial analysis to inform its decision. On 5 June 2018, the Minister for Housing and Regeneration [announced](#) the decision to lower the commission rate by 1 percentage point per year, over a 5-year period, until it was reduced to a maximum of 5% of the purchase price. The Welsh Government subsequently conducted a further [consultation](#) on how best to implement the commission rate reduction.

In January 2019, on the application of the British Holiday and Home Parks Association and a park owner, the Administrative Court for Wales gave permission for a Judicial Review of the Welsh Government's decision to reduce the rate of commission. The Welsh Government undertook not to introduce any changes to the maximum commission rate until the Judicial Review was complete.

On 27 March 2019, the Minister for Housing and Local Government issued a [written statement](#) on implementing changes to the park homes commission rate. The Minister confirmed the proposed reduction in the maximum rate of commission would not go ahead at that time. Instead, she said the matter would be considered afresh, following further engagement with the sector, and she was minded to commission further research.

The Minister subsequently [reported](#), on 18 November 2020, that the evidence gathering work around the commission rate had been temporarily postponed to enable officials to focus on the immediate challenges of the coronavirus (Covid-19) pandemic.

Scotland

In 2011, the Scottish Government [consulted](#) on proposals to amend the implied terms in the Mobile Homes Act 1983. The consultation invited views on the commission on mobile/park home sales, and its relationship to other sources of business income for site owners, such as pitch fees. In 2013 the Scottish Government confirmed its decision to retain the 10% commission rate.

1 The requirement to pay commission on a sale

When an owner of a mobile/park home situated on a site covered by the Mobile Homes Act 1983 (as amended) sells their home, there is a requirement to pay commission on the sale to the site owner.¹ The maximum rate of commission is prescribed in regulations made by the Secretary of State and is currently set at 10% of the sale price.²

The general justification for the charge is that what is sold is an amalgam of the value of the mobile home and the value of the site on which it is placed. A report by Shelter on the 1983 Act (published in 1988) contained a short section on commission charges:

“It is worth mentioning that the payment of up to 10% commission to a site owner is frequently objected to by many mobile home owners. They argue that as a site owner does nothing to earn this commission, they do not see why s/he should get it. This argument is even stronger when occupiers have increased the value of the home by adding porches, brick skirts, etc at their own expense.

The site owner's response to this argument is to accept that they do nothing for the money but that this is part of the income, along with pitch fees and selling new mobile homes, that they have always expected to receive to make the businesses viable. They say that if the commission was reduced or abolished, then they would have to increase pitch fees accordingly to make up the difference. It is certainly true that there is some evidence that this did happen when commission was reduced from 15% to 10% in 1983.”³

¹ Paragraphs 7A(5) and 7B(8) of Part 1 Schedule 1 to the [Mobile Homes Act 1983](#) (as amended).

² The Mobile Homes (Commissions) Order 1983 SI 1983/748: [Mobile Homes \(Selling and Gifting\) \(England\) Regulations 2013](#) (S.I. 2013/981).

³ Shelter's Mobile Homes Unit, *It's not what we expected*, 1988

2 Department of the Environment survey 1990-91

A survey of mobile home and park owners carried out on behalf of the Department of the Environment (DoE) over 1990/91, found that commission charges emerged as an issue on which there were fundamental disagreements between park owners and residents:

“Park owners argued strongly that the retention of commission at its current level was essential for the continued viability of the trade, and that reduction or removal would lead to greater pressure on pitch levels or greater pressure towards sales through the park owner. Many residents, however, saw commission as a payment totally unearned and undeserved by the park owner.”⁴

The DoE survey found that park owners saw commission on sales as a vital part of their income and were concerned that the percentage should not be reduced any further. Over half the mobile home owners in the survey thought the payment of commission to be unfair or "disgusting".⁵

⁴ DoE Mobile Homes Survey, 1992, para 694

⁵ Ibid, paras 616-618

3 A review of commission charges 2001-02

The Department of the Environment, Transport and the Regions (DETR) established a Park Homes Working Group in 1998 with a view to reviewing a number of issues relating to park homes.⁶ The report of the Working Group was published on 12 July 2000; the Group recommended that the Government should commission an independent study into the economics of the park homes industry “to identify the maximum level of commission to be set and give clarification of the items to be included in the calculation of the commission.”

Berkeley Hanover Consulting was commissioned to carry out the study in January 2001. Their findings, [Economics of the Park Homes Industry](#), were published on 29 October 2002. Berkeley Hanover found “evidence did not support the idea of excessive profits in the sector as a whole” but the researchers identified several respects in which park home transactions did not operate as a perfectly flexible, fair and transparent market:

“Firstly, there is evidence that overall demand outstrips supply: questioned about physical and regulatory limits to expansion, only 7% of operators said that they had space on which further homes could be added but that they did not wish to do so. However, given that over 50% of parks are owned by operators running only one park, and only one operator runs over 25 parks, the industry is far from being a monopoly.

Secondly, 14-18% of more recently arrived residents believed the obligation to pay commission was not (or may not have been) made clear to them. On face value this might not seem a problem for the 80% who did not intend to move off the park in future in any case. But the fact that 58% had acquired their homes directly or indirectly through a previous resident suggests a mismatch between intention and reality, where a lack of information is likely to impose a hidden cost.

Thirdly, there is a perception that operators may harass residents into abandoning the park. The resident may lose out through being forced to sell the unit at a submarket price to the operator (who then either resells it at a profit or redevelops the pitch with a new home). Or he/she sells it at a market price on which the operator receives commission. While only 7% of residents reported having experienced pressures to leave in this way themselves – and by definition some who had experienced such pressure would have left the park so would have been unable to

⁶ HC Deb 13 April 1999 c78W

participate in the survey – 43% said they were aware of other residents on the park experiencing pressure to leave.

Finally, operators effectively block the sale of new units by manufacturers direct to residents (the sited price of a new home is substantially higher than the price the operator pays the manufacturer). In addition, manufacturers report that operator pressure prevents them from offering a refurbishment service.”⁷

The study estimated that income from sales formed 51% of site owners’ revenue, pitch fees 42%, and commission the remainder.⁸

The study outlined three potential avenues for reform, the consequences of which were based on total profits to operators remaining the same:

“Reduce or eliminate the commission. Simply decreasing or eliminating the maximum commission outright would mean that operators would have to increase prices elsewhere. Although the researchers assumed that this would come wholly from increasing pitch fees, some or all of the shortfall could be met through the price of new units (assuming that the trend for the value of park homes relative to bricks and mortar housing to rise over time will continue). If commission was abolished, pitch fees would rise by 20-32%. This might impact on the attractiveness of this form of tenure.

Sliding scale of commission related to length of stay. Although the researchers acknowledged that the current structure of commission – under which the same proportion is payable every time the unit changes hands – could provide an incentive for operators to ‘encourage’ their residents to leave, the researchers did not calculate in detail the option of relating the rate of commission to the resident’s length of stay. Such a system would be fairer to people only staying on the park a short time – although this would imply that those selling after a very long stay would have to pay far more than 10%. The researchers also state that this mechanism would undermine the assumed relationship of commission to the value of the land. However, it could be argued that the land value forms an increasingly important component of the value of the sited home over time.

Basing the commission on the value of the land. The contribution of the operator’s land to the value of the home could alternatively be acknowledged explicitly in the commission – either by applying commission to the land proportion of the home’s value, or to the increase in value of the land component. The percentage of land value payable as commission would have to maintain existing actual income from commission; alternatively, if the percentage remained at 10%, the lower actual amount payable would mean that prices elsewhere would have to rise (from pitch fees or operator-sold units – as for first option). Although

⁷ ODPM, [Economics of the Park Homes Industry - summary](#), Berkley Hanover Consulting, 2002

⁸ ODPM, [Economics of the Park Homes Industry](#), Berkley Hanover Consulting, 2002, fig 4.2

the researchers did not specifically address this point, a mechanism assuming an increase in land values would of course function only as long as land values did indeed continue to rise.”⁹

It was accepted by the researchers that there would be implementation issues associated with whichever option was chosen (if any) and that it would be particularly difficult to introduce changes for existing residents as legislation is rarely retrospective. Operators might find it difficult to carry out cost and income projections for the park as a single business if residents are on different regimes. An alternative suggested by the researchers would be to offer residents a choice of payment mechanisms at the outset so that they could elect, according to their circumstances, a higher price at entry in exchange for lower commission payments at exit.

A further suggestion of the researchers would have involved residents and prospective residents being allowed greater scope to contract with a park home manufacturer independently for bringing a home onsite and to refurbish existing units:

“While operators would see their income flows affected as units needed replacing (through them) less often, refurbishment is likely to be the best use of resources for residents. Operators should accept this development as a business risk, and on new contracts adjust the price of the unit (and possibly other elements of the cost package) accordingly.”¹⁰

The 2004 Housing Act, which implemented some of the Park Home Working Group’s recommendations, did not make any changes to the requirement to pay commission on sales.

⁹ ODPM, [Economics of the Park Homes Industry - summary](#), Berkley Hanover Consulting, 2002

¹⁰ Ibid

4 Exemption for park homes given as gifts (2006)

The Office of the Deputy Prime Minister (ODPM) issued ‘Park Homes Statutory Instruments: consultation on implied terms and written statements’ in July 2004. This paper set out proposals to amend the terms implied into written statements by the 1983 Act; in relation to commission, there were proposals to stipulate that commission on sale should not apply to a gift of the mobile home. In the February 2005 summary of responses the Labour Government said that it accepted wording suggested by the trade associations to achieve this aim:

“The owner shall not be entitled to receive a commission on a gift made under Schedule 1, Part 1, paragraph 9 of the 1983 Act.”¹¹

[The Mobile Homes Act 1983 \(Amendment of Schedule 1\) \(England\) Order 2006](#), which came into force on 1 October 2006, implemented this change.¹²

¹¹ ODPM, Implied Terms and Written Statements for Park Homes: consultation summary of responses, February 2005, paras 2.18-2.19

¹² Paragraph 2(5) of the [Mobile Homes Act 1983 \(Amendment of Schedule 1\) \(England\) Order 2006](#), SI 2006/1755

5

Park home commission rate – 2006 consultation

In the summary of responses to a January 2005 consultation paper on proposals to reform site licensing, the then Government said it would examine the economics of the park home industry including the 10% commission in a consultation paper.¹³ On 10 May 2006 the Government published a further consultation paper, [Park Home Commission Rate](#), which outlined options for a more transparent payment system for park homes. The consultation period closed on 2 August 2006; the then Government announced the outcome on 27 March 2007.

Briefly, it was decided that the maximum rate of commission should remain at 10% and that measures to strengthen the transparency of payment mechanisms on park home sites should be introduced.¹⁴ The Labour Government published its proposals alongside a summary of responses to the consultation process, the proposals are listed below:

- Revise the Written Statement Regulations which prescribe the content of residents' written agreements, to ensure that the commission payment requirement is sufficiently obvious to anyone reading the statement.
- Where a written statement is not provided in advance of a sale (in accordance with the changes made in the Housing Act 2004) or if the commission payment requirement does not appear as required in accordance with the Written Statement Regulations, a park owner will not be able to require payment of that commission.
- Require that where a park home owner is selling their home to a third party (ie not the site owner) that the incoming resident is given a copy of the written agreement at least 28 days before the sale takes place, unless otherwise agreed; and
- Require a prospective home owner to confirm to the park owner that they are aware of the commission rate payable and all other charges payable during the occupancy of the park home.
- As part of taking forward the proposed changes, Communities and Local Government would engage with the industry to agree how they

¹³ ODPM, [Park Homes Site Licensing Proposals for Reform: Summary of Responses](#), July 2005,

¹⁴ CLG Press Notice, [Park Home Commission Rate moves towards greater transparency](#), 27 March 2007

can improve transparency in relation to commission and pitch fee monies.

- Revise the Departmental park homes booklet to make the financial arrangements clearer.¹⁵

The first four of these proposals would have required primary legislation. The Department for Communities and Local Government had already indicated in July 2005 that it intended to legislate on site licensing and intended to bring forward legislation to implement these proposals when a suitable opportunity arose.

Legislation was not introduced before the 2010 General Election but the Mobile Homes Act 2013 has now implemented a number of these changes (see Section 7).

¹⁵ CLG, [Consultation on Park Home Commission Rate: Summary of responses](#), March 2007, p14

6

Communities and Local Government Committee inquiry 2011-12

The Communities and Local Government Select Committee launched an inquiry into the park homes sector in December 2011. Its findings and recommendations were published in [Park Homes](#) (June 2012).¹⁶ The Committee received complaints from park home owners about the requirement to pay commission but concluded that the right of site owners to receive commission on sales should remain in place:

“In Bournemouth, we heard from Richard Grigg, a site owner, who told us that at one site he knew of a residents’ association that was given the option of reducing the commission fee they would pay on a home sale if they agreed to an increase in pitch fees. He said that only one in around a hundred residents agreed to this. His view chimed with a wider canvass of views carried out in 2006. The Government pointed out in its written submission that:

The previous Government consulted in 2006, on what the appropriate maximum rate should be. Some residents favoured a reduction in, or abolition of, the commission rate, but accepted that it would result in higher pitch fees—these residents generally intended to sell their home at some point in the future. Other residents who generally saw their park home as their “home for life”, wished to retain the existing rate in return for the protected pitch fees. Site owners, however, held the view that the rate should not be changed.

Given the balance of views arising from the previous consultation we do not see there is a strong case for revisiting the rate.

We see no pressing reason to change the maximum commission that is paid to site owners on the sale of park homes. The commission is an important source of revenue for site owners and provides funding for properly managing and maintaining sites. Indeed, a change could disturb the balance between commission and pitch fees, resulting in a significant and unwelcome increase in pitch fees for many residents on fixed incomes. **We conclude that the right of site owners to receive up to 10% commission from the sale of park homes on their sites should remain in place. Without this revenue pitch fees would have to rise.**

¹⁶ House of Commons Communities and Local Government Committee, [Park Homes](#), First Report of Session 2012-13, HC 177-1, 20 June 2012

Furthermore, the commission provides site owners with an incentive to allow home owners to sell their homes on the open market. Without it, and in the absence of legislation to abolish the site owner's approval of buyers, incidents of sale blocking may increase.”¹⁷

¹⁷ Ibid, paras 30-31

7 Impact of the Mobile Homes Act 2013

7.1 Legislative changes

Although the Mobile Homes Act 2013 did not change the maximum 10% commission rate, it did bring in changes affecting the sale of park homes:

- prospective buyers must be provided with written details of the commission payable before the sale is finalised;¹⁸
- park home owners are no longer required to get the approval of the site owner for a sale to take place.¹⁹

The removal of site owner permission came from a proposal in the 2012 Government consultation paper, [A better deal for mobile home owners](#).²⁰

The paper also proposed that restrictions on the payment of commission charges could be used to deter site owners' 'sale blocking' practices:

“In order to deter vexatious applications, the site operator would not usually be entitled to receive commission if his application to the tribunal to prevent the sale going ahead is dismissed.”²¹

This proposal was not included in the Mobile Homes Act 2013.

7.2 Backbench business debate (October 2014)

On 30 October 2014 Annette Brooke secured a Backbench Business debate calling for a review of the commission rate. The debate saw a number of additional concerns raised.

Natascha Engel argued that because site owners no longer have any involvement in sales, they can no longer justify the receipt of commission:

“At the moment it is daylight robbery; people are getting nothing in return for it (the commission)... All he (the site owner) has to do is get his

¹⁸ [Mobile Homes Act 2013](#), section 10(4)(4)(f)

¹⁹ *Ibid*, section 10

²⁰ DCLG, [A better deal for mobile home owners](#), 2012, para 1.19

²¹ *Ibid*, para 1.23

secretary to delete one name and enter another. A huge commission for a two minute job.”²²

Ms Engel also proposed linking receipt of commission to the upholding of minimum maintenance standards on the site. Echoing this point, other Members proposed increased transparency on what commission is spent on. Jeremy Lefroy argued that “such transparency would take a lot of the heat out of the debate.”²³

The Minister for Housing, then Brandon Lewis, said that concerns about proper maintenance of sites had already been addressed in the 2013 Act as local authorities now had powers to enforce maintenance standards. On transparency, he said:

“The Act requires site operators to use a statutory form, and to set out what is included in any proposed new pitch fee and how that fee has been calculated. We are therefore starting to see the transparency that we want to exist more widely.”²⁴

Ms Brooke did not call for the 10% commission fee to be scrapped. Instead, she argued for a review to be undertaken in order to establish facts around the need for the fee and the implications of reducing or ending it.²⁵

The Minister reiterated that the Coalition Government had no plans to change the commission rate. He did, however, agree with Ms Brooke’s call for a review into the park homes sector.

7.3

Housing and Planning Bill 2015-16

At report stage of the Housing and Planning Bill 2015-16 on 12 January 2016, New Clause 42, tabled by Mr Stevenson, MP for Carlisle, was considered alongside New Clause 62 tabled by the Government (concerning overcrowding notices). New Clause 42 was intended to amend the Mobile Homes Act 1983 to limit the amount of commission that a site owner could receive when a park home is sold to no more than 5% of the purchase price:

“My new clause would reduce the maximum commission to 5%. I accept that there are counter-arguments. Site owners suggest that the commission forms part of their investment calculations or business models, and can make their businesses viable. They also suggest that a reduction in the commission could result in increased pitch fees or service charges. The Select Committee considered the issue during the last Parliament, and concluded that the commission should remain at 10%. I would ask, however, whether it is right for site owners to benefit from an

²² [HC Deb 30 October 2014 c489](#)

²³ Ibid, c491

²⁴ Ibid, c503

²⁵ Ibid, c480

increase in value when they have not actually done anything. I do not believe that it is.

There are a number of possible solutions. We could gradually reduce the percentage—by, say, 1% a year over five years—to allow site owners to adjust their business models. The commission could be charged only on the difference between the original purchase price and the subsequent sale price. Alternatively, there could be a straight reduction from 10% to 5%, as my new clause suggests. I accept that there could potentially be an increase in pitch fees, but arguably that would reflect the true costs of running a site. Site owners cannot guarantee that they will receive income from any sales because they do not know when those sales will occur.”²⁶

In response, the Parliamentary Under-Secretary of State for Communities and Local Government, then Marcus Jones, confirmed that the Government’s view on the 10% commission charge remained unchanged. He also confirmed that a review of the effectiveness of the mobile homes legislation would be conducted in 2017:

“Following its inquiry into the park homes sector in 2012, the Select Committee on Communities and Local Government held an inquiry into the park homes sector just before legislation was passed, recommending that the right of site owners to receive up to 10% commission from the sale of a home should remain in place. The coalition Government agreed with the finding of the Select Committee, and this Government’s view remains unchanged. That said, the Mobile Homes Act 2013 introduced substantial changes to the sector and it is important that the new measures are given time to have an impact. We will therefore review the effectiveness of the legislation in 2017. I can reassure colleagues that a working group is already in place, and I am sure that they will await its recommendations with bated breath and anticipation.”²⁷

Mr Stevenson said he did not intend to press New Clause 42 to a vote – no further progress was made.

²⁶ [HC Deb 12 January 2016 c781](#)

²⁷ [HC Deb 12 January 2016 c785](#)

8 Policy reviews

8.1 England

In June 2015, the then Minister for Housing confirmed that there were no plans to carry out an immediate review of the commission rate:

Damian Green: To ask the Secretary of State for Communities and Local Government, if he will undertake an immediate review of the effect of the 10 per cent commission charge on the sale of park home properties; and if he will make a statement.

Answered by: **Brandon Lewis:** Following a recommendation from the Communities and Local Government Select Committee in 2012 that the right of site owners to receive up to 10% commission from the sale of a home should remain in place, the Government has no plans to carry out an immediate review of the commission payable on the sale of a park home.²⁸

The Government set up a Park Homes Working Group in 2015 “to identify evidence of poor practice where it exists, and investigate how best to raise standards and further tackle abuse.” The Group, which included national resident groups and industry trade bodies, reported to Government in June 2016. The Group considered the issue of the 10% commission charge, but was unable to reach a consensus:

“The 10% commission paid on the sale of a mobile home is considered by residents as unfair because part of their capital has to be paid to the site owner. This makes it unaffordable for most residents to move to another home. Many residents also believe that commission is an unpredictable income stream and cannot therefore be relied upon to fund improvements. Residents would therefore like to see the commission abolished or reduced.

For site owners, the commission is an important source of income which allows them to reinvest in the parks and maintain higher standards without additional costs for homeowners. Site owners invest in developing and maintaining their park and are able to predict, perhaps with greater accuracy than other businesses, future income from pitch fees, sales and commission. Improving standards in the sector should therefore not include steps to make park businesses unprofitable.

²⁸ [PQ 1340 \[on Park Homes: Sales\], 8 June 2015](#)

The group noted that submissions by both sides have so far been anecdotal and the only way to make progress is to have an immediate review to gather factual, verifiable evidence. The group also noted that the issue of commission was consulted on in 2006 by DCLG and was considered again by the Communities and Local Government Select Committee in 2012 during its review of the sector. A call for another review raises questions about how often reviews should be carried out.

Recommendation

No recommendations were made as the group was unable to reach a consensus.”²⁹

The Government conducted a [two-part review of mobile \(park\) homes legislation in 2017](#). The review did not call for evidence on the 10% commission charge. However, many consultation responses raised the issue and the Government said it would give it further consideration separately from the review:

“The Government also welcomes the additional 502 responses received from park home residents asking for the commission paid on the sale of a home to be considered as part of this review. Although this issue was outside the scope of this review, the Government will give it further consideration but separately from this review.”³⁰

The [Government’s response](#) to the review of park homes legislation, published on 22 October 2018, consequently confirmed that the Government would commission research to gather relevant data to enable a detailed assessment of the likely impacts of a change to the 10% commission charge on residents and site owners.³¹

In October 2021, the Government reported:

“Following an initial scoping study, University of Liverpool were appointed in March this year to undertake the research.

The research team has completed focus group meetings and surveys with residents and site owners and is currently assessing and modelling the data obtained. The final report is expected at the end of the year.”³²

²⁹ The Park Homes Working Group Report – June 2016, p21 (Published as Appendix A in DCLG, [Review of park homes legislation: call for evidence part 2](#), 28 November 2017)

³⁰ MHCLG, [Review of park homes legislation: call for evidence part 2 - summary of responses](#), 25 May 2018, page 4, para 7

³¹ MHCLG, [Review of park homes legislation: government response](#), 22 October 2018, para 46

³² [PQ 57080 \[on Park Homes: Property Transfer\], 25 October 2021](#)

8.2

Wales

A debate took place in the Senedd Cymru/Welsh Parliament on 16 July 2014 on the 10% commission rate. In response to this, the Minister for Communities and Tackling Poverty, then Lesley Griffiths, wrote a letter informing of the Welsh Government's intention to undertake specific research into the commission rate and its impact on site residents and site owners.³³

Public and Corporate Economic Consultants (PACEC) Ltd were commissioned by the Welsh Government to undertake research into the economics of the park home industry. [Understanding the Economics of the Park Home Industry in Wales: Final Report](#) was published in October 2016.

The report made four recommendations, including one on the commission rate:

“Commission Rate – although the commission rate is an ongoing source of dissatisfaction among residents, the results of this research suggest that its removal/ reduction has the potential to have a negative impact on the viability and sustainability of many Welsh park home operators. If the removal/ reduction of the commission rate were to be offset by an increase in pitch fees, this could have a negative impact on residents who have extremely limited financial resources and who wish to remain in their park home for the foreseeable future. Consequently, we recommend that the commission rate remains unchanged for existing residents, but that consideration be given to providing new residents with an option of incurring higher pitch fees in lieu of a commensurate reduction in the commission rate applied to future sales. Although, this approach may require legislative change and it is likely to add to the complexity of operator administration and business planning, it could (if adopted by sufficient numbers) contribute to improved operator cash flow and viability, whilst providing residents with greater choice and the potential to obtain a higher proportion of the proceeds of the sale of their park home.”³⁴

The Cabinet Secretary for Communities and Children, then Carl Sargeant, made a [statement](#) about the commission rate to the Welsh Parliament on 21 March 2017. He noted that the PACEC research had “faced a number of challenges” and, “In spite of the fact that over half the total number of park operators engaged in the research, only a quarter of the operators provided detailed financial information.”

³³ Letter from Lesley Griffiths AM to William Powell AM, 2 October 2014

³⁴ Public and Corporate Economic Consultants (PACEC), [Understanding the Economics of the Park Home Industry in Wales: Final Report](#), 5 October 2016, para 1.36

In his statement, the Minister announced that the Welsh Government intended to consult further on this issue, engaging with representative bodies for both residents and site owners. He noted:

“The options I will consider will include reducing or even abolishing the commission rate, which, at the current time, I am minded to do, but I will not commit further at this stage as I do not want to pre-empt the outcome of the forthcoming public consultation exercise. The [PACEC] report suggests that many park home sites are operating either at a loss or at only a small surplus. This reinforces the need for meaningful financial information because, as well as being fair to residents, in particular, in being able to access homes for themselves, we need to ensure that we do not inadvertently impact on the long-term viability of the park home sector in Wales either, which generally comprises sites smaller than their English counterparts.”³⁵

On 25 May 2017 the Welsh Government launched a public consultation on the [park homes commission rate](#), inviting views on:

- whether the commission rate should continue at its current level of 10% or be reduced or abolished;
- how any changes might affect park businesses; and
- how any changes might affect residents.³⁶

The consultation closed on 17 August 2017. In response to a Written Question in December 2017 the Welsh Government confirmed it would seek further financial information on the issue in order to inform its decision.³⁷ The Welsh Government published the [summary of responses to the consultation on the park homes commission rate](#), together with the independent review of financial information from site owners, on 24 May 2018.

On 5 June 2018, the Minister for Housing and Regeneration announced the decision to lower the commission rate by 1 percentage point per year, over a 5-year period, until it was reduced to a maximum of 5% of the purchase price:

“I am committed to ensuring everyone can access suitable, good-quality, secure and affordable homes. Reducing the maximum commission rate will help to remove the financial barriers for residents who want or need to sell. It will also help to ensure that potential buyers are not put off buying a park home because they're worried about how it will affect them, should they need to sell in future. However, I am mindful of the need to avoid placing sites at risk of closure, whilst also seeking to protect residents from steep and sudden increases in pitch fees. It's my intention to reduce the commission rate to a new maximum level of 5 per cent. This

³⁵ Senedd Cymru/Welsh Parliament, [Record of Proceedings 21 March 2017](#), Statement: Park Homes Commission Rate – Next Steps

³⁶ Welsh Government, [Consultation Document Number WG31760: The Park Homes Commission Rate](#), 25 May 2017

³⁷ [WAQ75278 6 December 2017](#)

will be done by reducing the commission rate by one percentage point each year over a period of five years.”³⁸

The Welsh Government subsequently launched a further [consultation](#) on how best to implement the reduction to the commission rate.³⁹ The consultation closed on 14 December 2018; a [summary of responses](#) was published on 4 March 2019.⁴⁰

In January 2019, on the application of the British Holiday and Home Parks Association and a park owner, the Administrative Court for Wales gave permission for a Judicial Review of the Welsh Government’s decision to reduce the rate of commission. The Welsh Government undertook not to introduce any changes to the maximum commission rate until the Judicial Review was complete.⁴¹

On 27 March 2019, the then Minister for Housing and Local Government, Julie James, issued a [written statement](#) on implementing changes to the park homes commission rate. In the statement, the Minister confirmed that the proposed reduction in the maximum rate of commission would not go ahead at that time. Instead, she said the matter would be considered afresh, following further engagement with the sector, and she was minded to commission further research:

“...Having given careful consideration to information which has come to light since proceedings began, I have decided not to implement the decision, but to reconsider the matter afresh.

As Members, park home owners and site owners would expect, I want to ensure that all relevant information is fully considered before any change to the maximum rate of commission is implemented.

Therefore, and in order to ensure any change properly achieves the objectives it was intended to achieve, I will be re-taking the decision on whether to change the maximum rate of commission, and if so by how much and over what period, entirely afresh.

As part of my reconsideration I will be engaging with the sector and am minded to commission further research to ensure I have the strongest possible evidence base on which to base my decision...”⁴²

³⁸ Senedd Cymru/Welsh Parliament, [Oral statement by the Minister for Housing and Regeneration in the Siambr on: Changes to the Park Homes Commission Rate](#), 5 June 2018, para 444

³⁹ Welsh Government, [Implementing changes to the park home commission rate - Consultation on the Mobile Homes \(Selling and Gifting\) \(Amendment\) \(Wales\) Regulations 2019](#), 26 September 2018

⁴⁰ Welsh Government, [Implementing changes to the park home commission rate: Consultation – summary of responses](#), WG37216, 4 March 2019

⁴¹ Senedd Cymru/Welsh Parliament Research Service, [Park Homes in Wales: Research Briefing](#), May 2019, p2

⁴² Welsh Government, [Written Statement: Update on Implementing Changes to the Park Homes Commission Rate](#), 27 March 2019

In an update on 18 November 2020, the Minister [reported](#) the evidence gathering work around the commission rate had been temporarily postponed to enable officials to focus on the immediate challenges of the coronavirus (Covid-19) pandemic.⁴³ In response to a written question in October 2021, Julie James (now Minister for Climate Change) confirmed officials were exploring options on how best to progress the evidence gathering work and a written statement outlining the next steps would be provided in due course.⁴⁴

The Senedd Cymru/ Welsh Parliament Research Service has published a research briefing on [Park Homes in Wales](#) (May 2019) which provides further information on policy in Wales.

8.3

Scotland

As in England and Wales, site owners are entitled to receive up to 10% commission on the sale of a mobile home. In 2011, the Scottish Government consulted on proposals to amend the implied terms in the Mobile Homes Act 1983.⁴⁵ The consultation invited views on the commission on mobile home sales, and its relationship to other sources of business income for site owners, such as pitch fees. The consultation responses showed the majority of mobile home owners disagreed with the payment of commission, whilst site owners and their representative bodies supported the retention of the commission.⁴⁶

The Scottish Government introduced legislation to update the implied terms on 1 September 2013. The policy note to [The Mobile Homes Act 1983 \(Amendment of Schedule 1\) \(Scotland\) Order 2013](#) (SSI 2013/219) explained the Scottish Government's decision not to change the commission on sales:

“Commission of up to 10% will continue to be payable to the site owner on the resale of a mobile home. This recognises that the quality and location of the site is an influential factor in the value of the home and goes some way to ensuring that the balance between the occupier and site owner is properly addressed and makes no interference in business viability of privately owned sites. In order to safeguard the owner, neither the sale nor assignment will have effect until the commission is paid.”⁴⁷

⁴³ Welsh Government, [Written Statement: Update on the commission rate from the sale of a residential park home](#), 18 November 2020

⁴⁴ [WQ83501, 5 October 2021](#)

⁴⁵ Scottish Government, [Mobile Homes Act 1983 - Amending Implied Terms - Policy Consultation Paper](#), 24 January 2011

⁴⁶ Scottish Government, An analysis of the responses to the Scottish Government's recent Consultation Paper on amending the implied terms of the Mobile Homes Act 1983, 28 June 2011, paras 17-21

⁴⁷ The Scottish Government, [Policy Note – The Mobile Homes Act 1983 \(Amendment of Schedule 1\) \(Scotland\) Order 2013 SSI 2013/219](#), para 15

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