

**Department for Work and Pensions**

**Research Report No 379**

# **A single housing benefit control for Gypsy and Traveller sites**

**Michael Wagstaff**

A report of research carried out by SPARK Research on behalf of the Department for Work and Pensions

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# Contents

Summary .....	1
1 Introduction .....	5
1.1 Research method .....	6
1.1.1 <i>Depth interviews with stakeholders</i> .....	6
1.2 Housing benefit and rent questionnaire .....	7
1.2.1 <i>Case studies</i> .....	8
1.3 The format of the report .....	8
2 The current system .....	9
2.1 Rent Officer determinations .....	9
2.2 Setting and reviewing rents .....	12
3 Rent levels, housing benefit and shortfalls .....	15
3.1 Introduction .....	15
3.2 Rent levels .....	15
3.3 Charging for amenity .....	18
3.4 Housing benefit .....	19
3.5 Rent Officer restrictions .....	20
4 Management and maintenance of Gypsy and Traveller sites .....	25
4.1 Site management .....	25
4.2 Expenditure on the site .....	26
5 A new housing benefit control for Gypsy and Traveller site rents .....	29
5.1 Towards a fairer system .....	29
5.2 Alternatives to a Rent Officer based system .....	30
5.3 An alternative Rent Officer based system .....	31
5.4 Applying the control to mobile home parks and caravans not on sites .....	33
6 Conclusions and recommendations .....	35

Appendix A	Housing Benefit control for Gypsy site rents .....	37
Appendix B	Housing Benefit and Gypsy and Traveller site rents – district councils and unitary authorities .....	45
Appendix C	Housing Benefit and Gypsy and Traveller site rents – a questionnaire for county councils, housing associations and private landlords .....	53

## List of tables

Table 2.1	Expenditure and income analysis for county council case study site .....	13
Table 3.1	Mean average rents for Gypsy and Traveller sites, England, Scotland and Wales, all sites .....	15
Table 3.2	Top five rents for Gypsy and Traveller sites, England, Scotland and Wales, single pitch .....	16
Table 3.3	Top five rents for Gypsy and Traveller sites, England, Scotland and Wales, double pitch .....	16
Table 3.4	Bottom five rents for Gypsy and Traveller sites, England, Scotland and Wales, single pitch .....	17
Table 3.5	Bottom five rents for Gypsy and Traveller sites, England, Scotland and Wales, double pitch .....	17
Table 3.6	Highest five restrictions on rent for Gypsy and Traveller sites, England, Scotland and Wales, all pitches .....	21
Table 3.7	Effect of rent restriction on gross county council, housing associations and private landlord rents .....	21
Table 4.1	Highest five management costs per unit on Gypsy and Traveller sites, England, Scotland and Wales .....	26
Table 4.2	Mean proportion of expenditure taken up by activity, landlords in England, Scotland and Wales .....	27
Table 4.3	Comparison of average revenue from rents, unitaries and counties/RSLs/private landlords .....	27

## List of figures

Figure 3.1	Percentage of landlords making charges within the rent for certain amenities .....	18
Figure 3.2	Proportion of Gypsies and Travellers (by band) in receipt of housing benefit (all sites) .....	20
Figure 3.3	How the shortfall following restriction is made up .....	22

# Summary

This research was commissioned by the Department for Work and Pensions (DWP) to review the way the housing benefit rules operate for Gypsy and Traveller site rents in England, Scotland and Wales and look at options for improving these rules.

Currently there are different rules for determining housing benefit payments on Gypsy and Traveller sites depending upon what organisation manages the site. The housing benefit rules state that where rent is payable to a housing authority (in other words a local authority) a rent rebate is payable, but otherwise; housing benefit takes the form of a rent allowance.

Where a site is managed by a local authority eg. unitary authorities in England, Scotland and Wales, district councils in England and London boroughs, rent rebates are payable and subsidy is claimed by the local authority on 100 per cent of the rent excluding any ineligible service charges and other deductions such as non-dependant deductions.

Where a site is managed by county councils, housing associations and private landlords, as they are not housing authorities, their tenants have their rents paid as rent allowances. These tenants have their rents referred to the local Rent Officer for a determination on whether the rent is a reasonable one for the market in which it operates, although for housing association sites referral is not mandatory. This is frequently determined by the local reference rent (LRR) for caravan and mobile home site rents.

Some tenants on rent allowance sites will have their housing benefit calculated according to an earlier set of rules which existed before 1996 whereby the local authority is not bound by the amount of the Rent Officer determination so they may decide to meet the rent in full although they may suffer a subsidy shortfall.

This research was designed to investigate how the current system works and in particular how the role of the Rent Services impacts upon the level of benefit that can be claimed and how this in turn affects the financing of the services that can be offered.

The research explored a range of options that could be implemented to improve the system and make it fairer to all parties.

## Key findings

- The current system is viewed as unfair by county councils because the amount of housing benefit is often restricted to the LRR. Consequently some sites are run at a loss.
- It is argued strongly that the LRR does not take into account the true costs of managing a Gypsy and Traveller site. It is considered to be a management intensive task due to the high incidence of disputes, vandalism and illiteracy on sites.
- Claimants on county council and private sites receive on average through housing benefit £18 less for a single pitch and £22 less for a double pitch than unitary and district authorities.
- Some unitary authorities charge rent levels in excess of £70 per week for a pitch although the service and site provision is no different from that provided by other landlords charging far less.
- It is estimated that county councils lose an average of £6,000 per year, per site due to rent restrictions. The majority of landlords whose rent is restricted are unable to make up the shortfall from the tenants.
- Although income is significantly lower for county councils the research shows that the average annual expenditure per pitch is the same. The intensive management of sites takes up about one-third of expenditure. Some local authorities receive Supporting People finance to help with this, but the number of cases nationally is relatively few.
- There is concern that if a new housing benefit control was Rent Officer based it would have the affect of driving down the benefit bill rather than ensuring fairness. There would be support for a new control if it was transparently fair.

## The current system

The current two-tier system has arguably existed since the rule change in housing benefit from 2 January 1996. Prior to this date the local authority determined the amount of any restriction in rent, after this date any restriction was determined by the amount of the lowest of the Rent Officer's determinations. The basis of the comparison with local rents was different for the Rent Officer than it had been for the council.

Under the current rules, where a rent allowance is payable, the Rent Officer makes determinations based on the level of rents within the vicinity and neighbourhood as well as in the wider locality. The general principle is that housing benefit may be subject to restrictions where the claimant lives on a site considered too expensive.

There are three potential determinations, the Significantly High Rent, Exceptionally High Rent and LRR determinations, that a Rent Officer can make, but in the case of Gypsy site rents, the LRR would most commonly apply – in this case the Rent Officer gathers market evidence within the wider locality, takes out exceptionally low or high values, identifies the points at which rents become exceptionally high and exceptionally low and takes the mid point of the range of reasonable rents as the LRR. At the core of the issue for county councils and private landlords is a belief that this system does not take into account the intense management costs of running sites.

The LRR is intended to reflect the mid-point of a range of reasonable rents calculated by a formula in the Rent Officers' Order, Gypsy sites are classed as being in the same category as mobile homes, caravans on park home sites, holiday parks (provided the caravan is the occupant's home), and in non-formal settings such as a farmer's field for the LRR determination. The rules are slightly different for housing association sites as in these cases, the local authority only need refer the case for a Rent Officer determination if they consider that the rent is unreasonably high or the claimant over-accommodated.

## Rent levels, housing benefit and shortfalls

The average rent charged for a typical pitch is £50 per week by a county council, housing association or private landlord and £55 by a unitary authority. However, the affect of the restriction to the LRR means that some landlords receive only £33 per week. The average shortfall for all pitches where the rent is restricted to the LRR is £13 per week per pitch.

There are examples of rents charged, particularly by unitary authorities, that are significantly higher than the average. One authority charges £105 per week per double pitch. Other unitary authorities charge £86, £79 and £77 per week for a double pitch.

Benefit dependency is high. The research estimates that at least three-quarters of tenants were on housing benefit on 90 per cent of sites. Just over one-fifth of local authorities stated that all of their tenants were on benefit.

## Management and maintenance of sites

There is very little difference between landlord types on the amount of expenditure needed to manage a site. The average annual unit cost for managing a site is £3,150. The figures for county councils and unitary authorities are virtually the same (£3,160 for counties, £3,125 for unitaries). There were variations to this with one local authority spending £17,000 per unit.

There is a great deal of consistency between different landlord types on the activities to which expenditure is addressed. Repairs and maintenance and day-to-day

dealings with tenants are the two main causes of expenditure taking up 37 per cent and 30 per cent of expenditure respectively. On average management costs between £15 and £17 per week per pitch.

The gap between income and expenditure is high for those landlords who go through the LRR route. It is estimated that an annual loss of £6,000 per site is suffered.

## Recommendations

- The current two tier system is unfair and not sustainable and should be replaced.
- One option would be for a determination by a Rent Officer on what is a reasonable market rent for a caravan site which is then enhanced by a weekly sum to take into account the extra management input that Gypsy and Traveller sites require. The weekly figure could be based upon the average expenditure per pitch on management by all landlords.
- The enhancement would be dependent upon certain quality standards relating to the physical condition of the site and health and safety issues being met.
- The system could apply to all landlords including district councils and unitary authorities which attract rent rebates.
- Transitional relief could be in place to assist landlords whose rents are currently significantly higher than the market average.
- The option of the management enhancement should only apply to Gypsy and Traveller sites and not mobile home parks or other caravan sites.
- Rent Officers should receive adequate training to enable them to implement the new system.
- Other options include transferring management of the site and the body to whom the rent is payable from a county council to a district so that there is no need to refer rents to the Rent Officer. This would mean county councils relinquishing responsibility for the management and financing of Gypsy and Traveller sites and districts assuming this responsibility. The effect of this option would be to equalise the treatment of local authorities but it would still leave a difference between local authorities on the one hand and housing associations and the private sector on the other.
- Another option discussed is to exempt county council site rents from Rent Officer referral. Again this option would not equalise the way in which housing associations and the private sector were treated. Given that many of these run sites on behalf of local authorities it might be considered unfair to leave them out of any possible reform.

# 1 Introduction

This report details the findings of research into the feasibility of a single control mechanism in relation for determining the payment of housing benefit on Gypsy and Traveller sites in England, Scotland and Wales.

- There are three systems for determining housing benefit payments on Gypsy and Traveller sites depending upon what organisation manages the site:
  - For sites managed by unitary authorities in England, Scotland and Wales, district authorities in England and London Boroughs housing benefit goes through the Rent Rebate system where subsidy is claimed by the local authority on 100 per cent of the rent excluding any deductions according to the personal and financial circumstances of the claimant.
  - For county councils and private landlords a different system operates. For these organisations the rent upon which housing benefit is to be paid is referred to the local Rent Officer for a determination on whether the rent is a reasonable one for the market in which it operates. This is usually determined by the LRR for the category of property. Gypsy sites are coupled with caravans and mobile homes on parks or other land for this purpose.
  - For housing associations the position is slightly different in that the local authority only has to refer the rent to the Rent Officer if they consider the rent is unreasonably high.

It is how this three-tier system operates that has caused some disquiet among county councils in England. Put briefly the argument is that county councils believe that they are being treated like a private sector organisation rather than a local authority. They believe that they are offering the same service as other local authorities yet because the rent they can charge has to be referred to the Rent Officer they are being penalised.

This research was designed to investigate how the current system works and in particular how the role of the Rent Services impact upon the level of benefit that can be claimed and how this in turn affects the financing of the services that can be offered. It also explored options for change, with the aim of coming up with a fairer and simpler system that takes into account the wider housing benefit reform

agenda. Very little is known about rent levels on Gypsy and Traveller sites and so one of the key aims of the study is to obtain data on rent levels charged on local authority managed sites.

## 1.1 Research method

The research was undertaken using a multi-layered approach. This consisted of:

- depth interviews with key stakeholders to understand better the issues faced by each type of site provider;
- a self-completions survey of all local authorities that provide or manage sites in England, Scotland and Wales;
- case studies with 17 local authorities to explore the issues in more depth with the range of key players involved at the local level.

Each is described in more detail.

### 1.1.1 Depth interviews with stakeholders

In order to get a strategic overview on how the two-tier system operated a series of depth interviews were undertaken with a small number of key stakeholders. The stakeholder interviews discussed a range of issues including the current system and its strengths and weaknesses, how Rent Officers determine the rent and what the guiding principles of any change to the system should be.

The interviews were undertaken face-to-face using a topic guide. Each interview lasted up to 90 minutes. Organisations interviewed included:

- Government departments in England, Scotland and Wales;
- The Rent Service in England and the Rent Officers Service in Wales<sup>1</sup>;
- A small number of local authorities (counties and unitary authorities);
- The Gypsy Council;
- The Irish Traveller Movement;
- Local Authority Associations.

Following on from the stakeholder interviews a questionnaire was developed to collect information on rents charged, site costs and revenue.

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<sup>1</sup> The Rent Registration Service in Scotland was not included as the restrictions did not affect them.

## 1.2 Housing benefit and rent questionnaire

There is very little information on the rents charged on Gypsy and Traveller sites. One of the key aims of the research was to collect data on rent levels and the cost of managing and maintaining a site, how this related to revenue and, where appropriate, the amount of any shortfall in the rent due to Rent Officer related housing benefit restrictions. The self-completion questionnaire included questions on:

- the number of pitches;
- rents for single and double pitches;
- charges made for related services such as water, liquid petroleum gas (LPG) and electricity;
- the proportion of Gypsies and Travellers on housing benefit;
- whether the rent is restricted and the amount of the restriction;
- management and maintenance costs on an annual basis.

The questionnaire was sent to all county councils and unitary authorities in England and unitary authorities in Scotland and Wales. county council recipients were asked to forward questionnaires to those district councils that managed sites on their behalf as well as to housing associations and private sector organisations that managed sites in their area. Questionnaires could be returned by email, post or filled out online.

A small pilot of the questionnaire was undertaken to make sure the questions returned the right information and that it was possible for respondents to provide the answers. After the pilot a few minor adjustments were made to the wording of the questionnaire. It was then despatched to all local authorities with a three week deadline for return. A reminder email was sent out after two weeks. In order to maximise the response, the return of questionnaires was encouraged even though the deadline had passed. This was undertaken through further mailouts and telephone calls.

In total, returns were received for 103 local authority areas. The returns by type of landlord were as follows:

- county councils – 28 out of 34 surveyed;
- unitary authorities – 40 out of 78;
- private landlords – 5;
- housing associations – 1;
- Welsh unitaries – 16 out of 32;
- Scottish unitaries – 13 out of 22.

The responses covered information relating to 220 sites. In fact the landlords were responsible for over 300 sites, but not all returns covered every site in the local authority area. The reasons for this ranged from sites being owned by a county council but managed by a district that didn't return a form. Similarly there are sites owned by local authorities but which are managed by private landlords who did not give data.

Despite these deficiencies the survey is the most comprehensive collection of rent data in relation to Gypsy sites currently available.

### **1.2.1 Case studies**

In order to further investigate the impact of the two-tier system and to obtain views on how operationally a new control might work, a number of case study areas were selected. The case studies were selected to reflect the variation in the ownership and management of sites. Case studies included:

- county councils;
- unitary authorities;
- private landlords;
- housing association;
- Welsh local authorities;
- Scottish local authorities.

A number of organisations were interviewed in each case study including, where applicable, site manager, Gypsy and Traveller Liaison Officer (GLOs), Benefit Manager, local Rent Officers and a small number of Gypsy families.

## **1.3 The format of the report**

The report is divided into a number of sections. The first section describes the current system and its strengths and weaknesses. The case for and against change is discussed as well as an overview of the issues taken into account by Rent Officers when determining a rent. Chapter 2 draws upon the questionnaire to analyse rent levels, the take up of housing benefit and the extent to which there are shortfalls in rent caused through rent restrictions. Chapter 3 assesses the resources that go into managing and maintaining Gypsy sites and analyses the relationship between income and expenditure. Finally Chapter 4 draws together the findings of the research to put forward options for change, in particular a single housing benefit control that can be applied to all Gypsy site rents regardless of ownership.

## 2 The current system

The issue of housing benefit and the impact of the Rent Officer determinations primarily concerns county council and privately owned sites, and those housing association site rents that the local authority has decided to refer to the Rent Officer. Unitary authorities and their representative bodies were not aware that there was an issue that other authorities were concerned with.

In Wales and Scotland where all local authorities are unitary authorities the issue exists for only a small number of private sites

### 2.1 Rent Officer determinations

The current system as it relates to county councils, private landlords and housing associations (if referred) is based upon the principle of Rent Officer determinations. This means that whenever a pitch is let (and the circumstances of the new claimant are different from their predecessor) or when the Rent Officer determination is reviewed annually the Rent Officer has to make an assessment of what is the appropriate rent for housing benefit purposes.

The Rent Officer will make a number of determinations and these are prescribed for Rent Officers in legislation (The Rent Officers (housing benefit Functions) Order 1997 (the Order)). The first thing the Rent Officer will do is deduct from the referred rent values for any ineligible charges such as water charges and heating. Anything that is not property related, such as education and social welfare, and any non-housing related support should have already been removed from the gross rent by the housing benefit department. Charges for management functions relating to the administration and termination of tenancies (but not evictions) are eligible for housing benefit.

The next step is to determine whether the rent for the pitch is reasonable for a site in that vicinity, preferably by direct comparison with those charged for other plots within the vicinity. The Rent Officer will then consider whether the reasonable rent for the site is still exceptionally high compared to other rents of similar properties in the neighbourhood (a larger area than the 'vicinity'). Finally, the Rent Officer will

determine the LRR for plots capable of holding the size of caravan/mobile home in question within the locality. 'Locality' is a larger area than either the vicinity or neighbourhood. Put simply, the LRR is the mid point of a range of reasonable rents for a particular category of property in the locality once exceptionally high and low rents have been excluded. For private sector and county council rents on Gypsy sites the LRR is the most likely determination to affect the level of benefit.

Gypsy sites are classed as being in the same category as mobile homes and caravans on park home sites, holiday parks (provided the caravan is used as the occupant's home not just for a holiday) and in non-formal settings (such as a farmer's field) for the local reference rent determination.

The situation for housing associations is slightly different. Generally, for cases where the landlord is a housing association the local authority only has to refer cases to the Rent Officer if they consider the rent to be unreasonably expensive or the claimant unreasonably over-accommodated. However, site rent cases are exempt from the size and rent determination by the Rent Officer (by Schedule 4 of the Order) so the local authority do not have the latter consideration and may only refer site rents if they consider them to be unreasonably expensive.

The calculation of the LRR is at the core of the issue. The Rent Officer has to gather data on what the market is charging in that locality for property of the same size. Primarily, market evidence will not contain information on plots on which housing benefit has been paid, but Rent Officers will be aware of the level of rents being charged on sites where housing benefit is prevalent. The Rent Officer's task is to set their determinations on the assumption that 'no one who would have been entitled to housing benefit had sought or is seeking the tenancy' (paragraph 4(3)(a) of Schedule 2 to the Order). Finding closely comparable data is not an easy task when so many Gypsy and Travellers are on housing benefit but for the LRR determination the Order does not require a close comparison of evidence. Rent Officers consulted as part of the research stressed that they visited sites for the 'significantly high rent' and 'exceptionally high rent' determinations to see what facilities and amenities were at the site in question; this is normal Rent Officer practice. In the course of their work, Rent Officers would also have visited other sites where housing benefit was being claimed but not necessarily all Gypsy sites due to access problems. Additionally Rent Officers would visit other sites when collecting market evidence. These sites could include mobile homes, caravans on a field, sites run by the private sector, sites attached to major building works where the caravans are rented to workers etc. Very few Rent Officers were willing to state categorically how many pieces of evidence were necessary for the LRR determination as the amount can vary and Rent Officers can use other valuation techniques to fill in gaps in the evidence record. The view from Rent Officers is that a relatively small number of direct pieces of evidence can be supplemented by extrapolation techniques and by patching in evidence from elsewhere so that a sufficient body exists upon which to make determinations.

LRRs are reviewed regularly and there was evidence from the case studies of them going down as well as up. For example, a review had seen the LRR fall from £32 per week for a double pitch to £26 in one of the case study areas.

Interviews with Rent Officers during the case studies revealed that they had much sympathy with county councils over their concerns with rent restrictions due to the LRR. Many officers stated that they did not think the rent levels that county councils wished to charge were unreasonable, it was just that the regulations dictated how the rent had to be assessed for housing benefit purposes. This reflects the difference between the property specific nature of the 'significantly high rent' and 'exceptionally high rent' determinations and the non-specific generalised nature of the local reference rent determination.

The Rent Service itself has identified a number of 'grey' areas that are currently ineligible but could be made eligible for housing benefit purpose. Research by the Agency in the early 2000s suggests that making an allowance for items that are currently ineligible could add another £6 per week or more to the allowable rent. These items include:

- maintenance of fences;
- refuse disposal;
- scrap metal removal;
- environmental health issues;
- health and safety;
- general security.

At the core of the issue for county councils, housing associations and private landlords is a belief that the Rent Officer does not have an appreciation of the problems specific to Gypsy sites. This is countered by the view from Rent Officers that county councils and private landlords have never grasped the nature and limitations of the determinations they make. The beliefs of the county councils and private sector landlords can be summarised as:

- much higher maintenance and repair costs;
- the need to deal with disputes;
- greater wear and tear due to many motor vehicles;
- damage caused by some children;
- extra management because of the culture of Gypsies and Travellers;
- high degree of illiteracy among Gypsies and Travellers;
- poor location and physical environment of sites.

county council officers interviewed for the case studies felt strongly that including mobile home sites and caravan parks in the same category as Gypsy sites led to the determinations being low. Rents charged on these sites were perceived to be lower than on a Gypsy site for the reasons stated above and so the comparison was not on a like-for-like basis. Officers did not understand how a caravan on a farmer's field could be compared with a pitch on a local authority site that had a hard standing area, water and electricity on site, specially built utility blocks and a manager either on site or available. Officers also believe that because the Rent Officer cannot take pitches where housing benefit is paid into account they are ignoring a ready source of data.

Modern Gypsy sites are far removed from the image that pictures of illegal encampments might give people. They are usually on well ordered sites with pitches that can accommodate two caravans and a couple of cars. In fact some Gypsy families live in mobile homes which are brought to the site in two halves and are mobile in a loose definition of the word. Each pitch usually has a utility block that contains a shower and a kitchen area with hot and cold water plumbed in. Some sites have play areas, communal gardens and a meeting room on site.

The Rent Service on the other hand states that Rent Officers can only be concerned with the objective value of the pitch and that factors such as education of Gypsies, neighbourhood disputes and 'people services' are ineligible under the Regulations and, in any event, should be removed by the local authority before the case is referred to the Rent Officer.

## 2.2 Setting and reviewing rents

What was very clear from the case studies is that, in many cases, rent setting for Gypsy and Traveller sites is not an exact science. While a small number of authorities had worked out the total expenditure needed to maintain the site and to pay for the Gypsy unit's share of central recharges and, therefore, how much income needed to be generated, others, particularly those subject to Rent Officer determinations tended to be based on historical rent levels.

**Table 2.1 Expenditure and income analysis for county council case study site**

<b>Expenditure</b>	
Employees	62,310
Premises (including water, rates and electricity)	51,380
Transport	7,340
Supplies and services (telephone, IT, stationary)	4,620
Support services (Legal and Committee services, Payroll)	3,150
<b>Gross expenditure</b>	<b>128,800</b>
<b>Income</b>	
Electricity charges reclaimed from tenants	(14,320)
Rents – £48 (minus bad debt provision, voids)	(84,910)
Supporting People	(29,570)
<b>Total income</b>	<b>(£128,800)</b>

In the example above the local authority worked out expenditure based upon staff costs, the services of premises and buildings on the site and its share of central recharges such as IT, telephones and stationary. The local authority deducts from the rental income £5,000 for bad debts, £3,000 for rent arrears and £2,000 for loss of income due to voids. On the income side the local authority reclaims electricity costs through £5 tokens from the tenants and receives just under £30,000 Supporting People funds (see later). To balance expenditure with income it needs to charge £48 per week per pitch. This calculation is undertaken annually to determine rent levels.

While this is a good example of a local authority calculating what the rent should be based upon income and expenditure (where the rent is not restricted) there is a feeling among some of the case study landlords that local authorities charging a much higher rent were not providing a better service, but were loading the costs of other services (such as evictions and dealing with unauthorised encampments) onto the rents. A local authority that charges one of the highest rents stated that the Gypsy and Traveller unit had to be self-financing which meant that non-site related expenditure had to be covered by rental income.

A number of representatives from landlords who went through the LRR system stated that the rents they wish to charge are not reviewed annually and in fact some said that rent levels had not been reviewed for many years. The reason for this is the belief that it would be pointless to raise rents because they will be restricted back to the LRR level. This would mean that the tenant would have to make up the shortfall (which was felt unlikely) or the local authority would have to write off the debt. In one county council area rents had not been increased for ten years.

In one of the case study areas the rent charged to the tenant was the level of the LRR. The county council manages three sites each of which has a different rent set in accordance with the LRR for that locality. The rent levels for the three sites are £27.50, £24.50 and £23.50. The sites are similar in size and number of pitches and

each is managed in the same way. The difference in rent levels is down purely to locality. The local authority believes that it makes losses on managing the site because of the intensity of resources needed to resolve disputes and tackle anti-social behaviour. It sees no point in putting up the rents because tenants cannot afford to pay more.

The issue of rent levels and rent restrictions is discussed in more detail in the next chapter.

## 3 Rent levels, housing benefit and shortfalls

### 3.1 Introduction

In this section data from the questionnaire is used to give a breakdown of average pitch rents for different types of ownership pitch size and locations. Information on the take up of housing benefit and the level of rent restriction for county councils is discussed.

### 3.2 Rent levels

The questionnaire collected data on rents charged to the tenant. For county councils, housing associations and private landlords this was the rent before any restriction was applied. The table shows the mean average rent by local authority type of single and double pitches.

**Table 3.1 Mean average rents for Gypsy and Traveller sites, England, Scotland and Wales, all sites**

Local authority type	Single residential pitch £	Double residential pitch £	Transitional pitch £
County/private/HA	39	50	43
Unitary authorities	44	55	65

Base = 220 sites.

The table shows that there is on average only £5 per week difference in the rent charged for a single or double pitch between a county council/private landlord and a unitary authority. There is a bigger gap on transitional pitches (£22 per week) but this might be because county council transitional rents have been historically low. A transitional pitch differs significantly from a normal residential pitch in that it is only

available for an occupant for a short length of time (a few days normally) before they have to move off. Usually they do not have utility blocks attached and can often only be an area of hard standing. There are few sites that offer transitional pitches.

The table suggests that most unitary authorities in general are not loading the rents to pay for other parts of the service (enforcement, for example) and claiming the costs through housing benefit. There are, however, a small number of authorities where the rent charged is significantly higher than the mean average. Local authorities were promised anonymity and so they are not named in the table.

**Table 3.2 Top five rents for Gypsy and Traveller sites, England, Scotland and Wales, single pitch**

<b>Top five for single residential pitch</b>	<b>Rent £</b>
Unitary in West Midlands	75
Unitary in Scotland	60
Unitary in East of England	57
Unitary in Yorks and Humberside	56
Unitary in Yorks and Humberside	56
Average (all)	44

The Local Authority with the highest rent for a single pitch (that responded to the survey) charged a rent that was £31 above the average. All of the top five highest rents are charged by unitary authorities, two of which are in Yorkshire and Humberside.

**Table 3.3 Top five rents for Gypsy and Traveller sites, England, Scotland and Wales, double pitch**

<b>Top five for double residential pitch</b>	<b>Rent £</b>
Unitary in Yorks and Humberside	105
Unitary in Yorks and Humberside	86
Unitary in East of England	79
Unitary in South East	77
Unitary in Wales	69
Average	55

The local authority with the highest rent level for a double pitch charges £50 per week more than the average. In its defence the local authority states that the site for which this rent is charged has experienced many problems over the last few years. There has been inter-family feuding and high levels of anti-social behaviour. Consequently the site requires heavy use of resources to manage. In addition, the service has to be self-financing so the unit has to take its share of central recharge costs (such as Human Resources, IT). This, it is argued, adds to the cost of the service.

At the other end of the scale the lowest rent charged for a single pitch was £8. This was charged on a specialist site for showmen.

**Table 3.4 Bottom five rents for Gypsy and Traveller sites, England, Scotland and Wales, single pitch**

<b>Bottom five for single residential pitch</b>	<b>Rent £</b>
Unitary in North West	8
Unitary in West Midlands	15
Unitary in South East	20
Unitary in East Midlands	21
London Borough	22
Average (all)	44

All of the bottom five rents are less than half that of the average rent (£44). Interestingly none of the bottom five rents are those of county councils. It should be noted though that these are rents before Rent Officer restriction. Analysis in a later chapter demonstrates the impact of restriction on rent levels.

**Table 3.5 Bottom five rents for Gypsy and Traveller sites, England, Scotland and Wales, double pitch**

<b>Bottom five for double residential pitch</b>	<b>Rent £</b>
Unitary in North West	8
County in East Midlands	25
London Borough	25
Unitary in Wales	29
County in South East	29
Average (all)	55

In relation to double pitches two county councils appear in the bottom five rents. Again this is before the effect of the Rent Officer determination.

One of the key issues with regard to rents is the degree to which there is a relationship between the rent charged and the quality of the site. It was not within the scope of the research to undertake a survey into stock condition or quality. However, a visual inspection of all the case study sites shows that there does not appear to be a relationship between rent and quality. In other words those sites that charge the most rent are not providing more in relation to amenity and facilities. Conversely those charging the least rent are not necessarily in the worse condition – although those local authorities experiencing a restricted rent would argue that maintenance is difficult. This is returned to later.

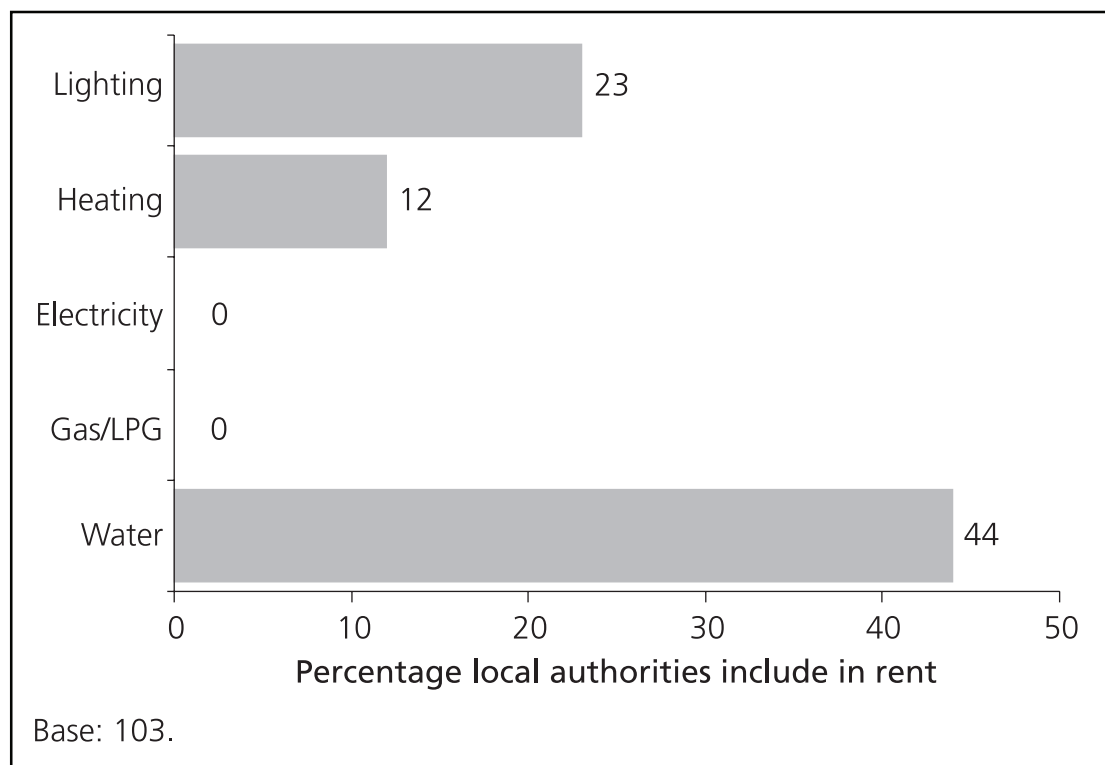
### 3.3 Charging for amenity

In some cases the rent includes a charge for certain amenities and services such as water or lighting on the site. Looking at charges for the provision of amenity and services will reveal the extent to which rents are inflated by such provision and the element of site rents that is non-housing benefit chargeable.

Figure 3.1 shows that just under half (44 per cent) of all landlords include a charge for water consumption within the rent and just under one-quarter include something for lighting on communal areas or general site lighting. No landlords include electricity or heating fees within the rent.

The inclusion of a fee for water is interesting because it is not allowed to be charged to housing benefit. Water consumption on Gypsy sites was said by GLOs to be very high because it is part of the Gypsy culture to wash cars, caravans and trailers frequently. There is no difference between counties and unitaries on the percentage that identify a part of the rent that is for water.

**Figure 3.1 Percentage of landlords making charges within the rent for certain amenities**



The issue of water charges was investigated further during the case study phase of the research. This showed that there are a number of ways that water is provided to a Gypsy and Traveller site. The most common way is for the Water Company to supply to the site (without the use of water meters) and charge the local authority. When this occurs the local authority usually passes on the charge to the individual on

the site through the rent. The second alternative is that the Water Company provides to each pitch individually through the use of water meters. Households can buy cards for the water meter usually costing £5. Anecdotal evidence from the case studies suggest that the use of meters is becoming increasingly more common on sites, particularly after a programme of modernisation or refurbishment. The third alternative is for the local authority to underwrite the cost of the water provision, that is, not charge an element in the rent for water. For those that include a charge for water in the rent the average charge is £6 per week although there are variations of between £1 and £10 per week.

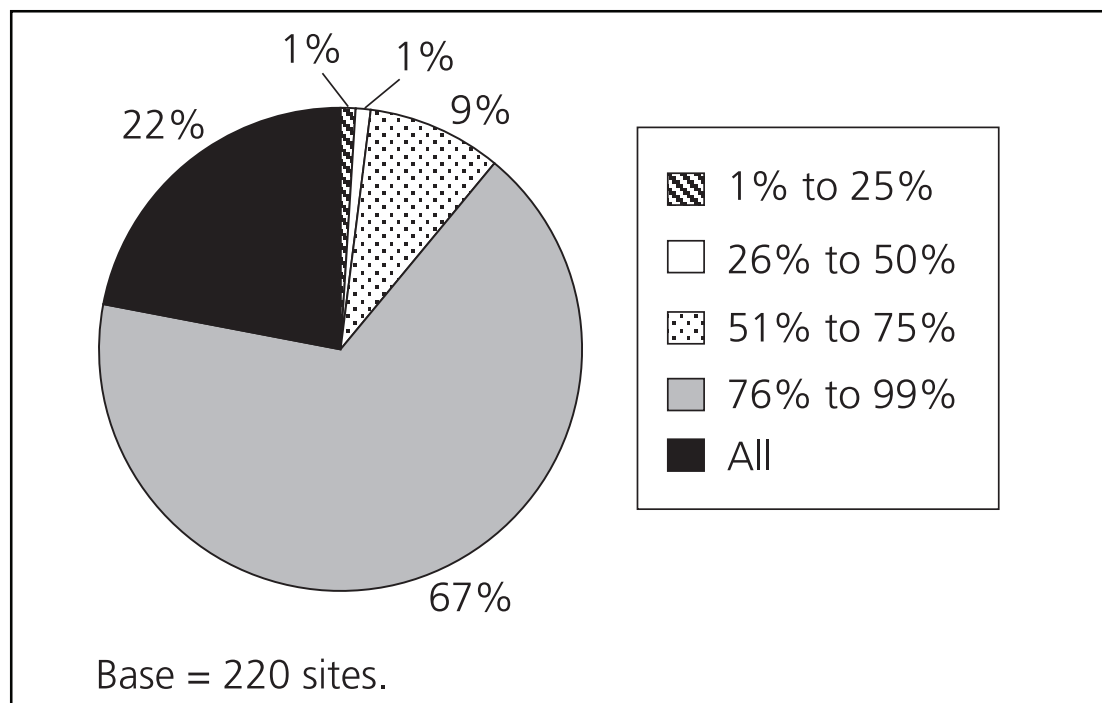
Charges for electricity and the heating of amenity blocks is usually done on a pay as you go basis. Typically a £5 electricity card is bought. The case studies showed that some local authorities are trying to persuade the local electricity supplier to bill individual pitch holders directly (as domestic properties are billed). The reason for this is twofold. First, it cuts down on the local authority's administration of the site because they are not sorting out card payments. Secondly, it is seen as a way of 'normalising' the site and of encouraging Gypsy and Travellers to take individual responsibility for domestic issues.

### 3.4 Housing benefit

Local authorities were asked to state what proportion of Gypsies and Travellers were in receipt of full or partial housing benefit. The responses are given in Figure 3.2. Figure 3.2 shows that in 22 per cent of sites all tenants were on housing benefit and in a further 67 per cent of sites between 76 per cent and 99 per cent of tenants were on housing benefit. There is no relationship between higher rents and higher proportions on benefit.

The proportion of tenants on benefit is important for two reasons. First because the affect of any rent restriction will be greater the more people there are on benefit. Second, if rent is restricted then landlords might decide that tenants have to make up the shortfall. The stakeholder interviews suggested that many landlords simply do not collect the shortfall because it is difficult to do so.

**Figure 3.2 Proportion of Gypsies and Travellers (by band) in receipt of housing benefit (all sites)**



### 3.5 Rent Officer restrictions

Under current legislation Gypsy and Traveller site rents charged by county councils and private landlords are referred to the Rent Officer. The same applies to housing associations where the local authority considers the rents to be unreasonably high. Under current rules the lowest of the Rent Officer's determinations is used to set the eligible rent for benefit purposes. Any tenant whose benefit is worked out using the old pre 1996 rules may well have their rent met in full by the local authority. However, when moving site or transferring to another pitch on the same site they would become subject to Rent Officer restrictions under the new rules. This has led one of the case study authorities to actively discourage the movement of pre 1996 tenants on the basis that the tenant will be financially worse off because they will have to make up the shortfall. It is estimated from the survey that 20 per cent of tenancies are pre-1996 and not subject to Rent Officer determinations. This figure is for counties, housing associations and private landlords only.

Only in two per cent of cases where rents are referred does the housing benefit allowed cover the rent on all of their pitches. In 61 per cent of cases housing benefit covers the full rent on some of their sites but not in others and for 37 per cent of cases housing benefit does not cover the full rent on any of the pitches. It should be stated that some of the restriction made by the Rent Officer is for water charges attributed through the rent although there are no statistics on how often this happens.

Information was collected from respondents on the level of restriction experienced. There was considerable variation in the amount of restriction and the highest five is shown in Table 3.6.

**Table 3.6 Highest five restrictions on rent for Gypsy and Traveller sites, England, Scotland and Wales, all pitches**

Restriction per week (£)	Type of respondent
38	East Midlands County, double pitch rent £55
27	South East County, double pitch rent £79
22	South East County, double pitch rent £44
17	East of England County, double pitch rent £40
17	East of England, County, double pitch rent £38
Average restriction (all)	£13.30

The table shows that the highest restriction is £38 per week on a double pitch rent of £55 in the East Midlands, a £27 restriction is experienced on a site charging a rent of £79 with an average restriction of £13.30. The £79 rent is an outlying value. The average rent that a landlord wishes to charge before restriction was shown earlier was £50 for a double pitch and £39 for a single pitch.

The extent to which the restriction impacts upon the rent received is important in relation to the financing of the site. A restriction of £17 on a rent of £38 has more of an impact than a £27 restriction on a £79 rent. It is important, therefore to analyse the relationship between the gross rent that a landlord wishes to charge and the net rent paid through housing benefit following restriction.

On a double rent the housing benefit restriction averages 34 per cent of the rent. The average single and double rent pre and post restriction is shown in Table 3.7.

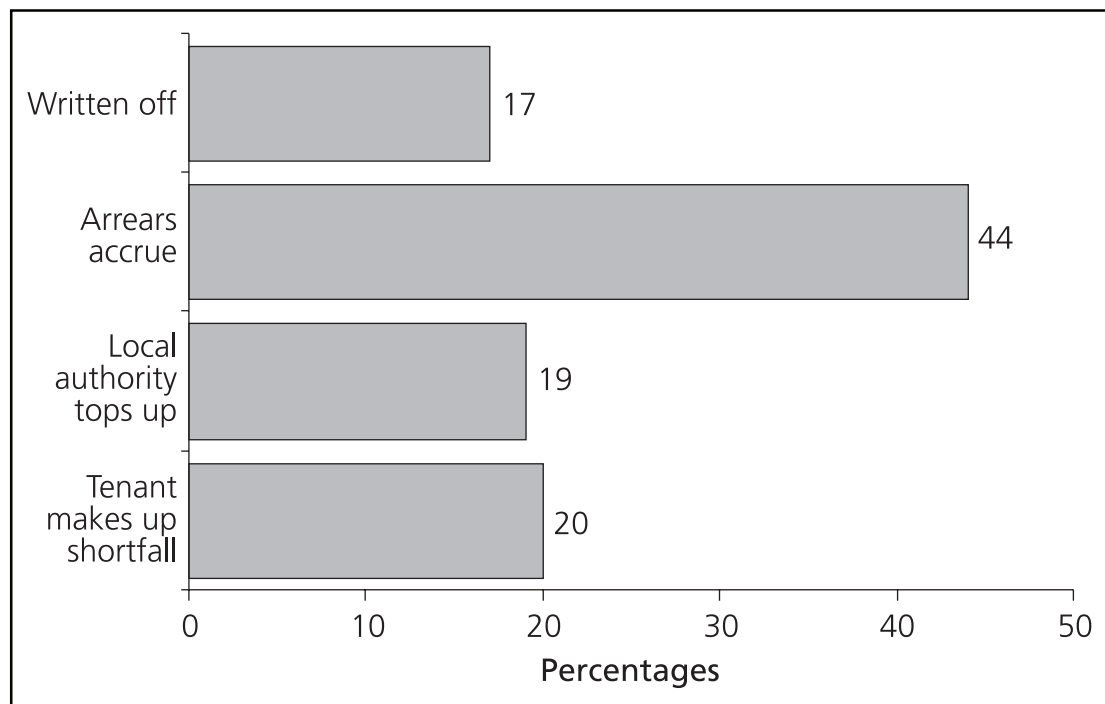
**Table 3.7 Effect of rent restriction on gross county council, housing associations and private landlord rents**

	Gross £mean	After restriction £mean	Unitary/district comparison £
Single pitch rent per week	39	26	44
Double pitch rent per week	50	33	55

Base = 34 landlords.

The table shows that while on average there were only a few pounds difference between unitary authorities and county council/housing associations and private landlords, the effect of the restriction is to significantly widen the gap so that net there is an average difference of £18 per week on a single plot and £22 per week on a double plot.

The impact of the restrictions shown in the table in relation to the landlord's income will depend upon whether the shortfall is made up by the tenant out of their own money. If the tenant is required to make up the shortfall then the landlord loses no revenue.

**Figure 3.3 How the shortfall following restriction is made up**

Twenty per cent of landlords require that the tenant makes up the shortfall but six in ten landlords either write the debt off (17 per cent) or are unable to collect it because the tenant can not afford to pay it (44 per cent). Discretionary Housing Payments are used by a fifth of local authorities. The table shows clearly that many landlords face a financial shortfall due to the difficulties in making up the restriction.

The case study visits enabled more detail on the issue of rent restrictions. A county council in the South East of England stated that because of the restriction on rent 75 per cent of its Gypsy tenants were in arrears and one-third owed £100 or more.

One private landlord that manages 40 sites in England and Wales stated that on some sites they would not accept tenants who needed housing benefit to pay the rent. This was because the site was owned and managed by the private landlord which meant that it was not subject to any help with making up the shortfall. There is no widespread incidence of housing benefit tenants not being accepted on a site.

The case studies showed that a number of options were used to try and maximise the rent collected through benefit. Some case study landlords had implemented new tenancy agreements that made topping up any shortfall in benefit a requirement of the continuing tenancy on the pitch. This was also being increasingly undertaken in Scotland and Wales to counter shortfalls caused by benefit restrictions due to individual circumstance.

A management company that has been managing Gypsy sites on behalf of local authorities for eight years has implemented a number of ways to get over the shortfall. One way is for the management company to keep the revenue from rents and receive a management fee from the council which brings the revenue up to the

amount needed to manage and maintain the site. The same management company manages sites in an area belonging to both the county council and a unitary authority. Rent on the County site is restricted while those on the Unitary are not. The Company uses rent pooling to lessen the effects of the restriction.

A county council had negotiated with the local Rent Officer to reclassify a single pitch to a double pitch. The argument was that the pitch was sufficient to get two caravans on while still maintaining the minimum legal space standard between them. This has enabled an extra £4 per pitch to be claimed.

Despite these examples of activities to try and reduce the consequences of rent restriction as the table above showed the majority of landlords (in the main county councils) have to accept a drop in revenue. One of the consequences of this is that there is less revenue for managing and maintaining the site. This is discussed in the next section.



## 4 Management and maintenance of Gypsy and Traveller sites

In this chapter the tasks and costs associated with running a Gypsy and Traveller site are discussed along with the amount of revenue that is typically received. How a site is managed is discussed and a typical example of costs from the case studies is given.

### 4.1 Site management

Landlords have adopted a number of different models of site management. Some county councils have contracted out the management of the site to a district council, housing association or private landlord. The majority retain the service in house.

The way in which a landlord runs its site is also different. The case studies showed that some landlords have an on site manager, usually a member of a Gypsy family from the site. Others do not have a manager on site but have GLOs who look after all the sites within the local area. These typically will spend one day a week at a particular site, often being out on different sites four days out of five.

In the case studies the predominant style of management was to use GLOs to visit sites at various times of the week. A typical GLO visit will involve:

- dealing with problems that have arisen particularly neighbour disputes;
- bringing in and dealing with site contractors;
- helping to fill in forms and read letters;
- arranging for the clearance of rubbish and removal of abandoned vehicles;
- dealing with visits to the doctor or hospital;
- liaising with Social Services, Sure Start and other agencies that visit the site;

- liaising with schools over non-attendance;
- collecting rent;
- administering water tokens.

The turnover on Gypsy and Traveller sites is very low and so time spent on administering lettings and dealing with transfer is correspondingly low.

## 4.2 Expenditure on the site

Information was collected on the annual cost of managing sites. This data has been converted into a cost per pitch to enable meaningful comparisons to be made. The average annual unit cost for managing a site is £3,150. The figures for county councils and unitary authorities are virtually the same (£3,160 for counties, £3,125 for unitaries).

**Table 4.1 Highest five management costs per unit on Gypsy and Traveller sites, England, Scotland and Wales**

Annual unit cost per per pitch (£)	Type of respondent
17,750	Yorkshire and Humberside Unitary
5,500	Yorkshire and Humberside Unitary
5,400	West Midlands County
4,700	South East County
4,200	Scottish Unitary
Average (all)	£3,150

Two unitary authorities in Yorkshire and Humberside have the highest unit cost per pitch. The one with the figure of £17,750 has included a contribution for a programme of modernisation.

An important question is the extent to which expenditure on different tasks differs by type of authority. This is shown in Table 4.2.

**Table 4.2 Mean proportion of expenditure taken up by activity, landlords in England, Scotland and Wales**

	Counties/RSLs and private landlords %	Unitary councils %	All %
Dealing with applications/transfers	12	8	11
Day-to-day dealings with licence holders	28	31	29
Housing advice	3	6	4
Education advice	8	7	8
Play amenities	2	6	3
Repairs	36	33	36
Modernisation	11	8	10

Base=103 landlords.

The table shows that there is a great deal of consistency between different landlord types on the activities to which expenditure is addressed. Repairs and maintenance and day-to-day dealings with tenants are the two main causes of expenditure. There are small variations in percentages but nothing of any significance.

Where there are significant variations is in the amount of revenue that is collected from the rent. Table 4.3 shows the mean annual revenue for different types of landlords before Rent Officer determinations, how much counties actually get taking into account anything they can collect from the tenant or Discretionary Housing Payments compared with what unitary authorities get.

**Table 4.3 Comparison of average revenue from rents, unitaries and counties/RSLs/private landlords**

	Annual average revenue from rents (£)
County/RSL/private landlord not taking Rent Officer determination into account	34,587
County/RSL/private landlord after Rent Officer determination	28,033
Unitary authorities	43,933

The table shows that the gap in revenue between unitary authorities and other landlords widens once the Rent Officer restriction has been put in place. Some of the gap is closed through collecting money from the tenant and Discretionary Housing Payments but on average a county will lose over £6,000 in income.

From this chapter it can be concluded that there is very little difference between the different types of landlord on the amount of expenditure that is necessary to manage and maintain a Gypsy and Traveller and the activities on which it is spent. There is, however, a significant difference in the income that counties receive compared with unitary authorities. A number of alternative ways of equalising this gap is explored in the next chapter.

# 5 A new housing benefit control for Gypsy and Traveller site rents

In this chapter alternative ways forward are outlined for a common approach to housing benefit on Gypsy and Traveller sites. Before doing so some of the principles of any new scheme are discussed along with some alternative suggestions arising out of the case studies.

## 5.1 Towards a fairer system

There are differences in the views of different landlords in what a new system should be like. Landlords with claimants that have to go through the Rent Officer route are very strongly in favour of change. This is not surprising given some of the issues discussed in the last chapter on the impact of rent restrictions on revenue. Unitary authorities on the other hand did not seem to have much of an appreciation of the need for change and had not got very developed views on how change might affect them. Scottish and Welsh local authorities in particular needed some explanation as to the need for change and considered it to be an English issue rather than one that affected countries with one tier of government and only a very small private sector provision.

The idea of having the Rent Officers-involved in housing benefit assessments had a mixed reaction. On the one hand some officers from English unitary authorities did not see a problem with it but this was usually on the basis that it did not affect the rent that they were able to charge and claim benefit on – *'as long as I get my £50 a week I don't care who assesses it'* was a typical reaction. As stated above, Welsh and Scottish unitary authorities could not see the point of changing the regulations in their countries to address an English problem. The idea that the same system should operate in all countries was not particularly accepted.

What was clear from the case studies was that not all local authorities are aware of the implications a change to the regulations would have. The prevailing view is that as long as housing benefit payments stay at or above the same level there will be no objections. The rents data discussed in Chapter two showed that there are some rents well above the average. For landlords that currently were part of the LRR system there were two types of opinion. The first was that officers would like to see no role for the Rent Officer in the assessment of housing benefit on Gypsy and Traveller sites. A more pragmatic view, perhaps, conceded that the Rent Officer could have an important role to play in making sure that rents were reasonable. Some of the case study authorities knew of the high rent charging unitary authorities and believed that if a system operated fairly to all landlords then a reasonable rent could be married to higher overall standards of provision. Again this was not without a proviso that the Rent Service took into account that Gypsy site provision is more management intensive than general housing management.

## 5.2 Alternatives to a Rent Officer based system

A number of alternatives were identified throughout the research to a Rent Officer based system. An option favoured by some county council officers is to enable county councils running Gypsy and Traveller sites to be designated a housing authority under the 1996 Housing Act thereby lifting the requirement to refer the rents to the Rent Officer in all cases. The officers that held this view did not understand why something which seems straightforward on the surface could not be undertaken. These officers thought it wrong that county councils should be 'lumped' in with private landlords when the ethos of a local authority is very different to that of the private sector.

Whilst this approach has advantages for county councils it would still mean that housing associations, and private landlord sites would go through the Rent Officer system. This would mean that a two tier system would remain in place. Given that by and large these sites are run on behalf of local authorities this would have the effect of not altering a structurally unfair system. It would enable local authorities to put rents up (earlier it was discussed how in many case study areas rents had been kept low for years) and would not necessarily mean that the quality and condition of sites improved. The extra income could be used for administrative purposes rather than for service provision.

The second alternative discussed was for county councils to transfer the management of Gypsy sites to districts. It was seen earlier that some county councils are doing this but this is the exception rather than the norm. Provided that the rent became due to the district council this option would mean that the district council that took over control of the site would be able to cover the rent through housing benefit because no Rent Officer determination would be required.

Again there are advantages to this approach in that it means that the revenue gap is plugged. There are, however, disadvantages. There is no evidence (based on the

case studies) of a desire for unitaries and districts to take over the running of county council Gypsy sites. Indeed many county councils do not want to transfer the sites over. These local authorities have a long tradition in management of Gypsy sites and because they have responsibility throughout the County it is argued that they benefit from economies of scale. By this it is meant that a Gypsy unit can look after a number of sites rather than having one team for one or two sites which tends to happen in unitary and district councils.

This second option still does not address the issue of structural fairness (housing associations and private managers will still lose out) and neither does it address the issue of quality nor housing benefit meeting reasonable rents. The conclusion is that although both of these options would address county council concerns they still do not address the wider issues of Gypsy site provision. Any new system that comes into place needs to make sure that existing provision is maintained and future provision encouraged. Neither of these options can, therefore, be recommended.

### 5.3 An alternative Rent Officer based system

There are arguments for and against extending the role of Rent Officers to cover **all** Gypsy and Traveller sites (as well as continuing their role with mobile homes in the same category). What is clear is that the system needs to be fair for all claimants.

There are therefore a few principles that should underpin any new control. These include:

- it is transparent;
- it is fair and does not discriminate against a particular landlord type;
- it produces rents for benefit purposes that make the management of the sites sustainable and encourages new provision to meet demand;
- it does not allow landlords to subsidise other or related services through housing benefit paid on Gypsy site rents.

These principles, if adhered to, should protect both tenants and the public who ultimately pay the housing benefit bill through taxes and make sure the system is fair.

The starting point for a Rent Officer based control could be that it will pay a reasonable market rent for benefit purposes with reasonable condition and quality of the site. The Rent Officer when assessing the rent for benefit purposes would determine what the market is charging for similar pitches. The Rent Officer would then take off ineligible charges, such as water as is currently done.

The Rent Officer could then add in an amount for the management and maintenance of the site. The enhancement should not include an element for education or social welfare (such as health advice, budgeting or life skills) which is more correctly received through Supporting People. No element for modernisation should be

included in the pitch rent as money for capital works has been available through central government. It is envisaged that, as at present, housing benefit would not cover non-housing elements such as electricity, water and liquid petroleum gas.

Drawing upon research by the University of Birmingham, it was seen earlier that although sites are generally in reasonable condition, there is a need to bring many up to modern day standards (particularly in relation to fire control) and improve the condition of the buildings on site. Surveyors for the University estimated that over £13,000 needs to be spent per site, per year for the next 30 years. The enhancement could therefore be dependent upon certain standards being in place to ensure a high quality of provision. These standards should include:

- pitch sizes meet a minimum size specification for a single and double pitch;
- there is adequate space between caravans on each pitch to comply with fire regulations;
- common areas including grass verges and hedges are well maintained;
- there is either a warden on site or a representative of the landlord visits the site and is accessible to the tenants for the equivalent of one day per week;
- there is a contract in place for the removal of bulky waste;
- each pitch has its own amenity block (sheds).

By linking these standards to any enhancement it is possible that all Gypsy and Traveller sites will meet the high standard of most of the sites that comprised the case studies. Raising standards is in the interests, not just of the tenants, but also of the local community. Gypsy sites should not be seen as 'no go' areas and raising standards will help ensure this.

The key issue with this alternative is how should the monetary value of the enhancement be determined? One way forward is to ask the Rent Officer to value it although it would involve Rent Officers valuing things that were at arm's length from the accommodation, something that may be seen as a new departure. Another alternative would be to use the Significantly High Rent value as the maximum allowable housing benefit payment. The Significantly High Rent is one which the Rent Officer determines to be significantly higher than that which the landlord might reasonably be expected to obtain in that particular vicinity (a smaller area than the wider 'locality'). The problem with this is that determining such a value will be very difficult (more than one Rent Officer interviewed stated that there was no such thing as an Significantly High Rent for a Gypsy site).

Another example is to set a maximum monetary value. For planning purposes landlords need to know what their revenue is likely to be in the next 12-36 months and so it is important that the enhancement is a known figure. Data on management costs from the previous chapter showed that one of the most intensive tasks was the day-to-day management of the site. This took up 30 per cent of expenditure. On an average gross rent this would be the equivalent of £12 per week for a county council

single pitch and £13 for a county double pitch. For unitary authorities 30 per cent of the average single pitch rent is £15 and for double pitches it is £17. Given that some county councils reported that they made a loss on sites and that rents were artificially constrained because to increase them was pointless due to the LRR a figure of £15 (the unitary nominal amount for extra management on a single pitch) could be taken as the maximum enhancement that a landlord meeting the above quality standards can claim over and above the LRR. The effect of this enhancement would be to bring the average county/RSL and private sector single pitch rent to £41 per week (from £26 after LRR restriction) and £48 per week for a double pitch (from LLR restricted £33).

The impact on unitary authorities and district councils is harder to predict. Those councils whose rent levels are around the average should see no difference. However, those councils that charge greater than the average might see a reduction in the rent chargeable to housing benefit. This reduction could have significant impact on the authority's ability to manage and maintain the site if the change was introduced straight away. A local authority association interviewed for the research stated that it would strongly oppose the change if it resulted in its members losing revenue.

Given the complete shift in policy that unitary and district authorities will experience if this option is implemented it may be necessary to offer some form of transitional protection for the first 12 months so that the reduction in revenue can be minimised.

## 5.4 Applying the control to mobile home parks and caravans not on sites

At present mobile home parks and caravans on non-Gypsy and Traveller sites are included with Gypsy and Traveller sites for the purposes of calculating the LRR. The suggested control does not affect that category. For market evidence purposes comparisons in rent should continue to be made with these other elements. This is because it is one of the fundamental principles of the Rent Officer controls that the comparison should be broad. What will be different is that the enhancement for additional management will not apply.



## 6 Conclusions and recommendations

The study has shown that the current two-tier system for determining housing benefit payments on Gypsy and Traveller sites leads to a significant difference in what a unitary and district authority can claim through housing benefit and what a county council/housing association and private landlord gets. On a single plot a unitary or district council can claim on average £18 per week more rent through housing benefit on a single pitch and £22 for a double pitch than a county/RSL/private landlord. The reason for the difference is the need for the latter landlord to have the rent assessed for housing benefit purposes by a Rent Officer. There is no evidence to suggest that unitary/district authorities provide more management on the site thereby justifying a higher rent. In fact there is some evidence that some authorities are loading expenditure for other services onto the rent.

The current system produces inequality and a significant shortfall in income for those landlords whose rent is subject to the LRR. The research estimates that such landlords lose on average £6,000 per year due to rent restrictions. This obviously has an impact on the level of services it can provide. The current two-tier system cannot be thought of as fair or sustainable and it is recommended that it is changed.

The research showed that despite a small number of landlords charging very high rents, by and large there is consistency in the amount charged. A unitary authority typically charges £50 for a single pitch and £55 per week for a double pitch. county councils charge slightly lower than this figure but this difference is probably explained by the fact that some rents have been kept artificially low because it is not worthwhile to increase them because they will be restricted to the LRR.

There are two main sources of expenditure on Gypsy and Traveller sites. These are repairs and maintenance and dealing with tenants on a day-to-day basis. It is this latter element of expenditure that is considered by landlords to be the factor that differentiates the managing of Gypsy and Traveller sites from other caravan and mobile home sites. An analysis of expenditure suggests that about one-third of all costs is attributed to this factor.

The majority of Gypsy sites visited for this research were in a reasonable condition, although nationally there are some very poor sites. The University of Birmingham estimated that over £13,000 per site, per year needs to be spent over the next 30 years to improve and maintain the quality of sites. The change to the benefit control suggested in the option above is an opportunity to link an enhanced management allowance to driving up and maintaining standards on Gypsy and Traveller sites.

The report discusses a number of alternatives to the current system including one where the Rent Officers assess rents on all sites regardless of ownership to determine a market rent. This will have the effect of ensuring that housing benefit only covers eligible items. Under this option the list of items eligible for housing benefit could be extended to include expenditure on removing waste, scrap and abandoned cars as well as greater security on site.

The report also suggests that under this approach an enhancement of up to a fixed sum, say £15 per week, per pitch is given in recognition of the extra management costs associated with Gypsy and Traveller sites. This enhancement should be linked to quality standards associated with on site visits, site maintenance and health and safety standards.

The research revealed some concern whether Rent Officers would be able to undertake this task. This concern related in the main to having had a poor experience with the effects of the LRR. Rent Officers will need training in the operation of the new system and in particular the standards that sites need to reach in order to qualify for the enhancement.

The switch to a Rent Officer based system for all Gypsy and Traveller sites will mean that some local authorities might lose revenue as rent levels at the higher end are reduced. It is recommended that some form of transitional protection be given to these authorities.

Overall the changes recommended in the report should ensure that rents eligible for housing benefit reflect what it actually costs to manage and maintain the site. It will be fair to all landlords (unlike the present system) and will help to improve poor standards and maintain high standards in Gypsy and Traveller site provision.

# Appendix A

## Housing Benefit control for Gypsy site rents

Topic guide – Case studies

Housing Benefit officer

### **Introduction**

- What the research is about.
- How the case studies fit into the overall research and what they consist of.
- Confidentiality.
- Timetable for production of results.

**Rent allowance** (where the local authority deals with rent allowance cases)

- Are there any claims from county councils, housing associations and private sites? How are these determined? Do you have any discussions with them about the amount of HB that can be claimed?
- Is there a shortfall between the rent charged and benefit received on sites owned (by county councils) due to rent officer determination? Is it the same on sites run by private sector and housing association sites?
- Are there any other shortfalls due to other factors such as ineligible service charges, non-dependant deductions and income tapers? Probe for how significant these are.
- What percentage/numbers of sites are restricted?

- How are any shortfalls between rent and housing benefit covered? DHP?
- What pressure is there for Discretionary Housing Payments from other sources? Probe for whether other groups go without because of DHPs to Gypsies. Or do Gypsies tend to go without because of pressure from other sources? What is the general priority for DHPs.

### **Rent rebate sites (district and unitary sites)**

- How has the amount of rent that can be claimed through HB changed over the last few years? Is it up, down, the same? What factors have driven this change?
- To what extent do you establish how much of the rent is eligible for HB?
- What is allowed to be charged against HB?
- Are there things that are not allowed? Probe for support services, central recharges.

### **A proposed new system**

- What do you think of having a single rent control to apply to all types of Gypsy site – ie both those currently subject to rent officer arrangements (private, housing association and county council sites) and those currently not (district council and unitary authority ones) – possibly based on rent officer determinations enhanced to take account of the extra housing specific management and maintenance costs that Gypsy sites attract.
- What do you think should be included in the rent for HB purposes? Probe for services, amenities, enhanced costs of management.
- How should any enhancement be calculated? Probe for preferred mechanism for distribution.
- Do you think that the basis of comparison should be changed – eg. mobile home sites excluded, or HB sites (currently excluded), included?
- Are there factors that should be excluded?
- If HB doesn't cover the whole rent charged, how should any shortfall be met?
- To what extent will the impact of change be different for sites where the pattern of usage is different (short versus long stay).
- Any other ideas how such a system might work in practice? How such determinations should be set? How the management/maintenance elements should be set? Over which area?
- Will a single system best address the diversity of Gypsy provision now, ie private, Gypsy owned, RSLs (and others?) managing sites, LAs own and two tiered?
- What impact would a single system have on increasing the provision of Gypsy sites?

- How often should the rent be reviewed? Annually? With each new tenant? Longer?

**Alternatives**

- Should local authorities be allowed to assess the rent? And how might such a system look – for example, should there be a series of thresholds? Other ideas?
- Should Gypsy site rents be part of the Local Housing Allowance or separate from it?
- Is there an alternative mechanism that you would favour?

## Topic guide – Case studies

### Rent Officer

#### **Introduction**

- What the research is about.
- How the case studies fit into the overall research and what they consist of.
- Confidentiality.
- Timetable for production of results.

#### **Rent Officer determinations – questions should be related to local Gypsy and Traveller sites**

- How does a Rent Officer determine the level of rent on which HB is to be paid?
- What is allowed, what is not allowed and are there any 'grey' areas?
- How big an area is covered in the comparison?
- What are the sources of market evidence used?
- What are the comparators for establishing the reasonableness of Gypsy site rents – what other types of caravan/mobile homes provision is used? How do rent levels on these compare with Gypsy site rents?
- How does the Rent Officer ensure that there is enough evidence for the type of sites and nature of facilities to make HB assessments?
- To what extent is the Rent Service restricted in what it can and cannot include for HB purposes?
- How frequently are site rents are restricted?
- What is the extent of referrals from housing association sites? When they are referred to you how often are they restricted?
- Is there anything not allowed that you feel should be allowed in the assessment?
- What consultation/liaison do you have with the owner of the site about how HB payments are determined?
- Do they understand?
- How has the LRR governing Gypsy sites changed in the last few years? What factors underpin this change?
- Are all Gypsy sites subject to LRRs or are there any other types of determination that can apply to them – ie exceptionally high or significantly high rent determinations?

**A proposed new system**

- What do you think of having a single rent control to apply to all types of Gypsy site – ie both those currently subject to Rent Officer arrangements (ie private, housing association and county council sites) and those currently not (ie district council and unitary authority ones) – possibly based on Rent Officer determinations enhanced to take account of the extra housing specific management and maintenance costs that Gypsy sites attract.
- What do you think should be included in the rent for HB purposes? Probe for services, amenities, enhanced costs of management.
- How should any enhancement be calculated? Probe for preferred mechanism for distribution.
- Do you think that the basis of comparison should be changed – eg. mobile home sites excluded, or HB sites (currently excluded), included?
- Are there factors that should be excluded?
- If HB doesn't cover the whole rent charged, how should any shortfall be met?
- To what extent will the impact of change be different for sites where the pattern of usage is different (short versus long stay).
- Any other ideas how such a system might work in practice? How such determinations should be set? How the management/maintenance elements should be set? Over which area?
- How often should the rent be reviewed? Annually? With each new tenant? Longer?

**Alternatives**

- Should local authorities be allowed to assess the rent? And how might such a system look – for example, should there be a series of thresholds? Other ideas?
- Should Gypsy site rents be part of the Local Housing Allowance or separate from it?
- Is there an alternative mechanism that you would favour?

## Topic guide – stakeholder interviews

### **Introduction**

- What the research is about.
- Recording of interviews.
- Confidentiality.
- Timetable for production of results.
- Brief description of respondent's job and how it relates to Gypsy site rents or Housing Benefit (HB).

### **The current system**

- Views on how the current system works – what are its strengths/weaknesses
- Does it matter that there are two different systems depending upon who owns the site?
- How are rents for Gypsy sites currently made up, and to what extent do Gypsy site rents reflect the provision of amenities and facilities on site? Probe for whether districts/unitaries are more likely to have the complete range of costs covered through HB than counties or private sites.
- What non-housing related services have their costs recovered through the site rents? Probe for whether districts/unitaries are more or less likely to provide these services than counties or private sites.
- How does the provision of amenities and facilities on gypsy sites compare with other mobile home sites/similar accommodation
- How are any shortfalls between cost of provision and rents charged currently covered?
- Is there any shortfall between the rent charged by the local authority/owner and what can be claimed by the claimant through HB?
- Does this differ according to which system is used?
- How are claimant shortfalls covered?

### **Rent Officer determinations**

- How does the Rent Officer determine the level of rent on which HB is to be paid?
- For those sites where the Rent Officer determines HB – Does the Rent Service currently have enough evidence for the type of sites and nature of facilities to make HB assessments?

- What is the basis of the Rent Officer's market evidence and comparators for establishing the reasonableness of Gypsy site rents (ie trying to explore what other types of caravan/mobile homes provision is used, is it just this are there other categories, i.e. short-term/long-term?)
- To what extent is the Rent Service restricted in what it can and cannot include for HB purposes?
- To what extent is there a gap between what is charged in rent and the actual cost of site provision?
- How does this differ between the two systems?

### **The principle of change**

- Is the current system viewed as inequitable for different types of local authority provision and privately-owned sites?
- The Government would like to have one system for determining rents rather than two (outline what this might look like, i.e. Rent Officer determinations applying to all types of gypsy sites enhanced to take account of the extra (eligible) management and maintenance costs these sites may attract). What:
  - are the arguments for change?
  - sort of changes need to be made?
  - are the arguments against change?
- What do you think should be included in the rent for HB purposes? Probe for services, amenities, enhanced costs of management. How should these be included?
- What are the main concerns that organisations have on changing – probe for shortfalls in claimant's rent/reflecting the range of services provided/length of stay?
- To what extent will the impact of change be different for sites where the pattern of usage is different (short versus long stay).
- What impact would a single system have on increasing the provision of Gypsy sites?

### **Determining gypsy site rents**

- Is the Rent Service the best agency to determine what the rent should be? What are the alternatives?
- Will the Rent Service be able to undertake assessments accurately?
- Do they have resources to do it?
- Should local authorities be allowed to assess the rent?

- Should Gypsy site rents be part of the Local Housing Allowance or separate from it?
- What factors in housing management should be included in the overall rent assessment for HB purposes? And if HB doesn't cover the whole rent charged, how should any shortfall be met?
- Will a single system best address the diversity of Gypsy provision now, ie private, Gypsy owned, RSLs (and others?) managing sites, LAs own and two tiered?

# Appendix B

## Housing Benefit and Gypsy and Traveller site rents – district councils and unitary authorities

## Housing Benefit and Gypsy and traveller site rents



### District councils and unitary authorities

The purpose of this questionnaire is to get information on how site rents (or licence fees) are calculated on all Gypsy and traveller sites and to get information on the extent to which Housing Benefit payments cover the rent charged.

Please note that a separate form should be filled in for each site that you run unless the answers for each site are the same. If this is the case please fill out one form only but list the sites to which it applies. Please note that where a site is owned by one organisation but managed by another the organisation that manages the site should supply the information.

*Additional comments to accompany your response are welcomed.*



<i>Name of Landlord</i>
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<i>Name of site</i>
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## RENTS AND SERVICES

1. Please could you indicate the number of pitches the site provides.

Please write the number in the box


Residential pitches

Transitory pitches

2. Please could you give the average weekly site rent (or licence fee) charged for each type of pitch (where applicable)

Please round rent to nearest £

Residential pitches	
	Single pitch
	Double pitch

Transitory pitches	
	Single pitch
	Double pitch

**3. How are the following amenities and services charged for?**

Please tick the appropriate box

Amenity/Service	Included in the rent	An additional charge is made to the license holder	No charge is made
Water			
Gas including Liquid Petroleum Gas (such as Calor gas)			
Electricity			
Heating of amenity blocks (sheds)			
Lighting on site/ in communal areas			
Others...please state			

**4. If you answered that some or all of the services and amenities are charged for within the rent please could you indicate how much (in £ per week) is charged.**

Please write in the amount charged in £ per week


- Water
- Gas inc LPG
- Electricity
- Heating of amenity blocks
- Lighting on site/communal areas
- Others...please state

## HOUSING BENEFIT PAYMENTS

5. What proportion of licence holders are in receipt of housing benefit?

Please tick one box


- None
- 1 – 25%
- 26-50%
- 51-75%
- 76-99%
- All

6. Apart from the rent received from the tenant or through housing benefit payments do you receive income from any other source either in relation to individual gypsies and travellers (such as supporting people funding) or in relation to the site (such as a management fee?)

Please tick one box


- Yes
- No

7. Please could you state how much funding you receive and the basis upon which this is received

*For example: We receive £10 per week for 16 travellers through Supporting People.  
Or A management fee of £10,000 per year is paid by the site owner.*

## MANAGEMENT AND MAINTENANCE COST

We would like to get an estimate of the average annual costs of managing and maintaining gypsy sites and the average annual income that is received through rents. This will help us to identify whether there is a gap between income and expenditure and what factors may contribute to the gap.

**8. Please could you estimate the total cost of managing and maintaining the site and the proportion of the total expenditure made up by certain factors:**

You should take into account staffing costs relating to providing services on sites as well as the costs of repairs and maintenance.

**A Please write the total annual cost of managing and maintaining the site. Use figures for the financial year 2004/5. Estimate if necessary.**

--

**B Please estimate the proportion of expenditure made up by each of these factors.**

Please write the percentage in each box

	Dealing with applications, licence agreements, transfers, waiting list and allocating pitches
	Day to day dealings with licence holders on site such as dealing with queries, problems and disputes
	Providing housing advice
	Providing health or education advice and/or liaising with relevant providers
	Providing play amenities for children and social amenities on site
	Routine repairs and maintenance of the site
	Modernisation of site and amenities

9. In the financial year 2004/2005 what was the total income from rent?

Are there any comments you wish to make?

Thank you for completing the questionnaire.



# Appendix C

## Housing Benefit and Gypsy and Traveller site rents – a questionnaire for county councils, housing associations and private landlords

Housing Benefit and Gypsy and  
traveller site rents



A questionnaire for County councils, housing associations and private landlords

The purpose of this questionnaire is to get information on how site rents (or licence fees) are calculated on all Gypsy and traveller sites and to get information on the extent to which Housing Benefit payments cover the rent charged.

Please note that a separate form should be filled in for each site that you run unless the answers for each site are the same. If this is the case please fill out one form only but list the sites to which it applies. Please note that where a site is owned by one organisation but managed by another the organisation that manages the site should supply the information.

*Additional comments to accompany your response are welcomed.*



<i>Name of authority</i>
--------------------------

<i>Name of site</i>
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## RENTS AND SERVICES

1. Please could you indicate the number of pitches that the site provides

Please write the number in the box


Residential pitches

Transitory pitches

2. Please could you give the average weekly site rent (or licence fee) charged for each type of pitch (where applicable)

Please round rent to nearest £

Residential pitches	
	Single pitch
	Double pitch

Transitory pitches	
	Single pitch
	Double pitch

### 3. How are the following amenities and services charged for?

Please tick the appropriate box

Amenity/Service	Included in the rent	An additional charge is made to the license holder	No charge is made
Water			
Gas including Liquid Petroleum Gas (such as Calor gas)			
Electricity			
Heating of amenity blocks (sheds)			
Lighting on site/ in communal areas			
Other...please specify			

### 4. If you answered that some or all of the services and amenities are charged for within the rent please could you indicate how much (in £ per week) is charged.

Please write in the amount charged in £ per week


Water  
 Gas inc LPG  
 Electricity  
 Heating of amenity blocks  
 Lighting on site/communal areas  
 Other...please specify

## HOUSING BENEFIT PAYMENTS

5. What proportion of licence holders are in receipt of housing benefit?

Please tick one box

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

None  
 1 – 25%  
 26-50%  
 51-75%  
 76-99%  
 All

6. How many of your pitches when they come up for letting are referred to the Rent Officer for determining the amount of rent housing benefit will cover?

Please tick one box

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

All of them  
 Some of them  
 None of them

7. For those in receipt of housing benefit does the benefit typically meet the full eligible rent or is there a shortfall?

Please tick one box

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Covers the rent  
 There is always a shortfall  
 Covers the rent in some cases and not others

8. If there is a shortfall between the rent charged and the benefit received (where the eligible rent is restricted) how much on a typical single pitch is it?

Please write in the amount in £ per week

9. How is this shortfall made up?

Please tick the box that comes nearest to describing what actually happens.


In the majority of cases the licence holder makes up the shortfall  
 The local authority tops up the payments (i.e. Discretionary Housing Payments)  
 In the majority of cases the licence holder is not able to make up the shortfall and arrears accrue  
 Other...please describe

10. Apart from the rent received from the tenant or through housing benefit payments do you receive income from any other source either in relation to individual gypsies and travellers (such as supporting people funding) or in relation to the site (such as a management fee)?

Please tick one box


Yes

No

11. Please could you state how much funding you receive and the basis upon which this is received

*For example: We receive £10 per week for 16 travellers through Supporting People.*

*Or A management fee of £10,000 per year is paid by the site owner.*

## MANAGEMENT AND MAINTENANCE COST

We would like to get an estimate of the average annual costs of managing and maintaining gypsy sites and the average annual income that is received through rents. This will help us to identify whether there is a gap between income and expenditure and what factors may contribute to the gap.

12. Please could you estimate the total cost of managing and maintaining the site and the proportion of the total expenditure made up by certain factors:

You should take into account staffing costs relating to providing services on sites as well as the costs of repairs and maintenance.

A Please write the total annual cost of managing and maintaining the site. Use figures for the financial year 2004/5 if available. Estimates can be used.

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B Please estimate the proportion of expenditure made up by each of these factors.

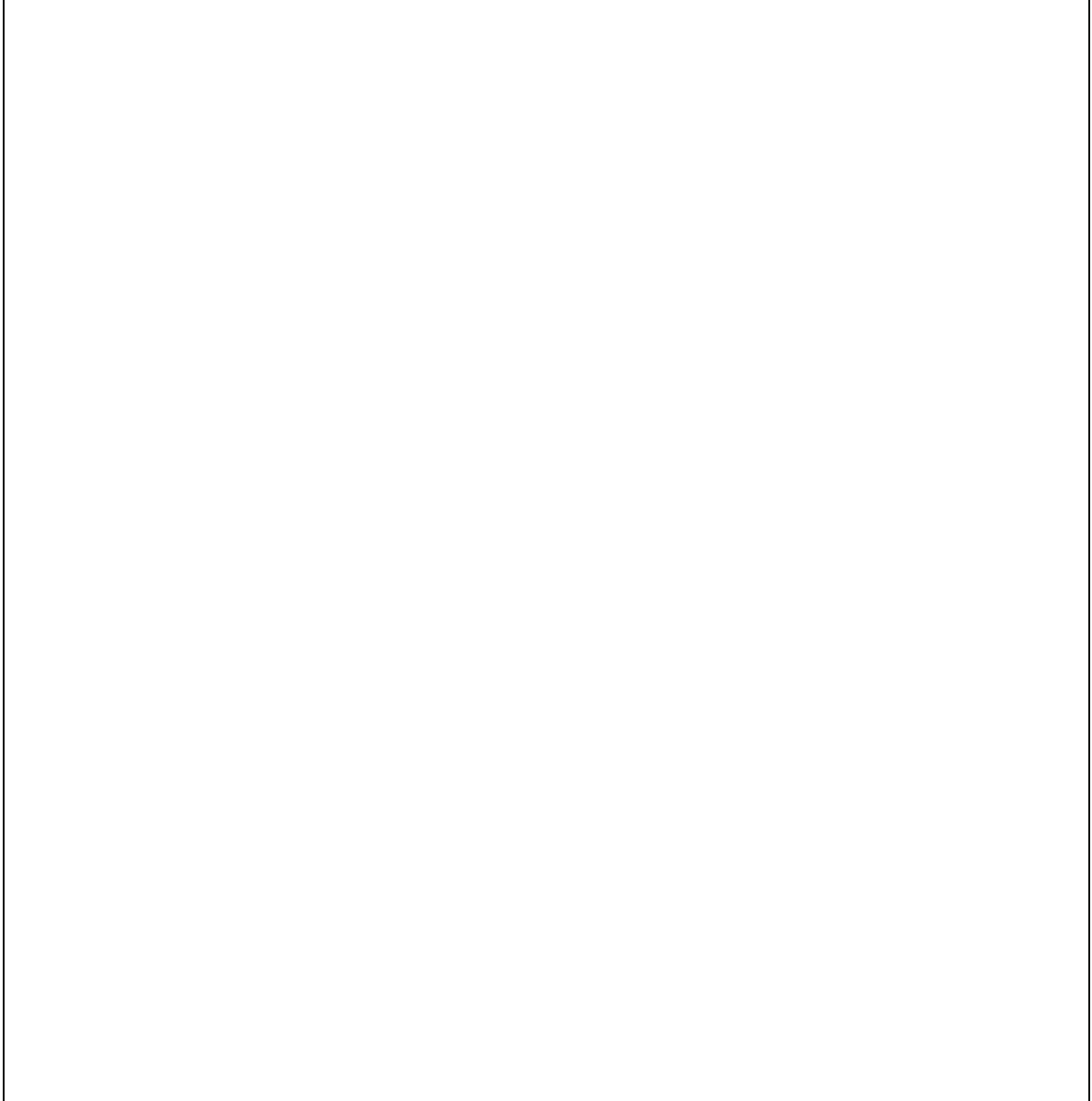
Please write the percentage in each box

	Dealing with applications, licence agreements, transfers, waiting list and allocating pitches
	Day to day dealings with licence holders on site such as dealing with queries, problems and disputes
	Providing housing advice
	Providing health or education advice and/or liaising with relevant providers
	Providing play amenities for children and social amenities on site
	Routine repairs and maintenance of the site
	Modernisation of site and amenities

13 In the financial year 2004/2005 what was the total income from rent? Estimate if necessary

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Are there any comments you wish to make?

A large, empty rectangular box with a thin black border, intended for the respondent to provide any additional comments or feedback.

Thank you for completing the questionnaire.

