

COMMITTEE FOR SOCIAL DEVELOPMENT

OFFICIAL REPORT (Hansard)

Caravans Bill

23 September 2010

NORTHERN IRELAND ASSEMBLY

COMMITTEE FOR SOCIAL DEVELOPMENT

Caravans Bill

23 September 2010

Members present for all or part of the proceedings:

)

Mr Simon Hamilton (Chairperson) Ms Carál Ní Chuilín (Deputy Chairperson) Mr Sydney Anderson Mrs Mary Bradley Mr Mickey Brady Mr Jonathan Craig Mr Alex Easton Ms Anna Lo Mr Fra McCann

Witnesses:

Mr Stephen Martin

Department for Social Development

The Chairperson (Mr Hamilton):

Joining us is Stephen Martin, who is a familiar face from the Department for Social Development (DSD). He will help us through this.

Mr F McCann:

He is the hero of caravans.

I am sure that he will not want to see another caravan ever again after this.

I remind members that all mobile phones must be switched off and that the proceedings are being recorded by Hansard.

Stephen, will you provide the Committee with an update on the issue raised during last week's discussions about the Housing Executive's proposals and their lack of compatibility with human rights legislation?

Mr Stephen Martin (Department for Social Development):

On Monday, the Minister wrote to Monica McWilliams, the chief commissioner of the Northern Ireland Human Rights Commission (NIHRC), and the letter went out early on Tuesday morning. We are awaiting a response to that. The Minister also wrote to the Minister of the Environment, Edwin Poots, on Monday to seek clarification on his position on the site licensing issues that the Housing Executive raised in its letter. We are also awaiting a response to that letter.

I wish to clarify one point. The National Caravan Council (NCC) suggested an amendment to leave Travellers' sites out of the definition of a protected site. The information in Committee members' packs states that the Committee is awaiting the Department's view on that. The Department firmly believes that amendment O is incompatible with the European Convention on Human Rights. The Department's view is, therefore, that that amendment cannot go forward. We are still awaiting a response from the Human Rights Commission on the other amendments.

The Chairperson:

We will now proceed. As I said before, the purpose of this session is to determine our position so that we can bank it.

The Committee Clerk:

I wish to advise members that I have only just learnt that a joint meeting of the Committee for Justice and the Committee for Health, Social Services and Public Safety is to start at 11.30 am, and that some members may, therefore, wish to leave at 11.00 am. However, that may mean that

we will have difficulties maintaining a quorum. I just wanted to make the Committee aware of the situation.

The Chairperson:

I think that I know what that meeting is about, so I understand. That is fine. We had better race through this then, and a good place to start is clause 1.

Clause 1 sets out who will gain the protections of Part 1. As the Bill is drafted, only caravan owner-occupiers who live in the caravan as their main or sole residence and who rent a pitch on a so-called protected site will have the protections of a residential agreement.

On amendment A, the Department has agreed to support a change to the Bill to clarify the status of seasonal owners — that is, people who use their caravans, say, only in the summer — but who are renting a pitch on a protected site. Seasonal users will get the same protection as other caravan owner-occupiers in the seasonal sector. That is discussed in more detail at amendment J. It is suggested that, at this point, the Committee defer discussion on the matter until we come to clause 7.

The Bill as drafted would probably extend the protections of Part 1; namely, the residential agreements to users of all Housing Executive Travellers' sites. On amendments B (i), (ii), (iii) and (iv), the Committee awaits the Department's advice on the human rights implications of the amendments. It is suggested that the Committee defer further discussion on those amendments and clause 1. Are members happy to do that?

Members indicated assent.

The Chairperson:

Clause 2 requires caravan site owners to provide eligible caravan owner-occupiers — that is, those on protected sites — with a written statement of their residential agreement. The caravan site industry asked for amendment C, which would delay the commencement of those provisions for a further six months; that is, until one year after Royal Assent, because there is already a sixmonth lead-in period. The request for that delay was to allow the industry time to develop pro

forma residential agreements. DSD and the Department of Enterprise, Trade and Investment (DETI) are working with the industry to develop pro forma statements. Examples of statements that are in use in GB are in the Caravans Bill folder if members wish to look at them.

Stephen, at this stage, does the Department wish to add anything further?

Mr Martin:

No, just that we are working with DETI to undertake a promotion campaign with park owners later in the autumn and through the winter in order to raise awareness about the Bill. I believe that there will be a planning meeting next week of those involved in the process.

The Chairperson:

In effect, they are looking for six months on top of the existing six months to give them as long a lead-in period as possible. However, the counter-argument is that they will have six months up until the point at which the Bill becomes law anyway. If effect, as things stand, they would be getting close to a year.

Mr Martin:

Exactly. After the Committee publishes its report on the Bill, the position will be relatively settled, so, barring some changes around the edges, we are aware of what the Bill is likely to look like.

The Chairperson:

Do members wish to comment? Is an expression of our contentment the best way in which to do it?

The Committee Clerk:

The Committee should comment on the proposed amendment. Therefore, if members are content to leave things as they are and for commencement in six months, it will be clear that it does not support any further amendments.

Are we happy not to support amendment C?

Members indicated assent.

The Chairperson:

The caravan industry also suggested that pro forma agreements be included in the Bill under amendment D. The Department argues that they should go, instead, into regulations. Stephen, I take it that that is still the case?

Mr Martin:

To clarify, they will not go into regulations. The agreements are like social security forms: legislation will provide a framework with which to produce the form. In this instance, it will not involve regulations but will be a non-statutory model contract, which will, in effect, advise the industry on the type of document with which to provide residents.

The Chairperson:

There will be much more flexibility to change a document that is in guidance rather than in legislation.

Mr Martin:

Absolutely, but the agreements will be shaped very much by the legislation that the Committee is considering.

The Chairperson:

Are we content not to support amendment D?

Members indicated assent.

The Chairperson:

Amendment E is based on a Committee member's comment — we will hunt him or her down using Hansard — and would require the Department to set out its role in determining the terms of

residential agreements. It would also require the Department to review their effectiveness of residential agreements.

The Department argues that it has sufficient powers to amend residential agreements and that there is sufficient Assembly control in that regard. The Department has not given a commitment for a wide-ranging review of the effectiveness of the provisions in the Bill, say, a couple of years after commencement. Stephen, do you wish to comment?

Mr Martin:

No. That confirms our position. We are fairly confident that we have sufficient powers to make any changes that need to be made.

The Chairperson:

Does anybody wish to ask any further questions?

Mr F McCann:

Would amendment E impact only on permanent sites?

The Chairperson:

Yes, protected sites.

The Committee Clerk:

The amendment proposes that the Department be required to review the effectiveness of written agreements. If members do not support the amendment, the Department will not be required to undertake a review of how the regulations for residential agreements are working out.

Mr F McCann:

A built-in review would protect everyone and allow the Department to go back after six months or a year in order to find out whether the process is working properly. That is just a wee bit of common sense.

Mr Martin:

We have indicated that the Department will, as a matter of course, monitor the impact of the legislation. It will have the power to bring about any changes that are identified as part of that process. However, we are not convinced that that needs to be part of the statutory process. That is just good practice in the implementation of any legislation.

The Chairperson:

Will you give an assurance that, first, you believe that the Department has the powers to amend the legislation if there is an issue, and, secondly, that the Department will review the legislation regularly in line with good practice? I suppose that if things go wrong, issues will be thrown up anyway, and those will necessitate some sort of a review.

Mr Martin:

Absolutely. The Committee can, of course, ask the Department to undertake a review and to use its powers. However, I give an undertaking that the Department will do that as a matter of course.

Mr Easton:

Does that mean that there will not be a review?

The Chairperson:

The Department's position is that it will regularly monitor the legislation but not on a statutory basis.

Mr Easton:

The Department should not, therefore, mind whether that is included in the Bill.

The Chairperson:

The point is that the Department would argue that if it is in the Bill, the Department is under a statutory requirement to review the provisions on an ongoing basis, be that every six months, every year or whatever, rather than as and when it is required.

Mr Easton:

Can a provision requiring the Department to do it as required not be included in the Bill? I do not see the point of the Department saying that, if it does not want provision made for it in the Bill. That does not make sense. If the Department is going to do a review, why not provide for that in the Bill? In fact, I propose that we suggest an amendment that the Department do a review as and when required, just to be sure.

Mr Martin:

What the member suggests would be difficult to implement. A statutory duty must be implicitly clear, because we have to be capable of being held to account. I am not sure whether a statutory duty that is framed so that the Department review the legislation as required is needed, nor am I sure whether that could be framed in a legally competent way. There is an undertaking on the part of the Department. However, the Committee can always invite the Department to undertake a review. I suppose the issue is partly about trust. *[Laughter.]*

Mr F McCann:

I do not doubt, for one minute, what Stephen is saying, but people move on and other people move in. It seems that reviews are built into most legislation to allow people to go back over it, even if it is just for the first year. You are saying that we can periodically look at the legislation because you do not know how long it will take for it to kick in. However, if a review were built in to the legislation, there would be certain protections and guarantees.

Mr Brady:

If there is no statutory requirement, surely the Department does not have to do a review. I am not being facetious. You can give all the assurances that you want, but if there is no statutory requirement, you can say, "We will do it", but somebody else can then come along and say, "I do not think that we will bother."

Mr Martin:

As a compromise, I could consult the legislative draftsman to see whether there are any models for that and whether something legally competent could be drafted. The Department will then need to come to a position on that. The sensible way forward would be to consult the legislative draftsman to see whether that is possible.

Mr Easton:

I want a review and I do not care how it happens, as long as there is some sort of review.

Ms Lo:

I understand what Stephen is saying. Initially, we are giving only guidance on the written statement. How will we amend the Bill to give the Department the role of determining the terms of agreement? How do we give it teeth? I understand that the Bill provides such a function, but I do not know how we can make that work. The Department would not dictate the form to be followed, is that right?

The Chairperson:

No, it will not be a must-fill-in form; rather, a standard pro forma will be drafted.

Mr Martin:

Yes, it will be on the basis of the legislation.

Ms Lo:

However, people will not have to use it. It will serve as guidance for people to use similar terms.

Mr Martin:

Yes.

The Chairperson:

To take up Anna's point, does the Department have powers to include certain terms in the residential agreements?

Mr Martin:

Yes. Clause 2 contains certain requirements about what must be in a written statement and provides the Department with the power to add conditions to the agreement but not to take them away. Clause 4 gives the Department powers to amend part 1 or 2 of the schedule by affirmative

resolution and to make any consequential amendments to Part 1 of the Bill. Those powers are fairly wide ranging. Enacting the powers in clauses 2 and 4 is the mechanism through which the monitoring that we talked about would lead to changes to Part 1.

Mr Craig:

Who would have the authority to trigger a review if the Bill were to be passed in its present form?

Mr Martin:

As it sits, the Department for Social Development has policy responsibility for Parts 1 and 3 and for the schedule to the Bill; the Department of Enterprise, Trade and Investment has policy responsibility for Part 2; and the Department of the Environment (DOE) has policy responsibility for Part 4. As a matter of course, each Department would be responsible for reviewing its own element of the Bill.

Mr Craig:

I believed that to be the case, and that is the nub of the issue. We will end up with three Committees, three Departments and three Ministers allegedly looking after a single piece of legislation that, in reality, nobody will ever review because it is not anyone's entire responsibility. Therefore, I ask the Department to go away and look at that. If you need a time frame, or that is what you are worried about, the Committee will come up with one.

Mr Martin:

To clarify, the Bill affects different sectors. Parts 1 and 3 of the Bill relate to the residential sector, which is distinct from the seasonal sector in Part 2. The powers given to the DOE in Part 4 concern the definition of a caravan, which that Department is already responsible for monitoring under the Caravans Act (Northern Ireland) 1963. I am saying that DSD would regularly monitor and review the impact of Parts 1 and 3 of the Bill on the residential sector. DETI would do the same under Part 2. I am not sure that that is as challenging as it seems.

Mr F McCann:

I did not know that Departments talked to each other that much.

Mr Martin:

The Bill is a really good example of co-operation. The three Departments, this Committee and the Member have worked very well on the Bill, and it is a good model and example of how legislation can be progressed in a joint manner.

The Chairperson:

Earlier, you suggested that a reasonable way forward was to see whether we can get an amendment that strikes a balance and is legally competent. We will see whether that can be done and review it later.

The Committee Clerk:

I wish to clarify that amendment E is about reviewing the legislation, not the Department's powers.

The Chairperson:

I understand members' points. I am relaxed enough about any problems coming to light. If the pro forma that everybody is using is not working, we will hear about that, as will the Department, and that will necessitate some sort of review. However, if we make it rigid and provide for the legislation to be reviewed every two years, what can be done if something happens after 18 months? Does the Department have to wait, because it is boxed in to reviewing the legislation at prescribed times, such as once every two years, rather than when a problem arises? That point is worth considering.

Mr Martin:

Absolutely.

The Chairperson:

I cannot speak for everyone, but I do not want to support a provision that means that nothing could be done if a problem developed today because the next review was not scheduled until this time next year. The legislation needs to be flexible.

Mr Martin:

That is part of the reason for clause 4. If, for example, a residential caravan owner takes a site owner to court over the drafting of a particular provision in the legislation, and the Department is boxed in by a duty to undertake a review in, as you say, two years but is not due to undertake the next review for another 18 months, it could legitimately hold off and say, "By the way, we are not going to do anything for 18 months, because there will be a review then. We are, therefore, not going to do anything now, because we will only have to do it again."

The Chairperson:

I can see how that could happen. We will return to that clause when the Department comes back to us. Does anybody wish to raise any other issues about clause 2 at this stage? Are members content to come back to clause 2?

Members indicated assent.

The Chairperson:

Clause 3 refers to residential agreements, and part 2 of the schedule to the Bill sets out the terms of a residential agreement that a court can imply. The Housing Executive wants clarification through amendment F that emergency halting and transit sites will be exempt from the residential agreement protections entirely. Failing that, it wants always to be able to recover a part of one of those sites without having to show that the caravan owner-occupier had failed to comply with specific tenancy conditions given in the Bill.

On amendment F, the Committee awaits the Department's advice on the human rights implications. It is, therefore, suggested that the Committee park consideration of the amendment and the clause. Are members happy to do that?

Members indicated assent.

The Chairperson:

Clause 4 allows the Department to amend residential agreements by regulations that come before

the Assembly. No amendments have been proposed, and the Department has nothing to add at this stage. Are members, therefore, content with the clause?

Members indicated assent.

The Chairperson:

Clause 5 applies only to caravan owner-occupiers who live in the caravan as their main or sole residence and who rent a pitch on a so-called protected site. That allows owner-occupiers to leave their caravan and the tenancy of the pitch to anyone when they die, whether or not the inheritor lives in the caravan. As the Bill is currently drafted, the clause will be commenced six months after Royal Assent.

A witness to the Committee suggested amendment G, which states that the clause be commenced immediately after Royal Assent to provide protections to very elderly residential caravan owner-occupiers. The Department argues that that provision is dependent on residential agreements being in place and, therefore, cannot be commenced any earlier. Is that still the position, Stephen?

Mr Martin:

Yes.

Mr F McCann:

I have a question about pitches on Travellers' sites that Stephen may be able to answer. Many Travellers have been on certain sites for 25 or 30 years. Therefore, what happens if the recognised tenant of a caravan on such sites dies? Is the Department saying that the rest of the family would have to move off the site or that their tenancy would be recognised and guaranteed?

The Chairperson:

That is part of the problem, because the Housing Executive does not know what to do about that.

Mr Martin:

At present, even before the Bill comes into effect, a Traveller on a serviced site is given a tenancy

agreement that is broadly akin to a secure tenancy in the social sector, and the same rules apply. Therefore, if a spouse, common-law partner or family member is residing with a tenant at the time of his or her death, as in the social sector, that person will inherit the tenancy. In effect, clause 5 does the same thing. Indeed, it goes beyond what the position would be for a social tenancy: if nobody is residing with the residential caravan owner, with certain qualifications, there is a still a right to inherit the caravan.

Mr Craig:

Is there a maximum timescale for getting residential agreements in place? They are a potential form of abuse of the legislation.

Mr Martin:

The point at which written statements and residential agreements need to be provided is dealt with in clause 2, so, yes, there is provision in the Bill for the time frame within which they need to be provided.

Mr Craig:

What is the time frame?

The Chairperson:

Six months.

Mr Martin:

I need to look at that in more detail, but I think that it must happen within 28 days. I will come back to you, because I need to look it up.

Mr Craig:

As long as we have a time frame, that is OK. We do not want to leave a loophole that might make the legislation ineffective.

The Chairperson:

I understand entirely the motivation behind the amendment, but if we find ourselves in a scenario

in which it does not become law until a certain day, none of the Bill will be operative until that point is reached. An agreement must be in place before a person is entitled to the rights inherent in it. It is impossible to bring that requirement forward, because that would create a scenario in which it would be a movable feast for everybody, so we are better to have a defined time of six months.

Mr Martin:

I suggested an alternative way. There are voluntary arrangements —

The Chairperson:

Which can be written into agreements.

Mr Martin:

Yes. My understanding is that some park operators already broadly abide by the Mobile Homes Act 1983, so some residential agreements following that model are already in place. If there is a particular concern, there is nothing to stop a site owner and an individual from entering into an agreement in the spirit of the Bill as it stands.

Mr S Anderson:

You expected me to return to the issue of Travellers' sites.

Mr Martin:

Yes.

Mr S Anderson:

I am a bit confused. There are permanent sites in my constituency. If someone on one of those sites dies, and there is no family member on the site, is there a possibility that the pitch could lie vacant?

Mr Martin:

That is the exact concern that the Housing Executive raised about Travellers' sites. Broadly speaking, on a residential site, if there is nobody to inherit, the law of intestacy — inheritance law

- kicks in.

Mr S Anderson:

Is there a possibility that the pitch will lie vacant?

Mr Martin:

On Traveller sites, yes, but on residential sites, no, because the inheritance laws would kick in to determine to whom the pitch would go. Only if there is nobody — I refer members to clause 5(3)(b) —

Mr S Anderson:

It is a bit of a grey area. It could happen on the serviced sites in my constituency.

Mr Martin:

The Housing Executive raised a particular concern in connection with Travellers about clause 5(3)(b) and the potential situation in which no family member is residing on the site. Yes, there is potential for a pitch to lie vacant, and that is why the Housing Executive wants to qualify the clause. For residential caravan sites, there is not a problem, because, if there is no family member to inherit a caravan, the intestacy laws would kick in and, as part of that process, the estate would go to the Crown or whomever.

Mr S Anderson:

I foresee possible difficulties with Travellers' sites. However, the Committee has no decision to make while it awaits further feedback. I look forward to hearing what that feedback is.

The Chairperson:

Pandora's box was opened on that issue. Are members happy enough that the Committee do not support amendment G, given the explanation from the Department?

Members indicated assent.

Amendment H would specifically prevent users of Housing Executive Travellers' sites from leaving the tenancy of their pitch to anyone following their death, regardless of the duration of their stay at such a site. The Committee awaits the Department's advice on amendment H, so, again, I suggest that we leave our discussion until that stage. Is that OK?

Members indicated assent.

The Chairperson:

Clause 6 gives the County Court jurisdiction to hear disputes related to residential agreements. The National Caravan Council argued, as embodied in amendment I, that jurisdiction should pass to a body such as the Residential Property Tribunal Service (RPTS), which is to have jurisdiction in such matters in England and Wales. The Department indicates that that body has no jurisdiction in Northern Ireland and that the number of disputes would be limited in comparison with those in Great Britain, and thus opposes the amendment. Do you wish to add anything, Stephen?

Mr Martin:

I simply wish to clarify that the RPTS in England and Wales currently has no jurisdiction to hear residential caravan cases. The previous UK Government consulted on proposals, but those proposals were not made law, so it is not law at present, even in England and Wales.

The Chairperson:

OK. The evidence was current at the time that the Committee received it. Are members happy not to support amendment I?

Members indicated assent.

The Chairperson:

That deals with clause 6. Part 2 of the Bill refers to users of seasonal sites and covers clauses 7 and 8. Such sites are available for only a limited period of the year and, thus, users cannot live in their caravan as their only or main residence. The Bill would give such caravan owner-occupiers

the right to written statements of their terms and conditions. The NCC proposed amendment J, which clarifies the position of seasonal users on protected sites.

The Department has suggested a different solution to the problem. Its proposed amendment is designed to ensure that seasonal users on protected sites get the same protections as seasonal users on seasonal sites. There was an anomaly in the Bill because of the differentiation between seasonal but protected sites and those who were seasonal users but on unprotected sites. Is that perfectly clear? *[Laughter.]*

Mr Craig:

Say that again, Simon. [Laughter.]

The Chairperson:

That is right, is it not?

Mr Martin:

The previous set-up was that there were protected sites and seasonal sites, the users of which had differing rights. There was a group that seemed to be in the middle. They lived on protected sites but were essentially holidaymakers. We have removed the difference between protected and seasonal sites. Protected sites and all other sites will fall under Part 2 of the Bill, including seasonal users on protected sites. Parts 1 and 3 of the Bill will apply to residential users on protected sites and Part 2 will apply to all others. That approach is slightly easier and closes the gap in a different way.

Mr F McCann:

One of my concerns is over the protection that will be afforded to those on seasonal sites who use their caravans at holiday times. It was said last week that the Bill seemed to have been diluted in some way to exclude them. What protections can we build into the Bill to protect such users? People have talked about creating residents' associations on various sites. However, the owner does not have to listen to them, so that is not protection at all. Over time, we have heard about illegal evictions, intimidation and various other issues that affect people on seasonal sites. I want to see something written in a tenancy agreement or some other agreement that affords those people some protection.

Mr Martin:

Part 2 is really an issue for the Department of Enterprise, Trade and Investment. There is already a great deal of consumer protection legislation governing holiday caravan sites, and my understanding is that the whole purpose of Part 2 is to ensure that the existing legislation applies. The difficulty is in enforcing it, because, quite often, there is no written agreement. When it gets to court and the judge asks what the agreement is, nothing can be produced, and, therefore, it is very difficult for Trading Standards Service to enforce properly the body of consumer protection legislation. The design here is that there is a written statement and an agreement, and, therefore, consumer protection legislation can be enforced properly. Difficulties can be addressed properly, and the courts can deal with matters on a sounder footing. That is the principle behind Part 2.

Mr F McCann:

I have two points to make. When the representatives from Trading Standards gave evidence, they said that they rarely ended up in court and that a many people will not take action because they fear that their caravan will be left at the gate or will be put out of a caravan site. The issue is how to get people to overcome that fear and encourage them to come forward. Who will have control over the drawing-up of the tenancy agreement? Will it be DETI or DSD?

Mr Martin:

As I said, when the legislation comes into force, Part 2 will be DETI's responsibility. Clause 8 sets out clearly what needs to be in a written statement, so there should be no surprises. When someone signs up to buy a caravan on a holiday site or on a protected site, there will be no surprises. If something is not in the written statement in express terms, it will be unenforceable. For example, if an owner were to take a caravan off a site or were to try to charge an exorbitant fee for such, and those arrangements were not signed up to at the beginning and were not in the written statement, they would not be enforceable. It is my understanding that the owner could be taken to court for breach of contract, unfair trading, and so on.

The Chairperson:

We know that, with site owners and caravan owners, there is a classic list of things that are

unknown knowns that could not possibly be included in legislation. That clause catches everything.

Mr Martin:

Yes; it does.

Mr F McCann:

At the same time, we are being told that responsibility lies with another Department. That brings us back to what we discussed when considering the review. Do Departments talk to each other when taking those issues on board? We are leaving out a sizeable section of people who, by and large, use caravans seasonally. Many of them are quite happy, but there are people who have suffered greatly at the hands of site owners.

Mr Martin:

We are talking about two distinct sectors, and, although the two Departments are working closely on the Bill and on promoting understanding, any review that the Committee might consider around Part 1 would be separate from a review of Part 2, because we are talking about two distinct sectors: the residential occupiers under Part 1 who live in caravans as their home and, in Part 2, people who are essentially holidaymakers. Although we are working together, there is not necessarily any particular crossover, and a review of Part 1 would not catch anything in Part 2, because it would be for a very different purpose.

Mr F McCann:

My understanding from talking to the Bill's sponsor is that, when it started its life, the Bill included people from the residential or permanent sector and the seasonal sector. Somewhere along the line, the parts of the Bill that pertained to the holiday or seasonal sector dropped away.

Mr Martin:

Part 2 deals specifically with the seasonal sector, and, as the Chairperson indicated, it tries to deal with the range of issues. It is unique in the United Kingdom and in Ireland in that it will be the first attempt to provide specific protection in the seasonal sector.

The Bill's progress is being followed at Westminster, because it is regarded as a possible model for legislation there. Although it may not be perfect, and I know that members have different views on it, the Bill is far better than what we have now. It is robust, it can be properly enforced and it is potentially a model for other jurisdictions.

Mr F McCann:

Is there a template for a written agreement?

Mr Martin:

Again, this is not the part of the Bill on which I have a great deal of expertise. However, the Office of Fair Trading (OFT) has provided a very detailed booklet, which includes model agreements, and so on.

The Chairperson:

When they gave evidence to the Committee, the representatives from the OFT alluded to that. In fact, they were quite robust in saying that they were trying to work with the sector to get that in place.

We all understand the points that you are making, Fra. Given the abuses that happen, it is easier to see the situation in black and white. However, we should not be prescriptive.

Are members happy with amendment J?

Members indicated assent.

The Chairperson:

Clause 8 requires seasonal caravan site owners to provide written statements to caravan owneroccupiers of relevant terms and conditions. That is a DETI policy area, and it is argued that the clause will prevent site owners from enforcing unwritten terms and that existing consumer legislation will protect from other unreasonable contract terms. The measure brings the industry in Northern Ireland into line with its counterpart in England and Wales. Amendment K is a drafting amendment that changes the name of the seasonal site agreement. The Department does not support the amendment. Stephen, do you have anything to add?

Mr Martin:

No; it does not seem to have a strong rationale behind it. It is just a different form of words, so it seems fairly pointless.

Mr Easton:

This clause concerns what must be in an agreement, such as the length of time of a contract. The scrutiny table mentions:

"costs associated with the removal of caravans".

As I said before, the removal of caravans is an area that concerns me. I have come across incidents in which the site owner has told a caravan owner to get off the site, and the owner is forced to sell his or her caravan to the site owner, because the site owner will not allow anyone on to the site to remove it.

In instances in which a lease has been terminated by both parties or a caravan owner has decided to move off a site, can there be something in the agreement to say that the caravan owner has the right to remove the caravan if the lease is broken? Do you know what I am saying?

The Chairperson:

If that were put in a draft lease, statement or agreement and the caravan owner signed up to it, there would be an issue. However, there is also an issue about whether that would be a reasonable term.

Mr Martin:

That is absolutely right. That issue would be covered by the express terms. If that is not in the agreement, it is an express term, which is unenforceable because it is not set out in the written statement. As the Chairperson rightly indicated, even if it is in the agreement, it can be deemed to be an unfair term under the Unfair Terms in Consumer Contracts Regulations 1999.

Mr Easton:

Are you saying that it is unfair for somebody to be able to remove his or her caravan from a site?

The Chairperson:

No; it would be unfair for the site owner to remove the caravan. Any removal should be in line with the agreement.

Mr Easton:

However, there is not anything in the Bill about that?

Mr Martin:

Not expressly, but, as the Chairperson indicated, it would be very difficult to include anything like that. There would need to be a much more rigorous set of regulatory requirements.

The express terms cover a broad range of things. For example, if an owner wants to charge £500 to remove a caravan but that is not in the written statement, the charge is unenforceable, and there is no obligation on the caravan owner to pay the money. It is covered in the express terms, so if something is not specified in the agreement, it is unenforceable. If an individual thinks that something in an agreement is unfair, he or she can take it to Trading Standards, which may deem the term to be unfair. Either way, it is covered.

Mr Easton:

You are saying, therefore, that even when an agreement is broken, a site owner cannot stop a caravan owner from removing the caravan.

Mr Martin:

Unless there is a specific agreement or term in the written statement to that effect, no, the site owner cannot.

The Chairperson:

There are two sides to a contract. Under a written agreement, caravan owners also have certain obligations. I am confident that that sort of stuff is covered in the Bill. I recall that Trading

Standards Service was content with this clause, but, to put your mind at rest, we will put that specific point to it for feedback. If something is not stated, and you have not signed up to it, the other party cannot enforce it.

Are members happy not to support amendment K, which would change the name of the seasonal site agreement?

Members indicated assent.

The Chairperson:

Amendment L is Mr McCallister's amendment, which will require the owner of a seasonal site to consult with a qualifying residents' association on the running of the site. The site owner would not be obliged to take into account the representations of the qualifying residents' association. The measure is not in place in GB. The Committee awaits the views of the Committee for Enterprise, Trade and Investment, and, therefore, I suggest that we do not consider the amendment at this stage.

Amendment M is a drafting amendment that is superseded by amendment J. Stephen, is there anything that you wish to say?

Mr Martin:

No.

The Chairperson:

Are members happy to disregard amendment M?

Members indicated assent.

Mr S Anderson:

Must a qualifying residents' association as referred to in amendment L be a fully constituted association, or could it just be an ad hoc arrangement?

Mr Martin:

Based on Mr McCallister's presentation last week, his view is that it should be constituted properly.

The Chairperson:

It must include a certain amount of owners on the site, and so on.

Mr S Anderson:

It cannot be a loose alliance; there has to be some formality to it.

The Committee Clerk:

There is some information in the schedule about qualifying residents' associations in the residential sector. Mr McCallister was saying that if there are to be qualifying residents' associations in the seasonal sector, they should be constituted in the same way. The schedule specifies, for example, that an association must include more than 50% of the owners on a site. The schedule provides guidance on how a residents' association would be constituted, should the amendment be made.

The Chairperson:

Clause 9 includes provisions to protect residential occupiers on protected sites from eviction and harassment. No amendments have been proposed. Stephen, do you have anything to add?

Mr Martin:

No. As I said last week, the Department is content to facilitate the wishes of the Northern Ireland Local Government Association (NILGA), and we have put forward amendment N. Sorry, I am jumping ahead.

The Chairperson:

We will rewind that bit of the tape. Are members happy with clause 9?

The Committee Clerk:

Just to make it clear, at this point, the Committee is commenting on amendments and proposing

additional ones. We are not agreeing clauses. That will come in the formal clause-by-clause scrutiny. The only reason that I point that out is in case advice from Departments leads to amendments that, conceivably, could alter every clause. I suspect that they would not, but, nevertheless, we are looking only at amendments.

The Chairperson:

Are members content not to propose any amendments at this stage?

Members indicated assent.

The Chairperson:

Clause 10 also relates to the protection of residential occupiers on protected sites from eviction and harassment. NILGA proposed amendment N, which would give councils the powers to investigate related complaints. The Department supports proposed amendment N. Is the Committee content with that amendment?

Members indicated assent.

The Chairperson:

Clause 11 allows the court to suspend eviction orders for the residential sector for up to one year. No amendments were proposed to the clause. Do you have anything to add, Stephen?

Mr Martin:

No.

The Chairperson:

May I take it that members have no amendments?

Members indicated assent.

The Chairperson:

Clause 12 indicates that County Courts have jurisdiction for disputes in the residential sector.

Again, no amendments were proposed, and I do not think that the Department has anything to say on clause 12. May I take it that members do not want to propose any amendments to clause 12?

Members indicated assent.

The Chairperson:

We move to Part 4 of the Bill, in which clause 13 brings the legal definition of "caravan" into line with that in England and Wales. The Committee for the Environment considered clause 13 and proposed no amendment. Has the Department anything to add?

Mr Martin:

No.

The Chairperson:

Is the Committee content not to propose any amendments to clause 12?

Members indicated assent.

The Chairperson:

Clause 14 applies the new definition of a caravan to existing legislation. The Committee for the Environment also considered clause 14 and proposed no amendments. Has your Department anything to add, Stephen?

Mr Martin:

No; nothing.

The Chairperson:

Are members happy not to propose any amendments?

Members indicated assent.

We now move on to Part 5 of the Bill. Clause 15 defines terms used in the Bill, such as "residential agreement", "occupier", and so on. The National Caravan Council proposed amendment O, which would define protected sites as those not including Traveller sites.

The Committee Clerk:

As the witness indicated earlier, this is where the Committee Clerk maligned the Department. The Department has indicated very clearly that it is opposed to amendment O.

The Chairperson:

Yes, thanks for that. Members have heard the Department's position on amendment O, having received an update earlier in the meeting. Does the Committee wish to propose any amendments of its own? I suppose that the clause is bound up like those other matters and will require us to wait.

Mr Martin:

Yes, although there is clear case law on this issue. The House of Lords has already deemed the amendment to be incompatible with the European Convention on Human Rights.

The Chairperson:

You are right. It is a similar but separate issue.

Ms Lo:

Stephen, how do we differentiate in law between "gypsies" and "Travellers" in the scrutiny table?

Mr Martin:

Race relations law and other Northern Ireland legislation very clearly define an Irish Traveller. English legislation is different and vaguer. It still talks about "Gypsies" or "Travellers" — it uses a different form of words. However, here, a clear legal definition of "Irish Traveller" is used throughout our legislation.

Ms Lo:

Is that ethnic Irish Traveller, as opposed to Travellers from England or from Europe? Sorry, as opposed to Gypsies from throughout Europe?

Mr Martin:

We do not use the term "Gypsies". We use the term "Irish Travellers", which is clearly defined in statute here in Northern Ireland.

Ms Lo:

I know, but you still use the term "gypsies" in the scrutiny table.

Mr Martin:

No, that refers to the amendment that the National Caravan Council proposed.

Ms Lo:

Oh, sorry. I am with you now.

The Chairperson:

The National Caravan Council is an English-based organisation, hence the language used.

OK, shall we leave clause 15 and come back to it after we receive further correspondence?

Members indicated assent.

The Chairperson:

Clause 16 commences the provisions of the Bill six months after Royal Assent. The Committee has indicated that it does not support commencement early or late commencement. May I take it that the Department is content with clause 16?

Mr Martin:

Yes.

Are members happy not to propose any amendments to clause 16?

Members indicated assent.

The Chairperson:

Part 1 of the schedule to the Bill sets out the terms of residential agreements, which, of course, will apply only to caravan owner-occupiers who live in a caravan as their main or sole residence and who rent a pitch on a so-called protected site. The terms include methods of termination for the contract; resiting for emergency works; pitch fee controls; owner and occupier obligations; and conditions for setting up and consulting with a qualifying residents' association.

Amendments P and Q are about the charging of commission for caravan sales, and they propose that controls be removed or commission be based on an independent valuation. The Department has provided information on the basis of a 10% commission rate on caravan sales. The Department therefore argues that commission should not exceed 10%, and it does not support either amendment.

Stephen, do you wish to add anything?

Mr Martin:

No. You summarised the Department's position very well.

Mr Easton:

I still have a bit of a hang-up with the 10% rate. I do not understand why site owners are able to get 10% from somebody who is selling their caravan. Surely they make money by selling the caravan in the first place, because that is usually from where a person buys a caravan, plus they get all the pitch fees. I know that Westminster considered the matter and thought it fair, but, for the life of me, I cannot understand it. Chairperson, it is like giving 10% of the value of your house to the bank for letting you sell it, which seems crazy.

The bank would probably take more than that off me. The estate agent takes his pound of flesh as well.

Mr Easton:

I just do not get it. I would be happier if it were 5%. To be honest, it should be 0%, although I am prepared to be reasonable and say 5%.

The Chairperson:

It is a unique situation, which came about because the caravan industry argued that its business model is weak and bound up on making money. At the end of the day, sites are businesses, and owners are there to make money, some of which will be derived from commission and some from site fees. The site owners said that they need to make a certain amount of money to cover themselves, and if they do not make it on commission, they will make it somewhere else.

Mrs M Bradley:

Will they be able to come back and ask to increase that percentage figure?

The Chairperson:

Not under this legislation. A later amendment caps the rate, by saying "not to exceed 10%".

Ms Lo:

Excuse my ignorance, but what is the average commission on a caravan sale?

Mr Martin:

I simply do not know.

Ms Lo:

I just wonder to what that 10% might amount.

Mr Martin:

When the Committee heard evidence from the National Caravan Council and the British Holiday

and Home Parks Association (BH&HPA), they made the point that the average price of a caravan in England is much greater than that in Northern Ireland, but I am afraid that I do not know what that price is.

Ms Lo:

Would it be £15,000 or £20,000?

The Chairperson:

Prices vary widely.

Mr S Anderson:

Twenty or thirty thousand pounds.

Ms Lo:

That is quite a bit, amounting to £2,000 or £3,000 in commission.

Mr Easton:

The Bill will protect caravan owners from excessive hikes in site fees, so if the 10% commission rate is reduced, it will not be possible to recover that money from elsewhere.

The Chairperson:

If I were a site owner, I would take the maximum reasonable amount every year.

Mr S Anderson:

They will probably do that anyway.

The Chairperson:

That is the way in which the industry has traditionally been run, and, in the Bill's initial stages, before it came to the Committee, there was a lot of back and forward between the industry and the Committee on the issue. Consequently, if this part of the Bill had not been done in the way in which it has been, the positive bits could have fallen by the wayside.

Mr S Anderson:

Could the rate of commission not be agreed in a site's terms and conditions? Therefore, when someone comes to sell their caravan, the maximum rate of commission will have been agreed with the site owner when the caravan owner went on site. The rate might be 10%, 5% or even 0% — up to a maximum of 10% — but it would be part of the terms of the agreement.

The Chairperson:

I suppose that it could be. It is like anything in a contract. You put —

Mr Martin:

My understanding is that Mr McCallister is proposing to table an amendment to cap the rate at 10%, so there is no reason why it could not be a lower figure.

Mr S Anderson:

As part of the agreement.

Mr Martin:

It could be a lower figure than 10%.

Mr S Anderson:

Could that be included in the agreement so that the caravan owner knows when he or she goes on site?

Mr Martin:

The schedule contains the implied terms, which will be part of the agreement. If paragraph 8(9) of the schedule is changed to read "at a maximum rate of 10%", that is what will be in the agreement. Therefore, a lower figure could be agreed.

The Chairperson:

To take up Sydney's point, Stephen, would a reasonable accommodation be to have "should not exceed 10%" expressed in the written agreement? That might not be one that you can answer now.

Mr S Anderson:

That would give the caravan owner some idea from the beginning of what he or she would have to pay in commission.

Mrs M Bradley:

Yes, if it were in the agreement.

Mr Craig:

That is a very good point. People who go on to a site are left with a guessing situation if they ever want to sell their caravan. When people's personal circumstances change, the luxuries go first. Therefore, people who sell their caravan will not have a clue about whether they will get 90% or 95% of its value. However, if the rate is in the written agreement and they moved site because the site owner said that the rate was, for example, 5%, at least they know that.

Mr S Anderson:

That would also remove the friction — call it what you like — that arises when people are selling their caravans and are reluctant to pay 10%. However, if they have already agreed the rate at the start, it is something that they cannot go back on.

Mr Craig:

It might also introduce a wee bit of competition.

Mr S Anderson:

It might do.

The Chairperson:

Even though there cannot be excessive hikes, if I buy or rent a pitch, the price will be set at that point. My pitch fee could be different to Jonathan's pitch fee. If I sign a contract that states that there is 5% commission, the site owner will get his money out of me by setting my pitch fee at a higher level than the one that Jonathan pays, because the rate of commission that he pays is 10%. Therefore, it is six of one and half a dozen of the other.

Mr Craig:

Competition would take care of that.

The Chairperson:

It depends on what an individual values more: a bigger cheque at the end or lower running costs.

Mr S Anderson:

There is that flexibility.

Mrs M Bradley:

There are different prices, depending on where a pitch is on a site. If a person has a good view, he or she will pay a higher — sometimes exorbitant — price. That is how it is done. However, when people buy caravans, pay site fees and rent the whole time that they are on site, because they own their caravan, they should really not have to give the site owner anything. They should not have to pay at all. To pay commission is to hand the site owner a gift every time that someone sells a caravan. I do not think that that is very fair. I would implement 0% commission, if I could. People should not have to pay that type of money.

Mr Craig:

It is certainly an unusual concept.

The Chairperson:

It is unusual in that it is explicit. However, if a person sells a car to a dealer, the dealer still gets his commission. However, he does not call it commission; rather, he just sells it on for more than he paid the person for it. I have never sold a car to a dealer that has been sold on for the same price; it has always been sitting in the showroom with a much higher price on it. Dealers get their commission, except they do not call it commission.

Ms Lo:

A person could just sell it in the 'Belfast Telegraph' and not pay any commission.

Mr Craig:

Commission is paid in that instance because a service is delivered. People who go to a car auction pay commission because they are being offered a service to sell their car. Caravan owners do not offer any service of which I am aware.

Mrs M Bradley:

People pay for all their services on the site.

Mr Craig:

Yes, but they are not offering a wonderful service that helps people to sell their caravan.

Mrs M Bradley:

No, they are not. They want to buy it off them.

Mr Craig:

I can understand paying something if a service is given in return.

The Chairperson:

We are at risk of praising second-hand car dealers. [Laughter.]

Mr Craig:

As the son of a second-hand car dealer, I declare an interest. [Laughter.]

Mrs M Bradley:

It is like the Housing Executive asking for 10% of the value of a person's home if it is sold having previously been bought from the Housing Executive after rent has been paid on it for years. We would not allow that, would we?

Ms Lo:

A person who buys a Housing Executive house cannot sell it on too quickly.

Mrs M Bradley:

That is correct, but I am talking about when it is eventually sold on.

Mr S Anderson:

It is a nice wee, easy earner.

Mrs M Bradley:

Yes, it is. You are right.

Ms Lo:

For doing nothing.

The Chairperson:

The Committee Clerk has reminded me of a point that was made earlier. The 10% maximum is in line with the figure in GB, and there are issues about how it might affect the industry. Stephen will you take away Sydney's suggestions and consider them, and perhaps we can have some sort of correspondence on what the effect might be? Are members happy to leave that issue for now?

Members indicated assent.

The Chairperson:

Amendment R suggests the removal of all controls by site owners on the sale of caravans to an individual. The Department opposes the amendment, because the Bill as drafted allows site owners control in the matter so as to maintain the character of their site. Stephen, do you wish to add anything?

Mr Martin:

The key point is that it must be reasonable. If site owners were to withhold unreasonably, they could be challenged in court. We think that is reasonable for a site owner to be able to maintain the character of the site. If, for example, the site were for people who were nearing retirement and older, it would be reasonable for a site owner to retain that characteristic of the site, because that is its key selling point.

The site owner should be able to exercise some control.

Mr F McCann:

Do sites not vary, in that people have to change within five years, 10 years or whatever?

The Chairperson:

That goes back to the agreement. It is whether that is reasonable.

Mr F McCann:

It is up to the site owner to determine whether the caravan fits the character of the site.

The Chairperson:

Yes, that is the way it is currently, and that is where problems arise. The amendment suggests moving to having a written agreement, which could include such a clause, so long as it was reasonable. Are members content not to support amendment R?

Members indicated assent.

The Chairperson:

Amendment S would give stronger powers of eviction to site owners. The Department opposes the amendment because it is argued that the Bill contains sufficient powers for site owners in that respect. Stephen, do you have anything more from the Department?

Mr Martin:

No.

The Chairperson:

Are members happy not to support amendment S?

Members indicated assent.

Ms Lo:

Who suggested that amendment?

The Chairperson:

The Committee Clerk has helpfully reminded me that the suggestion came from site owners.

Amendment T relates to the type of retail price index (RPI) that is used to calculate pitch fees. The Department argues that the use of the standard RPI is consistent with the rest of the UK. Stephen, do you wish to elaborate?

Mr Martin:

There was some confusion over whether there were various RPI figures. One main figure is produced, and that is the one that will be used.

The Chairperson:

Are members content not to proceed with amendment T?

Members indicated assent.

The Chairperson:

Amendment U is about reasonable cost of removal. The Department has undertaken to monitor costs and contract terms in the protected sites and to use its power to amend residential agreements if necessary. The Department indicates that, for the seasonal sector, caravan owner-occupiers could argue that an unwritten term, such as an expected removal charge, is unenforceable under the Caravans Bill and that an unreasonable term of that type could not be enforced under other consumer legislation. Do you have anything to add, Stephen?

Mr Martin:

No, that sums it up well.

Are members happy enough with the clause as it is and not to support amendment U?

Members indicated assent.

Mrs M Bradley:

I am glad to see that happening.

The Chairperson:

Amendment V corrects a drafting error relating to the commission charged on caravan sales. The Bill should have read that "up to 10%" commission will be charged, rather than requiring that commission always be charged at 10%. The Department supports the amendment to correct the mistake but, obviously, we had a discussion on that and that might have a ramification, so we will leave amendment V.

Amendments W, X, Y and Z seek exemptions or, failing that, clarification for Housing Executive Traveller sites in the Bill. The Housing Executive wants sale and gift provisions to be disapplied or wants to be able to refuse the provisions on the grounds of the need to provide sites for other Travellers in the locality. The Housing Executive also wants to specify certain essential or emergency work and to be able to relocate caravans to other sites, rather than to other pitches during such works. The Committee awaits the Department's advice on the human rights implications of the amendments, so I suggest that we defer any further discussion until that time.

Part 2 of the schedule sets out the terms that may be applied by the court to a residential agreement, including the sums payable by the occupier in pursuance of the residential agreement; the yearly review of pitch fees; the improvement of facilities on the site; and the preservation of amenity. No amendments have been proposed. Stephen, do you have anything to add?

Mr Martin:

No.

Part 3 of the schedule refers to the sale of a caravan on a protected site. That part of the schedule sets out a duty to forward requests in respect of a prospective purchaser to the site owner for approval. No amendments have been proposed. Stephen, do you have anything to add?

Mr Martin:

No.

The Chairperson:

The Northern Ireland Human Rights Commission proposed amendment AA, which would repeal the Unauthorised Encampments (Northern Ireland) Order 2005. I suggest that the Committee await the Department's advice on the implications of other amendments and defer any consideration. Do members agree?

Members indicated assent.

The Chairperson:

The Housing Executive and the Human Rights Commission have separately proposed amendment BB, which would remove the requirement for the Housing Executive to obtain a licence for a Travellers' caravan site.

Mr Martin:

As I said earlier, the Minister has written to Edwin Poots about that issue to seek his view on whether he is prepared to support the Housing Executive amendments.

The Chairperson:

At present, if the Housing Executive wants to establish a Travellers' site, it must seek planning permission. In fact, that applies to any site.

Mr Martin:

That is correct. Any site requires planning permission.

It also requires a licence from the local council.

Mr Martin:

Yes.

The Chairperson:

Will that remove that requirement for Travellers only?

Mr Martin:

The Housing Executive's contention is that, prior to 2003, that function was delivered by councils. It is delivered by councils everywhere else. Therefore, sites for Travellers in Northern Ireland are the only sites in the United Kingdom that require a site licence. The Housing Executive feels that it is not necessary and, in some ways, adds to the process.

The Chairperson:

OK. We will come back to that.

Mr S Anderson:

I see that we do not agree with the amendments. The councils need to have some hold on that matter, because there are certain licence conditions to adhere to, and it must stay like that. We cannot support the Housing Executive amendments, which want those requirements to be taken out.

The Chairperson:

I understand that point entirely.

Mr Craig:

Whether we like it or not, it is important to have local input on those sensitive issues.

The Chairperson:

It might stretch the process, but the end result might be much more acceptable. We will come

back to that anyway.

Ms Lo:

Planning permission goes through the council anyway.

Mr Martin:

It does. Councils are statutory consultees.

Ms Lo:

In many ways, it is like a double check.

The Committee Clerk:

Is the Committee content to wait for the response from Minister Poots?

The Chairperson:

We will wait for that response from the Department of the Environment.

I remind Committee members that, on receipt of further information on the human rights compatibility and qualifying residents' associations in the seasonal sector, the Committee will undertake formal clause-by-clause scrutiny, through which it will agree or disagree to the various clauses. Are members happy to do that?

Members indicated assent.

The Chairperson:

Stephen, thank you very much for everything. We will see you again.