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The representative body of the parks industry including
caravans, chalets, lodges, park homes, tents and
all types of self catering accommodation.



Sir Michael Lyons
Lyons Inquiry into Local Government
Room 3/12
1 Horse Guards Road
London SW1A 2HQ

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Dear Sir Michael Lyons,

Taxation of Second Homes vs. Holiday Homes

The British Holiday & Home Parks Association (BH&HPA) is the national trade body representing developers and operators of holiday, caravan, lodge and chalet parks, and residential mobile home parks in the UK.

We are writing to you to ensure that, in your review of local government funding and in particular the taxation of 'second homes', you are fully apprised of the role of holiday parks as an important contributor to the social and economic viability of their host communities, *without* reducing the local housing stock. We urge you to ensure that holiday park developments, and the holiday accommodation found on them, are not treated in the same way as second homes taken from traditional housing stock.

1. British Holiday & Home Parks Association

1.1 The BH&HPA membership owns and manages some 80% of the total licensed holiday caravan and self-catering "on-site" pitches in the United Kingdom. These include caravan holiday-homes, chalets, lodges, cottages and flats for rent or sale, chalets, touring and tent pitches. BH&HPA estimates there to be some 3,500 holiday parks in the UK, geographically dispersed to the coastal and rural areas that are attractive to holiday makers. The industry includes well-known brands such as Butlins, Parkdean, Haven and Bourne but the majority of the 3,500 businesses in the sector are SMEs or micro-enterprises, usually independently owned and managed as a family concern. Holiday parks account for a tourist spend of some £3.23 billion each year and accommodate some 22% of all holiday bed nights in the U.K. (72.9M bed nights)¹.

2. Holiday Homes

2.1 Many holiday parks' principle business is the provision of what might conveniently (if perhaps mistakenly in some instances) be termed 'second homes'. These take the form of caravans, chalets, lodges, cottages etc, many of which are owned by private individuals and used as holiday accommodation, in much the same way as those who buy more conventional bricks and mortar second homes in holiday areas.

¹ UKTS 2003



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**Professor
David Bellamy** OBE

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Member, European Federation
of Campsite Organisations
& Holiday Park Associations

- 2.2 We recognise that in some areas the buying-up of conventional dwellings for use as second homes gives cause for concern. However, we are concerned at the suggestion that Council Tax might be used to remedy the perceived problem by the possible imposition of a punitive rate of tax on *all* second home owners.
- 2.3 There is an important distinction between, on the one hand, a conventional dwelling being acquired and used for holiday purposes and, on the other, the form of accommodation provided by holiday parks. The former usually enjoys the benefit of full residential planning permission for all-year-round use as a private residence and therefore its purchase as a second home removes it from the traditional housing stock. Conversely, in the vast majority of cases, a holiday park has planning or site licensing restrictions limiting its occupation to only part of the year and/or for holiday purposes only. "Holiday only" occupancy conditions are usually replicated in the agreements between park owners and the owners of individual holiday units.
- 2.4 The difficulty lies in the fact that, notwithstanding the prohibition on using such accommodation for residential purposes, some forms of holiday accommodation attract a Council Tax assessment. This does not usually occur in the case of caravans which as a rule are incorporated in a non-domestic rating assessment. It can however arise that the unit does not conform to the statutory definition of a caravan, either because of its size or the nature of its construction. Alternatively, local planning authorities have given consent for the development of holiday villages (with strict holiday-only conditions) specifically to reduce the pressure for second homes on the local housing stock where Council Tax is paid.
- 2.5 In the Association's view, it is of paramount importance that in any consideration of this matter, a *clear* distinction is preserved between these units of accommodation which are designated solely for holiday purposes which cannot be used as "homes" in the conventional sense and those which could otherwise be used as an all-year-round home but are taken out of the conventional housing market by being acquired for casual holiday use.

3. Council Tax on Second Homes: current arrangements

- 3.1 The owners of true holiday accommodation (as opposed to second homes) presently subject to council tax have already been penalised recently by the change in regulations which allow billing authorities to reduce the discount on second homes. This was particularly unwelcome given that these holiday accommodation owners make no demands on local services such as education, social services etc and only limited and infrequent demands on others. On the contrary, their presence in the area supports the local economy.

4. Benefits brought by holiday parks

- 4.1 Any additional taxation on true holiday accommodation (as opposed to second homes) could jeopardise the viability of this popular form of tourism business that brings an extremely broad range of benefits to local communities.
- 4.2 We can do no better than quote from government's own recently published 'Good Practice Guide on Planning for Tourism'²; the Guide describes tourism's (and holiday parks') contribution succinctly:
'Tourism can bring many broader benefits that will contribute to the economic and social well being of local communities as well as to individuals. It can:
- *be the focus of regeneration of urban and rural areas, as has been demonstrated by its success in Birmingham and in many seaside resorts.*

² Department for Communities and Local Government (DCLG) May 2006

- *provide a catalyst for growth in an area, raising its profile and stabilising out-migration.*
- *provide opportunities for retraining for the resident workforce and help to diversify over-specialised economies.*
- *help maintain and expand underused sports and recreation facilities in urban areas.*

The revenue generated by tourism can help to:

- *support and enhance local services and facilities such as shops and pubs, particularly in rural areas.*
- *secure the retention or upgrading of public services such as public transport, health centres and libraries.*
- *support a broader and more vibrant and active community by attracting arts, sports or cultural events.*
- *aid diversification within the rural economy.*
- *underpin the quality of the local environment and facilitate further enjoyment of it by residents and visitors.*

These benefits can be particularly valuable in rural areas as they may provide amenities that people would otherwise not have access to.'

4.3 Among many other contributions, holiday parks:

- provide local jobs (training) and work for local contractors
- consume local goods
- provide local facilities - from post offices and shops to swimming pools and gyms
- support local bus services

in addition to the spend by their customers into the local economy. BH&HPA can provide concrete examples of these contributions.

4.4 Perhaps even more importantly, holiday park accommodation does not reduce the availability of the local housing stock. Even in the case of conventional bricks and mortar holiday homes, the previous discount of 50% seemed a fair reflection of the very much reduced use of local services and facilities. The change in the Council Tax charging framework has been detrimental to our industry in acting as a deterrent to persons obtaining genuine holiday homes. Any further imposition can only exacerbate the problem and must therefore be avoided.

5. Council Tax (Exempt Dwellings) Order 1992

5.1 We take this opportunity to draw the Inquiry's attention to a recent consultation carried out by the Department for Communities and Local Government where government sought views on a proposed amendment to Class G of the Council Tax (Exempt Dwellings) Order 1992 which would clarify that an unoccupied dwelling in England is exempt from council tax where a planning condition prevents occupancy. Such a planning condition might be one that permitted seasonal or holiday-only use. The Association welcomed DCLG's decision to resolve what had been a difficult issue for many in the industry and those members of the public who use parks and their facilities as customers.

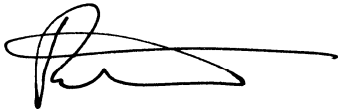
5.2 25 July 2006, Government reported:

"A clear majority of respondents supported the proposed change and, in the light of those responses, Ministers have decided that the legislation should be amended to clarify that an occupied dwelling in England is exempt from council tax where a planning condition prevents occupancy".

6. In Conclusion

Thank you for reading our representations; we are anxious to ensure that holiday park developments are not, inadvertently perhaps, swept into a revised local taxation regime that does not fully recognise their function and usage. They serve to **reduce** the pressure for second homes on the local housing stock and it would be illogical and unjust therefore if they were penalised in any taxation measure with the same objective. We hope that these comments will prove useful in the course of your Inquiry.

Yours sincerely,



Ros Pritchard
Director General