

SUBJECT:	FEES AND CHARGES - REVIEW OF HOUSES IN MULTIPLE OCCUPANCY LICENCE FEES
DIRECTORATE:	COMMUNITIES AND ENVIRONMENT
REPORT AUTHOR:	SARA BOOTHRIGHT – ENVIRONMENTAL HEALTH & CORPORATE SAFETY MANAGER

1. Purpose of Report

- 1.1 To report for information the amendment to the HMO licence fees and charges.

2. Executive Summary

- 2.1 Part 2 of the Housing Act 2004 places a mandatory duty on the Local Housing Authority to identify and license certain Houses in Multiple Occupation (HMOs). There is currently a requirement to license those HMOs that are occupied by 5 or more people, over three or more storeys, who share a kitchen, bathroom, or WC. On the 1 October 2018 the criteria for mandatory licencing of HMO's will be extended to those with 5 or more residents regardless of the number of storeys. This will increase the number of licensable HMO's within the City from 318 to in excess of 900.

- 2.2 The licence should fee cover the costs of administering the licensing scheme. To ensure financial sustainability for the increase in resources required to manage the work demands, the licence fee must be sufficient to enable the City Council to cover the costs of the licencing scheme, both in terms of the time required to process a typical application and the cost of enforcing the licencing scheme. A review of the HMO fee structure has been undertaken and to ensure that the costs are in the main recovered the basic HMO premise fee has risen from £590 to £850 which is an increase of £260 per year over a 5 year licence period.

- 2.3 As the change in the fee was no more than a 50% increase, Financial Procedure Rules permitted the Director of Communities and Environment to exercise his discretion to uplift the HMO fees. This was following consultation with the Housing Portfolio holder and the Chief Finance Officer. The new fee structure became effective on 10 September 2018, ahead of the new legislation so that the Council can be seen as consistent in applying the fee to all landlords who will need to licence properties from the 1 October 2018.

3. Review of HMO Licence Fees

- 3.1 The licence fee should cover the costs of administering the licensing scheme. When reviewing the basic licence fee the following was considered:-

- I. ensuring increased financial sustainability by applying the principle of cost recovery balanced against the fee increase for landlords
 - II. benchmarking HMO fees with other local authorities who have universities within their area
 - III. incentivising landlords with discounts
- I. The new fee structure became effective from 10 September 2018 detailed in table 1 below. The basic fee has been increased from £590 to £850 for up to a 5 year licence duration, this is an increase 44% and equates to an additional cost to the landlord of £52 per year, £1 per week. This fee places the Council closer to being in line with full cost recovery.

Table 1 – Present Fee Structure from 10 September to 31 March 2019

HOUSES IN MULTIPLE OCCUPATION

Premises Licence Fee	
- Basic Fee upto 5 persons	850.00
- 6 to 10 persons	Basic Fee + 10%
- 11 to 15 persons	Basic Fee + 20%
- 16 to 20 persons	Basic Fee + 30%
- For every 5, or part thereof over 20	Additional 10%
Multiple Application Discount on the second and subsequent completed applications (<i>received within 12 months of the date of receipt of a previous successful application, and the fit and proper person check was undertaken for the earlier application</i>)	
	5% off Basic Fee
Trusted Landlord Scheme Discount (<i>must be accredited on the date of the completed application</i>)	
	35% off the Basic Fee

- II. A benchmark exercise was undertaken with other similar Local Authorities who have universities within their area on the cost of a 5 year HMO licence and City of Lincoln's new fee structure is comparable to other local authorities. Appendix 1

III. Trusted Landlord Scheme Discount

As the purpose of the Trusted Landlord Scheme is to drive up standards of accommodation, improve management of tenants and neighborhood relations the discount has risen from 10 to 35% of the basic fee to incentivise landlords to become accredited. A landlord who has Trusted Landlord status at the time of applying for a license and can claim this discount which when applied will mean that the overall increase in the HMO 5 year license is 4%.

4. Strategic Priorities

4.1 Let's deliver quality housing

In line with Vision 2020 priorities, the council's Rogue Landlord project 2017-19 continues to target the Park and Abbey wards of the city to identify substandard housing, including unlicensed and poorly managed HMOs. Meanwhile, the Trusted Landlord Scheme encourages self-regulation, supporting landlords to provide safe and well managed HMOs and improving standards.

5. Organisational Impacts

5.1 Finance

Financial procedure rule 7.1.4 allows the following:-

In respect of services where fees and charges apply or may apply in circumstances where services are obliged through regulations to achieve cost recovery or where other market led factors influence the service and its charging structure, the relevant Assistant Director has the discretion to amend the set fees and charges by +/- 50%, after consulting with the Chief Finance Officer and relevant Portfolio Holder. Such an occurrence shall be reported by the Assistant Director to full Council at the earliest opportunity.

The increase being less than +50% of the original fee the Director for Communities and Environment in the absence of the Assistant Director – Health & Environment exercised his discretion in consultation with the Housing Portfolio Holder and the Chief Finance Officer in early September 2018 and reported to full Council on the 25 September being the earliest opportunity to do so.

5.2 Legal Implications

Part 2 of the Housing Act 2004 allows the Local Housing Authority to require a fee fixed by the authority to accompany HMO application. When fixing such fees the Council can take into account all costs incurred in carrying out their functions under this part of the Act.

5.3 Equality, Diversity & Human Rights

Confirmation is provided that equality implications have been considered and an impact assessment is not required.

6. Recommendation

6.1 That Council notes the amendment of HMO Licencing Fees in accordance with the relevant financial procedure rules.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? 1

List of Background Papers: None

Lead Officer: Sara Boothright – Environmental Health & Corporate
Safety Manager
Telephone (01522) 873314

Appendix 1– Comparison of HMO fees August 2018

Local Authority	Licence Fee (for up to 5 Persons for up to 5 years)
Oxford City Council	£2,100
Birmingham City Council	£1,150
Kettering Borough Council	1,000
Reading Borough Council	£720 to £1485
Lancaster City Council	£600 to £1000
Liverpool City Council	£980
Ipswich Borough Council	£920
Nottingham City Council	£910
Welwyn Garden City	£906
Durham Borough Council	£850
CITY OF LINCOLN	£850
Newcastle City Council	£843
Coventry City Council	£829
Leeds City Council	£825
Doncaster MBC	£800
Derby City Council	£757
Sheffield City Council	£750
Exeter City Council	£750
York City Council	£690
Wolverhampton MBC	£650
Hull City Council	£650
Norwich City Council	£637
Cambridge City Council	£607