

Decision under Delegated Powers

Officer Requesting Decision

Private Sector Housing Manager

Officer Making the Decision

Head of Strategic and Private Sector Housing

Recommendation

To approve the inflationary based changes to the scheme of fees for HMO licenses under the Housing Act 2004 as set out in table 1 overleaf, and with effect from October 1st 2013.

Reason

To reflect the effects of inflation on the cost of processing a licence application since the licence fee was originally approved by Cabinet in 2006.

Authority for Decision


Authority to make this decision is in the Scheme of Delegation to Heads of Service:

1) To undertake the periodic review of fees and charges raised within his or her service area and falling within the scope of the Council's Income and Charging Policy Framework.

Decision and Date

Approved

25/9/13



14.00 hrs

Background

At 9th February 2006 Cabinet (min:190), it was resolved that the Council be recommended to agree an HMO licence fee structure of £500 with a reduction of £110 for Gold Standard Accredited applications (since replaced by DASH accreditation) for the 2006/07 financial year.

This fee structure was introduced and has been maintained (without inflationary increases) year on year, to the present day.

Last year was the first year since the introduction of licensing that a number of property licences came to the end of their 5 year licence period. Licence holders were contacted in advance of the expiry of their licences to encourage re-licensing prior to expiry. Re-licensing is a more straightforward procedure in terms of the detail required by the application form and the work involved for officers assessing those applications. However, despite being reminded, a significant number did expire, resulting in licence holders then having to submit a new licence application after the expiry of the original licence. Under the Housing Act 2004, once a licence has expired, licence holders must complete a new full application, rather than a reduced re-licensing application.

At present, the licence fee for a re-licence is the same as a standard licence application (£500 minus associated discounts for accreditation etc.). As such there is little incentive for licence holders to ensure that they submit a re-licence application prior to the expiry of their existing licence.

It is therefore proposed that the licence fee structure be amended to account for inflation and also to offer a discount incentive for the timely re-licensing of an existing licensed property.

Using the Consumer Price Index (CPI) as a measure for inflation, prices have increased by 22.8% over the last 7 years (since the original licensing structure was introduced).

In terms of the licence fee this would equate to an increase of £114 taking the fee to £614 from the original £500.

As such, the following revised fee structure is as recommended in Table 1 below (licence fees are not subject to VAT);

Table 1- Proposed HMO Licence Fees with effect from October 1st 2013

Application Type	Current Fee	Proposed Fee
Basic Application fee (1 st property)	£500	£610
Re-licence fee	£500	£500
Discounts (for both application types*)		
Multiple Applications for same licence holder	-£110	-£110
DASH Accreditation Discount *	-£110	-£110

The main changes will be an increase, in line with inflation, for the basic fee, creating scope for a reduced re-licensing fee to be introduced to incentivise licence holders to renew their licenses on time.

The main purpose of the amendments is to offer a real incentive to existing licence holders to submit their re-licence application prior to the expiry of their existing licence. As such, it is proposed that no discount be awarded for DASH accredited landlords in cases where licenses are not renewed before expiry i.e. if a DASH accredited licence holder allows their licence to expire

then applies for a new licence after the expiry, the full £610 basic application fee must be paid.

Comments from HR

Not Applicable

Financial Implications

The anticipated increase in licence fee will produce only a marginal increase in fee income and is designed instead to incentivise existing licence holders to renew on time.

Risk Management

If this recommendation is not approved, there is no incentive for licence holders to renew their licences on time, which will result in additional officer time input in ensuring that an application is submitted.

Key Decision:

No

Background Papers:

Cabinet Minute 190:2006

