

## Operational Decision Record

<b>Publication Date</b> 06/09/2023	<b>Decision Reference Number</b> 5017
<b>Decision Title</b>	
Revised and updated proposed licence fee for selective licensing	
<b>Decision Value</b>	
£200,060	
<b>Revenue or Capital Spend?</b>	
Revenue	
<b>Department</b>	
Communities, Environment and Resident Services	
<b>Contact Officer (Name, job title, and contact details)</b>	
David Hobbs, Selective Licensing Manager, <a href="mailto:david.hobbs@nottinghamcity.gov.uk">david.hobbs@nottinghamcity.gov.uk</a> , 07535 615897	
<b>Decision Taken</b>	
Agree the licence application Part A and B fee structure detailed in Appendix 1 shall apply to applications in respect of the Selective Licensing Designation made by the Council on 17 January 2023 and confirmed by the Minister of State (Housing and Planning) on 26 July 2023.	
<b>Reasons for Decision and Background Information</b>	
<p>On 17 January 2023 the Executive Board approved the making of a Selective Licensing Designation. Due to the size of the Designation, it was required to be confirmed by the Secretary of State before it could take effect. The Secretary of State delegated that power to the Minister of State (Housing and Planning) who confirmed the Designation on 26 July 2023 with to take effect from 1 December 2023.</p> <p>The Executive Board also approved a Fee Policy in January 2023 however as the scheme of licensing under the Designation is being implemented in a new financial year a review has been carried out which takes into account the proposed national pay award for this financial year. The review of Part A and Part B fees has followed the same general approach to calculation outlined in the January Executive Board Report. No other fees within the Fee Policy are changing.</p> <p>A reviewed and updated profile of expected licence applications for the scheme has also been undertaken. Both of these have led to an increase in both the estimated income and expenditure for the scheme. Section 9.4 of the Executive Board Report recognised that the fee income estimated at that time did not match the expenditure and the review of the fees now addresses this, with the revised income and expenditure balancing. As the revised fee structure increases the income / expenditure by £200,060 the decision to implement it needs approval by</p>	

the Corporate Director. The estimated number of licence applications and proposed Part A and B fee structure are detailed in Appendix 1.

### **Other Options Considered and why these were rejected**

1. Do nothing. If the Council does not amend the fee, it may not recover all relevant costs associated with the proposed scheme and therefore some of the costs may have to be borne by the Council. This is particularly important as the scheme will receive approximately 50% of the applications this financial year, which are required to fund the scheme for 5 years. Any reduction in income could have a long-term impact on the finances of the scheme.

2. In order to ensure that the scheme remains cost neutral the realignment of the fee to the updated costings is essential. The fee will be monitored regularly against the 5-year projections for licence income and scheme expenditure in order to trigger a further review at any point during the scheme where realignment is required. The LGA guidance Open for business: LGA guidance on locally set licence fees and other relevant legislation and guidance has been followed.

### **Reasons why this decision is classified as operational**

The decision is below the financial threshold for a Portfolio Holder decision and only amends the selective licence Part A and B application fees that have already been agreed by the Executive Board in January 2023.

### **Additional Information**

#### **Finance Advice**

This decision seeks to gain approval for the license application fees to be applied to all applications for the Selective Licensing scheme.

The revised fees have been calculated in consideration of the LGA “Open for Business” guidance in terms of allowable spend and structure of fees (Part A/B allocations). A full fee review and cost analysis was completed by the Service to ensure that the costs are proportionate and are ensuring Best Value for the Landlords. The fees now include the latest proposed 2023-24 pay award to ensure that the costs are accounted to the most up to date information available.

There is risk associated with predicting the income and associated costs relating to these licenses, as the income is dependent on the number of licensable premises. This number can be subject to change relating to the ongoing usage of the properties, categorisation of the properties with related fee level, also wider economic implications that could affect the housing/rental sector.

These costs also include an assumed level of cost and pay inflation over the license duration, although considering the recent market volatility the assumed cost inflation will need to be reviewed regularly against actual costs to ensure sufficient. Income will ultimately be dependent on the numbers of applications and therefore expenditure will need to be carefully managed so that the costs are always covered by income with regular reviews. Should the Selective scheme look to be operating at a deficit at the end of its five-year duration then expenditure of the scheme will need to be reduced accordingly.

The costs of managing the Licensing function is covered in full by the fees that can be charged to the landlords for this scheme and as such there will be no gain or loss in association with this scheme, with the scheme remaining cost neutral with no MTFP impact. All conditions and requirements of the scheme must be met by the Service.

Advice provided by Susan Turner (Senior Commercial Business Partner) on 23 August 2023.

### **Legal Advice**

The Council's Selective Licensing Designation has recently been confirmed and will require all houses which are privately rented and not exempt under the Designation to be licensed by the Council. Section 87(3) of the Housing Act 2004 allows Councils to charge a fee and sets out various matters that can be taken into account in calculating the fee. The decision author confirms that the same approach has been taken in calculating the fee as was used when the fees were previously considered by Executive Board. The revisions to the proposed fee therefore appear to be lawful and to follow a best practice approach to calculation though this is subject to any Finance Advice given above.

Advice provided by Ann Barrett (Team Leader) on 7 August 2023.

EIA, DPIA and CIA not required as no change to those published in January 2023 Executive Board Report.

### **Published / related documents**

January 2023 - Executive Board report

<https://committee.nottinghamcity.gov.uk/mgAi.aspx?ID=47427#mgDocuments>

May 2022 - Executive Board report - Proposal for a Scheme of Selective Licensing for Private Rented Houses

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CIId=177&MIId=9484&Ver=4>

### **Decision Maker (Name and Job Title)**

Colin Parr, Corporate Director Communities, Environment and Resident Services

### **Scheme of Delegation Reference Number**

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### **Date Decision Taken**

05/09/23