

EXECUTIVE BOARD – 18 SEPTEMBER 2018

Subject:	Housing Licensing Houses in Multiple Occupation (HMO) Revised Fee Structure 2018
Corporate Director(s)/Director(s):	Andrew Errington, Director of Community Protection
Portfolio Holder(s):	Councillor Toby Neal – Portfolio Holder for Community Protection
Report author and contact details:	Julie Liversidge – Operations Manager, Housing Licensing and Compliance Tel: 0115 876 2680 Email: julie.liversidge@nottinghamcity.gov.uk
Subject to call-in:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision:	£6.384 million
Wards affected:	All
Date of consultation with Portfolio Holder(s):	April & August 2018
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input type="checkbox"/>
Jobs, Growth and Transport	<input type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
	<p>This report recommends the adoption of a revised fee structure for both Mandatory and Additional Licensing for Houses in Multiple Occupation (HMOs) within the City of Nottingham.</p> <p>The decision is not subject to call-in as Councillor Brian Parbutt, Chair of the Overview and Scrutiny Committee, has agreed that the decision is reasonable in all the circumstances and should have dispensation from call-in, as the Council's introduction of the revised fee structure needs to be implemented in order to comply and respond to changes in law.</p>
Exempt information:	None.
Recommendation(s):	
1	To adopt the revised fee structure as set out in Appendix 1, to be effective from 19 September 2018 in relation to the following: (i) all new and renewal applications under the Mandatory Licensing Scheme which includes applications required as a result of legislative changes to the Mandatory Scheme effective from 1 st October 2018; (ii) all new and renewal applications under the current Additional Licensing Scheme

	<p>which will be effective until 31st December 2018; and</p> <p>(iii) all new and renewal applications under the proposed new Additional Licensing Scheme due to be effective from 1 January 2019 and which forms the basis of a report for consideration by the Executive Board earlier on this agenda;</p>
2	<p>Delegate to the Director of Community Protection the authority to produce Fee and Policy Guidance, in consultation with the relevant Portfolio Holder and to make any amendments required to keep the Guidance updated, noting that the type and level of fees remain decisions which are to be approved in accordance with the Council's Constitution.</p>
3	<p>To approve the spend as detailed in sections 4.2 and 4.5 of this report from 1st October 2018 until the end of the Additional scheme – 31st December 2023 and ongoing for the Mandatory Scheme with no determined end date.</p>

1 REASONS FOR RECOMMENDATIONS

- 1.1 The Council is under a duty to licence certain types of HMOs and is permitted in law to recover the cost of the licensing process. This review of the fee structure is required as it is over 5 years since Housing Licensing fees were last reviewed and the current fees do not fully cover the operational cost of the licensing process. The proposed fee structure has been calculated to achieve maximum cost recovery for the licencing process based on the number of estimated applications likely to be received by the City Council and the activities required to support and undertake compliance and enforcement activities for that number.
- 1.2 This review of fees is also required in response to recent legislative changes and case law which now requires the introduction of a two-part fee structure.
- 1.3 Through experience of operating the current schemes, the Local Housing Authority is more accurate in its assessment of the time required for issuing HMO licences. Due to the complexity of some applications and the need for due legal process, including time for representations, appeals and enforcement activity, some applications can take up to six months from receipt to issue and in more complex cases up to 12 months.
- 1.4 It has also been necessary up to this point to dedicate resources to the administrative side of licensing mainly because of the complexity of the process for issuing licences, however, this current decision will assist with embedding a staffing structure which supports improved processing and a stronger compliance and enforcement function going forwards. The additional revenue generated by the finder's fee and less compliant fee will be used to fund new posts within the department for further investigation and enforcement work. The current staffing establishment will be maintained with the creation of the additional posts being the subject of a separate decision in due course.
- 1.5 As part of the consideration of the proposed Additional Licensing Scheme, which is an item for discussion earlier on the Executive Board's agenda, Member's will have had sight of the full outcome of the consultation exercise in relation to this Scheme. Appendix 3 to this report shows the relevant questions and responses in relation to

proposed fees which have been extracted from the full consultation results. These results showed support for the introduction of a less compliant landlord's fee, support for the discount for accreditation and the fee for extra bedrooms. These results have been used to influence the proposed fee structure subject to this decision.

1.6 Additional detail in relation to the reasons for the different elements of the fee structure are set out below as follows:

- i two part fee structure – paragraphs 2.10 & 2.11;
- ii less compliant fee and accreditation discount – paragraph 2.14;
- iii and other extra fees at paragraph 2.16.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 The Housing Act 2004 (“the Act”) places a duty on Council's to licence certain types of Houses in Multiple Occupation (HMOs), the Act allows cost recovery associated with the licencing process.

Mandatory Licensing changes

2.2 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018, provides that the mandatory licensing of HMOs be extended to include a wider definition of properties as from the 1st October 2018. This statutory instrument was widely consulted on by central government, the consultation did not consider the level of fee to be set.

2.3 The new prescribed description includes all HMOs with 5 or more persons comprising of two or more households regardless of the number of storeys. A significant number of these properties will have been captured within the current designation of Additional Licensing, however a number of HMOs located outside of the current designated may now become licensable.

Pass porting of Licences

2.4 As a result of the legislative changes and the proposed new Additional Licencing Scheme, there are a number of administrative actions that are now required to ensure properties remain licenced under the correct Scheme. The information presented to Members in paragraphs 2.5 to 2.9 is for information and intended to provide Members with the full technical effect of the changes on the Scheme and to also inform that no additional ‘fees’ on Licence Holders are being proposed to undertake this administration.

2.5 Existing licences under the current Additional Scheme which now meet the statutory definition for a HMO in the Mandatory Scheme will be ‘pass ported’ to the correct scheme of licensing. There are approximately 600 licences affected and the Licence Holders are aware that no ‘fee’ will be charged for the pass porting of the licences.

2.6 The remaining Additional Licencing Scheme licences that have a period of licence remaining referred to as ‘overhanging licences’ will be pass ported into the new proposed Scheme of Additional licensing, if the new Scheme is approved by Executive Board. These licences will

continue to remain in force until their expiration date. The Licence Holders will not be required to take any action and they will be contacted at the appropriate point during the next 5 year licence cycle regarding their renewal application.

- 2.7 There are also a number of licences due to expire on the 31st December 2018 within the current scheme of Additional Licencing, some of these licences were issued part way through the 5 year Scheme cycle. Therefore, these Licence Holders paid the full fee for a lesser term on their licences. If the new Additional Licencing Scheme is approved, then these Licence Holders may be offered a Variation to extend their licence duration in order to offer them a full five year period of licence commencing from the application 'duly made' date. These Licences will be assessed as to whether they are suitable for a Variation on a case by case basis and is subject to those Licence Holders agreeing to be bound by the revised Licence conditions.
- 2.8 Any pending or new Additional Scheme applications received in the period up to 31 December 2018 will be processed and pass ported into the newly proposed scheme of Additional licensing and subject to the new licence conditions, assuming the Scheme is approved.
- 2.9 Section 257 HMOs as a whole building will not continue to be required to licence within current Additional Licensing Scheme and the newly proposed Additional scheme if approved. The individual self-continued flats within section 257 HMOs, will be required to be as licenced under either the Selective or Mandatory licensing depending on occupation.

Two Part Licence Fee

- 2.10 Recent case law and the publication of a guidance document on locally set licence fees called "Open for Business" from the Local Government Association (LGA) in June 2017', recommends that licence fees should be split into two parts; Part A (application stage) and Part B (compliance and enforcement stage).
- 2.11 Part A fee: The advice from LGA is that this fee covers all the work on the licence up to and including determining and issuing the licence. Part B fee: The advice is that this fee covers all work after the licence has been granted including inspections and compliance work and enforcement costs among other things. If no licence is issued (i.e. the application is refused), no Part B payment is required.
- 2.12 The current HMO licensing fee has been in place since 2006 and has been subject to a number of reviews see Table 4 in Appendix 1. The last major review was in 2013 and that fee has been maintained with no increases in line with inflation and/or operational demands. Appendix 1 Table 4 details a chronology of fees changes over a number of years dating back to 2006.
- 2.13 It is the Council policy to recover costs of service. The cost of the HMO licensing process has been reviewed and full cost recovery is not being achieved to support the future cost of the service if the fee is not increased.

Less compliant landlords and accreditation

2.14 Licensing has identified that there are essentially three groups of landlords operating and managing HMOs within the city. The resources required to identify, assess, process and manage the application along with the determination of the licences application, compliance and enforcement for these three groups can vary considerably and this has been reflected in the proposed fee structure.

These comprise of: -

- Good Landlords, who are essentially aware of their legal responsibilities, provide properties that are of good quality that are compliant with standards and well managed. This group will proactively seek to licence during the transition period for licensing or plan for the introductions of new schemes and some of these Landlords will go on to take up accredited but not all.
- Less compliant, misinformed, unaware or accidental landlords, who operate without the proper knowledge of legislative requirements, leads to a mixed and often poor standard accommodation (particularly in relation to fire safety and management) once prompted and guided they usually comply with requirements and submit relevant documentation but this can be a long and intensive process sometimes resulting in multiple visits and enforcement activity.
- Rogue landlords, who deliberately avoid making licence application, offer a very poor standard of accommodation combined with a poor management and who put profit before safety. They will have little regard for tenant safety, welfare and pay no regard to the legal eviction procedures. Upon threat of enforcement action they will either finally make a very poor attempt to licence with the application taking many months to process or look for ways to avoid licensing such as removing tenants and sealing off rooms. Enforcement action is usually associated with this group.
- The proposed fees have been calculated using an updated Local Government Association (LGA) toolkit to ensure value for money, but also to ensure that all allowable costs are recovered. Based on running in parallel the Mandatory and Additional Schemes, the fee was calculated and based on costs for a forecast of 4,800 licences applications being received over a five year period (Mandatory is estimated to receive 3000 applications and Additional 1800 licences). The teams will continue to work together and have costs proportionally allocated across the two schemes.

2.15 It is appropriate to review the fee every year to achieve maximum cost recovery. A fee is charged for every licence application and if granted the licence can remain in force for up to 5 years. Benchmarking with other core cities has taken place and the proposed new fee is higher in comparison (Appendix 2 - Benchmarking information). However, it should be noted that not all other councils have reviewed their fee and have not yet implemented the new two part fee structure. As licensing was introduced in 2007 and licenses were granted for a period of up to 5 years, the number of HMO's which will require re-licensing will peak

over the next three years for both Schemes if continued and if the proposed new designation for Additional Licencing is approved by the Executive Board in September 2018.

2.16 Extra fees will become payable for some applications, see Appendix 1, Table 2. These extra fees will be added to part 1 or part 2 payments depending on whether they become applicable. The payments have been calculated to reflect the extra cost of intervention, administration and processing time required for some licences. The extra fees which will be applied are as follows:

- Extra Bedroom fee of £25 will be added for each bedrooms to be considered where there are ten or more in larger properties.
- Finder's fee of £150 will be added when extra interventions have to be taken to bring about the application.
- Moving between Additional Licencing Scheme and Selective Licencing Scheme, a fee will be charged at 25% of the applicable fee and is charged for application moving between Part 2 & 3 of the Act.
- Missed inspection fee - will be added when the inspection is missed by the licence holder or managers without giving prior notification.
- Extra correspondence fee will be added when extra correspondence becomes necessary.
- Extra documents fee will be added when copy documents are requested.
- Paper Applicant Form Request a fee will be charged when landlords phone up and ask for a printed copy of the application form to be posted to their correspondence address. A free online only application form is available for download and completion.
- Paper Application Processing fee will be charged when a paper application is received by the department after the 1st October 2018.
- Part 1 Housing Act 2004 Enforcement costs of £350 will be charged when enforcement action is taken and a notice is served. The cost of Part 1 action is not recoverable within the licencing fee.

Staffing

2.17 The staffing resource to ensure licences are issued efficiently is in place and has now been reviewed to improve the service. There is a predicted increase in the number of applications, combined with more complex cases which has increased the demand on staffing.

2.18 The outcome of the fee modelling forecasts that the service needs 27 staff and an additional 4 enforcement officers. The current team is made up of 23 staff members of varying grades for the processing and compliance activity.

2.19 Approval to recruit four new posts as a result of the fee review will be subject to separate approval, with the recruitment exercise taking place in September 2018. All staffing costs are recovered from the licencing fee.

Proposed service changes

- 2.20 Online only applications will be developed and we will look to implement them over the coming year to further assist with this efficiency of service delivery. There will be an annual fee and structure review starting in 2019 which may result in further fee changes. This proposal is also in line with the outcome of recent case law. The Council is committed to working with landlords and tenants and understands that this increase may be difficult, however, the licence standard fee is applied for licences granted for up to 5 year and, at this it would be a maximum cost of £266 annually, and this is considered comparable with other councils.
- 2.21 It should be recognised that the private rented sector market is changeable and that this may have an impact on the income and expenditure forecasts. The fee structure has been created to support accredited and good landlords with no incentives for less compliant practices. We believe it is reasonable that less compliant landlords should pay a higher fee to cover the cost of extra intervention, monitoring and enforcement activities. This was supported by the outcomes of consultation on additional licensing this year and overview of which is given in Appendix 3.

Refunds and Renewal Discount

- 2.22 Previously fees for HMO licence renewal and multiple applications had a set discount from the standard licence fee, in the belief that the processing of renewal applications takes less time. In this connection, the re-licensing fee should in theory be less than that of a new application as there will be reduced set-up costs. The proposed reviewed fee has been calculated with no set up costs included as the team is already established and apart from a small number staff starting and finishing their employment, there was nothing else to consider in the main. An exit strategy cost has been included to cover staff redeployment and or redundancies should the Additional Licensing scheme come to an end.
- 2.23 Licencing applications generally take place over a five year cycle and the first tranche of mandatory licensed HMOs have now been re-licenced or are set to be re-licenced, some twice. Experience has shown that the renewal process and the process for multiple applications is in fact virtually the same as the process for a new application, there is no time saving element associated with these types of applications. For this reason it is considered that a discount for these applications will no longer be offered.
- 2.24 It is also common for the financial and management arrangements, lay out, amenities and conditions to change over time and these all need to be assessed on renewal in relation to the property and management. The general conditions of the property can also deteriorate significantly over a five-year licence term due to hard use from tenants living in multiple occupations and not as a single family unit.
- 2.25 In addition to this, the Housing and Planning Act 2016 introduced new provisions regarding fit and proper person tests, which came into effect

April 2017 and means that checks on the applicants suitability need to be repeated each time they apply for a licence.

- Licences for HMO and other rented accommodation: additional tests for fitness and satisfactory management arrangements including person associated: checks will be required to establish leave to enter or remain in the United Kingdom and is not insolvent or an undischarged bankrupt.
- Banning Orders and 'Rogues' Database. The database of rogue landlords and agents will be held by MHCLG and updated by local authorities who will need to check this when assessing fitness and satisfactory management arrangements including person associated.

2.26 It is also worth noting that an HMO "renewal" application has no separate legal status and is in effect a new licence. For this reason, it is proposed to end the discount for renewal and multiple applications. There will, however, continue to be a requirement to inspect the property and review of Houses in Multiple Occupation (HMO) licensing fees and continue with the latest implementation of the Housing and Planning Act 2016 and other legislative changes.

2.27 As the fee will now be administered and collected in two separate payments it is proposed to discontinue refunding the administration cost as the Council will have incurred processing costs and have accurately reflected these costs in the review.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Alternative charging options include having a set fee for licences or reduced fees for renewal and multiple applications. This is how the current fee structure works and is not the favoured structure for the future because it increases the complexity and cost of the fee setting and recovery process. There is a higher likelihood of error as multiple fees calculations are applicable. This has been proven to be confusing to applicants especially when multiple applications are made. This option has been in operation for a number of years and is not supported to continue.
- 3.2 The proposed level of staffing is reduced thereby reducing the need to increase fee levels. This option would reduce the service capacity to issue licences efficiently and in a timely manner. It would also restrict the amount of compliance and enforcement work which could be carried out. It would significantly limit the amount of engagement work by the Safer Housing Team resulting in a poor customer experience and reduction in the quality of housing for some citizens. This option is not supported.
- 3.3. No change and leave the fee at the current level. The licensing scheme activities should be cost neutral to the Council and this is the aim of the new proposals. This option may be welcomed by landlords, but the current fees do not cover the operational costs of the current Schemes. Cost recovery is permitted by law and it is appropriate for the fee to cover the operational costs of the schemes. This option is not supported.
- 3.4. An annual licence fee - While some Landlords would appreciate the ability to pay their fee annually, this option would increase the operational cost of the

licence fee overall as it results in more collection processing and chasing non-payment activity over the 5 year period. This option is not supported and not required by statute.

- 3.5. Not charging for extra bedroom inspections in HMOs which have 10 or more bedrooms. This option was considered and rejected as the cost and time to inspect larger HMOs can be substantial and multiple visits may be required. The cost is difficult to absorb within the standard fee and would result in smaller properties subsidising the cost for larger HMO operators. This option is not supported.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 Advice Provided by Michelle Pullen Finance Manager – Community Protection/Commercial & Operations. Byron House Maid Marion Way Nottingham NG1 6HS on the 9th August 2018.

4.2 The total cost of the joint scheme over the five years is estimated to be **£6.384m** with a licence cost average per property being calculated as **£1,330 the standard fee x 4,800 properties.**

- I. The purpose of the report is to establish a new fee for both Mandatory and Additional schemes. Whilst there are 3 fees applicable – standard, accredited and non-compliant, the basis for accredited and non-compliant has been due to variations on the workings taken from standard fee. Therefore these comments are based on the standard fee.
- II. The total cost is based on 4,800 applicants at the standard rate.
- III. The potential income and cost for Additional if approved over the next five years is estimated to be **£2.394m** with a licence cost per property being calculated as **£1,330 the standard fee x 1,800 properties**. This cost would increase if the 2 schemes cannot have a combined workforce and an equal share of the fixed costs. Please see exec board report.
- IIII. The potential income and cost for Mandatory over the next five years is estimated to be **£3.990m** with a licence cost per property being calculated as **£1,330 the standard fee x 3,000 properties**.
- IV. There is risk associated with predicting income levels as the income is dependent on the number of licensable premises; this number is subject to significant churn and is currently uncertain with the change to the Mandatory definition. In brief the new Mandatory licensing definition has removed the requirement for properties to have three storeys. It now includes properties that are occupied by five or more persons forming two or more households sharing amenities regardless of the number of storeys so will include some flats and larger properties in the current additional scheme.
- V. This is a self-funded scheme. There will be no gain or loss in association with this scheme. It must remain cost neutral. **Therefore there is no impact to the MTFP. This fund is ring fenced.**

4.3 The fee has been calculated by using an updated Local Government Association (LGA) toolkit to ensure value for money, but also to ensure that all allowable costs are recovered

4.4 The assumed costs included are:

- i. Staffing costs to run the scheme, these have been included at productive hours only as per the guidance and relevant staff grades for each piece of work.
- ii. Processing costs of each licence, application, checking etc. – this has been calculated using percentages for the amount of time taken.
- iii. Enforcement costs (as per recent change to legislation).
- iv. Management fees
- v. Exit costs
- vi. Overhead costs to include accommodation, IT, HR, Finance & Legal support.
- vii. Inflation factors.

In the case of calculating the non-compliant fee, enforcement costs and additional work has been factored in. The Accredited fee has been calculated by reducing the time required as less checks are needed.

4.5 The table below reflects the costs included to **establish the standard fee**.

Estimated costs to establish the standard fee based on compliance & non-compliance	Total
Personnel Costs	5,163,085
Operating Costs	
Enf & associated costs (only form part of the higher fee)	-
Telephony	7,020
Premises	307,308
Transport	29,800
Supplies & Services	86,428
IT Support & New IT System	205,126
Other overheads inc EHO, Legal, Finance, HR , Bus Analyst support functions	472,233
Annual Operating Costs	1,107,915
One off Costs inc Exit Strategy	113,000
Total Costs	6,384,000
Total Number Of Licences	4,800
Price Per Licence (Based On Average)	1,330

4.6. Risks

There are risks to this scheme which could have an impact on the financial business model. An example of some of the risks that could impact on the schemes financial viability and would require a resources review to mitigate are:

- i. Level of applications vary. The housing market is in continual flux and remains unpredictable.

- ii. Landlords may gain accreditation in excess of the prediction. Accredited landlords could receive a reduction of £340. Significant changes to accreditation numbers will affect costs and income. Likewise, the assumption of non-compliant landlords may change affecting the predicted income levels which may affect enforcement activities.
- iii. Enforcement fails to bring in expected number of HMO's into Licensing.
- iv. The realities of staffing and difficulties in recruiting and retaining qualified staff
- v. If operational activity identifies unexpected qualities of property (better or worse) which would mean staffing balance or costs are different to those that are anticipated.
- vi. Complex cases not consistent with the costing model considerations
- vii. If there is any legislative, guidance changes and/or case law rulings including legal challenge (judicial review and increased appeals)
- viii. Any other changes to service delivery which is impacted by issues for example, IT, accreditation providers, staffing, accommodation etc, it may be necessary to amend the business model
- ix. If the renewal of the additional scheme is not agreed, there will need to be a new review and calculation of the fees for Mandatory.

4.7 The valuation and sensitivity of risks above currently cannot be quantified however; these will be developed as the scheme progresses. During this time the following needs to be in place to ensure the early warning of risks and the ability to undertake corrective action mitigating any financial impact to the organisation:

- i. Robust performance monitoring frameworks for both operational and financial targets.
- ii. Staffing flexibility set up to be able to align to activity levels.
- iii. The business model includes full staffing exit costs for the additional scheme only (as referred to above).

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 Advice Provided by Connie Green Solicitor, Planning and Environment Team Legal Services, Nottingham City Council, Loxley House, Station Street, Nottingham, NG2 3NG on the 12 August 2018.

The decisions that are being made by individual Councils in the area of fee setting are facing increased scrutiny from businesses, the public and in the media. Therefore it is essential that proposed fee structure is set in a legally robust and transparent manner. Charges must be reasonable and proportionate to the cost of the processes associated with a licensing scheme. Councils must not use fees to make a profit.

Part 2 of the Housing Act 2004 (the “2004 Act”) makes provision for houses in multiple occupation (HMOs) to be licenced by local authorities. By section 63 (3), (7), 2004 Act, the authority may require a licence application to be accompanied by a fee fixed by the authority. When fixing the level of the fee, the authority may take into account the costs incurred in carrying out their functions under the 2004 Act.

The revised fee structure now proposed to Executive Board has been developed following the Local Government Associations (“LGA”) guidance on locally set licence fees. This guidance aims to help councils understand the full breadth of issues that should be considered when setting local licence fees in order to meet legal obligations and provide the necessary reassurances to local people, businesses and other stakeholders. It does not contain a fees calculator because this assumes a uniformity of service design and associated costs, when it is vital that councils are free to design the service that best serves the needs of their community and recover costs accordingly. Locally set fees are a vital means of ensuring both that full costs can be recovered by the council, reducing the risk of a subsidy from local tax payers.

Fees should be broadly cost neutral in budgetary terms, so that, over the lifespan of the licence, the budget should balance. Those benefitting from the activities permitted by the various licences should not, so far as there is discretion to do so, be subsidised by the general fund. To ensure that fees remain reasonable and proportionate it is necessary to establish a regular and robust review process which should include scrutiny by Members. The fee structure now proposed also takes into account the outcome of recent case law and the need to introduce a two part licence fee.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 Not applicable.

7 SOCIAL VALUE CONSIDERATIONS

7.1 The licensing of HMOs is part of the Council’s overall strategic approach to housing and is a key priority for the City. By tackling the problem properties and raising standards in HMO properties, it will help to achieve a number of positive outcomes in terms of regeneration, health and wellbeing, and community safety, which are all major priorities for the city. This will help to deliver improved outcomes for citizens.

7.2 The Council needs to recover the costs which arise from delivering this service. It is through the collection of fees that the Council is able to finance its both the statutory and Additional Scheme requirements.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 The NHS Constitution has as one of its guiding principles that the NHS will work across organisational boundaries. It says: “The NHS is committed to working jointly with other local authority services, other public sector organisations and a wide range of private and voluntary sector organisations to provide and deliver improvements in health and wellbeing”. The Council’s approach to housing also follows this principle, seeking to work with a range of other services to improve citizens’ lives, not least their health and wellbeing. The licensing of HMOs brings improved housing conditions which in turn can have a positive impact on health and wellbeing which has been demonstrated both nationally and locally.
- 8.2 The City’s Health and Wellbeing Strategy has “Healthy Environment” as one of its four main priorities. Within this there is the priority action “Housing will maximise the benefit and minimise the risk to health of Nottingham’s citizens”. The proposal for selective licensing fits very clearly with this action.
- 8.3 As stated in paragraph 7.2 above, it is the collection of fees for licences that enables the Council to deliver the service and achieve the outcomes stated above.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes

Attached as Appendix 4, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 The Nottingham City Council calculation model. The fee has been calculated using a bespoke spread sheet which is a streamlined version of the original toolkit created by the Local Government Association (LGA) in 2006 (used previously for the selective, additional and mandatory licensing) and stands up to an assessment of value for money. This spread sheet calculates the “best guess estimate” as referred to within “Open for Business” and uses suggested costs given by the LGA in their June 2017 publication ‘Open for Business: LGA Guidance on locally set fees’ and is based on the number of licensable houses.
- 10.2 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018
<http://www.legislation.gov.uk/uksi/2018/221/contents/made>

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 11.1 Open for business: LGA guidance on locally set license fees
<https://local.gov.uk/open-business-lga-guidance-locally-set-licence-fees>
- 11.2 The Housing Act 2004 (“the Act”)
<https://www.legislation.gov.uk/ukpga/2004/34/contents>
- 11.3 The Housing and Planning Act 2016
<http://www.legislation.gov.uk/ukpga/2016/22/contents/enacted>