

AGENDA ITEM: 14

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Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	Housing Act 2004 - Mandatory Licensing of Houses in Multiple Occupation
Report of	Cabinet Member for Planning and Environmental Protection
Summary	This report considers the establishment of additional posts to administer the Mandatory HMO Licensing Scheme required under the Housing Act 2004 and the adoption of standards for licensed premises. It also proposes fees and charges arrangements to produce a net no cost budget over a five year licensing cycle.

Officer Contributors	Ray Phillips - Assistant Head of Planning and Environmental Protection Andrew Milne - Environmental Health Manager (Residential) Belinda Livesey - Private Sector Housing Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Proposed standards for Licensed Houses in Multiple Occupation Appendix 2 – Budget and Key Assumptions. Appendix 3 - Fees charged by a sample of other London Boroughs
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

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1. RECOMMENDATIONS

- 1.1 In accordance with the requirements of the Housing Act 2004 section 55 the Council operate the mandatory licensing scheme for Houses in Multiple Occupation (HMO) on a self-financing basis as set out in this report.**
- 1.2 That the Head of Planning and Environmental Protection be instructed to make arrangements for the establishment and implementation of the mandatory licensing scheme for HMOs, and, in consultation with the Cabinet Member for Planning and Environmental Protection, to keep the fee structure and costs under review to ensure a balanced budget.**
- 1.3 That all licensed HMOs are required to comply with the adopted standards.**
- 1.4 In accordance with the requirements of the Housing Act 2004 section 49, the Council will charge fees for the preparation and service of statutory notices.**

3 2. RELEVANT PREVIOUS DECISIONS

- 2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The mandatory licensing scheme supports the Councils' Key Priority of Supporting the Vulnerable in our Community.

4. RISK MANAGEMENT ISSUES

- 4.1 This report seeks to establish resources to implement and operate an HMO licensing scheme that is self-financing. Certain assumptions have been made in arriving at the proposed fee structure. These assumptions have been made on the best available information from current HMO knowledge, the previous pilot HMO registration scheme and the 2001 stock condition survey.
- 4.2 These variables have been estimated as accurately as possible. The fee structure and operational arrangements for the new service will need to be kept under review and in year decisions may be required to ensure the service operates on a balanced basis.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 Implementation of the HMO Licensing scheme will require the establishment of a permanent full time Environmental Health Officer post, one full time temporary Environmental Health Officer post and one part time administration post.

- 5.2 Provision has been made in arriving at the proposed fees and charges for management and administration overheads. The existing Environmental Health computer system provides for the data recording and day to day management of the scheme.
- 5.3 It is a requirement of the legislation that the licence fees are used exclusively for the purpose of the House in Multiple Occupation licensing.
- 5.4 Details of the proposed 5 year budget and key assumptions are set out in Appendix 2 and will be taken into account in the revenue monitoring and Forward Plan process. Fees are based on £200 base registration per dwelling unassisted and £250 base registration per dwelling assisted. The 5 year budget has been developed on a breakeven basis with income being deferred to the year when the application is projected to be processed. The Chief Finance Officer will review the treatment of income as part of the monitoring and Forward Plan process.

6. LEGAL ISSUES

- 6.1 It is not anticipated there will be any significant additional resource implication for Legal Services, this will be reviewed on an annual basis.

7. CONSTITUTIONAL POWERS

- 7.1 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8 BACKGROUND INFORMATION

8.1 Background

- The Housing Act 2004 licensing provisions are aimed at improving the housing conditions in the private sector. In general housing bodies have welcomed the licensing provisions with many, including the committee of the Office of the Deputy Prime Minister (ODPM), calling for Government to extend the mandatory licensing to all categories of HMOs and for local authorities to have discretionary powers to license all private sector landlords. To date, the mandatory licensing scheme is limited to the larger, higher risk properties.
- The English House Condition Survey found that there were almost 640,000 private rented HMOs in England. Whilst the standards are poorest in the private sector generally, the very worst standards can be found in HMOs. The most common problems associated with multiple occupancy relate to poor fire safety standards, overcrowding, inadequate facilities and poor or unscrupulous management.
- Research has shown that certain types of HMO present significantly greater health and safety risks to tenants than comparable single occupancy

dwellings. There is a six times greater risk of death by fire across all HMOs compared with single occupancy, and a sixteen times greater risk if the property is over three storeys.

- Health and safety issues can also arise because of the occupancy profiles associated with HMO use. The behaviour of tenants with alcohol or drug dependencies or mental health problems can increase the risk of death or injury to both themselves and other tenants, accentuating the need for responsible and responsive management.

8.2 Housing Act 2004

The new Housing Act 2004 came into force in April 2006, and it introduces:

- A new definition of House in Multiple Occupation (HMO).
- A new national HMO Licencing scheme.
- A new method of risk assessment for residential properties called the Housing Health and Safety Rating System (HHSRS).

8.3 What is an HMO

HMO stands for House in Multiple Occupation, which means a building, or part of a building (such as a flat or residential lettings above commercial) that:

- is occupied by more than one household and where more than one household shares – or lacks – an amenity, such as a bathroom, toilet or cooking facilities or
- is occupied by more than one household and which is a converted building – but not entirely into self-contained flats (whether or not some amenities are shared or lacking) or
- is converted into self-contained flats but does not meet, as a minimum standard, the requirements of the 1991 Building Regulations, *and* less than two thirds of the flats are owner occupied.

The building must be occupied by more than one household as their only or main residence. This includes buildings:

- occupied by students during term time.
- run by voluntary organisations as a refuge for people escaping physical or mental abuse.

Certain properties are exempt from the HMO definition irrespective of whether they meet the HMO tests specified in the Act for example local authority owned properties. As such these properties are also exempt from Licensing

8.4 Premises Subject to Mandatory Licensing

Any HMO that has three or more storeys, this includes basements and non-residential storeys and is occupied by five or more person in more than two households.

In addition to requiring the licensing of certain high risk HMOs the Housing Act 2004 introduces the Housing Health and Safety Rating System (HHSRS). This is a system of identifying and rating the severity of a range of hazards found in dwellings according to their risk to health and safety. All licensed HMOs must have any Category 1 and 2 hazards eliminated within a period of five years.

8.5 Who Needs to Apply for an HMO Licence

Anyone who owns or manages an HMO that must be licensed has to apply to the Council for a licence(subject to exemptions mentioned above).The council must give a license if it is satisfied that:

- the HMO is reasonably suitable for occupation by the number of people allowed under the licence. The government has issued national minimum standards for amenities and fire precautions for incorporation into the Council's locally adopted standards.
- the proposed license holder is a fit and proper person.
- the proposed manager, if there is one, is a fit and proper person.
- the proposed management arrangements are suitable.
- the person involved in the management of the HMO is competent.
- the financial structures for the management are suitable.

8.5 Suitability for Multiple Occupation

Under the Housing Act 1985 (as amended) four separate standards were adopted for different categories of HMOs within the borough, namely bedsits, hotels/hostels, B&B accommodation for homeless persons and budget accommodation for backpackers.

In April 2006 the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006 introduced prescribed standards for deciding the suitability of a licensed HMO for occupation. These standards cover heating, washing facilities, kitchens, and fire precautionary measures. They do not include minimum sizes for living accommodation which are to be agreed locally .

The proposed standards (attached in Appendix 1) are similar to current standards. Variations have been made to bring them into line with the national minimum standard. In addition the separate standards have been incorporated into one to make them easier for landlords to reference.

The standards have been compared with other north London boroughs with a view to having similar standards. However the housing stock does vary from borough to borough so identical standards are not considered to be feasible.

8.6 What is in the Licence?

The licence will specify the maximum number of people who may live in the HMO. It will also include the following mandatory conditions:

- a valid gas safety certificate, which is renewed annually, must be provided.
- proof that all electrical appliances and furniture are kept in a safe condition.
- Smoke alarms must be installed in the property and kept in a proper working order
- each occupier must have a written statement of the terms on which they occupy the property, for example, a tenancy agreement.

The Council may also apply discretionary conditions. These have been agreed separately by the Lead Member for Environment.

8.7 How long does the licence last?

The license will last for a maximum of five years.

8.8 How much does it cost?

Landlords or their agents have to pay a fee to cover the administration costs of the license procedure. Section 63(3) of the Housing Act 2004 permits the council to charge a fixed fee for an application. In fixing the fee, Section 63(7) permits the council to take into account all costs incurred in carrying out their licensing functions, including enforcement costs. Section 63(6) allows the government to make regulations governing the setting of fees. The government has not yet made any regulations for this purpose.

The set fee will vary dependent on the amount of time and resources that are needed to satisfy the licensing conditions. The proposed fee rates are £200 per letting for a standard application and £250 per letting for an application requiring assistance by the Council. A detailed breakdown is provided in Appendix 2.

The fact that licences last for five years will mean that in early years of the new regime the bulk of income will be accrued in year one until natural turnover in properties and owners results in a base profile being established. Appendix 2 has been developed on the basis of a five year self-balancing projection to reflect this. Options for review of fees and staffing in years 4 and 5 will be considered as base income levels become clearer.

The Council's costings have been run through the Local Government Associations Toolkit for setting license fees by Finance Officers and Barnet's proposed fee was found to be compatible with those generated by the toolkit.

8.9 London Landlord Accreditation Scheme (LLAS)

The LLAS is a partnership of landlord organisations, all London Councils (except City of London, Merton and Kingston) and university accommodation units. The scheme was set up in 2004 to provide landlords with the necessary skills to run successful and safe businesses. The LLAS recognises the importance of landlords having a wide and detailed knowledge of the many issues surrounding the letting of residential properties. It aims to accredit the landlord following successful completion of an approved property management course.

Figures from the LLAS indicate that of the eight hundred and fifty landlords currently accredited (owning fourteen thousand nine hundred properties) thirty nine of them own properties in Barnet.

The National Landlords Association and Residential Landlords Association have both backed the setting up of separate Landlord Accreditation Schemes. They recognise the importance of landlords working with Local Authorities in a mutually productive and beneficial partnership to improve the condition of accommodation in the private sector.

Landlords can sign up to the scheme for five years for a one off payment of £74.90 (on line) or £94.

Following Consultation with the Lead Member it was agreed that Barnet would join the scheme from 2006. In connection with this it was agreed that landlords who were members of the scheme would be eligible to a reduced Licensing fee.

The average number of lettings per application is estimated as 3.5. It is proposed that the fee is reduced by £25 per letting for members of the scheme or landlords obtaining membership of the scheme which would result in an average saving of £87.50. By requiring membership of the LLAS Barnet would have a measure of the level of competency of Licensed Landlords.

8.10 Housing Health and Safety Rating System (HHSRS)

The HHSRS is a new risk assessment tool used to assess potential risks to the health and safety of occupants in residential properties in England and Wales. HHSRS replaces the Housing Fitness Standard, which was set out in the Housing Act 1985. The new assessment method focuses on the hazards that are most likely to be present in housing. Tackling these hazards will make more homes healthier and safer to live in. A risk assessment looks at the likelihood of an incident arising from the condition of the property and the likely harmful outcome. The assessment will show the presence of any serious (category 1) hazards and other less serious (category 2) hazards. If a local authority discovers serious category 1 hazards in a home, it has a duty to take the most appropriate action to improve the property or to prohibit the use of the whole or part of a dwelling or restrict the number of permitted occupants. Where an occupier is at immediate risk, the authority can take emergency remedial action.

Power to charge under section 49

Under section 49 the Local Authority has a power to make a reasonable charge as a means of recovering certain administrative and other expenses incurred by them in:

1. Serving an improvement notice
2. Making a prohibition order
3. Serving a hazard awareness notice

4. Taking emergency remedial action
5. Making an emergency prohibition order
6. Making a demolition order

The following expenses can be incurred:

Improvement Notice and Hazard Awareness Notice

- Determining whether to serve the notice
- Identifying any action to be specified in the Notice and
- Serving the notice

Emergency Remedial Action

- Determining whether to take such action and
- Serving the notice

Prohibition Order, Emergency Prohibition Order and Demolition Order

- Determining whether to make the order
- Serving copies of the order on owners of the premises

At the present time there is no maximum amount that can be charged.

It is recommended that landlords are not automatically charged on service of a statutory notice. The Council has always tried to work with landlords to try and improve the boroughs housing stock. It is therefore proposed that on service of a notice landlords are advised that if works are not commenced by the specified start date then they will be charged for the costs incurred. If works are then not commenced by the specified date the landlord will be charged. The amount will be based on the number of hours taken multiplied by the EHOs hourly rate including on costs (currently £30).

9. LIST OF BACKGROUND PAPERS

9.1 None.

Legal: DA

Chief Finance Officer: PA

LONDON BOROUGH OF BARNET HOUSES IN MULTIPLE OCCUPATION HOUSING ACT 2004

A house in multiple occupation is a house which is occupied by persons who do not form a single household. There are various types of HMO including houses divided into rooms, bedsits or flatlets, shared houses, lodgings, hostels and properties converted into self contained flats.

In Barnet only the compulsory HMO Licensing scheme will be operated. This means that Licensable HMO's are:

- three or more storeys high,
- occupied by two or more households, **and**
- have a total of 5 or more people living in the property.

A **summary** of the Council's main requirements is set out below with appropriate reference to the type of HMO to which it relates. All Licensable HMOs must comply with these standards. In non licensable HMOs they will be used as a guide but each property will be considered individually under the Housing Health and Safety Rating System. The Housing Health and Safety Rating System (HHSRS) is a new risk assessment tool introduced by the Housing Act 2004 used to assess potential risks to the health and safety of occupants in residential properties in England and Wales.

1 SPACE STANDARDS

Room sizes must comply with the following minimum standards

1.1 One Person Households

- One room lettings shall provide a minimum floor area of:
13m² including kitchen facilities, or
10.2m² when provided with separate shared kitchen
- Two or more room lettings shall provide a minimum combined floor area of 13m² within which:
Any room used as a kitchen shall have a minimum floor area of 4.5m².
Any room used for sleeping shall have a minimum floor area of 6.5m².

1.2 Two Person Households

- One room lettings shall provide a minimum area of:
17m² including kitchen facilities, or
14m² when provided with a separate shared kitchen.
- Two or more room lettings shall provide a minimum combined floor area of 17m² within which:
Any room used as a kitchen shall have a minimum floor area of 4.5m².

Any room used for sleeping shall have a minimum floor area of 6.5m² for one person or 10.2m² where shared.

1.3 Hostel Accommodation Being Used for the Placement of Homeless Persons

1.3.1 Cooking Facilities in a Separate Room:

<u>Floor Area of Room</u>	<u>Maximum Number of Persons</u>
Less than 6.5m ²	Nil persons
6.5m ² -10.2 m ²	One person
10.2m ² -14.9 m ²	Two persons
14.9m ² -19.6 m ²	Three persons
19.6 m ² -24.2 m ²	Four persons
24.2 m ² or more	Five persons

1.3.2 Cooking Facilities Within the Room:

<u>Floor Area of Room</u>	<u>Maximum Number of Persons</u>
Less than 10m ²	Nil persons
10.2m ² -13.9 m ²	One person
13.9m ² -18.6 m ²	Two persons
18.6 m ² -23.2 m ²	Three persons
23.2 m ² to 27.9 m ²	Four persons
27.9 m ² or more	Five persons

1.3.1Notes:

- Persons of the opposite sex, aged ten years and over and who are not co-habitant shall not be permitted to sleep in the same room.
- The standard is to be applied irrespective of the age of the occupants
- For the purpose of calculation in respect of these space standards, no account shall be taken of bathrooms or water closet compartments.
- All rooms shall have a minimum floor to ceiling height of at least 2.14 metres (7 feet) over not less than 75% of the room area. Any floor area where the ceiling height is less than 1.53metres (5 feet) shall be disregarded. Where bunk beds are used there shall be a minimum floor to ceiling height of 2.5metres (8 feet 2 inches)
- Irrespective of the floor area consideration shall be given to the shape and usable living space within the room to determine whether it is suitable for occupation and to what occupancy level.

2. PERSONAL WASHING FACILITIES

2.1 **Where there are five or more occupiers each separate household shall, where practicable, be provided with a wash hand basin** (unless a sink is provided) together with a satisfactory supply of hot and cold running water, situated within the unit of accommodation. A tiled splash back (minimum 300mm high) is to be provided to each wash hand basin.

2.2 **Each separate occupancy shall, where practicable, be provided with its own readily accessible bath or shower room of adequate size with**

sufficient space for drying and changing. Where this is not practicable a readily accessible bathroom or shower room with sufficient space for drying and changing shall be provided in the ratio of **one to every five persons** regardless of age.

- 2.3 All bath/shower compartments shall be ventilated directly to the external air by an openable window. Where this is not practicable mechanical ventilation complying with current Building Regulation shall be provided.
- 2.4 The walls and floors to any shower/bathroom are to be non absorbent and readily cleansable. Showers shall be provided with a suitable water resistant screen or shower curtain.
- 2.5 The shower/bathroom shall not be more than one floor distant from any user.
- 2.6 Baths and showers shall not be provided in kitchens.
- 2.7 All washing facilities must be fit for purpose, of an adequate size and layout and suitably located in relation to the living accommodation.

3 SANITARY CONVENIENCES

- 3.1 **Each separate occupancy shall where practicable be provided with its own water closet compartment.**
- 3.2 Where this is not practicable water closets shall be provided in readily accessible compartments or bathrooms, being not more than one floor distant from any user, in the ratio of **one water closet to every five persons**, regardless of age. Where this is being shared by more than four persons it must be situated in its own w.c. compartment
- 3.3 External water closets are not permitted.
- 3.4 All w.c's must be fit for purpose, of an adequate size and layout and suitably located in relation to the living accommodation.
- 3.4 **A wash hand basin shall be provided in each separate water closet** together with its own adequate supply of cold and constant supply of hot water. A tiled splash back (minimum 300mm high) is to be provided to each wash hand basin.
- 3.5 All water closet compartments shall be ventilated directly to the external air by an openable window. Where this is not practicable mechanical ventilation complying with current Building Regulations shall be provided.

4 FACILITIES FOR THE STORAGE, PREPARATION AND COOKING OF FOOD AND FOR THE DISPOSAL OF WASTE WATER

- 4.1 **Kitchen facilities for exclusive use by households**

4.1.1 **Each household shall, where practicable, have its own kitchen** separate from and being not more than one floor distant from the sleeping room or within the unit of accommodation.

4.1.2 Each kitchen shall have the following facilities:

- Adequately sized food storage cupboards (of minimum capacity 0.4 cubic metres). This provision is in addition to any base unit cupboards provided below the sink/drain.
- Conveniently sited electrical socket for the connection of a refrigerator.
- An adequately sized (0.14 cubic metres) working refrigerator with a freezer compartment. To minimise disturbance from noise an A rated energy efficient fridge is recommended.
- two double 13 amp electrical power sockets situated at work top height
- Adequately sized (1000x 600mm) fixed, impervious worktop for the preparation of food.
- A mains supplied cooking appliance with a minimum of two rings or hot plates together with a grill and oven.
- A sink and drainer of adequate size with its own adequate supply of cold and constant supply of hot water properly connected to the drainage system.
- A tiled splash back (minimum 300mm high) is to be provided to the sink.

4.2 Kitchens for communal use

4.2.1 **Where it is not practicable to have exclusive use kitchens shared kitchens may be provided for a maximum of three households (up to a maximum of five persons).** Where provided the kitchen shall be not more than one floor distant from the units of accommodation. Shared kitchens are only permitted between one room lettings and shall have a minimum floor area of 6m².

4.2.2 In a shared house up to five people can share a kitchen

4.2.3 A shared house is defined as one:

- Which is occupied by a group of people over the age of sixteen
- Each occupier has the use of a communal dining room with adequate space for use by all occupiers, and
- There is evidence of communal living.

4.2.3 Each shared kitchen shall have the following facilities:

- Adequately sized lockable food storage cupboards (minimum capacity 0.14 cubic metres per household) .This provision is in addition to any base unit cupboards provided below the sink/drain.

- Adequately sized (1000x 600mm) fixed, impervious worktop for the preparation of food.
- Mains supplied cooking appliance with a minimum of four rings or hot plates together with a grill and an adequately sized oven.
- A sink and drainer of adequate size with its own adequate supply of cold water and a constant supply of hot water properly connected to the drainage system.
- A tiled splash back (minimum 300mm high) is to be provided to the sink.

4.2.4 In addition to the shared kitchen the following facilities shall be provided in a suitable location within each letting:

- An adequately sized (minimum 0.14 cubic metres) working refrigerator with a freezer compartment. To minimise disturbance from noise an A rated energy efficient fridge is recommended.
- A storage cupboard of minimum capacity 0.4cubic metres

4.3 General Requirements for all Kitchen Facilities

- Cooking facilities shall be reasonably located in relation to the room(s) occupied by the person(s) using them. This shall be not more than one floors distance.
- No more than two sets of facilities shall be provided in any one kitchen (of minimum area 12square metres).
- Where two sets of facilities are provided the two sets shall be reasonably separate from each other to allow their safe and simultaneous use by two or more households
- All wall, floor and ceiling finishes are to be non absorbent and readily cleansable. No furniture or curtains shall be within 600mm of the cooker.
- Kitchen facilities must be available for use 24 hours a day
- Cookers should not be located close to doorways and there should be enough floor space to safely retrieve items from the oven.
- A mechanical extractor must be provided, ducted to the open air, with the outlet away from adjacent windows.
- Adequate refuse disposal facilities should be provided and regularly maintained.
- All rooms containing kitchen facilities should be provided with a fire blanket, in accordance with British Standard 6575: 1985 mounted on a wall near, but not above, cooker.
- All rooms containing kitchen facilities should be provided with a carbon dioxide fire extinguisher complying with British Standard EN3: 1996 and 7863: 199

- All kitchens should be provided with 30 minute fire resistant door sets. The door shall be of solid wood construction not less than 44mm in finished thickness or a fire resisting door constructed to conform to BS 476 (half hour type). The door is to be self closing by means of an approved spring mechanism adjusted to positively close the door from any point on travel. The door is to be fitted with dual function cold smoke-intumescent seal strips to the head and both sides in accordance with manufacturers instructions.

5. HEATING

- 5.1 **All units of living accommodation and bath/shower rooms must be equipped with an adequate means of fixed space heating** (meaning a fixed gas or electrical appliance, or an adequate system of central heating operable at all times available at all times).
- 5.2 The appliance must be capable of efficiently maintaining the room at a minimum temperature of 19° C (the provision of insulation can assist in meeting this standard).
- 5.3 The heating provision must be capable of being used at any time.
- 5.4 The use of portable paraffin or oil fired heaters and liquefied petroleum gas heaters shall not be acceptable under any circumstances.

6 PROVISION OF MEANS OF ESCAPE IN CASE OF FIRE IN HOUSES IN MULTIPLE OCCUPATION

- 6.1 Appropriate fire precautions and equipment must be provided as is considered necessary.
- 6.2 In order to detail specific requirements the Council will carry out a full inspection and in consultation with the London Fire and Emergency Planning Authority decide the level of fire precautionary works required.
- 6.2 In general terms, the following fire precaution facilities and equipment must be provided:
- The installation of a suitable automatic fire detection system in accordance with BS 5839 Part 1, incorporating adequate numbers of, and suitably positioned, linked smoke/heat detectors, sounders and call points.
 - Appropriate emergency lighting in accordance with BS 5266 Part 1 and fire signs.
 - Appropriate and suitable fire fighting equipment including fire extinguisher and other equipment considered necessary.
 - An adequate number of Notices detailing procedures in the event of fire.

An appropriate means of escape in case of fire is also required. In all HMOs this will be considered by the case officer under the Housing Health and Safety Rating System not as part of the Licensing process. In general terms this will consist of:

- Doors and partitions constructed to provide the appropriate standard of fire resistance.
- The provision of a 'protected route' leading to a place of safety (normally the street). Protected route' means a route having an adequate degree of protection from fire including walls (other than external walls), partitions and floors separating the route from the remainder of the building]

6.3 In addition, in the case of properties operating as hotels, the Fire Precautions Act 1971 enforced by the London Fire and Emergency Planning Authority (LFEPA) will apply.

6.4 Where more than 5 people are employed at the property, the *Fire Precautions (Workplace) Regulations 1997* will apply. A risk assessment must be undertaken at the property by the owner to identify the fire hazards present and take action to eliminate or reduce the risk of such hazards.

7 MANAGEMENT OF HOUSES IN MULTIPLE OCCUPATION

7.1 All houses in multiple occupation must comply with the requirements of The Management of Houses in Multiple Occupation (England) Regulations 2006. Additional information can be found at www.odpm.gov.uk or can be obtained from Her Majesty's Stationary Office (HMSO).

For additional information on any aspects of these standards please contact the Private Sector Housing Team at Environmental Health Section London Borough Of Barnet Building 4 North London Business Park Oakleigh Road South London N11 1NP or on 020 8359 7997 or e mail hmos@barnet.gov.uk

Appendix 2

MANDATORY LICENSING OF HOUSES IN MULTIPLE OCCUPATION (HMO)

BUDGET & KEY ASSUMPTIONS

1. Key Assumptions

(a) Model duration: 5 years (in line with length of licence)

Start Date 1st July 2006.

(b) Cost Base:

The costing has been carried out on a full absorption basis. Therefore shared overheads and management supervision have been added to the direct costs.

(c) Registrations:

Base registrations assumed = 630
(in addition the model assumes 3% per annum for new property registrations and 5% for re-registrations)

It is assumed that there will be an equal split of assisted and non-assisted registrations.

It is aimed to complete the base registrations within the first 3 years of the scheme.

Estimated number of dwellings within each registration = 3.5

(d) Resource requirement:

Proposed Whole time equivalents (WTE) per annum:

Staff	Year 1	Year 2	Year 3	Year 4	Year 5
Principal EHOs (SCP 41)	1.5	2.5	2.0	1.0	1.0
Senior Admin Assistant (SCP 21)	0.6	0.8	0.8	0.2	0.2

The resourcing profile has been developed with the recruitment issues around Environmental Health Officers taken into consideration. In order to build flexibility into the work planning it is proposed to recruit the Admin Assistant on an agency basis.

(e) Activity estimates:

Productive Hours per annum = 1,426 (*this allows for annual leave, public holidays, sickness, indirect time etc.*)

Hours per registration activity:

Staff	Unassisted Registration	Assisted Registration	Re-Registration
Principal EHOs (SCP 41)	10	14	2.5
Senior Admin Assistant (SCP 21)	4	4	2.5
TOTAL per application	14	18	5

(f) Set-up and Non-pay Costs:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
TOTAL	19,660	4,500	4,000	4,000	4,000	36,160

Set-up spend is incurred in year 1 on training and consultation.

(g) Fees:

The following fees apply,

- Unassisted applications - £200.00
- Assisted applications - £250.00

Summary of Budgeted Income & Expenditure

<u>License Income</u>	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Assisted - Base	(192,938)	(41,344)	(41,344)	0	0	(275,625)
Assisted - New	(8,269)	(8,269)	(8,269)	(8,269)	(8,269)	(41,344)
Assisted - Re-Reg	(14,195)	(14,608)	(15,022)	(15,435)	(15,848)	(75,108)
UnAssisted - Base	(154,350)	(33,075)	(33,075)	0	0	(220,500)
UnAssisted - New	(6,615)	(6,615)	(6,615)	(6,615)	(6,615)	(33,075)
UnAssisted - Re-Reg	(11,356)	(11,687)	(12,017)	(12,348)	(12,679)	(60,086)
Total Income	<u>(387,722)</u>	<u>(115,597)</u>	<u>(116,341)</u>	<u>(42,667)</u>	<u>(43,411)</u>	<u>(705,738)</u>
Adjustment for deferred income	223,144	124,143	0			
Deferred income bought forward	0	(223,144)	(124,143)			
Income to be reported	<u>(164,578)</u>	<u>(214,598)</u>	<u>(240,485)</u>	<u>(42,667)</u>	<u>(43,411)</u>	<u>(705,738)</u>
 <u>Payroll costs</u>						
PHO	67,344	115,323	94,796	48,701	50,040	376,204
SAA	15,491	21,222	21,805	5,601	5,755	69,874
Overtime	7,000	7,000	5,000	3,000	3,000	25,000
 <u>Non-Payroll Costs</u>						
Shared overheads	22,050	36,383	32,413	14,585	15,313	120,743
Supervision	19,415	26,669	18,219	6,364	4,359	75,026
Set-up costs\Running Costs	19,660	4,500	4,000	4,000	4,000	36,160
Total Costs	<u>150,959</u>	<u>211,097</u>	<u>176,233</u>	<u>82,250</u>	<u>82,467</u>	<u>703,006</u>
Under\Over) Recovery	<u>(13,618)</u>	<u>(3,501)</u>	<u>(64,252)</u>	<u>39,584</u>	<u>39,056</u>	<u>(2,732)</u>

Appendix 3

MANDATORY LICENSING OF HOUSES IN MULTIPLE OCCUPATION (HMO)

FEES SET BY OTHER LOCAL AUTHORITIES

Available fees from other local authorities are set out below:

Borough	Non Assisted Fees	Assisted Fees
<i>Barnet</i>	<i>£200 per letting</i>	<i>£250 per letting</i>
Camden	£500 per property plus £30 per letting. 10% discount for accredited landlords	
Wandsworth	2 storeys (above shops) £900, 3 storeys £1100, 4 storeys £1,300	
Westminster	£110 per letting	£160 per letting
Brent	Not set yet	
Islington	£110 per letting. £90 per letting for accredited landlords	£200 extra per HMO
Bromley	£100 per letting	

On this comparison Barnet appears at the higher end, however comparisons are difficult as some authorities have chosen to set fees on a “per property” basis with add-ons and discounts. Fees are greatly influenced by the overall number of lettings within each property. In terms of the latter Barnet’s figure of 3.5 is relatively low, particularly if compared to inner-London authorities where the properties are more likely to be flats, with a higher number of dwellings. However the bulk of the work in licensing a property is processing the application and the checks that this involves e.g. consideration of data in relation to the “fit and proper person” check. The consideration of extra units does not involve a large amount of extra work. As such Barnet’s fees are quite reasonable.

The LGA toolkit did not give any guidance on the fee setting aspect of the scheme, concentrating on the identification of activities and collection of costs.