

Housing and Growth Committee

27th January 2020

Title	Private Sector Housing fee increases above inflation for 2020/21
Report of	Chairman of the Housing and Growth Committee
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1 – Proposed increased fees for HMO Licensing from 1 st April 2020/21
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Summary

This report seeks to obtain approval for proposed Private Sector Housing Team related fee increases for 2020/21 to support the Commissioning Business Plan, and delivery of the front-line service within the Private Sector Housing Team in Re.

Officers Recommendations

That the Housing and Growth Committee notes the report, and approves the proposed fee increases for 2020/21 as set out in Appendix 1 and refer to Policy and Resources Committee for noting.

1. WHY THIS REPORT IS NEEDED

- 1.1 Fees and charges are reviewed on an annual basis to ensure that the costs of chargeable services are covered and the Council is achieving value for money. This report sets out the proposed fee increases above inflation for services provided by the Private Sector Housing Team in Re. Any fees which are being increased by less than the rate of inflation plus 2% are not included in this report as their approval method is via a Delegated Powers Report.
- 1.2 The fees and charges for HMO licensing have been reviewed in the light of our experience of delivering the mandatory HMO licensing scheme over the last six years and the additional HMO Licensing Scheme over the past three years. This review has revealed that the full costs of operating the service are not being fully recovered and that a re-evaluation was necessary. The total cost of employing the HMO team was calculated, based on DRS rates. A percentage of the Group Manager's time was included and posts already funded by the management fee through the Re contract were excluded. Deductions were made for items that are specifically exempted from charging for example Temporary Exemption Notices, HMO Licence Variations, HMO Licence Revocations and statutory notices. The remaining cost was then split between the two main sub-categories of licence – new and renewal – on the basis of percentage effort required. The cost per 5 year licence was then derived by dividing the percentage cost by the anticipated volume of licences for 2020-21. Finally, the fees for assisted, online and 1 year licences were created in proportion to the 5 year licence, with assisted licences attracting a higher fee and online applications receiving a discount. The full fee for each licence type is shown as well as the split between fee 1 – which covers the processing of the licence and fee 2 – to cover the costs of enforcement of the licencing scheme including compliance with conditions.
- 1.3 As the service do not yet have an online licensing service, assumptions have been made in relation to the reduction in processing times that this will bring. Following introduction and a bedding in period the implications to service input and cost will be reviewed.
- 1.4 The proposed fee increases are detailed in Appendix 1.

2 REASONS FOR RECOMMENDATIONS

- 2.1 It is recommended that the Housing and Growth Committee consider the proposed fee increases for 2020/21 as it is considered good practice to review fees and charges to ensure that the costs of providing the services are recouped.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The alternative approach would be not to review these fees. This is not however considered to be good practice and would potentially expose the Council to the risk of not recovering the costs of the provision of the service, or potentially, over recovering. This would not be appropriate where the basis for charging is limited to cost recovery.
- 3.2 Given the financial pressures currently faced by the Council the only viable option for continuing to provide services is to levy an appropriate fee or charge.

4 POST DECISION IMPLEMENTATION

- 4.1 If the Committee is minded to approve the recommendation then the fees and charges will be posted on the Council's website and, where a statutory duty requires it, advertised in the approved publication and appropriate location. The new fees and charges will be implemented from 1st April 2020.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Corporate Plan 2019-2024 is based on three main outcomes:

- A pleasant, well maintained borough that we can protect and invest in
- Our residents live happy, healthy, independent lives with the most vulnerable protected
- Safe and strong communities where people get along well.

Each outcome has a set of key priorities underneath it. Of relevance to the fees considered in this report are:

- Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents
- Ensuring that good landlords continue to provide accommodation and that poor quality housing is improved.

The plan also commits to:

- managing finances and contracts robustly
- providing value for money for the taxpayer and ensuring we are transparent in how we operate

- 5.1.2 Fees and charges need to be reviewed to ensure value for money and cost recovery. The Fees and Charges review is a means of ensuring that net costs are kept under control.

- 5.1.3 Keeping well and promoting independence are part of the overarching vision detailed in the Health and Wellbeing Strategy. One of the key themes of the strategy is how we live and wellbeing in the community. HMO Licensing improves the condition of some of the highest risk housing in our community which will directly improve the health of the occupying tenants.

- 5.1.4 As detailed in Barnet's Joint Strategic Needs Assessment Barnet was London's most populous borough in 2018 and its population is projected to continue to increase. The high cost of home ownership in Barnet has led to a tenure shift away from owning a property and towards privately rented accommodation, so that over a quarter of households in the borough now rent from a private landlord. Between 2001 and 2016, the use of privately rented accommodation in Barnet rose from 17% to 26% of households. As such it is key that the local authority is taking the appropriate action to ensure that

tenanted accommodation meets the necessary minimum standards. As part of these activities HMO Licensing fees must be set to cover the cost of delivery and enforcement of the scheme.

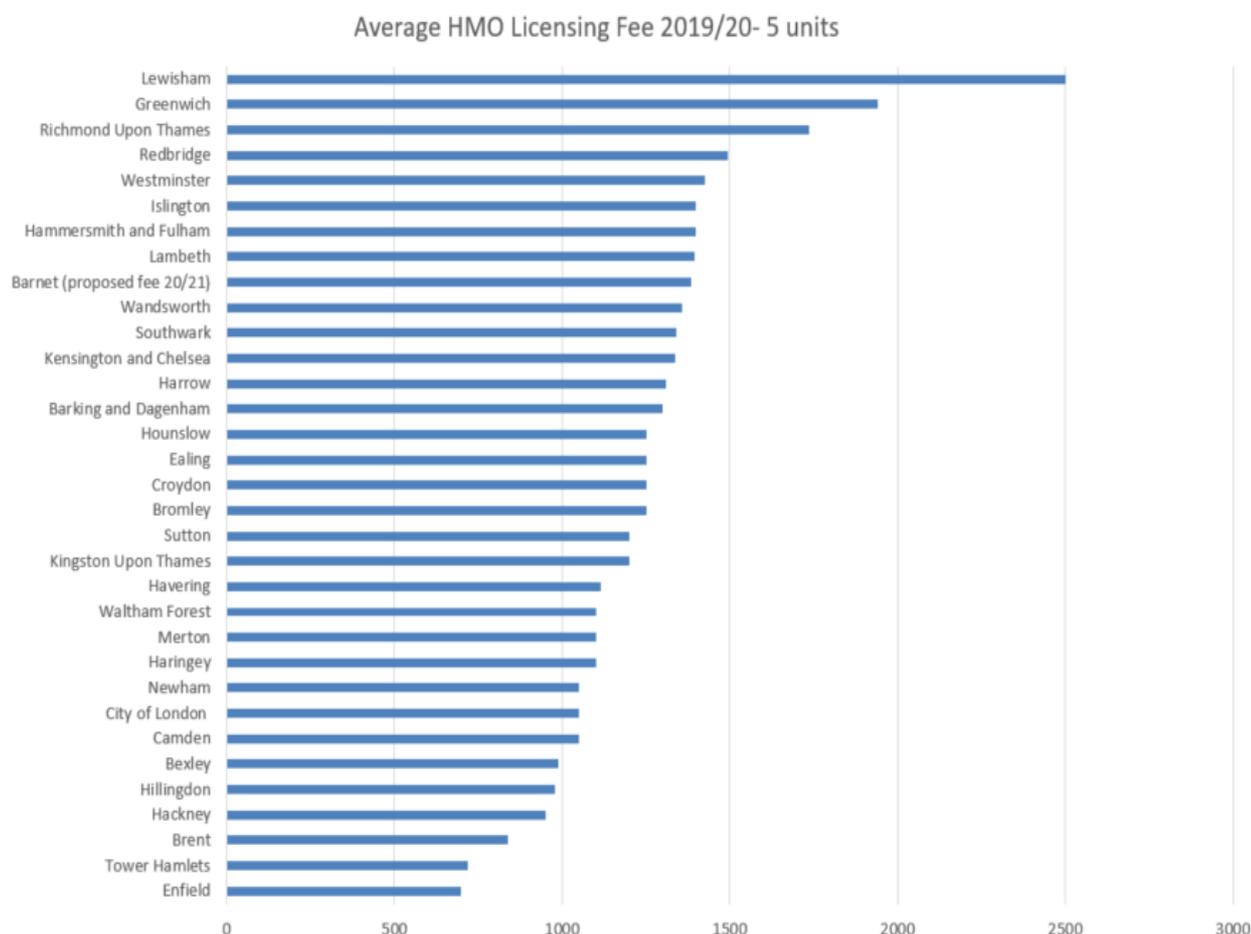
5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 **Finance & Value for Money:** With both public and Member expectations increasing by reviewing fees and charges we ensure that sufficient resources are made available to manage and prioritise expectations.

5.2.2 The fees and charges set will ensure effective cost recovery for delivering the service. The prices listed do not include VAT.

5.2.3 The Constitution requires that new fees and charges and those proposed to be increased by more than inflation plus 2%, are agreed by the relevant Theme Committee and also reported to Policy and Resources Committee for noting. CPI annual inflation for July 2018 was 2.5%.

5.2.4 The revised fees have been benchmarked against fees adopted by neighbouring London Boroughs for 2019/20. Other boroughs may also increase their charges but for benchmarking purposes 20/21 charges were not available at the time of report drafting. This is for information only, it has not affected the calculation of these fees.



5.2.4 **Procurement:** At this time there are no procurement implications.

5.2.5 **Staffing:** At this time there are no staffing implications.

5.2.6 **Property:** At this time there are no property implications.

5.2.7 **IT:** At this time there are no IT implications.

5.2.8 **Sustainability:** At this time there are no sustainability implications.

5.3 Social Value

5.3.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. This report ensures that services being provided to improve the health and well being of residents are done so through fees which adequately cover the cost of service delivery.

5.4 Legal and Constitutional References

5.4.1 Local authorities have a variety of powers to charge for specific statutory services set out in statute. The Local Government Act 2003 also provides a power to trade and a power to charge for discretionary services, the latter on a cost recovery basis. Discretionary services are those that a local authority is permitted to provide under statute but is not obliged to do so. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

5.4.2 Additionally, the Localism Act 2011 provides local authorities with a general power of competence that confers on them the power to charge for services but again these are subject to conditions/limitations similar to those noted above.

5.4.3 Where a local authority has a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard. Should a request be made, however, for delivery above and beyond that standard, this may constitute a discretionary service for which a charge could be made.

5.4.4 There is a variety of legislation permitting charging for different services, some of which set prescribed fees and charges (or the range of charges for a given service), and others which allow discretion based on costs of providing the service.

5.4.5 Article 7 of the Council's Constitution, 'Committees, Forums, Working Groups and Partnerships' sets out the terms of reference of the Housing and Growth Committee including commissioning of environmental health functions for private sector housing and responsibility for housing grants. It also has responsibility for recommending for approval fees and charges for those areas under the remit of the committee.

5.4.6 Article 7 also states that Policy and Resources Committee are responsible for determining fees and charges for services which are the responsibility of the committee and to note decisions taken by these committees, the Planning Committee and

Licensing Committee on fees and charges within the remit of those committees.

5.4.7 In line with *Hemming v Westminster*, the Council has a Fee 1 and Fee 2 for HMO Licences. Fee 1, the application fee, relates solely to the cost of authorisation procedures (ie, the costs associated with reviewing an application and granting / refusing a licence). Following a successful application, licence applicants are subsequently charged a Fee 2, which is a fee relating to the costs of administering and enforcing the relevant licensing framework.

5.5 Risk Management

5.5.1 The fees proposed within this report are based on recovery of costs incurred by the Council. Efforts have been made to limit the charge increases and consideration has been given to the charges adversely affecting demand for the services as well as the need to recoup the cost of providing the service. There will nonetheless remain an element of reputational risk and challenge.

5.6 Equalities and Diversity

5.6.1 The Corporate Plan 2019-2024 contains a commitment to treating residents equally, with understanding and respect, with all having access to quality services. Changes to policies and services are analysed in order to assess the potential equalities impacts and risks and identify any mitigating action possible before final decisions are made.

5.6.2 Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty which requires public bodies to have due regard to the need to:

- eliminate discrimination, harassment and victimisation and other conduct prohibited by the Act
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not
- foster good relations between persons who share a relevant protected characteristic and persons who do not

5.6.3 The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

5.6.4 The proposed fees and charges have been reviewed against the protected characteristics and it is considered that there will not be any specific adverse impact on any of the groups.

5.6.4 It is considered that HMO licensing and housing enforcement action requiring the improvement of accommodation has an overall positive impact for landlords, tenants, residents and businesses by virtue of the potential improvement to the quality and management of accommodation in the borough.

5.6.5 In addition, there are potential benefits arising from the increased choice of high quality, well-managed affordable housing.

5.7 Corporate Parenting

5.7.1 The decision required by this report could have a direct impact on looked after children and care leavers if they live in the private rented sector.

5.8 Consultation and Engagement

5.8.1 The fees and charges will be reviewed by Policy and Resources Committee and will be included within the Council wide budget consultation.

5.9 Insight

5.9.1 Whilst benchmarking data has been considered the fees contained in this report are based on internal data relating to work processed per officer and the associated costs.

6 BACKGROUND PAPERS

6.1 Additional Licensing Scheme for Houses in Multiple Occupation
