



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	Cabinet Member for Climate Action, Regeneration & Renters
<b>Date:</b>	7 December 2022
<b>Classification:</b>	General Release
<b>Title:</b>	Review of Fees for House in Multiple Occupation (HMO) Licences
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	The review of HMO licence fees ensures a cost neutral licensing service which ensures HMOs in Westminster are up to standard, and part of a well managed private rented sector as set out in the Council's Fairer Westminster strategy.
<b>Key Decision:</b>	Yes, affects all wards.
<b>Financial Summary:</b>	HMO licence fees allow full cost recovery of delivering the licensing scheme in accordance with Housing Act 2004
<b>Report of:</b>	Nicky Crouch, Interim Director of Public Protection and Licensing

## **1. Executive Summary**

- 1.1 These fees were set as part of the introduction of the Additional Licensing Scheme for Homes in Multiple Occupancy (HMOs) in Westminster back in August 2021. It is recommended that local authorities review fees on an annual basis to ensure accuracy and equity.
- 1.2 Following the initial year of the scheme, the service has taken the opportunity to review the operation of the scheme, including operational changes and running costs. As part of this the fees charged to ensure cost recovery of the scheme have also been reviewed.

## **2. Recommendations**

- 2.1 To approve proposals for revised HMO licence fees from 1<sup>st</sup> April 2023 as follows;
  - Licence fee for HMOs to increase from current £975 per licence to £1,450 per licence
  - Fees for additional rooms within HMOs above the standard 5 room threshold to increase from current £25 per additional room to £65 per additional room.
  - Retention of the current 10% discount for suitably accredited landlords
  - Retention of current exemption from fees for charities providing accommodation for vulnerable persons such as supported accommodation.

## **3. Reasons for Decision**

- 3.1 As part of the fee review exercise, our fees have been bench-marked against those of other boroughs. This shows our fee at £975 as being the 6<sup>th</sup> lowest fee amongst 33 London boroughs for a five-bedroom HMO. Our close neighbouring boroughs of Royal Borough of Kensington & Chelsea, and London Borough of Camden, charge £1,400 and £1,300 per licence respectively. These boroughs also have similar housing stock to that in Westminster. The results of the bench-marking exercise are attached as Appendix B.
- 3.2 We are now over one year into our Additional Licensing Scheme, and this has brought increased information regarding the volume of licences we can expect, the time and cost in processing licence applications, and the increased work being carried out in enforcing the requirements of the scheme.

- 3.3 The running costs of the scheme have been reviewed with colleagues from our Finance department with reference to the amount of work being undertaken by the team in assessing incoming applications.
- 3.4 The first year of the scheme has seen a significant amount of applications being received and processed. Work has increasingly turned to identifying unlicensed properties in recent months, with a resultant increase in officer enforcement activity in this area.
- 3.5 The review of scheme costs has determined that the fee for a licence should increase to £1,450. In addition, the costs per additional unit within a larger than average HMO of five units of accommodation, should increase from £25 per unit to £65 per unit. The full breakdown of existing and proposed fees are set out in Appendix A.
- 3.6 Houses in multiple occupation providing accommodation for vulnerable persons, and operated by charitable organisations, will remain exempt from licensing fees.
- 3.7 Discounted fees will remain available for landlords accredited with recognised schemes, or where managing agents registered with recognised trade accreditation schemes are used to manage licensed properties.
- 3.8 The fees for properties licensed under the mandatory and Additional licensing schemes will remain the same given that the same amount of work is expended in processing either licence.

#### **4. Background, including Policy Context**

- 4.1 Westminster City Council has one of the largest private sector housing sectors nationally and is committed to ensuring properties within this sector are properly managed and maintained to provide safe and healthy homes for tenants. It is recognised that most landlords are compliant, but there is a need to tackle non-compliant rogue landlords to drive up standards.
- 4.2 The Council's Private Sector Housing Strategy 2021-2025 sets out five key aims, one of which is to improve conditions within the private rented sector and ensure compliance. Houses in multiple occupation (HMOs) are recognised as properties showing poorest conditions in the borough, and as a result an Additional Licensing Scheme for HMOs was introduced in August 2021
- 4.3 The New Administration has reiterated a commitment to ensuring a well-managed private rented sector in Westminster, including support for the new Additional Licensing Scheme. The Council's new Fairer Westminster strategy includes this commitment under the Fairer Housing pillar.

## **5. Financial Implications**

- 5.1 Fees are set on a cost recovery basis. The costs incurred in delivering and administering the scheme are recovered through the fee resulting in no financial cost to the Council.

## **6. Legal Implications**

- 6.1 The Housing Act 2004 sets out a statutory duty for local authorities to administer a mandatory licensing scheme for HMOs within their areas. This mandatory scheme mainly covers properties shared by at least five people comprising two or more households, though flats in most purpose-built blocks are exempt.
- 6.2 The Act also provides discretion to local authorities to designate additional licensing schemes for other HMOs falling outside the mandatory scheme which are shown to present poor conditions. In Westminster, the Additional Licensing scheme was designated to cover other HMOs shared by at least three persons comprising at least two households, and to include flats in purpose-built blocks of which there are many in Westminster.
- 6.3 The Housing Act 2004 stipulates that local authorities may recover the costs of administering HMO licensing schemes within their area through charging of fees. Fees must be set on a cost recovery basis only.
- 6.4 Fees must also be set out transparently in a two-step format; the first fee portion covers the costs associated with receiving, examining and determining licence applications, while the second portion covers the cost of enforcing the scheme's requirements and tackling non-compliance.

## **7. Carbon Impact**

The licensing of Houses in Multiple Occupation involves the assessment of properties against standards for such properties which include fire safety, provision of amenities, space and property management predominantly. It also ensures that the landlord is considered "fit and proper".

Properties must be considered suitable for occupation, though there is no express reference to certain energy efficiency measures being provided. In addition, the current regulatory regime concerning the provision of Energy Performance Certificates exempts certain HMOs.

There is a requirement that licenced properties should receive an inspection under the Housing Act 2004 within five years of the licence issue to determine the presence of any hazards under the Housing Health & Safety Rating System (HHSRS). This does include an assessment of any Excess Cold hazard which will form part of the consideration of the energy efficiency of the property.

It is not possible to accurately estimate the need for any energy efficiency improvements across the HMO sector, and it is therefore not possible to provide any potential carbon impact estimation.

Data and information collected through the licensing scheme will be used to ensure all property owners are updated on their responsibilities around the energy efficiency of their properties and are aware of any funding opportunities to bring about improvements.

## **8. Equalities Impact**

8.1 The council must have regard to its public sector equality duty under section 149 of the Equality Act 2010. In summary section 149 provides that a Public Authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristics and persons who do not share it.

8.2 Section 149 (7) of the Equality Act 2010 defines the relevant protected characteristics as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

8.3 The council believes that these proposals do not adversely impact or unlawfully discriminate against any protected characteristics.

## **9. Consultation**

There is no requirement for a public consultation exercise in relation to the review of the licensing fees.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

Ian Hennessy, HMO Licensing Team Manager

**[ihennessy@westminster.gov.uk](mailto:ihennessy@westminster.gov.uk)**

## **APPENDICES**

**Appendix A – Current & Proposed HMO Licence Fees**

**Appendix B – HMO Licence Fee Bench-marking Results**

## **BACKGROUND PAPERS**

- Equalities Impact Assessment

*NB: For individual Cabinet Member reports only*

For completion by the **Cabinet Member for Climate Action, Regeneration & Renters**

**Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: 

Date: 07/12/2022

NAME: **Councillor Matt Noble**

State nature of interest if any:

*(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled

**Review of Fees for House in Multiple Occupation (HMO) Licences** and reject any alternative options which are referred to but not recommended.

Signed:



Cabinet Member for Climate Action, Regeneration & Renters

07/12/2022

Date:

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City

Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.