

PERTH AND KINROSS COUNCIL

Licensing Committee

27 March 2024

REVIEW OF HOUSES IN MULTIPLE OCCUPATION FEES

Report by Strategic Lead - Legal and Governance
(Report No. 24/107)

1. PURPOSE

- 1.1 This report provides the Licensing Committee with an update on work carried out to review the current licence application fee structure for Houses in Multiple Occupation (HMOs). The report makes recommendations about changes to the existing fee structure with the overarching aim of driving up standards and ensuring that full cost recovery is reflected in HMO fees.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee approves the proposed revised fee structure and charges in relation to applications for Houses in Multiple Occupation (HMO) licences.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Proposals
- Section 6: Conclusion

4. BACKGROUND / MAIN ISSUES

- 4.1 Mandatory licensing of Houses in Multiple Occupation has been in force since 2000. The licensing scheme was introduced to address the high risks associated with houses and flats which are occupied by multiple unrelated individuals. In terms of the Housing (Scotland) Act 2006 ('the 2006 Act') the Council is required to license HMOs where three or more individuals or families live in a property and share facilities therein. The Council is entitled under the 2006 Act to charge a fee for an application for a HMO licence to cover the costs of operating and enforcing the licensing scheme.

4.2 The HMO licence fee structure has been in place since 2000 and fees are based on occupancy capacity. HMO licences are normally granted for three years, however may be granted for a shorter period of time should the officer have concerns with regard to the condition of the property or where the licence holder has not complied with the conditions of their licence. The current fee structure and associated fees are as follows:-

- 3-5 occupants - £714.00
- 6-20 occupants - £760.00
- 21-75 occupants - £862.00
- 76+ occupants - £954.00

4.3 The current three year licensing system and fee structure put in 2000, and was developed to reflect the growth in the number of larger shared accommodation properties and associated increased costs of inspection. It additionally sought to incentivise landlords to improve the standard within the sector by allowing the grant of three year HMO licences to suitable properties which had demonstrated compliance with legislation and conditions of the licence. This was on the basis that the work involved in processing and granting a licence for three years would come at no extra cost to the Council. Unfortunately, this has not proved to be the case as officers typically spend significantly longer carrying out both initial inspection and spot checks throughout the licence duration to ensure compliance with licence conditions. Spot checks are carried out on HMO's which are considered to be higher risk following initial grant of the licence.

4.4 As an example, the existing fee structure outlined in section 4.2 of this report charges applicants the same fee regardless of whether their property has six or twenty occupants. However, officers invest significantly more time inspecting properties with larger occupancies. Consequently, the proposed fees outlined below are designed to align more accurately with the time dedicated to inspecting larger occupied properties.

- 3-5 - £785.00
- 6-10 - £864.00
- 11-20 - £950.00
- 21-30 - £1045.00
- 31-40 - £1149.00
- 41-50 - £1298.00
- 51-75 - £1427.00
- 76-100 - £1569.00
- 101+ - £1725.00
- Additional Inspection fee - £80.00

4.5 The Licensing Department currently processes approximately 23 HMO applications per year, 90% of which are renewals. On average, an HMO licence holder has held a licence for a minimum of 7.5 years and the expectation is that they should be experienced at complying with legislation and conditions of the licence. However, there are times where subsequent visits have to be made over and above the renewal inspection to ensure compliance prior to a licence being granted. Currently no fee is charged for any inspections carried out over and above the renewal inspection. It is the intention that a fee of £80.00 should be

charged over and above the licence fee for each additional visit that has to be undertaken in order to ensure compliance before the licence is granted. The proposed new inspection model will also help to drive up standards in the sector, as it will encourage licensees to ensure that properties are maintained to the required standard throughout the licence period and not only when an inspection is scheduled during the application period.

Proposed Fee Structure

- 4.6 A review of charges and scales of neighbouring local authority areas with similar fee structure found that Perth and Kinross were on average charging 30% less for HMO licences.

5. PROPOSALS

- 5.1 The Committee is asked to approve the revised scales and charges for HMOs as per Section 4.4 of this report.

6. CONCLUSION

- 6.1 The report proposes an increase in fees charged in terms of the Housing (Scotland) Act 2006 as set out in this report, to take effect from 1 April 2024.
- 6.2 The Committee is asked to approve the increase in fees and associated structure as set out in section 4.4 of this report.

Author(s)

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	Yes
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan

1.1 Not applicable

Corporate Plan

1.2 The Council's Corporate Plan 2022/23 to 2027/28 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The objective which relates to this report is objective (v).

- (i) Children and young people grow up safe, respected, well-educated and confident in their ability to realise their full potential;
- (ii) People and businesses are increasingly able to prosper in a local economy which supports low carbon ambitions and offers opportunities for all;
- (iii) People can achieve their best physical and mental health and have access to quality care and support when they need it;
- (iv) Communities are resilient and physically, digitally and socially connected;
- (v) Perth and Kinross is a safe and vibrant place, mitigating the impact of climate and environmental change for this and future generations.

2. Resource Implications

Financial

- 2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report. The revised fee structure will ensure that the costs of the licensing scheme are met from fee income.

Workforce

- 2.2 Not applicable

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 A full EFIA was not necessary as the report has no impact in terms of the public sector equality duty or people with protected characteristics.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.5 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. Consultation

Internal

- 4.1 Finance and Business Support have been consulted in connection with the proposed increase in fees.

External

- 4.2 None

5. BACKGROUND PAPERS

None

6. APPENDICES

6.1 None