

Additional information about HMO Licence Stage-1 and 2 fees

1. Stage 1 fee

This fee covers the average costs incurred by the council from processing the application. We have taken this to mean from the point of receiving the application up-to and including issuing the decision notice (which may be a decision to grant, or decision to refuse to grant), and includes:

- Data entry and validation of application form, including time spent requesting additional/missing information and background checks, and associated overheads
- Arranging and conducting an initial inspection (required to assess suitability for use as an HMO, and hence whether to grant or refuse to grant the licence), including travel costs
- Preparing and serving licences (notices of intention and decision to grant or refuse to grant) including drafting of licence conditions, reviewing and responding to representations and senior officer review

1.1 Stage 1 fee – new applications

The stage 1 fee for new applications reflects the average time and costs required to process a new HMO licence from receipt of application to us issuing decision notices. This application fee will be non-refundable if applicants are unsuccessful as we will have already expended resources on considering the application.

1.2 Stage 1 fee – renewal applications

The stage 1 fee for renewal applications reflects the average time and costs required to process renewals of HMO licences. The fee for renewing is lower than for new applications primarily because the administrative burden is lower as generally much of the information on the application form is the same as that already held in the system. Additionally, renewal inspections tend to be quicker to complete than initial surveys as we generally already hold accurate plans and typically fewer issues are found.

2 Stage 2 fee

This covers all other costs incurred by the council in running the scheme, including:

- Processing the Stage 2 fee
- Ongoing administrative work over the life of the licence, e.g. requesting and recording certificates, updating contact information, processing representations, variations, revocations etc., plus associated overheads
- Ongoing monitoring and review of licence holder compliance and property condition
- Identification and enforcement of unlicensed HMOs. This is regarded as being of benefit for licence holders to avoid unlicensed operators undercutting those with licences.
- Time spent setting-up and running the scheme, including creating and maintaining the application forms and other administrative costs and associated overheads

2.1 Category A – higher-rate new application stage 2 fee

The higher-rate new application fee will be charged whenever:

- an HMO has been found by us to be operating without a licence; and/or
- an application is received for an HMO which evidence shows has been unlicensed for six weeks or more; or
- the 'standard new application' stage 2 fee is not paid within 14 days.

The higher-rate stage 2 fee for new applications reflects the additional officer time and enforcement interventions required when dealing with non-compliant landlords. Dealing with non-compliant landlords and properties can be extremely time-consuming and necessitate longer initial visits, longer and more frequent compliance inspections, plus the added time spent requesting and following-up requests for documents and information. This fee also serves as a punitive weighting to cover the scheme's wider enforcement costs and also

rebalancing the fact that these landlords may have been avoiding licensing and other regulatory responsibilities.

The decision to impose the higher-rate fee will be taken at the point of issuing the Notice of Intention to Grant the Licence, as part of the wider “fit and proper” decision. The only exception being that this higher-rate fee will automatically become due in cases where the ‘standard new application’ fee had been charged but has not been paid within 14 days. This is to encourage prompt payment and covers the additional time and resources required to follow-up failures to pay.

2.2 Category B – Standard new application stage 2 fee

The standard new application fee will be chargeable when:

- an application is made within 6 weeks of the property being purchased or becoming an HMO; and/or
- a landlord fails to renew their previous licence before expiry (but applies within 6 weeks of expiry); or
- there is a change of licence holder for a currently held licence.

The standard new application stage 2 fee reflects the average time and costs of issuing a new licence for up to five years for a compliant landlord and HMO. The fee including two revisits to check compliance plus the ongoing administration and review of the licence. First-time licences often require structural work to be done in order to comply with our standards, and hence are more likely to incur representations, and require more re-inspections compared with subsequent (renewal) licences.

Officers may request evidence that the HMO became licensable within the last 6 weeks. If this evidence cannot be provided, or is unsatisfactory, the higher-rate fee will be charged. Similarly, if the stage 2 fee is not paid within time, the higher-rate becomes due.

2.3 Category C – Higher-rate renewal stage 2 fee

The higher-rate renewal application fee will be chargeable when:

- the licence is renewed before expiry by the same licence holder; and
- we have concerns about the management and/or condition of the property which requires additional enforcement intervention/oversight; or
- the ‘standard renewal application’ stage 2 fee is not paid within 14 days.

The higher-rate renewal stage 2 fee reflects the additional officer time and enforcement interventions required when dealing with non-compliant landlords. This includes the need for longer initial and compliance inspections, the added time spent requesting and following-up documents and information, plus a punitive weighting to cover wider enforcement costs.

The stage 2 renewal fee will generally be determined following the renewal inspection. The decision forms part of the wider “fit and proper” decision, and will be taken prior to issuing the Notice of Intention to Grant the Licence. When making these decisions, officers will have regard to the property condition, compliance with licence conditions and HMO Regulations, recent enforcement interventions, as well as the licence holder’s wider compliance history.

The only exception to this is that this higher-rate fee will automatically become due in cases where the ‘standard new application’ fee had been charged but has not been paid within 14 days.

2.4 Category D – Standard renewal stage 2 fee

The standard licence renewal fee will be chargeable for licences when:

- an application for a licence is made valid prior to the existing licence expiring; and
- we do not have concerns about the condition and management of the property.

The stage 2 fee reflects the average time and costs of issuing a renewal licence to a compliant landlord for up to five years. This fee includes up to two visits to check compliance over the lifetime of the licence plus ongoing administration and review e.g. updating of certificates and contact details, and a small contribution to the wider scheme costs.

The stage 2 renewal fee will generally be determined following the renewal inspection. The standard renewal fee will be charged where landlords are compliant, conditions have been complied with, and the HMO is in good repair and well managed. It is anticipated that the standard renewal fee will be applied in the majority of cases.

3. Payment of fees

3.1 Stage 1 fee

The Stage 1 fees will be paid at the point of completing the application. In most cases, this will be via the website where the fee will be calculated automatically and paid at point of submitting the form.

Landlords who apply via paper application will have the option to pay the same fee by cheque, card or BACS. These options will also be available for stage 2 payments.

3.2 Stage 2 fee

The Stage 2 fee becomes payable once the decision to issue the licence has been made. This decision will generally be communicated to the applicant by email. There are two approaches being utilised by Local Authorities to secure payment:

Option 1 – issue invoice for payment with the draft licence

An invoice/request for payment is sent with (or shortly after) the Notice of Intention to Grant a licence is served. If the fee is not paid within a prescribed period (e.g. 14 days to align with the end of the representation period), we can consider the application has not been 'duly made', and we do not proceed to issue the final licence. A reminder could be sent at the end of the 14 days to advise that the fee has gone up to the higher-rate and giving a further 7-14 days to make payment, before the application is withdrawn.

Option 2 – issue invoice for payment with final licence

An invoice for payment is sent with (or shortly after) the Notice of Decision to Grant (final licence), and a condition requiring payment within 14 days is included in the licence. Non-payment on the remaining fee becomes a breach of licence condition which is enforceable as a civil penalty, prosecution, or licence revocation.

We propose to utilise **Option 1**. An invoice will be sent with the Intention Notice giving 14 days for payment to be made. This meshes well with the existing process and in the majority of cases is not anticipated to add significant delays to the licensing process. This timing also allows us to charge a higher fee if after completing the initial inspection we have concerns about the property management for example we have to add conditions relating to fire safety. This allows us to undertake targeted enforcement and cost recovery.