

ABERDEEN CITY COUNCIL

COMMITTEE Housing and Environment

DATE 11th March 2014

DIRECTOR Pete Leonard

TITLE OF REPORT Proposed HMO Licence Fees for 2014/15

REPORT NUMBER H&E/14/025

1. PURPOSE OF REPORT

The purpose of this report is to seek Committee's approval to set revised HMO Licensing fees from 1st April 2014.

2. RECOMMENDATION(S)

It is recommended that committee agree to: -

1. Implement the new fee structure for the period of 2014/15 as set out in the following table, which shows a 10% reduction on the 2013/14 fees.

RENEWALS				NEW APPLICATIONS			
No. Tenants	Fee £	Part 1 £	Part 2 £	No. Tenants	Fee £	Part 1 £	Part 2 £
3 - 5	250	125	125	3 - 5	495	370	125
6 - 10	360	235	125	6 - 10	720	600	120
11 - 20	675	550	125	11 - 20	1,350	1,225	125
21 - 50	1,260	1,090	170	21 - 50	2,520	2,355	165
51 - 100	2,115	1,785	330	51 - 100	4,230	3,900	330
101 - 200	3,420	2,920	500	101 - 200	6,840	6,340	500
201 +	3,690	3,025	665	201 +	7,380	6,715	665

3. FINANCIAL IMPLICATIONS

The HMO Licence fee is raised for the purposes of processing HMO applications as per Part 5 of the Housing (Scotland) Act 2006 and the Provision of Services Regulations 2009, and is ringfenced solely for the purposes of HMO Licensing activities.

4. OTHER IMPLICATIONS

There are no other issues that have not already been addressed within this report.

In arriving at these fees, officers have predicted an operating cost of £292,381 to carry out the HMO functions; this is detailed in Appendix 1. An income of £185,785 from the new fee structure is anticipated thus leaving a potential surplus of £121,501 to carry forward into 2015/16. This surplus will help to compensate for any discrepancy in applications not being realised and will be reviewed in setting the 2015/16 fee structure.

It will be noted that there is a figure of £228,097 which is forecast to be brought forward from previous years' income. In order to achieve a balanced budget over a 3 year period, previous fee setting has endeavoured to reduce this carry forward by reducing fees. It is anticipated that the predicted overspend for 2013 – 14 will not be achieved therefore failing to reduce the carry forward by as much as predicted.

The above fee scales are based on a 3 year rolling budget which is the life span of a HMO Licence and takes note of the guidance from our external auditors. Therefore, in order to bring the reduction back on target, officers are proposing a further reduction of circa **10%** for 2014/15 to help reduce the surplus to a manageable level.

In conclusion; officers have endeavoured to set a HMO Licence fee for 2014 - 15 that reflects the anticipated workload of the unit based on predicted income against known expenditure while endeavouring to comply with the requirements of the Housing (Scotland) Act 2006 and the Services Directive 2009.

6. IMPACT

This report will be of interest to all private sector landlords in the city who either operate or intend to operate an HMO property as the fee relates directly to their operating costs.

7. MANAGEMENT OF RISK

It is impractical to accurately identify the number of applications that will be received for an HMO Licence. Assumptions have been made that all current Licences due to expire in 2014/15 will be renewed and the number of new applications reflects that lodged during 2013/14. There is little or no risk to the budget should the actual numbers fall short of that, while an increase will result in the Council having to make further reductions to the fee in following years.

8. BACKGROUND PAPERS

9. REPORT AUTHOR DETAILS

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Appendix 1
Houses in Multiple Occupation

Financial Years	Outturn Forecast 2013/14	Budget 2014/15
	£s	£s
Staff Costs		
Salaries (including on costs)	204,029	197,968
	204,029	197,968
Administration Costs		
Printing	0	300
Stationery	150	500
Legal Expenses	10,000	10,000
Mobile Phone/Pagers	300	250
Courses	2,000	4,000
Advertising	5,000	5,000
Management & Admin Costs	6,938	6,400
Charges - Central Support	48,081	55,000
	72,470	81,450
Transport Costs		
Hire of Taxis	0	150
Travelling Expenses - Aptic & Co	7,000	6,500
Car Parking	5,125	4,713
	12,125	11,363
Supplies & Services		
Software Purchases	1,600	1,250
Other Expenditure	200	350
	1,800	1,600
Expense Total	290,424	292,381
Income		
Fees-Hous'G Multi Occup	-205,000	-185,785
Income Total	-205,000	-185,785
Net Expenditure/(Income)	85,424	106,596
Previous Year(Income)/expenditure b/f	313,521	228,097
Net Balance for year		
Carry Forward	228,097	121,501