



DERBY CITY COUNCIL

COUNCIL CABINET
24 APRIL 2006

Report of the Community Regeneration Commission

Houses in Multiple Occupation Mandatory Licensing – Fee Setting

RECOMMENDATIONS

- 1.1 Council Cabinet take a cautionary approach and prior to taking the proposed decision should:
 - i) make itself absolutely certain of the calculations used to derive the proposed fee of £790,
 - ii) where there is a variable, such as the number of properties is thought to be in the range from 375 to 425, take a pessimistic view of the cost consequences *and*
 - iii) set a higher figure should that be appropriate and justifiable.
- 1.2 A fee discount scheme, based on landlords participating in a quality assurance scheme, should be worked up as soon as practicable to encourage co-operation from landlords and to help promote high standards of property stewardship.

SUPPORTING INFORMATION

- 2.1 This matter was referred to the Commission by Cllr Nath, Cabinet Member for Housing and Social Inclusion, who wished to have the Commission's views prior to the proposal being submitted to full Cabinet. Members held a dialogue with Mr Mark Menzies, Assistant Director, and Martin Gadsby, Private Sector Housing Manager. The Commission later made the recommendations above for the reasons set out in subsequent paragraphs.
- 2.2 To arrive at the 'right' figure requires the Council to walk a tightrope. The legal requirement is that the Council must not aim to make a surplus from the operation of this licensing scheme. However, underestimating the costs leaves the shortfall to be met from Council Tax income, meaning either an increase in the tax or, more likely, compensatory reductions in other areas of expenditure.
- 2.3 It was clear from the extensive interview with the two key officers that a very thorough approach has been taken in Derby. Indeed it is likely to be more accurate than some of the proposed fees in other councils.

- 2.4 However, the recent comparable experience of Supporting People shortfalls having to be made good by the Council warrants a very cautionary approach being taken to this new scheme. Because the fee is payable up front and the licence lasts five years, there is no means to correct the sum in the light of experience.
- 2.5 To future-proof Cabinet's decision it makes sense for a further testing of the assumptions and methodology and to make sure that all relevant costs have been taken fully into account. The estimate of 400 properties requiring licensing was one example of a best estimate having being made, thought to be accurate to 25 either way. It is likely other best estimates will necessarily have been needed. Where that applies, Cabinet should take the more pessimistic view of the reasonable range in terms of cost consequences. There should also be clarity about what the amount of activity the fee covers and therefore the point when unco-operative landlords start to pay extra amounts eg for broken site appointments or failure to provide documentation.
- 2.6 The law allows a discount scheme to operate. The Commission supported this as the cash incentive would lessen the likelihood that individual landlords would be unco-operative. If conditional on participation in a quality assurance scheme it would also help to raise standards in the sector.
- 2.7 Councillors Smalley and Samra recorded their dissent from recommendation one.

For more information contact:	01322 255596 e-mail rob.Davison@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1. As set out in the report of the Director of Resources.

Legal

- 2 As set out in the report of the Director of Resources.

Personnel

- 3 As set out in the report of the Director of Resources.

Equalities impact

- 4 As set out in the report of the Director of Resources.

Corporate Objectives, Values and Priorities

- 5 As set out in the report of the Director of Resources.