

<b>18 December 2018</b>		<b>ITEM: 5</b>
<b>Housing Overview and Scrutiny Committee</b>		
<b>Fees &amp; Charges Pricing Strategy 2019/20</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-Key	
<b>Accountable Assistant Director:</b> Carol Hinvest - Assistant Director of Housing Management		
<b>Accountable Director:</b> Roger Harris, Corporate Director of Adults, Housing and Health		
<b>This report is Public</b>		

### **Executive Summary**

This report specifically sets out the charges in relation to services within the remit of this Overview and Scrutiny Committee. All of the charges dealt with are for the General Fund by the Housing Service. Charges will take effect from the 1 April 2019 unless otherwise stated. In preparing the proposed fees and charges, Directorates have worked within the charging framework and commercial principles set out in Section Three of the report.

Further director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to commercial requirements.

The full list of proposed charges is detailed in Appendix 1 to this report. The proposed deletion of current fees and charges are detailed in Appendix 2 to this report.

### **1 Recommendations**

- 1.1 That Housing Overview and Scrutiny Committee note the revised fees, including those no longer applicable, and that Housing Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee.**
- 1.2 That Housing Overview and Scrutiny Committee note that director delegated authority will be sought via Cabinet to allow Fees & Charges to be varied within a financial year in response to commercial requirements.**

## 2 Background

2.1 The paper describes the fees and charges approach for the services within the Housing Scrutiny Committee remit for 2019/20 and will set a platform for certain pricing principles moving forward into future financial years.

2.2 The paper provides narrative for the General Fund aspects of the Housing area and includes:

- Existing Houses in Multiple Occupation (HMO) License
- Future HMO licenses – legislative changes
- Housing Enforcement Notices
- Penalty Charges – Housing Planning Act 2016
- Penalty Charges – Smoke & Carbon Monoxide Alarm Regulations 2015
- Energy Efficiency Regulations 2015
- Non-Statutory Housing Reports
- Mobile Homes Act 2013
- Travelers Sites

2.3 The fees & charges that are proposed are underpinned in some instances by a detailed sales and marketing plans for each area. This will ensure delivery of the income targets for 2019/20, for ease these are summarised below for Housing fees and charges income codes.

2.4 Housing Figures

Service	Last Year Outturn 17/18	Revised Budget 18/19	Forecast Outturn 18/19	Proposed Budget 19/20
Housing (general fund)	(264,551)	(413,200)	(413,200)	(414,500)

2.5 The individual service streams are summarised below

Service	Last Year Outturn 17/18	Revised Budget 18/19	Forecast Outturn 18/19*	Proposed Budget 19/20
Private Sector Housing	(25,640)	(43,700)	(43,700)	(45,000)
Travelers Sites	(238,911)	(369,500)	(369,500)	(369,500)
<b>Housing (GF)</b>	<b>(264,551)</b>	<b>(413,200)</b>	<b>(413,200)</b>	<b>(414,500)</b>

Note – Forecasted Outturn position is as of August 2018

## 3 Thurrock Charging Policy

3.1 The strategic ambition for Thurrock is to adopt a policy on fees and charges that is aligned to the wider commercial strategy and ensures that all services cost recover.

3.2 Furthermore, for future years, while reviewing charges, services will also consider the level of demand for the service, the market dynamics and how the charging policy helps to meet other service objectives.

3.3 Rather than set a blanket increase across all service lines, when considering the pricing strategy for 2019/20 some key questions were considered.

- Where can we apply a tiered/premium pricing structure

- How sensitive are customers to price (are there areas where a price freeze is relevant )
- What new charges might we want to introduce for this financial year
- How do our charges compare with neighboring boroughs
- How do our charges compare to neighboring boroughs and private sector competitors (particularly in those instances where customers have choice)
- How can we influence channel shift
- Can we set charges to recover costs
- What do our competitors charges
- How sensitive is demand to price
- Statutory services may have discretionary elements that we can influence
- Do we take deposits, charge cancellation fees, and charge an admin fee for duplicate services (e.g. lost certificates.)

3.4 For Housing, examples of where a tiered charging structure has been used are:

- Houses in Multiple Occupation – are tiered based on the number of persons (units), and whether the landlord is accredited or unaccredited.
- Non-Statutory Housing reports – are tiered based on number of bedrooms in the accommodation
- Enforcement Notices – are tiered around the number of hazards in conjunction with the number of bedrooms in the accommodation
- Mobile Homes site licensing – is tiered around number of pitches.

3.5 The following key changes occurred for 2019/20 fees and charges:

- Housing in Multiple Occupation threshold has changed, lowering the requirement to HMO with 3 occupants requiring licensing.
- HMO early adopter discounts scheme charges have been removed.
- Mobile Home site licensing fees and charges have been introduced
- Housing charges have generally increased in line with inflation, subject to rounding.

## **4 Proposals and Issues**

4.1 The fees and charges for each service area have been considered and the main considerations are set out below.

4.2 A council wide target of £8.912m has been proposed within the MTFS for additional income generation in respect of fees and charges income for 2019/20. This represents a 7.5% increase on the 18/19 income generation target and takes into consideration actual performance during the financial year 18/19.

4.3 For Housing Services the increase equates to a target of £414k to be secured through a blend of demand increase from residents, implementation of extended mandatory HMO licensing, mobile home site licensing and an increase in fees and charges for 2019/20.

- 4.4 To allow the Council services to better respond to changes in the commercial environment for fees and charges; delegated authority will be sought through Cabinet to permit the Director of the Service Area jointly with the Director of Commercial Services to vary service charges within financial year due to commercial considerations.
- This will allow service areas, providing services on a traded basis to vary their fees and charges to reflect commercial and operational considerations that impact the cost recoverability calculations.
  - Any changes to Fees and Charges due to commercial considerations will require the consultation with, and agreement of, the relevant Portfolio Holder.
- 4.5 Unless indicated otherwise, Housing fees and charges for 2019/20 will increase in line with RPI (retail price index) forecast for 2019/20 of circa 2.9% (subject to rounding).
- 4.6 The following sections outline the fees and charges implications for the individual service streams.

## **5 Existing Houses in Multiple Occupation (HMO) Licenses**

- 5.1 The HMO license fee is regulated under Section 63(3) of the Housing Act 2004. This allows the Council to set its fee taking into account all costs it incurred in carrying out its licensing function. This has been done for all license applications for up to 5 years.
- 5.2 The regulations do not allow the Council to make a surplus by increasing its license fee above the fully loaded costs of issuing a license.
- 5.3 The early adopter discount scheme which ran until October 2018 will not be repeated.

## **6 Future HMO licenses – legislative changes**

- 6.1 Extending Mandatory HMO Licensing guidance has been issued by Parliament. As a result the legislation changes were implemented from October 2018. This shall increase the license requirement potentially for up to 300 properties, for up to 5 years.
- 6.2 In addition, the PSH Team is running a public consultation exercise to consider implementation of an Additional Licensing scheme in Thurrock. This proposed scheme will license small HMO properties with 3 or more people who are unrelated living together and sharing basic amenities such as bathroom or kitchen. This could conservatively cover around 100 – 400 properties, but could be significantly higher and therefore staffing implications will have to be considered to manage the scheme. All licensing income must be ring fenced to administer the licensing scheme as per the regulatory guidance on HMO license fees. Subject to the results of the consultation and Cabinet approval it will be implemented from April 2019.
- 6.3 Fees and charges for small HMO properties will be the same as the mandatory licensing scheme fees. No early adopter discount scheme will for FY19/20 will be offered.

## **7 Housing Enforcement Notices**

- 7.1 Housing enforcement notices are discretionary charges. The council will only serve an Improvement Notice on the landlord if this is the 'only way' of protecting the health and safety of the occupiers requiring the landlord to meet the minimum housing standards. The Housing Act 2004 allows the Councils to charge for the service of legal notices under the Act. The regulations state the costs should be reasonable and auditable.
- 7.2 Charges for Housing Enforcement which were restructured and increased in FY18/19, these will remain unchanged for the FY19/20 period, whilst the impact of these changes is assessed fully.

## **8 Penalty Charges – Housing Planning Act 2016**

- 8.1 Legislative changes under this Act allow the Council to serve civil financial penalties for certain housing offences under the Housing Act 2004.
- 8.2 Civil penalties cover:
- Failure to comply with an improvement notice [section 30]
  - Offences in relation to licensing of HMO [section 72]
  - Offences in relation to licensing of houses under Part 3 of the Act [Section 95]
  - Offences of contravention of an overcrowding notice [section 139]
  - Failure to comply with management regulations in respect of HMO [section 234]
- 8.3 The standard of proof must meet a criminal prosecution standard to serve a Civil Financial Penalty.
- 8.4 The Council charge applied is scalable from the published minimum fee up to a maximum of £30k; at the discretion of the Private Housing service based on the severity, repetition and cooperation of the third party in resolving the issues.
- 8.5 Under this framework the Council retain the financial penalty imposed rather than the Courts for the fine paid as punishment for the offence. This new income from civil penalties must be ring fenced on private housing enforcement activities as per the regulation guidance.
- 8.6 This will be a transparent process which will be outlined in the council statement of principles, to be issued with the new fee structure. Appeals may also be made against the civil penalty charge, with the charge varied or waived dependent on individual mitigating circumstances. Where non-payment occurs the civil debt recovery process will be used to recover the outstanding liabilities.

## **9 Smoke and Carbon Monoxide Alarm Regulations 2015**

- 9.1 Legislative changes under this Act allow the Council to require the Landlord to pay a penalty charge for failing to comply with a remedial notice in regards to installing smoke and carbon monoxide alarms within a single dwelling private rented home. The amount to be charged has not been prescribed by the regulations; however, it must not exceed £5k.

- 9.2 The setting of a minimum charge of £1k increasing to the maximum sum of £5k allowed will be levied for repeated breaches within two years.
- 9.3 The service expects most landlords to comply with the law than face this financial penalty imposed by the Council.

## **10 Energy Efficiency [Private Rented Property] 2015**

- 10.1 This new legislation will require private landlords to reach an Energy Performance Certificate (EPC) rating of E before granting a tenancy from April 1<sup>st</sup> 2018 and will apply to all tenancies from April 1 2020. Landlords with an EPC rating of band F or below G may not grant a tenancy to new or existing tenants.
- 10.2 The Private Housing Service can impose a civil penalty notice if it's satisfied that a property has been let in breach of the Regulations or if the landlord has lodged false information on the PRS Exemption Register.
- 10.3 The council will impose a civil penalty if the landlord has let a substandard property in breach of the Regulations for a period of less than 3 months scalable up to £4k at the discretion of the Private Housing Service. Also, if the landlord has registered false formation or misleading information on the PRS Exemptions Register it will impose the maximum fine of £1k.

## **11 Housing Non Statutory Reports**

- 11.1 This traded service relates to charging providers of supported accommodation such as a children's care home or hostel requiring Houses in Multiple Occupation (HMO) reports to satisfy their local authority providers they comply with HMO management regulations and local amenity standards.
- 11.2 This variable charge depends on the size of the dwelling and number of hazards identified on carrying out the inspection, to recover our fully loaded administration costs.

## **12 Mobile Homes Act 2013**

- 12.1 The Mobiles Homes Act provides greater protection to occupier's rights of residential park homes and caravans with planning permission under Part III of the Town and Country Planning Act 1990.
- 12.2 Under this Act it allows for licensing of '*relevant protected sites*' to ensure they are properly managed and health safety standards are maintained. A relevant protected site is defined in the Act as any land to be used as a caravan site with planning consent.
- 12.3 The council can charge a licensing fee for this function that includes
- A licence fee for application to grant or transfer a licence or an application to alter the conditions of a licence
  - An annual licence fee for administering and monitoring licences
- 12.4 Examples of relevant protected sites are typically residential parks, mobile home parks, and or Traveller sites.
- 12.5 There are exemptions to this legislation where a caravan site licence is not required under the Caravan Sites and Control of Development Act 1960. For

example

- Use within curtilage of a dwelling house
- Use by a person travelling with a caravan for one or two nights
- Use of holdings of five acres or more in certain circumstances
- Sites granted for holiday use only
- Travelling Showman sites are exempt from licensing
- It does not include sites that are owned by the council

12.6 The new fee charges cover the cost incurred by the council under its licensing functions of this Act.

### **13 Travelers**

13.1 The Council has three Travelers Sites with a total of 64 operational plots.

Location	Number of Plots
Ship Lane, Aveley, RM15 4HB	21 plots
Gammon Field site, Long Lane, Grays, RM16 2QH	21 plots
Pilgrims Lane site, North Stifford, Grays, RM16 5UZ	22 plots

13.2 An average of 83% of the residents receive full or partial Housing Benefit.

Location	HB Percentage
Ship Lane, Aveley, RM15 4HB	100%
Gammon Field site, Long Lane, Grays, RM16 2QH	68%
Pilgrims Lane site, North Stifford, Grays, RM16 5UZ	82%

13.3 With the exception of 2018/19, previous increases have been in line with inflationary indices. This will also be the approach taken for 2019/20, which will increase the charge to £105.60p or by 2.9%.

### **14 Pest Control**

14.1 Housing are examining the option to introduce a Pest Control service, this will be available to businesses, landlords and residents.

14.2 Currently, this service is provided only for social housing communal areas, as part of the council landlord duties. By extending this service to individual domiciles, private properties and businesses, it will allow the Council to better control the conditions within the social housing assets.

14.3 This will also permit residents and landlords to access services with the assurance that the quality, pricing and service provided are monitored, and controlled.

### **15 Reasons for Recommendation**

15.1 The setting of appropriate fees and charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed fees and charges will also ensure that the Council is competitive with other service providers and neighboring councils. The ability to vary charges

within financial year will enable services to more flexibly adapt to changing economic conditions.

- 15.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to commercial challenges.

## **16 Consultation (including Overview and Scrutiny, if applicable)**

- 16.1 Consultations will be progressed where there is specific need. However, with regard to all other items, the proposals in this report do not affect any specific parts of the borough. Fees and charges are known to customers before they make use of the services they are buying.

## **17 Impact on corporate policies, priorities, performance and community impact**

- 17.1 The changes in these fees and charges may impact the community; however it must be taken into consideration that these price rises include inflation and no profit will be made on the running of these discretionary services.

## **18 Implications**

### **18.1 Financial**

Implications verified by: **Julie Curtis**  
**HRA and Development Accountant**

Additional income will be generated from increases but this is variable as it is also dependent on demand for the services. Increases to income budgets have been built into the MTFS.

### **18.2 Legal**

Implications verified by: **David Lawson**  
**Assistant Director of Law & Governance and  
Monitoring Officer**

Fees and charges generally fall into three categories – Statutory, Regulatory and Discretionary. Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central government and all authorities will be applying the same charge.

Regulatory charges relate to services where, if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local

Government Act 2000. The income from charges, taking one financial year with another, must not exceed the cost of provision.

A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decision making structures. Most charging decisions are the responsibility of Cabinet, where there are key decisions. Some fees are set by full Council.

### **18.3 Diversity and Equality**

Implications verified by: **Rebecca Price**  
**Community Development Officer**

The Council is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision making structures to determine impact on protected groups and related concessions that may be available.

### **18.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)**

- None

### **19 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):**

- None

### **20 Appendices to the report**

- Appendix 1 – Schedule of Proposed Fees and Charges for 2019/20
- Appendix 2 – Schedule of Fees and Charges no longer applicable

### **Report Author:**

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