

LONDON BOROUGH OF BRENT

**MEETING OF THE EXECUTIVE
21st July 2003**

FROM THE DIRECTOR OF HOUSING SERVICES

**NAME OF WARD(S)
ALL**

REPORT TITLE: Private Housing Services fees 2003/4 and beyond

Above **Below**

Confidential Line

1. Summary

- 1.1 This report reviews the various fees that Private Housing Services currently charge, and proposes increased fees, in order to maximise income and thereby optimise and enhance services without seeking General Fund growth.

2. Recommendations

2.1 Members are asked to:

- 2.1.1 Agree the schedule of fees detailed in paragraph 7.1, with immediate effect.
- 2.1.2 Note that the proposed structure / fees will enable Private Housing Services to operate and enhance its current business without calling on General Fund growth subject to approval during the overall budget process.

3. Financial Implications

- 3.1 It should be possible to raise £17,280 per year (an increase of £13,440 on what is currently forecast) by charging landlords of Houses In Multiple Occupation (HMOs) at a rate of £60 per room in an HMO rather than £80 per premises, as the HMO Registration Scheme fee. The fee covers Registration for 5 years. The target is 48 HMOs Registered per year, each containing an average of 6 rooms.
- 3.2 It should be possible to raise £11,711 per year by charging a one off fee of 8% of the contract sum for "pre-grant approval agency (architectural) services" for Disabled Facilities Grants applications. This can be grant aided (capitalised).
- 3.3 It should be possible to raise £25,000 per year by charging landlords of empty homes £500 per specification detailing the works eligible for an Empty Properties Grant. The target is 50 such cases per year. This can be grant aided (capitalised).

- 3.4 Overall the proposed additional fees should raise an additional £50,151.
- 3.5 The General Fund position is unaffected (remains at £1,031,000), subject to Supporting People taking over some of this in due course.

4 Staffing Implications

- 4.1 Overall the DFG programme will become more efficient, and of a higher quality, with improved staff morale, and retention. By redistribution of overall proposed and existing income within Private Housing Services 2 new posts can be created in the (currently understaffed) enforcement team, in response to one of the recent Best Value Panel recommendations, subject to approval during the overall budget process.

5 Legal Implications

- 5.1 With the commencement of the Regulatory Reform (Housing assistance) (England and Wales) Order 2002 ("RRO") on 18th July 2003, the current regime for resourcing private sector housing renewal will cease. In its place will be a new general power for local authorities to provide assistance for housing renewal, save for Disabled Facilities Grants which will remain mandatory for the purposes detailed in section 23 Housing Grants Construction and Regeneration Act 1996. After 18th July 2003 local authorities will only be allowed to assist with private sector housing renewal in accordance with a published policy adopted for that purpose.
- 5.2 At the meeting of the Executive on 31st March 2003 Members approved the Private Housing Assistance Policy and Strategy for Funding Private Sector Renewal, which takes into account and anticipates the changes to be implemented by the RRO. Notices advertising the changes were placed in the Willesden and Brent Chronicle on 18th June, and the Wembley Observer on 19th June.
- 5.3 Although the Regulatory Reform Order does not come into effect until 18th July 2003 the policy has now been advertised and published, which means that it can be implemented immediately to avoid an interregnum. There is therefore no reason to delay implementation of the new fees if approved by Members, subject to proper notification of fee increases to potential or actual service users.
- 5.4 Landlords of Houses in Multiple Occupation ("HMOs") consisting of 3 or more households are obliged to register them with the Council under the "London Borough of Brent (Registration of Houses in Multiple Occupation) Control Scheme 1999". This was established pursuant to powers conferred on the Council by sections 346 to 348A of the Housing Act 1985 and section 70(3) of the Housing Act 1996.
- 5.5 The Council is entitled to charge for HMO Registration pursuant to the power conferred by Regulation 3(1) of the Houses in Multiple Occupation (Fees for Registration Schemes) Regulations 1997. The Secretary of State set the maximum that may be charged for HMO Registration in these Regulations at £60 per room.

- 5.6 The power for Local Housing Authorities to provide and charge for professional / technical "agency" services associated with making dwellings fit (inc EPGs), and in execution of DFGs is in section 169 Local Government and Housing Act 1989 [as amended by the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.]
- 5.7 The Housing Renewal Grants (Services and Charges) Order 1996 is still in force, made under sec 2 (3) (b) of the Grants etc Act 1996. This specifies the sort of services whose fees may be grant aided under that Act.
- 5.8 The power to charge up to £300 for service of notices on landlords is in sec 87 / 88 Grants etc Act 1996.
- 5.9 The power to reimburse applicants the "Houseproud" loan arrangement fee of £500 is in Article 3 of the RRO.

6 Racial Impact Assessment

- 6.1 Landlords' grant data shows that a disproportionately large number of recipients are Asian, when measured against the general population, although more landlords in Brent are Asian. It is probably therefore reasonable to assume that increasing the HMO Registration fee will disproportionately affect Asian people as a percentage of the general population but not when considered as a percentage of the local landlord population. Only good quality HMOs whose landlords are "fit and proper" managers can be registered under the Council's HMO Registration Scheme, so tenants can rent rooms or flats within such premises with confidence.

7 Detail

- 7.1 In order to achieve the Unit's objectives within the overall Housing Strategy, as detailed in the current Service Operational Plan, Private Housing Services needs to employ sufficient staff and cover their overheads, which may be resourced as detailed in the table below. There are currently no other known potential sources of funding / income. In the event that Members do not agree to the proposed fees posts will have to be frozen (unfilled) in order to balance the budget.

Type of income	Current rate	Current income forecast	Proposed rate	Proposed income forecast
General Fund		£1,031,000		£1,031,000
Supporting People Fund		To be decided		To be decided
Housing Resource Centre [Spend to Save scheme to encourage Empty Property Grants (EPGs)]		£100,000		£100,000
Full grants agency service	15% of contract sum	£323,234	15% of contract sum	£323,234
Houseproud cases (see report to Exec 31.3.03)	£500	£0	£500	£0
Bed & Breakfast Unit Fund (to do loft conversions as part of EPG schemes)		£26,000		£26,000
Transfer from Work in Default a/c		£15,000		£15,000
Service of Notices	£300	£6,000	£300	£6,000
Capitalisation		£152,155		£152,155
HMO Registration scheme	£80 per HMO	£3840	£60 per room in HMO	£17,280
“Pre grant approval only” grant agency service (no selection or supervision of builders)	N/a	n/a	8% of contract sum	£11,711
Preparation of specifications of eligible work for EPGs	n/a	n/a	£500	£25,000
Total		£1,657,229		£1,707,380

Proposed changes are shown in bold print

7.2 HMO Registration Scheme fees

7.2.1 Owners of HMOs are obliged to notify the whereabouts of the majority of these premises to the Council, so that they can be inspected to ensure that minimum housing standards are maintained. Councils are permitted to charge a fee to help fund this work. An HMO Registration fee of £60 per room is the maximum permitted by the Secretary of State.

7.2.2 When the scheme was introduced in July 1999 the existing, much lower, fee was chosen in order not to discourage owners from informing the Council of the location of this type of premises. However this concern has proved to be misplaced, since very few HMOs are voluntarily declared to the Council even with such a low fee. A

fresh and sustained publicity drive is required. The fee has not been increased since 1999.

7.3 Grants Agency Service fee

- 7.3.1 A significant duty carried out by Private Housing Services is the processing of applications for Disabled Facilities Grants (DFGs). These are paid to remove physical barriers to occupation of homes by disabled people, in all tenures. Housing Services offers to act as the agent for applicants for these (and other) grants. This involves everything from scheme preparation, including drawing full plans, obtaining Planning Permission and Building Regulations Approval, all associated administration inc. tendering, contract administration and works supervision. Most applicants take this offer up and it maximises efficiency and service delivery.
- 7.3.2 Occasionally applicants insist on going for a more elaborate and expensive scheme than the basic “grant eligible” one. For example a 2 storey extension instead of a single storey extension, using the grant that would have been paid for the latter to help pay for former. Some applicants insist on using their own builder, who is probably not on Private Housing Services’ approved list. In both of these scenarios in the past Private Housing Services have not offered to act as agent, because of difficulties around who was responsible if work was done poorly. Owners have therefore had to engage their own architect or surveyor.
- 7.3.3 Liaison with these agents has proved to be so complicated and time consuming that it will be more efficient if Private Housing Services at least gets a scheme ready for the applicant to go out to tender on. However it is still too problematic to supervise a builder who is not approved by Private Housing Services already. An applicant will still be free to engage their own architect themselves if they wish.

7.4 Empty Property Grant Specifications fee

- 7.4.1 Private Housing Services also offers to act as the agent for owners of empty properties, in their applications for grants to bring such properties back to use. However most landlords already have on going relationships with agents such as architects, surveyors, and builders, so they do not normally take up the offer. Sometimes owners prefer to make a grant application unassisted, particularly if only repairs are needed (and it doesn’t involve conversion of the property into flats or other more complicated issues).
- 7.4.2 The Council is under no obligation to specify what works will attract grant aid, so in theory an owner could apply based on his or his surveyors unrealistic aspirations, which would result in much wasted time and effort in processing and then rejecting such an application. For years Private Housing Services has therefore offered detailed specifications of eligible work, to set applications off on the right track, but have never charged for this before.

8 Conclusion

- 8.1 The proposed set of fees represent fair value for money given the work involved, and enables Private Housing Services to reasonably maximise income and thereby optimise and enhance services without seeking General fund Growth. Leaving fees as they are will peg performance and customer service at 2002/3 levels.

9 Background Information

- Report to Members of the Executive Committee for 31st March 2003 “Funding Strategy for Private Sector Housing Renewal”.

Any person wishing further information should contact Steve Wilson, Head of Private Housing Services, Mahatma Gandhi House on 020 8937 2382, or email steve.wilson@brent.gov.uk.

Martin Cheeseman
Director of Housing Services