

21 November 2022		ITEM: 5
Housing Overview and Scrutiny Committee		
Fees & Charges Pricing Strategy 2023/24		
Wards and communities affected: All	Key Decision: Non-Key	
Accountable Assistant Director: n/a		
Accountable Director: Ewelina Sorbjan, Interim Director of Housing		
This report is Public		

Executive Summary

This report specifically sets out the fees and charges in relation to services within the remit of this Overview and Scrutiny Committee.

Charges will take effect from the 1 April 2023, 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 this report. We have also taken into account the effect that the increase in interest rates and the cost-of-living crisis has had on the Local Economy and our services and the continued implications from Covid-19.

Further Director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to changes in government legislation, all other changes in year will be brought back to Cabinet via the Service Director for transparency.

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

1. Recommendation(s)

- 1.1 That Housing Overview and Scrutiny Committee note the revised fees, including those no longer applicable, and that Housing Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee.**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 and charges to be varied within a financial year in response to legal and regulatory requirements.**

2. Background & Introduction

2.1 The paper describes the fees and charges approach for the services within the Housing Scrutiny Committee remit for 2023/24 and will set a platform for certain pricing principles moving forward into future financial years. The paper provides narrative for the General Fund aspects of the Housing area and includes:

- Houses in Multiple Occupation (HMO) Licence.
- Housing Enforcement Notices.
- Works in Default.
- Penalty Charges – Housing Planning Act 2016.
- Penalty Charges – Smoke & Carbon Monoxide Alarm Regulations 2015.
- Energy Efficiency Regulations 2015 & Amendment Regulations 2022.
- Mobile Homes Act 2013.

2.2 The fees & charges that are proposed are underpinned by statutory, regulatory, and discretionary conditions.

3. Thurrock Charging Policy

3.1 The strategic ambition for Thurrock is to adopt a policy on fees and charges that ensures that all discretionary services will fully cost recover wherever possible.

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 2023/24 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 neighbouring boroughs.
- How do our charges compare to neighbouring 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, a number of different methods to tier their charges depending on the service area are used:

- **Houses in Multiple Occupation** – are tiered based on the number of rooms.
- **Enforcement Notices** – are tiered around the number of bedrooms in the accommodation.
- **Mobile Homes Licensing** - These charges are tiered around number of pitches.

3.5 The key following points should be noted for 2023/24 fees and charges:

- **Houses in Multiple Occupation.** These charges will increase by an average of 11% (£159.50), as rounded to the nearest pound.
- **Housing Enforcement Notices** – These charges have been restructured to recover the council's full administrative cost.
- **Works In Default** – New administrative fee charge introduced.
- **Penalty Charges – Housing Planning Act 2016.** These charges are scaled up to the maximum sum allowed.
- **Penalty Charges – Smoke & Carbon Monoxide Alarm Regulations 2015.** These charges are scaled in line with industry standard.
- **Penalty Charges – Energy Efficiency Regulations 2015.** These charges are scaled in line with industry standard.
- **Penalty Charge – The Electrical Safety Standards in the Private Rented Sector [England] Regulations 2020.** These charges are scaled in line with industry standard.

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 To allow the Council services to better respond to changes in the commercial environment for fees and charges; the Director of the Service area jointly with the agreement of Cabinet may vary service charges within the 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 consultation with, and agreement of, the relevant Portfolio Holder.

4.3 Unless indicated otherwise, fees and charges for 2023/24 can increase in line with forecast inflation (subject to rounding).

5. **Mandatory and Additional Houses of Multiple Occupation (HMO) Licences**

5.1 Mandatory HMO Licensing is a non-discretionary scheme introduced by the Government in 2006.

- 5.2 Private Housing introduced an Additional licensing scheme on 1st June 2019, a discretionary scheme for shared houses let to three to four unrelated persons in certain parts of the borough. It lasts for five years ending on 31st May 2024.
- 5.3 Section 63[3] of the Housing Act 2004 gives the Council the power to recover all reasonable costs associated with the administration of the HMO licensing function.
- 5.4 Licensing fees will increase by inflation for the financial year 2023/24.
- 5.5 The HMO 5 years Licence fee has been restructured for all landlords to pay the same amount for covering the cost of processing their application.
- 5.6 An administrative fee will be introduced for paper licence applications, invalid applications letters and invoice reminders for officers to administer this service.
- 5.7 A new licence fee has been introduced to grant a 3 year's licence in certain circumstances to improve the landlords' housing and property standards within the private rented sector and deliver better outcomes for tenants. Officer time and resources involved in processing a new application have been calculated.
- 5.8 The following list contains examples to grant a 3 year's licence:
- Failure to comply with previous HMO licence conditions.
 - Failure to comply with Planning requirements.
 - Failure to comply with HMO management regulations.
 - History of substantiated complaints in respect of the property.
 - Failure to apply voluntarily for licence.
- 5.9 All licensing fee money is ring fenced to be used for the purposes of operating a scheme.

6. Housing Enforcement Notices

- 6.1 The Housing Act 2004 Section 49 gives the Council the power to charge for certain enforcement actions under Part 1 of that Act. This includes notices to improve housing conditions, prohibition orders and emergency action. The provisions are clear that only the costs associated with determining whether enforcement action is necessary, identifying the type of action and the serving of the notice can be recovered.
- 6.2 The average officer time and resources for carrying out these functions have been recalculated and a revised standard fee has been proposed. An additional fee is charged for each bedroom inspection. This reflects the average time on carrying out those duties.

7. Works in default Section 31, Schedule 3, Housing Act 2004

- 7.1 This is a discretionary power the council may carry out works in default in certain circumstances. For example, this may be carried out if there is an imminent risk to health and safety, and an undue delay would put the occupier, visitors or the public in danger, and this remedy must be easy to achieve.
- 7.2 The Housing Act 2004 makes provisions for the council to carry out those works to a property where the person responsible has failed to comply with an enforcement notice. This applies to an owner occupier and Landlord.
- 7.3 Works in default can be carried out either instead of a prosecution or in addition to a prosecution.
- 7.4 It is proposed that the full cost of the work carried out is recovered and officer time and expenses to arrange and oversee the works is charged at 20%.
- 7.5 A local land charge is applied against the property for any outstanding amount in relation to the works in default owed to the council by an owner occupier or Landlord who failed to comply with an enforcement notice.

8. Penalty Charges – Housing Planning Act 2016

- 8.1 There is no suggested change to this penalty under these regulations.
- 8.2 The Housing and Planning Act 2016 allows the Council to impose a financial penalty on an owner of a property where they have failed to comply with certain provisions under the Housing Act 2004 as an alternative to prosecution.
- 8.3 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].
- 8.4 The maximum penalty is £30,000. This will be applied in accordance with the Private Housing Enforcement Policy and the council's Statement of Principles policy on applying the civil penalty.
- 8.5 Penalty charges can be appealed to the First-tier Tribunal Property Chamber who have the power to confirm, vary [increase or reduce] the size of the civil penalty or cancel the civil penalty.

9. Penalty Charge - Smoke and Carbon Monoxide Alarm 2015 & Amendment Regulations 2022

- 9.1 There is no suggested change to this penalty under these regulations. These charges are scaled in line with industry standard 2023/24.
- 9.2 The amendment to the new regulations come into force on 1st October 2022 and landlords must be compliant with the following requirements:
- 9.2.1 All landlords including Registered providers of social housing must ensure at least one smoke alarm provided on each storey of their homes where there is a room used as living accommodation. This has been a legal requirement in the private rented sector since 2015.
- 9.2.2 All landlords must ensure a carbon monoxide alarm is provided in any room used as living accommodation which contains a fixed combustible appliance e.g., boiler, wood stove, fireplace, oil fired furnace, etc.
- 9.2.3 All landlords will be legally obligated to ensure smoke alarms and carbon monoxide alarms are repaired or replaced once they are informed and the alarms are found to be faulty.

10. Penalty Charge - Energy Efficiency [Private Rented Property] 2015

- 10.1 There is no suggested change to this penalty under these regulations. These charges are scaled in line with industry standard 2023/24.

11. Penalty Charge – The Electrical Safety Standards in the Private Rented Sector [England] Regulations 2020

- 11.1 These regulations came into force in July 2020 with a maximum fine of £30,000 for non-compliance to improve electrical safety in all residential premises.
- 11.2 The Private Housing Service can impose a civil penalty notice which is scalable on those who are in breach of their duties under regulations and on failure to take remedial action to make their electrical installation safe.
- 11.3 There is no suggested change to this penalty under these regulations.

12. Mobile Homes Act 2013

- 12.1 There is no suggested change to this application fee or fit and proper test.
- 12.2 The council cannot charge a licensing fee on sites 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

12.3 The current charges are broadly in line with other Essex Authorities, and it remains prudent to keep them at the same level for 2023/24.

13. Reasons for Recommendation

13.1 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 neighbouring councils. The ability to vary charges within financial year will enable services to more flexibly adapt to changing economic conditions.

13.2 The granting of delegated authority will only apply to legal or regulatory changes. If there is a need to alter fees during the financial year to enable the Council to better respond to commercial challenges, additional reports may be brought to Cabinet for approval.

14. Consultation (including Overview and Scrutiny, if applicable)

14.1 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.

15. Impact on corporate policies, priorities, performance and community impact

15.1 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.

16. Implications

16.1 Financial

Implications verified by: **Mike Jones**

Strategic Lead – Corporate Finance

The effect of any changes to fees and charges on individual income targets will be determined as part of the 2023-24 budget setting process in which Corporate Finance and service areas will review anticipated level of demand, fee increases, previous performance and potential associated costs. Covid-19 significantly impacted the Authority's ability to achieve income targets, and this will be taken into consideration when setting future targets. Income generated through fees and charges support the provision of services.

The Council-wide draft budget report will include the 2023-24 income targets across all directorates.

16.2 Legal

Implications verified by: **Godwin Mangse**

Locum Housing Lawyer – Law & Governance

The Council's obligations as landlord to repair and maintain Council properties are set out in the tenancy agreement. In addition, section 11 of the Landlord Tenant Act 1985 sets out statutory obligations to ensure that the structure of homes are repaired and the repairs are carried out within a reasonable time. Given this is an update report and the nature of the recommendation to the Committee, there are no legal implications directly arising from the recommendation.

16.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**

Community Engagement and Project Monitoring 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.

16.4 **Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Looked After Children**

None

17. 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

18. Appendices to the report

Appendix 1 – Schedule of Proposed Fees and Charges for 2023/24

Appendix 2 – Schedule of Fees and Charges no longer applicable

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