

LONDON BOROUGH OF CROYDON

To: Croydon Council website
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STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR HOMES, REGENERATION AND PLANNING ON 10 MAY 2016

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by the Cabinet Member: none

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

CABINET MEMBER'S DECISION REFERENCE NO.: 25.16.HRP

Decision title: Private rented property licence fees

Having carefully read and considered the Part A report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the report, the Cabinet Member for Homes, Regeneration and Planning in consultation with the Cabinet Member for Finance and Treasury, the Executive Director of Place and the Assistant Chief Executive Corporate Resources and Section 151 Officer

RESOLVED that in respect of the Croydon Private Rented Property Licensing Scheme, to agree to the following changes to the licence fee structure which are considered necessary for carrying out the local housing authority's functions and the effective operation of the Scheme:

That the fee structure be amended to introduce a discounted licence fee:

- of £350 per property for landlords who are applying for a licence for a property that is being privately rented for the first time
- of £25 per unit for Almshouses.

Date: 11 May 2016

For General Release

REPORT TO:	Cabinet Member for Homes, Regeneration and Planning
SUBJECT:	Private Rented Property Licence Fees
LEAD OFFICER:	<i>Jo Negrini, Executive Director of Place</i>
CABINET MEMBER:	Cabinet Member for Homes, Regeneration and Planning, Cllr Alison Butler
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: <p>The Private Rented Property Licence scheme (selective licensing) requires private landlords to apply to the council before letting a property and abide by certain conditions concerning the condition and management of the property. The aim of introducing selective licensing is to reduce crime and ASB as well as improve standards for private sector tenants generally. It supports the strategic objective to alleviate homelessness and pressure on housing set out in the Corporate Plan (Objective B1.1) by raising standards in the private sector. It also contributes towards outcome C2, <i>A Safe Place</i> by reducing ASB. The selective licensing scheme further contributes towards <i>improving health and wellbeing through decent homes and neighbourhoods</i>, a strategic objective set out in the Housing Strategy.</p>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: <p>The Private Rented Property Licence scheme is a key administration commitment and contributes to improving standards for private sector tenants and assists in identifying and taking action against rogue landlords. It contributes to the Council's campaign to clean up Croydon 'Don't Mess With Croydon – Take Pride'. The scheme is also an important addition to the council's strategic approach to tackling ASB and environmental nuisance.</p>	
FINANCIAL IMPACT <p>The impact of this decision will be to amend the existing fee structure and to introduce a discount for landlords who are registering a property that is being privately rented out for the first time. It will also introduce a discounted fee for Almshouses. There will be a reduction in income through the proposed changes but these will be minimal and will have no overall impact on the delivery of the project.</p>	
KEY DECISION REFERENCE NO.: N/A	

On 26 June 2015 (34/15/LR) it was agreed that in respect of the Croydon Private Rented Property Licensing Scheme, the Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning, in consultation with the Executive

Director of Place and the Director of Finance, be given delegated authority to agree any changes to the licence fee structure which are considered necessary for carrying out the local housing authority's functions and the effective operation of the Scheme. Having carefully read and considered this report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the report, the Cabinet Member for Homes, Regeneration and Planning is recommended to:

1. RECOMMENDATIONS

- 1.1 Agree that the fee structure in respect of the Private Rented Property Licences be amended to introduce a discounted licence fee:
- 1.2 of £350 per property for landlords who are applying for a licence for a property that is being privately rented for the first time
- 1.3 of £25 per unit for Almshouses.

2. EXECUTIVE SUMMARY

- 2.1 On March 16th 2015 Cabinet agreed to proceed with a licensing scheme for privately rented properties. Within this decision a fee structure was agreed. Since this was agreed discussions have taken place as to whether a discount should be made available to landlords who are renting out properties for the first time. The unique position of Almshouses has also been raised, which would require a change to the fee structure if a discount were applied to them. This paper recommends amendments to the fee structure to accommodate these changes.

3. DETAIL

- 3.1 On March 16th 2015 Cabinet agreed to proceed with a licensing scheme for privately rented properties. Within this decision a fee structure was agreed that included a 3 month early bird discount before the scheme rolled out on October 1st 2015. It also included a discount for newly built properties being rented out throughout the 5 year term of the scheme. The fee structure did not include a discount for existing or converted properties that were being rented out for the first time though.
- 3.2 The fee structure that was agreed at Cabinet on 16/3/15 and is currently in place is as follows:
 - The licence fee was set at £750 but landlords who applied for a licence during the early bird registration period (1 July 2015 – 30 September 2015) were entitled to a discounted licence fee of £350 per property.
 - Landlords who are applying on a newly built property are eligible for the discounted fee of £350 regardless of when they register during the life of the scheme (provided that they apply within one month of the property being let). This does not currently include conversions or any other type of refurbishment.

- 3.3 Since the Cabinet decision on 16 March discussions have taken place as to whether a discount should be made available to landlords who are renting out properties for the first time. This will help landlords financially and is likely to provide some incentive for properties to become available in the private rented sector.
- 3.4 The position of Almshouses has been raised and consideration has been given to whether an exemption or specific fee should apply to them. Almshouse charities are regulated by the Charity Commission and are usually governed by locally recruited trustees. Residents pay a weekly maintenance contribution which is similar to rent but different in law, and less than a commercial rate. There is an important delineation between almshouses and other forms of sheltered housing, in that almshouse residents have no security of tenure, being solely dependent upon the goodwill of the administering trustees. Residents have no security of tenure as they do not hold a tenancy agreement but simply pay a weekly maintenance charge which is significantly lower than the Local Housing Allowance. Given this, it is recommended that Almshouses do need to be licensed but that it is reasonable for them to be offered a discounted fee of £25 per unit to cover administrative costs.
- 3.5 It is therefore recommended that the fee structure be amended so that landlords who are applying on an existing property that has never been rented out before would be eligible for the discounted fee of £350 regardless of the date of registering within the 5 year life of the scheme (provided that they apply within one month of the property being let). This would apply to all properties that are being rented out for the first time, regardless of whether they have recently been converted or newly built. It is further recommended that the fee structure be amended so that the licences for Almshouses are charged at £25 per unit.

4. CONSULTATION

- 4.1 There is no requirement on the Council to consult on the fees structure or on any amendments to it. However, the proposed amendments are based on feedback that has been received from landlords and other stakeholders since the scheme was agreed on 16th March 2015. The Council have considered this feedback and are responding with recommendations that encourage properties to be privately rented; are favourable to landlords; and provide financial relief to almshouse charities whilst maintaining good housing standards.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report

It is impossible to predict the number of properties that will be rented out for the first time during the 5 year life of the scheme. It is anticipated that the impact will be minimal though and has been estimated at £50,000 or £10,000 per year. It has been assumed that 125 new PRS properties will be licenced at the discounted rate, therefore the total loss of fee would be £10k per annum, or £50k over the life of the scheme. However, if the numbers of new properties

varies, it will be a directly proportionate loss of fee income.

The financial impact of the decision on the £25 discounted fee is a reduction in income of £39,975 or £8,000 per year for the life of the scheme. There are 123 Almshouse units in Croydon and in calculating the reduction in income it has been assumed that all units would have paid the £350 early bird discount fee if they had been required to pay the standard fee. This is calculated as follows:

123 Almshouse Units x £350	= £43050
123 Almshouse Units x £25	= £3075
Difference	= £39,975

2 The effect of the decision

The effect of the decision will reduce the amount of income that the Council receives from the scheme however, the impact is expected to minimal. The total financial impact is c£90,000, which works out as £18,000 less for each year of the scheme. The anticipated income from licence fees is expected to be in the region of £15m or £3m per year. The amendment to the fee structure will therefore have very little impact and can easily be managed.

3 Risks

There are minimal financial risks associated with the decision as listed above.

4 Options

The options available are to amend the fee structure as recommended or to leave as it is. The report highlights that changes to the fee structure will financially advantageous to landlords renting out properties for the first time, will incentivise new properties coming to the market and will support almshouse charities.

5 Future savings/efficiencies

There are no future savings or efficiencies identified through this decision

(Approved by: Lisa Taylor, Head of Finance and Deputy S151 Officer)

6. COMMENTS OF THE BOROUGH SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that Leading Counsel has advised that in respect of the licence fee structure, it would be permissible for the Council to make changes it after the designation takes effect and without the need for public consultation.

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no human resources implications arising from this report.

7.2 Approved by Adrian Prescod, HR Business Partner, for and on behalf of Director of HR, Resources department.

8. EQUALITIES IMPACT

8.1 An Equalities Analysis was undertaken for the scheme before the decision to implement was made. These changes do not alter the findings and recommendations identified within this.

9. ENVIRONMENTAL IMPACT

9.1 There is no environmental impact arising from this report

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There will be no crime and disorder implications arising from a decision to amend the fee structure. The scheme itself is designed to have a significant impact on anti-social behavior in the Borough though.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 To put in place a fairer fee structure that incentivises new privately rented properties coming to the market and that protects the financial interests of almshouse charities whilst maintaining good housing standards.

12. OPTIONS CONSIDERED AND REJECTED

12.1 To not amend the scheme, the reasons for which are highlighted in this report.

CONTACT OFFICER: Andy Opie, Director of Safety

BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

Equality analysis carried out prior to the decision to implement the scheme was taken.