

Feedback to Landlords on Fee Structure Consultation – February 2011

Item	We asked	You said	We listened	We did
1a	Have we simplified our fee structure?	Yes	Thank you.	We will try to simplify further. We kept the fixed amount for Accreditation fixed at £50 and made the Reward for Submitting the form and fee correctly at £100 rather than a %.
		No.	Ok we will look at simplifying further	
		It would appear that the fee is a total for 1-5 houses is this correct?	Yes that's correct.	
1b	Could we simplify it further?	You could easily simplify by giving a much bigger discount for accreditation.	We have considered different levels of rewards for Accrediting your property. Accreditation is not a legal requirement it's designed to help you market your house to prospective tenants by showing that your property will be well managed and to the Decent Homes standard. Accrediting your property may also allow you in future to register to advertise your property on the Homes Choice Bristol Website.	We wanted to incentivise landlords in other ways to improve levels of efficiency and compliance so have weighted our fee structure towards this and are so are unable to allow a greater reward for Accreditation as this would mean increasing the costs of licensing to offset any increased reward for Accrediting a property.
		Yes – possibly more discount for accreditation.		

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		<p>A doubling of charges to good landlords is unreasonable.</p>	<p>We are aware that fees have increased significantly compared to previous licensing fees. The reason for this is that our fees before were set very low. This was due to a combination of factors – underestimation of the amount of resources HMO licensing would take, not including all our on costs such as accommodation in previous calculation and high levels of discounts up to 80% for landlords who Accredited their property and were members of a landlords group. Now we have a clearer idea of the amount of time re licensing HMOs will take we are more aware of our costs and are required to recover our costs due to decreasing funding in the public sector. We have incorporated significant rewards for good landlords</p>	<p>We have reviewed our proposed fee structure and will increase the level of rewards available for good landlords who are re-applying for a licence – This will be a reward of up to 35% reducing the cost to reapply for an HMO licence of up to and including 5 households to £650. To do this we have set a higher fee for landlords applying for a new licence and a higher fee again for landlords who are found to be running an unlicensed HMO. The cost per letting per month for a reapplication will only be £2.17.</p>
2a	<p>Have we struck the right balance between rewarding compliant landlords and placing greater financial burden on</p>	<p>We feel that there is insufficient distinction between bad landlords and good landlords leading to a priority issue in the regulation process for the council.</p>	<p>We have reviewed the proposed fee structure to increase the distinction between non-compliant and compliant landlords.</p>	<p>This is an increase on the existing cost of 84 pence per calendar month per letting which we do not believe is unreasonable when set against the Local Housing Allowance rent level for a shared house in Bristol of £300 pcm.</p>

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	non-compliant landlords?	High fines for non-compliant landlords. More resources put into finding those landlords		We have increased the cost of processing a licence for unlicensed landlords to £1500. We will commit more resources to searching out unlicensed properties that will help reduce the fees for compliant landlords.
		Rebalance the charges – compliance first time higher than the renewal of previously licensed property and so should be charged accordingly	We recognise that landlords did not understand why there was a single fee for a reapplication for a licence and a new application.	We will set different fees for new applications for a licence or reapplications for a licence.
		The lack of distinction in fees and approach between licensing and re-licensing is wrong.		

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2b	If not what should we do?	An appropriate fee structure for recovering money from deliberately deceitful time wasting or dishonest landlords should be developed and implemented.	We want to reduce time spent chasing up landlords who have not complied which is why we have introduced rewards into our fee structure.	We have increased the fee for landlords who haven't licenced their property and increased the levels of rewards available to compliant landlords.
3	Do you see any problems with the proposed Reward Structure that we should consider before finalising the Rewards and how to implement them?	The compliance discount should be unnecessary. Self-billing with various discount factors is asking for problems.	<p>We believe the compliance reward will improve efficiency, as landlords will be more likely to provide the correct information, fee and carry out works when required.</p> <p>We recognise that we need to make the calculation of the fee easy.</p>	We will retain the compliance rewards but will make it as clear as possible to landlords how to calculate the fee and what they are entitled to.

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4	Are there any other issues we should take into consideration in relation to the Fee Structure?	Can Landlords pay by instalments?	We understand that some landlords would like to spread the cost of re applying for a licence of their property. There are a number of issues that we need to consider before being able to offer this facility. These include whether the Housing Act 2004 allows this, whether our service is able to offer the facility and additional administration would be required to carry that out. We would then need to consider passing on these costs to landlords with an additional fee.	<p>We are seeking legal advice and advice from our finance department. Currently we are unable to offer this facility.</p> <p>To help landlords who are re licensing who may not have anticipated the additional increase in the fees we have reduced the fee for re applying for a licence and increased the Compliance reward for landlords who currently hold a licence for the property which means that £250 of rewards can be claimed on application and will not be required to be paid in advance in some circumstances.</p>
		Asking landlords to pay costs of this scale for 5 years in advance in a lump sum is unacceptable and again will result in more administration costs when people cannot pay. Set up direct debits.		
		The fees should be payable monthly or annually by direct debit.		
		Is the 20% discount applied before or after the £50 discount	Yes the % compliance reward are applied before the £50 accreditation reward	We will clarify this in the final fee tables.
		Can we publish any details of the costs of licensing?	We understand that landlords would like to be able to see how our fees have been calculated.	We will provided further information on how our costs were established and our fees were calculated on our website.

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		<p>Can applications be done on-line. With no physical paper submitted. More eco & efficient. No repeat of existing data.</p> <p>The whole process could be put online. You could offer discounts for anybody choosing this approach. Please don't ask landlords to complete the data entry online and then print it out! You all ready have the data so at the very least this needs to be reissued to landlords.</p>	<p>We have been considering this option.</p>	<p>We have produced a pdf form which can be completed, printed off signed and returned. Unfortunately at this point we have not been able to develop this form further.</p> <p>The current form allows you to confirm that there have not been changes since the licence was changed.</p> <p>We are looking into the feasibility of online applications, the set up and administration costs as well as the savings that could be realised.</p> <p>If you have had a licence before, the new application form will allow you to skip sections if the layout etc is the same.</p>

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		<p>The proposed fee structure is in excess of what can be fairly charged. The charges are grossly unfair on good landlords and do not reflect the actual costs of licensing.</p>	<p>We have been very careful to ensure that we have only included the costs carrying our licensing function when setting our fees for HMO licensing. The licensing process is complex and involves significant input from both technical and administrative staff, the cost of carrying out an inspection has also been included. The actual cost to the Council includes all overheads including office accommodation and support services for staff in the Council.</p> <p>We have reviewed the proposed fee structure to take into account these comments.</p>	<p>Lower fees have now been set for landlords reapplying for a licence. Higher fees have been set for landlords found to be operating unlicensed HMOs. Greater rewards will be available to compliant landlords.</p>
		<p>Reduce costs – Are you recharging the entirety of the costs of the HMO licensing team over the last five years?</p>	<p>No, because of the current financial situation we are having to recover a far higher proportion than before.</p>	<p>We have reduced the costs of operating the HMO licensing team to take into account that re applying for a licence should take less time. We are not recovering all the costs for carrying out the function from the HMO licence fee.</p>
		<p>Are the costs recovered from landlords taken to court factored into the equation?</p>	<p>Yes. However the courts rarely award us all our costs. So we only recover part of these costs, these costs do eventually return to our budgets but we do not get any money from fines awarded which go back to Central Government.</p>	<p>Costs awarded to the council are taken into account and not recovered in the licence fee.</p>

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		<p>The exercise of re applying should be simplified. The application forms were ridiculously long over complicated and ambiguous in places.</p>	<p>We have to follow the same legal administrative process to licence a new property as someone reapplying for a new licence. This process and the questions we are required to ask is set out in the Housing Act and its regulations. We are unable to change this ourselves. We have made suggestions to Government on how this could be streamlined.</p> <p>We are aware the forms are long and have reviewed them to reduce their length and simplify where possible.</p>	<p>New simpler forms are available on line. www.privatehousinginformation.co.uk</p>
		<p>You should look at the Leeds plan they can do it for half the price.</p> <p>The balance of council costs in Bristol associated with licensing compares unfavourably with neighbouring councils and must be difficult to justify in terms of efficiency of service delivery.</p>	<p>We have to carefully examined our costs. Other Councils may not have done this to the same degree and may not be including all its fixed costs in the fee calculations. Each council will have its own fixed costs this will reflect the differences in the cost of accommodation between areas. Another Council charged twice the level of fee we proposed.</p>	<p>We have reviewed our fee structure to lower the costs of licensing for complaint landlords. The costs are comparable with a neighbouring Council.</p> <p>The increase in the cost of licensing per household per calendar month is £0.84p.</p>

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		<p>Accredited properties have been inspected and the landlords proven to be responsible and compliant. They should be able to self certify.</p>	<p>Our Accreditation scheme allows you to self certify. The legislation on licensing requires you apply for a licence, this is a separate process.</p>	<p>We have reduced the amount of information and certificates that need to be provided with the application.</p>
		<p>Landlords who have been registered and now licensed since the start of the schemes should get an increasing “no claims discount” for compliance over the years.</p>	<p>We would like to reward landlords who have previously complied with legislative requirements.</p>	<p>As proposed landlords who have complied with previous licensing requirements will be entitled to claim an increased 20% reward in advance which is currently a minimum of £200 for each application.</p>
		<p>Much higher charges should be made to non-compliant landlords.</p>	<p>Non-complaint landlords take up more time and therefore increase the cost of carrying out the licensing function. We have set the compliance rewards to reflect this. We have reviewed our proposal and will increase the amount non compliant landlords need to pay.</p>	<p>There will be a higher application fee for landlords who run unlicensed HMOs and the non compliant landlords will not be able to claim our compliance rewards</p>

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		<p>Many of these properties will change classification or ownership within 5 years. Will we refund the unused period fees if they do?</p>	<p>The fee is due with the application for a licence. It is payable whether or not the licence is granted or refused. On change of ownership the licence process would have to be completed in full and therefore the same fee applies.</p>	<p>If a small change is made to a property it may be possible to vary the licence for which there is no fee. This does not apply to a change of ownership as a new application is required by law.</p>

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		<p>We question whether the Bristol approach to licensing is too detailed, leading to the impression that it is 'gold plating' the process.</p>	<p>Bristol processed over 1400 licences in the last 5 years. We have some of the highest numbers of licenced HMOs in the country.</p> <p>We have been careful to only require landlords to carry out works which licensing requires. For instance we do not require plans of properties that many other Councils do.</p> <p>We have also successfully lobbied central government and supported landlords in the reduction in the burden of licensing in relation to the requirement to provide wash hand basins.</p> <p>We also recognise that to be effective licensing must mean that action is taken against landlords who do not comply or flout the laws.</p> <p>We are very aware that the licence fee structure needs to be robust as we have to administer a high number of licences.</p> <p>We would reject the claim that this is "gold plating" the process. We are trying to meet the needs of landlords as far as we are able and not going over and beyond our statutory duty to licence HMOs in the City.</p>	<p>To meet the requests of many landlords we have set out to balance simplicity by removing additional fees with a reward scheme to differentiate the cost of licensing between good and bad landlords.</p> <p>To be proportionate and effective this requires some level of complexity to our licensing scheme.</p>

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		<p>We believe that the actual risk arising from the large majority of HMOs is small.</p>	<p>The government set the criteria for which HMOs the mandatory licensing scheme applies. They based this on their assessment of the risks.</p>	<p>We will continue to meet our statutory duty to administer the mandatory HMO licensing scheme.</p>
		<p>The proposed charges are inconsistent with government policy for limiting budgets and level of service provision by local authorities.</p>	<p>We are recovering some of the costs of carrying out the HMO licensing function. Licenced HMOs only represent 0.9 % of the Private Rented Sector in Bristol (1300 licenced HMOs out of 26 133 dwellings in the private rented sector – Source Bristol Private House Condition Survey 2008).</p> <p>We also have a duty to Council Tax payers in Bristol to recover costs of functions where we are able to charge and should not subsidise to the detriment of our other responsibilities to Private Rented Accommodation in Bristol.</p> <p>Operating an HMO is a business and complying with the legislation should be considered as a business cost.</p>	<p>We have reviewed our fee structure in light of our consultation with landlords but will still recover a significant proportion of our costs for carrying out the HMO licensing function.</p>