

APPENDIX C
HMO Licensing 2 Stage Payment Process
& Updating of Discretionary Discounts

Finance Considerations

Now that we know the relative cost of incorporating an additional payment stage, we need to understand how to appropriately apportion the fee splits between Stage 1, and Stage 2.

To calculate the % separation of fee levels for the two different stages of payment, I have taken the following information from the 'Timing Analysis 2018-19 Tab in the HMO Licence Fee Report 2019 (Appendix C).

Stage 1

Application Stage: Columns D49, E49 & J49 taken from HMO Licence Fee Report 2019 equate to a total time taken average of 3.41 hours per licence (Column R49).

Stage 1 Time / Total Time (R49) = 23.5% of overall time taken per licence.

- Fee Level 1 (New) = £225
- Fee Level 1 (Renewal) = £205

Stage 2

Administration of Scheme: Columns F49-I49 & K49-Q49 (11.12 hours)

Stage 2 Time / Total Time (R49) = 76.5% of overall time

- Fee Level 1 (New) = £700
where no discretionary discounts apply
- Fee Level 2 (New) = £650
where landlord proficiency discount applies
- Fee Level 3 (New) = £600
where landlord proficiency discount applies and application was submitted as complete with no further chasing required.
- Fee Level 4 (New) = £550
where landlord accreditation discount applies
- Fee Level 5 (New) = £500
where landlord accreditation discount applies and application was submitted as complete with no further chasing required.
- Fee Level 6 (Renewal) = £670
where no discretionary discounts apply
- Fee Level 7 (Renewal) = £620
where landlord proficiency discount applies
- Fee Level 8 (Renewal) = £570

where landlord proficiency discount applies and application was submitted as complete with no further chasing required.

- Fee Level 9 (Renewal) = £ 520
where landlord accreditation discount applies
- Fee Level 10 (Renewal) = £470
where landlord accreditation discount applies and application was submitted as complete with no further chasing required.

These changes would ensure that as a service we are able to recover our costs for operating the licensing scheme with a 2-stage payment process. These values will be periodically reviewed, and analysed, in the HMO Licensing Fee reviews which may highlight further changes as required (increase or decrease) to ensure we remain robust to challenge. The figures above are rounded to appropriate whole numbers that are considered 'reasonable and proportionate', as well as enable us to clearly distinguish between the types of licensing on fees reports.

Financial Forecasting (not including blocks)

What impact is this likely to have on finances? Well, essentially nothing as fees are matched against costs. However, I have taken this opportunity to produce a revenue projection below, based on renewal numbers expected of our currently licensed HMOs. On **18th September 2020** I ran a HMO register and identified 1281 licensed HMOs. I looked at the renewal dates and also where they have previously had discounts applied to give as sound a projection as possible of the financial implications of the change to a 2-stage payment process.

*I have not included licences that are in the process of determination, or blocks as they sit outside of the standard process.

Financial Year	Number of Renewals	Predicted Income on existing structure	Predicted Income on proposed structure
2020-21	55	£38,170 Based on all renewals; 12% no discount £850 £5,610 42% early only £750 £17,325 7% early + proficient £700 £2,695 38% early + accredited £600 £12,540	£39,531.25 Based on all renewals; 12% no discount £875 £5,775 42% compFT only £775 £17,902.50 7% compFT + proficient £725 £2,791.25 38% compFT + accredited £625 £13,062.50
2021-2022	162	£112,428 Based on all renewals;	£116,437.50 Based on all renewals;

		12% no discount £850 £16,524 42% early only £750 £51,030 7% early + proficient £700 £7,938 38% early + accredited £600 £36,936	12% no discount £875 £17,010 42% compFT only £775 £52,731 7% compFT + proficient £725 £8,221.50 38% compFT + accredited £625 £38,475
2022-2023	261	£181,134 Based on all renewals; 12% no discount £850 £26,622 42% early only £750 £82,215 7% early + proficient £700 £12,789 38% early + accredited £600 £59,508	£187,593.75 Based on all renewals; 12% no discount £875 £27,405 42% compFT only £775 £84,955.50 7% compFT + proficient £725 £13,245.75 38% compFT + accredited £625 £61,987.50
2023-2024	601	£417,094 Based on all renewals; 12% no discount £850 £61,302 42% early only £750 £189,315 7% early + proficient £700 £29,449 38% early + accredited £600 £137,028	£431,968.75 Based on all renewals; 12% no discount £875 £63,105 42% compFT only £775 £195,625.50 7% compFT + proficient £725 £30,500.75 38% compFT + accredited £625 £142,737.50
2024-2025	188	£130,472 Based on all renewals; 12% no discount £850 £19,176 42% early only £750 £59,220 7% early + proficient £700 £9,212 38% early + accredited £600 £42,864	£135,125 Based on all renewals; 12% no discount £875 £19,740 42% compFT only £775 £61,194 7% compFT + proficient £725 £9,541 38% compFT + accredited £625 £44,650
2025-2026	69	£47,886	£49,593.75

<p>this section also takes into account the 55 licences that will be renewed before end of FY20/21 (hence 69, rather than 14)</p>		<p>Based on all renewals; 12% no discount £850 £7,038 42% early only £750 £21,735 7% early + proficient £700 £3,381 38% early + accredited £600 £15,732</p>	<p>Based on all renewals; 12% no discount £875 £7,245 42% compFT only £775 £22,459.50 7% compFT + proficient £725 £3,501.75 38% compFT + accredited £625 £16,387.50</p>
<p>Totals</p>	<p>1336 (1281 + 55 renewals to hit again in FY 25/26)</p>	<p>£927,184</p>	<p>£960,250</p>
<p>Variations in finance</p>	<p>N/A</p>	<p>N/A</p>	<p>Total £33,111.00 Y1 £1,361.25 Y2 £4,009.50 Y3 £6,459.75 Y4 £14,874.75 Y5 £4,653.00 Y6 £1,707.75</p>