



COTSWOLD

District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET - 10 JULY 2025
Subject	HMO LICENCE FEE AND PERIOD
Wards affected	All
Accountable member	Cllr Andrea Pellegram Environment and Regulatory Services Email: andrea.pellegram@cotswold.gov.uk
Accountable officer	Jon Dearing, Executive Director Email: jon.dearing@Cotswold.gov.uk
Report author	Philip Measures, Service Leader Email: philip.measures@Cotswold.gov.uk
Summary/Purpose	To review the HMO Licensing fees and the licence period.
Annexes	Annex A – Equality Impact Assessment
Recommendation(s)	That Cabinet resolves to: <ol style="list-style-type: none">1. Amend the HMO Licence Fees as set out in this Report and for them to apply from 1 September 2025;2. Approve the HMO licence period increases from 3 years to 5 years.
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services• Delivering Housing• Supporting Communities
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Business Manager Housing Portfolio Holder



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	<p>There has been no external consultation. The policy increases the fee by £100, but extends the licence period by two years, offering value and certainty. The impact on interested groups is therefore low, and a consultation exercise was not thought necessary.</p>
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1. EXECUTIVE SUMMARY

- 1.1** This report is about the renewal of the House in Multiple Occupation (HMO) licence fee policy. It sets a new fee to take account of the increase in resource costs and the policy extends the licence period from three years to five.
- 1.2** The Policy introduces an additional room fee for larger HMOs to take account of the extra time required to determine and inspect such premises. It proposes a reduced 'renewal fee' for well managed HMOs, subject to conditions.

2. BACKGROUND

- 2.1** An HMO is a House in Multiple Occupation where 2 or more tenants of different household share facilities. Where there are 5 or more tenants sharing facilities, a licence is required. These are issued by local authorities, who administer, regulate and inspect such accommodation. Councils are entitled to charge a fee to cover the costs of these duties (see S. 6). Currently there are 42 HMOs licensed by the Council.
- 2.2** The procedure for setting the HMO licence fee and the HMO licence period was last approved in 2018 and since then there has been an annual increase in the fee as part of the budget setting process. The policy is therefore due for renewal and revision.

3. MAIN POINTS

- 3.1** A licence is currently approved for a period of three years, after which, if the premises still requires a licence, a new application must be applied for. The fee is required to cover the costs of providing a licence which include the Officer time for the following:
- Receipt of application documentation check and administration of licence
 - Inspection and compliance checks
 - Annual Operating Costs (of HMO licensing service)
 - Consumables and external costs
- 3.2** It is now considered a better focus of resources and fairer to landlords to set the licence period at five years and to adopt a risk rating approach prioritising the inspection of higher risk premises. For HMOs which require works to meet the required standard, a shorter period for the licence can be designated by Officers. This approach will change the fee structure, where it is also proposed that well run



licensed premises, will benefit from a lower renewal fee provided there are no changes to the licensed premises.

- 3.3** The methodology adopted for setting the fee, whether three or five years was one developed by Derby City Council and referred to by the Department for Communities and Local Government (DCLG). The fee is in two parts; the initial application fee and the successful licence issue fee. The application fee is non-refundable even if the application is refused. The existing and new fees are outlined in Table 1.

3.4 Table 1

	Application Fee	Licence Issue Fee
Current Licence	£310	£430
Proposed 5 Years licence	£250	£590

- 3.5** Where an HMO is letting seven or more rooms and planning permission is required, more time is required for the assessment of the application and inspection of the premises. The officer time to conduct this work is calculated at £40 per letting room which is proposed as an additional fee to the application.
- 3.6** A discount is proposed, to encourage and reward landlords of well managed premises, when they apply for a new licence when their existing licence expires. This is provided the following conditions are met:
1. No structural or significant changes to the HMO such as extensions and new rooms.
 2. No outstanding enforcement action.
 3. The application is complete and duly made and received no later than 28 days before the expiry date of the existing licence.

A reduction of £70 is proposed. A discount to the additional room fee is also recommended.



3.7 Table 2 details the new fees proposed in full.

Fee	For
£840: Application fee - 250 Licence issue fee – 590	New Application
£40	Additional room fee, per letting room, 7 rooms or more.
£770 Application fee - 250 Licence issue fee - 520	Renewal application, if made up to 28 days of expiry of existing licence subject to S 3.6 .
£20	Renewal application, additional room fee, per letting room, 7 rooms or more.

3.8 This fee should be reviewed annually as part of the budget cycle to reflect changes in staffing and resource costs. Each fee shall be rounded to the nearest £1.

4. ALTERNATIVE OPTIONS

4.1 The Council may approve, amend, or reject the proposed policy as they see fit.

5. FINANCIAL IMPLICATIONS

5.1 The current income is £10,360 when divided over the licence period of three years. This changes to £7056 at the new fee divided over five years. Each individual licence will be due at a different time.

6. LEGAL IMPLICATIONS

6.1 A House in Multiple Occupation (HMO) is a building or part of a building occupied by two or more households as their main residence and who share basic amenities such as a bathroom or a kitchen (Housing Act 2004 part 7).

6.2 When 5 or more people occupy an HMO, the HMO requires a licence, to be provided by the Local Housing Authority. These are the properties relevant to this report.

6.3 Section 63(7) Housing Act 2004 clarifies that the Local Housing Authority can take



into account the administrative costs of issuing a licence and the Derby calculation of the fee in two parts has been used and tested as the correct basis for fee calculation.

6.4 Section 68(4) Housing Act 2004 provides that a licence can be granted for up to five (5) years and does not require uniformity for all HMOs, so the proposal to increase the licence from 3 to 5 years with exceptions fully complies with the legislation.

6.5 If a property is being used as a licensable HMO without a licence, the Council can prosecute the relevant person. The suggested lower fees for renewal of licences when applied for early, should therefore increase compliance but also lower enforcement costs for the Council.

7. RISK ASSESSMENT

7.1 The risk of not having a current fee policy which is not supported by the costs of administering the service is that the fee will be successfully challenged.

7.2 It is good practice for the licence fee to be reviewed regularly to reflect on actual costs to further reduce the risk of challenge.

8. EQUALITIES IMPACT

8.1 Provided in Annex A.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 Better regulation of the private rented sector will include ensuring standards are met concerning for example excess cold, which is about heating a home more efficiently. The policy will therefore have a positive effect in this regard. There are no negative implications identified from the changes.

10. BACKGROUND PAPERS

10.1 None

(END)