

Appendix 3: Post-consultation review of proposed fee structure for short-term lets

This paper considers the banding and weighting of application fees for short-term let licences in the light of the public consultation of the Council's draft licensing policy. The Scottish Government recommend that local authorities, at a minimum, establish a licence fee structure that takes account of the following:

- the **type of licence** with lower fees set for home sharing and home letting licences than for secondary letting licences; and
- **guest capacity** in terms of the maximum number of guests, as requested by the host or operator on their application form. Note that some licences will be for premises including significant numbers of unconventional accommodation, such as pods or lodges on the same site where a caravan site licence is not otherwise required.

The Council originally proposed to take account of these factors by applying *weightings* to a unit cost, derived from that for processing a routine 4-guest secondary letting application, as follows:

Table 1: Original bands and weightings

Guest capacity applied for	Home sharing or home letting licence	Secondary letting licence
1 or 2	0.6	0.8
3 or 4	0.8	1.0
5 to 8	1.0	1.5
9 to 12	1.5	2.0
12 to 20	2.0	4.0
20+	4.0	8.0

Following the public consultation, a review of responses concluded:

1. There was general agreement with this proposed approach, although concerns were raised specifically about the bandings and the weightings to be applied to fees.
2. The bandings proposed were based upon the Scottish Government's example banded fee structure set out in the Part 2 Guidance, with two bands merged.
 - a. It was clear from the consultation responses that:
 - b. The bands are too narrow, and
3. The "standard" secondary let premises should be regarded as a three-bedroom property that can sleep 6 persons, including children under the age of 10 years.
4. There was broad support from respondents for the weighted approach to setting fees, although there was a wide range of opinion on the actual applied weighting values.
5. Respondents challenged the Council's assertion in the draft policy statement that larger secondary letting premises would necessarily attract more objections and representations, or require more work to process their applications. The Council considers that larger premises are more likely to require physical site inspections as part of the application determination process compared with smaller, more conventional, premises and therefore an increased fee is proportionate and appropriate.
6. The assessment of larger premises, accommodating more than, say, 12 persons will probably bear comparison with the assessment of similar-sized houses in multiple occupation.

Having regard to these comments, the proposed revised bands and weightings are as follows, noting that children under the age of 10 are to be included in the occupancy capacity:

Table 2: Revised bands and weightings

Guest capacity applied for (including children under the age of 10)	Home sharing or home letting licence	Secondary letting licence
Up to 4	0.5	0.7
5 to 8	0.7	1.0
9 to 12	1.1	1.5
13 to 20	1.4	2.0
21 and over	1.8	2.5

The bands are simplified and the 5 to 8 band now represents a three-bedroom house accommodating, for example, eight adults and children, subject to sufficient space and sleeping accommodation.

The weightings for secondary let licences increase roughly proportionately with the number of guests, rather than exponentially as in the original proposal. The maximum weighting is therefore significantly reduced from 8.0 to 2.5 for the highest secondary letting band.

The discount for home sharing or home letting licences is 30% compared with an equivalent secondary letting licence. Similarly, secondary letting licences for small premises accommodating four or fewer guests are discounted by 30%. Weightings are rounded to two significant figures.

The 21 and over band will include holiday villages with cottages or lodges in the same curtilage and which do not hold a caravan site licence. It is expected that there will be very few, if any, home sharing or home letting premises in the highest two bands.

Level of fees

The level of fees has yet to be determined, It is worth comparing the licence fees charged for other Civic Government licences by Argyll and Bute Council. These fall into three bands:

1. £524:
 - a. Second hand motor dealer
 - b. Metal dealer
 - c. Market operator
 - d. Public entertainment
 - e. Late hours catering
2. £452:
 - a. Taxi car
 - b. Private hire car
 - c. Second hand dealer
3. £275:
 - a. Boat hire
 - b. Street trader
 - c. Window cleaner

It is reasonable to expect the enquiries required for a short-term let licensing application to be comparable with a public entertainment licence. There is a case for the fees for short-term lets to align with other Civic Government licence fees charged by the Council. Applying a standard fee of £524 (which is more appropriate given the complexity of STL applications) is likely to result in over recovery of income, and therefore the mid range fee of £452 will be used as the standard short-term let fee. Applying this to the bands and weightings, the following fee structure arises (fees rounded to the nearest whole pound):

Table 3: Proposed fees based on a standard fee of £452

Guest capacity applied for (including children under the age of 10)	Home sharing or home letting licence	Secondary letting licence
Up to 4	£226	£316
5 to 8	£316	£452
9 to 12	£497	£678
13 to 20	£633	£904
21 and over	£814	£1130

For comparison, the fee for an HMO licence for premises with 10 or more people is £1,101. The lowest fee of £226 under this model compares with the lowest standard band of other Civic Government licence fees of £275, such as for a window cleaner.