

**CARDIFF COUNCIL DESIGNATION AS SINGLE LICENSING
AUTHORITY FOR POWERS CONTAINED IN PART 1 OF THE
HOUSING (WALES) ACT 2014 – WELSH AGENT AND
LANDLORD LICENSING SCHEME**

REPORT OF DIRECTOR OF ENVIRONMENT

AGENDA ITEM: 14

PORTFOLIO: ENVIRONMENT (COUNCILLOR BOB DERBYSHIRE)

Reason for this Report

1. A report presented to Cardiff Council Cabinet in April 2013 outlined Welsh Government intentions to establish an all Wales Agent and Landlord Licensing Scheme and sought the Council's initial support to host the scheme if / when the legislation was enacted. It was resolved that Cardiff Council should be considered as the host authority for delivery of the scheme. Legislation has now been enacted and the formal consultation about Cardiff Council being designated as the Single Licensing Authority has been undertaken with a closing date of the 6th February 2015. Welsh Government is now minded to designate Cardiff Council and this report seeks Cabinet support for this designation.

Background

2. The Housing (Wales) Act received Royal Assent in September 2014.
3. The Act covers 8 key areas; Part 1 relates to regulation of the private rented sector (PRS). The Act places new obligations on private landlords of rental properties to register with the designated Licensing Authority. It will also result in all rental properties having a licensed landlord and/or agent in place to undertake letting and management tasks. In order for a person to get a licence they must be deemed 'fit and proper' and have undertaken training approved by the Licensing Authority; once licensed they will have an on-going condition to comply with a Welsh Government (WG) approved letting and management Code of Practice and any other condition the authority feels necessary to impose.

Role and Designation of a Single Licensing Authority (SLA)

4. Local Housing Authorities (LHAs) in Wales recognise that the administrative task of registering and licensing potentially 70, 000 – 130,

000 private landlords and agents is very large. Using their experience of working together on the voluntary Landlord Accreditation Wales scheme which was set up in 2008 and is hosted and administered from Cardiff Council, the LHAs decided that to continue with a centrally administered system of registration and licensing would be the best approach for the customer and most efficient administratively. On this basis, Cardiff Council as the host authority for the Accreditation Scheme was endorsed as the potential lead authority.

5. In order to facilitate this, The Act empowers Welsh Ministers to designate one (or more than one) 'licensing authority' to establish and maintain a register of landlords and also grant licences to suitable landlord and agent applicants. The Act also creates enforcement powers for the varying offences so that they could be used by both the licensing authority or by the LHA where the dwelling to which an offence has occurred arises (either by general or specific consent from the licensing authority). It is intended that consent is given to each local authority to investigate complaints and undertake enforcement investigations within their locality, to support the work of the national SLA. These arrangements will be captured in a Memorandum of understanding.
6. The single licensing authority will have enforcement powers as well as an administrative role and will have specifically the responsibilities set out in Part 1 of the Act and subordinate legislation, summarised below:
 - To establish and maintain a register of landlords
 - To allow public access to information held on the register
 - To consider an application for registration within a prescribed period and notify a landlord of his registration and assign a number.
 - To revoke a registration in specified circumstances
 - To grant licences to landlords and/or managing agents involved in the letting and management of property.
 - Before granting a licence the SLA must be satisfied that the applicant is "fit and proper" and that the requirements for "training" will or have been fulfilled.
 - To stipulate appropriate licence conditions
 - To amend licence conditions in certain circumstances
 - To refuse or revoke a licence
 - To prosecute or apply other enforcement measures (Fixed Penalty Notices, apply for Rent Stopping Orders, or apply for Rent Repayment Orders)) for offences under Part 1 of the Act.
 - To establish a fee policy and charges for Part 1 provisions
 - To approve and ensure the quality of training providers and courses.
 - To deliver and / or procure training to landlords and agents to support compliance with the legislation

This list is intended to illustrate the nature of the responsibilities, not to be a comprehensive list of all the functions detailed within Part 1 of the Act and its subordinate legislation.

Significant Considerations

7. Now that the Act has received Royal Assent there are a number of pieces of subordinate legislation that have to be passed, and much work that needs to be coordinated in order for the legislation to be implemented by the licensing authority/LHAs. A Strategic Implementation Board has been established by Welsh Government for stakeholders with representatives from WG, Welsh Local Government Association (WLGA), Cardiff Council, Welsh Heads of Environmental Health Group, Housing Leadership Cymru and Directors of Public Protection Wales. This has a key role to play in developing and monitoring the project plan to ensure the success of the scheme nationally and at a local level. A comprehensive project plan is already in place and covers among other matters the following significant elements:
 - a. **Fees:** the EU Services Directive which was implemented in the UK by the Provision of Services Regulations 2009 regulates the fees which may be charged. Fees can be used for the actual and direct administrative costs of investigating the background and suitability of the landlord applicant and the cost of monitoring the compliance by licensed landlords and agents with the terms of their licences. However, there are costs associated with delivering a licensing service which cannot be covered by fees. WG is aware of this gap and intends to provide a grant to Cardiff Council to ensure that there is no financial risk to implementing this scheme.
 - b. **Marketing** will be one key method of ensuring landlords and agents initially comply with the legislation. For at least 12 months following implementation communications and marketing will be led by the Welsh Government.
 - c. **System and process requirements:** A new database system will be required to administer the new scheme. The intention is to build on the foundations of the existing Landlord Accreditation Wales website and database, which is currently externally hosted and supported by a company called Rocktime Ltd. The contract has now been awarded and completion of phase 1 is expected by the end of June 2015. WG has awarded a grant to cover phase 1 costs. The specification has been developed to require integration with Cardiff Council payment platforms etc in mind.
 - d. **Team structure and infrastructure.** The scale of the project is considerable. The size of the team required is estimated at 49 FTEs per year. However, the number of FTEs required to deal with the actual work demand will not be known until the scheme is operational. In order to manage this uncertainty, recruitment arrangements will involve a significant proportion of posts being filled on a temporary or agency basis. This will be particularly important in the initial years of the project to establish confidence in the financial modelling undertaken. Recruitment for these staff members would need to be completed and staff in place by September 2015 to allow sufficient time for training and testing the

systems. A dedicated telephone number / call centre will be required with very slick administrative processes to deal with the demand.

8. It is proposed that the new team will be established within the Environment Directorate with the remaining Regulatory Services which fall outside the Regulatory collaboration project (Pest Control Service and the Dogs Home). However, this may change in light of current Council reorganisation proposals. The team will comprise of an operational manager, group leaders, licensing and administrative officers. Workforce planning will have to be flexible to accommodate a high initial influx of registrations and licensing applications declining in subsequent years, whereas the demand for training will increase in subsequent years.

Key Dates:

| | |
|----------------------------------|---|
| 19/12/2014 06/02/2015 | WG Consultation on Designation Order for Licensing Authority (Cardiff Council proposed as single authority to cover all of Wales) |
| End of March 2015 | Designation Order made to designate Cardiff Council as single Licensing Authority |
| April 2015 | Cardiff Council as Designated Licensing Authority becomes operative |
| April 2015 | Commencement of WG led Communication Strategy |
| October 2015 | Requirement for landlords to register and for landlords and agents to apply for a licence from Licensing Authority becomes operative |
| September 2016 | Enforcement Powers to compel landlords and agents to comply with legislation come into force. |

Matters for Cardiff Council

9. There is no doubt that a single licensing authority is the most effective way of delivering this project across Wales. This has numerous benefits for the customer in terms of ease of access to the service, consistency of approach (particularly important for landlords with rented property across local authority boundaries), reduced cost and application of best practice. It also has benefits for Wales in that the brand becomes easily recognisable and clearly identified as a Wales project.
10. There are clear benefits to Cardiff to ensuring that the scheme is a success. It is estimated that Cardiff has more than 15% of Welsh private sector landlords operating in its area and 17% of the private rented sector stock. It has also successfully run the Landlord Accreditation Scheme for the last 8 years. Effective implementation of this project would further promote Cardiff as a champion for good privately rented stock and would create additional employment within the City.

11. However, as with any project of this kind, there are risks. A detailed risk register has been established for the project on an all Wales basis. The risks that relate to Cardiff Council are financial and reputational and are highlighted below. To mitigate these, a comprehensive assessment has been undertaken to develop a financial model and a set of principles to inform the MOU arrangements that will be established between Cardiff Council and the WG and Cardiff Council and individual local authorities. A risk register, specific to Cardiff Council matters, is attached at appendix A and has been approved by the Council's risk manager.

Financial Risks

12. The financial model is based on there being 131,610 landlords and 800 commercial letting agents in Wales, these figures are drawn from the census, and data held by local authorities on the average number of houses owned by landlords in Wales. The model uses the principles set out in an All Wales Licensing Expert Panel Toolkit. Development of the model required that there was a clear understanding of the way in which the Licensing Scheme would be delivered, what individual steps were needed to implement the process and the grade of the officers who would undertake the task. Each individual process for landlord and agent registration and licensing has been modelled separately to establish the cost of delivering the service, the number of FTEs required at each grade and the WG financial support requirement. The model has been the subject of challenge by colleagues within the Council, housing experts across Wales and WG. A summary of the results is shown below:

Table 1: Average Annual Staff Levels across Licensing Authority Service (FTEs)

| | |
|---------------------------|----|
| Licensing Support Officer | 35 |
| Compliance Officer | 10 |
| Group Leader | 3 |
| Operational Manager | 1 |

* The fee income model makes provision for Local Authority compliance enforcement work. Those FTEs are not reflected in the numbers above.

Table 2: Financial Implication:

| | Year 1 (1/2 year) 15/16 | Year 2 16/17 | Year 3 17/18 | Year 4 18/19 | Year 5 19/20 | Year 6 (1/2 year) 20/20 | Total: |
|------------------------------|-------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------------------|-------------|
| Projected Fee Income to SLA* | £996,345 | £2,850,983 | £4,002,147 | £3,465,406 | £3,137,011 | £2,397,506 | £16,849,397 |
| WG Grant Requirement | £149,451 [^] | £427,647 | £600,322 | £519,810. | £470,551 | £359,625 | £2,527,409 |

[^]This value does not take into account financial support needed from WG to set up new Licensing Authority Function which is subject to a separate bid.

*The fee income projection above takes into account Local Authority compliance enforcement work.

13. A financial bid has been submitted to and approved by Welsh Government on this basis. Cardiff Council has throughout maintained

that whilst willing to accept the SLA designation, this has to be on the basis of no financial risk to Cardiff. Issues highlighted with WG to ensure that we have confidence on this matter are:

- Set up costs for the infrastructure and staff required to set up the team at SLA prior to the implementation date.
 - Commitment to an annual grant to cover the costs not covered by a fee. This is calculated at 15% of the scheme cost.
 - The costs incurred in closing down the service if Cardiff Council was no longer required to deliver the service i.e. redundancies etc
 - Funding and management of the marketing campaign prior to implementation of the scheme and for at 12 months once the scheme has gone live.
14. The Council received written confirmation from Welsh Government on the 10th March 2015 giving reassurance regarding these matters, and the need for WG to accept pressure bids from the Council, if actual activity does not follow the financial modelling. This correspondence is attached at Appendix 2. Close monitoring will be undertaken through regular meetings with Welsh Government to ensure that any deviation from the modelling is clearly understood and mitigation put in place in a timely manner.
15. In addition, the financial risk will be managed within Cardiff Council by employing sound financial, HR and recruitment management policies and systems.

Reputational Risks

16. The reputational risk is linked with the Council's inability to deliver to expectations or where local authorities are delivering under general consent / delegation that they meet the required standards. Cardiff Council will need to ensure that robust performance management arrangements are in place. To mitigate the risk relating to local authority performance the following arrangements will be established:
- Enforcement obligations will be discharged to local authorities in accordance with an agreed enforcement protocol and this will form part of the general consent / agreement entered into with every council. It will be understood that delivery lies with the LA not Cardiff Council on these delegated matters. Management arrangements will be established to monitor performance.
 - Assumption that fees collected as part of the SLA function, will be redistributed to LAs for the local enforcement element and will be re-distributed based on evidence of activity in each local authority. The Cardiff Council section 151 officer will need to be satisfied that funds are released appropriately.
 - All LAs will be required to alert Cardiff Council in accordance with an agreed protocol, of any matters of concern in relation to fitness and propriety of landlords / agents, prior to a licence being issued.

Equality Impact Assessment

17. During the development stages of the Housing Act 2014, a comprehensive equality impact assessment was undertaken. This identified the range of stakeholders involved during the consultation process, the evidence demonstrating the benefits of the proposal and an assessment of the impact of the legislation (whether positive or negative) on the protected groups as identified under the Equality Act 2010. No negative impacts were identified through the introduction of the legislation, however issues were identified to ensure that access to the service was available to all protected groups. Cardiff Council will need to refine this equality impact assessment in relation to service delivery matters, once the details expected in regulations have been made available.

Reason for Recommendations

18. Legislation has now been enacted and Cardiff Council has been formally consulted regarding its designation as the Single Licensing Authority for Licensing Agents and Landlords in Wales. This report seeks Cabinet and Council support for this designation. This will involve Cardiff Council delivering the scheme across 22 local authority areas in Wales.

Scrutiny

19. Community & Adult Services Scrutiny Committee considered this report on the 4 March 2015. Overall, Members are supportive of the proposal that Cardiff Council becomes the Single Licensing Authority and appreciate the need to improve the private rented sector. The Committee felt it was important that Cardiff Council received confirmation of the Welsh Government financial support prior to Cabinet making a decision on the matter.
20. A copy of the correspondence and response is attached at Appendix 3.

Financial Implications

21. The report emphasises the role of Welsh Government funding in delivering the new Welsh Agent and Landlord Licensing Scheme especially with regard to the financing of implementation costs and covering the shortfall between running costs and the fee income generated. There are however a number of financial risks which are associated with being the lead authority for this project which need to be considered. These include uncertainty around the volume of transactions, in terms of the number of landlords registering and the time taken to complete the licensing process, as well as the fluctuating activity levels over the 5 year life of the license. This will require a large degree of flexibility in the Single Licensing Authority to respond to these peaks and troughs in activity levels. To help mitigate the impact of these risks Welsh Government and Cardiff Council officers have carried out detailed financial modelling, incorporating prudent assumptions, to establish the appropriate expenditure projections and associated fee levels and required Welsh Government grant support. As with any financial model

careful monitoring will be required when the scheme is operational to ensure these assumptions are confirmed and to undertake corrective action if required.

Legal Implications

The Housing (Wales) Act 2014

22. The Housing (Wales) Act 2014 requires landlords to be regulated by a system of registration and licensing. The Act permits the Welsh Ministers to designate a licensing authority for the purposes of Part 1 of the Act; the licensing authority being the person or body carrying out the functions of maintaining a register, administering landlord registrations and granting agent and landlord licenses in line with Part 1. They may designate one person or body to act as the licensing authority for the whole of Wales. That person or body will administer and enforce the system of registration and licensing. The licensing authority can consent to a local housing authority to bring criminal proceedings, if the alleged offence arises in respect of a dwelling in its area.
23. The Welsh Ministers must consult any person or body whom they propose to designate and such other persons as the Welsh Ministers consider appropriate. The consultation period ended on the 6th of February 2015. It is anticipated that Cardiff Council will be designated as the licensing authority.

Memorandum of Understanding

24. To carry out its designated role Legal Services are instructed that the Council will have to carry out the tasks listed in the report and will need the support of the other Welsh Local Authorities. To this end it is intended to conclude a non legally binding agreement with all Welsh Local Authorities. This agreement will set out, amongst other things, how the parties are to work together and their respective roles and contributions, which are detailed in the body of the report. It is noted that the agreement will not be legally binding and as such would not be legally enforceable. Legal Services are instructed, however, that it is in the interest of the Welsh Local Authorities that the arrangements work. For these reasons, the client wishes to enter into a Memorandum of Understanding, which reflects how the Councils will work together in practice.
25. It should be noted that if the designation order is not made, any expense incurred in advance of the designation could prove to be abortive.
26. In considering this matter and in developing matters for carrying out the role as Designated Authority the Council should also have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a). Age, (b) Gender

reassignment(c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h)Sexual orientation (l)Religion or belief – including lack of belief.

HR Implications

27. The HR implications for this report are an increased headcount for the Council of approximately 49 FTE. Full trade union consultation on these additional posts will take place. These posts will go through the corporate post creation process including job evaluation where there are not already identical posts elsewhere in the organisation. The posts will be advertised across the Council through the normal corporate recruitment process. The Council, as the host will be taking on the employment liabilities for these employees.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the implications of the Housing (Wales) Act 2014 (“the 2014 Act”) as set out in this report and the proposal to designate The County Council of the City and County of Cardiff as the Single Licensing Authority for the purpose of Part 1 of the 2014 Act;
2. Approve that the Council carries out the arrangements set out in paragraph 6 of the report, to enable the Council to undertake its designated role as the Single Licensing Authority; and
3. Delegate authority to the Corporate Director with responsibility for Environment, in consultation with the Corporate Director Resources, the County Solicitor and the Cabinet Member (Environment), to negotiate and conclude a Memorandum of Understanding with all Welsh Local Authorities and to address those matters set out in paragraphs 6 and 16 of the report.
4. Request the Monitoring Officer to recommend to Council any consequential to the Officer Scheme of Delegations.

JANE FORSHAW

Director

13 March 2015

The following appendices are attached:

Appendix 1- Risk Register

Appendix 2 -Welsh Government Grant Award Letter

Appendix 3 - Community & Adult Service Scrutiny Advice Letter and Response to Scrutiny Committee.

Appendix 1 - Welsh Landlord and Agent Licensing Scheme - Risk Register

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | Current Controls | Residual Risk | | Proposed Improvement Actions | Owner | | |
|-----|--|---------------|-------------|-------------------|---|------------|------------------------------|--------------------|--|--------------|
| | | Likelihood | Consequence | | Priority | Likelihood | | | Consequence | Priority |
| 1 | Capability and capacity to deliver the project by the implementation date on the 1st Oct 2015. | A | 1 | High - Red | Bid submitted to Welsh Government(WG) for financial support to fund operational manager and group leader from 1 st May 2015 to secure the set up of the project. Recruitment to posts immediately following designation. All Wales Project Governance Board in place including implementation project timescale and risk register. Responsibilities / tasks identified and allocated to each member of the group. WG plan to provide CC with 5 clear months to implement following formal designation as the Single Licensing Authority. Written confirmation of grant award has been received from WG prior to Cabinet Meeting. | D | 3 | Low - Green | CC Implementation Project Team to be established immediately following Council decision to ensure that all infrastructure and set up is in place within the timescale. | Jane Forshaw |

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | Current Controls | Residual Risk | | Proposed Improvement Actions | Owner | | |
|-----|---|---------------|-------------|------------------|--|------------|------------------------------|------------------------|--|--------------|
| | | Likelihood | Consequence | | Priority | Likelihood | | | Consequence | Priority |
| 2 | Capability and capacity of CC to manage the project following designation, in light of the Hemming Vs Westminster Case, requiring that elements of licensing team activity cannot be covered by the fee. | A | 1 | High - Red | Bid submitted to Welsh Government for 15% of the total cost of project delivery. Experience indicates that this is a reasonable proportion of cost which cannot be fee attributable. Written confirmation of grant award has been received from WG prior to Cabinet Meeting. WG also given written commitment to working with CC on an annual basis to ensure required funding is in place. | D | 3 | Low - Green | | Jane Forshaw |
| 3 | Capability and capacity of CC to effectively handle the work demand from the private landlord sector (estimated at 131,610) – enquiries, registration and licensing applications, particularly in the early stages | A | 1 | High - Red | Budget setting model developed by CC prior to designation to inform the funding bid to WG. Website and database procurement includes for inclusion of efficient processing mechanisms. Bid for set up costs includes for dedicated phone number with call handling capabilities and the costs to cover a full establishment to be in place for a month prior to the implementation date. Written confirmation of grant award has been received from WG prior to Cabinet Meeting. | C | 3 | Medium - Amber / Green | CC Implementation Project Team to be established immediately following Council decision to ensure that all infrastructure and set up is in place within the timescale. | Jane Forshaw |

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | Current Controls | Residual Risk | | Proposed Improvement Actions | Owner | | |
|-----|--|---------------|-------------|------------------|---|------------|------------------------------|------------------------|--|--------------|
| | | Likelihood | Consequence | | Priority | Likelihood | | | Consequence | Priority |
| 4 | Capability and capacity – reputational risk to CC if new service not able to deal with the volume of calls / applications | A | 1 | High - Red | Realistic numbers of landlords and agents used in the modelling. Bid to WG based on realistic figures. Grant award has been made by WG on this basis. WG leading on the communication strategy and integral part of the Project Team. Appropriate messages to be used to manage the influx and prioritise calls. Holding page will be available in advance of implementation to provide relevant information. | D | 3 | Low - Green | CC Implementation Project Team to be established immediately following Council decision to ensure that all infrastructure and set up is in place within the timescale. | Jane Forshaw |
| 5 | Capability and capacity- The database is not fit for purpose on time. | A | 1 | High - Red | Procurement already undertaken, funded by WG. Contract awarded and work is in progress. Contract monitoring arrangements in place. System designed to be as automated as possible. Robust testing planned for 2 months prior to implementation. Server hosting size is confirmed as being adequate for the volume of hits expected. Contractor being used has experience of developing this type of system. | C | 3 | Medium - Amber / Green | Ongoing contract management arrangements to be implemented to ensure delivery on time. | Jane Forshaw |

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | Current Controls | Residual Risk | | Proposed Improvement Actions | Owner | | |
|-----|--|---------------|-------------|-------------------|---|------------|------------------------------|--------------------|--|--------------|
| | | Likelihood | Consequence | | Priority | Likelihood | | | Consequence | Priority |
| 6 | Financial Risk: Financial modelling for CC budget requirements and fee income predictions, not estimated correctly. In addition, model not indexed to take account of annual price increases. | A | 1 | High - Red | Model developed in conjunction with CC financial services. Model and assumptions have been challenged by other LAs, WG, all Wales Housing Technical Panel and Cardiff Council experts from internal services. Further checking / refinement of model prior to fee setting and on an ongoing basis. WG confirmed that they will expect an updated bid annually and throughout the period of designation to reflect changing landlord sector and experience of delivery. Finance Model has been agreed as being acceptable by financial services. | D | 3 | Low - Green | Arrangements for financial monitoring in conjunction with WG to be established. Further checking / refinement of model prior to fee setting and on an ongoing basis. | Jane Forshaw |
| 7 | Financial Risk: demand for the service is lower or higher than predicted in the financial model | A | 1 | High - Red | HR recruitment will be a balance of temporary and permanent staff to manage the fluctuations in demand. WG advised of the risks involved with project and have confirmed pressure bids will be considered in year. | D | 3 | Low - Green | Arrangements for financial monitoring in conjunction with WG to be established. | Jane Forshaw |

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | | Current Controls | Residual Risk | | | Proposed Improvement Actions | Owner |
|-----|---|---------------|-------------|------------|---|---------------|-------------|-------------|---|--------------|
| | | Likelihood | Consequence | Priority | | Likelihood | Consequence | Priority | | |
| 8 | Financial Risk: Payment of severance in the event that Cardiff Council is de-designated at a future date | A | 1 | High - Red | As this project is captured in statute there will be significant notice of a change in legislation or de-designation. This would allow CC to manage the decline in resource required to deliver the scheme. If designation transferred to WG or another LA - TUPE may apply. In addition, WG letter has confirmed that in the event of de-designation, they will work with CC to reduce and will cover any residual financial impact. | C | 4 | Low - Green | Arrangements for financial monitoring in conjunction with WG to be established. | Jane Forshaw |
| 9 | Inadequate or ineffective marketing of the new legislation. | A | 1 | High - Red | WG has provided written confirmation that it will manage and fund the marketing campaign prior to implementation of the scheme and for 12 months after the scheme has gone live. WG leading the project team, keen that project is a success and will ensure marketing campaign supports and is sensitive to the implementation resource. | D | 3 | Low - Green | Continued involvement of CC staff in the Strategic Implementation Group. | Jane Forshaw |

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | | Current Controls | Residual Risk | | | Proposed Improvement Actions | Owner |
|-----|---|---------------|-------------|------------|--|---------------|-------------|------------------------|---|--------------|
| | | Likelihood | Consequence | Priority | | Likelihood | Consequence | Priority | | |
| 10 | Financial Risk: Expenditure incurred by Cardiff Council, will be incurred from the beginning of the project / year. WG grants often not paid until year end. | A | 1 | High - Red | Bid to WG highlights that payment at commencement of the financial year is preferred. Financial management arrangements to be established to involve WG. Unpredicted financial pressures to be submitted to WG for pressure bid consideration. Confirmation received from WG that officials will work with CC to manage in year financial pressures and approve further grant bids if necessary. | D | 3 | Low - Green | Arrangements for financial monitoring in conjunction with WG to be established. | Jane Forshaw |
| 11 | Enforcement Powers: CC not able to agree an enforcement protocol with the other 22 LAs in Wales leading to a mixed compliance picture across Wales and additional burden on CC. | A | 1 | High - Red | Protocol in final stages of agreement. The basis is that if the issue requires a local visit the local LA will undertake the activity. WG funding bid submitted by LAs for this work. | C | 3 | Medium - Amber / Green | Protocol to be an integral part of the MOU to be established with each Local Authority. | Jane Forshaw |
| 12 | Financial Risk: Implementation costs are not covered by the fees | A | 1 | High - Red | A funding bid has been approved by WG to cover the set up costs involved in the project. | D | 3 | Low - Green | | Jane Forshaw |

| Ref | Risk Description <i>(Consider Risk Cause & Risk Consequences)</i> | Inherent Risk | | Current Controls | Residual Risk | | Proposed Improvement Actions | Owner |
|-----|--|---------------|-------------|------------------|---------------|------------|------------------------------|-------|
| | | Likelihood | Consequence | | Priority | Likelihood | | |
| | | | | | | | | |
| | <p>This risk register captures only the risks impacting CC directly. The project itself is being managed by the WG Strategic Board and has a more extensive risk register which captures risks to WG, LAs and general risks also.</p> | | | | | | | |

Lesley Griffiths AC / AM
Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty



Llywodraeth Cymru
Welsh Government

Ein cyf/ Our ref: SF/LG/0680/15

Councillor Bob Derbyshire
City of Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UW

9

March 2015

Dear Bob,

I am pleased City of Cardiff Council has agreed to be designated as the Single Licensing Authority under Part 1 of The Housing (Wales) Act 2014. The Welsh Government acknowledges the critical nature of the role and recognises it is subject to there being no financial risk to the Authority. We are committed to ensuring it does not adversely impact the Authority financially or in terms of its reputation.

I wish to re-affirm the Welsh Government's commitment to supporting the Council in its role as the Single Licensing Authority and to confirm our intention to provide the necessary financial support throughout the period of designation.

I can confirm Welsh Government will provide support in the following areas and amounts:

1. Staff resources required to set up the project in Cardiff prior to the 1 October 2015. For 2015/16, the funding is estimated at £61,420.
2. Infrastructure set-up costs to include office, desks, telephone system, database and payment platforms etc. For 2015/16, the funding is estimated at £222,657.
3. Ongoing implementation costs, which cannot be covered by fee income are agreed at 15% of the cost of delivering the service, as set out by the financial modelling. For 2015/16, the funding is estimated at £149,452.
4. Marketing of the scheme prior to implementation and up to 1 October 2016 will be led and funded by Welsh Government.

Given assumptions have to be made for any new service or scheme, it is possible the expected income and/or costs vary from the forecast figures in the financial model. This could lead to in year financial pressures. In these circumstances, the Welsh Government will work with colleagues at City of Cardiff Council to determine the additional financial requirement for approval.

I am aware City of Cardiff Council has sought reassurance if circumstances changed and the Local Authority was later de-designated, Welsh Government accepts responsibility for any residual financial liability. The likelihood of a change in legislation or de-designation for any other reason is negligible. However, the Welsh Government will, in these circumstances, work closely with the Council to manage and reduce the financial impact over time and mitigate any residual liability. It will be particularly important for our officials to work together to address any remaining and ongoing concerns. This will also be important to considering the funding requirements for future years, which we will keep under constant review. These discussions will help to develop processes whereby, as far as possible, we ensure Cardiff Council receives the funding in a timely manner so the implementation of the new legislation is effective.

I am very grateful to your officers for the work undertaken in developing the business case for the registration and licensing of landlords and agents. This has been particularly important given the Hemming case, which has impacted upon the funding of the implementation of the new legislation. Inevitably, and as mentioned, assumptions have to be made in terms of the take-up of registration and licensing and thus the costs and income from fees. However, I am satisfied the estimates, which err on the upper end of the scale, are reasonable. I am, therefore, pleased to confirm the initial estimate of total grant funding of up to £433,529 will be made available to Cardiff Council in the next financial year (2015-2016) to reimburse costs incurred.

The consultation responses overwhelmingly endorsed the concept of a single licensing authority and I remain committed to working with you to deliver this. Thank you once again for your continued support. My officials will be in touch with your team very soon to make the necessary arrangements.

Regards



Lesley Griffiths AC / AM

Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty

My Ref: Scrutiny/Correspondence/Cllr Groves

9 March 2015

Councillor Bob Derbyshire
Cabinet Member (Environment)
County Hall
Cardiff
CF10 4UW



Dear Bob

Community & Adult Services Scrutiny Committee Meeting – 4 March 2015

Thank you to you and officers for attending the above committee. This letter captures the agreed recommendation and comments of the Committee with regard to our pre-decision scrutiny of the draft Cabinet Report titled '*Cardiff Council Designation as Single Licensing Authority for powers contained in Part 1 of the Housing (Wales) Act 2014 – Welsh Agent and Landlord Licensing Scheme.*'

Overall, Members are supportive of the proposal that Cardiff Council becomes the Single Licensing Authority, with a Memorandum of Understanding to set out roles, responsibilities and funding arrangements across Welsh local authorities. Members appreciate the need to improve the private rented sector, from both a landlord and tenant perspective and recognise the benefits that flow from the licensing scheme.

With regard to the funding for the Single Licensing Authority, Members note that officers have submitted bids to the Welsh Government to ensure that costs that cannot be met by the fees charged will be met by the Welsh Government. We agree that the response from Welsh Government to these bids must be available to Cabinet before they take a decision on this matter. Members recommend that, if necessary, the item be delayed from the proposed Cabinet meeting on 19th March to a later date when the Welsh Government response has been received. Members request that they be informed when the Welsh Government response is received.

This letter contains a recommendation and therefore requires a response please.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'David Groves', is written over a light blue rectangular background.

COUNTY COUNCILLOR DAVID GROVES

Chairperson - Community & Adult Services Scrutiny Committee

Cc: Jane Forshaw
Claire Deguara

Tara King
Paula Angel

Bethan Jones



My Ref: CM30368

Your Ref: Scrutiny/Correspondence/Cllr Groves

Date: 11th March 2015

Councillor David Groves
Chairperson of Community & Adult Services Committee
c/o Scrutiny Services
County Hall
Atlantic Wharf
Cardiff
CF10 4UW

Dear / Annwyl David

**Community & Adult Services Scrutiny Committee Meeting - 4 March 2015
Cardiff Council Designation as Single Licensing Authority for powers
contained in Part 1 of the Housing (Wales) Act 2014 – Welsh Agent and
Landlord Licensing Scheme**

Thank you for your correspondence concerning the above meeting and your support is noted. I am confident that the scheme will have a positive impact on the management standards of the private rented sector in Wales; which will inevitably have a consequential impact in others areas such as health.

It is very important to me, that whilst accepting that there are benefits to Cardiff Council of running a national scheme of this scale, that any risks, financial or otherwise, are avoided by good management and support from Welsh Government. I am pleased to be able to advise that written confirmation has been received today from Welsh Government outlining its commitment to the project and the financial support available for 2015/16. This will be given proper consideration by Cabinet prior to any final decisions being taken.

Yours sincerely
Yn gwir

**Councillor / Y Cynghorydd Bob Derbyshire
Cabinet Member Environment
Aelod Cabinet Dros Yr Amgylchedd**

PLEASE REPLY TO: Cabinet Support Office, Room 514, County Hall, Atlantic Wharf,
Cardiff CF10 4UW
Tel (029) 2087 2631 Fax (029) 20872691

