

## FOI Response Document

FOI07665

Thank you for your request under the Freedom of Information Act 2000 about Rent Smart Wales received on 25<sup>th</sup> November 2015.

We have considered your request and enclose the following information:

### **1 An explanation of how the Licensing Authority arrived at the agent licensing fee.**

The licensing authority's intention is to recover all the costs involved in the set up, running and enforcement of Rent Smart Wales. It is not intended that Cardiff Council should subsidise this activity or make a profit. With this in mind the licensing authority has developed a financial model to recover costs involved.

Assumptions have been made about the number of agents in Wales, the number that will apply on line, the amount of enforcement activity that will be required and the ancillary costs involved in delivering the service over a five year period. These assumptions have been based on the best available information e.g. census data, knowledge of the sector and some data was collected by local authorities across Wales.

The activities anticipated to process and manage compliance with the licence over a five year period were identified and time allocated to each activity. These activities were then costed using the salary grade for the appropriate officer.

In addition set up and ongoing support & ancillary costs have been included.

This is a new service with no actual historical financial records to inform the process. At this stage, all we can do is use best estimates. It is therefore inevitable that some of these assumptions will need to be adjusted over time. The licensing authority has therefore included a contingency within the calculations to allow for this predicted variance. However, if there was over recovery of fee during the 5 year licence period, a corresponding reduction would be made to future fees collected.

### **2. What formula, if any, has been used to determine the level of fee.**

A breakdown of the elements of the fee are attached, please refer to FOI07665 – Attachment 1

Critical assumptions that informed the fee setting process are set out below:

20% of PRS in Wales covered by Agents (Total: 33,166)

90% of agents who require a licence will apply on-line. (Total: 720)

50% of on-line applicants will contact the scheme (via phone or e-mail) first to find out how to apply (same as for landlord licensing) but longer allocated than for a landlord as more complicated for an agent

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You can find out more about the Regulations from the Information Commissioner at: Information Commissioner's Office (Wales), 2nd Floor, Churchill House, Churchill Way, Cardiff, CF10 2HH. [http://www.ico.org.uk/about\\_us/our\\_organisation/wales](http://www.ico.org.uk/about_us/our_organisation/wales), Telephone: 029 2067 8400, Fax: 029 2044 8045, Email: [Wales@ico.gsi.gov.uk](mailto:Wales@ico.gsi.gov.uk)

30% of those applying on-line will have some difficulty successfully applying on-line and will contact the scheme for assistance

10% of property with a licenced agent will be complained about per year; half of those will be investigated by the Licensing Authority (as technical breaches about the licensee) and half by the local authority (as property specific).

66% of licences will be granted with a condition for the agent to have to get Client Money Protection, a complaints procedure, Professional Indemnity Insurance, etc. Hence time allocated for licensing authority to comply this condition.

0.1% of licences will not be granted (and thus investigated to be refused) and 2% will be investigated to be revoked.

Assumed £500 per FTE member per year for staff training

**3. Whether any consideration was given on a graduated fee structure based on the size of the firm or the number of employees required to be licensed per firm. If so, why such a graduated structure was discounted. If not, why was it not considered and would the Licensing Authority consider revising the fee structure to a graduated model?**

A graduated fee for Agents was given little consideration as it was perceived that this would increase the financial risk to the licensing authority, if the assumptions made around graduation were incorrect. However, Rent Smart Wales will be reviewing the fees set in light of the responses received since the launch, with a view in particular to making adjustments to reflect the financial position of smaller agencies. This may well result in a more graduated approach.

**4. Which bodies or individuals (statutory or otherwise) were consulted during the decision making process on the setting of the licensing fee for agents.**

Welsh Government Housing Policy Team, Local Authorities across Wales, WLGA, Directors of Public Protection and Strategic Housing Leaders Cymru, were involved in the development process of the fee structure.

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FOI07665 – Attachment 1

	Posts Required 5 years	Estimated Cost 5 years	Brief Description of activities
<b><u>Employees</u></b>			
Licensing Support Officers	4.66	£114,297	Enquiry handling and checking
Enforcement Officers	39.61	£1,370,114	Complaint and compliant investigation
Group Leader	0.17	£9,319	Decisions on granting/ revoking licence
Operational Manager	0.03	£2,295	Decisions on refusing/ revoking licence
<b>Employees Sub Total</b>		<b>£1,496,025</b>	
<b>Running Costs</b>			
Software		£31,250	
Subscriptions		£5,000	
Printing & Stationary		£1,800	
Training		£111,178	
Mileage/ Travel		£10,000	
Central Support IT, Finance, Legal, HR.		£364,155	
Prices inflation over 5 years		£12,348	
<b>Running Costs Sub Total</b>		<b>£535,731</b>	
<b>Set Up and Other costs Including Accommodation</b>		<b>£293,580</b>	
<b>Contingent Amount</b>		<b>£304,762</b>	
<b>LA Enforcement</b>		<b>£53,856</b>	
<b>Total Costs 5 years</b>		<b>£2,683,954</b>	
<b>Fee Calculation</b>			
Assumed No. of Agents	720		
<b>Agent Fee</b>		<b>£3,728</b>	Fee covers 5 Years