

SHARED REGULATORY SERVICES JOINT COMMITTEE

Minutes of a meeting held on 20th September, 2016.

Present:

Representing Bridgend County Borough Council – Councillors C.E. Smith and R. Williams;
Representing Cardiff City and County Council – Councillors Ms. J. Parry;
Representing the Vale of Glamorgan County Borough Council – Councillor G. John (Chairman).

Also present:

Mr. S. Wyndham (Wales Audit Office).

(a) Apologies for Absence –

These were received from Councillors D. De’Ath (Cardiff City and County Council) and A.G. Powell (Vale of Glamorgan Council).

(b) Minutes –

RESOLVED – T H A T the minutes of the meeting held on 28th June, 2016 be approved as a correct record.

(c) Declarations of Interest –

No declarations were received.

(d) Shared Regulatory Services Statement of Accounts 2015/16 (DEH) –

The Vale of Glamorgan Council was responsible for the preparation of the Financial Statements that presents fairly the financial position of the Shared Regulatory Services (SRS) as at 31st March, 2016. The Auditor General for Wales was responsible for reporting whether, in his opinion, this was indeed the case. The audit had been undertaken by the Wales Audit Office (WAO) as the Council’s Engagement Lead on behalf of the Appointed Auditor.

The unaudited Statement of Accounts for 2015/16 had been prepared by 30th June, 2016, in accordance with the statutory timeframe and previously considered by the Committee at its meeting held on 28th June, 2016. In addition to the above, the SRS Joint Working Agreement stated that “The Joint Committee shall meet on or before the 30th September in each Financial Year to approve the Audited Statement of Accounts of the Joint Committee for the previous financial year”. This should be

presented along with the Audit of the Financial Statements report, prepared by the designated external auditor.

Consequently, the report of the Auditor General for Wales together with the latest 2015/16 Statement of Accounts incorporating all currently agreed amendments was attached at Appendix 1 to the report. In addition, the Audit of Financial Statements report had also been attached for consideration.

Mr. Wyndham, in referring to the draft WAO report, made reference to the key messages contained in Appendix 2 "Summary Report". In terms of the status of the report he indicated that the majority of the audit work had been completed and the provisional findings of the WAO were that there were no misstatements identified in the financial statements which remained uncorrected. There were a small number of misstatements that had been corrected by management following discussion between the WAO and the Section 151 Officer and related to the following matters:

- **IAS 19 pension fund actuarial figures** – The IAS 19 figures within the Financial Statements and the related disclosures have been amended in accordance with the revised information provided by the Pension Fund actuary to reflect the transfer of staff from the three predecessor Councils to the Shared Regulatory Services Joint Committee;
- **Employees' Emoluments** – The Remuneration Bandings table within the Note has been amended to include the fact that individuals received compensation in regard to loss of office. These compensation payments require disclosure within the Note in accordance with the requirements of the Code.
- **Exit Packages** – The number and cost for one of the bandings was amended to reflect the correct basis for compiling the disclosure, in this case including an additional entry to the 0 - £20,000 banding.

He fully appreciated that this was the first year for the production of Statement of Accounts for the SRS which may have led to the need to recommend adjustments as detailed in Appendix 3 of the draft WAO Summary Report.

Having regard to the above, it was the intention of the Appointed Auditor to issue an unqualified audit report on the Financial Statements once the relevant Council officers had provided a signed Final Letter of Representation.

RESOLVED –

(1) T H A T the Appointed Auditor's report relating to the audit of the 2015/16 Financial Statements for the Shared Regulatory Services be approved.

(2) T H A t the Financial Statements, including the Final Letter of Representation, be approved for signature by the Chairman of the Shared Regulatory Services Joint Committee.

Reasons for decisions

- (1) To ensure that those charged with governance have considered the results of the audit of the 2015/16 Financial Statements of the Shared Regulatory Services.
- (2) To ensure that the Financial Statements were signed as required.

(N.B. Tabled for the Committee's attention was an updated edition of the SRS Statement of Accounts 2015/16.)

(e) Overview and Update on the Shared Regulatory Services (DEH) –

The Chairman reminded the Committee of the previously circulated supplementary information relating to Agenda Item No. 5, Appendix 2.

The Committee at its previous meeting held on 18th May, 2016 considered a report which provided a further update on matters pertaining to the creation, development and operation of the new service.

The Committee was apprised on the ongoing work in relation to ICT and mobile working. It was noted that work was underway across the SRS teams to establish what data was required to be archived, deleted or migrated to the new Tascomi single database. An Officer Task and Finish Group had also been established to work closely with the Information Governance Managers of the three partner Authorities to ensure that this process was carried out in accordance with the relevant legislation and the three respective document retention policies. Officers were also completing a Privacy Impact Assessment that considered a change in working practices to ensure continued data compliance within consolidated database and archiving solutions.

Officers also identified the ongoing ICT requirements for the major hubs, establishing a need for fixed desks, hot desks or agile working points. The location of officers in Bridgend and the Vale of Glamorgan Councils were contingent on the corporate schemes currently underway. The relocation of officers at Cardiff Council was scheduled to take place in November 2016 and overall there would be an approximately 50% reduction in the space occupied by SRS officers.

In addition, work had progressed in developing a single telephone contact number for the service; officers had also agreed the call messaging and routing protocols for the new telephone number, taking into account Welsh language requirements. Issues relating to out of hours provision had been resolved which meant that the Service was now in the final stages of implementing the new single telephone contact number.

Work had also continued towards the use of a single domain for all SRS staff, with the new format e-mail addresses in place and ready to use. The e-mail addresses for officers would be a variation on the standard Vale of Glamorgan e-mail address using "SRS Wales" alongside user's long in name, details of which were set out in

paragraph 6 of the report. Prior to new e-mail addresses going live, Outlook content for those staff previously employed by Bridgend and Cardiff Councils would be transferred to the Vale of Glamorgan Council system. Appropriate signposting would be set up to deal with mail arriving at closed accounts in the future, replacing the auto-forwarding facilities currently in place. For staff, the advantage of a single e-mail address was that multiple Outlook accounts would no longer need to be maintained. For customers of the service, the single web domain would provide greater clarity and improved identity.

In regard to financial monitoring for the first quarter, 1st April, 2016 to 30th June, 2016, this was set out at Appendix 1 to the report and had been prepared from the consolidated figures gathered from each Authority for this period.

Members were informed the SRS was currently projected to achieve an overspend of £220,000 against the gross revenue budget. However, it was considered that this position could be mitigated by the level of income received directly by the Authorities. Whilst all staffing costs for the SRS were held within the Vale of Glamorgan Council's Oracle system, non-staffing costs were currently held remotely by each respective Authority and details were provided on a monthly basis from finance colleagues of Cardiff and Bridgend Councils. Members were asked to note that progress had been made on increasing the use of the Vale of Glamorgan Council's system gross revenue budgets.

In terms of the financial outturn for 2015/16, as part of the consideration of the previous report relating to the Annual Statement of Audited Accounts which advised of an underspend of £851,000 in the financial year 2015/16, the Joint Committee was now required to consider proposals set out in Appendix 2 for dealing with the above Budget Surplus. This was a requirement of the Joint Working Agreement, Schedule 5.

Appendix 2 proposed the following arrangements:

- An earmarked reserve to be established
- The reserve to be used to fund the acquisition of "one off" items as detailed within Appendix 2
- That the reserve also gives consideration to specific projects such as investigating stream income collection into the SRS account
- An agreed methodology for the repayment of the 2015/16 surplus to the partner Authorities in excess of the agreed earmarked reserve.

The Committee's attention then turned to performance monitoring in relation to Quarter 1 for 2016/17, details of which were set out in Appendix 3 to the report and the information was being reported to each Council in line with the legacy performance management regimes and existing service plans.

The Committee received a short presentation on the current performance of the SRS.

The Committee was also updated on the following service developments:

- The SRS had some nine Primary Authority partnerships established. Four of these arrangements were entered into during 2015/16 as follows:
 - Dunraven Manufacturing Limited
 - Nathaniel Car Sales
 - Heatforce Limited
 - Ashfords Law Firm.
- In addition to the above and in the current financial year 2016/17, a further three partnerships had been entered into with the following organisations:
 - BBI Healthcare
 - Cardiff Sports Nutrition
 - RVS (The Royal Voluntary Service Charity).
- These were in addition to the two pre-existing arrangements with Just Perfect Catering and the Association of Convenience Stores.
- The SRS had been highly commended for its Primary Authority work at the Primary Authority Awards 2016, hosted by Regulatory Delivery, which provided an opportunity for the SRS to showcase the most innovative and successful business – regulator partnerships in the UK over the past 12 months.
- The SRS was nominated in the “Officer / Team Award” category. Despite missing out on the Team Award to Hertfordshire County Council, the Service was highly commended by the judges.
- The metrology laboratory based at Cardiff County Hall had been subject to a two day audit in August 2016. The findings of the audit report highlighted a small number of minor points which required to be addressed; these related mainly to constructive procedural and process augmentation and were easily rectified. Auditors commented on their findings of “a mature and very competent accredited laboratory for the scheduled calibrations, with no significant areas of weakness identified. The quality of calibration had been sustained for a considerable length of time and this was attributable to the professional diligent approach taken by the staff”.
- In July 2016, the National Audit Office (NAO) visited the Shared Service as part of their study into value for money of the system for protecting consumers from scams, unsafe goods, illegal trading and other forms of consumer detriment. The NAO were conducting field work between May and August 2016, with the intention of producing a final report in late Autumn 2016.

The Committee was also apprised of project work in relation to residential care homes, specifically health and safety interventions for the 2016/17 work plan, following the occurrence of several significant incidents in care home settings during the last five years. The project would focus on the following subject areas:

- Lifting equipment safety
- Managing the risk of Legionella
- Managing the risk of scalding
- The prevention of falls from a height
- Management of bed rails.

The above project was a national Health and Safety intervention and the SRS was elected to pilot the project between April and July 2016, other South East Wales Local Authorities would undertake the work soon after and the remaining Welsh Local Authorities would schedule this project for late 2016/17 or towards the beginning of 2017/18.

Of the 43 care homes visited, 14 Improvement Notices were served, of which ten (71%) related to inadequate Legionella management controls. All remaining homes were informed of contraventions and recommendations by formal letter, with compliance monitored by duty holders producing action plans and through officer revisits.

The project also included care homes operated by national companies, small companies and sole proprietors. Details of recent cases investigated by the SRS that had resulted in prosecution were set out in Appendix 4 to the report.

Having regard to the above, it was

RESOLVED –

(1) T H A T the proposals set out in Appendix 2 to the report be approved and authority be given to the Vale of Glamorgan Council Section 151 Officer to make arrangements for the payment and to create a reserve for the expenditure identified for use by the Shared Regulatory Services.

(2) T H A T the remaining progress as detailed in the Overview and Update report be noted.

Reasons for decisions

(1) To approve the use of the 2015/16 underspend as proposed within Appendix 2 to the report.

(2) In acknowledgement of the work of the service and the progress towards completing the implementation programme.

(N.B. An updated Appendix 2 had been circulated prior to the meeting in relation to Appendix 2 of the report.)

(f) Shared Regulatory Services – Review of the Joint Working Agreement (DEH) –

The report set out proposals to amend the current Joint Working Agreement (JWA) between the partner Councils in light of operational experience and changes in legislation.

In accordance with Clause 26 of the JWA, it was proposed to update and amend the Agreement as a consequence of the following proposed changes and subject to a Deed of Variation being entered into between the Participant Authorities:

- The current clauses are: In the case of expenditure which was less than 5% in excess of the Approved Budget (as indicated in accordance with clause 7.8.1.1) without the prior written consent of each Section 151 Officer for each of the Participants liable to contribute towards such expenditure. For such purposes the Section 151 Officers shall respond to written requests to consent to such additional expenditure within ten working days of receiving the same and shall state whether they consent to the incurring of such additional expenditure or not.
- Consequently, written consent now required to be provided by all participants for spend in excess of the budget. Obtaining written permission in the event of a spend of up to 5% within ten working days from the Section 151 Officers of the participating Authorities (in 2016-17 core this would be £308,000) was reasonable.
- It is proposed that this clause was further qualified with the following clause: "The Head of the Shared Regulatory Service, in consultation with Lead Section 151 Officer, may in the case of an unexpected event incur expenditure of up to £100,000 in excess of Agreed Budget, without the provision of prior consent. Details of the expenditure will be reported back to the Participants' Section 151 Officers within five working days of the commitment being known and reported to the next Board and Committee meetings."

In addition to the above matters, Schedule 5, Clause 3 of the JWA related to budget approval and monitoring by the Shared Regulatory Services Joint Committee. It was also proposed to insert two additional new clauses into the Agreement in respect of the following matters:

- "Clause 3.1A – Notification of any proposed saving requirement to be made by the Service must be provided to the Head of Service and the Lead Section 151 Officer at least 12 months in advance of the year to which they relate. Indications of the following three year savings requirement should be provided to the Head of Service prior to the start of each financial year."
- "Clause 3.1B – In the event of financial changes that are outside of the control of the Shared Regulatory Services such as, but not restricted to changes in legislation, inflation or pension fund contributions, that the Shared Regulatory Services shall commence consultation with the Participants on funding these changes as soon as possible."

There were also a number of references to legislation within the JWA i.e. Schedule 1 (Regulatory Services functions) set out a lengthy list of statutes and statutory instruments authorising and governing the functions that comprised the core services of the collaborative partnership. It was noted by the Committee that some of these statutory references were incorrect or had been superseded; these issues had been highlighted in some external audits of the services. Therefore, it was now proposed that these be updated and the proposed Deed of Variation amended to include wording designed to avoid having to make future amendments of such nature.

It was also noted that there was no recognised role for the Executives (Cabinets) of the partner Authorities in that there was no mechanism for the Executive to be apprised of the work of, and the decisions taken by, the Shared Regulatory Services Joint Committee. It was further proposed to insert a new clause 5.6 to allow the business of the Shared Regulatory Services Joint Committee to become included in Executive business agendas.

Schedule 4 of the JWA also outlined the functions delivered by the Shared Regulatory Services. It was now proposed to make minor administrative amendments to provide greater clarity on the range and scope of services provided e.g. the responsibility for enforcing aspects of the Housing (Wales) Act 2014, the “Rent Smart” requirements for landlords to be licensed; and the related removal for the need for landlord Accreditation regimes.

RESOLVED – T H A T the Shared Regulatory Services Joint Committee endorses the proposed changes to the Joint Working Agreement and that a copy of the report be sent to each partner Council for consideration and approval by the respective Cabinets and Councils.

Reason for decision

To facilitate amendments to the Joint Working Agreement in light of operational experience and changes in legislation. The proposed changes were required to be ratified by each partner Council.

(g) Appointment of Public and Agricultural Analysts (DEH) –

Approval was sought to appoint the above analysts for the Shared Regulatory Service in accordance with the requirements of the Food Safety Act 1990, Section 27 and the Agriculture Act 1970.

RESOLVED – T H A T the current list of authorised analysts for the Shared Regulatory Services be amended to reflect the appointment of the undermentioned Public and Agricultural Analysts:

Minton Treharne and Davies Ltd
John Anthony Robinson
Susanne Brookes
Alastair David Low.

Reason for decision

To ensure compliance with statutory requirements and to ensure proper and effective enforcement of the relevant legislation and to ensure compliance with the statutory duty to enforce the Food Safety Act 1990 and the Agriculture Act 1970.

(h) Licensing of Animal “Day Care” Facilities (DEH) –

The report sought to apprise the Joint Committee on the outcome of the recent consultation on proposed draft licensing conditions in respect of the above subject matter and to seek approval for the Shared Regulatory Services to licence such establishments.

RESOLVED –

(1) T H A T the outcome of the consultation exercise be noted and a revised set out licensing conditions as set out in Appendix 3 to the report for Animal Day Care premises be approved on the following basis:

Licence fees for Dog Day Care Premises be agreed in line with fees relating to Animal Boarding Establishments for the period 2016/17 as follows:

AREA	FEE	NOTES
Cardiff	£284	Inclusive of Veterinary fee
Bridgend and the Vale of Glamorgan	£200	Plus full Veterinary costs, if incurred

(2) T H A T the draft licensing conditions for Day Care facilities as set out in Annex 1 to the report be approved on the basis of the following principles contained within the Animal Boarding Establishments Act 1963 whereby the Local Authority, in determining whether to grant a licence, must have regard to securing:

- (a) that animals will at all times be kept in accommodation suitable as respects construction, size of quarters, number of occupants, exercising facilities, temperature, lighting, ventilation and cleanliness;
- (b) that animals will be adequately supplied with suitable food, drink and bedding material, adequately exercised, and (so far as necessary) visited at suitable intervals;
- (c) that all reasonable precautions will be taken to prevent and control the spread among animals of infectious or contagious diseases, including the provision of adequate isolation facilities;
- (d) that appropriate steps will be taken for the protection of the animals in case of fire or other emergency;
- (e) that a register be kept containing a description of any animals received into the establishment, date of arrival and departure, and the name and address of the owner, such register to be available for inspection at all times by an officer of the Local Authority, veterinary surgeon or veterinary practitioner.

Reason for decisions

(1&2) To ensure appropriate licensing arrangements were in place for this new class of animal establishment and a set of conditions and fee structure to be implemented.

(i) Update on Rent Smart Wales (DEH) –

The Housing (Wales) Act received Royal Assent in September 2014. Part 1 of this Act related to regulation of the private rented sector (PRS) and placed new obligations on private landlords of rental properties to register with designated Local Authorities. The Act would 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 first must be deemed “fit and proper” and have undertaken training approved by the Licensing Authority; once licensed they would have an ongoing condition to comply with a Welsh Government (WG) approved letting and management Code of Practice and any other conditions the Licensing Authority felt necessary to impose.

Consequently, the WG appointed Cardiff City and County Council as the Designated Single Licensing Authority in 2015 and the brand “Rent Smart Wales” was adopted for use by the Licensing Authority.

The Act created enforcement powers for the varying offences under the legislation for non-compliant landlords and agents so that they could be used by both the Licensing Authority or by the Local Authority where the dwelling to which an offence had occurred arose. These arrangements had been captured in a Memorandum of Understanding (MOU) where the principal role of the Licensing Authority was to establish and maintain a register of landlords and to grant licences to ensure landlords and / or managing agents who are involved in the letting and / or managing of a property are licensed to do so. A person who is licensed under the above Act must be as indicated a “fit and proper” person and have undergone minimum suitable training to do so. The Committee noted that there were between 70–130,000 landlords in Wales. The Shared Regulatory Services (SRS) Local Authority areas accounted for some 25% of all the PRS in Wales and as such were a key player in ensuring that the scheme of mandatory registration and licensing was implemented successfully.

In terms of work to date, work had progressed following the requirement to register a property which came into force on 23rd November, 2015. However, the enforcement provisions contained in the Act would not be implemented until 23rd November, 2016 to allow landlords and agents a 12 months period to comply with the new legal obligations. In this period both the Licensing Authority and the 22 Welsh Local Authorities had been active in publicising the new legislation and preparing for implementation.

To this end, the WG had provided grant money of approximately £13,000 in January 2016 to each Local Authority to assist with the project. The funding had to be used by March 2016 and across the SRS a number of initiatives had been concluded e.g. raising awareness training of staff, training for landlords / agents, direct mail to stakeholders and advertising. The promotion of Rent Smart Wales (RSW) was now part of the Services’ teams’ day to day work when engaging with landlords and RSW

information was included in all correspondence and Houses in Multiple Occupation (HMO) licensing applications.

Looking forward, the programme for 2016/17 and moving towards November 2016 there would be greater emphasis placed on the enforcement deadline. The WG had provided a pro-rata sum of money to each Welsh Local Authority to ensure sufficient resources were made available for effective implementation of the legislation. Across the SRS this amounted to £129,000 and this had allowed the service to dedicate a number of Senior Officers to RSW work. The Committee was informed of the work planned or currently to be undertaken which included additional targeted promotion and advertising using the three partner Councils' media teams in conjunction with RSW.

Future work under this initiative would include an opportunity to improve the standard of management in the private rented sector and to enable Local Authorities to have a complete picture of the number and location of rented properties within their area. It was anticipated that this would dovetail the way that existing licensing schemes that existed within the SRS for HMOs and would raise the profile of rights and responsibilities within the private rented sector. It was also anticipated that this would increase demands on SRS staff within Neighbourhood Services teams. The additional work associated with enforcement of the new legislation going forward could be reclaimed through the MOU through redistribution of the fees and income collected as part of the SLA function to each of the partner Councils.

It was noted that the initial grant by WG to Local Authorities for 2016/17 would be reviewed by WG in light of the implementation and a decision on the availability of future grants in 2017/18 taken early in 2017.

RESOLVED –

(1) T H A T the update on the implementation of Part 1 of the Housing (Wales) Act 2014, specifically the Welsh Landlord and Agent Registration and Licensing Scheme known as Rent Smart Wales, be noted.

(2) T H A T the Head of the Shared Regulatory Services be authorised to sign a Memorandum of Understanding under the terms of the Joint Working Agreement (General Responsibilities).

Reasons for decisions

(1) In acknowledgement of progress being made and the planned schedule of the Rent Smart Wales implementation programme.

(2) To allow collaborative arrangements between the respective Councils within the SRS and the Single Licensing Authority, including enforcement protocols and general governance arrangements to be agreed.