

# Chichester District Council

## OVERVIEW AND SCRUTINY COMMITTEE

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### Building Control – Service Delivery Options

#### 1. Contacts

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#### 2. Recommendations

- 2.1 That the committee notes and makes any comments on the ongoing work (including options appraisal) to investigate the business case for a shared Building Control service with Arun and Horsham District Councils and Crawley Borough Council.**

#### 3 Background

- 3.1 The Council's key objectives are supported by a number of guiding principles that underpin the organisation. One of these principles is "to use our resources well and innovatively". With continued funding pressures on all local authorities the need to look at more innovative service delivery models has led many authorities to adopt a shared services model.
- 3.2 The Building Control service ensures that building works meet the minimum standards laid down in the national Building Regulations, including structural integrity, fire safety, acoustic performance, energy efficiency and access.
- 3.3 It is a statutory requirement for all Local Authorities to provide a Building Control service. Whilst traditionally this means that the Council deals with applications for Building Regulations Approval, carries out plan checking and inspects the construction of new development to ensure that it complies with the approved plans; its statutory duties are limited to enforcement and dealing with dangerous buildings and structures.
- 3.4 Building Control is one of the few regulatory Local Authority services which is exposed to commercial competition from private sector providers. Whilst enforcement and other non-fee earning services (such as dangerous structures or the provision of disabled access services) lie solely with the Local Authority, the fee earning service has been open to competition for many years. Customers can therefore elect to use a private sector Approved Inspector to deliver a Building Control service but an Approved Inspector has no powers of enforcement or obligation to provide non fee earning services.
- 3.5 Some challenges that affect Building Control are similar to other Local Authority services. What sets Building Control apart is that it operates in competition and is facing increasing pressure from Approved Inspectors both in terms of competition for market share and staff resources.

- 3.6 The majority of work undertaken by the Building Control service is of a commercial nature, for which it receives fees, which are regulated by the Building Control (Local Authority Charges) Regulations 2010. In addition to 'fee-earning' there is an element of work not funded by an applicant, including public protection e.g. dangerous structures, demolitions, enforcement and the upkeep of property records. The non-fee earning element of work accounts for some 23% of the service's time and costs.
- 3.7 The Charges Regulations 2010 stipulate that the Council cannot make a profit on the provision of the fee earning Building Control service. However, by maintaining a healthy market share, the fee earning account is able to cover a significant proportion of the overhead costs of the service. If market share decreases, the increased overhead costs would fall to the Council.
- 3.8 Some of the key challenges faced by Building Control services in general include:
- a) Retention and recruitment of professional staff that may be able to earn higher salaries by transferring to the private sector.
  - b) Maintaining or increasing market share in order to help minimise the overhead costs of running the service.
  - c) The inability to respond quickly to changes and be proactive within a local government culture may be a commercial disadvantage.
- 3.9 In light of these challenges, the Council decided earlier this year to join a group of three other authorities (Arun and Horsham District Councils and Crawley Borough Council) to investigate alternative methods of delivery of the building control service. Horsham and Crawley Councils currently provide Building Control Services in their areas via a formal shared service arrangement. Arun and Chichester Councils currently provide their own in-house services through a traditional delivery model. The project is being facilitated by iESE (Improvement and Efficiency Social Enterprise), a 'not for profit', local government owned social enterprise with extensive experience of providing support to local authorities investigating transformational change.

#### **4. Outcomes to be achieved**

- 4.1 The project output will be a full options analysis and recommended business case, providing the Council with sufficient data to decide on the future operating model for the Council's Building Control service. The outcomes are expected to be:
- Improved service resilience and business continuity due to greater scale of shared service provision.
  - Increased efficiency through the sharing of costs and resources.
  - Financial savings through minimising costs of non-chargeable work and reduced overheads.
  - To maintain or improve market share and to create further opportunities for income generation.
  - Becoming more competitive in a wider and developing Building Control market.

## 5. Proposal

5.1 The project is underway in accordance with the 'Proposal for Project Management Support' (attached as Appendix 1) although the timeline for the work, given its complexity has been extended to October and this is reflected in the agreed project plan (attached as Appendix 2). The project proposal document outlines the scope of the work, i.e. project management support in the creation of a full business case for the four authorities. The project scope includes assessment of:

- Background - drivers for change.
- Financial information including financial assumptions and details on income/expenditure projections etc.
- Means of service delivery - including fee-earning and non-chargeable services and scope of service.
- Governance arrangements.
- Staffing and organisation (including TUPE, definition of roles and responsibilities etc).
- Provision of support services and accommodation.
- Implementation plan (project governance, timescales, resources, costs, risks and issues).

5.2 In order for the project to be delivered effectively, appropriate governance arrangements have been put in place. These are: a Project Board comprising the Directors/Heads of Planning of the four authorities, supported by the consultants. The Board has agreed terms of reference (Appendix 3) which include overseeing the delivery of the project within the timetable and within cost and to the required standard. It is intended that the Board meets on a monthly basis. The Board is supported by an officer group comprising the Building Control managers of the respective authorities. Workshops comprising members of both the Project Board and Officer Group are also planned to enable effective progress to be made on the development of the business case. The first workshop covering 'vision and priorities' has been held whilst other scheduled sessions will consider the following areas:

- Options appraisal
- Preferred option
- Financial analysis
- Set up and planning

5.3 The project plan sets out the key milestones and timescales for the project. Since its inception, the Officer Group has focused on the collation and provision of a range of key Building Control data from each of the Councils, including financial information (income and expenditure), workloads, performance data, market share, HR and IT information. The analysis of this data together with the use of business planning and assessment tools will assist the Project Board in reaching a conclusion as to the degree of common ground between the Councils in moving forward on a joint basis.

5.4 It is anticipated that subject to suitable progress being made in the development of the business case, the matter will be reported to Cabinet later this year.

## 6 Alternatives that have been considered

6.1 Each authority could continue to provide these services under the present arrangements. The investigation of alternative delivery models will provide Cabinet with clarity and assurance that any recommendations coming forward from this initiative are the most efficient and effective options available.

## 7 Resource and legal implications

7.1 The cost of consultancy support for the project is £19,450 shared equally between the four authorities. There is a need for senior managers to attend the Project Board and Officer Group and to work with the consultants to provide data and service information and to drive the project forwards. This may impact on the business and may require some temporary resources to ensure the service to customers and performance is not affected.

7.2 If following the full business case being prepared and agreed, the service is suitable for some form of shared service provision, significant input will be required from Finance, Legal and HR staff.

## 8 Consultation

8.1 Unison has been made aware of this proposal and staff within the Building Control service have been briefed regarding the project.

8.2 Should an alternative service delivery model be agreed, there will need to be clear and regular consultation and information to Unison and those staff who could be potentially affected with regular monitoring reports to Joint Employee Consultative Panel.

## 9 Community impact and corporate risks

9.1 Given the nature and profile of the Building Control Service, it is considered that community impacts are likely to be limited. The corporate risks associated with any alternative service arrangements will be assessed as part of the proposed operating model.

## 10 Other Implications

<b>Crime &amp; Disorder:</b>	None
<b>Climate Change:</b>	None
<b>Human Rights and Equality Impact:</b> The business case will be required to consider the impact on staff terms and conditions and on customers' access to services	Yes
<b>Safeguarding and Early Help:</b>	None

10.1 The full business case and proposed operating model will identify any impacts on staff and customers and will include any associated impact assessments.

## 11 Appendix

11.1 Appendix 1 - Proposal for Project Management Support

11.2 Appendix 2 - Project Plan

11.3 Appendix 3 - Project Board Terms of Reference

## **12 Background Papers**

None