



To: Executive Councillor for Planning Policy and Transport: Councillor Kevin Blencowe
Report by: Head of Planning Services
Relevant scrutiny committee: Environment 17/3/2015 Scrutiny Committee
Wards affected: ALL

BUILDING CONTROL SHARED SERVICE OUTLINE BUSINESS CASE

Not a Key Decision

1. Executive summary

1.1 The Council has recognised the need to change the way services are provided in the future in order to create opportunities for innovation and provide service efficiencies. As a result the Council has agreed to work in partnership with South Cambridgeshire District Council and Huntingdonshire District Council to deliver a number of shared services.

1.2 The Council also seeks to support economic growth within the area and as a consequence needs to provide effective and efficient services. The building control service is responsible for ensuring delivery of safe, healthy, accessible and sustainable buildings; and operates within a commercial and competitive arena.

1.3 A shared building control service has the potential to be a more sustainable and resilient business model for future service delivery and cost effectiveness. The ability to generate additional income from new services and efficiencies will also support enhanced competitiveness.

1.4 This report seeks to consider the strategic benefits and outline business case for a single shared building control service for Cambridge City Council, South Cambridgeshire District Council and Huntingdonshire District Council.

2. Recommendations

The Executive Councillor is recommended:

- (1) To agree the outline business case for entering into a shared Building Control service with South Cambridgeshire and Huntingdonshire District Councils
- (2) That a fully developed business case is provided to the Environment Scrutiny Committee on 7th July 2015
- (3) That recruitment of an Interim Shared Building Control Manager be authorised to help develop the full business case and the design of the new service

3. Background

3.1 The City Council has been asked to work with South Cambridgeshire and Huntingdonshire District Councils in developing a shared Building Control service. These District Councils have already formally agreed that they will progress a shared service model.

3.2 The City Building Control (BC) function is currently undertaken by a team of 9 FTE staff, located within planning services. The BC service is responsible for administration of applications under the Building Regulations and operates largely commercially through the fee income it secures. The Cambridge City Council BC (CCCBC) service is well regarded locally and has a strong reputation for the quality of service that it delivers. The dynamic growth agenda locally means that like all development related service areas there is an increasing workload with resources being under increasing pressure.

3.3 The Head of Planning Services and Building Control Manager have been investigating new business models for Building Control and have looked at a number of options coming forward nationally. This limited research suggests that a lead local authority partnership type model based locally could well be the most viable way of delivering local authority BC services in future. The exploration of the full business case for the three authority shared service model will investigate this fully.

3.4 The landscape in which frontline services are designed, structured and delivered is changing rapidly in response to new legislation, government policy and changing market conditions. Building control consultancy services has become increasingly competitive with significant growth in the number of private sector companies offering building control plan assessment and inspection services. These companies are poaching key staff with more attractive remuneration packages. The future resilience of the three local authority building control services is a key consideration in the decision to move towards a shared service delivery model.

3.5 Cambridge City BC through good management practices and market pay supplements has managed to retain a highly professional and dedicated team of surveyors, however recruitment to vacant posts has proven to be difficult recently with local authority building control services competing for surveyors from a diminishing pool of qualified personnel. It is therefore essential that a structure is put in place that encourages entry to the profession at graduate level; and enables career development and progression. A combined service will provide an opportunity to develop a re-structured service that can develop its own surveyors and ensure future succession planning and resilience.

3.6 Cambridge City BC is an award winning building control provider that is committed to providing a high quality, customer focussed service which is at the forefront of securing the delivery of a safe, accessible and sustainable built environment. The section operates a Quality Management System assured to ISO 9001, which ensures that staffing resources are continually monitored against workload to ensure that quality standards are maintained at the highest level; objectives are measured through performance monitoring; and that customer satisfaction is continually monitored by customer feedback questionnaires and User Panel meetings. The section continually exceeds annual performance targets and achieves very high customer satisfaction ratings in both residential and commercial sectors.

3.7 Using the ISO approach Cambridge City BC utilises business planning techniques to review performance, trends and forecasts, budgets and business strategy. It adopts robust financial management, which includes a detailed forward look plan of building projects secured and anticipated income. Income secured for 2015/16 already exceeds £300,000.

3.8 Whilst the service provides a statutory function for the council, it also operates in a competitive market. Competition from Approved Inspectors has reduced overall CCCBC market share from 62% 5 years ago to 53% in 2013/14. The total number of applications received by CCCBC over the last 5 years has fluctuated, as has income. There was a significant increase in income in 2013/14, which has continued in 2014/15. This is primarily due to the increase in major projects and growth areas, which in a very competitive market CCCBC has managed to continue to secure by focussing its high quality service delivery on major clients, developers and large construction companies. Whilst the overall percentage of applications secured by CCCBC has decreased the actual workload in service delivery for major projects has increased significantly, with the section currently dealing with over 50 major developments with a construction capital value in excess of £500M.

3.9 The loss of market share within the city is primarily in the smaller residential market where individual approved inspectors are often securing projects through links with building contractors and by offering lower fees. It has not proved cost effective for CCCBC to actively pursue these smaller types of schemes.

3.10 The work profile within the city is very different to that of South Cambridgeshire and Huntingdonshire, who both rely on a high volume domestic market. The full business case will review the existing work profile for each authority, and consider volume of applications, complexity of projects, application fee income, existing scheme of charges etc.

3.11 Loss of market share and income to Approved Inspectors if continued across all three authorities will impact the ability of each service to provide the non-chargeable statutory services at an economical cost. One of the drivers for shared services is the desire to increase market share and reduce the cost of providing statutory services by increasing income, exploiting economies of scale and reducing overheads and support costs.

4) Other Principles

4.1 Lead Authority/Service: South Cambridgeshire has been Lead Authority in the development of the shared service work that has been undertaken between SCDC and HDC so far. But it has been agreed that Cambridge City

Council will take over as lead authority for the development of the full business case.

4.2 Location of Service: The location of the new service will be an operational issue considered as part of putting together the detailed business case. The service needs as well as the impact on staff will be taken into account together with the strategic accommodation priorities of each Council. Whatever location is chosen, the need to reduce travel and environmental impact will also be taken into account. Due to our important client base within the City and the number of major projects currently being constructed it is considered that a BC presence in the city must be maintained, however this would not necessarily be reliant upon staying within the Guildhall and other options should be considered as part of the detailed business case, such as relocating to an existing council premise or considering a new city location.

4.3 Cost Sharing / Efficiencies/income generation: these will be explored taking into account the specific fee-earning approach that covers BC services already. A Benefits/outcomes assessment and comprehensive shared service budget analysis and plan will form part of the full business case.

4.4 The desired outcomes from a shared service would be as follows:

[1] A larger service will improve resilience and retention by being better able to prevent service loss or interruption and cope with peaks in workload and staff absences. New ways of working, including greater flexibility, use of enhanced ICT and more mobile patterns of work will be possible in future

[2] A larger team will also give each council access to a greater breadth and depth of specialist/professional/technical expertise and capacity.

[3] A larger service will increase the opportunity for staff development, by allowing staff to work across a broader range of areas, or to become more specialised as appropriate. Developing new Building Control staff through apprentices and trainees will be an important part of service development; addressing succession issues that the industry, and particularly in local government is currently suffering from.

[4] A shared service could deliver potential savings in management, hardware, software and IT services, administrative support and accommodation costs.

[5] A shared service will prevent the need for duplication across the three Authorities e.g. guidance notes, procedures, scheme of charges etc.

[6] A shared service will improve and standardise processes. Business processes will undergo rigorous analysis and streamlining leading to improved and standardised operations.

[7] A shared service will continue to provide statutory services within a best value budgetary envelope.

[8] A shared service will enable increased opportunities for income generation. Local Authority Building Control services are budgeted for in three ways:

(a) Building Regulation fee earning or “chargeable activities” for which customers are charged a fee on a service cost recovery basis.

(b) Building Regulations “non-chargeable activities”, which is paid for by the councils through general fund contributions, as legislation specifically states the activities cannot be charged for e.g. dealing with fee exempt applications for work to secure benefit for disabled people; inspections to identify unauthorised building work etc.

(c) Other building control services such as dealing with dangerous buildings, demolitions etc.

Appendix 1 provides further information on the difference between chargeable and non-chargeable activities.

4.5 The Building (Local Authority Charges) Regulations 2010 and CIPFA building control accounting guidance state that local authorities should keep their costs to a minimum to ensure that building control fees remain affordable and competitive, with the overarching principle that users pay for the cost of the service they receive. Local Authorities are not empowered to use surpluses, from building control fee earning activities, to fund other local authority services. However a larger, more commercially focused BC service should make it possible to increase productivity by increasing the chargeable productive hours and reducing unproductive/non-chargeable time; potentially reducing the cost of the statutory non-fee earning service area funded by the

Council's General Funds.

Appendix 2 provides details of the existing building control budget for 2014-2015. The Fee Earning Budget operates on a full cost recovery model with users only paying for the service they receive. The non-fee earning budget is funded through general fund contributions.

4.6 Benefits and effects for local residents: Increased productivity and the impact of Local Authority Building Control would ensure that residents continue to have their health and well-being looked after in a pro-active manner. The Building Regulations have driven savings in energy usage and significantly reduced the number of deaths due to fire in homes. The recent Housing Standards review has stated that the energy reduction objective will transfer to the remit of Building Regulations with the removal of the code for sustainable homes and continued progression to zero carbon in 2016. Legislation such as this places a statutory obligation on those who undertake building work, and it is the responsibility of building control to help ensure that these obligations are met, however as with other areas of legislation these regulations are open to interpretation of individuals. To ensure that local residents continue to improve the built environment in the local area it is important to assist those that interpret the legislation. A resilient and robust shared service will ensure the ability to compete with others, maintaining the integrity of the Councils to influence interpretation of legislative requirements and compliance.

5) Governance

5.1 If the detailed business case is agreed, overall progress in bringing the services together would be overseen by the joint councils Shared Services Board.

6) Proposed next steps

6.1 The recruitment of an interim shared Building Control Manager to help drive and develop the full business case will be an important next step. This post will be an interim appointment funded by all three councils, subject to the final business case being agreed.

6.2 Continued and ongoing consultation with staff.

6.3 Commission project support.

6.4 Risk management.

6.5 Work on developing full business case including terms of shared service, cost sharing, and location.

6.6 Programme to transform practices and processes.

6.7 Plan for implementation.

6.8 Full Business case will be brought to 7th July 2015 Environment Scrutiny Committee.

7) Implications

7.1 Financial Implications: The delivery of shared services will require additional capacity upfront in order to ensure effective delivery. However it is anticipated that this will be recovered via future efficiencies and through the transformation funding available from central government and set aside locally.

7.2 Staffing Implications: Whilst moving to shared services creates short-term uncertainty for staff, it will also help to ensure greater capacity and longer-term resilience together with enhanced career opportunities. BC staff have been briefed on the shared service investigation that is being proposed. There will be full engagement and consultation with both staff and trade unions moving forward. Staff will also be engaged in the development of the full business case.

7.3 Equalities and Poverty implications: An Equality Impact Assessment will be undertaken as part of the business case development. This will be included with the next report and will be updated as the proposals are refined and developed

7.4 Environmental Implications: The Building Control Service is an important contributor to delivering sustainable construction and development, which is an important consideration within the context of the growth agenda that the three councils are seeking to deliver. Sustainable construction contributes to climate change mitigation and carbon reduction.

7.5 Procurement: The relationship with the public sector procurement framework will be considered as part of the detailed business case.

7.6 Consultation and communication: See (6.2) above.

7.7 Risk Management: A dedicated risk log will be set up for the Shared Services Programme Board to ensure that risks are identified and managed. In addition, specific operational risks will be identified and managed through the business plan process.

7.8 Community Safety: The Building Regulations are intended to ensure the safety, health, welfare and convenience of people in and around buildings. They are also designed to further the conservation of fuel and power, protect and enhance the Environment and promote sustainable development. A resilient and robust shared service will ensure the ability to compete with others, maintaining the integrity of the Councils to influence interpretation of legislative requirements and compliance with building regulation standards.

8) Background Papers

8.1 None at this stage

9) Appendices

9.1 Appendix 1 – Establishing the building regulations chargeable costs

9.2 Appendix 2 – Building Control Budget 2014-2015

9.2 Appendix 3 – Services within scope of proposed building control shared service

To inspect the background papers or if you have a query on the report please contact:

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Appendix 1 – Establishing the building regulations chargeable costs

Building Regulation Chargeable Activities: (Fee Earning)
- Passing or rejecting plans of proposed work deposited in accordance with section 16 of the Building Act 1984
- Site inspection of building work in connection with plans which have been deposited in accordance with the Building Regulations 2010
- Site inspections in connection with building work for which a building notice has been given to the local authority in accordance with the Building Regulations 2010
- Consideration of building work reverting to local authority control from an approved inspector
- Consideration of an application for regularisation certificates for work carried out without the benefit of an approval under regulation 18 of the Building Regulations 2010, and the inspection of any building work to which that application applied
- Giving substantive pre-building regulation advice on specific chargeable functions regarding the requirements of the building regulations and associated legislation (note: the first hour of an officers time in respect of pre-building regulation application advice is non-chargeable)

Non-chargeable activities: (Non-fee earning statutory requirements)
- Liaison with the fire authority and other statutory authorities on a goodwill basis
- The enforcement of those national and local acts relating to the building regulations that approved inspectors cannot undertake. This includes prosecution of person's carrying out works that contravene the building regulations. In 2011 the Council successfully prosecuted loft conversion company Saxon John Brown for breaching building regulation requirements when undertaking building works to form a loft conversion

- Inspections carried out to identify unauthorised work (excluding regularisation applications) either on specific properties or on a geographical basis
- Giving general advice on council matters to members of the public, their representatives and other council departments on any matters either by telephone or in person, including advice relating to questions asked of the need to apply for building/planning consents and the provisions of the building regulations
- Carrying out building regulation functions in relation to work which is aimed to provide facilities designed to secure the greater health, safety, welfare or convenience for disabled people in accordance with regulation 4 of the Building (Local Authority Charges) Regulations 2010
- The first hour of an officer's time in giving pre-building regulation application advice on specific chargeable functions regarding the requirements of the building regulations and associated legislation

All other Building Control Services: (Non-fee earning)
- Dealing with dangerous buildings (cost recovery only when undertaking emergency measures under s.78 of the Building Act 1984)
- Administration of the approved inspectors regulations (excluding work resulting from reversions)
- Issuing conditions relating to the demolition of buildings
- The provision of advice to other authorities
- Giving advice to Safety Advisory groups administration/enforcement of safety at sports grounds legislation
- Work associated with the administration and enforcement of competent persons schemes
- Providing information as part of local land charge searches

- The enforcement of local or national legislation

- The administration of overlapping duties with other council services e.g. development control, highways, environmental health, trading standards

Appendix 2 – Building Control Budget 2014-2015

Building Control Budget 2014/15	
Fee Earning Budget	
Salaries (inc. NI & Pensions)	281,540
Supplies & Services	62,960
Indirect costs & recharges	127,820
Total expenditure	472,320
Fee Earning Income	(472,320)
Non- Fee Earning Budget	
Salaries (inc. NI & Pensions)	139,980
Supplies & Services	18,390
Indirect costs & recharges	127,580
Total expenditure	285,950
Income	
(street naming & numbering & S106 monitoring)	(13,720)
Considerate Contractor Scheme	
Salaries (inc. NI & Pensions)	16,180
Supplies & Services	2,420
Total expenditure	18,600
CCS income	(14,720)

Appendix 3 – Services in Scope

The City Council has a scope of services it would have included within the remit of the building control shared service proposals, including:

- Building Control
- Street Naming & Numbering
- Considerate Contractor Scheme
- S106 Construction Monitoring

The service is responsible for a number of building control functions and discharges the Council's statutory duties in respect of the following:

- Local Authorities (Functions & Responsibilities) (England) Regulations 2000 Building Act 1984
- Building Regulations 2010
- Building (Approved Inspectors) Regulations 2010
- Building (Local Authority Charges) Regulations 2010
- Public Health Act 1925
- Town Improvement Clauses Act 1847
- Local Government Act 2003

The function of the building control team includes:

Building Regulations

- The passing or rejection of plans of proposed work deposited under the Building Regulations or passing them subject to conditions, under the provisions of section 16 of the Building Act 1984, subject to any other sections of this Act or any other Act that expressly requires or authorises the rejection of such plans in certain cases.
- The declaration by notice that the deposit of plans is of no effect under the provisions of section 32 of the Building Act
- The dispensation with the requirements of the Building Regulations in appropriate cases

- Dealing with applications for Regularisation certificates in respect of unauthorised building work
- The serving of notice to open up work in cases where a person carrying out building work neglects to notify the Council of the stages of work referred to in Regulation 14 of the Building Regulations 2010
- The taking of enforcement action in cases where the provisions of the Building Regulations and other related legislation have not been complied with, including instituting proceedings in the Magistrates Court for contraventions of the Building Regulations
- The receipt and acceptance or rejection, on prescribed grounds AND, where appropriate, of the various notices referred to in Part II of the Building Act 1984 and the Building (Approved Inspectors) Regulations 2010 in accordance with the supervision of plans and works by approved inspectors
- Setting charges in accordance with the Building (Local Authority Charges) Regulations 2010
- The power to enter premises under section 95 of the Building Act 1984
- Authorising any officer or agent of the council to enter land under section 95 of the Building Act 1984

Dangerous Structures

- Dealing with dangerous structures by taking action under section 77 of the Building Act 1984 to secure the removal of dangerous conditions in buildings or structures including application to Magistrates Court for an order to remove such dangerous conditions
- Take emergency action under section 78 of the Building Act 1984 in such cases where immediate action is necessary to remove danger
- Dealing with ruinous and dilapidated buildings and neglected sites by taking action under section 79 of the Building Act 1984

Demolitions

- Dealing with demolitions of the whole or part of a building or buildings by taking action under section 81 of the Building Act 1984
- Sections 80 – 83 of the Building Act controls demolition works and anyone wishing to demolish a building should contact the local authority as a matter of course. The Building Control Team will advise and carry out necessary site inspections before, during and after the demolitions occur.

Competent Person Schemes

- Where the government have created a self-certification scheme for approval under the building regulations it has laid down a requirement that those approved under this scheme shall notify the Authority of any such installation of works after completion/installation. This process is known as the competent person scheme and currently includes areas such as replacement glazing, gas and electrical installations

Approved Inspector Regulations

- The acceptance or rejection of an initial notice as required by section 47 of the Building Act 1984
- Managing a register of initial notices as required under section 56 of the Building Act 1984

Street Naming & Numbering

- To ensure implementation and compliance with the statutory powers and legislation with regard to street naming and numbering in Cambridge City
- Ensuring all properties and streets are officially addressed in accordance with various legislation and City Council Policy. Provide accurate address formats for a variety of third party data users including all of the emergency services, Royal Mail, Land Registry, Council Tax etc.

Considerate Contractor Scheme

- A voluntary scheme designed to ensure that construction and routine maintenance activities in the city progress without making life unpleasant for people who live and work nearby

S106 Construction Monitoring

- The co-ordination of S106 Monitoring for the City Fringe Major Growth Sites, with a particular emphasis on construction related monitoring activities including the monitoring of occupations