



To: The Leader and Executive Councillor for Strategy and Transformation: Councillor Lewis Herbert

Report by: Director of Business Transformation

Relevant scrutiny committee: Strategy & Resources
13/7/2015
Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge
East Chesterton King's Hedges Market Newnham
Petersfield Queen Edith's Romsey Trumpington
West Chesterton

SHARED BUILDING CONTROL SERVICES

Key Decision

1. Executive summary

- 1.1 Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver shared services and have agreed general principles to underpin the approach.
- 1.2 This report provides the business case to establish a Building Control Shared Service (BCSS) between the Councils and details the activity to create the BCSS.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve the Business Case and delegate authority to the Director of Environment to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the shared service in accordance with the business case.

3. Background

- 3.1 When this matter was last reported to the Environment Scrutiny committee, approval was given to develop a business case and appoint an interim shared Building Control Manager to help develop the business case and the design of the new service.
- 3.2 The business case for the establishment of the BCSS can be found at Appendix A to this report. The rationale for the establishment of a BCCS between CCC, SCDC and HDC is that it will enable each local authority to undertake its statutory duty in implementing and enforcing the building regulations in their area, whilst providing a more sustainable and resilient business model for future service delivery and cost effectiveness. It will enable the development of a five year business plan to generate additional income and create efficiencies which will support enhanced competitiveness in a commercial market.
- 3.3 CCC will act as the lead authority for the BCSS. The Building Control service is responsible for helping to ensure delivery of safe, healthy, accessible and sustainable buildings. It has a unique role, within the local authority, of providing a statutory function within a commercial environment.
- 3.4 Its opening operating net budget will be £505,260 combining the 15/16 operating budgets for each of the 3 current building control service operations. The 15/16 starting budgets are net of any savings already agreed. The ratio of budget contribution at start up is CCC 43%, SCDC 25%, HDC 32%. This ratio forms the basis of savings distribution and additional costs incurred such as redundancy, pay protection etc. An exception to this is in respect of those employees ring-fenced for the proposed management structure where it is proposed that those costs will be borne by the pre-TUPE employer.
- 3.5 The BCSS will be created by the TUPE transfer of staff from HDC and SCDC to CCC. The proposed date for TUPE transfer is 1 October 2015. It is proposed to appoint a new Shared Service Building Control Manager following TUPE transfer. A review will then be undertaken of the rest of the staffing structure with the aim of establishing any new arrangements by 1 April 2016.
- 3.6 Set up costs of £80k have been identified; these will be covered by the TCA award and are not at additional cost to the participating Councils. An Interim Manager has been appointed, on secondment, to help develop the business case.
- 3.7 The work of the BCSS will be driven by the BCSS Business Plan agreed with the three client Councils. The Business Plan will identify

what has to be delivered by BCSS and establish the means for measuring and assuring its performance. The Business Plan will be agreed on an annual basis and will be a key element of the operational plan for the BCSS.

- 3.8 Since the last report the Councils have taken external legal advice on the shared service. The advice has indicated that operating the external trading element of the building control service on a shared basis could present difficulties under the Public Contract Regulations 2015 and could trigger the need for a formal procurement. Officers are considering the advice and are in discussion with the external legal advisers. If there is a need to depart significantly from the proposals set out in the Business Plan, officers will seek further authority to proceed.
- 3.9 The Councils' approach to shared service is based on not delegating responsibility for the discharge of statutory functions. However, there will need to be a level of day to day delegation to allow officers within the shared service to continue to exercise statutory building control functions as they do under the Councils' schemes of delegations to officers; e.g. statutory approvals. This will require formal delegation of certain functions to the lead council. Further work is needed to draw up a scheme of delegation to the lead council and authority will be sought before 1 October.

4. Implications

(a) Financial Implications

The BCSS has a minimum saving target of 15% of net revenue budget after income has been applied.

(b) Staffing Implications (if not covered in Consultations Section)

CCC will become the Lead Authority for the BCSS. As such, identified Building Control staff in HDC and SCDC will transfer under TUPE to CCC on the go-live date. Formal consultation with staff, Unions and Staff Council at HDC will take place during August in accordance with each Council's policy on consultation. The consultation will be in respect of the proposed TUPE arrangements and new management structure.

(c) Equality and Poverty Implications -

An Equalities Impact Assessment (EQIA) has been carried out. The EQIA will be reviewed at all key stages including when the implementation papers are ready and after consultations have taken place.

(d) **Environmental Implications**

Low Positive Impact. Reduction in accommodation and energy use associated will have a positive impact. Potential negative impact from increased travel will be mitigated by increased mobile and remote working.

(e) **Procurement**

The recent changes to the European procurement regulations have an implication on commercially operating public services. One option being examined, if there is a problem, if the scope for mitigating the impact by setting up an appropriate delivery vehicle for the service.

(f) **Consultation and communication**

This will be conducted in accordance with the Councils agreed policy.

(g) **Community Safety**

This will be conducted in accordance with the Council's agreed policy.

5. Background papers

Strategy and Resources Shared Services Report – 20 October 2014.

6. Appendices

Appendix A - Building Control Shared Service Business Case
Equalities Impact Assessment

7. Inspection of papers

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

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