



# **Business Case and Proposal for the formation of a Building Control Shared Service for Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council v.4f**

## **Table of Contents**

	<b>Page</b>
1.0 Executive Overview	1-2
2.0 The existing provision of building control services	2
3.0 The Shared vision and options – the brief	3-7
4.0 What we aim to achieve – opportunities for an improved service	8-10
5.0 The delivery vehicle and organisation of the new service	10-11
6.0 Managing and commissioning	11-12
7.0 Governance & decision-making processes	12
8.0 Conflicts of interest & Confidentiality	12
9.0 Finance - Sharing costs & financial benefits	12-13
10.0 Broader Benefit Realisation of the Proposed Model	13-14
11.0 Analysis of key risks	14
12.0 Implementation	15

## 1.0 Executive Overview

- 1.1 Cambridge City Council ('CCC'), Huntingdonshire District Council ('HDC') and South Cambridgeshire District Council ('SCDC') have agreed the principle of working in partnership to deliver a range of shared services. It is proposed that this takes place on a phased basis rather than have one large implementation of a wide range of shared services. A successful bid was made to the Transformation Challenge Award (TCA) fund, to take forward these proposals and deliver savings. Included in Phase 1 of the shared service programme is building control.
- 1.1.2 Each Council is seeking 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.
- 1.1.3 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 have become increasingly competitive with significant growth in the number of private sector companies offering building control plan assessment and inspection services. 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.
- 1.1.4 Nationally, standalone local authority building control services teams are unable to maintain a staffing level that provides the specialist skills and knowledge required to deliver a high quality, customer focussed service; this is becoming increasingly difficult as experienced building control surveyors retire or leave local authority building control to join approved inspectors (private building control bodies). Solutions have been to join forces with others to create a critical mass, target efficiencies, and actively seek to maximise income generating opportunities. That is what is being proposed here.
- 1.1.5 It is proposed to form a single Building Control Shared Service (BCSS), consisting of building control surveyors, technical officers and support staff, operating from 2 office locations in Cambridge City and Huntingdon.
- 1.1.6 The total net budget of the new shared service will be £505,260. As with all service areas within the three Councils, each building control

team has already been challenged to reduce the costs of delivery; savings have accordingly already been taken by each Council from their 2015/16 budgets (the last year when each Council will approve its own building control service budget if this Business Case is accepted). These savings are therefore not reflected in the starting budget for the new service.

- 1.1.7 It is proposed that the shared service should be delivered in accordance with its agreed Business Plan from October 2015, delivered by CCC on behalf of the three participating Councils.
- 1.2 The proposal carries some initial investment and it is proposed that this will be funded from the (TCA) and existing building control fee-earning surpluses, held by each council. An amount of £80,000 has been allocated from TCA for this proposal.
- 1.3 The proposal offers a sustainable opportunity to strengthen and improve the building control service that our customers and business partners already enjoy.
- 1.4 The proposal sets out clear, specific and realistic measures by which participating authorities may achieve significant, recurring, long term efficiency gains. It also tackles the issue of lack of capacity in certain areas (for all three Councils) by creating a critical mass of capacity coupled with management arrangements that will enable resources to be deployed effectively and efficiently and the adoption of better practices and processes. Another advantage of the proposal is that it will begin to address the issue of recruitment and retention in local authority building control services by creating an organisation that offers greater opportunities for career progression. It is proposed to create new posts to enable the recruitment of apprentices and graduates, as well as adopting a career grade for building control surveyors. The configuration of the new service also accommodates local authorities' desire for flexibility in the delivery of additional services such as street naming & numbering, considerate contractor scheme, construction monitoring and other potential fee earning opportunities.
- 1.5 The proposal recognises the need for the creation of the new post of Building Control Shared Service Manager, to provide leadership and delivery of the BCSS.

## 2.0 The Existing Provision of Building Control Services

2.1 Currently, each council operates its own building control service. Both HDC and SCDC have a dedicated team of technical support staff, whilst CCC administrative support is provided by a combined Business Support Team that serves Planning, Building Control and the Arboriculture team.

The existing establishment across the 3 authorities is as follows (includes current vacancies):

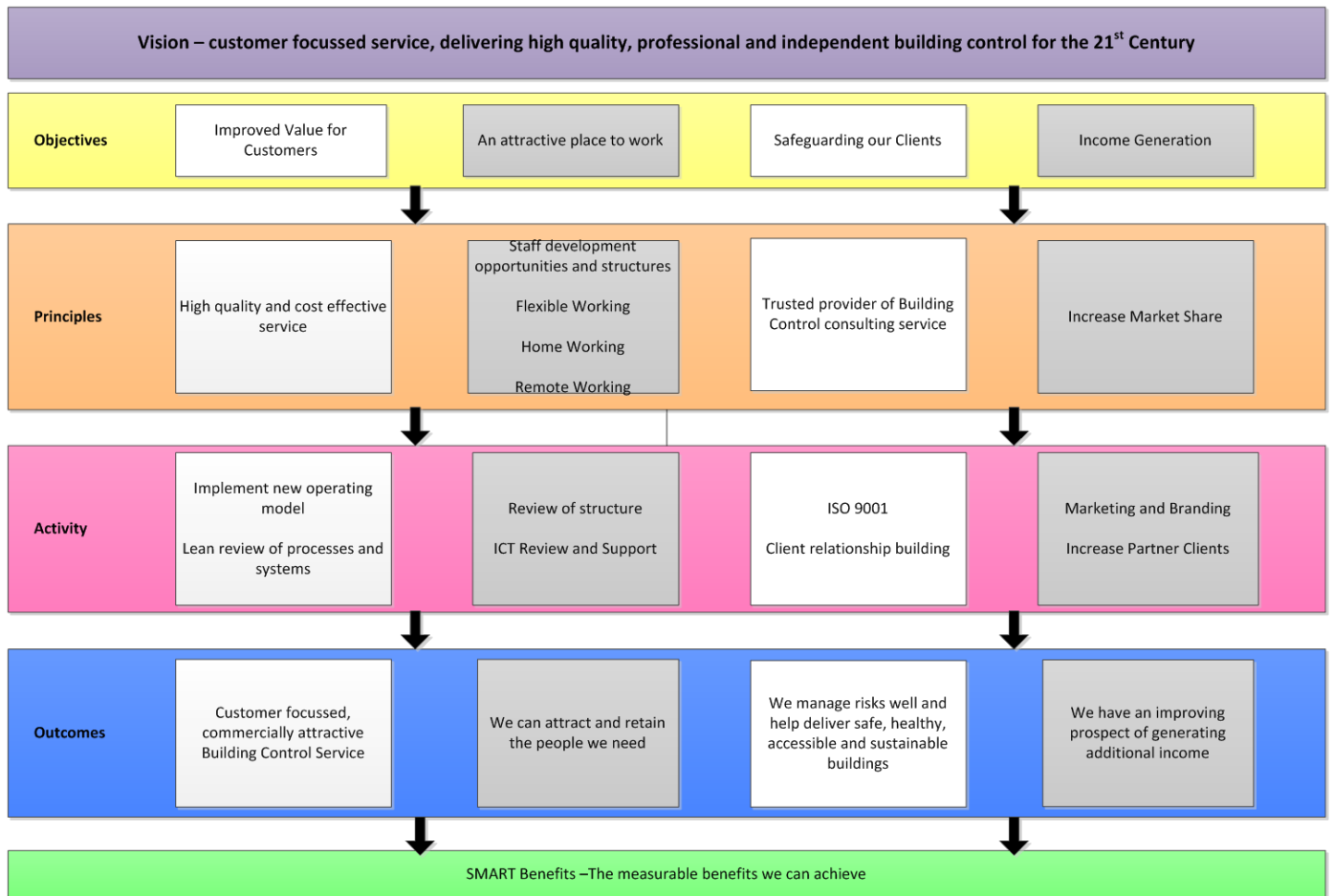
	BC Manager	Principal BC Surveyor	Building Control Surveyor's	Construction Monitoring Officer	Admin/ Tech. Support	Staff
CCC	1	1.68	6.43	1	3.3	13.41
HDC	1	0	5.78	0	2.05	8.83
SCDC	1	1 (currently acting manager)	3	0	1.8	6.8
Existing total	3	2.68	15.21	1	7.15	29.04

2.2 The 3.3 FTE for CCC is based on budget contribution to Departmental Support and Administration costs for the Building Control Service.

2.3 Staff in scope will transfer to CCC under the Transfer of Undertakings (Protection of Employment) legislation ('TUPE') in their existing roles. Following implementation of the new service in October 2015, a detailed and comprehensive staffing review will be undertaken within the first year, based on an assessment of the needs of the new service and its clients, a new structure will be implemented. This will include dedicated CCC administrative support.

## 3.0 The Vision

3.1 The vision for BCSS is contained in the following table.



### 3.2 Lead and host authority arrangements

It is proposed that CCC should lead on the BCSS. The location of the shared service will be outlined as part of this business case.

### 3.3 Cost sharing and efficiencies

In accordance with the general principles proposed for shared services, contained in a covering report elsewhere on this agenda, savings made by BCSS will be distributed in proportion to the initial investment made by the 3 councils. The net budget for each building control service, the proportions for the BCSS and anticipated savings for 16/17 are illustrated below.

	Gross Budget	Net Budget (gross budget less income)
	<b>2015/16</b>	
	<b>£</b>	
CCC	571,310	275,870
HDC	417,430	137,160
SCDC	322,520	92,230
	<b>1,311,260</b>	<b>505,260</b>

**2016/17 savings shared in proportion to 2015/16 gross budget contribution**

43.57%	31.83%	24.60%	
CCC	HDC	SCDC	Total
£	£	£	£
22,120	16,170	12,490	50,780

3.3.1 The existing 2015/16 budget provision from the budget of each building control service will be incorporated to form the shared service budget. This is net of the identified 15/16 savings within those budgets which will be achieved by the Council's concerned prior to the transfer of the budgets to the shared service. This is illustrated in the following table which also shows the reducing net budget as a result of the proposed saving target for 16/17.

	Year 0*	Year 1		
	2015/16 £	2016/17 £	Savings** £	Savings %
Gross Budget	899,600			
Less Income	646,970			
Net Budget	<b>252,630</b>			
Less recharges (non Fee-earning)	97,735			
Net budget after recharges	<b>154,895</b>	<b>287,740</b>		
Fee-Earning a/c surplus/deficit	(14,365)	0		
Non Fee-earning a/c	169,260	287,740	50,780	<b>15%</b>
	<b>154,895</b>	<b>287,740</b>	<b>50,780</b>	
* Yr 0 figures are for the 6 month period from Oct 15 to Mar 16. Year 0 figures assume savings already taken from Partners prior to baseline budget setting				
** Yr 1 savings are based on the minimum savings requirement of 15% of the 2015/16 full year Non Fee-earning a/c budget of £338,520				

3.3.2 Once the Shared Service has been created and has gathered some baseline data, it will develop a more sophisticated approach by which each council can determine the performance required and target potential efficiencies. It will be necessary to adopt an approved reserves policy for the use of surpluses and funding deficits on the fee earning ring-fenced account i.e. offsetting surpluses or deficits against

future building regulation charges, or re-investing surpluses in improving the quality of delivery of the building regulations chargeable service, for example funding the purchase of new IT or mobile working solutions.

### 3.4 **New Post**

It is proposed to establish a new role, of Building Control Shared Service Manager, to be recruited to assist with the transformation programme and development and leadership of the BCSS. This person will be a professional member of RICS or CABE and will need high quality leadership and transformation skills.

### 3.5 **Scope**

3.5.1 The proposed scope of the services is listed below:

- Building Control
- Technical & Business Support
- Street Naming & Numbering (Policy, consultation & charges) (CCC only)
- Considerate Contractor Scheme
- Construction Monitoring

BCSS will be responsible for a number of building control functions to discharge 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

3.5.2 The following assumptions and pre-requisites have been applied:

- (a) That, subject to consultation with the affected staff, the Unions and the democratic processes of each council, the BCSS would be implemented with effect from the date that staff TUPE into it, currently estimated to be 1 October 2015. Staff within the HDC and SCDC building control teams would TUPE transfer across to the lead authority, CCC.

- (b) The BCCS business case is based upon the need to increase resilience, improve the quality of service to clients, become more efficient and increase capacity within the shared service in order to retain existing market share and increase fee earning opportunities. It will be necessary to develop staff and ensure quality assurance.
- (c) Council service departments should not individually procure external private building control bodies to provide building control services on council assets or developments; all building control consultancy services for council developments and existing assets should be procured via the BCSS.
- (d) Following the merger, there will be a fundamental review of the shared service. This will include scrutinising the current skills and expertise and matching them to building control needs now and those expected going forward. There will be a review of the systems and processes to ensure that they support a modern and efficient way of working. Quality Management System in accordance with ISO 9001 will be required.
- (e) The opportunity will be taken to make improvements to the existing technology in use by the three building control services. Costs for this work are estimated to be in region of £15,000 which will be paid for from TCA funding. Other necessary ICT infrastructure will need to be in place to enable the shared service to operate efficiently – for example:
- remote working from home
  - remote working from hubs and other locations
  - combined electronic library and research systems

This will need to be tied in with the technology road map contained within ICT shared service proposals.

A further review of IT provision will be undertaken within Year 2 of the shared service in order to ensure commercial suitability and compatibility with mobile working options. It will also ensure an integrated approach is adopted in conjunction with future review of Planning Services across all three councils.



## **4.0 What we aim to achieve - Opportunities for an improved service**

- 4.1 BCSS 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 the future.
- 4.2 It will also give each council access to a greater breadth and depth of specialist/professional/technical expertise and capacity and 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 apprenticeships and graduate trainees will be an important part of service development; addressing succession issues that the industry, and particularly local government is currently suffering from.
- 4.3 BCSS is expected to deliver savings. Targeted areas for savings include management, hardware, software and IT services, administrative support and accommodation costs. It will also enable increased opportunities for income generation. Local Authority Building Control services are budgeted for in four 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.
  - (d) Additional specialist or consultancy services which fees can be charged for, and which can be used to help reduce the expenditure on the building control statutory function of the local authority. At the current time CCC levies charges for street naming & numbering, considerate contractor scheme, and construction monitoring. HDC have previously been appointed to provide consultancy advice on MOD projects. It is proposed that the new shared service seeks to maximise ways of securing additional income, to reduce the expenditure on “non-chargeable activities” funded from the councils general fund contributions.

- 4.4 BCSS will prevent the need for duplication across the three authorities e.g. guidance notes, procedures, scheme of charges etc. It will improve and standardise processes. Business processes will undergo rigorous analysis and streamlining leading to improved and standardised operations, efficiencies and alignment of best practice.
- 4.5 A shared service will continue to provide statutory services, such as enforcement and dealing with dangerous structures and demolitions, in a cost effective manner.
- 4.6 The Business Plan will include provisions for undertaking an options appraisal and review of future delivery options.
- 4.7 The BCSS will maximise the benefit of collaborative working with planning and other growth related services.
- 4.8 External Publications & Technical Guidance  
Each service relies on external publications as an essential tool of the building control profession. The vast majority, but not all, of technical publications and building standards are now provided on-line and there would be clear benefits from combining the purchasing power of all three Councils for the future procurement of these services.
- 4.9 Performance Measures and Standards  
Setting some key performance indicators across the team will assist in driving forward some performance standards to be agreed between the partner Councils.

National performance for Building Control Services are stipulated by the Building Control Performance Standards Advisory Group (BCPSAG)

A summary of the recently published (July 2014) BCPSAG performance standards that apply to all Building Control Bodies are associated with:

- People and skills
- Specialist experience
- Age and gender profiling
- Respect for people

It is anticipated that the participating client councils, as commissioners, may wish to incorporate other measures focussed on strategic objectives such as stronger communities and carbon reduction. These will be developed within the business plan.

In addition to the above, the service has identified specific areas where targets should be met, based on existing good practice and client engagement:

- 75% of applications registered within 2 days of receipt
- 75% of applications assessed within 3 weeks of receipt
- 90% of applications assessed within 5 weeks of receipt
- 80% of customers satisfied with overall service
- At least 6 nominations submitted for the Building Excellence Awards

4.10 Business Plan delivery will be managed by the Building Control Management Team of the shared service and reported to each meeting of the Building Control Management Board. The BCMB will also report to the PBSS and Joint Committee on a quarterly basis.

## **5.0 The Delivery Vehicle for the New Service**

5.1 It is not proposed at this stage to set up a completely new legal entity for the proposed service. The law would require a separate trading entity to be run through a company. However future consideration of creating a wholly owned company or obtaining local authority approved inspector status should not be discounted and will be dependent upon market share, future opportunities for growth and government guidance & legislation.

5.2 To avoid any unnecessary regulatory burden, in the first instance it is proposed that all staff would be employed by the lead authority, CCC. This will require staff in scope from HDC & SCDC to transfer (under the provisions of TUPE) to CCC.

5.3 The proposal is for the BCSS to operate from two locations; one office located in Huntingdon and the other located in Cambridge City. The locations of the offices have been chosen for the following reasons:

(a) It aligns with where the existing work is. There is currently major growth within the city and CCC building control are currently providing the building control service for over 50 major projects, with a capital construction value in excess of £500M. It is therefore considered necessary to locate one office close to these major projects.

(b) It is where our major customers are. Similarly there is a high number of business clients located within the city.

(c) BC Officers spend a majority of their time on-site inspection work; therefore the offices need to be located in positions best suited to deliver a sustainable and responsive inspection service. Logistically an office located to the north (Huntingdon) and one to the south (City) would provide the best solution to servicing the need of the three district areas. Additional touchdown facilities can be provided at council buildings throughout the district areas to support more flexible method of working.

(d) Moving from three main locations to two will help build resilience and will, over time, help Councils to achieve their aspiration in regard to their future use of office accommodation.

(e) Locating offices in City and Huntingdon will enable an easier initial transition to one ICT platform.

5.4 To deliver an effective and efficient building control service for its clients, the new shared service will require:

(a) Sufficient office accommodation.

(b) Appropriate IT systems (time and case management)

(c) Sufficient suitably qualified staff to undertake both the building control work and technical & business support work

5.5 One decision which will need to be made by the partners as early as possible is the name by which the new service is to be known. It is extremely important for the new service to have a separate identity from its participating Councils in order for all staff to feel they are 'pulling together' for a single entity.

## **6.0 Managing and Commissioning the Building Control Shared Service**

### **6.1 How the Shared Service will be managed**

It is proposed that the service be managed by a new 'Building Control Shared Service Manager', specifically chosen for entrepreneurial and leadership skills as well as management capability and commercial expertise. The Manager will be expected to be mobile and flexible in supporting both office locations. They will have responsibility for ensuring proper on-going monitoring arrangements for work progress and proper client care through the agreement and reporting of appropriate 'key performance indicators' with each participating council.

6.2 CCC and HDC currently have ISO 9001 Quality Management accreditation and it is proposed to extend this to the whole service. This will be an important first job for the Building Control Shared Service Manager.

## **7.0 Governance and Decision-Making Processes**

7.1 Details of the governance arrangements for shared services are contained within a covering report elsewhere on this agenda.

7.2 It is proposed that the governance of the BCSS be kept as simple as possible, as follows:

(a) The Shared Service Building Control Manager will report to the Head of Planning Services.

(b) The service will have an internal management team made up of the Building Control Shared Service Manager and staff members, with input from others as required.

(c) A proposed Joint Committee and Programme Board for Shared Services, will endorse the BC Business Plan and budget for approval through each council's committees. Anything outside of the agreed budget will need to be considered by each council.

(d) The BCSS will produce an annual report which will be available for consideration through the overview and scrutiny arrangements in each participating authority.

## **8.0 Conflicts of Interest and Confidentiality**

8.1 Any potential conflicts of interest will be reported and scrutinised in accordance with the appropriate policy of the lead authority.

## **9.0 Sharing Costs and Financial Benefits**

9.1 Details of expenditure for all three Building Control services teams are included at 3.3.1 above.

9.2 Funding of the BCSS is proposed, for the first two years of operation, to be provided by each Council putting in its already budgeted amount for building control spend for 2015/16. The savings figures for BCSS already agreed by each Council for year 2015/16 have already been removed from the budget figures shown in 3.3.1 above. For the

avoidance of doubt, the figures in 3.3.1 show the projected savings for each council for future years and the Business Plan to be entered into by the participating councils on implementation of the new Shared Service will include provision that these figures are 'ring fenced' and protected from further reduction unilaterally by any participating council.

- 9.3 Where the fee-earning account makes a surplus or deficit at the end of any financial year, this will be managed by the Lead Authority on behalf of the shared service. The Building Control Management Board will review whether funds are held for service development, retained to be set against future losses or if fees have to be amended in future years. Any other surpluses will be decided upon by the proposed Joint Committee.
- 9.4 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 the 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 focussed Building Control Service should make it possible to increase productivity by increasing chargeable productive hours and reducing unproductive / non-chargeable time, thereby reducing the cost of the statutory non-fee earning service.
- 9.5 It should be noted that each local authority has a statutory duty to enforce the building regulations in their area. Each council will be responsible for funding the statutory duty (the non-fee earning work) of the BCSS.

## **10.0 Broader Benefit Realisation of the Proposed Model**

### **10.1 Service Quality Benefits**

The current service is of good quality and generally well regarded by service users. This quality derives from the experience, professional competence and in depth knowledge of the current teams who exhibit a genuine motivation to provide a high quality customer focussed service. The staff providing this service, across all three authorities, will TUPE transfer to CCC ensuring that their skills and abilities are retained.

Shared service proposals provide a real opportunity for the merged teams to help shape how the service is delivered, designed and improved. It will provide an opportunity for innovation to ensure a high quality, responsive service that will help to retain key staff members.

Specific benefits will include:

- Creation of a new dynamic brand, that will attract new business and foster a sense of belonging and commitment amongst staff
- Improved service provision, focussing on a pro-active can do approach, and developing a more affordable, customer-first model of professional and support services
- Stimulating a commercial, market led approach
- Improved working practices
- Improved staff recruitment/retention, which will increase job satisfaction and morale

## 10.2 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 maintained 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 Council's to influence interpretation of legislative requirements and compliance.

## **11.0 Analysis of Key Risks**

- 11.1 The Shared Service covering report elsewhere on this agenda contains a register of general risks associated with the implementation of shared services. It is believed that the risks arising out of this specific proposal are not high and are easily outweighed by the benefits. A detailed risk register will be developed as part of the new service.

## 12.0 Implementation

- 12.1 It is proposed to retain experienced interim support to manage and drive the implementation of BCSS and to manage its operation until the new BCSS management structure is in place. The cost of this will be funded via the TCA fund.
- 12.2 Formal consultation with staff, Unions and Staff Council at HDC will take place during August in accordance with each Councils policy on consultation. The consultation will be in respect of the proposed TUPE arrangements and new management structure.
- 12.3 The Business Plan will be developed and established in consultation with external stakeholder and clients of the service during August and September and will reflect the principles and content contained within this business case.
- 12.4 Staff in scope will transfer to CCC under the Transfer of Undertakings (Protection of Employment) legislation ('TUPE') in their existing roles.
- 12.5 The implementation of the new BCSS management structure will then be undertaken. Following implementation of the new service in October 2015, a detailed and comprehensive staffing review will be undertaken within the first year, based on an assessment of the needs of the new service, and a new structure implemented.
- 12.6 It will be necessary to implement a move to a joint time recording and case management system as part of the initial implementation. Migration costs will be funded via the TCA fund. Other necessary ICT infrastructure will need to be in place to enable the BCSS to operate – for example:
- remote working from home
  - remote working from hubs and other locations
  - combined electronic library and research systems

This will be closely tied in with the proposed ICT shared services and will be funded by the TCA monies.