

Business Case Building Control – Shared Service

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1. Purpose

To investigate and outline reasons for developing a business case for a shared building control service between Gloucester City Council and Stroud District Council.

2. Reason

The Building Control service provided by Local Authorities is the only statutory Council function that is in direct competition with the private sector. The creation of a competitive market place has been positive by raising standards and the professionalism of those working in the industry, however, this competition for building control contracts has resulted in a loss of market share and reduced income. Approved Inspectors, of which there are currently 90 companies/individuals, are now competing for all types of work and market their services nationally rather than locally.

Over the past few years services have suffered from the economic downturn, the decline in building activity has had the effect in the reduction of applications and income, in addition to the ever increasing competition for building control from Approved Inspectors. The reduction in income has resulted in the downsizing of building control teams in order to achieve a balanced trading account. The consequence of smaller teams is one of resilience and the risk of financial and reputational loss. Following work by the Government under its Red Tape Challenge programme, an announcement was made from DCLG that having reviewed the implications of the private sector expansions into building control, it could see that over time individual local authority building control services would cease to be resilient and cost effective unless action was taken. The Minister advised that there would be no centrally organised action to stop this but that the Government view was that local authorities should be looking to form partnerships as a way of increasing resilience in service provision and reducing costs.

Partnerships have been increasingly used as a way to meet customer expectations, provide service efficiencies, develop the skills of employees and provide a more robust and sustainable service through the development of joint service delivery. In building control there are a number of Authorities who have been using this model for some years. Since 2005 in Devon, Devon Building Control Partnership covering South Hams, West Devon and Teignbridge hosted by Teignbridge District Council; In Norfolk, CNC Building Control covering Norwich, Broadland, Kings Lynn, West and South Norfolk hosted by South Norfolk District Council. More locally South Worcestershire Building Control Partnership (Malvern Hills and Wychavon District Councils and Worcester City Council) and Cheltenham and Tewksbury building control partnerships have been formed.

3. Introduction and Background

The Building Act 1984 places a duty on Local Authorities to enforce the requirements of the Building Act 1984 and the Building Regulations in their area. The purpose of the Building Regulations is to ensure that buildings meet minimum health, safety, welfare, convenience and sustainability standards. Local Authority Building Control services are uniquely placed in addition to their statutory duty; the building control function has since January 1997 been in direct competition with Approved Inspectors. Both sectors act as an independent third party check to help achieve compliance. Councils have been required to set their own charges since April 1999. In April 2010, the Building (Local Authority Charges) Regulations identified that chargeable services should be fully recoverable based on a local authority's hourly rate, in accordance with CIPFA requirements.

The services provided by Building Control are made up of 3 parts:

Building Regulations Chargeable Activities:

- The passing of plans of proposed building work under full plans
- Site inspections of building work under full plans and building notice
- Consideration of building work reverted from an approved inspector
- Substantive pre application advice

Non-chargeable activities:

- Liaison with the Fire Authority
- Inspections carried out to identify unauthorised building work
- Enforcement and prosecution of unauthorised or non-compliant works (including prosecutions on behalf of Approved Inspectors)
- Giving general advice to members of the public and Council departments
- Building regulation functions in relation to building work for the benefit of disabled people
- The first hour of pre application advice (substantial pre-application advice may be charged for)

Other Building Control services:

- Dealing with dangerous buildings
- Administration of the approved inspector's regulations
- Issuing conditions relating to the demolition of buildings
- Advice to other Authorities
- Safety at Sports Grounds legislation
- Administration and enforcement of competent persons schemes
- Monitoring of planning conditions
- Administrative procedures required of local authorities
- Responding to ombudsman requirements and recommendations
- FOI Requests
- Committee Reports
- Audit requirements

The primary drivers for this proposal are to arrest declining income, loss of market share, loss of skill base and lack of competitiveness whilst maintaining organisational reputation by providing a worthwhile and professional service. Two of the key pressures facing Building Control are competition with Approved Inspectors and ensuring the recruitment and retention of a skilled workforce. If Building Control fails to overcome these challenges then it will struggle to survive and the burden on Council Tax payer will increase. Joint working will ensure that the service is better placed to face these challenges than could be achieved through individual service provisions. Joint working will mean the Building Control Service is better able to compete with approved inspectors, and as such regain market share. It will give greater opportunity for career progression for the staff whilst giving the greatest savings.

Both authorities provide a good quality service but Gloucester has suffered over the past couple of years struggling with retaining and recruiting staff and having to rely on the use of interim staff, this service currently has one permanent member of staff, and 2 interim staff, with no Building Control Manager. Stroud currently has a Manager, two Area Building Control Surveyors, two Building Control Surveyors and a Building Control Technician, but has suffered from similar staff shortages in the past.

4. The Proposal

This Business Case proposes the establishment of a shared service for Building Control across two authorities, Gloucester City Council and Stroud District Council, with Stroud as the host authority. This mimics the highly successful joint Audit Service which Gloucester hosts

The work has been overseen by the Business Improvement Service at Gloucester City Council in conjunction with senior officers at Stroud District Council.

The recommendation is:

- The Building Control Shared Service would be hosted by Stroud District Council.
- Establish a Partnership Agreement (Section 101) which will include the setting out of partner authorities' funding of the General Fund work, set up costs and the sharing of any surplus or deficits.
- The shared service have clear and recognisable branding that creates an identity for the service as a whole, this will show the service is being delivered in partnership and recognised as one.
- Regular meetings will take place between officers of both authorities to set and monitor the financial and service performance of the service.
- To transfer the current Gloucester City Council staff (one permanent member) to Stroud District Council as Host Authority, who will become the employer of all staff in the shared service.

5. Establishment of a joint service

There is a strong strategic and financial case to develop a shared service. The proposed model would be capable of accommodating further partners. By working together the partners will be able to provide a better service for their customers and maintain resilience when faced with staff loss and turnover. This could in time lead to the ability to maintain and possibly increase market share, which in turn would mean more varied work for staff and a reduction in the cost of the service to the General Fund(s).

Initially the service will not seek to implement significant changes, with the short term priority to ensure staff and customers are not unsettled by any change. However the service will be realigned to suit the new delivery model and once settled a full review of operating / administration procedures incorporating 'lean principals' would take place.

Location / Accommodation

Although Stroud have the capacity for the service to operate from one administrative base at The Mill (SDC), with mobile / agile working and the integration of the IT software a presence could be retained at The Docks (GCC), staff will be encouraged to work flexibly wherever possible.

6. Vision and Objectives

The vision of this project is to maximise the contribution of the building control service to the health, safety liveability and sustainability in the geographic areas of the two authorities through collaborative working and the sharing of resources resulting in a partnership organisation which delivers an effective and efficient building control service across the districts of Gloucester and Stroud.

Our objective is to develop the most appropriate, cost effective and efficient method of delivering a single building control service for both authorities creating a more robust and resilient service, ensuring it has the right structure and skill set to deliver a first class service:

7. Summary of the key benefits of a shared service

For service customers –

- Consistent service and point of contact
- Greater flexibility to cope with an increase in demand
- Identifying and implementing good practice to the benefit of customers
- Benefit from the ability of officers to specialise through pooled resources

- Improved consistency of interpretation of regulations

For staff –

- Greater opportunities within a larger team to develop skills specialisation and career progression
- More opportunities for a variety of work
- Improved long term prospects to be able to compete for business against Approved Inspectors

For partner authorities –

- Potential efficiency savings
- Better able to cope with staff turnover.
- Ability to compete against Approved Inspectors in the local market place making authorities less reliant on the General Fund
- Ability to deal with workload peaks, annual leave and sickness
- Maintain a local and reputable service which will continue to deliver a quality and impartial provision to meet current and future needs of the community.
- More effective and efficient service delivery
- Create a more robust and resilient service offering the possibility of providing a stable, competitive and self-financing provision

8. Financial

Building Control fee earning work is funded through charges that each Authority charge based on CIPFA accounting guidance which requires a balanced trading account with any surplus income ring fenced and reinvested into the service. Building Control charges are expected to cover the cost of providing the service. In addition to this there is a raft of statutory non fee earning building control functions that the council has to carry out and fund itself.

In 2013/14 Stroud District Council trading account had an income of £338,000 and Gloucester City Council £193,000.

Several options exist as to how the finances of a shared service are structured. Pooling total revenue and expenditure is one option. Retaining revenue from within each LA's boundary for each authority is more commonplace where Building Control is being delivered as a shared-service rather than as a separate trading company. This is the model explored in more detail below. Several options also exist concerning how the cost of service provision is split. The recommended option, and the model explored in detail below is that of sharing costs in the same proportion that income is split between the two authorities for financial year 2013/14 the combined income was £531,000 with a percentage split; SDC 65% and GCC 35%. The Partnership will actively monitor non-chargeable activities so that this split can be refined over time.

Under the financial model described above, both authorities will benefit financially from the shared service. The majority of the reduction in total costs is derived through staff costs, with only one service manager being employed to oversee the shared service. Additional savings are also expected to be achieved through economies of scale.

9. Stakeholder needs analysis

The key stakeholders of the Building Control service are:

- Service users
- Community
- Two partner councils
- Staff

The Service users

Building control has been competitive since 1984 and there is considerable national data on the needs and expectations of service users. Whilst cost is often a determining factor it is clear that service users' value the

quality of the service provided. Research identifies a number of specific client needs which are key to retaining and increasing market share and income:

- Quality of Service
- Value for money
- Timeliness of service delivery
- Understanding of clients needs
- Ability to innovate and solve problems

The aim of the joint service would be to match the highest level of performance achievable.

The Community

The objective of building control is to ensure that buildings are safe, healthy, accessible, sustainable and fit for purpose. The service exists to achieve these aims as this would not be achieved in an unregulated system. The role of the service is to ensure these standards are enforced.

The community expect the buildings they visit or work in to be safe, healthy and accessible.

The two partner councils

The objectives for local authorities to maximise the potential of the building control service are:

- Actively compete with the private sector, maximising future revenues
- Increasing productivity and reducing costs
- Continuous improvement in service to customers
- Contributes to corporate priorities

Staff

Building Control is a very specialist service and the professional staff are qualified officers with specific skills.

Gloucester have struggled to retain staff over the past few years so it is of high importance to ensure staff are motivated with a varied workload and career progression opportunities.

A new staff structure, to include the support service will be created to maximise the potential of the new team.

10. Shared Service Modelling

With a shared service there is an opportunity to explore staff structures based on combine income and workload data. For financial year 2013/14 the combined income was £531,000, receiving 1717 applications and carrying out 8364 inspections.

A series of structures have been modelled based on 2013/14 data. The following structure has been devised to provide a robust operating structure that provides additional resilience with the inclusion of a Principal Surveyor, with site specific and plan checking teams as well as value added through the employment of specialist marketing and/or energy specialist.

Current staff that would transfer into the shared service would total seven; the transfer would be to positions determined by the adoption of Stroud District Council's competency framework. The positions of Building Control Manager, 3 Area Building Control Surveyors, 2 Building Control Surveyors and a building control technician would be filled by transfer, leaving two remaining posts to be filled, the principal building control surveyor post immediately, and the building control surveyor within the first year of trading. This will allow some flexibility during bedding in. Peaks in workload can be managed through agreed use of temporary staff before committing to a fixed establishment.

11. Partnership Performance Monitoring

Monitoring of the performance of the partnership will need to be reported on a regular basis; to achieve this a set of performance indicators will be established. These could include:

- the number of applications registered and acknowledged within two working days
- the number of completion certificates issued within two working days
- the number of building regulations plans checked and agent notified within 10 working days
- the number of sites inspected on the day requested

In addition to performance indicators the BCPSAG building control performance standards July 2014 will be adopted which cover the following standards and guidance:

- Policy, performance and management systems
- Resources
- Consultation
- Pre-application contact and provision of advice
- Assessment of plans
- Site inspection
- Communications and records
- Business and professional ethics
- Complaints procedure (Level 1: complaints)

12. Potential Market Share

Prior to the economic downturn the market share had been fairly consistent with Approved Inspectors targeting the more lucrative major commercial developments, major contractors and clients who will provide repeat business, however they are now targeting the smaller domestic sector. Their total market share is increasing and they are having an impact in both Gloucester and Stroud. The following tables indicates market share over the last three years:

	2011/12		2012/13		2013/14	
	GCC	SDC	GCC	SDC	GCC	SDC
Number of Applications	644	872	569	952	593	1124
Number of Initial Notices	146	187	138	189	176	221
Market Share	81%	82%	80%	83%	77%	83%

In order to successfully compete against the private sector the local authority building control will need to continue to understand the customer's needs and ensure they are competitive and can offer a full range of services.

13. Trading Opportunities

Business Planning would involve looking at alternative sources of income generation, these may include:

- Energy ratings and efficiency calculations
- Warranty inspections on new housing
- Fire risk assessments
- Provide plan checking and inspection services for other local authorities
- Charging for pre-application advice (often free Pre-application advice is given to agents and developers only for them to sign up to an approved inspector. Charges could be refunded, in full or part, upon the submission of an application)

14. Branding

Merging these services into a partnership arrangement requires clear recognisable branding that creates an identity for the new service, projects a professional image, one which customers recognise and creates an identity for the service as a whole. These will need to include a proposed branding name and logo that can be used for marketing and promotional purposes. This will show the service is being delivered in partnership and recognised as one, examples of the options to be considered could be **City Valley Building Control Partnership or Gloucestershire Building Control Partnership**, as they are not authority specific it allows for any further authorities joining without rebranding

15. Risk

The current lack of resilience and sustainability within the existing in house service leaves itself open to challenge and the Council's statutory obligations remain compromised.

- Income will be reduced as customers move to competitors more able to meet their service needs.
- The authority will have difficulty recruiting and retaining professional staff
- Reputation will suffer
- The authority could remain legally obliged to provide a non-economic service

Whilst there is always risk in establishing a new shared service, this method of delivery is a popular and proven one for the Building Control Service and will give the authority the resilience and sustainability it currently lacks.

16. IT / Website

Currently there are two database management systems in use between the authorities. Integration and investment in a single IT database and information system is critical to enable the service to work effectively and efficiently, ensuring increased customer satisfaction.

A branded and integrated website using best practice from both authorities be developed in order to simplify customer access to the service and show the service is delivered in partnership and recognised as one. Each authority will have a link to the new website.

17. Set up costs

Partnership set up costs to follow based around:

- IT data transfer - £30k shared equally between the 2 authorities
- Website – SDC to develop
- Branding – GCC to develop
- Recruitment - £3k to be met by GCC
- Section 101 Agreement - £5k to be shared equally

18. Next Steps

To move this proposal forward the following steps will need to be taken:

- The development of a detailed Implementation Plan including timescales
- Communication and involvement with all staff affected by this proposal
- Communication with external customers
- Agree point of contact
- Working arrangements for staff

19. Timeframe

Date	Stroud District Council	Gloucester City Council
15 th December 2014	Corporate Team	
16 th December 2014		Senior Management Team
5 th January 2015		Cabinet Briefing
5 th January 2015	Corporate Team	
28 th January 2015		Cabinet
29 th January 2015	Full Council	
January 2015	Group Leaders	
January 2015	Start implementing IT transfer of files from Gloucester to Stroud District Council	
January 2015	Agree a marketing strategy, Communication plan, branding and website	
February 2015	Agree new fee structure for service	
February 2015	Develop 5 year business plan	
February 2015	New staffing structure finalised	
February / March 15	Start recruitment process	
March 2015	Test integrated Idox system	
March 2015	Finalise and test new website	
1 st April 2015	New service goes live	
April 2015 onwards	Develop and shape the new shared service	

20. Background Papers

Delivering Public Service Transformation 2008

Service Transformation through Partnership – DCLG

Building Control – Options review – GLT, Cabinet Briefing, Cabinet, Overview and Scrutiny

<http://www.mendip.gov.uk/CHttpHandler.ashx?id=6346&p=0>

[http://modgov.southnorthants.gov.uk/Data/Council/20101208/Agenda/\\$Document%2018.doc.pdf](http://modgov.southnorthants.gov.uk/Data/Council/20101208/Agenda/$Document%2018.doc.pdf)

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