



Council	Tuesday, 05 December 2017	Matter for Information and Decision
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Title: **Proposed Future of the Building Control Service**

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and Regeneration)**

1. Introduction

- 1.1. This report follows the resolution of Council on 6 July 2017 regarding the delivery of discretionary services. Elements of the Building Control service can be considered discretionary as set out below. This report explores a number of options with regard to the future provision of a cost effective and resilient Building Control Service.
- 1.2. Members previously considered the Council's Building Control service at Policy, Finance and Development Committee in February 2015 in the context of the outcomes of a review of the service that had been carried out by an external consultant at that time. That report recommended that alternative methods of delivering Building Control services be investigated. This process has been ongoing since that date but it is only recently that a realistic and viable option has come forward.

2. Recommendation(s)

- 2.1. Members approve that the Borough Council enters into a formal Building Control Shared Service arrangement operated and managed by Blaby District Council and including Harborough District Council with effect from 1st January 2018 in order to revitalise the service that the Borough Council provides and to create greater resilience.
- 2.2. Members delegate matters relating to the agreement of the detailed procedural and operational arrangements, including the agreement and signing of an inter-authority agreement relating the Shared Service arrangement to the Director of Finance and Transformation.

3. Information

- 3.1. The scope of the service is primarily to process applications for Building Regulations approval, providing guidance and enforcing building standards. The workload is split into two areas – Building Regulation fee earning work and statutory non fee earning services. The introduction of Approved Inspectors and private sector alternative service providers has created a challenging market for Building Control services resulting in local authorities experiencing a significant reduction in market share and therefore fee income.
- 3.2. The Building Control Team sits within the Planning, Development and Regeneration Section of the Council. The Establishment has two Building Control Surveyor posts. Due to the small size of the Team there is no Team Leader/Manager post on the Establishment. Both posts therefore report directly to the Head of Planning, Development and Regeneration.
- 3.3. One of the two posts is filled by a longstanding and experienced member of staff. The second post is currently being covered by an agency member of staff and this has

been the case since March 2016. The cost of agency cover since March 2016 to the end of September 2017 is £114,000. Several attempts have been made to recruit to the post, both in the usual way and also to recruit a contractor directly on a temporary basis. However, these attempts have all proved unsuccessful as other councils have also found to be the case. Consideration has also been given to recruiting a graduate officer, but this was not considered appropriate given the small size of the Building Control Service due to the level of training and support that would be required.

- 3.4. The current position is not sustainable in the longer term both in terms of the financial cost to the Council and also in terms of providing a consistently resilient service. In addition, agency members of staff will often not work full time hours leaving occasions when appointments are not always available to customers. Further, the Council is unable to provide resilient out of hours emergency building control cover which provides a risk should an incident arise (e.g. a dangerous structure) because the Council is reliant upon one permanent member of staff. The existing staffing structure also significantly limits the ability of the Council to market its building control service to attract new work and grow the service to increase income.
- 3.5. Given this situation, and in particular the lack of resilience that this leaves the Council with in operating a Building Control Service, officer level discussions have taken place with Blaby District Council over partnership working. Blaby District Council is best placed of the Leicestershire districts at this time to initiate a shared service as it is already providing Building Control support to Harborough District Council. These two authorities, which have previously experienced the same problems of recruitment as this Council, intend to establish a formal partnership arrangement from 1st January 2018 and there is the opportunity for Oadby and Wigston Borough Council to also join in this arrangement.
- 3.6. The formal arrangement developed by Blaby District Council is a Shared Service (income shared model) which will operate on the basis of the following principles:
 - Blaby District Council will operate and manage the shared service arrangement. It will be named along the lines 'Blaby District Council Building Control Partnership' on behalf of [names of those Council's operating as part of the shared service].
 - The shared service agreement will be for a 5 year period – an initial 3 years with the ability to extend by a further 2 years.
 - Blaby District Council will provide Oadby and Wigston Borough Council 0.3FTE Building Control Manager post on site (approximately 11 hours per week) with remote access available at all other times. This post will focus on providing leadership, direction and marketing. This is an important post that is currently not part of the Council's establishment.
 - Blaby District Council will provide Oadby and Wigston Borough Council 0.5FTE Building Control Surveyor post on site (two and a half days per week). This will be flexible to cover for when staff are on leave so can be increased to full time as necessary. This will be in addition to the Building Control Surveyor post currently employed by Oadby and Wigston Borough Council.
 - Blaby District Council will 'charge' a percentage of the Borough Council's income to cover its costs of operating and managing the shared service. This will be at a rate of 5% of income in year 1; 7.5% of income in year 2 and 10% of income in year 3 and thereafter. The rising rate reflects Blaby District Council's intention that the shared service will enable an increased income for the Council over the initial few years as a result of the shared service being in place. Blaby District Council is well placed to do this as it is currently resourced and structured to operate a business model that allows it to market the service to building contractors and large

developers. This has led to its building control service increasing its income by 40% over four years. Blaby District Council would apply this model in the Borough of Oadby and Wigston with the aim of promoting the service and growing income for the Council at a similar rate. They would achieve this through the existing contacts that they already have in the industry and by developing new contacts with a presence in the Borough. A proposed increase in income would be set out in a Business Plan.

- All partner councils will be represented on and report through an officer level Management Board which will meet quarterly and provide a quarterly report. This will be responsible for aligning and preparing corporate information including a Business Plan, Service Plan and Key Performance Indicators. These will be consistent across all shared service councils in order to deliver the efficiencies expected of a shared service arrangement by avoiding duplication of work.
- All partner councils will retain the building control staff on their payroll. Partner councils will be responsible for line management of their own staff in terms of HR and training matters although Blaby District Council will provide line management support in terms of operational and professional matters which will benefit existing staff in terms of professional support and mentoring, for example. Therefore those staff employed by Oadby and Wigston Borough Council would be managed through a matrix management model (i.e. they would have two line managers). It will be necessary for partner Council's to ensure a degree of parity between salaries of building control staff with similar roles and responsibilities.
- Blaby District Council will employ and 'rent out' building control staff to cover posts which form part of a partner council's establishment but to which there is no member of staff appointed and on the payroll. This would be at a rate of 120% of the total cost of the post – this equates to £38.20 per hour which is significantly less than the cost of agency rates which are typically £50+ per hour.
- There would be the option to include administrative staff in the shared service arrangement based on the same principles outlined above. However, at the present time this is not necessary because the arrangement functions well being incorporated into a combined admin team covering the Planning, Development and Regeneration Service. This situation could be reviewed at a later date as and when necessary, for example, to ensure that working practices and procedures are aligned between the partner councils.

3.7. In summary, entering into this shared service arrangement would deliver the following benefits:

- Significantly improved officer capacity and resilience (e.g. out of hours cover);
- Potential to reduce net costs (in particular agency workers);
- Potential to grow income and market share (market share currently estimated to be about 30%; potential to grow towards 70% in 3 years. Blaby District Council's market share is currently 74%);
- An opportunity to develop recruitment programmes (e.g. a future apprentice/graduate programme);
- Benefits of different and innovative ways of working (e.g. customer access such as online applications and inspection booking and a stronger business focused marketing approach);
- Ability to build on the good reputation held by Blaby District Council's Building Control Service to generate additional business;
- Cross boundary benefits to working practices; and
- Supports economic growth in the Borough.

3.8. The level of staff resource proposed under this arrangement would amount to 0.5FTE

less at Building Control Surveyor level than currently exists on the Council's establishment. However, it would provide additional resource at Building Control Manager level. Also, the current agency member of staff does not work full time and this is not having a significant impact on the Council's ability to provide its Building Control Service. Therefore, the level of resource proposed is considered to be adequate. However, there would be the opportunity to review this and increase the level of staff resource if necessary, particularly if the amount of business increased as a result of the shared service. If this was the case, then the amount of income would also increase which would cover the cost of the increased staff resource.

- 3.9. An alternative to entering into a shared service would be for the Council to delegate its Building Control function to Blaby District Council. This would require staff currently employed by Oadby and Wigston Borough Council being transferred to Blaby District Council (TUPE) and Blaby District Council would wholly operate Oadby and Wigston Borough Council's Building Control Service and it would keep all of the income. However, the Borough Council would still need to budget for residual costs and Blaby District Council has indicated that it would need to levy an annual service charge in order to cover its costs. This could be a substantial cost. For this reason this option is not considered to be financially viable. There is the potential to consider delegating the Building Control Service to another Council however, geographically and practically it would need to be a neighbouring Council and at the current time no other neighbouring councils are in a position to be able to provide this.
- 3.10. Since elements of the Building Control service are discretionary (i.e. the Council is not required to provide them) a further alternative would be for the Council not to provide a Building Control Service at all in which case builders and residents in the Borough would need to source and employ Approved Inspectors (i.e. the private sector) to provide building control services. However, there would likely still be a cost to the Borough Council in terms of fulfilling statutory duties such as enforcement of Building Regulations, dealing with dangerous structures and providing out of hours emergency building control cover. This is considered to be a last resort option and would require further investigation if Members were minded to consider this option further.

Background Documents:

Report to Full Council (Extraordinary) on 6 July 2017

Report to the Policy, Finance and Development Committee on 03 February 2015

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Implications Proposed Future of the Building Control Service	
Finance	Entering into this shared service agreement should not only result in a financial saving to the Council against budget but will eliminate the risk of overspend by removing the need to bring in agency professionals at a high hourly rate.
Chris Raymakers (Head of Finance, Revenues and Benefits)	
Legal	The report is satisfactory.
Dave Gill (Head of Law and Governance / Monitoring Officer)	
Corporate Risk(s) (CR)	<input checked="" type="checkbox"/> Decreasing Financial Resources (CR1) Entering into a shared service is anticipated to result in financial savings to the Council. <input checked="" type="checkbox"/> Key Supplier/Partnership Failure (CR2) All partner councils will be represented on and report through an officer level Management Board which will meet quarterly. This will be responsible for aligning and preparing corporate information including a Business Plan, Service Plan and Key Performance Indicators, thus mitigating the risk of partnership failure. <input checked="" type="checkbox"/> Reputation Damage (CR4) Entering into a shared service will provide a much more resilient service than the Council can currently offer. If the Council does not respond to the current situation there is the potential for reputation damage to the Council. <input checked="" type="checkbox"/> Failure to Respond to a Significant Incident (CR7) Entering into a shared service will provide a much more resilient service than the Council can currently offer. If the Council does not respond to the current situation there is the potential for the Council's Building Control Service to fail to respond to a significant incident.
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Corporate Priorities (CP)	<input checked="" type="checkbox"/> Effective Service Provision (CP2) Entering into a shared service will provide a much more resilient service than the Council can currently offer thus offering a significantly improved level of service provision.
Adrian Thorpe (Head of Planning Development and Regeneration)	
Vision & Values (V)	<input checked="" type="checkbox"/> Teamwork (V3) A shared service would allow for a greater degree of teamwork and professional support which the Council is currently unable to provide due to the small size of the Council's Building Control Team. <input checked="" type="checkbox"/> Innovation (V4) A shared service involving a number of councils is an innovative means of delivering a building control service to ensure resilience in a sector that is currently difficult
Adrian Thorpe (Head of Planning Development and Regeneration)	

	to recruit staff to across the country.
Equalities & Equality Assessment(s) (EA)	There are no equalities implications.
Adrian Thorpe (Head of Planning Development and Regeneration)	<input checked="" type="checkbox"/> Not Applicable (EA)