

HARBOROUGH DISTRICT COUNCIL

REPORT TO THE CABINET MEETING OF 5TH July 2021

PUBLIC REPORT: Y / N

EXEMPT REPORT: Y / N

Report Title	Update on Performance of Harborough Building Control Service operating within The Leicestershire Building Control Partnership
KEY DECISION	No
Report Author	Director of Planning and Regeneration
Purpose of Report	To provide and update on the Performance of the Building Control section operating within the Leicestershire Building Control Partnership.
Reason for Decision	That the Cabinet notes the ongoing performance of Building Control operating within The Leicestershire Building Control Partnership as set out in the body of this report.
Portfolio (holder)	Councillor Jonathan Bateman, Environment and Regulatory Services
Corporate Priorities	The Building Control section contributes to and has a key role in delivering the Councils Priority on "Place".
Financial Implications	The budgeted monthly income target for 20/21 was £24,071. An average monthly income of £22,978 was achieved despite the adverse effects of Covid 19 on most business units and Council fee earning services. See paragraphs 5.0 to 5.8 below for more details.
Risk Management Implications	There are no new risk management implications to include within this report. A revised and generic Partnership Risk Register is updated on a quarterly basis and will be overseen and managed through the Building Control Partnership Management Board. See paragraphs 7.0 to 7.2 below for more details.
Environmental Implications	None
Legal Implications	The existing Inter- Authority Legal Agreement came into effect on 1 st April 2018 for three years. It was extended by Cabinet on 6 th July 2020 for a further two years after gaining approval from the Cabinet. The Partnership will now run until April 2023 under the current arrangements. See paragraphs 4.0 to 4.2 below for more details.
Equality Implications	There are no equality implications in relation to this report.
Data Protection Implications	GDPR regulations have been followed throughout the preparation of this report
Consultation	There is nothing that requires Consultation in this report.
Options	This report is an update on an existing contractual arrangement.

Background Papers	<p>Report to Executive: 12 February 2018: Provision of Building Control Service.</p> <p>Report to Executive: 3rd Dec 2018: Review of Building Control Partnership with Blaby DC.</p> <p>Report to Executive: 1st July 2019: Update of performance Building Control Partnership with Blaby DC.</p> <p>Report to Executive 6th July 2020: Update of Building Control Partnership with Blaby DC and extension of Legal Agreement to April 2023.</p>
Recommendation	<ol style="list-style-type: none"> 1. That Cabinet notes the ongoing positive performance of the Leicestershire Building Control Partnership. 2. That the Leicestershire Building Control Partnership Governance Board continue to monitor and report on the performance of this Partnership in accordance with the agreed Terms and Conditions of the Partnership.

1. Introduction

- 1.1 This report has been prepared to provide a further update on the performance of the Harborough Building Control section within the Leicestershire Building Control partnership following on from the previous Cabinet update report dated 6th July 2020.

2. Key Facts and Background

- 2.1 The scope of the Building Control Service is primarily to process applications for Building Regulations approval, providing guidance and enforcing minimum building standards. The workload is split into two areas as follows:
- Building Control fee earning work; and
 - Statutory, non-fee earning services.
- 2.2 The introduction of Approved Inspectors (AIs) who are private sector service providers has created a challenging market for Building Control services resulting in local authorities across the Country experiencing a significant reduction in market share and fee income.
- 2.3 In addition most Councils have found it challenging to fill their vacant Building Control Surveyor Posts with many finding it necessary to employ expensive agency staff which can significantly add to the running costs of the service. This scenario has meant that, prior to entry into the Partnership the delivery of the Building Control Service has been unsustainable due to the Service seeking to operate on a cost recovery basis.
- 2.4 The Building Control Partnership initially formed with Blaby District Council has been in operation since 1 April 2018. This enabled the delivery of a more robust, resilient and competitive Building Control service that is able to operate more efficiently in an increasingly competitive environment.

- 2.5 When the Partnership was initially formed there were only two partnering Councils: Blaby DC and Harborough DC. Due to the continuing success of this initial partnership a further three Councils have now joined the partnership which comprise Oadby and Wigston Borough Council, Hinckley and Bosworth Borough Council and Melton Borough Council. As from the 1st of July 2021 it is looking very likely that Rutland Borough Council will also be joining the Partnership as a shared service partner member. Subject to legal agreements other councils may also join the partnership at a later date.
- 2.6 The report now turns to the continuing key benefits of being a member of the Leicestershire Building Control Partnership and the successes achieved during last 12 months.

Continuing Key benefits of Membership of the Leicestershire Building Control Partnership

- 2.7 **Table 1** below sets out the status of the continuing key benefits being delivered for the Council's Building Control Service through being members of the Leicestershire Building Control Partnership (in a Red, Amber, Green: RAG rated format).

Table 1: Key Benefits of Partnership Working for Building Control Service	
Category	RAG Status
Income	Green
Marketing Measures	Green
Expenditure Reducing Measures	Green
Recruitment and Retention	Green
Training/Succession Planning	Green
Staff Sharing	Green
Quality Assurance and Audits	Green
Customer Service Levels and Complaints	Green

- 2.8 More detail is now provided below on the main key benefits to the Harborough Building Control Service derived from being members of the Leicestershire Building Control Partnership.

Income

- 2.9 The effects of Covid 19 have understandably affected many sectors of the UK economy including the construction industry and therefore the Building Control partnership will not be immune from its affects. Economic uncertainty and confidence issues are likely to remain albeit to a lesser extent, over the coming months. A Building Control Partnership recovery plan has been drafted to facilitate a return to normal business activities. After taking into account the negative effects of Covid 19, income levels remain stable and are in line with expectations for the last 12 months, which also includes the winter months when historically construction activities tend to slow down. This is being achieved even though the Service is continuing to operate with less staff than in previous years. All staff members are routinely encouraged to proactively

market the Building Control Service at every opportunity and marketing activities are continuing. Income targets for 20/21 were set at £24,071 per month. Despite the adverse effects of Covid 19, Harborough BC has still managed to bring in £22,978 per month, which is still the highest of all the Partner Councils. This aspect continues to be shown as Green status in Table 1 above.

Marketing measures

2.10 Harborough DC continues to have the benefit of its own Business and Marketing Officer. This post has been instrumental in establishing and galvanising the success of the Harborough Building Control Service within the Leicestershire Building Control Partnership. The post holder leads a programme of innovative and imaginative marketing activities and both they and other staff members have contributed to this process by undertaking the following tasks:

- Writing to those customers that are using the Council's Planning services and promoting the benefits of the Council's Building Control Service;
- Treating every face-to-face customer and telephone interaction or electronic communication received as a golden opportunity to market the BC service where appropriate;
- Promoting the Council's BC service over private sector external service providers subject to fair competition laws;
- Encouraging planning and other officers of the Council to promote the BC service when dealing with their own service users; and providing those officers with the wherewithal and understanding to be able to do this;
- Using the Marketing activities and measures available from Local Authority Building Control (LABC) to support the marketing strategy;
- Entering the LABC annual Awards;
- Regularly updating the Council's Building Control Web pages;
- Proactively contributing to the BC Partnership Marketing and Communications measures;
- Promoting the receipt of Building Control applications by telephone where appropriate;
- Assisting with the branding and procurement process for the proposed Partnership's website;
- Proactively marketing the BC service at CPD and other networking opportunities and events;
- Contacting potential service users via telephone with a view to promoting the BC service;
- Responding to customer feedback forms and using them to shape future customer focussed service delivery; and
- Keeping an overview on what our competitors do and responding accordingly when appropriate to do so.

This aspect continues to be Green status in Table 1 above.

Expenditure reducing measures

- 2.11 Whilst continuing to work within the Partnership, the Council's Building Control Service has endeavoured to look at ways to further reduce its costs whilst at the same time endeavouring to grow income levels and compete for more work with the same or less staff. In addition, the Council's Building Control Service is consistently providing a high level of quality customer service, coupled with minimal service complaints.
- 2.12 In seeking to maintain and reduce operational costs, the following expenditure reducing measures are continuing.
- Sharing staff costs equally for the Building Control Partnership Manager and Team Leader across the 5 Council's working within the Leicestershire Building Control Partnership;
 - Only employing permanent staff as opposed expensive agency staff;
 - Encouraging the use of Channel Shift where possible to help our customers to self-serve;
 - 'Growing our Own' future Building Control officers through proactively engaging in an Apprenticeship Programme with other partner Councils;
 - Encouraging other Councils to join the Partnership that should result in further reductions in costs as other Councils contribute to and share management costs;
 - Positively contributing to the Council's Budget Challenge 25 initiative to reduce expenditure or grow income levels where appropriate do so;
 - Management costs should also reduce as and when additional Councils join the partnership as will be the case when Rutland Borough Council join on the 1st July 2021;
 - Proposals and options including progressing the development of a business case for the Delegation of the Harborough Building Control service over to the Leicestershire Building Control Partnership (led by Blaby DC) are still being developed and explored across the Partnership so as to try and bring about more efficiency savings and cost reductions in delivering Building Control Services across all partners in the Leicestershire Building Control Partnership.

This aspect continues to be Green status in Table 1 above.

Recruitment and Retention

- 2.13 Until May 2018, most of the Council's Building Control Surveyor posts were filled by agency staff. This had been the case to a greater or lesser extent since at least 2015/16. This led to regular overspends against the approved budget.
- 2.14 Since May of 2018 no agency staff have been employed in the Harborough District Council Building Control Service. Given the known shortage and difficulties in recruiting Building Control staff throughout the country this is recognised as being a major achievement by members of the Partnership and neighbouring Councils including Agency staff providers themselves. No staff have left the Harborough Partnership staff establishment in the last 12 months

since our last update report. This aspect continues to be Green status in Table 1 above.

Training/Succession planning

- 2.15 In recognising the shortage of qualified Building Control Surveyors and the high cost associated with the use of Agency Surveyors, the Partnership has continued to invest for future succession planning. This is being pursued in two ways:
- Training up our own administration/technical staff to become Building Control Surveyors; and
 - To look positively at taking on another Apprentice for the benefit of the Partnership.
- 2.16 Any apprenticeship qualifications will be part funded through the Apprenticeship Levy and Kick Start programme. If Apprentices are taken on at Harborough, then this should be viewed positively and holistically as an “invest to save” type investment. One of the Building Control admin staff at Harborough DC has commenced a course of training over the last year that will eventually lead to and facilitate future career progression through to them becoming a Building Control Surveyor, which accords fully with the strategy to invest in our staff and “grow our own surveyors”.
- 2.17 The Leicestershire Building Control Partnership has also formulated a staff retention and recruitment plan to cover for anticipated skills and recruitment challenges over the next few years which is currently being acted on. This aspect continues to be shown Green status in Table 1 above.

Staff sharing

- 2.18 The Partnership has increased staffing resilience across the partnership through staff sharing and providing additional staff support in times of heavy workloads or peak holiday demands. This is continuing to take place and will be ongoing.
- 2.19 Moving forwards, the Partnership will continue to share staff between partner Councils, including the Team Leader and Partnership Manager. If more Councils join the Partnership (as is currently happening with Rutland Borough Council) then further savings will continue to be realised through being able to deploy a greater ‘critical mass’ of personal across the partnership where it is needed and at any level required to maintain optimum levels of service delivery. Thereby further increasing the resilience of the partnership in the face of stern competition from the private sector. This aspect continues to be Green status in Table 1 above.

Quality Assurance and Audits

- 2.20 Harborough DC, as with the other four current partner Councils continue to be participating members of the LABC quality assurance and accreditation scheme along with its auditing processes. All partner Councils have now been

successfully assessed and audited over the last 18 months and gained accreditation. Apart from the benefits that this will bring to the individual services in terms of working practices and the general day to day operation of the service it can also be used as a marketing tool in that it demonstrates to our customers that we take quality assurance and customer care matters very seriously and that we are regularly audited and open to scrutiny.

- 2.21 Following on from the findings of the Grenfell Tower fire incident and subsequent enquiry and supporting investigations it is well documented that Building Control providers will be subjected to more auditing and scrutiny regarding the manner in which they deliver their services. Being participating members of the LABC quality assurance scheme will also help us to adapt our services and help to comply with these anticipated additional future service delivery requirements.
- 2.22 In addition to having the benefits of LABCs quality assurance accreditation, the five current partner Councils have also been successfully audited by Blaby DCs internal auditors, therefore ensuring that due processes and business expectations are being met. This aspect continues to be Green status in Table 1 above.

Customer Service Levels and Complaints

- 2.23 Having a flexible in-house staff resource, re-assures our customers, as they do not want continually changing agency staff attending their developments to undertake the Building Control functions on their valued proposals.
- 2.24 Excellent customer service and response times are being acknowledged by our service users and overall, service complaints across the partnership are minimal for 2020/21.
- 2.25 Harborough DC has once again received no service complaints over the last 12 months as members of the Leicestershire Building Control Partnership. This aspect continues to be Green status in Table 1 above.

3.0 Performance Monitoring

- 3.1 A joint service plan has been produced and accepted by all Partner Councils, which is updated when required. Detailed performance statistics are now prepared by each partner council and scrutinised by the Building Control Management and Governance Board on a quarterly basis.
- 3.2 Partnership terms of reference, performance statistics along with an updated risk register have been jointly agreed in respect of the governance of the Partnership moving forwards. These are being continually updated as and when required and those updates, are also considered by the management and governance board members.
- 3.3 A Partnership-wide Service Plan, marketing and communications plan together with associated strategies are continually being developed to shape and drive the Partnership moving forward.

- 3.4 Rebranding of the existing Partnership is underway and using the skill set of the partner Council's Communications teams and their valued connections with external consultants, measures are also being put in place to provide the Partnership with its own logo and website along with associated Web domain. The Partnership will continue to be known as the Leicestershire Building Control Partnership. It was previously recognised that a joint partnership website and comprehensive branding and subsequent marketing of the partnership could only fully happen when all Councils agreed to the benefits of having joint fee charges in place for the services that each Council offer. This fee alignment process across all Partner Councils has now been done and was implemented from the 1st April 2021.
- 3.5 The existing Inter-Authority agreement between Harborough and Blaby will not remain in-effect, and additional agreements will be put in place with new partners as and when additional partners join the Partnership.
- 3.6 Both Blaby and Harborough, together with Oadby and Wigston, Hinckley and Bosworth and Melton, fully recognise that each Council are in different stages of business development, with each Council having its strengths and weaknesses. However, it must be fully acknowledged that whilst there are further work areas to progress in moving the Partnership forward, each of the Building Control sections within the Partnership have been stabilised. The work-undertaken to-date is moving the Partnership forward in a positive manner in ways that are manageable, sustainable and affordable and will continue to benefit our customers. From the 1st July 2021 onwards Rutland Borough Council will also benefit from being equal members of the Partnership.
- 3.7 Building Control's overall market share is 58% for 2020/21. It is anticipated that this market share will increase alongside income levels and ongoing cost reductions as the Partnership develops further in the years ahead combined with a united and comprehensive marketing strategy and approach. The fee changes and alignments implemented on the 1st April 2021 should help to grow income for Harborough DC and the Partnership as a whole. Delegation proposals currently being developed and assessed by the Partnership Governance Board and are also likely to have a positive effect on market share, if it was happen, in the future.

4.0 Legal Implications

- 4.1 The Local Government (Goods and Services) Act 1970 allows local authorities to enter into agreements to provide certain technical, professional, or administrative services to other local authorities. Blaby District Council is providing Building Control Services to Harborough District Council under this provision, under an Inter Authority Agreement.
- 4.2 The existing legal agreement came into effect on 1 April 2018 and the agreement remained in force for a period of three years from 1 April 2018. It was then extended until 1st April 2023 after gaining Cabinet approval in a report presented on the 6th July 2020. Either party can terminate the agreement on giving six months' notice.

5.0 Financial Implications

- 5.1 Despite the adverse effects of Covid 19 on the UK economy Harborough Building Control has, where possible, remained open for business and at no point did it stop trading or cease to provide any of its services during the various lockdowns that have occurred during 2020 and 2021. Harborough BC brought in £22,978 per month, which, is slightly down on the budgeted figure of £24,071, which would have been set without the benefit of knowing how much Covid 19, would affect business activities.
- 5.2 As part of Harborough Building Control's contribution to the Councils BC 25 initiative; Building Control have positively contributed and supported this process in the form of maintaining income levels. An additional £10,000 of income from that initially predicted and budgeted for has been achieved. Moving forward, additional income is anticipated from both Delegation of the BC service to Blaby District Council as lead partnership authority and also through giving effect to the new fees and charges structure that was implemented in April 2021 at all Leicestershire Building Control Partnership councils.
- 5.3 It is anticipated that future cost reductions in running the Harborough BC service will be achieved when Rutland Borough Council join the Partnership from 1st July 2021.
- 5.4 Future Partnership business modelling proposals over the coming months/years will also seek to further grow income levels and further reduce expenditure levels for all Councils within the Partnership. To enable this to fully happen the Harborough BC service will need to be delegated to Blaby DC, as lead Partner Council, who will operate and run the overall Building Control function as part of the Leicester Building Control Partnership on behalf of all Partner Councils. If this was to happen it would first need Harborough District Council member approval. It is anticipated that this will be sought through a further report coming before members seeking approval to Delegate the Service to Blaby DC; initially to Cabinet and then via Cabinet's recommendation, to Council.

Table 2: Savings Achieved 2017/18 – 2020/21 by the Harborough District Council Building Control Service through being members of the Partnership

	2017/ 18	2018/ 19	2018/ 19	2019/ 20	2019/ 20	2020/ 21	2020/ 21	Savings in costs and increases in income
	£ actual	£ budget	£ actual	£ budget	£ actual	£ budget	£ actual	2020 v 2017 £
Direct Costs	392,562	442,490	351,002	389,925	335,423	377,420	370,144	-22,418
Income	256,260	313,574	264,905	281,899	292,850	288,850	275,741	+19,481
Net Direct Costs	136,302	128,916	86,097	100,026	42,573	88,570	94,403	-41,899

- 5.5 Overall net direct running costs to run the Harborough BC service for the year 2020/21 have increased by £5,833 from £88,570 to £94,403. This is due to a slight loss of income attributable to the adverse effects of Covid 19. Although this is an increase in overall running costs after deducting total fee income, this is still lower than £111,043 which is the figure that would normally be acceptable and reasonable in accountancy terms to cover for non-fee earning related works based on Building Control's overall direct costs (excluding fee income) of £370,144. This still makes an overall saving of £16,641. (*Note for information purposes*; the figure of £111,043 is arrived at by calculating 30% of £370,144 referred to above).
- 5.6 It is expected that the efficiency savings noted in Table 2 above will be maintained and further improved as the Partnership develops. The addition of Rutland BC to the portfolio of partner councils and the potential to delegate the service over to the Leicester Building Control Partnership will be likely present further opportunities to further reduce service running costs to the Council.
- 5.7 The dangerous building call-out cover that Leicester City Council were previously providing for Harborough District Council, and charge for, continues to be delivered by the Council in-house. Annual savings of £5,200 per year, or £26,000 over the expected lifetime of the Partnership are being achieved.
- 5.8 Evolution and innovations in the way that the Partnership business model operates such as potential Delegation of the service may be discussed and explored further as directed by the Partnership Governance Board members as such opportunities arise. The overall aim being to improve and refine the effective operation of the Partnership and thereby achieve further overall efficiency savings for all the partner councils. Any significant changes that will affect income levels will always be reported back to Cabinet.

6.0 Equality Implications

6.1 There are no equality implications in relation to this report.

7.0 Risk Management Implications

7.1 There are no new risk management implications to include within this report.

7.2 A revised and generic Partnership Risk Register is updated on a quarterly basis and will be overseen and managed through the Partnership Governance Board. This register will also be updated and revised should any further risks or significant adverse business-related issues become apparent that need to be addressed, acted on, and managed.

8.0 Environmental Implications

8.1 None, as this is an update report of existing working arrangements.

9.0 Consultation

9.1 There is nothing that requires Consultation in this report.

10.0 Options

10.1 This report is an update on an existing contractual arrangement.

11.0 Background Papers

Previous report(s):

11.1 Report to the Executive dated: 12 February 2018: Provision of Building Control Service.

11.2 Report to the Executive dated: 3rd Dec 2018: Review of Performance: Building Control Partnership with Blaby DC.

11.3 Report to Executive dated: 1st July 2019: Update of Performance: Building Control Partnership with Blaby DC.

11.4 Report to Executive dated: 6th July 2020: Update of Performance: Building Control Partnership and extension of legal agreement with Blaby.

12.0 Recommendations

12.1 That Cabinet notes the ongoing positive performance of the Leicestershire Building Control Partnership.

12.2 That the Leicestershire Building Control Partnership Governance board continue to monitor and report on the performance of this Partnership in accordance with the agreed Terms and Conditions of the Partnership.