

## APPENDIX A

### HARBOROUGH DISTRICT COUNCIL REPORT TO THE CABINET MEETING OF 1<sup>st</sup> July 2019

<b>Report Title</b>	Update of Performance: Harborough Building Control operating within The Leicestershire Building Control Partnership
<b>KEY DECISION</b>	No
<b>Report Author</b>	Head of Planning and Regeneration
<b>Purpose of Report</b>	To provide and update on the Performance of the Building Control section operating within the Leicestershire Building Control Partnership
<b>Reason for Decision</b>	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.
<b>Portfolio (holder)</b>	Councillor Bateman, Regulatory
<b>Corporate Priorities</b>	The Building Control section contributes and has a key role in delivering the Councils Priority on "Place"
<b>Financial Implications</b>	See paragraphs 6.0 to 6.5
<b>Risk Management Implications</b>	See paragraphs 8.0 to 8.2
<b>Environmental Implications</b>	None
<b>Legal Implications</b>	See paragraphs 5.0 to 5.2
<b>Equality Implications</b>	See paragraphs 7.0 to 7.1
<b>Data Protection Implications</b>	GDPR regulations have been followed throughout the preparation of this report
<b>Consultation</b>	See paragraph 10.0 to 10.1
<b>Options</b>	See paragraphs 11.0 to 11.1 This report is an update on an contractual arrangement.
<b>Background Papers</b>	See paragraphs 12.0 to 12.2 Report to Executive 12 February 2018: Provision of Building Control Service. Report to Executive 3 <sup>rd</sup> Dec 2018: Review of Performance: Building Control Partnership with Blaby DC
<b>Recommendation</b>	See Paragraphs 13.0 to 13.2 1. That Cabinet notes the ongoing 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 its own terms and conditions of the Partnership.

## 1. Introduction

This report has been prepared so as to provide an update on the performance of the Harborough Building Control section within the Leicestershire Building Control partnership as requested at Executive on the 3<sup>rd</sup> Dec 2018.

## 2. Key Facts

### 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 success of the Partnership over the last 6 months Oadby and Wigston Borough Council and Hinckley and Bosworth Council have now fully joined the Partnership. Positive discussions are now taking place with Melton Borough Council with a view that they will join the Partnership within the next 3 months subject to a constructive beneficial outcome. The Leicestershire Building Control Partnership is, already providing operational and managerial assistance, to Melton. More 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 last six months of the Partnership's operation.

## Continuing Key benefits of the Partnership with 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).

Category	RAG Status
Income	Green
Marketing Measures	Green
Expenditure Reducing Measures	Green
Recruitment and Retention	Green
Apprentices	Green
Staff Sharing	Green
Cross Boundary Working	Amber
Customer Service Levels and Complaints	Green

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

### **Income**

- 2.9 Income levels remain stable and are in line with expectations for the last 6 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 one less surveyor. All staff members are routinely encouraged to proactively market the Building Control Service at every opportunity and marketing activities are continuing. Income targets for 2018/19 of bringing in £22,065 per month have been achieved and at present Harborough BC are bringing in more income than any of the other Partner Councils. This aspect is shown Green status in Table 1 above.

### **Marketing measures**

- 3.0 Marketing activities are continuing to happen across the Partnership as a whole and Harborough have contributed in this process by undertaking the following tasks:
- Harborough DC has the benefit of its own Business and Marketing Officer who actively promotes and markets the service. They do this by:
    - Writing to those customers that are using the Councils own Planning services and promoting the benefits of the 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 their own BC service over any other 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 with the understanding to be able to do this;
- Using the Marketing activities and measures available from Local Authority Building Control (LABC);
- Entering the LABC annual Awards;
- Regularly updating the Council's Building Control Web pages;
- Proactively contributing to the BC Partnership Marketing and Communications Plan;
- Promoting the receipt of Building Control applications by telephone where appropriate;
- Assisting with the branding and procurement process for the Partnership's new Web page;
- Proactively marketing the BC service at CPD type 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 eye and an overview of what our competitors do and responding accordingly when appropriate to do so.

This aspect is Green status in Table 1 above.

### **Expenditure reducing measures**

- 3.1 Whilst continuing to work within the Partnership, the Council's Building Control section has been looking 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.
- 3.2 In seeking to maintain reduced operational costs, the following measures have been introduced in addition to those cost saving measures referred to in Section 8 below;
  - Sharing staff costs 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 engaging in an Apprenticeship Programme with other partner Councils;
  - The Governance Board for the Partnership are considering the use of a joint marketing officer that will cover all Partner Councils and not just Harborough. If this happens then further expenditure reductions will be achievable and additional fee income could flow directly towards

Harborough DC from the other contributing Councils who will pay towards this officer's time due to the fact that they are currently employed by Harborough DC.

This aspect is Green status in Table 1 above.

### **Recruitment and Retention**

- 3.3 Until May 2018, the majority of the Council's Building Control Surveyor posts were filled by agency staff, which had been the case to a greater or lesser extent since at least 2015/16. This led to regular overspends against the approved budget.
- 3.4 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. This has also resulted in cost reductions being maintained. This aspect is Green status in Table 1 above.

### **Apprentices**

- 3.5 In recognising the shortage of qualified Building Control Surveyors and the high cost associated with the use of Agency Surveyors, the Partnership has started to look at succession planning. This is being pursued in two ways:
- Taking on Apprentices through a cross-partnership Apprenticeship Programme; and
  - Training up our own administration/technical staff to become Building Control Surveyors.
- 3.6 In the last 6 months the Partnership has employed two Apprentices at Blaby. Given the positive feedback in employing these two apprentices it is anticipated that Harborough DC and the other Partner Councils will also be looking to do the same. The apprenticeship qualifications will be part funded through the Apprenticeship Levy. If Apprentices are taken on at Harborough then this should be viewed positively and holistically as an 'invest to save' type investment.
- 3.7 The Leicestershire Building Control Partnership has also formulated a staff retention and recruitment plan to cover for anticipated skills and recruitment issues over the next few years which is currently being acted on. This aspect is shown Green status in Table 1 above.

### **Staff sharing**

- 3.8 The Partnership has increased resilience in each of the Partner Councils in respect of staff sharing and providing additional staff support to the others in times of heavy workloads or peak holiday demands. This is continuing to take place and will be ongoing.

- 3.9 Moving forwards the Partnership will continue to share its staff, Team Leader and Partnership Manager between all Partners Councils, which will also now include Hinckley and Bosworth and Melton BC going forward when they fully join the partnership are fully signed up. If more Councils join the Partnership then further savings will continue to be realised. This aspect is shown Green status in Table 1 above.

### **Cross Boundary working**

- 3.10 Through the benefits of the Partnership, surveyors are now able to work in other districts with fewer restrictions in place. This will enable the Partnership to grow its market share of work as the existing clients of the Building Control Partnership will be able to use Surveyors with whom they have developed a strong working relationship with across all geographical Districts of the Partnership.
- 3.11 Additional workloads and income streams will be captured back from the Private Sector as a direct result of a growing geographical area that the Partner Councils will now collectively administer. In addition this form of working allows income streams to remain within the Public Sector instead of being lost to Private Sector.
- 3.12 As each new Partner Council, is added to the Partnership less geographical restrictions are placed before the client customer and their expectations of having a wider joint one stop Building Control Service with the same levels of service are more likely to be achieved. In the next 3 months it is anticipated Melton BC will also join the Partnership.
- 3.14 The Leicestershire Building Control Partnership is working to fully convince other Councils not yet members of the partnership of the benefits of working across boundaries. This work is ongoing and hence this aspect shows as amber status in Table 1 above.

### **Customer Service Levels and Complaints**

- 3.15 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.
- 3.16 Excellent customer service and response times are being acknowledged by our service users and overall, service complaints are minimal for 2018/19.
- 3.17 Harborough DC has received no service complaints over the last 6 months of being continuing members of the Leicestershire Building Control partnership. This aspect is shown Green status in Table 1 above.

## **4.0 Performance Monitoring**

- 4.1 As indicated in the last Executive report of 3<sup>rd</sup> December 2018, a joint service plan has been produced and accepted by all Partner Councils. Performance statistics are now prepared by each, partner council and scrutinised by the Building Control Management and Governance Board on a quarterly basis.

- 4.2 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 with those updates considered by the Management and Governance Board.
- 4.3 A Partnership-wide Service Plan, marketing and communications plan together with associated strategies are being developed so as to shape and drive the Partnership forwards.
- 4.4 Rebranding of the existing Partnership is underway and using the skill set of the partner Councils 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 be known as the Leicestershire Building Control Partnership
- 4.5 The existing Inter-Authority agreement between Harborough and Blaby will not change and will remain in effect, however additional agreements will be generated as and when additional partners are added to the Partnership.
- 4.6 Both Blaby and Harborough, now with Oadby and Wigston, Hinckley and Bosworth and Melton as the new members joining the Partnership, fully recognise that each Council have all come from different stages of business development, with each Council having its strengths and weaknesses. However, it must be fully acknowledged that whilst there are additional 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.
- 4.7 The overall Building Control market share has continued to average 57% on monthly basis in 2018/19. 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.

## **5.0 Legal Issues**

- 5.1 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.
- 5.2 The agreement came into effect on 1 April 2018 and the agreement will remain in force for a period of three years from 1 April 2018; however there is an option for the agreement to be extended for a year and then a further year (3+1+1) if both Blaby District Council and Harborough District Council agree. This would be subject to the Cabinet agreeing to an extension. Either party can terminate the agreement on giving six months notice.

## 6.0 Resource issues

- 6.1 The budgeted monthly income target of £22,065 was exceeded with the partnership delivering an average monthly income of £22,075 for the year 2018/19 in the Harborough District.

	2017/18	2018/19	2018/19	Saving
	£	£	£	£
	(outturn)	(budgeted)	(outturn)	2018 vs 2017
Direct Costs	392,562	442,490	351,002	(41,560)
Income	256,260	313,574	264,905	(8,645)
<b>Net Direct Costs</b>	<b>136,302</b>	<b>128,916</b>	<b>86,097</b>	<b>(50,205)</b>

- 6.2 The partnership effectively managed their finances in 2018/19 to deliver an outturn of £86,097 against the business case of £128,916. It is also worth noting that this outturn also includes a carry over expense of £8,191 from 2017/18. This means that the actual outturn for 2018/19 alone is £77,906. Even including the carry over expense, the financial performance in 2018/19 was £50,205 better than 2017/18. The partnership successfully addressed the issue of reduced income levels in 2018/19 through managing staffing levels and other costs thereby delivering the improved financial position.
- 6.3 The approved net direct budget for 2018/19 is £108,026. It is expected that the partnership in 2019/20 will deliver a surplus against this budget
- 6.4 The dangerous building call out cover that Leicester City Council were previously providing for Harborough District Council and charged to the Council has now been brought back in-house along with the predicted annual savings of £5,200 per year.
- 6.5 Discussions are taking place between Blaby and Harborough to look to reduce the 7.5% and 10% income-share figure that Blaby will receive in years two and three of the Partnership down to 5% of income share (that was operable in Year 1 of the partnership). This income share figure was agreed when the Partnership was originally established. If successful this will be a positive outcome as it will help Harborough to run its Building Control Service with further reduced direct costs and it will also contribute to the overall goal of running the Building Control Service on a cost neutral basis. Blaby DC however has indicated that they will need to seek their Members approval to this change as this would not be in line with what was originally agreed.

## 7.0 Equality Analysis Implications

- 7.1 There are no equality implications in relation to this report.

## 8.0 Risk Management Implications

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



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

## **9.0 Environmental Implications**

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

## **10.0 Consultation**

10.1 There is nothing that requires Consultation in this report.

## **11.0 Options**

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

## **12.0 Background Papers**

### **Previous report(s):**

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

12.2 Report to the Executive 3<sup>rd</sup> Dec 2018: Review of Performance: Building Control Partnership with Blaby DC.

## **13.0 Recommendations**

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

13.2 That the Leicestershire Building Control Partnership Governance board continue to monitor and manage the performance of this Partnership in accordance with the agreed terms and conditions of the Partnership