

## CABINET

21<sup>st</sup> December 2021 21 December 2021

### BUILDING CONTROL PARTNERSHIP CONTRACT

#### Report of the Portfolio Holder for Planning, Highways and Transport

Strategic Aim:	Delivering Sustainable Development	
Key Decision: Yes	Forward Plan Reference: FP/030921	
Exempt Information	Yes – Appendix B	
Cabinet Member(s) Responsible:	Cllr I Razzell, Portfolio Holder for Planning, Highways and Transport	
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Ward Councillors	All	

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Approve Rutland Joining the Leicestershire Building Control Partnership inline with the proposal set out in section 2.
2. Approve Rutland's contribution to the initial implementation costs
3. Delegate authority to the Strategic Director – Places in consultation with the Portfolio Holder for Planning, Highways and Transport to progress with the preparation and implementation of the proposed delegated service.

## 1 PURPOSE OF THE REPORT

### 1.1 Background

- 1.2 The Leicestershire Building Control Partnership (LBCP) initially started between Blaby District Council and Harborough District Council in April 2018. This shared service arrangement enabled the delivery of a more robust, resilient and competitive Building Control Service that was able

to operate more efficiently in an increasingly competitive environment.

- 1.3 As a result of the initial successful partnering arrangements between Blaby and Harborough a further four Councils have now subsequently joined the partnership which comprises of Oadby and Wigston Borough Council, Hinckley and Bosworth Borough Council, Melton Borough Council and Rutland County Council.
- 1.4 All staff have remained employed by each local authority unless a vacancy has arisen and then any new employees have been recruited by Blaby District Council.
- 1.5 The purpose of the partnership is to: -
- 1.6 Deliver a high quality Building Control Service that is responsive to the needs of customers, provides efficiency savings to all partners and is able to compete with the private sector. The partnership will:
  - a) Provide management and leadership support to the six Local authorities involved in the Partnership.
  - b) Assist partners in reaching a point where they are continually reducing operating costs to cost neutrality levels for fee earning works.
  - c) Determine a potential future delivery model for shared working which will maximise efficiency savings.
  - d) Provide administrative and technical support and develop IT systems for the benefit of all parties and share best practice and learning.
- 1.7 The strategic management of the partnership is undertaken via a Management Board comprising of appropriate directors from each of the partner Councils and meets on a quarterly basis. This meeting is chaired by the Business, Partnerships and Health Improvement Group Manager at Blaby.
- 1.8 Substantial cost savings associated with working in this partnership have already been achieved. For example the six partner councils have benefited by successfully operating with only one Partnership Manager and a Team Leader, therefore reducing management costs.
- 1.9 In addition and from the 1<sup>st</sup> April 2021 the Partnership has been operating with joint and aligned fee charges which will bring about efficiency savings and help to reduce the cost of running the service for all partner members.
- 1.10 The partnership has a retention and development plan which ensures we can grow our own building control inspectors and keep those key personnel with the skills and experience needed to offer the partnership resilience.
- 1.11 The LBCP has already been able to negotiate with larger developers to gain agreement for the partnership to pick up building control inspections (and thus income) for several development sites spanning

a number of local authority areas.

- 1.12 A joint marketing plan, logo and branding has been developed for the partnership and this is used across all the partners, see Appendix A.

## **2 BACKGROUND AND MAIN CONSIDERATIONS**

- 2.1 Proposal(s)
- 2.2 To agree the Business case for a Delegated Authority Building Control Service, transforming the delivery of Building Control services across Leicestershire and Rutland from the 1<sup>st</sup> April 2022.
- 2.3 The business case developed by an external Consultant (Appendix B) attached sets out the case for the partnership moving to the next stage of development. It proposes a fully delegated service that is operated by Blaby District Council, with all staff transferred to Blaby, with one IT system and one overall service that operates flexibly across the partnership area.
- 2.4 A number of other areas across the country have moved to a joint service because they have seen the economic and operational benefits of doing so for example the Derbyshire Building Control Partnership, South Staffordshire and Nuneaton and Bedworth.
- 2.5 The business case is modelled over a three year period (1/4/22 – 31/3/25) covering the financial years 2022/23 through to 2024/25 and has been produced in consultation with the LBCP Management Board.
- 2.6 The expenditure is based on, predominately, the current staff structure, with only an additional part-time team leader post and a trainee surveyor, from the start of year 1. There are no staff changes assumed across the business case period, but it is envisaged that, through being one single service, there will be efficiency savings, either through increased operational efficiency or staff cost savings. It is on this basis that the forecasted market share growth is assumed to be met within the current cost envelope.
- 2.7 Other costs have been included to help move to a more professional and business focused service, such as increased training budget, marketing and a technical library resource, all of which will help ensure that the service meets customer expectations and can grow in a competitive market. These are added in year two to allow a year of financial stability for the new service. However, it should be noted that this comes at a risk, as there will need to be additional marketing expenditure because new businesses need increased marketing to establish themselves, or in the case of LBCP to reassert its standing in the market and grow its current market share. Each Council's communications teams will support this in year 1 mainly through free at source social media and press opportunities.
- 2.8 The long term plan for the LBCP is to move to a stand-alone company which will have more freedoms to compete against the private sector. Moving to a delegated service is seen as a transitional stage towards that long term ambition. The business case covers up to the financial year 2024/25, during the final year the Executive Board (previously known as the management board) will review the success of the delegated service and appraise and report back to partner councils on the options going forward, including moving to a stand-alone company.

## 2.9 Positive benefits of a delegated service

- The partnership will have a dedicated Marketing and Promotion officer working with all comms teams
- The service will be inputting and operating from one Uniform system (Blaby's) within 6 months, thus improving efficiency
- The service will operate from one telephone number and one email contact address, improving quality, responsiveness and efficiency
- Fees and charges will be reviewed and increased annually in line with inflation (to offset increased staffing and operational costs). The first of these increases (3.5%) will take effect from the 1<sup>st</sup> April 2022.

## 3 CONSULTATION

- 3.1 All the local authorities involved in the partnership have been consulted on the business case and they will be required to take this through their own governance structures.
- 3.2 Each Council will at the relevant point consult with unions in regard to the Transfer of Undertakings (Protection of employees) Regulations (TUPE) for those affected staff transferring to Blaby District Council. This does not specifically effect RCC as RCC don't have any staff transferring as part of these proposals.

## 4 ALTERNATIVE OPTIONS

- 4.1 Work has been undertaken for the last twelve months to develop a business case to move the current shared service with Blaby District Council to a delegated service from April 2022.
- 4.2 Back in July this year the Council entered into a Service Level Agreement (SLA) with Blaby District Council to provide RCC's Building Control Service for the next 3 years. This provided additional resilience for the service.
- 4.3 In the background at the same time Blaby have been investigating the potential to set up a Building Control Partnership with the four other local authorities they have SLA's with ((Melton Borough Council, Market Harborough, Hinckley & Bosworth and Oadby & Wigston).
- 4.4 **Other options considered**
- 4.5 There are two other options that have been considered alongside the delegated option but the LBCP Management Board felt that these were not viable:
- 4.6 **Shared Service** - We continue to operate on a shared service arrangement as the Leicestershire Building Control Partnership does now. This would not provide partners with continued financial efficiencies, resilience in respect of resources and would reduce our opportunity to be able to compete with private businesses and thus increase our market share.
- 4.7 **Each local authority reverts back to operating its own Building Control Service.** This would have major financial implications for all partners. We currently share the two management posts and have also made financial savings by having staff that cover more than one geographical area.

- 4.8 Nationally there is a shortage of skilled building control staff, the six local authorities would be struggling to individually recruit to posts. Agency staff would be needed to fill any shortfalls, these cost approximately three times more than local authority staff and there is no guarantee of securing agency personnel due to the national skills shortage.
- 4.9 The two options above are not considered viable, therefore the recommendation is that we move to a delegated service managed by Blaby District Council on behalf of the six local authorities.
- 4.10 The option to move to a delegated service does represent a cost increase to Rutland. However, this reflects the additional requirements and burdens placed on building control services in light of the Grenfell Tower incident. It would be extremely difficult for Rutland to meet the additional management, training and administrative requirements through the delivery of a direct service and would create a resilience risk.

## **5 FINANCIAL IMPLICATIONS**

- 5.1 Report 78/2021 presented to cabinet in June appointed Blaby as the supplier of Building control services to RCC. As part of this report Cabinet approved a £53k budget pressure. This pressure resulted in a Net cost of £c15k to deliver the service. The financial implications are assessed against the revised contract.
- 5.2 There are two elements in relation to entering the shared service
- , a one off cost for implementation of the delegated service and;
  - the ongoing revenue costs.
- 5.3 The total implementation costs are as per the table below

<b>Authority</b>	<b>Implementation Costs £000</b>
Blaby	14
Melton	25
Hinkley	25
Oadby & Wigston	25
Harborough	31
Rutland	33
<b>Total</b>	<b>153</b>

- 5.4 The costs for implementation are detailed on page 18-19 of the business case at (Appendix B)
- 5.5 Most of this cost is incurred as a result of linking all six authorities on to one standard version of Uniform. Rutland's costs are higher as the Council is the newest member and therefore existing systems and data are not in place currently.
- ### **5.6 Ongoing Revenue Costs**
- 5.6.1 The ongoing revenue costs are c£15k in year one reducing to c£7k in 24/25. The

year one cost is in line with the current provider costs delivering savings from year 2 onwards.

- 5.6.2 Any overspend by the partnership would be shared among the partners relevant to the percentage share of the overall costs and likewise any underspend will be considered by the partnership. Based on current percentage split the Council would have a pressure/saving of £1,200 for every £10,000 over/underspent.
- 5.6.3 As part of the detailed analysis of the total income/expenditure sheet Blaby has reviewed the percentage split for each partner. Rutland's figures included initial notices while other partner's figures did not. The calculations have since been rerun to ensure that all demand figures used are the same for all partners.
- 5.6.4 Partners agreed that the business case would be built on the fact that those local authorities with a greater demand would pay a high percentage of the total running costs.
- 5.6.5 The new percentage figures for each local authority are detailed below alongside the new financial cost for each partner. These % figures are taken from a two year period 19/20 and 20/21.

<b>Local Authority</b>	<b>All Applications</b>	<b>percentage Split</b>	<b>Cost £</b>
<b>Blaby</b>	1245	21.2%	<b>£26,687</b>
<b>Harborough</b>	1264	21.5%	<b>£27,090</b>
<b>Hinckley &amp; Bosworth</b>	1587	27%	<b>£33,995</b>
<b>Melton</b>	657	11.2%	<b>£14,087</b>
<b>Oadby &amp; Wigston</b>	419	7.1%	<b>£8,984</b>
<b>Rutland</b>	707	12%	<b>£15,158</b>
<b>TOTAL</b>	5,879	100%	<b>£126,001</b>

- 5.7 All members of the Leicestershire Building Control Partnership are fully aware of the benefits of being in the partnership and recognise that nationally a number of other local authorities have already taken this route.
- 5.8 Details of the potential risk identified and mitigating measures are set out in Appendix C.

## **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 6.1 There are no legal implications

## **7 DATA PROTECTION IMPLICATIONS**

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed for the following reasons Rutland County Council currently has a formal Service Level Agreement with Blaby District Council to provide the Building Control Service. The level and type of data currently used by the team would not change as part of this proposal.

## **8 EQUALITY IMPACT ASSESSMENT**

- 8.1 An Equality Impact Assessment screening has not been undertaken and there are no adverse effects due to this policy.

## **9 COMMUNITY SAFETY IMPLICATIONS**

- 9.1 The Building Control Service contributes towards building safety within the County and is directly responsible for controlling dangerous structures.

## **10 HEALTH AND WELLBEING IMPLICATIONS**

- 10.1 Failure to deliver a Building Control Service would lead to concerns in the overall quality and safety of buildings in the County and would result in the Council failing to comply with all relevant legislation and provide the required statutory service elements.

## **11 ORGANISATIONAL IMPLICATIONS**

- 11.1 Human Resource implications
- 11.2 None directly for RCC but staff from some of the other authorities would TUPE over to Blaby as the lead authority.
- 11.3 Environmental Implications
- 11.4 The Building Control Partnership is responsible for monitoring building standard and compliance with statutory requirements including environmental standards.
- 11.5 Blaby District Council and all partner authorities have since the covid 19 pandemic offered agile working for staff. This includes a combination of office and home working and this will continue for the foreseeable future. This reduces our carbon footprint in terms of travel and contributes to Blaby's 2030 Net Zero commitment.
- 11.6 The structure of the partnership is built so that surveyors can cover more than one geographical location. Where this is positive in terms of resilience it can be seen as a negative on the environment as a surveyor may be travelling to different parts of Leicestershire in order to undertake inspections. This will be managed by ensuring that batches of inspections are undertaken in the same geographical location

## **12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 12.1 That Cabinet:
1. Approve Rutland joining the Leicestershire Building Control Partnership inline with the proposal set out in section 2.
  2. Approve Rutland's contribution to the initial implementation costs
  3. Delegate authority to the Strategic Director – Places in consultation with the Portfolio Holder for Planning, Highways and Transport to progress with the preparation and implementation of the proposed delegated service.

### **13 BACKGROUND PAPERS**

13.1 There are no additional background papers to the report

### **14 APPENDICES**

14.1 Appendix A: Logo and Marketing

14.2 Appendix B: Business Case – Exempt Information

14.3 Risks and How they can be reduced

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.