

TITLE OF DRAFT REPORT: BUILDING CONTROL – HERTFORDSHIRE AUTHORITIES PROJECT

REPORT OF THE HEAD OF DEVELOPMENT AND BUILDING CONTROL
PORTFOLIO HOLDER: COUNCILLOR DAVID LEVETT

1. SUMMARY

- 1.1 This report provides a further update on the progress of the Hertfordshire Building Control project made since the report presented to Cabinet in August 2014.

2. RECOMMENDATIONS

- 2.1 That the report is noted and Members agree, in principle, that the project should move forward and produce a full business and financial case for approval in the summer of 2015.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To keep Cabinet informed of recent developments.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Alternative options have been, and will continue to be considered alongside the evaluation of the proposal.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 The Portfolio Holder for Planning and Enterprise has been kept informed on the matters set out above.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 19th September 2014.

7. BACKGROUND

- 7.1 Local Authorities (LAs) have a statutory duty to provide a Building Control service. This means that if an application is submitted to the authority, it has a duty to ensure that the works comply with building regulations. Originally LAs were the sole supplier of this service. However, in 1984 the Building Act established the legal framework for private building control bodies or Approved Inspectors (AI). The first AI to be approved and registered was the NHBC in 1985. Since 1997 the Approved Inspector Regulations etc. has enabled additional AIs to be registered. This competitive environment for all fee earning aspects of the building control service has meant that it is more difficult for LAs to retain their market share and grow new commercial and domestic work.

Consequently many LAs, including North Hertfordshire have struggled to ensure that the Building Control service they provide demonstrates value for money and is cost neutral. In order to sustain the service, new options for service delivery need to be explored.

8. ISSUES

- 8.1 Since the report to Cabinet in August 2014 a Business Case has been produced and signed off by the Project Board. The Board which meets monthly comprises of a representative of each of the seven participating authorities, this being at Chief Executive or nominated Director level. The business case was put together by the project officer from North Hertfordshire District Council and lead officers from other LAs covering Human Resources, IT, Legal and Finance. Expert legal advice was sought from Trowers and Hamlins with commercial and financial advice sought from the East of England Local Government Association (LGA).
- 8.2 The business case identifies the following key factors for change from the current individual LA approach to building control to a collaborative working arrangement:
- an ageing staff profile;
 - lack of resilience: recruiting is becoming increasingly difficult, as is retaining staff;
 - lower efficiency and effectiveness of small teams: associated with separate small teams;
 - inability to compete on a level playing field with Approved Inspector's; and
 - increasing private sector competition.
- 8.3 The potential service benefits from a collaborative arrangement are identified as:
- improved service resilience;
 - improved economy, efficiency and effectiveness;
 - improved customer service;
 - increased ability to retain, develop and recruit staff and thus improve service quality; and
 - provision of a broader service offer to customers.
- 8.4 The business case has been written to support the Boards chosen collaborative delivery vehicle of a non-profit making local authority owned company to deliver the building function on behalf of the 7 LAs. Collaboration by the 7 LAs would allow efficiencies to be made, so freeing up to staff to deliver complementary services through a second trading company utilising existing capabilities or new skills for profit. The decision making of the LAs cannot be delegated so a single LA is anticipated to issue all decisions on behalf of the seven.
- 8.5 In addition to Hertfordshire a number of other Counties are exploring collaborative arrangements e.g. Essex and Suffolk. Norfolk has already established a collaborative working arrangement comprising 5 LAs. Discussions are being held between these county 'clusters', including Hertfordshire with regard working together in partnership. South Norfolk the lead authority for the Norfolk cluster have also successfully registered and been approved to operate as an approved inspector outside of their administrative boundary, discussions are underway with regard this opportunity to work together.
- 8.6 Work is continuing with regard a detailed financial case, the selection of a single IT solution including a mobile working facility, human resource implications, governance,

risk and legal aspects. A further update to Cabinet is likely before any formal decision is required.

- 8.7 This project aligns with the Priority of “Living Within Our Means”. It was specifically mentioned in the Priorities for the District 2014 which states “Continue exploration with other authorities to form a partnership arrangement for the delivery of Building Control services”. The Priorities for the District 2014/15 was agreed by Full Council on 9 April 2014.

9. LEGAL IMPLICATIONS

- 9.1 The potential operating models for a future collaborative building control service need to be considered in detail and involves the complexity of statutory functions that are not delegable to another type of body as well as the nature of a trading operation. Detailed expert legal advice is being procured as part of the project and will be a key feature in the final business and financial case and proposed operating model.

10. FINANCIAL IMPLICATIONS

- 10.1 No direct financial implications arise from this report other than those listed in section 8; however, these will be established through the development of the detailed financial business case.
- 10.2 The business case will need to address the financial implications of the potential operating model and in particular of the structure of the service delivery vehicles chosen. Specialist advice will continue to be sought from the East of England LGA.
- 10.3 Each of the 7 LAs initially contributed £12.5k to a central fund to cover initial start-up costs and expert advice. In order to reach a decision making point a bid, probably through the strategic priorities fund, for further funding will be required.

11. RISK IMPLICATIONS

- 11.1 There are no direct risk implications from this report; the business case contains a section on risk assessment and management. This will be updated as the project continues.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The move to provide building control services in a more commercial/cost effective manner could positively impact the cost/service delivered to customers in the longer term; the proposals also create greater opportunity for development of staff within our existing building control service than would otherwise exist.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The move to provide building control services in a more commercial/cost effective manner could positively impact the cost/service delivered to customers in the longer term; the proposals also create greater opportunity for development of staff within our existing building control service than may otherwise exist.
- 14.2 Expert legal advice has been and will continue to be sought with regard human resource implications.

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 None.