

TITLE OF REPORT: BUILDING CONTROL – 7 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 reports presented to Cabinet in August 2014 and March 2015.

2. RECOMMENDATIONS

- 2.1 That Cabinet note the report and continue to support the project.

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 project.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Planning and Enterprise has been kept informed with regard progress on the project and together with the Executive Member for Finance and IT has been briefed with regard the financial case.

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 (AIs). In 1997 the Approved Inspector Regulations etc. enabled AIs to be registered by the Construction Industry Council, the body designated by the Secretary of State to approve and monitor AIs. 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.

- 7.2 In 2013, the Chief Executives of the District Councils in Hertfordshire began to explore the possibility of a wider collaborative arrangement across the County and seven Councils, including NHDC, expressed an interest in progressing with the project. The other six Councils are Stevenage, Welwyn Hatfield, Broxbourne, Three Rivers, East Hertfordshire and Hertsmere.
- 7.3 The Chief Executive of Three Rivers District Council took on the role of project sponsor and through the East of England Local Government Association (EoELGA) engaged consultants to form a 'Solutions Centre' to generate ideas for alternative delivery models for the seven building control services. The Solutions Centre highlighted the following concerns:
- The majority of Hertfordshire's Building Control Services are run at a cost to the General Fund;
 - LAs find it difficult to market their services and attract commercial clients and are struggling to maintain their client base in competition with AIs;
 - It is becoming increasingly difficult to recruit and maintain qualified and experienced staff. Most Hertfordshire authorities have an ageing building control workforce and the small teams lack resilience;
 - It is increasingly difficult to run services effectively with current resources and overheads.
- 7.4 Following the Solutions Centre, joint working was supported by all seven LAs with two broad objectives, firstly to provide resilience and efficiencies to the existing in-house services and secondly to trade commercially with both the public and private sectors in order to reduce the cost of the building control services.
- 7.5 In January 2014 a proposal was made and supported by the Chief Executives to create a separate company wholly owned by the seven local authorities that would deliver building control across district boundaries.
- 7.6 In order to take the model forward a project board was set up consisting of the seven Chief Executives, or their nominated deputy, with assistance from the EoELGA. The board appointed a part-time Project Manager, seconded from NHDC, to progress the project. Initial set up costs were shared between the seven authorities.
- 7.7 A Business Plan was produced in December 2014 and presented to Cabinet at their meeting in March 2015 for consideration.

8. ISSUES

- 8.1 Since the report to Cabinet in March 2015 work on the project has been on-going:
- In September 2015 all seven Chief Financial Officers agreed the financial model;
 - An interim Managing Director (MD) was appointed in September 2015 to take over from the Project Manager as a dedicated resource was required;
 - Expert legal advice has and is being sought with regard the project;
 - A procurement exercise for a single IT office and mobile solution has commenced;

- Expressions of interest have been sought from each of the seven authorities in order to provide the company with start-up support services;
- Initial meetings with building control staff have been undertaken by the MD at each local authority;
- Key leads for areas of the project are provided by participating authorities, with NHDC providing the operational lead:
 - Legal: Stevenage;;
 - Finance: Broxbourne;
 - IT: Hertsmere;
 - Human Resources: Three Rivers;
 - Operations: North Hertfordshire.

8.2 A Best Value consultation has been placed on the Councils website seeking views on the proposal to *enter into an arrangement to establish a wholly-owned company dedicated solely to provide Building Control functions on a non-profit making basis*. The Consultation (<http://www.north-herts.gov.uk/building-control-consortium-consultation>) closes on 05 December 2015.

8.3 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. Numerous legal issues flow from the proposed project as identified in this report and each of these will require individual consideration and advice. Detailed expert legal advice has been procured.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report. Each of the 7 LAs equally contributes to the project; Full Council in February 2015 approved £40k of revenue investment for the project.

10.2 Members may wish to note that, under the current operating model for these services, net costs to individual councils have increased over a number of years and are projected to increase significantly in future. Current estimates are that this project will mitigate against this continued cost growth.

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. NHDC’s Risk Manager has produced a risk log for the project which has been forwarded to the project MD.

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.