

EAST HERTS COUNCIL

EXECUTIVE - 5 AUGUST 2014

REPORT BY EXECUTIVE MEMBER FOR COMMUNITY SAFETY AND ENVIRONMENT

UPDATE ON THE PROGRESS OF THE HERTFORDSHIRE BUILDING CONTROL PROJECT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The report provides an update on the progress of the Hertfordshire Building Control project. The project is a joint venture between seven District Councils in Hertfordshire.

<u>RECOMMENDATIONS FOR EXECUTIVE:</u> That	
(A)	the report be noted; and
(B)	in principle, the project move forward and a full business case be submitted for approval in the autumn of 2014.

1.0 Background

1.1 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 1997 the government gave powers that allowed Approved Inspectors (AIs) to also act in this capacity. This competitive environment has meant that it is more difficult for LAs to retain their market share and grow new commercial work. Consequently many LAs, including East Herts have struggled to ensure that the Building Control service they provide is both value for money and cost neutral. In order to sustain the service, new options for service delivery will need to be explored.

2.0 Report

2.1 During 2013, East Herts District Council developed options for delivering Building Control Services. In July 2013 Three Rivers approached all District Councils in Hertfordshire with a proposal to explore a wider arrangement across the County. Six other authorities showed an interest in progressing this idea: Welwyn Hatfield, North Herts, Stevenage, East Herts, Hertsmere and Broxbourne.

2.2 Three Rivers took on the role of Project Sponsor and through the East of England Local Government Association (EELGA) engaged consultants to support a mixed group of managers from across the seven authorities to form a "Solutions Centre" to generate ideas for different ways of delivering BC services within their joint area. The Solutions Centre highlighted the following common concerns regarding the current building control delivery:

- The majority of Hertfordshire LA Building Control services are run at a cost.
- LAs find it difficult to market their services to commercial clients and are struggling to maintain the householder client base as Als are seen as more flexible and value for money.
- It is becoming increasingly difficult to recruit and retain high quality staff. Most LAs now have an ageing Building Control workforce.
- It is difficult to run services efficiently with current resources and overheads.

2.3 In January 2014 a proposal was put forward by the Solutions Centre to create a separate company owned by the seven local authorities that would deliver building control across district boundaries. The proposal suggested that the company would be virtual rather than wholly office-based, allowing officers to work remotely from site using a single IT platform.

2.4 In order to take the model forward a project board was set up consisting of the seven Chief Executives or their nominated Directors and the EELGA. The board appointed a Project Manager and a Project Officer from North Herts Council for 15 hours per week to progress the project. In addition it was decided that the model would need some funding to pay for initial set up

costs, therefore all seven authorities contributed £12k to a central fund.

2.5 Expert legal advice for the project has now been procured and this has led to the board deciding that a holding company would be the most efficient way to set up and run the arrangement, offering maximum flexibility with minimum exposure to procurement regulations and Corporation Tax. The majority of technical staff would be TUPE'd into the new company, with a limited number retained within the LAs to undertake functions that cannot be legally delegated, such as the signing of enforcement notices. The options for the set up arrangements and detailed reasons can be found in the legal advice report in **Essential Reference Paper 'B'**. This is for Members only as it contains exempt information as defined by paragraph 5 of Schedule 12A to the Local Government Act 1972.

2.6 This decision allows the project to move onto the next phase, which will involve putting together proposed timelines for implementation based on HR, legal and ICT advice. The Project Manager is also seeking commercial advice on the finance aspect, which will allow more accurate predictions on income, efficiencies and expenditure to feed into the model. The aim of this information and data collation is to produce a full business case for sign off by autumn 2014.

2.7 Eastern Regional Model

2.8 In addition to the Hertfordshire model, a number of other LAs have been exploring different vehicles for building control delivery beyond their own borders. Four authorities in Norfolk have a joint service delivery model for Building Control and are currently exploring the option of creating a separate Approved Inspector model and joining with other LAs across the East of England. This would allow the LAs involved to be able to operate in the building control market anywhere in the UK. The Hertfordshire board are currently in discussions with the Norfolk authorities to explore this option further.

3.0 **Options**

3.1 Forming an independent company (with an AI subsidiary) to provide building control services has a number of benefits and allows us to address the concerns raised at the Solutions Centre:

- It will create efficiencies in terms of back office costs such as ICT and building charges.
- It will allow for rationalisation of resources.
- There can be greater flexibility in the way that staff are deployed, based on market need.
- The set up will allow for greater flexibility in terms of incentives and training for staff, improving retention and job satisfaction.
- The model allows for any surplus to be re-invested in both the company and the Local Authorities.

Not exploring this delivery model will mean that East Herts Building Control will continue to run at a cost and is likely to continue to lose its market share as pressure from AIs builds. In addition, if the other Herts authorities proceeded with the AI model but without East Herts they would be able to take work from this District.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

Contact Member: Councillor Malcolm Alexander
malcolm.alexander@eastherts.gov.uk

Contact Officer: Simon Drinkwater- Director of Neighbourhood Services
01992 531404
simon.drinkwater@eastherts.gov.uk

Report Author: Simon Drinkwater- Director of Neighbourhood Services