

EAST HERTS COUNCIL

EXECUTIVE - 4 DECEMBER 2012

REPORT BY EXECUTIVE MEMBER FOR
COMMUNITY SAFETY AND ENVIRONMENT

BUILDING CONTROL BUSINESS CASE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report discusses alternative options for delivering Building Control Services more efficiently. It considers setting up a separate entity for Building Control Services and makes a number of initial recommendations for approval pending further detailed report on the way forward.

RECOMMENDATIONS FOR EXECUTIVE: That:

(A)	the Council seeks quotations from business advisors and appoints a business advisor to advise the Building Control Service and develop a business case for the creation of a mutual to deliver Building Control Services.

1.0 Background

1.1 The Council's Building Control Service has provided a high standard of quality assured services for many years with a high level of customer satisfaction (98%). The current economic recession has seen a significant reduction in income due to a reduced volume of work. Steps are being taken to reduce staff costs. This will still leave a shortfall in income. Improvements in the IT system allowing for more efficient working and remote working will bring additional efficiency benefits.

1.2 However, the Building Control Service needs to respond to a changing market place where the service competes for much of its work. Simply reducing costs by cutting staff costs will result in a service which will have less opportunity to respond to changes in

the construction world with a reduced selection of skills available and less opportunities for staff in terms of variety of work and promotion. In this context, it has become necessary to explore other means for providing the service.

2.0 Report

2.1 One option is to create a mutual. There are various models for a mutual such as a wholly owned company. Mutuals offer a way of delivering the service within an accountable though framework independent of the Council. Mutuals offer:

Accountability to stakeholders, the community and staff;

Robust corporate governance for delivery of efficient public services;

Providing employee engagement and participation;

Opportunity to enhance recruitment and retention of staff;

Financial benefits to employees such as performance related pay;

Opportunity to provide services outside the Council's building control functions.

2.2 The reason for setting up a mutual to deliver services to the Council is not solely to enable trading of Building Control services. It was also to provide a catalyst for the cultural and operational changes needed to facilitate a platform for trading and to give an identity to the Building Control service that would support a commercial approach to business, with detailed service specifications in place between the Council and the mutual. It is hoped that the mutual, as service deliverer could work with other Councils to develop collaborative opportunities in shared services. There would be an opportunity to make modest profits from working with other Councils.

2.3 The legal framework surrounding local authority trading is complicated so that legal advice will be necessary to finalise the form of the mutual.

2.4 One option is to set up a set up a wholly owned company to deliver services to the Council. This may prevent the mutual from being able to work with other customers beyond the Council.

Therefore, once the mutual is established and operating successfully, a different form of mutual will be required to enable it to trade more widely to generate income from offering a wider range of services beyond Building Control.

- 2.5 A draft business case for the mutual will be developed to ensure that the Building Control service offers:
- efficiency
 - effective service delivery
 - use of new technology
 - a change in culture and new arrangements that allow the mutual to implement an entrepreneurial philosophy and advance shared services opportunities
 - ensure customer orientated services continue.
- 2.6 The draft business case will give details potential income streams and initial set up costs and establish whether or not the business case is viable. There is evidence to suggest that there is a potential market for Building Control services but further detailed research and a thorough risk assessment is required in order to deliver a robust business case.
- 2.7 The business case should ensure that the outcomes of the business case are capable of being delivered. The business case including all the options will be presented to Members with an assessment of the risks of implementation.
- 2.8 A specification for the services falling under Building Control will be prepared. This specification will be incorporated in a service level agreement between the Council and Building Control Services.
- 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

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