

Taunton Deane Borough Council

Executive - 4 February 2009

Report of the Building Control Manager

Fees and Staffing Proposals for Building Control in 2009/2010

(This report is the responsibility of Executive Councillor Coles)

1 Executive Summary

The purpose of this report is two-fold:

- (1) to propose a Scheme of Charges for Building Control from 1 April 2009, and
- (2) in conjunction with fee proposals, to propose further measures to contain costs and build on Partnership working to combat an anticipated slow-down in demand for building control services in 2009/2010.

2 Background

- 2.1 Building Control Services are provided in partnership between Sedgemoor District Council (SDC) and Taunton Deane Borough Council under a joint management arrangement and the same Building Control Charges Scheme is operated by both. The proposals for the Scheme of Charges from 1 April 2009, and the staffing arrangements outlined in this report so far as they affect SDC, will therefore also be taken to SDC Executive Committee for approval.
- 2.2 The Building Control service is required by Regulation to be operated on self-financing principles, and operates in competition with the private sector. It is probable that trading conditions in the construction sector will be very difficult during 2009/10, and a significant recession is possible. Fee increases are needed to counter normal cost inflation and to combat the negative impact of a recession on the ability of the Service to meet its self-financing targets. However, fee increases must not be so great that the service becomes uncompetitive, or customers become alienated. This report is therefore in two parts – the first considering the Scheme of Charges for 2009/10, and the second considering how direct costs, and in particular staffing costs, can best be managed to place the service in the strongest possible position to remain an efficient and effective service provider in a reducing economy.
- 2.3 While the main thrust of this report concerns the fee-earning service, it is worth remembering that 20% of service costs are attributable to statutory

functions that fall on the General Fund. Reductions in direct costs will be beneficial to this account as well.

3 Part 1 - Scheme of Charges 2009/2010

- 3.1 Income streams have been analysed and typical results are shown in Appendix 1. The single largest work area is domestic extensions, producing a proportionate percentage of income. The next largest work area is domestic alterations, producing a comparatively smaller part of total income. Conversely, commercial and industrial works comprise a fairly small part of the workload but produce a disproportionately large percentage of income. New housing makes a modest contribution to workload and income, but as this is likely to be the sector that is most affected by the economic downturn, fee increases here will be largely unproductive.
- 3.2 Alterations to the Scheme of Charges are therefore targeted at maximising income from the areas of principal workload, and making the control of low value works more economic. Increases are less for high value work so that the service remains competitive in these areas.

4 Features of the Proposed Scheme

- 4.1 The detailed scheme, together with current scheme comparisons and percentage movements, is shown at Appendix 2. The significant changes are as follows:

Schedule 1 (New dwellings):

The previous sharp reduction in fees from a single dwelling to two or more has been smoothed out into a more progressive sequence of fee increases, averaging 5% above current levels up to 10 units, and diminishing to around 2% for 30 dwellings or more.

Schedule 2 (Domestic garages and extensions):

Fees for small garages, previously uneconomic, are raised, but remain virtually unchanged for larger garages.

Fees for small extensions are raised for the same reason as for small garages. Fees for medium extensions, the largest single category, are raised by what is expected to be the average amount, approximately 6%.

Fees for large extensions are raised to preserve the proportional link with fees for single dwellings.

Schedule 3 (Domestic alterations, commercial and industrial):

The very bottom categories, replacement glazing and works under £5,000, remain virtually unchanged as fees would otherwise become disproportionate in relation to the cost of work.

Above £5,000, fees are "banded" in £5,000 cost-of-work increments instead of £1,000 increments as previously. The effect is to produce a simplified scheme with average fee increases that are highest in the lower work-cost bands and reduce progressively as work values increase.

- 4.2 The proposed changes meet the aims of targeting principal workload areas and the unprofitable small works areas, while minimising the impact on larger schemes where the need to remain competitive is paramount.

5 Proposal 1

- 5.1 The Scheme of Charges proposed and shown at Appendix 2 should provide a 6% increase in overall income at comparative work-load levels and is recommended for adoption. The increases proposed are considered to be sustainable without making the service uncompetitive, and the changes continue the progress towards a rational and easily understood scheme that remains fully compliant with the requirements of the Building (Local Authority Charges) Regulations 1998.

6 Part 2 - Direct Costs

- 6.1 Increasing fees alone will not counter the potential reduction in income arising from a recession in construction during 2009/10. Direct costs, of which staff cost is the major element, must also be addressed.
- 6.2 Because the Building Control service is operated in tandem with Sedgemoor, the needs of both Councils have been taken into account in arriving at the following staffing proposals. The principles of partnership working are extended and built upon to take advantage of the strength in depth, as well as the efficiencies, that partnership working offers.
- 6.3 This part of the report looks at:
- (1) Current staffing levels in TDBC Building Control and optimum staffing levels within the efficient service provision ethos of the Council.
 - (2) Calculated sustainable staffing levels following a major downturn in construction activity.
 - (3) Proposed staffing levels for 2009/10
- 6.4 For comparison and evaluation purposes, use has been made of the LABC (Local Authority Building Control) calculation tool. This is a formula widely used by local authorities to calculate building control establishment requirements. Designed initially by the London District Surveyors Association, the formula is now maintained and updated annually by LABC.

7 Current staffing levels

- 7.1 Appendix 3 shows the current establishment following joint management and using 2007/08 outturn figures. The formula produces a W/E (workload to establishment) ratio, where a W/E of 1 represents an "ideal" establishment. Results above 1 indicate potential under-manning, and below 1 over-manning.
- 7.2 For an average mixed authority like TDBC, and employing efficient service provision principles, experience suggests that a W/E ratio of between 1.4 -

1.5, or about 2/3 the comparative establishment of an urban authority, is the optimum target figure.

7.3 The W/E ratio at 1st November of 1.56 indicates that the section is short of Surveyor strength. The causes are known, and arise from the vacancy for a shared Surveyor post with SDC, the introduction of joint management, and voluntary reduced hours working by two Surveyors.

7.4 **Conclusion:** Staffing levels are low in the current circumstances, but consideration needs to be given to future trading conditions before acting to redress shortages.

8 Staffing and Workload in 2009/2010

8.1 Cyclical recessions have always been a feature of the construction industry, and experience suggests that a severe recession will typically result in a 20% reduction in activity in this sector. The effects are not evenly spread, and certain sectors of the industry, typically new house building, are generally more affected than others.

8.2 Small and medium domestic works, the largest element of the workload of the section, tend to be less affected. For this reason, a 15% loss of business volume has been assumed in calculating a sustainable staffing level in the “worst case” scenario shown at Appendix 4.

8.3 This shows the position after implementation of the proposed Charges Scheme and implementation of the administrative support proposals that follow. By holding open existing vacant Surveyor posts the W/E ratio is held at 1.38, very close to the required level, while further efficiencies arise from the administrative support proposals.

8.4 The proposed staffing structure is shown at Appendix 5.

9 Staffing Proposals for 2009/2010

9.1 It is proposed that the SDC building control support team leader should jointly manage the administration of both the SDC and the TDBC building control services. The opportunity to extend joint provision of the service in this way arises from the forthcoming retirement of the TDBC Support Team Leader.

9.2 To provide the necessary support to this role, the existing administrative assistant strength should be adjusted through internal arrangements to 2.0 FTE. This arrangement will provide an efficiency gain.

9.3 The vacant 0.5 FTE Surveyor post (the shared post with SDC forming part of the joint management arrangements) should not be filled until recruitment can be justified by trading conditions. Likewise, the shortfall in surveying strength of 0.8 FTE arising from voluntary reduced hours working should not be addressed until trading conditions warrant.

10 Proposal 2

- 10.1 It is proposed that the following staffing arrangements be adopted:
- (1) SDC Building Control Support Officer to become the Joint Support Team Manager for Sedgemoor and Taunton Deane Building Control Services. The cost of this post to be shared equally with SDC.
 - (2) The administrative support strength to be adjusted to provide 2.0 FTE.
 - (3) The agreed shared Surveyor post with SDC, and current establishment shortfalls, to be held vacant until workload justifies recruitment.

11 Financial Implications

(Gross salaries shown and include current year pay award)

2009/2010

11.1 Additional costs

Salary and overhead cost increase of 5% in 2009/10: £21,830

Loss of income following 15% reduction in workload: £66,830

TOTAL: £88,660

Additional savings

Additional income from revised fee scheme: £22,720

£22,720

Saving from 0.5 FTE Surveyor vacancy: £16,830

Saving from shared Admin. Manager: £ 7,320

Reduced admin. support: £ 4,050

Saving from 0.6 FTE BC Surveyors: £26,330

Current net saving from joint management: £ 7,570

Current saving from reduced admin. strength: £ 8,230

£70,330 (See note 1)

Reduction in service costs (travel, consultants) £ 2,500

£ 2,500

TOTAL: £95,550

Note 1: Total salary savings £70,330

Of which: Fee-earning account 80%: £56,260

Non fee-earning (statutory) account 20%: £14,070

£70,330

Statutory account cost saving (as above): £14,070

Savings already identified and given up: £ 8,870

Further amount to be given up: £ 5,200

11.2 Conclusion.

The proposals are affordable and sustainable in the event of a “worst case” scenario of reduced workload and income in 2009/10, while the extension of joint working arrangements provides additional efficiency savings for TDBC.

12 Links to Corporate Priorities

12.1 Links to Environment, Delivery, Working in Partnership, Pioneer Somerset.

13 Finance Comments

13.1 The accountant has checked the content and verified the values.

14 Risk Management

Risk	Consequence	Probability	Impact	Treatment
Falling workload	Reduced income	5	5	Fees increased, staff numbers kept at a sustainable level
Increased competition	Reduced income	4	4	Maintain service levels Competitive fees Market and promote
Loss of staff	Reduced service levels	2	4	Review salaries Recruit
Rising costs of service provision	Failure to meet self-financing target	4	2	Utilise partnership economies. Innovation in service delivery Review and optimise processes
Service contract with West Somerset	Additional workload	3	5	Produce and implement a sustainable business plan to support the SLA

15 Equalities Issues

15.1 There are no equalities issues arising from this report.

16 Partnership Implications

16.1 The Building Control Service is provided in partnership with Sedgemoor District Council. In consequence:

- (a) the Scheme of Charges proposed here will also be proposed for adoption by SDC;
- (b) the proposal to share the services of a Building Control Support Team Manager will also be made to SDC.

(Note: The result of the proposals that are being made jointly to each authority will be to create administrative teams of comparative strength in each authority under the direction of the Joint Building Control Manager working through the new Joint Support Team Manager.

Taunton Deane will enjoy the additional benefit of further efficiencies in administrative support provision and the services of an experienced officer familiar with the Acolaid ERDMS that is intended to be installed in 2009.)

17 Recommendations

17.1 To agree:

- (a) to adopt the Scheme of Charges for Building Control set out at Appendix 2;
- (b) to share the services of the Sedgemoor Building Control Support Team Manager, sharing equally the salary, benefits and other costs of employment with Sedgemoor District Council;
- (c) to extend the indemnity resolution approved in connection with the shared management of Building Control (Executive 16th July 2008) to also include the shared working arrangements described in this document;
- (d) to hold open the previously agreed shared Building Control Surveyor post with SDC until it can be justified by workload requirements.

18 Appendices

18.1 Appendices 1, 2, 3, 4 and 5.

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APPENDIX 1

Sources of Income

	% of applications	% of income
Schedule 1		
New dwellings	12	14
Schedule 2		
Extensions to dwellings	38	38
Schedule 3		
Alterations to dwellings	25	14
Change of use to dwelling	5	10
Garages and garage extensions	8	6
Commercial and Industrial	12	18
	<hr/>	<hr/>
	100	100

APPENDIX 2

Proposed Scheme of Charges from 1st April 2009. (Fees shown are published rates inclusive of VAT @ 15%)

Schedule 1 (New dwellings less than 300m2 floor area)

Schedule 1 (New dwellings under 300m2 floor area)	1/12/08 £	1/04/09 £	% Increase
1	665.53	700	5.2
2	949.36	1050	10.6
3	1174.47	1250	6.4
4	1370.22	1450	5.8
5	1565.96	1650	5.4
6	1761.70	1850	5.0
7	1957.44	2050	4.7
8	2153.19	2250	4.5
9	2300.00	2400	4.3
10	2446.81	2550	4.2
	Plus £146.81 per unit over 10	Plus £150 per unit over 10	
30	5383.01	5550	3.1
	Plus £97.87 per unit over 30	Plus £100 per unit over 30	2.2

Schedule 2 (Small domestic works)	1/12/08	1/04/09	% Increase
Partial re-glazing	73.40	75	2.2
Full re-glazing	146.81	150	2.2
Garages under 40m2	156.60	180	14.9
Garages between 40 and 60 m2	313.19	320	2.2
Extensions under 10m2	313.19	340	8.6
Extensions between 10 and 40 m2	469.79	500	6.4
Extensions between 40 and 60 m2	587.23	620	5.6

Schedule 3 (Extensions over 60m2 and all other works) Estimated cost £	1/12/08 £	1/04/09 £	Average % Increase
Up to 2,000	146.81	150	2.2
2,001 - 5,000	220.21	225	2.2
5,001 - 6,000	234.89	}	}
6,001 - 7,000	249.57		
7,001 - 8,000	264.25		
8,001 - 9,000	278.93		
9,001 - 10,000	293.61		
10,001 - 11,000	308.29	}	}
11,001 - 12,000	322.97		
12,001 - 13,000	337.65		
13,001 - 14,000	352.35		
14,001 - 15,000	367.03		
15,001 - 16,000	381.71	}	}
16,001 - 17,000	396.39		
17,001 - 18,000	411.07		
18,001 - 19,000	425.75		
19,001 - 20,000	440.43		
20,001 - 21,000	450.22	}	}
21,001 - 22,000	460.01		
22,001 - 23,000	469.80		
23,001 - 24,000	479.58		
24,001 - 25,000	489.36		
25,001 - 26,000	499.15	}	}
26,001 - 27,000	508.94		
27,001 - 28,000	518.73		
28,001 - 29,000	528.51		
29,001 - 30,000	538.30		
30,001 - 31,000	548.09	}	}
31,001 - 32,000	557.88		
32,001 - 33,000	567.66		
33,001 - 34,000	577.45		
34,001 - 35,000	587.23		
35,001 - 36,000	597.02	}	}
36,001 - 37,000	606.81		
37,001 - 38,000	616.60		
38,001 - 39,000	626.39		
39,001 - 40,000	636.17		
40,001 - 45,000	Add £9.79 per £1000 or part above £40,000 up to £100,000	700	2.9
45,001 - 50,000		750	2.7
		Add £10 per £1,000 or part above £50,000 up to £100,000	2.2
	Add £4.89 per £1,000 or part above £100,000 up to £1,000,000	Add £5 per £1,000 or part above £1,00,000 up to £1,000,000	2.2
		Etc.	Etc.

APPENDIX 3

Establishment as at 1 November 2008

(Includes Joint Manager, 0.5FTE vacant Surveyor post, reduced admin. support)
 (AFPOL is the average fee per application for all outer London authorities; PF the local variance reduction factor; AFP = average fee per application; PF = projects X factor; PS the number of case officers required; and Non-PS the manager and trainee complement. A is for admin. staff.
 The equation that combines these factors is not shown.)

Spreadsheet for the calculation of the W/E Ratio				
AFPOL for ¹	2007/08	418		Surveyors (BCOs) in post 6.9
Projects for ²	2007/08	1068		BC ⁶ =
BC Fees for ³	2008/09	445000		Admin staff in post ⁶ 2.7
				=
				Total Establishment in post 9.6
				=
Deduction for SE ⁴		1		
Variable PF factor ⁵ (PF= 0.0083 or 0.0092)		0.0083		
Rounded Totals				
"AFP"	=	416.666 7		Notes:
"PF"	=	8.8644		You may only enter data in the cells shown in Blue, i.e..
"PS"	=	8.85309	9	¹ The AFPOL is updated each May and is published on the LABC website
NON "PS"	=	3.25	4	² Number of charge earning projects for year ie. excluding IN's, CW's & resubmissions
TOTAL "S"	=	13	13	³ BC charges for year in question both received and invoiced
"A"	=	3.25	3	⁴ Deduction for Structural Engineer post (if applicable)
Total (-SE)	=	15.25	15	⁵ For variable factors and interpretation see DSA Level of Service Document
W/E Ratio	=	1.58854 2	1.56	⁶ Staff currently in your employment
Total calculated establishment for Building Surveyors only				13
Total calculated establishment for Admin.				3
Total calculated establishment (minus a structural engineer)				15
Actual establishment				9.6
Calculated Workload / Establishment Ratio				1.56
Important Note:	The variable PF factor will normally be 0.0083 unless you have a high proportion of applications involving the greater complexities of Part B, in which case 0.0092 may be used.			

APPENDIX 4

“Worst Case” scenario following a 15% drop in business volume.
 (Joint BC Manager, Joint Admin. Manager, administrative support savings,
 1.1 FTE vacant Surveyor posts held open)

Spreadsheet for the calculation of the W/E Ratio				
AFPOL for ¹	2008/09	410	Surveyors (BCOs) in post 6.9	
Projects for ²	2008/09	928	BC ⁶ =	
BC Fees for ³	2008/09	401400	Admin staff in post ⁶ 2.5	
			=	
			Total Establishment in post 9.4	
			=	
Deduction for SE ⁴		1		
Variable PF factor ⁵		0.0083		
<i>(PF= 0.0083 or 0.0092)</i>				
Rounded Totals				
"AFP"	=	432.543	Notes: You may only enter data in the cells shown in Blue, i.e.. ¹ The AFPOL is updated each May and is published on the LABC website ² Number of charge earning projects for year ie. excluding IN's, CW's & resubmissions ³ BC charges for year in question both received and invoiced ⁴ Deduction for Structural Engineer post (if applicable) ⁵ For variable factors and interpretation see DSA Level of Service Document ⁶ Staff currently in your employment	
		1		
"PF"	=	7.7024		
"PS"	=	7.87180		8
		1		
NON "PS"	=	3		3
TOTAL "S"	=	11		11
"A"	=	2.75		3
Total (-SE)	=	12.75		13
W/E Ratio	=	1.35638		1.38
		3		
Total calculated establishment for Building Surveyors only			11	
Total calculated establishment for Admin.			3	
Total calculated establishment (minus a structural engineer)			13	
Actual establishment			9.4	
Calculated Workload / Establishment Ratio			1.38	
Important Note:	The variable PF factor will normally be 0.0083 unless you have a high proportion of applications involving the greater complexities of Part B, in which case 0.0092 may be used.			

APPENDIX 5

Proposed Staff Structure Plan

SDC

TDBC

