

# Taunton Deane Borough Council

**Executive – 11 March 2015**

## **Creation of the Somerset Building Control Partnership**

**Report of the Assistant Director Operational Delivery – Chris Hall**

(This matter is the responsibility of Executive Councillor Mark Edwards)

### **1 Executive Summary**

This report seeks approval to create a Somerset Building Control Partnership as outlined in the appended Business Case, comprising Mendip and Sedgemoor District Councils, Taunton Deane Borough Council and West Somerset Council.

The key benefits of doing so are the ability to control costs and make future savings whilst keeping a more resilient building control service

The service will be hosted by Sedgemoor District Council with employees being transferred to the host (TUPE)

Salary savings are estimated to be in the region of £240k and will be apportioned according to the formula for cost sharing that is to be agreed. There will be one off redundancy costs associated with this structural proposal and these will also be shared in accordance with the formula.

### **2. Background**

2.1 Analysis and research, including advice from Finance Officers, HR managers, Legal Teams and IT managers has now been completed, and a comprehensive business case/plan has been agreed by senior management in each of the four partner Councils:

- Mendip District Council
- Sedgemoor District Council
- Taunton Deane Borough Council and
- West Somerset Council

2.2 North Dorset District Council withdrew from the project in 2014, and South Somerset District Council withdrew earlier in the process.

2.3 Authority will be sought from each of the four Council Executives/Cabinets during the February/March to form the Partnership. The Partnership will be the largest Building Control Partnership in the South of England. There would also be scope to increase membership in the future.

2.4 The Key business reasons for forming the partnership are:

- To secure a sustainable building control Service for the future.
- To reduce costs to each partner Council.
- To improve competitiveness with the private (and public) sector providers of building control services – to win more business and maximise income.
- To increase resilience and customer service levels – a bigger core service team rather than 4 small teams.
- To improve professional development opportunities, to make it easier to attract and retain good quality staff.

2.5 The building control service provided by districts councils is one of the council functions that is in direct competition with the private sector (Approved Inspectors).

2.6 In recent years services have found it more and more difficult to compete with the private sector providers of building control for the 'fee income' from Building Regulations applications. Local authorities also have to carry out other statutory building control responsibilities that the private sector is exempt from, and these do not bring in income to support them.

2.6 The reduction in income to building control services is leaving most individual local authority building control services with a choice between having a very small team with little resilience, or operating the service at a financial loss which must then be subsidised by the General Fund of the authority. This picture is seen across the country and the Government has confirmed that its view is that the most effective way forward to alleviate this is for single local authority building control teams to form partnerships.

2.7 With this in mind four local authorities in Somerset have been working collaboratively with a view to forming a single building control partnership that tackles the issues facing the service, improves delivery for customers and reduces the financial burden on the individual authorities.

2.8 In Devon a successful building control partnership has been running since 2005. Consisting initially of two local authorities (Teignbridge and West Devon), it was then joined by South Hams in 2006 and is currently in discussions with other Devon authorities. This partnership has managed to weather the financial pressures facing building control, kept its service highly effective and resilient, and maintained good market share. This model, along with a similar one in Norfolk where five local authorities operate under the banner of CNC Building Control Partnership, has shown that building control partnerships have long term benefits for councils and the customers they provide services too.

### **3. The Proposed Partnership**

3.1 A comprehensive business case has been developed by the 4 partner organisations having considered:-

- The prevailing economic and competition challenges facing building control.
- The requirement to maintain a resilient and competent service.
- The increasing move to form partnerships to deliver successful building control

services.

- Options for governance of a partnership.
- Comparisons of workloads, application numbers, staffing numbers and income/budgets between the 4 partners.
- The ability to generate significant savings from forming a single business unit, by reducing management posts and staff numbers, and reducing office overheads and other support service charges.
- Creation of a new partnership staffing structure, based on workloads and introducing new and more efficient ways of working.

3.2 The Key business reasons for forming the partnership are:

- To secure a sustainable building control service.
- To reduce costs to each partner Council.
- To improve competitiveness with the private (and public) sector providers of building control services – to win more business and maximise income.
- To increase resilience and customer service levels – a bigger core service team rather than 4 small teams.
- To improve professional development opportunities, to make it easier to attract and retain good quality staff.

3.3 The appended business cases projects a salary saving of £238K between the 4 partners in the first full year of the partnership, but redundancy costs will be incurred as part of the set-up. This scale of saving presents a sound financial business reason for pursuing the project, but significant further savings can be expected from:

- Creation of a single IT system, rather than 4 separate systems.
- Rationalising support service charges from 4 organisations into 1.
- Reducing the need for office space across 4 organisations.
- The reduced head count creates additional savings in terms of computer licences, equipment, travel and other overheads etc.
- Improved systems.
- Improved efficiency and deployment of staff from managing building control as a single team across 4 Districts.
- Expansion of the partnership to include other Councils and other ancillary services in the future to increase income.

3.4 Taunton Deane Borough Council are in the process of joining together the building control service with West Somerset Council as part of the JMASS project, this has the potential to deliver some saving early (1<sup>st</sup> April '15) but should be seen as removing the equivalent saving potential from this business plan, the same saving cannot be made twice.

3.5 The proposed governance is through a 'joint committee' model as used for the Somerset Waste Partnership and the South West Audit Partnership. This involves pooling budgets and resources into a single service managed by a joint management team with a joint steering committee established under Section 101 of

the Local Government Act 1972. The joint committee will oversee the performance, budgetary control and strategic direction of the partnership with a portfolio holder and senior manager from each partner organisation forming the committee. A detailed inter authority agreement will be agreed between the Councils.

- 3.6 Sedgemoor District Council are proposed to act as the host/administering authority for the Partnership. This means that the staff from the other Councils will transfer to Sedgemoor District Council who will be employing the staff, and progressively, will provide the majority of the support services such as HR, payroll, office space, IT, financial management as part of the SDC accounts, audit, and potentially legal and democratic services.
- 3.7 The total building control fee income across the 4 Councils was £850K in 2013/14, with approximately £200K in charges for statutory work.
- 3.8 There will be an agreed brand for the new partnership, with details to be finalised after consultation with staff.
- 3.9 The proposed launch date for the partnership is 1 July 2015.

#### **4. HR Implications**

- 4.1 The HR Implications are set out in more detail in Appendix I of the Business Case, page 54-59.
- 4.2 The report seeks approval for Sedgemoor District Council to act as the host/administering authority for the Building Control Partnership, should approval be given for the Partnership to proceed. The Transfer of Undertakings (Protection of Employment) Regulations 2006 and amendments via the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 will apply to the transfer of staff from their existing authority to the host authority. TUPE Regulations protect the contractual terms and conditions of transferring employees. Each authority has their own Job Evaluation scheme and pay scales, albeit those scales are based on the National Joint Council pay structures. The host authority will inherit staff from across the partners on varying terms and conditions and it is not possible to change employees' terms and conditions as a result of the transfer itself. It is possible to offer transferring employees the option of taking up a Sedgemoor contract of employment and this will be offered to all transferring staff.
- 4.3 The report identifies that at some point in the future, and unrelated to the transfer itself, the host authority (SDC) would seek to harmonise terms and conditions. There is no plan to do this in the near future and indeed it is not permitted to do so within one year of the transfer under the Collective Redundancies and TUPE (Amendment) 2014 Amendment Regulations.
- 4.4 The proposed structure of the Partnership is based on an establishment of 16 full-time equivalent staff, which will lead to potential redundancies as the new structure is populated. The aggressive market conditions and declining market share support the argument that there are economic, technical and organisational (ETO) grounds for a reduced establishment. Under the TUPE Regulations 2006 the only grounds

for making posts redundant as opposed to transferring under TUPE are those where an ETO reason can be justified. The partners have made temporary arrangements for some time now to cover vacancies as they arise so as to mitigate the extent to which redundancies are necessary.

- 4.5 The TUPE Regulations (see 5.1. below) require proper and ongoing information sharing and consultation with unions and staff from the point there are proposals on which to consult through to the TUPE transfer to the host authority. Both incoming and outgoing employers are obliged to consult with affected employees about the transfer and any measures that they intend taking, in accordance with the Regulations and to seek agreement on those measures. UNISON is being consulted formally on the proposals and a first meeting has already been held with UNISON Branch and Regional Representatives. A successful consultation meeting with all affected employees in the 4 authorities was held on 20<sup>th</sup> January 2015 to present the draft business case and proposals to transfer employees to a host authority under TUPE.

## **5. Finance Comments**

- 5.1 The Building Control Partnership business plan is presented in this report and details the draft financial implications of forming the partnership. At this stage the detailed figures and methodology for allocating the costs has not been finalised, however with the annual salary saving of approximately £240k and the longer term reductions in support services the partnership should provide ongoing savings for all partners. The savings already proposed for both WSC and TDBC as part of the JMASS project will deliver some of these savings earlier for both WSC and TDBC and cannot be accounted for twice. Initially there will be redundancy costs and IT investment which will need to be funded, although these are one off costs so will not impact on the financial viability of the partnership in the future. The representative of the Section 151 Officer will continue to liaise with the financial work stream lead on the detailed finance work and the cost sharing model.

## **6. Equalities Impact**

- 6.1 These implications have been considered as part of the wider business case and HR have been engaged to ensure that equality of opportunity has been provided for our employees.

## **7. Community Safety Implications**

- 7.1 There are no implications as a result of this report.

## **8. Risk Management**

- 8.1 The partnership has been designed to deliver statutory and fee earning services on behalf all partners, the level of income from these services fluctuates but there is a history in Taunton Deane of failing to meet with the income expectations and therefore operating at a greater cost to the Council.

- 8.2 If Taunton Deane Borough Council do not introduce a big change to the way they deliver the building control function there is a risk that further employee reductions will be needed and that the service will be placed in a position of unsustainability and unable to deliver its statutory responsibilities.
- 8.3 There is a risk that employees who are not included in the new structure could set up under the Approved Inspectors scheme and end up competing for the same work as the Council's building control service, adding to this Council's income challenges.
- 8.4 A comprehensive risk log is included within part 7 of the appended Business Case, pages 28-30.
- 8.5 The prime area of risk for this Council would be if the fee income reduced dramatically. However, the inter-authority agreement and joint committee will mitigate this risk, because partner Council's would retain shared responsibilities for the financial viability and future success of the partnership. The management team would be tasked with reducing costs to match any reduced income position, together with marketing the service to gain new business. Support service costs/recharges for setting up the partnership and providing additional support to develop it, will ensure the new business unit pays for enhanced investment of officer time in the first 2- 3 years

## **9. Links to Corporate Aims**

- 9.1 The formation of partnerships to deliver shared services and create efficiencies is in compliance with national priorities.
- 9.2 A resilient, cost-effective and local building control service is essential to support the local economy, developers and the building trade and helps to secure safe and high quality developments. The emergency call-out rota for dangerous structures is an important part of the Council's 'out of hours' service provision.

## **10. Partnership Implications**

- 10.1 If approved this would see the creation of a new partnership without any impacts on existing partnerships.

## **11. Asset Management Implications**

- 11.1 There are no current asset management implications for decision, there is an expectation that the new partnership will work more remotely from each individual Council office freeing up of accommodation can be expected as a result of this partnership.

## **12. Environmental Implications**

- 12.1 There are no adverse environmental implications arising from the proposals.

### **13. Legal Comments**

- 13.1 The attached business case sets out the various legal options for the setting up of a shared building control service. The preferred option is to set up a Joint Committee pursuant to Section 102 of the Local Government Act 1972. The legal section are in the process of drafting the legal agreement with the various Councils. This agreement will include provisions to ensure that this Council's legal interests are adequately protected and that risks are shared amongst the partners.

### **14. Corporate Scrutiny Comments**

- 14.1 The Corporate Scrutiny Committee considered this report on 19<sup>th</sup> February. There were a number of questions that were answered on the night concerning the following matters:
- Opportunities for trainees under the new structure – It was confirmed that the new structure does make allowances for a trainee and the opportunity to provide some career escalations that the individual Councils have not been able to sustain on their own.
  - ICT matters and data migration – It was clarified that whilst there was a cost noted in the business plan for data migration the scale of this cost when compared to the benefit was too high. It is considered that the service can function without the migration of this data, but should this become unworkable then a separate business case would be needed.
  - Challenge as to why TDBC are not the proposed hosts as we appear to be the biggest single partner – Sedgemoor District Council (SDC) are geographically central to the 4 partners, SDC have a real desire to run Building Control and are putting in the project resources to make this happen, TDBC and WSC were timetabled to be in the middle of the JMASS project back when a host authority was agreed and could not support another partnership of this scale.
  - The challenge the current service faces from external competitiveness – Government changes have mean that any competent person can set up as an Approved Inspector and compete for the same work thus reducing the Local Authorities' market share. A wider partnership with greater resilience, specialisms, and marketing power would help stem the flow of work into the private sector and secure this area of Local Authority spend and income.

- 14.2 The Scrutiny Committee were supportive of the recommendations.

### **15. Recommendations**

Members are recommended to:-

1. Approve the creation of a Somerset Building Control Partnership as outlined in the appended Business Case, and subject to the approval of the other proposed partner Councils.

2. To approve the creation of a 'Joint Committee' to oversee the strategic direction, performance and budget of the partnership.
3. To nominate the Portfolio Holder and Assistant Director (Operational Delivery) to represent the Council on the Joint Committee.
4. To delegate responsibility to the Section 151 Officer, the Monitoring Officer, the Assistant Director (Operational Delivery) and the portfolio holder to finalise legal agreements, partnership budgets and cost/income sharing arrangements, shared redundancy payments and detailed governance arrangements.

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**BUSINESS CASE FOR THE PROVISION OF A JOINT BUILDING  
CONTROL SERVICE BETWEEN MENDIP DISTRICT COUNCIL,  
SEDGEMOOR DISTRICT COUNCIL, TAUNTON DEANE BOROUGH  
COUNCIL & WEST SOMERSET DISTRICT COUNCIL  
STAFF CONSULTATION**



<b>Contents</b>	<b>Page</b>
Executive Summary	3
Section 1 – Introduction	5
Section 2 – Drivers for change	5
Section 3 – Stakeholder analysis and expectations	7
Section 4 – Service Governance and Organisation Structure	7
Section 5 – Financial Case	19
Section 6 – Implementation plan	25
Section 7 - Risk registers	26
<b>Appendices</b>	
Appendix A – Stakeholder needs analysis	29
Appendix B – IT Costing	30
Appendix C – Financial statements	34
Appendix D – Other examples of partnership working in BC	36
Appendix E – Full service catalogue	37
Appendix F – Treatment of expenditure and income	39
Appendix G – Staff reporting structure and salaries	46
Appendix H – Business development	47
Appendix I - Human Resources	53

## Somerset + Partnership Executive Summary

In June 2013 a project board was set up to explore the possibility of joint working across Building Control teams within Somerset and North Dorset. However, South Somerset District withdrew at an early stage as they could not gain the necessary corporate backing. A strategic business case was developed and accepted by the remaining authorities involved in early 2014. Following on from this a Project Team, formed from the existing service managers, was appointed in June 2014 to develop a detailed business case, which is the basis of this document. On the 10<sup>th</sup> November 2014 the board was informed that North Dorset District Council would no longer be involved in the project as a corporate decision had been made to pursue whole Council partnership working within Dorset.

Whilst the original brief was to develop a sustainable Building Control Service across the districts served by the partner councils, it soon became obvious that this was a ***'one off' opportunity to radically rethink how the Building Control service could be delivered in the future.***

This document identifies a business which is 'customer focussed' and 'management light', placing the day to day business in the hands of staff allowing them greater responsibility and ownership within the business. In return the new business entity will put staff at the forefront for the future by adopting succession planning and individual development plans which will concentrate on a 'grow your own' culture by investing in Trainees and Modern Apprentices (a practice that has yielded excellent results at MDC)

The recommendations set out in this document can be summarised as follows:

- Develop a joint inter authority unit hosted by one authority to deliver Building Control and related services within the Districts of Mendip, Taunton Deane, Sedgemoor and West Somerset as from 1<sup>st</sup> July 2015
- Provide the current services and standards of Building Control service from day 1 (i.e. same scope and quality), as a minimum; for detail of the services, see Appendix E.
- Move to a networked (mobile & flexible) structure in pursuance of the above;
- Locate core management and technical support at an agreed location;
- Deploy ICT to a greater extent to facilitate this.
- Develop a strong commercial entity through marketing and branding.

The core reasons for the recommendations are to:

- minimise risk of service failure by establishing a more sustainable and resilient unit with the capability to adapt to service and commercial demands;
- realise future savings, through realignment of back office systems, utilisation of technology and procurement of support services

- continue to improve and develop excellent and effective customer service;
- retain, recruit and develop key frontline service professionals;
- compete better with the private sector, by developing strategies which will maximise future revenues by targeting specific market sectors whilst maintain and increasing market share;

For governance & performance purposes (see also Section 4.1) the report recommends that:

- the partners establish a Joint Committee under s101 of the Local Government Act 1972;
- the Committee comprises representatives from the four partner councils in equal numbers (one elected member and one officer);
- the Committee sets and monitors the financial and service performance of the joint unit and sets targets and priorities for its future development;
- The Committee determines the extent to which any financial surpluses are distributed to the partner authorities.

Because Joint Committees cannot employ staff directly, it is recommended that one of the partner authorities be nominated as the “host” for the joint unit. At this stage only Sedgemoor District Council has expressed an interest in hosting the new business unit.

Prior to commencement of the new entity the new Management Team will be appointed to the host authority. It is also recommended that all staff are offered the option of either transferring under TUPE to the host authority, on existing terms and conditions, on the formation of the new entity or taking the remuneration package on offer by the host authority. Over time the host authority will look to realign job descriptions and terms and conditions, as long as the reason for this is not in any way related to the TUPE transfer.

Retaining the loyalty & commitment of Building Control staff will be an essential element in making the joint unit a success. It is for these reasons that once the new business is financially stable we would recommend that staff remuneration in the new unit is reviewed to ensure that;

- Remuneration competes sufficiently with the market to recruit and retain staff
- Through consultation and negotiation with staff the aim of achieving harmonisation in staff terms and conditions is addressed at some point

*However, for the purposes of this report we have taken the current generic job roles and applied ‘top of scale’ of the current highest paying authority to give a conservative estimate of achievable savings for the project.*

The host authority, in addition to employing staff, will initially act as, the contracting and accountable body for the joint unit, and will provide a number of support services (HR,

finance, legal, IT), for which the unit would make payment.

## **1. Introduction: Joint Building Control Service Project**

- 1.1 This report sets out the case for the amalgamation of the four Somerset Building Control units into one service.
- 1.2 It is a 'gateway report' for approval and recommendation to proceed by the proposed partnership authorities
- 1.3 The Building Control service is subject to increasing pressures from both internal and external drivers of change within the building control sector, and wider local government environments. This has created a challenge to the viability of the current strategies used, and systems adopted.
- 1.4 The Project Team hold the collective view that the pressure for change and its impact on key service resources and capabilities is overwhelming. We consider that if strategic actions are not taken in the short to medium term, the authorities may find themselves in a position of service failure, additional expenditure, and further reduced revenues.
- 1.5 This report outlines a proactive response to these drivers, setting out why a new structural form is required, and how this will safeguard strategic capability whilst allowing the development of service which is resilient to future strategic challenges.
- 1.6 The Project Team has made extensive use of good practice developed by other building control partnerships (actual and potential). Appendix D
- 1.7 It is considered that the analysis and design undertaken by the Joint Building Control Service project and the financial figures presented in this document are of good quality.
- 1.8 The report is split into the following key sections, namely;
  - Section 2 – Drivers of change
  - Section 3 – Stakeholder analysis and expectations
  - Section 4 – Service Governance and Organisation Structure
  - Section 5 – Financial Appraisal
  - Section 6 – Implementation plan
  - Section 7 – Risk register

## **2 Drivers of change: the Building Control environment(s)**

- 2.1 Extensive work has looked at the nature and effect of the key internal and external drivers for change and their relevance to the key service resources and capabilities.
- 2.2 The list of these drivers, their scope and impact is shown in the table below.

Context	Name	Effect
Internal	General efficiencies	Sharper focus required from all services in the delivery of cost efficiencies, whilst maintaining service needs and standards required by customers. The increased need to move resources away from management and support into front line service delivery.
	Changing role of Local Government	Moving from service provision to one of service facilitation and monitoring. Becoming more of a broker for community governance, and the provision of purely 'core' services. Building control provide a quasi-public service which is already open to free market competition.
	Transformational & E Gov agenda(s)	Requiring services to reappraise the electronic systems and resources used in service delivery and how these can be further leveraged for customer and cost advantage. The 'more for less' scenario, using ICT as the integrating capability. Allowing greater flexibility in work life issues, home working etc.
	Workforce demographics	The profession is an ageing one with few Councils employing trainees, assistants etc. Units are increasingly drawing on retired personnel to assist at times of shortage. The increasing pressure on the 'middle ground' professional is being witnessed by higher staff turnover rates, leading to competition between authorities and with the private sector.
External	Approved Inspectors	Pressure increasingly being felt from Approved Inspectors (private service providers) across all markets and for all key resources. Additionally, as privateers they can choose the market sectors to service, or not. This has the effect of making council provision 'the provision of last resort' as we cannot chose what customers to service. Again, surveyors have cited 'lack of variety' as a reason for moving
	Labour market dynamics	As noted, there is an increasing supply shortage of good quality staff. The lack of funding for trainees etc. is further exacerbating this. Many AIs are actively targeting the 'middle order' staff, as they are not as financially tied to Local Government via pensions etc. Many council's are now finding themselves in competition with each other for staff, with a knock on effect in the remuneration packages offered.
	Economic activity	Due to the length of the recession and downturn in the construction industry, income from fees has fallen, and increased the strength of competition from AIs. This in turn has driven down the prices AI's charge, undercutting local authority fees. This has an impact on the current and future viability of the service insofar as merging into one would give a 'critical mass' better equipped to deal with variances in workload and resources required.



**3. Stakeholder analysis and service expectations**

- 3.1 Work was also undertaken on establishing the identity and basis of each stakeholder interest in the service and what (if any) effect there would be by moving to a unified structure.
- 3.2 The project board saw the needs analysis as the starting point for defining the criteria against which judgements about success could be made. In that context ‘success’ itself begged a definition and again the collective view was that the services ***‘ability to provide a sustainable and competitive Building Control Service, which enables all sectors of the community access to highly skilled professional staff’*** was the overarching reason for strategic change.
- 3.3 Appendix A – “Stakeholder needs analysis for unified service” table shows this in more detail.

**4. Service Governance and Organisation Structure**

- 4.1 Service governance and delivery options

Joint Delivery Operating Model	Evaluation Conclusion
<p><b>Do Nothing</b></p> <p>Continue with current as-is organisation structures with informal collaboration and information sharing where appropriate.</p>	<p>Some authorities have already adopted this model, with the management working closely together to share knowledge, and assist each other where / when possible.</p> <p>Does not provide mandate to share resource and work across district boundaries. Does not address capacity and resilience issues.</p>

<p><b>Provision of Minimum Statutory Service</b></p> <p>Continue with current as-is organisation structures.</p>	<p>The continued downturn in the economy has led to a reduction in applications to the majority of authorities leading to lower fee income.</p> <p>Private providers are increasingly targeting low value projects, which have traditionally been the mainstay of LA work.</p> <p>The inability to offer market rate salaries has meant that staff are moving to the private sector.</p> <p>These factors amongst others will mean that Building Control will become unsustainable.</p> <p>All costs associated with this service will need to be met by the authorities as no contribution from a fee earning account.</p>
<p><b>Lead Authority</b></p> <p>One authority manages delivery on behalf of the other local authority. The relationship and service levels are set out in a legal contract with Service Level Agreements (SLA's).</p> <p>Staff TUPE into the lead authority (although could be seconded).</p> <p>Standard processes and systems, consistency in service and customer experience, and builds capacity.</p>	<p>It brings together the service into a single management entity under a unified management team.</p> <p>It avoids building alternative support services arrangements (e.g. for ICT, Finance and HR)</p> <p>However:</p> <ul style="list-style-type: none"> <li>• No one authority is currently performing at a higher level than the others.</li> <li>• May engender ill feeling or loss of control by the delegating authority (viewed as a takeover rather than a merger).</li> <li>• Tends to work best where there is a failing authority /service that require an immediate turn around, which is not the case with the partners involved</li> <li>• Perceived loss of focus and accountability of a local service by customers as it is now being delivered by another Council</li> </ul>



<p><b>Joint Committee</b></p> <p>This involves pooling budgets and resources into a single service under one management team with a joint steering committee established under Section 101 of the Local Government Act 1972.</p> <p>The Joint Committee comprises representatives from the partner councils in equal numbers.</p> <p>The Committee performance manage the joint unit (in terms of both finance and quality), sets targets and reviews for its future development, and also determines the extent to which any financial surpluses are distributed to the partner authorities or retained for reinvestment</p> <p>Standard processes, systems and consistency in service / customer experience.</p>	<p>Retains public sector ethos and public accountability. Authorities are equally represented and retain control through Joint Committee.</p> <p>Brings the service into a unified management structure.</p> <p>All staff employed via an agreed host.</p> <p>Ability to share and reduce support costs.</p> <p>Eliminates artificial geographical boundaries improving work management, building capacity and resilience.</p> <p>Platform for standardising / improving processes, common systems and practices.</p> <p>Enables consistency for customer experience.</p> <p>Cannot employ in its own right and may limit ability to trade in new services.</p>
<p><b>External service provider</b></p> <p>Service delivery is provided through establishing and /or contracting to a private sector service provider. Typically a long term relationship where many of the existing employees (through TUPE) and assets transfer to the service provider.</p>	<p>Some of the Statutory Functions cannot be delegated to the private sector. So expertise/staff need to be retained to cover these.</p> <p>Whilst there are examples of providers such as Capita or taking on the role, this has generally been as part of a package with the Planning function.</p> <p>It should be noted that prior to becoming a Unitary Authority, one of the Cornwall councils contracted BC to an external provider which resulted in such a dramatic reduction in service delivery and customer satisfaction that the contract was terminated after a 6 month period.</p>

In developing this proposal, we have considered various options, in detail, for the way in which Building Control services could be provided in future. A summary of which is shown below.

**Governance**

The Partnership Board has considered all the possible governance options and accepted that the Joint Committee structure represented the best option at this time because:

- (a) it offered benefits of scale that could not be achieved individually; and
- (b) it provided all authorities with a greater assurance that they would retain control over the service than would be likely under a Lead Authority.

**Delivery structure under a Joint Committee**

This then leaves the different delivery options. Each has potential advantages and disadvantages:

	Advantages	Disadvantages
In house provision	Continued flexibility Staff most comfortable with this option Surpluses are retained by the authorities Maximises democratic accountability	May be perceived as less commercial
Local Authority Company	Looks novel/exciting Would enable the provision of a wider range of services (but none are currently intended)	Major potential procurement issue (it is likely that authorities could not award LA Co with contracts for the provision of services without following the EU Procurement process which would be time consuming and expensive)  Some additional costs (eg Finance function)  Much more complex to establish (legal and regulatory issues)  Potential conflict for Board Members (who are required to act in the best interests of LA Co, not their authorities)  Would be perceived by staff as less acceptable  Would be more difficult to “unwind” than in-house provision  Would require more rigid “contracts” with each of the authorities (rather than SLAs)

Externalised provision	Would transfer more risk	<p>Would need to generate a profit for its owners</p> <p>Private sector providers are not likely to be interested in the bottom end of the market (eg small works at residential properties) or some of the statutory functions</p> <p>Would be difficult to “unwind” if it failed Some of the Statutory Functions cannot be delegated to the private sector. So expertise/staff need to be retained by each authority to cover these.</p> <p>Whilst there are examples of providers such as Capita taking on the role, this has generally been as part of a package with the Planning function.</p> <p>It should be noted that prior to becoming a Unitary Authority, one of the Cornwall councils contracted BC to an external provider which resulted in such a dramatic reduction in service delivery and customer satisfaction that the contract was terminated after a 6 month period.</p>
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Having considered the above, we have concluded that externalising the service is definitely not desirable (even if feasible); and establishing a Local Authority Company is also not desirable (but is an option for the future) - as there are ***no significant advantages, at this time***. If, however, the benefits were to increase (eg there was a pressing demand for Building Control to provide other services) then the LA Co would have more merit.

It is recommended that a joint in-house service managed by a Joint Committee is the best current solution, with each Partner being represented by a Senior Officer and an Elected Member. It is a well used and understood model, not only with regard to other Building Control Partnerships across the country but was also utilised for the South West Audit Partnership, and allows for democratic Member involvement which is important to help develop and champion the business going forward.

*Full details of how the model will operate will be laid out in a separate governance agreement*

#### **4.2 Organisation Structure and Establishment**

The proposed structure is derived from the key aims of the unit and the strategic drivers; in particular, the structure must provide:

- Effective business development.
- Business support which is streamlined, focused, and able to implement change well
- Streamlined management structure which allows highly qualified surveying staff more

responsibility and ownership of the service.

- Career development/specialisation opportunities and a sense of 'home' and identity for the professionals (hence team structure and specialisms).

### **In support of these proposals the following data was used Process & Systems**

The policy and processes supporting the services set out in Section 4.1 - Scope of Activities, will need to be aligned and standardised. For example, the process for registering a building control application and the subsequent checking and approval will need to be aligned. This could be undertaken by having a designated centralised plan vetting team. Future state processes will need to be documented; this provides the opportunity to improve or re-engineer the process, especially if the supporting Building Control application is to be re-implemented.

The management processes associated with work allocation and work scheduling will need complete redesign if work is to be more co-ordinated across district boundaries. Indeed, overall management of the service needs to be consolidated / co-located in one location along with those processes / activities which do not need to be replicated in district offices.

All authorities have developed different ways of working with regards the planning, allocation and management of their respective workloads. Some have team members working in a central office with individuals covering designated areas of their District. In others a Senior BC surveyor actively plans the optimal allocation of work each day to maximise the resources available and develop staff whilst ensuring a continuity of service for customers.

The following is an analysis of the volumetric data for each Council in 2013/14

<b>Volumetric Data by Authority</b>	<b>Mendip</b>	<b>Sedgemoor</b>	<b>Taunton Deane</b>	<b>West Somerset</b>	<b>Total</b>
Establishment (not incl. vacant post)	7.3 FTE	5.08 FTE	5.35 FTE	3.8 FTE	
Administrative	-1.8 FTE	-1.28FTE	-1.75 FTE	-0.8 FTE	
Vacancy	-2.0 FTE	0 FTE	0 FTE	-1.0 FTE	
Professional/Technical	<b>3.5 FTE</b>	<b>3.8 FTE</b>	<b>3.6 FTE</b>	<b>2.0 FTE</b>	<b>12.9 FTE</b>
Workload					
Full Plans	295	317	358	128	
Building Notices					
Regularisations	262	220	234	149	
Total	56	28	39	13	
	<b>613</b>	<b>565</b>	<b>631</b>	<b>290</b>	<b>2099</b>
Population	105,000	116,524	111,000	34,675	
Area hectares	73,814	60,587	46,326	72,535	
Number of offices	1	1	1	1	
Miles/FTE (excl admin)	40	21			
Miles/application (excl AIs)	44	41	N/A	N/A	
(Assumed 220 working days/FTE)					
Application/FTE (excl admin function)	<b>175</b>	<b>149</b>	<b>175</b>	<b>145</b>	
Application/FTE( incl admin function)	<b>116</b>	<b>111</b>	<b>117</b>	<b>104</b>	

Percentage of work undertaken admin support	34%	25%	33%	28%	
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Example of calculation of admin input on workload. Total number applications/FTE incl admin function as a percentage of Total number applications/FTE excl admin function i.e 111 is 75% of 149 which equates to 25% being admin function.

## Table 1 – Volumetric Data

There are some key indicators of the impacts of the different ways of working in each Council:

1. All teams have a dedicated administrative support, which carry out a number of functions including the registering of applications and maintenance of notices on the system. It can be estimated that on average 30% (Admin FTE/Total FTE) of the work of the BC function is being performed by administrative staff in all authorities. It is considered that this should therefore be the initial benchmark moving forward
2. Currently the miles per application, in relation to district areas, is considered reasonable. Taking into account the number of urbanised areas. It is difficult to confirm exact numbers of inspections per day as all Councils record the number of sites visits differently on their systems (Some tend to record each inspection as a site visit whilst others record each visit as a single visit regardless of the number of inspections carried out).
3. Performance varies across the range from 175 applications per FTE in two authorities, with the remaining averaging between 145 per FTE and 147 per FTE. Whilst further review of the data will need to be carried out, it is feasible that there could be a move to increasing applications per FTE without affecting service delivery or customer satisfaction. Currently one authority with the joint highest number of applications holds Customer Service Excellence accreditation with customer satisfaction levels of 98% of customers considering the service to be at least 'positive' and 58% of respondents considering the service to be 'very positive'.

A review of other partnerships show that the CNC BC Partnership in Norfolk, Devon Partnership and South Gloucestershire have all moved to a more centralised team structure in order to maximise the efficiency of their BC functions, which has shown success.

All authorities have the capability of remote working to a greater or lesser degree. Mendip District Council has been operating a remote working regime since 2012 utilising Citrix systems which means that anyone across the partnership would be able to access data files remotely from day one of the partnership. Currently 3 Councils use the Idox software, either Uniform or Accolaid applications for their BC functions. West Somerset currently operates Northgate M3. The Building Control Manager at West Somerset has confirmed that a move to Accolaid could be quickly accommodated meaning that all councils will be using IDOX software. Work is continuing to identifying versions and compatibility, but indications are that all systems could be aligned over the medium term. This will entail addressing some logistical issues such as migration of data, WAN access and transfer of licences as well as scanning facilities and local image servers for the ERDMS. In addition there will be a need to reach agreement on standardisation of processes in capturing and recording data on the system e.g. site visits / inspections. In the short term however the partnership can run using the systems it has in place, with the identified work stream developing the next steps.

Redesigned/engineered processes supported by standard business applications could deliver efficiencies in the future service. For example remote access with hand held devices utilising the 3G network and accessing back office systems via a 'cloudbase' type server will enable

instant recording of site visits and access to applications similar to that currently used by North Somerset Council. These potential efficiencies have not been quantified or assumed in the business case but will be a future route for the new partnership as it begins to build further efficiencies into its processes .

The degree to which further efficiency opportunities exist will be substantiated during the first year and reported to the Joint Partnership Committee.

### Organisational & People

The main impact on the organisation of the service will affect the management roles and balance between administrative and professional staff. At present there are duplicated management structures, creating opportunities to streamline the service if a unified management entity / structure is created. Consolidating the overall management of the service and other activities which do not need to be delivered on a distributed basis into one location could potentially remove two senior management posts and some professional (including a Principal and an Area Manager post) and administrative roles. ***Working on the best performing figures of 175 applications per FTE then 2099/175 = 12 Technical Staff, resulting in a structure which consists of***

- Partnership Manager
- Operational Manager
- 8 x Surveyors (1 x Senior)
- 2 x Assistant/trainee
  
- There are currently 3 vacant posts across the partnership. In addition the following reductions in current establishment will achieve the proposed staffing
  - 2 management posts
  - 3 vacant posts
  - 1 FTE surveyor post.

***Also, working on the assumption that 30% of the Building Control function is undertaken by support staff, this would reduce numbers to 4 FTE staff, which could include 1 FTE modern Apprentice (see Appendix G for further clarification)***

Post Level	Existing Establishment	Proposed Establishment	Resource Saving
A. Building Control Managers	4	2	2
B. Principal	1	0	1
C. Building Control Surveyors(incl 1 x Senior Role)	11	8	3
D1. Assistant / Trainee Building Control Surveyors	2	2	0
D2. Admin Manager/Systems Administrator	7	4	3



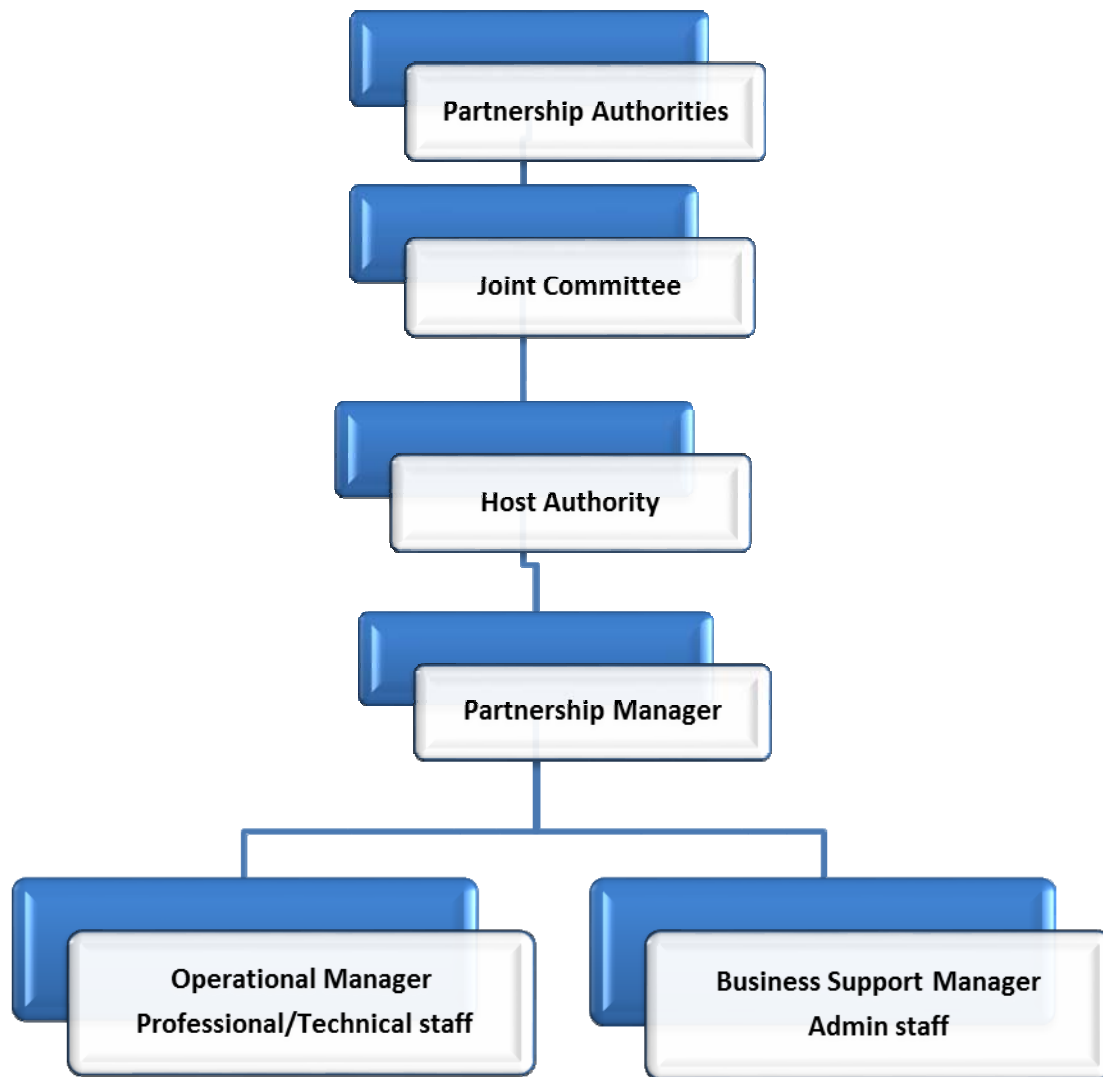
Total	25	16	9
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### Comparison of current and proposed establishments

Any efficiency in future processes or ways of working are not anticipated to reduce headcount in professional roles. The restructuring and unified management of the service is expected to create increased capacity and resilience within the service which is currently an on-going operational issue in two districts. In addition given the age profile of the team such reductions could be achieved in the longer run through natural wastage of Technical/Professional staff after the new structures and processes have been given ample time to bed-in and to start to generate productivity savings without the need to incur any redundancies.

Through re-alignment and harmonisation it is envisaged that the service provided to customers can be improved by staff having greater support and the ability to be more flexible along with the ability to offer a wider range of services

An illustration of the high level future organisation structure is set out in the diagram below:



The structure above assumes that most staff located within existing local authority offices in the short to medium term, of the combined areas, with mobile working taking place. One of the advantages of a single management team co-ordinating the service is that strategic decisions regarding the optimal ‘touch-down’ location (for both officers and work) may be determined, providing appropriate local access (for customers) to building control officers, minimising travel to work time for officers and optimising the geographic area serviced by each officer and without regard to arbitrary district boundaries while still achieving financial efficiencies.

The biggest impact on the staff will be a re-alignment of staff to their closest ‘work’ location and customers enabling more efficient and effective utilisation of staff for site visits and local coverage to give customers a strong and responsive service.

#### 4.2.1 Roles

##### **Partnership Manager**

Reporting to the joint board the post holder delivers the strategic direction, performance and resource management of the new partnership entity in accordance with the agreed

business plan. Holding responsibility for systems delivery, efficiency savings, strategic marketing (particularly cultivating new and existing major customers and developments and identifying additional income streams), and business management to ensure the delivery of an effectively managed building control service. This role would have special responsibility ensuring effective communication on strategic matters with councillors, key stakeholders (internal and external) and post holders of the partner councils. The ability to manage multidisciplinary teams will also be a requirement of the post holder, as other services closely aligned to with the Building Control functions, either technically or financially, may subsequently come under their control. These will include, initially, the delivery of Land Charges & Searches for TDBC & WSDC and may, in the future, cover Private Sector Housing (disabled facilities grants) or Empty Homes. The associated costs of which will be recharged to the relevant authorities. On occasion it may be necessary to undertake operational roles and responsibilities as required.

### **Operational Manager**

Reporting to the Partnership Manager, the post holder will be responsible the line management and direction of all activities of building control professional staff. This will include responsibility for monitoring business needs and deploying resources to meet these demands. The scope of the service will initially be the provision of the current building control business (including building regulation checking/enforcement services and provision of public safety/specialist services), but could in the future cover other services such as fire risk assessments and sound testing. The post holder will also be responsible for the development, appraisal and training of all professional staff with regard to all technical, legislative and health & safety matters; ensuring that the service is technically 'fit for purpose'. It is proposed that the post holder under the guidance of the Partnership Manager will deliver a robust marketing strategy, focusing on promotion, business relationships, sales and account management. The post holder will liaise with the Senior Building Control Surveyor and staff, on a day to day basis, to ensure good account management of key clients and compliance with Key Performance Indicators. The post holder will also deputise for the partnership manager when required.

### **Administration/Business Support Manager**

Under the direction of the Partnership Manager ensure that new systems (such as new computer management suite, EDRMS, and remote working) are introduced on program expeditiously. To ensure the management of budget, preparation of performance statistics, supervision of the Technical Support Team, and to ensure the surveying team is supported adequately. The post holder will also be responsible for the introduction of quality control, unification of procedures, and implementation of systems to aid remote and mobile working.

### **Senior Building Control Surveyor**

**(The future need for this position will be reviewed by the new Management Team after instigation of the Partnership)**

To carry out the role of a Building Control Surveyor with the additional responsibility of supporting the Operational Manager by providing professional and technical expertise to the team and be responsible for helping to co-ordinate the review, development, maintenance and delivery of building control policies. To support the Operational Manager in leading and motivating professional staff to achieve an efficient and effective, high-performance service in a competitive marketplace. Contribute to the general

development and review of the building control team both in terms of services provided and staff performance, and in doing so ensure the effective operation of the function. The post holder will also deputise for the Operational Manager when required.

### **Building Control Surveyor**

Under the direction of the Operational Manager the post holders will be responsible for ensuring the provision of a professional building control surveying service. They will be undertaking appraisals of plans and buildings, to ensure compliance with regulations and statutory obligations, and ensuring the health, safety and wellbeing of people in and around buildings. Post holders will provide advice to customers and members of the public on regulatory requirements and general procedural and construction advice. The post holders will have an important role with regard to marketing and business development through all forms of contact, and being key account holders with registered partners.

### **Assistant/Trainee Building Surveyor**

Under the direction of the Operational Manager, post holders will undertake general building control duties in line with a career development plan. The new organisation will be attempting to build resilience by ensuring that trainee surveyors are sponsored through to fully qualified surveyors in order to ensure a 'grow your own culture'. The role of training will become pivotal to each and every surveyors position to ensure that the ethos of learning the new organisation is of paramount importance.

### **Technical Support Officer**

Reporting to the Admin/business support manager, the post holder will assist in the project management of systems development within the new unit and assist with daily work allocation and prioritisation. Responsible for providing administrative/technical support ,to the Building Control team, on a daily basis.

## **4.2.2 Summary of key structural changes**

The main points of note on the new structural form are its reflection of the key findings of the Gershon review, in that there is a renewed emphasis on directing resources to the front line. There are fewer layers of management and a greater emphasis on giving surveyors the requisite autonomy and tools to do the job. In summary, the new structure

- matches the challenges of the key internal and external drivers for change,
- aligns more closely with the needs and expectations of our customers
- will allow the organic development of the service and staff with the emphasis on retention
- gives surveyors more autonomy whilst ensuring systems of cohesion and co-ordination are still in place
- provides a more effective & efficient service
- will deploy more effectively ICT capabilities to develop mobile and flexible working.

## **4.3 Human Resources**

A full report on the HR implications is attached in Appendix I

### **4.3.1 Recruitment of Partnership Manager and Operational Manager**

Consider the existing building control managers first then, if no appointment made, advertise internally and externally.

The advantages of this option are:

- successful appointees are already stakeholders in the business.
- there are no significant advertising costs if one of the existing building control managers is appointed.
- issues concerning existing building control manager applicants are cleared up early in the process.
- reassures existing staff facing a similar situation that, where appropriate, they will be given the first opportunity to apply for posts before they are advertised more widely.

The disadvantages are:

- if recruitment unsuccessful at the first stage the recruitment process is longer.
- there is no comparison of internal applicants against external applicants leading to a risk of not appointing the very best candidate to the role, which may compromise or inhibit innovation.

**4.3.2 Staff transfers.** As part of our investigations we have considered the alternatives of staff transfer or secondment to the new unit. Having taken advice from our HR colleagues we are advised that the only feasible option is to TUPE staff at the time of establishment of the joint unit.

The option of secondment would disadvantage staff and would prove complex to manage for the partner authorities. We would further suggest that the foundation agreement include provision that should the joint unit be dissolved for any reason, then staff would TUPE back to the partner authorities.

**4.3.3 Staff remuneration/benefits.** To be successful the unit must ensure that the salary and benefits package for building control staff does not disadvantage individuals. All staff will transfer on their current terms, followed by an agreed period of consultation on future proposals. It should be noted that in the financial case, all staff costs are assumed to be at the top of the grade, so a pessimistic picture has been painted, which in reality will not be the case.

Benefits packages are likely to include alternative cash allowances i.e standby and car allowances.

**4.3.4 Workforce development and profile.** There are extreme problems across the districts with retention and recruitment and the general demographical issues illustrated previously. It is essential that the new organisation has sound structured training programs to ensure that it can develop a supply of qualified surveying staff in the future. The new partnership will allow councils to adopt a 'grow your own' culture providing development opportunities for residents. Therefore it is planned to have trainee/assistant surveyor posts which will not only ensure that the unit can cope with turnover amongst surveyors, but by recruiting less skilled people and training them, staff will provide an opportunity to develop a more diverse workforce and offer opportunities to our residents. This ethos on development will also apply to the Administration/Technical Support staff by utilising the Modern Apprentice Scheme.

## 5 Financial Case – Summary

**5.1** We have appointed Janet Pascoe from Sedgemoor District Council to develop a comprehensive overarching financial statement. The proposed budgets for all authorities in 2015/2016 will remain as forecasted in year 1. This statement and assessment of future savings will cover those already identified and expressed in this

document as well as savings on support costs, duplication of processes, reduction in license costs etc. It should be noted that there will be savings through efficiencies, but these cannot be determined at this stage.

### **Building Regulation Fee Earning Service (Non statutory)**

This service is concerned with determining compliance with Building Regulations by assessing plans and carrying out site inspections at different stages of the building process. Customers are advised of contraventions of the building regulations and how they may be overcome.

Legislation allows prosecution in the magistrates' court for contraventions of the Building Regulations but is only used as a last resort.

This element of the service's work is subject to competition by the private sector

### **Non Fee Earning Work (Statutory)**

Building Control provides a number of services which are necessary as part of a local authority service. These include:-

- Dangerous Structures.
- Enforcement of Building Regulations
- Demolitions.
- Registering All Initial Notices and Competent Person Scheme works.
- Process disabled person's applications.
- Provide advice to other council services.
- Safety advisory group / safety at sports grounds/outside events.
- General pre-application and building regulations advice.

These elements of building control work do not require payment of a building regulation charge and are not required to be self-financing.

When reviewing the percentage split between the accounts across all authorities, there are a number of variations. It is proposed that existing splits are applied during year 1 with the intention that the proposed efficiencies in working and a proper review of actual non fee earning services will lead to an accurate non fee earning charge to each partner from year 2.

With the efficiencies expected it is anticipated that this charge will be a reduction on current levels leading to further savings for the partnership.

**5.2 Financial Arrangements** – It is recommended that Host Council will manage the budgets of the Partner Councils relating to the Partnership on behalf of the Partner Councils (hereinafter referred to as “the Pooled Budget”). The Pooled Budget and the Trading Account will be ring fenced for the provision of the Partnership, in accordance with guidance from CIPFA Code of Practice on Local Authority Accounting, Local Authority Building Control Accounting (Revised Second Edition 2010) and The Building (Local Authority Charges) Regulations 2010. To isolate various income and expenditures, the Host Council will separate the Pooled Budget into 4 separate accounts (hereinafter referred to as “the Pooled Accounts”) the first three relating to the activities set out in Schedule 5

- ‘*Building Regulations Chargeable functions or advice*’ account, in accordance with The Building (Local Authority Charges) Regulations 2010 (hereinafter referred to as “the Chargeable Functions”).

- ‘*Non-chargeable Activities*’ account which include all the direct costs and indirect costs which provide a statutory building regulation service for the Partner Councils (hereinafter referred to as “the Non-Chargeable Functions”).
- ‘*All Other Building Control Services*’ include all the direct costs and indirect costs which provide other regulative services for the Partner Councils or for professional building control services which are outside of the administrative area of the Partner Councils or provide additional services (hereinafter referred to as “Other Building Control Services”).
- ‘*Trading Account*’, a 3 year earmarked reserve, where surpluses or deficits occur, to demonstrate a breakeven position ‘taking one financial year with another’ (hereinafter referred to as “the Trading Account”).

For the administration of this account reference will be made to *CIPFA’s Local authority building control accounting - fully revised second edition 2010 and Schedule 5*.

### **5.3 Surpluses, deficits and Capital Investment**

After extensive research and discussions two options were identified to deal with surpluses and deficits (see Appendix F) the project Team proposes that any deficits or distributed surpluses be shared amongst the partner authorities’ pro-rata to services delivered within the geographic area of each partner. The Project Team feel that an equal split on all costs will enhance the prospects of a successful partnership. This model has been adopted by other Local Authorities entering Building Control partnerships. This view has been taken on the basis that to service each application uses resources which dictates a ‘cost neutral outcome’ reflecting that each application in effect pays for itself. This determines that no council function subsidises another and that surpluses and deficits are a true reflection of an equal split. Surpluses and deficits will be treated as per CIPFA guidance, and in principle sit within the partnership.

Capital expenditure and ‘one off’ costs should be serviced through surpluses and savings; where surpluses are not available or savings realised, these costs will be borne in the first instance by The Partner Councils and reimbursed by the Building Control partnership over the three year accounting cycle. It is paramount that in order for the partnership to succeed all surpluses are ‘ring fenced’

### **5.4 Savings and Costs**

#### **Initial savings year 1**

#### **Structural Savings**

For the purposes of this report the initial savings identified are through high level structural changes made in the proposed staffing levels identified in 4.2.

These workings have identified all posts currently forming part of each council’s establishment and assumed no vacancies, as salary costs for each are identified within each council’s budget.

The current establishments, assuming all posts are filled gives a total cost of £828,702

Ex 1.

Assuming reduction in posts as page 14 and staff transferring on existing salaries.

Establishment on existing salaries		£531476
<b>Total Savings</b>	<b>£297,256</b>	
<b>Savings realised/Authority</b>	<b>£74,314</b>	

Ex 2.

Assuming all new posts are filled at the top of the highest salary scale of the partners.

The current establishments, assuming all posts are filled gives a total cost of £828,702

Proposed establishment with salary uplift £590,590

<b>Total savings on</b>	<b>£238,112</b>
<b>Savings realised/Authority</b>	<b>£59,528</b>



**IT** – Independent to their decision on the service’s main location, the Board considered what options were available to provide IT services to the partnership and concluded that provision through Sedgemoor District Council would provide the technical support and development skills required, as well as being the most cost effective option.

The ICT infrastructure is already available at Sedgemoor District Council and has sufficient capacity for the increased number of users and will enable mobile working through real-time remote access to the central system.

At present, the partner councils use different types of application software. The Board has agreed that the application software used by Sedgemoor District Council, the current market leader, will be the one used by the partnership. The system will be able to link into other Council systems, such as GIS, DIP and development control application software, as required. Currently the costs for initial setup have been identified as being approximately £45,000 which includes a staff resource of £14,000. A full breakdown of costs and a commentary on the IT work stream are attached in Appendix B

**Savings on Admin** – At this stage of the project the savings identified initially are through structural reorganisation and by centralising the admin function to a single office. Future savings are anticipated by further reducing and eliminating current duplication of processes and by developing more effective and updated methods of working. These will include moving to electronic payment systems, reduction in printing and postage and increasing the use of electronic communication to clients and customers.

**Supplies and services** - are expected to fall as a result of the establishment of the joint unit. This is mostly in respect of reduced subscriptions and licence fees and will be reported as part of the future finance report

**Recharged staff** – Currently Mendip’s Building Control Section receives a recharge for the provision of admin support. Under the joint unit, all admin staff will be a part of the unit, so there will no longer be a recharge. There is also currently recharges for staff between TDBC and SDC, however this will not generate savings as all staff will remain within the proposed partnership.

**Support services** - The new building control unit will need finance, HR, IT and legal support services. However these services are supplied (ie whichever partner(s) are responsible), the partners are concerned that they will end up receiving less total revenue (recharge plus surplus) with which to cover their support service commitments after the new unit is created than before, whether or not they are the providers of the support services.

It is our view that creating a joint unit will sustain the total funding available for support services and also improve the surplus available for distribution than remaining separate.

The project team have had extensive discussions regarding the options, in summary, the view is that in order to be successful, the joint unit should ideally source support services from whichever provider best meets the business’s needs. However, it is most likely that HR, Finance and IT support is sourced from the Host Authority.

Future savings in IT and Finance support costs will be forthcoming once the contract between MDC and Capita ends in 2017 and IT support savings when the current contract between TDBC and Southwest One concludes in 2017

**Support costs** -Our work has identified significant variations in the level of support services and associated recharges paid by building control sections. For the purposes of this case we have made the prudent assumption that there will be no reduction in support service recharges in Year 1. However, as expressed previously further discussions will need to be had with regard costs in the future and how the costs to the unit can be reduced by those authorities no longer providing support services.

**Residual costs** - As we have noted a reduction in the cost of support services to the Joint Unit may not necessarily be equalled by a reduction in the cost of support services for the partner authorities in the short term. If this is the case then the authorities could incur short term residual costs. This means that there will be additional savings for partners over the longer term.

**Capital charges** -There are currently no capital charges, but as discussed in Section 2 (Drivers of Change), a key element of the joint unit's strategy is to improve service delivery through the introduction of new technology. To some extent it is likely that the partner authorities will have to invest in such technology. It is envisaged that a percentage of the structural savings identified be utilised for investing in this area.

**Transport costs** - are also assumed to be the same as operating a joint unit. Increased use of technology will lead to a greater degree of home and remote working which should reduce transport costs. However, this will be offset to some extent by increased costs for the management team (who will have to travel across the four authorities) and the business development function.

**Accommodation** - Premises costs are assumed at the same level in year 1 as TDBC and WSDC have confirmed that no savings can be considered with regard to accommodation. In reality, the joint unit is likely to reduce its usage of partner authorities' offices once its HQ and Admin centre are established at the host authority, but we have assumed that any expenditure on such accommodation will be offset by a reduction in charges from the partner authorities in the future.

## 5.5 Implementation costs

### 5.5.1 Implementation costs could include:

- Potential redundancy costs for two of the existing Building Control Managers, one Building Control Surveyor and Three Admin posts. These costs are to still be confirmed
- The costs of appointing staff to the new structure in Year 0. This could comprise:  
Partnership Manager (potential cost nil to £9,836 for internal candidate)  
Operational manager (potential cost nil to £4,812 for internal candidate)  
Business support/Admin Manager (£6298)  
*N.B All costings are within the salary structures calculated in this document.*
- IT costs on initial setup is approximately £45,000 including staff resource.

**6. Implementation Plan.** The following table indicates the stages the proposed partnership will follow to full transformation

Implementation Plan			
	Set up	Live Project	One year in
	Year 0 – up to April 2015	Year 1 2015 – 2016	Year 2 2016 - 2017 Year 3 Onwards
<b>Process</b>	Process integration <ul style="list-style-type: none"> <li>• Datasets review</li> <li>• Quality Management</li> <li>• Service performance framework</li> <li>• Review of hourly rates with a view to harmonisation day 1</li> </ul>	Investigation of diversification opportunities <ul style="list-style-type: none"> <li>• Fire risk assessments</li> <li>• SuDS</li> <li>• Access audits</li> <li>• Sound testing</li> </ul>	
<b>Organisation</b>	<p><b>Year 0-1</b></p> <p>Legal</p> <ul style="list-style-type: none"> <li>• Agreement on company model (arms length, host authority etc)</li> <li>• Governance structure approval and establishment of Joint Committee</li> <li>• Appointment of Management Team</li> <li>• HR/Staff consultation</li> </ul> <p>Corporate Identity/Branding Marketing Strategy</p>	<p><b>Year 1-2</b></p> <p>Management and administration bases determined Surveyors move to agile/remote working IT plan TUPE</p>	<p><b>Year 2-3</b></p> <p>Daily presence provided to each authority as required in each Local Authority</p>
<b>People</b>	Management Team appointed – 1 Partnership Manager Operational Manager Key management/professional support services during year nought provided by the DC partners as agreed.	See above	<ul style="list-style-type: none"> <li>• Transfer of Partnership functions to a single office</li> <li>• Utilise use of mobile working technologies</li> <li>• Implementation of single desk presence in each authority to provide:                             <ul style="list-style-type: none"> <li>- local customer advice contact</li> <li>- development/access advice</li> <li>- local point of contact Surveyor</li> </ul> </li> </ul>
<b>Information &amp; communication technology</b>	IT consultants to advise in the following areas. Dates to be set for implementation subject to the agreement of an IT implementation strategy: <ul style="list-style-type: none"> <li>• Unification of data management system for go live on year one commencement</li> <li>• Remote/mobile working</li> <li>• EDMS</li> <li>• Website development</li> <li>• Computer suite choices</li> <li>• Electronic submission/payment delivery</li> </ul> Renewal of mobile/equipment contracts with host authority having let existing contracts run their course, i.e. mobile phones, laptops, online provider.		
	Specification and selection of data management system + training	Single submission material electronic and paper	

## 7. Risk Log: Building Control project

Risks to project	Impact	Likelihood	Mitigation
Corporate Management Teams (CMT) of the partners refuse to back a recommendation to proceed with project due to perceived impact on overhead allocation and less control of surpluses	M	M	Financial case does not depend on significant overhead costs or savings. Partners control partnership board, which allocates surpluses.
Members do not support a recommendation to proceed eg due to perceived reduction in their control of the service	H	ML	The project was mandated by the Partnership's Commissioning Board, which includes Senior Managers from all participating authorities. Building Control is not a politically sensitive service and with suitable stakeholder management and CMT support the project is likely to proceed.
Combined service fails to achieve expected benefits to customers and to partner organisations	M	ML	Customer service: during transition, analyse service performance and redesign service processes where appropriate, starting with the customer. Financial: make conservative estimates of surpluses. Manage costs of transition and operational costs closely. Monitor market share and forward pipeline and increase business development activities as needed.
Staff unhappy with change: key staff leave, or reduced co-operation.	HM	ML	Good communication; involving staff in developing services and operational improvements; emphasise career and potential financial benefits to staff of new unit.
Fail to implement successful technology solutions and improvements so fail to achieve mobile/flexible working.	M	L	Well established technology already deployed elsewhere; essential to partner organisations' success irrespective of this project.

Risks to project	Impact	Likelihood	Mitigation
Union opposition delays project or results in increased costs, prejudicing business case.	M	L	Early and comprehensive union consultation and involvement.
The authorities cannot deliver non fee earning work as efficiently as at present	M	L	The joint unit will deliver all those services that are currently provided by building control, including their mandatory non fee earning services. The SLAs will define the range of activities and act as a “contract” for services to the partner authorities.
Too much focus on external clients	L	M	There is no reason why this should be more of an issue with the Joint Unit than it is for authorities individually at the moment. The Joint Committee which governs the service will ensure that the focus is kept to an appropriate level. The establishment of a Business Development function which is separate from the delivery arm of the joint unit could also reduce this risk.
Reduction in local knowledge	M	M	Whilst there will be opportunities for greater specialisation across the joint unit, delivery of services will still be through area based teams who will retain local knowledge as at present.
Joint unit fails to achieve projected fee levels	M	MH	This is a bigger risk for the authorities if they do not create a joint unit; the new unit will be more financially robust. In addition, the managers of the joint unit will be required by the Joint Committee to deliver the required trading surplus; managers will therefore reduce expenditure in line with reduced income

Risks to project	Impact	Likelihood	Mitigation
Disagreement over the division of surpluses	M	MH	Whilst we do not think it would be appropriate to tie the hands of the Joint Committee, we have set out in the business case our proposals for a default method for apportioning distributed surpluses.
Financial controls are weaker	L	M	One authority will have clear responsibility for accountancy and audit services, and other partners will be entitled to rely on that authority's controls. This issue will also fall within the remit of the Joint Committee to manage.
Loss of democratic control	L	M	Building Control has a relatively low profile with Members, so this is a lesser problem than it would be for other services. In addition, the Joint Committee will have elected Member representatives from each authority.

## APPENDIX A

### Stakeholder needs analysis for unified service

Stakeholder Group	Current service needs & expectations (What success looks like)	Future service needs & expectations of unified structure (What success will look like in future in addition to the present)
Customers	Effective service (value for money). Professional advice & guidance. Quick resolution of issues. Consistency of approach.	Value adding products (warranty schemes etc.) Value adding services where appropriate (fire safety audits etc)
Management teams & elected members	Service viability. Cost efficient (reduced contribution from general fund). Operational fit, with other internal services. Few or no complaints. All other non-fee (building control) services still provided.	More sustainable service. Greater cost efficiency. Better service standards. Improved service innovation. Greater flexibility in cost control. All other non-fee (building control) services still provided, but with possible increase in scope, e.g street naming service for all districts. See Appendix G for further detail
Staff	Enjoyable and interesting work. Professional development. Succession Planning. Job stability (for most but not all) Personal value and self esteem	Greater diversity in workload. Opportunity for wider skill use and development Improved morale and entrepreneurial ethos. Market aligned terms & conditions. Improved recruitment & retention. Improved career opportunities
Partner organisations	Development of nationally agreed partnership frameworks	Improved consistency. Solution based service delivery. Improved access to specialist skills.
Community	Healthy, safe & sustainable local built environment	As opposite but more effectively and efficiently delivered (more or same for less)

## APPENDIX B

### Building Control (BC) Partnership ICT Update – CW20141210

#### Assumptions

The Sedgemoor ICT provisioning is based on the following assumptions:-

- A) All BC Partnership users (16 maximum) will be Sedgemoor employees.
- B) The BC Partnership will use existing SDC ICT Infrastructure and Systems as defined in the spreadsheet (attached) to assure best value.
- C) SDC ICT will configure, support and liaise with suppliers to ensure the environment at SDC is suitable for the BC Partnership needs.
- D) Funding will be made available as identified in the spreadsheet (see attached).
- E) There will be no data migration from partner legacy systems.
- F) Land Charges and Street Naming and Numbering service is outside the scope of the requirements.
- G) Any existing dynamic integration of Land Charges related to Building Control at other non SDC authorities will cease to operate eg. TDBC and MDC. However, a web portal hosted at SDC will be available to view BC property history related to Land Charges. Manual intervention at the partner locations will be required.

#### Current BC Partnership Systems

The table below summarises the current BC Software Suppliers and the appropriate BC case management system in use within each Local Authority.

**Table 1 – Authority Systems**

Authority	Supplier	Product	Contract Expiry	Contract Issues
TDBC	IDOX	Acolaid	2017/18	Linked to other business areas and South West One contract
MDC	IDOX	Caps	2017/18	Linked to other business areas and Capita contract
WSDC	Northgate	Building Control	2016	Linked to other business areas and overarching Northgate product contract
SDC	IDOX	Acolaid	Annual Reoccurring	Linked to other business areas and overarching IDOX product contract



## **Proposed ICT Environment**

The following explanation provides a greater explanation of the products and services identified on the attached spreadsheet.

### **Servers**

In order to ensure the 'ICT environment' is technically operational for the BC Partnership the existing SDC technical architecture will need to be modified. It is anticipated that the changes will be minimal if the environment remains as SDC. eg. all users of the BC Partnership will have Sedgemoor.gov.uk email addresses. It is not intended, at this stage, to set up a separate technical operating company within the SDC ICT infrastructure eg. equivalent to Homes in Sedgemoor.

### **Acolaid**

Acolaid is the proposed case management system to support the BC Partnership hosted at SDC. The existing solution installed at SDC already contains various modules and interfaces to support the operations of BC. It is proposed to extend this functionality by reconfiguring elements of the existing system to support the BC Partnership and specific partners.

The spreadsheet (attached) identifies some investment at an early stage in order to comply with software licensing and the business plan of the BC Partnership. It should be noted any licences, eg. e BC and PR module should not be incurred at this time (negotiations are still in progress with IDOX to ratify this). However, the novation of licences should occur at the end of partner contracts, therefore further investment should not be required at this time.

### **Trim**

Trim is the SDC Records Management System where records eg. emails and scanned images are stored. Due to the recent SDC organisational downsizing and existing supplier contract term duration, SDC currently has a number of licences available. Therefore no further investment is required.

### **Website Presence**

A TDBC and SDC BC Partnership website already exists. This is already hosted at SDC and may well need to be amended to support the wider BC Partnership. The changes required will be absorbed by existing resources.

### **Desktop Environment**

The BC Partnership Business Plan requires a 'mobile solution; which maximises their operational flexibility. With Windows 10 to be released in 2015 alongside new mobile devices (touch based laptops and '2 in 1's'), investment in the latest mobile devices will need to be assured at the appropriate time. New devices will need to be purchased/configured prior to the date when the partnership requires technical operation. Therefore, investment will need to be assured.

### **Remote Access and Telephony**

In order for the SDC Partnership employees to work flexibly, Two Factor Authentication (RSA fob) and existing Lync Telephony will need to be provided in line with the SDC flexible working and IS Security

Policies. 2FA investment will be required as SDC do not hold spare licences. . Due to the recent SDC organisational downsizing and existing supplier contract term duration, SDC currently has a number of Lync telephony licences available. Therefore no further investment is required.

### **Lumia Phones**

As all staff are SDC employees, Lumia phones will be provided to operate on the SDC infrastructure. SDC do not carry spare stock, so investment will need to be assured once the BC Partnership is technically operational. This will need to be aligned with desktop, email and user account creation.

### **Data Migration**

The investment required to migrate data has been excluded as the costs are currently unknown. Costs could be as high as £30,000-£40,000 per site, but as no evaluation has taken place on this aspect it is excluded from the costs (see attached spreadsheet). The recommendation is to exclude data migration.

Alternatively, once the BC Partnership is technically operational, any new BC applications should be added to the SDC BC Partnership solution. However, this will require all employees of the BC Partnership to have access to the hosted system. This will need to be aligned with desktop, email and user account creation.

### **Conclusion**

Although investment has been reduced (attached spreadsheet), by maximising existing SDC sink costs and capability, there is operational effort, on SDC's behalf, that will require additional investment – estimate £14,000. The majority of this additional investment will be working with our Supplier eg. IDOX to ensure the solution hosted at SDC is fit for purpose.

There are three potential issues for further consideration:

- 1) Agreement of the resource availability
  - a. SDC IS,
  - b. BC Partners
  - c. SDC Supplier – IDOX
- 2) Agreement of the timeframes to complete the ICT technical operations. In all likelihood the technical environment will not be ready until quarter two/three of 2015.
- 3) An understanding by the BC Partnership of the impact on systems at the remaining sites.eg. TDBC and the dynamic Land Charges integration which will cease, unless there is a double entry of TDBC property and BC case data.

	Qty(Additional) 15 staff max	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Servers</b>								
Domain Controller	2 Servers	£0	£0	£0	£0	£0	£0	£0
Email Server std	1 Server	£0	£0	£0	£0	£0	£0	£0
File Store	9 Users	£0	£0	£0	£0	£0	£0	£0
SFTP Server for secure file transferred (Sedgemoor) (if required)		£0	£0	£0	£0	£0	£0	£0
Configuration of Accounts and Email (Sedgemoor)		£3,000						
<b>Acolaid</b>								
BC Module	9	£0	£0	£0	£0	£0	£0	£0
PR module	9	£0	£0	£0	£0	£0	£0	£0
GIS Module (MapExtreme)	9	£1,550	£360	£360	£360	£360	£360	£360
Competent Person Scheme XML	1	£0	£0	£0	£0	£0	£0	£0
Dangerous Structures	9	£0	£0	£0	£0	£0	£0	£0
TRIM integration	9	£0	£0	£0	£0	£0	£0	£0
LLPG importer	1	£0	£0	£0	£0	£0	£0	£0
Configuration of Acolaid inc LLPG/CPS import solution(Sedgemoor and Idox)		£4,000						
Online BC XML interface		£3,000	£400	£400	£400	£400	£400	£400
Configuration of BC Online Application Interface and XML Payments (Sedgemoor)		£4,000						
<b>Trim &amp; Scanning</b>								
Trim and Redaction	9	£0	£0	£0	£0	£0	£0	£0
Configuration of TRIM and Scanning (Sedgemoor)		£3,000	£0	£0	£0	£0	£0	£0
<b>Website Presence</b>								
Website Configuration (Sedgemoor)	1	£0	£0	£0	£0	£0	£0	£0
<b>Desktop Environment</b>								
Laptop inc Operating System, Office licence and docking station	9	£9,000						£4,500
2nd Monitor (large)	15	£2,000	£0	£0	£0	£0	£0	£2,000
Pager	10	£200	£50	£50	£50	£50	£50	£50
Printing (price per copy) - available only at Sedgemoor								
<b>Remote Access</b>								
2FA token/Licence & headset	9	£650	£210	£210	£210	£210	£210	£210
VPN - managed endpoint devices only	9	£0	£0	£0	£0	£0	£0	£0
Remote Access Server	1	£0	£0	£0	£0	£0	£0	£0
Remote Telephony	9	£0	£0	£0	£0	£0	£0	£0
Remote working (Careline Service)	9	£0	£0	£0	£0	£0	£0	£0
<b>Smartphone</b>								
Lumia 635 - no for admin staff	9	£450	£200	£200	£200	£200	£200	£200
Sub Total		£30,850	£1,220	£1,220	£1,220	£1,220	£1,220	£7,720
<b>System Migration</b>								
WSDC (frozen at end of contract period) - no data migration		£0	£0	£0	£0	£0	£0	£0
TDBC (frozen at end of contract period) - no data migration		£0	£0	£0	£0	£0	£0	£0
MDC (frozen in at end of contract period) - no data migration		£0	£0	£0	£0	£0	£0	£0
Totals		£30,850	£1,220	£1,220	£1,220	£1,220	£1,220	£7,720

APPENDIX C

BUILDING CONTROL FINANCIAL HIGH LEVEL STATEMENT FOR 2013-14

AUTHORITY NAME:

Total Mendip District Council Sedgemoor District Council Taunton Deane borough Council West Somerset Council

INCOME & EXPENDITURE ACCOUNT

	Total			Mendip District Council				Sedgemoor District Council				Taunton Deane borough Council				West Somerset Council				
	Fee Earning	Non Fee Earning	Total	Fee Earning	Non Fee Earning	Total	%	Fee Earning	Non Fee Earning	Total	%	Fee Earning	Non Fee Earning	Total	%	Fee Earning	Non Fee Earning	Total	%	
	£	£	£	£	£	£	%	£	£	£	%	£	£	£	%	£	£	£	%	
<b>EXTERNAL EXPENDITURE</b>																				
Staff costs																				
direct employee expenses	539,881	214,631	754,513	130,470	30,328	160,798	21%	152,910	61,076	213,986	28%	185,963	83,549	269,512	36%	70,538	39,678	110,216	15%	
indirect employee expenses	26,225	13,792	40,016	0	0	0	0%	1,941	1,620	3,561	9%	13,139	5,903	19,041	48%	11,145	6,269	17,414	44%	
Premises Costs	6,005	7,118	13,123	261	0	261	2%	0	3,889	3,889	30%	10	4	14	0%	5,734	3,225	8,959	68%	
Transport Costs	33,451	16,212	49,662	9,415	2,541	11,956	24%	9,809	6,950	16,759	34%	11,320	5,086	16,406	33%	2,907	1,635	4,542	9%	
Supplies & Services	121,539	13,310	134,849	47,990	107	48,097	36%	9,880	4,982	14,862	11%	18,300	8,222	26,522	20%	45,369	0	45,369	34%	
<b>TOTAL EXTERNAL EXPENDITURE</b>	<b>727,101</b>	<b>265,063</b>	<b>992,164</b>	<b>188,137</b>	<b>32,975</b>	<b>221,112</b>	<b>22%</b>	<b>174,540</b>	<b>78,518</b>	<b>253,057</b>	<b>26%</b>	<b>228,732</b>	<b>102,763</b>	<b>331,495</b>	<b>33%</b>	<b>135,693</b>	<b>50,807</b>	<b>186,500</b>	<b>19%</b>	
<b>EXTERNAL INCOME (enter as positive)</b>																				
Building Control plan fees	826,397	0	826,397	245,532	0	245,532	29.7%	255,660	0	255,660	31%	230,022	0	230,022	28%	95,182	0	95,182	12%	
Other external income	30,101	49,725	79,826	699	0	699	1%	196	36,262	36,459	46%	26,190	11,767	37,957	48%	3,015	1,696	4,711	6%	
<b>TOTAL EXTERNAL INCOME</b>	<b>856,498</b>	<b>49,725</b>	<b>906,223</b>	<b>246,231</b>	<b>0</b>	<b>246,231</b>	<b>27%</b>	<b>255,857</b>	<b>36,262</b>	<b>292,119</b>	<b>32%</b>	<b>256,213</b>	<b>11,767</b>	<b>267,979</b>	<b>30%</b>	<b>98,197</b>	<b>1,696</b>	<b>99,893</b>	<b>11%</b>	
<b>TOTAL EXTERNAL NET EXPENDITURE</b>	<b>(129,397)</b>	<b>215,338</b>	<b>85,941</b>	<b>(58,095)</b>	<b>32,975</b>	<b>(25,120)</b>	<b>-29%</b>	<b>(81,317)</b>	<b>42,255</b>	<b>(39,062)</b>	<b>-45%</b>	<b>(27,481)</b>	<b>90,997</b>	<b>63,516</b>	<b>74%</b>	<b>37,496</b>	<b>49,111</b>	<b>86,607</b>	<b>101%</b>	
<b>INTERNAL EXPENDITURE (enter as positive)</b>																				
Support Services	321,774	165,039	486,813	112,549	39,266	151,815	31%	54,584	51,240	105,824	22%	109,991	49,416	159,407	33%	44,650	25,116	69,766	14%	
Capital Charges	6,910	3,105	10,015	0	0	0	0%	0	0	0	0%	6,910	3,105	10,015	100%	0	0	0	0%	
<b>TOTAL INTERNAL EXPENDITURE</b>	<b>328,684</b>	<b>168,143</b>	<b>496,828</b>	<b>112,549</b>	<b>39,266</b>	<b>151,815</b>	<b>31%</b>	<b>54,584</b>	<b>51,240</b>	<b>105,824</b>	<b>21%</b>	<b>116,901</b>	<b>52,521</b>	<b>169,422</b>	<b>34%</b>	<b>44,650</b>	<b>25,116</b>	<b>69,766</b>	<b>14%</b>	
<b>INTERNAL INCOME</b>																				
Internal recharges	52,550	83,513	136,063	0	0	0	0%	0	59,903	59,903	44%	52,550	23,609	76,160	56%	0	0	0	0%	
<b>TOTAL INTERNAL INCOME</b>	<b>52,550</b>	<b>83,513</b>	<b>136,063</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>59,903</b>	<b>59,903</b>	<b>44%</b>	<b>52,550</b>	<b>23,609</b>	<b>76,160</b>	<b>56%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	
<b>TOTAL INTERNAL NET EXPENDITURE</b>	<b>276,134</b>	<b>84,631</b>	<b>360,765</b>	<b>112,549</b>	<b>39,266</b>	<b>151,815</b>	<b>42%</b>	<b>54,584</b>	<b>(8,663)</b>	<b>45,921</b>	<b>13%</b>	<b>64,351</b>	<b>28,911</b>	<b>93,263</b>	<b>26%</b>	<b>44,650</b>	<b>25,116</b>	<b>69,766</b>	<b>19%</b>	
<b>TOTAL NET EXPENDITURE</b>	<b>146,737</b>	<b>299,969</b>	<b>446,706</b>	<b>54,454</b>	<b>72,242</b>	<b>126,696</b>	<b>28%</b>	<b>(26,733)</b>	<b>33,592</b>	<b>6,859</b>	<b>2%</b>	<b>36,870</b>	<b>119,908</b>	<b>156,778</b>	<b>35%</b>	<b>82,146</b>	<b>74,227</b>	<b>156,373</b>	<b>35%</b>	



**BUILDING CONTROL FINANCIAL HIGH LEVEL STATEMENT FOR 2014-15**

AUTHORITY NAME:

**Total**      **Mendip District Council**      **Sedgemoor District Council**      **Taunton Deane Borough Council**      **West Somerset Council**

revised Q1

**INCOME & EXPENDITURE ACCOUNT**

	Total			Mendip District Council				Sedgemoor District Council				Taunton Deane Borough Council				West Somerset Council			
	Fee Earning	Non Fee Earning	Total	Fee Earning	Non Fee Earning	Total		Fee Earning	Non Fee Earning	Total		Fee Earning	Non Fee Earning	Total		Fee Earning	Non Fee Earning	Total	
	£	£	£	£	£	£	%	£	£	£	%	£	£	£	%	£	£	£	%
<b>EXTERNAL EXPENDITURE</b>																			
Staff costs:																			
direct employee expenses	579,952	235,840	815,792	169,460	46,120	215,580	26%	142,400	61,280	203,680	25%	197,502	88,733	286,235	35%	70,590	39,707	110,297	14%
indirect employee expenses	18,196	8,344	26,540	0	0	0	0%	3,070	3,570	6,640	25%	10,626	4,774	15,400	58%	4,500	0	4,500	17%
Premises Costs	0	5,050	5,050	0	4,250	4,250	84%	0	800	800	16%	0	0	0	0%	0	0	0	0%
Transport Costs	34,700	16,470	51,170	8,630	2,300	10,930	21%	10,850	6,980	17,830	35%	12,103	5,437	17,540	34%	3,117	1,753	4,870	10%
Supplies & Services	82,154	29,892	112,046	21,220	70	21,290	19%	18,390	7,810	26,200	23%	16,954	7,617	24,571	22%	25,590	14,395	39,985	36%
<b>TOTAL EXTERNAL EXPENDITURE</b>	<b>715,002</b>	<b>295,596</b>	<b>1,010,598</b>	<b>199,310</b>	<b>52,740</b>	<b>252,050</b>	<b>25%</b>	<b>174,710</b>	<b>80,440</b>	<b>255,150</b>	<b>25%</b>	<b>237,185</b>	<b>106,561</b>	<b>343,746</b>	<b>34%</b>	<b>103,797</b>	<b>55,855</b>	<b>159,652</b>	<b>16%</b>
<b>EXTERNAL INCOME (enter as positive)</b>																			
Building Control plan fees	773,917	0	773,917	215,000	0	215,000	28%	230,720	0	230,720	30%	231,697	0	231,697	30%	96,500	0	96,500	12%
Other external income	35,969	56,236	92,205	3,790	0	3,790	4%	0	43,710	43,710	47%	27,879	12,526	40,405	44%	4,300	0	4,300	5%
<b>TOTAL EXTERNAL INCOME</b>	<b>809,886</b>	<b>56,236</b>	<b>866,122</b>	<b>218,790</b>	<b>0</b>	<b>218,790</b>	<b>25%</b>	<b>230,720</b>	<b>43,710</b>	<b>274,430</b>	<b>32%</b>	<b>259,576</b>	<b>12,526</b>	<b>272,102</b>	<b>31%</b>	<b>100,800</b>	<b>0</b>	<b>100,800</b>	<b>12%</b>
<b>TOTAL EXTERNAL NET EXPENDITURE</b>	<b>(94,885)</b>	<b>239,361</b>	<b>144,476</b>	<b>(19,480)</b>	<b>52,740</b>	<b>33,260</b>	<b>23%</b>	<b>(56,010)</b>	<b>36,730</b>	<b>(19,280)</b>	<b>-13%</b>	<b>(22,392)</b>	<b>94,036</b>	<b>71,644</b>	<b>50%</b>	<b>2,997</b>	<b>55,855</b>	<b>58,852</b>	<b>41%</b>
<b>INTERNAL EXPENDITURE (enter as positive)</b>																			
Support Services	240,520	156,340	396,860	92,870	30,320	123,190	31%	20,990	62,850	83,840	21%	71,332	32,048	103,380	26%	55,328	31,122	86,450	22%
Capital Charges	0	0	0	0	0	0	0%	0	0	0	0%	0	0	0	0%	0	0	0	0%
<b>TOTAL INTERNAL EXPENDITURE</b>	<b>240,520</b>	<b>156,340</b>	<b>396,860</b>	<b>92,870</b>	<b>30,320</b>	<b>123,190</b>	<b>31%</b>	<b>20,990</b>	<b>62,850</b>	<b>83,840</b>	<b>21%</b>	<b>71,332</b>	<b>32,048</b>	<b>103,380</b>	<b>26%</b>	<b>55,328</b>	<b>31,122</b>	<b>86,450</b>	<b>22%</b>
<b>INTERNAL INCOME</b>																			
Internal recharges	135,319	131,761	267,080	0	0	0	0%	0	65,330	65,330	24%	85,560	38,440	124,000	46%	49,759	27,991	77,750	29%
<b>TOTAL INTERNAL INCOME</b>	<b>135,319</b>	<b>131,761</b>	<b>267,080</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>65,330</b>	<b>65,330</b>	<b>24%</b>	<b>85,560</b>	<b>38,440</b>	<b>124,000</b>	<b>46%</b>	<b>49,759</b>	<b>27,991</b>	<b>77,750</b>	<b>29%</b>
<b>TOTAL INTERNAL NET EXPENDITURE</b>	<b>105,201</b>	<b>24,579</b>	<b>129,780</b>	<b>92,870</b>	<b>30,320</b>	<b>123,190</b>	<b>95%</b>	<b>20,990</b>	<b>(2,480)</b>	<b>18,510</b>	<b>14%</b>	<b>(14,228)</b>	<b>(6,392)</b>	<b>(20,620)</b>	<b>-16%</b>	<b>5,569</b>	<b>3,131</b>	<b>8,700</b>	<b>7%</b>
<b>TOTAL NET EXPENDITURE</b>	<b>10,316</b>	<b>263,940</b>	<b>274,256</b>	<b>73,390</b>	<b>83,060</b>	<b>156,450</b>	<b>57%</b>	<b>(35,020)</b>	<b>34,250</b>	<b>(770)</b>	<b>0%</b>	<b>(36,620)</b>	<b>87,644</b>	<b>51,024</b>	<b>19%</b>	<b>8,566</b>	<b>58,986</b>	<b>67,552</b>	<b>25%</b>

## APPENDIX D

### Other examples of partnership working in Building Control

Name	Local Authorities	Details
CNC Consultancy	Broadland District Council Norwich City South Norfolk	Commenced 1 April 2004. Joint Committee. Host Authority Broadland. Strong brand image. Clear and early communication with customers
Devon Building Control Partnership	South Hams District Council Teignbridge District Council West Devon Borough Council	Commenced April 2004 (Teignbridge & West Devon). South Hams joined partnership August 2006. Hosted strategic local authority partnership. A developing partnership based on existing area based structures.
Horsham and Crawley Building Control Partnership	Horsham District Council Crawley Borough Council	Commenced 2006 Joint Partnership Board. Horsham acting as host
North Derbyshire	Bolsover Chesterfield North East Derbyshire	Joint committee with Chesterfield acting as host including provider of all support services. This was one of several joint working initiatives the authorities considered at the same time.
Ipswich	Ipswich Suffolk Coastal	Lead authority model with Ipswich providing services to Suffolk Coastal under contract.

## APPENDIX E

### Full service catalogue

#### Building Control defined:

The main function of all Building Control sections is to ensure that new building work meets the requirements of the Building Regulations. These Regulations cover matters such as structural stability, fire safety, conservation of fuel and power and access and facilities for disabled persons. This is achieved by checking and approving plans of proposed works, and then carrying out inspections of the work on site as it proceeds.

#### Building Control also:

- Ensures that dangerous structures are made safe.
- Demolition of existing structures does not endanger public health and safety.
- Offer general advice about building matters.
- Gives advice about access and facilities for people with disabilities.

#### Proposed Building Control Level of Service:

The existing teams cover all or some of the services noted in the above table; we proposed to maintain this level of service within the new structure. However, opportunities exist for the Districts to choose to retain, or pass over services to be undertaken by the newly formed establishment. An example of this is the Land Charges Service. Currently, one district provides this through building control. It may be more logical from an information management context for the new unit to provide this service across the Partnerships districts

Chargeable account Works	Funding stream	Source of Duty
<b>Building Regulation Work</b>		
Plan checking & consultations	Building Regulation fee income	Statutory Duty
Structural engineering checks		
Site Inspections		
Preliminary enquiries in connection with future projects		
Administration associated with LA controlled submissions		
<b>Non chargeable account works (building control)</b>	<b>Funding stream</b>	<b>Source of Duty</b>
<b>Building Act/Legal/Enforcement</b>		
Enforcement/Appeals/Disabled Fee/Exempt Works etc.	Council Tax funding	Statutory Duty
Public Advice/Complaints/Political		
Approved Inspector registration		
<b>Development Control &amp; Conservation</b>		
Planning Condition checks	Rechargeable work	Best Practice

Planning Application Consultations etc.		consultation	
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<b>Non chargeable account works (building control)</b>	<b>Funding stream</b>	<b>Source of Duty</b>	
<b>Public Safety Services</b>			
Action on dangerous structures	Council Tax funding <sup>1</sup>	Statutory Duty	
Control on demolitions			
Fire Authority enforcement checks			
MOE, Ingress & Egress (S71/S72)			
<b>Emergency Planning</b>			
Emergency callout provision for dangerous buildings			
<b>Other Internal Services</b>			
Consultation Service, i.e, housing	Rechargeable work	Discretionary consultation	
Land charge searches			
Licensed premises consultation			
Means of Escape advice			
Housing returns	Council Tax	Statutory Duty	
Solicitors Query replies			
Corporate Development Unit			
Departmental work for people with disabilities	Council Tax	Discretionary	
<b>Street Naming &amp; Numbering</b>			
Naming & Numbering	Council Tax	Statutory	
Renaming & Renumbering	Fee income	Discretionary	
LLPG	Council Tax		
<b>Other surveying work outside of trading account</b>			
MOD work	Fee income	Discretionary	
Access audits			
Fire Audits			
Energy surveys			



## APPENDIX F

### Treatment of the expenditure and income of the Building Partnership

#### 1.0 Treatment of the expenditure and income of the Building Partnership

The Building Control Partnership will be made up of four Building Control units representing Mendip District Council, Sedgemoor District Council, Taunton Deane Borough Council and West Somerset District Council. This guidance note sets out the intention of how income, surpluses, recruitment and capital investment costs should be split between the four authorities.

#### 2.0 Fee Earning Income

The income derived from Building Regulations applications will be readily identifiable, as application fees will be recorded against each application. Each application will also be identified against the district/borough Council in which it sits by an identifiable suffix on the file management system. Initial research suggests that this is entirely possible through the IDOX packages. This will allow the fee income from each authority to be established through the database at any time and when budget monitoring and when budgets are set and outturns are calculated. Fee income can then be attributed against each Local Authority ready to be apportioned against relevant support charges, salaries, accommodation and other on costs.

As surveyors and support staff will be employed by a single Council there will be no requirement to adjust the recharge rate of surveying services across districts beyond their agreed harmonisation at the outset. It is noteworthy that the hourly rate of each Building Control department from each Council is similar to the point that that harmonisation can be fully established and fees can be unified with very little impact on each authorities published schedule of fees. Surveyors will work across what were authority boundaries and, in accordance with the Building (Local Authority Charges) Regulations 2010, 'the charges regulations', each application is expected to be delivered on a full cost recovery basis irrespective of which authority has legal control.

#### 2.1 Proposal 1 – Equally split surpluses and deficits

*Fee earning income for each authorityx4 - cost of all building control staff, support costs and on cost/4 = Surplus or deficit per authority.* The surplus or deficit will sit with the partnership to be treated in accordance with the Building (Local Authority Charges) Regulations 2010, although in reality this will be under the control of each authority equally.

The Partnership will be working to the statutory requirements of the Building (Local Authority Charges) Regulations 2010. This requires a Council to charge only for what is required for an application to be serviced. There should be no ambition for the Partnership to model a business that attracts large surpluses without the intention of investing them back in to the business through staff resource or

infrastructure or in order to neutralise previous deficits as a rolling programme. There are a number of factors that need considering should the partnership choose to equally split surplus' and deficits across the partners.

1. An equal split creates autonomy amongst the Partners.
2. This has been an agreed process though a number of similar partnerships.
3. The Partnership is guided by CIPFA guidance and Regulations set out in the 'Charging Regulations'. Transparency of accounts and how costs are attributed so that Authorities are not cross subsidising each other will need to be established.
4. An equal split will work where surplus' can be reinvested in infrastructure and technology or staff. Problems may occur where deficits occur which have to be absorbed by each authority. Based on 2013/14 outturns it is clear that West Somerset cannot currently attract the same levels of income as the other Partners (*WSDC income 11% of total income see Appendix A*). Deficits would be based over the Partnership divided by 4 which may be an increase on costs to WSDC or transversely it may be that the other Councils attract deficits as a result of a single Council not being able to cover its costs.
5. The principle of the Partnership and the 'Charging Regulations' is that resources are attributed to service an application at cost recovery only. If prudent management and accounting is established resources will be targeted where required and reduced where not. This negates whether an Authority attracts higher levels of income than others or not, as resources are established based on income.
6. Should the Partnership disband or one partner leave settlements of 25% of any surplus (or deficit) in the current year will need to be agreed. Agreements to tie Authorities to capital expenditure will also need to be established.

## **2.2 Proposal 2 - Treatment of deficits and surpluses based on an agreed factoring arrangement.**

An alternative to proposal 1 is that surpluses and deficits should sit with each Authority coming into the Partnership. This can be established based on application data which will remain readily available through the chosen file management system. When considering this option the following factors need to be taken into account: -

1. Agreement of the factors to be taken into account will need to be established and agreed. It is likely that fee income and number of applications will be key data but that the size (hectares) of each area will also need to be taken into account. With a single hourly rate for the Partnership, mileage and dead time through travel need to be accounted for so that the cost of servicing remote applications on a frequent basis can be factored into the true cost of servicing an area.
2. In order to account for the running costs of offices and administration any factoring will need to include service costs, although accounting costs and HR costs may need to be factored separately as the delivery of accounts for instances does not change based on income or number of applications.

3. The factoring of surpluses and deficits if taken as the chosen route forward will need to also be applied to redundancy and capital investment costs, in order to promote equality in the financial contributions. This may be challenging when trying to establish a single Partnership as it may establish more dominating Partners in the Partnership. Simply, if equality is established throughout, this can be reflected in the decision making processes, financial contributions and service delivery.
4. The factoring of surpluses and deficits leaves a status quo of each 'service unit' acting individually. It further leads to each Authority needing to reach their proposed factor rating in order for the factor to correct at its application.
5. Any factoring will need to be revisited on an annual basis to establish that remains equitable.

### **3.0 Recommendation**

The Building Control Managers from each Authority feel that an equal split on all costs will enhance the prospects of a successful partnership. This model has been adopted by other Local Authorities entering Building Control partnerships

### **4.0 Statutory Costs and the recharge of costs incurred on statutory functions (Proposal)**

The costs of carrying out enforcement work, dangerous structures and demolition notices will remain with each local authority, although the statutory account will be administered by a single accounting unit. This has currently been identified as Sedgemoor District Council. If and when staff are TUPE'd to a host authority, time dealing with other authorities enforcement works will need to be recharged to the appropriate Council. The Councils included in this partnership have very similar hourly rates for the recharge of their Building Control services. This allows for the development of a single hourly rate to be established without adversely affecting fees and recharges of any of the authorities included.

In the interests of establishing a viable partnership it is sensible that no single Council should take the burden for enforcement costs. These are cost that should be borne by the Council in which the statutory function sits and professional staff costs should be identified and recharged to the specific Council and the specific case to which the charges relate. This allows for the processes to be fully auditable and for each Council to enjoy any savings that are established through efficiency savings being distributed through the hourly rate. When considering dangerous structures for example, undertaking works to make structures safe is time consuming and can become costly if a Council undertakes work or measures to make a building safe, or initiates legal action through the Magistrates Court. Expenditure on enforcement work will sit within each Council with recharges, such as solicitor costs, surveyor costs, and labour costs and equipment costs being charged on as a cost of service for servicing a specific incident.

### **5.0 Calculation of expenditure and capital investment (Proposal)**

In order for the Partnership to move forward and align itself to the proposed structure in the business plan, there will be some costs associated with streamlining the workforce and a requirement for capital

investment to upgrade IT systems and realise full efficiency of the service through mobile working and alignment of systems and processes. It is noteworthy that none of the Building Control units currently have surpluses ready for reinvestment and that upgrading of IT currently sits within each Council through their IT service providers. These costs are attributed through each Council's accounting procedures. All investment will need to be demonstrated on a 'spend to save' basis. When considering expenditure to streamline the workforce, this would include the costs associated with redundancy. The Partnership Board and Executive will need to decide how this expenditure will be shared through the Partnership and the following options need to be considered: -

**Table 1. Consideration of options**

<b>Proposal</b>	<b>Justification of proposal</b>
<p>All Costs should be attributed equally at 25% per Authority.</p>	<p>With regard to redundancy precedent has already been set through the Taunton Deane and Sedgemoor working arrangements. The redundancy cost of the Senior Administration post was split 50/50. This was irrespective as to the employer of the post which was a single Council with salary costs being recharged.</p> <p>In the interests of forming an equal Building Control Partnership differences in size, the ability to attract income or the staffing ratios for each building control team should not be considered as it highlights the differences is unit size. With stakeholder support required from the outset we should not produce a culture that larger service units have greater gravitas and therefore attract higher costs when paying for redundancy or investment. All costs attributed to the Partnership should be on a spend to save basis for the Partnership.</p>
<p>Each Council should pay for their own staff costs. (redundancy)</p>	<p>The business plan is for all staff to be TUPE transferred to one Council in the medium term. Therefore everybody connected to the Partnership will be working for the same organisation. All costs associated with this process will need to be met by each authority. Redundancy costs will form part</p>

	<p>of this process. In order for the recruitment and redundancy process to be completely transparent and equal it is not reasonable for a single council to bear the costs of making its own staff redundant as a consequence of the Partnership when staff from other partnered councils may not have these costs because their staff was successful in filling a position.</p>
Redundancy cost should be factored	<p>If costs were factored agreement would be required as to how a factor would be applied. Table 2 gives a number of options on how a factor could be applied. Applying a factor would be difficult and would complicate the accounting procedures for the partnership. If a factor was based on unit income this would need to be revisited on a periodic basis as specific towns or areas enjoy investment which may lead to a spike in income for example.</p>
Capital Investment to be based on agreed factors.	<p>As described previously establishing an equitable factor could be complicated and will be subject to audit on a regular basis as micro economies change. It further attracts a further process to finances and budget setting.</p>
Capital Investment to be shared equally	<p>It is reasonable to share capital investment equally based on the issues raised in sections 2 and 3 of this guidance. Agreement and an ongoing strategy from each authority will be easier to establish if costs are equally shared. Equality of costs = Equality of input. Capital investment should establish a saving for the business over a prescribed time period which, as a result, will lead to savings which can be factored into IT support costs and other capital investment.</p>

The following data has been considered when developing a factoring system for the delivery of costs and expenditure: -

**Table 2. Factoring considerations**

<b>Factors for analysis</b>	<b>Considerations</b>
Population of each Council area	The Partnership remit works with a specific service area and not a service used by all groups using a Council. The size of population within a Council does not necessarily equate to the amount of income derived through Building Regulations as high density areas may be subject to greater competition meaning a smaller proportion of work is won. There is some correlation to base proportional costs and revenue based on population but application data and area also need to be considered to give a rounded picture.
Workload – Number of applications	The number of applications gives a good indication as to the workload of each organisation. Although this needs to be considered it should not be in isolation as it does not account for the complexity and size of a project and what is required to resource it.
Fee income	Fee income is key in establishing what each service will contribute to the partnership in terms of resource. It should be noted that with a cost neutral budget on the fee earning accounts that the amount of resources being supplied into the partnership will be balanced with the staff allocated in each district and so therefore equilibrium of income and expenditure is retained irrespective of where any building project occurs.
Number of staff entering the partnership	Each Building Control Unit will have a specified number of staff coming into the partnership. It should not be the case that this is factored into any agreement as this becomes historic data after when staff are TUPE'd and the Partnership comes to fruition.

Area Hectares	As mentioned above, Authority size (Hectares) cannot form a factor singularly but should be used in calculating an overall factor as travel time, remoteness and dead time contribute as a cost servicing an application.
Redundancy Costs formulated on each Council's terms and conditions	<p>3 of the Councils identified have a 3x multiplier on redundancy costs whereas West Somerset District Council has a 2x multiplier on redundancy costs. Redundancy costs for all staff should be: -</p> <p>SDC - Cost incurred = 3x1/11 of total costs</p> <p>MDC - Cost incurred = 3x1/11 of total costs</p> <p>TDBC Cost incurred = 3x1/11 of total costs</p> <p>WSDC Cost incurred = 2x1/11 of total costs</p>
Redundancy Costs based on current complement of Building Control Staff.	<p>Formula: Total number of Building Control staff in each LA x 1/Total Partnership complement = fractional split.</p> <p>This formula does not take into account redundancy terms from each Council.</p>

## 6.0 Recommendation for the treatment of redundancy costs.

In consultation with each Council's Human Resources departments the Building Control Managers recommend that Redundancy Costs should be based on the terms and conditions relative to each Council.







## **APPENDIX H**

### **BUSINESS DEVELOPMENT**

The business will need to address a declining market share whilst experiencing increased competition through all the market sectors in which it competes. None of the Partners wish to see the managed decline of a Building Control Service to a business where only non-desirable sectors of work are available and statutory function management is the cornerstone of the business. This would present a service, not a business, which is an expense for each Council to run.

The Partnership will need to provide a comprehensive marketing plan that addresses the key functions and fundamentals of the business, along with identifying the tools it has, and requires, to build a successfully branded business. This will be built on what measures the organisations currently identify and undertakes; and what the business has identified is required as a product that its customers require or want. Currently each individual Building Control unit markets its services with support from National and Regional LABC and understands the market within which it operates. However, there is recognition that moving forward the new business unit will require additional expertise to help it develop and realise its full potential within the marketplace

Generically the actions can be identified as follows and will be the bases of the marketing plan going forward: -

#### **Vision**

To provide an efficient cohesive partnership offering expertise, flexibility and Professionalism in the administration of the building control function to all members of the community

#### **Objectives**

- To improve customer satisfaction by providing an effective and efficient administration and site inspection regime in particularly through improved use of information technology and communication
- To raise the profile of Partnership by developing a dynamic marketing strategy and pursuing the expansion of the Partnership through additional partners.
- To provide additional services through a consultancy to generate additional income.
- To continually review contributions by partner authorities to reflect reductions in expenditure.

#### **Strategy**

In order to be successful, the following strategy is to be adopted:

- To increase the profile of the Partnership to all existing and potential customers, with particular emphasis on developers and architects.
- Develop a competitive advantage through service provision.
- Through excellence in service provision turn customers into champions of the local service.
- To build and strengthen our liaisons with local professional and trade bodies, and establish a comprehensive database of customers, identifying and developing contacts within the industry.

- To develop and improve communication to our customers, keeping them continually informed and aware of developments and improvements to our service.
- To ensure closer working relations within the region and with the National Business Development Team.
- To successfully promote national initiatives and the 'added value' benefits to be gained by using LABC.
- To develop a marketing and advertising campaign, whilst taking into account customer feedback.
- To work to ISO 9001 principles and frameworks.
- To utilise the knowledge developed through the Customer Service Excellence accreditation scheme.

## **Action Plan**

- Develop a comprehensive marketing strategy and customer charter
- To keep our customers informed of service and regulatory developments and solutions through the provision of a regular newsletter, technical seminars, guidance notes and advice.
- Through direct day to day contact with customers the team will further promote the latest service, regulatory and promotional developments and initiatives within building control.
- To actively promote and encourage 'partnerships' with architects etc.
- To produce an updated range of customer information leaflets.
- To work within the guidelines of the published Building Control Performance Standards
- To formally establish the Development Team Approach across all authorities utilising the existing internal links with other regulatory areas involved in the construction process i.e. Development Control
- To promote the 'added value' of the Building Control service through the 'development team' approach and complementary services offered by commercial partners.
- Establish a local user group of regular customers.
- To continually evaluate and improve the service in line with customer needs identified through satisfaction surveys and user groups, together with developments in national best practice and benchmarking.
- To educate, train and develop staff through Council development programs and CPD processes to ensure they are trained to the highest level and able to pass this knowledge on to our customers.
- To continually improve access to our service through development of IT systems.
- To maintain and build on contacts with local, regional and national marketing strategies to ensure co-operation and co-ordination and to facilitate exchange of market intelligence and information.
- To maximise contacts with key building control decision-makers in major developers, architects, contractors and householders.

## **Increasing market share and expanding the business**

In order for the partnership to expand its business, a number of factors need to be understood as well as number of actions undertaken to give the business the opportunity to succeed and flourish. To succeed and flourish, which should be exceed performance beyond that of achieving the status quo and achieving budget forecasts, requires the organisation to be far more aggressive in its marketing and branding than any of the Partners joining the organisation have been able to achieve individually through their own marketing plans. The Managers steering the organisation going forward will need to develop the business around the following factors: -

- The Building Control environment and legislative background needs to be understood by the staff, Partnership Board and Councillors so that opportunities and threats can be identified along with the business reflecting and understanding its strengths and weaknesses.
- The current marketing position has to be understood by all stakeholders.
- The sectors forming the Building Control market need to be understood, along with the market position of the organisation within these and the level of competition within each sector.
- The organisation needs to market itself and provide a service to each Building Control sector relevant and relative to each customer's needs.
- The price elasticity of each sector needs to be established so that the business can address competition compete within each sector.
- A marketing plan with clear measureable goals will be required for the Partnership. The proposed strategy will address 'What and Why and When and How and Where and Who' in order to maximise business opportunity and clarity, understand our customer base and how we effectively market to them and service their needs.

## **Marketing to our customers**

Users of the service can be identified as follows: -

- Internal customers (Internal stakeholders our staff, internal departments, Councillors, staff delivering the service).
- One off users – the public (Those with no or little experience of the service or Building Control marketing sectors).
- Current Partners and regular subscribers (Business that are familiar and happy with our service.) (Repeat users)
- Architects and Agents (Local to the business – those who may see the advantages of using a local service but are apathetic to using the service against that of a competitor)
- Aggrieved users – Those who have used other Local Authority statutory services and feel reluctant to use further Local Authority service.

- Customers currently using other services having formed professional relationships - Architects, Agents and Builders that currently use competitor services for every project for which they are involved irrespective of any level of marketing aimed at them.

### **Identifying market sectors**

Market sectors can be broken down in a number of ways. In order to increase market share the Marketing Plan should identify targetable sectors and even targetable businesses. Sectors could be multifaceted and may cross each other but targeting specific sectors will allow business growth to be measured and successes realised. Some sectors will be safer than others with regard to securing cost recovery of services and may naturally attract higher fees than others. The marketing plan will need to identify the sectors where business success can be maximised with regard to securing fees against resources used, but also accepting that these will also have the highest levels of competition. Sectors should be increased beyond those already used to fully understand what to target, who to target, when marketing is required, how much lead in time is required, and how to market the service in respect of media and which facet of branding to use. Sectors need to be understood and may include: -

1. Domestic alterations
2. Domestic extensions
3. Domestic controlled Service and fittings
4. New dwellings (Single dwellings)
5. New dwellings (Small sites)
6. New dwellings (Large sites)
7. Rooms for residential purposes (Boarding houses, HMOs and Hotels)
8. Schools and Educational Establishments
9. Works involved in a change of use
10. Industrial Buildings (Single units)
11. Industrial Buildings (multiple units)
12. Industrial Buildings (Office fit outs)
13. New commercial buildings
14. Commercial alterations
15. Regeneration schemes
16. Council and County Council controlled works

In order to maximise opportunity the control over who is influencing and making contracting decisions will be key, i.e.: - Builder led, Home owner led, developer led, business led, insurer led, Architect led, shop fitter led, facilities management led, Government led.

### **Business Branding**

In order to maximise income and market share the new business needs to satisfy all potential customers needs and branded accordingly. (This will require buy-in from elected members)

Perception of the business and its ability to provide a service that the customer needs is essential to securing business. The business needs to deliver the following branding and profile to provide this: -

1. Local users may require a personalised service. This falls into two categories: -

- Those seeking the reassurance of using a public and genuine third party. (i.e. The Local Authority)
  - Local builders and agents who have developed a professional rapport with specific individuals and seek to maximise efficiency and effectiveness through trust and the willingness of a staff member to assist them whenever possible.
2. Those seeking a responsive and professional business through the Local Authority or Local Authority Partnership Scheme that can meet their needs wherever there projects are located.
  3. Those seeking a cost effective minimum service with a limited inspection regime.
  4. Those seeking an inspection regime extending towards a Clerk of Works role in order to assure good building practices are achieved on site.
  5. Those seeking to use a responsive and professional business which is not associated with or provided through a Local Authority. (i.e. An Approved Inspector or Private Sector Building Control provider)
  6. Those seeking a service that can also provide a package of 'bolt on' services such as Home Warranties, SAP calculations, EPC's, Water Calculations, Fire Risk Assessments and the production of Fire Safety information or Fire Engineering approaches to design. A business that can become a valued member of a design team or a business that can provide surveying services that fall outside of Building Regulations.
  7. Those who have been through the enforcement process but where an opportunity exists to build a professional working relationship. I.e. Through the Regularisation process or from the result of a rejected Initial Notice.

A marketing plan can address a number of these customer needs, making the business fit for purpose, and seeking to provide other profitable services where a business case has demonstrated that a need exists. Reversing the decline in market share will be difficult but as a Partnership an opportunity exists to maximise the impact of the collaboration of Councils. The Partnership can seek to brand itself in the following ways: -

- Individual Local Authorities working together for those who seek the assurance of a Council run Building Control department.
- A Local Authority Partnership embracing the flexibility and resilience created from the Partnership and utilising the LABC brand and Partnership Scheme to maximise workload.
- A Partnership that seeks to minimise its relationship and association with its Local Authority to attract business from those who do not wish to use the Local Authority Service. (Purely achieved through branding, i.e. letter heads, emails and website branded as a Partnership.

This may assist with increasing market share but will not attract customers that seek to use Approved Inspectors. There are several reasons that customers may choose this route, common factors are as follows: -

1. Council bureaucracy, the perception that the Council will cause a project to incur unnecessary costs or time delays. This may have occurred as a result of a customer having been through the Planning process for example, or from previously having a bad experience from a Local Authority Building Control provider. It may also be a perception that is unfounded but communicated by external competition.
2. The perception that a Council is less responsive, less productive and less efficient, less flexible in terms of servicing work and interpreting fit for purpose standards than its competitors.
3. The inability for a customer to sue a Council where performance standards have not been met. The Council has limited liabilities in comparison to Approved Inspectors that are private companies. This has been the case with larger retail stores reluctant to use LABC services, requesting that AI status be gained by specific Councils in order to continue working relationships. (Cited by Birmingham City Council).
4. The ability of an AI to form relationships and develop specialism's based on specific work sectors and utilise these skills and relationships without boundary restrictions.
5. The ability of an AI to aggressively market for work outside of a Council boundary. This creates a greater market in which to win work.
6. The ability to provide other services and market services as a 'one stop shop'.

Although some of these factors may be unfounded the perception exists despite marketing to the contrary. If the Building Control Partnership wishes to maximise the opportunities available in a recession free market it will need to consider and seek the approval of members to become a limited company with a view to gaining Approved Inspector status.

The marketing plan for the Partnership will need to address that to gain market share and expand as a business it will need to be aggressive and innovative in its marketing model, relationship building and networking. Gaining Approved Inspector status will remove any business barriers to undertaking work in any areas of the country, any sectors and with any potential customer. The Partnership will need to accept that adequate resource should be set aside to achieve the marketing goals set out in the marketing plan. These resources should be accounted for beyond the day to day operations of the Building Control partnership.

The proposed Partnership staffing structure has been created so that two distinct areas of business delivery are deliverable through it. The roles and responsibilities dictate that the Building Control Partnership Manager develops strategy with specific attention given to business development; they have the resources of the Administration Manager/Business Development Assistant and their allocation of staff to ensure that a Marketing Strategy can be delivered. It may also be the case that the Building Control Partnership Manager utilise marketing specialists to assist in this process, particularly in the

development of the Partnership. The Building Control Operations Manager has the responsibility of retaining customers through efficient and effective operational management of staff and the delivery of a service that satisfies the complete customer base of the Partnership. It is perceived that this structure, essentially that of developing work and market share and that of doing work and delivering services, will allow adequate resource to brand the partnership and aggressively market its services. It should further allow the Partnership to develop an innovate and robust but deliverable Marketing Plan which will take the Partnership from inception through to expanding the business by gaining customers outside of our common Council boundaries.

It is essential that any marketing plan considers the option of Approved Inspector status in the future through a remote business arm in order to increase market share and to halt the management of decline. The Partnership will need to develop an ethos of aggressively marketing its services in order to maximise the opportunities available to grow the Building Control business over the short to medium term. The Partnership will require Board approval of its marketing plan and the support of the four Councils in this process.



## **APPENDIX I**

### **Introduction**

It has been agreed by the Building Control Project Board for the partner authorities that the proposed Building Control Partnership should be hosted by one authority, meaning that one of the partner Councils becomes the employer for the employees of all Councils within the Partnership. The Project Board has agreed that Sedgemoor District Council host the proposed Partnership.

### **Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)**

The Transfer of Undertakings (Protection of Employment) Regulations 2006 have been amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014. The latter applies only to transfers that take place on or after 31<sup>st</sup> January 2014 and therefore will apply in this instance. TUPE applies in the case of service provision changes, where a new authority takes over the activities of a client authority, in this case Building Control. For TUPE to apply the activities being done before and after the transfer should be “fundamentally the same” and the roles that transfer should be linked to the delivery of Building Control Services for each client.

Broadly speaking the effect of the above Regulations is to preserve the continuity of employment and the terms and conditions of those employees who are transferred to a new employer when a TUPE transfer takes place. This means that employees with a contract of employment from one authority retain their contractual salary, terms and conditions from that employer when they transfer to the new employer. This will include local agreements in force at the date of transfer.

There will inevitably be some discussion to be had with the union representatives and employees about what constitutes a contractual term versus a non-contractual term of employment. The new employer cannot impose changes. The changes must be agreed with the employees and their representatives. The Regulations provide some limited opportunity for either the outgoing or the new employer to vary the terms and conditions of employment contracts in certain stipulated circumstances even though the sole or principal reason for the variation is the transfer. The employer may vary terms and conditions where the sole and principal reason is an economic, technological or organisational (ETO) reason entailing changes in the workforce, provided that the employee is in a no less favourable position and both parties agree the variation, Further where the changes are entirely positive from the employee’s perspective, they may also be agreed without breaching the Regulations. However the harmonisation of terms and conditions may not be proposed as an ETO reason.

The partner authorities recognise that the partnership model involves a change in service provision and the creation of a single organised grouping of staff and TUPE is considered to apply to the transfer of Building Control activities and organisation from four client authorities to one host authority.

Should the joint partnership model be dissolved for any reason then staff would transfer back under TUPE to the partner authorities.

As TUPE is an event on a given day, namely when responsibility for the business activity transfers, rather than a process over time, the Building Control Project Board in consultation with affected employees and their unions, will determine a date upon which the transfer from one Council to another will take effect. The preferred date at this point is 1<sup>st</sup> July 2015

Member approval for the formation of the Partnership is being sought towards the end of March 2015 in all four Councils. The collective consultation obligations under TUPE require consultation to take place

'in good time' ahead of a proposal to transfer and January has been set aside for this to happen. Assuming a decision to proceed is granted by the end of March the timetable will reflect a further period of consultation by both the outgoing and future employer/s on the TUPE implications for affected employees. A period of approximately two months would be appropriate for the latter consultation.

## **Organisational Structure**

The business model for this Partnership is based on bringing together the management and delivery of building control services to achieve economies of scale, improve the service to the customer and increase resilience and flexibility in the face of aggressive competition from the private sector for both fee-earning work and staff. By delivering savings the Partnership may be in a position in the future to reduce fees to customers, thereby becoming more competitive in the market, essential to its future survival.

The Project Team has provided a proposed organisational structure, page 14 of the Business Case along with draft job summaries for the posts in the new structure, page 15.

The new posts are titled as follows:

Partnership Manager (1)

Operations Manager (Deputy)(1)

Senior/Building Control Surveyor (8)

Assistant/Trainee Building Control Surveyor (2)

Administrative Officer (1)

Administration Assistant (3)

These are new posts within the structure that are broader in scope and responsibility than the existing Building Control Manager and Area Manager posts. It is therefore proposed that the two posts be ring fenced to the four existing Managers (including one Area Manager) in the first instance. The successful candidates will be appointed on Sedgemoor's terms and conditions including the appropriate salary scale, subject to job evaluation.

Unsuccessful candidates for the management posts will be consulted on their options, but it is expected that the difference in grade between the management posts and the technical level below will be more than two grades and therefore would not constitute "suitable alternative" employment. In the event that there are no suitable alternative posts then the post holder would be put at risk and alternative posts considered within their originating authority and subject to agreement, across the partner authorities, failing which the employee would be made redundant. .

NB. If the sole and principal reason for making the employee redundant is the TUPE transfer then it would almost automatically be deemed unfair by an employment tribunal. However if the organisation is able to demonstrate that the employee is redundant by reason of an ETO issue (see next paragraph) that entails changes in the workforce, i.e. a reduction in the numbers of staff employed or a change in office location) and provided that the employer has followed a proper process, the risk is reduced that the redundancy would be considered unfair by an employment tribunal.

Technical and administrative posts

It is envisaged that all the remaining staff will transfer under TUPE and retain their existing salary with associated contractual terms and conditions.

As the proposal is for the host authority to be Sedgemoor District Council some work has been undertaken to consider draft job descriptions and person specs, although these are by no means final versions and therefore remain subject to consultation and job evaluation.

### Staff Reporting Arrangements

At Sedgemoor Group Managers have overall responsibility for all operational services. Therefore the Partnership Manager will report to the Group Manager with responsibility for Building Control, for the purpose of all line management matters, but will report to the Building Control Partnership Board on the Partnership's performance, targets and future direction.

The most significant impact of the proposed structure is on the number of posts. 16 in total against an existing staff complement of 21, excluding contractors, across the four authorities. Over the past year as vacant posts have arisen, they have either been kept vacant or filled temporarily with agency staff/contractors to mitigate the impact of any proposed reduction in the number of posts.

The chart below is taken from page 13 of the Business Case and reflects the proposed reduction in posts versus the existing establishment book.

Post Level	Existing Establishment	Proposed Establishment	Resource Saving
A. Building Control Managers	4	2	2
B. Principal	1	0	1
C. Building Control Surveyors (incl 1 x Senior Role)	11	8	3
D1. Assistant / Trainee Building Control Surveyors	2	2	0
D2. Admin Manager/Systems Administrator	7	4	3
<b>Total</b>	<b>25</b>	<b>16</b>	<b>9</b>

Within the existing establishment figures (shown in the table above) are 4 posts that are either being held vacant, filled temporarily by a contractor or covered within existing staff resources. This means that the actual impact of the reductions on the existing employees across the partner authorities is mitigated somewhat, i.e. it is effectively a reduction of 5 staff.

### Terms and Conditions of Employment

Each authority's adopted job evaluation scheme and pay scales vary, resulting in some differences in pay and locally negotiated terms and conditions between posts with similar responsibilities. It is proposed that staff be given two options,

- To retain their existing contractual salary and terms and conditions on transfer and for non-contractual matters to be addressed with the unions representatives and staff and subject to their agreement
- That the host authority offer the opportunity to be employed on their salary scale and terms and conditions relevant to the post

The principle will apply that any changes to terms and conditions should result in an overall no less favourable position for the employee.

As far as the financial assumptions are concerned I understand that the staffing costs have been budgeted at the highest cost of employment (salary and staff on-costs) across the partners, which should ensure that any changes are catered for, with the exception of any one-off severance costs, incurred on transfer. .

### **TUPE Terms and Conditions and Harmonisation**

Under TUPE Regulations, existing contractual terms and conditions, including those subject to local agreement, transfer with staff to the incoming employer and they remain the same as they were with the outgoing employer. Following a TUPE transfer the incoming employer may seek to change terms and conditions, however the when, how and if changes can be made is complex and there is still a potential risk of a claim for constructive dismissal. Changes to terms and conditions if the sole or principal reason is the transfer are not permitted under the Regulations. However after 31<sup>st</sup> January 2014, certain changes may be valid. Employers can negotiate a change to terms and conditions in local collective agreements after 1 year providing the change is not less favourable to the employee.

Historically employers, especially in the public sector, tended to steer clear of any attempt to harmonise terms and conditions unless they can afford to do so by paying at the most advantageous rate amongst the respective employers. Where terms and conditions are not harmonised there remains the potential for a challenge under Equal Pay legislation.

The project team have asked whether it would be possible to incorporate Saturday and Sunday working as part of the standard contract of employment. I have advised that this could potentially be included under the ETO reason, as there will be changes in the number of the workforce and it can be argued that the change is necessary to compete with similar working patterns in the private sector. .

It is likely that there will be minor variations within the different authorities' contractual and non-contractual terms and conditions of employment, such as mileage rates, essential user status etc. along with aspects such as staff parking and these will need to form part of the consultation exercise with staff and unions. It is not permissible to undertake a total harmonisation of terms and conditions as part of a TUPE transfer and this may only be attempted in the future for a reason not related to the transfer.

### **Economic, Technical and Organisational (ETO) Reasons**

Where an ETO reason is argued it must relate to the future conduct of the business, as above.

**Economic Reasons** - The partner authorities consider that if the new structure does not seek this level of efficiency savings the future existence of a Somerset local authority Building Control Service undertaking anything other than its minimum statutory responsibilities is in serious question.

**Technical Reasons** – A significant change in work processes, introduction of new systems or technology requiring a reduction in the numbers of staff employed.

Organisational Reasons - There is a duplication of management and administrative structures, which, it is proposed, will be streamlined to provide a unified structure operating from one location. A change in workplace location is therefore going to impact a significant number of staff across the partner authorities, which for various reasons may prove impractical for the staff concerned. This will become apparent when the one to one consultations with affected staff take place.

On the positive side the restructuring and unified management of the service is expected to create increased capacity and resilience within the service which is currently an operational issue in two districts.

A reduction in the number of posts will likely result in some dismissals, which the partners consider to be potentially fair reasons for dismissal under TUPE as they are deemed to be ETO reasons entailing changes in the workforce. Where the reason for dismissal is an ETO reason, the dismissal will be potentially fair, however the law of unfair dismissal will apply and it will be for the employer to show that it has acted reasonably in relying on the reason to make the dismissal.

In order to mitigate the impacts of the proposed restructure the partner authorities will work together to try and minimise the need for compulsory redundancy. Voluntary redundancy will be offered in line with the employee's current terms and conditions to avoid the need for compulsory redundancy where this is required.

Any employee who does not wish to transfer employer or relocate to a new workplace has the right to object to the transfer. However if they are unable to find an alternative role within the present authority they are placing themselves in a vulnerable position. They are not considered to be at risk of redundancy as their post will transfer and therefore their employment simply comes to an end on the date of transfer as if they had resigned. They will not be redundant.

### **Office Location/s**

Building Control staff will remain located at their existing base for the first year, during which period systems and processes will become integrated, followed by an integration of all functions and offices at Sedgemoor from year 2. If an earlier integration is possible it is preferable from an HR perspective. The new team can form as one unit at the same time, any disruption to staff on account of the change in office location is contained to one point in time and the protections that will be granted for the difference in travel to work distances will all take effect from one date. The Surveyor function is most suited to a combination of home working/travel to site pattern of work, provided this can be supported by the relevant IT equipment.

### **Information and Consultation Requirements**

Both incoming and outgoing employers must consult with affected employees about the TUPE transfer and any measures they intend taking, regardless of the number of employees affected. This also includes colleagues of those who will transfer and those who will work alongside the newly formed Building Control Partnership in the incoming organisation.

Consultation should be meaningful and commence before any decision has been taken to proceed with the Partnership and TUPE transfer. UNISON is being consulted formally on the proposals and any measures that need to be taken will be discussed and agreed with them.

The draft timetable which provides more detail on the outline consultation requirements, will be published in due c. The number of meetings to be scheduled will depend to some extent on the issues raised and a requirement to agree measures with union representatives and employees. .

