



**Agenda item:**

**Summary**

<b>Report for:</b>	<b>Strategic Planning and Regeneration Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>12 April 2016</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Building Control update</b>
<b>Contact:</b>	Cllr Graham Sutton, Portfolio Holder for Planning and Regeneration  James Doe, Assistant Director – Planning, Development and Regeneration
<b>Purpose of report:</b>	To report on building control service update.
<b>Recommendations</b>	That the report be noted.
<b>Corporate objectives:</b>	The report focuses on the service plan for the area and key performance indicators. All corporate objectives are therefore relevant.
<b>Implications:</b>	<u>Financial</u>  None arising directly from this report.
<b>'Value for money' implications</b>	<u>Value for money</u>  None arising directly from this report.
<b>Risk implications</b>	Risk Assessment completed as part of the service plan.
<b>Community Impact Assessment</b>	None arising from this report.
<b>Health and safety Implications</b>	None arising from this report.
<b>Consultees:</b>	Cllr Graham Sutton, Portfolio Holder for Planning and

	<p>Regeneration.</p> <p>Mark Gaynor, Corporate Director for Housing and Regeneration</p> <p>Sara Whelan, Group Manager for Development Management and Planning</p> <p>Chris Taylor, Group Manager for Strategic Planning and Regeneration</p>
Background papers:	<p>Planning and Regeneration Service Plan 2013-2015</p> <p>Performance information held on the CorVu system.</p>
Glossary of acronyms and any other abbreviations used in this report:	

## **Background**

This is an update paper setting out the position of the Building Control service and discussing the options for its future.

## **Context**

Building Control (BC) is the process by which the Building Regulations as set down by the Department for Communities and Local Government are enforced. They are a set of standards for the design and construction of buildings primarily established to ensure the safety of those people who use the buildings through regulations for fire, electrical and structural safety.

## **Market share**

Historically the Local Authority performed this function exclusively, but since 1997 the private sector through registered individuals and companies has competed with the public sector for fee-earning work. These private sector companies and individuals are known as Approved Inspectors (AIs).

This competition has resulted in Local Authority Building Control being acutely aware of the need for efficient service delivery and excellent customer service in order to be able to compete for work where arguably there is not a level playing field particularly in terms of fee setting and charging.

The Building (Local Authority Charges) Regulations 2010 (Charging Regulations) and associated Chartered Institute of Public Finance and Accountancy guidance require Local Authority Building Control to publish its charging scheme, which in reality gives the private sector a baseline against which to set their own charges and compete on a preferential basis. There is no reciprocal requirement for AIs to publish their

charging schemes, but anecdotal evidence suggests some AIs use the local authority charging scheme as a base line, then deduct a percentage – typically 10% - to arrive at their own charges.

The Government's aim in doing this is to ensure there will always be a building control service to the public available at cost. The over-riding objective of the regulations is to set charges to recover the costs of carrying out the building regulation service for individual building projects as far as is possible. This means that the local authority cannot offer 'loss leaders' as an incentive to attract new work or clients with the aim of recovering costs over a series of building projects rather than just one, which is a commercial approach available to AIs.

Central Government's view at the time was that competition between Local Authority BC and AIs would provide greater stimulus for efficiencies and standards of service so long as appropriate performance standards were applied. There are some key differences between local authority Building Control and AI services:

- AIs have no statutory duty to accept applications under the Building Regulations, therefore they are able to preferentially 'cherry pick' the market for the most profitable / least costly work whereas the local authority must accept and process any application, and are therefore always be the 'provider of last resort'
- AIs are not restricted in their activities by the fixed, and commercially artificial, geographic boundaries that a local authority must individually work within
- Only the local authority can undertake enforcement of the Building Regulations, approved inspectors must 'revert' applications back to the local authority when they are unable to complete a project due to contraventions of the Regulations
- Local authorities are required to assess the legal status of any AI application (known as an Initial Notice: 'IN') before work commences. There is a five day period during which the local authority must approve or reject the Initial Notice on specific grounds set out within legislation (although such rejection is uncommon in practice).
- Local Authorities have a duty to maintain a comprehensive administrative record of all applications and works carried out by AIs and other 'competent persons' such as gas engineers, window installers and electricians who are accredited to carry out work under the Building Regulations without the need to make formal applications (see below).

Local Authority Building Control also undertakes a number of non-fee earning statutory duties or powers which AIs do not. Chargeable and key non-chargeable activities include:

- Dealing with dangerous structures
- Administration of the AI regulations
- Dealing with demolitions
- Enforcement of legislation
- Work in association with disabled persons applications
- Liaison with statutory agencies e.g. Fire Service
- Administration of competent persons scheme; e.g. GasSafe, FENSA, NICEIC
- General advice or the first hour of specific advice
- Applications from disabled persons for certain works.

The market share of AIs has increased over the past three years and whilst we do well to pick up residential work we do not have a good market share of the commercial work. The table below shows the application's received to Dacorum Building Control and the Initial Notices received from AI's in the same period (6/4/2015 to 29/3/2016). Although the data below is useful it does not truly represent the housing application figures as the initial notices tend to be for larger housing schemes where we tend to pick up the smaller infill developments.

<b>Type 6/4/2015 to 29/3/2016</b>	<b>Dacorum</b>	<b>Approved Inspectors</b>
Domestic	999	196
New or conversion to new Housing	78	44
Commercial extensions	26	82

In the recent years more Local Authority Building Control services are joining together, aiming to share resources, staff and skills to provide resilience as this area is very fragile in most Local Authorities. In other cases, private providers are seeking to partner with Local Authorities to create arms-length trading organisations.

In recent years, Dacorum considered a partnership with the Norse Group which was to involve Watford Borough Council in addition. Cabinet had agreed the venture in principle, but it did not progress as the business case, once further due diligence was undertaken, was marginal at best with a degree of financial risk to the Council. This largely revolved around the need to re-assign the costs of the recharges paid by the service which would have been lost from the General Fund budget and would therefore have been a growth pressure, even when savings from transferring the service had been factored in.

Presently, a group of Hertfordshire authorities known as Herts 7 Consortium have come together to form a collaborative venture due to be launched in spring/summer 2016.

Dacorum did consider joining this group; however, financially it is preferable for the building control function to stay in house, largely for the reasons set out above. Having made the decision to keep building control in house the service now needs to undergo investment to compete with not only AIs but also ventures such as the Herts 7.

In the future Building Control could run a service under an umbrella company, this would enable the Local Authority to serve an Initial Notice which sets out that a building regulations application will be submitted in the future. Setting out an Initial Notice early in a build process can secure lower build costs for a developer by securing a scheme to be set in the context of the legislation at the point the Initial Notice is served rather than being caught by any new more stringent legislation changes. This was particularly apparent when the Part L changes came into place. This is a quicker way of starting the BC process, there is no fee to be paid or no agreement required from the applicant. Whereas we have to wait for a building control application to be submitted and a fee paid.

Other options include developing and providing services which are not constrained by the fee-earning account – services on which the Council can make a profit. This

would require the staffing situation – as explained below – to stabilise; the training of staff; and the promotion and marketing of the service.

There could be the opportunity to also collaborate over the provision of LA Building Control services with other authorities, to create greater resilience.

## **Staffing**

We currently have two permanent members of staff who are established in the Council. Two other members of staff have recently left, one retired and one to become an Approved Inspector. We recently advertised for Building Control Lead Officers and an Assistant Team Leader. Unfortunately no candidates were able to be shortlisted as they did not meet the requirements of the role. We have five temporary members of staff on an hourly rate to cover the vacant posts. These members of staff cost considerably more than permanent members of staff and it is not sustainable to continue with such a high reliance on temporary staff. There is a drastic shortage of qualified building control inspectors and of those available it is hard to retain them in the public sector.

Although the team is mostly made up by temporary members of staff, we are working up to establishment. The demand for work is high and all staff are extremely busy, with many staff working above their weekly hours. The performance of the team remains strong with 100% of cases resolved or completed within two months. The Quarter 3 performance report to the last meeting of the Committee refers.

We are working with HR to explore ways to tackle this recruitment and retention problem. It may be that graduate schemes are recruited and supported throughout their qualifications and becoming chartered. This 'grow your own technique' is tried and tested at Dacorum but requires further consideration as would have an implication on training budgets and staff resources.

St Albans City and District Council has recently introduced performance related pay for building control and planning officers, a bonus is calculated based on meeting income targets and other performance measures and paid for from the fee-earning income only if a pre-defined fee income threshold is met, so that the risk to the General Fund is effectively insulated. This is paid to staff annually in April. Other authorities such as Kensington and Chelsea also adopt this approach in planning departments. This can help to recruit and retain staff and could be considered at Dacorum.

Generally there is a need to have better succession planning, career development opportunities for employees, peer support and resilience.

## **Electronic working**

Building Control Officers and Technical Assistants are working through hard copy files to close down as many outstanding cases as possible and scan the remaining files. This will mean that all records are kept in an electronic format and will enable remote working, working from home and flexible working arrangements within The Forum.

Currently all Building Control applications are submitted in hard copy or by email which means support staff have to scan and index drawings as well as logging applications on to the system, making them into a new case. We have been working on making an e-form available on the Council's website so that Building Control

applications can be submitted online and pull through automatically to the back office system. However, a new national portal hosted by Idox has launched called i-apply. We are now looking into a convertor so that applications submitted via i-apply will pull through directly to our back office. This may supersede the need for an e-form on our website. Instead we would advertise a link to i-apply and as the national portal it would be kept up-to-date with Building Control legislation and submission updates.

We are also exploring a new back office computer system to replace Acolaid. This system is used by Planning, Building Control and Land Charges so any changes would need to be in consultation with all users. The aim of replacing Acolaid would be to automate many of the existing steps and provide more opportunity for remote working such as case details available on tablets on site. This is being explored with Procurement and IT colleagues.

## **Summary**

In summary, the BC department has lacked investment over the past four years, mainly due to the various considerations of joint ventures. Now that a decision has been taken to keep BC in house, investment needs to be made to improve the service's resilience. It is likely that a new back office system will be introduced to improve the efficiency of the department. A graduate programme will be introduced and possibly explore performance related pay to increase our ability to retain, develop and recruit staff and this improve service quality. We will continue to work towards providing a broader service offer to customers and will explore setting the department up as an umbrella company and marketing the service to increase our market share. These future options will be worked up in conjunction with Human Resources and Finance as well as other departments across the Council.