

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

23 July 2014

**Joint Report of the Director of Planning, Housing and Environmental Health and
the Director of Finance and Transformation**

Part 1- Public

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken
by the Cabinet Member)**

1 PROPOSED BUILDING CONTROL SHARED SERVICE

Background

In June a report to the Planning and Transport Advisory Board described the progress that had been made towards a shared Building Control Service with Sevenoaks District Council as the preferred option for future service delivery. Since then work has been carried out to further develop these proposals, with this report providing a business case and dealing with financial matters. The consideration of such a model positively reflects the Council's transformation agenda and will deliver a number of benefits as outlined in this report.

1.1 Introduction

1.1.1 Following a report to the Planning and Transportation Advisory in June, it was agreed in principle to establish a shared service arrangement with Sevenoaks District Council as the preferred way of delivering, sustaining and improving Building Control Services.

1.1.2 The Building Control Service is a front line activity, providing services to external and internal customers, fulfilling a number of statutory functions as well as providing a range of consultancy services to local residents, builders and developers. Typically 70 per cent of the work of the Building Control team involves the receipt, processing and assessment of applications made under the Building Regulations, for which a fee is payable in the majority of instances.

1.1.3 A range of non-chargeable Statutory functions must also be delivered by the Service and these include:

- Control of unauthorised works and enforcement proceedings;
- Disabled adaptation applications;

- Temporary structures and grandstands – requiring representation on Safety Advisory Groups;
 - Dealing with Dangerous Structures;
 - Demolition Notice procedures.
- 1.1.4 The Service provides technical support to a number of other Council Services such as Development Control, Environmental Health, Private Sector Housing, Licensing and Land Charges.
- 1.1.5 Consultancy Services are an additional aspect of the Service for which fee income is received and includes work involving advice on the Code for Sustainable Homes, Domestic Energy Assessments and Fire Risk Assessments.
- 1.1.6 Between September 2011 and September 2013 the Service benefitted from a shared management arrangement with Sevenoaks. This arrangement served us very well and was only terminated as a result of the holder of the shared building control manager being appointed to a senior post within Sevenoaks District Council. It has however, provided a sound platform for the investigation into the potential for a full shared service. These investigations have been ongoing for the last six months and have included a detailed review of the implications of such a step, including staffing arrangements, service delivery standards and finance as well as considering other options for the future of the service.
- 1.1.7 Currently, the management of the service is provided at a strategic level by the Chief Environmental Health Officer, supported on operational matters by the Principal Building Control Officer. Following the termination of the shared manager arrangement we are holding vacant a half a full time equivalent (FTE) Building Control Manager post in addition to a FTE Building Control Surveyor. Sevenoaks are holding three FTE vacancies; two FTE surveyors and one technical support officer, which both Councils have had difficulty in recruiting to. This current staffing situation, although challenging provides helpful flexibility in moving forward on a shared basis.

1.2 Business Case

- 1.2.1 Prior to focussing on the development of a shared service, alternative options were considered for the future of the service including an internal re-organisation. Whilst this remains a viable solution it will not realise the wider benefits that a shared service will offer the Council, its residents and local developers and builders. Delivering the Building Control Service in partnership with Sevenoaks District Council will increase resilience and capacity, offer future growth potential as well as identifying immediate cashable savings. Further detail is provided as follows:
- The choice of Sevenoaks District Council as a potential partner developed from the success of the shared management arrangement two years ago.

Both Teams share a similar ethos and culture towards the quality of service delivery and are closely aligned in many areas including fee structures;

- Building Control is unusual amongst local authority services, in that it operates in a competitive environment and over recent years it has become apparent that competition from Approved Inspectors is expanding further into the traditional local authority sector. The proposed shared service will provide a number of opportunities to enhance current service delivery models, as well as improving its competitiveness against the private sector. This includes achieving greater consistency for customers over a wider area; the development of a wider range of fee earning consultancy services than currently offered and facilitating a stronger basis for marketing the service, with the opportunity to consider future expansion of the partnership.
- A shared service has the advantage of combining a variety of different skill sets held by staff in both authorities that increase the overall range of expertise that can be applied to the service. This will improve our service ability, capacity and resilience in responding to all aspects of the service, including out of hours emergency capacity.
- The financial model described in section 1.5 of this report demonstrates year on year cashable savings of at least £25,000 for the Borough Council. Further savings will be identified through shared subscriptions and licenses. In the longer term there are possibilities of rationalising office space and other support costs to release further increase savings.

1.3 The shared service will generate a number of efficiencies and service improvements. Information technology can be used very effectively to facilitate data sharing, manage performance and support flexible and remote working, through mobile technology. Sharing and implementing best practice, including avoiding the duplication of guidance notes, policies and procedures, will also benefit from a shared working arrangement. It is intended that the shared service would have its own service plan that is endorsed by both Councils.

1.4 Staffing

1.4.1 In evaluating these proposals Members will be keen to understand the position of our staff within the Service. An important aspect of our consideration has been to minimise the impact on staff and to adopt a way forward that sustains the service. The Personnel Manager has been engaged at each stage of the process, has provided extremely valuable guidance throughout and has coordinated the approach to staffing matters with counterparts at Sevenoaks.

1.4.2 The current and proposed staffing structures are tabled in **[Annex 1]**. We are pleased to confirm that the proposed structure can accommodate all the existing staff from both Councils. We will continue to employ our existing staff, as will

Sevenoaks, and although there are some differences in terms and conditions between the two Councils these are not significant and managers have made every effort to ensure transparency with all of the staff involved around this aspect of change.

- 1.4.3 A real benefit of a shared service is that the new structure will be managed by a professional Building Control Manager, who will report directly to the Sevenoaks Head of Surveying and Parking and our Chief Environmental Health Officer. There will be a recruitment and selection process for this position and the two Team Leader posts. It is important to stress that the management and accountability mechanisms will be clear and the benefits of the building control service to other aspects of the Borough Council's functions will not be diluted.
- 1.4.4 One of the key aspects of the operation of the shared service will be flexibility, in terms of geographical areas of work for the surveyors and a move towards benefits of flexible and remote working, using many of the bases of both Councils across the whole area. Nevertheless, there is a need to have an administrative hub and there are a number of factors that support its location at Sevenoaks District Council offices:
- Sevenoaks District Council is already involved in a number of partnerships e.g. Licensing and Revenues and Benefits. Through this experience they have systems in place that can support the proposed shared service, such as IT infrastructure, use of electronic forms and a partnership invoicing interface with financial systems.
 - Their contact centre has a number of staff experienced in handling building control calls, which will relieve pressure on the administration team and through their Netcall system will be able to book appointments for surveyors and communicate directly with them through mobile technology whilst they are on site. This has the potential to achieve improved response times and service delivery and increase resilience within the administration Team.
 - The IT Managers at both Councils have discussed the requirements of the proposed service and it is clear that the Sevenoaks IT Service is in a better position with existing IT infrastructure to support those requirements. This will reduce the burden on our own service and realise some savings in the set up costs, although there will be an ongoing involvement by our IT colleagues in overseeing and ensuring the IT solutions are appropriately maintained.
- 1.4.5 All staff in the Building Control Service have been fully engaged and consulted about the proposals as have Unison representatives. The support of staff has been developed through bi-weekly meetings and workshops with which surveyors have engaged positively and been actively involved in the review of service delivery and the development of enhanced service delivery processes, as well as

identifying efficiencies. This has been a most beneficial and important aspect of our work and we are grateful for the positive approach that colleagues have taken towards the proposed changes.

1.5 Legal Implications

1.5.1 To safeguard the interests of both parties there will be a Memorandum of Understanding in place, which is in the process of being drafted by legal officers of both Councils. This will include, the following matters:

- Length of the initial shared service arrangement to be 3 years subject to extension by agreement of both authorities;
- An exit strategy to be based upon termination of the arrangements with a 6 month notice period with all termination costs being met by the terminating party,
- Arrangements for the sharing of costs and income, financial reporting and overall budgetary control,
- Details of governance arrangements, including the responsibilities of the Partnership Board (to be formed of appropriate senior officers of both Councils) in being accountable for the overall functioning of the shared arrangements including annual budget setting, overseeing the performance of the shared service arrangements and handling any disputes;
- To provide clarity on the delegation of decision making for the shared service arrangements;
- To provide the appropriate basis and authority for cross border working by officers managing and delivering the shared service.

1.5.2 The Council's insurers have been consulted on this latter point and have not raised any concerns as to how this can be accommodated within our current arrangements.

1.5.3 The project plan has identified a potential commencement date of 1st October 2014 and we are working towards that aim. This is entirely dependent on the final detail of the financial arrangements and the Memorandum of Understanding being agreed and practical service arrangements being in place. On these matters we recommend that delegated authority be given to ensure these matters are satisfactory.

1.6 Financial and Value for Money Considerations

1.6.1 Direct costs associated with the partnership will be pooled and shared between the authorities on the basis of income generated by each authority in the 2013/14

Financial Year. This equates to a 45:55 split TMBC:SDC and would be adopted as a model for the first three years of the partnership.

- 1.6.2 Some initial one-off expenditure in the region of £20,000 will be needed to establish common practices on IT and mobile working. These costs would be shared costing the Council £10,000. It is anticipated that this will be funded from the 'invest to save' reserve.
- 1.6.3 The Government has established the Transformation Challenge Award to encourage councils to carry out joint working to reduce costs in the longer term. An application for the award has been submitted on the basis of the proposed partnership in order to provide an improved IT infrastructure base for the new partnership moving forward. This is not essential immediately, as a practical solution can be found to provide satisfactory system links, but is a move that would be beneficial to the service in due course.
- 1.6.4 Some additional costs will be charged to the Hub via Sevenoaks DC who have agreed to deal with invoicing and income recording, IT and Customer Support. The specific costs have been identified and agreed at £15,000, split equally between the two Councils. Costs currently allocated to the building control service by support services from this Council will need to be taken into account as we review the position overall on central support costs in due course.
- 1.6.5 As the proposed partnership involves the centralisation of administrative staff to Sevenoaks Offices some 'Appendix E' payments will be required to compensate for staff travel to work changes. In accordance with Council guidelines these could amount to £7,500 for the staff concerned.
- 1.6.6 The two authorities currently deal with emergency working outside of office hours on differing bases. Sevenoaks DC currently pay surveyors an additional out of hours rate to be on call to deal with dangerous structures which is a statutory requirement. The out of hours system at TMBC is through an informal cascade system with no additional payment. In order to strengthen the resilience of the service the preferred position is to move to a formal standby rota system with surveyors in the scheme paid a standby rate. There are three surveyors employed by this Council who would be paid a rate of £1,500 per annum, plus employer's on-costs.
- 1.6.7 The current establishment of both councils is 15.5 FTE's and salaries with allowances and on-costs amount to £623,000 based upon current estimates at both authorities. The new establishment reflected in the partnership reduces the staffing to 12 FTE's with salaries, allowances and on-costs mentioned above amounting to £549,000; a net saving in the region of £74,000. This initial saving estimated for year 1 will be split on the basis outlined in paragraph 1.6.1. Taking into account support costs the saving to Tonbridge and Malling will be in the region of £25,000.

1.7 Risk Assessment

- 1.7.1 The risks associated with our current arrangements include lack of service resilience and the threat of losing market share and income. The implementation of a shared service will reduce these current risks. Through the development of a comprehensive and robust legal agreement between the two partners and the management mechanisms for monitoring service delivery, performance, reviewing income and costs and handling disputes, that any risks of shared working can be minimised.
- 1.7.2 As both Councils are insured by Zurich Municipal all officers are covered under the reciprocal arrangement scheme in order to carry out work in the area of either local authority. The Memorandum of Understanding will need to cover the financial arrangements if a claim is made against the professional advice and decisions of an officer.

1.8 Equality Impact Assessment

- 1.8.1 See 'Screening for equality impacts' table at end of report

1.9 Recommendations

- 1.9.1 It is recommended that:
- 1.9.2 The establishment of a shared Building Control Service, with the Administration base at Sevenoaks District Council, is approved subject to the Director of Finance and Transformation and Director of Planning, Housing and Environmental Health being satisfied with the detailed financial and service arrangements respectively.
- 1.9.3 The Council enter into a Memorandum of Understanding to include the matters summarised at paragraph 1.5.1 of this report to the satisfaction of the Director of Central Services.
- 1.9.4 A sum of £10,000 from the 'invest to save' reserve is allocated to support the initial implementation costs of the new shared service.

The Director of Planning, Housing and Environmental Health and Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

Nil

Steve Humphrey

Director of Planning, Housing and Environmental Health

Sharon Shelton

Director of Finance and Transformation

contact: Jane Heeley
Steve Humphrey

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The report relates to internal arrangements rather than service delivery.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	As Above
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.