

Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Building Control Business Development Plan Update - November 2018	
Report No:	PAS/FH/18/037	
Report to and date:	Performance and Audit Scrutiny Committee	28 November 2018
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Purpose of report:	To provide a review of current Building Control performance and update on the Development Plan for the service.	
Recommendation:	<p>It is <u>RECOMMENDED</u> that the Performance and Audit Scrutiny Committee:</p> <p><u>Note</u> the report and provide any comments in relation to the service development plan.</p>	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		•	
Alternative option(s):		•	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As set out in the report	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • A development and resource plan must be implemented to meet future demand/sustainability for the service	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Included in the systems development part of the development plan	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Note the statutory duty role of the Building Control service	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Reduction in income – failure to maintain or increase market share will reduce income opportunities leaving the service solely providing non-fee earning, statutory services and an increased allocation of overhead costs.	High	Development plan to maintain/grow market share. Commercial approach taken in seeking and maintaining fee earning work	Medium
Sustainability –Local Authority Building Control faces increasing pressure from private sector Approved Inspectors both in terms of competition for market share and staff resources and as a result the provision of future delivery.	High	Growth plan that links resources increase to meet market share (fee earning) and statutory duties. Development Plan to support recruitment and retention of staff.	Medium

<p>Reputation –reduced opportunity to assure the quality of building work in the locality if the private sector becomes a dominant provider of services while we still retain responsibility for enforcement and non-fee earning elements of the service</p>	<p>High</p>	<p>We need to build on our unique values as a local authority delivered service. We need to effectively market ourselves as a trusted brand, act commercially and in partnership with other local authority delivered services.</p>	<p>Medium</p>
<p>Ward(s) affected:</p>		<p>All Wards</p>	
<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>		<p>Hackett Review: Independent Review of Building Regulations and Fire Safety - interim report</p> <p>Initial report to the St Edmundsbury Performance and Audit Scrutiny Committee: PAS/SE/17/031</p> <p>Initial report to the Forest Heath Performance and Audit Scrutiny Committee: PAS/FH/17/035</p>	
<p>Documents attached:</p>		<p>EXEMPT Appendix 1 -Summary of market baseline review</p> <p>EXEMPT Diagram 1 - Key milestones for first 12 months once resource in place</p> <p>EXEMPT Diagram 2- Development plan</p> <p>EXEMPT Diagram 3 - Partnership objectives</p>	

1. Key issues and reasons for recommendation(s)

1.1 Background

1.1.1 This report provides an update on the initial development areas and now includes the new business development plan. This encompasses the original development plan plus more, including the joint approach being taken with Suffolk local authorities via a joint and funded programme.

An overview of the original plan was covered in the 29 November 2017 Performance and Audit Scrutiny Committee (Report No: PAS/SE/17/031 / PAS/FH/17/035).

The report also includes an update on performance and income.

1.1.2 Overview of Service

The purpose of the local authority building control service is to provide essential protection for the public in and around buildings. The majority of this work involves ensuring that new building works meet the minimum standards laid down in the national building regulations, however the local authority is also solely responsible for:

- Enforcing the regulations
- Dangerous structures
- Disabled adaptations/extensions
- Demolition notifications
- Support Safety Advisory Groups with advice, such as Safety at Sports Grounds
- Maintaining a register of all works carried out.

1.1.3 Building Control is a statutory service provided by all local authorities to enforce the building regulations within their area. Only the local authority has the obligation to take enforcement action over non-compliance with Building Regulations, and this cannot be delegated to a private sector provider. As a statutory service, it remains a core function of an authority's responsibilities.

1.1.4 Competition

The factor that sets Building Control apart from most other local authority services is that it operates in competition with private sector providers. The cost to an authority of running its Building Control service (including statutory services that are not provided by private sector providers) is diluted by maintaining a high market share for commercial activity. Conversely, if market share is lost to private sector providers the authority bears a greater proportion of the overhead costs. Perversely, losing a project to a competitor, not only results in the loss of income to the authority but it then incurs the additional cost of registering and

administration of Initial Notices (IN) submitted by the competitor for which no fee is received and we have a statutory responsibility to administer. Moreover, when things go wrong it is the relevant Local Authority who has to pick up any enforcement implications, which are then normally complex and expensive matters to manage.

- 1.1.5 The commercial imperative to win work and keep clients “happy” can put pressure on all Building Control teams to compromise (albeit on a risk basis). In a price sensitive marketplace it is too easy to sacrifice resource intensive inspections to hit a contract price point.
- 1.1.6 The Local Authority Building Control service needs to be customer focused but it also prides itself as being independent and impartial and should be free from the financial pressure to compromise the integrity of the service. The unique selling point of local authority building control is that it is a trusted brand and focusses on the quality of building work.

1.1.7 **The Hackett Review**

The Grenfell Tower disaster has brought attention to the role of Building Control services and how they are resourced. The Hackett review highlighted the failings in the industry and the race to the bottom with many contractors choosing their own building control provider and reducing standards on regulatory oversight.

- 1.1.8 If Dame Judith’s recommendations are adopted by government then local authority building control will be the only building control body able to deal with high rise residential buildings over 10 stories with further future recommendations to extend to hospitals, student accommodation and complex buildings.

1.1.9 **Resource**

It is clear that local authorities will need to ensure they have highly skilled and well-resourced teams to be able to deal with this additional workload.

- 1.1.10 An ageing workforce and a historic lack of investment in staff development in the industry has also created a market shortage for building control surveyors. Ongoing staff shortages has created pressure in local authorities which incentivises remaining staff to look at either joining existing private sector practices or the opportunity to set up their own practice.
- 1.1.11 As part of the West Suffolk Development Plan we are implementing a staff development plan which includes training and development of young staff to ensure we are suitably resourced and not reliant on employing expensive agency resources.

2.0 Development Plan Update

Given the key challenges above, the following priority areas were previously agreed for the development plan across Suffolk local authorities:

- i) Marketing
- ii) Systems development
- iii) Workforce development
- iv) Shared budgeting model/practices
- v) Performance framework

Work on some of these priority areas is at slightly different stages across the Suffolk authorities. The position of West Suffolk is described for each area in turn below.

2.1 **i) Marketing**

2.1.1 **Market baseline review**

A market analysis of all building work carried out was undertaken at the end of 2017 to determine an estimated industry total value for building control services provided for all notifiable works in West Suffolk. This was further broken down to establish where our areas of strengths and weaknesses were and the areas for market share development.

2.1.2 A summary of these results are contained within **Exempt Appendix 1**.

2.1.3 **Branding and market presence**

We continue to develop our branding and market presence through increased large scale CPD (continuing professional development) events in conjunction with our Suffolk building control partners. These involve all day training events for our clients with trade stands and support from local and national businesses which allow these to be at zero cost the authority.

2.1.4 2018 saw the launch of the first Suffolk Building Control Showcase CPD event in Bury and is already re-booked for next year. This was well received by our local customers and further expansion is planned for 2019 with an additional event to be held at Newmarket racecourse. The event will cover a range of varied topics from fire safety to thermal insulation.

2.1.5 The data will again be reviewed at the end of 2018 and it is expected the progression made by the business development plan will include:

- A larger market share of high value commercial projects
- An increased ratio of market share to market value of the work we do
- Continued resilience in the loss of domestic work to local competition.

2.1.6 **Marketing our service**

Proactive customer targeting has resulted in an increase in the number of new schools, commercial buildings and public buildings secured by West Suffolk in 2018/19. These include:

- Sybil Andrews School Phase 2
- Lakenheath Primary School
- Havebury Housing Tayfen Road development
- Travelodge Bury St Edmunds

We will continue to develop these new relationships to secure future work.

2..2 **ii) Systems Development**

2.2.1 **Develop mobile working solution**

This year has seen the introduction of the IDOX mobile working solution, which allows onsite recording of notes via a tablet which sync with the main database back at the office. This has resulted in increased productivity and reduced paperwork. West Suffolk now lead the way on its implementation in the region and are helping other authorities with their own implementation. Further development work is now planned on further electronic working.

2.2.2 **Single centralised website**

This forms part of the Suffolk Collaborative working model business plan and has a target for introduction in 2019. This will be commercially focused to meet the business needs with the aim to form a single customer access point.

2.2.3 **ISO9001 - LABC Quality Management**

The West Suffolk Building Control team has worked in conjunction with LABC (Local Authority Building Control) to carry out a complete end to end review of its processes to be one of the first building control teams in the country to achieve ISO9001 accreditation. This enables us to compete with private companies who already use this status to win work.

2.2.4 Following the Hackett review it is highly likely that there will be a requirement for local authorities to achieve this accreditation and therefore West Suffolk's proactive approach means we are already prepared for this. West Suffolk is actively supporting other Suffolk local authorities to gain this accreditation.

2.3 **iii) Team/Workforce development**

2.3.1 **Staff development to build on commercial mind-set/culture**

The West Suffolk Building Control team continue to development a strong commercial mind-set and culture. This ethos has contributed to the increased large scale commercial projects secured this year. Experience and commercially successfully working practices are being shared with the rest of the Suffolk authorities under the collaborative approach.

2.3.2 LABC has established a competency matrix for surveyors as part of the ISO9001 accreditation. This ranges from Level 1 for new entrants to Level 6 which demonstrates a highly skilled and experienced surveyor capable of working on complex and high rise residential buildings. West Suffolk is developing 3 surveyors to take the new Level 6 and should be accredited in early 2019.

2.3.3 **Investment in apprentices to support future growth needs**
An assistant building control surveyor was appointed in August 2018 and is due to complete their academic qualification in 2019. Their development will continue over the next 5 years with the aim to achieve professional qualification status. This forms part of the future development plan to 'grow your own, keep your own' approach to achieve a sustainable service with a high commercial focus.

2.3.4 An apprentice building control surveyor post is planned for implementation next year and will be able to capitalise on new LABC national training courses.

2.4 **iv) Shared budgeting model/practices with partners**

2.4.1 This area of the development plan has progressed since last November with progress made on developing a Suffolk wide building control collaborative approach. The aim is to tackle the common issues all local authority building control teams face with increasing competition, staff training and retention and the challenges post Grenfell. The West Suffolk business development plan is mirrored by the collaborative approach and is aimed at improved business performance with strength, efficiency and speed of success achieved quicker and more successfully as a group.

2.5 **v) Performance and assurance framework**

2.5.1 **Establish a performance monitoring and target setting framework to support improvement**

One of the key performance targets of the development plan has been achieved this year with West Suffolk becoming one of the first authorities in East Anglia to achieve ISO9001 accreditation. As part of this accreditation is the introduction of key performance indicators that will set the framework to support improvement and allow comparison on performance as an authority across the country.

2.5.2 **Performance and income**

Since November 2017 the improvements made in the service has resulted in the West Suffolk building control team securing a large proportion of the high value schemes planned for construction during the next few years. The additional work will result in increased income for the year end budget of 2018/19 and 2019/20. As the total number of these large scheme are low in proportion to the number of applications received per year they have a minimal impact on the overall market share currently around 57%. However due to their value they will have a significant effect on the ratio of value of work to market share comparison, i.e. we are not just doing the high volume low value work.

The improvement that we continue to make also ensures that customer satisfaction continues and is reflected in the retention of our overall market share which has not reduced in the face of ever increasing private competition. Gains continue to be made in developing new relationships with customers and we are experiencing growth in the commercial market sector.

3.0 **Update on Suffolk Building control collaborative working**

- 3.1.1 To support the work of the West Suffolk and the Suffolk wide joint development plan, the services have identified the need for a shared mutual support to create capacity for the service developments we need to undertake. Funding for this is being secured by a Transformation Challenge Award (TCA). This support (business development officer) is aimed at increasing collaboration and mutual support only, doing the things we can best share and do together, over the next two years. The timeline for delivery in the first 12 months is outlined in **Exempt Diagram 1**.
- 3.1.2 As outlined in **Exempt Diagram 2**, the joint development plan includes:
- Capacity for project management support (to support the joint development plan)
 - Develop customer database and marketing plan
 - Sector relationship development – developers/ architects (supporting Local Authority Building Control managers)
 - Systems development to support quality assurance and back office functions
 - Marketing development (trade events, continuous professional development)
 - Develop common content to support each Local Authority
 - Targeted marketing/information
 - Design/style guide, Local Authority brand promotion
- 3.1.3 It will create system resilience and joint working that supports individual local authorities.
- 3.1.4 This proposal is integral to our Suffolk-system wide approach to developing common services that support good growth, as it provides a shared evidence base and development areas, and therefore acts as an enabler for effective joint working. The vision and principles for this joint working are set out in **Exempt Diagram 3**.
- 3.1.5 Effective implementation of the plan will inform joint development on areas of common interest, often working with a sector that go beyond district or county boundaries and help support stronger, more resilient services across Suffolk.
- 3.1.6 The model also supports work on a Suffolk-wide MTFs that will help in driving greater financial resilience across the county.