

| | | |
|--------------------------------|--|----------------------------|
| REPORT TO: | ENVIRONMENTAL AND DEVELOPMENT SERVICES COMMITTEE | AGENDA ITEM: 11 |
| DATE OF MEETING: | 11 AUGUST 2022 | CATEGORY: Delegated |
| REPORT FROM: | STRATEGIC DIRECTOR (SERVICE DELIVERY) | OPEN |
| MEMBERS' CONTACT POINT: | STEFFAN SAUNDERS HEAD OF PLANNING AND STRATEGIC HOUSING | DOC: |
| SUBJECT: | CENTRAL BUILDING CONTROL PARTNERSHIP PERFORMANCE REPORT | REF: |
| WARD(S) AFFECTED: | All | TERMS OF REFERENCE: |

1.0 Recommendations

- 1.1 That the Committee endorses the Partnership Board Report which provides a review of the performance for years 2 and 3 of the Central Building Control Partnership; and
- 1.2 That the Committee delegates authority to the Strategic Director (Service Delivery) to confirm a continuation of the partnership arrangements with an annual update to the Committee to assess arrangements on an ongoing basis.

2.0 Purpose of Report

- 2.1 To update the Committee on the performance of the Central Building Control Partnership ('the Partnership') over the last two years and to highlight revenues generated and market share, as well as future projected income.

3.0 Detail

Background

- 3.1 At its meeting on 16 November 2017, the Committee considered a report on the future of building control within the Council based on the three options of:
 - an in-house service;
 - shared services; or
 - Local Authority Trading Company (LATC)

The overriding consideration for the Council was to secure the service and ensure that it can discharge its responsibilities.

- 3.2 The Committee endorsed the recommendation of officers, approving, in principle, the movement of the Building Control Service to a new LATC. This was later endorsed by the Finance and Management Committee at its meeting of 30^h November 2017.
- 3.3 Following the 16 November meeting, several factors informing the Committee's decision changed and the Committee was asked to reconsider its position at the meeting on 6 March 2018.
- 3.4 The Committee reaffirmed its earlier decision but, given the timescale involved in establishing the LATC, as a first step and to ensure continuity within the Building Control Service, that the Council joined the Southern Staffordshire Building Control Partnership (SSBCP) led and hosted by Lichfield District Council.
- 3.5 The Council joined the SSBCP on 1 April 2019. The SSBCP has since rebranded to the Central Building Control Partnership.

Performance

- 3.6 Year one performance was reported to this Committee in July 2020. Performance has been maintained in years 2 and 3 of the partnership. There has been a delay in reporting to committee due to some uncertainty regarding Covid, but the figures in the table below show that the partnership remains good value for money and provides a high-quality building control service.
- 3.7 The performance of the Partnership remains on target, with actual fee income, market share and service delivery indicators meeting or exceeding targets (summarised in the table below). The exception is a slight reduction in application numbers received, although for the reasons which follow, this is not considered to be of concern.
- 3.8 This continues to be encouraging in it being indicative that the Council's membership of the Partnership was a sound decision in minimising the risk to the Council but at the same time strengthening the Partnership so to allow the attraction of income from larger-scale developments which might otherwise instead utilise the accredited national and regional firms. This growth in the status of the Partnership is key in maximising the potential, and associated financial returns, of a LATC in due course.

| | Target | Actual | Notes |
|---|---------------------------|----------|--------------------------------------|
| Fee Income | £901,270 | £986,066 | On target (exceeded) |
| Number of applications | 2,567 | 2,515 | On target |
| Decisions within 8 weeks | 100% | 100% | On target |
| Plans checked within 10 days | 60% | 60.5% | On target |
| Market share | Monitored (no target set) | 58% | Small increase in market share |
| Inspections carried out when requested | 95% | 99% | On target* |
| Dangerous structures response within 2 hours | 100% | 100% | On target (2 people on call 24/7) |

*adjustments allowed for COVID-19 response

- 3.9 The Partnership saw a slight increase in market share across the six authorities involved and a notable (9.4%) exceedance of the target income. This provides considerable comfort that the Partnership remains financially sound and has been strengthened by the addition of new partners, with the direction of travel for market share reversing a slight decline in previous years.
- 3.10 Set against this is the cost to the Council. The annual 'fee' paid towards delivery of statutory services, such as inspections and dangerous structure responses, is £35,200. This remains well below the circa £85,000 annual cost to the Council which existed prior to April 2019. Membership of the Partnership thus remains beneficial to the Council when compared to the alternative of an in-house service.

Local Authority Trading Company (LATC)

- 3.11 The benefits of a LATC were set out in the report to the Committee on 16 November 2017. It was noted, however, that there would need to be a period of market and income retention as the company creates a culture and identity of its own, which may see limited returns in the short-term. However, evidence from other examples of LATCs from across England indicated that once this period has passed, the LATC can then go on to make significant income as it builds on its foundation. Further consideration of this issue has been delayed by the Covid pandemic.
- 3.12 However, the principles that underpin this transition have been progressed, namely:
- a) Reducing operating costs through economies of scale and associate efficiencies, enabling lower fees to customers and providing a high quality and competitive service;
 - b) Effective delivery of fee-charging activities at zero cost to the council taxpayer;
 - c) Delivery of non-rechargeable work (i.e. statutory duties) at the lowest possible cost to the council taxpayer;

d) Resilience and flexibility to respond to market changes; and

e) An establishment that can react to market opportunities.

3.13 The performance reports signals that objectives (a) to (c) are being achieved. However, it is less clear that objectives (d) and (e) can be secured at this time.

3.14 In respect of (e), the report notes that there are still some outstanding business transformation items to be completed, whilst the marketing plan needs to be developed.

3.15 As for objective (d), there has been a swift rebound in the construction sector following the Covid pandemic which is reflected in significantly above budget planning application fee income, although the longer-term effects on the property market are less clear.

3.16 There is sufficient evidence that the partnership arrangements are working well following the full three years although it is also considered prudent to further monitor the performance of the Partnership over the next 12 months, so to better inform a decision on whether the Partnership Business Plan is being fully realised. This would provide a strong indication of whether it the Partnership is ready to move to the next stage and become a LATC.

4.0 Financial Implications

4.1 The cost to the Council of remaining a member of the Partnership has been established previously and amounts £35,200 which is a saving of approximately £50,000 when compared to running the service in house. A delay in the progression towards a LATC would not impose additional financial burden on the Council with the Partnership arrangement set out for a three-year fixed financial contribution.

4.2 In the longer-term, subject to continued meeting of targets, the Partnership could be well placed to progress to a LATC and allow the shareholders, including the Council, to begin benefitting from any profit drawn from the company. Future growth of the Council, and delivery of services, is not, however, presently modelled on such income streams. Consequently, any delay in the set up of the LATC would not have an impact on overall service delivery for the Council.

5.0 Corporate Implications

5.1 The report evidences the Partnership's success in delivering excellent services, including outstanding transformation work to have in place methods of communication that enable customers to provide and receive information and ensure technology enables the Council to effectively connect with its communities. This meets the 'Our People' priority of the Corporate Plan.

5.2 Furthermore, the continued movement towards a LATC would encourage and support business development and new investment in the District and enable the delivery of housing. A period of further performance monitoring will allow for a more informed decision as to the progression towards an LATC and the subsequent provision of provide modern ways of working that support the Council to deliver services to meet

changing needs whilst also sourcing appropriate commercial investment opportunities. This meets the 'Our Future' priority of the Corporate Plan.

6.0 Community Implications

6.1 The performance of the Partnership assists in securing the financial resources to enable continuing work towards a LATC to be delivered. The slight delay in progression towards this goal is unlikely to bring about a noticeable impact on service delivery.

7.0 Background Information

7.1 None.