



Business Case for Project Initiation Building Control Partnership Background Report

Name of project	Building Control Partnership
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17/10/2015	1.1	Second Draft	Drafting errors corrected
08/12/2015	1.2	Draft	Cost data updated
31/12/2015	2.0	Publication	Consultee comments included

1 Executive Summary

This is a high-level business case produced for the purpose of gaining approval for the formation of a partnership between Mid Devon District Council and North Devon Council to facilitate joint working to provide the Building Control Service.

Building Control is a statutory service that operates in a highly competitive commercial environment and as such faces a range of challenges that threaten the viability of the service. Competitors have become established in the area with 31 different Approved Inspectors operating in the Mid and North Devon area in 2014/15. As the market matures awareness of alternative providers is now wide spread with those procuring Building Control Services making an informed choice between suppliers. It is therefore essential we provide a service that our customer's value at a competitive price that ensures that the business is sustainable.

Significant change is required to both in culture and systems. The service needs to be more customer facing and build stronger relationships with its clients. Whilst internally inefficient working practices and duplication of processes must be eliminated through the adoption of a single system of work driven by computer based administration.

Continuing to operate an independent Building Control Service within the boundaries of an individual Local Authority is unlikely to provide the necessary scale of business to support a sustainable business model for the future. Joint working between North Devon Council and Mid Devon District Council provides the opportunity to share the cost of management needed to drive through these changes and the cost of investment combined with the opportunity to reduce overheads by merging back office support and systems.

Formation of a Partnership provides a mechanism to deliver,

- Improved business resilience
- Reduction of costs
- Updating of systems
- Shared investment
- More effective use of skills to the benefit of the partners
- More effective and reduced cost of training
- Joint marketing initiatives
- A suitable structure for future development if wider joint working is pursued

It is proposed that the Partnership adopts the same model proposed for the delivery of joint working in ICT with a Building Control Partnership Board accountable to a Joint Partnership Committee appointed by the Partner Authorities.

Staff would need to be seconded so that they are under the direction of the Joint Partnership Committee and there will be issues regarding pay and conditions that would require harmonising. The aim is to create a single team based at both Tiverton and Barnstaple to ensure maximum flexibility.

The preparation and implementation of the project involves a significant work program that incorporates a service improvement plan for Mid Devon that will build on best practice from both Authorities so that when the partnership agreement is signed North Devon Building Control would be able to adopt the systems and procedures in place in Mid Devon and migrate data on to a single administrative database.

The work program will consist of four phases.

1. **Project Initiation** – Leading to consideration of this report.
2. **Preparation for Partnership** – Upgrading Mid Devon systems and implementation of a service improvement plan to ensure working practices and systems can be adopted by North Devon.
3. **Unification of systems** – Merging of data on to a single database and introduction of a single mode of operation.
4. **Consolidation of business** – Review of the success of the project and development of Business and Marketing Plans.

Improvement of the Mid Devon ICT systems for Building Control have largely already been budgeted for as part of a Corporate upgrade introducing Version 10 of the Uniform Building Control System together with the Enterprise work flow management system. Hence, the vast majority of direct costs relate to transferring the data from North Devon Council on to the Uniform system.

The costs identified for the project are summarised below.

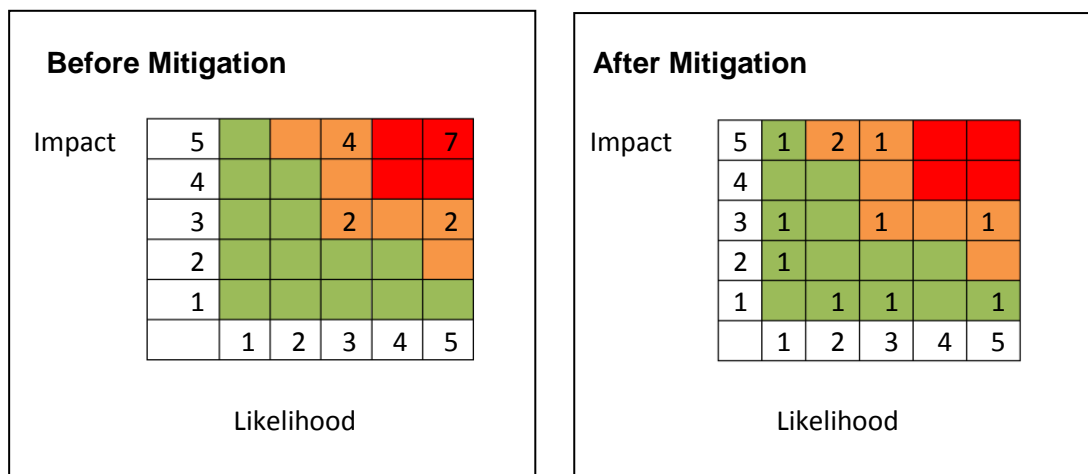
Uniform Building Control Database	£ 30,900
Enterprise workflow management	£ 8,750
Document management System	£ 0
Digital transformation	£ 17,120
Backfill of officer time during implementation	£ 6,000
Contingency	£ 5,000
TOTAL	£ 67,770

Based on the known figures on-going annual maintenance costs for North Devon will be reduced from £3,280 to £2,600.

The financial impact of the project on completion will be positive for both partners due to predicted reduction in costs for North Devon Council and improved income compared to costs in Mid Devon District Council. Initial estimate for North Devon indicates a saving of £10,000 pa.

A risk analysis has been carried out that shows that after mitigation the risk profile is low.

The risk profile is:



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3 Introduction and purpose

This is a high-level business case produced for the purpose of gaining approval for the formation of a partnership between Mid Devon District Council and North Devon Council to facilitate joint working to provide the Building Control Service from the senior management team and provides the information necessary to assess the business benefits of the proposal.

In particular it defines,

- the rationale for proposing a partnership
- the governance and corporate structure recommended to support the partnership
- the prioritisation of activities necessary for the delivery of the partnership
- the key risks involved in delivery.

4 Current Position

4.1 Responsibilities of the Building Control Team

The primary responsibilities of the Building Control service are;

- Protect the public in and around buildings in North and Mid Devon
- Discharge the Councils statutory duty to enforce the Building Regulations and relevant aspects of the Building Act 1984 and Building Regulations 2010 by,
 - a) The processing of Full Plans and Building Notice applications by carrying out design appraisals and inspection of work on site to ensure compliance with the Building Regulations and issuing the of completion certificates.
 - b) Taking enforcement action under the Building Act where appropriate.
- Provide effective enforcement to protect the public from dangerous structures and buildings.
- Administer the receipt of Demolition Notices and impose conditions to protect the public and the environment.
- Process Initial Notices and maintain a register of Notices received.
- Provide a source of expertise to enable the provision of technical construction related advice to other Council services, the public and construction professionals.
- Meet legal obligations under the Building (Local Authority Charges) Regulations 2010 in order to recover the cost of providing the chargeable Building Regulation service.

4.2 Core Business Objectives

Currently both Mid and North Devon operates an independent Building Control Services. However, in March 2015 Mid Devon invited the Building Control Manager from North Devon to carry out a 3 month review of the service taking into account potential the for joint working. The Building Control Manager is now a Joint post although this is currently on the basis of a temporary secondment.

Both services share a common core vision to, *“provide a Building Control Service that helps our customers to meet the requirements of the Building Regulations in a manner that is user friendly whilst ensuring that the activities open to competition are competitively priced and delivered efficiently without cost to the Local Authority”*.

In order to achieve this, the following key objectives need to be achieved,

- Maximise efficiency by minimising costs whilst maintaining customer satisfaction with the service
- Enable digital transactions with clients without making internal procedures inefficient
- Provide accurate data to ensure pricing policies are competitive and meet costs incurred on projects
- Build strong relationships with our customers including use of LABC Partnership scheme and tie into national marketing initiatives
- Maintain sufficient staff with adequate expertise to deliver service effectively
- Introduce workflow management to maximise flexibility in allocation of resources

4.3 Organisational Structure

Until recently the staff structures of the two services were similar with the joint manager and 4 area surveyors but due to recruitment difficulties when a vacancy arose a restructure has taken place with Assistant Surveyors being recruited who are not professionally qualified as illustrated in figure 1.

Figure 1 – North Devon Structure

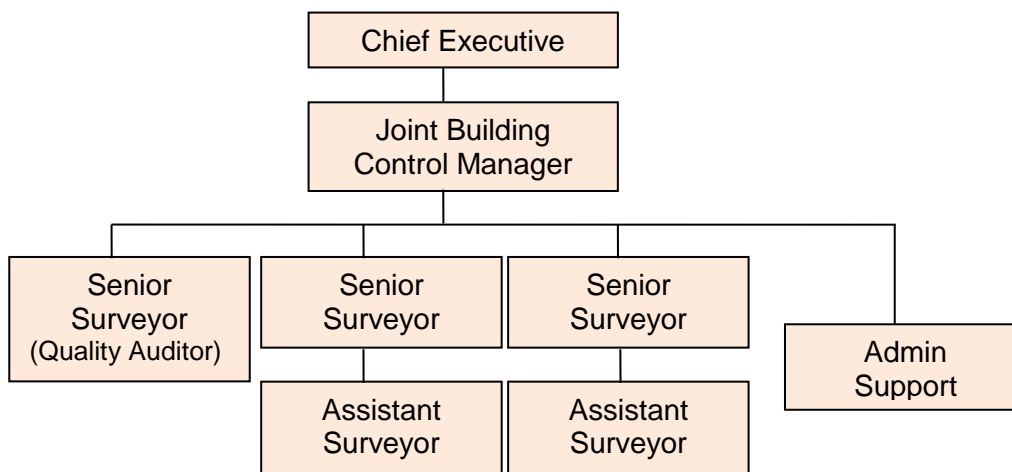
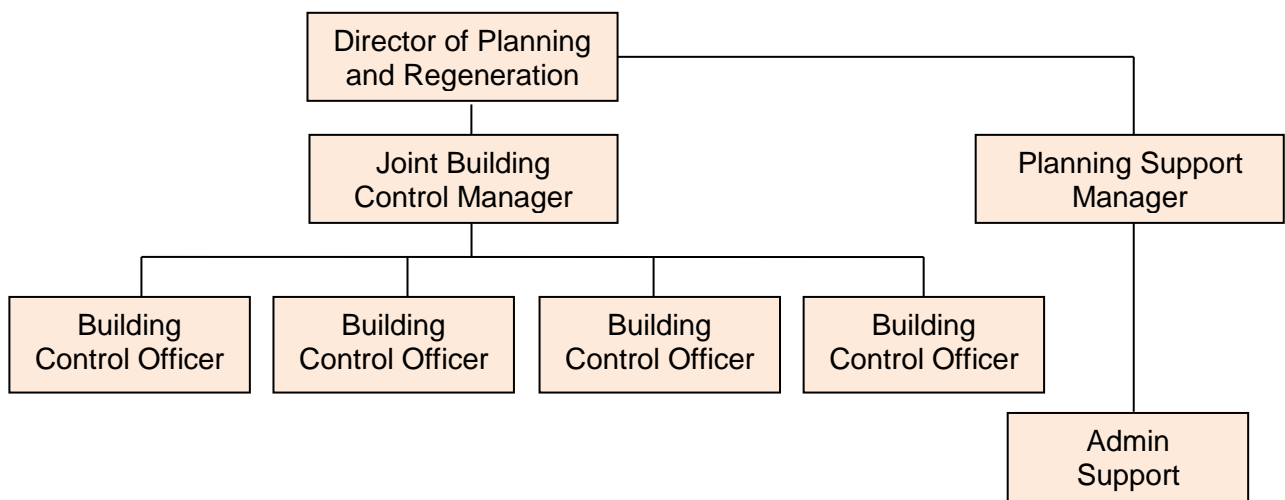


Figure 2 – Mid Devon Structure



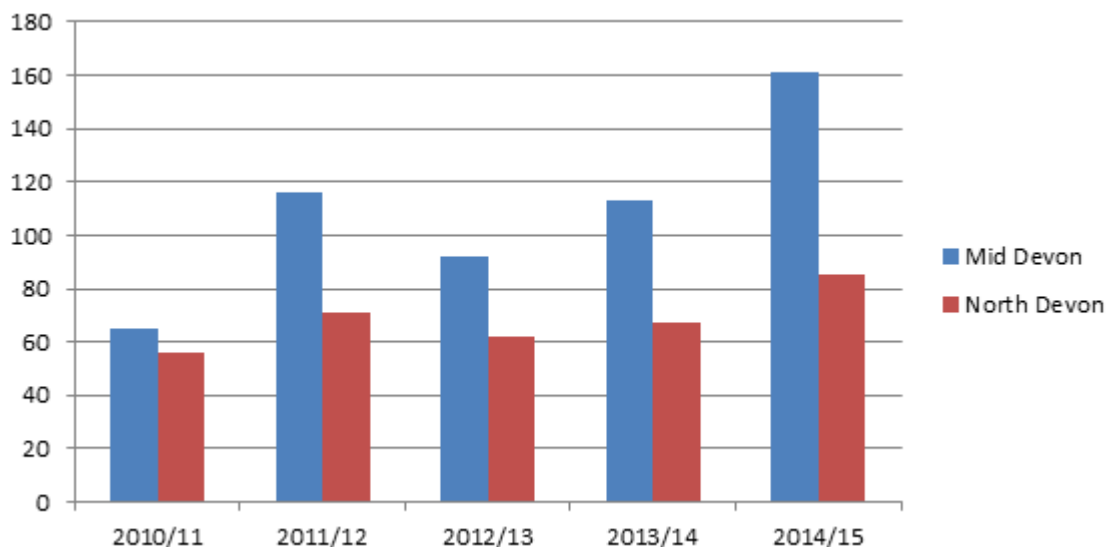
4.4 Competitive Position

Competition in the Building Control market has now existed since 1987 and has increased dramatically in the last 10 years with competition now in all market sectors. Knowledge of the alternative to Local Authority Building Control has also grown and is now effectively universal within the construction industry and the awareness of householders is increasing with many Approved Inspectors sending out flyers based on the Planning application lists.

This can now result in householders determining the choice of Building Control provider. As a result established relationships with builders and architectural agents based on quality of service can take second place to marginal cost savings often achieved at the expense of levels of inspection on site resulting in a potential increased risk of defects in construction. As a result the fees charged by Building Control providers have often become too low to cover the cost of the level of service specified in the Building Control Performance Standards 2014.

A total of 31 different Approved Inspectors submitted Initial Notices in the Mid and North Devon areas in the year 2014/15. Despite this the Local Authorities have managed to continue to service the majority of the work. Although the Local Authority is notified of where Approved Inspectors are operating via the initial notice procedure it is not possible to determine market share precisely, as we do not know the extent of the works being carried out and therefore cannot accurately assess the level of fees being lost. However, market share is estimated to be approx 65-75% in Mid Devon and 70-80% in North Devon.

Figure 3 – Number of Initial Notices received



Approved Inspectors can have particular advantages for national companies as they are able to operate nationally providing a single point of contact for applications. Hence, they are able to provide assurances regarding consistency of interpretation and service levels.

A number of AI's also promote a one stop shop approach to Building Regulation compliance. The regulations increasingly require third party evidence of compliance through calculation and testing. Hence supplementary services are often provided, ordered through a single application form. Supplementary services can include some or all of the following,

- SAP Calculations
- Energy performance Certificates
- SBEM Calculations

- Water efficiency
- Code Sustainable Homes
- Building Regulation Consultancy
- Acoustic testing
- Air pressure testing
- Water efficiency calculations
- Disability audits consultancy
- Fire risk assessments
- Party wall agreements

4.5 Financial Performance

Figure 4 – Mid Devon Building Control Income

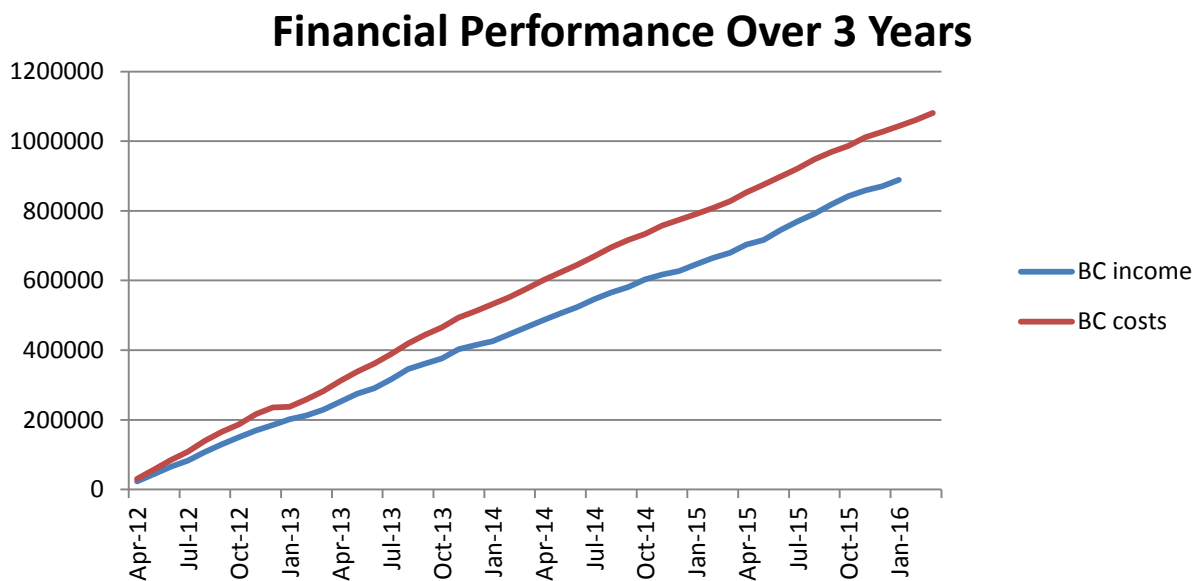
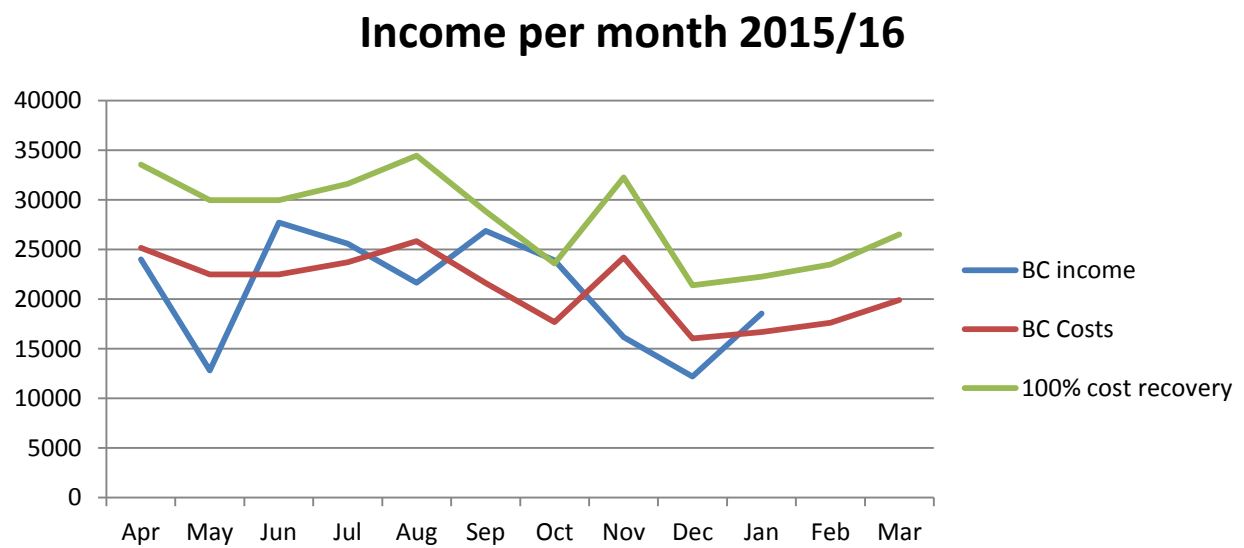
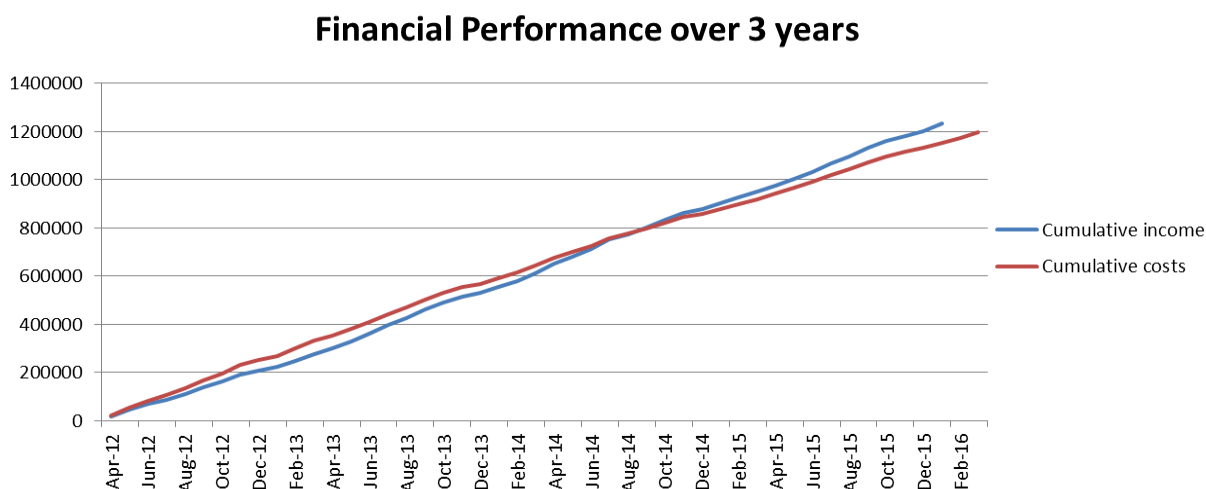
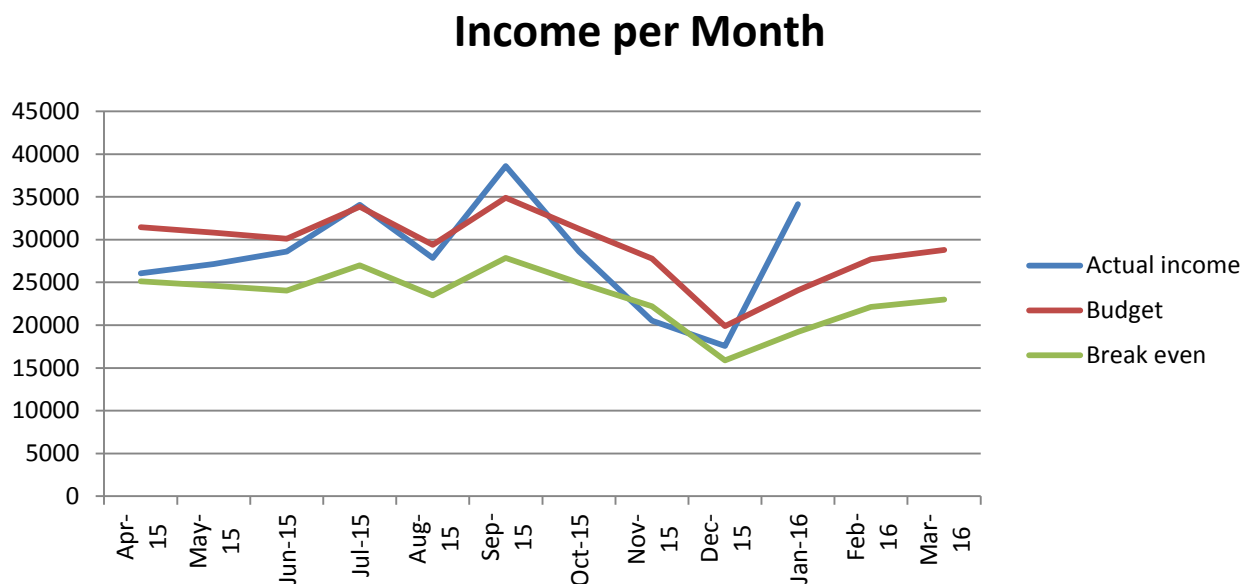


Figure 5 – North Devon Building Control Income



Based on 2015/16 budgets the cost base of each service is very similar as are the number of applications received. However, the fee income does currently show a significant difference. The primary reason for the deficit in Mid Devon has been identified as a failure to accurately determine the Building Control fees and a lack of consistency in the provision of individual project quotations. Both these issues have now been addressed and new fee schedules are being introduced on 1 November 2015 following approval by the Lead Member.

5 Key Benefits of Joint Working

The Building Control Service faces a range of challenges which threaten the viability of the service. Competitors have become established in the area and as the market matures awareness of alternative providers is now wide spread with those procuring Building Control Services making an informed choice between suppliers. It is therefore essential we provide a service that there customer's value at a competitive price that ensures that the business is sustainable.

Significant change is required to both in culture and systems. The service needs to be more customer facing and build stronger relationships with its clients. Whilst internally inefficient working practices and duplication of processes must be eliminated through the adoption of a single system of work driven by a computer based administration.

Continuing to operate an independent Building Control Service within the boundaries of an individual Local Authority is unlikely to provide the necessary scale of business to support a sustainable business model for the future. Joint working between North Devon Council and Mid Devon District Council provides the opportunity to share the cost of management needed to drive through these changes and the cost of investment combined with the opportunity to reduce overheads by merging back office support and systems.

Key advantages of joint working are highlighted below.

5.1 Business Resilience

Due to the commercial pressures on Building Control there is a significant need to minimise operating costs in order for the service to be priced competitively whilst maintaining high levels of customer satisfaction to ensure market share is maintained and ensure it remains viable as a business within the Local Authority. In an effort to achieve this significant cuts have been made successfully made reducing the number of staff but this has been at the cost of business resilience. Staffing levels are now such that any absence impacts on the service received by the customer which is critical in a highly competitive market where the customer is free to choose an alternative supplier. Joint working between North and Mid Devon will increase the critical mass of the service. Currently any absence reduces the resource by 25% whereas working in partnership this would be reduced to 12.5% making impacts more manageable.

5.2 Cost Reduction

Operating as an individual Local Authority requires much the same base expenditure as a larger partnership due to fixed costs such as IT support systems being duplicated. If working in partnership only one system needs to be maintained with regards to software and infrastructure. Increased scale of the business will also provide an advantage when negotiating procurement of software minimising licencing costs. For example, the purchase of software licenses and access to on-line technical information.

Duplication is also reduced in the development of working practices, policies, reporting, financial controls, and performance management enabling costs to be reduced by sharing the Building Control Manager. Mid Devon's establishment costs will be increased by the need to contribute to the Building Control Managers salary but management input would otherwise be a hidden cost imposed on the Planning and Regeneration Directorate. North Devon effectively reduces the cost of Management of the service by sharing the Building Control Manager but that limits the manager's ability to contribute directly to the front line service. Following a vacancy for a

Senior Surveyor the Service has been restructured creating 2x Assistant Surveyor Posts which if joint working continues will result in a net saving of at least £7000.00 from salaries compared to the previous establishment whilst maintaining capacity.

5.3 Updating of systems

Mid Devon District Council is investing in the development of its corporate systems including the updating of the Building Control Systems and the introduction of the work flow management.

In order to gain benefits of joint working between North and Mid Devon it is necessary for a single management system to be adopted in order to;

- Produce a single set of management reports and controls
- Ensure user skills and knowledge are transferable between authorities
- To enable flexible use of resources by allocating jobs across District boundaries

Hence, it will be necessary for North Devon Council to adopt the same system which will require significant investment. However, this investment would be required regardless of whether a partnership is agreed with Mid Devon District Council.

The existing system used by North Devon Council has suffered from poor support from Civica with some modules being unusable including the diary facility and importing of competent persons data. A number of significant bugs including failure to refresh screens after saving data entry are causing data entry errors and inefficiencies but remain unresolved. In addition an increasing number of applications are made electronically for which North Devon have no Document Management system resulting in a high risk to data. The system also has a very low user base amongst other Authorities and is a legacy system inherited by Civica when they took over Innogistic. Hence, it is possible that support from Civica will terminate in the future.

Building Control is a statutory and commercially run service that needs a good system to provide the tools and controls to manage the case load in an effective and timely manner and to remain competitive. Without the right systems, work can be missed, overlooked and not allocated. This would lead to a loss on income and impact on the reputation of the council.

It should also be noted that all neighbouring Local Authorities bordering North Devon and the surrounding area use the Uniform system. Hence, future wider joint working initiatives would be made easier.

Carrying out the transfer between systems in partnership with Mid Devon should limit the risk and resources associated with this as it will involve migrating data on to an established system rather than setting it up from scratch and offers the opportunity to use expertise gained from familiarity with an existing system.

5.4 Shared investment

Investment in the service will be required periodically in the future and joint working will enable costs and risk to be shared between the two authorities.

5.5 Skills and Training

Partnership will enable more value to be gained from expenditure on training through application over a wider area and an increased opportunity to cascade knowledge gained.

Existing specialist skills can also be utilised to a greater extent to the benefit of a wider area including fire and structural engineering experience, carpentry expertise, sustainability, disabled accessibility and mentoring/coaching.

There is also a critical shortage of qualified building control staff nationally making future recruitment to replace natural wastage difficult. Partnership will enable the cost of training and developing staff in-house to full fill roles in the future to be shared making a development programme possible when vacancies arise where currently the resource to support this would not be available.

5.6 Marketing

There is significant overlap of the customer base between the two authorities enabling value to be maximised from marketing approaches and initiatives reducing the overall resource requirement. Duplication is also reduced for activities such as provision of technical seminars designed to build relationships with customers.

5.7 Service Development

Opportunities exist to expand the services provided by Building Control to complement the existing service and utilise the existing customer base. However, in order to take full advantage of these it would be necessary to form a trading company to effectively separate consultancy services from Building Control activity in order to develop just for profit activities. Any profits generated could then be distributed back to the participating Authorities to effectively subsidise revenue budgets.

A separated service organisation for this purpose could be wholly owned by the participating authorities as a joint enterprise. This would also create a flexible structure that could react to future change and simplify the relationship with the partner authorities and enable overheads to be limited by basing procurement decisions on the principles of best value, simplifying accounting procedures and providing clear lines of accountability. Ultimately a separated service organisation would provide the greatest competitive advantage to the Building Control but does carry significant risks if it failed.

Joint working could provide a first step towards this by the participating authorities if desired.

6 Options Considered

6.1 The Options

The following three options for a business model for the future of Building Control in Mid Devon Council are examined to highlight their relative strengths, weaknesses, opportunities and threats.

1. Maintain the status quo with Mid Devon continuing to provide an independent service.
2. Operate as a partnership with one or more other Local Authorities
3. Operate as a wholly owned separate service organisation (SSO)

It is possible to operate a strategic partnership with a shared manager of the Building Control Service and this could deliver a number of advantages through high level cooperation. However, this would limit the effectiveness of the manager as they would effectively become an overhead for both services whereas a manager dedicated to a single building control team is

more able to take an active front line role supplementing the surveying and administration resources to a far greater extent.

To be successful and deliver real benefits to the service joint working arrangements would require far greater level of integration at an operational level. Hence, in the following SWOT analysis it is assumed that this is the case. Without commitment from both partners to this approach any partnership could have a detrimental effect on the service provided particularly in North Devon.

There are other options available for the future of the service including out sourcing to a third party company or forming a wider partnership by for instance joining the Devon Building Control Partnership.

The Devon Building Control Partnership has existed for over 10 years and is now examining the feasibility of becoming a wholly owned company. There are established working relationships between the existing partners that are wider than just Building Control with West Devon and South Hams sharing a senior management team and Teignbridge DC hosting the Building Control Partnership. Any partnership arrangement would therefore clearly have a South Devon bias that could impact on North and Mid Devon as there are significant differences in staff remuneration, fees charged and the local economies that could form a barrier to a robust partnership and limit the advantages. The Devon Partnership is not currently considering further expansion until they have resolved internal issues regarding governance that would be created by a wider partnership.

Outsourcing could potentially limit the risk of the service making losses but would also limit the potential for the Council developing a viable income stream. The expertise in construction and regulation would also be lost removing the in-house support that could be provided to other departments within the Council whilst the costs of maintaining registers, enforcement, administration of demolition notices and dangerous structures would all still need to be met.

6.2 Business Options Appraisal (SWOT Analysis)

Figure 6 – Strengths, Weaknesses, Opportunities and Threats

	Independent North/Mid Devon Building Control	Partnership	Arm's length separated service organisation
Strengths	<p>Complete autonomy for North and Mid Devon Council</p> <p>No need to adjust accounting systems</p> <p>No cost of integration with other Authorities</p>	<p>Shared cost of service manager</p> <p>Reduced support costs including maintenance of IT systems due to sharing costs between Authorities</p> <p>Eliminate dual support costs</p> <p>Long term efficiency gains in admin support if back offices merge</p> <p>Increased resilience of service due to holiday and peak workload cover resulting in better response to customers</p> <p>Good match with regard to workloads and technical nature of work</p> <p>Uniform service to common customer base with one combined organisation</p> <p>Increased customer base reducing impact of an individual customer choosing another supplier</p> <p>Time spent on marketing / relationship building with customers would be to the benefit of both Authorities</p> <p>Staff retention and attraction of best</p>	<p>All strengths listed for Partnership</p> <p>A close fit with the objectives of the Localism Act 2011 and the general power competence for Local Authorities</p> <p>Simplifies management structure and accountability with the Building Control management accountable to a board of directors made up of members of the SMT or Councillors from each partner</p> <p>Would provide freedom to trade in related services providing a more comprehensive package of services to our customers and creating the potential for additional revenue streams</p> <p>Simplifies accounting procedures enabling company accounts to be produced and reported to each partner</p> <p>Accounts could be split into three sections</p> <ul style="list-style-type: none"> • Standard Building Control work subject to the Building (Local Authority Charges) Regulations 2010. The trading balance from this would need to be retained within the company • Services provided for the Partner councils charged at cost

	Independent North/Mid Devon Building Control	Partnership	Arm's length separated service organisation
		<p>possible staff due to more attractive employment prospects</p> <p>Enables training costs to be shared between authorities including development of trainee/technicians within Building Control and the dissemination of information from courses over a wider audience</p> <p>Shared cost and benefit of specialist training aiding the development of expertise in areas such as sustainability issues and energy assessment and fire risk assessment to support the needs of our customers</p> <p>A well trained and motivated team will ensure the best possible advice to other departments establishing Building Control a centre of technical expertise within the council on construction issues</p> <p>Shared cost of modernising and updating computer systems that require repeated investment over time. Improved document management systems are required now by both Councils. Building Information Management Systems are beginning to be used by some clients and there is likely to be increased demand requiring cloud based information sharing between members of the design team.</p> <p>Many Building Control Partnerships already exist round the Country providing</p>	<ul style="list-style-type: none"> • A trading account for the provision of additional commercial services from which profits could be distributed <p>Enables purchase of support services from either Council in the partnership based on best value or potentially from third parties rather than relying on simple apportionment of overheads which limits the potential for real cost savings to be made in procurement</p> <p>Minimising of overheads enables provision of services paid for by Council tax at a lower rate</p> <p>Provides a flexible structure that can be adapted in the future</p> <p>It is possible that in the future government policy could end provision of Building Control by Local Authorities. In this scenario it would be possible for an existing trading company to register as an Approved Inspector and continue to trade. This would provide continuity of service to the construction industry in North Devon, continuity of employment to staff and provide an asset to the partner councils which could potentially either be sold, continue trading creating revenue for the partners or potentially be transferred to mutual status.</p>

	Independent North/Mid Devon Building Control	Partnership	Arm's length separated service organisation
		<p>experience that limits risk</p> <p>Relatively quick to set up.</p> <p>An exit strategy would be possible after a set period</p> <p>Could provide stepping stone towards an arms-length company if desired</p> <p>Adoption of existing IT system by North Devon limits risk associated with changing system and utilises existing expertise in Mid Devon ICT</p>	<p>Registration as an Approved Inspector would also be possible enabling work to be carried out outside of the Authorities boundaries</p>
Weaknesses	<p>Inadequate income to finance a Building Control Managers post</p> <p>No means by which to drive through a programme of change designed to return Mid Devon to a position where costs are recovered</p> <p>Cost of investment in IT systems would need to be born entirely by North Devon</p> <p>Difficulty retaining staff if future of service provision is perceived to be at risk</p> <p>No potential for shared training costs</p>	<p>Unified fees could result in changes in price to the customer and may not reflect the costs of an individual authority although analysis has shown the Mid and North Devon costs are comparable</p> <p>If a full merger of the services is not achieved there will be increased management costs without the ability to make savings as the BCM's time would be split between 2 authorities limiting opportunity to contribute to front line work and increasing the number of staff required to provide the service.</p> <p>Difficult to exit agreement and revert to existing situation once back offices are merged but benefits cannot be realised without taking this step</p>	<p>An exit strategy from this type of arrangement would be difficult to achieve</p> <p>It would be more difficult to subsidise core building control activity from council tax revenues during fluctuations in market demand increasing the need to retain any surpluses within the business to cover such periods</p> <p>Relatively high set up costs</p>

	Independent North/Mid Devon Building Control	Partnership	Arm's length separated service organisation
	<p>Restricted service to customers due to cost of training</p> <p>Higher service costs would be reflected in higher Building Control fees reducing competitiveness and market share resulting in further decline of the service</p>	<p>If one office is used travel costs could increase</p> <p>If an office is closed to reduce overheads this could be seen as reducing accessibility of advice. In practice North Devon has already taken this step by moving to Brynsworthy where there is no public reception</p> <p>Cost of ensuring compatible computer systems (but in reality this expenditure needs to be made in any case)</p> <p>Cost of equalising pay and conditions between authorities</p> <p>Partnership cannot carry out just for profit activity as it is not a limited company</p>	
Opportunities	<p>Could aim to develop LABC partnerships and expand workload to the potential detriment of neighbouring Authorities</p>	<p>Sharing of training costs and workload could enable provision of a Fire Risk Assessment and /or Energy Rating service potentially generating profits</p> <p>Increased staff numbers enable opportunity for increased specialism of individual surveyors e.g. Fire and structural engineering or Code of sustainable homes</p> <p>A successful partnership could lead to further joint working arrangements with other authorities if driven by a business case</p>	<p>Formation of an SSO would enable the potential to develop commercial services in reaction to changes in the market or legislation through opportunities such as the Green Deal that is likely to require surveys to identify the most cost effective energy improvements for individual houses.</p> <p>The provision of an Energy Assessment Service provides an income stream that can be serviced by relatively junior technical staff. Hence, this work can be carried out by a trainee surveyor which could offset the cost of the post at an early stage in their</p>

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		<p>The use of the LABC Partner Authority Scheme could be developed further without effecting fee income of the neighbouring Authority</p> <p>Achieving operational savings would allow reinvestment in the service and/or a reduction in fees charged strengthening the market position</p> <p>Services could be purchased from the most competitive provider within the partnership or potentially in the open market</p> <p>Investment in IT services could provide the opportunity for strategically located home workers reducing office overheads and travel costs</p> <p>It would enable the cost of recruiting and developing a trainee to be shared between Authorities. Serious consideration will need to be given to this as there is a national shortage of Building Control Surveyors resulting in recruitment being problematic resulting in a potential threat to service provision in the future</p> <p>If investment in IT infrastructure is made overheads could be reduced by the use of home based surveyors</p>	<p>development effectively subsidising the training of Surveyors</p> <p>Partnerships with private sector service suppliers</p>

	Independent North/Mid Devon Building Control	Partnership	Arm's length separated service organisation
Threats	<p>Issues identified in this report remain unaddressed due to a lack of management resource.</p> <p>Lack of investment in IT systems could lead to customer requirements not being met and loss of market share</p> <p>Lost market share resulting in increased costs</p> <p>Difficulty recruiting due to limited prospects and unsustainable business model</p> <p>Further reduction in staff numbers reducing expertise available to the Council and restricting ability to provide out of hours dangerous structure service and reducing responsiveness to customer demands</p>	<p>Restrictive methods of accounting relying on the apportionment of fixed costs could mask and/or obstruct real cost savings. As a result a real reduction in overheads may not be seen as a cost saving as this can result in higher apportionment of fixed cost charges to other services. However, this should not be seen as a barrier to making savings or innovation in service delivery will be stifled leading to unsustainable costs to the Authority in the longer term</p> <p>Reputation damage if substantially different service is provided by different Authorities</p> <p>The demographic spread in North Devon Building Control provides a good blend of age and experience. Joining another Authority would disrupt this balance creating a larger proportion of 50+ surveyors potentially increasing the need to recruit in the future when there is a national shortage of Building Control Surveyors.</p> <p>Potential resistance to change from existing staff</p> <p>A temporary appointment of a joint manager could result in inertia to change and an inability to deliver any tangible savings or improvements unless senior management from both council are fully committed to change</p> <p>Different priorities between Councils</p>	<p>An exit strategy from this type of arrangement would be difficult to achieve</p> <p>Causes staff concerns over pay, conditions and job security</p> <p>The company could potentially go into liquidation if it failed</p> <p>Identity of the organisation may not be clearly recognised as the Local Authority leading to reduced customer loyalty.</p>

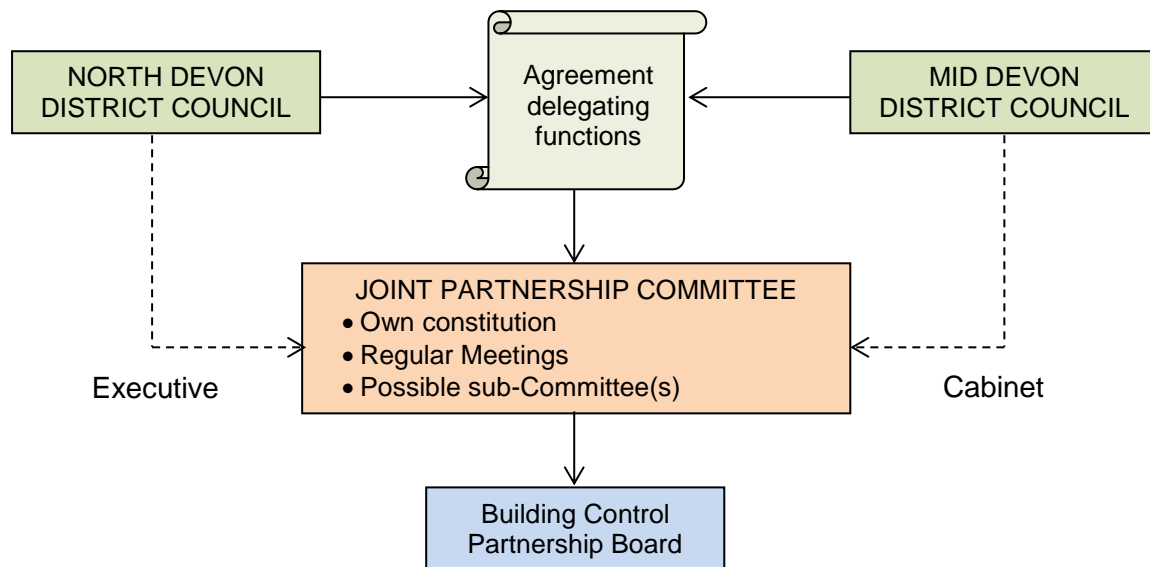
	Independent North/Mid Devon Building Control	Partnership	Arm's length separated service organisation
		<p>If financial responsibility is not clear divisions could be created</p> <p>Different pay and conditions between staff could lead to dissatisfaction e.g. lease cars, remuneration and/or additional costs to one or both councils</p> <p>Different costs if working across border</p> <p>Timescales and slow realisation of benefits</p> <p>Inadequate investment in IT infrastructure to ensure fast data transmission between Barnstaple and Tiverton</p>	

7 Recommendations

7.1 Partnership Model

Following consideration of the relative merits of the potential options it is recommended that the Partnership option is adopted. Following consultation with Simon Fuller (North Devon Legal Team) who has been advising the ICT Joint Working Project a Formation of Partnership it is recommended that a Joint Committee model is adopted for a Partnership between the two Authorities as illustrated below.

Figure 7 – Joint working structure

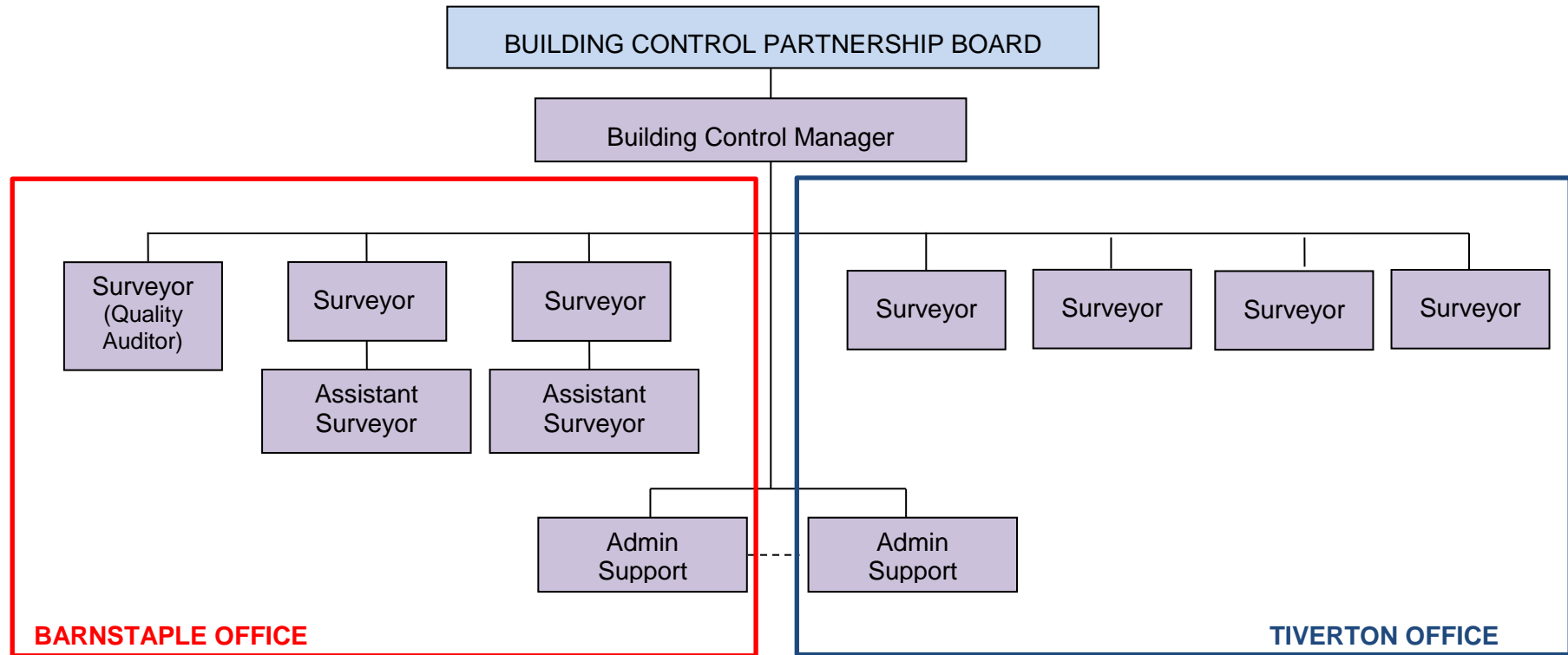


Section 101 and 102 of the Local Government Act 1972 enables the work of Local Authorities to be discharged jointly with other authorities via a joint committee.

A joint committee has no separate legal identity and no corporate status and therefore cannot enter in to contracts or own property in its own right. This is retained by the partner authorities themselves. However, the partner authorities enter into an agreement to delegate certain of their functions (in this case all relevant Building Control functions) to the joint committee to enable it to make decisions on behalf of the two partner authorities in respect of those functions

The formation and structure of the joint committee would be determined by the participating Authorities and the governance and authority of the joint committee would be set out in a constitution, agreed pursuant to the joint working agreement including how costs are shared. Normally one authority takes the lead for the provision of the entire shared service effectively hosting the Partnership Boards financial affairs, taking responsibility for payments and accounting procedures, or these things can be split between the two authorities. This can all be agreed pursuant to the joint committees constitution being drawn up. For day-to-day management of a joint Building Control Service a Partnership Board can be created, made up of the professional officers with responsibility for managing the service including the Heads of Service for North and Mid Devon (Mike Mansell and Jenny Clifford) and the Building Control Manager.

Figure 8 – Proposed Organisation Structure



This approach would be combined with the secondment of Building Control staff under the overall direction of the Joint Partnership Committee. There are human resource implications due to the need to harmonise pay and conditions to ensure fairness between differing authority's staff. It may be beneficial to TUPE the staff to the Lead Authority when the Partnership is established in order to simplify administration and maintain a common approach.

As a scheme employer in the Local Government Pension Scheme, staff employed by one authority on behalf of others under a joint committee model can be ring-fenced for pension purposes with a separate joint committee employer's contribution rate. This makes it easier for partners to calculate their respective contributions.

7.2 Organisational Structure

In order to fully realise the benefits of joint working it is proposed to reorganise the structure of the Service to create a single team with common working practices but based in both Tiverton and Barnstaple as illustrated in Figure 8.

The most significant change is that the Mid Devon administration support will report directly to the Building Control Manager and be dedicated to the Building Control Service rather than as part of a wider Planning support team. Cover would be provided between the Barnstaple and Tiverton offices made possible by the ICT systems. This enables greater focus on customer needs, close flexible team working with the Surveyors and limits the training and communication demands during a period of intense change.

7.3 Work Programme

It is proposed that the project will be divided into 4 phases supported by a Project Plan detailing the work items, time allocated and resources required.

Phase 1 – Initiation			
Commencement date	01/08/2015	Completion date	31/10/2015
Actions	Urgent recommendations from Mid Devon review <ul style="list-style-type: none"> - Revise initial notice procedure - Revise invalid application procedure Development of internal relationships <ul style="list-style-type: none"> - Improve internal communication - Away day combing both teams Programme Documentation <ul style="list-style-type: none"> - High level business case for initiation of project - Programme Plan - Risk issue and lessons learnt log Make service competitive with accurate pricing		
Milestones	Executive/Cabinet Approval of project initiation		

Phase 2 – Preparation for Partnership			
Commencement date	01/11/2015	Completion date	31/07/16
Actions	Introduce Performance Management Controls Staff training and development of team working Programme Documentation Re-engineering of document management system Update Mid Devon IT system Revise Mid Devon working practices to utilise DMS and gain efficiency Review and revise all letters /forms and policies to unify working practices Develop Business Plan and Marketing Plan		
Milestones	Restructure of RKYV Document Management System (Target 31/12/2015) Roll out of Uniform upgrade (Target 31/1/16) Acceptance of full business case and formation of Partnership (Target 31/03/2016) Roll out of Enterprise workflow management (Target 31/7/16)		

Phase 3 – Unification of systems			
Commencement date	31/07/2016	Completion date	31/11/16
Actions	Mapping of North Devon data for transfer Uniform system training User Acceptance test of merged system Roll out to North Devon		
Milestones	UAT acceptance sign off Both Authorities working on unified system		

Phase 4 – Consolidation of business			
Commencement date	31/11/2016	Completion date	31/03/17
Actions	Develop marketing and customer relationships Provide business Plan and Marketing plan for future direction of service Review of programme		
Milestones	Close programme		

8 Key Risks

8.1 Risk Analysis

<i>Impact guidance</i>		<i>Likelihood guidance</i>	
<i>High = Major implications on the delivery of the project or service failure</i>	5	<i>High = Almost certain that the risk will occur 90%</i>	5
<i>Medium = Moderate implications</i>	3	<i>Medium = Probable chance 50%</i>	3
<i>Low = Minor / insignificant implications</i>	1	<i>Low = Possible but unlikely</i>	1

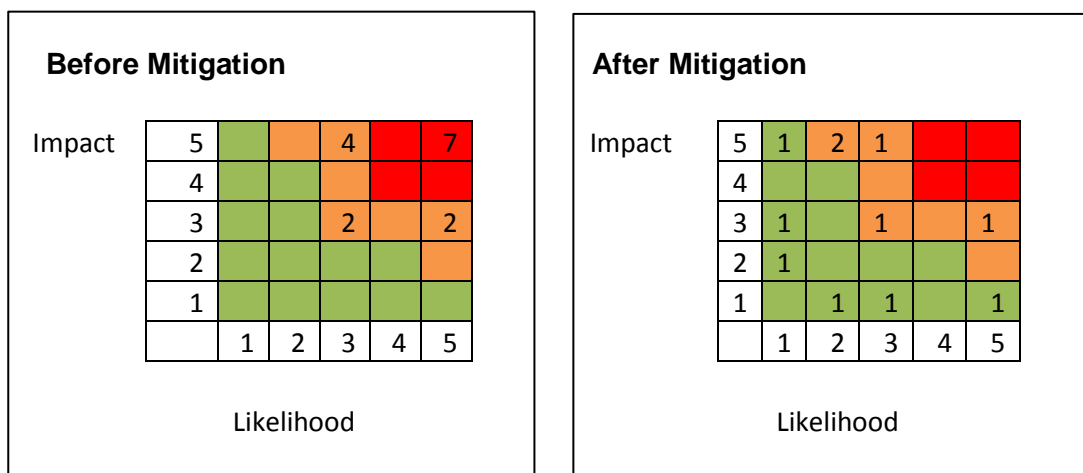
Risk No	Risk Description	Current Impact	Current Likelihood	Score	Mitigating actions required	Target Impact	Target likelihood	Score
	Political							
R.01	Cause: Adverse political forces Risk: Failure to approve business case and sign partnership agreement Consequence: End of joint working	5	5	25	Clear communication strategy Involvement of members	5	2	10
R.02	Cause: Change of political control Risk: Change of leadership Consequence: Withdrawal from partnership	5	3	15	Commitment to 5 year agreement	1	3	3

Risk No	Risk Description	Current Impact	Current Likelihood	Score	Mitigating actions required	Target Impact	Target likelihood	Score
R.03	Cause: Change of chief executive Risk: Different direction from leadership Consequence: Withdrawal from partnership	3	5	15	Commitment to 5 year agreement	1	5	5
R.04	Cause: Future investment needs Risk: Different approach Consequence: Stagnation of service, loss of customers	5	3	15	Gain commitment of members Clear vision for the service	5	1	5
	Delivery program							
R.05	Cause: Over ambitious delivery program Risk: Timescales extended Greater resource needed Consequence: Failure to meet customer needs	3	3	9	Realistic expectation Clear delivery program	3	1	3
R.06	Cause: Inadequate resource Risk: Excessive demands on individuals Consequence: Stress, low productivity, poor outcomes	5	5	25	Match resources to project plan Support and manage individuals Form task specific working groups			
R.07	Cause: Failure to rationalise overhead costs Risk: Excessive charges Consequence: Unit rate will be higher making service uncompetitive	5	5	25	Robust partnership agreement Flexibility in negotiation by partners	3	5	15

Risk No	Risk Description	Current Impact	Current Likelihood	Score	Mitigating actions required	Target Impact	Target likelihood	Score
	Staff							
R.09	Cause: Different Job evaluation schemes Risk: Failure to harmonise Consequence: Staff moral	3	3	6	Close working with HR, staff and unions to develop policy	1	2	2
R.08	Cause: Objections from unions Risk: Legal challenge Consequence: No or delayed partnership agreement, additional cost	3	5	8	Clear communication plan Consultation Liaison with Legal / HR	2	1	2
R.11	Cause: Reliance on a single individual to deliver change Risk: Leaving Consequence: Delayed improvement, low moral	5	3	8	Spread load Form task specific working groups Succession planning	3	3	9
R.06	Cause: Staff not accepting change Risk: Failure to build team Consequence: Adverse impact on customer service Loss of market share	5	5	25	Team development program Involvement of staff Clear vision for service Communication plan	3	3	9
R.07	Cause: Staff in one authority performing better than the other Risk: One authority drains the resources of the other and reputational damage Consequence: Uneven distribution of resource, loss of market share	5	5	25	Performance management	5	2	10

Risk No	Risk Description	Current Impact	Current Likelihood	Score	Mitigating actions required	Target Impact	Target likelihood	Score
	ICT Systems							
R.12	Cause: Failure to provide adequate infrastructure to support remote working Risk: System Failure Consequence: Failure of service provision Loss of market share	5	5	25	Accurate assessment of requirement including consideration of data requirements for Building Information Management (BIM) compliance Adequate investment	5	1	5
R.14	Cause: Failure to deliver a robust Building Control support system Risk: Interruption to business, high resource input to rectify, inefficient working practices Consequence: North Devon will not merge data	5	5	25	Ensure implementation team have adequate expertise and resources	5	3	15
	Customers							
R.07	Cause: Customer resistance due to failure to promote service Risk: Choose alternative provider Consequence: Loss of market share	5	3	15	Positive presentation by staff Marketing strategy	3	1	3
	Risk Score			226				96

8.2 Risk Profile



9 Costs

In order to realise the benefits of joint working a substantial work programme has been identified above that requires internal resources beyond the Building Control Service including input from ICT, HR and Legal.

The majority of the cost associated with this project relates to the adoption of the Uniform Building Control database and work flow management by North Devon Council to enable a common administrative system.

However, this investment is required regardless of whether a partnership is agreed with Mid Devon District Council.

Mid Devon are upgrading the Building Control system to provided the latest version of the Uniform database and workflow management as a corporate initiative independent of partnership. Therefore, although this is a necessary prerequisite for merger of the operational systems , this is not considered to be a part of the cost of this project. However, the cost of further system improvements associated with digital transformation do require additional investment,

Mid Devon’s establishment will be increased by the need to contribute to the Building Control Manager’s salary. This will increase the service overheads but management time would otherwise be required from the Planning and Regeneration Directorate with a cost associated with it and a saving has effectively already been made through the redundancy of the previous Building Control Manager . In the case of North Devon Council there will be a net saving of at least £7,000.00 from salaries compared to the previous establishment following a restructure to ensure capacity is maintained.

Other hidden corporate costs include on-going work to develop a high performing team with the support of the Mid Devon Training and Development Team which has already been instigated through the provision of a joint training day hosted at North Devon’s Woodland Centre.

On-going annual charges associated with the 8 North Devon staff are estimated to be £2,600.00 pa that is a net saving from the existing charges for the North Devon Civica Fast Control system which is currently £3,280.00 pa. Furthermore, the cost of subscription to on-line technical information which currently costs £5,000.00 pa could be shared.

Hence, North Devon should realise a saving of £10,180 pa and significantly reduce the cost of updating systems. In the future the unification of systems and opportunity for joint procurement will enable the service to contribute to the realisation of the savings anticipated in the business case for ICT partnership and the resilience of the service will be significantly improved.

A table identifying the key costs associated with the project is provided below.

Item Description	Qty	Unit £	Total	Maintenance
Uniform Version 10				
8 additional Uniform Licenses (Textual and Spatial Licences)	8	£1,000	£8,000	£1,600
Uniform Building Control Training Course (2 days)	1	£2,500	£2,500	£0
Application Consultancy –Support and setup of the Mid Devon Building Control module and wider system to incorporate the additional users and data from North Devon.	3	£950	£2,850	£0
Uniform Building Contraventions Training Course (0.5 days) and specific Application Consultancy (0.5 days)	1	£1,250	£1,250	£0
Uniform Dangerous Structures Training Course (0.5 days) and specific Application Consultancy (0.5 days)	1	£1,250	£1,250	£0
Uniform Competent Persons Training Course (0.5 days) and specific Application Consultancy (0.5 days)	1	£1,250	£1,250	£0
Idox Data Services Scoping Exercise and Report Write-up	1	£1,900	£1,900	£0
GMS Initial Load (Test and Live)	1	£1,900	£1,900	£0
Test Data Load (load of North Devon Building Control Data into the Mid Devon Uniform System). Price works on the assumption that the Data will be extracted and mapped by the authority.	1	£5,000	£5,000	£0
Live Data Load (load of North Devon Building Control Data into the Mid Devon Uniform System). Price works on the assumption that the Data will be extracted and mapped by the authority	1	£5,000	£5,000	£0
SUB TOTAL			£30,900	£1,600.00
Enterprise workflow management				
Enterprise for Building Control	1		£5,000	£1,000

Item Description	Qty	Unit £	Total	Maintenance
Enterprise overview training course	1		£1,250	£0
Enterprise advanced training course	1		£2,500	£0
SUB TOTAL			£8,750	£1,000
Document Management System				
Document management system software	8		tbc	0
SUB TOTAL			0	0
Digital Transformation				
iApply web submission			tbc	
Mobile data recording and system access (software and hardware)			£10,000	
Large format scanner			£ 6,000	
Multiple image pdf viewer	8	£140	£ 1,120	
SUB TOTAL			£17,120	
Resourcing implementation				
Backfill of project time for testing and data mapping			£6,000	
SUB TOTAL			£6,000	
Contingency				
Contingency			£5,000	
SUB TOTAL			£5,000	
TOTAL			£67,770	£2,600

10 Impacts / Dependencies

The various impacts and dependencies are identified below to assist in the creation of a communications strategy that sets out the means and frequency of communication between the project and the project's stakeholders.

<i>Who will be impacted by this project – internally and externally</i>	<i>How will they be impacted and is this + or –</i>	<i>Strategy for dealing with impact</i>
Customers	<ul style="list-style-type: none"> • Change in fee regime could cause loss of market share • Increased customer contact through marketing initiatives • Potential uncertainty 	<ul style="list-style-type: none"> • Clear communication and promotion of service
Staff	<ul style="list-style-type: none"> • Period of uncertainty • Potential harmonisation of employment contracts • Changes to working practices • Increased use of IT systems • Training needs 	<ul style="list-style-type: none"> • Communication Plan • Consultation with Unions • Staff involvement at all stages • Team development programme • Training provided at key stages
Human Resources	<ul style="list-style-type: none"> • Resource requirement to assist in staffing issues 	<ul style="list-style-type: none"> • Clear programme
Finance	<ul style="list-style-type: none"> • Resource requirement to set up financial controls and budgetary system 	<ul style="list-style-type: none"> • Clear programme
Legal	<ul style="list-style-type: none"> • Resource required for creation of legal agreement 	<ul style="list-style-type: none"> • Clear programme
ICT	<ul style="list-style-type: none"> • Development of Mid Devon IT systems • Data link between Tiverton and Barnstaple 	<ul style="list-style-type: none"> • Consultation with ICT partnership programme
Customer Services	<ul style="list-style-type: none"> • Call management of combined services 	<ul style="list-style-type: none"> • Communication plan • Joint working group to determine protocols
Members	<ul style="list-style-type: none"> • Agreement required • Governance through committee structure 	<ul style="list-style-type: none"> • Communication Plan • Clear programme milestones

