

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

1 OCTOBER 2007

SOUTH THAMES GATEWAY BUILDING CONTROL BUSINESS PLAN AND REVENUE BUDGET 1 OCTOBER 2007 – 31 MARCH 2008

Report from: Tony Van Veghel
Director, South Thames Gateway Building Control Partnership

Author: Tony Van Veghel

1. Summary

1.1 This report seeks the adoption of the Joint Committee Constitution, Scheme of Delegation and first business plan together with the appointment of officers as Monitoring and Deputy Monitoring Officers and S151 and Deputy S151 Officers.

2. Decision Issues

2.1 The Joint Committee will need to adopt the Joint Committee Constitution and Scheme of Delegation attached to this report.

2.2 The Joint Committee will need to adopt this first business plan in line with the Memorandum of Agreement and will require a subsequent business plan to be submitted before the end of November covering the following twelve months.

2.3 The Joint Committee will need to agree the adoption of officers as Monitoring and Deputy Monitoring Officers and S151 and Deputy S151 Officers.

3. Background

3.1 Gravesham, Medway and Swale Councils have all agreed to delegate their respective building control function to a Joint Committee of the three Councils. The day to day building control functions will be carried out on behalf of the Councils by the South Thames Gateway Building Control Partnership which will be accountable to the Joint Committee.

3.2 This report presents a number of documents and matters in connection with the establishment of the Joint Committee. These are summarised below.

Memorandum of Agreement

3.3 This is the legal agreement between the three Councils for the setting up of the Joint Committee. This will be adopted by officers prior to the meeting. The Joint Committee Constitution which will be annexed to this agreement needs to be formally adopted.

Scheme of Delegation

- 3.4 A copy of the Scheme of Delegation is annexed to this report. This Scheme sets out the powers that it is considered appropriate for the Joint Committee to reserve to itself, together with a range of powers that it is considered appropriate to delegate to the director of the South Thames Gateway Building Control Partnership.
- 3.5 Where the director's delegated powers relate to human resources matters the requirement will be for the director to first consult with Medway Council's Assistant Director Organisational Services or designate to obtain their agreement to the proposed course of action before it is undertaken.

Business Plan

- 3.6 This is a comprehensive planning document, which clearly describes the business developmental objective of the Building Control Partnership. The plan outlines how it is proposed to organise the Partnership and implement activities necessary and sufficient for the venture to succeed.

Monitoring Officer and Section 151 Officer

- 3.7 The Joint Committee are also advised of the officers from the Councils who will, on behalf of the Joint Committee undertake the roles of monitoring officer and s151 officer. These are statutory officers. The purpose of the Monitoring Officer is to ensure the lawfulness and fairness of the Partnership's decisions and the purpose of the S151 Officer is to ensure that proper arrangements are in place for the administration of the financial affairs of the Partnership.
- 3.8 The Joint Committee is asked to agree the appointment of the following officers-
Monitoring Officer – Michael Hayley, Head of Legal Services, Gravesham
Deputy Monitoring Officer – Duncan Milne, Borough Solicitor, Swale
S151 Officer – Mick Hayward, Chief Finance Officer, Medway
Deputy S151 Officer – Kevin Woolmer, Corporate Accountant, Medway
- 3.9 The Joint Committee is requested to select Medway Council to provide secretarial support to the joint committee for the first 12 months.

4 Director's Comments

- 4.1 The business plan outlines how South Thames Gateway (STG) will deliver the statutory and discretionary function of Medway, Swale and Gravesham in connection with their Building Control duties over the next six months.
- 4.2 The revenue budget will indicate the predicted budgetary position and what the expected balance will be at the end of the period.
- 4.3 In order that the budgetary cycles of each of the Councils can be met a subsequent business plan and revenue budget will be required to cover the period 1 April 2008 to 31 March 2009. The draft of this plan will need to be adopted by the Joint Committee by the end of November 2007 in order to feed into the required cycles.

4.4 Adoption of the Business Plan will allow STG to operate and deliver its service to the three Authorities.

4.5 Adoption of the Business Plan will also facilitate the adoption of the STG charges scheme as required by the Building (Local Authority Charges) Regulation 1998 which can be found in Appendix 3 of the business plan. These charges reflect a harmonised scheme applicable over the whole area.

5 Financial implications

5.1 Any financial implications are contained in section 5 of the Business Plan.

6. Legal implications

6.1 The BCJC will be a joint committee constituted by the partner authorities under sections 101, 102 and 111 of the Local Government Act 1972, and section 20 of the Local Government Act 2000. Meetings are subject to the provisions of the Local Government Act 1972 including provisions on access to information and meetings held in public.

6.2 Officers of the partner authorities have exercised their delegation to the Joint Committee Constitution which sets out the basis upon which the joint committee will function. This can be formally approved by the joint committee.

7. Recommendation

7.1 The Joint Committee is recommended to –

1. Adopt the Joint Committee Constitution
2. Adopt the Scheme of Delegation annexed to this report
3. Adopt the Business Plan
4. Agree the appointment of the officers listed in paragraph 3.8 as Monitoring and Deputy Monitoring Officers, and as S151 and Deputy S151 Officers.
5. Agree to select Medway Council to provide a secretary to the joint committee for the first 12 months.

Background papers

Appendices 1 to 5 of Business Plan.

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BUSINESS PLAN

FOR:

South Thames Gateway Building Control Partnership

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PREPARED BY:

Tony Van Veghel

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1. EXECUTIVE SUMMARY

- 1.1 South Thames Gateway (STG) Building Control Partnership offers far more than the fast and efficient applications processing and site inspection service for which local authority building control surveyors have built an enviable reputation. STG Building Control Partnership can provide information about ground conditions and contamination, advice on appropriate construction methods, guidance on the impact of fire regulations and access issues – all of these issues can have significant impact on building budgets and schedules.
- 1.2 STG Building Control offers a one stop shop for developers, housebuilders and their professional advisers right from the start. The Partnership surveyors have the local knowledge and professional network to identify potential problems, unblock processes and establish a responsive service that looks at the bigger picture.
- 1.3 The Partnership grew out of the Thames Gateway Building Control Group, consisting of representatives from each of the authorities, as a response to the huge investment in the regeneration programme for North Kent. It was recognised that to be sustainable in the face of growing competition for both work and staff a large unit would be more flexible and able to cope with the fluctuations of the construction industry.
- 1.4 The huge housing programmes for the three boroughs offer a tremendous opportunity to expand into multi phase work which was not possible with limited resources. The new home warranty scheme available from LABC offers an alternative to developers to the traditional NHBC warranty and will facilitate expansion in this market.
- 1.5 We are already seeing the smaller domestic market under attack from non corporate Approved Inspectors who are targeting loft conversion companies and garage conversion companies to try and win work in this sector. The Partnership will be large enough to take on more partners in this area to ensure resilience in this market.
- 1.6 Similarly, the commercial and industrial market offers huge potential to develop new relationships and secure greater market share. Economic development, regeneration and relocation are all areas where the Partnership can use its internal network to gain important introductions to investors and developers to win important work in this area.
- 1.7 Of course as well as competing for this fee earning work STG will be delivering a number of non fee related functions on behalf of each of the three authorities. The development of more and more brownfield sites has increased the number of demolitions. There is an important public protection role for STG in ensuring demolitions are carried out correctly and do not develop into a risk for the community.
- 1.8 STG staff will also be ambassadors for each authority when they deal with dangerous structures. There is a wide range of experience and expertise in building pathology within the Partnership with the experience of dealing with buildings damaged by gas explosion, vehicle impact, fire and natural disasters such as strong winds, floods and now even earthquakes. The new arrangements

will see STG as a service provider in a client/contractor arrangement with each Authority. STG will inspect reported dangerous structures both during and outside office hours with the use of Medway's 24 hour helpline and a team of surveyors on an out of hours rota system. They will inspect and advise the owner of their responsibilities in respect of dangerous or dilapidated buildings and where emergency measures are required will carry out the minimum amount of work necessary to ensure public safety.

- 1.9 One area of building control work that rests with STG and which is not subject to competition is that of enforcement. It has been recognised by Government in its recent white paper 'The Future of Building Control' that properly resourced enforcement is an important area of public protection. With greater resources STG will be looking to take more enforcement action and cross reference information with Trading Standards department to reduce the impact of rogue builders.
- 1.10 The Partnership will use its network of contacts both internal and external to ensure early awareness of developments. It will be offering extensive pre-application advice to resolve problems before they become an issue and will look to partner with more local architects and designers to ensure their work continues to come to STG.
- 1.11 The income generated from the fee earning account will be ring-fenced to further improve the service. Whilst each of the three Councils recognised from the outset that this Partnership was not formed as a cost cutting exercise, there will be opportunities for economies of scale. As 'fee earning' income cannot cross subsidise non fee earning work, an alternative has been developed, which over a period of years will reduce the Council's subsidy. This will rely on the development of a consultancy arm to the Partnership which can use the skills and expertise currently available across the area to generate extra streams of income and which will be used in the first instance to ensure the Partnership's continued success and viability but secondly could offset percentages of the Council subsidy and reduce that contribution over time.
- 1.12 Customers will benefit from an increased consistency across the three Councils in the interpretation and application of the Regulations, something that individual authorities are often criticised for. The three authorities fees and charges have already been harmonised ahead of the launch date to ensure a new element of consistency wherever architects submit across the area. There will be technical and professional advice available throughout the day supplied by a duty surveyor which has not been possible up to now because of the smaller units.
- 1.13 Staff will be able to share their expertise and experience at a number of regular technical meetings designed to resolve inconsistencies of interpretation and assist in personal development. They will be able to use mobile solutions via tablet pc's to work more effectively on site, to look up and record inspections remotely and will change working patterns to deliver early morning and late afternoon visits ensuring the best use of their time.
- 1.14 By the effective use of the combined resources of the Partnership, STG will deliver an improved service to its customers, ensuring consistency of interpretation of the highly complex regulations across the area, delivering a wide range of site visit times and providing technical advice throughout the working day.

1.15 It will compete in the highly active market for building regulation work using the newly developed marketing strategy to win more work and will look at generating other income streams via consultancy work. It will use its experience and expertise to ensure public protection in the areas of demolitions, dangerous structures and enforcement. It will use performance management to address the targets identified in the green guide 'Performance Standards for Building Control Bodies' and will be developing a career grade structure to assist in the recruitment and retention of staff.

2. The Service

- 2.1 The Building Control service deals with the processing and enforcement of Building Regulation applications, demolitions, dangerous structures and unauthorised work. The Building Regulations exist to ensure the health and safety of people in and around buildings and promote the conservation of fuel and power. The Building Control service competes with the private sector to win Building Regulation work.
- 2.2 South Thames Gateway Building Control Partnership (STG) is committed to providing an effective, quality service to our customers. As part of this service we will make an impartial and professional contribution to the design and inspection of building projects to ensure compliance with building control legislation with as little interruption as possible to the building programme.
- 2.3 The STG Partnership will aim to ensure that new, extended or altered buildings will be safe and healthy to use, provide adequate resistance to heat loss and, where appropriate, provide adequate facilities for people with disabilities.
- 2.4 Our team of Building Control professionals has the experience and expertise to assist from the design stage through to the completion of the project.
- 2.5 Pre-application consultations are encouraged, especially on large projects, so as to resolve potential problems early on and build a good working relationship, which is so necessary with today's "fast track" construction.
- 2.6 Our Building Control Surveyors have extensive knowledge of a wide range of buildings and are happy to offer advice and assistance with all types of buildings and design queries.
- 2.7 Inspection of work in progress is the most important part of the process to ensure that the building "as built" meets the appropriate standards of the Building Regulations. Inspections are carried out at pre-defined stages and also when advice is required. Because we know how pressured site work can be, we offer to carry out inspections the same day when notified before 10.00am.
- 2.8 Our Building Control Surveyors also have extensive knowledge of local conditions, which can prove essential when dealing with unusual designs and difficult ground conditions. Full inspection of these building stages and a satisfactory final inspection will facilitate the issuing of a Completion Certificate at the end of the project.
- 2.9 It is the aim of STG Partnership to fully meet the standards for Building Control detailed in the Department for Communities and Local Government document 'Building Control Performance Standards' dated June 2006 and re-produced in Appendix 1.
- 2.10 We will also be pursuing the Building Control Performance Indicators reproduced in Appendix 2, however, this will require the setting up of specialised reports from the MIS Headway software system and may not be available from 1 October 2007.
- 2.11 Client groups include agents, architects, developers, Government departments, councillors, residents of Medway; Swale and Gravesham, and often those using other Council services.
- 2.12 The Building (Local Authority Charges) Regulations require every Local Authority to publish a scheme of charges for fee earning building regulation work. Medway,

Swale and Gravesham have now harmonised their fees and charges so as to charge a consistent fee for different work types across the area. This will assist architects and designers in advising clients of the correct fee required when making a submission. The scheme and the fees required for each of the schedules is reproduced in Appendix 3.

2.13 The overall objectives of the Service are as follows:

- Fair, consistent, and responsive advice is given to everyone who uses the service
- To ensure that service delivery meets clients' needs and expectations
- To establish documented procedures to support continuous improvement in efficiency, quality performance and client satisfaction
- To increase staff quality awareness and motivation by supporting the induction of new staff and existing staff development
- To monitor/review performance and workload to ensure that appropriate resources are available to maintain a quality service.

3.1 The above structure has been proposed as the most effective way of delivering an improved service across the area given the expected workload but will be subject to constant review and include cross boundary working where necessary.

It should provide;

- Robust and sustainable BC team equipped to deal with approx 3000 applications per year with a fee income of £1.2 million.
- Delivery of the BC performance standards as set by DCLG (not currently achieved by present arrangements).
- Improved customer care through centralised technical/professional helpline (not presently available).
- Speedier turnaround of plan vetting of applications (Identified as a service improvement in recent Kent wide customer survey).
- More consistent interpretation of building regulations in both plan checking and site inspections across the three areas.
- Greater expertise across all work types allowing for better mentoring and personal development of surveyors.
- Marketing opportunity for specialist skills on large complex developments.
- Cross fertilization of solutions to problem solving.
- Greater cover for leave/sick leave/training etc to ensure same day inspection service is maintained for all notified inspections.
- Properly balanced career grade structure to recruit and retain professional staff.
- The structure has been set up to deal with the expected workload based on current trends but it is envisaged that an increase in the number and complexity of application will result from actively pursuing the marketing strategy. It is imperative that resources are matched with demand and that the Director has the ability and flexibility, after consultation with and approval from Medway Council's Assistant Director Organisational Services or designate, to recruit additional staff directly engaged in providing services to and for the STG Partnership.
- Five teams of professional surveyors designed to match resources with demands of both urban and rural areas with the ability of cross cover between areas where experience or expertise is required.
- An operations manager to ensure day to day operation runs smoothly meeting performance management targets and delivering a customer focussed service.
- Two teams under a Head of Administration, one dealing with the booking in and processing of applications, ensuring all applications are validated to target times, taking off measurements from drawings to ensure fees deposited are correct, acknowledging valid applications to agents and owners with details of onward process. Identifying certification from various competent Person schemes, FENSA, PART P, CORGI etc for satisfactory completion of projects. Maintenance of IT systems.
- The second dealing with customers in person and on the telephone (with a volume of telephone calls of approximately 4000 per month). Dealing with all correspondence; letters, Notices, certificates, as well as land charge searches, sewer map reproduction, personal searches, FOI requests etc.

3.2 There will also be the opportunity to expand and include a marketing manager to attract new clients, operate and manage customer relationship / key account functions including database management. This has been planned for year 3 but maybe brought forward depending on market conditions.

3.3 There is also the opportunity to offer a consultancy service of structural engineering provided the post will be self funded from the savings currently allocated to buying in the service and from income which can be generated from selling the service on to other local authorities.

4. Operations

4.1 The following operation has been agreed with the managing surveyors and head of administration as the best way of delivering an improved service utilising the resources available it is imperative for the service and has been agreed with all staff that the greatest advantage of having a large pool of staff is the flexibility it will allow in matching resource with demand. This is true both of the administration support and operational staff and was reinforced by staff throughout the second STG away day on 11 September 2007.

- The majority of calls for daily visits to be prepared by late afternoon the previous day and allocated to officers via IT system. Distribution organised by area managing surveyor or delegated in his absence.
- The remainder of calls (ie up to 10am on the day of inspection) will be picked up and distributed in the central office and relayed via IT system or telephone to the inspecting surveyor.
- Managing Surveyors will attend the central office daily but, where they are looking after satellite offices, may need to attend later in the day, having resolved any issues at the satellite office and/or carrying out inspections they have organised on their way to the office.
- Operational Surveyors will, in the main, operate out of the central office. However, those attending satellite offices are encouraged to carry out inspections on their way in, arriving later in the day having carried out inspections from early morning.
- It is imperative that surveyors carrying out inspections before attending the office telephone in to the central office to advise of their starting inspection address and likely itinerary (there are IT solutions to this issue of Health & Safety of lone workers).
- It is essential that any staff who will not be attending work because of illness, advise the central office as early as possible and where it involves Inspecting Surveyors, they must advise the Managing Surveyor of their workload so that all visits can be reallocated. In order to prepare surveyors for the use of tablet PC's in the new Partnership, it is suggested that these are introduced during the lead-in process and as soon as practical to assist staff in training at their implementation on day one re-distributed.
- In order to enhance the training and development of trainees and assistants, it is essential that trainee programmes are agreed, implemented and monitored, and that trainees are attached to one (or more) Managing Surveyors to assess their development. Similarly, it is important that Assistants are able to discuss problems/issues identified during the day with their Managing Surveyor or other more experienced colleagues and, therefore, it is envisaged they will spend sufficient time in the central office to accommodate this.
- Wherever possible, in order to prevent architects coming into the office, surveyors will meet architects/designers/developers at their offices or on site so as to resolve issues more effectively and improve competitiveness with AI's.

Accommodation

5.2 Due to difficulty in securing suitable accommodation with parking from 1 October 2007 the operation will have to run from two centres for a number of weeks. The latest predication for accommodation to become available for all staff is the middle to end of November. In the interim STG's main administration and operational hub will be at

Medway's current Building Control Office with areas for 4 and 5 operating out of Swale's Building Control Office.

- 5.3 All applications will be registered and scanned at Medway with hard copy being delivered to the Swale office by DX system 1 day later. Swale staff will have access to the MIS headway software which will hold and process all STG's building control applications via the Kent Connects system.
- 5.4 When the new accommodation for all staff becomes available the Swale office will remain open as a satellite office to allow for remote plan checking by some staff in order to save on travelling time and make better use of resources.
- 5.5 The following has therefore been agreed when the new accommodation comes available:
- 2 desks at satellite office, with storage capable of holding around 1 year's live files.
 - Satellite offices must have good IT and telephone links to the central office.
 - It is essential that the accommodation also includes a meeting room (which may be able to be sub-divided) to facilitate meetings with customers, architects, developers, allow for staff training facilities, be able to be used as an overflow when main office fully manned and be available for plan checking without office disruptions.
 - In order to reduce the storage capacity required at the central office each authority has reviewed its live files currently stored. Many files dating back years are probably completed or the building occupied without notification to us; others will be abandoned projects or very slow projects. These files that are out of time for enforcement action should be digitally recorded and discs numbered so that, if they are required in the future, they can be resurrected but, if not, they will remain incomplete and will probably only be referred to when sale transactions are being processed. These files have either been or are in a planned programme of scanning, thus reducing the burden of storage at the central office.

5. Marketing

- 5.1 One of the major advantages of the extra resources that will be available for STG is the opportunity to take full advantage of marketing the service. It has been very difficult for small units to sell the service to the residential and commercial sectors as winning such work has resource implications which smaller operations have a difficulty in absorbing.
- 5.2 Effective marketing is essential in ensuring the sustainability and progression of the Partnership. However, the essential skills to develop a marketing strategy were not available with STG and it was agreed to buy in expertise from marketing specialist.
- 5.3 The company selected was Rhys Jones Consultants who have a ten year history with building control as they were engaged by Local Authority Building Control to spearhead the successful marketing campaign to resist competition when Corporate Approve Inspectors first came on the scene.
- 5.4 The group also saw internet access as an important tool in bring about effective communication with customers and clients and a website designer was engaged to produce an innovative web page with the necessary links back to each Authority to ensure continuity of service.
- 5.5 The brief given to Sandi Rhys Jones from the Consultants was to:
- Develop a marketing strategy for the Partnership
 - Develop a brochure for the Partnership
 - Liaise as required with the appointed web designer to ensure that the design and content are consistent with the marketing strategy and brochure
 - Liaise as required with the Project Manager for the project, PML Group, with regard to progress and completion of deliverables against the project programme.
 - Present the proposed marketing strategy to the project Steering Group and Management team.
- 5.6 At the outset of the project it was agreed that the marketing strategy should focus primarily on the high value, relatively low volume commercial market for STG, i.e. developers, house builders and their professional advisers. This market is expected to increase significantly because of the major regeneration programmes underway for the area covered by the Partnership.
- 5.7 It was recognised, however, that whilst the commercial sector is the primary target, STG must also provide services to the lower value, high volume domestic market, together with carrying out its statutory duties.

5.8 The consultant took the four strategic principles of marketing; Product, Place, Price and Promotion and developed areas where the Partnership could influence each:

Product

- Emphasis quality of service, including certification to ISO 9000
- Reinforce with customer relationship function, geared to Key Accounts
- Develop new consultancy services
- Provide training programmes for customers
- Expand recruitment drive
- Vigorously promote warranty schemes

Price

- Make the most of efficiencies created by Partnership
- Adding value – warranties
- Produce hard evidence of added value through case studies
- Measure impact of new services
- Monitor satisfaction levels regularly
- Develop on-line services

Place

- Clarify position in noisy marketplace by defining its location and operating area
- Establish a clear identity
- Build an effective network with key regeneration players
- Exploit Compass Centre and other new buildings
- Act as facilitator to potential customers

Promotion

- Agree, differentiate and prioritise commercial and domestic markets
- Identify and agree contacts and relationships
- Define appropriate and clear messages to different customers and users
- Establish a core team with appropriate skills, building marketing capability
- Agree timescales for implementation of marketing plan
- Maintain dialogues through project close-outs, regular events and news
- Exploit success in seminars, leaflets and press coverage

5.9 Using the principles above and by ensuring the development of a lively, informative, website the Partnership will be able to effectively market its service to all sectors of the community. A Steering Group, consisting of lead officers from the three authorities, felt that this aspect was so important to the continued success of the Partnership that a segment of the recent staff Awayday was specifically selected to update the staff on marketing and the strategy to be employed. Feedback from the Awayday has been very positive and staff have welcomed the opportunity to explore ways in which the Partnership can expand its business.

5.10 A copy of the engagement brief and marketing strategy is reproduced in Appendix 4.

5. Finance

Financial Arrangements

Below is the Forecasted Budget for STG for the period Oct 07 – March 08. The summary figures have been calculated on the following basis -

- The contribution payable from each of the Partners for the first 12 months is based on the Net Direct Costs that each Partner would have incurred had the Partnership not been formed.
- No support services costs will be charged to the Partnership for the 1st Year unless it can be clearly demonstrated that real additional costs have been incurred. These will already be budgeted for within the Partners respective budgets and it is unlikely that any savings on these budgets could be achieved by the Partners within the first 12 months.
- Any additional costs that will be incurred as a result of the Partnership have been taken into consideration when calculating the Net Cost of STG.

STG Building Control Partnership Budget for Oct 07 - Mar 08

	YR 1 (Oct 07-Mar 08)
<u>Direct Costs</u>	
Salaries	602,920
Salary Increases	23,902
Running Expenses	111,491
Increases	4,524
Direct Cost	742,837
<u>Support Services</u>	
Accommodation	9,763
HR Services	
Legal Services	
ICT Support	
Finance Support	
Total Cost	752,600
<u>Income</u>	
Fee Income	(639,402)
Consultancy	
Net Cost	113,198
<u>Contributions</u>	
Gravesham	(7,822)
Medway	(80,471)
Swale	(73,541)
Total Contributions	(161,834)
(Surplus) / Deficit	(48,635)

Please note – A Breakdown and Commentary of the STG Year 1 Budget Figures is detailed within Appendix 5.

As any Surplus generated by Building Control Fee Earning Work is 'Ring Fenced' for Building Control, it is proposed that the Surplus at the end of the 1st Year will be re-invested back into the Service and assist towards the cost of Harmonisation and other Service Improvement Costs.