

# **SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE**

**12 JUNE 2014**

## **SOUTH THAMES GATEWAY BUILDING CONTROL ANNUAL REPORT**

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

### **Summary**

This report seeks to inform Members of the performance and financial information for the year 2013/14.

#### **1. Budget and Policy Framework**

- 1.1 The Joint Committee requires the preparation of monitoring reports to be reported to the Officer's Steering Group and Joint Committee.

#### **2. Background**

- 2.1 As the draft Business Plan is written in July/August with amendments up to December, Members have requested an annual report to give an overview of the Partnership's progress throughout the year.

#### **3. Executive summary**

- 3.1 The construction industry showed signs of a recovery in 2013/14, in particular with increased activity within the domestic market. The end of year outturn reflected a position reported to Members in the first quarter in that the number of building regulation applications increased by around 19%. The income generated from these applications was however around the same as that generated in 2012/13.
- 3.2 The fact that an increase in applications has not generated a commensurate increase in income demonstrates that the value of construction work in the area has still not risen to the expectations reported in the media. The increase is predominantly in the domestic and residential markets and these have become highly competitive, given the general low level of activity in the construction sector against that 5 or 6 years ago. During that time many approved inspectors reduced their workforce and those individuals have either set up their own companies or joined together operating under a larger corporate approved inspector on a commission basis. This trend across the domestic market has been reported nationally through LABC (the Local Authority Building Control organisation). Despite this pressure, the partnership has maintained over 80%

market share in this area and has increased its partnering companies to 37 in the locality.

- 3.3 This year has been marked by the investment in a new back office system, which is fundamental to the way the partnership will be able to operate in the future. It will enable surveyors to operate in a mobile environment, give better access to records for both staff and customers and will pave the way for the possibility of future expansion of the partnership as geographical barriers will be broken down. The fundamental principles of the partnership in building in resilience, improving customer service and reducing costs to the partner authorities are intrinsically linked to this development. With all applications captured electronically and with an investment in the necessary supporting equipment, surveyors will be able to not only record inspections in real time but will have the facility for checking applications on line and carrying out consultations without the need for face-to-face meetings or viewing paper based applications.
- 3.4 All staff worked tirelessly to ensure customer service was kept at a premium during the transfer process and have continued throughout the year to develop their range of skills to facilitate a more rounded service to customers with additional services through the consultancy.
- 3.5 In addition to the challenge of moving from one system to another, the partnership has been gearing up this year to a number of other potential changes. Along with the changes required in working practices with preparing for and adopting a mobile solution, new accommodation has had to be sought with the expiry of the lease at the Compass Centre. For the first time we have lost three members of staff who have moved to the private sector, but we have used the opportunity to diversify and introduce new roles to meet the demands of the future. The real possibility of expansion is also being examined and could come to fruition in 2014/15, introducing new resilience, new staff skills and reducing costs to the constituent authorities.
- 3.6 2013/14 has therefore been a year of change, both potential and real and will lay the foundations for further improvements to the service in the future. As the construction industry recovers from the recession, the partnership will be in a strong position to meet the challenges ahead.

#### **4. Director's comments**

- 4.1 With a slow but perceptible recovery in the building industry, we have seen an increase in the competition for work and staff in the area. As mentioned above this year of change has seen both practical and personnel changes to the partnership, however, staff have maintained an excellent service across all of our activities, building regulations, public protection and consultancy. Not only was there the adoption of a completely new IT system but also the search for and identification of the new accommodation base for the partnership, the movement of some colleagues to the private sector, the potential expansion of the partnership which would engage new staff members and an internal review by Medway of all staff's pay and grading. This together with the opportunities that mobile working will bring and the challenges that will need to be overcome

have been borne out by the resolve within the partnership to continue its success and improve still further.

- 4.2 The resilience of the partnership was proven throughout the year in moving staff between our three service areas so as to match resources with demand and ensure that our balanced budget target was met.
- 4.3 The income generated from building regulation applications was around £161,000 below the budgeted figure however sufficient savings had been made through the staff budget, premises budget, supplies and services and support SLAs together with additional income generated through the consultancy, regularisations and land charges income to generate a surplus of around £35,000 which has been placed in the general reserve. As reported to Members in March, there is currently no budget allocated for the move to the new accommodation nor is there a budget for improvements to the building to facilitate the full use of the IT solution and agile working. Joint Committee is asked to approve the use of the reserve to pay for the move, dilapidations, IT upgrade to the Foord Annexe and any necessary fit-out requirements.

## **5 Resources**

- 5.1 The increased number of applications generated a greater number of requests for inspection and under the new charges legislation we have less discretion in respect of a carrying out a notified inspection. This is because there is an expectation that the inspection framework will be adhered to so that when we make a request for a particular site visit it is on the basis that the site visit will go ahead. This demand created a pressure towards the end of the summer as one of our senior building control surveyor's left. Coinciding with this departure, we were also carrying out fire risk training for the Housing Department and were preparing for the transfer of the back office system.
- 5.2 Given the usual demand for annual leave at this time we reallocated staff to various tasks to maintain service delivery, once again proving the benefit of the partnership's larger workforce.
- 5.3 A monitoring officer role was introduced at the beginning of the year to assist in capturing data on an increasing number of unauthorised works which were being carried out in the area. This temporary position proved very successful in obtaining evidence that could be presented to the legal teams at Gravesham, Medway and Swale to determine which prosecutions to take forward. We will be considering in the new business plan an option for creating an enforcement role, so as to be more proactive in this area.
- 5.4 In the third quarter of the year, a member of the administration team resigned and we used the opportunity to consider what resource the operation needed to facilitate the move towards mobile working. In order that surveyors are using the most up-to-date plans and details it is important that new paper copies of plans, amended plans etc deposited through the process are scanned and attached to the relevant electronic application. Up until that point members of the technical administration team had been allocated time on the scanning station but it was determined that a permanent member of staff was now

required in order to keep up-to-date with information on each application. The new role was created and funded from the savings of the technical administrator position, the latter being deleted from structure. Monitoring of this role since its introduction has proved that it is now a vital element in the processing and delivery of an application being available to surveyors electronically and may need extending should the partnership expand.

## **6 IT**

- 6.1 The IT change in August/September to the new back office system had to be rigorously controlled so as to maintain the service whilst records and access to the system were suspended during the transfer. The adoption of the new system went remarkably well and an excellent working relationship developed between ourselves and the new supplier, Tascomi. Since then a number of alterations and improvements have been requested and implemented and by the end of the year we were able to begin trials using iPads and begin to appreciate the benefits of working with an internet based company. By the end of the first quarter in 2014/15 all operational staff will have the necessary equipment so as to operate in a more mobile environment.
- 6.2 Trials have shown that the system, called Te-Build can be accessed anywhere where a signal can be obtained. We are now working with Tascomi to develop an off-line solution which will enable work to be carried out on daily workloads where an internet signal is either weak or non-existent. This will allow for site records to be updated in real time and uploaded to Te-Build as soon as a signal is acquired.

## **7 Performance**

- 7.1 Given all the changes at this time and the various demands on resources, performance standards reported to Joint Committee were adjusted to take account of these circumstances and agreed by Members. Throughout this time there was no detriment to the customer facing service as all staff worked tirelessly to maintain service.
- 7.2 Maintaining the target of 70% of plans checked within 10 working days through August, September and October was reported to Members as not likely to be achieved because of the transfer of data required from the old MIS system to the new Te-build system. Several weeks of work had to be registered on a separate drive and dual systems were used to ensure that no applications were lost. The plan vetting targets for Q3 and Q4 reflect this, however, the end of year averages were close to or exceeded the annual target. The impact of the technical administrators was equally felt by the switchover but targets for the SLAs with Swale and Medway were maintained. The table below reflects the performance levels attained and also reflects the impact of resource changes during the year and the movement of staff between building regulation and consultancy services.
- 7.3 Another impact on performance was the demand created by the extreme weather conditions between October and January. There were many requests for inspections of potential or real sink holes, failing retaining walls and other structures affected by the strong winds and excessive rain fall.

- 7.4 Unfortunately, the ramifications of these dangerous structures is continuing as funding to repair these structures is not always covered by insurance and some owners have not insured these risks in the first place. Where work has had to be carried out under the emergency measures of Section 78 of the Building Act 1984 or action by a magistrates court order under Section 77, it falls upon the Local Authority in which the property exists to carry out remedial works and recharge the owner where they are not able to make the structure safe. In most cases this will result in a charge being placed on the property.
- 7.5 Failing structures adjacent to the highway often fall between building control and the highway authority to deal with and this can introduce further delays affecting repairs and introducing issues in respect of ownership.
- 7.6 The weather incidents during the year have left a number of unresolved dangerous structure issues that will result in expenditure of many thousands of pounds by the partner authority. This can only be reclaimed through a charge on the property when it is sold or in extreme cases compulsory purchase of a property.

#### Quarterly Performance

	% plans checked within 15 days	% plans checked within 10 days	% determined within 5 weeks /or 2 months	No of PCI's (Pre-Contraventions Interventions)	% completion certificates sent within 5 days of completion	Registration & Acknowledgement within 3 days	% LC Searches - Medway within 3 days	% LC Searches - Swale within 3 days	HIPs (Building Information Searches) - within 10 working days
<b>2011-12</b>	<b>Target 85%</b>	<b>Target 70%</b>	<b>Target 100%</b>		<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>
<b>Q1</b>	88.85%	53.38%	90.79%	25	99.10%	88.82%	100.00%	99.66%	91.78%
<b>Q2</b>	88.34%	71.43%	99.47%	377	98.48%	97.54%	100.00%	100.00%	92.78%
<b>Q3</b>	90.79%	70.39%	100.00%	319	99.32%	99.71%	100.00%	100.00%	100.00%
<b>Q4</b>	96.63%	75.96%	100.00%	411	100.00%	95.22%	100.00%	100.00%	100.00%
<b>AVG</b>	91.15%	67.79%	97.57%	1132	99.23%	95.32%	100.00%	99.92%	96.14%
<b>2012-13</b>	<b>Target 85%</b>	<b>Target 70%</b>	<b>Target 100%</b>		<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>
<b>Q1</b>	91.45%	69.14%	100.00%	203	99.66%	99.80%	100.00%	100.00%	100.00%
<b>Q2</b>	97.06%	84.03%	100.00%	166	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Q3</b>	96.89%	85.74%	100.00%	122	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Q4</b>	92.92%	69.34%	100.00%	121	94.90%	58.06%	100.00%	100.00%	41.84%
<b>AVG</b>	94.58%	77.06%	100.00%	612	98.64%	89.47%	100.00%	100.00%	85.46%
<b>2013-14</b>	<b>Target 85%</b>	<b>Target 70%</b>	<b>Target 100%</b>		<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>	<b>Target 95%</b>
<b>Q1</b>	81.67%	55.33%	100.00%	124	97.08%	73.61%	100.00%	100.00%	76.32%
<b>Q2</b>	89.30%	68.37%	100.00%	92	100.00%	99.53%	100.00%	100.00%	100.00%
<b>Q3</b>	89.27%	61.59%	100.00%	174	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Q4</b>	91.05%	58.06%	*	91	100.00%	52.98%	100.00%	100.00%	100.00%
<b>AVG</b>	91.05%	66.27%	100.00%	481	99.66%	85.49%	100.00%	100.00%	96.37%

\* unable to provide data until 8 weeks following quarter end

## **8 Consultancy**

- 8.1 Towards the end of the year and following a number of discussions around the fire risk assessments that had been carried out in the communal areas of flats, we were invited by Medway's housing group to look at the internal arrangements of some of the most at risk premises within a number of blocks of flats. This work did not commence until the final quarter of the year but is now feeding into the housing improvement plan which extends the works which were required in the communal areas and looks at where additional compartmentation, early warning, fire doors and means of escape are required within individual flats. We also continue to be engaged in carrying out condition and scoping surveys for that group in order to meet the decent homes standards.

## **9 Expansion**

- 9.1 In the second quarter of the year, Canterbury took an options appraisal to their executive meeting and agreed to pursue the option of joining the partnership as their preferred way forward. Meetings were therefore held through the summer and autumn with senior officers at Canterbury to determine how this could be properly examined. Members at Joint Committee discussed this possibility and were in agreement with the expansion of the partnership provided it could be seen as a benefit to the existing three authorities. By the end of the year a steering group had been set up to try and drive this forward and it was determined that a number of working groups, similar to that formed when the three authorities were creating the partnership, was the best way forward and a project manager was allocated to the task.
- 9.2 Fundamental to the expansion was the due diligence test which could be applied to any proposed financial or business plan and therefore it was agreed that discussions should be based on actual outcomes from both Canterbury's and STGBC end of financial year figures. It will be an objective in the 2014/15 plan to take this project forward and look at all aspects of the proposal via the working groups: operations, HR, finance, IT and legal. These would report to a steering group, which would determine and produce a business plan for the proposal.

## **10 Accommodation**

- 10.1 As the lease on the compass centre runs out in 2015 it was important to start to search for likely new headquarters for the partnership. In order to try and keep the partnership in the same geographical area a number of options were looked at on the Medway City Estate, however, they were discounted as communication links are poor and the proposals put forward would require expensive alteration to make them viable. Two proposals were considered more favourably and taken to Joint Committee; these were the Foord annexe adjacent to Eastgate House in Rochester and also an offer to take up part of a floor in Gravesham's Civic Centre. Whilst costs for both rental and business rate were comparable between the two it was determined that it would be preferable to operate from a neutral location which aligned with the original concept of the partnership. It was determined therefore to take up the option of

moving to Rochester in October 2014. A number of considerations have to be taken into account in this move, which will be the first move that the partnership has had to fund out of its own budget. As well as the move itself there are a number of additional costs that have to be taken into account in particular the IT demands that our progress to mobile working will rely on. The accommodation is considerably smaller than the current compass centre and whether or not the partnership expands there will be an expectation of some 'hot desking' and use of shared facilities within the accommodation.

## **11 Conclusion**

- 11.1 The partnership has proved once again the benefit of having a resilient workforce which has been able to diversify throughout the year so as to allocate resources to meet demand. The benefits of moving to a web based, back office system will expand into 2014/15 as we fully implement the mobile solution allowing greater flexibility to staff and an improved service to customers. This in turn will lead to the adoption of new working practices which together with new accommodation and the potential for expansion highlights a further challenging and rewarding year for the partnership in 2014/15.

## **12 Finance and Legal Implications**

- 12.1 The end of year monitoring statement is included in Appendix 1. Examples of the savings and income generation can be found in 4.3. The Partnership recorded a surplus of £35,212 which has been added to the general reserve. There are no legal implications as a result of this report.

## **13 Risk Management**

- 13.1 There are no risks within this report.

## **14 Recommendations**

- 14.1 Members are asked to note the contents of the report and approve the use of the reserve to pay for the move and all associated works with regard to the Foord Annexe.

## **15 Suggested Reasons for Decisions**

- 15.1 The Constitution requires the Joint Committee to maintain a monitoring role on the progress of the partnership including the use of any surplus at the end of the financial year.

### **Lead officer contact**

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**Background papers:** None



## Year End Budget Monitoring Report

Subjective Description	Current Year Total Budget	Total Actuals and Commitments Year to Date	Manager's Forecast	Manager's Variance
Admin Staff	1,080,172	991,472	991,472	(88,700)
VDU/Eye Tests	0	34	34	34
Medical Referrals	0	85	85	85
Clothing Allowance	2,000	300	300	(1,700)
Call Out Fees	11,000	11,124	11,124	124
Employee Related Insurance	1,601	1,601	1,601	0
Staff Training	7,000	4,635	4,635	(2,365)
Staff Training STG Consultancy	7,000	(980)	(980)	(7,980)
	<b>1,108,773</b>	<b>1,008,270</b>	<b>1,008,220</b>	<b>(100,503)</b>
Repairs Maint Buildings Gen	3,500	3,022	3,022	(478)
Electricity	5,500	4,850	4,850	(650)
Gas	3,500	2,276	2,276	(1,224)
Rents External	55,282	55,282	55,282	0
Non Domestic Rates	25,000	25,801	25,801	801
Water & Sewerage Charges	2,000	706	706	(1,294)
Contract Cleaning	6,000	1,299	1,299	(4,701)
Window Cleaning	700	0	0	(700)
Trade Refuse	350	405	405	55
Premises Insurance	700	1,459	1,459	759
	<b>102,532</b>	<b>95,101</b>	<b>95,100</b>	<b>(7,432)</b>
Vehicle Insurance	330	335	335	5
Public Trans	500	67	67	(433)
Park Fees	250	159	159	(91)
Staff travel -Leased Mileage	7,000	1,562	1,562	(5,438)
Casual User	500	234	234	(266)
Essential User	38,000	35,200	35,200	(2,800)
	<b>46,580</b>	<b>37,558</b>	<b>37,557</b>	<b>(9,023)</b>
Equip/Furn/Mats	1,500	266	266	(1,234)
Equip Rental Leases Licences	2,400	4,636	4,636	2,236
Equip Annual Maintenance	3,500	1,613	1,613	(1,887)
Books/Pubs/News0	2,500	1,802	1,802	(698)
Bottled Water Coolers	400	177	177	(223)
Refreshments at Meetings	500	22	22	(478)
Printing Stat & Gen Off Exps	0	0	0	0
Printing	2,000	2,057	2,057	57
ConsultancyPublic Protect	2,000	151	151	(1,849)
Printing Public Protect	500	0	0	(500)
Stationery	3,200	2,077	2,077	(1,123)
Stationery STG Consultancy	1,500	(160)	(160)	(1,660)
Stationery Public Protect	500	0	0	(500)
General Office Expenses	250	98	98	(152)
Microfilming	500	0	0	(500)
External Audit Fees	4,000	2,030	2,030	(1,970)
Agency Staff Security	1,200	919	919	(281)
Consultants Fees	0	3,623	3,623	0
Consultants Fees Chargeable	5,000	0	0	(5,000)
Consultants Fees Non Chargeabl	1,000	0	0	(1,000)
Consult Fees Part P Electri	1,000	5,040	5,040	4,040
Consultant FeesSTG Consultancy	6,000	5,740	5,740	(260)
Consultancy Public Protect	1,000	775	775	(225)
Other Fees	250	0	0	(250)
Land Registry Fees	1,000	718	718	(282)
Pager Mobile Phone	3,200	1,599	1,599	(1,601)
Call Costs	130	29	29	(101)
Line Rental	270	113	113	(157)
Postage	7,000	5,519	5,519	(1,481)

Subjective Description	Current Year Total Budget	Total Actuals and Commitments Year to Date	Manager's Forecast	Manager's Variance
PostageSTG Consultancy	1,500	300	300	(1,200)
Computer Hardware	2,000	2,831	2,831	831
Computer Software	25,200	70,529	70,529	45,329
Subsistence	1,000	0	0	(1,000)
Subscriptions	8,000	7,512	7,512	(488)
StationeryPublic Protect	1,000	(46)	(46)	(1,046)
All Risks Insurance	1,030	1,030	1,030	0
Officials Indemnity Insurance	500	500	500	0
Publicity	7,500	0	0	(7,500)
Publicity STG Consultancy	2,000	0	0	(2,000)
Publicity Public Protect	500	0	0	(500)
Miscellaneous Expenses	0	32	32	32
Advertising	500	0	0	(500)
Contribution to Reserves	0	35,212	35,212	35,212
Contribution to I.T. Reserves	5,000	5,000	5,000	0
Contributions to Bad Debt Prov	0	0	0	0
	<b>108,030</b>	<b>161,744</b>	<b>161,744</b>	<b>50,091</b>
Fin Mgmt SLA	8,100	8,100	8,100	0
Exchequer SLA	5,200	5,200	5,200	0
HR SLA	3,416	3,416	3,416	0
Org Dev SLA	2,534	2,534	2,534	0
Adv & Cons SLA	954	954	954	0
HR Ops SLA	742	742	742	0
HR Resource SLA	962	962	962	0
H&S SLA	1,002	1,002	1,002	0
IT Comp SLA	25,200	25,200	25,200	0
Legal SLA	10,100	0	0	0
	<b>58,210</b>	<b>48,110</b>	<b>48,110</b>	<b>0</b>
Provision For Bad Debts	0	9,718	9,718	9,718
	<b>0</b>	<b>9,718</b>	<b>9,718</b>	<b>9,718</b>
Conts from OLAs	(327,549)	0	0	327,549
Contributions From Reserves	0	(46,894)	(46,894)	(46,894)
Non-Med Oth BodNon-Med Oth Bod	0	(327,549)	(327,549)	(327,549)
	<b>(327,549)</b>	<b>(374,443)</b>	<b>(374,443)</b>	<b>(46,894)</b>
Fees & Charges General	(4,500)	(7,889)	(7,889)	(3,389)
Land Charges Fees	(25,000)	(30,810)	(30,810)	(5,810)
Building Control Fees	(942,076)	(781,198)	(781,198)	160,878
BldCtFeeConsultSTG Consultancy	(85,000)	(99,661)	(99,661)	(14,661)
Bldg Ctrl Regularisation	(40,000)	(56,514)	(56,514)	(16,514)
Bldg Cont Fees Part P	0	(6,923)	(6,923)	(6,923)
BldCtFees PartPPart P Electric	0	(2,837)	(2,837)	(2,837)
Advertising Income	0	(180)	(180)	(180)
Miscellaneous Receipts	0	(47)	(47)	(47)
<b>SUBTOTAL FOR OTHER INCOME</b>	<b>(1,096,576)</b>	<b>(986,059)</b>	<b>(986,059)</b>	<b>110,517</b>
<b>TOTAL EXPENDITURE</b>	<b>1,424,125</b>	<b>1,360,502</b>	<b>1,360,502</b>	<b>(57,178)</b>
<b>TOTAL INCOME</b>	<b>(1,424,125)</b>	<b>(1,360,502)</b>	<b>(1,360,502)</b>	<b>63,623</b>
<b>TOTAL RECHARGES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL NET</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,445</b>