

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

10 June 2015

SOUTH THAMES GATEWAY BUILDING CONTROL PARTNERSHIP 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 2014/15.

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 expected 'take off' for the construction industry never really happened in 2014/15. Early signs of a recovery soon fell away and with the sector levelling off through mid year was one of the only areas to show negative growth in the final quarter.

3.2 The number of building regulation applications fell by 9% against the previous year however income rose by 4%. There was a slowing up of work in the domestic and residential sectors which is reflected in the number of applications. However, we were able to win a number of significant larger projects which helped increase the income.

3.3 Our staff resources were badly hit in the first quarter losing four staff to the private sector. After trying unsuccessfully to recruit, a market premium was introduced which did not, unfortunately, attract any new staff but did assist in preventing other staff leaving. In order to use our resources to best effect, we altered area boundaries,

took on selected temporary staff, both in building control and the consultancy so as to match resources with demand and outsourced some consultancy contractual work.

- 3.4 The potential expansion of the Partnership to include Canterbury was pursued throughout the year. However, the legal requirements for TUPE transfer introduced an unacceptable risk to the Partnership and the alternative operation put forward did not accord with the precepts of the Partnership's set up and so the project was suspended unless a proposal was brought forward by Canterbury City Council which did not place any additional financial or operational risk on the existing partners. The partnership is still looking to expand where any authority wishing to join follows the same criteria.
- 3.5 Whilst the move to Rochester proved very problematic because of the lack of a suitable IT feed into the building, we did eventually move at the end of January, some four months late. However the move was extremely well organised and provided full continuity of service to customers over the two day move. The delays and consequent additional costs were reflected in savings in Medway's SLA's and with the additional income generated in charges and through the consultancy income we were able to post a surplus of £32,532.

4 Directors Comments

- 4.1 Whilst we were expecting a healthy increase in construction sector this year we became aware that through the summer things were beginning to slow down again. We had lost three surveyors and a technical assistant to the private sector and even though they were put on garden leave, we expected a number of our regular clients would be tempted to follow the surveyors into the competition ranks. However, I am pleased to say that in general we maintained our customer base and our market share remains at around 78%.
- 4.2 The resilience of the Partnership was tested with the loss of staff. However, we were able to move staff around to meet the various demands across the service and whilst it remains difficult to recruit staff we were able to tap into a number of agencies so as to recruit temporary staff of the correct calibre to deliver our services across our three areas of operation. We also changed our recruitment policy to look at bringing in other construction related staff to train up as surveyors having commenced with us as Assistants and this has proved very successful.
- 4.3 When reviewing the forecast budget in January we were aware of a number of pressures created by our extended stay at the Compass Centre and the additional cost of using temporary staff. The income for the last two months of the year can be extremely difficult to forecast although we had made some substantial savings through the year it was clear that as no substantial recovery in the industry had occurred we would not be meeting our expected income figure. However, not only was the consultancy income above expectation, so was the building control income. We were also able to negotiate reductions in some of the expected charges because of events which were outside our control. We were therefore able to produce a balanced budget and generate around a £30k surplus which has been put in the reserves for consideration as to re-investment into the service.

- 4.4 There are a number of areas which have been cited in the Business Plan which could benefit from this investment. As we were unable to progress with the transformation bid grant for £15,000 we do not currently have funding for investigation into moving the Consultancy into a local authority company. It was previously discussed that each partner could contribute £5,000 so that this could be taken forward. However, using the reserve would alleviate this additional pressure on the Partners.
- 4.5 Also in order to continue the development of our service we need to improve the quality and functionality of our website and move from an 'access' database to the 'sequel' format. Investment of the remainder of the reserve would take this important project forward without placing any further pressures on the 2015/16 budget.

5 Resources

- 5.1 There has been a significant impact on the staffing resources we have had to deliver a service this year. On top of the two vacancies we were already carrying three building control surveyors left between March and June 2014 and one technical administrator left in August. Each of these four staff members left to join approved inspectors, as competition for staff within the private sector has greatly increased over the year. Unfortunately as there would be a conflict of interest with their new employment each of the staff members had to be put on garden leave, which meant we lost their services as soon as they handed in their notice. We went out immediately to try and recruit staff but as little training has been undertaken throughout the industry there are less and less surveyors or indeed administrators with the necessary technical skills available for recruitment. It was important to both retain the existing staff and try to recruit new staff. Members therefore agreed to include a market premia in the offer to both existing and new staff.
- 5.2 In order to continue delivering the service through this period we recruited two temporary Senior Building Control surveyors from agencies, however, the general shortage meant that these were a rare commodity and also expensive to employ. Even with the additional market premia, the salaries and employment packages being offered by the private sector far outweighed the public sector offer and despite going out to advert three times we were unable to recruit. In order to overcome this problem we looked at other strategies including employing a dedicated temporary Stock Condition surveyor, freeing up a surveyor to return to building control duties, and looked to recruit to a new role of Assistant Building Control surveyor who would have a more limited role in delivery of the service focussing on the domestic market.
- 5.3 We were also engaged to continue the fire risk assessments of council owned properties. Unfortunately as the number of our building control staff diminished we had to move our surveyors off of fire risk assessments and had to engage a specialist to carry on the programme ensuring we could continue the programme as a cost neutral outsource.
- 5.4 A review of the housing asset management was undertaken through the year and it was found that the new data from STG's stock condition surveys was proving very reliable in generating work schedules from their asset management system.

Negotiations continued over the second half of the year and an SLA was signed giving us the contract to carry out 600 surveys per year over the next two years allowing for some certainty in the employment of permanent staff for the contract period.

6 IT

- 6.1 The trials of the iPads began in April, testing their usage throughout the STG area. It soon became evident that there were a number of poor areas of reception in both Gravesham and Swale and certain areas in Medway with a weaker signal. Having procured the equipment through Medway we discovered that they were contracted with O2 and that that provider did not have good coverage in the remainder of the area. We therefore moved to EE which now provides much wider coverage and the availability of 4G which gives a much faster response.
- 6.2 The remainder of the surveyors were then provided with iPads with the new data chips and from September onwards have been progressively using iPads to develop our remote working opportunities. Further training and the purchase of dedicated software which will allow for greater interaction with the back office system and development of the recording of site inspection notes and necessary sketches together with photographs uploaded to the back office system from site.
- 6.3 In October we hosted a day of presentation and demonstration of our system to Powys Council building control as they were interested in developing a more robust remote working facility to compliment a move to a paperless office. They were impressed with both the IT software and the partnerships set up, parts of which they would take back to their authority as it would simplify some of their procedures and improve their service. In February this year we noted that they have signed up with Tascomi and we look forward to further work with them in developing the building control system.

7 Performance

- 7.1 Losing three surveyors in the Spring without the possibility of replacement was always going to affect the surveyor's performance statistics. Members were alerted early to the fact that in order to maintain delivery of our inspection service we would have to divert surveyors away from the plan checking process. Whilst there are two internal targets for plan vetting, percentages within 10 and 15 working days, the legislation only refers to a determination within 5 weeks or 2 months following deposit of the application. The performance data below shows that whilst it proved extremely difficult to achieve a reasonable target in 10 working days it was only through the Summer months that we severely struggled to hit the 15 day target. During this period however, no plans were allowed to run out of time and by re-allocating resources we were able to maintain a full service on inspections. The recruitment of temporary agency staff did help us maintain cover through the Summer months when many staff were on leave but as these were expensive they could only be engaged on short term contracts
- 7.2 Losing a technical administrator also affected the application processing statistics through the early months but on successful recruitment these returned to 100%. Throughout this period the technical administrators maintained their 100% target on

searches and land charges enquiries from the partners and solicitors so as not to lose a valuable income stream.

Quarterly Performance

	% plans checked within 10 days	% plans checked within 15 days	% determined within 5 weeks /or 2 months	No. of PCI's	% completion certificates sent within 5 days of completion	% Reg & Acknow within 3 days	% LC Searches - Medway within 3 days	% LC Searches - Swale within 3 days	% HIPs (Building Information Searches) - within 10 working days
2013-14	Target 70%	Target 85%	Target 100%		Target 95%	Target 95%	Target 95%	Target 95%	Target 95%
Apr	54.63	85.19	100.00	49	86.90	37.97	100.00	100.00	46.67
May	54.55	77.27	100.00	34	100.00	91.05	100.00	100.00	96.00
Jun	56.35	80.95	100.00	41	97.65	92.22	100.00	100.00	95.24
Jul	81.37	94.12	100.00	34	100.00	100.00	100.00	100.00	94.21
Aug	59.57	95.74	100.00	33	100.00	98.60	100.00	100.00	94.44
Sep	54.55	77.27	100.00	25	100.00	100.00	100.00	100.00	100.00
Oct	53.44	82.44	100.00	61	100.00	100.00	100.00	100.00	100.00
Nov	72.22	93.06	100.00	46	100.00	100.00	100.00	100.00	100.00
Dec	65.12	96.51	100.00	67	100.00	100.00	100.00	100.00	100.00
Jan	74.65	95.77	100.00	91	100.00	100.00	100.00	100.00	100.00
Feb	65.79	92.11	100.00	48	100.00	40.88	100.00	100.00	100.00
Mar	40.59	71.29	100.00	125	100.00	26.48	100.00	100.00	100.00
2014-15	Target 70%	Target 85%	Target 100%		Target 95%	Target 95%	Target 95%	Target 95%	Target 95%
Apr	35.29	80.88	100.00	128	100.00	97.31	100.00	100.00	100.00
May	31.96	78.35	100.00	0	100.00	26.14	100.00	100.00	100.00
Jun	33.96	77.36	100.00	223	100.00	22.60	100.00	100.00	100.00
Jul	36.78	89.66	100.00	80	100.00	40.34	100.00	100.00	100.00
Aug	30.23	30.23	100.00	36	100.00	41.84	100.00	100.00	100.00
Sep	20.22	49.44	100.00	24	100.00	21.92	100.00	100.00	100.00
Oct	59.68	77.42	100.00	37	100.00	100.00	100.00	100.00	100.00
Nov	77.33	92.00	100.00	29	100.00	100.00	100.00	100.00	100.00
Dec	52.54	88.14	100.00	21	100.00	100.00	100.00	100.00	100.00
Jan	86.96	100.00	100.00	11	100.00	100.00	100.00	100.00	100.00
Feb	78.43	94.12	100.00	22	100.00	100.00	100.00	100.00	100.00
Mar	69.70	96.97	*	25	100.00	100.00	100.00	100.00	100.00
Cum	51.09	79.55	100.00		100.00	70.85	100.00	100.00	100.00

* unable to provide data until 8 weeks following quarter end

8 Consultancy

8.1 The work in the consultancy has broadly fallen into two areas; work related to energy assessment and work related to housing surveys. With the demise of the code for sustainable homes during the year we were expecting this area to reduce. However, many planning authorities are still specifying code level requirements under planning conditions. There are fewer registered code assessors in the area and our two registered surveyors have been engaged in a number of projects to provide these details. Unfortunately they are seen as long term investments rather than quick wins.

Still on energy assessment we have noticed an increase in the number of thermal tradeoffs required to prove compliance with the regulations and these are proving more cost effective than some of the more complex SAP work.

- 8.2 The Housing department have been reviewing their asset management strategy and we have been engaged in a number of surveys for them including stock condition surveys, decent homes and scoping surveys. We are also engaged in following up on the fire risk assessment of communal areas last year in providing the same for a number of individual properties. In January we signed a Service Level Agreement with the Housing department at Medway to deliver 600 stock condition surveys a year for the next two years giving us some longevity to resource to. For the first time in a number of years Medway are building new housing stock and we are looking after the building regulation work for these developments.
- 8.3 As we reached the last quarter the income for the consultancy did not look as though it would hit its £90k target by the end of year. However vigilant work in chasing outstanding debt and by diverting certain resources into carrying out consultancy work, we were able to post the highest income yet, achieving £118k which was roughly split £88k for Housing surveys and £30k for energy assessments.

9 Expansion

- 9.1 A focus throughout the year was the potential expansion of the partnership with the inclusion of Canterbury City Council. A great deal of effort was put into this project by both the management team at STG and the supporting officers from Medway Gravesham and Swale who took the lead on the working groups dealing with legal, financial, HR and IT issues. Unfortunately towards the end of the year it became apparent that changes in TUPE legislation had made a smooth transition into the partnership in its current format very difficult. In order to overcome some of these issues further proposals were put forward which would have impacted on the current operation of the partnership. It was therefore decided in the final quarter not to take the proposal forward at this time.
- 9.2 Despite the disappointment of not bringing this project to a conclusion the benefits from working in partnership's and shared services is being recognised more and more around the country. A recent conference held in London, organised by the Improvement and Efficiency Social Enterprise was attended by over 60 local authorities. I was able to share the progress that we have made in the partnership over the last 8 years and there was significant interest in both our diversification in using consultancy services and our progress in real time mobile working.
- 9.3 Towards the end of the year we were contacted by Maidstone Borough Council who are currently going through an options appraisal for their building control service. Some work will be carried out in April and a May to determine whether it would be beneficial to both parties for Maidstone to join the partnership and if so a further report will be brought to Joint Committee.

10 Accommodation

- 10.1 One of the major changes for us last year was our move to the Foord annexe in Rochester High Street. The move had been planned since April with a target date of the beginning of the October, by which time the then current occupants would have vacated the property. A number of alterations had to take place including the demolition of a partition wall, reinstatement of the kitchen and upgrading access doors. A further item to be addressed was the provision of an adequate IT circuit to handle the volume of data that we use daily. We were informed that it would require upgrading the 10MB circuit to 100MB. Unfortunately after a great deal of investigation it transpired that the existing circuit had been removed some years before and therefore a completely new installation was required. This was now September so a move in October was extremely unlikely.
- 10.2 Because the property is in a conservation area and is on a listed site this new installation proved to be highly problematic and we were reliant on both Virgin Media and BT working together to deliver the necessary outcome, including digging up the footpath. The delays were extremely protracted and we eventually moved into the new premises at the end of January only to find out that in digging up the footpath the gas main had been fractured and the gas to the building was now turned off. Medway rallied, obtaining a number of electric radiators which were to provide us with warmth through the colder months of February and March; however, regrettably we are still waiting a final connection.
- 10.3 However, despite all of the frustration the new accommodation has proved very successful. Not only do the staff prefer the high-street location but where we feared the public car parks may deter personal callers, our footfall has in fact increased. By reducing the footprint of the building we have been able to reduce our property costs substantially and with the development of agile and mobile working we are able to accommodate staff through a hot desks arrangement with a ratio of 6 desks to 9 surveyors.

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. This year has been particularly challenging due to the loss of four key personnel. The lack of investment in training throughout the industry has resulted in a smaller number of qualified or experienced staff being available with those that are, attracted by the additional remuneration packages in the private sector or within agency working. However, through careful selection and the re-alignment of teams and personnel we have been able to maintain our service provision across all three areas of the Partnership.
- 11.2 This has been all the more remarkable as the staff have also dealt with a move to new accommodation and major changes to working practices as we have developed our mobile and agile working using the new back office system.

Despite there being no recovery in the construction industry and the added competition in the area, we were able to maintain our market share and deliver a surplus despite a number of unexpected pressures throughout the year.

- 11.3 In 2014/15 we promised a year of change. Now with further development of our IT system, including a refreshed website and the continued growth of the consultancy with the potential to become a local authority company, 2015/16 promises to be a year of opportunity.

12 Finance and Legal Implications

- 12.1 The end of year monitoring statement is included in Appendix 1. The Partnership recorded a contribution to the reserve of £32,532 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 consultancy and legal advice into the proposal to move the consultancy into a local authority company and also be used to deliver a new website with smart technology and enable customer self-service.

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.

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Background papers

None

Year End Budget Monitoring Report

Subjective Description	Current Year Budget	Total Actuals and Commitments Year to Date	Managers Forecast	Managers Variance
Admin Staff	1,100,937	893,144	893,144	(207,793)
Admin Staff STG Consultancy	0	0	0	0
Admin Staff Public Protect	0	0	0	0
Relief&Temp St	0	78,460	78,460	78,460
Prem Retire Added Lump Sum	0	0	0	0
VDU/Eye Tests	0	17	17	17
Medical Referrals	0	0	0	0
Counselling (Support Line)	0	0	0	0
Allowances	0	0	0	0
Clothing Allowance	2,000	226	226	(1,774)
Call Out Fees	11,000	12,803	12,803	1,803
Employee Related Insurance	1,601	0	0	(1,601)
Staff Training	7,000	861	861	(6,139)
Staff Training STG Consultancy	7,000	190	190	(6,810)
Staffing	1,129,538	985,701	985,701	(143,837)
Repairs Maint Buildings Gen	3,500	560	560	(2,940)
Electricity	5,500	0	0	(5,500)
Gas	3,500	1238	1238	(2,262)
Rents External	55,282	64533	64533	9,251
Rents Internal	0	0	0	0
Non Domestic Rates	25,000	3175	3175	(21,825)
Water & Sewerage Charges	2,000	0	0	(2,000)
Contract Cleaning	6,000	234	234	(5,766)
Window Cleaning	700	0	0	(700)
Trade Refuse	350	108	108	(242)
Premises Insurance	700	0	0	(700)
Premises	102,532	69,848	69,848	(32,684)
Vehicle Insurance	330	0	0	(330)
Public Trans	500	126	126	(374)
Park Fees	250	7913	7913	7,663
Staff travel -Leased Mileage	7,000	-173	-173	(7,173)
Casual User	500	184	184	(316)
Essential User	38,000	35,140	35,140	(2,860)
Cash for Cars	0	0	0	0
Transport	46,580	43,190	43,190	(3,390)
Equip/Furn/Mats	1,500	1338	1338	(162)
Equipment	0	2000	2000	2,000
Equip Rental Leases Licences	2,400	4,523	4,523	2,123
Equip Annual Maintenance	3,500	251	251	(3,249)
Books/Pubs/News0	2,500	730	730	(1,770)
Bottled Water Coolers	400	245	245	(155)

Subjective Description	Current Year Budget	Total Actuals and Commitments Year to Date	Managers Forecast	Managers Variance
Refreshments at Meetings	500	269	269	(231)
Printing Stat & Gen Off Exps	0	0	0	0
Printing Stat Chargeable	0	0	0	0
Printing Stat Non Chargeable	0	0	0	0
Printing	2,000	2,796	2,796	796
Printing STG Consultancy	0	0	0	0
ConsultancyPublic Protect	2,000	316	316	(1,684)
Printing Public Protect	500	0	0	(500)
Stationery	3,200	2,557	2,557	(643)
Stationery STG Consultancy	1,500	56	56	(1,444)
Stationery Public Protect	500	0	0	(500)
General Office Expenses	250	21	21	(229)
Microfilming	500	0	0	(500)
External Audit Fees	4,000	(2,000)	(2,000)	(6,000)
HR Approved Agency	0	44,121	44,121	44,121
Agency Staff Security	1,200	932	932	(268)
Consultants Fees	0	3,992	3,992	3,992
Consultants Fees Chargeable	5,000	0	0	(5,000)
Consultants Fees Non Chargeabl	1,000	4000	4000	3,000
Consult Fees Part P Electri	1,000	3,220	3,220	2,220
Consultant FeesSTG Consultancy	6,000	26,076	26,076	20,076
Consultancy Public Protect	1,000	0	0	(1,000)
Consultants - HR Approved	0	144	144	144
Other Fees	250	0	0	(250)
Land Registry Fees	1,000	292	292	(708)
Telephone	1,000	0	0	(1,000)
Pager Mobile Phone	3,200	3383	3383	183
Call Costs	130	109	109	(21)
Line Rental	270	246	246	(24)
Postage	7,000	4,490	4,490	(2,510)
PostageSTG Consultancy	1,500	0	0	(1,500)
Computer Hardware	2,000	10,432	10,432	8,432
Computer Software	25,200	19,250	19,250	(5,950)
Subsistence	1,000	244	244	(756)
Subscriptions	8,000	5,232	5,232	(2,768)
StationeryPublic Protect	1,000	0	0	(1,000)
All Risks Insurance	1,030	0	0	(1,030)
Officials Indemnity Insurance	500	0	0	(500)
Official Ind XS (Inactive)	0	0	0	0
Publicity	6,500	3,672	3,672	(2,828)
Publicity STG Consultancy	2,000	0	0	(2,000)
Publicity Public Protect	500	0	0	(500)
Miscellaneous Expenses	0	74	74	74
Misc Exps - Office Moves	0	38,525	38,525	38,525
Advertising	500	0	0	(500)
Contribution to Reserves	0	32532	32532	32,532
Contribution to I.T. Reserves	5,000	0	0	(5,000)

Subjective Description	Current Year Budget	Total Actuals and Commitments Year to Date	Managers Forecast	Managers Variance
Contributions to Bad Debt Prov	0	18000	18000	18,000
Supplies & Services	108,030	232,068	232,068	124,038
Compass Acc SLA	0	0	0	0
Fin Mgmt SLA	8,100	8,100	8,100	0
Exchequer SLA	5,200	5,200	5,200	0
Fin Supp SLA	0	0	0	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	17,756	17,756	(7,444)
Legal SLA	10,988	888	888	(10,100)
Support Services	59,098	41,554	41,554	(17,544)
Conts from OLAs	-303,427	(303,427)	(303,427)	0
Contributions From Reserves	0	(40,212)	(40,212)	(40,212)
Non-Med Oth BodNon-Med Oth Bod	0	0	0	0
Contributions from Partner Authorities	(303,427)	(343,639)	(343,639)	(40,212)
Fees & Charges General	(4,500)	(6,523)	(6,523)	(2,023)
Land Charges Fees	(25,000)	(31,435)	(31,435)	(6,435)
Land Charges Searches	0	0	0	0
Building Control Fees	(966,963)	(825,941)	(825,941)	141,022
BldCtFeeConsultSTG Consultancy	(100,000)	(112,191)	(112,191)	(12,191)
Bldg Ctrl Regularisation	(45,000)	(45,195)	(45,195)	(195)
Bldg Cont Fees Part P	0	(3,788)	(3,788)	(3,788)
BldCtFees PartPPart P Electric	0	(2,742)	(2,742)	(2,742)
Advertising Income	0	0	0	0
Miscellaneous Receipts	0	(18)	(18)	(18)
Back Datd Super	0	0	0	0
Other Income	(1,141,463)	(1,027,833)	(1,027,833)	113,630
Total Expenditure	1,445,778	1,372,361	1,372,361	(73,417)
Total Income	(1,444,890)	(1,371,472)	(1,371,472)	73,418
Total Recharges	0	0	0	0
Total Net	888	889	889	1