

Surrey Heath Borough Council

Executive

15 February 2022

Building Control

Proposed Shared Working Arrangement

Portfolio Holder:
Strategic Director/Head of Planning
Report Author:
Key Decision:
Wards Affected:

Cllr Adrian Page – Planning and People
Bob Watson / Gavin Chinniah
Samantha Hallam – Building Control Manager

Whole Borough

1. Summary and purpose

- 1.1 The Council is committed to exploring opportunities for greater collaboration with neighbouring Councils to help build greater service resilience and deliver longer-term efficiencies. The Council is building on a strong track record of positive shared working arrangements including those in place for Family Support, Refuse Collection, Recycling and Street cleaning, Parking Enforcement, and Community Services such as Community Transport and Meals Services. Surrey Heath Borough Council has been in discussion with Runnymede Borough Council to establish a shared working arrangement for the Building Control functions.
- 1.2 As the Building Control manager role in Runnymede is due to become vacant, the first stage of the process would involve creating an overall Building Control manager who will manage the proposed shared service across the two Councils.
- 1.3 It is proposed that the existing Surrey Heath's Building Control manager will take up this role on a full-time basis.
- 1.4 Runnymede Borough Council will contribute 50% of the costs of the Building Control Manager to Surrey Heath
- 1.5 In order to support the shared working arrangement it is proposed that within Surrey Heath's existing Building Control structure a post is elevated to a Principal level and the recruitment of an additional surveyor is undertaken. This will mirror the structure within Runnymede Borough Council.(see annex 1)

- 1.6 The additional cost identified in this report under section 7 to support the new structure will be match funded by the contributions from Runnymede and Surrey Heath Borough Council revenue stream. Furthermore, it is anticipated that the proposed joint service would increase the market share, building in further stability which would enhance the overall building control service within the two Boroughs going forwards. Finally it is anticipated that Surrey Heath would be able to increase the Council's revenue stream by increasing the pricing structure for any future building control services which would allow the Council to employ a further surveyor within the team, which in turn would be build in resilience and stability in the team going forwards. This would result in the increase in structure but being cost neutral to the Council due to the increase in fees for future Building Control work. Further details of this can be found under Section 7 of this report.
- 1.7 The intended start date for this working arrangement would be the 1st April 2022 and will be reviewed over the next 12 months, which would establish the shared service between Surrey Heath and Runnymede Borough Council's.
- 1.8 A further update will be required to executive regarding the long-term operations of the joint service. This paper is to consider the start of the process, together with setting up the proposed structure for the shared service.

2. Recommendation

- 2.1 The Executive is advised to RESOLVE that the new shared management service with Runnymede Borough Council is implemented and new structure for Surrey Heath Borough Council is agreed.

3. Background and Supporting Information

- 3.1 In 2020 the Council worked with boroughs and districts across Surrey and KPMG to explore opportunities for closer working and collaboration across different Councils. This work has continued during the current year, and the next opportunity to arise relates to Building Control. This builds on a positive track record of joint working between Surrey Heath and Runnymede that has been established over many years. The Building Control service, despite being a statutory service, is in a unique position, in that it has to compete with the private sector to win and retain business.
- 3.2 As a consequence of this position, customer satisfaction is not only good practice, as it should be with all services, it is paramount for the competitive success of our business. If we deliver a poor service our residents, agents and builders have the choice to go elsewhere.

- 3.3 The service is budgeted to bring in fee earning income. However, the value of the service should also be appraised in terms of its Social Return of Investment (SROI), not just the cost of the service. Building Control not only generates income to help fund the service but provides a wider social, economic and environmental benefit for stakeholders and the Borough.
- 3.4 During construction projects, Building Control intervene to provide the correct guidance, advice and steps to ensure compliance with Building Regulations. A study commissioned by the Local Authority Building Control (LABC) has been able to provide an estimated SROI on these interventions. Based on their findings it is estimated that Surrey Heath Building Control has on average prevented:
- i. Structural damage costs in the region of £556,507.16 to the UK economy and
 - ii. Fire damaged costs in the region of £11,585,113.15 to the UK economy
- 3.5 Following the Grenfell Tower disaster and resulting report from Dame Judith Hackett, the upcoming Building Safety Act will overhaul the Building Control function.
- 3.6 All Building Control professionals will have to become licenced as individuals to practice. This will involve competence validation on an ongoing bases resulting in more time pressures on the surveyors
- 3.7 The choice currently afforded to applicants to choose their Building Control body will be removed for certain buildings. These are currently high rise residential buildings (18m and over), but it is believed that this scope will expand to include hospitals, all flats, care homes and other high risk buildings. This will be the case in Wales.
- 3.8 A new Building Safety Regulator, an arm of the Health and Safety Executive (HSE), has been formed and they will choose which Building Control body will be awarded the application. LABC have been informed that the preferred Building Control body will be Local Authority.
- 3.9 These in scope buildings can only be inspected by level 6 surveyors and if a Council does not have appropriately qualified Surveyors the next neighbouring council will be called upon.
- 3.10 These changes will bring about an increase in work load to local authorities and expend more of the surveyor's time as these projects will be of a complex nature and require dedicated supervision.
- 3.11 The industry is predicting a 20% increase in workload in the coming years
- 3.12 Therefore, the increase in structure will provide support to the Building Control team at Surrey Heath Borough Council to ensure the valuable work it performs is sustainable

4. Reasons for Recommendation

- 4.1 The exploration of shared services has been identified as a priority for this Council following the report published by KPMG in January 2021. This shared working arrangement is step 1 on the consideration to a fully shared service / partnership.
- 4.2 Once underway further work can start to investigate the feasibility of developing this arrangement into a partnership.
- 4.3 The new proposed structure will provide the opportunity to build much needed resilience within the Surrey Heath Building Control service. It will relieve any undue burden on the team to cover additional work and duties. Thereby retaining the current staff within the team
- 4.4 With the increase in structure, staff will feel supported and energised to continue to provide the current excellent service. Further details of how this will be funded are detailed in Section 7. The risks of not implementing this structure is detailed in Section 14.
- 4.5 This working arrangement will support existing staff to explore new challenges and progress their career within Surrey Heath
- 4.6 It will enable our ability to embrace new opportunities to increase income.
 - i. With additional resource the team will have the confidence to secure new avenues of income generation. Such as Partnership working with Agents outside of the Borough. Surrey Heath Borough Council are able to offer a service where they can check and process all Building Control applications from an Agent, regardless of where the work is being undertaken. For this service a fee is charged based on the type of work.
 - ii. Increase market share. An additional surveyor to the service will also allow the fostering of good working relationships with residents, agents and builders thereby increasing our local market share. It is foreseen that an increase of market share to 75% could be achieved.
 - iii. Section 14.3 provides further detail on the projected additional income levels
- 4.7 All statutory timescales will continue to be met.
- 4.8 Surrey Heath currently has 2 level 6 surveyors and Runnymede has 3. The shared working arrangement will enable further resilience across borders when demand for level 6 work increases.

- 4.9 Once the joint service is up and running, there will need to be further detailed discussions regarding the ongoing management of the joint service, which will include ICT and the Human Resources function. This will require further work to be undertaken and as a result of this a further update will be provided to Executive in due course.

5. Proposal and Alternative Options

- 5.1 The available options for the Executive to consider are:
- i. To approve the new shared management service with Runneymede Borough Council and new structure as set out in this report and annex 1
 - ii. To not approve the new shared management service with Runneymede Borough Council and new structure as set out in this report and annex 1

6. Contribution to the Council's Five Year Strategy

- 6.1 Proceeding with the shared working arrangement and new structure will help to deliver on our aspirations to the:
- i. **Environment** – By ensuring a qualified and resilient building control service is in place, compliance to the energy efficient targets underpinned in the Building Regulations will be met.
 - ii. **Health & Quality of Life** – An effective Building Control service is essential in ensuring safe and quality homes are constructed and designs are sustainable for future generations.
 - iii. **Economy** – Further capacity within the Building Control service will enable further engagement with Agents and clients thereby, promoting new work to the Borough
 - iv. **Effective & Responsive Council** – Surrey Heath's Building Control service is highly regarded by our Agents, Builders and Residents. The team has built trust in the service. This high level of service is currently mirrored by Runnymede's Building Control service. The additional capacity and resilience will enable these high levels of service to continue.

7. Resource Implications

- 7.1 The elevation of the Manager, Principal and an additional surveyor will increase the existing budget in the region of £95,000
- 7.2 The increase in the budget will be match funding from:
- i. Contributions from Runnymede; forecasted at £55,000
 - ii. Increase of fees by 5% per year which will generate approximately an additional £55,000 to achieve cost neutral over the 3 year accounts
 - The forecasted increase in fees are benched marked, and will be in line with other Council's in Surrey and in line with expected inflationary rates.

7.3 Due to the increase in charges, which would generate further income to the Council as a whole, which would allow the Council to enlarge the current structure, mirroring the proposed structure by Runnymede Borough Council. Furthermore, building in further resilience as a whole. It should be noted that the proposed increase in fees would allow any growth and expansion of the team to be cost neutral to the Council budgets, meaning that no further expenditure would be required from the Councils resources, which will be a further benefit from the proposed joint service with Runnymede Borough Council.

7.4 In summary, given the figures detailed in 7.2 above, the overall costs will be covered by the increase in income and Runnymede Borough Council's contributions. Therefore, there would be no further cost to Surrey Heath Borough Council.

8. Section 151 Officer Comments

8.1 The Council's building control service will need to expand to cover the increased workload emanating for the new government legislation. This would normally create a pressure on the service budgets, but it is anticipated that this can be contained by utilising the contribution from Runnymede Borough Council for the sashed manager post and increased income from chargeable service provided to the public. Building Control Services must operate within a balanced budget ringfence. Income and expenditure budgets will be uplifted accordingly with no impact on the Council's balanced budget.

9. Legal and Governance Issues

9.1 No matters arising.

10. Monitoring Officer Comments

10.1 Section 113 of the Local Government Act 1972 permits the Council to provide Council Officers to Runnymede Borough Council for the purposes of discharging the functions of the latter. A service level agreement would need to be agreed with Runnymede Borough Council.

11. Other Considerations and Impacts

11.1 No matters arising.

12. Environment and Climate Change

12.1 No matters arising

13. Equalities and Human Rights

13.1 No matters arising

14. Risk Management

14.1 Risk of not proceeding

i. Loss of reputation and business

Reports from within the Local Authority Building Control network exposes the impact of under resourced and failing Local Authority Building Control teams on neighbouring Authorities.

Where a Local Authority cannot provide an effective and responsive Building Control service builders, agents and residents will choose to use a private Building Control firm

The resultant impact of this is that builders and agents bring those private Building Control firms with them to use on work in neighbouring authorities.

This subsequently has a negative impact on the market share in those neighbouring authorities as the private Building Control firms take hold.

Without this shared service Runnymede will be under resourced and, as detailed above, cause harm to their business and reputation, which in turn could have a detrimental impact to Surrey Heath Building Control's business. It should be noted that both Borough's have a high proportion of the market share (75% plus)

This proposal will assist to shore up and maintain business at Runnymede Borough Council and Surrey Heath Borough Council and the additional resource will allow for further growth in revenue.

In addition, if this proposal is not supported this could damage existing and future working relationships with Runnymede Borough Council.

ii. Loss of opportunity to develop into a full partnership.

Upon inception it is proposed that works will begin to ascertain the viability to expand this working arrangement into a full partnership. Step 2

It is envisaged that this would be hosted wholly by Surrey Heath.

This could attract savings for Surrey Heath regarding the cost of the service due to further recharges to Runnymede.

Any further work will draw on existing frameworks in place between Surrey Heath and Runnymede

iii. Loss of opportunity to develop beyond two Authorities

If the implementation of Step 2 is a success then there may be opportunities to expand the Partnership further.

Due to the age demographic within neighbouring Building Control teams, the next 2-3 years will see further retirement of their Managers. Leaving teams without leadership.

With an established Partnership, Surrey Heath Borough Council would be in a strong position to offer our services to those Councils

This, in turn, will generate more cost savings for Surrey Heath and greater scope to expand revenue streams, create resilience and ensure capacity is in place to ensure we have fully competent and qualified Building Control teams.

14.2 Risk of proceeding

- i. It is proposed that this working arrangement will be reviewed over the coming 12 months, which will limit any risk to the Council.
- ii. The changes in the responsibilities of Surrey Heath's Building Control Manager and 1 Surveyor to Principal will be undertaken on a trial 12 month basis.
- iii. Therefore, if the shared working arrangement were to cease, these posts would revert to their existing responsibilities and grades

14.3 Risk of recruiting additional resources if the shared arrangement ended.

- i. The cost of the additional Building Control surveyor proposed in the new structure could be entirely met by Surrey Heath Building Control service.
- ii. The cost of an additional surveyor is in the region of £73,000.
- iii. With this additional resource it is predicted that an increase in market share to 75% could be achieved. This would on average provide additional income of £30,000
- iv. Further income streams through Partnership working with Agents would bring in additional income of £51,000

14.4 Risk to the shared working arrangement of not recruiting an additional Surveyor

- i. Without the support an additional Surveyor will bring it is not envisaged that the shared working arrangement could proceed.
- ii. A proportion of Surrey Heath's Building Control Manager's current workload would need to be delegated to a Principal surveyor who subsequently would need to disseminate some of their day to day work to the remaining surveyors.
- iii. Without this resource the workload would be unsustainable.

14.5 Risk to Surrey Heath's Building Control Service of not recruiting an additional Surveyor

- i. The additional workload that would have to be picked up by the remaining staff which is not sustainable. This added workload and pressure on the remaining staff will create an unbalanced work/life and lead to job dissatisfaction. The demand in the market place for qualified Building Control professionals is very high so staff will leave to go elsewhere to a fully resourced Authority or Private sector.
- ii. The result of which would mean Surrey Heath will no longer have a viable Building Control department to provide their statutory service
- iii. A benchmarking exercise has been undertaken and it is believed that the package that Surrey Heath offers would be very competitive in the market place, and therefore, confident a suitably qualified member of staff could be attracted.

14.6 To summarise, there is a positive business case for providing a shared service and an additional surveyor.

14.7 It will provide stability to both Borough Councils to continue to deliver an effective and responsive service to residents and prevent to loss of work to private Building Control firms.

15. Community Engagement

15.1 No matters arising

16. Annexes


16.1 Annex 1 – Existing and Proposed Building Control Structure

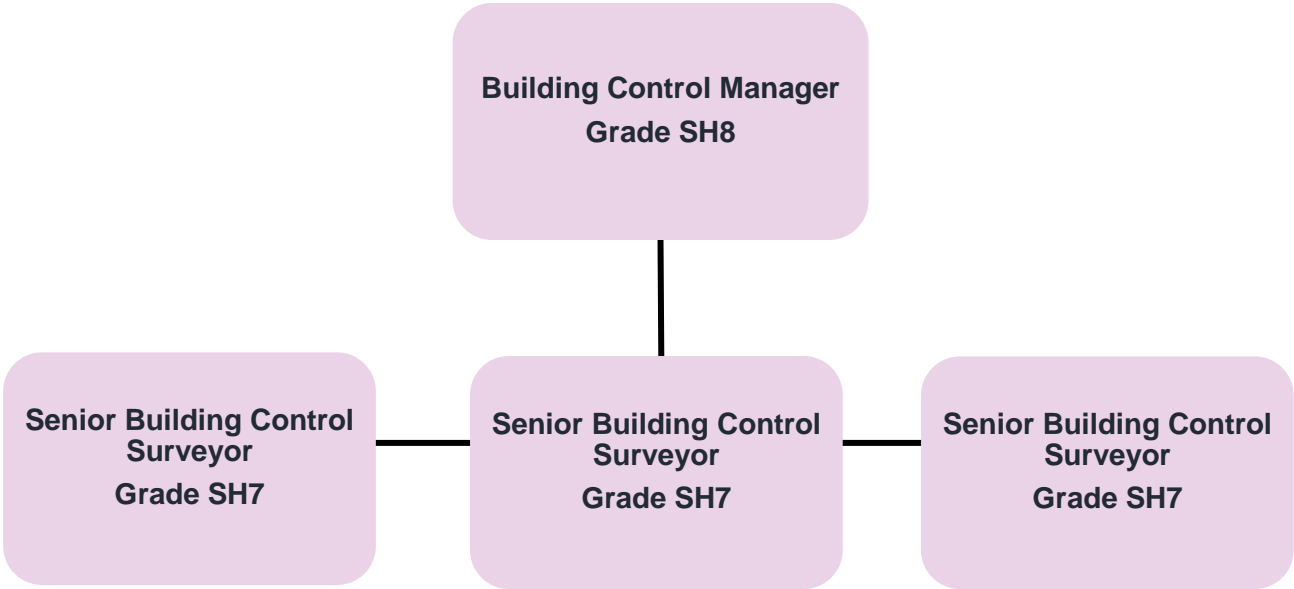
17. Background Papers

17.1 None.


Annex 1


1.1 Existing Structure

 Surrey Heath



1.2 Proposed Structure

 Surrey Heath

 Runnymede

