

CABINET - 19TH NOVEMBER 2019

Report of the Head of Planning & Regeneration Lead Member: Councillor Barkley

ITEM Building Control Alternative Service Delivery Project

Purpose of Report

To seek Cabinet approval to accept the request from North West Leicestershire District Council to undertake its Building Control Service under delegated powers.

Recommendations

1. That the work which has been done to date on the Building Control Alternative Service Delivery Project with North West Leicestershire District Council be noted.
2. That under Section 101 of the Local Government Act 1972, Sections 19 and 9EA of the Local Government Act 2000 and Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, the grant of the delegation of authority to Charnwood Borough Council to deliver building control services on behalf of North West Leicestershire District Council be accepted in accordance with the terms of a Delegation Agreement which is to be agreed by both Authorities.
3. That delegated authority to the Strategic Director of Community, Planning and Housing, to enable the negotiation and finalisation of the terms of Delegation Agreement with North West Leicestershire District Council Borough Council be approved.
4. Note that the Head of Paid Service will, in accordance with powers vested in him in the Constitution and subject to Cabinet approval of the acceptance of the delegation of the function, make a decision to make the consequential changes to the establishment so arising.

Reasons

1. To recognise the very significant amount of work undertaken by staff in both organisations over the last two years to provide a sustainable solution for the provision of Building control services in future.
2. To enable the transfer of service functions from North West Leicestershire District Council to Charnwood Borough Council.
3. To refine the detailed wording of the legal agreement and enable it to be signed.
4. To recognise the bringing together of the two Building Control teams will require a restructure that will add staffing to the establishment.

Policy Justification and Previous Decisions

The Council's Corporate Strategy 2020-24 recognises the financial challenges facing local government ahead and the opportunity this presents to transform services to create a more efficient, effective and innovative organisation. It also seeks to be more commercial in future and to collaborate with partners and others to bring improvements to services and the Borough.

Building Control is a statutory executive (ie. Cabinet) function, set out under the 1984 Building Act. The service is concerned with ensuring new development meets the minimum standards of construction necessary to preserve the health and safety of the public as set out in the Building Regulations.

Charnwood Borough Council must provide an at-cost Building Control service under the Building Act 1984, Building Regulations 2010, Building (Local Authority Charges) Regulations 2010, any other relevant contemporaneous legislation.

Implementation Timetable including Future Decisions and Scrutiny

Pre-decision scrutiny of the Building Control Alternative Service Delivery Project was undertaken by the Housing, Planning & Regeneration and Regulatory Services Scrutiny Committee at its meeting on 3 September 2019. The Committee resolved to inform the Scrutiny Commission that it supported the approach being taken to explore alternative service delivery models (Minute 15 19/20 refers).

A timetable for the implementation of the decision is provided in the main body of the report. It is anticipated the new service will go live on 4 January 2021 and the delegated function will be delivered over a contract term of five years and 3 months (until 31 March 2026)

Subject to Cabinet accepting the recommendations of this report, the Chief Executive will approve a new establishment structure for the Building Control Service, as required by the Delegation Agreement, under delegated authority.

Report Implications

The following implications have been identified for this report.

Financial Implications

The Heads of terms set out contractual payments from North West Leicestershire District Council to Charnwood Borough Council to cover the whole costs of Charnwood Borough Council providing a statutory non fee earning service in North West Leicestershire. This includes the service costs of £36.2k from 4 January 2021 to 31 March 2021, which will be paid on signing of the agreement. From 1 April 2021 to 31 March 2022 the service costs have been agreed at £148k and this sum will be transferred to Charnwood quarterly in advance. Future year fee setting will be overseen by the Joint Management Board and based on financial monitoring of the statutory non fee earning costs.

The arrangements are anticipated to result in a cost neutral Building Control Service for 2020/21 and realise an overall saving in the delivery of the Building Control services of £20k in 2021/22 against budget.

It should be noted that for 2020/21 a one off downward adjustment of £100K has been made in the statutory fee earning budget to reflect the impact of COVID.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
That the service costs arising from the delegation exceed the payment made by NWL for those services	Unlikely (2)	Significant (2)	Low (4)	The service will be overseen by a joint Management Board. Time allocation will be monitored and fees reconciled forwards or backwards as required to ensure the service costs reflect the actual service provided. In addition Extraordinary costs arising from service provision (for example a scenario such as the Birstall explosion) will be invoiced back to NWL
That vacant posts are unattractive to the market leading to a reliance on agency workers beyond six months	Likely (3)	Significant (2)	Moderate (6)	Restructure the service to develop a 'grow our own' approach including establishing career graded and apprenticeship level posts
That statutory fee income does not meet the costs of providing the service	Likely (3)	Significant (2)	Moderate (6)	Reduce the staffing levels or increase the fees depending on the causes with the aim of maintaining cost neutrality of the fee earning account from one year to the next
That either council seeks to terminate the agreement early leading to a surplus or deficit in the	Unlikely (2)	Minor (1)	Very Low (2)	There will be a 9 month notice period for exiting the agreement and a requirement to agree a means of apportioning

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
statutory fee earning account and/or investment made by Charnwood requiring reconciliation in-year or other financial liabilities arising from TUPE				any surplus or deficit relating to the fee earning account. Where the agreement is terminated with immediate effect arrangements are provided to ensure that Charnwood is compensated for its costs where this is evidenced. In addition, TUPE would apply in reverse with reciprocal indemnity clauses being provided.

Equality and Diversity

An Equalities Impact Assessment is attached as appendix 4 background paper to this report. It identifies largely neutral impacts from the combined service although it does recognise the desire to move to online service delivery may marginalise older or disabled people notably those who are unable to engage in digital service provision. This suggests that alternative service delivery could be important for a minority of customers and therefore further EqIA may be helpful in shaping service delivery in future. The main area of potential impact for internal employees concerns caring responsibilities. However, issues raised from internal employees regarding caring responsibilities outside of the workplace will be mitigated through Smart/ Agile Working Policies to be proposed by Charnwood Borough Council.

Key Decision: Yes

Background Papers: Exempt - Project PID
Exempt - LABC Peer Review
Exempt - Building Control Outline Business Case
Exempt - Building Control Full Business Case

Officers to contact: Richard Bennett
Head of Planning and Regeneration
(01509) 634763
richard.bennett@charnwood.gov.uk

Andy Beard
Team Leader Building Control
(01509) 634756
andy.beard@charnwood.gov.uk

Part B

1. Introduction

- 1.1 This report is the culmination of two years' work to find a way to deliver a cost effective, efficient and resilient building control service across Charnwood and North West Leicestershire.

2. Overview of the Building Control Function

- 2.1 The Council's Building Control Function is required under the Building Act 1984 to determine applications for Building Regulation approval and to ensure its statutory fee earning account maintains cost neutrality taking one year with the next.
- 2.2 The service also provides a range of statutory services on behalf of the council (for which it cannot charge a fee), consultancy services to other internal departments and also to the market. The proportion of time spent on statutory fee earning work averages around 55%. The balance of 45% is split between providing other statutory non fee earning work (30%) and servicing the needs of other internal services (15%). The proportion of time spent on statutory and non statutory services varies throughout the year depending on service demands.
- 2.3 Since the 1980's, local authority building control has been in competition for statutory fee earning work with private sector 'Approved Inspectors'. These inspectors tend to have low business overheads and are able to choose the work they undertake. Local Authorities are statutorily obliged to be 'the provider of last resort' and are unable to turn work away. As a consequence, it is in the interests of local authority providers to actively market their service to ensure they maximise their fee earning potential so that overall they provide a cost neutral statutory fee earning service.

3. Project Background

- 3.1 For some years now, the Local Authority Building Control sector has been facing significant challenges from increased competition from the private sector; increased costs arising from high profile cases (such as the Lakanal House and Grenfell Tower disasters); staff retention; an aging workforce; and a shortfall of new graduate entrants into the profession.
- 3.2 Hinckley and Bosworth Borough Council, North West Leicestershire District Council and Charnwood Borough Council have been working together for some years under a s113 legal agreement to provide mutual support to each other at times of staffing and workload pressures. As challenges have increased however, this arrangement has become increasingly unsustainable.
- 3.3 In early 2018, the councils came together to redefine how building control services could be provided across their combined administrative area. The Building Control Alternative Service Delivery Joint Project Board was subsequently established in March 2018, formed of Strategic Directors from

the partner authorities and later, a legal representative from North West Leicestershire District Council.

4. Joint Project Board

4.1 The Project Board agreed a Project Initiation Document at its meeting in March 2018. This set out the challenges and issues and project objectives along with the risks, scope and resources of exploring and delivering a new service format. A project team was established, led by the Head of Planning and Regeneration at Charnwood and formed of building control managers from the three authorities. Support has been provided by task and finish groups from across thematic areas such as HR, Finance, IT, Communications and Legal. Specialist advice has been obtained from LABC (representative body for local authority building control teams across England and Wales), I-Ese (a public sector owned improvement organisation) and the managing director of a local authority trading company who provided a critical friend role early in the process.

5. Project objectives and approach

5.1 The project objectives agreed by the Project Board are to:

- Improve business resilience in light of external competition
- Provide a competitive career and pay structure to attract and retain suitably skilled staff
- Make more effective use of staff skills to the benefit of partners
- Have more effective training and at reduced cost
- A scalable and adaptable structure to enable wider joint working in future
- Reduce costs to the general fund of partners
- Provide a consistent service over the administrative area in scope
- Share investment in operational costs

5.2 Guided by the Joint Project Board, the Project Team considered a range of service delivery models and then tested them against the agreed project objectives. The models assessed were:

- Do nothing – maintain existing service delivery arrangements
- Outsource to an outside supplier
- Public sector mutual – Service owned and delivered by the staff
- Shared Service
- Local Authority Trading Company
- Join other existing partnerships

5.3 The option to join other partnerships was discounted early on as following soft market research, this was not an option open to the project team. The assessment of the remaining options were weighted in order of their significance based on evidence and the risk profile.

Objective	Weighting
Improve business resilience in light of external competition	5
Provide a competitive career and pay structure to attract and retain suitably skilled staff	5
Make more effective use of staff skills to the benefit of partners	4
Reduce costs to the general fund of partners	3
Share investment in operational costs	3
Provide a consistent service over the administrative area in scope	2
Have more effective training and at reduced cost	2
A scalable and adaptable structure to enable wider joint working in future	1

- 5.4 A summary of the assessment is provided in Appendix 1. It shows a local authority trading company to be the best fit to the project objectives with a shared service a close second. Project Board considered the scoring and concluded the way forward lay in either a shared service or a trading company. To that end, in October 2018 LABC were commissioned to undertake a peer review to assess the relative health of the three services to set a baseline and in December 2018 the independent consultancy i-Ese were commissioned to explore the two options further and advise Board of the risks.
- 5.5 I-Ese considered the risks associated with moving from the current baseline to a Local Authority Trading Company (LATC) model were significant and they suggested a phased approach might be preferable if partners wished to pursue a trading company model. In March 2019 the Project Board concluded that a phased approach should be followed and an outline business case was therefore prepared that envisaged an initial Shared Service moving to a LATC when critical success factors were met.
- 5.6 In April 2019, Hinckley and Bosworth Borough Council dropped out of the partnership in favour of an arrangement with Blaby District Council linked to other business relationships between the two councils. The outline business case was therefore revised to take account of the new position along with new evidence on finance and TUPE and also the implications of Brexit. In light of this new information Board agreed a revised programme in May 2019 to move straight to a local authority trading company and i-Ese commenced work on a full business case.
- 5.7 The draft full business case for a trading company was reported to Board in September 2019. However, Board considered that this option was not capable of being recommended to members, as the business development necessary to cover costs in the current and forecast market conditions were too great a risk for partners. Board asked for the full business case to be refined and then finalised to demonstrate that the option had been thoroughly tested. The final version of the full business case was signed off by the project board in March

2020. Both the outline and full business case is available to members as exempt background papers.

- 5.8 The fall back position subsequently agreed by Project Board in March 2020 was to develop the existing s113 legal agreement and to share building control services across the two administrative areas. After a hiatus during the early stages of the pandemic lock down, draft heads of terms were prepared and an implementation plan was agreed in July 2020. That plan envisaged a report to cabinet members in October with an implementation date of 4 January 2021
- 5.9 In August 2020, officers were advised that the building control manager at North West Leicestershire had resigned leaving only 1 FTE admin support in their team. Service demands are currently being met by the manager and 1.5 FTE agency staff and 1 FTE admin post with officer support from Charnwood under the existing S113 legal agreement. However, Charnwood is unable to provide any further capacity to support North West Leicestershire under the existing S113 agreement and as a consequence North West Leicestershire has formally proposed to delegate its statutory building control functions to Charnwood.
- 5.10 As a consequence of this turn of events, Project Board agreed a new implementation plan to roll out a combined service agreed in a delegation under S101 of the Local Government Act. The heads of terms for this agreement are attached as Appendix 2 to this report.

6. The proposals

- 6.1 At its meeting on 10 November 2020 North West Leicestershire District Council's Cabinet resolved to delegate its Building Control function to Charnwood Borough Council under Section 101 of the Local Government Act 1972, Sections 19 and 9EA of the Local Government Act 2000 and Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 and in accordance with the terms of a Delegation Agreement, which is to be agreed by both Authorities. Broadly, the Delegation Agreement covers:
- The term of the delegation – 5 years and 3 months (from 4 January 2021)
 - The resources being transferred in terms of budget and staff
 - The practical operation of the statutory fee earning and non-fee earning accounts/work
 - The costs to be paid by North West Leicestershire District Council
 - Arrangements for the verification and invoicing for Statutory non fee earning work
 - TUPE implications on delegating the function and should the delegation be
 - rescinded
 - Terms of reference of an officer management board which will monitor finance, performance and the business plan for the service,
 - KPIs
 - Indemnities, dispute resolution and termination/exit provisions.

- 6.2 In essence the agreement would delegate to Charnwood Borough Council the responsibility for providing statutory fee earning and statutory non fee earning elements of North West Leicestershire's building control service from 4 January 2021 until 31 March 2026. The details of the services within these two categories are set out in Schedule 1 of the Heads of Terms. Members will be aware that the Charnwood Building Control service also provides other statutory services including Street Naming and Numbering and Footpath Diversion Orders as well as discretionary services to the market including environmental performance certificates and consultancy. These services are unaffected by the proposals and will continue to be provided.
- 6.3 The agreement requires Charnwood to define a service structure as soon as reasonably practicable to ensure an effective service can be provided across both councils' administrative areas. The two North West Leicestershire staff (1 FTE) are to be transferred to the Charnwood establishment under TUPE and indemnities will be provided for pensions and redundancy liabilities. To provide time for a new structure to be established and for recruitment to take place, the existing agency workers will be invited to contract with Charnwood through the Matrix system. 100% of the increased cost of the agency workers over establishment staff will be funded by North West Leicestershire for six months and for a further six months at 50%. The agreement provides for a reciprocal arrangement by Charnwood in the event the delegation is not continued beyond the contract term.
- 6.4 The new service will be guided by a Joint Management Board made up of senior management representatives from both councils. The terms of reference for the Board are contained in Schedule 3 of the agreement.
- 6.5 The Service will operate from Southfields but is expected to be agile with touch down space provided in both council office locations for staff and for customers. The agreement requires Charnwood inter alia to:
- Create and maintain the schedule of fees and charges
 - Define a staffing structure to ensure an effective and competent service is provided over the joint area
 - Provide a means for time recording to evidence charges for services provided to North West Leicestershire
 - Provide information to North West Leicestershire's S151 officer to enable the annual statement to be prepared and published as required by Regulation 6 of the Building (Local Authority Charges etc.) Regulations 2010
 - Make staff available to service corporate project work at North West Leicestershire as required, which Charnwood may invoice for on a quarterly basis on a 'pay as you go' basis.
- 6.6 There are expected to be costs to set the joint service up. The cost to recruit staff to vacant posts (£7.5k) and time management software (£6k) are to be met by North West Leicestershire. Costs to train staff (£2.7k), refresh and align websites (£8k), and to support the marketing strategy (£3k) will be shared between the two councils. The total start up costs for Charnwood are therefore estimated at £6,850, which will be met from the reinvestment reserve.

- 6.7 In exchange for providing the statutory non fee earning service in North West Leicestershire, Charnwood will receive payment of £148k in 2021/22. This fee is calculated on the actual costs to provide the statutory fee earning service taken from the budget out turn in 2019/20 less one-off in year costs. Appendix 3 provides a summary of the budget actuals from 2016/17 onwards for both councils. For the period from 4 January 2021 to 31 March 2021, North West Leicestershire will transfer £36.2k, this being a pro rata sum from the 2020/21 budget, to provide the statutory non fee earning service. These payments will meet the expected expenditure on salaries for a revised service structure and its operational costs in so far as this relates to the statutory fee earning activity.
- 6.8 Charnwood will provide the statutory fee earning service in North West Leicestershire's administrative area at its own cost but will be able to retain the fees earned from that activity, which in accordance with legislation must cover its costs with any surplus or deficit being ringfenced to the fee earning account 'taking one year to the next'. North West Leicestershire will not subsidise any deficits.
- 6.9 The contract may be terminated by either party by giving 9 months' notice; however, if notice is not possible North West Leicestershire may terminate with immediate effect subject to paying compensation to Charnwood for any financial losses this causes.

7. Staff consultation

- 7.1 Staff have been engaged in the project from its inception through staff meetings, emails and organised workshop events. A Communications Task and Finish Group with representatives from across the partnership has guided these communications and there is a good level of understanding about the project and its objectives amongst staff. Staff will be consulted further on proposals to restructure the service in due course.

8. Structural changes required

- 8.1 The proposals involve the transfer of 2 members of staff (1 FTE) to Charnwood under TUPE and the requirement for Charnwood to provide additional staff resources to fulfil the statutory role in North West Leicestershire. There will therefore need to be an increase in the establishment to ensure that the statutory service can be provided across both administrative areas. The Head of Paid Service has been consulted and is minded to make consequential changes to the establishment, subject to Cabinet's decision on receiving the delegation, using powers delegated to him in the Constitution.

9. Project implementation plan

- 9.1 The new Building Control Service will go live on 4 January 2021. The key steps to ensure this happens are:

What?	By When?
Review fees and charges	End of November 2020
Develop marketing plan	End of November 2020
Review staff protocols and procedures	End of December 2020
Prepare Service plan	End of December 2020
Finalise legal agreement and sign	End of December 2020
Procure time recording system and train staff in its use	End of December 2020
Restructure the Service including staff consultation and decision	End of December 2020
New Service goes live	4 January 2021
Recruitment to vacant posts	January to April 2021

10. High level Communications plan

10.1 A communications plan has been prepared for the project:

Date	Activity	Channel	Message
2020			
September	SLT and SLT briefings	Meeting	Update on project
October	Cabinet Member briefing	Meeting	Update on project
November (around cabinet)	Internal communications to update all staff (non-building control)	Staff newsletter/email	Update on project
November (around time of Cabinet)	All member briefing	Email	Update on project and timescales
November (post cabinet)	Prepare joint statement for possible trade press/media interest	media	High level overview of project
November	Develop Marketing Strategy including services being offered, target audiences, channels and objectives	N/A	N/A
November	Start developing branding (utilising some initial work carried out in 2019)	November	
November	Create project brief for joint website and seek detailed costings	November	
December	Appoint website company	December	
2021			
January	Internal comms for staff and members about new service going live	Internal channels	Service is operational

Date	Activity	Channel	Message
January	External Comms on going live	Various	TBC
Jan/Feb	Build website	N/A	N/A
March	Launch website / new single identity	PR, Social, Email, plus internal	Quality building control for projects of all sizes

11. Marketing strategy

11.1 A Marketing Strategy will be developed and approved by the Joint Management Board. Its purpose will be to set out the approach to retain and then grow market share in the statutory fee earning side of the business. This is particularly important given the departure of key personnel from North West Leicestershire and the need to establish working relationships with their client base. A small budget allocation of £3k will be made for this purpose in 2020/21, funded from the start up costs mentioned in paragraph 6.6 above, to assist with branding merchandise for the new service.

Appendices

- Appendix 1 – Options appraisal
- Appendix 2 – S101 Legal Agreement - Heads of Terms
- Appendix 3 – Budget summaries
- Appendix 4 – Equalities Impact Assessment

Appendix 1 – Score card - total weighted scores and assessment

Service consideration	Do nothing – Provider of last resort	Score	Outsource	Score	Shared Service	Score	Local Authority Trading Company	Score	Public Service Mutual	Score
<p>Improved business resilience</p> <p>(Provision to attract and retain key staff is required and cover when not available, thereby providing continuity and resilience).</p>	<ul style="list-style-type: none"> Most individual authorities too small to be cost effective and resilient, taking account of leave, sickness, training etc. Highly exposed to aging staff profile and likely to result in gaps in experience and expertise as staff retire in the coming years. Loss of staff to competitors able to offer better remuneration package and inability to compete due to organisational pay policies Bureaucratic and reactive recruitment processes mean posts cannot be quickly filled at time of need resulting in gaps in service provision to customers. Inadequate resources to support the training of new staff within individual organisations 	0	<ul style="list-style-type: none"> BC service not seen as attractive for outsourcing unless part of a wider suite of services Could bring management expertise and new cultural practice to turn around failing service De-risks the provision of commercial services but statutory function will still need to be funded by partners Could outsource part of the function e.g. plan check to another Authority or LABC Not particularly popular option with staff – may lead to staff losses Work may be shipped outside local area – loss of Employment Would require OJEU procurement exercise on an on-going basis and cost to manage contract Potentially a loss of added value and support to other LA services Relationship and service performance reliant on contract only Negotiation of ongoing staff contracts or TUPE Would not provide for extended statutory functions such as Dangerous structures cover, SNN, Searches service etc. Local Authority status – loss of brand identity 	45	<ul style="list-style-type: none"> Resilience created by greater scale where several LA Building control service come together More opportunity for efficient use of staff resource – greater efficiency from pooling and training More effective use of specialist staff across a number of Authorities Salaries still restricted by LA pay scales, therefore a risk for staff retention and future recruitment arising from competition from private sector Restrictive LA processes may still be in place – pay policy, recharging for back office services etc Negotiation of ongoing staff contracts or TUPE Greater resource to facilitate in house training of new staff Greater resources to provide for extended statutory functions such as Dangerous structures cover, SNN, Searches service etc. Potential Loss of individual Local Authority brand identity 	70	<ul style="list-style-type: none"> Remaining part of the public sector family, retain consumer trust and brand identity Providing a more commercial environment Could offer additional “profitable” services – greater staff development opportunities Could offer performance related pay and/or more flexible remuneration packages (e.g. lesser pensions more salary) or linked to fee earning potential. More closely matched market rates – retain and attract best staff Develop bespoke trading company policies and reduce bureaucracy Negotiation of ongoing staff contracts or TUPE Greater resource to facilitate in house training of new staff Greater resources to provide for extended statutory functions such as Dangerous structures cover, SNN, Searches services etc Potential Loss of individual Local Authority brand identity 	60	<ul style="list-style-type: none"> Offers staff a degree of ownership/control over the new organisation Could offer staff incentives & performance related pay – attractive to some TUPE considerations – this would not be a public sector body – unattractive to some No Staff have asked to take on the risk Potential pension risks – admitted body status but company at risk Potential Loss of individual Local Authority brand identity Inadequate resource to support the training of new staff 	30
<p>Reduction of costs to the General Fund</p> <p>(The significant reduction of overall service budgets over the short and medium through efficiencies, a reduction in overhead. Have the ability to break even or generate surplus. Have the ability to realise surpluses and reinvest in service Development)</p>	<ul style="list-style-type: none"> Small scale efficiency savings are likely to have been achieved Maybe some scope for LEAN engineering savings but scale of operation may be a draw back Small teams often oscillate between overstaffing or under servicing Could trade but don't have the reliable resource (scale, marketing or management) to offer additional profitable services Internal support services may be over priced 	0	<ul style="list-style-type: none"> Charges regulations apply to all Local Authority Building Control providers, in-house or outsourced; e.g. the fee-earning service must be delivered at cost. Although efficiencies could potentially be made through outsource company there would also need to be an element put to shareholder profits If an existing service is poorly managed/ performing, the outcome from outsourcing is likely to achieve better results Would incur OJEU procurement exercise costs Contractual arrangements 	27	<ul style="list-style-type: none"> Economies of scale could provide significant opportunities to make more effective use of resource and reduce overheads The likely introduction would allow for a reduction in management functions – reducing duplication of activities and monitoring. Maybe some scope for LEAN engineering savings Although management requirements would be reduced, restructuring should utilise and market this expertise – Danger of skilled staff setting up in competition. Market Leverage - Opportunities in greater 	39	<ul style="list-style-type: none"> Charges regulations to all providers of the LA Building Control service e.g. the fee earning service must be run at cost Opportunity to re-evaluate and minimise the cost to Authorities of the non fee-earning service. E.g. Individually determine the charge Opportunity to commercialise the service and offer additional profitable services – profits returned to the service/Authority Develop added value community services No need for OJEU procurement Only incur one set of overheads All benefits derived from shared service working e.g. economies 	36	<ul style="list-style-type: none"> Charges regulations to all providers of the LA Building Control service e.g. the fee earning service must be run at cost Could potentially realise operational savings but likely to be limited as a single service Could profit from additional value added services Where would profits go? Dependent on ownership and shareholder agreements Would incur OJEU procurement costs Additional costs would be incurred in running and managing the contract Heavily dependent on well negotiated contract. Potential 	9

Service consideration	Do nothing – Provider of last resort	Score	Outsource	Score	Shared Service	Score	Local Authority Trading Company	Score	Public Service Mutual	Score
	<ul style="list-style-type: none"> Has usually been effective in delivering a break even service but market conditions have changed putting greater pressure on the service 		<ul style="list-style-type: none"> can be inflexible and very costly to change Income from additional services unlikely to be shared with LA Additional costs would be incurred in running and managing the contract Heavily dependent on well negotiated contract. Potential extra cost to the LA if the contract is not robust 		<ul style="list-style-type: none"> purchasing power Rationalisation – e.g. buy 1 IT system instead of 3 One set of overhead costs instead of 3 Internal support services may be over priced 		<ul style="list-style-type: none"> of scale, more effective use of resource etc could also be realised by an LATC if encompassing more than one Authority 		<ul style="list-style-type: none"> extra cost to the LA if the contract is not robust 	
Shared Investment in operational costs (Including IT, training, ongoing training of existing staff and maintaining professional competence)	<ul style="list-style-type: none"> Very limited or no potential for further cost sharing. continued standalone costs 	0	<ul style="list-style-type: none"> Any identified investment would form part of any contract at cost and would not have any spin off benefit to the LA 	27	The ability to share costs of: <ul style="list-style-type: none"> IT Staff training and time resource Equipment Training and competency. Back office support Management and admin 	36	The ability to share costs of: <ul style="list-style-type: none"> IT Staff training and time resource Equipment Training and competency. Back office support Management and admin 	45	<ul style="list-style-type: none"> Any identified investment would form part of any contract at cost and would not have any spin off benefit to the LA 	0
More effective use of skills to the benefit of partners (The Councils require the ready and accessible provision of high quality and professional services through a skilled generic and specialist workforce)	<ul style="list-style-type: none"> Existing staff have the professional skills but there is an aging workforce. Difficulty recruiting new staff on LA rates vs competition Pensions costs are high but not necessarily attractive to millennials LAs train staff then lose them to the competition Little staff development outside of BC or on larger commercial projects in smaller Authorities 	0	<ul style="list-style-type: none"> LA may not have necessary Contract management or Building Control management of contract skills LA unlikely to have any control over range of services offered by outsource company Outsource likely to have nationwide staff resource – less local employment It could provide great flexibility in developing services outside the admin. boundaries of the existing authorities. It is likely to be national (or at least regional) and therefore would not wish to be restricted by the authority boundaries. lack of control over the quality over individual staff who may be encouraged to put profit above quality of work Opportunity to widen service could be at the expense of other work that is important but less profitable. 	12	<ul style="list-style-type: none"> Existing staff have the professional skills but there is an aging workforce. Greater resource and opportunity to expand wider skill set Opportunity for staff to develop skills and work on broader range of projects Opportunity to offer a wider range of services Remuneration issues may still be prevalent Likely to have the resource to train new staff but may not be able to keep them once qualified 	56	<ul style="list-style-type: none"> New conditions would encourage positive performance and commercial culture Autonomy and ambition Opportunity for staff to develop skills and work on broader range of projects Performance Related Pay linked to results Attract back the best staff Opportunity to expand range of services and staff development Have resource to train new staff 	60	<ul style="list-style-type: none"> Employee ownership can "empower" staff and could potentially have a beneficial impact on: involvement; commitment; creativity; and performance. If a small organisation and staff are unhappy – potential risk for instability Existing staff would have the professional skills but aging workforce Difficulty recruiting new staff on LA rates vs competition 	36
More effective and reduced costs of training (Individual LA's don't have the staff time resource individually to support on the job and academic training Hi risk of increased cost	<ul style="list-style-type: none"> Little or no opportunity to either take on trainees or make cost savings on on-gong training of existing staff 	0	<ul style="list-style-type: none"> Any identified investment would form part of any contract at cost and would not have any spin-off benefit to the LA 	18	<ul style="list-style-type: none"> Potential to share costs and target expenditure in required areas Likely to have the resource to train new staff but may not keep them once qualified 	18	<ul style="list-style-type: none"> Potential to share costs and target expenditure in required areas Likely to have the resource to train new staff and more likely to keep them once qualified provided salary package rewards skills and fee earning results 	22	<ul style="list-style-type: none"> Little or no opportunity to either take on trainees or make cost savings on on-gong training of existing staff 	0

Service consideration	Do nothing – Provider of last resort	Score	Outsource	Score	Shared Service	Score	Local Authority Trading Company	Score	Public Service Mutual	Score
of maintaining/ evidencing professional competence)										
<p>A suitable structure for future development if wider joint working is pursued</p> <p>(A suitable delivery model that secures the LA's Services can better 'control' the specification of work and ensure their requirements are met appropriately and efficiently. Have the ability to undertake non statutory functions as well as statutory functions ability to discharge its statutory function to a predetermined performance, standard and cost avoiding reputational damage and litigation)</p>	<ul style="list-style-type: none"> Unlikely to have scale, resource or expertise to commercialise and expand the service Drive, determination and incentives to improve the service are unlikely to be as great as in other model options. Main focus for authorities is likely to be efficiencies and reducing cost over all their services. Under the current model there is likely to be limited opportunity to realise extra income as the corporate structure restricts the ability to deal with extra capacity. The quality and service provided largely limited to experienced and knowledgeable but declining staff numbers - Feedback indicates majority of Authorities provide good service but some are failing due to resource issues. Restricted budgets may hamper recruitment. Limited opportunity or resource to achieve additional income Lack of marketing expertise – therefore difficulty in winning more profitable BC work Increasing quality and service level would be under strain on the existing capacity Some LAs have a one size fits all approach – not winning more valuable commercial work 	3	<ul style="list-style-type: none"> Assumption that a private company would have strong commercial footing with commercial focus and culture Could turn around poorly performing services LA would need a very detailed scope of service and contract which includes reviews LA would still be responsible for some non-income generating statutory functions related to elements of the service Outsource company would likely be able to deliver a range of service but LA unlikely to profit from it. Services provided would be based on profitability not necessarily focused on service levels or service recipients. Some work may be done by staff not in the local area – local employment LA lack of influence over what the Outsource company does between contract periods 	1	<ul style="list-style-type: none"> Would likely have scale of resource to facilitate commercialisation and expansion of service Performance management across a larger unit more likely to produce results. Would be able to invest in commercial roles e.g. sales and marketing Capacity and scale to undertake marketing – win more profitable work May be hampered by internal bureaucracy and protocols of host authority The capacity of a larger organisation would also make it feasible to identify capacity to undertake other activities which would not be possible in a small organisation. The quality and service provided largely down to experienced and knowledgeable staff. Better access to larger resource of staff with specialist skills Better consistency of service across a region Capacity to develop service profile for different market segments Has the capability to expand beyond the initial group of LA's 	13	<ul style="list-style-type: none"> Could achieve same benefits as a shared service if more than one Authority involved Keeps LA ownership, public trust and brand identity LATC could benefit from close relationships with Council e.g. planning, etc. to help support commercial activities. Autonomy to provide customer focused services and commercial approach to increase income Possibility to allow dual remuneration packages (cost to employer same) offering an opportunity to enhance salaries but reduce other benefits – to compete with private sector Possibility to allow for performance related pay to compete with private sector for best staff Scale and ability to target commercial customers with possibility to significantly increase revenues. Teikal exemption applies – no procurement necessary LA could benefit from financial return or enhanced services Unlike LA Building Control the LATC can focus purely on BC customers Develop additional service of benefit to LA –e.g. maximisation of LA property assets Develop additional services of benefit to community e.g. energy awareness (pro bono for some?) Flexibility to offer bespoke service where needed Less bureaucracy and more customer focused approach and would have the capacity to develop additional profitable services and offer more consistency Has the capability to expand beyond the initial group of LA's 	12	<ul style="list-style-type: none"> Likely to be providing a good customer service as staff 'bought in to' the service Private company – this really is another form of out sourcing – what control does the Authority have? Has freedom to decide which work it will or won't focus on Can't afford to do non fee earning work for nothing If it is a small unit, unlikely to have the resource to full exploit commercial opportunities Likely to have strong team relationships and motivated staff LA would need a very detailed scope of service and contract which includes reviews Could have strong relationship with LA but it couldn't dictate priorities Would have the autonomy to function effectively and reinvest in the service It will also enable the incentivisation of staff which can assist in the commercial nature of the Organisation in seeking to hit commercial targets. PSM can't utilise 'Teikal' exemption, so the award of a contract to the employee spin-out can only be made after a compliant tendering exercise, no guarantee the PSM would win. 	3
<p>Service consistent over a wider geographic area</p> <p>(Greater access to work and provision of service to clients outside existing operation boundaries and better</p>	<ul style="list-style-type: none"> Potential for operating over a larger market area is extremely limited and related to staff resources/capacity 	0	<ul style="list-style-type: none"> Operational area defined by the contract and the company's ability to meet SLA targets 	20	<ul style="list-style-type: none"> Potential for operating over a larger market area boundaries defined by participating LA's and staff resources/ capacity 	24	<ul style="list-style-type: none"> Potential for operating over a larger market area boundaries defined by participating LA's and staff resources/ capacity 	26	<ul style="list-style-type: none"> Operational area defined by the contract and the Mutual's ability to meet SLA target. 	24

Service consideration	Do nothing – Provider of last resort	Score	Outsource	Score	Shared Service	Score	Local Authority Trading Company	Score	Public Service Mutual	Score
allocation of resource)										
<p>A competitive career and pay structure to retain suitably skilled staff.</p> <p>(The opportunity to offer salaries and T&C's to recruit and retain staff in the open market which current structure restrict or prevents)</p>	<ul style="list-style-type: none"> Comparative salary profile against competitors suggests future difficulties in retaining and attracting the best (any) recruits, as salaries would be restricted to existing authority pay scales. 	15	<ul style="list-style-type: none"> Pay is set by the contractor at competitive rates 	60	<ul style="list-style-type: none"> Salaries still restricted by LA pay scales, therefore a risk that future recruitment and retention of 'best staff' is inevitable Restrictive LA processes may still be in place 	30	<ul style="list-style-type: none"> Removal of restrictions of LA pay structures and constraints Could offer performance related pay and or more flexible remuneration packages e.g. lesser pensions more salary. More closely matched market rates – retain best staff 	60	<ul style="list-style-type: none"> Could offer performance related pay and or more flexible remuneration packages e.g. lesser pensions more salary. More closely matched market rates – retain best staff 	15
Total weighted scores		18		210		286		321		117

Appendix 2 – Heads of Terms

Heads of Terms
Building Control Delegation of Services Agreement
 Between
North West Leicestershire District Council
 And
Charnwood Borough Council
Subject to Contract

No.	Item	Term
1.	Parties	<p>North West Leicestershire District Council of Council Offices, Coalville, Leicestershire, LE67 3FJ (“NWLDC”)</p> <p>Charnwood Borough Council of Southfield Road, Loughborough, LE11 2TX (“CBC”)</p>
2.	Recitals	<p>A) NWLDC require CBC to provide and adequate and effective Building Control Service</p> <p>B) NWLDC require CBC to develop a methodology of increasing fee earning financial viability whilst also improving key non-fee earning activity</p>
3.	Authority	This Agreement is made under the provisions of Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 and Sections 19 and 9EA of the Local Government Act 2000
4.	Commencement	4 th January 2021
5.	Duration	<p>For a period not more than 5 years and 3 months from the date of commencement</p> <p>Cabinet decision needed to take back the delegated service before the end of the agreed duration.</p>
6.	Services	<p>Charnwood Borough Council must provide an at-cost Building Control service under the Building Act 1984, Building Regulations 2010, Building (Local Authority Charges) Regulations 2010, any other relevant contemporaneous legislation, and any changes to relevant legislation (e.g. Building Safety Bill) for NWLDC. This will include both fee earning and non-fee earning services. As set out in Schedule 1</p> <p>Where NWL has control to do so they shall</p>

		endeavour to offer CBC first refusal on the NWL building control work (for example when building its own properties).
7.	Resource and allocation	<p>NWLDC will transfer to CBC two part time Building Control Support Officers (equivalent to one full time post) from 4.1.21</p> <p>NWLDC will provide to CBC financial data relating to the fee earning and non-fee earning accounts for the previous 3 financial years, and the corresponding FE/NFE split</p> <p>CBC shall seek to reduce the ongoing costs of the service and share any savings with NWL in future years. This is to be an item for discussion at the Management Board.</p> <p>CBC are to define a staffing structure as soon as reasonably practicable after its cabinet agrees to receive the delegation to ensure an effective Building Control service can be provided across both councils' geographical areas, ensuring adequate capacity and competency within NWLDC.</p> <p>NWLDC will fund the difference in salary costs (over and above the usual establishment and agency salary costs) of the two agency posts for a period up to 6 months, and then 50% of the additional salary costs of the agency staff, up to 12 months from the date of commencement, in order to allow CBC to implement the new team structure. CBC shall invoice NWLDC for this and NWLDC shall pay CBC quarterly in advance.</p>
8.	Finance	<p>To account for the transitional period, NWLDC will provide CBC with the pro rata statutory NFE budget for 20/21. NWLDC will pay CBC the money at the beginning of the Agreement.</p> <p>For the financial year 2021/2022, NWL shall pay a one off upfront fee based on its 19/20 budget outturn for the statutory non-fee earning work (less an agreed amount in year for one off costs). This shall be paid quarterly and in advance and shall be £148k subject to quarterly reconciliation.</p> <p>For the financial years 2022/2023 onwards CBC shall set the statutory non-fee earning budget based on the principals at Schedule 2. The budget shall be subject to approval of the board and then paid in</p>

		<p>advance to CBC by NWL quarterly.</p> <p>In addition to this quarterly reconciliation, CBC shall provide quarterly financial information to NWL for monitoring purposes and the information required for the annual statement of accounts. This shall align with finance timetables and shall be reported via the Management Board.</p> <p>Exceptional costs relating to statutory NFE work (e.g. should there be an event like the Birstall gas explosion) shall be billed to NWL on a time costs basis as part of the budget reconciliation. These shall be billed on a quarterly basis.</p> <p>Internal consultancy work shall be billed on a time cost basis with an estimated cost for the work being agreed up front on each occasion between the parties. These shall be billed on a quarterly basis.</p> <p>CBC will operate within the requirements of the Building (Local Authority Charges etc) Charges Regulations, and CIPFA guidance for Building Control.</p> <p>CBC will retain payment for all statutory fee earning Building Regulation work. NWLDC will not subsidise any deficit that may be accrued, other than to pay for additional agency costs resulting from the current vacancies, and for a period not exceeding that agreed in Section 6 above.</p> <p>In compliance with CIPFA guidance¹ CBC shall:</p> <ul style="list-style-type: none"> • ring fence any operating surplus or deficit from the Building Regulation fee earning account; • balance out the account 'taking one year with the next'; • identify fee earning expenditure; and • work out hourly rates for fees and charges back to the general fund. <p>CBC are to keep a balance between increasing fee earning income, and responding to non-fee earning demands e.g. effective enforcement, and vice versa.</p>
9.	Location of Delivery	The principal location for management of the service and Building Control Staff will be CBC's Council

¹ CIPFA Local Authority Building Control Accounting Guidance for England and Wales (2010)

		<p>Offices where touchdown/office space will be made available. NWLDC will also provide touchdown/office space for two officers at their offices for Building Control staff, and facilities to meet with customers.</p> <p>Both authorities will make available for the use of either parties office space and reception facilities for the administration of the service at both office locations (details to be clarified).</p> <p>The primary location of work for all Building Control staff will determined from time to time in light of the prevailing circumstances (Covid) and may include, but is not limited to the employee's home address, provided the employee has sufficient space, and the home environment to work from home – Subject to DSE assessment</p>
10.	Charges	<p>CBC shall be responsible for setting and implementing a common scheme of charges for Building Regulation work.</p> <p>CBC shall provide NWLDC's S151 officer with sufficient information for them to make the annual statement as required by Regulation 6 of the Building (Local Authority Charges etc.) Regulations 2010</p> <p>CBC and NWLDC shall agree a means of recording officer time spent on statutory non fee earning work.</p> <p>CBC shall invoice NWLDC for the agreed statutory non fee earning work budget prior to the beginning of each financial year. NWL shall make payment of the annual budget prior to the commencement of the new financial year.</p> <p>CBC shall provide a time recording/report to NWL at an agreed frequency. This shall be checked and reconciled and notified to CBC within 10 days by NWLDC</p> <p>And any discrepancy against fees quoted shall be identified to the invoicing authority within 30 days.</p> <p>Any dispute over invoices shall be escalated in accordance with the Dispute Resolution Procedure.</p> <p>The Authority receiving the invoice shall pay the undisputed amount within 30 days.</p>

		<p>Each Party recognises that at the beginning and end of this Agreement there will be part complete work where:</p> <ul style="list-style-type: none"> - work has been paid for and started but not complete; or - paid for and not started. <p>The Parties agree to reconcile these differences fairly and proportionately according to the work done and fees received.</p> <p>Identifying list of the above work, are we paying over fees/proportion of fees or keeping fees and CBC invoice on basis of agreement about the remaining work required</p>																					
11.	Set up costs	<p>Both Parties shall contribute to the set up costs as set out below. CBC shall be responsible for delivering carry out each of the set up items.</p> <p>Within 7 days of the commencement of this Agreement NWL will pay over its contribution to CBC:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Costs</th> <th>ask of NWL</th> </tr> </thead> <tbody> <tr> <td>Recruitment</td> <td>£2500 x 3 BC inspectors</td> <td>£7,500</td> </tr> <tr> <td>Training for new team from LABC</td> <td>£2,700 for whole team</td> <td>£1,350</td> </tr> <tr> <td>Refresh of both websites</td> <td>£4,000-£8,000 for both LAS</td> <td>£4,000</td> </tr> <tr> <td>Marketing</td> <td>£3,000</td> <td>£1,500</td> </tr> <tr> <td>Case management/time recording system</td> <td>£2,000-£6,000</td> <td>£6,000</td> </tr> <tr> <td>Total</td> <td></td> <td>£20,350</td> </tr> </tbody> </table>	Item	Costs	ask of NWL	Recruitment	£2500 x 3 BC inspectors	£7,500	Training for new team from LABC	£2,700 for whole team	£1,350	Refresh of both websites	£4,000-£8,000 for both LAS	£4,000	Marketing	£3,000	£1,500	Case management/time recording system	£2,000-£6,000	£6,000	Total		£20,350
Item	Costs	ask of NWL																					
Recruitment	£2500 x 3 BC inspectors	£7,500																					
Training for new team from LABC	£2,700 for whole team	£1,350																					
Refresh of both websites	£4,000-£8,000 for both LAS	£4,000																					
Marketing	£3,000	£1,500																					
Case management/time recording system	£2,000-£6,000	£6,000																					
Total		£20,350																					
12.	Employment Status	<p>NWLDC will transfer all Building Control staff to CBC. TUPE will affect The Building Control Support Officer post (1FTE – 2 People)</p> <p>NWLDC will terminate the employment of all agency staff and CBC will re-employ the same staff through their respective agencies.</p>																					

13.	Indemnity	<p>NWLDC shall indemnify CBC against any third party claims made against it in relation to complete or part complete work done prior to this Agreement.</p> <p>Upon termination of this Agreement CBC shall indemnify CBC against any third party claims made against it in relation to complete or part complete work done during the term of this agreement.</p> <p>CBC shall indemnify NWLDC against any third party claims made against them in relation to work done under this Agreement for the duration of the Agreement and 6 years after.</p>
14.	Termination	<p>CBC may terminate the arrangement on 9 months' notice.</p> <p>Despite delegating responsibility for the service to CBC, NWLDC shall at all times retain the ability to undertake the statutory service of Building Control.</p> <p>If NWLDC wish to revert to undertaking its statutory responsibility itself, where possible it shall give CBC 9 months notice of its intention to withdraw its delegation.</p> <p>Where notice is not possible, NWLDC shall have the ability to terminate this agreement with immediate effect. To reflect the financial effects of this NWLDC shall pay to CBC compensation to reflect any financial losses evidenced by CBC.</p> <p>Ideally the end of any agreement should coincide with the end of a financial year.</p> <p>Termination of the arrangement outside of the contract period will require NWLDC Cabinet approval</p> <p>In the event of a material breach, insolvency or convictions for bribery by any party, the other party may terminate with immediate effect.</p>
15.	Responsibilities on exit, expiry or termination	<p>At the end of the contract, a TUPE-type situation may apply if an employee or employees are working mostly for the party that is not their employer (NWLDC)</p> <p>Therefore the parties agree:</p>

- If TUPE applies
 - o NWLDC will accept all Employees to whom TUPE applies, who meet the requirements around competency, qualifications and workload assessment relevant to the workload to be transferred back to NWLDC.
 - o If TUPE applies to more staff than NWLDC needs and redundancies follow, redundancy costs will be paid by the party from which the employee had transferred

CBC will terminate the employment of any agency staff and NWLDC will re-employ the same staff through their respective agencies, subject to competency issues identified above.

CBC will fund the difference in salary costs (over and above the usual establishment and agency salary costs) of any agency posts for a period up to 6 months, and then 50% of the additional salary costs of the agency staff, up to 12 months from the date of transfer, in order to allow NWLDC to implement a new team structure if the transferred posts are vacant.

Prior to termination or expiry:

- CBC to provide TUPE information
- CBC to establish a list of on-going work.

Reciprocal Indemnity Clause to be applicable if TUPE applies to cover pensions and/or redundancies.

NWLDC and CBC to undertake an assessment of the work to be transferred back to NWLDC and identify the staffing resource needed to allow a balanced fee earning account (taking one year with the next)

CBC to provide NWLDC financial data relating to the fee and non-fee earning accounts for the current and previous three financial years.

CBC and NWLDC to agree a means of paying NWLDC the residual fees for work not commenced, and not completed, taking into account any work that CBC may already of undertaken, and be entitled to be paid for through the charging regime for fee earning work.

		CBC and NWLDC to agree a means of apportioning any surplus or deficit relating to the fee earning account.
16.	Governance	<p>A Management Board will be set up and operate in accordance with Schedule 3.</p> <p>The Management Board may meet at additional frequencies with reasonable notice to all parties.</p>
17.	Reporting/Time Recording	CBC to develop a time recording system in order to justify charges to NWLDC for non-fee earning work for NWLDC
18.	Support services	<p>NWLDC will provide or do the following:-</p> <ul style="list-style-type: none"> • Access, use, maintenance and upgrading of Building Control back office ICT systems (Currently Idox) – unless existing data is migrated to CBC • Diversion of existing land line numbers to CBC for a defined period of 12 months with a message to say that the numbers are changing and providing the new numbers. • Touch down/meeting space • Year-end accountancy (Reg. 6 Statement) • Customer Services – redirection of customers
19.	Telephony	<p>CBC to provide new mobile phone handsets.</p> <p>NWLDC to migrate existing Building Control mobile phone numbers to CBC for customer continuity</p> <p>NWLDC to divert Building Control land lines to CBC for a period up to 12months, for customer continuity</p>
20.	Data	<p>NWLDC will allow CBC unrestricted access to all current and historic Building Control records</p> <p>CBC will allow NWLDC unrestricted access to all current and historic Building Control records that relate to NWL. This clause will remain in place indefinitely beyond termination of this Agreement.</p>
21.	Identity	The Management Board is to agree the identity of the delegated service.
22.	Recruitment	<p>CBC to be responsible for the recruitment and retention of all staff, subject to TUPE requirements.</p> <p>CBC to develop a new structure and recruitment as</p>

		<p>soon as reasonably practicable after its cabinet agrees to receive the delegation.</p> <p>NWLDC will fund the difference in salary costs (over and above the usual establishment and agency salary costs) of the two agency posts for a period up to 6 months, and then 50% of the additional salary costs of the agency staff, up to 12 months from the date of commencement, in order to allow CBC to implement the new team structure.</p> <p>The parties shall share the cost of redundancies if work drops (based on average split of work done for each Party)</p>
23.	NWLDC Projects	<p>CBC will make available a suitably experienced member of the Building Control team for relevant projects undertaken by NWLDC that require or would benefit from Building Control input, e.g. Carbon Zero Roadmap, new social housing schemes.</p> <p>This would be classified as non-statutory fee earning work and the cost to CBC reimbursed according to Section 9 above.</p>
24.	Civil Contingencies	<p>CBC to make available suitably qualified and/or experienced staff in order to meet NWLDC's obligations under the Civil Contingencies Act 2004, and any subsequent statutory responsibility.</p>
25.	Dispute resolution	<p>In the event of a dispute resolution will be attempted by escalation internally, then mediation before instigating court proceedings.</p> <p>Where a service complaint is received, this will be dealt with by the relevant council corporate complaint process.</p> <p>Where there is a sub-board disagreement, this will be resolved by the Management Board.</p> <p>Where there is disagreement at Management Board, then the respective Chief Executives will resolve the dispute.</p>
26.	FOI	<p>All parties will assist and support the others in responding to FOI and EIR requests in accordance with statutory timescales.</p>

27.	Data Processing	Each party is a data controller in respect of personal data it holds. Each party shall comply with the DPA. Each party will indemnify the other parties for losses they suffer due to the indemnifying parties' breaches of the DPA.
28.	Law	English Law, Courts of England have jurisdiction.

Schedule 1

The Statutory Services

Function	Fee Earning	Non Fee Earning
Registration and determination of Full Plans applications	Y	
Registration and determination of Building Regulation applications for the benefit of disabled people		Y
Registration and consideration of Building Notice applications	Y	
Registration and consideration of Regularisation applications	Y	
Registration and consideration of 'Reversion' applications		Y
Site inspections to determine compliance with Building Regulations on deposited and valid applications	Y	
Site inspections to determine compliance with Building Regulations for works for the benefit of disabled people		Y
Issuing of completion certificates	Y	
Pre-application advice	Y	Y
Give advice in response to general enquiries		Y
Setting of a scheme of charges	Y	Y
Setting of fees and charges for individual schemes	Y	Y
Relaxation of Building Regulations		Y
Investigate accusations of unauthorised work		Y
Take enforcement action under Section 35 of the Building Act 1984		Y
Take enforcement action under Section 36 of the Building Act 1984		Y
Representing the local authority at an appeal against a refusal to relax Building Regulations		Y

Representing the local authority at an appeal against the giving of a Section 36 Notice		Y
Representing the local authority at an appeal at Crown Court		Y
Registration and consideration of Initial Notices		Y
Maintain register of Initial Notices		Y
Consideration of Plans Certificates		Y
Registration and consideration of Amendment Notices		Y
Registration and consideration of Section 51C Notices		Y
Consideration of a request to extend the time available to issue a final certificate		Y
Acceptance and consideration of Final Certificates		Y
Serving Notice under Section 32 of the Building Act 1984		Y
Registration of Competent Person Scheme Notifications		Y
Investigate reports of dangerous structures, including 'out of hours'.		Y
Take action, including applying to the Magistrates Court, under Section 77 of the Building Act 1984		Y
Take action under Section 78 of the Building Act 1984		Y
Represent the local authority in proceedings at Magistrates Court to recover costs		Y
Registration and consideration of demolition notices		Y
Serving of demolition counter notice		Y
Investigate complaints resulting from demolition works		Y
Take enforcement action to ensure compliance with demolition counter notice		Y
Advice to NWLDC (services and members)		Y
Participation in NWLDC initiatives		Y
Liaison with NWLDC Planning enforcement and Environmental Health		Y
Responding to FOI and EIR enquiries relating to NWLDC		Y

Schedule 2

Management of the Building Control Accounts

General Principle

- CBC to work out the statutory fee earning/statutory non fee earning split
- Board to agree the statutory fee earning/ statutory non fee earning split for each financial year of the agreement
- CBC to provide NWLDC with their statutory non-fee earning budget request by the start of NWLDC's annual budget process (usually October)
- CBC to seek the right balance between statutory fee earning and statutory non-fee earning work
- CBC to ensure that the statutory fee earning account does not subsidise the statutory non-fee earning or other discretionary work, and vice versa.

Statutory Fee Earning Work

- Statutory fee earning activity is defined by the Building (Local Authority Charges) Regulations 2010 and any subsequent fees legislation
- CBC will create a scheme of charges as defined by the regulations for 2021/22 and subsequent years of this agreement
- CBC will charge a fee in accordance with those regulations, and CIPFA guidance, in order to fully recover the fee earning costs, taking one year with the next.
- CBC will take payment for all Building Regulation fee income
- CBC will be responsible for the payment VAT on Building Regulation fee income and any payment to HMRC
- CBC will be responsible for the recovery and enforcement of unpaid income.
- CBC will use its best endeavours to recover the cost of unpaid income, emergency work, work undertaken in default and enforcement costs from the client. If after 9 months this money has not been recovered, CBC may invoice NWLDC for the costs. CBC shall continue to pursue the client and upon recovery shall reimburse NWLDC including any interest accrued.

Statutory Non-Fee Earning Work

- NWLDC statutory non-fee earning activity is paid for by the taxpayers of NWLDC
- CBC to keep a record of all statutory non-fee earning work carried out on behalf of NWLDC
- Statutory Non-fee earning costs to be paid for in accordance with the agreed methodology in section 8 of the main agreement
- Income from copy documents, dangerous structures etc. to be paid direct to CBC

- The Management Board to agree the statutory non-fee earning budget and notify NWLDC in accordance with NWLDC's budget process
- Any expenditure incurred out of hours and triggers s77 Building Act must be notified to us.
- CBC can spend up to £5,000 where there is an emergency. Where expenditure is more than £5,000 CBC shall notify NWLDC's Incident Control Officer (ICO).
- NWLDC to provide to CBC their rota for ICO support along with contact details.
- Any out of hours response requiring attendance by a building control officer to an incident at a council property which in the professional judgement of the building control officer is significant or one where somebody has been injured or killed or triggers the councils responsibilities under the civil contingencies act should be notified to the ICO as soon as practicable on the night.
- Both Council's to discuss initiatives to increase the efficiencies and economies of scale in the provision of statutory non fee earning work in order to reduce the burden on their general funds.

Other discretionary work required by NWLDC

- Discretionary work required by NWLDC is paid for by the taxpayers of NWLDC.
- CBC to keep a record of all discretionary work it is asked to carry out on behalf of NWLDC
- costs to be agreed in advance and paid for in accordance with the agreed methodology in section 8 of the main agreement

Trading Income

- CBC Income and expenditure for trading or other services e.g. Environmental Performance Certificates and fire risk assessments, to be kept separate from any accounts relating to the delegated functions.
- CBC to discuss with NWLDC initiatives to increase Trading Income for both parties.

Schedule 3

Joint management Board Terms of Reference

Building Control board – terms of reference

The Management Board will meet to oversee the delivery and future development of the Building Control function that has been delegated to CBC by NWLDC. The board may delegate the performance monitoring tasks to a sub group that meets more frequently.

Purpose of the Building Control board (BCB)

The purpose of the Management Board is to ensure that the Building Control service meets its obligations in the delegation agreement and where necessary, determine any future involvement of NWLDC and CBC in further developing the delegated Building Control function, e.g. creation of a local authority trading company.

Members of the board

- Relevant Service Directors at CBC and NWL – 2 seats
- Head of Legal and Commercial Services at NWL – 1 seat
- Head of Finance at CBC - 1 seat
- Head of Planning and Regeneration Services at CBC - 1 seat
- Head of Planning and Infrastructure at NWL – 1 seat

Chair

The Board will be chaired by a Service Director.

The Chair will be decided at the first meeting of the Board and shall remain in office for 1 year.

Voting

1 seat = 1 vote

Chair has the casting vote

Officers supporting the Board

- Building Control Team Leader
- Project Management/secretarial support as may be required
- Other officers may be invited depending upon the subject matter, for example comms, ICT, HR, external consultants, finance reps from NWL as required.

Reports to the Board

- Reports will be presented to the board by the Head of Planning and Regeneration on behalf of the combined service and on behalf of both councils, unless the matter relates specifically to NWLDC.

- Agenda papers and reports will be circulated ahead of the board meetings providing reasonable opportunity for board members to review them

Sub-Group

The sub-group will meet quarterly to monitor performance, non-fee earning activity, and payment for work carried out on behalf of NWLDC under this scheme of delegation.

Members of the Sub-Group

- NWLDC Head of Planning and Infrastructure
- CBC Head of Planning and Regeneration Services
- CBC Building Control Manager
- CBC Building Control service accountant
- NWLDC Finance Team Manager

Chair of the Sub-Group

The chair of the Sub-Group will rotate between the Heads of Service from NWLDC and CBC on an annual basis

Frequency of meetings/agendas

- The board will meet annually
- The sub-group will meet quarterly

Scope of work

The board will consider, review and decide as appropriate:

Board	Comment
Statutory changes to the Building Control system in England	Due in the next 12-24 months
Develop a marketing strategy to promote the new service to customers, and how it can be accessed.	To mitigate any confusion with NWLDC customers if there is a name change.
Annual review of fees and charges for statutory fee earning and statutory non-fee earning work	Delete subject to Browne Jacobson advice Could be delegated to CBC
Annual review of charges for services provided to NWLDC and quarterly reconciliation	
Endorsement of the building control business plan	
Endorsement of the draft budgets	
Strategic objectives for the delegated service and any further development of an LATC	
Annual report	

Key Performance indicators	
The commercial position of the delegated service and forecast income levels	
Any commercial and operational risks to the service and the mitigation	
Any other aspects of these joint arrangement which require consideration and review including the ToR of the Management Board	
Continuation of the agreement beyond the initial duration of the agreement	
Termination of the Agreement	
Review CBC methodology of increasing fee earning financial viability whilst also improving key non-fee earning activity	
Handle issues of Dispute Resolution	

Schedule 4

Key performance indicators

The purpose of these indicators is to enable the Management Board to review the operation of the delegated function. These KPI's may be subject to change at the discretion and agreement of the Management Board.

Ref	KPI	Target
01	The percentage of valid applications acknowledged within 2 working days of deposit	100%
02	The percentage of valid full plans applications determined or checked within 10 working days from deposit	75%
03	The percentage of valid full plans applications determined or checked within 15 working days from deposit	85%
04	The percentage of site inspections carried out on the date agreed	100%
05	The percentage of site inspection notes recorded within 2 working days of inspection	100%
06	In a survey of Statutory fee earning customers, the percentage of respondents that said they were satisfied with the service at level of good or above	90%
07	The percentage of demolition notices responded to within 5 working days with a visit to site, or counter notice served	100%
08	The percentage of live jobs that are contacted within 90 working days of the previous contact (does not need to be site visit) for work received after the 4 th January 2021	100%
09	The number of commencements in the calendar year (this should include individual plots)	N/A
10	The number of completion certificates issued in the calendar year (this should include individual plots)	N/A
11	The percentage of dangerous structures assessed within 2 hours of receiving notification during working hours The percentage of dangerous structures assessed within 4 hours of receiving notification out of working hours	100% 100%
12	The market share for: <ul style="list-style-type: none"> • Domestic extensions, alterations, or refurbishments (not including small works with a value less than £1000) • New build housing (expressed for both Initial Notices and Building Reg. applications in number of units) • Non-domestic work 	TBC TBC TBC
13	The percentage of competent person notifications registered on the back office system within one week of receipt	100%
14	The percentage of valid Initial Notices registered and accepted within 5 working days of receipt	100%
15	The Building Regulation statutory fee earning account breaks even taking 'one year with the next'	ok
16	The Statutory non-fee earning account costs no more than the agreed budget (subject to the quarterly reconciliations)	ok

Appendix 3 – Budget Summaries

Charnwood BC

	2017/18 (actual)			2018/19 (actual)			2019/20 (actual)			2020/21 (budget)		
	stat fee earning (000)	non chargeable (000)	combined (000)	stat fee earning (000)	non chargeable (000)	combined (000)	stat fee earning (000)	non chargeable (000)	combined (000)	stat fee earning (000)	non chargeable (000)	combined (000)
employees	£208	£135	£343	£202	£135	£337	£208	£139	£347	£226	£151	£377
Service costs	£88	£127	£216	£81	£64	£144	£94	£66	£160	£83	£58	£141
total costs	£296	£262	£559	£283	£199	£481	£302	£205	£507	£309	£209	£518
Total income	-£176	-£102	-£278	-£191	-£27	-£218	-£198	-£43	-£241	-£196	-£46	-£242
surplus/deficit			£281			£263			£266			£276

NWLDC

	2017/18 (actual)			2018/19 (actual)			2019/20 (actual)			2020/21 (budget)		
	stat fee earning (000)	non chargeable (000)	combined (000)	stat fee earning (000)	non chargeable (000)	combined (000)	stat fee earning (000)	non chargeable (000)	combined (000)	stat fee earning (000)	non chargeable (000)	combined (000)
employees	£101	£102	£203	£103	£78	£181	£136	£112	£248	£135	£91	£226
Service costs	£44	£66	£110	£36	£50	£86	£64	£93	£157	£62	£54	£116
total costs	£145	£168	£313	£139	£128	£267	£200	£205	£405	£197	£145	£342
Total income	-£204	-£18	-£222	-£157	-£5	-£162	-£200	-£15	-£215	-£175	-£2	-£177
surplus/deficit			£91			£105			£190			£165

Appendix 4

Equality Impact Assessment 'Knowing the needs of your customers and employees'

▪ **Background**

An Equality Impact Assessment is an improvement tool. It will assist you in ensuring that you have thought about the needs and impacts of your service/policy/function in relation to the protected characteristics. It enables a systematic approach to identifying and recording gaps and actions.

▪ **Legislation- Equality Duty**

As a local authority that provides services to the public, Charnwood Borough Council has a legal responsibility to ensure that we can demonstrate having paid due regard to the need to:

- ✓ Eliminate discrimination, harassment and victimisation
- ✓ Advance Equality of Opportunity
- ✓ Foster good relations

For the following protected characteristics:

1. Age
2. Disability
3. Gender reassignment
4. Marriage and civil partnership
5. Pregnancy and maternity
6. Race
7. Religion and belief
8. Sex (Gender)
9. Sexual orientation

What is prohibited?

1. Direct Discrimination
2. Indirect Discrimination
3. Harassment
4. Victimisation
5. Discrimination by association
6. Discrimination by perception
7. Pregnancy and maternity discrimination
8. Discrimination arising from disability
9. Failing to make reasonable adjustments

Note: Complete the action plan as you go through the questions

▪ **Step 1 – Introductory information**

Title of the policy	Building Control Shared Service: Charnwood Borough Council & North West Leicestershire District Council.
Name of lead officer and others undertaking this assessment	Richard Bennett (CBC), Chris Elston (NWL), Andy Beard (CBC), David Darlington (NWL), Suzanne Kinder (CBC), Miriam Bentley-Rose (NWL)
Date EIA started	March 2018
Date EIA completed	October 2020

▪ **Step 2 – Overview of policy/function being assessed:**

Outline: What is the purpose of this policy? (Specify aims and objectives)
<p>Following approval from both Cabinets, to authorise the transfer of delivery of the Council's Building Control Service from North West Leicestershire District Council to Charnwood Borough Council.</p> <p>Under Section 101 of the Local Government Act 1972, Sections 19 and 9EA of the Local Government Act 2000 and Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 that the appropriate delegated authority be granted to Charnwood Borough Council to deliver building control services on behalf of North West Leicestershire District Council and in accordance with the terms of a Delegation Agreement which is to be agreed by both Authorities.</p> <p>Finalisation of the terms of the Delegation Agreement will follow consultation with staff and negotiation of terms with Charnwood Borough Council.</p> <p>It is anticipated that the joining of Building Control Teams, from both authorities, will provide greater resilience, competitiveness and economies of scale. The specific objectives are set out in the Head of Terms are:</p> <ul style="list-style-type: none"> ▪ Improving business resilience in light of external competition ▪ Competitive career and pay structure to attract and retain suitably skilled staff ▪ More effective use of skills to the benefit of partners & customers ▪ Reduction of costs to the general fund ▪ Shared investment in operational costs <p>Building Control Services equates to an 'economic undertaking' and therefore TUPE will apply in these circumstances. If the remaining staff at NWLDC (admin support) only do this job within the council then the rules of TUPE will apply to them. Unless they object to the transfer, in which case their employment will end, they must move to CBC on as close to identical terms as their current contracts of employment. As part of the TUPE process there is a duty on NWLDC to inform and potentially consult with the transferring employees as well as any employees of CBC whose jobs may be affected as a result of the NWLDC employees joining.</p>
What specific group/s is the policy designed to affect/impact and what is the intended change or outcome for them?
The policy results in a change in the way the local authority building control function is delivered by both authorities in the future. Currently this is by two councils independent of one another. It is proposed to provide building control services for the both authority areas (listed above) by one body under a delegated shared service arrangement.
Which groups have been consulted as part of the creation or review of the policy?

Internal employees have been, and will continue to be, consulted on any necessary changes. Any equalities impacts raised throughout this consultation have been considered accordingly.

External consultation is not considered necessary because the service operates in a commercial environment and its customers are therefore able to self-select who they obtain services from. However, should the delivery model change significantly in the future, then a further EIA may be required as appropriate.

▪ **Step 3 – What we already know and where there are gaps**

List any existing information/data do you have/monitor about different diverse groups in relation to this policy? Such as in relation to age, disability, gender reassignment, marriage and civil partnership, pregnancy & maternity, race, religion or belief, sex, sexual orientation etc.

Data/information such as:

- Consultation
- Previous Equality Impact Assessments
- Demographic information
- Anecdotal and other evidence

Demographic information has been collated to identify population trends between the two areas of Charnwood & North West Leicestershire.

Information has been collated (and consultation undertaken) for consideration of the internal employees within this revised approach to service delivery.

What does this information / data tell you about diverse groups? If you do not hold or have access to any data/information on diverse groups, what do you need to begin collating / monitoring? (Please list)

There is a wide ranging population within both Charnwood & North West Leicestershire (based on the protected characteristics) and both areas have significantly different demographics with regards to population trends.

Due to the small number of employees that are likely to be affected by the revised approach to service delivery, any statistical information gathered regarding these staff members will not be published. This will allow anonymity and ensure staff members cannot be identified based on their protected characteristics. However, any equalities impacts raised have been considered accordingly.

▪ **Step 4 – Do we need to seek the views of others? If so, who?**

In light of the answers you have given in Step 2, do you need to consult with specific groups to identify needs / issues? If not please explain why.

Due to way the service operates in a commercial environment, customers self-select who they obtain building control services from based on cost and business relationships, it is not envisaged further information is required regarding specific groups.

Trade unions will be consulted as part of the proposed TUPE arrangements and any equality concerns will be addressed as part of the consultation process.

▪ **Step 5 – Assessing the impact**

In light of any data/consultation/information and your own knowledge and awareness, please identify whether the policy has a positive or negative impact on the individuals or community groups (including what barriers these individuals or groups may face) who identify with any 'protected characteristics' and provide an explanation for your decision (please refer to the general duties on the front page).

Comments

Age	The delegated shared service is likely to accelerate the movement to online service delivery which could potentially marginalise some older customers, but this is a general trend for service provision in local government and so is expected to be a neutral factor. A further EIA will be conducted separately, to assess the impacts, if this change in service delivery is likely to occur.
Disability (Physical, visual, hearing, learning disabilities, mental health)	The delegated shared service is likely to accelerate the movement to online service delivery which could potentially marginalise some of our customers with disabilities. This is a general trend for service provision in local government and so is expected to be a neutral factor. A further EIA will be conducted separately, to assess the impacts, if this change in service delivery is likely to occur. Issues raised from internal employees regarding caring responsibilities outside of the workplace will be mitigated through Smart/ Agile Working Policies to be proposed by Charnwood Borough Council.
Gender Reassignment (Transgender)	The delegated shared service is likely to have a neutral impact in terms of gender reassignment.
Race	The delegated shared service is likely to have a neutral impact in terms of race.
Religion or Belief (Includes no belief)	The delegated shared service is likely to have a neutral impact in terms of religion or belief.
Sex (Gender)	The delegated shared service is likely to have a neutral impact in terms of gender.
Sexual Orientation	The delegated shared service is likely to have a neutral impact in terms of sexual orientation.
Other protected groups (Pregnancy & maternity, marriage & civil partnership)	The delegated shared service is likely to have a neutral impact in terms of other protected groups.
Other socially excluded groups (carers, low literacy, priority neighbourhoods, health inequalities, rural isolation, asylum seeker and refugee communities etc.)	The delegated shared service is likely to have a neutral impact in terms of other socially excluded groups. Issues raised from internal employees regarding caring responsibilities outside of the workplace will be mitigated through Smart/ Agile Working Policies to be proposed by Charnwood Borough Council.

Where there are potential barriers, negative impacts identified and/ or barriers or impacts are unknown, please outline how you propose to minimise all negative impact or discrimination.

Please note:

- a) If you have identified adverse impact or discrimination that is illegal, you are required to take action to remedy this immediately.
- b) Additionally, if you have identified adverse impact that is justifiable or legitimate, you will need to consider what actions can be taken to mitigate its effect on those groups of people.

The main area of potential impact concerns age, disability; notably customers feeling marginalised from choosing local authority building control service by virtue of the ability to engage with online service delivery. This suggests an ability to provide service in a number of alternative ways might be important for a minority of customers. A further EIA will be conducted separately, to assess the impacts and provide mitigating actions, if this change in service delivery is likely to occur.

The main area of potential impact for internal employees concerns caring responsibilities. However, issues raised from internal employees regarding caring responsibilities outside of the workplace will be mitigated through Smart/ Agile Working Policies to be proposed by Charnwood Borough Council.

Summarise your findings and give an overview as to whether the policy will meet Charnwood Borough Council's responsibilities in relation to equality and diversity (please refer to the general duties on the front page).

The joining of Charnwood Borough Council and North West Leicestershire District Council building control teams, to provide a single building control service, is not in itself likely to present any differential impacts on protected groups. However, should any further changes to service delivery be proposed or occur, a further EIA will be conducted separately to understand if there is any potential for impacts to arise.

■ Step 6- Monitoring, evaluation and review

Are there processes in place to review the findings of this Assessment and make appropriate changes? In particular, how will you monitor potential barriers and any positive/ negative impact?

The Building Control Shared Service Heads of Terms, and associated implementation plan, will continue to be monitored via a joint Project Board for the delegated shared service.

Any further changes to the business model will be appraised to understand if there are any potential impacts and to provide a scheme of mitigation. Again, this will be evaluated and monitored by the joint Project Board (as appropriate).

How will the recommendations of this assessment be built into wider planning and review processes? e.g. policy reviews, annual plans and use of performance management systems.

As stated above.

■ Step 7- Action Plan

Please include any identified concerns/actions/issues in this action plan:

The issues identified should inform your Service Plan and, if appropriate, your Consultation Plan

Reference Number	Action	Responsible Officer	Target Date
001	Review CBC's new agile working policies to ensure Building Control staff are not adversely affected by the preferred business model before it is finalised to assess any potential for differential impact.	Head of Planning & Regeneration	December 2020
002	If further changes to service delivery be proposed or occur, a further EIA be conducted to understand any potential for impacts to arise.	Head of Planning & Regeneration	Ongoing

■ Step 8- Who needs to know about the outcomes of this assessment and how will they be informed?

	Who needs to know (Please tick)	How they will be informed (we have a legal duty to publish EIA's)
Employees	Y	Employee will be informed as part of the internal consultation process. A Communications Plan has been prepared and approved by the Project Board. Service users and stakeholders will be informed as specified in this Plan.
Service users	Y	
Partners and stakeholders	Y	
Others	Y	
To ensure ease of access, what other communication needs/concerns are	Y	

there?		
--------	--	--

■ **Step 9- Conclusion (to be completed and signed by the [Service Head](#))**

Please delete as appropriate

I agree with this assessment / action plan

**Richard Bennett (CBC)
Chris Elston (NWL)**

If *disagree*, state action/s required, reasons and details of who is to carry them out with timescales:

Signed (Service Head):



Date: 23 October 2020

[Please send completed & signed assessment to Suzanne Kinder for publishing.](#)