

TITLE	Shared Building Control Services
FOR CONSIDERATION BY	The Executive on 31 March 2016
WARD	None Specific
DIRECTOR	Heather Thwaites, Director of Environment Graham Ebers, Director Finance and Resources
LEAD MEMBER	Pauline Jorgensen, Executive Member for Resident Services

OUTCOME / BENEFITS TO THE COMMUNITY

Building Control services to Wokingham Borough Council would be delivered under a shared agreement between Wokingham Borough Council, The Royal Borough of Windsor and Maidenhead (RBWM) and West Berkshire District Council (WBDC).

RECOMMENDATION

The Executive is asked to:

- 1) approve the creation of a 3 way Shared Building Control Service to commence in Summer 2016 between Wokingham Borough Council, The Royal Borough of Windsor and Maidenhead (RBWM) and West Berkshire District Council (WBDC);
- 2) delegate authority to the Director of Environment/Director of Finance and Resources and Executive Member for Resident Services to sign the legal agreement to enter into the 3 way shared service;
- 3) agree that the Council should work together with the other members of the shared service during the early stages of the shared service arrangement to consider opportunities for an alternative longer-term model for Building Control Services to further enable all parties to realise opportunities for profit to be generated and returned to these organisations;
- 4) agree that the Building Control Shared Service Joint Board (Building Control Board) is established to oversee the strategic leadership of the building control shared service and that the Executive Member responsible for this area be appointed to this Board and authorised to make decisions on behalf of the Council about the Building Control Shared Service.

SUMMARY OF REPORT

The agreement allows for:

- A shared service arrangement between the three authorities
- The shared service to be hosted by Wokingham Borough Council
- Existing WBDC building control staff to be TUPE transferred to WBC (RBWM staff already transferred to WBC as part of the earlier 2-way shared service)
- A 3-phase roadmap to be developed for the shared service to identify an alternative model for delivery to generate unrestricted income to the authorities (to be the subject of a future report to Executive)

Background

In April 2015, Wokingham Borough Council entered into a shared building control service with Royal Borough of Windsor and Maidenhead (RBWM). WBC hosts this service and all previous RBWM staff were TUPE transferred to WBC, with the whole of the shared service now operating from WBC Shute End.

To date, the existing shared service has been successful in attracting permanent staff and has appointed a manager who is now in place. Operationally, the service has made many improvements and is working through its action plan to increase efficiency and generate more business. Furthermore, the existing shared service has enabled the Council to make a saving to the general fund of £30k through cost savings and efficiencies.

A Larger Shared Service Model

To build on the foundations of 2-way shared service between WBC and RBWM, it was always seen that further growth would strengthen the competitive position of the service and advance the strategic and operational objectives identified.

Since establishment of the 2-way shared service, WBDC and RBC have approached WBC to explore joining the partnership. RBC is not in a position to do this until later in the year but it is proposed for WBDC to enter into a 3-way shared service commencing in June/July 2016. Any further expansion of the shared service to include RBC will be the subject of a further Executive approval. Once the larger shared service model has been set up, an alternative model of service delivery will be investigated to allow the Council and its partners to realise a return from the trading account that is currently ring fenced. This too will be the subject of a further Executive report.

Analysis of Issues

The issues and objectives of the larger shared service are similar to those considered by the Council's Executive in November 2014 for the 2-way shared service but it is more likely that these will be achieved by a larger service given economies of scale. The main difference between the 2-way and 3-way Building Control Service is that each authority will delegate its functions to the host authority to carry out its statutory duties and the type of legal agreement and the governance and responsibilities of the board will reflect this (see below).

Benefits for the Host Authority

A significant benefit of the expanded shared service is that it will be able to develop specialisms and have more resource to market itself to become more competitive and win back a bigger share of the market. The alternative of having to cease the in-house service means WBC would have to procure it. The cost of this is highly likely to be greater than in-house provision as the work is the least attractive to the other providers. Other examples in the country have demonstrated this and many authorities have found it difficult to procure this work.

A main advantage to WBC in hosting the service is that it has more control over the operation of the service.

Purchasing mechanism

17% of the shared service is funded by all partner local authorities and an estimated budget for RBWM and WBDC has been calculated to be paid to the host authority biannually in advance and reconciled thereafter with the actual costs. This will be considered and agreed by the Building Control Shared Service Joint Board (see below).

Services provided

The shared service will provide a range of specialist statutory and a small number of non-statutory building control services normally associated with the requirements of a Local Authority as set out in the legal agreement. Some of these are funded by the Council but the majority (approximately 85%) are fee earning for which the fees are set on a true cost recovery basis. A list of these fee earning and non-fee earning activities for Building Control Services is contained in Appendix 1.

There will be a need for all authorities to agree common procedures, practices and levels of service delivery. It is anticipated that this will be relatively straight forward to achieve as all services operate within the same regulatory regime and strive to improve service delivery and efficiency through continuous improvement given their openly competitive nature.

Staffing

The host authority will continue to accommodate the shared service for WBC and RBWM from Shute End, but there will remain an office in Newbury. Staff from WBDC will be TUPE transferred to WBC.

Oversight and Monitoring

The service agreement will ensure that all parties share the risk and the benefits from the collective use of resources. A Building Control Shared Service Joint Board made up of the elected portfolio holder from each of the 3 authorities will meet annually to oversee the operation of the shared service and to review the following :

- Standards of service delivery and performance
- Fee income and costs (on a true cost delivery basis)
- Treatment of trading surpluses or deficits
- Action plan for business growth and development

An annual report will be issued by the shared service and published on the Council's website. This report will set out the matters discussed and agreed by the Building Control Shared Service Joint Board in respect of the matters set out above.

It is important to realise that there are a number of factors which will affect the delivery and development of the shared service that are outside of Council control. These include the economy, statutory changes, and the level of competition and the availability of trained and experienced staff. The board will therefore need to adopt a flexible approach to enable it to adapt and address the relevant challenges facing the shared service over time, dependent upon the conditions which it faces. However, any significant proposed changes to the fundamental principles or operation of the shared service or the contract will be referred to Executive for consideration.

Financial case

Details of the financial case are set out in Appendix 2. Phase 1 of the 3-way shared service is cost neutral for WBC and the other 2 authorities. Costs will be fully recoverable for WBC but there are no immediate financial savings at the outset. The ring-fenced trading account is expected to run on surpluses each year, which will allow reinvestment through Phases 2 and 3 to return future financial benefits back to WBC and its partners.

ICT solution

Initially, all 3 councils will retain their own IT systems but also have access to Wokingham Borough Council systems. As addressed above, in the future the aim would be to integrate systems to allow efficiencies to be realised.

Termination

The agreement will run from June/July 2016 to June/July 2021. In the event of termination of the shared service after Summer 2021, staff would be TUPE transferred back to their previous employee organisation to fulfil the function, or in the event that TUPE is not possible, the costs of any exit by one or more partner to the shared service, including redundancies, be borne by the exiting parties.

Conclusion

In conclusion, the expansion of the Shared Building Control Service to include WBDC will have limited direct financial savings for the Council in the first stage. However, it will not result in additional cost to WBC as additional costs from the shared service will be reimbursed from the trading account. Expanding the service will enable the service to realise efficiencies and become more competitive (stage 2) after which the Council and its partners will consider opportunities for alternative models of service delivery. An alternative would allow the service to generate profit for the Council unlike the current ring fenced budget.

In summary, the main financial benefits are an indirect saving of not having to 'buy-in' the statutory service at increased cost, and the longer term opportunity for profit generation.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it cost/(save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (2015/16)	(£30k) General Fund saving already achieved from the existing 2 way service	Yes	Revenue
Year 1 (2016/17)	£0k General Fund impact	Yes	Revenue

Year 2 (2017/18)	£2k General Fund impact	Yes	Revenue
Year 3 (2018/19)	(£2k) General Fund impact	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
Improved working with other regulatory services

List of Background Papers
Appendix - Financials

Contact Clare Lawrence/Kien Lac	Service Development Management and Regulatory Services/ Commercial Services
Telephone No 01189 746444/ 0118 974 6040	Email clare.lawrence@wokingham.gov.uk / kien.lac@wokingham.gov.uk
Date 18 March 2016	Version No. 1.5

This page is intentionally left blank