

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

**13 June 2013**

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

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

### **Summary**

This report seeks to inform Members of the performance and financial information for the year 2012/13.

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

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

### **2. Background**

2.1 As the draft Business Plan is written July/August and finalised around December 2012, members noted that the information concerning the previous year's outturn was not complete and requested a mechanism to deliver a summary of the full year's performance and out turn.

### **3. Executive summary**

3.1 The construction industry has shown no signs of recovery over the past two years and this has been reflected in the number of applications deposited under the building regulations. The number of applications have fallen by 22% over this two year period and were 13% down on 2011/12 figures. However, the income generated from these applications combined with ancillary income from searches and other enquiries has only fallen by 4% over the two year period and was in fact 4% higher than last years' income.

3.2 This anomaly came about because of the nature of some of the more complex applications received over that period which included the three Medway Academies, and having sites in all three authorities. Where the inspection of these were carried out in the main through 2012/13 the inspection fees were accrued to that year and thus were quite properly charged against the officer time spent on the application.

3.3 Given the lack of recovery in the construction sector Members agreed in September 2012 to aim for a balanced budget rather than any proposed surplus and indicated

their support for further work to be generated within the consultancy to mitigate any financial pressure in the overall budget and make the best use of staffing resources available.

- 3.4 A paper was taken to the same committee to look at the possibility of taking on an apprentice to assist with succession planning, however, whilst Members were supportive of the principle, they agreed unanimously that it would not be financially appropriate at this time and recommended the issue is re-addressed when the economy improves or resources dictate a necessity.
- 3.5 By winning further work the consultancy and a number of significant developments in the building regulation account, the Partnership has again balanced the budget and produced a modest surplus of £7,700. In line with the Charges Regulation 2010 this will be kept on a general reserve against further pressures this year 2013/14. Whilst the aim will be for a balanced budget this year Members may wish to decide on how any future surpluses are divided should this occur at the end of this financial year.
- 3.6 A new five year business plan was prepared to cover the period of the next term of the Partnership 2012-2017 and whilst the majority of objectives have remained the same, Members requested that the expansion of the Partnership should be included in the objectives.
- 3.7 The selection and procurement of a new back office system was a major project through 2012/13. A great deal of negotiations with Medway's IT, legal and procurement section led to a tender document being sent out in January 2013. The selection process was completed and the successful company appointed in March 2013. A programme of implementation and data transfer will now be pursued through the first quarter of the new financial year.
- 3.8 Further discussions have taken place with Tonbridge and Malling and Canterbury City Council regarding the possible expansion of the Partnership and this would be more easily facilitated through the use of the IT enhancement in mobile working.
- 3.9 Continued growth in the range of services offered by the Partnership will continue to grow its marketability. The advantages of mobile working, self-serve and improved performance management tools that the new IT system brings with it will ensure better use of existing resources whilst the potential to expand will help to build in further resilience to the Partnerships structure.

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

- 4.1 2012/13 has been a further consolidating year for the Partnership. It still operates in a very pressured area given the lack of any recovery in the construction industry. Whilst the concept was designed for an expanding market it has proved equally resilient to the economic pressures that the industry finds itself in.
- 4.2 The new five year term which commenced in October 2012 demanded a five year business plan. Whilst the principles and objectives of the previous three year plan were still valid, Members had requested the inclusion of expanding the Partnership through new Authorities joining and there were also a number of objectives reliant on the adoption and implementation of a new IT system. The procurement process

proved to be quite protracted and this would introduce delays to the outcomes that were expected through 2012/13.

- 4.3 Members agreed to amend the budget profile to achieve a balanced budget rather than the surplus originally forecast. This acknowledged the poor recovery in the construction industry and the increased competitiveness in the market place. End of year results show building regulation applications down by 13% against last year, however, income was 4% higher than the previous year. This anomaly occurred because of the nature of the complex applications received the previous year and the time of their commencement on site, so that the majority of inspections were carried out in 2012/13 and the consequent inspection charges had to be accrued to that year.
- 4.4 Over the first six months of the year it was identified that a significant pressure was likely on the Building Regulation Charging account due to the economic situation. We therefore negotiated further work from the housing section of Medway and Gravesham to mitigate any potential fall in Building Regulation income.
- 4.5 This has resulted in us carrying out Energy Performance Certificates work for Gravesham Council on a number of their housing stock as well as scoping surveys and decent homes surveys for Medway. During this period we trialled using tablet pc's to input data for condition surveys into Medway's Housing database which has proved successful and was rolled out for the last quarter of the year. This will be available for 2013/14 and will allow for a rolling programme of around 600 units per year. As Swale no longer control their housing stock and it has moved into the private sector we have not had the opportunity to bid for this work, however, we have carried out a number of structural and condition surveys for their property portfolios.
- 4.6 A number of meetings throughout the first 6 months of the year took place with Medway's IT, procurement and legal representation to put in place the most appropriate procurement process for the adoption of a new IT system. A specification was prepared and contract agreed with the legal department. The process took longer than anticipated but was necessary to ensure procurement legislation was complied with.
- 4.7 The implementation of a new IT system will enable a number of business plan objectives to be realised which rely on mobile working or on improved customer interface so that customers can carry out on-line searches for their properties building regulation applications and track progress of deposited applications.
- 4.8 Through the last half of the year a detailed specification was prepared to ensure a smooth transition from the existing system and incorporate the enhancement required to improve the service. Three companies that had previously expressed an interest in this development were contacted and requested tender documents. During the tender process one dropped out as it could not meet the exacting requirements of the specification. Following deposit, a panel examined the submissions and the contract awarded to one of the remaining two companies. The award was given to Tascomi who will be able to provide the benefits of mobile working through a browser based system. This will mean that the system will be accessible, on site, at home, in the satellite office as well as the main office and

surveyors will be able to access real time information on site including access to plan documents which will enable an improved service to customers.

- 4.9 The business plan was amended to reflect the new five year term and went through its stages of amendment and approval by Joint Committee and then the Cabinets of each authority. The objectives of the business plan were amended to ensure options were looked at with regards to expansion of the Partnership and also to regularly review the efficacy of the service delivery model adopted.
- 4.10 Discussions at the beginning of the year with Tonbridge and Malling Council were not taken forward due to an internal review and changes with the structure of that authority. However, a presentation was carried out at Canterbury City Council and fruitful discussions ensued, together with an exchange of financial information. An options report will be taken to Canterbury's Members in early 2013/14 to select a way forward for their building control service and this will include the possibility of joining the Partnership. Should this option be selected it will inevitably increase the workload on Partnership but could have significant benefits in increasing its resilience, income and staff development opportunities.
- 4.11 During 2013/14 we will be reviewing our accommodation needs as our lease expires in 2015. Whilst the expansion of the Partnership could see a significant increase in staff members, the advent of the new IT system will allow for greater off site working; at home, in a suitable office and on site and there will be a return on investment payable through a reduction in office space required. Staff and customers have both expressed a preference for staying in the area around the Compass Centre as the connection to our Partner Authorities are very good but consideration must be given to cost and value for money as mobile working will reduce overhead costs.
- 4.12 Whilst the last quarter of the year changes were announced to the building regulations, Approved Inspector legislation and the Building Control process. Most of these will be implemented in April 2013 and the most significant to the partnership will be the introduction of inspection service plans which will replace statutory notifications as the method a builder or owner contacts us to request site inspections. It places an onus on us to identify early in a project at what stage we require to be notified to inspect works. The frequency and number of inspections will be determined by a number of factors including the type of development, method of construction, the risk of not carrying out an inspection (ie something key carried out which may cause a problem later but may be covered up before being inspected) and the quality of the contractor carrying out the work. Inspections should only be requested if there is an intention to carrying them out and charges will be based on the number of inspections and relevant risk factors.

## **5 Performance Management**

- 5.1 The table below shows performance against a number of agreed local and national targets. Following our six month review, Members were advised that in order to mitigate the pressure on the building control charging account it would be necessary to move some staff resources away from this area of activity so as to match demand and increase resources in the consultancy which was expanding its operation so as to generated additional income. They were advised that a reduction in resource

would inevitably impact on the benchmarking statistics but not to the extent that it would impact on customer service, perception or core.

- 5.2 During the last quarter the work in the consultancy was increased to maximise potential income and incorporated Energy Performance Certificates for Gravesham and Fire Risk Assessments of nearly 180 blocks of flats. As expected this did have an impact on the statistics for the last quarter of 2012/13 and will affect some data sets running into 2013/14.
- 5.3 However, Members recognised the importance of balancing the budget provided customers were not inconvenienced. The end of year financial report indicates the budget was balanced and there were no reports of complaints from customers, agents and owners.
- 5.4 Despite this impact the average percentage of plans checked within 15 days rose from 91.15% in 2011/12 to 94.64% in 2012/13 with only two target times not being met and six others coming in above the target guidelines. The two target areas which did not meet their objectives were selected as having the least impact on our customers.

### Quarterly Benchmarking

	% plans checked within 15 days	% plans checked within 10 days	% determined within 5 weeks /or 2 months	No of PCI's	% completion certs sent within 5 days of completion	% of Partner Aps (PC)	Reg & Ack within 3 days	% LC Searches - Medway within 3 days	% LC Searches - Swale within 3 days	HIPs - within 10 working days
	Target 85%	Target 70%	Target 100%		Target 95%		Target 95%	Target 95%	Target 95%	Target 95%
<b>2010-11</b>										
<b>Q1</b>	87.89%	70.70%	98.32%	n/a	59.89%	4.00%	81.73%	100.00%	99.70%	90.63%
<b>Q2</b>	85.81%	64.19%	100.00%	n/a	73.39%	2.63%	80.41%	100.00%	100.00%	69.37%
<b>Q3</b>	84.50%	68.42%	99.53%	33	71.79%	5.26%	86.85%	100.00%	100.00%	96.72%
<b>Q4</b>	88.69%	77.37%	99.26%	65	97.12%	3.18%	99.65%	100.00%	100.00%	100.00%
<b>AVG</b>	86.72%	70.17%	99.28%		75.55%	3.77%	87.16%	100.00%	99.93%	89.18%
<b>2011-12</b>										
<b>Q1</b>	88.85%	53.38%	90.79%	25	99.10%	3.59%	88.82%	100.00%	99.66%	91.78%
<b>Q2</b>	88.34%	71.43%	99.47%	377	98.48%	3.37%	97.54%	100.00%	100.00%	92.78%
<b>Q3</b>	90.79%	70.39%	100.00%	319	99.32%	1.53%	99.71%	100.00%	100.00%	100.00%
<b>Q4</b>	96.63%	75.96%	100.00%	411	100.00%	2.74%	95.22%	100.00%	100.00%	100.00%
<b>AVG</b>	91.15%	67.79%	97.57%		99.23%	2.81%	95.32%	100.00%	99.92%	96.14%
<b>2012-13</b>										
<b>Q1</b>	91.45%	69.14%	100.00%	203	99.66%	1.27%	99.80%	100.00%	100.00%	100.00%
<b>Q2</b>	97.06%	84.03%	100.00%	166	100.00%	1.37%	100.00%	100.00%	100.00%	100.00%
<b>Q3</b>	96.89%	85.74%	100.00%	122	100.00%	2.15%	100.00%	100.00%	100.00%	100.00%
<b>Q4</b>	92.92%	69.34%	*	121	94.90%	2.78%	58.06%	100.00%	100.00%	41.84%
<b>AVG</b>	94.58%	77.06%	100.00%		98.64%	1.89%	89.47%	100.00%	100.00%	85.46%

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

## **6 Customer Feedback**

- 6.1 A postal survey was carried out in May and June 2012 on applications received during 2011/12 where plans had been vetted (Full Plan applications) or works commenced (both Building Notices and Full Plans). The main aim of the survey was to reach 'owner' who had been identified from a previous survey as not being properly represented. There was a 20% response rate which is quite high for a postal survey and of the processes involved with delivering the service communication and speed of delivery were seen as the most important elements by the majority of respondents. It is very encouraging to report that 93% to 95% of customers felt that they had received a good to excellent service in these important areas. Also of the 81% of customers who responded to whether they had seen a change over the previous year 27% saw an improvement in the service.

## **7 Personnel**

- 7.1 One of the benefits of the Partnership has been the ability to encourage personnel development of staff and within the last year we have had four staff attend an Association of Building Engineers seminar held at STG with others from the County attending, looking at achieving progression to corporate membership. All the Senior Surveyors have been assigned a mentee and underwent mentor training; two surveyors have undergone specialist training on dangerous structures and demolitions and have cascaded this knowledge to the rest of the group. We have held a shared seminar with LABC Warranty providers, so as to better understand their products and develop a strategy to offer an enhanced service to customers. A number of joint seminars have been held with our partners so as to better understand some traditional construction problems and how to resolve them both in design and on site; including roofing, log burners, insulation and ducting. These meetings also facilitate good networking opportunities and give the opportunity for customer feedback.

## **8 Conclusion**

- 8.1 Despite the difficulties of the lack of improvement in the construction industry the Partnership has proven that by using the resilience of its staff, diversifying its workload and attracting new income streams it can deliver good quality services at a reduced cost to the authorities. The contributions for 2012/13 were £40,000 below the 2011/12 figure and demonstrated excellent value for money as analysed by an independent audit carried out on behalf of Swale Council by the Mid-Kent Audit Partnership. They also promoted the Partnership as best practice organisation for its reporting and governance arrangements. STG has also been examined twice by the BSI in its continued accreditation as a quality firm under ISO 9002.
- 8.2 The next year is likely to be even more challenging as we adopt and implement our new IT system which will involve a great deal of staff input in both training and development of new working practices. There is the distinct possibility of expansion of the Partnership with a new authority joining which would add to the resilience of the group and require transfer of staff again and a change in working practices for many staff.

- 8.3 With no signs of recovery in the construction industry there will be continued pressure to balance the budget with a further reduction in contributions of £24,000 this year. Continued training and diversification within the consultancy services will play a major part in ensuring sufficient income to mitigate any pressure.
- 8.4 The development of the monitoring officer role developed in the final quarter of 2012/13 will assist in enhancing our enforcement responsibilities to ensure high quality construction remains at the forefront across Gravesham, Medway and Swale and the refreshing of our marketing strategy over the next few months will provide us with sufficient tools to defend and increase our market share in the construction sector.

## **9 Finance and Legal Implications**

- 9.1 The end of year monitoring statement is included in Appendix 1. A budgeted surplus of £46,736 for the year was anticipated but although the building regulation income was significantly below expectations due to the construction industry's poor recovery, sufficient income and expenditure savings were achieved to generate a small surplus of £7,759 which has been added to general reverses.
- 9.2 Expenditure savings of £74,729 consisted of staffing (£50,405) due to the freezing of automatic incremental pay increases, premises (£4,359), transport (£7,266), supplies and services (£2,840) and service level agreements (£9,859) due to a lower legal SLA. A shortfall of building control income (£220,153) was partly offset by additional income received from consultancy (£59,610) and regularisations (£30,412) resulting in a general income deficit of £113,706.

## **10 Risk Management**

- 10.1 There are no risks within this report.

## **11 Recommendations**

- 11.1 Members are asked to note the contents of the report.

## **12 Suggested Reasons for Decisions**

- 12.1 The Constitution requires the Joint Committee to maintain a monitoring role on the progress of the partnership.

### **Lead officer contact**

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### **Background papers**

None

## Year End Budget Monitoring Report

Subjective Description	Current Year Total Budget	Total Actuals 2012-2013	Manager's Variance
Admin Staff	1,065,590	1,025,202	(40,388)
Prem Retire Added Lump Sum	0	0	0
VDU/Eye Tests	0	0	0
Medical Referrals	0	0	0
Clothing Allowance	2,000	334	(1,666)
Call Out Fees	9,819	11,475	1,656
Employee Related Insurance	1,601	1,601	0
Staff Training	7,000	1,749	(5,252)
Staff Training STG Consultancy	7,000	2,245	(4,755)
<b>Total for staffing</b>	<b>1,093,010</b>	<b>1,042,605</b>	<b>(50,405)</b>
Repairs Maint Buildings Gen	3,500	1,868	(1,632)
Electricity	5,500	5,720	220
Gas	3,500	2,393	(1,107)
Rents External	55,282	55,282	0
Non Domestic Rates	25,000	25,089	89
Water & Sewerage Charges	2,000	752	(1,248)
Contract Cleaning	6,000	5,705	(295)
Window Cleaning	700	0	(700)
Trade Refuse	164	389	225
Premises Security	0	0	0
Premises Insurance	700	789	89
<b>Total for premises</b>	<b>102,346</b>	<b>97,987</b>	<b>(4,359)</b>
Vehicle Insurance	330	330	0
Public Trans	500	429	(71)
Park Fees	250	83	(168)
Staff travel -Leased Mileage	9,000	5,027	(3,973)
Casual User	500	62	(438)
Essential User	38,000	35,382	(2,618)
<b>Total for transport</b>	<b>48,580</b>	<b>41,314</b>	<b>(7,266)</b>
Equip/Furn/Mats	1,500	142	(1,358)
Equip Rental Leases Licences	5,900	2,174	(3,726)
Equip Annual Maintenance	0	1,644	1,644
Books/Pubs/News0	2,500	2,435	(65)
Bottled Water Coolers	400	227	(174)
Refreshments at Meetings	800	110	(690)
Printing Stat & Gen Off Exps	0	168	168
Printing	2,000	2,218	218
ConsultancyPublic Protect	2,000	768	(1,232)
Printing Public Protect	500	0	(500)
Stationery	3,200	3,969	769
Stationery STG Consultancy	1,500	488	(1,012)
Stationery Public Protect	500	0	(500)
General Office Expenses	500	129	(371)
Microfilming	500	0	(500)
External Audit Fees	2,712	2,000	(712)
Agency Staff Security	1,400	996	(404)
Consultants Fees	6,000	5,048	(952)
Consultants Fees Non Chargeabl	0	2,292	2,292
Consult Fees Part P Electri	1,000	6,020	5,020
Consultant FeesSTG Consultancy	6,000	10,214	4,214
Consultancy Public Protect	1,000	0	(1,000)
Consultants - HR Approved	0	0	0
Land Registry Fees	1,000	352	(648)
Pager Mobile Phone	1,400	1,873	473



Subjective Description	Current Year Total Budget	Total Actuals 2012-2013	Manager's Variance
Call Costs	130	103	(27)
Line Rental	270	243	(27)
Postage	7,000	6,628	(372)
PostageSTG Consultancy	3,000	172	(2,828)
Computer Hardware	2,000	1,373	(627)
Computer Software	25,200	23,339	(1,861)
Subsistence	2,000	201	(1,799)
Subscriptions	7,000	6,532	(468)
StationeryPublic Protect	2,000	236	(1,764)
All Risks Insurance	1,030	1,380	350
Officials Indemnity Insurance	500	500	0
Publicity	7,500	226	(7,274)
Publicity STG Consultancy	2,000	443	(1,557)
Publicity Public Protect	500	148	(353)
Miscellaneous Expenses	0	262	262
Advertising	500	0	(500)
Contribution to I.T. Reserves	2,000	2,000	0
Contributions to Bad Debt Prov	0	15,052	15,052
<b>Total for supplies and services</b>	<b>104,942</b>	<b>102,102</b>	<b>(2,840)</b>
Fin Mgmt SLA	8,100	8,100	0
Exchequer SLA	5,200	5,200	0
HR SLA	3,416	3,416	0
Org Dev SLA	2,534	2,534	0
Adv & Cons SLA	954	954	0
HR Ops SLA	742	742	0
HR Resource SLA	962	962	0
H&S SLA	1,002	1,002	0
IT Comp SLA	25,200	25,200	0
Legal SLA	10,100	241	(9,859)
<b>Total for support services</b>	<b>58,210</b>	<b>48,351</b>	<b>(9,859)</b>
Conts from OLAs	(351,772)	(351,772)	0
<b>Total for grant /OLA income</b>	<b>(351,772)</b>	<b>(351,772)</b>	<b>0</b>
Fees & Charges General	(4,500)	(6,700)	(2,200)
Land Charges Fees	(25,000)	(27,565)	(2,565)
Building Control Fees	(992,552)	(772,399)	220,153
BldCtFeeConsultSTG Consultancy	(50,000)	(109,610)	(59,610)
Bldg Ctrl Regularisation	(30,000)	(60,412)	(30,412)
Bldg Cont Fees Part P	0	(5,784)	(5,784)
BldCtFees PartPPart P Electric	0	(5,456)	(5,456)
Advertising Income	0	(352)	(352)
Miscellaneous Receipts	0	(67)	(67)
<b>Total for other income</b>	<b>(1,102,052)</b>	<b>(988,346)</b>	<b>113,706</b>
<b>Total Expenditure</b>	<b>1,407,088</b>	<b>1,332,359</b>	<b>(74,729)</b>
<b>Total Income</b>	<b>(1,453,824)</b>	<b>(1,340,118)</b>	<b>113,706</b>
<b>Contribution to Reserves</b>	<b>0</b>	<b>7,759</b>	<b>7,759</b>
<b>Net total</b>	<b>(46,736)</b>	<b>0</b>	<b>46,736</b>