

Cabinet

Supplementary Agenda

Date: Tuesday, 6th January, 2015
Time: 2.00 pm
Venue: Committee Suite 1, 2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

11. **Building and Planning Support Consultancy ASDV Ref. CE 14/15-19** (Pages 1 - 64)

This report is marked 'to follow' on the main Cabinet agenda.

The report seeks Cabinet approval to proceed with the establishment of a Council-owned Company limited by shares that will deliver the functions of a Building and Planning Support Consultancy Service.

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	6 th January 2015
Report of:	Lorraine Butcher, Executive Director of Strategic Commissioning
Subject/Title:	Building and Planning Support Consultancy ASDV
Portfolio Holders:	Councillor D Stockton, Housing and Jobs Councillor D Topping, Service Commissioning

1.0 Report Summary

- 1.1 Over the preceding 12 months the Council has successfully established a range of delivery vehicles for functions which are public facing and designed to improve the service offer to residents while also opening up new business opportunities to assist in reducing the reliance on Council funding.
- 1.2 This report seeks Cabinet approval to build upon the experience of establishing ANSA, ORBITAS and ESAR and to proceed with the establishment of a Council Owned Company limited by shares that will deliver the functions of a Building and Planning Support Consultancy Service. The aim is to have the new company operational by 1 April 2015.
- 1.3 The proposal seeks to deliver a first class, unique and innovative building and planning service for the residents of Cheshire East. The Council is currently well placed to deliver these functions successfully providing advice and support to residents and businesses who seek advice. The new company will provide a one-stop-shop for people seeking to make investments. A transformed, co-ordinated and commercial approach will re-invigorate staff and service innovation delivering a modern agile 21st century approach to building control and planning support services.
- 1.4 The new company will be able to take a pro-active role in mitigating the threats coming from private sector 'Approved Inspectors' and, in part, the loss of revenue from the Land Registry's proposed reform of land search charges. Without such mitigation the Council is at risk from increased cost in performing its statutory building control duties, including enforcement regimes. The proposal also opens up opportunities for partnership working with neighbouring authorities delivering further benefits from economies of scale.
- 1.5 Cheshire East Council is determined to deliver services using a 'best-fit' approach that puts residents first. Against that background the most appropriate model for delivering Building and Planning services is via a Council Owned Company.
- 1.6 The proposal fits with the Councils' declared intent to become a strategic commissioning authority with a clear distinction between commissioning and service delivery and a renewed focus on stimulating innovation, efficiency and staff involvement at a lower cost base.

2.0 Recommendations

Cabinet is recommended to:

- 2.1 Consider the revised financial detail set out in section 11, acknowledging that the lack of clarity over the Land Registry's proposals for reform of land search charges makes all forecasts provisional.
- 2.2 Approve the implementation of a new Building and Planning Support Consultancy company which is structured as a Teckal company to act as an agent for the Council in accordance with the detailed business case and implementation plan attached as Appendix A.
- 2.3 Give any necessary delegated authority to the Executive Director of Strategic Commissioning, the Head of Legal Services and the Chief Operating Officer, in consultation with the Portfolio Holder for Service Commissioning to proceed with that implementation in accordance with the project plan to include leases, licences, guarantees and all necessary contractual documentation including all TUPE provisions.
- 2.4 Approve, through a contract, the intention to transfer Council Building and Planning Support services to the new company on 1 April 2015. This timetable remains ambitious and Cabinet will be kept up to date with progress.
- 2.5 Agree to the commencement of a formal consultation period with all the staff who might be affected by any proposed TUPE transfer.
- 2.6 Authorise Officers to commence formal negotiations with other local authorities who may be interested in forming partnership arrangements in respect of building control and associated services. A further submission to Cabinet would be expected as a result of any final proposals in this respect.

3.0 Reasons for Recommendations

- 3.1 The Council has recognised the need to change the way services are provided in the future in order to create opportunities for innovation and provide service efficiencies. As a result the Council has determined to take a more strategic commissioning role.
- 3.2 The Council has developed a Three Year plan and the development of a new delivery model for these services is identified as one of the major change projects within that plan: Priority 6; Redefining the Council's role in core place-based services; 6.1 Develop new delivery models; 6.1G Building & Planning Support Consultancy.

4.0 Wards Affected

- 4.1 All wards are affected

5.0 Local Ward Members

5.1 All local Ward Members

6.0 Policy Implications

6.1 The project is identified in the Council's Three Year plan as part of the major change programme to re-define the council's role in the commissioning and delivery of services.

6.2 The Council seeks to support economic growth within the area and as a consequence needs to provide effective and efficient services which support and assist those who wish to invest in the area, through development or relocation. The Council's building and planning support services provide a number of services that do just that, with some of these services currently operating within a commercial and competitive arena, attempting to respond and react appropriately whilst operating within the constraints associated with a traditional council operation.

7.0 Financial Implications

7.1 The financial projections are shown in detail in section 11 and these show that, based on a number of assumptions with regard to Land Charges reform, the company should be able to deliver a net surplus of £269k over the first five years of operation.

8.0 Legal Implications

8.1 Various delivery models have been considered to identify a model best suited to deliver the services. Key considerations in evaluating the models have been that:

- The balance of the work undertaken by the service is directly to the public and not the Council
- Parts of the building, planning and land charges work are statutory functions of the Council and although the Council is allowed to cover its costs in delivering the services it is legally restricted from generating a profit.
- Certain of the decisions that the Council makes in relation to the statutory duties are non delegable and must remain with the Council
- The Council needs to maintain market share

8.2 The preferred delivery model for other ASDV's has been a company structured to benefit from the Teckal exemption that has allowed the Council to contract with the company for the delivery of its services without undertaking a procurement exercise. For a company to benefit from the Teckal exemption it is a requirement that at least 80% of the company's work be for the Council. This can be achieved by the company acting as agent on behalf of the Council in delivering the service to the public and the contractual relationship will remain between the Council and the customer.

8.3 Under the agency model the Council cannot generate profit because the Council can only act commercially through a company and an agency arrangement does not satisfy this. The company will however be able to generate a profit on 20% of its activity provided directly to the public, i.e. not via the agency arrangement.

- 8.4 The Council will need to monitor all support or benefit in kind to ensure that the company/council is complying with state aid legislation. The council will also have to have due regard to the fact that some of the functions/decision making are non delegable and will remain with the Council. Therefore appropriate structures and staffing arrangements between the company and the Council will need to be put in place to ensure certain decisions are retained by the Council. Appropriate arrangements will also be required in relation to access to data.
- 8.5 In accordance with the decision by Cabinet (24 March 2014) to create a group structure for its COACCs (Council Owned And Controlled Company) the new company will be formed as a subsidiary of the Council's 'Cheshire East Residents First' (CERF) parent company with 80% ownership resting with CERF and the remaining 20% directly owned by the Council. This is consistent with the governance arrangements used for all the Council's other COACCs. By holding a minority shareholding in the subsidiaries the Council retains more control over important decisions. Importantly, the minority shareholding also provides all councillors with access to the companies.
- 8.6 The Council will have to establish a service contract with the company to define all the services, any lease arrangements and the service levels that they will provide to the Council and a buy back agreement for support services.
- 8.7 The transfer of the services to the company is likely to constitute a relevant transfer under the Transfer of Undertakings Protection of Employment Rights Regulations 2013 (TUPE) under which employees who are working in or for the services under consideration immediately before the transfer will transfer. The Council and the Company must comply with their duties under the Regulations and ensure that appropriate provisions are in place for employee pensions rights.

9.0 Risk Management

- 9.1 The risks within the ASDV programme are identified and managed at 3 levels: Project, Programme and Corporate.
- 9.2 The project risks for this company are detailed within the appended business case. They are managed by the project board which has established appropriate mitigating actions and monitors each risk on a regular basis in accordance with the Council's project management methodology. Risks have been logged and challenged and endorsed by TEG/EMB (Technical Enabler Group/Executive Monitoring Board)
- 9.3 There is a risk (highly likely) to the Authority that the current government proposals to move the maintenance of the land charge register to the Land Registry would result in lost income for the Authority unless action is taken. Based on the current year's level of activity this loss is estimated to be £234k, though this is based on a number of assumptions about the government's proposals, which are not yet clear. This proposal partially mitigates this risk by 'bundling' works within the search realm thereby recapturing some £134k of this lost income. Other threats from competitors are expected to cause a further decline in income unless addressed quickly. If remedial action is not taken, these risks could result in a total additional cost to the Council of £892k over the next 5 years.

10.0 Background and Options

- 10.1 At the meeting of Cheshire East Council on 4th February 2013 it was agreed that the Council should proceed to becoming a strategic commissioning organisation where a small core of commissioners under the strategic direction of the Executive, identify and prioritise local needs, develop the outcomes that people require and then commission the services most appropriate to the delivery of those outcomes.
- 10.2 The basis of this decision was recognition that the landscape under which local public services are designed, purchased and delivered is changing rapidly under new Government policy and legislation. In order to align this with public services locally, the Council is changing the way it operates to become a strategic commissioning body.
- 10.3 While this shift will not happen immediately there is already momentum towards this new arrangement with the establishment of the Leisure Trust, the Environmental Operations Company (ANSA) and Bereavement Company (ORBITAS). Additionally other forms of alternative service delivery are occurring such as the personal and individual commissioning of care and the multi-local authority collaboration for adoption. Finally, an extensive range of commissioning review work is underway to inform potential further models for service delivery as well as areas for decommissioning.
- 10.4 The services under consideration currently generate revenues of £1,756k per annum but they are currently under threat from a number of factors which are detailed in the business case. To stem this decline, and to support future inward investment in our communities, it is therefore proposed to create a “Building and Planning Support Consultancy” service to realise the benefits and associations of those services which may be improved through the provision of a “one-stop” shop approach, co-ordinating advice and support and exploiting opportunities for upselling and package deals together with new services such as energy and fire risk assessments.
- 10.5 The key current service delivery areas are:
- Building Control
 - Local Land Charges
 - Planning support, liaison and customer interface
 - Street Naming and Numbering
- 10.6 An options appraisal has been conducted and has concluded that the new ASDV should take the form of a wholly-owned company limited by shares.
- 10.7 Officers have developed a detailed business case and plan for the implementation of the new company. The initial high level business case has been subject to the scrutiny provided by the Council’s project management regime having been endorsed by TEG on 4 June and EMB on 27 June at Gate 1.
- 10.8 Primary legislation within the Infrastructure Bill is due to receive Royal Assent in March 2015. The proposed changes include the transfer of local land charges to central government from October 2017 onwards to provide a central digital service for

local land charges. It is intended that the Building Control and Planning Support Company should be reviewed to inform the evolution of the Company going forward.

11.0 Financial Detail

11.1 The relevant budgets for the services under consideration are shown below:

2014/15 BUDGET	TOTAL £K
Employees	1,546
Transport	44
Supplies & Services	53
Service Expenditure	1,643
Support service recharges to service	1,029
Gross Expenditure	2,672
Income	1,756
Net Expenditure	916

11.2 This proposal is driven by a business imperative to retain high quality professional capacity to provide the fullest advice to those who wish to invest in the area, through development or relocation. In the longer term, it is anticipated that the new business opportunities provided, and secured through the company model, will see a growth in income levels securing further savings for the Council.

11.3 If we do nothing, then the service estimates that it will lose income to its competitors which could lead to an additional cost to the authority of £892k over the next five years. However, it is estimated that the formation of a new company and the initiation of a number of creative income generation streams over the first five years of operation will turn this projected additional cost of £892k into a small saving of £269k – a net benefit of £1.161m.

11.4 The table below shows the projected 'do nothing' increase in costs from a decline in building control income, coupled with a projected loss of an element of land charge income, assumed to impact on the Authority in 2016/17. When the details of the government's land charge reforms become clearer, then these financial projections may need to be revisited. This projected loss increase in costs would be mitigated under the company model by additional income streams from new initiatives.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	2015/16	2016/17	2017/18	2018/19	2019/20	5 years
	£k	£k	£k	£k	£k	£k
'Do-nothing' profit/(loss)	-125	-125	-214	-214	-214	-892
New company initiatives	-15	+264	+304	+304	+304	+1161
Net profit/(loss)	-140	+139	+90	+90	+90	+269

*The figures above do not incorporate inflation / interest rates.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the author:

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PROJECT INITIATION DOCUMENTATION
DETAILED BUSINESS CASE

Completed By:	Ian Bunn, David Laycock, Mike Wall	Project Name	Building & Planning Support Consultancy ASDV
Programme Name	6.1 Develop New Delivery Models	Portfolio Holder:	Cllr Don Stockton
Project Reference Allocated	TBC	Service:	Building & Planning Support
Senior Responsible Owner (SRO):	Caroline Simpson	Project Manager	David Laycock
Date endorsed at Gate 1	27/6/14	Major Change project number	N/A
Date of last revision	22/12/14		

1. Background

The landscape in which frontline services are designed, structured and delivered is changing rapidly in response to new legislation, government policy and changing market conditions. Cheshire East Council (CEC) is responding to these pressures and on February 2013, the Council announced its three year plan to becoming a strategic commissioning council. This consisted of 29 major change programmes covering 8 key priorities. The plan identifies the core purpose of the council, and identifies the need to redefine 'the council's role in core place-based services'.

The intention to become a strategic commissioning council is supported by a clear strategic framework. This framework establishes the key principles of achieving the Council's required financial savings, providing opportunities to deliver qualitative benefits and ensuring residents receive excellent services which meet the changing needs and aspirations of modern life.

The Council also seeks to support economic growth within the area and as a consequence needs to provide effective and efficient services which support and assist those who wish to invest in the area, through development or relocation. The Council's building and planning support services provide a number of services that do just that, with some of these services currently operating within a commercial and competitive arena, attempting to respond and react appropriately whilst operating within the constraints associated with a traditional council operation.

To support the achievement of these ambitions a review of the service has been completed, identifying and reviewing the differing operating models which could be used to support the building and planning needs of residents, businesses and other organisations. A guiding principle of this review has been the desire to create a more effective, efficient and locally responsive service whilst responding to a number of threats currently endangering service delivery whilst those services remain in their current form.

The purpose of this business case is to summarise the findings of the review and demonstrate how the implementation of a Council Owned and Controlled Company (COACC) best meets the Council's objectives.

Building and Planning Support Consultancy Scope

The scope of the services is those functions currently included within the remit of the teams listed below:

- Building Control
- Local Land Charges and property searches
- Street Naming & Numbering
- Planning Support

The key service responsibilities and activities which are proposed to be included are detailed in Appendix 1.

Performance Measures and Standards

National performance for Building Control services are stipulated by the Building Control Performance Standards Advisory Group (BCPSAG).

A summary of the recently published (July 2014) BCPSAG performance standards that apply to all Building Control bodies are associated with;

- People and skills
- Specialist Experience
- Age and Gender profiling
- Respect for people

There are no data figures available for these as yet due to the recent nature of their publication.

It is anticipated that the Council, as commissioner, may wish to incorporate other measures focussed on corporate outcomes such as stronger communities and carbon reduction. These will be agreed by negotiation and may include references to the following:

Through effective management of resources the company will ensure the needs of local residents are met and protected by;

- 1.1 Encouraging innovation to produce energy efficient and sustainable buildings
- 1.2 Supporting local, regional and national business
- 1.3 Educating and informing building professionals, contractors and trades people
- 1.4 Defending vulnerable communities and householders
- 1.5 Driving out dangerous cheats and rogue traders
- 1.6 Safeguarding the investments of individuals and companies
- 1.7 Enhancing access for disabled, sick, young and old people
- 1.8 Protecting the community from dangerous structures
- 1.9 Provide life saving advice to emergency services
- 1.10 Ensuring cost effective service operations

In addition to the above, the service has identified specific areas where targets should be met. These include;

- Average SAP rating for new buildings
- Number of Building Regulations applications determined
- Number of land drainage cases handled
- Number of nominations for Building Excellence Awards (a proven marketing tool)
- % of customers satisfied.

Further specific measures are proposed in the table below and it recognised that the service commissioners may wish to add further outcome-focussed measures which will be agreed as part of contract negotiations

Action	Reason	Benefits to the Service	Benefits to the customer	Service Level Indicator	Operational Targets	Position as of 2012/13	Target
Monitor Market activity under the Building Regulations	Encourage innovation to produce energy efficient and sustainable buildings	Data can be used to forecast future trend, staffing requirements and to identify marketing potential	Performance set against associated guidelines to achieve what the service sets out to achieve	Number of Local Authority applications received	Number of LA Apps as a % of all notices received	80%	All targets to be agreed as part of contract negotiations
				Number of Approved Inspector Notices received	Number of LA "Commercial" Apps as a % of all commercial notices received	62%	
					Number of LA "New Build Domestic" Apps as a % of all New Build Domestic notices received	62%	
					Number of LA "Domestic Other" Apps as a percentage of all "Domestic Other" notices received	85%	
					Estimated cost of works of LA Apps as a % of all notices received	80%	
					Number of applications received	2601	
					Percentage of "Full Plans" applications checked within 15 working days	94%	
					Average number of commencements per case officer	224	
					Average number of completions per case officer	200	
					Average number of visits per completed project	7	
Monitor disabled applications under the Building Regulations	Enhance access for disabled, sick, young and old people	Highlight the number of applications specifically for disabled applications	Ensure access is available equally to all.	Number of Applications	Number of disabled applications received as a percentage of total applications received	new	
					Percentage of disabled applications commenced	new	
					Percentage of disabled applications completed	new	
Ensure the recovery of costs associated with dangerous structures	Ensure cost effective service operations	Ability to provide the service at cost	Provision of a high quality responsive service that protect members of the public, ensuring property owners fulfil their legal obligations	Number of Dangerous structures reports received	Number of Dangerous structures reports received where action has been required	new	
					Percentage of dangerous structures reports logged where cost recovery has been achieved	new	
					Percentage of cost recovery associated with overall cost of the function	new	
					% of reports received out of hours	new	

Staffing Resource Implications

The services have 47.59 established posts. These members of staff are wholly dedicated to the service and responsible for different aspects of building and planning support.

The majority of staff currently delivering the services as their primary role will transfer to the COACC under these proposals. The transfer would be carried out in compliance with 'The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). TUPE regulations protect existing terms and conditions and assumptions have been included in the financial business case to cover this. This proposed transfer would only take place following full consultation with staff, unions and members.

Any known risks that may affect employees have already been recorded and included in this business case and in the developing project plan. Both formal and informal consultation and engagement activities are already underway with staff and unions. This valuable process will continually be used to promote staff involvement and engagement with feedback used to inform decisions and project planning.

Service Staff Profile

The table below sets out the core staffing data for the service.

STAFFING GROUP	STAFF NUMBERS
Building Control	22
Land Charges	4.45
Planning Support	19.64
Street Naming	1.5
Total	47.59

Service Budget

The table below summarises the current service budget

2014/15 BUDGET	TOTAL £K
Employees	1,546
Transport	44
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Service Expenditure	1,643
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Gross Expenditure	2,672
Income	1,756
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Out of Scope Activities

The scope of activities for this project include the provision of administrative and technical support for professional planning officers, however does **not** include the professional process and considerations made to dealing and determining a planning application. In relation to the planning application workflow, handover to the professional planning team would be following validation of the appropriate submission.

(NB: Planning support is included because legislation is moving toward a more integrated approach between Building Control bodies and Planning. Such proposals are highlighted within the recent Housing standards review that refer to technical standards that may need to be included within the local plan and conditions, but will need to be administered through the Building Regulations)

Ownership of Land Registry data will remain with the Council as will any non-delegable duties

Future Scope

In The Council's three year strategic plan there is a clear prioritised framework to becoming a commissioning council. This recognises the necessity to phase the creation of alternate service delivery vehicles, allowing for resources to be allocated, to be prioritised and for lessons to be learnt.

This proposal is in the third phase of this plan and will soon be followed by a much broader review of Council Services. As this review progresses the Council is seeking to identify improved delivery vehicles for many services. As the Council provides a range of customer focused services it may be advantageous for the Council, over time, to consider extending the remit and responsibilities of the proposed COACC to include other suitable services from within the Council. Such considerations would necessitate the development of robust feasibility studies and business cases.

Partnership and joint working ventures:

It is considered essential to provide economies of scale in terms of staffing. Each function in turn relies on the key resource; staff. Other local authorities are currently experiencing similar problems and favourable discussions have already taken place with two other councils with a view to developing joint arrangements benefiting all participants. Any such developments would form a second phase of the project and would be subject to further Council approvals as necessary.

Additionally any such discussions may identify further possible efficiencies and savings relating to corporate systems and their associated rationalisation. Any appropriate joint venture may allow the combined use of a single system and the opportunity to create less unwieldy solutions.

2. Why is the Project needed?

Drivers for Service Change

The Council has realised the need to change the way future services are provided in order to create opportunities for innovation and provide service efficiencies. As a result the Council has determined to take a more commissioning role. This aspiration to redefine its role in core place-based services is set out in the Council's Three Year Plan.

The services under consideration currently generate a surplus of £113k per annum (excluding support service costs of £1,029k) but are currently under threat from a number of factors:

- Building control inspection has become increasingly competitive with significant growth in the number of private sector companies offering inspection services. These companies are poaching key staff with more attractive remuneration packages. Five (4.5 FTE) out of eleven field inspectors have resigned in the last 2 months and have proved difficult to replace
- The competition has reduced CEC's market share from 83% two years ago to 59% currently and is now aggressively pursuing business with 'bundled' deals. *It is therefore imperative that this decline is addressed quickly.*
- The loss of volume is impacting our ability to provide non-chargeable statutory services (e.g. Disabled advice, Dangerous structures enforcement) at an economic cost by exploiting economies of scale. If left unremedied this will increase the burden on the tax payer.
- Local Land Charges income (£424K operating surplus) is at risk from the Land Registry proposal to centralise the Land Charge register from October 2017.

To stem this decline, and to support future inward investment in our communities, it is therefore proposed to develop options for the creation of a "Building and Planning Support Consultancy" service to realise the benefits and associations of those services which may be improved through the provision of a "one-stop" shop approach, co-ordinating advice and support and exploiting opportunities for upselling and package deals together with new services such as energy and fire risk assessments.

The proposal aims to bring together services which have connections in the property market, providing a "one stop shop" approach to delivery.

Should action not be taken then:

- The council faces a predicted loss of £892k over the next 5 years.
- The service will be further limited in its ability to generate income.
- The ability to enhance statutory services through development of additional services would diminish, making the services less competitive and proactive, restricting the possibility of the development of a "one stop shop" approach to service delivery.
- There would be an inevitable increase of the costs associated with corporate funding for non-fee earning statutory functions
- There would be no direction and intention to innovate, increasing the risk of losing further key professional staff members
- The service will remain restricted to improvement through high support costs

The proposed new COACC will be able to innovate in a way not possible in the Council environment by:

- Developing the opportunity to deliver and maintain the integrity of the regulatory functions, offering adequate legal and governance controls, whilst minimising risk associated with conflicts of interest. These regulatory functions provide the ability for the Council to ensure residents' health & well being and to reduce the burden on emergency and after care services. Some elements of these regulatory function can be undertaken by others, however it is generally left to the Council to remedy and co-ordinate any issues that arise at a future date. The COACC will enable the Council to deliver these functions and maintain a high degree of control, compared with passing legislative interpretation to others.
- Increasing the opportunity to develop and sell specialist services within and outside the Cheshire East region
- Developing joint working arrangements that will enable economies of scale for staffing, ensuring consistent service delivery to customers, not only across Cheshire East, but across other areas. Collaboration with other councils has already proved successful in these areas.
- Developing commercial business support services.
- Having the ability to develop a key brand that attracts professionals wanting to work for the company, presenting a proactive and commercial approach to service delivery.

The outcomes for the Council (and the COACC) can thus be summarised as:

- *Transforming a predicted loss of £892k into an operating profit of £269k over 5 years*
- *Provision of a resilient and improved service*
- *Reversal of the loss of business back to a minimum of 83% (and beyond) market share in building inspection*
- *Continuing to provide statutory services within a best-value budgetary envelope*
- *Exploitation of new market/bundling opportunities*
- *Incorporation of a strategy for staff recruitment, retention and development*
- *Ensure that the Council retains capability and therefore has pricing leverage that encourages continued private investment in local property*

The COACC approach is one that has already being demonstrated to work by other LAs such as:

- Birmingham (ACIVICO)
- Norwich & Norfolk (CNC Building Control)
- Breckland Borough Council

Objectives and deliverables

The primary objective is:

To create (by 1st April 2015) an efficient, effective and profitable Wholly Owned Company (COACC), limited by shares, for the delivery of the Council's statutory and discretionary building and planning support services which support strong and supportive communities, green and sustainable places and a strong and resilient local economy. This will place the needs of Cheshire East residents first - at the heart of the company's activities.

Supporting objectives

- To create (by 1 April 2015) a wholly owned company, limited by shares, for the delivery of current Building & Planning Support services that is a fully equipped to succeed by virtue of having
 - a fully integrated multi-skilled approach
 - Robust contractual arrangements agreed by both parties
 - A positive brand identity
 - A detailed business plan and marketing strategy for the subsequent 3 years with outline plans for the succeeding 2 years
- To achieve best value and quality for Building and Planning Support services and to reduce net operating costs wherever possible, as measured quarterly using an agreed performance framework, that will ensure the best possible service for customers.
- To maximise the new opportunities and flexibilities to deliver services that a COACC offers hence delivering the expectations of the business plan and in accordance with the assumptions and timings contained within that plan.
- To identify, retain and subsequently TUPE transfer all staff to the new delivery vehicle by 1 April 2015 and subsequently develop and motivate said staff to deliver service improvements and excellence as measured quarterly using an agreed performance framework.

Key deliverables

- The set up and registration of a company limited by shares.
- Appointment of a company board of Directors.
- A detailed service specification and contract (including all assets, maintenance issues and performance measures) which has been agreed by both the Company and Council.
- Detailed TUPE consultation with all 47.59 affected staff.
- Successful user acceptance testing (UAT) of all supporting systems and procedures.
- Formal transfer of staff and the service responsibilities detailed in Appendix 1.

3. Proposed Solution

The continuing provision of the range of Building and Planning Support services remains a key priority for Cheshire East Council as it moves to becoming a Commissioning Authority. To consider how this can best be achieved an options appraisal exercise has been completed to review alternate delivery models for running the services.

To ensure the service is best placed to meet current and future challenges the review has focused on identifying ways of delivering the service which can create greater flexibility and are more commercially focused.

During this exercise consideration has been given to the following operating models:

- a) Continuing in house provision
- b) External tender
- c) Local authority wholly owned company

- d) Charitable models
- e) Community Interest Company
- f) Industrial Provident Society
- g) Staff mutually owned company

The options appraisal (Appendix 2) concluded that Building & Planning Support Consultancy services should transfer to an external provider, with the most appropriate model being that of a wholly owned company.

Management Arrangements

Governance

The COACC will be directly accountable to a board of directors which will include 2 appointed members who will represent the interests of the Council, as the sole shareholder for the COACC. There will also be a nominated officer representation on the board. There will be no private interests.

The Board will focus on the strategic management of the business.

Proposed Governance Board Membership:

ROLE	COMPOSITION
CHAIRMAN	MEMBER – Cllr Andrew Kolker
DIRECTOR	MEMBER – Cllr Olivia Hunter
GENERAL MANAGER	OFFICER – Ian Bunn

Alongside the other ASDVs that the Council is establishing, it is anticipated that the COACC will become a subsidiary company within the overarching holding company: Cheshire East Residents First (CERF).

Within that governance structure it is critical that individual roles and responsibilities are defined in a way which allows for clear and robust arrangements which value and recognises the contribution of both organisations.

These responsibilities will clearly be set out in the ‘Articles of Association’ and service specification which will define the type and amount of influence that the authority will have with the COACC and will cover key issues such as:

- Financial responsibilities
- Management of Risk
- Business Planning
- Service Standards

It should be noted that the on-going viability of the project will continue to be monitored by the Board of Directors of both the company and of CERF.

Contractual arrangements

The COACC will have a strategic contract, a tailored element to the contract, a detailed method statement and a set of outcome-based Key Performance Indicators. To oversee the delivery of this it is acknowledged that CEC will need to develop the role of the commissioner to manage the contract and contractual relationships. This

will include the relevant contract monitoring and management, general client relationship and any specific management requirements.

It should be noted that the proposal assumes that the COACC will be established to operate as an agent for the council in order to qualify for the 'Teckal' exemption. Its agency work will therefore need to represent at least 80% of its turnover and will be undertaken on a non-profit making basis. The remaining 20% of turnover can be profitable.

Constraints and Dependencies

Building and Planning Support services are currently reliant on a number of support services provided by CEC directly. These are critical in allowing the service to perform and would need reflecting through service level agreements so that – at least for the short term 'incubation period' – the service can continue to function adequately while it becomes fully established. The expectation is that over time the company will be given freedom to explore alternative support arrangements where these can be more cost effectively obtained elsewhere. The support services include (although not exclusively) IT, Finance and HR support.

The role of the land charge function provides for refinement of data held by other services within the Council in order to produce the necessary search required. Those services are statutorily required to maintain registers that should be available for examination by anyone wishing to undertake a search relating to property.

The Localism Act 2011 grants powers allowing a local authority to do anything an individual can do unless expressly prohibited to do so. If a local authority wishes to conduct Building Regulation business outside its geographical boundaries it must form a trading company (section 4(2) of the Localism Act) and in order to undertake those activities that company must seek approval from the Construction Industry Council to act as an approved inspector. This involves the acquisition of appropriate level of professional indemnity from a single provider (Griffiths and Armour) and restrictions on other professional or financial interest in building work.

Local authority companies acting as approved inspectors **WILL NOT** have the powers granted to local authorities under the Building Act or the Building Regulation 2010, in the same way that approved inspectors do not have these powers. e.g. they would not be able to undertake formal enforcement of the Building Regulations.

One authority has recently followed this path and successfully been approved by the CIC, however that business has focussed on the private sector competitiveness rather than competing with other authorities for building control work.

Business Planning

This business case is intended to provide a framework for planning, managing and defining the proposed business change. A separate, detailed business plan will need to be prepared and agreed which defines the business goals, the rationale behind them, the plan to achieve them and fully developed financial projections covering the first 3 years of operation.

4. SWOT Analysis

A SWOT analysis has been completed for both Building Control and Land Charge functions. These are attached as Appendix 6.

5. Benefits and Benefit Realisation

Service Quality Benefits

The current service is of good quality and generally well regarded by service users. This quality derives from the experience, affiliation and in depth knowledge of the current team who exhibit a genuine motivation to provide high levels of service and care for service users. The staff delivering the service would TUPE transfer into the COACC ensuring their skills and abilities are retained.

Furthermore real opportunities will exist for the team to shape how the service is delivered, designed and provided. This increased level of involvement in running the service, coupled with the ability to act promptly on decisions is undoubtedly a key way of engaging and motivating the team and has been acknowledged by staff during stakeholder meetings.

With the ability to offer a broad range of services and to respond quickly to the marketplace it is expected that a COACC would offer a better and more responsive service for users and retain key staff members. This is already having an impact - illustrated by the fact that one staff member, recently approached by a competitor with an employment package including incentives such as a company car, has refused to resign since recognising the opportunities that the creation of this new company will deliver.

Specific, intangible benefits to be delivered include:

- The creation of a new, dynamic and vibrant brand that will attract new business and, importantly, foster a sense of belonging and commitment amongst staff
- Improved service provision focussing on a proactive can-do approach, developing a more affordable, customer-first, model of professional and support services
- Stimulating a commercial, market-led approach to everything we do
- Improved working practices through reorganising services into a more customer orientated and efficient group providing skills and resources to meet customer demand and protect the public interest, thereby improving the council's reputation
- Improving staff motivation by creating competitive and diverse services, providing opportunities for personal development
- Improved staff recruitment/retention potential from reduced bureaucracy and increasing job satisfaction and morale.

Financial Benefits

Unlike other COACCs this proposal is largely a defensive measure in the short term in that it seeks to address the decline in income that has previously been discussed. In the longer term it is anticipated that new business opportunities will see a growth in both income and profit.

Over the first five years of operation it is forecast that the company will turn a predicted 'do-nothing' loss to the authority of £892k into a small profit of £269k – a net improvement of £1.161m.

This will be accomplished by a combination of several initiatives:

- Restoration of previous levels of building control market share which will produce an increase in income of 6% (equates to £70k/annum).
- By maintaining and growing a high level of chargeable market share we are able to support the delivery of non-chargeable services at a level below cost. This avoids a projected cost increase of £70k/annum.
- The adoption of new technology and applying flexible working, which will be stimulated by the new company ethos, is anticipated to produce efficiency/service delivery savings of £80k/annum from year 3 (part year effect of £40k in year 2). *NB: It is acknowledged that some of these specific savings could be delivered without the formation of a new company.*
- Consideration of current government proposals to move the maintenance of the land charge register to the Land Registry would initially result in lost income for the Authority. Based on the current year's level of activity this loss would be approximately £234k, against a mid-year expected income figure of £727k and a budgeted income figure of £582k. The worst case scenario for this proposal for the Council would be the loss of all income associated with the function should nothing be done. This proposal therefore seeks to protect the income generated by works within the search realm, other than the LLC1 searches, and to achieve additional income to negate the impact of this expected loss. The proposal would allow additional services to be provided that initially are expected to generate an additional £134k, which would reduce the risk of loss to the Council to £100k, based on the current year's expected level of actual income.

Continued or enhanced take up of the service would create the potential for additional revenue streams to be established. This could be used to reduce unsustainable costs, to provide a source of new investment to improve the service and/or to provide a tangible means of developing talent and rewarding staff for good performance.

There is the *future* potential (after the expiry of the incubation period) for the Council to save money by generating efficiencies in its central support services and reviewing the level of support purchased. This would allow it to reduce the value of the management fee payable to the company.

Costs (based on estimated apportionments) currently include £60K (Democratic services), £3.5K (Procurement), £190K (Customer Services), £54.5K (HR), £202K (Accommodation), £45K (Directorate Management), £14K (Communications). Targeting a 50% reduction of these could deliver savings of £285K.

These savings have not been included in the business case for the company.

Innovation and Growth Benefits

The review of service delivery options concluded that a COACC can offer one of the quickest means of delivering change, promoting cost efficiencies and effectiveness whilst managing the reputational risks associated with service delivery.

There will clearly be opportunities for employees to develop and implement their entrepreneurial skills without being constrained by the red tape found in larger

organisations. Already ideas have emerged during the staff engagement process of new ways to expand the type of services offered and their scope.

Benefits and effects for Local Residents:

Current in-house costs are inflated due to excessive support service costs allocated due to corporate calculations and allocations. The future ability to procure services outside the corporate constraints would enable these costs to reduce and therefore provide an enhanced service at a lower rate to local residents and developers. This would also enable the service to compete more effectively, as the private sector does not have the same corporate/political overheads as the council.

Increased productivity and the impact of Local Authority Building Control would ensure that residents continue to have their health and well-being maintained in a proactive manner.

Improved service delivery in respect to planning applications.

The Building Regulations have driven a 70% saving in energy usage compared with 1990 and 50% reduction of deaths due to fire in the home since 1980. The recent Housing standards review has stated that the energy reduction objective will move within the remit of the Building Regulations with the removal of the code for sustainable homes moving towards zero carbon in 2016.

Legislation such as this places a statutory obligation on those who undertake building work to existing and new developments. It is the responsibility of a Building Control Body to ensure those obligations are met, however, as with other areas of legislation these regulations are open to interpretation of individuals. To ensure that Cheshire East local residents continue to improve the local area, it is important to manage/assist and direct those who interpret this legislation. This COACC will ensure the ability to compete with others, maintaining integrity of the Council to influence the interpretation of legislative requirements and compliance.

To provide added value specialist service business support services that are currently not provided by the council.

New Business and Income Generation

There is an expectation that from year 2 the COACC will be able to create new and additional income streams. At staff stakeholder meetings there has been a consensus that by becoming a COACC, service levels would improve through quicker decision making and greater flexibility to enhance the services provided.

From the existing discussions, the following ideas have already been suggested:

- One Stop Shop Facility - offering link to all search service provisions (coal board, brine etc).
- Set up contractual 'on accounts' with T&C for Land Charge customers
- The development of specialist services such as the provision of energy performance certificates.
- Ability to provide and offer new services:
 - Energy performance assessments
 - Fire Risk Assessments
 - Air Tightness testing

- Develop a service to meet conveyancer's specific needs (e.g. Gold star service vs. standard service).
- The provision of bundled services, offering packages that make service use attractive by bringing information together.
- Collaboration with other Councils. Selling the provision of support to planning services will be of interest to other Councils where economies of scale may result in savings across all areas of resources, such as single management of ICT management processes.
- Direct employment of specialists (e.g. electricians for electrical compliance work) avoiding expensive sub-contracting.

The table below illustrates the initial range of cashable benefits that will be delivered by the company.

It is expected that the first 2 years are focussed on 'stabilisation', thereafter growth and development.

Benefit	Type	Comment	Anticipated date of benefit commencement / delivery	Benefit Owner
Restoration of previous building control market share (6% inc)	Financial	Estimated to be £0.07m from year 2, with £0.035m in year 1 (part year)	2015/16 onward	Ian Bunn
Bundling of land charges searches with building control work will protect £134k at a time when the LLC1 land charges work is being centralised nationally which would otherwise result in a loss of £234k	Financial	Estimated to be £0.134m a year	From 2016/17 onwards	Ian Bunn
Recovery of fixed costs from chargeable works will reduce the cost of non-chargeable time	Financial	Estimated to be £0.07m a year	From 2016/17	Ian Bunn
Better use of new technologies and flexible working arrangements	Financial	Estimated to be £0.08m from year 3, with £0.04m in year 2 (part year)	From 2016/17	Ian Bunn

Benefits realisation

A detailed benefits realisation plan will be developed and included in the performance management framework incorporated into the service specification.

Cashable benefits will be monitored using the company accounts. Non-cashable benefits will be measured using the suite of performance indicators listed in pages 4 & 5 of this document. The reporting frequency will be agreed and included in the service contract between the Council and the Company.

Responsibility for delivering the benefits ultimately rests with the Board of Directors but in practical terms will be delivered by the Company's General Manager.

6. Project and Investment Appraisal

In considering the financial viability of a COACC consideration has been given to the potential financial benefits for both the Council and the COACC. A high-level summary of the benefits is provided below with more detail included in the Finance Appraisal (Appendix 3).

It should be noted that all the figures are based upon comparing the Council's liability in a 'do-nothing' situation with the situation offered by the new company.

Summary Financial Business Case

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	2015/16	2016/17	2017/18	2018/19	2019/20	5 years
	£k	£k	£k	£k	£k	£k
'Do-nothing' profit/(loss)	-125	-125	-214	-214	-214	-892
New company initiatives	-15	+264	+304	+304	+304	+1161
Net profit/(loss)	-140	+139	+90	+90	+90	+269

*The figures above do not incorporate inflation / interest rates.

Detailed Financial Considerations

Both the fee earning areas included within the proposal generate significant income and operate within a competitive environment.

Both the Building Control service and the local land charge service are "data rich" in the sense that other competitors are required to report their planning activity into the council. *This critical business intelligence places them in a leading market position* and has allowed the generation of the horizon-scanning data discussed below:

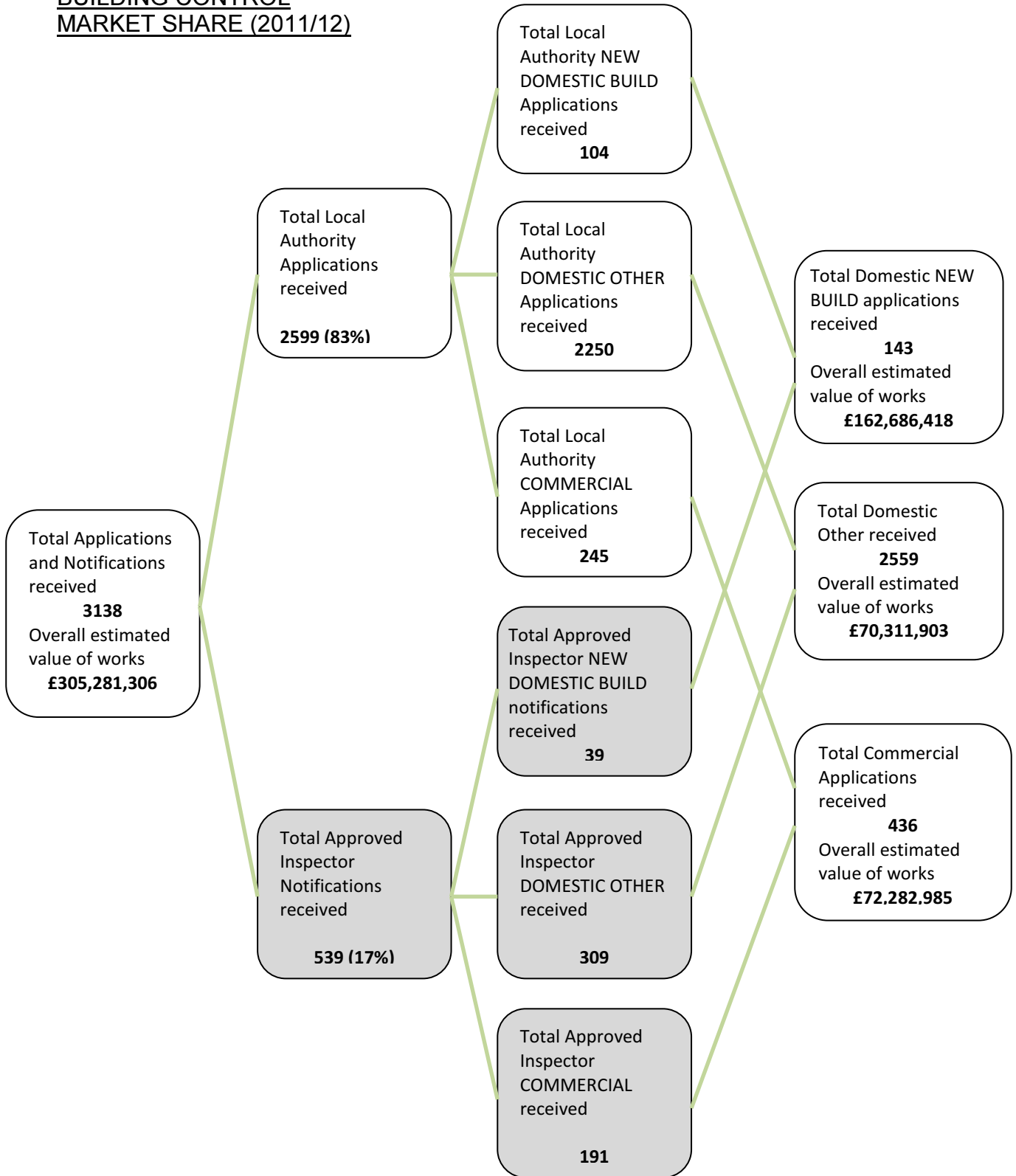
Recent market analysis has shown that for 2011/12 the local economic value of building work that required permission under the regulations was in the region of £305,000,000. Further assessment recognises that whilst the service attracted a significant portion of that work, approx £240,000 of revenue was lost to competition that year.

In 2013/14 that competition also represented a total of £225,000 of lost revenue.

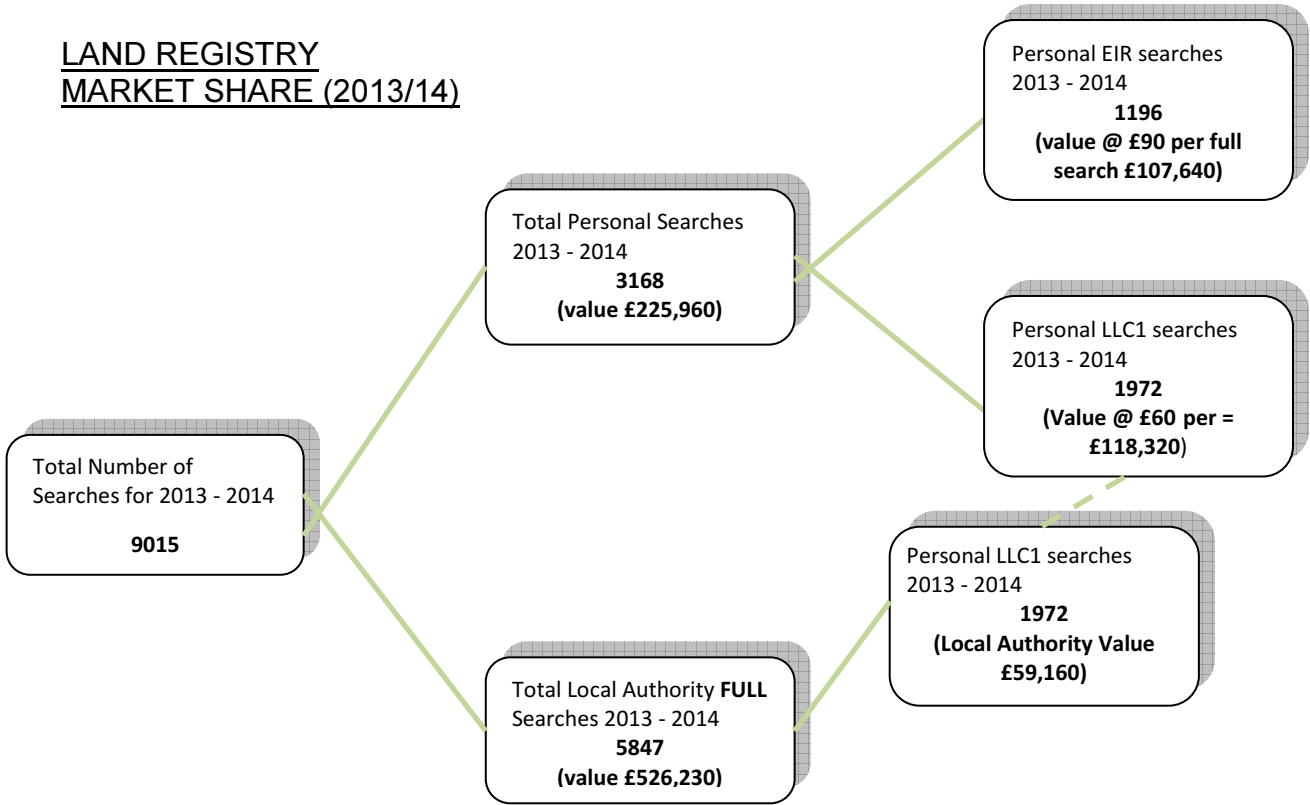
This last year has seen a growth of the overall building market but the Council has been limited in its ability to respond having lost a significant number of staff to the private sector. This has resulted in an effective decline in its share of the market, although operational levels remain stable. The market share position over the last 12 months for the Building Control service has declined from 81% in Oct 2013 to 59% in Oct 2014.

The charts below provide a breakdown of business and revenues between CEC and its competition.

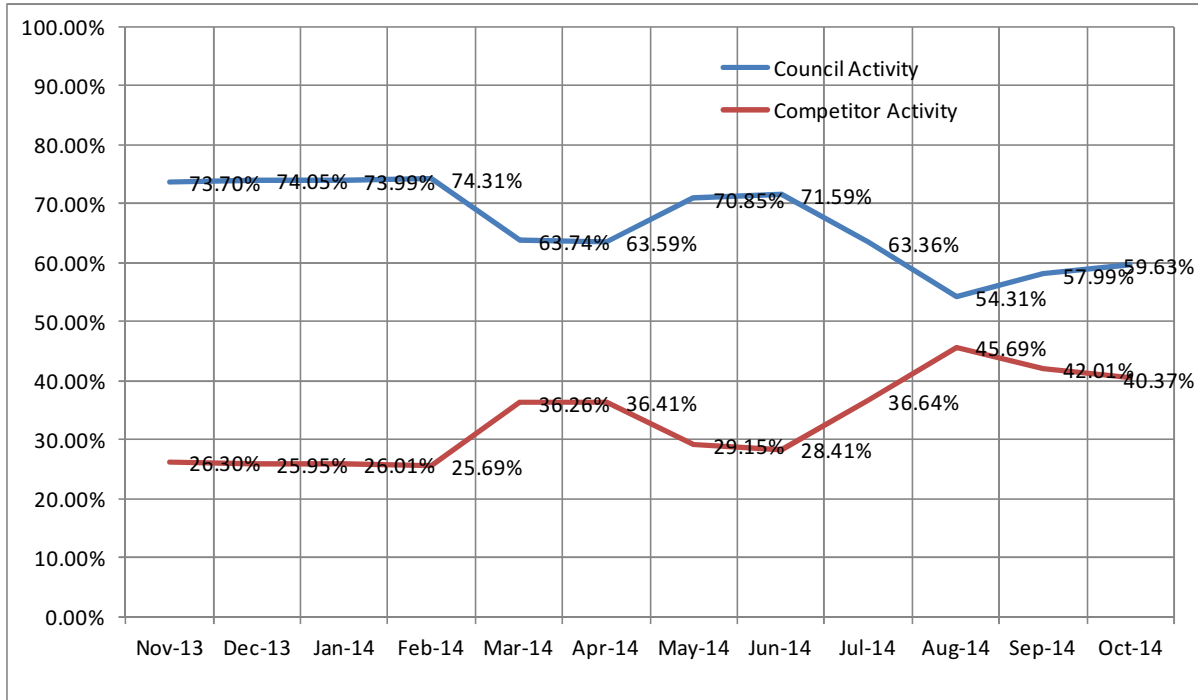
BUILDING CONTROL
MARKET SHARE (2011/12)



**LAND REGISTRY
MARKET SHARE (2013/14)**



MARKET SHARE BY PROJECT (last 12 months)

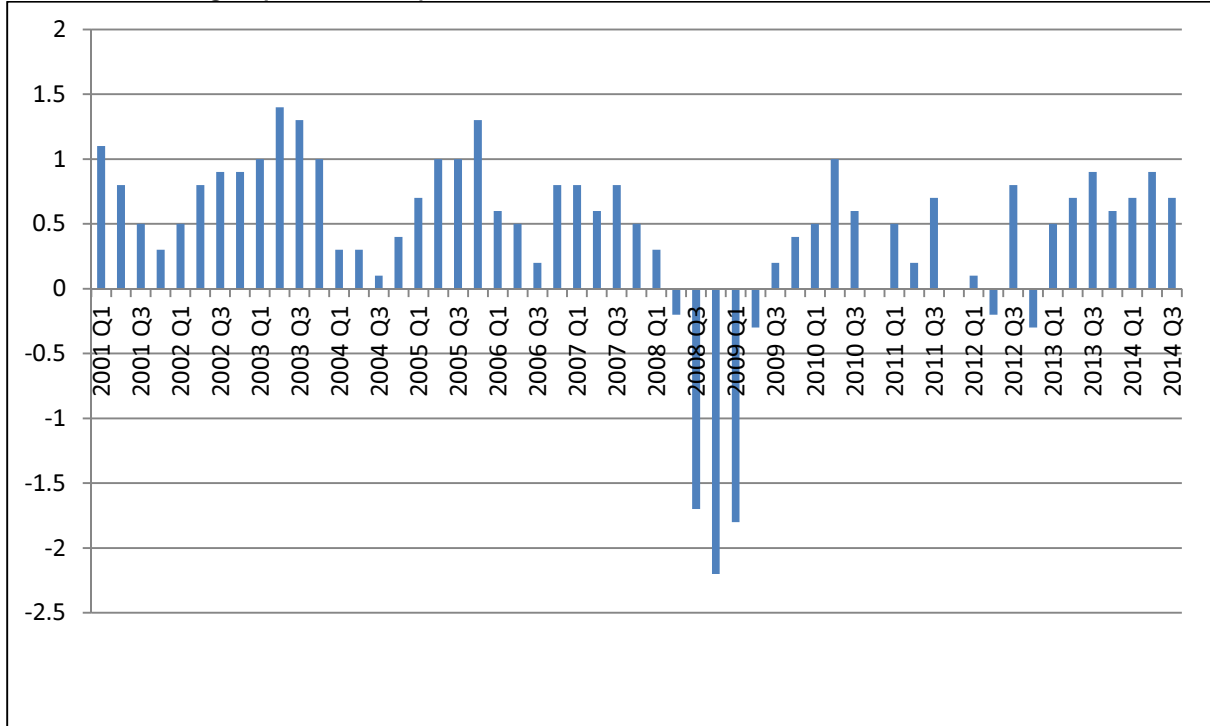


Market Contingency and Sensitivity

The marketplace is dominated by those who wish to develop their existing homes or those who wish to move their location. It is clear that a person’s wealth or perception of wealth will ultimately affect these wishes. Therefore the status of the national and local economies affects the marketplace significantly.

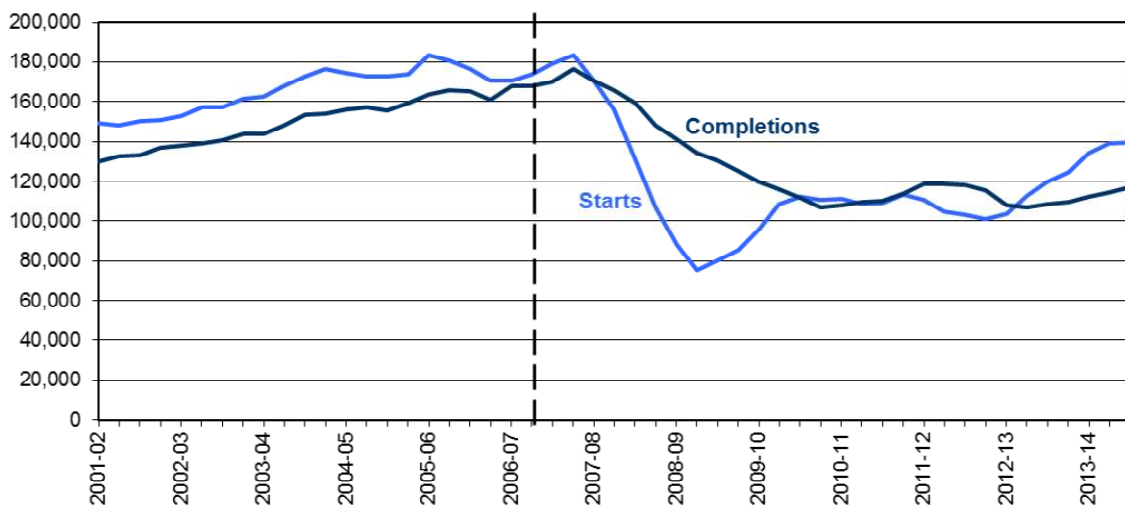
The latest GDP figures show that the overall economic climate is recovering from the downturn of 2008/9.

GDP - % change quarter on quarter (SOURCE: ONS)

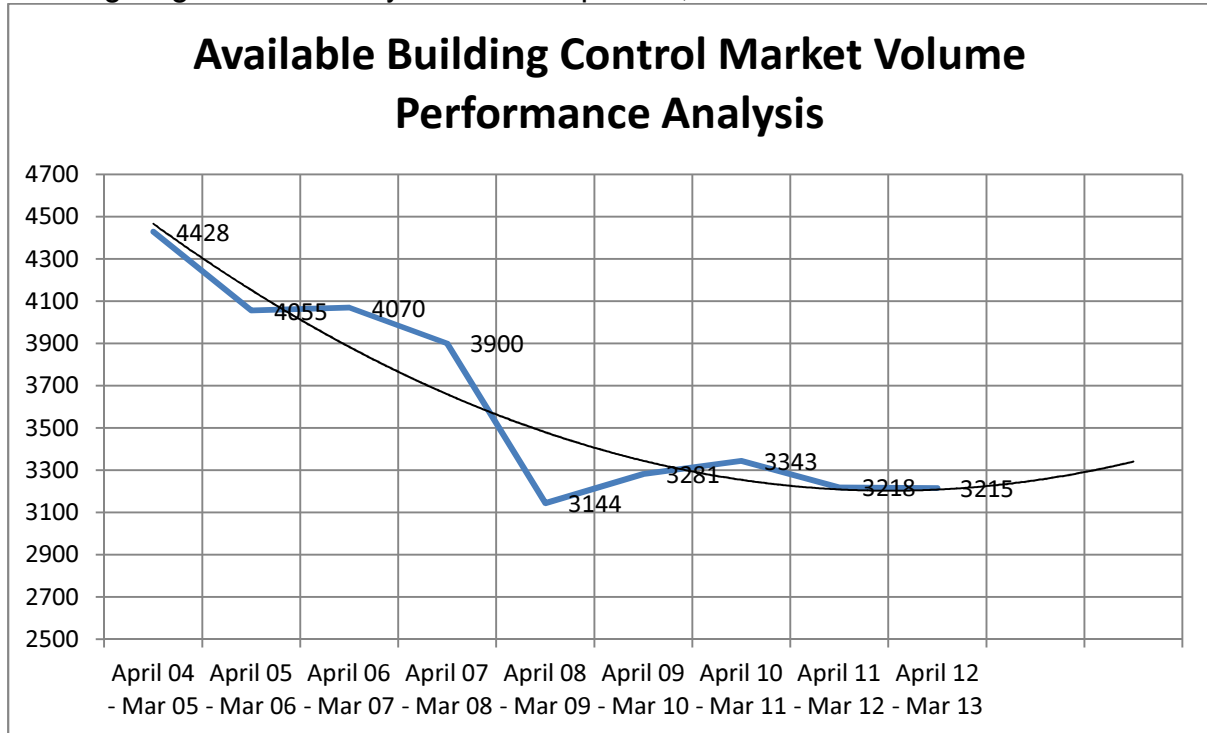


This trend is further reflected in new build activity as reported by the DCLG: “Annual housing starts totalled 139,500 in the 12 months to September 2014, up by 17 per cent compared with the year before. Annual housing completions in England totalled 117,070 in the 12 months to September 2014, an increase of 8 per cent compared with the previous 12 months”

House Building: September Quarter 2014, England



Analysis of overall workload undertaken within the Cheshire East since 2004 for Building Regulations clearly reflects this pattern, as the table below demonstrates.



It is widely felt, within the industry, that the market is set to grow in the future and it is therefore vital that we are properly positioned and resourced to benefit from an upturn.

In order to plan for these effects a review of market activity will be undertaken regularly, with an appropriate plan developed each year.

Whilst it is assumed that economic growth will no longer decline there are a number of factors that may be applied that will help mitigate any down turn should it actually happen. These include;

- Recruitment / use of temporary staff.
- The investment in, and development of staff
- The identification of alternative services that can be offered utilising the skill sets of existing staff
- Regular review of fees and charges to maintain a competitive edge
- Develop relationships with customers to establish a firm, repeat customer base, built on years of experience and satisfaction.

To market effectively the factors that represent good service will need to be further identified. Overall the market will need to be continually monitored and reacted to – quickly!

Best Case

The proposals within this document represent a prudent 'middle-ground' approach. They therefore do not include many of the additional revenue generating sources that could be developed should business development progress well. One example would be the creation of partnership working arrangements with other local authorities of similar or smaller size. In this instance each partner would benefit from economies of scale and the sharing of management and support service overheads.

It is estimated that for each one of these arrangements put in place a gross saving of £100k per annum would be delivered. Sharing this equally would result in a net benefit to the company of £250k over 5 years.

Worst Case

Considerable thought, expertise and market knowledge has been utilised in developing these proposals. However it is recognised that unforeseen factors could have a negative impact to some initiatives. In such an event all that is needed is for the company to cover its additional running costs (compared to remaining within the council) of £50k per annum. This is just ¼ of the expected return to be generated and so represents a significant margin of safety

Other 'sensitivity' factors have been excluded from this analysis since the business case is predicated upon a comparison of the company model with a 'do-nothing' approach. Other factors will affect both options equally

Corporate core costs

It has been confirmed that there will be an incubation period for this transition where some support services will continue to be used for a period of at least 3 years. In 2013/14 the baseline recharge to the service for corporate support costs was £1,029k.

After the incubation period there is the option that where the central support services provided by CEC are not suitable, these could be procured externally or delivered from within the ASDV.

Expanding the business and changing the income profile will have significant implications for the COACC and these would need to be fully considered as the COACC matures.

Typically existing operating models indicate that efficiency savings may define the former years whilst energies are focused on developing new income streams during the latter years.

Financial Management

It is anticipated that the company and the Council would agree annually the level of funding that is required to discharge the Council's statutory duties, as well as the discretionary services that the two parties agree. Until the company has built up its reputation and hence marketability to others, it is likely that the primary objective of a financial management regime would be to ensure that the cost pressure in the industry is absorbed, and the current levels of service provision are maintained. The construction of a five year business plan will identify the key cost drivers, activities that can be undertaken to mitigate the cost pressure, and embed better contract and tender management.

Financial assumptions

- The financial business case assumes there is no retained cost for the Council to manage the 'client' relationship as this capacity is already in place within the commissioning services.
- If the COACC is established and a TUPE Transfer takes place, pension provision will be provided by the COACC as either designated or admitted body status. This means that employee's pensions will continue to be provided through existing arrangements. New staff could, however, be refused admission to the LGPS and instead could be offered an attractive, employer-supported defined contribution pension plan.
- The move to a COACC provided pension cost is likely to result in a change in the employer's contribution rate and this will be confirmed prior to company go-live, once the TUPE list has been agreed and the actuarial report prepared.

7. Risk

A full risk log is attached as Appendix 4. This separately identifies risks to the project, the company and the Council.

It is recognised that predicting future needs, demand, user responses and financial viability is an evolutionary process and the process of identifying risks and preparing suitable responses and mitigation, is a continual activity which will be a key part of the Business Case and subsequent Business Plans for the company and the Council.

8. Equality Impact Assessments

An Equalities Impact Assessment is attached as Appendix 5.

9. Resource requirements to deliver the project

<i>Resource</i>	<i>Estimate of number of days required</i>	<i>Source of Resource (corporate/service/Shared Service/external)</i>	<i>Comment from Service Manager (for example: require additional expertise, can manage within existing capacity)</i>
Project Management	100	Corporate	David Laycock- Can manage within existing capacity
ICT	86	Corporate / Shared Service	Val Poyser - Can manage within existing capacity
HR	40	Corporate	Alan Brown - Can manage within existing capacity
Communications Planning	20	Service and Corporate	Michael Moore - Can manage within existing capacity
Procurement	25	N/A	
Legal	90	Corporate and External	Michael Sellors- Can manage within existing capacity Jayne McLaughlin - Can manage within existing capacity plus external advice
Assets	10	Corporate and External	Denise Griffiths - Can manage within existing capacity
Finance	40	Corporate	Mike Wall - Can manage within existing capacity
Risk Management	20	Corporate	Jon Robinson – Risk logs have been produced, ongoing can manage within existing capacity
Other:- please specify		N/A	

10. Review Monitoring & Evaluation

There is a statutory requirement that a business case is prepared and approved by the Council before the Council may trade through a company. Thereafter the Council is required to have regard to guidance issued by the (then) ODPM, which advises that the business case, once approved is used as the basis of developing a business plan to be used by the company in future years.

Up until the go-live date this document will be continuously reviewed by the Project Manager and SRO to ensure compliance with the legal requirements of establishing a trading company and refreshed with any new information. Where this has a material effect on any of the proposals for the project it will be resubmitted through the Council's approval process.

11. Exit Strategy

Any material changes that will result in failure to deliver reduction in costs or improvements in outcomes or sustainability may give rise to concerns that the COACC will not be sustainable over the long term.

It is anticipated that the additional trading opportunities will not be fully known until the COACC formally commences trading. There is a recognition that culture change, efficiency savings through different ways of working and contracting, and new business opportunities are the three main drivers for change through which we aspire to achieve a step change in the company provision.

In the event that sufficient trading potential has not been realised within a 5 year window or costs begin to spiral, the Council's representatives will have the power, subject to any necessary Cabinet approval, to review the on-going viability of the COACC and what steps if any it needs to take in the way the COACC is governed and/or managed to achieve the required benefits.

Given that the Council is the sole shareholder, it potentially has the power to bring the service back in-house or to conduct a formal outsourcing exercise or indeed to sell the COACC subject to any agreed processes or relevant legislation.

13. Appendices:

Appendix 1: Services in Scope

Appendix 2: Options Appraisal

Appendix 3: Finance Appraisal

Appendix 4: Risk Log

Appendix 5: Equality Impact Assessment

Appendix 6: SWOT Analysis

Appendix 1 – Services in Scope

The scope of services to be those functions included within the remit of the teams listed below:

- Building Control
- Local Land Charges and property searches
- Street Naming & Numbering
- Planning Liaison
- Planning Support

These services are responsible for a number of planning and building control functions and discharge the Council's statutory duties in respect of buildings as covered in the following legislation:

- Local Authorities (Functions & Responsibilities) (England) Regulations 2000 Building Act 1984
- Building Regulations 2010
- Building (Approved Inspectors) Regulations 2010
- Public Health Act 1961
- Local Government (Miscellaneous Provisions) Act 1976
- Land Drainage Act 1991
- Local Land Charges Act 1975
- Local Land charges Rules 1977
- The Local Authorities (charges for Land searches) Regulations 1994
- The Constitutional Reform Act 2005
- Public Health Act amendments Act 1907
- Town & Country Planning Act 1947
- Town & Country Planning Act 1990

The functions of each team to be included are as follows:

Building Control

All those functions set out in the Local Authorities (Functions & Responsibilities) (England) Regulations 2000 which relate to Building Control including;

Building Regulations

- The passing or rejection of plans of proposed work deposited with Building Regulations or passing them subject to conditions, under the provisions of Section 16 of the Building Act 1984, subject to any other section of this Act or any other Act that expressly requires or authorises the rejection of such plans in certain cases.

- The declaration by notice that the deposit of plans is of no effect under the provisions of Section 32 of the Building Act.
- The dispensation with the requirements of the Building Regulations in appropriate cases.
- Dealing with applications for Regularisation certificates in respect to unauthorised building work
- The serving of notice to open up work in cases where a person carrying out building work neglects to notify the Council of the stages of work referred to in Regulation 14 of the Building Regulations 2010.
- The taking of enforcement action in cases where the provisions of the Building Regulations and other related legislation have not been complied with, including instituting proceedings in the Magistrates Court for contraventions of the Building Regulations
- Supervision of Building work etc otherwise than by Local Authorities
- The receipt and acceptance or rejection, on prescribed grounds AND , where appropriate, of the various notices referred to in Part II of the Building Act 1984 and the Building (Approved Inspectors) Regulations 2010 in connection with the supervision of plans and works by approved inspectors
- Setting of charges in accordance with The Building (Local Authority Charges) Regulations 2010
- The Power to enter premises under section 95 of the Building Act 1984.
- Authorising any officer or agent of the council to enter land under section 95 of the Building Act 1984

Dangerous Structures

- Dealing with dangerous structures by:- (i) Taking action under Section 77 of the Building Act 1984 to secure the removal of dangerous conditions in buildings or structures including application to Magistrates Court for an order to remove such dangerous conditions
- Take emergency action under section 78 of the Building Act 1984 in such cases where immediate action is necessary to remove danger
- Dealing with ruinous and dilapidated buildings and neglected sites by taking action under section 79 of the Building Act 1984

Demolitions

- Dealing with private demolitions of the whole or part of a building or buildings by taking action under section 81 of the Building Act 1984
- Sections 80-83 of the Building Act controls demolition works and anyone wishing to demolish should contact the local authority as a matter of course. The Building Control Team will advise and carry out the necessary site inspections before, during and after the demolitions occur.

Drainage

- Power to specify the amount to be incurred by a local authority in repairing drains and remedy of stopped up drains as required by section 17 of the Public Health Act 1961 and the power to cleanse or repair drains under section 22 of the Public Health Act 1961
- Authorising and serving any notice or requirement under Section 59 of the Building Act 1984(Drainage of a building) and the subsequent enforcement of such notice together with recovery of expenses reasonably incurred by the council
- All functions of the Council under sections 35 of the Local Government (Miscellaneous Provisions) Act 1976
- All functions of the Council under sections 45-52, 140-141 and 260-267 of the Public health Act 1936
- The authority to perform the duties required of the Council under Sections 60 to 68 of the Building Act 1984

Land Drainage

- All functions of the Council under the Land Drainage Act 1991

Competent Persons schemes

- Where the government have created a self-certification for approval under the Building Regulations it has laid down a requirement that those approved under this scheme shall notify the Authority of any such installation or works. This process is known as a competent person scheme and currently covers areas such as gas or some electrical installations.

Approved Inspector Regulations

- The acceptance of an initial notice as required under section 47 of the Building Act 1984.

- Maintaining a register of initial notices as required under section 56 of the Building Act 1984.

Land Charges & Property Searches

Local Land Charges

- To support the Housing and Conveyancing market by producing information in a fast, efficient and cost effective manner. Providing transparency to homeowners in relation to the progression of their searches and to support the needs of the conveyancing market in reducing delays arising in the processing of land and property transactions within Cheshire East.
- Functions enable under the Local Land Charges Act 1975 which came into effect on 1st August 1977 along with the Local Land charges Rules 1977. Further legislation in 1994 provided Councils with the ability to make charges for answering enquiries (other than pursuant to the Local Land Charges Act 1975). Charges being made at the discretion of the charging authority.
- Local Land Charges Legislation and Guidance documentation:
 - Local Land Charges Act 1975 (as amended) in effect from 1st August 1977
 - Local Land charges Rules 1977 (as amended) in effect from 1st August 1977
 - The Local Authorities (charges for Land searches) Regulations 1994 -
 - The Constitutional Reform Act 2005 – devolved to local authorities to set fees for Local
 - Guidance for registering authorities on setting fees for Local Land Charges services in England (January 2007)
 - Garner's Local Land Charges (edition 14)

Property Search Service

- This service was set up in August 2010 to meet the needs of the EU Directive (FOI/EI Regulations) in which personal search companies can seek to view the data held by the Local Authority to compile property search results.

- Search information provided has to still comply with legislation under the Local Land Charges Regulations.
- The service provision, separate to the Local Land Charges department ensures there are no anti-competitive behaviours in processing search requests for either party (income and non income requests) and that we complied with the Regulations under FOI/EIR of compiling Non fee paying responses within 20 working days

Street Naming & Numbering

Street Naming & Number

- To ensure implementation and compliance with the statutory powers and Legislation with regard to Street Naming and Numbering within Cheshire East.
- Ensuring all properties and streets are officially addressed in accordance with the various Legislation and guidelines. Provide accurate address formats for a variety of third party data users including all of the emergency services, Royal Mail, Land Registry, Council Tax, etc
- Performance indicators are in place and submitted weekly with key performance tables returned to enable comparison of the NLPG against LLPG
- Street Naming & Numbering Legislation and Guidance documentation:
 - Sect 17 of the Public health Act 1925
 - Section 19 of the Public Health Act 1925
 - Sect 21 of the Public Health Act amendments Act 1907 for the purposes of naming streets
 - Section 11 of the Cheshire County Council Act 1980 in relation to the numbering of properties
 - Street Naming and Numbering Policy and Procedures adopted by Cheshire East
 - Compliance with Data Entry Conventions
 - Best Practice for national Land and Property Gazetteer DEC-NLPG (produced by Geospace)

Planning Liaison & Administration

- Providing a day to day front line service co-ordinating and responding to a variety of enquiries including:

- Councillors
- General public re complex Planning enquiries and subsequent correspondence
- Pre Application submissions.
- Planning Technician's Legislation and Guidance documentation:
 - Town & Country Planning Act 1947 - came into effect - 1 July 1948
 - Town & Country Planning Act 1990
 - DCLG Permitted Development technical guidance

Planning Technicians

- In accordance with the Town & Country Planning Act 1947 Processing and validating all Planning applications submitted to Cheshire East.
- Providing an efficient and effective service delivery to both the public and the Planning department alike
- Communicating with Developers and the public as required to help facilitate and support validation of applications
- Responsible for co-ordination and performance of Freedom of Information requests, complaints and Councillor queries
- Planning Technician's Legislation and Guidance documentation:
 - Town & Country Planning Act 1947 - came into effect - 1 July 1948
 - Town & Country Planning Act 1990
 - Cheshire East Validation checklists
 - Bio Diversity guidelines



**Alternative Service Delivery Vehicles
for
Building & Planning Consultancy Services**

An Options Appraisal

Project Board

Caroline Simpson

Adrian Fisher

Ian Bunn

David Laycock

July 2014

1. Background

At the meeting of Cheshire East Council on 4 February 2013, full Council agreed the adoption of a revised operating model for service delivery. The council is moving toward becoming a strategic commissioning organisation, where a small core of commissioners identify and prioritise local needs, develop the outcomes that local people require, and then commission the services that will best deliver those outcomes. This approach ensures a 'best-fit' model that puts residents first

The Council also seeks to support economic growth within the area and as a consequence needs to provide effective and efficient services which support and assist those who wish to invest in the area through development or relocation. The Council's building and planning services provide a number of services that do just that, with some of these services currently operating within a commercial and competitive arena, attempting to respond and react appropriately whilst forced to operate within the constraints associated with a traditional council operation.

To support the achievement of these ambitions a review of the services has been completed, identifying and reviewing the differing operating models which could be used to support the building and planning needs of residents, businesses and other organisations. A guiding principle of this review has been the desire to create a more effective, efficient and locally responsive service whilst responding to a number of threats currently endangering service delivery whilst those services remain in their current form.

This report explores the alternative service delivery vehicles that would support such change in line with the Council's aim of becoming a commissioning organisation. It forms part of the detailed business case which is required to justify the establishment of any alternative trading function as specified in the "Guidance on the Power in the Local Government Act 2003 related to the General Power for Local Authorities to trade in function related activities through a Company"

CEC is not alone in recognising the potential of this approach with local authorities such as Birmingham (ACIVICO), Norwich & Norfolk (CNC Building Control) and Breckland Borough Council all introducing Separate Legal Entities (SLEs) to offer services.

There are many different forms such a trading entity could take, each with their own advantages and disadvantages. The Council has also recognised that a mixed-economy of delivery vehicles should be developed with the most appropriate form used to suit individual service requirements. This document assesses those forms against the requirements for five services comprising:

- Building Control
- Local Land Charges and property searches
- Street Naming & Numbering
- Planning Liaison
- Planning Support

The different delivery vehicles assessed were:

- Retain the status quo
- Retain the status quo but with developments/investment (within current CEC procedures) to overcome some of the current problems
- Outsource to a commercial operator
- Company Limited by Shares (CLS) – wholly owned by CEC
- Company Limited by Guarantee (CLG) – wholly owned by CEC
- Community Interest Company (CIC) limited by shares
- Community Interest Company (CIC) limited by guarantee
- Charitable Incorporated Organisation (CIO)
- Industrial & Provident Society (IPS)
- Co-operative/Mutual
- Limited Liability Partnership (LLP)

2. The Appraisal Process

The options were examined by a working party on 25 July 2014. This including a range of people with broad experience designed to bring a wide perspective to the issues. Several members also had experience of establishing previous ASDVs and therefore contributed the lessons learned from those ventures

The group comprised:

- Cllr Don Stockton (Housing and Jobs Portfolio Holder)
- Adrian Fisher (Head of Strategic & Economic Planning)
- Ian Bunn (Principal Manager - Built Environment Protection)
- Jayne McLaughlin (Senior Lawyer)
- Steve Wilcock (Finance Lead)
- Mike Wall (Senior Accountant- Challenge & Innovation)
- David Laycock (Project Manager)

In addition to acknowledging that the need to take into account the “Guidance on the Power in the Local Government Act 2003 related to the General Power for Local Authorities to trade in function related activities through a Company” the group also recognised the need to take heed of:

- the Council’s Charging and Trading Strategy
- the guidance contained within Council’s ASDV Framework document

The workshop first examined the initial options appraisal included in the original high level business case. It concluded that this did not now provide a sound basis for proceeding for 2 key reasons:

1. The pass/fail interpretation of the Council’s Charging and Trading Strategy had been too rigorous in that it states “The Council’s investment in any commercial trading activity will be *normally* limited by shares, not guarantee. The appraisal should therefore not have fully excluded a ‘guarantee’ option but simply recognised that it was not a best match approach
2. The assumption that a ‘Teckal’ exemption would be appropriate had subsequently been discounted given that the majority of the business of these services is conducted directly with private individuals and commercial developers rather than with the Council

The workshop therefore agreed to re-examine *all* possible solutions prior to drawing any conclusions

3. Appraisal Process

In examining all the options available the group used a variation of a scoring tool proposed by both PWC and NW Employers. This tool assesses each option against a number of criteria and allocates a score for each

The criteria had previously been agreed by the project board who had allocated a weighting for each factor. This weighting was kept 'hidden' from the group to avoid influencing any decisions, as recommended by its authors.

Scores were first given to the 'status quo' and then each option was then compared with the status quo with scores been given which reflected the degree by which each option was better or worse than the status quo.

It was acknowledged that the scores should not be regarded as definitive in themselves but that the methodology was designed to provoke comment and discussion to support the derivation of a sound result

The results of the discussion are summarised in two formats: the scoring chart itself plus a 'pros/cons' analysis of each potential solution.

3. Scoring table

The final scores are given in Appendix A

4. Pros & Cons Analysis

COMPANY FORM	PROS	CONS
STATUS QUO	<ul style="list-style-type: none"> Retains full control Requires no change effort or investment 	<ul style="list-style-type: none"> Does not support the goal of becoming a strategic commissioning council Cannot trade at a profit Does not address low staff morale caused by poor pay and cumbersome systems Does not address high staff attrition rates Does not address recruitment difficulties Low staff numbers continue to lead

		<p>to deteriorating service quality and increased waiting times</p> <ul style="list-style-type: none"> • Does not offer the new bundling and packaging opportunities • Difficult to extricate true back office costs leading to uncompetitive pricing
STATUS QUO +PLUS	<ul style="list-style-type: none"> • Retains full control • Opportunity to address negative issues (although some remedies might not be possible – e.g. better staff T&Cs could result in equal pay challenge) • Helps inculcate a more commercial approach and attitude • Potential for improving service levels as retention issues are addressed • Relatively easy and quick to implement • Focus on commercial approach will remedy unfocussed pricing and offer bundling opportunities 	<ul style="list-style-type: none"> • Does not support the goal of becoming a strategic commissioning council • Cannot trade at a profit nor generate a full commercial offering • Limited joint working potential • Does not overcome the Council's slower operating basis
OUTSOURCE	<ul style="list-style-type: none"> • Fits with the goal of becoming a strategic commissioning council • May offer additional opportunities for revenue sharing and alternative services – dependent on market response 	<ul style="list-style-type: none"> • Not 'residents first' since external focus will be on profit rather than customers • Potential for job losses as supplier rationalises cost base • Council no longer benefits from membership of LABC : These include the provision of a national support network of Building Control services, national marketing and promotional initiatives and the ability to work with clients who adopt the LABC NH Warranty Scheme • Uncertainty as to ongoing service quality levels – will require robust contract negotiation • The procurement process is likely to be lengthy (up to 2 years)
Co LIMITED BY SHARES	<ul style="list-style-type: none"> • Fits with the goal of becoming a strategic commissioning council • Very positive feedback from staff, perception of freedom but with 	

	<ul style="list-style-type: none"> continuing security Motivated staff deliver higher service levels for customers (quality & volume) CEC have previous experience of this company form 	
Co LIMITED BY GUARANTEE	<ul style="list-style-type: none"> Fits with the goal of becoming a strategic commissioning council Very positive feedback from staff, perception of freedom but with continuing security Motivated staff deliver higher service levels for customers (quality & volume) 	<ul style="list-style-type: none"> Does not align with the CEC Charging & Trading strategy: <i>"The Council's investment in any commercial trading activity will be normally limited by shares, not guarantee."</i>
Community Interest Company (CIC) LIMITED BY SHARES	<ul style="list-style-type: none"> Fits with the goal of becoming a strategic commissioning council 	<ul style="list-style-type: none"> Difficult for the Council to draw a profit income Remuneration levels must be justified in the context of benefitting the community
Community Interest Company (CIC) LIMITED BY GUARANTEE	<ul style="list-style-type: none"> Fits with the goal of becoming a strategic commissioning council 	<ul style="list-style-type: none"> Difficult for the Council to draw a profit income Remuneration levels must be justified in the context of benefitting the community Less control due to need to demonstrate community focus in everything Does not align with the CEC Charging & Trading strategy: <i>"The Council's investment in any commercial trading activity will be normally limited by shares, not guarantee."</i>
CHARITY	<ul style="list-style-type: none"> Eliminated since it does not provide the Council with any control 	
INDUSTRIAL & PROVIDENT SOCIETY		<ul style="list-style-type: none"> Remuneration levels must be justified in the context of benefitting the community Akin to John Lewis model - Staff could perceive a risk as co-owners Less control due to need to demonstrate community focus in everything
CO-OPERATIVE		<ul style="list-style-type: none"> All feedback indicates this is not a popular option with staff who do not want to be involved in running a company

		<ul style="list-style-type: none"> • Public perception of giving money/profits to staff rather the 'resident first' • Potential risk of state aid challenge
LIMITED LIABILITY PARTNERSHIP	Eliminated since LLPs are not a vehicle available to the Council as they are not permitted as a trading vehicle under section 95 of the Local Government Act 2003.	

5. Conclusion and Recommendations

After careful consideration of the factors outlined herein the option of creating a 'Wholly owned company limited by shares' is recommended as the way forward.

This recommendation is made on the basis that it:

- Best fits with the Councils aim of becoming a strategic commissioning council
- Provides the best opportunity for stemming the current downward spiral in business with a resulting increasing cost for delivering statutory elements of the service in future years
- Gives motivation to staff
- Provides freedom to explore additional revenue earning opportunities
- Encourages profit generation

It is also recommended that, in terms of implementation planning and the future:

- The company should utilise CEC in-house assets and support for an initial 3 year incubation period
- The company's structure and Articles of Association would permit the company to consider how to work with/for other councils in the future, perhaps in a partnership arrangement

**APPENDIX A - OPTIONS APPRAISAL (PWC
METHODOLOGY)**

SCORE EACH FACTOR OUT OF 10		STATUS QUO	STATUS QUO +PLUS?	OUTSOURCE	COMPANY LIMITED BY SHARES	COMPANY LIMITED BY GUARANTEE	CIC LIMITED BY SHARES	CIC LIMITED BY GUARANTEE	CHARITY	IPS	COOPERATIVE	LLP
	Weight											
Strategic Fit – closeness of fit to current business plan vision /policy	25%	3	4	5	9	8	6	5	Excluded due to full loss of control by the Council	5	3	Eliminated since LLPs are not a vehicle available to the Council as they are not permitted as a trading vehicle under section 95 of the Local Government Act 2003.
Employment – will the solution be seen as staff friendly or beneficial?	10%	2	5	1	7	7	6	6		6	7	
Customer – impact in terms of quality and range of service offer	20%	3	5	3	7	7	6	6		6	5	
Risk & Governance – level of risk exposure and likely levels of future influence and/or control	20%	8	8	3	7	7	4	4		4	3	
Timetable – likely timing and scale of effort required to implement change	10%	10	8	3	6	6	4	4		4	4	
Commercial & Investment (or Community Benefit) – potential to develop new opportunities for income generation and provide a more commercial platform for future growth and/or social outcomes	15%	1	3	5	7	7	6	6		5	5	
TOTALS	100%	4.30	5.35	3.60	7.4	7.15	5.4	5.15		5	4.2	

Do Nothing Option	2014-15 Budget £'000	2015-16 Projection £'000	2016-17 Projection £'000	2017-18 Projection £'000	2018-19 Projection £'000	2019-20 Projection £'000	Total Cost/ (saving) £'000	Notes
Income								
Building Control income	1,140	1,140	1,140	1,140	1,140	1,140	0	Reduction in Building Control income from 14-15 becomes permanent Impact of Govt decision to move activity to Land Registry in 17-18 Assumes level of mgmt fee constant over 5 years
Loss of Building Control income		-100	-100	-100	-100	-100	-500	
Land Charge Income	582	582	582	582	582	582	0	
Loss of Land Charge income				-89	-89	-89	-267	
Other Income	34	34	34	34	34	34	0	
Management Fee from Council	916	916	916	916	916	916	0	
Total Income	2,672	2,572	2,572	2,483	2,483	2,483	-767	
Expenditure								
Employees	1,547	1,572	1,572	1,572	1,572	1,572	125	Staff savings of £45k possible but also increase of £70k through loss of cross subsidy
Transport	43	43	43	43	43	43	-	
Supplies and Services	46	46	46	46	46	46	-	
Other	7	7	7	7	7	7	-	
Support Services bought back from CEC	1,029	1,029	1,029	1,029	1,029	1,029	-	
Total Expenditure	2,672	2,697	2,697	2,697	2,697	2,697	125	
Net Surplus/(Deficit)	-	-125	-125	-214	-214	-214	-892	
Impact of Company Formation								
Increased Income								
Reversal of Building Control loss of mkt share - Land Charges - bundling of services		35	70	70	70	70		Additional search services to mitigate against loss of income from govt changes
			134	134	134	134		
Reduced Expenditure								
Additional staffing savings			40	80	80	80		Restructure of service within company
Cost Avoidance - staffing			70	70	70	70		
Increased Expenditure								
Costs of Company e.g. Director's payments		-50	-50	-50	-50	-50		Costs include Audit Fees (£10k), Director's Pay (£15k) and company marketing (£25k)
Net impact of Company		-15	264	304	304	304		
Company Net Surplus/(Deficit)		-140	139	90	90	90	269	
Net Improvement/(Deterioration) from Company Formation		-15	264	304	304	304	1,161	

Main Assumptions

No provision has been made for salary increases or other inflationary pressures. It is assumed these would be identical regardless of whether the services migrated to a company or stayed within the Council.

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RISK LOG SUMMARY

PROJECT/PROGRAMME TITLE	BUILDING & PLANNING CONSULTANCY
Completed by:	Project Board

Original - 05/08/2014

Last Updated - 5/12/14

Risk ID	Risk Type	Scope of Risk (Detail)	Gross Score (without controls)			Existing Controls	Net Score			Risk Treatment and Control Measures to be introduced	Anticipated Score			Officer Responsible for Risk
			Likelihood	Impact	Total Score		Likelihood	Impact	Total Score		Likelihood	Impact	Total Score	
			L	I	LxI		L	I	LxI		L	I	LxI	
PR1	THREAT	There is a risk that the Client Function is not established quickly enough and/or lacks understanding and knowledge of B & P operations (including market demand, fluctuations and pricing) leading to ASDV contractual arrangements not being robustly specified leading to failure to deliver the effective service as planned.	4	4	16	Acceptance	4	4	16	Engagement and adequate resourcing of Client function	3	4	12	Caroline Simpson
PR2	THREAT	The council fails to recognise that some aspects of demand are without the company's control leading to unrealistic expectations of profitability and shareholder returns which ensure expected benefits are not delivered	4	4	16	Acceptance	4	4	16	Robust negotiation of contractual terms and governance arrangements to ensure due accountability and flexibility	3	3	9	Caroline Simpson
PR3	THREAT	Lack of understanding or awareness of the impact of commissioning decisions give rise to cost overruns for the WOC resulting in inefficient and ineffective delivery	4	4	16	Acceptance	4	4	16	Robust negotiation of contractual terms and governance arrangements to ensure due accountability and flexibility	3	3	9	Caroline Simpson
PR4	ISSUE	There is a risk that the challenging timescales under consideration do not allow for any contingency and assume resources will be readily available when needed. Should resources be overstretched then the project will fail to be completed on time resulting in a delay in delivering planned benefits and potential reputational damage for the council	4	4	16	Acceptance	4	4	16	Full briefing and involvement of all enabler services. Commission Oracle build to begin ASAP with additional resource to be employed. Contingency is to plan a fall-back go-live date of 1 April 2015	3	3	9	Caroline Simpson
PR6	THREAT	A change in local political perspectives reduces the appetite for alternative service delivery mechanisms leading either to delay, reduction or cancellation of the initial concept	2	4	8	Awareness of issue and current politics which are favourable	2	4	8	No further action possible	2	4	8	Caroline Simpson

PR6	ISSUE	There is a risk that the service does not have sufficient capacity to devote adequate time to its role in the development of the ASDV leading to it being poorly established and more likely to fail	4	4	16	Awareness	4	4	16	Realistic timescales are planned which acknowledge other service delivery pressures	3	4	12	Ian Bunn David Laycock
PR7	THREAT	There is a risk that continuing decline in market share means that the business case becomes severely weakened resulting in the project being abandoned at a late stage resulting in wasted effort, reputational; damage and increased costs to the council for remaining service delivery	3	4	12	Engaging staff in ASDV development Realistic figures included in DBC	2	4	8	Phase 3 restructuring improves staff motivation Implement as quickly as possible	2	3	6	Ian Bunn

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			Likelihood	Impact	Total Score		Likelihood	Impact	Total Score		Likelihood	Impact	Total Score	
			L	I	LxI		L	I	LxI		L	I	LxI	
CR1	COUNCIL THREAT	There is a risk that the Client Function is not established quickly enough and/or lacks understanding and knowledge of B & P operations leading to ASDV contractual arrangements not being robustly specified leading to failure to deliver the full council objectives and benefits	4	4	16	Awareness only at this stage	4	4	16	Recruitment of external expertise into ICF function	3	4	12	Caroline Simpson
CR2	COUNCIL THREAT	Lack of understanding or awareness of the impact of commissioning decisions give rise to cost overruns for the company resulting in ineffective delivery of expected outcomes	4	4	16	Acceptance	4	4	16	Robust negotiation of contractual and governance arrangements plus developing the understanding of the ICF role. Council ownership permits renegotiation of contract if necessary	3	3	9	Caroline Simpson
CR3	COUNCIL THREAT	There is a risk that information sharing protocols between CEC and the new company are either not in existence, inadequate or are breached leading to legal challenge and possible financial penalties plus serious reputational damage. This will have a detrimental impact on the achievement of the council's priorities and may expose the Council and Cheshire East residents to other serious risks.	4	4	16	Contractors are currently required to agree to appropriate standards, obligations which will be transferred	3	3	9	Close monitoring of contract adherence and inclusion of relevant terms and conditions	3	3	9	Caroline Simpson
CR4	COUNCIL THREAT	There is a risk that continuing decline in market share means that the business case becomes severely weakened resulting in the project being abandoned at a late stage resulting in wasted effort, reputational; damage and increased costs to the council for remaining service delivery	3	4	12	Engaging staff in ASDV development Realistic figures included in DBC	2	4	8	Phase 3 restructuring improves staff motivation Implement as quickly as possible	2	3	6	Ian Bunn
CR5	COUNCIL THREAT	There is a risk that any reduced purchase of back office services will increase the pro-rata cost burden on the remaining core services which will become less viable and face increased budget pressure	4	4	16	Created the incubation period	3	4	12	Services need to plan for reductions and improved efficiencies	3	3	9	CoSocius
CO1	COUNCIL OPPORTUNITY	There is the potential for the SLE to become so successful that not only does it mitigate current council liabilities but actually delivers a substantial revenue income to shareholders which contributes positively to the Council's bottom line	1	2	2	Awareness	1	2	2	Avoid taking short term returns which have an adverse impact on the potential for future growth	2	2	4	Caroline Simpson

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			Likelihood	Impact	Total Score		Likelihood	Impact	Total Score		Likelihood	Impact	Total Score	
			L	I	LxI		L	I	LxI		L	I	LxI	
CoR1	COMPANY THREAT	There is a risk that the best form of company is not created resulting in either legal challenge or a restricted ability to trade leading to failure to deliver against the key objectives	4	4	16	Learning from other ASDVs Internal legal advice	3	4	12	Incorporating external legal advice and learning from other LAs	2	4	8	Ian Bunn
CoR2	COMPANY THREAT	There is a risk that governance, management or contractual arrangements do not allow for decisions to be taken at the appropriate levels or by appropriate people resulting in detrimental impact to service delivery and failure to deliver against the Council's ability to achieve its key community outcomes	4	4	16	Awareness only at this stage	4	4	16	Robust negotiation of contractual and governance arrangements plus developing the understanding of the ICF role	3	4	12	Ian Bunn
CoR3	COMPANY THREAT	There is a risk that the Client Function is not established quickly enough and/or lacks understanding and knowledge of B & P operations leading to ASDV contractual arrangements not being robustly specified leading to failure to achieve its business plan (e.g. lack of freedom)	4	4	16	Awareness only at this stage	4	4	16	Recruitment of external expertise into ICF function	3	4	12	Ian Bunn
CoR4	COMPANY THREAT	Lack of understanding or awareness of the impact of commissioning decisions give rise to cost overruns for the WOC resulting in inefficient delivery and loss of profitability and ineffective delivery	4	4	16	Awareness only at this stage	4	4	16	Robust negotiation of contractual and governance arrangements plus developing the understanding of the ICF role	3	3	9	Ian Bunn
CoR5	COMPANY THREAT	There is a risk that information sharing protocols between CEC and the new company are either not in existence, inadequate or are breached leading to legal challenge and possible financial penalties which negatively impact to ongoing commercial viability of the company	4	4	16	Contractors are currently required to agree to appropriate standards, obligations which will be transferred	3	3	9	Close monitoring of contract adherence and inclusion of relevant terms and conditions	3	3	9	Ian Bunn
CoR6	COMPANY THREAT	Short term contractual arrangements (e.g. overpricing of CEC back office services provided during the incubation period) overburden the formative company and/or impacts its long term future resulting in financial failure	4	4	16	Awareness and inclusion of assumptions in business case	3	4	12	Robust contract negotiation on support costs and freedoms	2	4	8	Ian Bunn
CoR7	COMPANY THREAT	There is a risk that reduced staff numbers and commitment inhibit the development of new service offerings resulting in poorer service quality and inability to innovate	4	4	16	Engaging staff in ASDV development	3	4	12	Phase 3 restructuring improves staff motivation pre implementation Post implementation review of T&Cs and structures including PRP	2	3	6	Ian Bunn

CoR8	COMPANY THREAT	There is a risk that continuing decline in market share means that the business case becomes severely weakened resulting in the project being abandoned at a late stage resulting in wasted effort, reputational damage and increased costs to the council for remaining service delivery	3	4	12	Engaging staff in ASDV development Realistic figures included in DBC	2	4	8	Phase 3 restructuring improves staff motivation Implement as quickly as possible	2	3	6	Ian Bunn
CoR9	COMPANY THREAT	There is a risk that unpredicted changes in government policies negatively impact the future revenue generation ability of the company	2	4	8	Awareness	2	4	8	Close monitoring and preparation of contingency plans if/when more is known	2	3	6	Ian Bunn
CoO1	COMPANY OPPORTUNITY	The potential for offering staff rewards and greater involvement has a positive impact on performance and staff retention allowing over-delivery against the business plan and higher returns for shareholder	2	3	6	Recognise but don't over-estimate impact at an early stage	3	3	9	Ensure longer terms plans accommodate this option and that staff are fully engaged by the potential	4	3	12	Ian Bunn
CoO2	COMPANY OPPORTUNITY	The increased freedom of operations means that profits can be re-invested in service development, decisions made faster and a better image presented to customers. All of these allow over-delivery against original business plans and higher shareholder returns	2	2	4	Recognise but don't over-estimate impact at an early stage	2	3	6	Exploit such options and ensure that the long-term benefits are prioritised over short term gains	3	4	12	Ian Bunn
CoO3	COMPANY OPPORTUNITY	There is an opportunity for the new company to reduce it's back office cost base in the longer term so allowing it to become more competitive and profitable	1	2	2	Close awareness of shared service costs included in business plans	2	2	4	Renegotiate costs or seek alternatives post-incubation period	3	3	9	Ian Bunn
CoO4	COMPANY OPPORTUNITY	There is an opportunity to offer new package deals and other contractual terms that are more attractive to customers thereby improving turnover and market share which allows the SLE to outperform its business plan and deliver higher returns to shareholders	2	2	4	Awareness	2	2	4	Ensure beneficial contracts are developed and that the new company has a focus on market development	3	3	9	Ian Bunn

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EQUALITY IMPACT ASSESSMENT FORM



Equality impact assessment is a requirement for all strategies, plans, functions, policies, procedures and services under the Equalities Act 2010. We are also required to publish assessments so that we can demonstrate how we have considered the impact of proposals.

Section 1: Description

Department	Economic Growth & Prosperity		Lead officer responsible for assessment		Caroline Simpson	
Service	Building & Planning Consultancy		Other members of team undertaking assessment		Ian Bunn, David Laycock	
Date	24/7/14		Version 1.0			
Type of document (mark as appropriate)	Strategy ✓	Plan	Function	Policy	Procedure	Service ✓
Is this a new/existing/revision of an existing document (mark as appropriate)	New ✓		Existing		Revision	
Title and subject of the impact assessment (include a brief description of the aims, outcomes , operational issues as appropriate and how it fits in with the wider aims of the organisation) Please attach a copy of the strategy/plan/function/policy/procedure/service	<p>The creation of an Alternative Service Delivery Vehicle for Cheshire East’s Building and Planning Consultancy Services</p> <p>Aligned with the Council’s declared goal of becoming a strategic commissioning authority this proposal is about establishing a wholly-owned company that will offer a “Building and Planning Consultancy” service. This will stem the current decline in business, support future inward investment into our communities and realise the benefits and associations of those services which may be improved through the provision of a “one-stop” shop approach, co-ordinating advice and support and exploiting opportunities for upselling and package deals together with new services such as energy and fire risk assessments.</p> <p>The project will contribute to the following outcomes and priorities specified in the Council’s 3 year plan: <u>Outcome 2:</u> Cheshire East has a strong and resilient economy Cheshire East is known as a good place to do business – we attract inward investment, there is access to a high quality workforce and our businesses and visitor economy grow, to create prosperity for all <u>Priority 6:</u> Redefining the Council’s role in core place-based services <u>Priority 7:</u> Re-shaping the organisation – 7.2 Develop a more affordable model of corporate and support services with</p>					

EQUALITY IMPACT ASSESSMENT FORM



	<p>key subject expertise, to enable better strategic commissioning and delivery of frontline services</p> <p>This document forms part of the Detailed Business Case for the proposal which sets out the plan fully</p>
<p>Who are the main stakeholders? (e.g. general public, employees, Councillors, partners, specific audiences)</p>	<ul style="list-style-type: none"> • Members of the general public who use/potentially could use Building and Planning Services (both statutory and discretionary) • Property developers who use/potentially could use Building and Planning Services (both statutory and discretionary) • Councillors & the Council • Employees of Building & Planning services

Section 2: Initial screening

<p>Who is affected? (This may or may not include the stakeholders listed above)</p>	<ul style="list-style-type: none"> • Members of the general public who use/potentially could use Building and Planning Services (both statutory and discretionary) • Property developers who use/potentially could use Building and Planning Services (both statutory and discretionary) • Councillors & the Council • Employees of Building & Planning services • Residents of CEC <p>NB: Service users should not be negatively impacted in any way since the intention is a 'lift-and-shift' of current services together with their augmentation by offering a 'one-stop-shop' package of services. The front-line delivery of constituent services will essentially remain unchanged</p>
<p>Who is intended to benefit and how?</p>	<ul style="list-style-type: none"> • Service users will benefit from an enhanced range of service packages which will simplify their dealing with the Council and other statutory agencies during their building and planning submission and approval process. • The Council and residents will benefit from a reversal of the current decline in market share which would otherwise result in increasing costs for the statutory and non-chargeable services which must be provided. • The Council/company will benefit from the freedom to operate in a less bureaucratic way, delivering efficiency savings and with the potential to develop new, more effective service offerings
<p>Could there be a different impact or outcome for some groups?</p>	<p>There is no negative impact for any group since the project is purely about developing a new company not changing any of the constituent services on offer nor the way in which they are already delivered - fairly and equitably.</p> <p>There is the potential for a small positive impact on groups who might find negotiating current separate services departments</p>

EQUALITY IMPACT ASSESSMENT FORM

												difficult and who will therefore appreciate the offer of an inclusive one-stop-shop approach (e.g. disability home adaptations)		
Does it include making decisions based on individual characteristics, needs or circumstances?			No – the project is purely about developing a new company not about making any changes to the constituent services on offer nor the way in which they are already delivered - fairly and equitably.											
Are relations between different groups or communities likely to be affected? (e.g. will it favour one particular group or deny opportunities for others?)			No – the project is purely about developing a new company not about making any changes to the constituent services on offer nor the way in which they are already delivered - fairly and equitably.											
Is there any specific targeted action to promote equality? Is there a history of unequal outcomes (do you have enough evidence to prove otherwise)?			No – the project is purely about developing a new company not about making any changes to the constituent services on offer nor the way in which they are already delivered - fairly and equitably However the aim of developing new packaged services to meet demand will mean that, in future, specifically targeted services could be developed as necessary. Any new service proposals would be subject to further EIAs as appropriate											
Is there an actual or potential negative impact on these specific characteristics? (Please tick)														
Age	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Marriage & civil partnership	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Religion & belief	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Carers	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N			
Disability	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Pregnancy & maternity	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Sex	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Socio-economic status	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N			
Gender reassignment	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Race	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N	Sexual orientation	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N						
What evidence do you have to support your findings? (quantitative and qualitative) Please provide additional information that you wish to include as appendices to this document, i.e., graphs, tables, charts									Consultation/involvement carried out					
									Yes <input checked="" type="checkbox"/>		No			
Age	The project is purely about developing a new company not about making any immediate changes to the constituent services on offer									The entire staff group (and unions) affected has been kept informed of this				
Disability														

EQUALITY IMPACT ASSESSMENT FORM

Gender reassignment	nor the way in which they are already delivered - fairly and equitably Similar solutions implemented in other councils such as Birmingham and Norwich & Norfolk have demonstrated successful implementation with no negative impacts	development over the last 6 months. They have contributed positively with suggestions as to how services could be developed under a new regime Councillors have been briefed and involved in the development of proposals
Marriage & civil partnership		
Pregnancy & maternity		
Race		
Religion & belief		
Sex		
Sexual orientation		
Socio-economic status		
Proceed to full impact assessment? (Please tick)	Yes	No <input checked="" type="checkbox"/>
		Date 24/7/14

If yes, please proceed to Section 3. If no, please publish the initial screening as part of the suite of documents relating to this issue

Section 3: Identifying impacts and evidence

This section identifies if there are impacts on equality, diversity and cohesion, what evidence there is to support the conclusion and what further action is needed

Protected characteristics	Is the policy (function etc....) likely to have an adverse impact on any of the groups? Please include evidence (qualitative & quantitative) and consultations	Are there any positive impacts of the policy (function etc....) on any of the groups? Please include evidence (qualitative & quantitative) and consultations	Please rate the impact taking into account any measures already in place to reduce the impacts identified High: Significant potential impact; history of complaints; no mitigating measures in place; need for consultation Medium: Some potential impact; some mitigating measures in place, lack of evidence to show effectiveness of measures Low: Little/no identified impacts; heavily legislation-led; limited public facing aspect	Further action (only an outline needs to be included here. A full action plan can be included at Section 4)
Age	FURTHER ASSESSMENT NOT REQUIRED			
Disability				
Gender reassignment				
Marriage & civil partnership				
Pregnancy and maternity				
Race				
Religion & belief				
Sex				
Sexual orientation				

EQUALITY IMPACT ASSESSMENT FORM



Carers	
Socio-economics	
<p>Is this project due to be carried out wholly or partly by contractors? If yes, please indicate how you have ensured that the partner organisation complies with equality legislation (e.g. tendering, awards process, contract, monitoring and performance measures)</p>	

Section 4: Review and conclusion

<p>Summary: provide a brief overview including impact, changes, improvement, any gaps in evidence and additional data that is needed</p>			
Specific actions to be taken to reduce, justify or remove any adverse impacts	How will this be monitored?	Officer responsible	Target date
Please provide details and link to full action plan for actions			
When will this assessment be reviewed?			
Are there any additional assessments that need to be undertaken in relation to this assessment?			
Lead officer signoff		Date	

EQUALITY IMPACT ASSESSMENT FORM



Head of service signoff		Date	
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Please publish this completed EIA form on your website

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APPENDIX 6 – SWOT ANALYSIS

The tables below identify the relative strengths, weaknesses, opportunities and threats associated with each service. These will be revisited and updated as the project develops.

Building Control**Strengths:**

- Local knowledge
- Same day inspections
- Advice
- Surveyors contactable
- Speed of plan check
- Extensive technical knowledge
- Recognised performance
- Good customer feedback
- Statutory Body
- Flexible payment schemes
- Business-like approach

Weaknesses:

- Carrying out too many inspections
- Staff focus too limited. Need a wider vision
- Drainage – takes too long
- Staff retention issues
- Reduced staff motivation (terms & conditions)
- Linked service operating historic working practices
- Support costs associated with front line service
- Staffing salaries dictated by corporate need.
- Inability to adapt fast enough
- Other team's performance giving poor public perception across the board
- Reliance on electrical contactors
- Reliance on drainage contractors
- Lack of understanding within organisation of Building Regulations and their importance

Threats:

- Losing further experienced staff
- Losing Market Share
- General threat and approach to Local Government
- Increasing percentage of inexperienced staff
- Recent staff members moving to the private sector, taking business with them
- Setting fees too high due to recharges applied
- Poor response to ICT issues
- Failure to commit to change through fear that positions will be lost
- Support services costs are not clear which may impact the ability to deliver front line service provision

Opportunities:

- Company – away from LA has greater freedoms
- Training – individual specialisms, creating an opportunity to provide additional services
- New staff, new views, new perceptions, remove stagnation
- Improve terms to motivate & retain staff
- Create a more positive forward looking service
- Government changes to legislation may provide the ability to enhance service delivery, e.g. greater responsibility for carbon reduction, through the Building Regulations.
- Potential to develop consultancy services

Local Land Charges**Strengths:**

- Legacy systems all consolidated into one system (Swiftsearch)
- Turnaround time & new pricing making us very competitive in market place
- Standardisation of response formats
- Digitisation of records improved with improved processing times
- GIS utilised and promoted wherever possible
- Good knowledge of systems and area allowing response to one off enquiries by all staff
- Good relationship with customers, access and ability to speak direct to staff.
- New search tracking system providing customer transparency (launch in next month)
- EIR service has been acknowledged and approved by Information Commissionaire.

Threats:

- Land Registry taking over LLCR from Local Authority leading to income loss
- Personal search companies aggressive marketing to undermine LA position when issuing a Full search due to the ability to be flexible around pricing structure
- Increased market share by Personal search companies
- Risk of not being able to produce searches if not a member of an organisation such as IPSA or COPSO, when legislation is amended.
- Land Registry LLC1 may not match to our Con29 data producing conflicting separate reports to a customer (presently staff rectify issues as and when necessary)
- Dept poor records generates problems in service responding to solicitors and creates risks associated with the delivery of refined data.

Weaknesses:

- Departmental answering for some depts. – co-operation difficult sometimes, lack of appreciation to meet our turnaround needs (e.g. Highways, Common land etc)
- Poor departmental manual data records (lack of commitment to capture)
- No “On account” payment facilities for regular Full search customers
- Limited resources impact on turnaround time when holiday periods occur
- No direct search request facility for customers to submit direct to system
- Dependency on ICT to resolve GIS and system issues as and when reported, which due to the complex nature of the systems in operation can take hours or days to resolve
- Inability to monitor companies taking photos of registers (which they should be interpreting and recording down information they wish to use)

Opportunities:

- One stop shop facility - offering link to all search service provisions (coal board, brine etc)
- Set up contractual on-accounts with T&C for customers
- Purchase “on line” web submission via Swift module improving on submission channels available
- Improve market share, develop marketing strategy and improve customer awareness and ability to purchase searches themselves
- Develop a service to meet conveyancer’s specific needs (e.g. Gold star service vs. standard service)
- Organise seasonal backup resources to provide continuity of turnaround all year round.
- Join an organisation (COPSO/ IPSA or other new organisation for LA’s) allowing our searches to be purchased
- Diversify adding extras to service provision (House heat loss surveys etc)
- Join services via SLA etc with other LA to provide searches to the conveyancing market.
- Set up a verification service (fees and protocol) to deal with variance in LLC1- Land Registry information and Con29 responses
- Improve digitisation of other departments data
- Cheshire East to promote better use of GIS to facilitate (better use of data by all depts.)