

Appendices



Item No.

NORTHAMPTON
BOROUGH COUNCIL

DRAFT
AUDIT COMMITTEE REPORT

Report Title

BUILDING CONTROL COSTS REVIEW

AGENDA STATUS:

PUBLIC

Meeting Date:

2 December 2008

Directorate:

Planning and Regeneration

Accountable Cabinet Member:

Richard Church

Ward(s)

Not Applicable

1. Purpose

- 1.1 This report provides an explanation of the review of expenditure carried out in the Building Control service.

2. Recommendations

- 2.1 Audit Committee to note the report and consider making recommendations to Cabinet.

3. Issues and Choices

3.1 Report Background

- 3.1.1 At a previous meeting the Audit Committee requested a review of building control expenditure. A significant part of this work had already been carried out, and this report explains the position shown by the review.

3.2 Issues

- 3.2.1 The Building Control expenditure budget is mainly made up of employee and support services costs (including the recharged element of the Head of Service (in previous years the Corporate Manager)).
- 3.2.2 The staffing requirement is calculated based on a formula that takes into account the volume of applications being processed and the time required to process an application. Based on the current volume of transactions, the Building Control Team Leader has advised that the team is just short of the

level that would require an additional member of staff, after taking into account the partnership work.

- 3.2.3 In addition, should the volume of applications increase again, additional staff resource would be required to keep up with the applications.
- 3.2.4 The restructured Building Control Team has been budgeted for. Two of those posts are currently vacant and are being covered by agency staff. One of these posts is currently out to advert.
- 3.2.5 The Council is required to charge an appropriate proportion of overhead costs to direct services. It is these costs that make up the support services costs that are recharged out to services.
- 3.2.6 The table below shows an illustration of the support services costs charged to Building Control based on 2007/08 apportionments.

Service	Percentage of Service Costs Apportioned to Building Control
Corporate Manager (Development, Building Control, Environmental Health)	22.00%
Human Resources	11.34%
IT	6.46%
Cliftonville House	4.46%
Internal Telephone System	4.34%
Finance and Procurement	2.58%
Post Room	1.25%
Customer Liaison Team	1.12%
Other small value services	0.93%

- 3.2.7 Of these, the Human Resources recharge stands out as being particularly high, and it is recommended that this be investigated further. In addition, the Building Control Manager is investigating other areas of recharges for understanding.
- 3.2.8 Recharges and the related apportionments are to be reviewed as part of the corporate budget build and monitoring processes.
- 3.2.9 Together these costs made up 86% of Building Control expenditure in 2007/08. Annex A shows the published account for 2007/08.
- 3.2.10 Given that there is limited opportunity to make changes in relation to expenditure, consideration should be given to ensuring that the level of charges has been set appropriately.
- 3.2.11 Market testing has shown that NBC is already charging materially below the regional market on Table B (domestic extensions), averaging at 12% below the rest of the districts in Northamptonshire.
- 3.2.12 On Housing and other works (Tables A and C) NBC is in line with its regional neighbours at the moment.

3.2.13 In addition, other districts have indicated that they are considering an increase of an additional 5% for their 2009-10 budget proposals for all three tables (Housing, domestic extensions, and other works). The Borough is working on a report to bring to Cabinet in the New Year with a view to bringing our charges into line with neighbouring boroughs.

3.3 Choices (Options)

3.3.1 The Audit Committee is invited to consider the expenditure review shown in this report and to take forward any issues identified as part of that consideration.

3.3.2 In addition, the committee is asked to consider the question of charge levels, and take forward any issues identified.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 There are no specific financial implications arising from this report.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 Building Control and the Director of Finance have been consulted.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Giving full consideration to front line services contributes to the priority of being a well-managed organisation that puts the customer at the heart of what we do.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

5.1 Audit Committee Minutes September 2008

Lee Hunter, Building Control Manager
Rebecca Smith, Assistant Head of Finance, ext 8046

Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

The Building Control chargeable services has, for the three-year period to 31st March 2008, made an operating deficit of £25k on a turnover of £1,681k. In the previous three-year period to 31st March 2007, there was a deficit of £339k against a turnover of £1,681k.

	2007/08		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure			
Employees	253	136	389
Premises	0	0	0
Transport	7	4	11
Supplies and services	18	72	90
Support service charges	145	78	223
Capital Charges	1	0	1
Total Expenditure	424	290	714
Income			
Building Regulation fees	-310	0	-310
Other Income	-15	0	-15
Total Income	-325	0	-325
Surplus (-) / Deficit for Year	99	290	389
Comparatives for 2006/07	2006/07		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure	556	135	691
Income	-486	0	-486
Surplus (-) / Deficit for Year	70	135	205