



Finance and Economic Overview and Scrutiny Committee

Tuesday, 13 May 2025

Report of Councillor Phil Dilks, Cabinet Member for Planning

Updated financial position and Service update for East Midlands Building Consultancy, 2024-25

Report Author

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Purpose of Report

The purpose of this report is to support the Committee in keeping oversight of the highly successful building control service for South Kesteven District Council, Rushcliffe Borough Council and Newark and Sherwood District Council.

Recommendations

The Committee is recommended to note the update regarding East Midlands Building Consultancy (EMBC) and agrees to receive an update in 12 months.

Decision Information

Does the report contain any exempt or confidential information not for publication?

Yes - Appendix A) contains commercially sensitive information related to the income/expenditure of EMBC and is therefore restricted under Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraph 3

What are the relevant corporate priorities?

Connecting communities
Sustainable South Kesteven
Housing

Which wards are impacted?

Effective council

(All Wards);

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 Appendix A shows the provisional outturn for EMBC for 2024/25 and the impact on the Trading Accounts for each of the partner Authorities.
- 1.2 Fee income, for the year, reflects a significant reduction from the budget (£168k lower). The overall trading position has though been managed through not replacing vacant posts, resulting in a compensating reduction in expenditure (£190k lower).
- 1.3 The overall position for EMBC at 31st March 2025 is a surplus pf £50k, which has resulted in a reduction from the contributions for the three partners of £16k.
- 1.4 Income continues to be monitored however application levels across the sector are lower than previous years due to the current economic climate. There will therefore need to be a balance to ensure staffing costs are matched to fee income levels for 2024/25.

Completed by: *David Scott, Assistant Director of Finance (deputy s151)*

Legal and Governance

- 1.5 There are no governance implications arising from this report.

Completed by: *James Welbourn, Democratic Services Manager*

2. Background to the Report

- 2.1 Delivering excellent and effective services is at the heart of the Council's Corporate Plan (2024-2027) and is essential to running an Effective Council. Building Control is necessary to ensure that buildings comply with the Building Regulations including new housing across the District. Recent and forthcoming changes to the Building Regulations to improve energy efficiency of buildings will

be pivotal in reducing energy consumption and achieving net zero carbon goals. The Building Control function therefore plays an important role in delivering many of the ambitions within the Corporate Plan.

- 2.2 Building Control is unique compared to many other services provided by the Council in that it competes for work against the market, principally other councils and [independent] Building Control Approvers (RBCA's). The exceptions to this are the statutory functions that a local authority building control service has to provide (and cannot be undertaken by an RBCA). These include dealing with dangerous structures, applications relating to disabled adaptations and enforcement. Such work cannot be charged for and is typically referred to as 'non fee earning'. The 'fee earning' aspect relates to applications made to the Council for it to assess if the development meets the Building Regulations. The Council is in direct competition with RBCA's for this element of the workload.
- 2.3 The Council is in a partnership with Newark and Sherwood District Council (N&SDC) and Rushcliffe Borough Council (RBC) to provide the respective authorities Building Control Services. The partnership, known as the East Midlands Building Consultancy (EMBC), is delivered and hosted by South Kesteven District Council (SKDC). The partnership was originally formed between SKDC and RBC in 2014 with N&SDC joining in 2016. The partnerships contracts have been extended ever since by Members on a rolling basis, subject to an annual review and an ability to exit subject to specific notice periods and defined actions.
- 2.4 The original partnership objectives were to combine resources to improve resilience, depth of expertise, staff retention and to improve service performance in this highly regulated area of work. Each council shares any financial surplus or deficit equally, operating financially under one single trading account. A Partnership Board, comprising of senior officers from each partner authority has primary responsibility for overseeing the operational management and delivery of the joint building control partnership. The Board meets every two months and there is an annual meeting with the respective Chief Executives.
- 2.5 The workload split between fee earning and non-fee earning activity is approximately 74/26 and is typical of a local authority building control service. The non-fee earning work is a cost that must be borne by the Council and is charged to the general fund.
- 2.6 Whilst fee earning work is paid for by the customer, the Council is still required to have regard to the overriding objective of ensuring that as far as possible, charges are set at a level which equate to the cost of providing the service. This means the Council is not permitted to make a profit from the charges and cannot subsidise the statutory services from fee income.

Performance

2.7 Table 1 (below) provides the yearly comparison of applications for building regulations received by EMBC. It can be seen from the table below that there has been a significant increase in numbers of applications over the last year; this is partly due to a number of applications received as a result of a number of RBCA's going into administration.

Table 1 Yearly comparison of applications received by EMBC

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	TOTAL
2019/20	203	155	172	218	154	153	153	133	68	158	159	171	1,897
2020/21	83	95	161	180	146	200	187	262	131	181	181	258	2,065
2021/22	206	258	199	207	150	182	169	141	88	205	160	173	2,138
2022/23	175	192	251	136	149	158	133	138	67	140	128	138	1,805
2023/24	118	160	141	122	131	121	115	103	58	123	113	134	1,439
2024/25	160	153	130	218	193	220	152	140	102	135	153	159	1,915

2.8 As referenced above, Local Authority Building Control (LABC) departments do not have a monopoly in relation to “fee-earning work”. Registered building control approvers (RBCA's) can compete for this work, and it is important the Council monitors the percentage of the market share to ensure that it remains competitive. Table 2 (below) provides the number of applications made directly to the Council and the Initial Notices (applications made directly to RBCA's). Historically, the market share held by EMBC was fairly stable at around 50%. It is clear from the information below that the market share position for EMBC has risen throughout the year and remains higher than it has been historically. Now that the service is fully staffed, the team can continue to build on this improved market share position. This includes promoting the service and building relationships with partners.

Table 2 Number of Applications made to the Council and Approved Inspectors

Application Numbers -Three Way Partnership													
	Apr -24	May -24	Jun -24	Jul- 24	Aug -24	Sep -24	Oct -24	Nov -24	Dec -24	Jan -25	Feb -25	Mar -25	
Total Application Numbers LABC	160	153	130	218	193	220	152	140	102	135	153	159	
Total Initial Notices AI	136	119	107	141	110	123	99	107	71	140	105	127	
TOTAL APPS LABC & AI	296	272	237	359	303	343	251	247	173	275	258	286	
LABC Market Share %	54	56	55	61	64	64	61	57	59	49	59	56	
AI Market Share %	46	44	45	39	36	36	39	43	41	51	41	44	

Table 3. Income Against Budget Over the Past 3 Years.

	Total Income	Budget
2021/2022	£689,528	£650,000
2022/2023	£657,699	£650,000
2023/2024	£531,624	£700,000
2024/2025	£652,884	£680,000

*Note 2024/25 figures are still provisional.

2.10 Several Registered Building Control Approvers have, over the last twelve months, gone into administration. When this happens, the RBCA's 'live' applications are reverted to The Local Authority. One particular RBCA had just under 600 live applications. This has increased the workload for EMBC considerably however, due to the improved recruitment position, the team has been able to deal with the additional workload.

Resources

2.11 Since the last update, the service has undergone a re-structure and several rounds of recruitment. Recruitment and retention within the sector remains a challenge especially in light of the changes that have taken place around the need for surveyors to obtain professional competency. In addition to the re-structure, the Council has adopted a "grow your own" approach to training and supporting surveyors. This has resulted in career progression opportunities being built into the new structure with two new Senior Building Control Surveyor posts being created as well as a plan-checking team. The plan-checking team supports the surveyors in the initial assessments of plans for compliance with the Building Regulations and has resulted in progression opportunities for existing members of the team. Over the last 18 months, the team has recruited three officers from construction backgrounds who are using their industry expertise to retrain as Surveyors. This has involved completing qualifications which the Council has supported.

2.12 The Council is also mentoring two LABC apprentices who are studying as well as gaining "on the job" experience with the Council. From May 2025, the team will be fully staffed. This is a significant improvement on the position two years ago where the team was reliant on consultants with only two surveyors employed by the Council.

Building Safety Act

2.13 Building Control has been under significant scrutiny and legislative change in recent years. The Building Safety Act 2022 represents a huge shift in the regulatory framework governing the UK's construction industry. Its core objective is to reshape the industry's culture and practices – primarily following an independent review of the 2017 Grenfell Tower tragedy – to make sure building

safety is a paramount concern on all projects. The Building Safety Act (BSA) (2022) was one of several pieces of legislation and guidance that is being implemented by Government to enhance building safety.

- 2.14 The Act has changed the way that buildings are designed, constructed and managed to make people feel safer in their homes. At the heart of these changes is a legal obligation for all individuals to be competent to ensure compliance with the building regulations. This obligation applies across the sector whether the works relate to a small extension or a large building or housing development.
- 2.15 The Health and Safety Executive (HSE) now act as the new Building Safety Regulator (BSR) and will be the building control body for High-rise buildings (HRB's -Buildings over 18m high which contain at least two residential units). This includes new HRB's and also work to existing HRB's. The BSR will also oversee safety and standards, encourage industry competence, and lead the implementation of the new regulatory framework. The LABC and AI's will remain the building control body for other developments.
- 2.16 As part of the requirements, those working in the building control industry now need to demonstrate their competency. All Building control officers and building control approvers will also need to be registered with the Regulator. The BSR have established registers for building inspectors and building control approvers, with defined registration criteria – including a code of conduct – for registered building inspectors and professional conduct rules for building control approvers.
- 2.17 As part of the BSR approved independent competence assessment schemes, candidates will be evaluated against the Building Inspector Competence Framework (BICoF) every four years. Assessments include interview or examination pathways and continuous professional development. There are three levels or class of competence:
 - Domestic Building Control Surveyor (aligned with BSR Class 2)
 - General Building Control Surveyor (aligned with BSR Class 2)
 - Specialist Building Control Surveyor (aligned with BSR Class 3)
- 2.18 EMBC has embraced these changes. One Building Control Officer currently holds the Domestic Class 2 competency. Three Officers hold the General Class 2 competency and the other four have registered as trainees and have started their competency journey. EMBC have the resources to carry out the building control function for all but specialist developments in line with the majority of building projects within the three Local Authority areas.
- 2.19 There are a number of technical support staff within EMBC who are given the opportunity to continue their study at various levels including the Level 3 Certificate in Technical Support for Public Service Building Standards and Level 4 CIOB Diploma in Public Service Building Control.

2.20 The Building Safety Act allows the Government to impose a building safety levy on all new residential buildings in England (“the Levy”). The Levy was initially intended to be implemented in 2025 however this has been delayed and will not now be introduced in Autumn 2026.

Award Nominations

2.21 Over the last year, EMBC has been nominated for several awards. Three building projects involving EMBC were shortlisted in the LABC Building Excellence Awards; one project was awarded highly commended. The team has also been shortlisted in the Medium Team of the Year Category for the LGC Awards with the final being held in June 2025.

3. Key Considerations

3.1 The partnership is a significant success and performance remains extremely stable. The service provides value for money for all stakeholders. However, it is important to review performance and to ensure the service is competitive and able to maintain its market share. There are a number of legislative changes that are currently being implemented however the service has embraced these and has a supportive learning culture enabling officers to successfully pass their competency exams.

4. Other Options Considered

4.1 The report is an update report for noting and the do-nothing approach has been discounted.

5. Reasons for the Recommendations

5.1 To support the ongoing success of the EMBC Partnership.

6. Appendices

6.1 Financial Report – Exempt from publication