

## Report for Resolution

**Report to** Executive  
8 April 2009  
**Report of** Deputy Chief Executive  
**Subject** CNC Building Control Joint Committee

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### Purpose

To ask the Executive to approve the Council's continued participation in the CNC Building Control Partnership (CNC Building Control Joint Committee).

### Recommendations

That Norwich City Council continues to be a partner in the CNC Building Control Consultancy (Joint Committee)

### Financial Consequences

The financial consequences of this report are set out below in the Risk Assessment

### Risk Assessment

The CNC Building Control Partnership is subject to the downturn in the economy which has slowed down the rate of development in the City. The downturn in the level of work means that the partnership will have a shortfall of approximately £158,000 in 2009/10 if there are no changes in the circumstances predicted. This is being mitigated by CNC Building Control Partnership seeking to second staff to partner authorities. If the Council were to bring this service back in house this risk would continue.

### Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners"

**Executive Member:** Councillor Morrey - Sustainable City Development

**Ward:** All

### Contact Officers

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### Background Documents

None

## **Report**

### **CNC Building Control Joint Committee**

#### **1 Background**

- 1.1 In May 2004 Broadland District Council, Norwich City Council and South Norfolk Council signed a legal agreement to form a Building Control Partnership to be known as CNC Building Control Consultancy (Joint Committee). This legal agreement expires on 31 March 2009.
- 1.2 CNC Building Control (CNC BC) as it is now known, currently has an establishment of 32 staff and operates from Broadland District Council's offices. CNC BC receives approximately 3500 building regulation applications per annum and at 31 December 2008 had a market share of 95% of all building control work within the CNC area.
- 1.3 The provision of non fee-earning services by CNC BC on behalf of the Council are the subject of Service Level Agreements (SLA). These cover such services as dealing with dangerous structures, including 'out of hours', giving of building regulation advice, and administration of Initial Notices. The charges relating to these SLA's are reviewed annually.
- 1.4 CNC BC has a portfolio of 90 partners signed up to the LABC Partner Authority Scheme whereby CNC plan checks building regulation applications regardless of where the building work is being undertaken. In 2008/9 income from this scheme is likely to be in excess of £60,000.

#### **2 Finances**

- 2.1 Each year any CNC BC surplus funds are distributed in accordance with the legal agreement. In 2004/5, 2005/6, 2006/7 this resulted in payments of £25,000, £20,000 and £20,000 to the Council. There were no payments made in 2007/8. This is a reflection of the reduction of the number of building regulation applications being submitted in the last two years and an increase in the expenditure, predominately in salary related costs.
- 2.2 CNC BC possessed uncommitted reserves at the closing balance in 07/08 of £118,000.
- 2.3 Due to the downturn in the number of building regulation applications being submitted and the number of construction projects that have been put on hold it is very likely that CNC BC will operate at a deficit for the current year, 08/09. Until October 2008 the year-end projection was for the partnership to achieve a balanced budget. However, at the end of January the projected deficit for the current financial year was £132,000. The 3 partner Council are expected to make a contribution towards any deficit.
- 2.4 Like all construction related businesses CNC BC is being affected by the

current financial climate and the income projections from building regulation applications have been set at a realistic level. CNC BC's own rules of financial governance require the budget estimate to be deliverable and levels of reserves prudent.

- 2.5 The Joint Committee agreed that the Managing Director should review the potential for further cost savings, including opportunities for seconding staff to suitable vacancies within the partner authorities, and a further draft budget was presented to the Joint Committee on 19 March 2009 showing a £158,000 deficit for 2009/10. Partners are looking at ways of mitigating this by seconding CNC staff to cover vacancies and purchasing a wider range of services. Furthermore, it was recommended that each partner authority would need to consider their position with regards to providing additional financial support for 2009/10 should the need arise.

### **3 Conclusion**

- 3.1 The formation of CNC Building Control (CNC BC) has been a success. Combining the service from the 3 partner Councils led to a reduction in overheads, greater flexibility across the service, its brand is well known throughout Local Authority Building Control (LABC) circles nationally, and it is well established and respected as a provider of excellent building control services, locally and regionally. This is clearly evident by its market share which currently stands at 95%. The joint committee vehicle with which CNC BC operates continues to be a model used for an ever increasing number of building control partnerships nationally. Financially, the Council has benefited from being a partner in the building control partnership, although there will be increased financial pressure on CNC BC during 09/10 and possibly 10/11, which will need to be carefully managed.