

Cheltenham Borough Council
Cabinet – 18 October 2011
Built Environment review

Accountable member	Councillor John Rawson, Cabinet Member Built Environment
Accountable officer	Grahame Lewis, Executive Director
Accountable scrutiny committee	Environment Overview and Scrutiny Committee
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>The Council has been conducting a commissioning review for the built environment which covers development control, strategic land use, urban design, heritage and conservation and building control. A member working group was established to support the Cabinet Member with this review.</p> <p>The review has covered a wide range of issues and has reached the conclusion that given the current national planning context and feedback from stakeholders that an externalised delivery model is not appropriate at this time. However the review has identified a number of recommendations which will improve service efficiency, the customer experience and ultimately provide savings to support the medium term financial strategy.</p>
Recommendations	<ol style="list-style-type: none"> (1) That the outcome framework set out at appendix 3 is approved and used as a basis for the development of a service specification, against which the internal team will deliver. (2) That the Director of Built Environment restructures his team to assist delivery of the outcomes and agreed service specification. (3) That the Director of Built Environment reports back to the Cabinet, once there is clarity on the legislation, with regards to the local setting of planning fees and identifies the additional planning income which may be realised. (4) That the division continue to improve the customer experience by embedding the systems thinking approach across the full range of its services. (5) That the division explores with partners the opportunities to undertake collaborative working, where it will provide service resilience and make the most efficient use of resources. (6) That a review of alternative delivery models for building control is undertaken in 2013, as part of the programmed review of the current shared service arrangement with Tewkesbury Borough

Council.

- (7) That the inscope range of built environment services will be tested against private sector service alternatives in 2013/14, to confirm whether the internal service continues to deliver value for money, based on an assessment of both cost and quality.**
- (8) That the division holds regular (at least twice per year) stakeholder sessions including agents, developers, conservation and heritage groups, architects panel as well as councillors to discuss progress in delivering the outcomes.**
- (9) That the Director of Built Environment explores the opportunities to extend the charging for pre application process to other areas currently not within scope.**
- (10) That the commissioning division works with the Voluntary and Community Sector to support market development in areas which will underpin the localism bill.**

Financial implications	<p>Due to the levels of uncertainty around legislation on local planning fees, the likely levels of savings / additional income to be generated from the review are currently not available. As legislation and timeframes become clear, further work will be required to establish the financial benefits from the review.</p> <p>As mentioned in the report, to ensure internally provided services are able to compete on a financial as well as qualitative footing, regular monitoring and benchmarking will be necessary to assure the council and its members that they are being provided with value for money services.</p> <p>Contact officer: Nina Philippidis, Accountant nina.philippidis@cheltenham.gov.uk, 01242 775221</p>
Legal implications	<p>None directly arising from this report but various legislative provisions and legal processes will apply to the reviews and the exploration of opportunities set out in the recommendations.</p> <p>Contact officer: Shirin Wotherspoon, shirin.wotherspoon@tewkesbury.gov.uk, 01684 272017</p>
HR implications (including learning and organisational development)	<p>The Built Environment team and the recognised trade unions have been kept advised about the development of this project on an informal basis but full formal consultation will be required as soon as details of the proposed restructure are available.</p> <p>Contact officer: Julie McCarthy ,Julie,McCarthy@cheltenham.gov.uk, 01242 26 4355</p>

Key risks	As set out in appendix 1
Corporate and community plan Implications	The review has identified a set of outcomes which help deliver the corporate plan and community plan aspirations
Environmental and climate change implications	

1. Background to the review

- 1.1 The Council has agreed to become a commissioning council by April 2012, and to meet this objective has embarked upon a series of commissioning reviews. The built environment was considered as a priority area as it has significant expenditure and income but is also subject to some fundamental changes nationally. It is important that the Council is ready to meet these new challenges. It was also recognised that some funding which was previously available from Planning Delivery Grant to deliver these services is no longer available and some of the changes nationally could result in additional expenditure and higher expectations about the way in which the services in scope are delivered.
- 1.2 A project team and member working group were established to support the review, which included the Director for the services within scope. The review team have been impressed with the way in which managers and others from the services in scope have engaged with the review and are also grateful for the support they received from stakeholders who took part in the consultation events being prepared to give up a considerable amount of their time in contributing to the debate.

2. Strategic context

- 2.1 The strategic context for the review is set out in the attached document. The review is set against a background of a corporate budget gap within the medium term financial strategy and legislative changes which will impact on the relationships between the Council and its community with the delivery of the Localism Bill.
- 2.2 The principal challenge being thrown down by the Localism Bill is to make planning more relevant to local communities, by making the process demonstrably more engaging and responsive to the needs of those communities. At the same time, the bill makes clear that this is not a charter for resisting development, as the Government is also clearly committed to delivering sustainable growth.
- 2.3 The new approach will demand more engagement with communities at the earliest possible stage in the planning process, including the option of local communities taking a lead on promoting a development vision for their own areas.

3. Current service delivery arrangements

- 3.1 The current delivery arrangements are set out in the attached document. The total net costs of the services in scope are £860,600. Over the last three years, the Council has made significant investments in the ICT infrastructure supporting its Built Environment services and this has resulted in the transformation of the planning service in particular, from one which relied heavily on paper, to one which is now largely web-based. This has had massive customer benefits in terms of the availability and accessibility of on-line information, electronic consultation with the public and statutory consultees and the ability for applications to be submitted through the planning portal. This has made the service both transparent and highly accountable to the public for the decision-making process.

- 3.2** The costs associated with the ICT infrastructure capital investment and associated training, were funded primarily through performance-related Planning Delivery Grant (later known as Housing and Planning Delivery Grant – HPDG), awarded to the authority for significant improvements in the speed of decision-making and the implementation of key aspects of the local development framework. Between 2003 and 2010, the services in scope were awarded a total of £2.1 million in capital performance grant via this route. This funding was also in part used to underpin core staffing arrangements, which helped maintain the quality and effectiveness of the service, as the authority implemented revenue savings to help with its corporate ‘Bridging the Gap’ (BtG) programme.
- 3.3** Whilst underpinning service transformation, improved ICT infrastructure has inevitably increased the Council’s revenue expenditure on annual maintenance fees to support *Uniform*, its externally supported integrated database for both planning and building control, as well as other key internal services (e.g. Property, Land Charges and Environmental Health). Although efficiency savings, have been delivered beyond those specifically identified in the BtG programme the additional revenue costs of these support services have had to be borne by the division’s supplies and services base budgets.
- 3.4** The consultation with stakeholders and with members demonstrated that there is support for the current in-house provision but nonetheless potential areas for further improvement were identified. The services have started a System Thinking process which is putting the customer at the heart of delivery, and even though this is only in the early stages of implementation has been well received by applicants.
- 3.5** Benchmarking exercises have been undertaken and demonstrate that the service compares well to other councils of a similar size. In 2011, two of the RIBA’s national awards out of seven within the south-west region went to schemes within Cheltenham, both of which had had significant input from staff within Built Environment. This was more than any other local authority area within the south-west region.

4. Reasons for recommendations

- 4.1** The attached document sets out a range of issues that the review team considered as part of the commissioning process and the recommendations as set out above reflect the findings from the review.
- 4.2** The review has identified a set of outcomes for the Built Environment division. The recommendations will help the current in-house team to deliver against these recommendations, ensuring that this statutory service continues to deliver high quality and value for money. They will also create a degree of stability for the service over the coming years. Bringing the strategic land use and development management teams together under a single service manager, would help to ensure an appropriate balance of resourcing is maintained between policy development and development management activities.
- 4.3** The introduction of the ability for councils to set their own planning fees, for which there is at present no firm timetable, will be an opportunity for the Council to close the gap between costs and fee income. It is disappointing that the legislation in relation to this has been delayed and the review team have felt frustrated that because of this the report cannot set a definitive budget target for this additional income-generating potential. However, it was recognised that there is scope to raise some additional income through further extensions to pre-application advice services and potential efficiency savings through the realignment of resources.

5. Alternative options considered

- 5.1** The review considered other delivery models including outsourcing. The review’s findings are set out in the attached document. The review team, having looked at the experience of other local

planning authorities that have externalised their service, but were unconvinced that the benefits outweighed the obvious risks and disadvantages, particularly with the current uncertainties about the national planning framework. However, they did see opportunities to work more collaboratively with other local authorities, voluntary and community groups and in exploring more flexible “call off” contracts to cover future peaks and troughs in workloads.

5.2 The review has also identified that it would be appropriate to undertake some form of soft market testing of the services within scope in 2013/14 once there is some certainty over planning income levels following the introduction of local fee setting. This will provide additional reassurance about whether internal services continue to offer value for money, based on an assessment of both cost and quality.

6. Consultation and feedback

6.1 The review held a number of stakeholder facilitated workshops which provided valuable insight into the way in which the services are perceived. Details are set out in the attached document. Whilst appreciating the resource implications, the review team felt that it would be useful for the division to undertake more regular sessions with stakeholders. The consultation clearly demonstrated that the current services are valued and there was no appetite from key stakeholders to look at externalising the service.

6.2 A range of potential providers were also contacted during the review and the member working group provided a useful member sounding board as the review progressed.

6.3 The outcome framework set out at appendix 3 has yet to be tested with our stakeholders or with the wider council membership and it is suggested that this should happen before we finalise the framework for inclusion within our corporate strategy.

7. Performance management –monitoring and review

7.1 It is proposed that a service specification/service plan is developed for a three year period from 1 April 2012 which will provide a framework against which the service can be monitored.

7.2 It is proposed that a report is presented to the Environment Overview and Scrutiny Committee in six months time setting out progress against the recommendations in this report.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. A commissioning strategy for the built environment 3. Outcomes framework 4. Financial savings to date
Background information	<ol style="list-style-type: none"> 1. None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-4	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	The council has an ambitious change agenda and undertaking a restructure within the team could divert resources away from the delivery of key projects.	Mike Redman	27.9.2011	3	3	9	Reduce	The director will build the review into workplans. Timescales will need to be agreed with key personnel including HR.	31.10.11	Mike Redman	
2.	If the legislation and guidance for the introduction of planning fees is delayed it will impact on the council's medium term financial strategy.	Mark Sheldon	27.9.2011	3	3	9	Accept	The Council cannot control the timing or content of national legislation.			

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-4 (4 being the greatest impact)

Likelihood – how likely is it that the risk will occur on a scale of 1-6 (6 being most likely)

Impact Description	Impact score	Probability	Likelihood Description	Likelihood Score
Negligible	1	0% - 5%	Almost impossible	1
Marginal	2	5% - 15%	Very low	2
Major	3	15% - 30%	Low	3
Critical	4	30% - 60%	Significant	4
		60% - 90%	High	5
		> 90%	Very high	6