

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 25 NOVEMBER 2025**



<b>Title of Report</b>	<b>JOINT BUILDING CONTROL SERVICE</b>	
<b>Presented by</b>	Cllr Tony Saffell Portfolio Holder for Planning <div style="text-align: right;">PH Briefed <input type="checkbox" value="Y"/></div>	
<b>Background Papers</b>	BSR Audit 27 June 2025  <a href="#">Building Control - Proposal for Future Service Delivery Cabinet 10 November 2020</a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	The Heads of Terms set out contractual payments from North West Leicestershire District Council to Charnwood Borough Council to cover the whole costs of Charnwood Borough Council providing a statutory non fee earning service in North West Leicestershire.  The costs will be forecast in advance of each budget year and agreed by the Joint Management Board so North West Leicestershire District Council can make budget provision and then the actual cost will be charged on a quarterly basis in arrears. Revenue generated from statutory fee earning work in North West Leicestershire will be retained by Charnwood Borough Council.  Any statutory fees earned in North West Leicestershire will be retained by Charnwood Borough Council.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The building control service is an executive function and the decision to delegate the function to another council rests with Cabinet.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	All staff in the shared service are employed by Charnwood Borough Council.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek Cabinet approval for an extension to the legal agreement between North West Leicestershire District Council and Charnwood Borough Council to continue to provide a Joint Building Control Service.	

<b>Reason for Decision</b>	<p>1.To extend the period for the provision of Building Control service functions from North West Leicestershire District Council to Charnwood Borough Council for a further five years and three months.</p> <p>2.To ensure the costs of setting up the Building Safety Levy collection for North West Leicestershire is funded.</p>
<b>Recommendations</b>	<p><b>THAT CABINET:</b></p> <ol style="list-style-type: none"> <li><b>1. AGREES THAT THE BUILDING CONTROL FUNCTION CONTINUES TO BE DELIVERED BY CHARNWOOD BOROUGH COUNCIL;</b></li> <li><b>2. DELEGATES AUTHORITY TO CHARNWOOD BOROUGH COUNCIL TO DELIVER BUILDING CONTROL SERVICES ON BEHALF OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL AND IN ACCORDANCE WITH THE TERMS OF A DELEGATION AGREEMENT WHICH IS TO BE AGREED BY BOTH AUTHORITIES;</b></li> <li><b>3. DELEGATES AUTHORITY TO THE STRATEGIC DIRECTOR OF PLACE, TO NEGOTIATE AND FINALISE THE TERMS OF THE DELEGATION AGREEMENT WITH CHARNWOOD BOROUGH COUNCIL</b></li> </ol>

## **1.0 BACKGROUND**

- 1.1 The Provision of Building Control Services, by the Council is a Statutory Requirement Under the Building Act 1984, the Council's Building Control Function is required to determine applications for Building Regulation approval and to ensure its statutory fee earning account maintains cost neutral taking one year with the next.
- 1.2 The service also provides a range of statutory services on behalf of the Council (for which it cannot charge a fee), consultancy services to other internal departments and also to the market. The proportion of time spent on statutory fee earning work averages around 55%. The balance of 45% is split between providing other statutory non fee earning work (30%) and servicing the needs of other internal services (15%). The proportion of time spent on statutory and non-statutory services varies throughout the year depending on service demands.
- 1.3 Since the 1980s, local authority building control has been in competition for statutory fee earning work with private sector 'Approved Inspectors'. These inspectors tend to have low business overheads and are able to choose the work they undertake. Local Authorities are statutorily obliged to be 'the provider of last resort' and are unable to turn work away. As a consequence, it is in the interests of local authority providers to actively market their service to ensure they maximise their fee earning potential so that they provide a cost neutral statutory fee earning service.

- 1.4 For some years now, the Local Authority Building Control sector has been facing significant challenges from increased competition from the private sector; increased costs arising from high profile cases (such as the Lakanal House and Grenfell Tower disasters); staff retention; an aging workforce; and a shortfall of new graduate entrants into the profession. These challenges remain but have been compounded by the significant changes to building control practice occasioned by the Building Safety Act 2022 (introduced following Grenfell) and the introduction of the Building Safety Regulator (BSR) and the Operational Standards Rules (OSR).
- 1.5 The challenges facing the Council in delivering the building control function are shared with other local authorities nationally. The introduction of the Building Safety Act in 2022 has led to a decline in the number of surveyors and has increased the degree of scrutiny from a new Building Safety Regulator. The changes in operational standards that must now be satisfied are extensive and many councils are struggling to find competent and experienced surveyors to provide the statutory function.
- 1.6 In November 2020, upon the presentation of a comprehensive Proposal for Future Service Delivery Report (see background papers), Cabinet approved a joint arrangement with Charnwood Borough Council. Cabinet delegated authority to Charnwood to discharge North West Leicestershire's Building Control functions. A Delegation Agreement was entered into on the 4 January 2021 and the two authorities have worked together in partnership since to provide the statutory functions in each district under a legal agreement. This has brought capacity and resilience during a period of change and enabled each council to manage risk. This arrangement has been overseen by a Joint Management Board chaired by a Director of each council on an alternating basis year to year. The Board also includes Heads of Service and Finance Officers from both councils and the Building Control Manager from Charnwood Borough Council.
- 1.7 The legal agreement was for five years and three months taking it to 3 April 2026. In light of the success of the partnership and absence of alternative provision options, the Joint Management Board, has indicated that it wishes to renew the joint arrangement for a further five years and three months. The three extra months provides a contingency period to get a new agreement signed if that was what the two Councils were minded to do so.

## **2.0 JOINT BUILDING CONTROL SERVICE**

- 2.1 The original objectives of the joint service project can be found within the background papers.
- 2.2 Despite the challenges facing the industry and Service, over the last five years, the Joint Service has maintained its market position of around 40-45% and has established a robust reputation in the local construction sector as a reliable and sound provider of inspection services.
- 2.3 Operating costs have been shared between the two councils and costs to provide the statutory non-fee earning service to both Charnwood and North West Leicestershire has been minimised over the term of the agreement (see Section 4 below).
- 2.4 A key influence on operational costs remains the challenge of recruiting permanent building surveyors at all levels. The Service has reviewed job profiles and secured market premia and honoraria to enhance the pay of surveyors and a recruitment campaign this autumn will seek new Surveyors to fill posts currently occupied by contractors.

- 2.5 The introduction of the Building Safety Regulator (BSR) in October 2023 and its Operational Standards Rules (OSR) in 2024 have required all surveyors to be registered, trained and examined to meet the BSRs competency standards. This has involved a programme of training for all surveyors alongside their day to day duties over 2023/24.
- 2.6 A further requirement of the OSR is that all building control bodies will be audited by the BSR on a four-yearly basis from September 2024 onwards. Charnwood and North West Leicestershire were in the first tranche of building control bodies to be audited with this commencing in November 2024. The audit completed on 27 June 2025 and gave the two authorities a high level of assurance with minor non-compliances to address.
- 2.7 The Building Safety Levy is a statutory charge introduced under the Building Safety Act 2022 to fund building safety remediation works across England. The levy applies to most new residential developments and aims to ensure that the burden of fixing historical building safety defects does not fall on leaseholders. Revenue from the levy will contribute to removing unsafe cladding and improving safety in high-rise buildings, particularly in response to the 2017 Grenfell Tower fire. The intention is to raise £3bn to cover the costs of remediating buildings over 11metres tall over a 10-year period with periodic reviews.
- 2.8 S58 of the Building Safety Act 2022 introduces the powers to impose a levy on new residential buildings requiring certain building control approvals in England and for the revenue to be spent on building safety. The levy was announced in Autumn 2025 and it is expected to come into effect on 1 October 2026. Levy Regulations have been drafted and will be laid in Parliament later this year.
- 2.9 Government has undertaken a new burdens assessment to determine what level of grant to award recognising the need to procure new or updated IT systems, recruit and train staff and publish notices about process changes. Based on the finding, the Ministry of Housing, Communities and Local Government (MHCLG) wrote to all councils on 14 January 2025 stating that grants under s31 of the Local Government Act 2003 will be awarded to cover start-up costs in the budget for 2025/26. Grants will be paid by bank transfer in the new fiscal year, after the Regulations receive Parliamentary consent. Charnwood Borough and North West Leicestershire are both considered Large Authorities and will each receive £129,620. This is potentially £259,240 from both authorities to support the implementation of the Levy.

### **3.0 EXTENSION TO THE LEGAL AGREEMENT**

- 3.1 The detailed legal implications of the joint arrangement were considered by Cabinet in November 2020 and these can be found in the report (see background papers). The legislative powers to continue the arrangement remain within Section 101 of the Local Government Act 1972, Sections 19 and 9EA of the Local Government Act 2000 and Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

- 3.2 The new Delegation Agreement will take the form similar to the current agreement either by way of an extension or a new agreement drafted on a similar basis to include the Building Safety Levy and any other amendments that have been identified as necessary over the course of the last five years and three months to ensure the smooth running of the joint arrangement. The agreement was for a period of five years with an additional three-month contingency to get a new agreement signed at the end of the period if that was what the two Councils were minded to do so.
- 3.3 Broadly, the new Delegation Agreement covers:
- The term – Five years and three months
  - The practical operation of the statutory fee earning and non-fee earning accounts/work
  - Charnwood Borough's costs to be paid by North West Leicestershire District Council
  - Arrangements for the verification and invoicing for Statutory non fee earning work
  - Transfer of Undertakings (Protection of Employment) (TUPE) implications should the delegation be rescinded
  - Terms of reference of an officer joint management board which will monitor finance, performance and the business plan for the service,
  - Key Performance Indicators (KPIs)
  - Indemnities, dispute resolution and termination/exit provisions.
- 3.4 The agreement delegates to Charnwood Borough Council the responsibility for providing statutory fee earning and statutory non fee earning elements of North West Leicestershire's building control service from 4 January 2026 until 31 March 2031.
- 3.5 The new service will continue to be guided by a Joint Management Board made up of senior management representatives from both councils. The terms of reference for the Board are appended but will also be contained in a Schedule of the legal agreement.
- 3.6 The Service operates from Charnwood Borough Council offices but is expected to be agile with touch down space provided in both council office locations for staff and for customers. The current agreement requires Charnwood to:
- Create and maintain the schedule of fees and charges
  - Maintain a staffing structure to ensure an effective and competent service is provided over the joint area
  - Provide a means for time recording to evidence charges for services provided to North West Leicestershire
  - Provide information to North West Leicestershire's S151 officer to enable the annual statement to be prepared and published as required by Regulation 6 of the Building (Local Authority Charges etc.) Regulations 2010
  - Collect Building Safety Levy on behalf of North West Leicestershire
  - Make staff available to service corporate project work at North West Leicestershire as required, which Charnwood may invoice for on a quarterly basis on a 'pay as you go' basis.

- 3.7 In exchange for providing the statutory non fee earning service in North West Leicestershire, Charnwood will receive quarterly payment of fees for the provision of statutory non fee earning services in arrears based on cost recovery. A forecast of the likely costs will be provided to the Council, and agreed by the Joint Management Board, to assist it in setting a budget in successive years.
- 3.8 Charnwood will provide the statutory fee earning service in North West Leicestershire's administrative area at its own cost but will be able to retain the fees earned from that activity, which in accordance with legislation must cover its costs with any surplus or deficit being ringfenced to the fee earning account 'taking one year to the next'. The Council will not subsidise any deficits.
- 3.9 The agreement also includes arrangements for Charnwood Borough Council to provide a collection, monitoring and enforcement service for the Building Safety Levy on behalf of North West Leicestershire. To this end it is recommended that a proportion of New Burdens funding of £129,000 provided by MHCLG to the Council will be transferred to Charnwood Borough Council to assist with the service design and start-up costs.
- 3.10 The contract may be terminated by either party by giving nine months' notice, however, if notice is not possible, the Council may terminate with immediate effect subject to paying compensation to Charnwood for any financial losses this causes.
- 3.11 The delegation model recognises the changing future of both authorities in light of LGR. The Agreement that would capture the delegation would allow sufficient flexibility to respond to the changing needs of the authorities, whilst still providing the short term security needed. Both authorities, falling within the proposed north Leicestershire region, have a vested interest in working cooperatively as they navigate LGR.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 Appendix 1 provides detail and commentary on the budget position for each authority before the Joint Service went live in January 2021 and since the Joint Service began. The cost to the general fund of providing the building control function for each council is shown as a deficit on the bottom lines in the tables
- 4.2 The joint service arrangement has decreased operational costs across both authorities by 22% despite rising staff costs over the term (£912k in 2019/20 to £866k in 2024/25). This decrease reflects the economy of scale provided by working together.
- 4.3 The cost to the general fund of both councils has decreased by 8.6% in Charnwood and 19.9% in North West Leicestershire (NWL) over the term of the Joint Service, against a background where operational costs have risen. In Charnwood, the cost to the general fund in 2024/25 was £243k and in NWL it was £153k (£266k in Charnwood and £190k in NWL in 2019/20)
- 4.4 Statutory fee income has increased by 29% from a combined income of £456k in 2019/20 to £623k in 2024/25.

## 5.0 CONCLUSIONS

- 5.1 The shared Building Control service with Charnwood Borough Council has been a good example of collaborative joint services working well and delivering against objectives in a challenging environment.
- 5.2 The financial information in Appendix 1 and the conclusions stated above in Section 4 indicate that joint service has been a success, has provided this Council with savings and represents good value for money.
- 5.3 Without this joint arrangement, the Council would be unable to fulfil its statutory function and as such, it is recommended that the Building Control function continues to be delivered, on the Council's behalf, by Charnwood Borough Council.

Policies and other considerations, as appropriate	
Council Priorities:	Insert relevant Council Priorities: <ul style="list-style-type: none"> <li>- Planning and regeneration</li> <li>- Communities and housing</li> <li>- Clean, green and Zero Carbon</li> <li>- A well-run council</li> </ul>
Policy Considerations:	None identified.
Safeguarding:	None identified.
Equalities/Diversity:	An Equality Impact Assessment has been completed in collaboration with officers at Charnwood Borough Council. No unmanageable impacts have been identified for customers or employees.
Customer Impact:	There has been limited impact on customers with the Joint Service has maintaining its market position of around 40-45% establishing a robust reputation in the local construction sector as a reliable and sound provider of inspection services. The continued delegation of the function ensures resilience and continued service.
Economic and Social Impact:	None identified.
Environment, Climate Change and Zero Carbon:	None identified.
Consultation/Community/Tenant Engagement:	No consultation necessary.

Risks:	<p>A risk assessment has been undertaken by Charnwood Borough Council which is reviewed quarterly by the joint management board.</p> <p>Without this joint arrangement, the Council would be unable to fulfil its statutory function.</p>
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