

# **EIT Review of Regulatory Services**

## **Housing and Community Safety Select Committee**

### **Final Report**

**March 2010**

Housing and Community Safety Select Committee  
Stockton-on-Tees Borough Council  
Municipal Buildings  
Church Road  
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### **Acknowledgements**

The Committee would like to thank:

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## Foreword

As Acting Chair of Stockton-on-Tees Borough Council's Housing and Community Safety Select Committee I would like to present you with the final report of the findings of the Efficiency, Improvement and Transformation Review of Regulatory Services.

The Committee has examined a wide range of both statutory and non-statutory Council services as part of this review. The Council's regulatory services perform a vital role for the local community and are held in high regard by residents.

Members have considered a number of options for future service delivery. The Committee's aim has been to identify recommendations that would create efficiencies that protected frontline service delivery.

I would like to thank all officers who provided information and a number of detailed reports to the Committee. I have been impressed by the dedication shown by our staff when faced with the challenges of investigating new ways of working.

The scrutiny committee members have worked hard over the last few months on this new type of review and I commend this report to you for acceptance.

Councillor Julia Cherrett  
Acting Chair



Councillor Alison Trainer  
Chair



Councillor Julia Cherrett  
Vice-Chair

## Original Brief

### 1. What services are included?

- Building Control
- Development Services
- Environmental Health
- Licensing
- Homes of Multiple Occupation (HMO) (Private Sector Housing Division)
- Trading Standards

Taken together these services provide a range of statutory functions. These include the consideration of applications, the ability to undertake inspections and to carry out enforcement as necessary. A range of advice is provided to customers including residents, business, and internal council departments. Some services are non-statutory, eg. the provision of food training.

The range of advice provided by these services is included in this review, and therefore will not be considered as part of the Advice and Information Provision EIT review.

Some partnering arrangements are in place eg. Tees Valley Metrology Service (weights and measures).

### 2. The Thematic Select Committee's / EIT Project Team overall aim / objectives in doing this work is:

To identify options for future strategy / policy / service provision that will deliver efficiency savings and sustain / improve high quality outcomes for SBC residents.

### 3. Please give an initial indication how transformation will enable efficiencies and improvements to be delivered by this EIT review?

Possible review outcomes could include:

- joint working with other authorities across a number of functions (depending on agreement of joint policies where appropriate)
- establishment of Tees Valley-wide services
- externalisation of services (although the private/voluntary market is limited in some areas eg licensing)
- partnering with external providers
- consideration given to discontinuing non-statutory services (including those that rate highly in terms of public satisfaction/profile).

## 1.0 Executive Summary

- 1.1 The report presents Cabinet with the outcomes of the Efficiency, Improvement and Transformation (EIT) Review of Regulatory Services undertaken by the Committee during 2009-10. Council services covered within the review were: Environmental Health, Trading Standards, Licensing, Development Services, Building Control, and the mandatory licensing of houses of multiple occupation (HMOs).
- 1.2 The review formed part of a three year programme of EIT reviews covering all services provided by the Council. The programme aims to ensure that all services are reviewed in a systematic way to ensure that they are provided in the most efficient manner, provide value for money and identify opportunities for service improvements and transformation.
- 1.3 The Consumer Advice Centre is part of the Council's non-statutory provision but exists to provide residents with advice in terms of their consumer rights, preventative advice to traders and consumers, and assists residents to secure redress where appropriate. The Committee considered the option of introducing a charge for the service, based on a percentage of the redress secured for the customer. This could have increased income for the service which has traditionally been provided for free, however this option was rejected for a number of reasons included in the report.
- 1.4 The Committee recognises that as a non-statutory function, the continuation of the current level of service will need to be reviewed should the opportunity arise and/or further savings be required [**Recommendation 7. g**] refers]. Ahead of the need for such a review, and to increase the capacity of the community to assist itself in achieving consumer redress the Committee recommend:
- R1 that Trading Standards develop additional resources to enable residents to contact organisations direct when they seek redress as consumers, and that this should include the development of internet, leaflet and letter template provision.**
- 1.5 The Committee noted that currently the fees received through the scheme for mandatory licensing of houses of multiple occupation (HMOs) do not represent a fair representation of the costs involved in administering it. The Committee recommend the Council increase the basic fee for a licence, and also to introduce a discount for members of the Council's Landlord Accreditation Scheme.
- 1.6 In addition to the basic fees to initiate and renew licences, the Committee considered the introduction of a number of other fees. These included charges for variations to a licence, revocation of licences, and incomplete and late applications. The service is also able to assist with the completion of applications and associated drawings, and relevant fees could be applied. The Committee considered that these were appropriate and therefore recommend:
- R2 that, following notification to service users/customers, the Council introduce the schedule of fees for the mandatory licensing of houses of multiple occupation that is set out at Appendix 1.**

- 1.7 The Council provides funding for the River Tees Port Health Authority along with the other three Teesside authorities. The Committee found that discussion had taken place between authorities in relation to the arrangements of the Health Authority, and in order to ensure that the port health arrangements are more cost effective for Stockton Council, the Committee recommend:

**R3 that the Council works in conjunction with partner authorities to undertake a review of the operation and arrangements of the River Tees Port Health Authority in order to achieve associated savings.**

- 1.8 The development of shared services, or other types of formal partnerships for regulatory functions, has a number of potential benefits for both local authorities and customers. These could include the opportunity to have consistent approaches and enforcement over a wider area, the pooling of resources and shared expertise, accrual of savings through joint procurement, and other economies of scale.

- 1.9 It is further recognised that the detailed work required in order to fully explore the relevant issues is outside the scope of this review. Due to the potential efficiencies and benefits for customers that could be achieved, the Committee believe that this work should take place and so recommend:

**R4 that the Council undertakes to examine the opportunities for partnering with other local authorities in relation to all regulatory functions covered within this review.**

- 1.10 The Committee found that increased joint working between planning enforcement and building control offered good opportunities for efficiencies, due to the similar nature of the work involved for both. It is proposed that building surveyors be trained so that they are able to recognise planning contraventions whilst on site, whether a complaint has been received or not. This would reduce pressure on the Development Services officers. By also increasing the use of mobile technology, overall this has the potential to increase flexibility, reduce the number of visits needed overall, and potentially lead to fewer numbers of staff being needed. Therefore the Committee recommend:

**R5 that increased co-operation should take place between the Building Control and Planning Enforcement sections in order to take advantage of the similar nature of service provision in each.**

- 1.11 Consideration was given to the issue of introducing charges for pre-application planning advice. Pre-application engagement between the developer and the planning authority is generally encouraged as good practice; it involves stakeholders at an early stage of the process, can help to raise the quality of applications, and can lead to quicker decisions on major applications. Currently, Stockton Council provides this service for free and if additional income could be secured this would reduce pressure on the fee-earning element of development services.



1.12 The Committee noted that there was an ongoing Government consultation on a draft policy statement on development management, in response to the Killian Pretty Review of the planning process. The consultation requests views on whether specific fees for pre-application advice should be established in planning legislation on a nationally-prescribed basis. The Committee recognise the implications of this consultation, including the potential additional income but also the potential impact on developers and the realities of the local development market.

1.13 The Committee found that it may be possible for the Council to provide specific services on behalf of other authorities, and that this was particularly the case for environmental health services. If other authorities should lack qualified staff with the relevant skills to undertake certain tasks, depending on the skill mix within the service at any one time, Stockton's unit could be able to provide the service on their behalf. The Committee believe that this should be kept under review and recommend:

**R6. that the following options should be considered for implementation if appropriate:**

- a) the introduction of fees for pre-application planning advice, in response to potential recommendations in the Killian Pretty Review of Planning;**
- b) the opportunity to provide specific regulatory services on behalf of other authorities and that this should be reviewed annually.**

1.14 Although the majority of services covered by the review were of a statutory nature and therefore must be provided by the Council using some mechanism, the Council has over time developed a number of additional services in order to meet its aims and objectives.

1.15 The Committee's preferred option is to maintain frontline service delivery as far as is possible, however Members recognise that consideration may need to be given to reviewing the current configuration of such services, depending on the financial situation faced by the Authority in future years. The Committee also considered the additional options in relation to introducing charges for pest control treatment, and for the outsourcing of regulatory functions to external providers, should this prove necessary. The Committee therefore recommend that:

**R7 that if further savings need to be achieved in future, the following options should be considered and prioritised by Cabinet against other service efficiencies:**

- a) introduction of fees for the treatment of public health pests;**
- b) outsourcing of services to other providers;**
- c) discontinuation of the out of hours noise service;**
- d) discontinuation of the enhanced animal welfare services;**
- e) discontinuation of the food advisory service;**
- f) discontinuation of the pest treatment service (NB. 7a or 7f – not both);**

**g) reduction of the service provided by the Consumer Advice Centre or discontinuation of the Centre.**

1.16 The Committee were made aware of concerns held by the taxi trade in Stockton, and the Hackney Drivers' Association in particular, in relation to the level of fees and the value for money of the licensing service. Representatives of the trade had formally objected to the Council's accounts on two occasions. As the latest objection, to the 2008-9 accounts, was still under consideration by the Audit Commission, the Committee deferred consideration of the matter until a response had been received by the Council. As the Audit Commission's response was not forthcoming during the period of the review, the Committee had not had the opportunity to consider this in detail but Members agreed that it would be considered at a future meeting following receipt of the response. The Committee therefore recommend:

**R8 That the issues raised by the taxi trade in relation to the value for money of the taxi licensing function be considered at a future meeting of the Committee.**

1.17 It is estimated that Recommendations 2 could generate £119,750 income over 4 years to 2014. Recommendation 3 could lead to savings of approximately £15,000 pa.

1.18 Should the options in recommendation 7 be prioritised against other service efficiencies, the financial implications are estimated as follows. Depending on the final options chosen, recommendation 7a) could generate income of £20,000, 7c) could lead to a saving of c.£75,000, 7d) could lead to a saving of c.£50,000, 7e) could lead to a saving of c.£7,000, 7f) could lead to a saving of c.£64,000, and recommendation 7g) could lead to a saving of c.£40,000.

1.19 The remaining recommendations would need to be subject to further analysis before implementation.

## **2.0 Introduction**

- 2.1 The report presents Cabinet with the outcomes of the Efficiency, Improvement and Transformation (EIT) Review of Regulatory Services undertaken by the Committee during 2009-10.
- 2.2 The review formed part of a three year programme of EIT reviews covering all services provided by the Council. The programme aims to ensure that all services are reviewed in a systematic way to ensure that they are provided in the most efficient manner, provide value for money and identify opportunities for service improvements and transformation.
- 2.3 The topic was identified for review by the Scrutiny Liaison Forum on 26 February 2009 and was subsequently included in the Select Committee work programme by Executive Scrutiny Committee on 24 March 2009.
- 2.4 Council services covered within the review were: Environmental Health, Trading Standards, Licensing, Development Services, Building Control, and the mandatory licensing of houses of multiple occupation (HMOs). During the review, the Committee received baseline reports on each of these to gain an appreciation of the service in its current form. The baseline reports were followed by an options appraisal stage and this in turn led to the formulation of recommendations. The review also received support from the IDeA and a research report is attached at Appendix 2.

### **3.0 Background**

- 3.1 At Stockton Council, regulatory services, as defined by the scope of this review, are located within two main services and these are Community Protection, and Planning. In addition, the mandatory licensing of HMOs is administered through the Private Sector Housing Division, within Housing Services. All of these are located within the department for Development and Neighbourhood Services.
- 3.2 All the services have a common theme in that they are concerned with interpreting and applying a range of statutory requirements. Activity can be divided into pro-active work such as inspections, and reactive responses to applications, complaints and other queries. Services are provided to all sections of the community, businesses, and a variety of internal customers. Services are either provided directly by the Council, or in conjunction with partner authorities and other external bodies.
- 3.3 Trading Standards and Licensing aim to ensure that the Borough has a safe and fair trading environment to protect both consumers and reputable business. Trading Standards is provided by a Manager, 9.5 FTE (Full Time Equivalent) trading standards staff, 3 FTE consumer advice staff, and a shared 5.5 FTE administration staff with licensing. The manager is also shared with the licensing section. The Consumer Advice Centre is based in Stockton Central Library.
- 3.4 In addition, the Council contributes to the Joint Tees Metrology Lab, which is located at Cannon Park in Middlesbrough.
- 3.5 The licensing service employs 5 FTE staff, together with the shared manager and administration staff. The licensing of a range of products and services is covered by the service, including alcohol, taxis, and gambling.
- 3.6 The Environmental Health Unit is responsible for enforcing a range of legislation aimed at protecting the health of the public and local environment. Overall the service employs 37 FTE staff, with a mix of qualified environmental health officers and technical staff. The unit contains an animal welfare section, food training, and pest control. The unit leads on the Council's enforcement of stray dog legislation, and experienced a high level of demand following the transfer of the police's remaining responsibilities in 2008-09.
- 3.7 The mandatory licensing of houses of multiple occupation is one of the responsibilities of the Private Sector Housing Division. HMOs that are subject to mandatory licensing are those of three or more storeys, contain five or more people in more than one household, and have shared facilities. Applicants are subject to verification and compliance visits held in conjunction with Cleveland Fire Brigade, and must pay a fee for their licence which is valid for five years. Once licensed, HMOs are subject to annual management compliance inspection, and a Housing Health and Safety Rating System visit every five years. HMOs represent an important section of the private rented sector, and often house vulnerable occupants such as students, benefit claimants, migrant workers, asylum seekers and ex-offenders.

- 3.8 Development Services enable the Council to fulfil its duties under the Town and Country Planning Acts. The unit has delegated authority to determine a number of planning applications, and makes recommendations to the Planning Committee on those applications that must be determined by Members. Unauthorised and unacceptable development is dealt with by the Planning Enforcement Team. At the time of the review, the unit contained 20 FTE posts.
- 3.9 The Building Control function is also situated within Planning Services. It has a statutory duty to ensure that relevant building work complies with the Building Act 1984 and associated regulations and directives. Building Regulations are determined for the full range of construction projects that may be undertaken. The service is also required to respond to complaints and undertake formal enforcement action where necessary. The unit's nominal establishment is 12 FTE staff, however four of these posts have been 'frozen' in a response to the changing economic conditions. The service is unusual in that it must compete with the private sector; 'approved inspectors' can also determine compliance with Regulations, and carry out informal enforcement. Unlike with planning applications, Building Control is able to set its own fees but is under a duty to publish its fees and therefore approved inspectors are at an advantage in terms of the fees they can levy.
- 3.10 Structure charts for the services under review are shown at Appendix 3.
- 3.11 As of November 2009, the budget position for regulatory services as a whole was as follows:

	TOTAL REGULATORY SERVICES		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	3,017,044	3,238,931	3,014,562
Premises	92,641	40,236	40,236
Transport	137,814	147,907	134,907
Supplies	555,530	425,379	471,349
Third Party	115,183	105,694	105,694
CDT	630,589	705,796	712,796
Direct Revenue Financing	50,000	0	0
<b>Total Expenditure</b>	<b>4,598,801</b>	<b>4,663,944</b>	<b>4,479,545</b>
Income	2,197,261	2,154,035	1,911,035
<b>Net Expenditure</b>	<b>2,401,540</b>	<b>2,509,909</b>	<b>2,568,510</b>

This was in the context of a total Council budget of £146.8 m for 2009-10.

- 3.12 In addition to the general financial pressures facing public services as a result of the 'credit crunch' and ensuing recession, the Council's regulatory services have faced a number of particular challenges. These include:

a) reduction in fee income. Falling levels of construction and home improvements have led to fewer planning applications being lodged, and the number of Building Regulation applications has also fallen in a similar fashion. Fee income is difficult to project with certainty, but whereas in previous years it had provided sufficient funds to cover costs, there was an income shortfall of £265,722 in 2008-09, and a projected shortfall of £175,000 in 2009-10 (as of January 2010). This had already led to a reduction in Development Service staff from 26 to 20, and the four frozen posts in Building Control. Staff have been redeployed where appropriate however this has led to imbalances within the remaining teams. Staff pressures may affect the Authority's ability to respond to an upturn in economic fortunes.

b) as a consequence of pressure on private developers, Government policy has been to keep planning fees as low as possible. There has been a delayed decision to increase planning fees to cover the actual costs of processing. This issue may be compounded further by proposals to introduce a flat rate of fee for applications that need to return for further consideration, and this could dramatically reduce income, especially on major applications.

c) increased demand on enforcement capabilities. Economic downturn can lead to more demand due to the following examples: increased use of inferior labour and materials, increase in unauthorised development, the need to remain vigilant to ensure correct housing conditions are maintained, deprivation-related problems of empty properties and public health, increase in 'informal economy' activity, and an increase in companies that cut costs in relation to health and safety and pollution control.

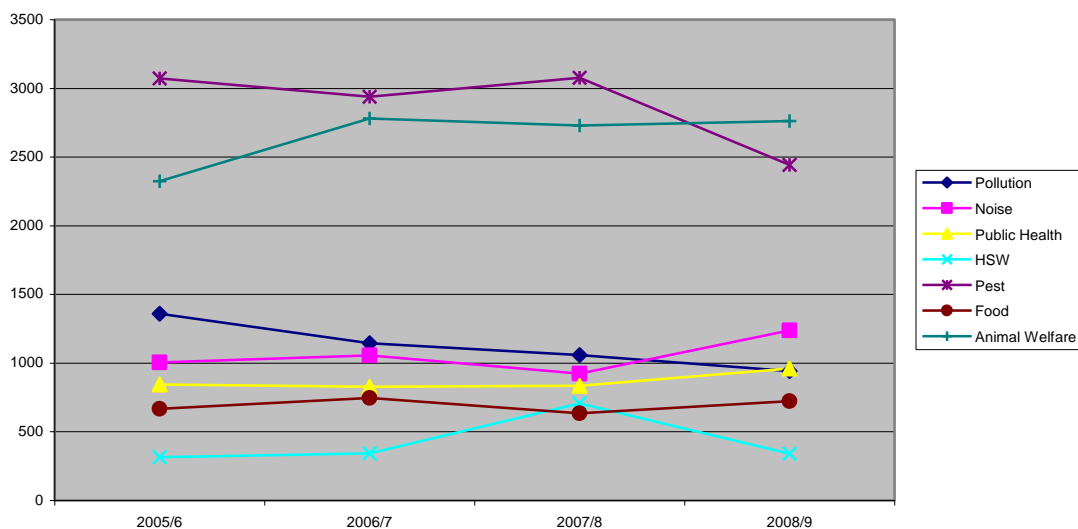
3.13 The Committee found that the scope for overall savings was limited by the need for some services to maintain balanced trading accounts. Therefore a reduction in costs, although welcome, would necessarily lead to a reduction in the relevant fees and so would have a neutral effect on the Council's budget as a whole. The Building Regulations account, and the Transportation (Taxi) Licensing account must both be balanced so that income reflects the costs of delivering the service.

3.14 The Committee received detailed baseline reports as part of the review, and this report concentrates on the options for efficiency and improvement that were considered by the Committee. The baseline reports themselves are available on request.

## 4.0 Evidence

- 4.1 The Committee found that the Council's regulatory services were performing well, and that costs compared favourably with other authorities. Levels of user satisfaction were high.
- 4.2 Development Services' performance has improved in terms of moving from a position of determining 48.3% of major applications within 13 weeks in 2005-6, to 90% of major applications in the first three quarters year to date (2009-10). This is above the LAA indicator target of 73%. The service dealt with a much higher number of major applications compared to the other authorities within the Tees Valley, although this position has changed over the last year. A Peer Review during 2006-7 was complimentary.
- 4.3 Building Control has set higher targets than are required, and has divided applications into Fast Track and Non-Fast Track. Since 2006-7, 99.9% of Fast Track applications have been responded to within the target of four days.
- 4.4 Benchmarking performance for environmental health has proved difficult at a national level, but in terms of costs, the 2005 Hampton Report recognised that Stockton had the joint lowest number of environmental health officers per head of population with a figure of 0.021 per 1000. The service has performed well in dealing with an increasing number of noise complaints and fluctuating demand in terms of outbreaks of animal disease, and this has had an impact especially in terms of the number of inspections that are needed. Overall demand from customers has remained relatively stable.

Env Health Service Requests 2005-09



- 4.5 The Environmental Health Unit was subject to a peer review process in early February. Peer Review's consist of the production of a self-assessment and improvement plan, both of which are then reviewed by a team of one councillor and two officers from external local authorities. The feedback from the review was positive and is included at Appendix 7.

- 4.6 The Committee found that Trading Standards provided an above average service in terms of the number of enforcement actions undertaken. The section visits a higher number of high risk premise compared to the unitary authority average (UAA) and the net cost per 1000 population is below the UAA. Consumer and business satisfaction is at high level; in 2008-9, consumer satisfaction was 97.6%.
- 4.7 Given this context of high performance, and other relevant factors that impact upon the services in some way, the Committee have considered a number of options for change, and its conclusions are as follows.

### **Consumer Advice Centre**

- 4.8 The Consumer Advice Centre operates mainly from its location in Stockton Central Library. It is part of the Council's non-statutory provision but exists to provide residents with advice in terms of their consumer rights, preventative advice to traders and consumers, and assists residents to secure redress where appropriate. As such it plays an important role in achieving a variety aims including National Indicator 183, 'Impact of LA Trading Standards Services on the Fair Trading Environment'.
- 4.9 The Centre has achieved the Community Legal Services Specialist Quality Mark, and as such can be differentiated from other sources of advice within the Borough. Residents may access advice through the Consumer Direct advice service and this can resolve straightforward issues, however more complex cases are referred to the Centre. The levels of redress that have been secured have been substantial; in 2007-8 this equalled £261,550, and in 2008-9, this amounted to £185,672 (but see 4.10b below).
- 4.10 The Committee considered the option of introducing a charge for the service, based on a percentage of the redress secured for the customer. This could have increased provided income for the service which has traditionally been provided for free, however this option was rejected for a number of reasons:
- a) introduction of fees would bring the Centre's independence into question;
  - b) redress is not always in the form of cash received in compensation. Redress may be a notional value based on the value of repairs that have been undertaken, or may represent the value of a refund for an unjustified bill. In such cases it would not be justified to charge a fee based on an amount of money that the customer had needed to claim back through no fault of their own.
  - c) not all levels of service would justify a fee. For example, sometimes the intervention is only the provision of basic information about consumer rights, or a telephone call to the affected parties. Only the complex work undertaken in line with the Specialist Quality Mark would justify a fee.
- 4.11 By using the example of the £87,716 redress secured through SQM work in 2008-9, officers were able to demonstrate a number of income scenarios. Even assuming that such redress would all be in the form of compensation,



and based on a high level of charge of 20% of redress, the net income only totalled £14,123. This was therefore discounted as being unrealistic.

4.12 Therefore, notwithstanding its importance, the Committee recognises that as a non-statutory function, the continuation of the current level of service will need to be reviewed should the opportunity arise and/or further savings be required [**Recommendation 7. g) refers**].

4.13 Ahead of the need to make any such decisions, the Committee recommend:

**R1 that Trading Standards develop additional resources to enable residents to contact organisations direct when they seek redress as consumers, and that this should include the development of internet, leaflet and letter template provision.**

This will increase the capacity of the community to assist itself in achieving consumer address.

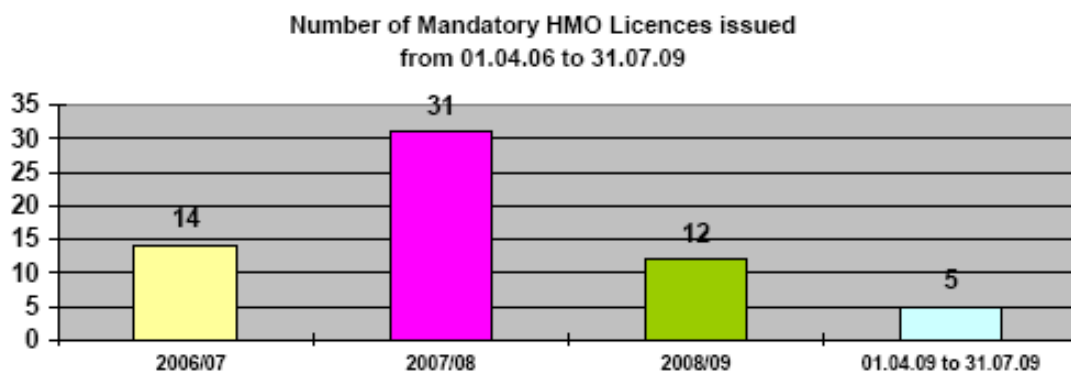
### Levels of Fee for mandatory HMO Licences

4.14 The Committee considered options surrounding the operation of the mandatory licensing of HMOs. The Committee noted that currently the fees received through the scheme do not represent a fair representation of the costs involved in administering it. When licenses were first introduced in April 2006 the fee was set based on the estimated costs of the service at that time (costs include officer time, inspections, and re-visits). It was estimated that the costs were c.£36,913 for 2009-10, after income of £5000 was taken into account. As licences are renewed every five years, the current fee of £130 per unit (per room) would generate projected income of £40,000 over the years leading to 2014. Therefore the service is currently receiving a subsidy from the Housing General Fund and the Housing Capital Budget, in addition to its fee income.

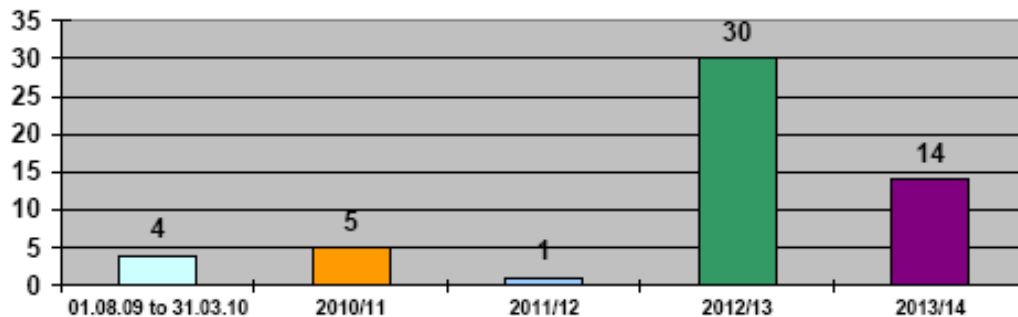
4.15 Across the Tees Valley sub-region, there is variation in the fees in place. These are as follows:

- Darlington - £250 per unit
- Middlesbrough - £68 per unit
- Hartlepool - £100 per unit
- Redcar - £130 per unit

4.16 Stockton has issued 62 licences since the start of the scheme:



**Number of Mandatory HMO licences scheduled to be issued**  
**from 01.08.09 to 31.03.14**



- 4.17 The Committee considered that it would be appropriate to increase fees in order to recover a greater proportion of the costs involved and agreed with the proposal to increase fees in Stockton to £250 per unit. This is projected to generate £119,750 over the four years to 2014. This would represent 1.75% of current average rental income for landlords over the same period. The Committee welcomed discussions across the Tees Valley sub region with a view to harmonising licensing fees. If successful, this would ensure a level playing field for landlords in the sub-region and introduce a common approach to managing HMOs across each Council. This would further build on the current good partnership working between the five Local Authorities in connection with HMOs.
- 4.18 The fee could be set at a level that would ensure the service was self funding, however this would entail a fee of £440 per unit. It is considered that this would be too high for the market to bear and consequently the Borough would see a large reduction in the number of HMOs, and a negative effect on the housing options available.
- 4.19 The Council recently has introduced a Landlord Accreditation Scheme. The Committee agreed that accredited members of the scheme should receive a discount on the basic and renewal fees, thereby providing more of an incentive for responsible landlords to gain accreditation. It is therefore proposed to introduce a basic fee of £200 per unit for accredited landlords.
- 4.20 In addition to the basic fees to initiate and renew licences, the Committee considered the introduction of a number of other fees. These included charges for variations to a licence, revocation of licences, and incomplete and late applications. The service is also able to assist with the completion of applications and associated drawings, and relevant fees could be applied.
- 4.21 The Committee considered that these were appropriate and therefore recommend:
- R2 that, following notification to service users/customers, the Council introduce the schedule of fees for the mandatory licensing of houses of multiple occupation that is set out at Appendix 1.**

### **River Tees Port Health Authority**

4.22 The Council provides funding for the River Tees Port Health Authority along with the other three Teesside authorities. The Authority was set up by statute and is governed through a joint Board, with the Authority maintaining operational independence. The Council currently provides £62,000. The Committee found that discussion had taken place between authorities in relation to undertaking a review of the arrangements of the Health Authority, and Members wish to support such work.

4.23 There are two potential outcomes of such a review:

- a) provision of services could be taken over by a lead authority in behalf of the whole area, and this could remain subject to oversight by the joint Member Board;
- b) alternatively, each local authority could take back in house the port health functions that apply to its area. This could be achieved with or without the disbandment of the Authority.

4.24 Option a) could lead to savings of £5,000, whilst Option b) could lead to savings of £15,000. As the Authority has a statutory basis, the full disbandment of the Authority could prove costly and difficult to implement.

4.25 Should the functions of the Port Health Authority return to the constituent authorities, based on current port usage within the Borough's boundaries, Stockton's responsibilities would be relatively few, and mainly confined to ship sanitation. There are opportunities for Port Health staff to gain experience in wider environmental health duties, and vice versa. In order to ensure that the port health arrangements are more cost effective for Stockton Council, the Committee recommend:

**R3 that the Council works in conjunction with partner authorities to undertake a review of the operation and arrangements of the River Tees Port Health Authority in order to achieve associated savings.**

### **Partnering and shared services**

4.26 The Committee considered the introduction of partnership working and in particular the concept of shared services. This is taken to mean that a function would be provided by an integrated service on behalf of two or more authorities in order to provide efficiencies and/or improved service delivery. An example of such an arrangement is Xentrall Shared Services partnership between Stockton and Darlington Councils. However, the publication by LACORS and the Chartered Institute of Environmental Health, 'Collaborative Councils: Guidance to partnership working in regulatory services', makes clear that there are a range of partnership opportunities open to local authorities.

4.27 The development of shared service has a number of potential benefits for both local authorities and customers. These include: the opportunity to have consistent approaches and enforcement over a wider area; the pooling of

resources and shared expertise; accrual of savings through joint procurement and other economies of scale. The CLG publication, 'Working paper on local authority shared services' (2007), identified regulatory services as having the kind of characteristics that lend themselves to partnership working, partly because they are 'subject to nationally, regionally or locally determined delivery and assessment standards.'

- 4.28 There could be concerns regarding the levels of local accountability, but shared services can retain the ability to respond to local need. Governance issues would need to be established at an early stage and functions such as licensing and development services are subject to local decision making, policy development and review. Joint committees and policies could be agreed; alternatively a single service could provide support to each participating authority's separate committees.
- 4.29 Case studies demonstrating existing and forthcoming partnerships in regulatory services can be found in Appendix 5.
- 4.30 The Committee found that shared services represented a particularly good opportunity for building control. As described above, the service performs a statutory function but must also compete with the private sector. Therefore the service needs to be ever more competitive in terms of its fee earning components. Savings through reduced operational costs and economies of scale could ensure a viable service that is competitive in terms of the fees it is able to levy. There is also a shortage of building surveyors and consequently competition between authorities for those that are available. A larger organisation would have the ability to introduce more robust recruitment, training and retention strategies.
- 4.31 A service provided over a wider area could more accurately reflect the sub-regional construction market, and therefore provide a more consistent service for companies within the area. Building regulations are becoming ever more complex and client expectations remain high in terms of receiving a quick, informed response. Small teams within individual authorities may be limited in the range of specialist expertise that they can provide; by creating a larger pool of talent, a joint service would be better placed to meet customer needs.
- 4.32 The Committee recognise the issues that would need to be overcome in order to establish effective partnerships for regulatory services. Such arrangements would be dependent on the agreement and ongoing commitment of other authorities. There would need to be successful negotiation of different working practices, different fees and charges, legal and financial arrangements, and there may be significant costs in relation to the harmonisation of ICT systems. There would be longer lines of communication between the service and the Council, although this could be mitigated to an extent should more than one regulatory service be incorporated into a new shared structure. Particular issues would differ from function to function. For example, it would still not be possible to predict income from planning application fees, and so the viability of a shared approach would remain subject to external influences.
- 4.33 Stockton Council's regulatory services have a track record of good performance, and there is a potential for service deterioration if services are combined with other authorities. It is recognised that partnerships work best

between councils who have a history of successful joint working, shared objectives, and similar issues facing their areas.

- 4.34 It is further recognised that the detailed work required in order to fully explore the relevant issues is outside the scope of this review. For this reason it is not yet possible to be able to estimate fully the financial implications, as this would depend on the scope of the partnership, and any implementation costs that may be necessary. However, due to the potential efficiencies and benefits for customers that could be achieved, the Committee recommend:

**R4 that the Council undertakes to examine the opportunities for partnering with other local authorities in relation to all regulatory functions covered within this review.**

### **Increased co-operation between the Planning Enforcement Team and Building Control**

- 4.35 The Committee recognise that the development of partnerships in whatever form would necessitate a further period of investigation. The Committee found that ahead of this, there were opportunities to introduce a series of measures to improve working arrangements within the Council's services. The Committee found that increased joint working between planning enforcement and building control offered good opportunities at this stage, due to the similar nature of the work involved for both.

- 4.36 Officers from both teams are involved in a number of site inspections in order to carry out their duties. It is proposed that building surveyors be trained so that they are able to report possible planning contraventions whilst on site, whether a complaint has been received or not. This would reduce pressure on the Development Services officers, and in effect building surveyors would become the 'eyes and ears' of the planning enforcement team. It would also in effect increase the number of inspections that are carried out and so increase the levels of enforcement. It is recognised that such measures would require a level of training, as without this, visits by 'non-specialists' can lead to issues being flagged up which may be inappropriate, and issues that should be picked up may be missed completely. It is therefore essential that some form of appropriate planning training be afforded to staff that are being asked to take this role on.

- 4.37 There are also opportunities to further roll-out mobile technology, such as laptops with 3G capability. This was subject to a pilot assessment in building control, and a number of benefits were identified. Surveyors are able to work remotely from the office and access site inspection records, drawings and plans whilst on site, and check on the whether any routine visits are due in the same vicinity. By extending this system, officers would also be able to become aware of planning enforcement issues in relation to particular properties. Overall this has the potential to increase flexibility, reduce the number of visits needed overall, and potentially lead to fewer numbers of staff being needed. Therefore the Committee recommend:

**R5 that increased co-operation should take place between the Building Control and Planning Enforcement sections in order to take advantage of the similar nature of service provision in each.**

### **Introducing fees for pre-application planning advice**

- 4.38 The Committee considered the issue of introducing charges for pre-application planning advice. Pre-application engagement between the developer and the planning authority is generally encouraged as good practice; it involves stakeholders at an early stage of the process, can help to raise the quality of applications, can lead to speedier decisions on major applications. Currently, Stockton Council provides this service for free and if additional income could be secured this would reduce pressure on the fee-earning element of development services. Local Planning Authorities are able to introduce such charges under Section 93 of the Local Government Act 2003.
- 4.39 Charges must be based on a cost recovery basis, and must be in return for the provision of a quality service. Pre-application advice from the Council currently depends on planning officers but also other services including Technical Services, especially Urban Design Officers. Such services would need to be sufficiently resourced and would receive a re-charge for their component of the advice.
- 4.40 Through benchmarking it was possible to identify that the Council could expect income of between £30,000 and £50,000 using pre-'credit crunch' figures. However more realistic figures would be available if a fee structure was drawn up, and following consultation with customers. The introduction of a fee may discourage developers from engaging in pre-application discussions and so applications may become poorer in quality, with the consequent delays on dealing with the application.
- 4.41 The Committee noted that the authorities who have successfully introduced pre-application charges had mainly been based in the South East where competition for land had traditionally been strong, and where large scale development continues to take place, and as such, developers were agreeable to accessing chargeable pre-application advice. In the Tees Valley area, authorities need to work hard to attract investment, and so there is an increased risk that developers would choose not to pay the fees. This was the case with Middlesbrough Borough Council who started charging for pre-application advice, but subsequently withdrew the charges due to the number of pre-planning enquiries dropping and a subsequent decrease in the quality of applications being submitted as a result.
- 4.42 The Committee noted that there was an ongoing Government consultation on a draft policy statement on development management, in response to the Killian Pretty Review of the planning process. The consultation introduce proposals so that authorities move away from the traditional development 'control' approach to planning proposals, to a development management approach. Pre-application engagement is regarded as being part of this, and the consultation requests views on whether specific fees for pre-application advice should be established on a nationally-prescribed basis, in planning legislation. The Killian Pretty Review suggested that a more consistent approach for fees would be welcome, although its preference was for this consistency to be developed by local authorities themselves. The Committee recognise the implications of this consultation and also the potential for income should local conditions improve, and therefore recommend:

**R6. that the following option[s] should be considered for implementation if appropriate:**

**a) the introduction of fees for pre-application planning advice, in response to potential recommendations in the Killian Pretty Review of Planning.**

#### **Provision of specific services on behalf of other authorities**

4.43 The Committee found that it may be possible for the Council to provide specific services on behalf of other authorities, and that this was particularly the case for environmental health services. If other authorities should lack qualified staff with the relevant skills to undertake certain tasks, depending on the skill mix within the service at any one time, Stockton's unit would be able to provide the service on their behalf.

4.44 Examples that were considered included the utilisation of officers qualified in animal health duties, and the monitoring of closed landfill sites. It is recognised that this option would depend on the needs of other authorities and may be for a limited period only, therefore the financial implications are hard to quantify at this stage (it could also be a short term option ahead of the introduction of wider partnerships as per Recommendation 4). Additional work would need to be covered by existing staff and additional income may amount to less than £5000. However the Committee consider that these opportunities should be kept under review on a case by case basis, and recommend that:

**R6 that the following option[s] should be considered for implementation if appropriate:**

**b) the opportunity to provide specific regulatory services on behalf of other authorities and that this should be reviewed annually**

4.45 The Committee considered that the following options should only be introduced should further savings be required, and following a process of prioritisation against other service options.

#### **Introduction of fees for treatment of public health pests**

4.46 Currently the authority provides the treatment of rats, mice and bed bugs free of charge. As of 2006, 62% of local authorities had introduced charges (although in the sub-region, only Middlesbrough currently has charges in place). However there are a number of implications to introducing charges. Additional income would be offset by the reduction in cases treated, assuming some people refuse to pay or choose to go elsewhere. As many rodent infestations are not limited to a single property, residents may refuse to pay for problems that they perceive come from elsewhere. Refusal to deal with infestations would lead to more costly enforcement action.

4.47 Hartlepool Council introduced a policy of charging during 2009-10, but this was withdrawn after a period of 3 months, as demand for treatment of rats had fallen by 65%, and by 50% for mice.

4.48 If it is assumed that 40% of the amount of cases currently treated were to pay for the service, this could lead to income of £30,000. However, the likely increase in enforcement (and in the workload for qualified EHO staff) could reduce the net income to approximately £20,000. Taking this into consideration, Members recommended:

**R7 that if further savings need to be achieved in future, the following option should be considered and prioritised by Cabinet against other service efficiencies:**

**a) introduction of fees for the treatment of public health pests;**

### **Outsourcing**

4.49 The Committee considered outsourcing the provision of regulatory services to external contractors. This route could be chosen should it be demonstrated that it offered substantial savings and/or significant improvements in service quality when compared to other options. Two or more authorities could investigate the joint procurement of an outsourced contract. Savings may be generated through reductions in the council's headcount following the transfer of existing staff. If TUPE transfer took place, the amount of people employed on the transferred terms and conditions would reduce over time. Providers may be able to operate services with fewer staff overall if they provide a service for several boroughs, and were therefore able to pool staff/management etc (this would be similar to the shared services approach). The Council could also benefit from a wider pool of available expertise.

4.50 It was noted that, relatively speaking, the private sector market for regulatory services is less competitive and mature when compared to some other forms of outsourced provision, for example ICT services. The Council may also face similar risks as those associated with shared services provision, including loss of control and integration with other SBC services, and lengthened lines of communication.

4.51 Further work would be required in order to undertake meaningful cost comparisons across the range of regulatory services. The Committee received a separate report on the implications for Development Services. It was noted that in the past where authorities have been slow to react to changing economic conditions, external contractors may have access to more flexible staffing resources. However, income for the service would still be dependent on the level of planning fees, and the amount of applications received. In the current economic climate when fee income is the lowest it has been for 5 years, it is unlikely that a private company would want to take over the running of the service. The Committee felt that it was too soon to consider such provision at this stage, and the financial implications are difficult to ascertain and would depend on the type of delivery model chosen. However, should it be necessary the Committee recommend:



**R7 that if further savings need to be achieved in future, the following options should be considered and prioritised by Cabinet against other service efficiencies:**

**b) outsourcing of services to other providers;**

#### **Consideration of non-statutory services**

4.52 Although the majority of services covered by the review were of a statutory nature and therefore must be provided by the Council using some mechanism, the Council has over time developed a number of additional services in order to meet its aims and objectives. The Committee's preferred option is to maintain frontline service delivery as far as is possible, however Members recognise that consideration may need to be given to reviewing the current configuration of such services, depending on the financial situation faced by the Authority in future years.

4.53 There are a number of 'enhanced' services provided by environmental health including those which are highly valued by residents; these include the out of hours noise service (provided in conjunction with the Neighbourhood Enforcement Service), enhanced animal welfare provision, and the food advisory service. The Council is not obliged to provide a pest treatment service, and so if charges are not introduced, the service itself could also be removed.

4.54 An assessment of the implications of each of these options, is included in the form of SWOT analyses at Appendix 6. As referred to at paragraph 4.12, the Consumer Advice Centre should also be considered amongst these options. The Committee therefore recommend:

**R7 that if further savings need to be achieved in future, the following options should be considered and prioritised by Cabinet against other service efficiencies:**

- c) discontinuation of the out of hours noise service;**
- d) discontinuation of the enhanced animal welfare services;**
- e) discontinuation of the food advisory service;**
- f) discontinuation of the pest treatment service (NB. 7a or 7f – not both);**
- g) reduction of the service provided by the Consumer Advice Centre or discontinuation of the Centre.**

4.55 Should these options be implemented at a future date, the financial implications are estimated to be as follows. Depending on the final options chosen, recommendation 7a) could generate income of £20,000, 7c) could lead to a saving of c.£75,000, 7d) could lead to a saving of c.£50,000, 7e) could lead to a saving of c.£7,000, 7f) could lead to a saving of c.£64,000, and recommendation 7g) could lead to a saving of c.£40,000.

#### **Other service developments**

4.56 During the review, the Committee were made aware of work that was being undertaken to introduce a sub-regional taxi licensing policy. These were at an early stage but had the potential to benefit the trade and customers if

common standards could be introduced across the region. Stockton's policy has recently been subject to a period of consultation and review, and the Authority would wish to ensure that the standards set would remain in any new joint policy.

- 4.57 It was recognised that there would be no major savings through the development of a joint policy; fees need to reflect the costs of the service, and so would be reduced if savings were made in its delivery.
- 4.58 The Committee were made aware of concerns held by the taxi trade in Stockton, and the Hackney Drivers' Association in particular, in relation to the level of fees and the value for money of the licensing service. Representatives of the Committee were invited to one of the quarterly meetings between the taxi trade and the Council's licensing unit. Members were made aware that this had been a long standing issue for the trade, and that they had formally objected to the Council's accounts on two occasions. As the latest objection, to the 2008-9 accounts, was still under consideration by the Audit Commission, the Committee deferred consideration of the matter until a response had been received by the Council. As the Audit Commission's response was not forthcoming during the period of the review, the Committee had not had the opportunity to consider this in detail but Members agreed that it would be considered at a future meeting following receipt of the response. The Committee therefore recommend:

**R8 That the issues raised by the taxi trade in relation to the value for money of the taxi licensing function be considered at a future meeting of the Committee.**

- 4.59 Recommendations 1-5 have been subject to an Equality Impact Assessment, and they have been assessed as having a neutral impact. The impact of the recommendations will need to be subject to an ongoing monitoring process. Recommendations 6 and 7 have not been subject to an EIA at this stage, and they will need to be assessed separately should Cabinet decide that further efficiency savings are needed.

## **5.0 Conclusion**

- 5.1 The Committee recognise the good levels of performance that have been achieved by the Council's regulatory services, and that these services are often highly valued by the Borough's residents. The Committee has sought to identify options that will wherever possible protect frontline services over the next few years.
- 5.2 The Committee have identified a number of measures that will lead to increased income and efficiency in the short term, and a number of options that are subject to further work but could have considerable benefits to the Council in the medium to long term.

## Appendices

### Appendix 1

#### Stockton-on-Tees Borough Council Private Sector Housing Division Proposed Fees for HMO Licensing

Basic Fees	£250 per unit of accommodation	A unit of accommodation means bedsit room, self contained flat in a single household occupation, or bedroom in a shared house or flat occupied by more than one household (even if there is only one tenancy agreement for all tenants).
Renewal of Licence	£250 per unit of accommodation	A unit of accommodation means bedsit room, self contained flat in a single household occupation, or bedroom in a shared house or flat occupied by more than one household (even if there is only one tenancy agreement for all tenants).
Assistance with completion of application form and production of scaled plans of property.	Up to 10 lettings £150 11-20 lettings £200 21-30 lettings £300 More than 30 lettings £350	This includes the completion of the application form and the provision of plans of the property (Autocad Drawings).
Basic fee for accredited Landlord/Owner	£200 per unit of accommodation	A unit of accommodation means bedsit room, self contained flat in a single household occupation, or bedroom in a shared house or flat occupied by more than one household (even if there is only one tenancy agreement for all tenants).
Variation to Licence	£100 per licence	For example if there has been a change of circumstances since the time when the licence was granted.  Change of circumstances includes any discovery of new information.
Revocation of Licence	£250 per licence	The Council may revoke a licence –  If they do so with the agreement of the licence holder;  Where the Council consider that the licence holder or any other person has committed a serious breach of a condition of the licence or repeated breaches of such a condition;

		<p>Where the Council no longer consider that the licence holder is a fit and proper person to be the licence holder</p> <p>Where the Council no longer consider that the management of the house is being carried on by persons who are in each case fit and proper persons to be involved in its management.</p>
Incomplete or late licence application	£100 per application	The Council will complete your application form and draw up scaled plans for submission with the application (fee for this service is detailed above)
New owner of property	£50 per licence	The Council will send information packs to new owner/s detailing licence conditions attached to the HMO Licence and a copy of the HMO Licence for the property.

## Appendix 2

### IDeA findings – Final Draft Regulatory services

1. IDeA was commissioned by Stockton Borough Council to research three service delivery issues within regulatory services.
  - Licensing of taxis - Stockton are part of the Tees Valley sub region which includes five authorities. They are considering cross authority processes for taxi licensing. Initial work by a partner authority in the sub region suggest there may be legal problems to progressing this
  - Environmental health benchmarking - Stockton wishes to find out if there are ways that services can be benchmarked against national performance and cost data to see if they are effective and value for money relative to peers, and whether there are any developments in relation to a robust evidence base for Environmental Health services
  - Stockton are interested in encouraging more cross working and joint working across their own regulatory services, so that multiple visits are minimised and to develop staff skills and knowledge across multiple regulatory functions.

### Overarching issues

2. There has been a drive for better regulation and government initiated reviews particularly Hampton, Macrory and Rogers, have all highlighted the need for change. There are two principal areas of potential efficiency and cost base reduction that are being investigated, partnership working and joint assessments.
3. Many authorities have investigated the business case for cost base reduction and efficiencies through greater collaboration and partnership with other authorities or regulatory bodies, especially so in two tier areas where cost savings are more self evident. The Local Better Regulation Office (LBRO<sup>1</sup>) website and the better collaboration guidance from Local Authorities Co-ordinators of Regulatory Services (LACORS<sup>2</sup>) both provide a number of case studies which may be of interest to the authority. It is as yet unclear if these will provide any significant savings apart from the small reductions to the cost base from some shared management and admin services across partners. These are likely to be small compared to overall budgets.
4. A number of joint assessment pilots have been established under the Retail Enforcement Pilot programme and these are considered in more detail below. Again there is as yet no clear evidence of substantial cost savings.
5. Both these examples of new ways of working have been successfully received by businesses. One of the major challenges for participant

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<sup>1</sup> LBRO is a central body and its remit is to reduce regulatory burdens on business whilst maintaining standards of public protection.

<sup>2</sup> LACORS is part of the Local Government Association Group, and represents and supports local authorities as they exercise their regulatory functions.

authorities has been the cost and difficulty of integrating different computer systems.

6. The Association of Greater Manchester Authorities, through their Public Protection Group, has a three year transformation programme. One of the issues they are currently working on developing an activity based costing formula based on twenty two different Environmental Health and Trading Standards processes. They hope this will enable authorities to identify those areas of the regulatory process that are essential and those that do not add value. The thinking behind this programme is that it is more important to look at how you process regulatory functions and remove or improve the elements that are not efficient.
7. Once the costing exercise is fully complete a business process re-engineering exercise will implement potential improvements.
8. One authority within AGMA (Association of Greater Manchester Authorities) that has implemented a significant improvement programme across regulatory services is Wigan. There has been a significant reorganisation of staff teams and reduction of senior management posts. This process took twelve months. High standards have continued to be maintained, outputs against the service plan are improving and there has been a cost saving of four FTE (full time equivalent) posts. It is thought that from 2010 onwards the benefits from the new ways of working will be more evident and realisable.
9. LBRO have offered the possibility of support to the authority in their improvement journey – the contact for this is Graham Dodge LBRO 0121 226 4032.
10. LACORS has recently issued a guidance document on partnership working - Collaborative councils guidance on partnership working in regulatory services – as a response to the increase in such ventures.
11. It is worth bearing in mind that the element of the inspection process that businesses find most helpful is actually a high quality inspection. Compliant businesses value this as way to point out areas for improvement. Such businesses typically are also looking for support in action planning what needs to be put in place by way of improvement. AGMA are already going along this route via a not for profit approach to training for the more compliant businesses.
12. Key lessons of the improvement process in regulatory services include
  - have a clear idea of what the change is aimed to deliver and maintain focus upon this
  - Ensure partnership governance arrangements and lines of accountability are clear
  - Set out the desired deliverables in detail
  - Challenge the existing way of working at all times
  - Ensure you communicate with staff and end users and attend to workforce and personal development issues
13. Potential barriers are
  - Lack of strategic focus
  - Harmonisation of IT systems
  - Resistance to change

- Legal constraints
- Aligning financial and other systems

#### Taxi licensing

14. LACORS has recently initiated a programme of work on taxi licensing. So too the LGA are undertaking research in this field. LACORS were unaware of any cross authority licensing scheme outside of London. At the present time there is a relevant case awaiting judgement, *Berwick v Newcastle*, which may well significantly affect the taxi licensing process. The lead officer for LACORS was approached and he agreed to contact Stockton directly in order to support them in their improvement process. This contact has been initiated.

#### Environmental health benchmarking

15. LACORS is currently working with LBRO on a self assessment and/or peer challenge approach for Environmental Health. Information concerning this is readily available on the LBRO website. LBRO had investigated the returns regulatory services made to government with a view to selecting metrics for benchmarking. Because these were not outcome focussed the work is not now to be taken forward. LBRO have funded a coordinator post based in Gateshead for the regional chief environmental health officers group. It is suggested that this group is used to investigate local or regional initiatives via the existing contacts that the authority has with this group.

#### Shared assessments

16. Shared assessment is an area that has been seen as offering cost base reduction and greater efficiency. The idea is to minimise the number of visits by staff from the authority and from partners by developing a compliance audit that can be completed by one partner and issues of relevance to other regulatory services flagged up and referred on rather than each body visit individually.
17. There has been a three year Retail Enforcement Pilot and AGMA as well as other authorities that were in the REP have begun to trial or adopt such systems. One of the issues that AGMA's approach has raised is that the joint visit is just one small part of a wider new way of working. The REP project has now been passed to LBRO. The authorities involved intend - with one exception - to continue with similar schemes, although each has adapted the original in a different way. A detailed analysis of the Rep programme is due to be published in November of this year. The most significant of these schemes is probably AGMA's 'compliance audit' which AGMA have piloted since 2008 using outside funding, although this was not part of the REP programme.
18. Other authorities have sought to combine individual parts of their service. Many of these have been in two tier areas, for example Trading Standards and Environmental Health (Worcester CC using RIEP<sup>3</sup> funding) and the Licensing Partnership across Northamptonshire.
19. It is the compliance audit approach that offers most to unitary authorities. The REP process looked at combining Trading Standards, Environmental Health

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<sup>3</sup> RIEP – Regional Improvement and Efficiency Partnership.

and Fire and Rescue Services visits. A checklist approach was developed. Designated partners would visit businesses and if issues relevant to other inspectorates were found these would be referred on for more detailed investigation. There is a mixed view on the success of this initiative.

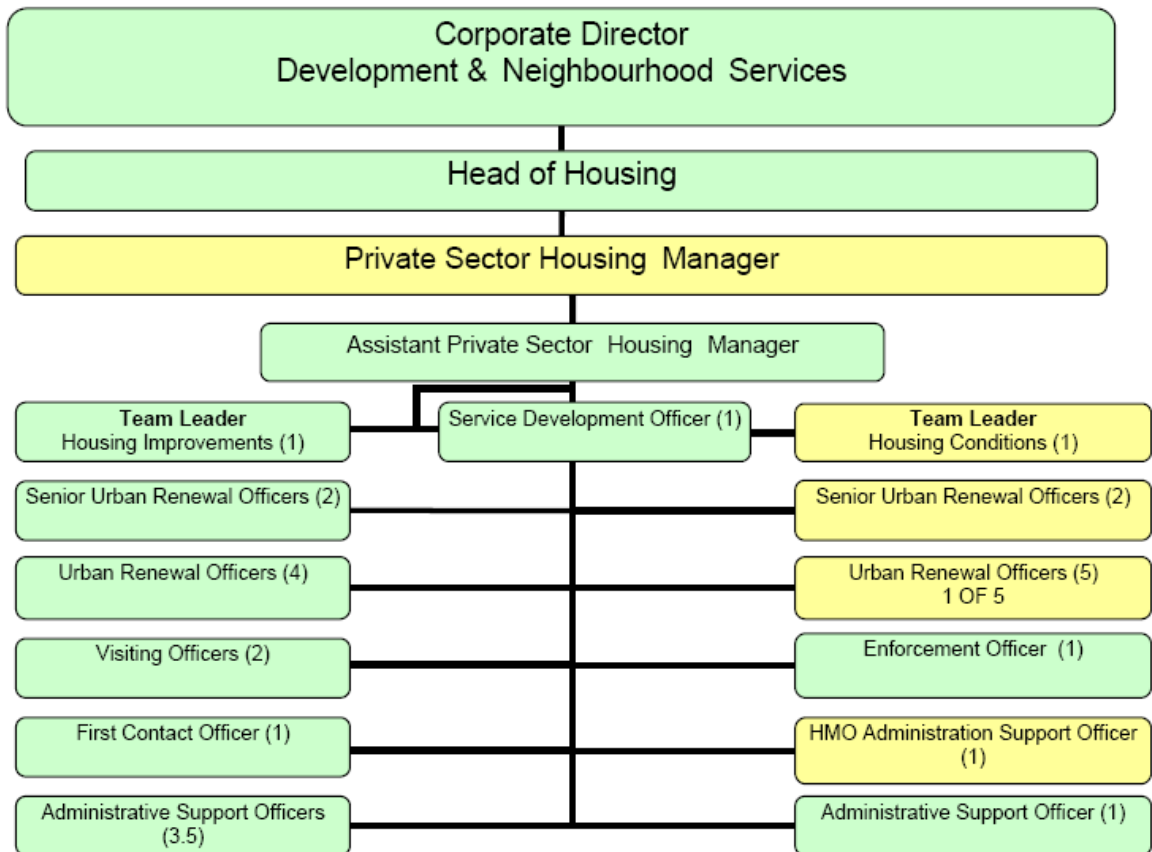
20. The principle of one assessment seems to work especially if you can identify those businesses that are low risk for non compliance. In many cases issues were raised that would not have been as those particular premises would not ordinarily have been visited. It is doubtful if the approach will realise cost savings. There may be some savings in the minimisation of visits but it was felt that the time period under which the REPs operated did not flag these up, although taking a longer five or ten year cycle may reveal some savings here. The two initial REPs identified between 20 and 30% duplication of visits but the subsequent tranches of authorities placed this figure much lower, in single figures at the most.
21. There are concerns about the following
  - Alignment of IT systems, software and data issues were all major challenges
  - Because the checks were being done by non experts, there is some evidence that possible issues were flagged up which, when investigated, were not significant although this could be rectified via training
  - The cost of compliance to business does not arise primarily through inspections, which are seen by them as helpful in advising businesses on how to comply, so it is debateable whether this approach actually benefits business
  - Acceptability of the joint assessment process to national regulators and whether this process would meet the legal status of regulatory inspections
  - Food tended to end up having to do a disproportionate number of initial visits and fire tended to have to do more visits because of flagging up of issues



### Appendix 3

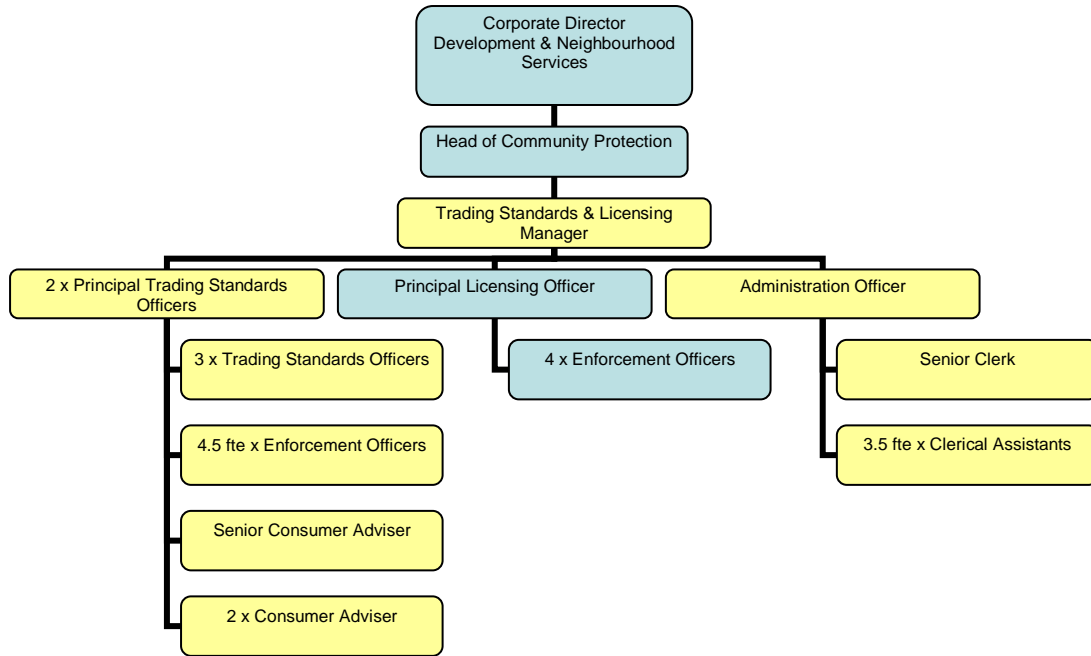
#### Service Structures

#### Private Sector Housing – Administration of mandatory HMO licensing

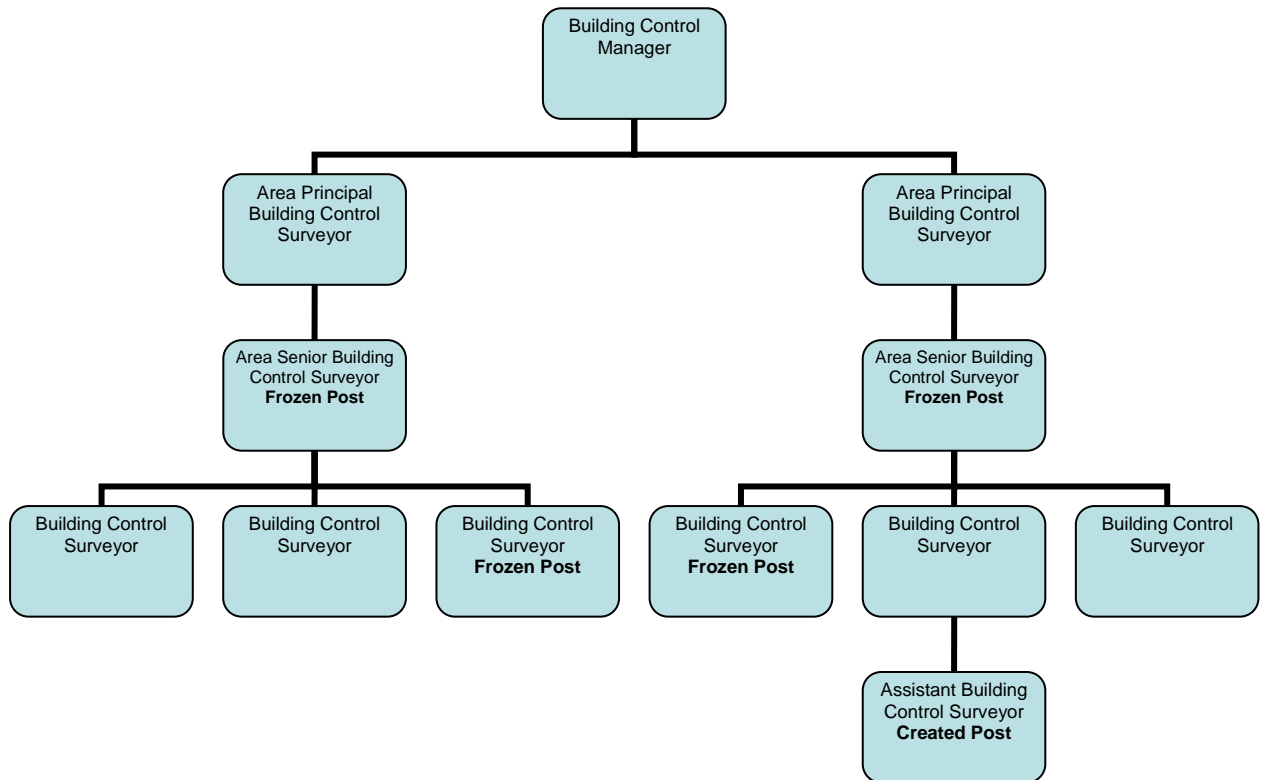


Posts in the yellow boxes are involved in the administration of HMO licensing.

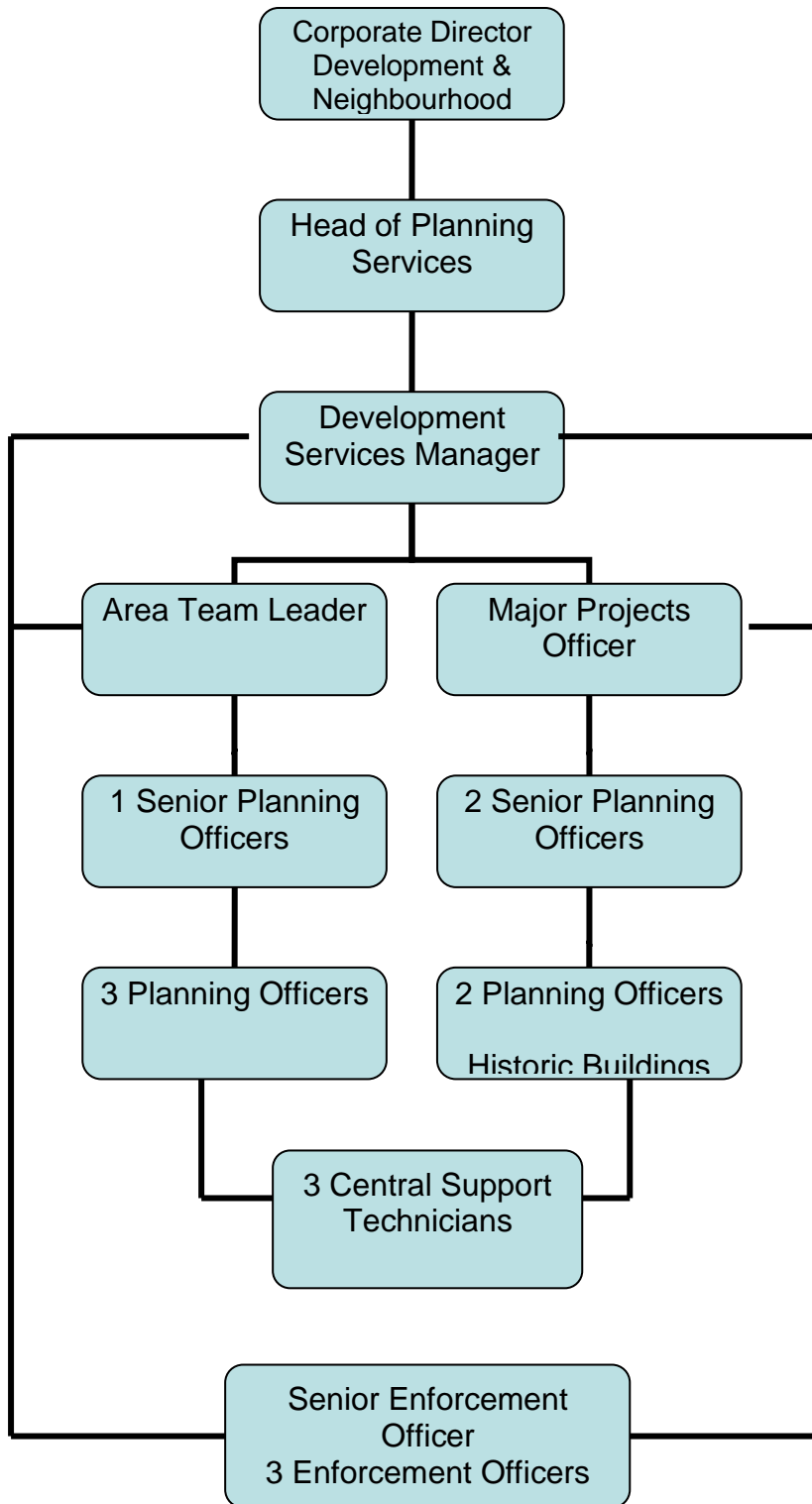
### Trading Standards and Licensing Unit



### Building Control

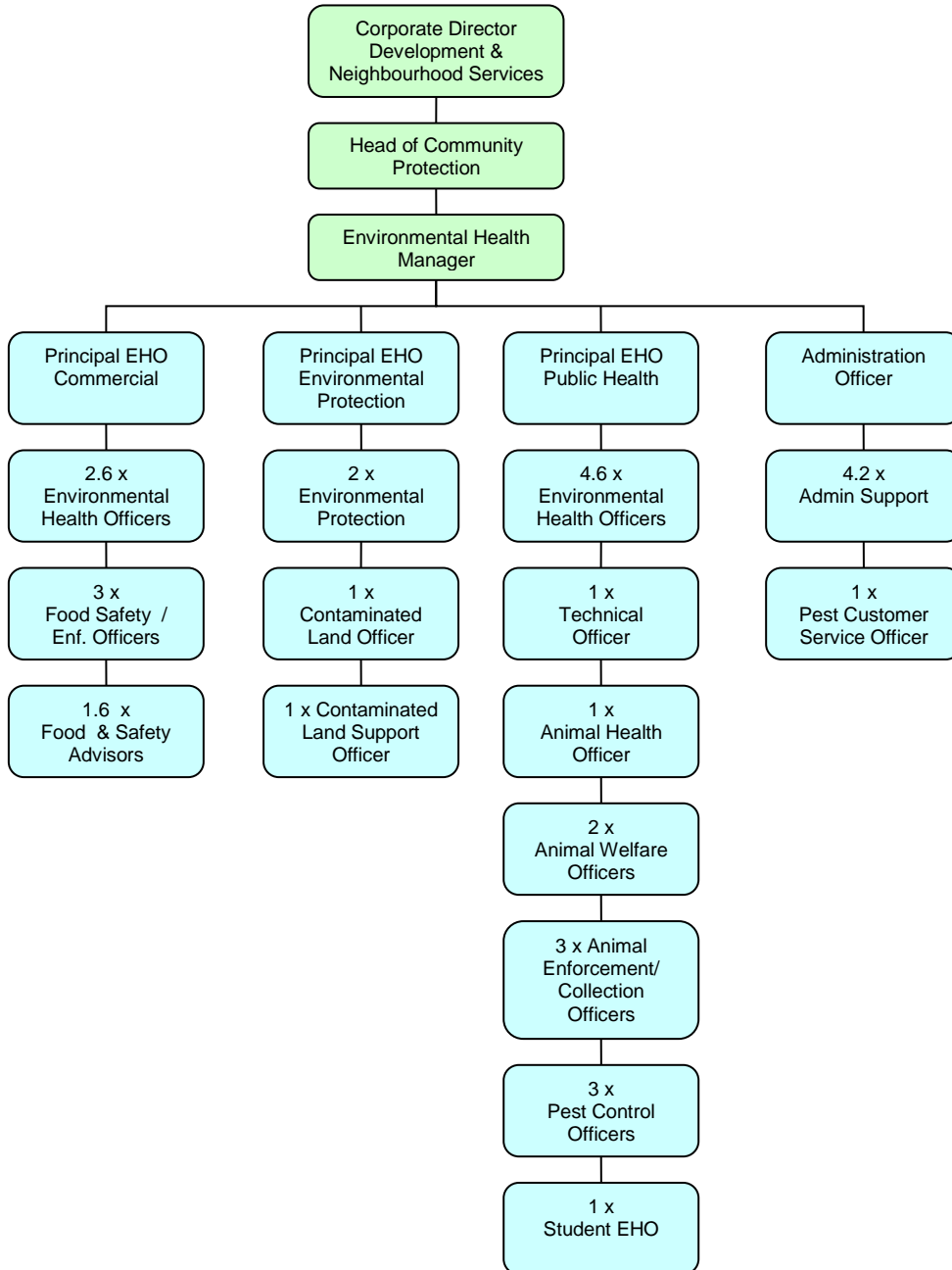


### Development Services



NB This chart shows the remaining team and does not include frozen posts.

## Environmental Health Unit



## Appendix 4

### Regulatory Services Budget Breakdown

	BUILDING CONTROL		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	135,080	120,907	103,907
Premises	1,014	0	0
Transport	8,597	9,147	7,147
Supplies	12,668	12,851	12,851
Third Party	1,250	0	0
CDT	8,117	15,450	13,450
<b>Total Expenditure</b>	<b>166,726</b>	<b>158,355</b>	<b>137,355</b>
Income	338	0	0
<b>Net Expenditure</b>	<b>166,388</b>	<b>158,355</b>	<b>137,355</b>

	BUILDING REGULATIONS		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	193,821	235,687	207,687
Premises	0	0	0
Transport	12,335	17,755	14,755
Supplies	18,852	25,056	25,056
Third Party	0	0	0
CDT	184,222	193,200	190,200
<b>Total Expenditure</b>	<b>409,230</b>	<b>471,698</b>	<b>437,698</b>
Income	409,894	471,698	373,698
<b>Net Expenditure</b>	<b>(664)</b>	<b>0</b>	<b>64,000</b>

A loss of £24k transferred to the balance sheet in 2008/09.

Predicted loss will be transferred to the balance sheet at year end.

	DEVELOPMENT SERVICES		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	790,098	805,686	644,686
Premises	0	0	0
Transport	31,476	37,583	29,583
Supplies	77,163	72,845	82,845
Third Party	0	0	
CDT	238,463	229,314	229,314
<b>Total Expenditure</b>	<b>1,137,200</b>	<b>1,145,428</b>	<b>986,428</b>
Income	852,145	905,000	725,000
<b>Net Expenditure</b>	<b>285,055</b>	<b>240,428</b>	<b>261,428</b>

Reduction in staffing numbers required due to falling income

	ENVIRONMENTAL HEALTH		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	1,120,612	1,224,517	1,202,517
Premises	84,304	33,576	33,576
Transport	58,285	55,170	55,170
Supplies	315,697	192,107	208,107
Third Party	6,379	3,342	3,342
CDT	38,255	100,093	109,093
Direct Revenue Financing	50,000	0	0
<b>Total Expenditure</b>	<b>1,673,532</b>	<b>1,608,805</b>	<b>1,611,805</b>
Income	311,713	175,815	178,815
<b>Net Expenditure</b>	<b>1,361,819</b>	<b>1,432,990</b>	<b>1,432,990</b>

Virement of budget from S&S out of hours noise service  
One off capital contribution funded by Managed Surplus

	HIMO		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	39,702	37,909	37,909
Premises	141	0	0
Transport	1,331	1,305	1,305
Supplies	2,040	1,845	1,845
Third Party	0	0	0
CDT	1,241	853	853
<b>Total Expenditure</b>	<b>44,455</b>	<b>41,913</b>	<b>41,913</b>
Income	14,095	5,000	5,000
<b>Net Expenditure</b>	<b>30,360</b>	<b>36,913</b>	<b>36,913</b>

	TS&L ADMIN		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	124,863	133,950	133,950
Premises	29	0	0
Transport	0	0	0
Supplies	6,192	1,962	1,962
Third Party	0	0	0
CDT	0	0	0
<b>Total Expenditure</b>	<b>131,084</b>	<b>135,912</b>	<b>135,912</b>
Income	76,179	76,749	76,749
<b>Net Expenditure</b>	<b>54,905</b>	<b>59,163</b>	<b>59,163</b>

	LICENSING		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	197,488	221,986	221,617
Premises	491	0	0
Transport	9,892	10,198	10,198
Supplies	92,453	61,732	61,702
Third Party	0	0	0
CDT	147,558	157,413	160,413
<b>Total Expenditure</b>	<b>447,882</b>	<b>451,329</b>	<b>453,930</b>
Income	521,176	513,773	513,773
<b>Net Expenditure</b>	<b>(73,294)</b>	<b>(62,444)</b>	<b>(59,843)</b>

	TRADING STANDARDS		
	2008/09 Actual	2009/10 Budget Revised	2009/10 Estimated Outturn
Employees	415,380	458,289	462,289
Premises	6,662	6,660	6,660
Transport	15,898	16,749	16,749
Supplies	30,465	56,981	76,981
Third Party	107,554	102,352	102,352
CDT	12,733	9,473	9,473
<b>Total Expenditure</b>	<b>588,692</b>	<b>650,504</b>	<b>674,504</b>
Income	11,721	6,000	38,000
<b>Net Expenditure</b>	<b>576,971</b>	<b>644,504</b>	<b>636,504</b>

Additional expenditure 09/10  
related to a PCT funded scheme

PCT funding related to a specific  
scheme



## Appendix 5

### Case Studies of Partnership Working in Regulatory Services

#### Case Study: West Yorkshire Joint Trading Standards Service

This provides services across Bradford, Calderdale, Kirklees, Leeds and Wakefield. This forms part of a wider set of joint services including archaeology, archives and ecology; these were formed after the abolition in 1986 of West Yorkshire Met County Council. Costs are allocated on the basis of population proportion, and services to business generate income. Greater purchasing power for equipment, and shared expertise, are recognised benefits.

Governance is provided through a joint agreement, which sets out responsibilities, and a memorandum of understanding, and a joint committee on which each council has equal representation of Members. Wakefield is the employing authority for officers.

Points to note include:

- It is vitally important that performance demonstrates value for money for each authority
- It is vitally important to demonstrate the value added service that is provided through economies of scale, without losing local identity and service delivery.

One aspect of shared delivery already in place for Trading Standards on Teesside is the Joint Metrology service.

#### Case Study: Worcestershire County

Existing examples include the collaboration between districts and county in Worcestershire. Initial joint working was built around e-government and customer services. This has expanded to include revenue and benefits, and building control. Financial help has been secured through the RIEP, including £60,000 to develop the joint revenue and benefits service (which is now in place). Further RIEP funding of £350,000 was secured to establish the Worcestershire Enhanced Two Tier (WETT) programme.

The WETT programme includes the creation of a single regulatory services service for the county, under a unified management body (it includes: environmental health, trading standards, and licensing). The regulatory services project received £200,000 capital funding from CLG. It is intended that developing the services should not reduce local choice, flexibility to respond to local need, or affect local democracy and identity. It should be noted that this collaboration on regulatory services is part of a much wider approach to partnership working in the county and has not been done in isolation.

The regulatory services proposal is in the final stages of developing its business case. The business case will be considered by each of the councils affected. If approval is given, it is planned to have the management team in place by early 2010.

The proposals for regulatory services should see a new service created, hosted by one of the authorities but developing its own identity and culture. A joint committee will oversee the new service. With regard to licensing, each licensing authority will retain its licensing committee. Licensing staff will be managed by the shared service but seconded across to each licensing authority.

### **Case Study: Adur and Worthing**

As with Worcestershire, this is an example that is part of a wider strategy to move towards shared services that includes a shared chief executive and management team. Planning, building surveying and environmental health are part of one group of shared services that are shared and taken together the group is expected to realise savings of £350k in 2010-11 (this also includes parks and ICT).

Staffordshire Moorland, and High Peak councils have also combined their environmental health provision, as part of a similar approach to joint management across the council.

## Appendix 6 - Ceasing provision of non-statutory services – SWOT Analyses

### Cease provision of Consumer Advice Centre

<b>Strengths</b>	<b>Weaknesses</b>
<p>Savings in the region of £40,000 gross (redundancy costs/detriment payments would also need to be paid in initial three years)</p>	<p>The service has high levels of customer satisfaction. Consumer satisfaction has been at 97-98% over past 4 years.</p> <p>Viewed in terms of redress secured for residents of the Borough, the Centre is cost effective. The total amount of financial redress secured can be substantial. In 2006-7 this amounted to c.£273k, and c.£262k in 2007-8.</p> <p>The Advice Centre is one of only 3 local authority consumer advice providers in the country to hold the CLS Specialist Quality Mark.</p> <p>Residents would need to source advice re. civil complaints from other organisations, or on an independent basis. Currently, the service is provided on a free basis; other organisations may apply a fee which may dissuade residents from using them.</p> <p>The authority has a statutory duty to deal with complaints from consumers about criminal contraventions of legislation. It is estimated by the service that 2 officers would be needed to deal with enquiries related to potential criminal issues that are currently 'filtered' by the advice centre.</p> <p>The role of the Centre is of vital importance in helping the Service meet its obligations against the statutory performance indicator of 'NI183: Impact of Local Authority Trading Standards Services on the Fair Trading Environment'. The vast majority of unfair trading practices are breaches of civil as opposed to criminal legislation</p>

Opportunities	Threats
<p>Consumer advice could be accessed by a variety of methods</p> <p>Initial advice is provided by the Consumer Direct service with follow up work referred to local consumer advice centres in line with a formal referral protocol. The authority would have to nominate another service to receive these calls if the Consumer Advice Centre were to close.</p> <p>Stockton District Advice and Information Service, and Thornaby Advice and Information Centre, are examples of sources of general consumer advice. However there are no providers that have the CLS Specialist Quality Mark.</p> <p>Community Legal Advice is a national organisation that provides advice across a range of issues including consumer advice via phoneline and website. Initial advice is provided for free, with detailed advice and representation available for those who qualify for legal aid only (most consumer and contract law disputes do not qualify for legal aid). However when searching for local consumer and contract advice on the website the only Stockton provider listed is the Council's Consumer Advice Service.</p> <p>[NB – the Advice and Information EIT Review may promote further general use of this service in general for other issues]</p> <p>Opportunities for the voluntary sector to develop their provision in this area (with or without council support).</p>	<p>Local residents may suffer should businesses attempt to take advantage of the lack of a dedicated consumer advice centre in the Borough.</p> <p>It is the most vulnerable in society that are likely to suffer the most given that they are the most susceptible to unfair trading practices and the least able to sort out their own problems</p> <p>Generalist advice agencies do not have the specialist knowledge and expertise in consumer law when compared to the Trading Standards Consumer Advice Centre and the use of such generalist agencies is not in the best interests of local consumers.</p> <p>The preventative advice given to traders and consumers by the advice centre assists in preventing contraventions of criminal legislation. This assists the service in working in 'preventative' mode rather than having to react when complaints arise after the purchase of goods/services.</p> <p>Closure of the consumer advice service will potentially have a negative effect on the performance of the Trading Standards &amp; Licensing Service that remains.</p>
<p><b>Financial implications</b> (including estimated savings, how long before benefit realised, implementation costs)</p> <p>Savings in the region of £40,000 gross (redundancy costs/detriment payments would also need to be paid in initial three years).</p>	

### Ceasing elements of environmental health: Out of Hours Noise Service

Strengths	Weaknesses
<p>Savings as described below.</p>	<p>The service has proved successful and well received by residents since establishment in August 2008, and has contributed towards increased expectations of the service.</p> <p>The service is provided in partnership with the Neighbourhood Enforcement Service. There would therefore be a loss of income to the NES if withdrawn (see below).</p>
Opportunities	Threats
	<p>Increased expectation of public now the service has been introduced. Noise complaints have doubled from about 1000/yr to about 2000/yr and higher level of complaint likely to be sustained even if service cut back.</p>
Financial implications (including estimated savings, how long before benefit realised, implementation costs)	
<p>Estimated savings of £75,000. Partly through loss of 0.4 FTE EHO officer in Noise team.</p> <p>The Neighbourhood Enforcement Service would lose income of £50,000.</p>	

**Ceasing elements of environmental health: Enhanced Animal Welfare provision (ie. services additional to 24/7 stray dog service)**

<b>Strengths</b>	<b>Weaknesses</b>
<p>Savings as described below based on.</p> <ul style="list-style-type: none"> <li>a) cease proactive dog fouling enforcement and any animal welfare/ cruelty work</li> <li>b) cease proactive dog fouling enforcement or animal welfare/cruelty work</li> </ul> <p>Animal welfare / cruelty investigation could be provided by the RSPCA. (Stockton currently works in partnership with the RSPCA to fully fulfil its responsibilities under the Animal Welfare Act)</p>	<p>Increased workload for partner organisations, mainly the RSPCA and to a lesser extent the Police and Social Services.</p> <p>Increased workload on EHO's dealing with statutory nuisance on fouling of private land and keeping of animals.</p> <p>Increased workload on Enforcement service and CFYA in dealing with dog fouling.</p> <p>Reduced level of service to local residents, and impact on resident satisfaction.</p> <p>Some work will not be carried out ie. dangerous dog investigations, advice and education, microchipping and neutering</p>
<b>Opportunities</b>	<b>Threats</b>
	<p>Rise in animal welfare and dog fouling cases in Stockton.</p> <p>Increased number of stray dogs in kennels as proactive controls cease.</p>
<b>Financial implications (including estimated savings, how long before benefit realised, implementation costs)</b>	
<ul style="list-style-type: none"> <li>a) Loss of 2 of 5 animal welfare staff estimated saving £50k that can be realised when redundancy process has been progressed and reduced by redundancy costs in short term.</li> <li>b) Loss of 1 of 5 animal welfare staff estimated saving £20k- £30k that can be realised when redundancy process has been progressed and reduced by redundancy costs in short term.</li> </ul>	

### Ceasing elements of environmental health: Food Advisory service

Strengths	Weaknesses
<p>Savings as described below.</p> <ul style="list-style-type: none"> <li>a) delete one 0.8fte Food safety advisor post</li> <li>b) delete both 0.8fte Food safety advisor posts</li> </ul>	<p>Food training service generate income that largely offset potential savings.</p> <p>Reduced potential for health promotion work.</p>
Opportunities	Threats
<p>Other food training service providers exist in the marketplace.</p>	<p>Reduction on amount of advice/training available locally would have negative impact on the levels of enforcement needed (ie increased EHO time providing food safety advice and taking enforcement action.</p> <p>Reduced food hygiene standards in Stockton premises with likely failure to attain performance indicator NI182 target levels of compliance in the longer term.</p>
<p><b>Financial implications (including estimated savings, how long before benefit realised, implementation costs)</b></p> <ul style="list-style-type: none"> <li>a) £3.5 k saving being £28.5k saving on salary less £25k loss in income</li> <li>b) £7k saving being £57k saving on salary less £50k loss in income</li> </ul> <p>In short term savings may be reduced by redundancy costs</p>	

### Ceasing elements of environmental health: pest control treatment service

Strengths	Weaknesses
<p>Savings as described below.</p> <p>Pest control services exist elsewhere in the commercial sector.</p>	<p>Level of advisory/enforcement action may increase should infestations not be dealt with by those affected. (Providing a direct treatment service may be more cost effective).</p> <p>Many rat and mice infestations are not limited to single properties and require treatment of a number of properties or public areas. Other residents or landowners may not be prepared to pay for treatments. EHO's have a duty to investigate, advise and enforce in such circumstances</p> <p>Savings would be offset to an extent by loss of income.</p>
Opportunities	Threats
<p>Residents/businesses could access other providers of the service that exist in the private market place.</p>	<p>Resident dissatisfaction at having to pay for previously free service or pay higher cost in the private sector. Those residents requiring pest treatments are often those least able to pay.</p> <p>Increase in pest problems and deterioration in public health in Stockton in the longer term</p>
Financial implications (including estimated savings, how long before benefit realised, implementation costs)	
<p>Savings would include the salary of 3 pest control officers (£82k), 1.5 fte admin support (£30k) and vehicles and materials costs (£40k). Dealing with increased enforcement workload would require retention of 0.4fte PEHO and addition of an EHO (£40k). Overall saving £64k</p> <p>Implementation would require a consultation period of about a year to cover redundancy requirements, completion of pest contracts and vehicle lease requirements.</p> <p>£64k saving from April 2011 less redundancy costs in short term.</p>	



## Appendix 7

### Regulatory Services Peer Challenge Stockton-on-Tees Borough Council 4-5 February 2010

#### Self Assessment Strengths

- Staff involved really valued process
- Team felt supported and enthusiastic.
- All staff bought in to process
- Robust and detailed self assessment
- Cross unit awareness
- Completed on-time

#### Self Assessment Areas for Improvement

- External partners/stakeholders not included
- Did not acknowledge and promote excellent work in commercial
- Critical friend not involved during planning of assessment
- Lack of member involvement in process

#### Improvement Plan Strengths

- Identified all key areas for improvement
- All staff bought in to plan
- Excellent prioritisation
- Will definitely secure improvement

#### Key Messages

- Excellent team of empowered, enthusiastic and professional officers who understand stakeholders well
- Really strong performance management
- Some excellent examples of intelligence led work
- Excellent working environment and culture
- Need for improved communications (internal and external)
- Unit objectives could link to wider council objectives
- Member involvement could be increased

#### Theme 1 Leadership, Strategies and Collaboration - strengths

- Clear service planning process
- "Bottom up" approach to service planning
- Mike Batty membership of health partnership
- Good consideration of shared services
- Urban Environment Tasking Group
- Partnerships with other enforcement agencies (HSE)
- Training officers and nutrition advice meeting wider health agenda

#### Theme 1 Leadership, Strategies and Collaboration – areas for improvement

- Lack of member involvement/championing of service

- Greater linking EH objectives to corporate priorities

Theme 2 Community, Customer Focus and Engagement - strengths

- Customer care
- Innovative and committed frontline staff
- Staff understand their stakeholders well

Theme 2 Community, Customer Focus and Engagement – areas for improvement

- Promote work of unit more effectively
- Website improvement

Theme 3 Resource, Activity and People Management - strengths

- Partnership work with HSE
- Working environment
- Flexible approach to work
- Excellent team

Theme 3 Resource, Activity and People Management – areas for improvement

- Need to improve recognition of success
- Making staff feel more valued
- Improved communications with senior management
- Some services seen as Cinderella service
- Excellent examples of intelligence led work that could be used as beacons

Theme 4 Achieving Outcomes Effectively and Sustainably – strengths

- Good Service
- Value for money
- Excellent performance in audit process
- Performance management strong

Theme 4 Achieving Outcomes Effectively and Sustainably - areas for improvement

- Communications between some teams/services good but others not
- Not sure about sustainable outcomes

Areas of Excellence

- Noise service

Areas of Innovation and Excellence

- Animal welfare