

Portfolio Holder decision record sheet

Name of decision maker: Cllr
Graham Sutton and Cllr Graeme
Elliot

Portfolio: Planning and Infrastructure
and Finance and Resources,
respectively

Date of Portfolio Holder decision: 6 July 2020

Title of decision: Building Control
financial settlement with
Hertfordshire Building Control Ltd.

Part II:

Part II reason:

Background to report: (this will be sent to members in the initial notice email so they know the content of the decision)

The decision relates to a full and final settlement between Dacorum Borough Council and Hertfordshire Building Control Ltd., in respect of payment for 'work in progress' (WIP) to cover the final processing of Building Control application cases received by DBC prior to the transfer of the service to HBC in December 2019. The decision also covers payment for IT data transfer work carried out by HBC.

Decision made and reasons:

To make a payment of £320,000 to Hertfordshire Building Control in respect of work in progress and IT work carried out. The Borough Council has a legal duty under the Building Act 1984 to progress applications made to it for consent under the Building Regulations. DBC transferred operational responsibility for determining building control applications to HBC on 16 December 2019. The payment covers a fair and reasonable settlement for the likely costs to HBC of dealing with DBC's outstanding caseload of applications prior to the transfer date.

Reports considered: (here reference can be made to specific documents)

Reports to Corporate Management Team 12 May and 9 June 2020 on the specific issues of WIP and the IT data transfer work.

The report to Cabinet dated 10 September 2019 covered arrangements for the transfer of the Building Control service from DBC to HBC. Paras 11-14 of the Part II report refer to the matter of WIP.

Officers/Councillors/Ward Councillors/Stakeholders consulted:

Corporate Management Team
Sara Whelan, Group Manager – Development Management and Planning

Deputy Monitoring Officer comments:

Prior to making payment to Hertfordshire Building Control, officers should ensure that an agreement is completed to document the terms of the settlement.

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Deputy Chief Financial Officer

comments:

An assessment of the ongoing DBC liabilities of the outstanding work has been undertaken, the payment of £320k is commensurate with the assessed value of the work undertaken to date and the work expected to be undertaken in future years.

Implications:

Since the Building Control Service was transferred to HBC, it has been invoicing the Council on a monthly basis for the processing of WIP. Details of costs are set out in the background section of the report. The settlement is to be made on a one-off, full, and final basis, offering value for money and financial certainty.

Risk: A legal agreement between DBC and HBC to confirm the full and final basis of the settlement has been prepared and the award of the settlement will be conditional upon its completion.

Value for money:

Please refer to the background section below. The settlement is considered to offer good value for money to the Borough Council and avoid the need for high hourly rate charges from HBC for the processing of WIP on a case-by-case basis.

Options considered and reasons for rejection: These are set out in the background section below.

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Portfolio Holder's signature:

Date:

Details of any interests declared and any dispensations given by the Standards Committee:

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Date decision record sheet received from portfolio holder: 06/07/20

Date decision published: 06/07/20

Decision no: PH-013-20

Date of expiry of call-in period: N/A

Date any call-in received or decision implemented:

Background

1. Dacorum BC's Building Control Service transferred to Hertfordshire Building Control Ltd (HBC) on 16 December 2019. All transfer issues have been resolved now with the exception of payment to HBC for work held in progress (WIP) by DBC at the time of the transfer – work for which DBC had received a fee for, but that work required to finally close cases would need to be resolved by HBC. Payments for WIP will relate to 3 years from the point of purchasing and paying for building control work.
2. Dealing with the outstanding WIP can follow either of two routes: 'Pay as you go', that DBC pays HBC for work actually done at an agreed hourly rate; or 'Lump sum settlement', where an estimation is made from the database held on outstanding work and a one-off payment is made to HBC in full and final settlement.
3. DBC officers, in conjunction with HBC, assessed the financial obligation of the outstanding WIP. After consultation and assessment of the cost of delivering these services, a provisional agreement of £320k for the outstanding WIP liabilities and an allowance for the costs incurred in the transfer of data of the DBC BC records from our former Acolaid system to the HBC Tascomi system (Subject to member and board approval for DBC and HBC respectively).
4. This is inclusive of all existing invoices raised or due to be raised for WIP work and disputed invoices over the data transfer work (see below) carried out since December 2019 to March 2020, which stand at £107,109.85.
5. To conclude on the issue of WIP, it is considered that the settlement negotiated of £300k plus £20k for IT costs (see below) to be reasonable.
6. The settlement will require the agreement of the HBC non-executive Directors. HBC has confirmed that its Board has now approved this.
7. In addition to the WIP there is an outstanding dispute for IT and project transfer costs that totalled over £40k in gross value, and the proposal is to arrive at a middle figure of £20k to resolve the difference in expectations.
8. Upon conclusion of this Portfolio Holder decision, the award will be made to HBC once the legal agreement has been concluded.