

**Audit, Finance & Risk Committee**  
**3 October 2019**

**Report for Agenda Item | Rīpoata moto e Rāraki take 5**

**Department: Planning & Development**

**Title | Taitara: Report on the Readiness of the Building Consent Authority (BCA) for the October 2019 International Accreditation of New Zealand (IANZ) Assessment**

**PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

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- 1 The purpose of this report is to inform Council of the preparation undertaken to ready the Building Consent Authority for the Bi-Annual IANZ assessment scheduled for October 2019. Accreditation by IANZ is a requirement for the BCA to receive and issue building consents.

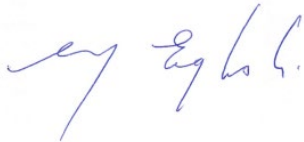
**RECOMMENDATION | NGĀ TŪTOHUNGA**

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- 2 That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report.

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18/09/2019

Reviewed and Authorised by:



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19/09/2019

**CONTEXT | HOROPAKI**

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- 3 Council's Building Consent Authority (BCA) is tasked with receiving building consent applications, processing those applications to ensure the plans comply with the New Zealand Building Code, issuing building consents and then inspecting buildings to ensure the actual build complies with the consent. Once compliance is established a code compliance certificate is issued by the BCA. An added complexity in commercial builds is ensuring specified fire systems comply with the regulations to ensure the safety of staff and the public who use those buildings. The BCA is responsible for ensuring the building stock of the district is safe, durable and resilient. The efficient and effective processing of building consents is a vital economic driver and one of the reasons there is a 20-day statutory timeframe for BCA's to process them. The timely processing of building consents is particularly important in a high growth environment, as delays to issue consents can have significant negative consequences for the community and local economy e.g. higher holding costs for building owners, homeowners renting for longer than necessary, businesses not being able to begin trading due to build delays, homeowners not being able to access finance until a code of compliance is issued etc.
- 4 QLDC's BCA is one the largest in New Zealand based on building consent volumes, approximately 2,000 in 19/20 financial year and more statistically important, value of work of \$850m in that financial year. This places the BCA as the busiest outside the major metropolitan areas. In comparison, although Dunedin City Council processes more building consents, the value of those consents sits at approximately \$300M. This demonstrates that the building consents in Queenstown Lakes District consist of larger, higher value and more complex builds. Growth in numbers of consents and value of consents, as well as number of code compliance certificates issued and building inspections has increased significantly year on year since 2015/16.
- 5 The BCA is required to be accredited by Crown Agency, International Accreditation New Zealand (IANZ) in order to be able to fulfil its statutory functions, the primary function being the issuing of building consents. As part of the accreditation process, BCA's are required to be assessed by IANZ every two years to ensure the BCA complies with the Building (Accreditation of Building Consent Authorities) Regulations 2006. The next assessment for QLDC's BCA will occur 8th – 11th October 2019.
- 6 In 2016, QLDC's BCA had a poor accreditation assessment and, as a result, accreditation and the resulting ability to issue building consents was nearly lost. IANZ subsequently required two more assessments within 18 months to ensure Council was largely complying with the regulations and performing at a satisfactory level as a BCA in terms of delivering appropriate levels of service to the community. (Christchurch City Council's BCA is the only BCA to have ever lost accreditation; this followed the 2011 earthquakes).
- 7 Between April 2016 to October 2017 (the most recent IANZ assessment) Council invested significantly in the BCA to ensure both its overall performance and compliance with the regulations improved. This resulted in a very good assessment outcome in October 2017. Council has requested a report to the Audit Risk and Finance committee outlining the preparations that have been undertaken prior to the IANZ assessment in October 2019.

## ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 8 A number of actions have taken place to ensure the BCA is ready for the IANZ assessment however the primary action in respect of readying the BCA for the IANZ assessment was to engage an external consultant to undertake a gap analysis audit of the BCA's compliance with the regulations. This audit was completed in June 2019 and was undertaken by QA NZ Consulting. The audit largely replicates an IANZ assessment.
- 9 The audit identified a number of non-compliances, serious non-compliances as well as recommendations. Non-compliances have to be addressed to retain accreditation but recommendations are not critical to accreditation but can become non-compliances if not addressed prior to future assessments. Following the audit, the BCA's Quality Assurance and Training Co-ordinator in conjunction with the leadership team, drafted a work plan identifying priority areas of non-compliance. The team has been working through this work plan since July 2019. Some of the non-compliances were relatively minor and were able to be addressed shortly after receipt of the audit results. A number were more complex and have required significant work by the QA/Training Coordinator and the leadership team. Fortnightly management meetings are now dedicated to discussing and resolving audit non-compliances and monthly CI meetings now occur fortnightly so that the backlog of CI's can be processed and resolved. Open CI's have reduced from 58 at the time of the audit to 16 currently. Once the less serious non-compliances were identified and resolved the remaining non-compliances were grouped and prioritised.
- 10 Priority areas are:
- Technical audits – these audits are undertaken to ensure the building control officers decisions comply with the building code and that the officers are following the prescribed process outlined in the Quality Management System. The technical audits are undertaken by an external contractor.
  - Continuous improvement (CI) process – CIs that have been identified in the audit as relating to shortcomings in current practice are being addressed through a priority process. The Building Services team has invested in a ProMapp module to improve the effectiveness and efficiency of the CI process, which is currently paper based and inefficient. The leadership team holds fortnightly CI meetings to address the CI's as well as committing significant time at the fortnightly Leadership meetings.
  - Training records – these are not as comprehensive as regulations require. The BCA has invested significant sums in training staff over the last three years (winning the Building Officials Institute of New Zealand Commitment to Training Award in 2018) and not all that training has been captured and recorded. Currently the system is paper based, time consuming and inefficient. A ProMapp Training module is being implemented to assist the Quality Assurance and Training Co-ordinator and Team Leaders manage their staff training records.
  - Code of Compliance Certificate process – This is a particular area of focus for IANZ in assessments that have occurred recently of other BCA's. Building Services had implemented a new process in 2018 to provide better clarity and efficiency. The new process was working well and had industry buy-in; however, the audit found that the

process does not meet the regulatory requirements. The compliance team is now working to change the process so that it does meet the regulations.

11 Other actions that have been undertaken since the 2017 IANZ assessment include:

- Greater industry engagement including quarterly newsletter, attendance at industry meetings such as Registered Master Builders, facilitating topical industry meetings such as when the BCA changes its processes or legislation changes, personal meetings with major industry players on a two yearly cycle
- Engagement of sufficient experienced external contractor resource to ensure processing and inspection functions are undertaken within statutory timeframes and guidelines
- Increasing the staff resource of all three teams, Building Support, Building Consent Processing and Building Inspections. This has resulted in staff FTES growing from 25 in 2017 to 42, in addition to approximately 13 contractor FTES to bring the total number of FTE's employed by the Buildings Services team in 2019 to 55
- This growth is being assisted by developing a building control officer cadet scheme which will result in four building control cadets being fully qualified at the end of 2019 and four more being fully qualified in 2021
- The creation of six new roles to assist with both Territorial Authority functions and Building Consent Authority functions; Swimming Pools Inspector, two Compliance Officers, a Building Consent Checking Officer (to improve quality of applications) and two Code of Compliance Checking Officer roles
- Retention of the Quality and Training co-ordinator role.
- Strategic review meetings undertaken which include the building services leadership team, the Chief Executive and Planning and Development general manager.

### Options

12 There are no options for this report as it is providing an update to the Audit, Finance and Risk committee on preparation for the upcoming IANZ assessment. Achieving a successful accreditation (retaining accreditation) is the only option.

### CONSULTATION PROCESS | HĀTEPE MATAPAKI:

#### > SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

13 This matter is of high significance, as determined by reference to the [Council's Significance and Engagement Policy](#) because accreditation of the BCA is required to enable the BCA to perform its statutory functions, the primary function being the issuing of building consents.

14 The persons who are affected by or interested in this matter are Queenstown Lakes District Council and the wider community.

### RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

15 This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with the [QLDC Risk Register](#). This risk has been assessed as having a Low inherent risk rating.

16 The approval of the recommended option will support the Council by allowing us to retain the risk at its current level. This shall be achieved by ensuring the areas of noncompliance outlined with the pre IANZ audit are being managed and addressed through the continuous improvement process.

#### **FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA**

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17 There are no financial implications as a result of the option recommended in this report.

#### **COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA**

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18 This matter is not included in the Ten Year Plan/Annual Plan as there is the assumption that Council will retain accreditation.

#### **LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE**

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19 The Ministry of Building Innovation and Employment Accreditation regulations require Building Consent Authorities to be accredited to be able to perform their statutory functions, the primary function being the issuing of building consents.

#### **LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA**

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20 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring Council's BCA retains the ability to issue building consents;
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.