

**QLDC Council
13 May 2016**

Report for Agenda Item: 1

Department: Planning & Development

IANZ: QLDC Building Consent Authority Accreditation Assessment Report

Purpose

- 1 The purpose of this report is to inform the Council of the outcomes of the recent IANZ Assessment, the implications and proposed response to address the corrective actions identified.

Executive Summary

- 2 As a Building Consent Authority (**BCA**), the Queenstown Lakes District Council has recently had its two yearly routine reassessment by International Accreditation New Zealand ("**IANZ**"). Ongoing accreditation is required in order to be able to continue to act as a BCA. The routine reassessment identified that full compliance with the accreditation regulations was not demonstrated.
- 3 Continued accreditation is dependent upon the Council providing a plan that is acceptable to IANZ, no later than 20 May 2016, as to how it is going to address the ten corrective action requests ("**CARs**") and five recommendations identified. Continued accreditation is also conditional on the successful completion of another routine assessment in October 2016.
- 4 This report identifies the ten CARs and five recommendations and attaches a proposed response plan, which needs to be sent to IANZ by 20 May, to address the deficiencies identified.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Note** the attached IANZ Building Control Authority Accreditation Assessment Report and the ten Corrective Actions that require addressing in order for the Council to retain its Accreditation, and the five recommendations;
3. **Agree** with the draft proposed response plan to address the ten corrective actions and five recommendations, noting that the response plan is to be finalised before being sent to IANZ before 20 May 2016.
4. **Confirm** the Council's intention to provide additional staff resources for the Building Control Authority through its 2016/17 Annual Plan process.

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10/05/2016

Reviewed and Authorised by:



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10/05/2016

Background

- 5 Only registered Building Consent Authorities (“**BCAs**”) are permitted to perform building consenting and certifying functions in terms of the Building Act 2004. The Ministry for Business, Innovation and Employment (“**MBIE**”) has published regulations and criteria for accrediting Building Consent Authorities. IANZ is currently contracted by MBIE to undertake the assessments of Building Consent Authorities against these criteria for registration by MBIE.
- 6 The regulations require Building Consent Authorities to have appropriate policies, systems and procedures in writing that record how it ensures that it implements effective policies, procedures and systems. They also require BCAs to record the key decisions it makes, the reasons for them, and the outcomes and actions of those decisions.
- 7 Accreditation from IANZ ensures that the BCA complies with the Building (Accreditation of Building Consent Authorities) Regulations 2006 and other normative documents as relevant. When any non-compliance is identified during an assessment it is IANZ’s duty to ensure that compliance is re-established if accreditation is to continue.
- 8 The routine reassessment of the Council’s BCA functions carried out by IANZ from 30 March to 1 April 2016 identified that full compliance with the accreditation regulations was not demonstrated. Continued accreditation is reliant on the Council providing a plan that is acceptable to IANZ that details how the ten Corrective Action Requests will be dealt with. Continued accreditation is also conditional on the successful completion of another routine reassessment of the BCA in October 2016.

Comment

- 9 IANZ identified ten CARs and five recommendations in its report of 27 April 2016. While it is only the CARs that are required to be addressed in order to maintain accreditation, it has been decided to address the recommendations alongside the CARs to ensure that every step is taken to address the issues raised in IANZ’s assessment report.
- 10 The ten CARs cover a range of regulations that IANZ has determined are not being met with the Council’s current systems, policies and approaches. The

attached full report from IANZ identifies those regulations and the issues which are identified in the ten CARs as:

- CAR 1 Regulation 5 - Requirements for policies, procedures, and systems
Regulation 6 - Building consent authority's observance of policies, procedures, and systems
- CAR 2 Regulation 6 (a) - Building consent authority's observance of policies, procedures, and systems
Regulation 17 (2) (h) - Assuring Quality - Internal Audits
- CAR 3 Regulation 6 (b), (c) (d) - Building consent authority's observance of policies, procedures, and systems
Regulation 7 (2) - Performing building control functions
- CAR 4 Regulation 8 - Ensuring enough employees and contractors
Regulation 7 (2) (d) - Performing building control functions
Regulations 9 to 13, 15 and 17 – Allocation of work, competence assessment, training, contractors, technical leadership, organisational records, quality system.
- CAR 5 Regulation 7 (2) (f) - Performing building control functions
- CAR 6 Regulation 9 - Allocating work to competent employees or contractors
Regulation 10 - Establishing and assessing competence of employees
- CAR 7 Regulation 11 - Training employees
- CAR 8 Regulation 12 - Choosing and using contractors
- CAR 9 Regulation 13 - Ensuring technical leadership
- CAR 10 Regulation: 17 (2) (n) - Assuring Quality - Management Review (long term)
Regulation: 17 (5) - Assuring Quality - Management Review

11 The CARs identify a number of matters that relate to the BCA's internal policies and approaches, while others relate to external factors that also need managing. Five of the ten CARs are shown in the IANZ report as being similar to ones raised previously at the last IANZ assessment two years ago, and which must be addressed immediately. The number of CARs and the fact that similar ones were raised last time highlights the need to take sustained action to improve the BCA systems and processes. There has been significant growth in building consent applications and requirements in recent years and the BCA has been focussed on delivering those services to the industry and the community. The focus and resources now also need to turn to the continuous quality assurance work that is an integral part of the requirements of ongoing accreditation.

12 The attached response plan identifies the actions that will be taken to address the CARs. Note that the attached plan is still draft at this stage and it is likely that

there will be further actions added before it is completed over the next week as work is ongoing to address the CARs. The attached plan also references a large number of technical attachments as evidence of the changes made. Given the size of those, the technical attachments have not been included with the report but they are available for review if required.

13 It is not possible to address all the matters identified in the CARs immediately. Some, such as the ongoing quality assurance processes will take longer to address and will require concerted effort and a number of changes in the Council's systems and processes to ensure that the improvements are sustainably delivered into the future. While the focus since receiving the IANZ report has been on making some immediate improvements and the detail in the response plan addresses that, some of the longer term changes needed to ensure that the BCA is able to meet its ongoing accreditation requirements are also identified.

14 Assuming that the response plan is acceptable to IANZ and accreditation is retained, the BCA is required to show evidence of initial implementation by 15 July 2016 and then will be reassessed in October 2016. The response plan therefore identifies the actions which:

- Are longer term
- Have been delivered now – these will be attached to the response report as evidence of the changes made
- Will be delivered by 15 July 2016

15 The actions outlined in the plan include:

- A range of immediate changes and planned changes to be done by 15 July 2016 in response to the findings outlined within each CAR. Many of these are technical changes to ensure the checklists, forms and material identified in the IANZ report have been reviewed and updated as necessary.
- Engaging an additional experienced external contractor to work with the team to improve the systems and processes and to review and update the Quality Management System in order to ensure ongoing accreditation is maintained.
- Subject to the Council's 2016-17 Annual Plan process, providing additional staff resourcing to help address the resource shortages identified by IANZ. Those additional resources would be spread across processing, inspections, quality assurance, auditing and training roles within the BCA:
 - There will be a greater focus on developing and maintaining the BCA's quality management systems to give surety about its processes and systems, and compliance with the Building Act and accreditation requirements.

- A greater training focus will be introduced with the BCA adopting more of a training organisation approach to the task of training new staff to meet the competency requirements.
- Bringing in additional internal and external resources to address the current processing backlog to reduce the number of days taken to process applications back below the statutory 20 day requirement.
- Updating all forms, checklists and schedules to ensure that they are current and meet the requirements of current regulations and requirements.
- Noting that IANZ found examples of incomplete, incorrect or poor quality applications that had been accepted, to work with the industry to improve the quality of applications submitted to the BCA through actions including:
 - Introducing a new application vetting step to ensure that applications received contain the necessary information to an appropriate standard before they are accepted for processing
 - Updating and improving advice notes and material available to the public and the industry to clarify and demonstrate the minimum standards of applications and associated documentation which will be required before an application can be accepted
- Working with the industry to explain the requirements of IANZ, the changes being made as a result and the changes that the industry will also need to make to help in the smooth processing of applications and subsequent inspecting functions. This will assist in improving processing times and reducing costs of the BCA which are then passed onto the industry.

Options

- 16 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
- 17 There is only one option open to the Council in order to maintain its ongoing accreditation as a BCA at this time, and that is to provide IANZ with an acceptable response plan on how the ten CARs identified by IANZ are to be addressed. Provided IANZ finds the plan acceptable, then continued accreditation would be reliant on implementing the actions identified in that plan.
- 18 The option of not providing a report to address the CARs would result in the Council losing its accreditation and it would therefore not be able to undertake BCA functions on behalf of its ratepayers, the public and the building industry.

Significance and Engagement

19 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because of the importance to the Queenstown Lakes District of the Council maintaining its BCA accreditation so it is able to continue to deliver building control functions across the District.

Risk

20 This matter relates to the strategic risk SR3 – Management Practice – working within legislation, as documented in the Council's risk register. The risk is classed as high. This matter relates to this risk because of the risk of the Council not maintaining its BCA accreditation, which would result in possible Government intervention and the appointment of a commissioner to take over and manage the BCA functions.

21 The recommended option considered above mitigates the risk by Treating the risk - putting measures in place which directly impact the risk.

Financial Implications

22 The cost of additional resources is subject to the Council's 2016-17 Draft Annual Plan process, and subject to a proposed fees and charges increase that is currently being consulted on.

Local Government Act 2002 Purpose Provisions

23 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 achieving accreditation as a BCA in order to be able to deliver building control services to the District;
- Can be implemented through current and proposed funding under the 10-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.

Consultation: Community Views and Preferences

24 The persons who are affected by or interested in this matter are the public generally, the building industry and their clients and ratepayers within the Queenstown Lakes District.

25 The Council has not consulted on the response plan included in this but will be engaging with the industry, in particular, around some of the proposed changes aimed at improving the timeliness and reducing the cost of the BCA undertaking the building control functions.

Legal Considerations and Statutory Responsibilities

26 As already noted, only registered Building Consent Authorities (BCAs) are permitted to perform building consenting and certifying functions in terms of the Building Act 2004. Achieving accreditation is required in order for the Council to be able to continue to act as a BCA.

Attachments

- A IANZ: QLDC Building Consent Authority Accreditation Assessment Report – 27 April 2016
- B QLDC Response Plan