

## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET MEMBER FOR REGENERATION**

Decision Made: 10 September 2010

#### **BUILDING SURVEYING CHARGES**

##### **Issue for Decision**

To agree the Building Surveying Charges from 1st October 2010

##### **Decision Made**

That the charges set out in the Charging Scheme (attached to the report of the Assistant Director of Environment and Regulatory Services) be agreed with effect from 1<sup>st</sup> October 2010.

##### **Reasons for Decision**

Powers to charge for Building Regulation services exist under The Building (Local Authority) Charges Regulations 1998. Earlier this year those regulations were revised into a new statutory instrument coming into full effect on 1<sup>st</sup> October 2010.

The underlying powers and requirements of the regulations remain unchanged. The service is still required to set and publish how charges are calculated with a view to recovering the proper costs of the chargeable portion of the service, (the Trading Account), and to publish accounts within 6 months of year end detailing income, costs and any surplus/deficit. Charges must be set to produce an income as close as possible to the actual cost of the service, i.e. break even. Communities and Local Government (CLG) cite excessive surplus made by some authorities as a reason for the legislation change.

The main change in the new regulations is that charges must now be determined based on the hourly rate at which the time of officers will be charged. This hourly rate must be published in the Charging Scheme.

The Regulations refer to the Chartered Institute of Public Finance Accountancy (CIPFA) Guidance Document *local authority building control accounting* which sets out the accounting procedure which should be adopted for the calculation of the hourly rate.

The Charges Scheme relating to this decision has been prepared in accordance with the CIPFA guidance and with the approval of Corporate Finance.

The new regulations allow greater flexibility to set fees on individual projects. Charges are directly linked to the level of service required in order to achieve compliance with the Building Regulations and are a multiple of the hourly rate and an assessment of the number of chargeable hours required from application receipt to Building Regulation compliance at the end of each project.

The service level for standard charges and individual pricing will be determined with consideration of advice from the CLG on risk assessment and bundling of inspections.

The *Future of Building Control Implementation Plan*, produced by the CLG concluded that too many site inspections were being made and should be avoided unless there was a specific reason to be on site. To assist in reducing time checking projects they produced guidance on risk assessment.

This guidance also refers to bundling of inspections, for example combining the commencement visit with the inspection of excavations for foundations. The idea of bundling inspections and risk assessment is not new, however this is the first official guidance that moves away from set statutory inspections in the Building Act 1984 and endorses what has been practiced for years.

Charges then are not fixed and can fluctuate up or down after considering factors such as:

- Risk assessment of the professionals/individuals/company involved to determine the level of plan checking and site supervision.
- The application details work which is repetitive, for example a housing development with similar or identical house types
- Work or details being submitted have been approved by the Council on previous applications.
- Where the application has more than one element of work and these are constructed at the same time,
- Where elements of works are certified by other organisations such as Robust Details.

The powers to charge and refund are made clear to customers in paragraphs 3 & 4 of the published fees guide.

The regulations no longer require a fixed scheme of set charges to be determined and published. It is however considered a benefit to customers to publish some set charges rather than have to contact the council for individual quotes each time. The revised set of standard charges is included in the Charges Scheme for decision.

## **Alternatives considered and why rejected**

The alternative action of doing nothing will result in the current charges scheme not complying with The Building (Local Authority) Charges Regulations 2010, a statutory instrument, from 1<sup>st</sup> October 2010.

The alternative action of raising the service standards is not recommended as this would raise fees on individual projects make the council uncompetitive with resulting loss of market share and overall income.

The alternative action of increasing or reducing service standards is not recommended as reducing standards would lead to the need to reduce charges on individual projects and loss of income. Service standards have been set to provide a reasonable level of service to be expected by the customer.

The alternative action of changing the charges, e.g. setting a charge below cost to retain market share, is not recommended as this would not reflect the hourly rate and be contrary to the Regulations and CIPFA guidance.

## **Background Papers**

*Communities and Local Government Future of Building Control  
Implementation Plan*

*The Building (Local Authority Charges) Regulations 2010 (SI 2010/404)*

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: <b>17 September 2010</b>
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