

**MAIDSTONE BOROUGH COUNCIL**  
**CABINET MEMBER FOR REGENERATION**  
**REPORT OF THE ASSISTANT DIRECTOR OF**  
**ENVIRONMENTAL SERVICES**

**Report prepared by: David Harrison**  
**Date Issued: 18 March 2010**

**1. BUILDING CONTROL CHARGES**

1.1 Issue for Decision

1.1.1 To review Building Control Charges from 1 April 2010

1.2 Recommendation of Head of Regulatory and Environmental Services

- 1.2.1 That Tables 1 & 2 of the Building Control Charges relating to new houses and domestic extensions be increased by 1%.
- 1.2.2 That Table 3 of the Building Control charges change to more closely reflect actual costs and the current market conditions.
- 1.2.3 That the charge for using the Councils consultants to sign off Part P (Domestic Electrics) be increased to reflect the cost of this service to the Council.

1.3 Reasons for Recommendation

- 1.3.1 An increase of 1% has been made to the departmental recharges and overheads for 2010/11. The increase in the charges in Tables 1 & 2 reflects this and is necessary to ensure that income expectation is met.
- 1.3.2 Table 3 covers charges for large domestic extensions, alterations and all commercial work. The charges are set according to the estimated cost of work, any changes to construction costs are reflected with a corresponding increase or decrease in the Council charges.

Adjustments are required to table 3 as a result of lessons learnt during competitive tendering; comparisons to the private sector and to more accurately reflect the cost of providing the service.

1.3.3 Charges to estimates under £43,000 have increased up to 15%, to more accurately reflect the true cost of the service. Fees for estimates in excess of £43,000 have decreased by up to 28%, to be more competitive when submitting tenders, particularly when considering large projects such as the Springfield development.

1.3.4 The Part P charge is increased to reflect an anticipated increase in charges from our consulting electrical engineers. Although, the majority of customers choose to use a Part P registered electrician and avoid this charge.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The alternative action of doing nothing will result in reduced income and a possible deficit in the building control trading account.

1.4.2 Building Control income has dropped due to the recession and although this has largely been matched with reduction in expenditure through for example the removal of the market supplements and diversification, charges need to be reviewed to remain competitive. The alternative action of raising fees more than 1% is not recommended due to the high risk of attracting an adverse reaction from customers who may then use our competitors and lose income.

1.4.3 The alternative action of not raising Part P charges is not recommended as this would result in not recovering the cost of providing the service. This is contrary to the fees regulations, a statutory instrument.

1.4.4 The alternative action of raising Part P more than the increase in our consultant charges is not recommended as this would result in recovering more than necessary to pay for the cost of that service. This is contrary to the fee regulations, a statutory instrument.

1.4.5 The alternative action dismissing the consultant is not recommended as the expertise to sign off part P does not exist in the council. This would increase the risk of faulty electrical work not being detected and risk of injury or fatality on site.

An electrical consultant is necessary to ensure the statutory function is fulfilled and to reduce the risk of legal action that would damage reputation and the need to pay compensation.

## 1.5 Impact on Corporate Objectives

- 1.5.1 There will be no adverse impact on Corporate Objectives, value for money remains a key driver for the service.

## 1.6 Risk Management

- 1.6.1 The biggest market share and income is in Table 2 (domestic extensions) and so increasing charges has a risk especially during a recession. This increase has been carefully assessed against the overall charging rates in Kent and the Councils competitor's charges.

As competitors charges are significantly higher, and as this increase still results in Maidstone charges being below Kent average, the risk is considered low.

- 1.6.2 The risk of increasing Table 1 (new housing) charges is also low as again this still leaves us below the average Kent charge for projects exceeding 5 houses. Although marginally above average Kent average for 1 to 5 houses.
- 1.6.3 Information from customers is that service and not price determines their choice and private sector building control is able to offer a one stop shop of building control and warranty. Often if the developer purchases the warranty, building control is not charged for. For this reason market share is very low and a moderate increase such as this has very low risk to market share.
- 1.6.4 Raising fees higher than 1% at this stage would be difficult to justify resulting in the risk of losing customers to competitors and loss of income.
- 1.6.5 Not having an effective electrical consultant has a high risk of legal action following injury or fatality which would require us to pay compensation and would damage reputation.

## 1.7 Other Implications

1. Financial

a) Staffing

b) Legal

c) Social Inclusion

d) Environmental/Sustainable Development

X
X
X

- e) Community Safety
- f) Human Rights Act
- g) Procurement
- h) Asset Management


#### 1.7.1 Financial

The economic downturn has reduced income in from £457,000 in 2008/09 to an estimated £350,000 this year. This has been offset by the surplus from 2007/08, a reduction in expenditure, including the loss of market supplements, and income from discretionary services.

The section will start 2010/11 with an estimated deficit of £16,000 however the staged reduction of market supplements and continued discretionary services should see the Trading Account go into surplus by the summer, as long as there is no double dip in the recession. The loss of supplements reduces professional Surveyors salaries by about 12% over an 18 month period.

#### 1.7.2 Staffing

The reduction in expenditure from August 2008 to date leaves little scope for further savings. The market has been relatively stable over the last 9 months albeit with reduced income of around 7%. If the market continues to remain steady or improves then the loss of the market supplement should be sufficient to safeguard jobs.

As of 1<sup>st</sup> April 2010 the section will have one vacant Senior Surveyor post and one Surveyor on long term maternity leave. How these posts are filled or covered is the key to moving the Trading Account into surplus.

#### 1.7.3 Legal

The revised charges scheme has been prepared in accordance with The Building (Local Authority Charges) Regulations 1998 and will be advertised for a minimum of 7 days before coming into effect.

There is no risk to fulfilling the statutory function as long as an effective electrical consultant is maintained.

**NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED**

Is this a Key Decision?      Yes      ☐      No      ☒

If yes, when did it appear in the Forward Plan?

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Is this an Urgent Key Decision?      Yes      ☐      No      ☒

**How to Comment**

Should you have any comments on the issue that is being considered please contact either the relevant officer or the Member of the Executive who will be taking the decision.

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