

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR REGENERATION

**REPORT OF THE ASSISTANT DIRECTOR OF ENVIRONMENT
AND REGULATORY SERVICES**

Report prepared by David Harrison

Date Issued: 02 September 2010

1. Building Regulation Charges

1.1 Key Issue for Decision

1.1.1 To review Building Regulation Charges from 1st October 2010.

1.2 Recommendation of Assistant Director of Environment and Regulatory Services

1.2.1 That the charges set out in the attached Charging Scheme be agreed with effect from 1st October 2010.

1.3 Reasons for Recommendation

1.3.1 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 instruments coming into full effect on 1st October 2010.

1.3.2 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.

1.3.3 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.

- 1.3.4 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.

- 1.3.5 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.

1.4 Alternative Action and why not Recommended

- 1.4.1 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 1st October 2010.
- 1.4.2 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.
- 1.4.3 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.
- 1.4.4 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.

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 This charges scheme firmly links costs and service levels to the charges for individual projects. The new regulations allow for a customer to claim back some of the charge if the level of service being charged for was not provided. It is essential that staffing be maintained at the right level if such claims are to be avoided.

1.6.2 The section needs to remain efficient and effective to remain competitive in the market. Staffing levels and charges will be closely monitored to ensure income matches expenditure.

1.6.3 Data collection and analysis of actual service level/hours will be compiled on a continuous basis by the Building Surveying manager to ensure efficiency and adherence to the service levels.

1.6.4 When quoting for individual projects, the Building Surveying Manager/team leaders will accurately assess the number of hours and charge to ensure income expectation is met. Risk of error is reduced due to data and knowledge of service provision on major projects.

1.7 Other Implications

1.7.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety
7. Human Rights Act
8. Procurement
9. Asset Management

X
X
X

1.7.2 Financial

The new charges regulations were used as an opportunity to assess the workload and staffing levels in Building Control and ensure that charges are fairly set to ensure at least break even.

This exercise has resulted in changes to the percentage of officer time spent on chargeable and non chargeable services which are funded by the council. The higher chargeable percentage will result in less council funding from 1st April 2011 and thereby a saving which will be considered as part of the budget setting process.

1.7.3 Staffing

There are no implications on staffing levels at this moment in time. Although there is reduced workload due to economic downturn the section currently has a vacant Surveyor post. In addition to this one Surveyor is on maternity leave until April 2011, 2 Senior Surveyors have reduced their hours and another is engaged in the project management of Mote Park and the museum.

1.7.4 Legal

The revised charges scheme has been prepared in accordance with The Building (Local Authority Charges) Regulations 2010 and will be advertised for a minimum of 7 days before coming into effect.

The level of service will ensure that the statutory function is met.

1.8 Relevant Documents

1.8.1 Appendices

The Guide to Fees for Building Control Commencing 1st October 2010

1.8.2 Background Documents

Communities and Local Government Future of Building Control Implementation Plan

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

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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IS THIS A KEY DECISION REPORT?

Yes

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No

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

08/07/2010.....

This is a Key Decision because: Changes to fees and charges.

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Wards/Parishes affected: All.....

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