

RURAL, ECONOMIC AND ENVIRONMENTAL AFFAIRS COMMITTEE

29th MAY 2013

REPORT OF HEAD OF REGULATORY SERVICES

BUILDING CONTROL FEE SETTING

1.0 PURPOSE OF REPORT

- 1.1 To consider the requirement for Building Control fees to be set on a case by case basis following a risk-based approach.

2.0 RECOMMENDATIONS

- 2.1 **That the Committee gives delegated authority to the Head of Regulatory Services to deviate from the Building Control fees published in accordance with The Building (Local Authority Charges) Regulations 2010, where justified on an assessment of risk, on a case by case basis.**

3.0 KEY ISSUES

- 3.1 Legislative changes which came into effect on 1st April 2013 require the Local Authority to set an individual charge for providing the Building Control Service on a 'job by job' basis.
- 3.2 Referred to as 'risk based' inspections, the Local Authority must assess what inspections it needs to make, and how many, in order to discharge their duty to have taken responsible measures to ensure the work complies with The Building Regulations.
- 3.3 The risks concerned are defined by factors such as the complexity of the project, the physical attributes of the site (e.g. whether a site has unusual ground conditions or factors affecting the build such as the presence of drains, trees etc) and the competence of the builder, informed by their accreditations and past performance. This assessment would be undertaken by our qualified Surveyors, principally the Building Control Lead Professional. However, the principal in law – and therefore the starting point for the consideration of reduced inspections - remains the need to do sufficient inspections to be able to declare that a development complies with the Regulations.
- 3.4 The current inspection regime requires 9 (nine) inspections to be carried out (where applicable). These inspections are statutory. The new inspection regime requires a minimum of 3 (three) inspections. The Local Authority can now decide what other 'statutory' inspections are required depending on the risks present, as described at para. 3.2 and 3.3 above.
- 3.5 This inspection regime clearly links to cost – those projects that need less inspections should see lower costs than those who need more inspections and this in turn should be reflected in the fee charged.
- 3.6 The current fee schedule is calculated from a detailed analysis of the time required to undertake the inspections applicable to each development. The background to this is a calculation for each individual inspection (taking into account staff time, transport costs, and applicable overheads) which are then aggregated to create the total inspection fee for each type of development. These fees are then incorporated into the published schedule of fees. This provides a sound and reliable basis on which to calculate any reduction if fees should a development be considered 'lower risk' and less inspections involved (e.g.. if an inspection for, say, roof construction, is omitted, because of assurance it will be adequate,

there is information available to calculate precisely the deduction from 'standard' fees that is applicable).

- 3.7 Our competitors can view our fee schedule because it is published. This allows them to provide the Building Control Service at a reduced rate. It is considered that this provision will allow deviation from the published scale of charges (where merited) and enable a more competitive approach.

4.0 POLICY AND CORPORATE IMPLICATIONS

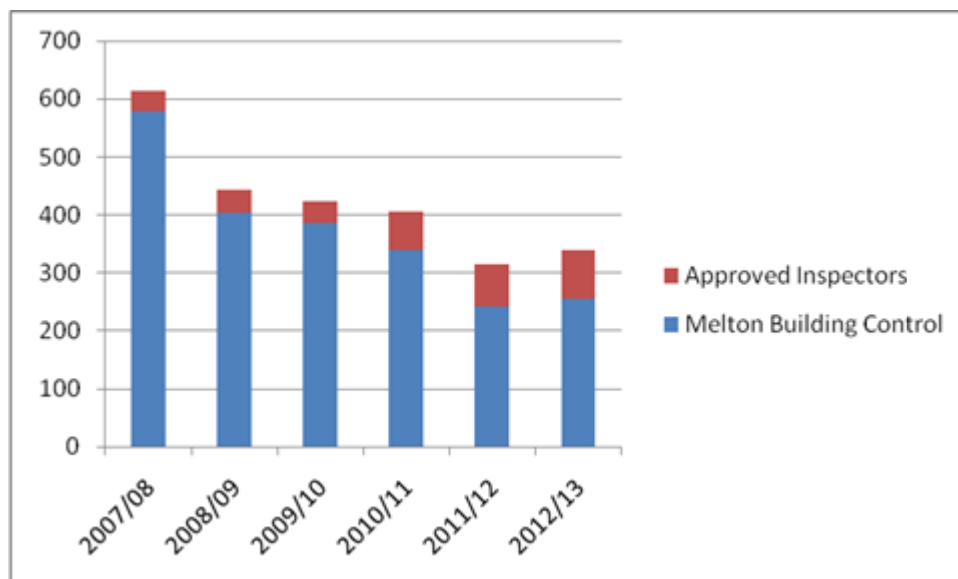
- 4.1 Following the meeting of REEA in January 2013 it was decided that the Building Control Service should retain its current form and that other areas of opportunities should be developed further. As the current fee structure is set and published, this does not give us the opportunity to bid for work resulting in the larger developments being lost.

- 4.2 This provision will allow greater flexibility in the setting of fees and improve the service's competitiveness. This in turn should assist in attracting a greater market share and/or reducing the loss of business to competitors.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 Building Control operates on a strict discipline of 'cost recovery' and as such this amendment will have no financial implications: it will adhere to the principal that the charges made will directly relate to the work

- 5.2 Members will recall concerns expressed that the current level of fees and the lack of flexibility may be a cause of the loss of 'market share' and an explanation for reduced levels of income in recent years. This trend has continued and the graph below provides and up to date position:



- 5.3 Clearly, the prospect of reduced fees on individual cases could impact upon overall income levels. For 2013/14 the budget is set at £60,000 from this source. It is impossible to predict how this will be affected by any requests for reduced inspection; however it is considered that within the context of the total sum concerned, the impact will be manageable.

- 5.4 Of equal importance, it is considered that this provision would make a significant contribution towards increasing market share which will attract new 'whole' fees.

5.5 Accordingly, it is considered that the balance of these anticipated market dynamics is weighted in favour of the attraction of additional income (i.e. reduced inspections may be in be around 10-20% in each case, but new each item of business (if similarly discounted) will attract a fee of 80 – 90% of the 'standard' fee).

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The Charges Regulations 2010 require local authorities to:

- (a) Calculate charges to achieve full cost recovery by relating an hourly charge of 'chargeable costs' to the time spent carrying out their chargeable building regulation function and advice.
- (b) Fix a charge in relation to individual building projects either by reference to standard charges published in the charging scheme or by providing an individual determination where appropriate
- (c) Provide refunds of charges and raise supplementary charges where appropriate.

COMMUNITY SAFETY

7.0 There are no community safety issues arising from this report.

8.0 EQUALITIES

8.1 There are no equalities issues arising from this report.

9.0 RISKS

9.1 *To consider and give any Risks related to this report and if there are risks to complete the tables below. If there are no risks identified, then delete the table*

Probability
↓

Very High A				
High B		2		
Significant C				
Low D		1		
Very Low E				
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

Impact
→

Risk No.	Description
1	Income fails to meet budget expectations(see section 5 above)
2	Fees remain as they are resulting in loss off work due to being out priced by our competitors (see section 5 above)

10.0 CLIMATE CHANGE

10.1 None.

11.0 **CONSULTATION**

11.1 No consultation has been carried out in respect of this report.

12.0 **WARDS AFFECTED**

12.1 All wards are affected: The impacts would affect the entire community

Contact Officer J Barlow; Lead Professional, Building Control

Date: May 2013

Appendices: None

Background Papers: None

Reference : X: C'tees, Council & Sub-C'tees/REEA/2013-14/29-05-13/Building Control Fee Setting