
REPORT TO:	Environmental & Development Services Committee	AGENDA ITEM: 8
DATE OF MEETING:	26th August 2010	CATEGORY: RECOMMENDED
REPORT FROM:	Director of Community Services	OPEN
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SUBJECT:	SCHEME FOR THE RECOVERY OF BUILDING REGULATION COSTS AND ASSOCIATED MATTERS	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE EDS05

1.0 Recommendations

1.1 That Members recommend to Finance & Management Committee adoption of the new scheme of fees for the recovery of Building Regulation Costs and Associated Matters set out in Appendix 1 for implementation on 1st October 2010.

2.0 Purpose of Report

2.1 To seek Members agreement of a new Scheme For The Recovery Of Building Regulation Costs And Associated Matters (as set out in Appendix 1) that is required by new legislation.

3.0 Detail

3.1 The Building (Local Authority Charges) Regulations 2010 (SI 2010/404) requires the introduction on 1st October 2010 of a new Local Authority (LA) building control charging regime in order that the standards and environment within which LA's and Approved Inspectors (AI's) operate and compete are improved.

3.2 The fees relate to checking plans, carrying out inspections of building work in connection with plans, checking and inspecting work covered by building notices, reversion and regularisation applications. It should be noted that the service cannot charge for the statutory work it undertakes on street naming & numbering, dangerous structures and enforcing the Building Regulations which accounts for some 40% of the work undertaken by the section.

3.3 The key principles the new charging scheme should meet are that:-

- charges must be fixed by means of a scheme;
- the user should pay for the actual service that they receive which means full cost recovery should be achieved including:
 - the ability to charge for giving substantive advice related to LA building control functions;
 - an increased range of factors to be taken into account in setting charges;
 - the option of setting either standard charges or making individual determinations of charges; and
 - being able to give refunds and make supplementary charges.
- greater emphasis is given to relating the charges to the cost of carrying out the relevant building control function for individual building projects;
- a risk assessment approach should be adopted to inspections of building work;
- the scheme and financial auditing should be clear and transparent; and
- exemptions apply to certain types of building work in relation to disabled persons

3.4 We are required to calculate our charges by relating an hourly rate for our building control service to the time spent carrying out the chargeable functions and advice. This rate has been calculated to be £42 per hour. Having established this cost the sum is then applied to the various types of building work to ascertain the scale of fees as set out in Appendix 1. For Members information a comparison between the current and proposed fees is given in Appendix 2.

4.0 Financial Implications

4.1 Under the 2010 Regulations, we are required to set charges with the aim of achieving the overriding objective of ensuring that “taking one financial year with another” the income from our charges “as nearly as possible equates to the costs incurred” of carrying out our chargeable functions (and providing chargeable advice related to those functions), i.e. year on year they should always aim to ‘break-even’.

4.2 The duty to “take one financial year with another” recognises the inevitable variation over time in the level of building activity and the fluctuating demands on the building control service and therefore the practical difficulties we may have in estimating income and calculating charges to accurately recover their costs each year. Accordingly, the 2010 Regulations establish the concept of balancing income and costs over a reasonable period of time, rather than the fixed three-year period specified in the 1998 Regulations.

4.3 The 2010 Regulations require us to prepare and publish an annual financial statement no later than six months after the end of each financial year within which we have made a charging scheme. The statement should set out the chargeable costs, income and any surplus or deficit brought forward from the previous year and carried forward to the following year. The statement should be signed-off by a person with the necessary statutory financial authority within the Local Authority before publication.

4.4 We continue to be required to refund a plans charge where we fail to meet specific targets and will now also be required to refund part of a charge, or may request a supplementary charge, where the amount of building control input required is less or more than was originally estimated and paid for.

4.5 Excluding specific one off jobs which are calculated individually, and therefore based upon the number and type of ordinary jobs last year it is anticipated that approximately £28,000 additional income will be generated by the new fees.

5.0 Corporate Implications

5.1 The Building Control function helps deliver the Corporate Plan themes of Safe and Secure and Value for Money.

6.0 Community Implications

6.1 The Building Control function helps deliver the Sustainable Community Strategy themes of Safer and Healthier Communities.

7.0 Conclusions

7.1 The new scheme of charges follows the guidance from CLG and uses the LABC national model-charging scheme as a starting template. Fees are based on a thorough analysis of current types of work that has resulted in more classifications than previously which will be of benefit to our customers, as it will reduce arguments over estimated costs. The fees also better reflect the amount of time spent on each individual type of job thus avoiding the need for cross subsidy and providing a transparent structure.

7.2 The proposed fees will continue to enable the Building Control function to be competitive and may improve income in some areas due to the release under the new requirements from set fees.

7.3 The 2010 Regulations require all LA's to "publish in their area, in such manner as they consider appropriate" at least 7 days beforehand, the making, replacement or amendment of their charging scheme and to provide details, including how it can be inspected by a member of the public free of charge. They must also keep it up to date. This is not a requirement to publish the scheme itself but to publicise the making/replacing/amending of the scheme.

8.0 Background Papers

The Building (Local Authority Charges) Regulations 2010 (SI 2010/404)
LABC national model-charging scheme – template