

REPORT OF THE ASSISTANT DIRECTOR (BUILDING CONTROL)
TO THE EXECUTIVE
7 October 2005

Building Regulation Charges 2005-2006

1.0 Introduction and Report Summary

- 1.1 This report contains proposals to update this Council's Scheme of Charges for Building Regulations.
- 1.2 The changes are intended to ensure that the Charges:
- (a) do not fall below the "proper costs" of the service provided
 - (b) are maintained at competitive and reasonable levels
 - (c) are presented in a simple and logical format and
 - (d) continue represent best value and the provision of a quality service
- 1.3 The contact officer for this report is Bill Farrar, Assistant Director (Building Control) Tel: 01235 540202 ext 356

2.0 Recommendation

- 2.1 *The Executive recommends to the Council that:
The Council adopts the revised "Scheme for the Recovery of Building Regulation Costs and Associated Matters" as its formal scheme, made under the Building (Local Authority Charges) Regulations 1998, and to take effect from 1 November 2005.*

3.0 Relationship with the Council's Vision, Strategies and Policies

- 3.1 This report complies with the Council's Vision Statement and Objectives A, D, E and G.
- 3.2 This report supports the Council's strategy for sound financial management.
- 3.3 This report does not directly conflict with any existing Council policies.

4.0 Background

- 4.1 Local Authority Building Control has been subject to competition since the inception of Approved Inspectors in 1985. The Building (Local Authority Charges) Regulations 1998 gave power to Local Authorities to set their own charges for Building Regulation work.
- 4.2 The Charges are intended to provide a flexible method of recovering the costs generated by Building Regulation work only, which is separate from the other additional responsibilities of local authority building control.
- 4.3 The Regulations require the Council to make a Scheme of Charges for their Building Control function. Local Authorities are required to fix and publicise their Charges each financial year. In addition, they must produce, within its annual accounts, a "Building Control Statement" in which the income and "proper costs" relating to Building Regulations are clearly set out.
- 4.4 Although the Regulations require the level of Charges to be not less than the "proper costs" there is an expectation that they should not be too great either. The former is to prevent the occurrence of "unfair competition" with private sector building control whilst the latter is to ensure best value to customers.

- 4.5 The Office of the Deputy Prime Minister has expressed its wish for local authorities to “balance” their accounts annually within a three-year rolling accounting period. The scheme is intended to be simple, self-regulating and accountable and such that this Council may follow accepted procedures laid down by CIPFA.
- 4.6 As the ODPM has expressed a preference for Local Authorities to set their Charges individually, based on local cost and performance criteria, it is now recommended that Council should take this opportunity to depart from the Local Government Association Model Scheme. Whilst the LGA Scheme has served this Council well for many years it has become outdated.
- 4.7 A review has been carried out by the Service Area with regard to its estimated income and expenditure for the current financial year. This is to ensure that Building Regulation Charges are set at appropriate levels in order to keep within the ODPM guidelines.
- 4.8 The Building Regulation Charge Account has an overall net surplus over the specified rolling three-year period is £69,530. This amounts to an average annual surplus of £23,176 (i.e. approx. 4%).
- 4.9 A deficit of £23,415 occurred in the 2004-05 financial year which followed a surplus of £36,965 during the previous year.
- 4.10 This large variance indicates the need for the Service Area to adjust its method of generating sufficient income in order to keep pace with inflation, to provide a quality service in line with published performance targets and to invest in the future.
- 4.11 This Council complies with the basic aspirations and principles of the Charges concept, i.e.
- (a) to be in line generally with most other Councils policies and rates
 - (b) to be in accord with local groups such as the Oxfordshire Local Authority Building Control
 - (c) not to set Charges, over the 3-year period, lower than the proper costs
 - (d) not to set Charges too high and
 - (e) to balance a 3-year rolling account within a modest accounting margin
- 4.12 The Building (Local Authority Charges) Regulations 1998 specify three categories of Charges for building control work. A realignment of the fee bands is proposed which will provide a simpler and more logical system of calculating the Charges. The effect of these changes is to produce an overall consequential increase of approximately 3%.

5.0 **Future Actions and Timescales**

- 5.1 Major procedural and technological changes in Building Regulations continue to be introduced regularly which in turn impact on resources and in order to maintain a viable trading position in the building control market and to meet statutory requirements, this Council will need to continue to keep its Charges under review.
- 5.2 In reviewing the Service Area’s Building Regulation Charging Account the Council is advised that proper consideration must be given to the levels of investment required to maintain and develop the quality service needed to successfully compete against private sector building control.
- 5.3 The Council will be advised of any future changes that would significantly affect the service and will be the subject of a separate report from the Assistant Director (Building Control).

6.0 **Alternatives and Options**

- 6.1 The LGA Model is no longer a realistic scheme to follow as the LGA has decided to refrain from providing guidance regarding new Building Regulation Charges.

- 6.2 Nevertheless, the proposed Charges which are the subject of this report will continue to be in line with the majority of local authority building control bodies both nationally and locally.
- 6.3 If the Charges were to remain at the same levels the Service Area's quality of service and its ability to compete in a commercial market will be substantially depleted and threatened.

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