

<b>Committee(s):</b>	<b>Date:</b>
Planning and Transportation	21 February 2020
<b>Subject:</b> Building Control Charges Report	<b>Public</b>
<b>Report of:</b> Director of the Built Environment	<b>For Decision</b>
<b>Report author:</b> Gordon Roy, District Surveyor & Environmental Resilience Director	

### Summary

The propose of this report is to seek approval to increase the existing fees and charges, for service users of the District Surveyors, Building Control Service.

The District Surveyor's Building Control Division, currently charges users of the service, through "cost recovery" Charges Schemes. These are known as the "City of London Building Regulations Charging Scheme", for work associated with applications under the Building Regulations 2010, and the "Building Control Miscellaneous Charges" for work associated with Notices under the London Building Act (Amendment) Act 1939, and the Building Act 1984. This report is to recommend changes to the Charges Schemes, which is aimed at increasing income on these activities, as part of the departments requirements to maintain full cost recovery, following increases in inflation, etc.

In conjunction with these two charges scheme's it is proposed to amend the hourly rate for the Building Control Surveyors from £107 per hour to £112 per hour plus VAT.

### Recommendation

Members are asked to approve the new "City of London Building Control Charges Scheme No3:2020, the new City of London Miscellaneous Building Control Charges No3;2020 and the revised hourly rate of £112 per hour, to come into effect 6<sup>th</sup> April 2020.

## **Main Report**

### **Background.**

1. The District Surveyors Building Control division raises income through two approved charges schemes. CIPFA guidance on the allocation and apportionment of reporting requires the division's budget to be split into three defined categories of: -
  - Chargeable Building Regulations
  - Non-Chargeable Building Regulations, and
  - Other Building Control Activities.

The two current charges schemes are;

- The City of London Charges Scheme No2; 2018, which applies charges for "Chargeable Building Regulation" activities, (See Appendix A) and
  - The Miscellaneous Building Control Charges No 2:2018, (See Appendix B) which applies charges for "Other Building Control Activities".
2. CIPFA guidance lists a wide range of activities associated with Building Regulations which are chargeable and non-chargeable for the purposes of these schemes. Chargeable activities include checking of plan charges, site inspections, building notice charges, reversion charges and chargeable advice. Non-chargeable activities, include the control of unauthorised works, general advice to the public and other departments, the first hour of any Building Regulation advice and carrying out Building Regulation functions in relation to work providing facilities for disabled people.
  3. Originally Building Regulation fees, for the approval or rejection of building plans and for the inspection of building works were prescribed by central government and as a result standardised fees were applied to every local authority in England and Wales.
  4. The Building (Local Authority Charges) Regulations 1998 came into effect on the 1<sup>st</sup> April 1999 and for the first time, required each local authority to prepare a scheme fixing charges for the performance of their building control functions aimed at recovering the full cost of the service. The Building Regulations Charging Scheme 1999 for the City of London was made on the 1<sup>st</sup> April 1999, and subsequent amendments to the scheme have been made since.
  5. In 2010, the government introduced The Building (Local Authority Charges) Regulations 2010, being the legal framework for setting a Building Regulation charging scheme and a new scheme was implemented on the 1<sup>st</sup> October 2010, known as the City of London Charges Scheme No1, 2010. These charges were reviewed in 2018 and a revised Charges scheme, known as City of London Charges Scheme No2, 2018, was approved and implemented.
  6. The City of London Building Regulation Charges Scheme No2, 2018, Annex A, comprises of a range of fixed charges for small scale works with a construction

cost up to £1million, and for larger projects over £1million, fees are individually assessed based on the average hourly rate of building control services. Current charges are set out in Appendix A.

7. Other Building Control activities include dealing with temporary structures applications, dealing with dangerous structures, responding to Demolition Notices, and the keeping of public registers including Initial Notices, and Competent persons schemes. Existing charges are set out in “Building Control Miscellaneous Charges No2” in Appendix B.

## Current Position

8. It was anticipated in 2010 that chargeable works should break even ideally over a 3-year period, however a 5-year period maybe more appropriate where unusually high deficits/surpluses have accrued. The income and expenditure derived from Building Regulation applications has been shown below in Table 1. Over the course of the period covered by Table 1 the District Surveyor has strived for efficiencies in all areas of his divisions work with staff levels reducing from 27 to 24 and keeping other costs to a minimum.

**TABLE 1**

**Budgetary Performance 2015-16 to 2019-20**

	Chargeable			Non-Chargeable	Total (Expenditure)/Income
	Expenditure	Income	(Deficit)/surplus		
	£'000	£'000	£'000	£'000	£'000
<b>2020-21 (Original Budget)</b>	(1,312)	1,050	(262)	(663)	(925)
<b>2019-20 (Forecast Outturn)</b>	(1,227)	1,050	(177)	(682)	(859)
<b>2018-19</b>	(1,221)	957	(264)	(669)	(933)
<b>2017-18</b>	(1,204)	874	(330)	(603)	(933)
<b>2016-17</b>	(1,192)	1,296	104	(515)	(411)
<b>2015-16</b>	(1,169)	1,355	186	(514)	(328)

9. In accordance with the scheme, Local Authorities must calculate their charges by relating the average hourly rate of building control services in relation to the costs of building work and of project descriptions. The emphasis is to accurately recharge staff time employed against individual jobs with an agreed set of hourly rates to ensure only full cost recovery of chargeable works.
10. The method of recording time against projects currently operating within the District Surveyors are corporate Time master software and the CAPS Uniform software shared with planning. These charges are monitored continually to ensure that the correct fees are being charged.

## **Proposals**

11. Having reviewed the existing Building Regulations Charges scheme No 2: 2018, the scheme, due to maintain full cost recovery, needs to be revised. A revised scheme, to be known as The City of London Building Regulations Charges Scheme No 3: 2020, to commence on the 6th April 2020 is shown in Appendix C which updates the necessary clauses and fee schedule which is set out in Appendix D.
12. Using the financial statements from previous years, the costs associated with the divisions hourly rate has been recalculated and amended accordingly from £107 to £112 per hour.
13. Fees and charges associated with other Building Control activities have also been similarly reviewed and benchmarked against similar charges with those of surrounding authorities, and a number of standard charges are required to be amended. A revised charging scheme is attached in Appendix F.

## **Transitional Arrangements**

14. It is proposed that the City of London Building Regulation Charges Scheme No 3, 2020 and the City of London Building Control Miscellaneous Building Control Charges No 3 are implemented from 6<sup>th</sup> April 2020.
15. The revised hourly rate of £112 per hour to be adopted from 6th April 2020.
16. The proposed schemes of charges have been devised to ensure full budgetary control by means of standard and individually determined charges. The opportunity has been taken to simplify charges where possible
17. The Building Control team will continue to market its services with its existing clients, to provide a building control service beyond the boundaries of the City in conjunction with other Local Authorities.

## **Legal Implications.**

18. The Building (Local Authority Charges) Regulations 2010 impose a legal obligation on the City of London to have a Building Regulation charging scheme in place, to ensure that the overriding objective of the charges being set at a level that equates to cover the costs of providing the service, and to annually review and publish figures to ensure that this objective is been maintained. These changes will maintain this objective being obtained.

## **Corporate & Strategic Implications**

19. There are no equal opportunity implications arising from this report save that Regulation 4 of the Building Regulations (Local Authority Charges) Regulations 2010 outlines the principles of the charging scheme in relation to building work solely required for disabled persons. No building regulation charge can be authorised in relation to providing means of access solely to an existing dwelling

occupied as a permanent residence by a disabled person or for the provision of facilities and accommodation (including the provision or extension of a room in limited circumstances) designed to secure the greater health, safety, welfare or convenience of such a disabled person. Similarly, no building regulation charge can be authorised in relation to an existing building to which members of the public are admitted in similar circumstances as stated above.

## **Conclusion**

20. The report identifies the measures being taken by the District Surveyors Building Control Division to set a revised hourly rate and charging schemes which accurately reflect actual time employed against individual projects.

## **Appendices**

- Appendix A- Current “City of London Building Regulations Charges Scheme No 2, 2018 with Annex A Charges and Annex B”.
- Appendix B- Current “City of London Building Control Miscellaneous Charges Scheme No3, 2018.
- Appendix C- Proposed “City of London Building Regulations Charges Scheme No 3, 2020”.
- Appendix D- Proposed “City of London Building Regulations Charges Scheme No 3:2020, Annex A, Charges
- Appendix E- Proposed “City of London Building Regulations Charges Scheme No 3:2020, Annex B
- Appendix F– Proposed City of London Building Control Miscellaneous Charges Scheme No 3;2020.”