

<b>Committee(s):</b> Planning and Transportation	<b>Dated:</b> 26/04/2022
<b>Subject:</b> <b>Building Control Charges Report 2022/23</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	1 & 2.
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> <b>Executive Director of Environment Department.</b>	<b>For Decision</b>
<b>Report author:</b> <b>Gordon Roy</b> <b>District Surveyor</b>	

### Summary

The propose of this report is to advise the Committee of the findings of the Building Control's review into their previous fees and charges increases and to recommend revised fees for 2022/23.

The District Surveyor's Building Control Division amended their charges in April 2020 as agreed by this Committee, with charges being set for the service through a "cost recovery" Charges Schemes. These charges are known as the "City of London Building Regulations Charging Scheme No 4", for work associated with applications under the Building Regulations 2010, and the "Building Control Miscellaneous Charges No 3" for work associated with Notices under the London Building Act (Amendment) Act 1939, and the Building Act 1984. This report informs the Committee of the results of the charges schemes and to recommend changes to the City of London Building Regulation Charging Scheme and the Building Control Miscellaneous Charges scheme, which are aimed at improving income on these activities, as part of the Divisions requirements to maintain full cost recovery.

### Recommendation(s)

Members are asked to:

- Approve the new “City of London Building Regulations Charges Scheme No 5: 2022”, the “Building Control Miscellaneous Charges No 4: 2022” and amend the charge relating to the Hourly rate from £112 to £115 per hour.

## **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
  - Other Building Control Activities

The two current charges schemes are:

- The City of London Charges Scheme No 4; 2021, which applies charges for “Chargeable Building Regulation” activities, (See Appendix A) and
- The Miscellaneous Building Control Charges No 3:2020, (See Appendix B) which applies charges for “Other Building Control Activities”.

Both of these schemes were previously approved by this Committee in April 2021 and March 2020, respectfully.

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 plans, 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. 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, 2020 and 2021 and a revised Charges scheme, known as City of London Charges Scheme No 4, 2021, was approved and implemented.
5. The City of London Building Regulation Charges Scheme No4, 2021, 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.

6. Other Building Control activities include dealing with temporary structures applications, dealing with dangerous structures, and responding to Demolition Notices. Existing charges are set out in “Building Control Miscellaneous Charges No 3” in Appendix B.

## Current Position

7. 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, particularly around staffing costs.

	Chargeable			Non-Chargeable £'000	Total (Expenditure)/ Income £'000
	Expenditure £'000	Income £'000	(Deficit)/surplus £'000		
<b>2022-23 Budget *</b>	(1,135)	950	(185)	(881)	(1,066)
<b>2021-22 Forecast *</b>	(1,038)	1,000	(38)	(804)	(842)
<b>2021-22 Budget *</b>	(1,122)	950	(172)	(869)	(1,041)
<b>2020-21 Actual *</b>	(1,089)	981**	(108)	(912)	(1,020)
<b>2019-20 Actual</b>	(1,032)	1,058	26	(821)	(795)
<b>2018-19 Actual</b>	(1,221)	957	(264)	(669)	(933)
<b>2017-18 Actual</b>	(1,204)	874	(330)	(603)	(933)
<b>2016-17 Actual</b>	(1,192)	1,296	104	(515)	(411)
<b>2015-16 Actual</b>	(1,169)	1,355	186	(514)	(328)

\* Split 56% Chargeable and 44% Non-Chargeable

\*\*Income includes £170k received from MHCLG due to COVID loss of fee income

8. Unfortunately, since early 2020 the world has been affected by the Covid-19 pandemic, and construction work within the City, was substantially reduced, with application numbers from March 2020 until December 2020, approximately 50% of their normal levels. This reduction in construction activity, decreased income in both the Building Regulation fee charges and the non-Building Regulation fee charges, therefore having a negative effect on the budget performance. However, this deficit position on the chargeable account in recent years has

been largely negated in 2021/22 by holding staff posts vacant and income showing slight signs of improvement.

9. Since April 2021 there has been a steady increase in applications and by the end of the year, a total of 210 applications had been received. The application numbers and their associated generated fees are shown in Table 2. From the amount of fees being generated by these applications, it can be seen that there have been a number of significant development applications received.

Year	Number of Application	Fees Generated
2015	280	£1,210,007
2016	228	£847,099
2017	236	£778,279
2018	246	£778,279
2019	266	£1,091,256
2020	191	£810,680
2021	210	£1,391,757

10. A review was also undertaken of the applications which were completed during 2021. During this time 158 projects were completed and as all time associated with projects is recording against the District Surveyors corporate Timemaster software and the CAPS Uniform software, all projects can be checked to ensure that the correct fees were being charged.
11. Each completed project was checked and cross referenced to similar projects dating back to 2015 and placed into bands that matched the Estimated Cost of Works within the fee scales. Average time taken to administer those projects within each band was then calculated using the 2021 agreed hourly rate, to establish a benchmark of appropriate cost for each band. A similar procedure was also carried out for just year 2021 to ensure that officer time on projects was equivalent to previous years. The results are shown in Table 3.

**Table 3. Average time and costs per application 2015-2021**

Estimated Cost of Woks	Average hrs taken 2015-2021	Average cost to service 2015-21	Current Fit Out Fee	Current Refurb Fee
£0-£10,000	3.93 hrs	£440	£448	£728
£10k-£20k	5.8 hrs	£660	£672	£728
£20k-£30k	10 hrs	<b>£1,121</b>	<b>£896</b>	£952
£40k-£70k	9.86hrs	£1,104	£1232	£1288
£70k-£100K	11.66hrs	<b>£1297</b>	<b>£1232</b>	£1512
£100-£150k	12.13hrs	£1,358	£1400	£1736
£150k-£200	13.72 hrs	£1,537	£1624	£1960
£200k-£300k	18.29 hrs	<b>£2,048</b>	<b>£1848</b>	£2408
£300k-£500k	19.33 hrs	£2,165	£2464	£3248
£500k-£700K	25.25 hrs	£2,828	£3192	£4144
£700k-£999k	19.68 hrs	£2,203	£4032	£5376

Note: Costs calculated at £112 per hour as per the agreed hourly rate.

12. As can be seen in Table 2, there are a number of fees (shown in **BOLD**) which on average time over the last 6 years, did not on average provide a “cost recovery” fee. Although the time/cost against fee income is only being checked against the lowest possible fee within this band, it is recommended that the fee schedule is increased. to ensure applications received in 2022/23 are sufficient to balance the budget. A revised fee schedule is shown in Appendix D

## Proposals

13. It is the proposal of this report to request the Committee agree that to ensure applications received in 2022/23 are sufficient to balance the budget for chargeable works, as currently the budgeted position on the chargeable account for 2022/23 is a forecast deficit position of £185k (Table 1), a revised fee schedule as shown in Appendix F, be agreed for the “The City of London Charges Scheme No 5:2022”.

14. Using the financial statements from previous years, the costs associated with the divisions hourly rate has been recalculated and amended accordingly from

£112 to £115 per hour. This charge will be applied to general work associated with Building Control.

15. 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 the standard charges are required to be amended, due to changes in the hourly rate. All other charges remain appropriate for cost recovery.

## **Corporate & Strategic Implications**

16. 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

## **Legal implications**

17. 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 being maintained. These changes will maintain this objective being obtained.

## **Climate implications**

18. None

## **Security implications**

19. None

## **Conclusion**

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

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## **Appendices**

- Appendix A- Current “City of London Building Regulations Charges Scheme No 4, 2021, Annex A & Annex B”.
- Appendix B- Current “Building Control Miscellaneous Charges No3:2020
- Appendix C- Proposed “City of London Building Regulations Charges Scheme No 5, 2022”.
- Appendix D- Proposed “City of London Building Regulations Charges Scheme No 5, 2022, Annex A, Charges
- Appendix E- Proposed “City of London Building Regulations Charges Scheme No 5, 2022, Annex B,
- Appendix F- Proposed City of London Building Control Miscellaneous Charges Scheme No 4;2022.”