

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet Member for Regeneration and Environment
2.	Date:	20 September 2010
3.	Title:	Building Control Fee Charges
4.	Directorate:	EDS

5. Summary

The Building (Local Authority Charges) Regulations 2010 came into force on the 1st April 2010 and provide the legal framework for the setting of a new Building Regulations Charging Scheme. The Council is required to issue a new scheme of charges to comply with the new legislation between the 1st April 2010 and the 1st October 2010. This paper proposes to introduce the new Building Control charging scheme.

6. Recommendation

It is recommended that the Cabinet Member:-

Agrees the Rotherham Metropolitan Borough Council Building Regulations Charging Scheme 2010 (including the proposed fees), to come into effect from 1st October 2010.

7. Proposals and Details

The Charges Regulations 2010 build upon the principle of devolving charge setting to local authorities in order to introduce flexibility and discretion by accurately relating their charges to the actual costs of carrying out Building Regulations plan checking and inspection work for individual building projects.

The stated intention of the new legislation is to introduce greater flexibility and transparency to avoid over or under charging and remove the possibility of significant surpluses or deficits arising. This is intended to further improve the competitive environment within which local authorities and Approved Inspectors compete and the standards within which they operate.

Trading account arrangements are in place in accordance with a new 2010 Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines for Building Control accounting. Under the Guidance Building Control must not cross-subsidise Building Control activities for which there is no fee-earning ability.

Local authorities are authorised to fix, by means of a charging scheme, and to recover their costs for carrying out their main building regulations functions. The regulations apply to the chargeable elements of the building control service and allow for the setting of plan charges, inspection charges, building notice charges, reversion charges, regularisation charges and for a new category of chargeable advice. The new regulations introduce more flexible charging arrangements whereby the charges set should relate to the costs of carrying out the building regulations chargeable service.

Agreement is needed for the introduction of a replacement Rotherham Metropolitan Borough Council Building Regulations Charging Scheme 2010 from the 1st October 2010 based on the new charges regulations as outlined in this report. The new charging scheme must be made before the 1st October 2010 at the latest. Appendix A shows the proposed Scheme for agreement.

Attached is the proposed Building Control Charges scheme from 1st October 2010.

8. Finance

The Building (Local Authority Charges) Regulations 2010 introduce new flexible building regulation charges which seek to address the inflexibility and restrictions identified in the previous charges regulations made in 1998. A revised CIPFA guidance document (Local Authority Building Control Accounting Guidance for England and Wales, 2010 edition) gives guidance on how this is to be done.

The broad charging principles outlined in the new charges regulations give freedom to local authorities to decide whether to set fixed charges or adopt individually assessed charges, either way to ensure accurate recovery of costs. In the 'Charges Scheme' it is suggested that fixed charges operate up to a value of works equal to £100 000 and that an individual quotations be provided for work in excess of that amount.

Previous legislation required that Building Control fees be set in order that the Building Control Service recovered its costs of the fee-earning element of the service over a

three-year rolling period. The new legislation also requires cost recovery, albeit on a more accurate individual fee basis so there should be no overall impact on the budget. The proposed fees are set out in the 'Charges Scheme' and have been calculated in accordance with the new CIPFA guidance on a cost recovery basis.

9. Risks and Uncertainties

The Council is only authorised to meet the cost of providing the Building Regulation service by its charges. Should the Council's auditors consider that the charges are in excess of that requirement, they could suggest that illegal taxation was taking place and require that money put against central re-charges be instead ring-fenced for the use of the service. If a significant surplus developed it could be necessary to increase investment in the service, increase staffing level or reduce charges. The Director of Finance is required to sign-off the Building Regulations Trading Account in line with the CIPFA guidance.

The Building Regulation service is in competition with private sector Approved Inspectors. High charges need to be justified and may encourage the greater use of competitors with a consequential fall in work and revenue. Low Charges need to be justified and could result in negligence claims if based on inadequate service. Currently Approved Inspectors tend to look for the more profitable commercial and large new housing construction work.

Should Building Regulations Income drop significantly the staffing could be further reduced and consequently the contribution Building Control makes to overheads would also be significantly reduced and so affect the ability to finance the non-chargeable activities identified in CIPFA Local Authority Building Control Accounting.

The new requirement for each job to reflect the actual costs of doing the Building Regulation inspections will lead to the charge for some domestic jobs to rise. There is a risk that either more use may be made of Approved Inspector competitors or that the work will be done illegally without notification and payment of charges. This is likely to be picked up when difficulty is encountered in attempting to sell property without valid completion certificates. In such cases Regularisation applications can be applied for at a higher charge.

10. Policy and Performance Agenda Implications

None

11. Background Papers and Consultation

CIPFA Local Authority Building Control Accounting

Contact Name :

Keith Hirst Building Control Manager
Tel: 23829
E-mail: keith.hirst@rotherham.gov.uk