

REPORT TO: Planning Committee
Cabinet

DATE: 18th August 2010,
2nd September 2010.

SUBJECT: The Building (Local Authority Charges) Regulations 2010

**WARDS
AFFECTED:** All Wards.

REPORT OF: A Wallis, Planning & Economic Regeneration Director

**CONTACT
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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To advise the Committee of the enactment of the Building (Local Authority Charges) Regulations 2010, the need for Sefton Council to make a new Scheme of Building Regulation Charges and to seek Committee approval to introduce such a Scheme from 1st October 2010.

REASON WHY DECISION REQUIRED:

The Building (Local Authority Charges) Regulations 2010 requires the Council to make and implement a new Scheme of Building Regulation Charges by 1st October 2010. The aim of the Scheme is to ensure that, taking one financial year with another, the income derived from performing the chargeable Building Control functions, as near as possible, equates to the costs incurred in performing these functions i.e a break-even position.

RECOMMENDATION(S):

It is recommended that:

- i. Planning Committee:
 - a) Note the proposed Scheme of Charges under the new 2010 Building Regulations for operation from 1st October 2010.
 - b) Recommends Cabinet to approve the new Scheme of Charges from 1st October 2010.
- ii. **Cabinet agrees the new Scheme of Charges from 1st October 2010.**

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: 1st October 2010

ALTERNATIVE OPTIONS: None

IMPLICATIONS:

Budget/Policy Framework: The setting of fees and charges falls outside the main budget setting process.

Financial: Modelling of the proposed new Scheme and Charges as outlined in this report has revealed that, subject to the in-house service retaining its market share and levels of economic activity remaining similar to that in 2009/10, an additional £10,000 of income could be generated in the current financial year, allowing for the new charging regime commencing from 1st October 2010. In 2011/12 the estimated additional income may rise by £20,000 in a full year.

It is still anticipated however, that the overall income levels achieved by the Building Control Section will continue to fall short of budget due to the current levels of economic activity despite the anticipated increase in income generated under the new charging regime.

	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
<u>CAPITAL EXPENDITURE</u>	£	£	£	£
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				

Funded from External Resources				
Does the External Funding have an expiry date? Y/N NO	When?			
How will the service be funded post expiry?	N/A			

Legal:

Risk Assessment:

Not to set a new Scheme of Charges would be in breach of the Building (Local Authority Charges) Regulations 2010.

The forecast additional income in the current financial year and the subsequent year is based upon a model that assumes similar workload, and construction activity to that in 2009/10.

Asset Management:

CONSULTATION UNDERTAKEN/VIEWS

FD476 – The Interim Head of Corporate Finance and ICT Strategy has been consulted and his comments have been incorporated within this report.

The Head of Corporate Legal Services has been consulted and there are no legal implications in this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being		✓	
5	Environmental Sustainability		✓	
6	Creating Inclusive Communities		✓	
7	Improving the Quality of Council Services and Strengthening local Democracy		✓	
8	Children and Young People		✓	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Buildings and Buildings, England and Wales. SI 2010 No. 404. The Building (Local Authority Charges) Regulations 2010.

Department for Communities and Local Government – General Guidance on the Implementation of the Building (Local Authority Charges) Regulations 2010.

The Chartered Institute of Public Finance & Accountancy – local authority building control accounting – Guidance for England and Wales, Fully Revised Second Edition 2010.

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1. BACKGROUND

- 1.1 In 1998 responsibility for setting Building Regulation Charges was devolved to the Council with the aim of ensuring that over any three year rolling period, income received covered the costs incurred.
- 1.2 In the years since, income has fluctuated significantly and whilst surpluses were generated in the early years, the recent economic down turn has had a negative impact, resulting in reduced income, such that income has been insufficient to cover costs, particularly in respect of household extensions and alterations.
- 1.3 In an attempt to address this imbalance, Sefton's Building Regulation charges were reviewed and increased in April 2010. Since this review, new legislation in the form of The Building (Local Authority Charges) Regulations 2010, has been enacted (by the previous Government) which re-emphasises the key principle of devolved charging, which is that the user should pay for the actual service they receive.

2. REQUIREMENTS OF THE 2010 REGULATIONS

- 2.1 The overriding objective of the 2010 Regulations is that the Council must ensure that, taking one financial year with another, the income derived from performing chargeable functions and providing chargeable advice as near as possible equates to the costs incurred by the authority in performing those functions i.e that a break-even position is achieved.
- 2.2 In practice, the Regulations require the Council to adopt a new Scheme of Building Regulations Charges for its Building Regulation function. This Scheme should seek to arrive at appropriate charging schedules, reflecting the typical work input of Building Control staff, and be reviewed annually with the aim of addressing any deficits or surpluses arising.
- 2.3 Statutory Guidance issued to accompany the Regulations recognises that inevitably there will be variations over time in the level of building activity and the fluctuating demands on the Building Control Service. As such it is suggested that Councils may wish to balance income and costs over a 'reasonable period' of between 3 & 5 years.

3. DETERMINING THE CHARGES

- 3.1 In determining Building Control's input into a project and therefore the charge, it is suggested in the Regulations that a range of factors may be taken into consideration, including the size and complexity of the project, the type of construction and whether detailed plans are to be provided. To reduce the complexity of administering the Scheme, however, local authorities are authorised to establish 'standard' charges for repetitive designs or typical building projects.

4. RESPONSE TO REGULATIONS

4.1 In response to the Regulations, a detailed assessment of the work / time input required for a range of typical building projects has been undertaken to determine an average hourly charging rate which, for the current year is around £50.00 per hour. This assessment has been conducted in line with the 2010 accounting guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) to all Local Authorities.

5. THE REVISED SCHEME

5.1 It is proposed to adopt standardised charges for repetitive or typical work types, in particular for new build dwellings, extensions and alterations to domestic premises and for other works with an estimated value of less than £5,000.

5.2 A sample showing a few of the charge variations arising from the new assessments, are demonstrated in the table below.

	<u>Existing Full Plans</u> <u>Charge</u> <u>excl. VAT</u>	<u>Proposed Full</u> <u>Plans Charge</u> <u>excl. VAT</u>
Single storey extension of a dwelling floor area <10m ² ,	254.49	330.00
Single storey extension of a dwelling floor area between 10m ² and 40m ² ,	373.62	450.00
Any extension of a dwelling by the addition of rooms within the roof space incl. dormer.	483.40	420.00
Replacement of windows in a dwelling house.	100.00	80.00

5.3 Full details of the proposed 2010/2011 charges for repetitive or typical work are set out in Annex 1 to this report. These charges have been determined from an estimation of the hours required to assess/inspect the building work multiplied by the average hourly rate.

5.4 Whilst standardised charges will reduce the complexity of the Scheme, such an approach will not be possible for all building work activity, in particular large complex buildings. In such circumstances it will be necessary for each building project to be assessed individually.

5.5 Charges are usually subject to VAT. Work to provide facilities for disabled people will continue to remain exempt from Building Regulation charges under the new regulations.

6. FINANCIAL IMPACT OF THE PROPOSED SCHEME

- 6.1 Modelling of the proposed new Scheme and Charges has revealed that, subject to the in-house service retaining its market share and levels of economic activity remaining similar to that in 2009/10, an additional £20,000 of income could be generated in 2011/12, on a pro rata basis this would equate to £10,000 in the current financial year assuming approval is given to the new charging regime from 1st October 2010.
- 6.2 Despite the potential for an increase in income, it is apparent that the proposed charges may be insufficient in the current financial year to meet the objective of covering costs.
- 6.3 In line with the requirements of the Regulations and Statutory Guidance it is therefore proposed to conduct annual reviews, the first being due in April 2011 with the intention of reducing any forecast deficit and to work towards bringing chargeable work income and expenditure into balance within the timetable allowed.

7. OTHER PROCEDURAL MATTERS

- 7.1 The Regulations require the Council to publish a notice 7 days prior to the Scheme coming into effect advising that it has made a new Scheme. For clarity and accountability it will also be necessary, at the on-set of a building project, to advise applicants what the Building Regulation charge will be and the standard of service they can expect. This will ensure transparency of the revised charging mechanism.
- 7.2 The Regulations also make provision for supplementary charges to be levied where more work has been required than was initially envisaged, similar provisions allow for refunds where the input has been less than anticipated. Examples may include the need to; carry out additional inspections or appoint a specialist to assess some element of the works.
- 7.3 Whilst it is the responsibility of each local authority to publish a Scheme of Charges for its area, Building Control Managers across the Merseyside area have sought to develop a model that can be used across the sub-region while allowing flexibility to take account of local circumstances such as different hourly rates. Sefton has taken a lead in this respect, believing that such an approach will promote collaboration, reduce effort & duplication and assist understanding of the Scheme by those undertaking building work.

8. RECOMMENDATIONS

It is recommended that:

- i. Planning Committee:
 - a) notes the proposed Scheme of Charges under the new 2010 Building Regulations for operation from 1st October 2010.
 - b) Recommends Cabinet to approve the new Scheme of Charges from 1st October 2010.

- ii. Cabinet agrees the new Scheme of Charges from 1st October 2010.

Schedule 1
Plan charge: New dwellings

		Number of house types (design)																		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Number of dwellings	1	240																		
	2	246	336																	
	3	252	342	432																
	4	258	348	438	528															
	5	264	354	444	534	624														
	6	270	360	450	540	630	720													
	7	276	366	456	546	636	726	816												
	8	282	372	462	552	642	732	822	912											
	9	288	378	468	558	648	738	828	918	1008										
	10	294	384	474	564	654	744	834	924	1014	1104									
	11	300	390	480	570	660	750	840	930	1020	1110	1200								
	12	306	396	486	576	666	756	846	936	1026	1116	1206	1296							
	13	312	402	492	582	672	762	852	942	1032	1122	1212	1302	1392						
	14	318	408	498	588	678	768	858	948	1038	1128	1218	1308	1398	1488					
	15	324	414	504	594	684	774	864	954	1044	1134	1224	1314	1404	1494	1584				
	16	330	420	510	600	690	780	870	960	1050	1140	1230	1320	1410	1500	1590	1680			
	17	336	426	516	606	696	786	876	966	1056	1146	1236	1326	1416	1506	1596	1686	1776		
	18	342	432	522	612	702	792	882	972	1062	1152	1242	1332	1422	1512	1602	1692	1782	1872	
	19	348	438	528	618	708	798	888	978	1068	1158	1248	1338	1428	1518	1608	1698	1788	1878	1968
	20	354	444	534	624	714	804	894	984	1074	1164	1254	1344	1434	1524	1614	1704	1794	1884	1974

N.B. The above rates may be subject to surcharges- see Surcharge. If the new dwellings have type approval (LANTAC)- plan charge= £180 +£6 per dwell

Schedule 1
Site Inspection Charge – New dwellings

No. of Dwellings	Detached Dwelling houses £	Semi-Detached Dwelling houses £	Terraced/Town Houses or Flats £
1.	390.00	-	-
2.	648.00	540.00	-
3.	888.00	-	750.00
4.	1110.00	906.00	904.00
5.	1314.00	-	1040.00
6.	1500.00	1236.00	1158.00
7.	1668.00	-	1258.00
8.	1818.00	1530.00	1358.00
9.	1950.00	-	1458.00
10.	2064.00	1788.00	1558.00
11.	2178.00	-	1658.00
12.	2292.00	2010.00	1758.00
13.	2406.00	-	1858.00
14.	2520.00	2214.00	1958.00
15.	2634.00	-	2058.00
16.	2748.00	2418.00	2158.00
17.	2862.00	-	2258.00
18.	2976.00	2622.00	2358.00
19.	3090.00	-	2458.00
20.	3204.00	2826.00	2558.00

Schedule 2**Charge for repetitive or typical building work to dwelling houses**

Schedule 2	Full Plans			Building Notice Charge
	Plan Charge	Inspection Charge	TOTAL Payable	
1. Single storey extension less than 10m ²	150.00	180.00	330.00	360.00
2. Single storey extension between 10 and 40m ²	180.00	270.00	450.00	480.00
3. Single storey extension between 40 and 100m ²	210.00	330.00	540.00	600.00
4. Two storey extension less than 40m ²	180.00	270.00	450.00	480.00
5. Two storey extension between 40 and 100m ²	210.00	360.00	570.00	630.00
6. First floor extension less than 40m ²	150.00	210.00	360.00	420.00
7. First floor extension 40 and 100m ²	180.00	270.00	450.00	510.00
8. Loft conversion no dormer and less than 40m ²	150.00	210.00	360.00	420.00
9. Loft conversion with dormer and less than 40m ²	180.00	240.00	420.00	480.00
10. Detached garage less than 60m ²	105.00	180.00	285.00	285.00
11. Attached garage less than 60m ²	120.00	180.00	300.00	300.00
12. Garage conversion less than 40m ²	105.00	180.00	285.00	285.00
13. Detached habitable building less than 40m ²	210.00	270.00	480.00	510.00
14. Detached habitable building between 40 and 100m ²	240.00	360.00	600.00	660.00

15. Basement extension less than 100m ²	180.00	270.00	450.00	510.00
16. Structural and internal alterations with a commercial value of less than £1000	100.00*	-	100.00	100.00
17. Structural and internal alterations with a commercial value of less than £2000	150.00*	-	150.00	150.00
18. Structural and internal alterations with a commercial value of less than £5000	200.00*	-	200.00	200.00
19. Replacement windows < 10 units	80.00*	-	80.00	80.00
20. Replacement windows > 10 units	150.00*	-	150.00	150.00
21. Installation of heat producing appliance	175.00*	-	175.00	175.00
22. Underpinning of existing foundations with a commercial value of less than £5000	250.00*	-	250.00	250.00
23. Renovation of an existing roof, wall or floor	150.00*	-	150.00	150.00
24. Replacement of existing roof covering	200.00*	-	200.00	200.00
25. Installation of cavity wall insulation by an un-licensed installer	150.00*	-	150.00	150.00
26. Installation of cavity wall insulation by a licenced installer	10.00	N/A	10.00	10.00
27. Electrical work carried out by a person <u>NOT</u> Part P registered (#see surcharges)	100.00*	-	100.00	100.00

Schedule 3**Charge for repetitive or typical building work to buildings other than dwelling houses**

Schedule 3 Category	Full Plans			Building Notice Charge
	Plan Charge	Inspection Charge	TOTAL Payable	
28. Replacement windows up to 10 units	30	100	130	150.00
29. Replacement windows up to 50 units	40	175	215	240.00
30. Replacement windows over 50 units	50	215	265	290.00
31. New / replacement shop front	40	110	150	175.00
32. Renovation of a roof, wall or floor	75	100	175	225.00
33. Structural and general alterations < £2000	100	100	200	220.00
34. Structural and general alterations < £5000	125	150	275	300.00
35. Any work not described in Schedules 1, 2 or 3	Charge to be subject to project specific negotiation			

NB For any building work not found within Schedules 1, 2 or 3 – please consult the Building Control Team