

<b>Subject:</b>	<b>Building Control fees and charges</b>		
<b>Date of Meeting:</b>	<b>22<sup>nd</sup> June 2018</b>		
<b>Report of:</b>	<b>Executive Director Economy, Environment &amp; Culture</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

## FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 In November 2017 it was agreed by TDC Committee that Building Control would increase its fees by 3.5% from 1 January 2018. This has been carried out. The report also indicated that a comprehensive review of fees would be undertaken in 2018 following a benchmarking exercise with other local authority Building Control services which indicated there may be scope for further increases.
- 1.2 This report includes the results of a comprehensive exercise that is set out in the report and seeks authority to agree proposed Building Control Service fees and charges that would commence in early July 2018.

### 2. RECOMMENDATIONS:

- 2.1 That the Committee approves the proposed fees and charges increases for Building Control detailed in Appendix 1 from 1 July 2018
- 2.2 That the Committee approves the proposed fees and charges for Building Control Specialist Advice detailed in Appendix 2 from 1 July 2018.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 As part of the Building Control Modernisation Programme, an initial review in November 2017 identified that there appeared to be a considerable variation between Brighton & Hove City Council and other local authorities' Building Control fees across a majority of types of application offered. As a consequence of the TDC decision to agree the fees changes, all Building Control fees and charges were increased by 3.5% from 1 January 2018 as an interim solution.
- 3.2 In the report it was indicated that a more in depth analysis of the current Building Control fees and charges needed to be completed to fully understand the costs associated with providing this service. The purpose of the review has been to make recommendations and proposals to increase fees where possible, without conflicting with the legal duty requiring local authorities' chargeable

functions/advice should as nearly as possible equate to the cost of providing the services.

3.3 The review has involved mapping the process to review all officer time and costs, including Corporate Support service costs. Benchmarking has also been completed to understand how our costs compare to neighbouring authorities' costs and charges where relevant.

3.4 The results of this exercise are presented throughout this report and set out in the appendices. The proposed fees in Appendix 1 have been rounded for ease of administration.

3.5 Each Building Control Service application type was analysed and the process reviewed:

- Process steps and times analysed for officer time
- Related staff and Support Service charges calculated
- Overall costs per product obtained

3.6 Current fees, as at 1 January 2018, were compared to the costs per application type to ascertain if the fees covered the cost of providing the service?. It was noted that the current fees do not cover the cost of providing the service in all instances.

3.7 Building Control current fees were benchmarked with other comparable local authorities for the following chargeable functions - - plan, inspection, building notice and regularisation. All of the variances were reviewed and compared to current fees as well as the cost of providing the application type. The process is detailed in Appendix 3.

3.8 The proposed fees and charges are detailed in Appendix 1 and the proposed increases represent the right balance between covering costs and remaining competitive in the market. It is therefore considered that these increases should not have an adverse impact on demand for the service however this cannot be quantified. Local Authority Building Control Services compete directly with the private sector. Information available indicates that private sector providers generally charge higher fees but are not constrained by CIPFA requirements.

3.9 The overall summary of proposed fee increases are as below:

	<b>Description</b>	<b>Proposed increase</b>
	Flats	5% Plan and Inspection
	Houses	5% Plan and Inspection
	Conversions	10% Plan and Inspection
	Extensions	10% Plan and Inspection
	Other domestic work	10% Plan and Inspection
	Small domestic works	5%
	Cost of work	From 10% lower to 3.5% higher
	Non Domestic	10%

3.10 It is also proposed to introduce new charges for specialist advice currently provided without charge. These are:

- Advice on Building Control issues prior to application:  
Work is often proposed that requires pre application advice. It is proposed to introduce a charge for this advice on the basis of officer time.
- Inspections after three years on buildings not yet inspected: It is the case that a number of projects will not complete within three years. Often during a property sale the Service will be asked to inspect projects where involvement ceased some years ago. The proposal is to introduce a charge for any additional time spent on a project where the Service has not inspected and where more than 3 years have elapsed.

3.11 It is proposed a new fee of £60 per hour is introduced to cover officer costs and overheads. The fee will include the cost of the report produced following the meeting. This is detailed in Appendix 2. Local authorities are, however, unable to charge for the first hour of officer time spent on giving advice.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 The proposed fees and charges in this report have been prepared in accordance with the Council's Fees and Charges Policy and form part of the proposed budget strategy. Consideration has been given to other factors such as cost recovery and prices charged by other Local Authorities. The alternative is not to increase fees. This has been discounted as it will have a harmful impact on the ability of the Building Control Service to recoup costs.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

The main consultation has been in the form of benchmarking other local authority Building Control services.

#### **6. CONCLUSION**

6.1 Fees and charges are considered to be an important source of income to enable services to be provided in a sustainable way. The overall aims are to ensure that fees and charges are reviewed regularly; that charges for services should cover costs; and to ensure that fees and charges keep pace with price inflation and/or other Local Authority charges whilst balancing costs and income.

6.2 On the basis of the evidence provided and a review of costs and services it is proposed that the fees and charges and specialist advice for Building Control are increased in accordance with the rates proposed in Appendices 1 and 2.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

7.1 Building Control fees were increased by 3.5% from 1 January 2018 as reported to this committee in November 2017 pending a comprehensive review of the fees and charges structure. The proposed increases will ensure that the Building Control service is able to meet expected inflationary targets and recover in full

the cost of providing the service. Increases have where possible been benchmarked against similar authorities as detailed in Appendix 3. The new fee structure is expected to be competitive with other commercial providers without detrimentally affecting demand. Where the additional income from these fees result in a contribution toward the cost of the service, including overheads and all allowable expenditure, changes to fees are estimated to result in the achievement of a balanced budget for the service. The anticipated recurring financial impact of changes to fees will be reflected within the service revenue budgets. Income received during the year will be reviewed and reported as part of the budget monitoring process and reported through the Targeted Budget Monitoring reports throughout the year.

- 7.2 Charges are being introduced for the first time to cover the cost of specialist Building Control advice previously provided at no charge. This includes charges for advice on issues prior to application, inspections after 3 years on building not completed and an hourly charge for advice and reports following building control meetings beyond the initial hour.

*Finance Officer Consulted: Rob Allen*

*Date: 08/06/18*

7.3 Legal Implications:

The Building (Local Authority Charges) Regulations 2010 authorise local authorities, in connection with building control, to fix and recover charges for the performance of “chargeable functions” and “chargeable advice” as defined in the Regulations. Such charges must be in accordance with a charging scheme. In determining the amount of the charges to be made within the charging scheme the authority must have regard to the “overriding objective” set out in Regulation 6(3) , namely “...the authority must ensure that, taking one financial year with another, the income derived by the authority from performing chargeable functions and providing chargeable advice ...as nearly as possible equates to the costs incurred by the authority in performing chargeable functions and providing chargeable advice...” As noted in the report, no charge may be made for the first hour spent by an officer in giving advice (Regulation 5(2)).

*Lawyer Consulted: Hilary Woodward*

*Date: 25/5/18*

Equalities Implications:

- 7.5 Equalities issues have been a key consideration of the review of fees and charges and appropriate measures introduced. It is still the case that any work solely for the benefit of providing facilities for people with disabilities will not be charged for or where they form part of other work reductions will be given.

Sustainability Implications:

- 7.6 In order to assist with the long-term sustainability and efficiency of the Planning & Building Control Service and to continue providing a quality service, it is necessary that the charges be set at an appropriate level.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Building Control fees and charges
2. Specialist advice fees and charges
3. Review Process

### **Documents in Members Rooms:**

None

### **Background Documents:**

1. Planning and Building Control Fees Report to TDC Committee – November 2017

