



Ryedale District Council

REPORT TO: North Yorkshire Building Control Partnership Board

DATE: 30 June 2010

REPORTING OFFICER: Les Chapman
Head of Building Control

SUBJECT: Changes to the Charge Regulations

1.0 PURPOSE OF REPORT

- 1.1** To inform Members of changes to the charge regulations and procedures which become fully operative on 1 October 2010.

2.0 RECOMMENDATIONS

- 2.1** That the Report be noted and a further report be submitted to the September Board meeting.

3.0 BACKGROUND

- 3.1** The Building (Local Authority Charges) Regulations 2010 were laid before Parliament on 25 February 2010 and came into operation on 1 April 2010. However, within the Regulations there is a transitional provision allowing local authorities six months in which to undertake a comprehensive review of their charging scheme and to make the necessary adjustments.
- 3.2** A new provision has been included in the Regulations to enable local authorities who enter into formal legal partnerships to provide a single building control service to operate a single charging regime i.e. one charging scheme and one financial statement. This is in practice how this Partnership operates. However, such partnerships have not been previously recognised and each authority has to individually complete a financial statement to the LGC.
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- 3.3** The Charge Regulations 2010 extends to where local authorities enter contractual arrangements with a third party to provide building control services. Where a local authority enters into such an arrangement the third party should not make profit on the chargeable service. Charges should be based on the actual cost of carrying out the specific function in relation to individual building control projects, thereby avoiding significant surpluses.
- 3.4** The Charge Regulations 2010 introduces a flexible charging regime which seeks to redress the inflexibility of the 1998 Regulations and includes:
- Local Authorities are unable to accurately match the actual cost of service to delivery, as they are required to prefix the charge relating to a number of factors resulting in either under or over charging for the work.
 - Local Authorities cannot increase or decrease their charges if the level of building control work is increased or decreased which has resulted in fixing charges at a higher level to ensure costs are recovered.
 - In some Local Authorities large surpluses were achieved and in some cases inappropriately used to fund other Local Authority services.
- 3.5** As a result of the inflexibility of the 1998 Charge Regulations Local Authorities were not able to compete effectively with Approved Inspectors or provide value for money for customers.
- 3.6** The Charge Regulations should relate to the cost of carrying out the building regulation chargeable function. However, there are other service provisions which form part of the building control function. It is important to isolate those costs attributed to the chargeable and non-chargeable building control functions.

4.0 POLICY CONTEXT

- 4.1** This policy falls within the Partnership's objectives and values in providing excellence in client services, providing competitive, high quality, dynamic professional services and being innovative in all aspects of service delivery.

5.0 REPORT

- 5.1** The Charge Regulations 2010 require Local Authorities to fix their charges by means of a scheme but makes significant modifications to the charge regulations 1998. The new regulations remove the

requirement for parity between charges for carrying out different building control functions i.e. that full plans and inspection charges should equal the building notice charges. They also provide for the following:

- In addition to the five current chargeable building control functions Local Authorities are authorised to charge for substantive pre-application advice given in advance of receipt of an application for particular work.
- A more accurate method of calculating charges relating to an hourly charge of Local Authority Building Control Surveyors to the time spent carrying out their building control functions.
- A requirement for Local Authorities to fix a charge in relation to individual building projects either by standard charges or by providing an individual determination.
- For refunds of charges to be made and supplementary charges to be raised where appropriate.
- Greater transparency in relation to total income from charges from building control functions to the total cost of providing these functions.

5.2 The overarching principles of the new Local Authority Building Control Charge Regulations 2010 are full cost recovery and users only paying for the service they receive. These principles facilitate the implementation of a service level agreement based on risk assessment and help to demonstrate the value that building control adds to the project.

5.3 In order to ensure that the charges reflect the standard of service which protects the Local Authority's duties and liabilities under the Building Regulations, reference needs to be made to the publication "Building Control Performance Standards". This document gives details of performance and standards expected by all building control bodies including Approved Inspectors.

5.4 CIPFA has recently issued a comprehensive document detailing the methodology of establishing costs in both the chargeable and non-chargeable accounts together with a standardised statement of accounts.

5.5 Partnership officers and Finance officers are currently assessing workloads, service delivery, IT support and costs associated with these functions to inform a new charging regime.

6.0 LEGAL IMPLICATIONS

- 6.1** A new charging regime must be adopted and implemented by 1 October 2010. This will be subject to external audit during 2011.

7.0 RISK ASSESSMENT

- 7.1** By not having an adopted scheme of charges by 1 October 2010 the Partnership is in breach of the Charge Regulations 2010 and cannot request fees from 1 October 2010. The scheme of charges adopted is subject to challenge by stakeholders to ensure it is fair, accurate and only covers the work undertaken.

8.0 CONCLUSION

- 8.1** It is essential that the working party established to review the Partnership's structure and service delivery submits their recommendations to the next Board meeting in September.

Background Papers: Charge Regulations 2010, Future of Building Control Implementation Plan and CIPFA Local Authority Building Control Accounting.

OFFICER CONTACT:

Please contact Les Chapman, Head of Building Control if you require any further information on the contents of this report. The officer can be contacted on 01347 825760 or at les.chapman@nybcp.org