

Report to: Executive Board – February 28th 2005

Building Control Fees

Report of: Built Environment Business Manager	WARDS AFFECTED ALL
Report Author: Richard Beel, Service Manager Building Control, Tel no. 01865 252762 Email: rbeel@oxford.gov.uk	
Lead Member Responsible: Cllr Mary Clarkson	
Overview and Scrutiny Committee Responsibility: Environment	
Key Decision: Yes	

SUMMARY AND RECOMMENDATIONS

The purpose of this report is to:-

1. Ensure that the level of charges for building regulation work is in accordance with the law, accepted principles of accounting and offset against the cost of providing the building regulation service to the standard required by the *Building Control Performance Standards Document*.

The report contributes to the Council's Vision by improving performance and the environments where we live and work, improving community and ensuring financial stability.

The report has financial implications because it recommends charges which seek to recover estimated costs for the financial year 2005/6.

The Executive Board is **RECOMMENDED** to:-

1. Approve the revised charges set out in Appendix A, effective from 1st April 2005 and in line with the approved budget;
2. Approve the revised Investment Plan in Appendix C

1.0 Background

- 1.1 Building Control is primarily concerned with the health and safety of people in and around buildings, energy conservation and access and use for building users. The two distinct areas of the service involve the compliance with building regulation requirements and public safety. Local Authority Building Control Services are in direct competition with private sector providers for the fee earning aspect of the service. The private sector makes a profit from the provision of equivalent services but Local Authority Building Control Services are required in law to set fees at levels that meet the costs of providing the service. Any incidental surplus revenue should be applied to the future costs of providing the service.
- 1.2 A recent Executive Board report (24th May 2004) outlined proposals for service improvements and attempted to balance the building regulation fee earning account with expenditure. Charges were adjusted to greater reflect the work involved and to reduce cross-subsidy between each work type schedule. A downturn in the general economy and increased competition from private sector providers has resulted in a reduction of fee income for Oxford City Council.
- 1.3 Succession planning has gone some way to addressing historical recruitment and retention issues. The investment in training and development and the associated costs have been significant in 2004/5, but providing staff are retained, this will be greatly reduced as in-house capacity and capability improves. Improvements in performance have been made in the speed of plan examination, levels of inspections and satisfactory completion of work.
- 1.4 Local Authorities have a statutory duty to enforce building regulations within their area. Failure to deploy suitable resources could lead to criticism from the Office of the Deputy Prime Minister and/or legal challenge.

2.0 Building Regulation Charges

- 2.1 The Building (Local Authority) Charges Regulations 1998 provide the Oxford City Council with the power to charge for building control services. In doing so the Council must aim, over a 3 year rolling period, to recover the costs of providing the service. Where a statutory power to make charges has been provided, the Courts have tended to view these as permitting local authorities to recoup their costs rather than make planned surpluses. The whole trend of case law has been to confine the power to charge, particularly for regulatory functions, the recovery of the costs of providing the service. This may include raising income to invest in the future operation of the service with an appropriate, modest figure built in to meet unforeseen contingencies. Apart from these planned investments and contingencies, any surplus that is made must be reinvested in the service or, if this cannot be justified, subsequent charges adjusted to reduce the surplus.
- 2.2 In some ways Building Control is similar to the Planning Service, in that outside economic factors greatly influence the income generated. For example, when the economy is buoyant, numerous building projects will shore up the Service's workload and income. In less positive years, the building trade is hit and the Building Control Service's income reduced. It is therefore inevitable that the Council should set its fees so that there is a small

surplus to cover the possibility that income is not as high as anticipated. Government advice is that this should be kept to a minimum.

- 2.3 In other ways, Building Control's revenue generation is different to the Planning Service; Building Control has the ability to set its own fee levels and it competes directly with private sector companies to provide the same services.

3.0 Building Regulation Income 2003/4

- 3.1 Using comparative data from previous years, it was assumed that 2004/5 work patterns would create a 5% increase in work and this coupled with a reduction in charges gave a projected income of £696,000.

2003/4 fee income	£720,000
5% workload increase	+ £36,000
Reduction through new charges	<u>- £60,000</u>
Estimated income for 2004/5	£696,000

	Original Budget based on 2003/4	Projected Total Income 2004/5	Projected Income 2005/6
Schedule 1	50,000	41,000	49,000
Schedule 2	118,000	188,000	239,000
Schedule 3	528,000	428,000	499,000
Total	696,000	657,000	787,000

Table 1: Financial Position

Schedule 1 concerns work associated with new dwellings and flats
 Schedule 2 concerns small domestic buildings and domestic extensions
 Schedule 3 work not falling in Schedule 1 or 2

- 3.2 Projected income for 2005/6 is based upon percentage increases in work arising within each schedule category as a result of new charges, less a 10% reduction in potential income as a result of a down turn in the economy, i.e. fewer applications and increased activity from private competitors. It should be noted that a number of developments have been targeted by Oxford City Building Control and the work associated with the Ashmolean Museum development contract has been recently won.
- 3.3 Table 2 shows the costs of supplies and services over 2004/05. Additional expenditure, particularly in the first part of the year was incurred over projected costs, particularly for buying-in structural engineering, plan checking service and e-government investment.

Account	Approved budget 2004/5	Projected Spend 2004/5
General contracted	19,413	42,000

services		
Software maintenance/ running costs	3,586	24,045
Hardware purchase	0	2,624
Subscriptions	604	3,982
Postage & carriage	78	2,683
Total	23,681	75,334

Table 2: Additional costs from supplies and services

3.4 Shortfalls in income for 2004/ 5 and overspends in supplies and services will be taken from the Building Control re-investment reserve. A revised Investment Plan reserve is shown in Appendix C.

4.0 Proposed Level of Charges for 2004/5

- 4.1 Building Regulation charges have been reduced since 2001. The main reasons for this were;
- ❑ Excessive surpluses produced as a result of high turnover of work and low staff levels
 - ❑ External challenge regarding level of charges and
 - ❑ Increased competition, which has driven down charges, most notably in schedule 3.
- 4.2 The problems of overspending in supplies in supplies and services is to be addressed by;
- ❑ An increase in the approved budget of approximately £15k.
 - ❑ A new protocol regarding external structural checking
 - ❑ No outsourcing of the plan checking function due to increased in house capacity and
 - ❑ Spending on e-Government being limited to software and device licenses, as the main infrastructure costs are now in place
 - ❑ Increased income from revised charges
 - ❑ Formation of partnerships with major customers through the Local Authority Building Control Partnering Scheme
- 4.3 Success in retaining and developing staff has increased staff costs in 2004/5, but has also resulted in a significant improvement in service delivery. Plan checking targets have risen from 71% in 2003 to 86% in 2004. Inspection levels have increased by 8% and satisfactory completion checks by 9%
- 4.4 Careful consideration has been given to the levels of work undertaken for each work profile. As a result increases in charges between 11 –30% are proposed for 2005-6 to ensure that over a three year rolling period the building regulations service recovers its costs (see Appendix A).
- 4.5 Private sector providers offer a package of services including planning supervision, fire and structural engineering services. To compete measures are being pursued by Oxford City Building Control in the provision of a *Framework Agreement* for building regulation approvals for major schemes and partnership arrangements to offer a range of services to potential developers. Partnership working is a key theme of Central Government and

could come both from within the Authority, private companies or within the Local Authority Building Control Partnering Scheme.

5.0 Investment Plan 2005/6

- 5.1 The revenue generated from fees in past years are held in the Building Control reinvestment reserve as at 31/3/04 was £261,181. Table 3 in Appendix C identifies the revised investment proposals. Significant investments over the last eighteen months has provided the foundation for the service to develop and meet the expectations of our users.
- 5.2 Our aim remains unchanged, being the “service of first choice” within Oxford and to play a key role in delivering the Council’s core values.

6.0 Summary

- 6.1 Oxford City Building Control Service continues to explore and develop new ways of working to the benefit of users, other Council services and the citizens of Oxford. The profession of building control faces huge legislative and performance challenges in the future. Succession planning is seen as the most effective way of meeting these challenges. A considerable amount of time and expenditure has led to many achievements and improvements, in a relatively short space of time. Market retention is vital and we are working very closely with key clients to deliver a cost effective service that meets expectations, whilst ensuring appropriate standards are maintained and charges are applied within the statutory regime.
- 6.2 The proposed charge increases are necessary to maintain the services momentum and flexibility to deliver a customer focused service, internal investment opportunities within building control and to cover the cost of providing the building regulation service. In establishing the new charges consideration has been given to the actual levels of service provided for each category of work.
- 6.3 By continuing to develop new ways of providing our service, closer working with internal and external agencies, Oxford City Building Control aims to deliver both Central Government and Council objectives for modern publicly accountable services.

THIS REPORT HAS BEEN SEEN AND APPROVED BY

Councillor Clarkson
Sharon Cosgrove, Strategic Director
John Hill, Business Manager- Built Environment
Paul Sheppard, Group Accountant
Emma Griffiths, Legal and Democratic Services

Background papers:

Appendix A Proposed new Building Regulation charges for 2005/6

Schedule 1: New Dwellings

Number of Dwellings	Full plans Submissions								Building Notice Charge	
	Plan Charge				Inspection Charge					
	Basic Charge	Additional charge for each dwelling above the minimum number in column 1			Basic Charge	Additional charge for each dwelling above the minimum number in the band in column			Exc VAT £	Inc VAT £
	Exc VAT £	Inc VAT £	(3)	Inc VAT £	Exc VAT £	Inc Vat £	(5)	Inc VAT £		
1	220	258.50			300.00	352.50			520.00	611.00
2	240	282.00			385.00	452.38			625.00	734.38
3	314	368.95			550.00	646.25			864.00	1,015.20
4	360	423.00			700.00	822.50			1,060.00	1,245.50
5	456	535.80			800.00	940.00			1,256.00	1,475.80
6	540	634.50			900.00	1,057.50			1,440.00	1,692.00
7	576	676.80			1,000.00	1,175.00			1,576.00	1,851.80
8	588	690.90			1,200.00	1,410.00			1,788.00	2,100.90
9	602	707.35			1,300.00	1,527.50			1,902.00	2,234.85
10	612	719.10			1,400.00	1,645.00			2,012.00	2,364.10
11	624	733.20			1,600.00	1,880.00			2,224.00	2,613.20
12	650	763.75			1,800.00	2,115.00			2,450.00	2,878.75
13	670	787.25			1,950.00	2,291.25			2,620.00	3,078.50
14	700	822.50			2,100.00	2,467.50			2,800.00	3,290.00
15	725	851.88			2,300.00	2,702.50			3,025.00	3,554.38
16	750	881.25			2,400.00	2,820.00			3,150.00	3,701.25
17	775	910.63			2,500.00	2,937.50			3,275.00	3,848.13
18	800	940.00			2,600.00	3,055.00			3,400.00	3,995.00
19	825	969.38			2,800.00	3,290.00			3,625.00	4,259.38
20	850	998.75			2,900.00	3,407.50			3,750.00	4,406.25
21 to 30	875	1,028.13	50	58.75	3,000.00	3,525.00	100.00	117.5	Sum of plan and inspection charge	
31 & over	900	1,057.50	50	58.75	4,000.00	4,700.00	100.00	117.5		

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Schedule 1 (a): Conversion and Extensions to create New Dwellings

Number of Dwellings	Full plans Submissions								Building Notice Charge	
	Plan Charge				Inspection Charge					
	Basic Charge	Additional charge for each dwelling above the minimum number in column 1			Basic Charge	Additional charge for each dwelling above the minimum number in the band in column			Exc VAT £	Inc VAT £
	Exc VAT £	Inc VAT £	(3)	Inc VAT £	Exc VAT £	Inc Vat £	(5)	Inc VAT £		
1	180	211.50			230	270.25			410.00	481.75
2	200	235.00			320	376.00			550.00	646.25
3	270	317.25			470	552.25			800.00	940.00
4	300	352.50			600	705.00			1,000.00	1,175.00
5	380	446.50			660	775.50			1,100.00	1,292.50
6	450	528.75			800	940.00			1,300.00	1,527.50
7	480	564.00			850	998.75			1,350.00	1,586.25
8	490	575.75			1,000	1,175.00			1,500.00	1,762.50
9	500	587.50			1,100	1,292.50			1,650.00	1,938.75
10	510	599.25			1,300	1,527.50			1,850.00	2,173.75
11 & over	520	611.00	20	3.50	1,400	1,645.00	50.00	58.75	Sum of plan and inspection charge	

Schedule 2: Domestic extension, small building, loft conversions and alterations

Type of Work	Full Plans				Building Notice	
	Plan Charge		Inspection Charge			With VAT £
		With VAT £		With VAT £		
1.Erection or extension of a detached or attached garage or carport having a floor area not exceeding 40m2	70	82.25	70	82.25	150	176.25
2.Extension to a dwelling where the total floor area does not exceed 10m2	130	152.75	180	211.50	310	364.25
3. Extension to a dwelling where the floor area is between 10m2 and 20m2	160	188.00	240	282.00	400	470.00
4.Extension to a dwelling where the total floor area is between 20m2 and 40m2	180	211.50	250	293.75	450	528.75
5.Extension to a dwelling where the floor area is between 40m2 and 60m2	220	258.50	285	334.88	520	611.00
6.Multiple work type (eg extension+ loft conversion +alterations up to £50,000	280	329.00	380	446.50	660	775.50
7.Multiple work types (eg extension +loft Conversion +alterations between £50-100,000	310	364.25	400	470.00	730	857.75
8. Loft conversions up to 50m2	200	235.00	180	211.50	410	481.75
9.Replacement window(s)	70	82.25	No charge	No charge	70	82.25
10. Electrical Installations	100	117.50	No Charge	No Charge	100	117.50

All other types of work refer to
Table 3

Schedule 3 - Work not falling within Schedule 1 or 2

Estimated Cost of Work (£)	Full Plans Submission				Building Notice	
	Plan Charge		Inspection Charge		Building Notice Charge	
		With VAT £		With VAT £		With VAT £
0 – 2,000	150	176.25	No charge		150	176.25
2,001 – 5,000	200	235.00	No charge		200	235.00
5,001 – 10,000	250	293.75	No charge		250	293.75
10,001 – 15,000	300	352.50	No charge		300	352.50
15,001- 20,000	350	411.25	No charge		350	411.25
20,001 - 100,000	150	176.25	200	235.00	390	458.25
	Plus £3.50 + VAT for each £1000 or part there of over £20,000		Plus £4.00 + VAT for each £1000 or part thereof over £20,000		Plus £7 +VAT for each £1000 or part thereof over £20,000 up to £100,000	
100,001 - £1 Million	430	505.25	520	611.00	950.00	1,116.25
	Plus £1.80 + VAT for each £1000 or part there of over £100,000 up to £1 million		Plus £2.00 + VAT for each £1000 or part thereof over £100,000 up to £1million		Plus £4.00 +VAT for each £1000 or part thereof over £100,000 up to £1 million	
Over £1 Million - Please Contact Office						

Total estimated cost of works

Charge Payable

Appendix B Existing Charges 2004/5

BUILDING REGULATION CHARGES

With effect from 1st August 2004

SCHEDULE 1 - NEW DWELLINGS

Domestic houses, flats and maisonettes (not more than three storeys high, with each dwelling under 300m² total floor area). Use Schedule 3 for larger dwellings and conversions to dwellings.

Number of Dwellings	FULL PLANS SUBMISSIONS								BUILDING NOTICE CHARGE		
	Plan Charge				Inspection Charge						
	Basic Charge		Additional charge for each dwelling above the minimum number in the band in column 1		Basic Charge		Additional charge for each dwelling above the minimum number in the band in column 1		Exc VAT £	Inc VAT £	
	Exc VAT £	Inc VAT £	Exc VAT £	Inc VAT £	Exc VAT £	Inc VAT £	Exc VAT £	Inc VAT £			
1	160.00	188.00			200.00	235.00			400.00	470.00	
2	200.00	235.00			320.00	376.00			545.40	640.85	
3	270.00	317.25			470.00	552.25			729.90	857.63	
4	300.00	352.50			600.00	705.00			900.90	1,058.56	
5	380.00	446.50			660.00	775.50			1,053.90	1,238.33	
6	450.00	528.75			800.00	940.00			1,247.40	1,465.70	
7	480.00	564.00			850.00	998.75			1,322.10	1,553.47	
8	490.00	575.75			1,000.00	1,175.00			1,486.80	1,746.99	
9	500.00	587.50			1,100.00	1,292.50			1,652.40	1,941.57	
10	510.00	599.25			1,300.00	1,527.50			1,818.00	2,136.15	
11	520.00	611.00			1,400.00	1,645.00			1,951.20	2,292.66	
12	530.00	622.75			1,540.00	1,809.50			2,083.50	2,448.11	
13	540.00	634.50			1,670.00	1,962.25			2,216.70	2,604.62	
14	550.00	646.25			1,800.00	2,115.00			2,349.90	2,761.13	
15	560.00	658.00			1,900.00	2,232.50			2,483.10	2,917.64	
16	570.00	669.75			2,050.00	2,408.75			2,616.30	3,074.15	
17	580.00	681.50			2,150.00	2,526.25			2,749.50	3,230.66	
18	590.00	693.25			2,280.00	2,679.00			2,882.70	3,387.17	
19	600.00	705.00			2,400.00	2,820.00			3,015.90	3,543.68	
20	610.00	716.75			2,530.00	2,972.75			3,149.10	3,700.19	
21 to 30	650.00	763.75	10.00	11.75	2,650.00	3,113.75	100.00	117.50			
31 & over	740.00	869.50	10.00	11.75	3,550.00	4,171.25	50.00	58.75			
					Sum of Full Plan and Inspection Charge						
Total number of dwellings					Total charge payable £						
Total charge payable £					Total charge payable £						
FOR OFFICE USE ONLY											
DATE FIRST INSPECTION					BCS'S SIGNATURE						

SCHEDULE 2 - DOMESTIC EXTENSIONS, SMALL BUILDINGS, LOFT CONVERSIONS AND ALTERATIONS

Type of Work	FULL PLANS				BUILDING NOTICE	
	Plan Charge		Inspection Charge			
	EXC VAT £	INC VAT £	EXC VAT £	INC VAT £	EXC VAT £	Inc VAT £
1. Erection or extension of a detached or attached garage or carport having a floor area not exceeding 40m ²	35.00	41.13	70.00	82.25	105.00	123.38
2. Extension to a dwelling where the total floor area does not exceed 10m ²	100.00	117.50	100.00	117.50	200.00	235.00
3. Extension to a dwelling where the floor area is between 10m ² and 20m ²	130.00	152.75	170.00	199.75	300.00	352.50
4. Extension to a dwelling where the total floor area is between 20m ² and 40m ²	150.00	176.25	185.00	217.37	350.00	411.25
5. Extension to a dwelling where the floor area is between 40m ² and 60m ²	150.00	176.25	240.00	282.00	430.00	505.25
6. Multiple work type (eg extension+loft conversion+alterations up to £50,000)	200.00	235.00	290.00	340.75	539.00	633.32
7. Multiple work type (eg extension+loft conversion+alterations between £50,000-£100,000)	240.00	282.00	340.00	399.50	749.65	880.84
8. Loft conversion up to 50m ²	150.00	176.25	150.00	176.25	330.00	387.75
9. Replacement window(s)	60.00	70.50	No charge	No charge	60.00	70.50
NB. ANY WORK NOT IN ACCORDANCE WITH THE ABOVE CRITERIA, REFER TO SCHEDULE 3			FOR OFFICE USE ONLY			
			DATE FIRST INSPECTION		BCS'S SIGNATURE	

SCHEDULE 3 - WORK NOT FALLING WITHIN SCHEDULES 1 OR 2

APPLICATION No:

The figures in the first column are the 'total estimated cost of the work' (See guidance notes to both types of application); these may be checked against the BCIS quarterly review of building prices.

Please check with us if you are unsure.

Estimated Cost of Work (£)	FULL PLANS SUBMISSIONS				BUILDING NOTICE	
	Plan Charge		Inspection Charge		Building Notice Charge	
	EXC VAT £	INC VAT £	EXC VAT £	INC VAT £	EXC VAT £	INC VAT £
0 - 2,000	90.00	105.75	No charge		90.00	105.75
2,001 - 5,000	130.00	152.75	No charge		148.50	174.49
5,001 - 6,000	156.00	183.30	No charge		156.60	184.01
6,001 - 7,000	160.00	188.00	No charge		164.70	193.52
7,001 - 8,000	165.00	193.88	No charge		172.80	203.04
8,001 - 9,000	170.00	199.75	No charge		180.90	212.56
9,001 - 10,000	175.00	205.63	No charge		189.00	222.08
10,001 - 11,000	180.00	211.50	No charge		197.10	231.59
11,001 - 12,000	190.00	223.25	No charge		205.20	241.11
12,001 - 13,000	200.00	235.00	No charge		213.30	250.63
13,001 - 14,000	80.00	94.00	125.00	146.87	221.40	260.15
14,001 - 15,000	80.00	94.00	130.00	152.75	229.50	269.66
15,001 - 16,000	80.00	94.00	140.00	164.50	237.60	279.18
16,001 - 17,000	80.00	94.00	145.00	170.37	245.70	288.70
17,001 - 18,000	80.00	94.00	150.00	176.25	253.80	298.22
18,001 - 19,000	80.00	94.00	160.00	188.00	261.90	307.73
19,001 - 20,000	80.00	94.00	165.00	193.87	270.00	317.25
20,001 - 100,000	80.00	94.00	170.00	199.75	270.00	317.25
	Plus £2.50 + VAT for each £1,000 or part thereof over £20,000 up to £100,000		Plus £3.00 + VAT for each £1,000 or part thereof over £20,000 up to £100,000		Plus £6.00 + VAT for each £1,000 or part thereof over £20,000 up to £100,000	
100,001 - £1 million	280.00	329.00	410.00	481.75	750.00	881.25
	Plus £1.40 + VAT for each £1,000 or part thereof over £100,000 up to £1 million		Plus £1.50 + VAT for each £1,000 or part thereof over £100,000 up to £1 million		Plus £3.00 + VAT for each £1,000 or part thereof over £100,000 up to £1 million	
OVER £1 MILLION – PLEASE CONTACT OFFICE						
Total estimated costs of the works	£.....					
Total plan charge + VAT	£..... + VAT £.....					
Total payable	£.....					

Appendix C Investment Plan for 2003/5

Table 3: Revised Investment plan 2005

Investment Plan –one off items	Benefit/Need	Timescale	2004/5 £	2005/6 £
Develop Wireless solution	Provides instantaneous personalised access to important information e.g. CAPS database, email, internet. Allowing remote access /working capability which increases flexibility and effectiveness of service delivery. Supports eGovernment initiative . Gives confidence to surveyors and presents a professional image	Launched remote and mobile working pilot in December 2004. Forms part of IEG Project due to be completed by Spring 2005.	94,000	106,000
Service Promotion	To counter threat from private sector providers by ensuring the service is in the forefront of new and existing customers minds		19,000	
Scanning building regulation files	Needed to reduce storage and make available electronically (supports e-Government)			10,000
	<i>Subtotal</i>		113,000	116,000
			<i>Total</i>	229,000

Table3: Original Investment plan 2003-5

Investment Plan –one off items	Benefit/Need	£	Timescale
Accommodation move to Ramsey House	Facilitate a closer pro-active working relationship with the Panning and Environmental Health sections. Reduce Council accommodation costs	8,000	Successful move to Ramsay House July 03
On-line forms	To allow electronic submission of building regulation applications (supports e-government)	10,000	February 2004 (completed)
AO scanner	To support on-line submissions and allow hard copy records for use by surveyors on-site (supports eGovernment)	32,000	December 2003 (completed)
Up-grade mobile phones	Needed to assist in site inspection responses, photographic records and service response. Provides increased support and confidence to less experienced staff	3,000	Completed November 2003

Develop Wireless solution	Provides instantaneous personalised access to important information e.g. CAPS database, email, internet. Allowing remote access /working capability which increases flexibility and effectiveness of service delivery. Supports eGovernment initiative . Gives confidence to surveyors and presents a professional image	200,000e	Discussion taken place with OBS who are well advanced with a solution. Options to be progressed in 2004 Further encouraging meeting has taken place with Kathryn latter and Mike Primmitt which suggest proposals are both feasible and in line with corporate agenda
Scanning building regulation files	Needed to reduce storage and make available electronically (supports e-Government)	10,000	June 2004
	<i>Subtotal</i>	<i>263,000</i>	

