

Report of: Built Environment Business Manager

To: Executive Board

Date: 20th February 2006

item No:

Title of Report : Building Regulation Charges



Summary and Recommendations

Purpose of report: To ensure that the level of charges building regulation work is in accordance with the law, accepted principles of accounting and set against the cost of providing the building regulation service to the standard required by the *Building Control Performance Standard Document*

Key decision: Yes

Portfolio Holder: Councillor John Tanner

Deputy Responsibility: Environment

Ward(s) affected: All

Report Approved by:

Councillor Tanner

Sharon Cosgrove – Strategic Director

John Hill- Built Environment Business Manager

Emma Burson- Group Accountant

Sammy Franklin – Legal and Democratic Services

Jeremy Thomas – Legal and Democratic Services



Policy Framework:

The Council's Strategic Priority to improve the environment where we live and work

The Community Strategy Theme of a better living environment

The Council's improvement Priority to improve financial performance- through the generation of external fee income

Recommendation(s):

Approve the revised charges set out in Appendix A, effective from 1st April

2006 and in line with the approved budget;



Background

- 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.
- 2 Activity from private sector providers has increased in 2004/5, which has continued to drive down charges and resulted in a reduction of fee income for Oxford City Council. The section continues to retain a healthy 92% of the market by application but with a loss of potential income equivalent to 24% of the total amount received in 2005/6.
- 3 Investment in training, systems development and the associated costs has been significant in 2005/6. On- line submission capability has been achieved, as has support to the corporate wireless solution. Previous Improvements in performance in plan examination times, levels of inspections and satisfactory completion of work were maintained in 2005. In addition, by adapting to the market, more effective ways of working have been introduced, in particular in structural information assessment, which has resulted in an underspend on supplies and services.
- 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.

Building Regulation Charges

- 5 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.
- 6 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.

- 7 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.

Building Regulation Income 2005/6

- 8 Projected income for 2005/6 was based upon a small (5%) increase 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. However, due to a greater slow down in the economy the number of fee earning applications fell by 8%, which has led to a projected shortfall of £60k (see table below). The private sector has successfully secured a number of high profile developments, which has resulted in a potential loss of income to Oxford City Council of £125,000. The building control service continues to tender for work at every opportunity and seeks opportunities to develop potential income or reduce expenditure.

	Original Projected income 2005/6	Projected Total income 2005/6	Projected Total Income 2006/7
Schedule 1	49,000	60,000	64,500
Schedule 2	239,000	220,000	236,500
Schedule 3	471,000	420,000	468,300
Income from Partnerships			6,000
Total	759,000	700,000	775,300

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

Proposed Level of Charges for 2006/7

- 9 The level of charges must be balanced against service provision and the influence of private sector providers. Oxford City Building Control has introduced a number of initiatives to counter these providers and deliver a professional service, including a *Structural Protocol*. Some clients, however, appear to simply want the cheapest option.
- 10 Careful consideration has been given to the levels of work undertaken for each work profile. In 2005 increased categories of work and a more flexible

fee structure was introduced that did not penalize either domestic or commercial applicants. The Building (Local Authority) Charges Regulations 1998 do not permit cross subsidy between categories.

- 11 Percentage increases to each schedule are as follows, 7.5% schedule 1 (new housing), 6-7.5 % schedule 2 (domestic extensions etc) and 10-13 % schedule 3 (commercial work). The proposed level of increase has had due regard for business viability and continued market share.
- 12 Private sector providers offer a package of services including planning supervision, fire and structural engineering services. In order to compete, Oxford City Building Control has introduced measures in the provision of a *Service 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. Oxford City Building Control has formalized partner working arrangements with 4 companies and is in discussion with a number of others.

Future Working

- 13 The revenue generated from fees in past years are held in the Building Control reinvestment reserve as at 31/01/2006 was £80,100. Significant investments over the last two years, have been made in e-government and the Corporate wireless solution. With investment and a shortfall in income the investment reserve is likely to be exhausted.
- 14 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. Our work profile as highlighted in para 3.3 and the market place dictates that the service has to develop ways of working that are not consistent with traditional local government services. Marketing is increasingly important and Oxford City Building Control has secured the building control contract for a major extension to the Ashmolean museum and is also preferred contractor for the Westgate development (£200m), Churchill Hospital expansion (7 projects £20m) and St Johns College (£25m), all of which are expected to commence in 2006/7.
- 15 Partnership working is seen as an additional way of competing with private sector providers. This allows Oxford City Building Control to generate more income, whilst protecting our local market.

Summary

- 16 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. A considerable amount of time, effort 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.

- 17 The proposed charge increases are necessary to cover the cost of providing the building regulation service. They will also provide investment opportunities to maintain momentum and flexibility in delivery of a customer focused service.
- 18 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.

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Background papers: Building Control Performance Standard Document



Appendix A Proposed new Building Regulation charges for 2006/7

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	240	282.00			350	411.25			590	693.25
2	260	305.50			430	505.25			690	810.75
3	340	399.50			590	693.25			930	1,092.75
4	380	446.50			750	881.25			1,130	1,327.75
5	480	564.00			850	998.75			1,330	1,562.75
6	580	681.50			950	1,116.25			1,530	1,797.75
7	600	705.00			1,100	1,292.50			1,700	1,997.50
8	630	740.25			1,300	1,527.50			1,930	2,267.75
9	650	763.75			1,400	1,645.00			2,050	2,408.75
10	670	787.25			1,500	1,762.50			2,170	2,549.75
11	690	810.75			1,700	1,997.50			2,380	2,808.25
12	710	834.25			1,900	2,232.50			2,590	3,066.75
13	730	857.75			2,100	2,467.50			2,810	3,325.25
14	750	881.25			2,300	2,702.50			3,030	3,583.75
15	780	916.50			2,400	2,820.00			3,150	3,736.50
16	820	963.50			2,500	2,937.50			3,280	3,901.00
17	850	998.75			2,600	3,055.00			3,420	4,053.75
18	880	1,034.00			2,700	3,172.50			3,550	4,206.50
19	910	1,069.25			2,900	3,407.50			3,780	4,476.75
20	940	1,104.50			3,000	3,525.00			3,910	4,629.50
21 to 30	960	1,128.00	100	117.5	3,200	3,760.00	100.00	117.5	Sum of plan and inspection charge	
31 & over	1960	2,303.00	100	117.5	4,200	4,495.00	100.00	117.5		

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	190	223.25			240	282.00			430	505.25
2	220	258.50			330	387.75			580	681.50
3	270	317.25			500	587.50			830	975.25
4	330	387.75			630	740.25			1,050	1,233.75
5	400	470.00			690	810.75			1,150	1,351.25
6	450	528.75			830	975.25			1,350	1,586.25
7	500	587.50			890	1,045.75			1,400	1,645.00
8	530	622.75			1,100	1,292.50			1,630	1,915.25
9	550	646.25			1,300	1,527.50			1,850	2,173.75
10	580	681.50			1,400	1,645.00			1,980	2,326.50
11 & over	600	705.00	20	3.50	1,500	1,762.50	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	100	117.50	100	117.50	200	235.00
2.Extension to a dwelling where the total floor area does not exceed 10m2	140	164.50	220	258.50	360	423.00
3. Extension to a dwelling where the floor area is between 10m2 and 20m2	170	199.75	260	305.50	430	505.25
4.Extension to a dwelling where the total floor area is between 20m2 and 40m2	180	211.50	290	340.75	470	552.25
5.Extension to a dwelling where the floor area is between 40m2 and 60m2	230	270.25	330	387.75	560	658.00
6.Multiple work type (eg extension+ loft conversion +alterations up to £50,000	280	329.00	420	493.50	700	822.50
7.Multiple work types (eg extension +loft Conversion +alterations between £50-100,000	310	364.25	460	540.50	760	893.00
8. Loft conversions up to 50m2	210	246.75	210	246.75	420	493.50
9.Replacement window(s)	100	117.50	No charge	No charge	100	117.50
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	170	199.50	No charge		170	199.50
2,001 – 5,000	220	258.50	No charge		220	258.50
5,001 – 10,000	280	329.00	No charge		280	329.00
10,001 – 15,000	330	387.75	No charge		330	387.75
15,001- 20,000	380	446.50	No charge		380	446.50
20,001 - 100,000	170	199.50	220	258.50	390	458.25
	Plus £4.00+ VAT for each £1000 or part there of over £20,000		Plus £4.50 + VAT for each £1000 or part thereof over £20,000		Plus £8.50+VAT for each £1000 or part thereof over £20,000 up to £100,000	
100,001 - £1 Million	490	575.75	580	681.50	1,070.00	1,257.25
	Plus £2.00 + VAT for each £1000 or part there of over £100,000 up to £1 million		Plus £2.50 + VAT for each £1000 or part thereof over £100,000 up to £1million		Plus £4.50 +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 2005/6

BUILDING REGULATION CHARGES

With effect from 1st April 2005

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.

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 £
1	220.00	258.50			300.00	352.50			520.00	611.00	
2	240.00	282.00			385.00	452.38			625.00	734.38	
3	314.00	368.95			550.00	646.25			864.00	1,015.20	
4	360.00	423.00			700.00	822.50			1,060.00	1,245.50	
5	456.00	535.80			800.00	940.00			1,256.00	1,475.80	
6	540.00	634.50			900.00	1,057.50			1,440.00	1,692.00	
7	576.00	676.80			1,000.00	1,175.00			1,576.00	1,851.80	
8	588.00	690.90			1,200.00	1,410.00			1,788.00	2,100.90	
9	602.00	707.35			1,300.00	1,527.50			1,902.00	2,234.85	
10	612.00	719.10			1,400.00	1,645.00			2,012.00	2,364.10	
11	624.00	733.20			1,600.00	1,880.00			2,224.00	2,613.20	
12	650.00	763.75			1,800.00	2,115.00			2,450.00	2,878.75	
13	670.00	787.25			1,950.00	2,291.25			2,620.00	3,078.50	
14	700.00	822.50			2,100.00	2,467.50			2,800.00	3,290.00	
15	725.00	851.88			2,300.00	2,702.50			3,025.00	3,554.38	
16	750.00	881.25			2,400.00	2,820.00			3,150.00	3,701.25	
17	775.00	910.63			2,500.00	2,937.50			3,275.00	3,848.13	
18	800.00	940.00			2,600.00	3,055.00			3,400.00	3,995.00	
19	825.00	969.38			2,800.00	3,290.00			3,625.00	4,259.38	
20	850.00	998.75			2,900.00	3,407.50			3,750.00	4,406.25	
21 to 30	875.00	1,028.13	50.00	58.75	3,000.00	3,525.00	100.00	117.50	Sum of Full Plan and Inspection Charge		
31 & over	900.00	1,057.50	50.00	58.75	4,000.00	4,700.00	100.00	117.50			
Total number of dwellings					Total charge payable £						
Total charge payable £					Total charge payable £						
FOR OFFICE USE ONLY											
DATE FIRST INSPECTION					BCS'S SIGNATURE						

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 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 £
1	180.00	211.50			230.00	270.25			410.00	481.75	
2	200.00	235.00			320.00	376.00			550.00	646.25	
3	270.00	317.25			470.00	552.25			800.00	940.00	
4	300.00	352.50			600.00	705.00			1,000.00	1,175.00	
5	380.00	446.50			660.00	775.50			1,100.00	1,292.50	
6	450.00	528.75			800.00	940.00			1,300.00	1,527.50	
7	480.00	564.00			850.00	998.75			1,350.00	1,586.25	
8	490.00	575.75			1,000.00	1,175.00			1,500.00	1,762.50	
9	500.00	587.50			1,100.00	1,292.50			1,650.00	1,938.75	
10	510.00	599.25			1,300.00	1,527.50			1,850.00	2,173.75	
11 & over	520.00	611.00	20.00	3.50	1,400.00	1,645.00	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 SUBMISSIONS				BUILDING NOTICE	
	Plan Charge		Inspection Charge		Exe VAT £	Inc VAT £
	Exe VAT £	Inc VAT £	Exe VAT £	Inc VAT £		
1. Erection or extension of a detached or attached garage or carport having a floor area not exceeding 40m ²	70.00	82.25	70.00	82.25	150.00	176.25
2. Extension to a dwelling where the total floor area does not exceed 10m ²	130.00	152.75	180.00	211.50	310.00	364.25
3. Extension to a dwelling where the floor area is between 10m ² and 20m ²	160.00	188.00	240.00	282.00	400.00	470.00
4. Extension to a dwelling where the total floor area is between 20m ² and 40m ²	180.00	211.50	250.00	293.75	450.00	528.75
5. Extension to a dwelling where the floor area is between 40m ² and 60m ²	220.00	258.50	285.00	334.88	520.00	611.00
6. Multiple work type (eg extension+loft conversion+alterations up to £50,000)	280.00	329.00	380.00	446.50	660.00	775.50
7. Multiple work type (eg extension+loft conversion+alterations between £50,000-£100,000)	310.00	364.25	400.00	470.00	730.00	857.75
8. Loft conversion up to 50m ²	200.00	235.00	180.00	211.50	410.00	481.75
9. Replacement window(s)	70.00	82.25	No charge	No charge	70.00	82.25
10. Electrical installations	100.00	117.50	No charge	No charge	100.00	117.50
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, 1(a) 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	
	Exe VAT £	Inc VAT £	Exe VAT £	Inc VAT £	Exe VAT £	Inc VAT £
0 - 2,000	150.00	176.25	No charge		150.00	176.25
2,001 - 5,000	200.00	235.00	No charge		200.00	235.00
5,001 - 10,000	250.00	293.75	No charge		250.00	293.75
10,001 - 15,000	300.00	352.50	No charge		300.00	352.50
15,001 - 20,000	350.00	411.25	No charge		350.00	411.25
20,001 - 100,000	150.00	176.25	200.00	235.00	390.00	458.25
	Plus £3.50 + VAT for each £1,000 or part thereof over £20,000 up to £100,000		Plus £4.00 + VAT for each £1,000 or part thereof over £20,000 up to £100,000		Plus £7.00 + VAT for each £1,000 or part thereof over £20,000 up to £100,000	
100,001 - £1 million	430.00	505.25	520.00	611.00	950.00	1,116.25
	Plus £1.80 + VAT for each £1,000 or part thereof over £100,000 up to £1 million		Plus £2.00 + VAT for each £1,000 or part thereof over £100,000 up to £1 million		Plus £4.00 + 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 £.....

FOR OFFICE USE ONLY

DATE FIRST INSPECTION..... BCS'S SIGNATURE

Inspection fee + VAT (where applicable) Total payable

£ + £ VAT £

Appendix C Investment Plan Reserve

Table 1: Revised Investment Plan

Investment Plan –one off items	Benefit/Need	Timescale	2003/4 £	2004/5 £	2005/6 £	2006/7 £
Develop Wireless solution and e-government capability	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. On-line submission and data transfer to back office.	Launched remote and mobile working April 2005. On-line application capability achieved December 2005	73,000	79,000	35,000	No investment planned
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		No investment planned
Scanning building regulation files	Needed to reduce storage and make available electronically (supports e-Government)				Internal process in place to scan completed files	Internal process in place
	<i>Subtotal</i>		73,000	98,000	35,000	
				<i>Total</i>	206,000	

Table 2: 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 Planning 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>	

