

## **NMD BUILDING CONTROL**

**REPORT TO: JOINT SERVICES COMMITTEE**

**DATE: 14/02/2019**

**TOPIC: FEE CHANGES**

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### **1 INTRODUCTION**

1.1 This paper sets out the current financial position and the case for increasing the fees.

### **2 RECOMMENDATIONS**

- 2.1 It is recommended that fees are increased by approximately 3%. The proposed charges have been rounded up to the nearest round figures to eliminate decimal points when both with and without VAT.
- 2.2 It is also proposed to implement the restructuring of fees to combine the plan fee and inspection fee into a single payment at the time of the deposit of the application which was previously agreed by this committee. The aim of this change is to reduce the administration of invoice payments reduce bad debts and remove customer confusion regarding the inspection invoice where they have not been informed of this by their agent.
- 2.3 The revised Fee Scheme has been drafted together with a new fee calculator used for preparing individual quotations. It is proposed to introduce the change on 1 April 2019 after advertising the change on the website for 1 month.

### **3 REASON FOR RECOMMENDATIONS**

- 3.1.1 The fees were changed in April 2018 but the levels need to be increase due to inflation to maintain a balanced budget and ensure that the service continues to be self-funding.
- 3.1.2 The chargeable rate for providing the Building Control Service has been re-calculated and used to calculate the fees using our model inspection regime. The results of this analysis showed an increase on average of 3% above the current fees.
- 3.1 The aim of this change to the structure of the fees is to reduce the administration of invoice payments reduce bad debts and remove customer confusion regarding the inspection invoice where they have not been informed of this by their agent. Key clients have been consulted with regard to this and are in favour of the change.

3.2 A comparison of fees with other Local Authorities and Partnerships in the South West has been carried out and the fees remain competitive.

3.3 Reports from customers indicate that fees vary considerably in the private sector with some projects quoted significantly higher and some lower. Major competitors in the region continue to operate a low cost strategy but we continue to win work based on quality of service rather than price. A low cost strategy is not viable due to the potential reputational damage to Local Authority partners.

## 4 BACKGROUND

4.1.1 Building Regulation fees are paid by householders or developers at the time that works are undertaken or when plans are submitted to the Authority. Until 1 April 1999 the fees charged by Local Authorities were prescribed by Central Government at a level that was intended to reflect the cost of providing the minimum statutory service required by law.

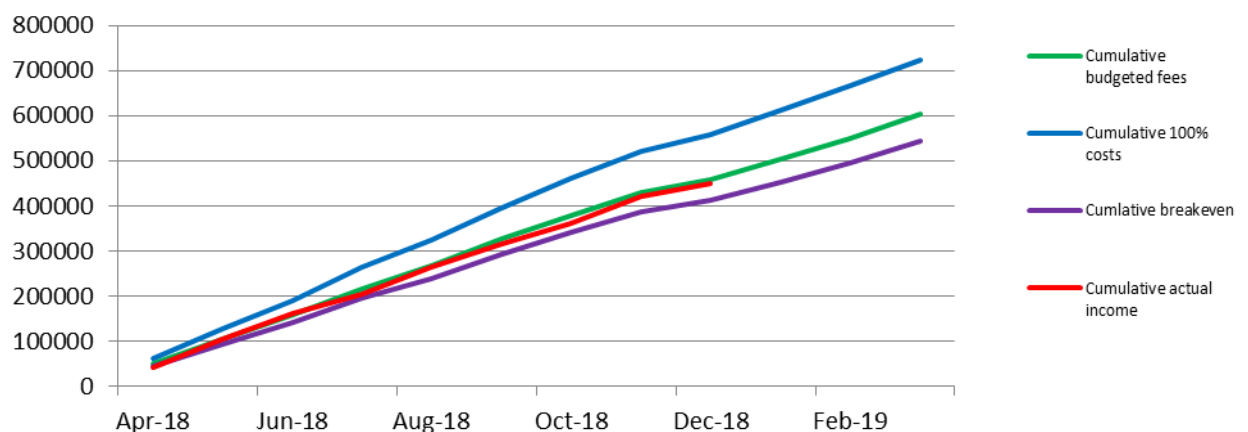
4.1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance sub-divides the Building Control Service into chargeable and non-chargeable activities. The Local Authority costs charged to the chargeable activities are those that relate solely to the issue of statutory Building Regulation notices relating to deposited applications and the carrying out of statutory site inspections. All other costs are charged to the Non-Chargeable Activities. 75% of the costs incurred by Building Control are related to this core activity

4.1.3 The Regulations cited as the Building (Local Authority Charges) Regulations 2010, require each Local Authority to prepare a scheme for the recovery of Building Control Charges with a view to ensuring that the chargeable activities are self-financing over any consecutive three to five year period.

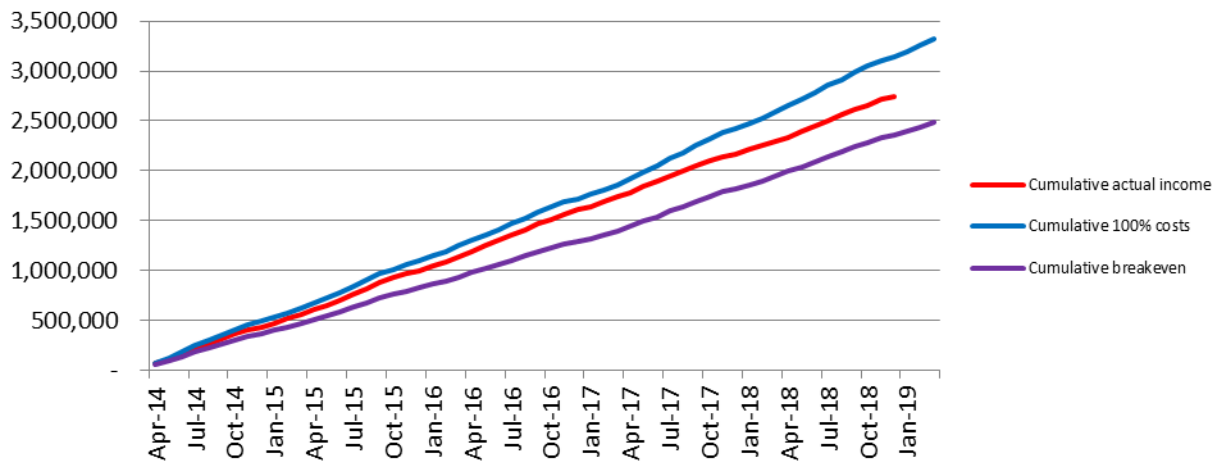
4.1.4 It should be noted that the chargeable activities of Building Control are subject to competition from private sector Approved Inspectors resulting in each building project being tendered for individually.

## 5 FINANCIAL PERFORMANCE

5.1 The Partnership is currently trading well above the breakeven point but is marginally below budget predictions.



**Figure 1: Financial performance 2018/19**



**Figure 2: Financial performance over last 3 years**

## 6 RESOURCE IMPLICATIONS

- 6.1 The increase in fees is aimed at ensuring the continued self-funding of the Building Control Service avoiding a deficit in the trading account and to met budget expectations of the partners. As it is aimed at maintaining the current position there should be no resource implications.