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| <b>SUBJECT:</b>                 | <b>BUILDING REGULATIONS CHARGES 23/24</b> |
| <b>MEETING:</b>                 | <b>INDIVIDUAL CABINET MEMBER DECISION</b> |
| <b>DATE:</b>                    | <b>13<sup>th</sup> March 2024</b>         |
| <b>DIVISION/WARDS AFFECTED:</b> | <b>ALL</b>                                |

**1. PURPOSE:**

1.1 This is a retrospective report for the increase to Building Regulation Charges put in place on 1<sup>st</sup> June 2023.

**2. RECOMMENDATIONS:**

2.1 To agree the 10% increase in Building Regulation Charges imposed on 1<sup>st</sup> June 2023.

**3. KEY ISSUES:**

3.1 The purpose of the Building Control Service is to help people design and construct safe and sustainable buildings.

3.2 The Cipfa Building Control Accounting Regulations 2010 were introduced to :-  
(a) Enable local authorities to more accurately relate their charges to the actual costs of carrying out their main building regulation functions for individual building projects as appropriate, thereby avoiding under- or over-charging and significant deficits or surpluses arising.  
(b) Provide fairer charges to consumers and the building industry in order to ensure the recipient pays the full cost of the chargeable work only and avoid cross-subsidisation.  
(c) Introduce more transparency into the building regulation charging regime, with a view to safeguarding income.  
(d) Further improve the competitive environment within which local authorities and approved inspectors compete and the standards within which they operate.

The work building control undertakes is split between chargeable and non-chargeable works with the chargeable element falling within the remit of the regulations. Any surplus or deficit relating to this chargeable element is transferred to a building control reserve at financial year end with the regulations stating that the reserve must look to break-even over a three year rolling period. In order to ensure that this is achieved fees need to be reviewed to ensure they are sufficient to cover the net running cost of the service. Net running costs can increase through an uplift in expenditure such as pay inflation or a reduction in income due a drop off in application numbers.

At the end of 22-23 the reserve balance was a deficit of £2,838. Current in-year projections are forecasting a further drop off in income so an in-year increase in fees is required to ensure net running cost in 23-24 are covered.

- 3.3 Early year forecasts at Month 2 have projected that income (applications) will be down by £23k due to a downturn in construction activity creating a shortfall against chargeable works. In order to ensure this shortfall is covered it is proposed to increase the Building Control charges by 10% from 1<sup>st</sup> June (see attached charges schedule). Projected application income through till year end is estimated to be £370,000 so a 10% uplift will generate an additional £37k, this will be sufficient to cover off any trading deficit.
- 3.4 A building control trading account will be generated at year end that will determine if the chargeable works have been fully recovered for the year and any balance moved to the reserve. This balance will dictate if there will be any further increase in fees required in 24/25 financial year.

#### **4.0 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

- 4.1 Neither the main positives or main negatives have informed/changed the development of the proposal now or what we will be doing in the future.
- 4.2 Positive: The increase in charges is insignificant to build/development costs. Sustaining a balanced budget over the short term will protect the service for customers in the long term and in line with CIPFA regulations.
- 4.3 Negative: Younger people are likely to have less disposable income thus limit their opportunity to extend/convert/build or develop, therefore the increase in charges may impact them more than older people who generally are more solvent. This is likely to apply for minor works only.

#### **5.0 OPTIONS APPRAISAL**

| <b>Option</b>        | <b>Benefits</b>   | <b>Risks</b>   | <b>Comments</b>  |
|----------------------|---|--|------------------|
| 1.) Do nothing       | Cheaper for customers to use the service.   | Unable to recover service costs therefore breach CIPFA Regulations.      |                  |
| 2.) Increase Charges | Limits the risk of not achieving service cost recovery and compliance with CIPFA Regulations. | Customers charged more but retain value for money service.               | Preferred option |
| 3.) Reduce Charges   | Cheaper for customers to use the service.   | Building Control will under recover income and breach CIPFA Regulations. |                  |

#### **6.0 RECOMMENDATION**

- 6.1 Based on the key issues and above options appraisal, Option 2 (increase charges) is the preferred option.
- 6.2 Financial income since the charges increased is evaluated monthly and Bi-monthly with the Council's accountant and the necessary income figures are used to make an informed decision for cost recovery in the future.

## **7.0 REASONS:**

- 7.1 To ensure Building Regulations income covers costs and comply with CIPFA Regulations.

## **8.0 RESOURCE IMPLICATIONS:**

- 8.1 A 10% increase on projected fee activity will generate an additional £37k in income which will be used to offset the net in-year operating shortfall as per Building Control Regulations 2010.
- 8.2 Any trading surplus or deficit at the end of the 23-24 financial year will be transferred to the Building Control Trading Reserve, regulations state that the reserve must break-even over a 3 year rolling period (current balance - £2,838 deficit) so a review will be undertaken of the balance to decide if fees need to be increased or decreased in 24-25.

## **8 CONSULTTEES:**

- 8.2 Other Local Authority Charges
- 8.3 Building Control team
- 8.4 Council's accountant, bi-monthly income review.

## **9 Appendix 1: Building Control Fee schedule.**

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