



Building Warrant Fees

Final Business and Regulatory Impact Assessment

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1. TITLE OF PROPOSAL

Building Warrant Fees

2. PURPOSE AND INTENDED EFFECT

2.1 Background

Verification of compliance with building regulations is currently undertaken by the 32 Scottish local authorities in their role as verifiers and each is responsible for verification in their own geographical area. Verifiers grant building warrants and accept completion certificates when they are satisfied that construction work complies with the building regulations under the Building (Scotland) Act 2003 (The 2003 Act).

Current building warrant and associated fees are set out in [The Building \(Fees\) \(Scotland\) Amendment Regulations 2004](#). The fee paid for a building warrant for construction of a building is based on the value of the project and is set on a sliding scale. For example, the minimum fee (for works up to £5,000 in value) is £100. A building warrant for a project with a value of £120,000 (a small new house) would cost just over £1,000 in fees and for a construction value of £30 million (a school) the warrant fee would be £77,130. There are also certain fixed fees for a number of items (e.g. demolition) and for projects with a value of under £5,000. A copy of the current fee scale (before discounts) is included in the [Procedural Handbook 3rd Edition Version 1.4](#).

Until now there has been a general expectation that income from fees should cover the costs of the Verification service and that the costs of Verification and the fees paid should be closely aligned. There has also been evidence that fees for larger projects provide some cross subsidy to the fees levied for smaller projects.

The fees structure has not changed since 2005. It follows that the minimum and fixed fees are now less in real terms (by about 40%) than at the time they were introduced. There have, moreover, been significant changes impacting on the process of Verification and the likely costs of Verification since the fee structure was last altered. These include a new Performance Framework for Building Standards, the development of the “Reasonable Inquiry” process for on-site building regulation compliance checking and the introduction of a number of procedure and technical changes in standards. Recent research conducted for BSD suggests that for some local authority Verification services the level of income from fees is a contributing factor to under-resourcing of verification work.

Another consideration in this review of fees is the influence Certification of Design and Construction has on the overall fee system. Certification can be used as a means of demonstrating compliance with Building Standards. The Scottish Government wishes to encourage greater use of Certification however it has become apparent that the current fee discounts for submission of certificates neither reflects the comparative costs of verification nor provides a clear incentive to use Certification.

The Scottish Government is also seeking to introduce an alternative funding mechanism to recognise the role of BSD in supporting the building standards system.

The proposal includes increasing fee levels to cover the building standards related running costs of Building Standards Division (BSD). This essentially passes the whole cost of managing and maintaining the building standards system (by BSD and local authority Verifiers) to the users of the system.

To facilitate this, local authorities would continue to collect building warrant and associated fees from applicants and would transfer an agreed proportion to Scottish Government for the running of BSD. The transfer process would be similar to that currently utilised for the eDevelopment portal

2.2 Objective

The objective of the proposal is to increase income from building warrant and associated fees paid by users of the building standards system to achieve full cost recovery for the system.

To achieve this objective there are two key aims:

1. To provide additional resources for local authority Verification services to encourage recruitment and retention of professional staff and to support service and performance improvement.
2. To introduce an alternative funding mechanism to cover the building standards related running costs of BSD.

2.3 Rationale for Government Intervention

The objective is to increase building warrant and other associated fees to make the building standards system achieve full cost recovery and place it on a sustainable footing for the future.

The Scottish Government is committed to ensuring that building standards is adequately funded to deliver a system that is accessible, affordable and which provides a high-quality service to those who use it.

Beyond this overriding objective, the Scottish Government believes that the fees charged to 'true' users of the building standards system should cover the cost to public funds of providing those services. This means that those who make use of the system should meet, or contribute towards, the associated cost to the public purse.

These users are those who apply for permission to build, through the submission of building warrant applications, and are required to construct buildings in such a way that satisfy matters that are in the 'public interest'.

A review of fees is overdue as there has been no increase since the introduction of the present building standards system in 2005. The responsibility for setting building warrant fees is reserved to Scottish Ministers and the system is administered currently by the 32 local authority verifiers. The intention has always been to make and keep the system running on a cost recovery basis, this was intimated in the July 2001 consultation paper from the Scottish Executive – 'Improving Building Standards'. To date this has only been achieved in terms of the operational side of the system, that is, those applying for building warrant pay a fee to the Verifier to cover the independent checking process.

It was appropriate that between 1999 and 2005, when the current system was being devised, that the 'public purse' paid for the original development work. It was also felt reasonable that during the ten year bedding-in period of the system, maintenance costs should fall to the Scottish Government. However Scottish Ministers now wish to take this to the next level and place the entire system on a cost recovery basis. This includes drafting of legislation, technical and procedural guidance and also the other construction related work of the Scottish Government Building Standards Division.

In this review of fees, the proposal is to increase fee levels to cover the costs of the local authority Verification services and also the costs of the Scottish Government, specifically the Building Standards Division (BSD). The proposal seeks to provide a net income gain to local authorities. Scottish Government would expect to see this additional building warrant fee income reinvested in improving local authority Verification services

3.0 CONSULTATION

3.1 Within Government

Building Standards Division has engaged with the following in the development stage of this policy:

Directorates

- Local Government Finance
- Scottish Government Finance

Enforcement Bodies

- Local authorities, who are responsible for the administration of the building system for their own geographical area, through Local Authority Building Standards Scotland (LABSS).

LABSS support the proposals to increase the fee revenue to allow an increased level of investment into the building standards system.

3.2 Public Consultation

The BSD has an extensive database of names of individuals and organisations that have expressed a specific interest in building standards and regulations.

Stakeholders on the BSD list are directly alerted to any forthcoming consultation in areas that they have expressed an interest in. As well as directly contacting stakeholders with a known interest, forthcoming consultation exercises are also promoted on the BSD homepage of the Scottish Government website and in the BSD electronic newsletter/newsflash issued to approximately 1800 stakeholders.

Informal consultation meetings have been held with the Convention of Scottish Local Authorities (COSLA) and LABSS.

The formal consultation ran for a period of six weeks from 15 November 2016 to 9 January 2017.

3.3 Business

In developing proposals, engagement in support of the Scottish Firms Impact Test was undertaken during the public consultation. A questionnaire was developed asking details about the proposals and carried out with the identified stakeholders by telephone interviews.

The stakeholders are:

- Applicants – 1 housing company (micro business)
- Agents – 2 architectural practices (1 micro & 1 small business)
- Scheme Providers – 1 certification scheme provider (small business)
- Certifiers of Design – 3 micro businesses (2 structural & 1 energy)
- Local Authorities – 2 large businesses, but small individual departments

4.0 OPTIONS

4.1 Options proposed

There are two options in the regulatory framework to consider. Option 1 is do nothing. Options 2 details the building warrant fees proposal. There is no non-regulatory option included in the proposal.

Option 1 – Do nothing.

Option 2 – Increase building warrant and associated fees to achieve full cost recovery for the building standards system

This would be implemented by an amendment to The Building (Fees) (Scotland) Regulations 2004.

In taking this fees review forward BSD established that the fees increase should deliver approximately £3.5 million in additional funding overall after making allowances for any significant uptake in certification activity. This represents an approximate 10% increase on the overall fee revenue for local authority Verification services in 2014/15. The increase is based on £2 million to support local authority service improvements and £1.5 million to cover the overall running costs of BSD.

To deliver the financial objectives set by BSD, a study was commissioned to consider the impact of increases to the 2016 building warrant fee levels (minimum fee and incremental step increases) and other associated fixed fees. The study also considered the impact of changes to the fee discounts given for submission of certificates of design and construction.

The dependence of authorities on fees from large projects (whose number can vary considerably from year to year and with the economic cycle) was also highlighted by the research. Almost half of income across Scotland comes from projects with a value of over £320,000 (about 5% of cases) and about 40% from projects with a value of over £1 million.

In relation to the main fee structure the study identified a series of options involving different combinations of minimum fee change and changes to fees for higher value work. The analysis indicated how these changes would impact on projected income to local authority building standards Verification services and considered other effects of the proposed changes.

It was further suggested that the incremental costs of warrants for projects with a value of over £100,000 should be considered after the impacts of changes in the fees for smaller projects have been analysed and set so as to generate no more than the desired income increase. Consequently the incremental steps in the fee scale bands for higher value work have been increased to meet overall financial objectives.

The preferred option sees proportionately higher fee increases for the smaller projects with percentage increases falling for those projects with a value of £50,000 or more. These increases are substantially mitigated if certificates of design and construction are submitted.

The proposal therefore meets the income generation required, better addresses the issue of cost reflection and eases the dependence on high value projects for income. This therefore improves the reliability of income for those local authority Verification services whose work profile is mainly small and domestic by its nature. Modelling of the proposed scale of fees undertaken suggests that all authorities regardless of scale or type will benefit to a similar degree to others.

Raising building warrant fees (minimum fee and step increments) and fixed fee applications

In the 2012 study of the relationship between fees and costs it was concluded that projects with an estimated value of work of £5,000 or less, which paid a baseline value fee of £100, rarely or never covered the costs of verification. Only when the fee reached £400 (value of work £19,001 to £20,000) could there be confidence that costs would be met.

There was also general agreement among authorities consulted that the fixed fee for demolition warrants (£100) and fees for low value amendments to warrants did not cover costs.

However, the 2012 study also concluded that there were strong arguments against a fully cost reflective fee structure (which might involve a tripling or more of the lowest fee). These arguments were mainly on the grounds that a sharp fee increase might discourage use of the building standards system and lead to an expansion of unauthorised building work not compliant with building regulations.

The current scale for building warrant fees was set in 2005 and has not been reviewed since then. While most fees are based on a scale which relates the fee to the value of the work done, there are fixed fees for a number of items (e.g. demolition) and for projects with a value of under £5,000. These fixed fees are, due to inflation, about 40% below their real value in 2005.

While it is accepted that there is and will be some cross-subsidisation of work on small projects by fees from larger projects, there is concern that the alignment of fees and costs is insufficient. This situation has a greater impact on those authorities with a work profile that is mainly of a small domestic nature with fewer high fee paying projects.

The proposal is therefore to increase these fees to better reflect the verification costs incurred by verifiers. This includes:

- **Application for building warrant with a minimum value of up to £5000.**
The proposal is to increase the minimum fee from £100 to £150.
- **Application for building warrant with a value of £5,001 and up to £20,000.**
The proposal is to increase the incremental step increases by £4 (£15 to £19)
- **Application for building warrant with a value of £20,001 or more.**
The proposal is to increase the incremental step increases by £3 (£60 to £63, £100 to £103, £175 to £178, £250 to £253).
- **Application for amendment to building warrant (value of additional work up to £5,000)**
The proposal is to increase the minimum fee from £50 to £100.
- **Application for amendment to building warrant for conversion or demolition only**
The proposal is to increase the fixed fee from £50 to £100.
- **Application for a building warrant to demolish only.**
The proposal is to increase the fixed fee from £100 to £150.
- **Application for a conversion only.**
The proposal is to increase the fixed fee from £100 to £150.
- **Application to extend the validity of a building warrant (beyond 3 years)**
The proposal is to increase the fixed fee from £50 to £100.

Increasing discounts to fees to encourage the uptake of Certification of Design and Construction

The 2003 Act introduced the option of certification for work requiring a building warrant. Certification is based on the principle that suitably qualified and experienced building professionals and tradesmen can be responsible for ensuring that specified works comply with the building regulations without the need for detailed scrutiny or inspections by local authority Verifiers.

The main overall aim is for building owners to understand the benefits that using an approved certifier gives them. It provides reassurance of compliance with building regulations, saves time and it is cost effective. For the approved certifier, the aim is that their input into compliance is fully recognised across all the work they do.

Previous research concluded that certification should be viewed and promoted as the best route to compliance, and the appropriate incentives must be in place which were cited as:

- Reduced building warrant fees
- Speed of processing by the local authority
- Certainty that the certified work has been done by a competent person properly, and with regard to the wider building standards

It has been viewed that the system of discounts for certification has resulted in an income “loss” to the verifier. The discount is almost always less than the cost of the extra work involved in additional checking of work for which no certificate was provided. It was also found that the discounts provided little or no incentive to applicants to use certification – particularly on the lower value projects (though there were other benefits to applicants from certification).

Subsequent work, specifically a workshop held by BSD in October 2014 and attended by a

wide range of interested parties including certification bodies, has reinforced those conclusions.

The current system provides for discounts of the building warrant fee. A 10% discount is applied to the fee when a certificate of design of a whole section (Section 1 Structure; or Section 6 Energy) is provided with the building warrant application. A discount of 1% is applied to the fee when the applicant confirms that they will provide a certificate of construction with the completion certificate for electrical installations, or drainage, heating and plumbing installations (note in 2009, the 1% refund at completion stage for construction certificates was changed to the current 1% discount applicable at application stage).

The proposal is therefore to increase discounts to better reflect the reduced verification costs incurred by verifiers and recognise the additional benefits that certification brings to building owners. This includes:

- **Certifiers of design**
Discount retained at 10%, with discounts for up to £100,000 value of work increased by introducing minimum fixed amounts.
- **Certifiers of construction**
Discount increased from 1% to 3% with discounts for up to £100,000 value of work increased by introducing minimum fixed amounts.

Proposed Certification Discounts

Value of work bands	Design schemes		Construction schemes	
	Building structures	Energy	Drainage, heating and plumbing	Electrical installations
£0 to £5,000	£30	£30	£15	£15
£5,001 to £10,000	£40	£40	£15	£15
£10,001 to £20,000	£65	£65	£25	£25
£20,001 to £100,000	£100	£100	£35	£35
£100,001 and more	10% of fee	10% of fee	3% of fee	3% of fee

Increase fees for those undertaking unauthorised work (i.e. started without a building warrant)

At present where a late application for building warrant is made, or a completion certificate is submitted and there was no warrant obtained when there should have been, the fee is increased by 25% to cover the increased difficulty the verifier will have in establishing whether work that is already underway or completed complies with the plans, specifications and other information provided.

It has been recognised that the additional 25% above the normal building warrant fee does not fully reflect the additional work undertaken by a verifier in assessing work that has not

been subject to the building warrant process. In many occasions, verifiers have to undertake multiple inspections and disruptive surveys may be necessary to determine compliance with building regulations.

It is therefore proposed to substantially increase the fee for those submitting late building warrants and completion certificates where no building warrant was obtained. This includes:

Application for late building warrant, i.e. where work is already started -

- a) application for a building warrant for the construction of a building or the provision of services, fittings and equipment in connection with a building (whether or not combined with an application for demolition)

Fee is increased from 125% to 200% of the normal building warrant fee

- b) application for warrant for demolitions only

Fee is increased from £125 to £200

Submission of a completion certificate, i.e. where no warrant was obtained for -

- a) the construction of a building or the provision of services, fittings or equipment (whether or not combined with an application for conversion or for demolition)

Fee is increased from 125% to 300% of the normal building warrant fee

- b) application for warrant for demolitions only or for conversion only -

Fee is increased from £125 to £300

Section 4: Revised Fee Structure

The preferred option to deliver the desired financial objectives has modelled separately the impact on income of the following elements:

- The increase in the minimum building warrant fee.
- The increase in the incremental step increases above the minimum fee.
- The increase in other fixed fees.
- The changes to certification discounts (combined impact of rate changes and take up increase).

There is an increase in the minimum fee from £100 to £150. There is an increase from £15 to £19 for the warrant fee “steps” from £5,001 to £20,000 (i.e. per £500 of additional value). For projects with a value of over £20,000 the “steps” are increased by £3. Some examples of current and proposed fees are set out in the table below:

Examples of Building Warrant Fees					
Value of work	Project Type	Current Fee	Proposed Fee	Current Fee (saving if fully discounted)	Proposed Fee (saving if fully discounted)
£5,000	Alterations (house)	£100	£150		
	If certified under current schemes	£78	£60	£22	£90
£20,000	Extension (small)	£400	£530		
	If certified under current schemes	£312	£350	£88	£180
£50,000	Extension (large)	£580	£719		
	If certified under current schemes	£452	£449	£128	£270
£120,000	House (small)	£980	£1,137		
	If certified under current schemes	£764	£841	£216	£296
£500,000	House (large)	£2,880	£3,094		
	If certified under current schemes	£2,246	£2,290	£634	£804
£1,000,000	Commercial	£4,630	£4,874		
	If certified under current schemes	£3,611	£3,607	£1,019	£1,267
£3,000,000	Commercial (large)	£9,630	£9,934		
	If certified under current schemes	£7,511	£7,351	£2,119	£2,583

The proposed changes have been modelled nationally across the range of building warrants and their associated values of work. Also the effect of the increased certification discounts and anticipated increased up take in certification have been modelled.

4.2 Sectors and Groups Affected

Sectors and groups likely to be affected can be categorised as:

- a) Applicants - This will only affect persons such as owners, tenants, and developers who are procuring new building work. Applicants will need to be notified of the changes to ensure they pay the correct fee.
- b) Agents – Agents act on behalf of persons procuring building work and are not anticipated to be affected by the proposals. The cost of an application is born by the applicant not the agent. Agents will need to be notified of the changes to inform their clients to ensure the correct fee is paid.
- c) Scheme Providers – It is anticipated there will be increased uptake of Certification of Design and Construction that may result in more work for the companies providing certification services.
- d) Local authorities - local authorities will need to update staff on the changes to the fees regulations to ensure they are charging the correct fee for the building work and giving out the advice about fee charges.

4.3 Benefits

Option 1 – Do nothing.

This option would not assist in maintaining a high quality public service. Although this option has been considered, it has no significant benefits and has been discounted.

Option 2 – Introduce a new fees schedule.

This option allows the building standards system to be placed on a full cost recovery basis.

This option provides the most significant number of benefits which include:

Additional Resources for Local Authorities

Local Authorities administer the system within their own geographical areas and generally use their building standards departments to undertake verification and enforcement roles. At present the verification process, checking building warrant applications and completion certificate submissions, is funded from fee revenue received from building warrant applicants, circa £29 million in year 2014/15.

Scottish Government has become aware that since the economic downturn of 2008 there has been a trend where experienced Building Standards Managers and staff have either retired or taken voluntary exit arrangements from local authorities. It is noted that there appears to be little corresponding intake of trainee or apprentice Building Standards Officers in many areas of Scotland. This reduced workforce may have been adequate for the number of applications at that time. However it has become apparent that as work has picked up, there is a shortage in the number of building standards staff in local authorities to process applications.

This has created a dip in performance in some local authority areas leading to extended processing timescales for building warrants. Scottish Government feels that for the system to be maintained and enhanced, particularly where they are trying to improve local authorities' performance times when dealing with building warrant applications and processing completion certificates, there is a need to invest in staff for the future of the Building Standards profession.

In light of the above Scottish Government would expect to see the additional fee revenue raised by this proposal reinvested in buildings standards service improvement. An additional £2 million would provide sufficient revenue for an intake of trainee Building Standards Officers with at least one additional trainee building standards surveyor for all authorities and two for larger ones.

Covering the building standards related running costs of BSD

The Scottish Building Standards Agency was established in June 2004 to fulfil the duties placed on Scottish Ministers by the 2003 Act. It was subsequently abolished on 1 April 2008 with the duties of the agency reverting to Scottish Government and the newly formed Building Standards Division (BSD) within the Directorate for Local Government and Communities.

BSD prepares and updates building standards legislation and guidance documents, conducting any necessary research and consulting on changes as the Act requires.

On behalf of Scottish Ministers, BSD gives views to help local authority verifiers make decisions in particular cases, and deals with applications to relax standards for particular matters.

BSD on behalf of Scottish Ministers manages the approval of verifiers, and certifiers of design and construction and it checks how local authority verifiers and certification scheme providers are operating the system.

Currently the Division employs 18 members of staff, the majority of whom are constructional professionals. This includes professional architects, engineers and surveyors who are supported by a number of administrative staff. The current annual programme and administrative budgets total approximately £1.5 million.

As mentioned previously it was appropriate that when the current system was being devised, and during the bedding-in period of that system, the 'public purse' paid for development and maintenance work. However it is now the wish of Scottish Ministers to take this to the next level and place the entire system on a full cost recovery basis. This would include not only the drafting of legislation, technical and procedural guidance, but also the other construction related work of BSD.

In considering options for this proposal Scottish Government looked at ways for costs to be recovered to fund BSD. In many countries throughout the world, the building standards and supporting documents are developed at a national level as is the case in Scotland. Those tasked with such work are generally funded by the sales of the standards and guidance, the reprint royalties, and sometimes the consultancy they offer to the enforcing authorities and practitioners. Canada and the United States are two examples of such an approach.

However, it was considered that the Scottish legislation and guidance should be freely available, as is currently the case with the online versions on the Scottish Government website. The intention would always be to promote awareness of Scottish building standards. Such an approach is conducive to encouraging compliance with building regulations.

This means that everyone involved in building projects, big or small, is able to study the documents, and importantly be aware that when undertaking such work building regulations must be met. So on that basis, Scottish Government does not consider that funding the work of Building Standards Division through the sales of documents or Ministerial Views, for example, was an appropriate direction to take.

4.4 Costs

Option 1 - Do nothing. This option presents no implementation costs. Option 1 is the status quo. There are no costs associated with this option.

Option 2 – Introduce a new fees schedule.

Option 2 allows the building standards system to be self-financing. There are no costs to implement as there is already an existing fees schedule, and this proposal is purely to raise fees to support a self-financing model. There are possible savings associated with this option through the increased uptake of Certification.

For the building standards system to be self-financing an increase in fee income for BSD would need to achieve around £3.5 million.

The increase in fees is based on the following:

- **Application for building warrants with a minimum value of up to £5000.**
The proposal is to increase the minimum fee from £100 to £150.
- **Application for amendment to building warrant (value of additional work up to £5,000)**
The proposal is to increase the minimum fee from £50 to £100.
- **Application for amendment to building warrant for conversion or demolition only**
The proposal is to increase the fixed fee from £50 to £100.
- **Application for a building warrant to demolish only.**
The proposal is to increase the fixed fee from £100 to £150.
- **Application for a conversion only.**
The proposal is to increase the fixed fee from £100 to £150.
- **Application to extend the validity of a building warrant (beyond 3 years)**
The proposal is to increase the fixed fee from £50 to £100.
- **Increase fees for those undertaking unauthorised work (i.e. started without a building warrant)**
The proposal is to increase fees for applications for unauthorised work
- **Certification**
The proposal is to increase discounts to better reflect the reduced verification costs incurred by verifiers and recognise the additional benefits that certification brings to building owners.

The certification discounts as proposed are set out in the table below

Certification				
Value of work bands	Design schemes		Construction schemes	
	Building structures	Energy	Drainage, heating and plumbing	Electrical installations
£0 to £5,000	£30	£30	£15	£15
£5,001 to £10,000	£40	£40	£15	£15
£10,001 to £20,000	£65	£65	£25	£25
£20,001 to £100,000	£100	£100	£35	£35
£100,001 and more	10% of fee	10% of fee	3% of fee	3% of fee

- **Step fee increase**
A step fee increase of +£4 up to the value of work of £20,000, and +£3 over the value of work of £20,000

The new schedule of fees will be based on the following table shown in value of work bands

Table of fees							
Value of Work (bands)			Increment		Current Fee	Proposed Fee	% Increase
£0	to	£5,000		per £500	£100	£150	50.0%
£5,001	to	£5,500	£19	per £500	£115	£169	47.0%
£5,501	to	£6,000	£19	per £500	£130	£188	44.6%
£6,001	to	£6,500	£19	per £500	£145	£207	42.8%
£6,501	to	£7,000	£19	per £500	£160	£226	41.3%
£7,001	to	£7,500	£19	per £500	£175	£245	40.0%
£7,601	to	£8,000	£19	per £500	£190	£264	38.9%
£8,001	to	£8,500	£19	per £500	£205	£283	38.0%
£8,501	to	£9,000	£19	per £500	£220	£302	37.3%
£9,001	to	£9,500	£19	per £500	£235	£321	36.6%
£9,501	to	£10,000	£19	per £500	£250	£340	36.0%
£10,001	to	£11,000	£19	per £1,000	£265	£359	35.5%
£11,001	to	£12,000	£19	per £1,000	£280	£378	35.0%
£12,001	to	£13,000	£19	per £1,000	£295	£397	34.6%
£13,001	to	£14,000	£19	per £1,000	£310	£416	34.2%
£14,001	to	£15,000	£19	per £1,000	£325	£435	33.8%
£15,001	to	£16,000	£19	per £1,000	£340	£454	33.5%
£16,001	to	£17,000	£19	per £1,000	£355	£473	33.2%
£17,001	to	£18,000	£19	per £1,000	£370	£492	33.0%
£18,001	to	£19,000	£19	per £1,000	£385	£511	32.7%
£19,001	to	£20,000	£19	per £1,000	£400	£530	32.5%
£20,001	to	£30,000	£63	per £10,000	£460	£593	28.9%
£30,001	to	£40,000	£63	per £10,000	£520	£656	26.2%
£40,001	to	£50,000	£63	per £10,000	£580	£719	24.0%
£50,001	to	£60,000	£63	per £10,000	£640	£782	22.2%
£60,001	to	£70,000	£63	per £10,000	£700	£845	20.7%
£70,001	to	£80,000	£63	per £10,000	£760	£908	19.5%
£80,001	to	£90,000	£63	per £10,000	£820	£971	18.4%
£90,001	to	£100,000	£65	per £10,000	£880	£1,034	17.5%
£100,001	to	£120,000	£103	per £20,000	£980	£1,137	16.0%
£120,001	to	£140,000	£103	per £20,000	£1,080	£1,240	14.8%
£140,001	to	£160,000	£103	per £20,000	£1,180	£1,343	13.8%
£160,001	to	£180,000	£103	per £20,000	£1,280	£1,446	13.0%
£180,001	to	£200,000	£103	per £20,000	£1,380	£1,549	12.2%
£200,001	to	£220,000	£103	per £20,000	£1,480	£1,652	11.6%
£220,001	to	£240,000	£103	per £20,000	£1,580	£1,755	11.1%
£240,001	to	£260,000	£103	per £20,000	£1,680	£1,858	10.6%
£260,001	to	£280,000	£103	per £20,000	£1,780	£1,961	10.2%
£280,001	to	£300,000	£103	per £20,000	£1,880	£2,064	9.8%
£300,001	to	£320,000	£103	per £20,000	£1,980	£2,167	9.4%
£320,001	to	£340,000	£103	per £20,000	£2,080	£2,270	9.1%
£340,001	to	£360,000	£103	per £20,000	£2,180	£2,373	8.9%
£360,001	to	£380,000	£103	per £20,000	£2,280	£2,476	8.6%

£380,001	to	£400,000	£103	per £20,000	£2,380	£2,579	8.4%
£400,001	to	£420,000	£103	per £20,000	£2,480	£2,682	8.1%
£420,001	to	£440,000	£103	per £20,000	£2,580	£2,785	7.9%
£440,001	to	£460,000	£103	per £20,000	£2,680	£2,888	7.8%
£460,001	to	£480,000	£103	per £20,000	£2,780	£2,991	7.6%
£480,001	to	£500,000	£103	per £20,000	£2,880	£3,094	7.4%
£500,001	to	£550,000	£178	per £50,000	£3,055	£3,272	7.1%
£550,001	to	£600,000	£178	per £50,000	£3,230	£3,450	6.8%
£600,001	to	£650,000	£178	per £50,000	£3,405	£3,628	6.5%
£650,001	to	£700,000	£178	per £50,000	£3,580	£3,806	6.3%
£700,001	to	£750,000	£178	per £50,000	£3,755	£3,984	6.1%
£750,001	to	£800,000	£178	per £50,000	£3,930	£4,162	5.9%
£800,001	to	£850,000	£178	per £50,000	£4,105	£4,340	5.7%
£850,001	to	£900,000	£178	per £50,000	£4,280	£4,518	5.6%
£900,001	to	£950,000	£178	per £50,000	£4,455	£4,696	5.4%
£950,001	to	£1,000,000	£178	per £50,000	£4,630	£4,874	5.3%
£1,000,001	to	£1,100,000	£253	per £100,000	£4,880	£5,127	5.1%
£1,100,001	to	£1,200,000	£253	per £100,000	£5,130	£5,380	4.9%
£1,200,001	to	£1,300,000	£253	per £100,000	£5,380	£5,633	4.7%
£1,300,001	to	£1,400,000	£253	per £100,000	£5,630	£5,886	4.5%
£1,400,001	to	£1,500,000	£253	per £100,000	£5,880	£6,139	4.4%
£1,500,001	to	£1,600,000	£253	per £100,000	£6,130	£6,392	4.3%
£1,600,001	to	£1,700,000	£253	per £100,000	£6,380	£6,645	4.2%
£1,700,001	to	£1,800,000	£253	per £100,000	£6,630	£6,898	4.0%
£1,800,001	to	£1,900,000	£253	per £100,000	£6,880	£7,151	3.9%
£1,900,001	to	£2,000,000	£253	per £100,000	£7,130	£7,404	3.8%
£2,000,001	to	£2,100,000	£253	per £100,000	£7,380	£7,657	3.8%
£2,100,001	to	£2,200,000	£253	per £100,000	£7,630	£7,910	3.7%
£2,200,001	to	£2,300,000	£253	per £100,000	£7,880	£8,163	3.6%
£2,300,001	to	£2,400,000	£253	per £100,000	£8,130	£8,416	3.5%
£2,400,001	to	£2,500,000	£253	per £100,000	£8,380	£8,669	3.4%
£2,500,001	to	£2,600,000	£253	per £100,000	£8,630	£8,922	3.4%
£2,600,001	to	£2,700,000	£253	per £100,000	£8,880	£9,175	3.3%
£2,700,001	to	£2,800,000	£253	per £100,000	£9,130	£9,428	3.3%

5. SCOTTISH FIRMS IMPACT TEST

These discussions gave the Scottish firms an opportunity to further shape the proposals.

The proposals were seen by the firms consulted to have a positive affect for business. If verifiers are given an increase in fees this should go toward an improvement in service delivery and subsequently provide business with cost savings as this should improve turnaround times for building warrant applications.

5.1 Competition Assessment

The assessment has been based on Option 2 as Option 1 proposes no change to the fees regulations. There is no impact on competition using Option 2, as this utilises the existing fees regulations and therefore means business as usual for firms. Therefore this imposes

no actions that may incur additional costs for firms, including small and micro-businesses' (those which employ less than 10 full-time employees).

The Competition and Markets Authority guidelines were considered in respect of this assessment and no issues were apparent regarding concerns on competition. The proposals will not:

- directly or indirectly limit the number or range of suppliers
- limit the ability of suppliers to compete
- limit suppliers' incentives to compete vigorously
- limit the choices and information available to consumers

5.2 Test Run of Business Forms

No new forms associated with this proposal are expected.

6.0 LEGAL AID IMPACT TEST

It is not envisaged that there will be any greater demands placed on the legal system by this proposal. Accordingly, it is not considered that there will be any effect on individuals' right of access to justice through availability of legal aid or possible expenditure from the legal aid fund.

7.0 ENFORCEMENT, SANCTIONS AND MONITORING

7.1 Background

The proposals in Option 2 will require amendment to the schedule table of fees under regulation 3 and 6 of The Building (Fees) (Scotland) Regulations 2004.

There is likely to be consequential minor informative modifications to the Procedural Handbook guidance (issued by the BSD of Scottish Government).

7.2 Enforcement, sanctions and monitoring

All matters relating to enforcement, sanctions and monitoring will be carried out under the existing processes of the building standards system in Scotland, as set out under The 2003 Act.

BSD regularly liaise with local authorities, LABSS and other stakeholders and are monitored as part of this on-going process of continual review.

The 32 Scottish local authorities in Scotland are responsible for enforcement of the building standards system.

8.0 IMPLEMENTATION AND DELIVERY PLAN

8.1 Implementation

The proposal will be taken forward by amending the fees schedule in the Building (Fees) (Scotland) Regulations 2004. The amendment to the fees regulations will be implemented

	<p>regulations.</p> <ul style="list-style-type: none"> • Adherence to a new performance agenda that will help drive to improve on-site inspection and customer engagement • Help local authority verifiers to recruit suitably qualified replacements for experienced staff leaving the system, as well as “growing their own” building standards surveyors. 		
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9.3 Recommendation

It is recommended that increases to building warrant and related fees are introduced by an amendment to the Building (Fees) (Scotland) Regulations 2004.

10 DECLARATION AND PUBLICATION

I have read the Business and Regulatory Impact Assessment and I am satisfied that

(a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:

Date:

**Kevin Stewart, Member of Scottish Parliament
Minister for Local Government and Housing**

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