

Building Standards – Verification Delivery Model: Increase in Building Warrant Fees

Fairer Scotland Duty Assessment

July 2023

Fairer Scotland Duty Assessment

Title of policy: Building Standards – Verification Delivery Model: Increase in Building Warrant Fees

Lead Minister: Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights

Lead official: Cameron Murdoch

Directorate Division team

Local Government and Housing

Building Standards Division

Development Unit

Stage 1 – Planning

Title of proposal

Verification Delivery Model - Building Standards: Increase in Building Warrant Fees.

Background to proposals

Following the tragic fire at Grenfell Tower in 2017 and the construction failings of Edinburgh School buildings, a Ministerial Working Group was set up to review building and fire safety regulatory frameworks. The Group commissioned two Expert Review panels; Compliance and Enforcement and Fire Safety that subsequently published their own recommendations.

The Building Standards Futures Board was set up at the beginning of 2019 to provide guidance and direction on the development and implementation of the recommendations made by the Review Panels and work streams were established to undertake this work. The Compliance and Enforcement Panel found that the building standards system in Scotland was not broken but did need strengthened in some areas. Both Review panels identified the potential for a 'national or central hub' that would provide expertise in specialist and safety critical areas of design of complex buildings.

The Verification Delivery Model Working Group (DMWG) was set up to review the current verification delivery model (VDM) while providing advice and comment on potential revisions to the VDM. The Group considered the potential for a national/central Hub with regional strengthening and a proposal was received from Local Authority Building Standards Scotland (LABSS). To test this proposal, a pilot Hub was established in May 2022 for a 2-year period. The pilot Hub has been well received and has already had a positive impact on the resilience of the building standards system. A business case for a permanent Hub following the pilot phase is being prepared.

The current verification service fee structure was initially established in The Building (Fees) (Scotland) Regulations 2004. Building warrant fees are set on a sliding scale and are based on the 'value of work' of the project being undertaken. Building warrant fees are used to fund local authority building standards verification teams.

Building warrant fees should be used by local authorities to deliver the building standards verification service. The verification service is intended to be self-financing and as such it is expected that fee income should cover the cost of providing the verification service. It is however, at the discretion of local authorities how the fee income is used to fund the verification process, to meet Scottish Government's Key

Performance requirement, KPO5, which requires local authorities to monitor fee income and the costs of running the verification service to cover verification service costs, plus an additional 30% for overheads which includes non-staff costs and other verification-related investment.

It is proposed that by increasing building warrant fees, a small proportion of the fee will be used to fund a permanent Hub that will provide support and assistance to all 32 local authorities as well as the wider construction industry.

Additionally, there are several other changes to the building standards system being brought forward through the work of the Futures Board which are likely to impact on the work of verifiers which will require additional financial support. The Compliance Plan Approach work stream is developing a new Compliance Plan Manager role within the system for High Risk Building (HRBs) warrant projects. This will seek to improve compliance with building regulations for HRBs and will over time be adapted and rolled out to support improved levels of compliance across all building warrant projects.

The Digital Transformation work stream is in-scope of the Digital Planning Programme and the redesign of the eDevelopment and eBuilding Standards portals. It is also taking forward digital transformation of the building standards system in Scotland working with local authority verifiers, sharing best practice, developing guidance and driving change.

Local authority building standards verification teams are funded by income generated from building warrant fees. Changes to the system, being brought forward through the work of the Futures Board will require additional resources and budget within local authorities.

The proposal to increase building warrant fees has led to research in the following areas:

- Fees Part 1 Research: To Review Building Standards Income and Level of Reinvestment in Service Delivery was undertaken in 2022 and looked at the 2017 building warrant fees increase, where fees were being spent and the level of reinvestment in building standards teams.
- Fees Part 2 Research: To Provide a Future Building Warrant Fee Model was undertaken at the start of 2023. This project considers the requirements for funding the changes being proposed by the Futures Board to strengthen the system and focusses on developing a flexible 3-year fee model.

A public consultation on an increase in building warrant fees will be required before a final decision will be taken on any changes to building warrant fees and the subsequent fee regulations to effect a change in fees.

Rationale for decision, purpose and intended effect

A number of changes to the building standards system are currently being developed through the building standards Futures Board work streams. It is intended that these changes will strengthen the building standards system and will be introduced over the next few years. It is crucial that we provide sufficient funding to the system and to local authority verifiers to enable them to prepare accordingly as the proposed changes will place additional resource requirements on verifier for staff and the cost and time to deliver the service. Work is being progressed through four main work streams.

The **Compliance Plan Approach** work stream is focussing on the development of a new, extended and strengthened 'Compliance Plan' approach for high risk buildings, with the creation of a Compliance Plan Manager (CPM) oversight role acting on behalf of the 'Relevant Person' (normally the building owner or developer) to deliver buildings in accordance with the approved building warrant plans, details, and the building regulations. The introduction of other tailored compliance requirements which will be rolled out across all building warrant projects will increase notifications and the subsequent requirement of the verifier to carry out the planned inspections and checks at relevant notification stages. A survey of local authority verifiers found that this could potentially add between 10-50% of additional work. An average of 30% was assumed to inform policy.

A central support Hub with regional strengthening is currently being tested through a 2-year pilot phase. There is agreement the Hub should be hosted by a local authority and be used to support all 32 verifiers and the wider construction sector. The Building Standards Hub Pilot is currently staffed by two full time Hub Directors and a Learning and Development Manager, with administration support working in partnership with BSD and LABSS to investigate and scope the services a central BSH could provide.

The building standards system is designed to be self-financing and as such a Building Standards Hub that supports the delivery of the system should be funded by building warrant fees. The expected initial costs of the Building Standards Hub will be in the region of £1 million.

The **Digital Transformation** work stream is exploring how greater and effective use of digital technology can support and enhance the delivery of the Scottish building standards system. The digitalisation of building standards will lead to an enhanced and efficient building standards system. As part of the Scottish Government Digital Planning Programme a new public facing eBuilding Standards portal will be developed.

The **Workforce Strategy** work stream has developed a 3-year Strategy that has delivered a Modern Apprentice (MA) pathway for Building Standards. These

positions are however dependant on funding being made available within local authorities. A Professional Competency Framework and a Competency Assessment System for Verifiers were also implemented in June 2021 to support the development of competence across all job roles in the building standards profession. An online training platform is being developed to provide access to short self-led training modules to upskill staff on topics covering technical matters and procedural aspects of the building standards system. The modules will address skills gaps identified by the Competency Assessment System.

The proposed changes outlined require additional financial resources to be generated through increases to the building warrant fees. Additional funding will support local authority verifiers to sustain, strengthen and improve the building standards system in Scotland. The proposed fee changes will provide additional resources and introduce an annual inflation uplift across all fees, initially for a 3 year period. The new flexible fee model will future proof the system by providing a better and more dynamic fee review process.

Timeframe for completing the Fairer Scotland Duty assessment

A draft Fairer Scotland Duty assessment will be published on the Scottish Government website along with the public consultation that is set to launch in summer 2023. The public consultation will be live for a minimum of 14 weeks where views and opinions will be gathered to understand any further potential inequalities experienced by socio-economically disadvantaged groups as a result of an increase in building warrant fees. A final Fairer Scotland Duty Assessment will be published prior to any legislation being brought forward.

To undertake the Fairer Scotland Duty assessment the Building Standards Division (BSD) Verification Delivery Model Team and the wider BSD Development Unit, will conduct the analysis.

Stage 2 – Evidence

This policy is proposing an increase in building warrant fees to support the strengthening of the building standards system in Scotland. All proposed changes are subject to approval from the Futures Board and relevant Ministers, and therefore constitutes a Strategic Decision that will increase resources and implement change through legislation.

From an analysis of the proposed increases to building warrant fees, it is considered that the proposals would have a minimal impact on the inequalities of outcome caused by the socioeconomic disadvantages experienced by people in Scotland. All proposed increases in fees will be small in proportion to the overall fee payable and will be negligible in comparison to the costs of any resulting building works.

Any impact is considered minimal as evidenced below:

- Low incomes. It is understood an increase in building warrant fees will lessen the likelihood of those experiencing low incomes from jobs and or other means to be able to afford to build/extend/convert their property and/or homes. However, the increase in building warrant fee will be negligible to any resulting building works costs and small in comparison to the total fee payable. It is unlikely those in this position will be undertaking significant building works. Increasing fees will not notably exacerbate the inequalities outcome experienced by those with low incomes.
- Low/no accumulated wealth. It is understood an increase in building warrant fees will lessen the likelihood of those experiencing low accumulated wealth/no wealth to afford to build and/or extend their own property and/or homes. However, the increase in building warrant fee will be negligible to any resulting building work costs and small in comparison to the total fee payable. It is unlikely those in this position will be undertaking significant building works. Increasing fees will not notably exacerbate the inequalities outcome experienced by those with low or no accumulated wealth.
- Area Deprivation. Building warrant fees in Scotland are set at a national level and are the same across all geographical areas. Increasing building warrant fees will not exacerbate the inequality of outcome for those living in areas of deprivation. The same increase to building warrant fees will be applied across Scotland.
- Socio economic background. An increase in building warrant fees should not increase the inequalities of outcomes by those from different socio economics backgrounds.
- Material deprivation. It is understood an increase in building warrant fees will lessen the likelihood of those experiencing material deprivation to be able to build/extend/convert their own home and/property. However, any increase in fees will not exacerbate the inequalities of outcome those with material

deprivation will faces such as skills attainment, or lower healthy life expectancy.

- An increase in building warrant fees will have little to no impact on inequalities of outcome faced by those at a socio economic disadvantage such as skills attainment, lower healthy life expectancy, lower quality or less secure work and the greater chance of being a victim of crime.

Involving communities of interest in the process to change the policy and increase building warrant fees will be implemented through a public consultation in the summer 2023 which will be live for 14 weeks. The consultation will provide options to give views and opinions on how this policy will impact the inequalities of outcome experienced by socio economically disadvantaged people in Scotland. A draft Fairer Duties Scotland assessment will be published with this consultation and a finalised version will be published after the consultation has closed and evidence has been analysed.

Stage 3 – Assessment and Improvement

Overall, it is not considered that the proposed increase to building warrant fees will impact on the inequalities of outcome caused by socio economic disadvantage. Inequalities of outcome relate towards areas such as poorer skills and attainment, lower healthy life expectancy, lower paid work, greater chances of becoming a victim of crime and less chance of being treated with dignity. Therefore it is difficult to change this policy and its proposed impact in such a way that would lead to a reduction in the inequalities identified. By reducing building warrant fees or by not applying increases these actions are unlikely to affect the identified outcomes significantly in any way. Assessment of the proposed changes has included consideration of other impacts covered in the section above.

It is considered that the positive outcome of a strengthened building standards system with improved compliance with building regulations will, lead to improved building that are sustainable, efficient and safe for everyone.

No building standards legislation currently exists, in the context of inequalities of outcomes experienced by socio economically disadvantaged groups, that can be changed or adapted to reduce the impact of this proposal.

There are however instances where there is no building warrant fee applied in relation to works to alter or extend the residence of a person with a disability, provided the works are solely for the benefit of that person. The current proposals will not impact or change this exception in fees.

Stage 4 – Decision

No changes to the proposal to increase building warrant fees will be actioned at this stage. Subject to findings from the public consultation, this decision will be reviewed and may change depending on the views and opinions expressed from stakeholders.

An assessment has been carried out as this policy constitutes a strategic decision and it is necessary to determine the impact on the inequalities of outcome faced by socio economically disadvantaged people in Scotland. Carrying out this assessment has determined that any increase in building warrant fees will not further impact the inequalities of outcomes experienced and that any increase will be negligible to the resulting building works cost and total fee payable.

In summary, the aim of this policy is to increase building warrant fees. The increase in fees will be used to strengthen the building standards system in Scotland which is designed to deliver sustainable, efficient and safe buildings and support changes being introduced through the work of the Building Standards Futures Board to improve compliance with building regulations leading to improved building safety for everyone. In developing this policy the Scottish Government is mindful of the impact this could have directly and indirectly on the inequalities faced by those socio economic disadvantaged people in Scotland. A Fairer Duty Scotland impact assessment highlights that due regard has been applied.

Sign off of the Fairer Scotland Duty Assessment

Name: Dr Stephen Garvin

Job title: Head of Building Standards

A handwritten signature in black ink, appearing to be 'S. Garvin', written in a cursive style.



© Crown copyright 2023



This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-83521-111-3 (web only)

Published by The Scottish Government, July 2023

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1324362 (07/23)

W W W . g o v . s c o t