
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations supersede the Building Societies (General Charge and Fees) Regulations 1993 (“the 1993 Regulations”), which are revoked. They provide for a general charge to be paid by authorised building societies towards the expenses of the Building Societies Commission. The charge is levied with respect to the Commission’s accounting year beginning on 1st April 1994 and ending on 31st March 1995 and is expected to raise 4.5 million in aggregate. This is 11% higher than the aggregate sum raised in 1993-94 which was exceptionally low due to a prior year adjustment. The aggregate sum expected to be raised in 1993-94 is only 3.5% higher than the sum raised in 1992-93. Each society is required to pay a sum of £2,500 plus a sum equal to 0.00151% of its assets, up to £30,000 million, and 0.000755% of its assets above that amount, or in the case of a society formed by a recent amalgamation, a sum of £5,000 plus a sum equal to the same percentage of the aggregated value of the uniting societies.

The Regulations also provide for fees to be paid by societies in respect of particular functions of the Building Societies Commission in relation to mergers of societies and transfers of business to commercial companies and of the Central Office of the Registry of Friendly Societies under the Building Societies Act 1986, and fees to be paid by persons wishing to inspect or receive copies of documents in the custody of the Central Office. These fees are approximately 3% higher than those payable under the 1993 Regulations.

A review of the cost of compliance with these Regulations has been undertaken and the resulting compliance cost assessment may be purchased from the Secretary, Building Societies Commission, 15 Great Marlborough Street, London W1V 2AX.

COMPLIANCE COST ASSESSMENT

THE BUILDING SOCIETIES (GENERAL CHARGE AND FEES) REGULATIONS 1994

The purpose and benefit of the Regulations

1. The activities of building societies are supervised by the Building Societies Commission under the Building Societies Act 1986. The general charge and fees for particular functions are required by section 2 of the Act to be provided by regulations so that the annual revenue of the Commission should be sufficient to meet its expenses, taking one year with another. The fees of the Central Office of the Registry of Friendly Societies, for particular registrations and for maintaining their public records in relation to societies, and for the inspection and copying of documents are similarly fixed under the powers contained in section 116 of the Act.

2. These regulations give the amounts of the charges and fees payable or, in the case of the general charge, the basis of calculation.

Societies Affected

3. All building societies.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Compliance Cost

4. These regulations, in themselves, do not put any significant administrative burden on building societies. Compliance simply requires the charges and fees to be paid, normally by making out a cheque.

5. The general charge is reviewed annually based on the estimated cost of the Commission and regulations are made to replace those for the previous year.

6. The burden of compliance with the new regulations is therefore simply the increases in the charges themselves:

- (a) The fixed charge payable by all societies has increased from £2,000 to £2,500.
- (b) In addition, for societies with assets up to £30 billion, the charge represents 0.00151% of assets (0.00146% in 1993-4).
- (c) Where assets are above £30 billion the charge is levied at half that percentage rate (i.e. 0.000755% and 0.00073% in 1993-4).

7. The aggregate sum expected to be revised from all societies is 11% higher than that raised in 1993-94, which was exceptionally low due to a prior year adjustment following an accounting policy change to allow for the capitalisation of software development costs. The aggregate sum expected to be raised in 1993-94 is only 3.5% higher than the sum raised in 1992-93. The impact of the new charges on individual societies varies considerably depending on the total assets held and the rate of growth over the last financial year.

8. The fees for particular Commission and Central Office functions have been increased by about 3%. Inspection and copying fees have been increased to a rounded figure (e.g. from £4.00 to £4.50 (+12.5%)). These inspection/copying fees were not increased last year (i.e. 1st April 1993).

Monitoring Costs

9. Annual accounts showing the costs of the Building Societies Commission and the amounts received as fees and charges are published in its annual report to Parliament. Charges and fees will be reviewed in a year's time as is the normal practice.