

<b>Title:</b> <b>Consolidation of the Building Regulations 2000 (as amended) and the Building (Approved Inspectors etc) Regulations 2000 (as amended).</b>  <b>Lead department or agency:</b> Communities and Local Government <b>Other departments or agencies:</b> None	<b>Impact Assessment (IA)</b>
	<b>IA No:</b> 0015
	<b>Date:</b> September 2010
	<b>Stage:</b> FINAL STAGE
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
<b>Contact for enquiries:</b> Ian Drummond 0303 44 41791	

## Summary: Intervention and Options

**What is the problem under consideration? Why is government intervention necessary?**

There has not been a consolidation of the Building Regulations 2000 (as amended) and the Building (Approved Inspectors etc.) Regulations 2000 (as amended) since 2000. A consolidation of legislation incorporates all subsequent amendments made to the legislation into one piece of legislation. As there have been many changes made since 2000, to see fully what is now in the Building Regulations would require looking at 18 statutory instruments (see Annex A). Over the years, due to changes in Policy, some regulations have been amended, revoked or deleted leaving the regulations appearing unclear and illogical in places. Government intervention is necessary as only legislation can resolve this problem.

**What are the policy objectives and the intended effects?**

The consolidation is part of the Government's commitment to simplification and reducing the burden of regulation. The Consolidation will tidy up the existing regulations by re-numbering and re-ordering the regulations for clarity and ease of use. Consolidating the regulations will make them easier to read, understand and to refer to in the everyday work of those who use them, and also to those who are new to the regulations. It also provides a "clean" set of regulations which will make future amendments to the regulations easier to understand. The consolidation will also allow the revocation of all earlier building regulations and approved inspectors legislation (18 statutory instruments)

**What policy options have been considered? Please justify preferred option (further details in Evidence Base)**

Option 1 was to do nothing  
 Option 2 was to incorporate all amendments made to the 2000 Regulations into two sets of regulations, one for the Building Regulations 2000 (as amended) and one for the Building (Approved Inspectors etc.) Regulations 2000 (as amended). We chose option 2 because the grouping of related matters in the regulations will make them much easier to use (for example, all provisions on the energy efficiency of buildings will be brought together) and the new numbers and order will make it far easier to amend the regulations sensibly and practicably in future.

<b>When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?</b>	It will not be reviewed
<b>Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?</b>	No

**Ministerial Sign-off** For final stage Impact Assessments:

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

Signed by the responsible Minister: Andrew Stunell..... Date: 6<sup>th</sup> September 2010 .....

# Summary: Analysis and Evidence

# Policy Option 2

Description: Policy Option 2 - Consolidation of the Building Regulations 2000 (as amended) and the Building (Approved Inspectors etc) Regulations 2000 (as amended)

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £3.8m	High: £17.1m	Best Estimate: £9.3m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.22m	N/A	£0.22m
High	£0.53m	N/A	£0.53m
Best Estimate	£0.36m		£0.36m

### Description and scale of key monetised costs by 'main affected groups'

These are building control officers in Local Authorities, and lawyers working with building control officers (£272,500) and Approved Inspectors (£36,500) The one-off costs for these groups are initial familiarisation and administration costs. Private sector lawyers would incur familiarisation costs, (£50,000) but this would only affect those who use the regulations regularly. Those who do not would not incur extra costs as they have to familiarise themselves each time they use the regulations regardless of any changes.

### Other key non-monetised costs by 'main affected groups'

It is possible that users of the regulations may experience other costs such as those associated with time taken for understanding any changes that affect cross referencing with the approved and any other associated documents (until these can also be amended). However, these would be very minimal, if any, and not possible to cost and therefore have not been monetised. Also as we will be publicising a map showing how the numbering of regulations has changed, this should minimise any such costs.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	£0.5m	£4.01m
High	N/A	£2.1m	£17.66m
Best Estimate		£1.2m	£9.64m

### Description and scale of key monetised benefits by 'main affected groups'

These are building control officers in Local Authorities, and lawyers working with building control officers, (£7,310,000) Approved Inspectors (£980,000) as well as private sector lawyers. (£1,350,000) The main benefits for these groups are associated with an annual reduction in the time taken when using the legislation. This reduction is assumed to fall by 5% per annum, with ranges, as detailed in the Evidence Base.

### Other key non-monetised benefits by 'main affected groups'

Although there are not currently any known major issues with non-compliance of the regulations because they have not been consolidated, it is possible that once consolidation is completed and the regulations therefore become easier to comprehend, that compliance with them may increase. This would have a benefit to society as a whole but it is not possible to monetise this.

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

The figures are not firm, but are estimates, based on assumptions about the way building control officers and lawyers use their time in terms of how often they have to refer to the regulations and the costs of providing the building control service have been averaged. Ranges have been included to reflect uncertainty. Further details are in the evidence base.

Impact on admin burden (AB) (£m):		Impact on policy cost savings (£m):		In scope Yes
New AB:	AB savings:	Net:	Policy cost savings: £270,000 pa	

## Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England and Wales				
From what date will the policy be implemented?	01/10/2010				
Which organisation(s) will enforce the policy?	Department for Communities and Local Government				
What is the annual change in enforcement cost (£m)?	Nil				
Does enforcement comply with Hampton principles?	N/A				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> N/A		<b>Non-traded:</b> N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	<b>Costs:</b> N/A		<b>Benefits:</b> N/A		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	<b>Micro</b> N/A	<b>&lt; 20</b> N/A	<b>Small</b> N/A	<b>Medium</b> N/A	<b>Large</b> N/A
Are any of these organisations exempt?	No	No	No	No	No

## Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
<b>Statutory equality duties</b> <sup>1</sup> <a href="#">Statutory Equality Duties Impact Test guidance</a>	No	11
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	11
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	11
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	11
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	11
<b>Social impacts</b>		11
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	11
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	11
Justice system <a href="#">Justice Impact Test guidance</a>	No	11
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	11
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	11

<sup>1</sup> Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

## Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

### References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	Building Regulations 2000, as amended
2	Building (Approved Inspectors etc) Regulations 2000, as amended
3	Survey of Building Control Bodies, March 2008
4	

+ Add another row

### Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

### Annual profile of monetised costs and benefits\* - (£m) constant prices.

Note: The figures below are present value figures.

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>	0.36	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Annual recurring cost</b>										
<b>Total annual costs</b>	0.36									
<b>Transition benefits</b>										
<b>Annual recurring benefits</b>	1.4	1.3	1.2	1.1	1.0	0.9	0.8	0.7	0.7	0.6
<b>Total annual benefits</b>	1.4	1.3	1.2	1.1	1.0	0.9	0.8	0.7	0.7	0.6

\* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office  
Excel Worksheet

## Evidence Base (for summary sheets)

There is discretion for departments and regulators as to how to set out the evidence base. However, it is desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing);
- Costs and benefits of each option;
- Risks and assumptions;
- Administrative burden and policy savings calculations;
- Wider impacts;
- Summary and preferred option with description of implementation plan.

*Inserting text for this section:*

Select the notes here and either type section text, or use **Paste Without Format** toolbar button to paste in the standard EBodyPara Style. Format text by applying EB styles from the toolbar.

## **Introduction**

The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc.) Regulations 2000 (SI 2000/2532) are separate yet related pieces of secondary legislation. They are made under the powers from the Building Act 1984. The objective of both sets of Regulations is to ensure the health, safety, welfare and convenience of people in and around buildings, and water and energy efficiency of buildings. The legislation covers both the technical standards that need to be met and the procedures that need to be followed when building work is carried out. The regulations apply to the majority of new buildings, as well as to some alterations of existing buildings in England and Wales, and apply to domestic, commercial and industrial buildings.

Those carrying out building work need to comply with the regulations, and Building Control's function is to ensure compliance. Building Control can be carried out either by the local authority or by an Approved Inspector. Both essentially carry out the same role but have different procedural aspects, hence the two separate sets of regulations.

## **Problem under Consideration**

The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc.) Regulations 2000 (SI 2000/2532) have not been consolidated for 10 years. However, we have had an informal consolidation available on the department's website, which we know is made use of and has been of value. As the regulations are amended, causing both sets of regulations to become more difficult to comprehend, we believe that a formal consolidation of the regulations is now required.

## **Rationale for government intervention**

Although the regulations have not been consolidated since 2000, they have been amended a great many times since, so that to see fully what is now in the Building Regulations requires looking at 18 statutory instruments. See Annex A. Over the years due to changes in policy, some regulations have been amended, revoked or deleted leaving the regulations appearing messy and illogical in places, with complex numbering. In some cases the amendments have been further amended or revoked. The consolidation provides an opportunity to clarify this and tidy it up, with the aim of making the regulations more user friendly, particularly to those new to them. A consolidated set of regulations will also importantly provide a tidy and logical base on which to make future amendments to.

If the regulations are not consolidated then they will get more untidy and difficult to comprehend as time goes on and as more amendments are made to them. The regulations will be amended over time regardless of whether we carry out a consolidation so it would therefore be sensible to tidy these up now, before adding to them further. This will make future amendments to the legislation much easier to understand. Only the Government can intervene to resolve this problem, as it can only be resolved through legislation.

The Government has publicly committed to bringing the consolidated regulations into force on 1 October 2010.

## **Policy objective**

The consolidation is part of the Government's commitment to simplification and reducing the burden of regulation. The Consolidation will tidy up the existing regulations by re-numbering and re-ordering the regulations for clarity and ease of use. Consolidating the regulations will make them easier to read, understand and to refer to in the everyday work of those who use them, and also to those who are new to the regulations. It also allows the revocation of the 2000 Regulations and all subsequent amendments.

At the same time as the consolidation we are also inviting applications for new and extension to existing Competent Persons Schemes, and introducing new types of work which can be carried out by these schemes. Competent Person Schemes are a mechanism to allow competent installers to self-certify that their work complies with all relevant requirements in the Building Regulations. Where work is carried out by members of such schemes there is no need to notify a building control body in advance or pay a building control charge, saving building owners £100+ per job. The types of work, and those authorised to carry out these types of work as a Competent Person Scheme, are listed in one of the schedules of the Building Regulations 2000 (as amended). The consolidation provides us with an opportunity to amend this schedule to take into account any new types of work and new Competent Persons Schemes, rather than making separate amendments to this after the consolidation. Although taking place as part of this exercise, the introduction of new Competent Persons Schemes and new types of work, is its own exercise and therefore has its own separate impact assessment.

The consolidation is not a general review of the Building Regulations and therefore does not make substantive requirement changes to the Building Regulations, or to the building control system more generally.

## **Consultation**

We have not carried out a full public consultation on the consolidation of the Building Regulations. Section 14 of the Building Act 1984 does not require us to formally consult the Building Regulations Advisory Committee (BRAC) and other representative interests as we are not making any changes to the substantive requirements of the regulations. However, we informally consulted representative interests, who use the Building Regulations as a main part of their work, such as members of BRAC, Association of Consultant Approved Inspectors (ACAI) and Local Authority Building Control (LABC) on our plans for consolidation. There was recognition by these consultees that a consolidation would result in substantially simpler legislation and the consolidation was therefore broadly welcomed. Some concerns were expressed that the changes to numbering and reordering of some provisions might present some short term difficulties to users familiar with the current legislation. We propose to address this by ensuring that all of the guidance that is published in conjunction with the Regulations such as the Approved Documents is issued with amendment slips and the correspondence tables. Amended versions of the Approved Documents and other Departmental guidance will be published as soon as practicable. Others considered that an opportunity should have been taken to review fully all the requirements but this was not the intention of the proposal on consolidation and is being taken forward through a separate review process on a longer timescale.

## **Description of Options**

### **Option 1: to do nothing and therefore not to consolidate**

If we took no action and therefore did not consolidate, although there would be no initial costs involved, the lack of clarity in the existing legislation, coupled with the likelihood of further amendments and changes to the legislation occurring in the near future would impose future costs. This would be in terms of time taken to use the legislation, as well as possible non-monetised costs resulting from non-compliance with legislation that has effectively become too complicated and unclear to understand. It would also be particularly difficult for someone new to the legislation to understand it. This problem would be highly likely to increase over time, as more amendments are made to the legislation.

### **Option 2**

This is to incorporate all amendments to the Regulations made since 2000 into a new set of regulations, one for the Building Regulations 2000 (as amended) and one for the Building (Approved Inspector etc) Regulations 2000 (as amended) much as for the informal consolidation now on our website. However, in addition to this it also involves the renumbering of the Regulations sequentially, as well as reordering some of the regulations in a more consistent way for clarity and ease of use. This would mean that some references in other documents would be out of date. This may cause some initial confusion to those who are regular users of the regulations which has been identified as part of the transitional costs, but we consider that this will soon resolve itself once users of the regulations are more used to their new appearance. To reduce any initial confusion we will ensure that all of the guidance that is published in conjunction with the Regulations such as the Approved Documents is issued with amendment slips and the correspondence tables. Amended versions of the Approved Documents and other Departmental guidance will be published as soon as practicable. As we are not planning to change any substantive requirements in the Regulations through the consolidation, the text of the regulations printed would not be affected, just the numbering of them. We have chosen this option because grouping of related matters in the regulations will make them much easier to use and the new numbers and order will make it far easier to amend the regulations sensibly and practicably in the future.

We also considered consolidating into one set of regulations but feedback from those who regularly use the regulations suggested that this would not be helpful. It was therefore felt preferable to have separate sets of regulations to ensure clarity and ease of use. Users felt that a single set of regulations would be confusing.

## **Costs**

### **Local Authorities**

#### **Familiarisation Costs**

It is estimated that there are 4000 Local Authority Building Control Inspectors, (the figure is based on the Survey of Building Control Bodies, March 2008) and 500 lawyers working on the regulations for Local Authorities on a regular basis (this figure is based on approximately 1-2 lawyers per building control body). It is estimated that an average of 1 hour of each officer's time is spent for initial familiarisation of the consolidated regulations at an overall average cost of £60 per hour (this figure is based on an average hourly rate, based on evidence previously provided by Local Authorities).

This gives a total central estimate of **£270,000**. High and low estimates have been made around the time spent. The high estimate, assuming 1 hour 20 minutes per inspector or lawyer gives a total of £360,000. The low estimate, assuming 40 minutes per inspector or lawyer gives a total of £180,000.

#### **Administrative Cost**

A small one off cost will be incurred in changing Local Authority forms as a result of the renumbering in the consolidation. This is estimated to take half an hour of one administrative person's time (with high and low ranges) at £15 ph for each of the 332 Local Authority Building control departments, totalling a one off cost of **£2,500**.

High and low ranges estimates have been made around the time spent. The high estimate, assuming 40 minutes per change, gives a one off cost of £3,300. The low estimate, assuming 20 minutes per change gives a one off cost of £1,700.



## **Private Sector**

### Approved Inspectors

It is estimated that there are 600 people working as Approved Inspectors (this figure is based on the Survey of Building Control Bodies, March 2008). It is estimated that an average of 1 hour of each officer's time is spent for initial familiarisation of the consolidated regulations at an overall average labour cost of £60 per hour. This gives a total one off cost of **£36,000**. High and low ranges around estimated time spent (high: 1 hour 20 mins for 800 inspectors, low: 40 mins for 500 inspectors) gives a total one off cost of £64,000 (high) and £20,000 (low).

An administrative cost of 30 mins each for 70 organisations at £15 per hour gives a one off cost of **£525** (range: high at 40 mins gives £700, low at 20 mins gives £350).

### Private Sector Lawyers

We have assumed that there is an estimated 5000 private sector lawyers who would need to work with the Regulations but we have no data available to us to inform our assumption. Lawyers would need to settle disputes, ensure local enforcement, provide internal advice for construction companies and perform other functions such as conveyancing. Of these 5000 we estimate around 2000 of these deal with the regulations on a regular basis, and would therefore need to familiarise themselves with them. However, they are not dealing with them as often as Local Authority lawyers as it is only part of their work. They would therefore only need an estimated 15 minutes familiarisation time at a rate of £100 per hour giving a total one-off cost of **£50,000**.

High and low estimates have been made around this central figure. A high estimate, assuming 3000 lawyers taking 20 minutes familiarisation time each gives a one off cost of £100,000. A low estimate, assuming 1,000 lawyers at 10 minutes familiarisation time each gives an estimate of £16,667.

### Builders

We do not anticipate that there will be any particular costs on builders in general because they tend to refer to the detailed guidance in the Approved Documents which include extracts from the relevant parts of the regulations rather than referring to the regulations themselves.

## **Total Overall Costs**

The total overall transition cost is therefore **£359,000** based on £272,500 (local authorities) plus £86,500 (private sector). (High: £528,000, Low: £219,000).

We do not consider that there will be any ongoing costs (see the benefits section).

## **Benefits**

### **Public Sector**

#### Local Authorities

Once Local Authority Building Control Inspectors have familiarised themselves with the consolidated legislation, then the time taken for them to use the legislation will be less, resulting in an annual saving benefit.

The size of this consolidation benefit will reduce over time as further changes to the regulations add complexity. However, it should also be noted that in the absence of a consolidation there would be increased costs due to added complexity for use of unconsolidated regulations over time in any case. It is therefore assumed that the reduction is at 5% per annum (with low of 8% and high of 2%).

It is estimated that there are 4000 Local Authority Building Control Inspectors, and 500 lawyers working on the regulations for Local Authorities on a regular basis, and the time taken using the consolidated regulations could reduce by an estimated average of 20 minutes per month of each officer's time (High 30 minutes per month, Low 10 minutes per month) at an overall average labour cost of £60 per hour. This gives an annual benefit of **£1,080,000** (high £1,620,000, low £540,000).

The total annual benefit to the public sector is therefore £1,080,000

## **Private Sector**

### Approved Inspectors

Once Approved Inspectors have familiarised themselves with the consolidated legislation, then the time taken for them to use the legislation will be less, resulting in an annual saving benefit.

The size of this consolidation benefit will reduce over time as further changes to the regulations add complexity. However, it should also be noted that in the absence of a consolidation there would be increased costs due to added complexity for use of unconsolidated regulations over time in any case. It is therefore assumed that the reduction is at 5% per annum (with low of 8% and high of 2%).

It is estimated that there are 600 Approved Inspectors working on the regulations on a regular basis, and the time taken using the consolidated regulations could reduce by an estimated average of 20 minutes per month of each officer's time at an overall average labour cost of £60 per hour. This gives an annual benefit of **£144,000**.

High and low ranges estimates have been made around this central figure. A high estimate, assuming 30 minutes time per month for each of 800 inspectors gives an annual cost of £288,000. A low estimate, assuming 10 minutes time per month of each of 500 inspectors gives an annual cost of £60,000.

### Private Sector Lawyers

As for costs, we assume around 2000 private sector lawyers actually deal with the regulations on a regular basis, and would therefore save time from consolidated regulations. We have assumed an average of one hour less per lawyer per year at £100 per hour, resulting in an annual benefit of **£200,000**. The assumption of 1 hour is based on the fact that these lawyers are not using this legislation on a regular basis so they need to familiarise themselves with this legislation each time they use it regardless of whether or not it has been consolidated and so the time saving made by the consolidation is not large.

A high estimate for 3000 lawyers taking an average of 1 hour 20 minutes gives an annual benefit of £400,000 and a low estimate of 1000 lawyers taking an average of 40 minutes gives £66,667.

### Builders

As explained previously under costs, we do not anticipate and particular significant impact to builders and therefore no benefit to builders from the consolidation has been included.

### Total Private Sector Benefit

The total annual private sector benefit is therefore £200,000 for less lawyer time and £144,000 for less approved inspector time giving an annual private sector benefit in the first year of **£344,000**. Discounted over 10 years of benefit, reducing at a rate of 5% per annum gives a present value private sector benefit of **£2,330,000**.

### **Total Overall Benefits (private and public sector)**

This gives a total annual benefit in the first year of **£1,424,000** (high: £2,308,000, low: £666,700). Totalled over ten years, discounted and including an annual benefit reduction of 5% (high 2%, low 8%) as outlined above, gives a present value benefit of **£9,642,000** (high £17,657,000, low £4,012,000).

### **Net Benefit to Business**

The net reduction in burden on business from a net present benefit of £2,330,000 minus a net one off cost of £86,500 to give a net present value of **£2,243,500**.

### **Risks and assumptions**

As detailed in our costs and benefits above, our figures are based on many assumptions, such as estimates of numbers of lawyers, the hourly rate of both building control officers and lawyers, as well as the time taken in their jobs referring to or using the legislation. There are no firm figures available. The previous consolidation in 2000 did not have an accompanying impact assessment as this was not a requirement then, so we have no prior figures to base our figures on. We have therefore used ranges in places, and have estimated to the best of our knowledge using evidence where available.

We expect our net present value figures to be at the slightly lower end of the scale, as there may be non-monetised factors such as the benefits from increased compliance for which we have not included.

### **Wider impacts**

We would expect the consolidation to have some wider impact on society in terms of the use of building control's time. If less time is spent on actually using the regulations as part of their job, then their time could effectively be spent on other parts of their jobs. This would impact on their availability to the customer as part of their role in ensuring compliance with the regulations. It is possible that this could then have a beneficial knock on effect to the general overall quality of building work. As the consolidation is designed to make the Regulations easier to understand, small businesses may find it more beneficial in terms of time saved than larger businesses as small businesses tend not to have specialist knowledge available in-house.

## **Impact Tests**

### **STATUTORY EQUALITY DUTIES**

We have completed an Equalities Impact Assessment, and estimate that there is no impact here, as the consolidation has no greater or lesser affect on people in terms of equality. The impact will be the same on all of those who use the regulations or who are affected by them. This is particularly highlighted by the fact that we are not actually making any substantive requirement changes in the consolidation. For example there is nothing in the consolidation that will change to affect woman more than men, or to affect ethnic minorities, or to affect those with a disability, and so on.

### **ECONOMIC IMPACTS**

#### **Small Firms**

There may be a slight impact on small firms: lawyers who may need to refer to the regulations could be those from small firms and some Approved Inspectors are also in small firms. Small building companies may also be affected by the consolidation as it is designed to make the Regulations easier to understand, and they may find it more beneficial in terms of time saved than larger businesses as small businesses tend not to have specialist knowledge available in-house.

#### **Competition**

There is no impact on competition.

### **ENVIRONMENTAL IMPACTS**

There is no environmental impact

### **SOCIAL IMPACTS**

There is no social impact

### **SUSTAINABLE DEVELOPMENT**

There is no impact on sustainable development

## **Monitoring and evaluation**

We are not proposing a formal PIR as there are ongoing reviews of the regulations, and we would expect any problems or benefits to be picked up in these.

## Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

### Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p><b>Basis of the review:</b> [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p>
<p><b>Review objective:</b> [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p>
<p><b>Review approach and rationale:</b> [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p>
<p><b>Baseline:</b> [The current (baseline) position against which the change introduced by the legislation can be measured]</p>
<p><b>Success criteria:</b> [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p>
<p><b>Monitoring information arrangements:</b> [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p>
<p><b>Reasons for not planning a PIR:</b> [If there is no plan to do a PIR please provide reasons here] The consolidation is not altering or adding any requirements within the Building Regulations or Approved Inspectors Regulations, merely bringing all the provisions into simpler documents. Any review of the time saved would be very complex and difficult to attempt.</p>

Add annexes here.

## ANNEX 2

### **Changes made over the past 10 years to both sets of Regulations**

#### **The Building Regulations 2000 (SI 2000/2531), amended by:**

- The Building and Approved Inspectors (Amendment) Regulations 2010 (SI 2010/719)
- The Building and Approved Inspectors (Amendment No.2) Regulations 2009 (SI 2009/2465)
- The Building (Amendment No.2) Regulations 2009 (SI 2009/2397)
- The Building and Approved Inspectors (Amendment) Regulations 2009 (SI 2009/1219)
- The Building (Amendment) Regulations 2009 (SI 2009/466)
- Energy Performance of Buildings (Certificates and Inspections) (England and Wales) (Amendment No.2) Regulations 2008 (SI 2008/2363)
- The Building (Amendment) Regulations 2008 (SI 2008/671)
- The Energy Performance of Buildings (Certificates and Inspections) (England and Wales)(Amendment) Regulations 2008 (SI 2008/647)
- The Building and Approved Inspectors (Amendment) (No.2) Regulations 2007 (SI 2007/3384)
- The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 (SI 2007/991)
- The Building and Approved Inspectors (Amendment) (No.2) Regulations 2006 (SI 2006/3318)
- The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652)
- The Building (Amendment) (No.3) Regulations 2004 (SI 2004/3210)
- The Building (Amendment) Regulations 2004 (SI 2004/1465)
- The Building and Building (Approved Inspectors etc.) (Amendment) Regulations 2003 (SI 2003/3133)
- The Building (Amendment) Regulations 2003 (SI 2003/2692)
- The Building (Amendment) (No. 2) Regulations 2002 (SI 2002/2871)
- The Building (Amendment) Regulations 2002 (SI 2002/0440)
- The Building (Amendment) Regulations 2001 (SI 2001/3335)

#### **The Building (Approved Inspectors etc.) Regulations 2000 (SI 2000/2532), amended by:**

- The Building and Approved Inspectors (Amendment) Regulations 2010 (SI 2010/719)
- The Building and Approved Inspectors (Amendment No.2) Regulations 2009 (SI 2009/2465)
- The Building and Approved Inspectors (Amendment) Regulations 2009 (SI 2009/1219)
- Energy Performance of Buildings (Certificates and Inspections) (England and Wales) (Amendment No.2) Regulations 2008 (SI 2008/2363)
- The Energy Performance of Buildings (Certificates and Inspections) (England and Wales)(Amendment) Regulations 2008 (SI 2008/647)
- The Building and Approved Inspectors (Amendment) (No.2) Regulations 2007 (SI 2007/3384)
- The Building and Approved Inspectors (Amendment) (No2) Regulations 2006 (SI 2006/3318)
- The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652)
- The Building (Approved Inspectors etc.) (Amendment) Regulations 2004 (SI 2004/1466)
- The Building (Approved Inspectors etc) (Amendment) Regulations 2003 (SI 2003/3133)
- The Building (Approved Inspectors etc) (Amendment) Regulations 2002 (SI 2002/2872)
- The Building (Approved Inspectors etc.) (Amendment) Regulations 2001 (SI 2001/3336)

<p><b>Title:</b>  <b>New and Extended Competent Person Schemes</b></p> <p><b>Lead department or agency:</b>  Department for Communities and Local Government (CLG)</p> <p><b>Other departments or agencies:</b></p>	<p><b>IA No: 0016</b></p> <p><b>Date:</b> September 2010</p> <p><b>Stage:</b> Final</p> <p><b>Source of intervention:</b> Domestic</p> <p><b>Type of measure:</b> Secondary legislation</p> <p><b>Contact for enquiries:</b>  Ian Drummond (0303 444 1791) or Kevin Flanagan (0303 444 1809)</p>
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## Summary: Intervention and Options

### What is the problem under consideration? Why is government intervention necessary?

The significant amount and types of building work subject to the Building Regulations cannot be practicably accommodated within the traditional building control framework. Competent person schemes (CPS) are a mechanism to allow installers who have been assessed as competent to self-certify that their work complies with the regulations. This removes the burden for installers and consumers of having to notify the work to a building control body (BCB) in advance and pay a fee for the BCB to check the work. CPS therefore provide an alternative and cost effective means of ensuring compliance with the Building Regulations. CLG proposes to expand the range of CPS into new areas of work where the risk justifies this approach and to authorise additional schemes in existing areas.

### What are the policy objectives and the intended effects?

The primary objective is to improve the cost effectiveness and efficiency of ensuring compliance with the requirements of the Building Regulations, through extending the number and scope of CPS. This will remove the burden for notification and payment to BCBs for them to check the work. Furthermore, the fact that installers in CPS need to demonstrate their competence and be subject to ongoing monitoring means that the installations should achieve a higher level of compliance with the Building Regulations. The new and extended CPS will also particularly support the recent changes to energy efficiency aspects of the Building Regulations and the Microgeneration Certification Scheme administered by the Department for Energy and Climate Change and the Renewables Directive (2009/28/EC).

### What policy options have been considered? Please justify preferred option (further details in Evidence Base)

- (1) To do nothing and approve no new or extended CPS.
- (2) To authorise a range of new and extended CPS to meet the above policy objectives.

<b>When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?</b>	It will be reviewed on a periodic basis.
<b>Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?</b>	Yes

**SELECT SIGNATORY Sign-off** For Final Stage Impact Assessments:

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

**Signed by the responsible Minister: Andrew Stunell**

**Date: 6<sup>th</sup> September 2010**

# Summary: Analysis and Evidence

# Policy Option 2

## Description:

Policy Option 2 - To authorise a range of new and extended competent person schemes (CPS) (details at Annex 2)

Price Base Year 2010	PVBase Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £148m	High: £391m	Best Estimate: £264m

COSTS (£m)	Total Transition (Constant Price) Year	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	£1.5m	£13m
High	N/A	£2.3m	£19m
Best Estimate	N/A	£1.9m	£16m

### Description and scale of key monetised costs by 'main affected groups'

Average cost to installers of annual registration with a CPS estimated to be approximately £375 (high: £450, low: £300) per member. Assumes 5,100 members to give £1.9m per annum over 10 years.

### Other key non-monetised costs by 'main affected groups'

There may be some training costs for installers to become sufficiently competent to become CPS members, mostly one-off although some on-going training may be needed. It is very unclear how much training might be required but the costs should be minimal. There is a cost to CPS members in time and money to notify a job to the local authority and provide a certificate of compliance to the customer, but this is offset by the time and cost saved from not having to complete and submit a building notice.

BENEFITS (£m)	Total Transition (Constant Price) Year	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	£19m	£161m
High	N/A	£49m	£410m
Best Estimate	N/A	£34m	£280m

### Description and scale of key monetised benefits by 'main affected groups'

Savings arise due to the fact that CPS members do not have to pay a building control charge. Estimated annual savings for new schemes for: roof replacements (£10.8m); mechanical ventilation (£7.5m); micro-generation (£2.5m); cavity wall insulation (£0.01m). Estimated annual savings for extension of existing schemes for: plumbing (£6.0m); heating and hot water (£3.0m); electrical installations (£2.7m); replacement of windows/doors (£1.1m). For assumptions see evidence base. Net benefit to business £32m per annum.

### Other key non-monetised benefits by 'main affected groups'

Freeing up of building control bodies' (local authorities and private sector approved inspectors) resources to concentrate on other areas of work where self-certification is not appropriate. Improving the level of compliance, as CPS members are likely to be more competent than non-members. Saving of time to CPS members through removal of the need to give local authorities two days notice before building work commences on site. No saving in time anticipated to carry out the work.

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

There is an element of uncertainty about estimates which has been reflected through ranges. For instance the average annual cost of CPS membership is in a range of £300-£450 based on information provided by CPS operators on their proposed membership fees. Savings per job are estimated in ranges based on an average hourly rate for building control of £60 per hour and an estimate of time taken, together with assumptions for number of jobs relating to particular types of work and the likely involvement of a CPS, based on advice from local authorities and internal expert opinion. For more detail see evidence base. There are some risks of non-compliance with building regulations associated with self-certification but these are considered to be low.

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):		In scope
New AB: £2m pa	AB savings: £34m pa	Net: £32m pa	Policy cost savings:		Yes



## Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		England and Wales			
From what date will the policy be implemented?		01/10/2010			
Which organisation(s) will enforce the policy?		CLG			
What is the annual change in enforcement cost (£m)?		N/A			
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		No			
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		Traded: N/A		Non-traded: N/A	
Does the proposal have an impact on competition?		Yes			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?		Costs: N/A		Benefits: N/A	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

## Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
<b>Statutory equality duties</b> <sup>1</sup> <a href="#">Statutory Equality Duties Impact Test guidance</a>	No	9/10
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	Yes	9/10
Small firms <a href="#">Small Firms Impact Test guidance</a>	Yes	9/10
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	9/10
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	9/10
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	9/10
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	9/10
Justice system <a href="#">Justice Impact Test guidance</a>	No	9/10
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	9/10
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	9/10

## Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

<sup>1</sup> Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

## References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	<u>The Building Regulations 2010 (coming into force on 1 October 2010)</u>
2	
3	
4	

## Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

### Annual profile of monetised costs and benefits\* - (£m) constant prices

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>										
<b>Annual recurring cost</b>	1.8	1.8	1.7	1.7	1.6	1.6	1.5	1.5	1.4	1.4
<b>Total annual costs</b>	1.8	1.8	1.7	1.7	1.6	1.6	1.5	1.5	1.4	1.4
<b>Transition benefits</b>										
<b>Annual recurring benefits</b>	32.6	31.4	30.4	29.4	28.4	27.4	26.5	25.6	24.7	23.9
<b>Total annual benefits</b>	32.6	31.4	30.4	29.4	28.4	27.4	26.5	25.6	24.7	23.9

\* For non-monetised benefits please see summary pages and main evidence base section

# Evidence Base (for summary sheets)

## Introduction and Background

### *Development of Competent Person Schemes (CPS)*

By the mid 1990s the significant increase in the amount and types of building work subject to the Building Regulations that had to be notified to building control bodies (BCBs) ( i.e. local authorities (LAs) or private sector approved inspectors) before commencement for checking and inspection could no longer be practicably accommodated within the traditional building control framework.

A formal public consultation in 1997 showed general support for the principle of allowing installers (i.e. businesses - mostly sole traders or small firms) certified as competent to self-certify that their work complied with the relevant requirements of the Building Regulations. In 1999 the Government consulted more specifically on the appropriateness of self-certification for whole buildings and/or specific types of work. There was no support at that time for self-certification for whole buildings but much support for specific types of work, provided that the type of work was relatively low risk and of such a volume that made building control involvement difficult and diverted resources from areas of higher risk. The 1999 consultation also asked for expressions of interest in participating in such self-certification schemes and a number were received, but progress in taking the proposal forward was slow.

In April 2002 the revision to Part L (Conservation of fuel and power) extended building regulations requirements to areas not previously covered, notably the energy efficiency of replacement windows and combustion appliances. It was anticipated that there would be over one million notifiable jobs per year for each type of installation (compared to only around half a million other notifiable jobs in total), which would considerably stretch building control resources. It was also considered that the incidence of risk associated with non-compliance was low. It was therefore decided that self-certification schemes would be appropriate in these areas and a number of CPS were introduced to cover boiler and window installation.

The Building Regulations were extended to cover electrical installation work in dwellings through Part P (Electrical safety) as from 1 January 2005. Again, given the scale of the potential number of notifications it was felt this could only be practicably implemented if there were CPS to remove the burden from BCBs and the cost of LA notification from installers/consumers and the risk was considered to justify this approach. Since then the range of types of work and the number of authorised schemes has continued to increase to cover areas such as plumbing and air-conditioning systems.

### **Authorisation and monitoring of CPS**

CPS are authorised following consultation with other relevant government departments, building control representatives bodies and the Building Regulations Advisory Committee (BRAC). The operators must satisfactorily demonstrate that they have the financial, managerial and technical ability to operate a scheme.

Installers wishing to become a member of a CPS must demonstrate that they have the necessary competence to carry out work to building regulations standards. Competence is assessed against National Occupational Standards at NVQ level 3 or other equivalent standards, with continuing random monitoring of members' work to make sure it meets those standards.

When a job is completed an installer must notify the relevant LA - via their CPS operator - of the work carried out and certification of building regulations compliance is provided to the consumer (i.e. customer). It should be noted that membership of a CPS is voluntary – if an installer chooses not to join a CPS they still have the option of having their work supervised by a BCB.

About 2.5-3.0 million jobs are currently self-certified under CPS each year. As stated in Annex 1, CLG carries out periodic monitoring of the performance of existing CPS. Copies of previous reports can be found on the CLG website<sup>2</sup>. These have shown that schemes achieve a very high level of compliance with the health, safety and energy efficiency requirements of the Building Regulations and have therefore proved to be a success. The number of complaints from customers is a miniscule fraction of the jobs carried out under CPS (0.1% at most) and many of these are not about failure to meet building

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<sup>2</sup> <http://www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/>

regulations standards. Evidence has therefore demonstrated that there are low risks attached to self-certification.

CLG has recently consulted on an enhanced set of criteria for authorisation and monitoring of CPS designed to increase the management and technical abilities of schemes and thus help achieve an even higher level of compliance with the Building Regulations. The responses to the consultation supported all the proposals (some with qualification) and, subject to Ministerial agreement, we propose to take these forward in the near future.

## **Rationale for Intervention / Policy Objectives**

Allowing competent installers to self-certify their work means that they do not need to notify in advance and pay a BCB to check the work, thus reducing the burden on installers and consumers and freeing up resources for BCBs to concentrate on other areas of building work where self-certification is not considered appropriate. The fact that installers need to demonstrate their competence and be subject to ongoing monitoring also means that the installations should achieve a higher level of compliance with the relevant requirements of the Building Regulations than other work. Competition amongst CPS also helps to ensure they keep membership fees low. CPS therefore provide an alternative and more cost effective means of ensuring compliance with the Building Regulations and will help to reduce the level of unauthorised work carried out.

CLG proposes to authorise a range of new and extended CPS where the risk is considered to be justified. Recent changes to the energy efficiency aspects of the Building Regulations have meant that more installations are likely to be covered by the regulations than previously. For example, changes brought about by the implementation of the Energy Performance of Buildings Directive has meant that if more than 25% of the surface area of a thermal element, such as a roof, is replaced then the whole element must be brought up to current energy efficiency standards. Other policies designed to help meet the Government's climate change commitments (nearly half of all carbon emissions come from buildings) mean that there are likely to be significant increases in demand for certain types of work such as the installation of cavity wall insulation in existing buildings, or mechanical ventilation being provided in new, more air-tight buildings. By introducing the option of installers of these types of work being able to self-certify that their work complies with the Building Regulations, this will help to ensure that these provisions can be met in a practicable and cost-effective way.

Another objective is to align the CPS framework with the Microgeneration Certification Scheme (MCS) administered by the Department for Energy and Climate Change, so that installers do not need to join two separate schemes in order to be able to self-certify compliance with the Building Regulations and benefit from MCS status. The proposed new and extended CPS will also help to deliver the Government's 'Green Deal' – a mechanism to make it easy for individuals and businesses to save energy, reduce emissions and cut their costs.

Authorisation of schemes for microgeneration/renewable technologies will help support UK implementation of Article 14 of the Renewables Directive (2009/28/EC) which requires such schemes to be in place by 5 December 2010.

## **Description of policy options considered**

Option 1: To do nothing and authorise no new CPS or extensions to the scope of existing CPS.

Option 2: To authorise a range of new and extended CPS to meet the above policy objectives, as follows:

Applications were specifically invited for the following new types of work (although applications were also accepted for existing types of work covered by CPS):

- Installation of cavity wall insulation, which is a key strand of the Government's agenda for improving the energy efficiency of existing buildings;
- Installation as a replacement of conventional pitched and flat roofs, including the installation of insulation for such roofs, which will help to meet energy efficiency objectives;

- Installation of mechanical ventilation or air-conditioning systems in buildings (to support the changes to Parts F (Ventilation) and L (Conservation of fuel and power) of the Building Regulations coming into force on 1 October 2010); and
- Installation of microgeneration and renewable technologies (e.g. solar PV panels, solar thermal panels, ground source heat pumps - to help support the Microgeneration Certification Scheme administered by the Department for Energy and Climate Change and implementation of the Renewables Directive - 2009/28/EC).

A full list of the proposed authorisations for new and extended CPS is attached at *Annex 2*.

We have also considered a range of variants of option 2, including restricting the applications to new areas of work only rather than accepting additional applications for existing areas, or delaying the authorisation of new/extended CPS until April 2011. These were considered as time constraints meant it would be difficult to process and scrutinise all the applications in the time available, but it was decided that it was important to authorise as many CPS as possible for October 2010 so that the benefits could be captured at the earliest opportunity.

### **Costs and benefits of each option (including risks and assumptions)**

Option 1: If we do nothing and authorise no new or extended CPS, no new costs or benefits will arise.

Option 2: It is estimated that the following costs and benefits will arise if we authorise the proposed new or extended CPS:

#### **Costs**

There is a cost to an installer of joining and being a member of a CPS, typically in the range of £300-£450 fees per year, although this varies from scheme to scheme with some setting flat rates and others setting charges based on the number of jobs completed and number of monitoring visits necessary during the year (so a sole trader would pay less than a large company). However, membership is voluntary and installers will not join a scheme unless it is beneficial for them to do so.

A central average estimate of £375 annual membership for 5,100 members in new or extended schemes gives a total annual cost of **£1.9m**. Ten years discounted cost gives a present value cost of **£16m**.

To reflect an element of uncertainty around average membership fees ranges have been included of £1.5m (at £300 average membership) to £2.3m (at £450 average membership).

#### ***Non-monetised costs***

There may also be a one-off and some ongoing training costs to installers to become and remain sufficiently competent to join and be a member of a CPS. It is unclear how much training would be needed although the costs should be minimal, so because of the level of uncertainty such costs have not been monetised.

There is also a cost to installers to notify a job carried out to the LA post completion and to provide a certificate of compliance to the consumer of approximately £2-£3 per job, as well as the time taken to do so. However, if the job were to be notified in advance to a LA to check the work there would be the need to complete and submit a building notice. It is estimated that the time taken for the latter and the cost of doing so in terms of postage etc would be very similar to the CPS notification process as the information provided is broadly the same and therefore there is no cost (or saving) from the change to the process. There will be a saving based on not having to pay a charge to a BCB and this is discussed in the benefits saving section.

#### **Benefits**

For each CPS we estimate the following saving for each job based on the amount of building charge that is likely to be saved x the estimated number of jobs per annum, to give the annual saving (NB: the ranges are set out in a separate section below):

## ***New Schemes***

### Roof replacements

Saving of £90 per job for 120,000 jobs per annum gives an annual saving of **£10.8m**.

Assumption of level of roofing work may be conservative - assumes a renewal rate of less than 1% per annum and that only 50% of those use a CPS so savings could potentially be higher.

### Mechanical ventilation or air conditioning in buildings

Saving per job of £30 for new buildings (100,000 per annum) and £90 for existing buildings (50,000 per annum) gives an annual saving of **£7.5m**.

Assumes mechanical ventilation for 50% of new houses all using a CPS (which may be high) and 25,000 installations for new/existing non-domestic buildings (which may be low).

### Micro-generation and renewable technologies

Saving per job of £30 for new buildings (25,000 per annum) and £120 for existing buildings (15,000 per annum) gives an annual saving of **£2.5m**.

### Cavity wall insulation

Saving of £60 per job for 250 jobs per annum gives an annual saving of **£15,000**.

Will only impact in the relatively rare occasion where an inspection is carried out, which is why the estimate of the number of jobs is so low. However, there is a risk that LAs may inspect more frequently from 1 October 2010 (when all LAs will have introduced a charging scheme under the Building (Local Authority Charges) Regulations 2010), so the potential savings could be much higher.

Total Annual Saving for new Schemes: **£21m**.

## ***Extension of Existing Schemes***

### Plumbing

Saving of £60 per job for 100,000 jobs per annum gives an annual saving of **£6m**.

### Heating and Hot Water

Saving of £60 per job for 50,000 jobs per annum gives an annual saving of **£3.0m**.

### Electrical installations

Saving of £120 per job for 22,500 jobs per annum gives an annual saving of **£2.7m**.

### Replacement Windows/Doors etc

Saving of £60 per job for 18,750 jobs per annum gives an annual saving of **£1.1m**.

Total Annual Saving for existing Schemes: **£13m**.

This gives total annual savings of **£34m** per annum which over 10 years discounted at 3.5% delivers a net present benefit of **£280m**.

## ***Ranges and basis for savings***

The building control charges are based on an estimated average of £60 per hour taken from evidence provided by LAs. Approved Inspectors' fees are assumed to be broadly similar as they operate in a competitive environment.

To reflect an element of uncertainty in the estimations and assumptions, those schemes above assuming £90 per job were also estimated in ranges at £120 per job (High) and £60 per job (Low), those assuming £30 were estimated at £40 per job (High) and £20 per job (Low), those assuming £60 were estimated at £90 per job (High) and £30 per job (Low), and those assuming £120 were estimated at £150 per job (High) and £90 per job (Low).

These give a total annual saving benefit in the range of £19m-£49m around the central estimate of £34m. and present value benefits in a range of £161m - £410m around the central estimate of £280m.

The applicants for new and extended schemes estimated their number of members. Most will be small firms. We then estimated a likely number of jobs each would carry out per year. As building control charges will not be paid for these jobs there is a significant saving to the installers concerned. The benefits are thus calculated on the basis of the estimated number of members and the estimated number of jobs they would have carried out per year subject to building control charges for which there is a saving.

As indicated above, the savings have been calculated on the basis there will be no building control charge payable for work covered by CPS, or a reduced charge in the case where the elements of the work being self-certificated is part of a larger project, typically for new buildings and some larger alterations. The Building (Local Authority Charges) Regulations 2010 came into force on 1 April 2010 which require LAs to introduce a new charging scheme under these regulations no later than 1 October 2010. The new charges regulations allow LAs more flexibility in the setting of their charges and they will be able to reduce charges or give a refund where part of a job is self-certified, so members of CPS will benefit.

### ***Non-monetised benefits***

The 'Rationale for Intervention' above refers to other benefits provided by the proposed new and extended CPS, in particular reducing the burden on installers and consumers and freeing up BCB resources, and also improving the level of compliance with the Building Regulations.

In addition, a further benefit may arise because a commencement notice must be submitted to the LA at least two days before building work commences on site, whereas a CPS notification is made after the work is completed. CPS membership could therefore provide a benefit in a saving of two days delay to work commencing on site. However, most installers will take account of this small delay when planning their work and as there is no evidence as to whether the delay causes any real difficulties, the potential savings have not been monetised.

### ***Net Impact to Business***

A Net present benefit of £280m and net present cost of £16m gives a central estimate Net Present Benefit of **£264m** (High: £391m, Low: £148m) and an average annual net benefit of **£32m** (High: £47m, Low: £19m). All of this net benefit is to business.

### **Impact on Administrative Burdens baseline**

The payment of a building control charge is an administrative burden imposed under the Building (Local Authority Charges) Regulations 2010. The total savings from not having to pay this charge therefore represent a reduction in the administrative burden of £32m.

### **Specific Impacts Tests**

#### ***Economic Impacts***

The main specific group affected by the proposed new and extended CPS are sole traders and *small firms* (i.e. businesses) who - as members of schemes - will derive the benefits and savings outlined above, which we consider will considerably outweigh the costs. Consumers will continue to pay a fee to the installer - as a CPS member - to carry out the building work in question, but they will benefit through not having to pay a building control charge. BCBs will also benefit through a significant reduction in the amount of work notified to them for checking and inspection.

There will also be an effect on *competition* as members of CPS will in many cases benefit by being able to quote a price for work lower than those not in schemes as the price would not include the amount of the building control charge.

#### ***Environmental Impacts***

As stated under 'Rationale for Intervention' above, CPS installers have to demonstrate their competence and are subject to ongoing performance monitoring. This means that the installations should achieve a higher

level of compliance with the relevant requirements of the Building Regulations than other work. In addition, self-certification reduces the level of unauthorised work. Greater compliance with the Building Regulations improves building and environmental standards.

***Statutory equality duties, Social impacts and Sustainable development*** - no impact.

### **Summary (including preferred option and implementation plan)**

CLG therefore proposes to proceed with Option 2, to authorise a range of new and extended CPS, so as to reduce the costs and burdens of complying with the Building Regulations at an average net saving of around £32m per annum, help improve compliance and deliver the Government's energy efficiency and climate change commitments.

The schemes will be authorised in the consolidated Building Regulations 2010 which are expected to come into effect on 1 October 2010. The regulations will be accompanied by a Departmental Circular and Circular Letter which will set out and give guidance on the changes to the regulations. It is anticipated that all the new schemes will be invited to participate in the Competent Persons Forum, an industry-led body that acts a focal point for CPS issues.

The new CPS will be monitored and reviewed in accordance with the details set out in the post-implementation review plan in Annex 1.



## Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

### Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p><b>Basis of the review:</b> [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p> <p>Individual CPS are routinely monitored, usually three years after their authorisation and then at intervals thereafter, to ascertain how closely they are complying with their conditions of authorisation by CLG. Monitoring includes the: number of members; number of jobs done; number of jobs complying with the Building Regulations and reasons for non-compliance; and general performance of the schemes. CLG also collects regular statistics from the CPS to assist this process. Any concerns are raised with the individual scheme operators but also feed into a broader ongoing assessment of how the CPS regime is working in practice. In parallel, we will also seek to verify the assumptions made as part of this impact assessment.</p>
<p><b>Review objective:</b> [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>See above.</p>
<p><b>Review approach and rationale:</b> [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>It is important to understand how well individual CPS are working as well as how the policy is functioning overall and whether the estimated savings identified are being achieved in practice.</p>
<p><b>Baseline:</b> [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>The baseline is the current range of CPS / use of BCBs.</p>
<p><b>Success criteria:</b> [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>Key criteria are: level of membership of CPS; number of jobs carried out by CPS and notified to BCBs; performance of CPS (number of complaints etc). We will also monitor building control average hourly rates and, if possible, the time taken for LAs to carry out similar work to verify assumptions regarding estimated savings.</p>
<p><b>Monitoring information arrangements:</b> [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p> <p>See above.</p>
<p><b>Reasons for not planning a PIR:</b> [If there is no plan to do a PIR please provide reasons here]</p> <p>N/A</p>

## Annex 2: List of new and extended competent person schemes recommended for authorisation

Type of work	Scheme operator
Installation of cavity wall insulation in existing buildings	Cavity Insulation Guarantee Agency Limited
Replacement of roof coverings and associated work in existing buildings, not including the installation of solar panels	National Federation of Roofing Contractors Limited
Installation of mechanical ventilation or air-conditioning systems in buildings other than dwellings	Building Engineering Services Competence Accreditation Limited
Installation of microgeneration and renewable technologies	Building Engineering Services Competence Accreditation Limited, Benchmark Certification Limited, STROMA Certification Limited <sup>3</sup>
Replacement windows and doors in existing dwellings	BM Trada Certification Limited, Network Veka Limited
Installation of a lighting system or electric heating in buildings other than dwellings	Building Engineering Services Competence Accreditation Limited, NAPIT Registration Limited, STROMA Certification Limited
Installation of heating and hot water systems	STROMA Certification Limited
Electrical installations in dwellings	Building Engineering Services Competence Accreditation Limited, Benchmark Certification Limited
Installation of plumbing sanitary ware in dwellings	Building Engineering Services Competence Accreditation Limited

<sup>3</sup> This is the body for which we are recommending only some of the types of work for which they applied. They are aware that this is the case.

Table showing how the Building Regulations 2000 (S.I. 2000/2531) correspond with the Building Regulations 2010 (S.I. 2010/2214)

Provisions revoked before 1<sup>st</sup> October 2010 are not listed in the table.

<b>Parts, regulation and Schedule headings</b>	<b>Number of Part, regulation or Schedule in Building Regulations 2000</b>	<b>Number of Part, regulation or Schedule in Building Regulations 2010</b>
General	Part 1	Part 1
Citation and commencement	1	1
Interpretation	2 (for the paragraphs see below)	2
General definitions	2(1)	2(1)
“Public building” definition	2(2)	2(2)
“Thermal element” definition	2(2A)	2(3)
Supplements “thermal element” definition	2(2B)	2(4)
“Wholesome water” definition	2(2C)	2(5)
General	2(3)	deleted
Control of building work	Part 2	Part 2
Meaning of building work	3 (the only changes are set out below)	3
	3(1)(g)	3(1)(h)
	3(1)(h)	3(1)(g)
Requirements relating to building work	4 (for the paragraphs see below)	4
	4(1)	4(1)
	4(1A)	4(2)
	4(2)	4(3)
Requirements relating to thermal elements (now in Part 6)	4A	23
Requirements relating to a change to energy status (now in Part 6)	4B (for the paragraphs see below)	22
	4B(1)	22
	4B(2)	deleted
Meaning of material change of use	5	5
Requirements relating to material change of use	6 (for the paragraphs and sub-paragraphs see below)	6

	6(1)(a)-(c)	6(1)(a)-(c)
	6(1)(cc)	6(1)(d)
	6(1)(d)	6(1)(e)
	6(1)(e)	6(1)(f)
	6(1)(f)	6(1)(g)
	6(1)(ff)	6(1)(h)
	6(1)(g)	6(1)(i)
	6(2)	6(2)
Materials and workmanship	7	7
Limitation on requirements	8	8
Exempt buildings and work	9 (for the paragraphs see below)	9 and 21
	9(1)	9(1)
	9(1A)	9(2)
	9(2)	9(3)
(now in Part 6)	9(3)	21(1)
(now in Part 6)	9(4)	21(2)
(now in Part 6)	9(5)	21(3)
(now in Part 6)	9(5A)	21(4)
(now in Part 6)	9(6)	21(5)
Exemption of public bodies from procedural requirements (regulation 10, formerly in Part 3, is now in Part 2)	Part 3	-
The Metropolitan Police Authority (heading revised to “Exemption of the Metropolitan Police Authority from procedural requirements”)	10	10
Relaxation of requirements (regulation 11, formerly in Part 4, is now in Part 2)	Part 4	-
Power to dispense with or relax requirements	11	11
Notices and plans (heading revised to “Notices, Plans and Certificates”)	Part 5	Part 3
Giving of a building notice or deposit of plans	12 (for the paragraphs see below)	12
	12(2)	12(1)
	12(2A)	12(2)
	12(3)	12(3)
	12(4)	12(4)
	12(4A)	12(5)
	12(5)	12(6)
	12(6)	12(7)
	12(7)	12(8)
	Definitions moved from regulation	12(9)

	2	
Particulars and plans where a building notice is given	13 (for the paragraphs and for the only change to a sub-paragraph see below)	13
	13(1)	13(1)
	13(2)	13(2)
	13(2)(c)(iii)	13(2)(c)(ii)
	13(3)	deleted
	13(5)	13(3)
	13(6)	13(4)
	13(7)	13(5)
Full plans	14 (the only changes are set out below)	14
	14(3)(aa)	14(3)(b)
	14(3)(b)	14(3)(c)
Consultation with sewerage undertaker	14A	15
Notice of commencement and completion of certain stages of work	15	16
Self-certification schemes (new Part 5 contains regulation 20)	-	Part 5
Provisions applicable to self- certification schemes	16A	20
Information to be provided by the person carrying out work (new Part 8 contains regulations 38-40)	-	Part 8
Fire safety information	16B	38
Information about ventilation	16C	39
Completion certificates (now in Part 3)	17	17
Energy performance of buildings (heading revised to “Energy Efficiency Requirements”) (Part 6 contains regulations 21-35)	Part 5A	Part 6
Methodology of calculation and expression of energy performance	17A	24
Minimum energy performance requirements for buildings (new heading “Minimum energy performance requirements for new buildings”)	17B	25
New buildings (new	17C	26

heading “CO2 emission rates for new buildings”)		
Consequential improvements to energy performance	17D	28
Energy performance certificates	17E (the only changes are set out below)	29
	17E(4)	29(5)
	17E(5)	29(4)
Energy assessors	17F	30
Related party disclosures	17G	31
Duty of care	17H	32
Right to copy documents	17I	33
Application of building regulations to education buildings and buildings of statutory undertakers	Regulation 28 of the Building and Approved Inspectors (Amendment) Regulations 2006 (S.I. 2006/652)	34
Interpretation (heading revised to “Interpretation of Part 6”)	17J	35
Water efficiency (Part 7 contains regulations 36 and 37)	Part 5B	Part 7
Water efficiency of new dwellings	17K	36
Miscellaneous (Part 10 contains regulations 45-54)	Part 6	Part 10
Testing of building work	18	45
Sampling of material	19	46
Supervision of building work otherwise than by local authorities (new Part 4 contains regulation 19)	-	Part 4
Supervision of building work otherwise than by local authorities	20	19
Testing and commissioning (new Part 9 contains regulations 41-44)	-	Part 9
Sound insulation testing	20A	41
Mechanical ventilation air flow rate testing	20AA	42
Pressure testing	20B	43
Commissioning	20C (for the paragraphs see below)	44
	20C(A1)	44(1)
	20C(1)	44(2)
	20C(2)	44(3)

	20C(3)	44(4)
CO2 emission rate calculations (now in Part 6)	20D	27
Wholesome water consumption calculation (now in Part 7)	20E	37
Unauthorised building work (now in Part 3)	21 (for the paragraphs see below)	18
	21(1)	18(1)
	21(2)	18(8)
	21(3)	18(2)
	21(4)	18(3)
	21(5)	18(4)
	21(6)	18(5)
	21(7)	18(6)
	21(8)	18(7)
Contravention of certain regulations not to be an offence (now in Part 10)	22	47
Electronic service of documents (now in Part 10)	22B (for the paragraphs and subparagraphs see below)	48
	22B(1)(a)	48(1)(a)
	22B(1)(b)	48(1)(b)
	22B(1)(c)	48(1)(c)
	22B(1)(d)	48(1)(g)
	22B(1)(e)	48(1)(d)
	22B(1)(f)	48(1)(i)
	22B(1)(g)	48(1)(j)
	22B(1)(h)	48(1)(l)
	22B(1)(ha)	48(1)(m)
	22B(1)(i)	48(1)(n)
	22B(1)(j)	48(1)(o)
	22B(1)(k)	48(1)(h)
	22B(1)(ka)	48(1)(k)
	22B(1)(l)	48(1)(e)
	22B(1)(m)	48(1)(f)
	22B(2)	48(2)
Transitional provisions	23	-
Transitional provisions: interpretation (in Part 10)	Regulation 25 of the Building and Approved Inspectors (Amendment) Regulations 2010 (S.I. 2010/719) (“the 2010 Regulations”)	49
Transitional provisions: work already started before 1 <sup>st</sup> October 2010 (in Part 10)	Regulation 26 of the 2010 Regulations	50
Transitional provisions: work for which notification	Regulation 27 of the 2010 Regulations	51

is not required (in Part 10)		
Transitional provisions: notice given or plans deposited before 1 <sup>st</sup> October 2010 (in Part 10)	Regulation 28 of the 2010 Regulations	52
Transitional and saving provisions: earlier Building Regulations (in Part 10)	Paragraphs (1) and (2) continue the effect of transitional provisions in earlier Building Regulations. Paragraph (3) continues the effect of regulation 2(1) of the Building (Amendment No.2) Regulations 2009 (S.I. 2009/2397)	53
Revocations (heading revised to “Revocations and consequential amendments”) (in Part 10)	24	54
Requirements	Schedule 1 (for the paragraphs and sub-paragraphs see below)	Schedule 1
Part A structure	A1-A3	A1-A3
Part B fire safety	B1-B5	B1-B5
Part C site preparation and resistance to contaminants and moisture	C1 and C2	C1 and C2
Part D toxic substances	D1	D1
Part E resistance to passage of sound	E1-E4	E1-E4
Part F ventilation	F1	F1
Part G sanitation, hot water safety and water efficiency	G1-G6	G1-G6
Part H drainage and waste disposal	H1-H6	H1-H6
Part J combustion appliances and fuel storage systems	J (for the sub-paragraphs see below)	
	J1 and J2	J1 and J2
	J2A	J3
	J3	J4
	J4	J5
	J5	J6
	J6	J7
Part K protection from falling, collision and impact	K1-K5	K1-K5
Part L conservation of fuel and power	L1 (the only change is set out below)	L1
Information about use of fuel and power	L1(c)	Regulation 40
Part M access to and use of buildings	M1-M4	M1-M4
Part N glazing – safety in	N1-N4	N1-N4



relation to impact, opening and cleaning		
Part P electrical safety	P1	P1
Exempt Buildings and Work	Schedule 2	Schedule 2
Self-certification schemes and exemptions from requirement to give building notice or deposit full plans	Schedule 2A (for the paragraphs see below)	Schedule 3
Heat-producing gas appliance	1	1
Heating or hot water system connected to heat-producing gas appliance	2	2
Oil-fired combustion appliance or oil storage tanks	3	3
Solid fuel burning combustion appliance	4	4
Heating or hot water system connected to an oil-fired combustion appliance	5	5
Heating or hot water system connected to a solid fuel burning combustion appliance	5A	6
Heating or hot water system connected to an electric heat source	5B	7
Mechanical ventilation or air conditioning system in a non-dwelling	6	8
Mechanical ventilation or air conditioning system in certain dwellings	7	9
Ventilation for commercial kitchens	8	deleted
Lighting and electric heating systems	9	10
Low voltage electrical installations	10	11
Low voltage electrical installations as an adjunct	11	12
Window, rooflight, roof window or door	12	13
Sanitary convenience, sink, washbasin, bidet, fixed bath, shower or bathroom	13	14

in a dwelling		
Cold water supply	13A	15
Non-wholesome cold water supply to sanitary convenience	13B	16
New: renewable energy	-	17
New: insulation of walls	-	18
New: replacement roof	-	19
Ancillary work	14	20
Descriptions of work where no building notice or deposit of full plans required	Schedule 2B	Schedule 4
Revocation of regulations	Schedule 3	Schedule 5
Consequential Amendments	-	Schedule 6