

# Update to Part 4 of the Building Safety Bill's Regulatory Impact Assessment – Economic Annex

## Introduction

1. This economic annex relates to the proposals set out in the consultation on the new safety regime for occupied higher risk buildings.
2. As set out in the consultation, we intend to introduce secondary legislation to provide the procedural and administrative detail of the new regulatory regime for higher-risk buildings in occupation.
3. Through this consultation we are seeking views on our proposals for secondary legislation on:
  - Registration
  - Certification
  - Accountable person(s)
  - Safety case approach
  - Mandatory Occurrence Reporting
  - Residents' voice and duties on residents
  - Golden thread
  - Duties on the accountable person(s) and the principal accountable person to share information
  - Appeals
  - Enforcement
  - Key building information
4. This economic annex provides qualitative and quantitative analytical updates for some of the areas being consulted on through this consultation. The areas which we have provided updates for include:
  - Registration
  - Certification
  - Safety case approach and safety case report
  - Residents' voice
5. Where an area on which we are consulting has not been covered by this economic annex, it is because the estimates set out in the Building Safety Bill's Regulatory Impact Assessment are still valid. Details on the current estimated impacts for these areas can be found in the published [Building Safety Bill Regulatory Impact Assessment here](#).
6. The estimated numbers in this economic annex relate to buildings in England only. The assessment is based on current assumptions, accurate at the time of publication. Our estimates are based on the policy as set out in the consultation document. However, it is possible these impacts may change with time as regulations are developed further and responses to this consultation are analysed and considered.

## Registration and Certification

### Summary

7. This section provides an update to some of the information in the Registration and Certification section of the Building Safety Bill's published Regulatory Impact Assessment<sup>1</sup>. The majority of what is contained in the published Impact Assessment remains unchanged, however we have made some minor adjustments. We have also included estimated costs as progress in operationalising the policy since our last publications means we can now provide more accurate and up to date costings. We have also included the detail here to put the costs included below into context.
8. This assessment is based on current assumptions, accurate at the time of publication. However, it is possible these impacts may change as a result of feedback through this consultation, and further operationalisation of the policy, including through finalisation of the regulations. For all the following analysis, the appraisal period is 15 years, the present value year is 2023 and the price base year is 2019.

### Costs to regulators

#### Registration

9. We estimate that over the 15-year appraisal period, the registration process will cost the regulator between £1.2m and £1.7m, with a central estimate of £1.4m, in present value (PV) terms. This equates to equivalent annual cost (EAC) of roughly £0.1m over the appraisal period.
10. All existing occupied buildings will have to be registered within 6 months of the new regime going live. New buildings will have to be registered before they are occupied. We expect the following information to be required to register a building:
  - Details of the principal accountable person for the building and any other accountable persons (including name, contact details and address) and if there are multiple accountable persons confirmation who is responsible for which part of the building;
  - Type of building owner (e.g., private landlord or local authority);
  - Building address;
  - The age band of the building and whether on construction it had relevant building control consent;
  - The number of storeys and height of the building;
  - The number of dwellings in the building;
  - A statement confirming that the information submitted is, to the best of the applicants' knowledge, truthful and accurate.
11. We expect the Building Safety Regulator to spend roughly 15 minutes per application processing the above information that has been submitted by industry.

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<sup>1</sup> <https://publications.parliament.uk/pa/bills/cbill/58-02/0139/BuildingSafetyBillImpactAssessment.pdf>

12. We also expect industry to have to notify the Building Safety Regulator if any core details of the building or accountable persons change. We expect this to take roughly 15 minutes of regulator processing time<sup>2</sup>.

### Certification

13. We estimate that over the 15-year appraisal period, the certification process will cost the Building Safety Regulator £231m in PV terms. This equates to £19.4m on an EAC basis.
14. All buildings in scope of the new regime will be required to undergo the Building Assessment Certification process. For existing occupied buildings, we assume that this will be phased over the first 5 years of the new regime. For the purposes of the analysis, we have assumed this phasing will be risk-based. We further expect that new buildings will be called for their Building Assessment Certificate within 6 months of occupation.
15. We expect the following information to be requested as part of the Building Assessment Certificate:
- a copy of the latest safety case report for the building (unless it has already been given to the Building Safety Regulator);
  - a copy of the residents' engagement strategy;
  - prescribed information about the mandatory reporting system in place;
  - statement made by the principal accountable person confirming that the appropriate accountable person has met requirements of their duties under section 89 and any regulations made to provide information to the Building Safety Regulator and other persons, including Key Building Information.
16. The Building Safety Regulator will review each of these components and we expect the Regulator to spend between 19 and 71 hours reviewing the information listed above (depending on the risk level and complexity of the building). Please note, that to avoid double counting, the Building Safety Regulator review of the above is costed in this section. Costs reported in other sections exclude the cost to the Building Safety Regulator to review the mandatory occurrence reporting framework, safety case and resident engagement strategy.
17. We also expect the Building Safety Regulator to undertake building inspections as part of the Building Assessment Certificate. In practice, this has not yet been operationalised, however for the purposes of the analysis we have assumed the time spent inspecting the building will be risk based. We assume that when the Building Safety Regulator decides to inspect a building, the building inspection can range from 1 to 30 hours per building.
18. The Building Safety Regulator will call buildings for re-assessment at least every 5 years. Exactly how this will function has not yet been operationalised, however, for the purpose of the analysis, we have assumed some buildings will be called for re-assessment more frequently. We expect that re-assessment will take between 75% and 90% of the time of the original certification process.

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<sup>2</sup> Wage rates have not been included as these remain the same as in the published impact assessment

## Costs to industry

### Registration

19. We estimate that over the 15-year appraisal period, the registration process will cost industry between £2.7m and £4.1m, with a central estimate of £3.4m, in present value (PV) terms. This equates to equivalent annual cost (EAC) of between £0.2m and £0.3m over the appraisal period.
20. We expect it to take the principal accountable person a total of 2.5 hours to gather and submit the information required at registration.
21. If there are changes to registration information and dependant on the level of information change, we would estimate it would likely take the principal accountable person 0.85 hours (roughly 50 minutes<sup>3</sup>) to notify the Building Safety Regulator of the change.

### Certification

22. We estimate that over the 15-year appraisal period, the certification process will cost industry between £0m and £25.6m, with a central estimate of £11.2m, in PV terms. This equates to an EAC between £0m and £2.1m, with a central estimate of £0.9m, over the appraisal period.
23. We expect most of the industry costs from the certification process to be attributable to the accountable person(s) accompanying Building Safety Regulator personnel on site visits. We expect the accountable person to spend an average of 2 additional hours each accompanying Building Safety Regulator personnel on site visits.

Table 1: Total cost<sup>4</sup> of Registration and Certification

	NPV (Net Present Value)	EAC (Equivalent Annual Cost)
<b>Registration</b>		
<b>Industry</b>	£3,400,000	£288,000
<b>Regulator</b>	£1,400,000	£121,000
<b>Certification</b>		
<b>Industry</b>	£11,200,000	£938,000
<b>Regulator</b>	£231,000,000	£19,400,000

<sup>3</sup> This is the average of an estimated 10 minutes for existing buildings and 1.5 hours for new builds

<sup>4</sup> Price base year - 2019, present value year – 2023, discount rate – 3.5%, appraisal period – 15 years

## **Safety case approach and safety case report**

### **Summary**

24. This section provides a short, qualitative update to some of the information in the Safety Case section of the Building Safety Bill's Regulatory Impact Assessment<sup>5</sup>. The majority of the published Impact Assessment remains current and accurate. However, regarding the actions required of accountable persons to meet the requirements of the policy intent, we have worked with external experts and stakeholders to provide more detailed modelling.
25. The following paragraphs set out the relevant context and subsequently explain how we have amended the assumptions.

### **In occupation – safety cases and the safety case report**

26. All high-rise residential buildings in scope of Part 4 of the building safety act will be required to produce, and keep up to date, a safety case report. This report will be supported by the full safety case of information stored digitally within the golden thread.
27. The principal accountable person will be responsible for ensuring a single safety case report is in place for each building.
28. To produce a safety case report, accountable persons will need to gather information about their buildings, make assessments of building safety risks, and consider the measures in place to manage those risks – introducing additional measures where necessary. They must ensure their risk assessments remain valid and their safety arrangements are maintained so that they will work as expected when required.
29. It is assumed for new buildings, having passed through gateways, that the majority of information required to produce a safety case report will be in place and already stored in the golden thread.
30. Of the existing building stock, following the assumptions set out in the published Impact Assessment, we now have a greater understanding of the information already held (and therefore the gap in information that needs to be gathered).
31. Working with experts we estimated a 25% - 75% split for the existing stock<sup>6</sup>, with 25% of the stock requiring detailed structural and fire assessments, and 75% only requiring detailed fire assessments.
32. Further to this we have introduced a new assumption that split out the newer stock. For new builds going through the design and construction process once Gateways 2 and 3 have been introduced, we have estimated a much smaller amount of time required to gather the evidence for the safety case (as most of the information required would be collected during the design and construction process via the Gateway requirements). As a final step we have also included another a similar assumption

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<sup>5</sup> <https://publications.parliament.uk/pa/bills/cbill/58-02/0139/BuildingSafetyBillImpactAssessment.pdf>

<sup>6</sup> Independent of these assumptions we assume that 50% of existing buildings will require these additional detailed structural and/or fire assessments, as the other half (50%) will have conducted these under the counterfactual.

around new builds that were completed between 2020 and the introduction of Gateway 3, with the estimated time required for these buildings closer to that of the Gateway new builds, but with some additional time allowed.

33. The safety case approach requires the principal accountable person and other accountable persons to ensure their safety arrangements are tested and maintained so that they remain effective and would operate as intended if required. The implementation of an appropriate safety management system will oversee delivery of this approach. We have, therefore, removed any assumptions which in practice duplicated the safety management system requirements.

## **Residents' Voice**

### **Summary**

34. This section provides an update to some of the information in the residents' voice section of the Building Safety Bill's Regulatory Impact Assessment<sup>7</sup>. Whilst the published Impact Assessment remains broadly unchanged, we have made some minor changes to the policy which resulted in us needing to adjust some of our underlying assumptions.

35. The policy changes we have made are:

- modifying the complaints requirements so that the principal accountable person no longer has to report on the progress of their complaints and provide their categorisations by default to the Building Safety Regulator;
- defining the sharing of information to residents into two parts, that which must be provided and that which must be provided upon request; this is a presentational change rather than a policy change; and
- the residents' engagement strategy is now able to be more flexible to residents' preferences, ensuring that it does not lead to inappropriate engagement.

36. These changes are minor and result in slight adjustments to our analysis (mainly via assumption changes), but it is important they are reflected. We have, therefore, provided updates to the previous analysis to reflect the changes we have made.

### **Costs**

37. The updated monetised analysis of the costs and benefits of residents' voice policy is split into three:

- Providing residents with building safety information
- The residents' engagement strategy
- The complaints process.

38. The tables in the following section present estimated costs for an example average building. It is important to note that costs will vary for most buildings. Time required and the associated cost is presented, wage rates are not included as these remain the same as in the published Impact Assessment.

39. This assessment is based on current assumptions, accurate at the time of publication. However, it is possible these impacts may change as a result of feedback through this

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<sup>7</sup> <https://publications.parliament.uk/pa/bills/cbill/58-02/0139/BuildingSafetyBillImpactAssessment.pdf>

consultation, and further operationalisation of the policy, including through finalisation of the regulations. For all the analysis in this document, the appraisal period is 15 years, the present value year is 2023 and the price base year is 2019.

40. The cells in the tables in this document that are shaded in light blue represent an assumption on the residents' side, and as such do not have a cost attributed to them.

### Providing residents with building safety information

*Information the principal accountable person or relevant accountable person will provide to residents*

41. Accountable persons must provide all residents with prescribed building safety information. We are consulting on a proposed list of the key building safety information this will include in regulations, for example contact information, evacuation protocols etc.
42. Information must be provided as soon as reasonably practicable after the building is first occupied or when a resident moves in, with the accountable person required to take reasonable steps to be aware of the residents they are responsible for.
43. We propose that regulations will require information to be provided to residents in a format that allows residents to clearly understand the information without specialist knowledge, and that it will be able to be provided in an accessible form when required.

### *The further provision of information on request*

44. Residents can request prescribed building safety information and documents from their accountable person. We are consulting on a proposed list of the types of information this will include, but we expect it to be more detailed and technical. as the aim is to provide appropriate information to residents who want a more in depth understanding of how safety works in their building, and greater assurance them that their accountable person is fulfilling their building safety duties.
45. The information must be provided as soon as reasonably practicable, and we propose to set out in regulations that any reasonable extensions required (e.g. if redaction of part of a document is required before it can be disclosed) should be communicated to the requesting resident.
46. We are also proposing to include exemptions and reasons to redact for providing further information.
47. The level of information already provided to residents varies significantly across providers. We assume that there will be initial one-off costs to creating the automatic information and some of the information available on request. There will also be higher one-off costs when the information is initially shared with residents and then subsequently less costs for providing updated automatic information. We expect accountable persons will look proactively provide information and thereby reduce the burden of, for instance, individual requests.

Table 2 - Providing residents with building safety information: assumptions and costs

	Frequency	Time (hours)	Cost
<b>Preparing the information</b>			
Initial scope outlined	One off	1	£38
Defining information requirements	One off	6	£225
Initial material development	One off	28 <sup>8</sup>	£1,052
<b>Disseminating the information</b>			
Initial material disseminated	One off	4.75	£178
Production and dissemination of material (initial)	One off	-	£250
Production and dissemination of material (yearly)	Annually	-	£100
New residents provided with material	Annually	4.75	£178
<b>Updating the information</b>			
Material updated regularly	Once every two years	4.75 (average per year)	£178
<b>Responding to requests</b>			
Responding to requests	Annually	6	£225

### The residents' engagement strategy

48. The principal accountable person must produce and implement a residents' engagement strategy, which promotes the participation of all residents in decisions about their building's safety and sets out how and when residents will be consulted and engaged. Under the Act the strategy must set out:

- what information will be provided to residents
- what they will consult residents on
- what aspects of a decision residents will have a say in
- how they will consult residents
- how they will review the appropriateness of the strategy.

49. We are consulting on a number of underpinning regulations that set out more detailed requirements for the strategy.

50. Further to this, in order to fulfil their obligation, the principal accountable person and accountable persons must ensure they are providing the residents' engagement strategy to their residents and ensure that it is accessible to residents. We are consulting on how copies of the strategy should be disseminated.

<sup>8</sup> 28 hours is the estimate for existing buildings, for new builds the estimate is lower, with an average of 22.5 hours and a cost of £845.

51. Principal accountable persons must ensure they consult on the strategy itself. We are consulting on the process and requirements for this, with the aim of ensuring that residents have a say in how and what they are consulted on.
52. The current practice of engagement appears to vary significantly between buildings. We assume that there will be one off set up costs to establishing the residents' engagement strategy and then ongoing costs to carry out consultation and provide information under it, including reviewing and consulting on it where necessary.

*Table 3 - The residents' engagement strategy: assumptions and costs*

	Frequency	Time (hours)	Cost
<b>Preparing the information</b>			
Setting up the strategy	One off	15	£564
Including recommendations from the regulator in yearly maintenance plan	Annually	3.75	£141
<b>Disseminating the information</b>			
Setting up residents' meetings: informing residents, planning activities and preparing materials	Annually	17.81	£669
Holding walk-in residents' engagement meetings/events	Annually	16.88	£634
Create, maintain and distribute a summarised strategy that incorporates main concerns and yearly actions	Annually	1.88	£70
<b>Production and dissemination of the strategy</b>			
Year 1 - all residents	One off	-	£250
Subsequent years - new residents only (or when the strategy is changed)	Annually	-	£100

### Engagement during refurbishment

53. For every activity in this section (and the residents engagement strategy section above<sup>9</sup>) the average time in hours was calculated as a blended average of a low and high estimate.
54. The high end in each instance was the estimated time for social housing providers to conduct the activities. Social housing providers are subject to greater regulation on engagement than private providers and are likely to engage with their residents on a wider range of topics and have more residents with a long-term interest in engaging with their building owner. The lower end of the cost estimate is based on private providers.
55. As mentioned previously, however, every building will be different, and costs will vary and often be unique to that building. The blended average was calculated using the

<sup>9</sup> With the exception of 'Setting up the strategy', which was a simple flat estimate.

proportioned split of private and social dwellings from the Building Safety Programme: monthly data release, seen below in table 3.

*Table 4 – Building Safety Programme data release: private social dwelling split<sup>10</sup>*

	Private	Social
<b>Proportion</b>	50%	50%

*Table 5 - Engagement during refurbishment: assumptions and costs*

	Frequency	Time (hours)	Cost
<b>Disseminating information</b>			
Informing residents of the strategy via leaflets, letters, etc	Annually	2.63	£99
Setting up residents' meetings: informing residents, planning activities and preparing materials	3 meetings a year	30.94	£1,162
holding walk-in residents' engagement meetings/events	3 meetings a year	28.13	£1,057
<b>Views and issues</b>			
Gather the views, issues and comments expressed at meetings, phone calls and website and establish a scale of urgency	3 meetings a year	2.25	£85
reply to issues via phone calls/emails	3 meetings a year	4.5	£169
<b>Updating the maintenance plan</b>			
The recommendation of the regulator becomes part of the yearly maintenance plan	Annually	0.5	£19

### Building safety complaints

56. The principal accountable person must establish and operate a system for dealing with building safety complaints. This could be integrated into an existing complaints system. The Building Safety Regulator will act as a route of escalation for building safety complaints when they are not addressed. A relevant complaint is defined in the Act as a complaint relating to:

- a 'building safety risk' - a risk to the safety of people in or about the building arising from either the spread of fire or structural failure
- the performance by an accountable person in regard to their duties

<sup>10</sup> Building Safety Programme: monthly data release, May 2022:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1083473/Building\\_Safety\\_Data\\_Release\\_May\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083473/Building_Safety_Data_Release_May_2022.pdf)

57. Under the new regime, we are proposing that there will be no restriction on who can make a relevant complaint providing that it meets this definition of a ‘relevant complaint’. This would mean, for example, a contractor working in the building who identifies a building safety issue could raise a building safety complaint. We are consulting on this requirement and on the following further requirements:

- There is a clear and accessible route to raise a building safety complaint
- There is a complaints policy that sets out how it complies with the requirements on building safety complaints, the details of which can be found in the consultation document
- The onus is on the appropriate accountable person to put issues right and that complainants are able to challenge their responses. Where this fails then the issue can be escalated to the Building Safety Regulator
- Building safety complaints must be handled in a timely manner and appropriately prioritised, including expectations on the handling of the complaint itself
- Relevant information pertaining to building safety complaints must be stored
- Details of how to make a building safety complaint are displayed in the common parts of the building

*Table 6 – Building safety complaints: assumptions and costs*

	Frequency	Time (hours)	Cost
<b>Set up of internal complaints procedure</b>			
Set up reporting procedure	One off	15	£564
<b>Issue raised</b>			
Complainant sends email/logs risk in app or website	Annually - per issue	0.25	-
Additional complainants log the same issue (via app/website)	Annually - per issue	0.08	-
<b>Categorisation of issue (Category 1/2)</b>			
Issue assigned to case worker	Annually - per issue	0.25	£9
Contact with complainant made for more details where required about the reported hazard	Annually - per issue	0.5	£19
Resident sends photos/outline of hazard	Annually - per issue	0.5	-
Hazard categorised by the principal accountable person	Annually - per issue	1	£38
Issue formally logged (including categorisation of the severity of issue)	Annually - per issue	0.25	£9
<b>Issues and complaints logged</b>			
Relevant information pertaining to the handling and investigations of complaints are logged	Annually - per issue	3	£119
<b>Progress on issues</b>			

Relevant maintenance team contacted	Annually - per issue	0.25	£9
Maintenance team briefed	Annually - per issue	0.5	£19
Complainant provided with updates	Annually - per issue	0.25	£9
Complainant contacted to provide feedback	Annually - per issue	0.25	£9
Complainant provides feedback	Annually - per issue	0.25	-
Separate route of escalation provided to complainant if they are dissatisfied with the outcome	Annually - per issue	0.5	-

### The counterfactual

58. In practice many buildings will already be doing some of the activities set out above. We cannot establish the counterfactual for each and every building, so we have estimated a flat percentage of buildings that we expect will be conducting some of these resident voice activities already. We have then netted off the counterfactual from the estimates for the total cost to industry (once the costs for individual buildings had been scaled up) as opposed to on a per building basis. Table 6 below presents the counterfactual assumptions used.

*Table 7: The counterfactual*

Policy Area	Counterfactual %
Information provided to residents	-45%
Engagement of residents	-25%
Accessing redress (complaints)	-20%

### Total cost of residents' voice

59. The table below presents the total cost of the residents' voice programme to industry and the Building Safety Regulator. These are presented via net present value (the value of the costs over the appraisal period – 15 years – discounted so they are presented in current terms) and equivalent annual cost (indicative costing if the costs were averaged out across the appraisal period).

*Table 8: Total cost<sup>11</sup> of residents' voice*

	NPV (Net Present Value)	EAC (Equivalent Annual Cost)
<b>Current Estimates</b>		
<b>Industry</b>	£469,800,000	£39,400,000
<b>Regulator</b>	£1,400,000	£117,000
<b>Published Impact Assessment</b>		
<b>Industry</b>	£570,400,000	£47,800,000
<b>Regulator</b>	£71,500,000 <sup>12</sup>	£6,000,000

### **Low and high scenarios ('good' and 'bad' buildings)**

60. The figures in the section above are estimates for an average/typical building. These estimates represent a blended average of the Department estimates (with assistance from external expertise and consultants) to be approximately the extreme high and low scenarios for 'bad' and 'good' buildings – dependent on the effort, time and resources the accountable person and/or the principal accountable person put into the residents' voice programme.
61. In practice, we expect the overwhelming majority of buildings to fall within these estimates, and the low and high scenarios presented in the Building Safety Bill's Regulatory Impact Assessment, which multiplied the industry wide central scenario figure by an adjustment factor of 75% for the low scenario, and 150% for the high scenario.
62. We can use these adjustment factors to present some estimates of example costings for a building that will introduce a thorough residents voice programme with a high level of resource included - the 'high' scenario, together with a 'low' scenario. It is important to note that these estimates are entirely illustrative and are provided to indicate the scale of costs different building owners might incur.

<sup>11</sup> Price base year - 2019, present value year – 2023, discount rate – 3.5%, appraisal period – 15 years

<sup>12</sup> The difference between the regulator costs in the published impact assessment and this update is largely due to the removal of the requirement on the principal accountable person to engage and update the regulator on the progress of all complaints made through the principal accountable person's complaints procedure. Removal of this requirement resulted in substantial cost savings.