

# Economic Annex

## Introduction

- 1.1 This economic annex relates to the proposals set out in the consultation on proposed changes to the building regulations.
- 1.2 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, as well as make wider changes to improve the building control system for all buildings.
- 1.3 Through this consultation we are seeking views on proposed changes to building regulations that will apply to all building work, proposals to introduce a new building control approval procedure for non higher-risk building work, proposals to introduce the Regulator's Notice procedure for projects comprising of both higher-risk and non higher-risk building work, and the proposed administrative and technical detail underpinning the new more stringent building control regime for higher-risk building work, overseen by the Building Safety Regulator.
- 1.4 This economic annex provides qualitative and quantitative analytical updates for some areas being consulted on through this consultation. The areas for which we have provided updates include the new requirements for the construction phase of the new more stringent regulatory regime for higher-risk buildings (gateways), building work in existing higher risk buildings (refurbishments), the definition of commencement of works and lapse of building control approval, and policy surrounding non higher-risk buildings.
- 1.5 Where an area on which we are consulting through this consultation has not been covered by this economic annex, it is because the estimates set out in the Building Safety Bill Regulatory Impact Assessment are still valid. Details on the current estimated costs for these areas can be found in the Building Safety Bill Regulatory Impact Assessment [here](#).
- 1.6 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 as a result of feedback through this consultation, and further operationalisation of the policy, including through finalisation of the regulations.

## Gateways & Building Work in Existing Higher-Risk Buildings

- 2.1 This section outlines the impacts of the building control regime for the design and construction of new higher-risk buildings and for building work to existing higher-risk buildings, to both the Regulator and Industry. It provides an update to some of the information in the gateways and refurbishments section of the previous, then Building Safety Bill's, Regulatory Impact Assessment. The majority of what is contained in the published Impact Assessment remains accurate, however as operationalisation of the policy has progressed, we have updated some assumptions to provide more accurate and up to date costings.
- 2.2 This assessment is based on current assumptions, accurate at the time of publication. However, it is possible these impacts may change with time, particularly as the regulations are developed further responses to this consultation are analysed and considered. 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.

### **Building control regime for the design and construction of new buildings (gateways):**

2.3 We have further clarified the operationalisation of the gateways policy, and as a result have made some minor changes to the related assumptions. This has subsequently led to some minor changes to the impact of gateways policy. These developments include:

- Clarification regarding the prescribed documents needed in correspondence with the Regulator at various stages; this has resulted in a change in time requirements for submission by industry and review by the Building Safety Regulator.
- Clarification on the time estimates for inspections by the Building Safety Regulator.
- Refining the change control process during construction into two categories; major and notifiable, and further development of the proposed requirements for each.

### **Building work in existing higher-risk buildings (Refurbishments):**

2.4 For building work in existing higher-risk buildings, previously we used the terms ‘major’ and ‘minor’ building work, however, through our engagement with stakeholders we have amended our approach. We now propose to form categories which group together the types of building work which would always require the same prescribed documents in a building control application. We have, therefore, set out the proposed requirements for different types of building work and the categories in the previous Impact Assessment, therefore, required updating. We have changed the assumptions to reflect these changes as appropriate.

### **Gateways – Costs to Regulators**

#### Pre-application meeting and setup of multi-disciplinary team

2.5 The costing for this aspect includes the Building Safety Regulator providing discretionary advice prior to gateway two submissions at the request of developers.

2.6 This is assumed to involve a meeting between the Principal Designer of the project and representatives from the Building Safety Regulator. It is assumed in the analysis that there will be representatives from the Building Safety Regulator, local building control and FRS in attendance at the meeting. The total time to attend the meeting and correspond with the Principal Designer before and after the meeting is assumed to be around 2.5 days (19 hours) of regulator time.

2.7 The Building Safety Regulator is expected to determine when to set up a multi-disciplinary team with local regulators and enforcement bodies to regulate a building in scope. Such a team may not be set up for pre-commencement meetings, as such discussions could be

requested well before applications are submitted at gateway two. However, for the purposes of the analysis we have assumed that before construction begins, the Building Safety Regulator will establish the multidisciplinary team to carry out the required regulator checking at the future gateway points. It is assumed that this will take 2.1 days (15.5 hours) of regulator time and the split between regulators for both establishing the multi-disciplinary team and attending the pre-commencement meeting can be seen in Table 1 below. (Please see Annex A for greater depth.)

Table 1: Resource breakdown for Pre-commencement and setup of Multi-Disciplinary Team (MDT)

Regulatory Body	Resource involved	Hour per Application for meeting and correspondence	Hours per Application to establish MDT
Building Safety Regulator	Inspector	15	7.5
	Administrator	-	0.5
Fire and Rescue Authorities	Watch Manager	2	4
Local building control	Building Control Officer	2	4
	<b>Total Additional Time</b>	<b>19 hours</b>	<b>16 hours</b>

#### Gateway two:

2.8 We estimate that gateway two will cost the Building Safety Regulator between £14.7m and £34.1m, with a central estimate of £24.3m, in PV terms over the 15-year appraisal period and between £1.2m and £2.9m, with a central estimate of £2.0m, on an EAC basis.

2.9 At gateway two it is assumed that building control approval applications will be made to the Building Safety Regulator before construction commences and after planning permission has been granted at Planning Gateway One (where it was required). We assume that the multi-disciplinary team will be in place and will assess the application, the full plans, and all prescribed documents<sup>1</sup> and consult with relevant enforcing authorities. Reviewing the application submitted at gateway two is estimated to take around 6 days (45 hours) of regulator time on average.

2.10 It is proposed that there will be the option of a staged approach to submitting building control approval applications at gateway two, where it is not viable to provide detailed plans for the entire proposed building or for all applicable building regulations requirements before construction begins i.e., for complex builds. Where a staged approach is proposed, dutyholders must still provide a comprehensive building control approval application with plans and all prescribed documents, as well as a staged work statement providing a

<sup>1</sup> To include competence declaration, planning statement, design and build approach document, fire and emergency file, construction control plan, change control plan, description of Mandatory Occurrence Reporting and Golden Thread arrangements

detailed description of the proposed stages of the work. The detailed plans and the design and build approach document included in the application need only show how the work up to the specified stage would comply with all building regulation requirements but must be accompanied by outline plans of the whole building. Building control approval will be strictly limited to the approved stages of work and applicants will need to submit plans and prescribed documents for other stages of work, obtaining approval to proceed before commencing work on those stages. For the purposes of the analysis, we have assumed that all developments in scope will be required to submit full plans at gateway two.

*Table 2: Gateway two regulator resourcing assumption*

<b>Regulatory Body</b>	<b>Resource involved</b>	<b>Hours</b>	<b>Proportion</b>
<b>Building Safety Regulator</b>	Administrator	1	2%
	Inspector	15	34%
	Specialist engineers (façade, M&E, Fire, Structure)	1	1%
<b>Local building control</b>	Administration	2	3%
	Building Control Officer	20	44%
<b>Fire and Rescue Authorities</b>	Administrator	2	3%
	Fire Safety Managers	6	12%
	<b>Total additional time spent</b>	<b>45</b>	<b>100%</b>

Between gateways two and three (Construction Phase):

- 2.11 We estimate that the construction phase will cost the Regulator between £50.2m and £116.4m, with a central estimate of £83.2m, in PV terms over the 15-year appraisal period and between £4.2m and £9.8m, with a central estimate of £7.0m, on an EAC basis.
- 2.12 Once construction work has begun, the multi-disciplinary team will review proposed change submissions if they arise. During construction, reviewing and responding to ‘notifiable’ and ‘major’ change submissions is estimated to take around 10 days (76 hours) of regulator time; this includes time needed for inspections in some cases. See Annex A for a full description of Regulator time associated with the Change Control process.
- 2.13 Each building will have its own bespoke inspection arrangement and, although site inspections are not mandated outside of the final inspection, we expect that inspections may occur between gateways two and three to ensure that construction is following the agreed plans. Site visits at this stage, if needed, are estimated to take around 10 days (76.5 hours) of regulator time in addition to the site inspections currently carried out by local authority building control authorities or registered building control approvers during construction.

2.14 The breakdown between the different regulators involved in the during construction stage can be seen in Table 3 below.

*Table 3: Gateway two – three regulator resourcing assumption*

<b>Regulatory Body</b>	<b>Resource involved</b>	<b>Hours</b>	<b>Proportion</b>
<b>Building Safety Regulator</b>	Administrator	0	0%
	Inspector	59	39%
	Specialist engineers (façade, M&E, Fire Structure)	53	34%
<b>Local building control</b>	Administration	0	0%
	Building Control Officer	37	24%
<b>Fire and Rescue Authorities</b>	Administrator	0	0%
	Fire Safety Managers	4	2%
	<b>Total additional time spent</b>	<b>153</b>	<b>100%</b>

Gateway three:

2.15 We estimate that gateway three will cost the Regulator between £19.7m and £45.6m, with a central estimate of £32.6m, in PV terms over the 15-year appraisal period and between £1.7m and £3.8m, with a central estimate of £2.7m, on an EAC basis.

2.16 On the completion of work, applicants will be required to submit a completion certificate application to the Building Safety Regulator with updated plans and prescribed documents. The total regulator time to assess the completion application, review the plans and prescribed documents submitted at gateway three, undertake the final building inspections before issuing a completion certificate and then to issue a completion certificate is estimated to be around 11 days (82 hours). The breakdown of this time between the regulators can be seen below in Table 4.

2.17 It is worth noting that if the applicant has opted for partial completion, the time taken to review individual applications will remain the same as above, but the time to review *all* partial completion applications for a development will increase regulator time. We are unable to estimate the extra cost this will result in for the Building Safety Regulator due to a lack of evidence on the current use of partial completions within the industry (*see Annex A for additional information.*)

Table 4: Gateway three regulator resourcing assumption

Regulatory Body	Resource involved	Time taken per building (hrs)	Proportion
Building Safety Regulator	Inspector	22	27%
	Fire Engineer	11	14%
	Administrator	1	1%
Local building control	Administrator	2	3%
	Building Control Officer	36	44%
Fire and Rescue Authorities	FRS Watch Manager	9	11%
	<b>Total additional time</b>	<b>82</b>	<b>100%</b>

## Gateways - Costs to Industry

### Pre-application meeting:

2.18 The Government's expectation is that early advice could benefit developers that are required to go through the gateway process. One approach the Building Safety Regulator could take would be providing discretionary advice prior to gateway two submissions at the request of developers. If the developer requested this advice, it would involve a meeting between the principal designer of the project, representatives from the Building Safety Regulator, local building control and FRS. It is assumed that it will take 2.1 days (16 hours) of the Principal Designer's time to attend the meeting and complete subsequent correspondence, the assumptions for regulator time to attend the meeting can be seen in paragraph 2. (Please see Annex A for greater depth on the pre-application meetings.)

### Gateway two:

2.19 We estimate that gateway two will cost Industry between £72.9m and £169.1m, with a central estimate of £120.8m, in PV terms over the 15-year appraisal period and between £6.1m and £14.2m, with a central estimate of £10.1m, on an EAC basis.

2.20 At gateway two, developers will be required to submit a building control approval application that demonstrates how the proposed building work complies with all applicable building regulations' requirements. The application must include a comprehensive description of the proposed building work, a detailed plan and several prescribed documents demonstrating compliance with all applicable building regulations. These documents include a competence declaration, a planning statement (if required), a design and build approach document, a fire and emergency file, a construction control plan, a change control plan, and a description of both their mandatory occurrence reporting arrangements and their golden thread arrangements. Where partial completion of the building is sought, a partial completion strategy will also be required (see Annex A).

- 2.21 The analysis assumes that it will take an estimated 41 days (309 hours) (including a full review of plans) to prepare the application and prescribed documents for submission and submit information at gateway two. This is inclusive of 15 hours to prepare a description of the partial completion strategy, if desired; should this not be required, the time to prepare the application will be 39 days (294 hours). This is additional to the time required to prepare the full plans in all cases.
- 2.22 Where a staged approach to submitting a building control approval application at gateway two is proposed, dutyholders must still provide a comprehensive application with plans and all prescribed documents, as well as a staged work statement providing a detailed description of the proposed stages of the work. The detailed plans and the design and build approach document included in the application need only show how the work up to the specified stage would comply with all building regulation requirements but must be accompanied by outline plans for the whole building. As mentioned in the Building Safety Regulator section we expect that the staged approach will only be offered to very complex developments. For the purposes of the analysis, we have assumed that all developers will submit a full plans application before construction begins.

Between gateways two and three (Construction Phase):

- 2.23 We estimate that during construction, gateways' requirements will cost Industry between £127.3m and £295.4m, with a central estimate of £211.0m, in PV terms over the 15-year appraisal period and between £10.7m and £24.8m, with a central estimate of £17.7m, on an EAC basis.
- 2.24 In addition to gateway two, developers will be required to comply with the change control process during construction. The change control process will require an average of around 10 days (73 hours) additional days of time. (See Annex A for further explanation.)
- 2.25 We are assuming that the Clerk of Works will spend an additional 1 day a week (780 hours per building on average) undertaking site inspections on top of the 2.5 days a week of inspections they already provide assurance that the work of subcontractors is compliant.

Cost estimates for the risk of additional time needed to meet 'Gateway' requirements:

- 2.26 In discussions with stakeholders, many have raised concerns about the additional time needed to meet the gateway requirements prior to construction commencing as the gateways regime will introduce new requirements for dutyholders to meet and a 'hard stop' where building work cannot legally commence without approval from the Building Safety Regulator. We expect stakeholders to factor the additional requirements into their development planning and use the time between planning application approval and submitting a building control approval application, to be ready to meet these new requirements. It is considered that under both a "full application" or staged approach there is a risk of additional time needed to complete the projects which will come at a cost to developers. We expect that this could cost around £150 per flat per week. This results in a per building cost of around £10,000 per week of delay.
- 2.27 The gateways requirements should however help developers to get things right, which should reduce additional time and costs at later stages and the need to correct non-compliant or defective work. The Building Safety Regulator will also have statutory time-

limits to determine gateway two and three applications, with the ability to agree extensions if needed.

### Gateway three:

- 2.28 We estimate that gateway three will cost Industry between £26.4m and £61.2m, with a central estimate of £43.7m, in PV terms over the 15-year appraisal period and between £2.2m and £5.1m, with a central estimate of £3.7m, on an EAC basis.
- 2.29 We estimate that gateway three activities will require an average of 22 days (164 hours) of industry time at a cost to developers of around £11,000. On completion of building work, applicants will be required to submit a completion certificate application to the Building Safety Regulator with updated as-built plans and prescribed documents before the building can be occupied. This is so that records accurately reflect the 'as-built' development rather than 'as-planned'. This information will also form part of the 'golden thread' that must be handed over to the building owner to help them manage building safety risks when the building is in use.
- 2.30 The client will be expected to sign a statement confirming that, to the best of their knowledge, the building work complies with all applicable requirements of building regulations. The client will also be required to sign a statement confirming that a copy of the golden thread information was appropriately provided to the relevant person. The Principal Designer and Principal Contractor will be expected to confirm they have met their dutyholder duties.
- 2.31 The time taken to complete this process includes the preparation of prescribed documents, including: the updated construction control plan, the updated change control plan, an updated design and build approach document, an updated fire and emergency file (including a finalised fire strategy) and compliance declarations. Fire emergency plans, and the finalised evacuation strategy are already required. Going forward the information requirements under Regulation 38 of the building regulations will be no longer applicable but will be covered by the wider golden thread requirements. However, the cost of preparing the material that was formerly required under Regulation 38 is not included in our gateway costs for industry, as industry already meet this cost.

### Familiarisation Costs:

- 2.32 We have assumed a one-off familiarisation cost to industry that can be associated with gateways, estimated to be between £1.8m and £5.4m, with a central estimate of £3.6m. This cost will only be incurred in year 1 and covers raising awareness within firms of the policy change and employees attending external events to become familiar with the new policy.

### Summary:

- 2.33 The cost of gateways to Industry, in PV and EAC terms, are summarised in the below table. Time for resubmission of documents and applications, as per operationalisation of the regime, has also been included in time estimates in all gateways.

Table 5: Gateways costs to industry (mid estimates). Price base year 2019, present value year 2023

Industry costs	15-year NPV (£m)	15-year EAC (£m)
Gateway 2	£120.8m	£10.1m
In between Gateways 2-3 (construction phase)	£211.0m	£17.7m
Gateway 3	£43.7m	£3.7m
Familiarisation	£3.6m	£0.3m
<b>Total<sup>2</sup></b>	<b>£385.5m</b>	<b>£32.3m</b>

### Building work in existing higher-risk buildings (Refurbishments) – Costs to Regulators

- 2.34 We estimate that duties linked to building work in existing higher-risk buildings will cost the Regulator between £40.4m and £94.0m, with a central estimate of £67.1m, in PV terms over the 15-year appraisal period and between £3.4m and £7.9m, with a central estimate of £5.6m, on an EAC basis.
- 2.35 Under the new regime, there will be three main approaches to building work in higher-risk buildings: those works carried out under a third-party certification scheme, works carried out under the competent person scheme (CPS) and the building control application route. The latter category is split into Category A and Category B; Category A requires a more extensive approach to the process, similar to gateways, whereas Category B requires slightly fewer prescribed documents.
- 2.36 For the purpose of the analysis, we have assumed that the number of building works following the building control approval route per year will be 4% of the stock of buildings in scope. Of this, 35% of these works are considered to be Category A and 65% of these are considered to be Category B, on average. Both categories of work require a building control approval application, but their minimum contents differ. (The proportion of works in each category, and so subsequent analysis, may change based on the outcome of this consultation.)
- 2.37 Those building works in Category A always require full plans, a competence declaration, a construction control plan, a design and build approach document, a fire and emergency file, a partial completion strategy (if applicable) and a planning statement. The analysis assumes that this type of building work will require a similar amount of time for the Building Safety Regulator for gateway two (45 hours) and gateway three (82 hours); the only difference being Principal Designer review time decreases to 25% of that of new builds.

<sup>2</sup> The costs of the non-mandatory pre-application meeting to industry are not included in this total as voluntary measures are not costed.

Further, inspections of buildings between gateways two and three (during construction) will only require 10% of new build time, amounting to 2 days (15 hours).

- 2.38 Those building works in Category B, are considered slightly less substantial and so Building Control Approval applications require fewer prescribed documents. These works require the inclusion of plans, a competence declaration, a design and build approach document, and a fire and emergency file. It is estimated that this will require an additional 1.6 days of regulator checking time throughout an entire project. We estimate that the Building Safety Regulator will undertake inspections during construction in 10% of such building work and that it will take around 4 days of regulator time to undertake this check.
- 2.39 Building work in existing buildings covered by a competent person scheme do not require building control approval and instead require the competent person carrying out the work to notify the Building Safety Regulator upon completion. We estimate that there is on average 8.5 of these types of works per building in scope per annum. In the large majority of cases the Building Safety regulator will only need to log this notification, however in a very small number of cases (1.5%) we assume that the Building Safety Regulator will deem that further oversight is necessary. In overseeing the works, the Building Safety Regulator will deliver its role as building control body with assistance from building control specialists as needed. We have estimated it will take 3 days of regulator time if oversight is required.
- 2.40 Building work covered by a third-party certification scheme will require the scheme operator to notify the work to the Building Safety Regulator. Third-party certification scheme building work is currently not very common, so no additional analysis has been included to account for these types of works.

### **Building work in existing higher-risk buildings (Refurbishments) – Costs to Industry**

- 2.41 We estimate that duties linked to building work in existing higher-risk buildings will cost industry between £46.3m and £107.6m, with a central estimate of £74.8m, in PV terms over the 15-year appraisal period and between £3.9m and £9.0m, with a central estimate of £6.3m, on an EAC basis.
- 2.42 Under the new regime there will be three main approaches to building work in existing higher risk buildings (*see paragraphs 37 & 38 above for more information*).
- 2.43 Those building works in Category A always require full plans, a competence declaration, a construction control plan, a design and build approach document, a fire and emergency file, a partial completion strategy (if applicable) and a planning statement (if applicable). The analysis assumes that this type of building work will require a similar amount of time for industry for gateway two, 20 days (152 hours) and gateway three, 15 days (113 hours); the only difference being that Principal Designer review time decreases to 25% of that of new builds. Further inspections of buildings between gateways two and three (during construction) will only require 10% of new build time, amounting to 11 days (85 hours) for Industry.
- 2.44 Those building works in Category B require fewer prescribed documents. These works require the inclusion of plans, a competence declaration, a design and build approach document, and a fire and emergency file. It is estimated that this will require an additional 1.4 days of industry time throughout an entire project to prepare documents and comply with the process. Inspections will require on average 4 days of Industry time.

2.45 Building work in existing buildings covered by the competent person scheme will also require that the Building Safety Regulator is notified on completion of the building work. We have assumed an average of 8.5 works of this type per building per annum. Under the current regime, the competent person must give the occupier a certificate and notify the local authority of completion; we have, therefore, not included additional time in the analysis for industry to notify the Building Safety Regulator.

2.46 Building work in existing buildings covered by a third-party certification scheme will require the scheme operator to notify the work to the Building Safety Regulator. Third-party certification scheme building work is currently not very common, so no additional time has been included for industry to notify the Building Safety Regulator.

## Annex A: Additional Information

### Pre-application meeting:

2.47 Pre-application meetings are not mandatory and, whilst early engagement in the gateways process is encouraged, it is difficult to anticipate which developers might request a meeting and indeed when they might request meetings.

2.48 We have therefore estimated what we think to be a sensible profile of pre-meeting requests across the 15-year appraisal period.

2.49 Pre-application meetings may be warmly received by developers as they seek to avoid any costs associated with delay. We also realise that it may take some time for industry to completely familiarise themselves with the regulations and realise the benefits of early engagement with the Regulator and multi-disciplinary teams.

2.50 It is possible, therefore, that initially the request for pre-application meetings is low but increases over time. An estimate of the profile of requests for meetings across the 15-year appraisal period, on this basis is below, but please note the profile of actual requests may be different.

*Table 6: Estimated profile of pre-application meeting requests*

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
75%	80%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

2.51 If pre-application meetings were requested for 100% of all new builds from year 1, we estimate this would cost industry a central estimate of £6.4m in PV terms, or £0.5m in EAC terms.

The Change Control Process (between gateways two and three):

- 2.52 In the construction phase, developers will be required to comply with the change control process by either i) notifying the Building Safety Regulator if the change is 'notifiable' or ii) making an application for building control approval and waiting for approval if the change is 'major' (previously known as 'safety change' in Building Safety Bill Regulatory Impact Assessment). Types of work which are either major or notifiable can be found in the consultation document.
- 2.53 The Change Control Plan is a prescribed document to be shared with the Building Safety Regulator at gateway two – this is expected to take 6 hours of industry time to prepare and is included in the time estimates in paragraph 21.
- 2.54 The Change Control log should be created before construction begins – this is expected to take 1 hour of industry time per building and should occur between gateways two and three. Both types of change then also require record-keeping in the change control log, which is expected to take 0.5 hours per change in both instances.
- 2.55 Due to the nature of the types of instances in each category, we estimate that there will be, on average, 3 'major' changes per building and 5 notifiable changes per building. We have assumed that 1 'notifiable' change would be considered to be major by the Building Safety Regulator, so our analysis below assumes there will be 4 'major' changes per building.
- 2.56 For major works, application in writing to the Building Safety Regulator is expected to take 8 hours of industry time per change, so on average 32 hours per building.
- 2.57 For major changes, the Building Safety Regulator has a 4/6-week period in which to reply, or within a longer period if agreed with the applicant. We have estimated that 50% of 'major' changes require a site visit for further review and 20% of changes require review by the Fire and Rescue Service. We, therefore, expect that consultation, consideration and, in some cases, site visits by the Building Safety Regulator will take, on average, 39 hours per building.
- 2.58 Once a decision on the major change applications have been made, we estimate it will take 2.5 hours per change (10 hours per building) for industry to review responses and to respond to the Building Safety Regulator where necessary.
- 2.59 We estimate that the time taken for industry to submit a notification of a notifiable change to be shorter than for a major change, taking 4 hours per change, so on average 20 hours per building.
- 2.60 If the change is notifiable, the applicant must then allow 10 working days to elapse before any changes can be made; if no response is made by the Building Safety Regulator in this time, then work may continue. If the Building Safety Regulator, however, finds that the application does not contain sufficient information to determine the proposed change, or believes that the proposed change should be classed instead as 'major' and therefore a change control application must be submitted, they must also respond within this 10 working days period. We estimate subsequent review and response by the Building Safety Regulator, if necessary, to take 37 hours per building (with only 10% of these types of changes requiring a visit and 0 requiring Fire and Rescue Service review).
- 2.61 We expect that 40% of notifiable works will be responded to by the Building Safety Regulator. Where the Building Safety Regulator has requested more information, we expect that industry will use 2.5 hours per change to respond and, on average, 5 hours per building.

### Partial Completions:

- 2.62 If partial completion is desired, dutyholders must consider the building holistically and provide plans and the full suite of prescribed documents (see Chapter 8 of this Consultation). We estimate that this will take the same amount of time to prepare as a full completion certificate, and the same amount of time to be reviewed and responded to by the Building Safety Regulator. The time required and costs for individual partial completion certificates can, therefore, be assumed to remain the same, for both the regulator and industry, as a full completion certificate.
- 2.63 It should be noted that we are proposing to require that a partial completion certificate application is submitted each time a new part of the higher-risk building is completed. A building completed in four equal parts, for example, would require four separate partial completion certificates – with these working together to act as a completion certificate for the entire building. The overall time and cost then of applying for and reviewing certificates for this particular building would be four times that of a building requiring only one completion certificate.
- 2.64 In all circumstances, full completion is encouraged but the partial completion route allows flexibility should the developer really need it. We are, therefore, proposing that a developer submits a partial completion strategy as part of their Building Control Approval. If a developer wishes to use the partial completion route and this was not proposed in their original application, we propose that they must follow the ‘Major’ Change Control process. Similarly, if a developer has submitted a partial completion strategy but wishes to increase the number of parts in which the building is completed, they must follow the ‘Notifiable’ Change Control Process. There is not sufficient evidence to predict in how many parts the average building following the partial completion will be completed.
- 2.65 At this time, it is not possible to estimate the number of developments that may opt for the partial completion route, due to lack of data, however, we expect that a large proportion of developments using this route may be mixed use buildings (that is, a building comprising residential units and, for example, a commercial unit on the ground floor).
- 2.66 We also estimate that whilst partial completions are seemingly rare, when they are used, it may be the case that developers will seek partial completions across developments with a very large number of flats.
- 2.67 Where a dutyholder decides to use the partial completion route, both industry and the Building Safety Regulator will incur greater costs than the normal completion route.
- 2.68 As we are not able to estimate the number of developments that may opt for the partial completion route, due to lack of data, we have not modelled partial completions and the extra costs that will be incurred by both industry and the Building Safety Regulator have not been included in this impact assessment update.

### Transitional Arrangements:

- 2.69 Developers will be able to continue work under their existing building control body and would not be subject to the new, more stringent building control process for that individual HRB work if:
- They have submitted a building/ initial notice or deposited plans by the day the new regime commences, and

- has then commenced within 6 months (the transitional period) of this date.

2.70 However, if:

- a) Plans are not submitted by the day the new regime commences:
  - The building must follow the new regime completely (i.e., going through gateways), or
- b) Plans are submitted but work hasn't commenced within the transitional period of 6 months:
  - The developer must submit their original plans to the Building Safety Regulator
  - The Building Safety Regulator has the power to ask for any additional info they deem necessary to take on the role as the building control body for the building. They are not able to refuse their application (as it has already been made) but they can tell them that they won't receive a completion certificate (if necessary, not likely in most cases).
  - The work cannot commence until a prescribed time period (to be determined) has passed and the original plans and all info requested by the Building Safety Regulator has been provided.

2.71 It is challenging to estimate how many buildings we expect to be built to the previous regime in the years following the commencement of the new regime. Some developers may commence work before the beginning of the regime to avoid additional costs, while developers may deem it more beneficial to follow the new, more stringent regime to offer reassurance to residents and those with a financial interest in the building.

## **Regulator's Notices:**

3.1 Under the proposal, a regulator's notice can be used where a project comprises both higher-risk building work and non higher-risk building work and the developer would prefer to have only one building control body overseeing all building work within that project. Under the new regime, only the Building Safety Regulator will be able to act as the building control body for higher-risk building work. Should a developer wish to have only one building control body for their entire project, this role must be taken on by the Building Safety Regulator. It will not be possible for local authorities to fulfil this role, as they will not be permitted to act as building control body for higher-risk building work under the new regime.

3.2 The content of a regulator's notice is similar to an initial notice provided to Approved Inspectors. It is expected that the cost of preparing a regulator's notice would therefore be the same.

3.3 Developers opting to have the Building Safety Regulator oversee both non higher-risk buildings and higher risk buildings under their projects would be expected to weigh up the costs and benefits of doing so against those from having separate building control bodies oversee higher-risk and non-higher-risk buildings respectively.

3.4 Local authorities are expected to provide a notice of rejection within five working days from the day in which the notice is given. Therefore, developers may need to wait up to an

additional five working days before commencing work on a non higher-risk building. The cost of this is expected to be around £150 per dwelling, based on a case-study of flats. This means the average 11-18m residential building with 22 dwellings would have additional costs of around £3,300. This cost may differ for different building typologies.

## **Non higher-risk Buildings**

- 4.1 The Building Safety Act 2022 defines higher-risk buildings for the new design and construction regime as buildings which are at least 18 metres in height or have at least 7 storeys and are of a description specified in regulations. Government is currently consulting on proposals where only buildings containing at least two residential units, hospitals or care homes that meet the height threshold will be higher-risk buildings. Non-higher risk buildings are buildings which do not fall within the higher-risk category.
- 4.2 The Building Safety Act 2022 repeals section 16 (deposit of plans) of the Building Act 1984 and replaces it with a power to make building regulations which provide for applications for building control approval. Under the new regime, we propose that instead of depositing full plans, applicants intending to carry out building work on a building that is not a higher-risk building will need to submit a building control approval application with full plans to the local authority prior to commencing building work. The building control approval application must demonstrate how the proposed building work complies with all applicable building regulations' requirements.

### **Building Control Approval Applications:**

- 4.3 The general information required in a building control approval application for a non higher-risk building should be as consistent as possible with the minimum requirements of a higher-risk building. However, none of the additional prescribed documents required in an application for a higher-risk building will be required in an application for a non higher-risk building. This proposal replaces the current requirement for deposit of plans under the current regime.
- 4.4 The information required in the application includes:
- Contact information
  - A statement confirming that the application is made under the specified Regulations
  - A statement specifying if the application is in relation to a building to which the Regulatory reform Order 2005 applies to
  - A description of the existing building (if work is to an existing building)
  - A description of the proposed building work
  - Plans (as already required under the current regime)
- 4.5 Industry is already required under the current regime to prepare this material as part of their application, so we have not included any additional time in our analysis.
- 4.6 The relevant local authority will review this application. This is a new activity, however, we expect the additional burden for local authorities to be minimal as we understand most of

this information is already required under the current regime when applicants deposit plans. The introduction of new building control approval applications will ensure that this information is provided in a consistent way under the new regime. Local authorities will be expected to review the application within 5 (or longer with agreement where necessary), the same allotted time as under the current regime for depositing plans.

4.7 Overall, this policy is expected to have no impacts on costs for developers.

## **Lapse of approval and defining commencement of works**

### Background and problem under consideration

4.8 This section qualitatively assesses the impacts of the concept of lapse of building control approval and defining the commencement of work. The analysis will be developed further within a future impact assessment.

4.9 Government is increasingly aware of evidence that developers have aimed to avoid updates to Building Regulations requirements by rushing through applications before they come into force and exploiting current definitions of commencement of works which enable developers to build to the older regulatory requirements. These regulatory requirements can be locked in indefinitely as, beyond the transitional period which developers can currently circumvent by exploiting the current definitions of commencement, there is no further lapse of approval unless building control bodies take proactive action after three years has elapsed. Thus, those developers can build to older regulatory requirements in the future, potentially making houses less safe and less efficient.

4.10 In practice, developers are currently able to avoid regulatory requirements by 'locking-in' sites to older building regulations, for example, by putting a spade in the ground and arguing that it constitutes digging out. This causes leaseholders or buyers to lose out as buyers/leaseholders often possess less knowledge about the quality and safety of the building than the developer, and so may incorrectly assume that it has been completed to the latest regulatory standards.

### Policy proposal

4.11 This policy change aims to introduce a clear definition for commencement of works across new build projects and the following types of building work in existing buildings – extending a building horizontally; changing the external wall system; and material change of use. It will also enable the lapse of approval power under the Building Safety Act -if building works have not been commenced under the definitions of commencement (as set out in the consultation) by the end of three years where an application has been made and approved, the building control approval will automatically lapse. This is to support our intention for building projects to abide by the latest building regulations' requirements, including those relating to building safety.

### Analytical approach

4.12 The policy seeks to prevent developers from being able to unnecessarily build to older building regulations by introducing clearer definitions of commencement in legislation. Government is aware of the issue through anecdotal evidence provided by some key

stakeholders; however, more data is required to accurately quantify the size of the problem. We have, therefore, drafted a survey targeted at a representative group of local authorities which will enable us to identify spikes in building notifications and commencements of work alongside other areas of concern, ensuring we have the necessary information to better assess the scale of developers avoiding building regulations. This will contribute to the development of a future Impact Assessment for lapse of approval and defining commencement of works.

- 4.13 In the interim, and given the policy aims to regain the benefits derived from ensuring building work complies with building regulations' requirements, including those related to building safety that have, in some cases, been avoided, this economic analysis has focused on quantifying the potential benefits that homebuyers and leaseholders have missed out on.
- 4.14 Our analysis so far has focused on identifying building regulations in the last 5 years which, according to anecdotal evidence from local authorities, developers have sought to avoid by commencing work and exploiting the lack of a lapse of approval.
- 4.15 Following discussions with local authority building control, five building regulations were identified as falling within the above categories<sup>3</sup>:
- Part B - Sprinklers and other fire safety measures in high-rise blocks of flats
  - Part F – Ventilation
  - Part L – 2021 changes to the energy efficiency requirements of the Building Regulations for domestic & non-domestic buildings
  - Part O – Overheating
  - Part S – Residential Charging Infrastructure Provision
- 4.16 We reviewed these building regulations and conducted high-level analysis to extrapolate the benefits per dwelling for domestic buildings and benefits per building for non-domestic buildings. While this is a relatively rudimentary approach, we deemed quantifying the potential impact on households the most effective indicator of societal impact, prior to consultation and given current data constraints. Data from the local authority survey combined will enable us to conduct a more rigorous analysis aimed at quantifying the scale of the problem.
- 4.17 The benefit per dwelling figures for each building regulation was calculated by dividing the Present Benefit Value by the number of dwellings in scope over the policy appraisal period. In some instances where a monetised benefit was not available due to high levels of uncertainty within the original analysis, non-monetised benefits have been identified. While more indicative they provide a useful insight into the potential range of benefits for non-monetised building regulations.

#### Building Regulations – Benefit per Dwelling

- 4.18 The per dwelling/building benefit figures for each of the five building regulations in scope are outlined in Table 1. All per dwelling benefit figures for each building regulation are high level estimates calculated independently. As such, they must be used with caution due to the large degree of uncertainty in their estimation and the risk of interaction between

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<sup>3</sup> Detailed explanations outlining the policy, including the buildings in scope and its aim.

different regulations. In addition, the figures here have not been adjusted for price or present year from their publication, with the respective price and present value years provided in Table 1.

- 4.19 We estimate that the benefit per dwelling arising from *Sprinklers and other fire safety measures in high-rise blocks of flats (Part B of the building regulations)* is approximately £80. This comprises avoided casualties, avoided fatalities, and property protection. There are also various benefits that could not be monetised due to the high degree of uncertainty, including improved safety reassurances for residents and reductions in air pollution.
- 4.20 For *Improved Ventilation (Part F of the building regulations)*, due to the level of uncertainty, the benefits are not monetised as part of the main cost benefit analysis. Sensitivity analysis was, however, taken forward to illustrate the potential magnitude of benefits from improved ventilation for both domestic and non-domestic buildings. Benefits per dwelling are estimated to be around £2,300 for avoided remediation costs and between £2 - £25 for greater levels of health. In addition to this there are further non-monetised benefits in the form of simplified guidance for the size of ventilation systems that could improve health and reduce remediation costs in the future.
- 4.21 We estimate that the benefit per dwelling arising from the 2021 changes to the energy efficiency requirements of the Building Regulations for domestic buildings (*Part L of the building regulations*) is approximately £4,980. In addition to this, it is likely that consumer savings will be greater due to non-monetised benefits including reduced VAT payments.
- 4.22 We estimate that the benefit per dwelling arising from *Reduced Overheating (Part O of the building regulations)* is £280 per dwelling, comprised of avoided costs from not installing and running mechanical cooling systems, energy savings from not running these, a small carbon saving, and improved mortality. Any non-monetised benefits from this policy are estimated to be insignificant.
- 4.23 We estimate that the benefit per dwelling arising from increased *Residential Charging Infrastructure Provision (Part S of the building regulations)* is £380 per dwelling which is solely comprised of an efficiency cost saving against the baseline scenario where ducting, cabling and grid connections are retrofit into existing properties. In addition to this, we estimate there are several non-monetised benefits including the emissions savings resulting from the expected increase in electrical vehicle uptake, and the avoidance of disruption from installation work in the baseline scenario.
- 4.24 We have elected not to include any per building benefit figures for non-domestic buildings for two reasons. All non-domestic building calculations were calculated using floor space in their original analysis. If we split this out into buildings, the benefits become highly inflated and cannot be interpreted accurately, in comparison with domestic benefit figures.
- 4.25 All per dwelling benefits, both monetised and non-monetised, are indicative estimates aimed at illustrating the potential losses housebuyers/leaseholders may have faced as a result of developers avoiding more stringent building regulations. Given the high level of uncertainty, and potential for interaction between different policies, all per dwelling benefits should be treated cautiously and independently of one another.

**Table 1: Building regulation breakdown for buildings in scope and benefit per dwelling**

Building Regulation	Buildings in scope	Monetised Benefit	Non-monetised Benefit
<p><a href="#">Part B - Sprinklers and other fire safety measures in high-rise blocks of flats</a></p> <p>Include provision of sprinklers and wayfinding signage (reflective vinyl) in new blocks of flats with a top floor at 11m or higher in Approved Document B.</p> <p>Price base 2020 PV year 2020</p>	<ul style="list-style-type: none"> <li>• New blocks of flats with a top floor of 11m or higher in Approved Document B.</li> </ul>	<p>£80 per dwelling comprising avoided casualties and fatalities, and property protection</p>	<p>Non-monetised benefits include the reassurance of safety for residents, reduction in fire and rescue service call outs, savings in water used for manual firefighting by firefighters, and the reduction in air pollution (fewer fires).</p>
<p><a href="#">Part F – Ventilation (Domestic)</a></p> <p>Introduce new and simplified guidance for ventilation standards for both new domestic and non-domestic buildings, and for existing buildings when relevant work is done.</p> <p>Price base 2019 PV year 2021</p>	<ul style="list-style-type: none"> <li>• New domestic buildings.</li> <li>• Existing buildings when relevant work is done.</li> </ul>	<p>Due to the level of uncertainty, the benefits of improved ventilation are not monetised as part of the main cost benefit analysis.</p>	<ul style="list-style-type: none"> <li>• Avoided remediation costs: ~£2,300 per dwelling</li> <li>• Health benefits: £2-£25 per dwelling</li> </ul> <p>It is expected that changes in size of ventilation systems due to simplified guidance could lead to some health benefits and reduced remediation costs in the future.</p>
<p><a href="#">Part F – Ventilation (Non-Domestic)</a></p> <p>Introduce new and simplified guidance for ventilation standards for both new domestic and non-domestic buildings, and for</p>	<ul style="list-style-type: none"> <li>• New non-domestic buildings.</li> <li>• Existing buildings when relevant work is done.</li> </ul>	<p>Due to the level of uncertainty, the benefits of improved ventilation are not monetised as part of the main cost benefit analysis.</p>	<ul style="list-style-type: none"> <li>• Complexity of original analysis (using floor space as opposed to the number of buildings) artificially inflates benefits per building calculations, meaning they are misleading when used as indicators of benefits. As a result, non-domestic figures have not been included in this analysis.</li> </ul>

<p>existing buildings when relevant work is done.</p> <p><i>Price base 2019 PV year 2021</i></p>			
<p><u>Part L – 2021 changes to the energy efficiency requirements of the building regulations for non-domestic buildings</u></p> <p>New homes target that delivers a 30% improvement on 2013 standards, aggregated across the build-mix, based on performance-based targets for primary energy, CO2 emissions and fabric energy efficiency.</p> <p>For existing homes, improvements to the standards of new and replacement thermal elements will make homes that have replacement windows more energy efficient, as well as improving the efficiency of extensions and loft conversions.</p> <p><i>Price base 2019 PV year 2021</i></p>	<ul style="list-style-type: none"> <li>• New homes</li> <li>• Existing homes when relevant building work is carried out- most commonly when building an extension or replacing windows or doors.</li> </ul>	<p>£4,980 per dwelling</p>	<p>The savings to consumers will be greater than shown because of reduced payments for VAT which will be a cost to the exchequer. As per Green Book guidance, this has not been costed as it is considered to be a transfer between consumers/businesses and the government. No allowance is made for fuel security benefits, employment opportunities from developing energy saving or low carbon/primary energy products or spill-over benefits of innovation.</p>

<p><a href="#">Part L – 2021 changes to the energy efficiency requirements of the building regulations for non-domestic buildings.</a></p> <p>New target for new non-domestic buildings that delivers a ~27% reduction in carbon emissions on average per building compared to 2013 energy efficiency standards.</p> <p>Also effects existing non-domestic when relevant building work is carried out.</p> <p><i>Price base 2019 PV year 2021</i></p>	<ul style="list-style-type: none"> <li>• New non-domestic buildings</li> <li>• Existing non-domestic buildings when relevant building work is carried out.</li> </ul>	<ul style="list-style-type: none"> <li>• Complexity of original analysis (using floor space as opposed to the number of buildings) artificially inflates benefits per dwelling calculations, meaning they are misleading when used as indicators of benefits. As a result, non-domestic figures have not been included in this analysis.</li> </ul>	<p>The energy savings to consumers/businesses will be greater than shown because of reduced payments for VAT which will be a cost to the exchequer. As per Green Book guidance, this has not been costed as it is considered to be a transfer between consumers/businesses and the government. No allowance is made for fuel security benefits, employment opportunities from developing energy saving or low carbon/primary energy products or spill-over benefits of innovation.</p>
<p><a href="#">Part O – Overheating</a></p> <p>Introduce a new requirement for limiting overheating in new residential buildings.</p> <p><i>Price base 2019 PV year 2021</i></p>	<ul style="list-style-type: none"> <li>• New dwellings, including houses and flats.</li> <li>• It will also apply to care homes, residential colleges, student halls of residence and other similar establishments where people sleep on the premises.</li> </ul>	<p>£280 per dwelling (£200 avoided cost, £50 energy saving + £30 mortality benefit)</p>	<p>No allowance is made for employment opportunities from improving ventilation or spill-over benefits of innovation as these impacts are likely to be insignificant.</p> <p>Benefits due to improved compliance with existing requirements are not included but have been qualitatively explored outside the main cost benefit analysis.</p>

<p><a href="#">Part S – Residential charging infrastructure provision</a></p> <p>Charging infrastructure to be installed in all new buildings and those undergoing major renovations, including ducting, cabling and at least one charge point per dwelling. Properties with more than 10 parking spaces will require cable routes in all parking spaces without charge points.</p> <p><i>Price base 2019 PV year 2022</i></p>	<ul style="list-style-type: none"> <li>• All new buildings and those undergoing major renovations, including ducting, cabling and at least one charge point per dwelling.</li> <li>• Properties with more than 10 parking spaces will require cable routes in all parking spaces without charge points.</li> </ul>	<p>£380 per dwelling</p>	<p>Cost savings from installation during construction could also extend to the avoidance of disruption costs/inconveniences caused to the public or building occupants from works involved, such as the digging of trenches. Improved access to charging is key to overcoming consumer range anxiety around the sales of EVs; it can be expected that this policy will result in EV purchases which carry a benefit to society in terms of GHG emissions reductions</p>
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