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# **The Building (Amendment) Regulations (Northern Ireland) 2016**

## **Final Regulatory Impact Assessment for Proposed Part M**

**November 2016**

<b>Title:</b> <b>Part M of the Building Regulations – Physical infrastructure for high-speed electronic communications networks (2014/61/EU Directive)</b>	<b>Regulatory Impact Assessment (RIA)</b>		
	<b>Date:</b> November 2016 (Final)		
	<b>Type of measure:</b> Secondary Legislation		
<b>Lead department or agency:</b> <b>Department of Finance (the Department)</b>	<b>Stage:</b> Final		
	<b>Source of intervention:</b> Domestic NI		
<b>Other departments or agencies:</b> <b>Department for Culture, Media, and Sport (DCMS)</b> <b>Department for communities and Local Government (DCLG)</b>	<b>Contact details:</b> Building Standards Branch		
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## Summary Intervention and Options

<b>What is the problem under consideration? Why is government intervention necessary?</b> The EU has introduced a legally binding Directive 2014/61/EU (the Directive) requiring Member States to ensure that new buildings and major renovations (which involve work to in-building physical infrastructure) are constructed with the necessary in-building infrastructure to enable connection to broadband speeds of no less than 30 Mbps.	
<b>What are the policy objectives and the intended effects?</b> The policy objective is to transpose the EU requirement for in-building infrastructure into the Building Regulations to; <ul style="list-style-type: none"> <li>- ensure that the EU requirement is triggered by the submission of a “building permit”, which is already a feature of the Building Regulations in the form of a full plans submission or building notice made to a Building Control District Council.</li> <li>- ensure that when a building regulations application or notice is made, that all new buildings and buildings where the in-building physical infrastructure is being renovated will have in-building infrastructure that facilitate future connection to broadband at speeds of &gt;30 Mbps</li> </ul>	
<b>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</b> The requirements of the Directive have to be implemented by ‘laws, regulations and administrative provisions’. Under current Government arrangements for dealing with European requirements, implementation must be done at minimum cost and with no gold-plating. The Department’s view is that this is achieved through the Building Regulations, as enforcement or compliance checking will be undertaken by Building Control District Councils as part of their normal functions. No additional primary powers will be needed as the Building Regulations (NI) Order 1979 can be used to set regulations that relate to communication services. Statutory guidance can then be issued via a Technical Booklet. Option 1 (Do nothing) produces no benefits and would leave the Department open to infraction proceedings, and out of step with related UK regulations: therefore this option is not preferred.	
<b>Will the policy be reviewed?</b>	<b>If applicable, set review date:</b>

Cost of Preferred (or more likely) Option		
Total outlay cost for business £m	Total net cost to business per year £m	Annual cost for implementation by Regulator £m
0.075 year 1	0.014	0.006 (+ 0.006 year 1)*

Does Implementation go beyond minimum EU requirements?				N/A	✓	YES		
Are any of these organisations in scope?	Micro		Small		Medium		Large	
	Yes	✓	No	Yes	✓	No	Yes	✓
	Yes ✓	No	Yes ✓	No	Yes ✓	No	Yes ✓	No

The Final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approved by:  Date: 22nd Nov 2016

# Summary: Analysis and Evidence Policy Option 1

Description: **Do nothing**

## ECONOMIC ASSESSMENT (Option 1)

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Cost
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	N/A		N/A	N/A

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

Option 1 - Do nothing, imposes no monetised costs on the main affected groups.

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

Option 1 - Do nothing, imposes no direct costs on the main affected groups, however this could leave the UK open to EU infraction proceedings and potential fines, with the cost being borne by those administrations failing to implement Directive requirements.

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Benefit
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	N/A		N/A	N/A

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

Option 1 - Do nothing, produces no additional benefits for the main affected groups.

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

Option 1 - Do nothing, produces no additional benefits for the main affected groups.

### Key Assumptions, Sensitivities, Risks

Without in-building physical infrastructure regulation and guidance, devolved administrations may be open to EU infraction proceedings. There could also be inconsistency of building statutory requirements with other jurisdictions and other Member States, increasing difficulties for developer/ installer application.

## BUSINESS ASSESSMENT (Option 1)

Direct Impact on business (Equivalent Annual) £m		
Costs: N/A	Benefits: N/A	Net: N/A

## Cross Border Issues (Option 1)

### How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland)

Do nothing option for in-building physical infrastructure would lead to inconsistency of building statutory requirements with other jurisdictions and member states (including potentially the Republic of Ireland). This could leave the Department open to possible EU infraction proceedings.

**ECONOMIC ASSESSMENT (Option 2)**

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Cost
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
<b>Low</b>	Optional	1	Optional	Optional
<b>High</b>	Optional		Optional	Optional
<b>Best Estimate</b>	<b>0.0672*</b>		<b>0.0200*</b>	Year 1 <b>0.0872*</b>

**Description and scale of key monetised costs by ‘main affected groups’**

Option 2 – small builders, particularly in rural areas, where even the most basic copper telephone technology to enable broadband connection may not be part of the development, would be the main affected groups. They will be required to include the basic internet in-building infrastructure and this represents a cost to business estimated at approx £67 or £139 per affected dwelling. This may be passed on to the end user via increased building work prices. There will also be a small familiarisation cost (one-off cost in year 1) for construction industry (professionals, consultants, builders, etc.). \*District Council Building Control groups familiarisation year 1 & annual inspection costs - included\*.

**Other key non-monetised costs by ‘main affected groups’**

Option 2 – This cost to business may get passed on to buyers and owners even though they may not have wanted a telephone line or internet connection in their building. However, this may still be of benefit to future occupiers. Compliance costs are anticipated to significantly diminish, however it has not been possible to quantify these costs beyond year 1.

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Benefit
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
<b>Low</b>	Optional		Optional	Optional
<b>High</b>	Optional		Optional	Optional
<b>Best Estimate</b>	<b>N/A</b>		<b>N/A</b>	<b>N/A</b>

**Description and scale of key monetised benefits by ‘main affected groups’**

Option 2 - there are no key monetised benefits identified due to the implementation of Article 8 ‘In-building physical infrastructure’ of this EU Directive. There may be some benefits to improved access for internet service providers, but it would be a presumption and not quantifiable at this stage.

**Other key non-monetised benefits by ‘main affected groups’**

Option 2 – Certain buildings will become marginally better connected to the internet and regulation will ensure that where in-building infrastructure needs installation effective enforcement action can be taken. The new TBM will establish good practice guidance on compliance with the Building Regulations in typical building situations.

**Key Assumptions, Sensitivities, Risks**

This policy is to comply with an EU directive. Failure to do so may risk infraction proceedings. The standards set are already generally followed, and in many cases exceeded by industry, regardless of the EU Directive. So the policy is judged to be low-risk.  
Key assumptions are – low impact on statutory undertakers, and – the number of construction industry personnel affected and the associated familiarisation (one-off year one) cost per employee.

**BUSINESS ASSESSMENT (Option 2)**

Direct Impact on business (Equivalent Annual) £m			
<b>Costs: 0.014</b>	<b>Benefits: N/A</b>	<b>Net: 0.014</b>	2015 prices

**Cross Border Issues (Option 2)**

**How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland)**

Part M regulations and TBM would set consistent building statutory requirements with other UK regions, and provide industry with consistent technical guidance. All EU states are required to implement the directive. Republic of Ireland proposals have not yet been clearly presented.

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# Evidence Base (for summary sheets)

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To provide for consistency of approach with similar transpositions being carried out under the English, Welsh, and Scottish building regulations, as part of a UK level implementation of the EU Directive, a Triage approach (low cost fast track regulation) assessment is provided here.

## **INTRODUCTION**

The Department of Finance has policy responsibility for maintaining the Building Regulations.

The Building Regulations apply to most building work and are made principally to secure the health, safety, welfare and convenience of people in or about buildings, further the conservation of fuel and power, further the protection and enhancement of the environment and promotion of sustainable development.

The regulations set mainly functional requirements and are supported by Technical Booklets giving guidance, including performance standards and design provisions, relating to compliance with specific aspects of the Building Regulations for the more common building situations

## **PURPOSE AND INTENDED EFFECT OF MEASURES**

The main purpose and effect of the amendments is to advance the objectives of building regulations by implementing Article 8 (In-building physical infrastructure) of the Directive 2014/61/EU, on measures to reduce the cost of deploying high-speed electronic communications networks.

## **SCOPE**

This Final Regulatory Impact Assessment (RIA) addresses a new requirement of the Building Regulations and related supporting Technical Booklet.

## **OBJECTIVE**

The overall objective of the amendment is to transpose the European Directive requirement for in-building physical infrastructure into the existing system of building regulations for the welfare and convenience of people in and about buildings and to promote sustainable development, without imposing disproportionate bureaucracy and costs on building owners, developers or on district councils whose role it is to enforce building regulations.

A key objective is that where building regulations and a Technical Booklet are proposed, the new requirement and technical guidance are written to ensure that they are generally in technical harmony with requirements which apply elsewhere. The availability of high speed broadband has both sustainable economic and social benefits, underpinning virtually all sectors of a modern and innovative economy.

This Final RIA is a review of the Building Regulations (Northern Ireland) 2012 (as amended) on proposals to introduce new building regulations covering broadband infrastructure within new buildings and existing buildings undergoing infrastructure major refurbishment. The principle aims and objectives of the proposed regulations and supporting guidance within the Technical Booklet, is to meet the terms of Article 8 of Directive 2014/61/EU.

The amendment, to varying degrees, affects those in the construction industry who are involved in the development, construction or renovation of buildings and those who are tasked with ensuring compliance with building regulations.

## **RATIONALE FOR GOVERNMENT INTERVENTION**

Article 8 of European Union Directive 2014/61/EU requires Member States to ensure that all newly constructed buildings are equipped, as part of a building regulations application process, with a “high-speed-ready in-building physical infrastructure” to facilitate the cost-effective installation of cabling providing a minimum broadband speed of 30 Mbps (Megabits per second). Article 13, among other things, requires Member States to adopt and publish regulations, so it is essential government intervenes.

As building regulations are a devolved matter, this part of the Directive will be transposed by the Department of Finance, with similar transpositions being carried out under the English, Welsh and Scottish building regulations regimes. The remaining aspects of the Directive are being transposed at UK level where *‘Telecommunications is a reserved matter meaning that it has not been devolved to Northern Ireland Executive but is controlled centrally by the Department for Culture Media and Sport (DCMS) in London.’*<sup>1</sup>

To make the requirement for broadband in-building infrastructure (within buildings) mandatory and thus meet the requirements of Articles 8, 11 (Penalties) and 13 (Transposition), new regulation is required within building regulations.

As identified in the **Introduction**, building regulations are supported by guidance. As following the guidance tends towards negative liability, this is the commonest way of meeting the regulations.

## **SUMMARY OF AMENDMENTS**

### **Part A (Interpretation & general)**

Buildings belonging to statutory undertakers will not be exempt from complying with the new physical infrastructure for high-speed electronic communications networks requirements of the Building Regulations.

### **Part M (Physical infrastructure for high-speed electronic communications networks)**

The Directive requires Member States to transpose its requirements into national law.

As a result of the transposition of Article 8 of the Directive 2014/61/EU, the significant amendments to the Building Regulations are as follows:

- A new regulation will be introduced where the person carrying out works must ensure that the building is adequately equipped with;
  - high-speed-ready in-building physical infrastructure up to a network termination point, and;

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<sup>1</sup> Extract from DETI Broadband policy context in Northern Ireland



- where the work above concerns a multi-dwelling building, the building is adequately equipped with a common access point, for high-speed electronic communications networks.
- The new regulation will only apply to building work that consists of;
  - The erection of a building, or
  - Major renovation works (involving existing in-building infrastructure) to a building.

The proposals introduce a new building regulation and associated Technical Booklet guidance, requiring all new buildings to be provided with an infrastructure that will allow the easy installation of broadband cabling either at the time of construction or sometime in the future. Additionally, where an existing building is undergoing relevant major renovation, suitable in-building infrastructure should be provided.

This will generally mean that for single occupancy buildings a short length of ductwork through the external wall between the access and network termination point. For multi-dwelling buildings (such as flats) ducts will extend to each flat. These ducts can then be utilised at a later stage by a broadband provider for their cable installation.

Directive 2014/61/EU also gives Member States discretionary powers not to apply in-building physical infrastructure requirements to certain categories of buildings. Therefore, it is proposed to extend/ amend the normal exemptions to building regulations to exempt the buildings listed below from the new Part M requirements:

- Where compliance with Part M would unacceptably alter the character or appearance of a building;
  - listed under Part 4 of the Planning (Listed Buildings and Conservation Areas) Act (Northern Ireland) 2011.
  - included in the schedule of monuments maintained under Part 2 of the Historic Monuments and Archaeological Objects (Northern Ireland) Order 1995;
- Classes 2 to 9 of Schedule 2 of the Building Regulations;
- Buildings situated in isolated areas where the prospect of high-speed connection is considered too remote to justify equipping the building with high-speed in-building physical infrastructure or a common access point, and;
- Major renovation works (encompassing structural modification of the entire, or significant part of the in-building physical infrastructure) in cases in which the cost of compliance with Part M would be disproportionate to the benefit gained.

The extent of proposed exemptions has been considered by Northern Ireland Building Regulations Advisory Committee (NIBRAC), and within the public consultation (refers to **Public Consultation**).

## SUMMARY OF COMPLIANCE COSTS & BENEFITS

The cost impact is subject to further study however it is anticipated at this stage there will be a minimal cost impact given that the regulatory change is light and there will also be a compensating effect between positive and negative costs of the amendments.

Part	Change	Cost Impact
<b>A</b>	Regulation 4 inclusion of new Part M to statutory undertakers and Class 1 of Schedule 2	No cost impact  Low impact – previous research indicated that standards used by statutory undertakers are the substantive requirements of the Building Regulations.
	Regulation 5, 7, 9 and 11 inclusion of new Part M	No cost impact
	Regulation 8 associated Table inclusion of new Part M – which does not apply	No cost impact
<b>M</b>	In-building physical infrastructure	For a single house dwelling the cost would be in the region of £67.90 per relevant house.  For a single flat dwelling the cost would be in the region of £139 per relevant flat.  For single buildings/ multi-unit buildings other than dwellings the cost is negligible, as nearly all non-domestic buildings as standard make provisions for future broadband cabling.
	exempt certain buildings from the in-building physical infrastructure requirements	Cost saving through de-regulation

## BUSINESS SECTORS AFFECTED

The amendments impose some additional burdens on designers, consultants, and building control. Industry would have to be aware of this new part of the Building Regulations. They should not require any new skills so it is anticipated that these costs will relate to initial year one familiarization costs and, for designers, with limited costs in review of on-going

design work which has yet to be deposited with the district council. As well as familiarization costs, further inspection costs will be imposed on district council's due to additional time for site inspection or checking of plans, by building control bodies to ensure compliance.

The Department considers that the amendments will have no significant effect on competition in any markets.

Based on the delivery of fixed network technology for residential and small commercial buildings set out in Ofcom's Infrastructure Report 2014, central UK government view is that the market is already meeting the requirements of the Directive for new dwellings, as even the most basic in-building infrastructure designed for copper technology would be capable of transmitting broadband speeds of up to 76Mbit/s. It is the existence of wider infrastructure beyond the building that determines the actual speeds.

Local broadband infrastructure has benefited from substantial Government investment since 2004 with some £64m public investment allocated up to the end of 2015, including the ongoing Northern Ireland Broadband Improvement Project (NIBIP). The impact of this investment is that 95% of Northern Ireland premises are capable of receiving NGA (Next Generation Access – 30Mbps) broadband services<sup>2</sup>.

Drawing on the experience within the sector and following the logic set out in England's initial Impact Assessment<sup>3</sup> (IA), the conclusion is that a percentage of all new housing may not be intending to provide any in-building infrastructure, and there will be some urban single build homes and more particularly rural single build homes, where even the most basic copper telephone technology to enable broadband may not be part of the development. Figures of 5% and 35% have been applied to take account for these factors on newly built dwellings, apportioned against homes with no basic fixed landline provision.

For larger commercial buildings the necessary in-building infrastructure required by the Directive to deliver speeds of at least 30 Mbps is universally provided for in new commercial buildings. There would simply not be a market for any kind of commercial building without access to broadband, and therefore there would always be the necessary in-building infrastructure in place to enable high speeds, if the wider infrastructure beyond the building is in place locally.

## **OTHER IMPACT ASSESSMENTS**

The amendments apply to all buildings (where building regulations apply) and therefore have an affect on all sectors, businesses, building owners, developers, etc. with no adverse impact on equality of opportunity or the needs of rural customers.

The changes are unlikely to have an adverse effect on the industry, particularly the building materials sector (see above).

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<sup>2</sup> Ref DETINI report '*Continuing to Connect Telecoms 2015-2017*'

<sup>3</sup> Ref Consultation impact assessment: Part R of the Building Regulations – Broadband Cost Reduction Directive

## **MICRO & SMALL FIRMS IMPACT**

Even though the compliance costs above are small, some consideration has been given as to whether there may be a net cost to small business. However, single developments are usually undertaken by individuals, usually in contract with a number of companies. This means that if there is any limited cost it would fall to that person(s) rather than the companies.

The UK Department for Communities and Local Government (DCLG), when proposing the equivalent England Part R of their building regulations, interviewed relevant construction sector businesses. The aim was to gauge their reaction to the proposed changes. Overall, no businesses had any strong objections to the proposals and the amendment. The Department considers it reasonable to assume that local micro and small firms will be similarly unconcerned by the proposed amendments. The Department's public consultation identified no micro or small firm's objections to this proposal.

## **ENFORCEMENT AND SANCTIONS**

The new regulation will continue to be enforced by district councils through the existing mechanisms and sanctions provided through the Building Regulations (Northern Ireland) Order 1979 (as amended) (the 1979 Order).

## **MONITORING AND REVIEW**

DCLG undertakes reviews of amendments made to the Building Regulations. The outcomes of these reviews and additional research undertaken by DCLG (on behalf of England, and the devolved administrations) inform the need for further amendments to the Building Regulations. It is thought likely that these proposals will be reviewed in light of future relations with the EU, however this should not delay or risk implementation.

## **CONSULTATION**

### **GOVERNMENT CONSULTATION**

Building Standards Branch (BSB) has been involved in discussions with the two Whitehall Departments responsible for the implementation of Directive 2014/61/EU, the DCMS and the DCLG. The main transposition of the Directive (all Articles except Article 8) is being dealt with at a UK level by DCMS and was subject to separate consultation.

Article 8 of the Directive is being transposed independently by the UK government and devolved administrations into each of the four national sets of building regulations. So that parity is achieved where practical, BSB has been in discussion with DCLG as well as representatives from the Scottish and Welsh governments.

## **PUBLIC CONSULTATION**

There is a statutory duty to consult the Northern Ireland Building Regulations Advisory Committee (NIBRAC) and such other bodies as appear to the Department to be representative of the interests concerned.

The consultation documents were sent to NIBRAC alongside the release of this consultation explaining that the nature of the proposed amendments is to transpose the requirements of Article 8 (in-building physical infrastructure) of the Directive 2014/61/EU.

BSB has an extensive database of names of individuals and organisations that have expressed a specific interest in building regulations and technical guidance. As well as directly contacting stakeholders with a known interest, this consultation exercise was also promoted on the BSB Building Regulations homepage of the DoF website.

The public consultation period ran for 8 weeks, commencing on **Monday 15<sup>th</sup> August 2016** and closing on **Friday 7<sup>th</sup> October 2016**.

## **CONTACT POINT**

This Regulatory Impact Assessment, and the Departments Response to Public Consultation, may be downloaded from [www.finance-ni.gov.uk/articles/building-regulations-consultations](http://www.finance-ni.gov.uk/articles/building-regulations-consultations) or a hard copy may be obtained from Karen McKernon at:

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### AMENDMENT TO PART A (INTERPRETATION AND GENERAL)

#### BACKGROUND

A1. Part A of the Building Regulations establishes process and procedures relating to the application of the regulations and defines the main terms used in the regulations.

#### RISK ASSESSMENT

A2. Part A addresses administrative or interpretative issues, for which there is no perceived risk to health and safety. The proposed changes do not, therefore, increase or decrease any such risk.

#### OPTIONS

A3. Two options were examined:

- Option 1 – do nothing and retain the current provisions; or
- Option 2 – make the amendments to Part A.

#### BENEFITS AND COSTS

##### Option 1 - do nothing

A4. Option 1 would have retained the status quo and therefore no direct costs would have been imposed. However, it would not have realised the benefits gained from Option 2.

##### Option 2 – make the changes to Part A

A5. At present, buildings belonging to statutory undertakers (excluding dwellings and those buildings used as offices, shops, showrooms or passenger stations) are exempt from complying with the requirements of the Building Regulations (other than energy efficiency requirements, which are also applied in relation to an EU Directive). It is proposed, in keeping with the spirit of Article 8 of the Directive 2014/61/EU, that all buildings of statutory undertakers will not be exempt from complying with the new physical infrastructure for high-speed electronic communications networks requirements of the Building Regulations. Similarly, any buildings listed in Class 1 of Schedule 2 of the Building Regulations, will not be exempt.

A6. The Department considered these issues within the public consultation. It is expected that there would be no obligation for the procedural requirements of the regulations to be followed in these situations and no costs for additional applications are envisaged.

## **COMPLIANCE COSTS**

A7. Compliance costs are as follows:

- Option 1 will maintain the status quo in relation to costs; and
- Option 2 is the better option although there will be a low impact for statutory undertakers and in relation to buildings listed in class 1 of Schedule 2, this will align with Article 8 of the Directive 2014/61/EU.

## **SUMMARY AND RECOMMENDATION**

A8. Option 1 was not considered valid as it would have maintained the status quo without the desired outcome.

A9. Option 2 may result in an overall cost implication however, this option should also avoid infraction proceedings, fines and reputational risk to the Devolved Administration.

A10. On the basis of the assessments presented herein, the Department proposes to adopt Option 2 and make the change to Part A.

### **PROPOSED NEW PART M (Physical infrastructure for high-speed electronic communications networks) including provision of new Technical Booklet M**

#### **BACKGROUND**

M1. The requirement for in-building infrastructure to enable high-speed connection to broadband is an EU measure that must be implemented. The intention is to transpose the European requirement for in-building infrastructure into the existing system of building regulations. The European requirement is triggered by the submission of a “*building permit*”, which is already a feature of existing building regulations in the form of a full plans submission or building notice.

The policy objective is to complete the implementation of Article 8 and 13 of the Directive 2014/61/EU. Implementation of the Directive would also avoid infraction proceedings, fines and reputational risk to the Devolved Administration.

#### **RISK ASSESSMENT**

M2. Part M addresses the provisions of physical infrastructure for high-speed electronic communications networks and is necessary to align with Directive 2014/61/EU. No further risks have been identified with the proposed measures.

#### **OPTIONS**

M3. Article 13 of the Directive is quite clear that legislation is needed to implement it effectively. So in considering how to address the objectives identified, only two options were examined:

Option 1 – do nothing; or

Option 2 – introduce a new mandatory regulation, together with new supporting guidance within a new Technical Booklet.

#### **Sectors and groups affected**

M4. Sectors and groups affected include:

- a) Building users - People living in or using buildings would benefit from easier broadband connectivity. Additionally, there will be some cost benefit to future occupants/users in relation to a reduced installation cost;
- b) Building designers/constructors - All those involved with building design and construction would have to familiarise themselves with the new/amended standards and guidance, through training etc;



- c) Building procurement - Persons or companies procuring new buildings or building work (who had optioned out of basic communications infrastructure provision) would be required to bear any extra cost of the work;
- d) Verification – District council building control would have to train staff in respect of the new building regulation and associated guidance, while also requiring additional inspection.

## **BENEFITS**

- M5. The proposals contained within this Final RIA form part of the overall transposition of European Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks. As part of the overall transposition of the Directive, the proposals will reduce the cost and ease the installation of broadband cabling into new buildings and those that have undergone relevant major renovation.

### **Option 1 – do nothing**

- M6. The Department has an obligation under Article 8 of Directive 2014/61/EU to ensure that all newly constructed buildings and those undergoing relevant major renovation are provided with in-building physical infrastructure to facilitate the future installation of broadband cabling to the end-user's location.

This option does not address the requirements of Article 8 and, as well as creating a disconnect with other devolved administrations and Member States, it leaves the Department open to infraction proceedings being initiated by the European Commission.

### **Option 2 - introduce a new mandatory regulation, together with new supporting guidance within a new Technical Booklet**

- M7. The principal benefit of Option 2 is that a new regulation will ensure that the proposals will be applied through an existing monitoring and enforcement system. Mandatory building standards and the supporting guidance has proved in the past to be a robust method of ensuring health, safety and sustainability objectives are achieved. Purpose built ducts/routes into and throughout buildings, should assist with maintaining air tightness and fire protection.

This option removes the risk of potential infraction proceedings.

## **COSTS**

### **Option 1 – do nothing**

- M8. This option imposes no implementation costs on developers, however, there would be no reduction in costs to individuals and companies when providing broadband connectivity into new or renovated buildings. However, should infraction occur, potential fines may arise, with the cost being borne by those administrations which fail to comply.

## Option 2 - introduce a new mandatory regulation, together with new supporting guidance within a Technical Booklet

### Familiarisation cost

M9. The amendments impose some additional burdens on designers, consultants, and building control. The installation of necessary in-building infrastructure is a well established knowledge in the building industry, therefore industry need only be made aware of this new part of the Building Regulations. DCLG feedback from consultation set familiarisation and transition costs as detailed below.

Blended hourly rates and industry totals are shown in Table 1 below;

	Familiarisation time	Blended hourly rate	Estimated number of professionals	Industry total
Architect	30 minutes	£53	954	£25,302
Building Control Surveyor	30 minutes	£47	180	£4,230
Building & Quantity Surveyors	30 minutes	£47	668	£15,714
Project Managers	30 minutes	£47	21	£492
Building Service Engineers	30 minutes	£47	165	£3,882
1 person per Building Control office updating internal building regulation procedures & disseminating information	2 Hours	£47	26	£2,444
1 person per Architect practice (15% apportion as Eng Final IA) updating internal building regulation procedures & disseminating information	2 Hours	£53	143	£15,158
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>2,159</b>	<b>£67,222*</b>

\*£6,674 = Building Control regulator implementation costs, for RIA summary the cost to NI Business = £60,548

Source rates: DCLG Consultation initial and Final IA: EC Harris cost report.

### Build cost

M10. The proposed mandatory regulation and Technical Booklet guidance applies to all new domestic and non-domestic buildings and those subject to major renovation of in-building infrastructure. The costs associated with the implementation of Article 8 are extremely low as there will be very limited occasions where the necessary in-

<sup>4</sup> Ref DCLG 20<sup>th</sup> April 2016 publication 'Final Impact Assessment: Part R of the Building Regulations – Broadband Cost Reduction Directive' - Table 1 has been amended/ developed to take account of this English public consultation document amendment

building infrastructure to enable connections to high-speed broadband is not already being provided in new buildings and major renovations.

### **Domestic buildings**

- M11. The most basic fixed landline telephone technology to enable broadband, would be available to 90% of rural households and to 84% of urban households<sup>5</sup> locally.

To provide guidance to Member States in the preparation of impact assessments, the EU Commission published a report providing industry estimates. The report provides figures of €250 per flat for ductwork and cabling, which converts to a figure of approximately £181. The Spanish worked example in the report estimated that ducting costs are about 77% of the total cost of broadband installation (i.e. ducting and wiring). Applying this cost-split equates to a cost of around £139 per flat to install ductwork. Due to the much reduced ductwork, it is estimated that in a single house installation the figure would be around half of that for a flat property at £67.90.

The total number of dwellings built in Northern Ireland in 2014 has been assessed as 5,532.

This figure is made up of approximately 573 flats/maisonettes and 4,959 houses, based on these figures the cost of implementing Article 8 to the home building industry would be £416,350. However, the vast majority of home builders routinely install provisions to allow for easy future installation of broadband cabling. Industry feedback has suggested that potentially 5% of new dwellings may have opted-out of this most basic provision i.e. single build and custom build homes. Local residential development in rural areas includes a substantial number of single build houses (2,100 of approved planning applications: rural new single dwellings + rural replacement single dwellings<sup>6</sup>) equating to 35% of residential development.

### **Analysis**

Based on the specific datasets above, figures of 5% and 35% have been applied to take account for these factors on Northern Ireland new built dwellings and apportioned against homes with no basic fixed landline provision. The following analysis is noted;

2014 total number of houses built =	4,959
Single house rural @ 35%	= 1,736
Rural with no landline @ 10%	= 174
New build single rural houses with no Potential in-building infrastructure –	174

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<sup>5</sup> Ref DARD November 2014 statistical publication ‘Continuous household survey – household with fixed telephone landline’

<sup>6</sup> Ref NISRA June 2015 publication ‘Northern Ireland Planning Development Management Statistics – 2014/15 Annual statistical bulletin’

2014 total number of houses built = 4,959  
 Urban houses @ 65% = 3,223  
 Custom/ single build @ 5% = 161  
 Urban with no landline @ 16% = 28  
 New build urban single/ custom houses without  
 in-building infrastructure – 28

2014 total number flats built = 573  
 Custom/ single build @ 5% = 29  
 Urban with no landline @ 16% = 5  
 New build urban single/ custom flats without  
 in-building infrastructure – 5

House infrastructure installation figure @ £67.90  
 $(174 + 28) \times 67.9 = \text{£}13,716$  approx.

Flat infrastructure installation figure @ £139  
 $5 \times 139 = \text{£}700$  approx.

Proposed infrastructure cost per annum = £14,400 approx.

### **Inspection cost**

M12. In response to England's public consultation, their Final IA concluded that the new broadband infrastructure requirement (for residential projects only) would lead to additional time for site inspection or checking of plans, by building control bodies to ensure compliance. The Department recognise that district council building control compliance may require additional inspection, and following the logic set out in England's Final IA, propose based on;

- a) The 2014 total number of dwellings built (see M11), and
- b) The 2014 total number of single/ custom build dwellings - without landlines (see M11),

Northern Ireland additional inspection cost per annum = £5,500 approx.

### **Non-domestic buildings**

M13. When considering non-domestic buildings, installation costs for ductwork will be broadly in line with that for dwellings. However, it is considered that nearly all new non-domestic buildings currently have provision for the future installation of broadband cabling. It is therefore considered that the cost to industry from implementing Article 8 is negligible.

### **Exemptions**

M14. It has not been possible to quantify the number of buildings which are likely to be exempt from the requirements of the Directive as a result of the proposed exemptions.

For this reason, it is not possible to quantify the impact of these exemptions other than the expectation of a cost saving.

## **COMPLIANCE COSTS**

M15. Compliance costs are as follows:

- Option 1 will maintain the status quo; and
- Option 2 is the better option. Although there will be some low level cost implications this option should reduce the risk of infraction proceedings, fines and reputational risk to the Devolved Administration.

Note: The England IA compliance costs were developed using 10 year projection costs, however similar housing development projections data is not available locally. The rationale for a one year period is to identify the initial (one-off) familiarisation cost, inspection cost, and build cost to industry. Following this year 1 period, compliance costs are anticipated to significantly diminish, however it has not been possible to quantify these costs beyond year 1.

## **SUMMARY AND RECOMMENDATION**

M16. Option 1 was not considered valid as it would have maintained the status quo without the desired outcome.

M17. Option 2 may result in an overall cost implication however, this option should also avoid infraction proceedings, fines and reputational risk to the Devolved Administration; and

On the basis of the assessments presented herein, the Department proposes to adopt Option 2 and make provision with new Part M regulation and new supporting Technical Booklet M.

## DEPARTMENTAL SIGNOFF

M18. The Department does not intend to go beyond the minimum EU requirements, where the Department estimates that on this basis a year one cost to business will be around £75k with an annual cost around £14k per year thereafter. District Council Building Control implementation costs have been estimated for year one around £6.5k with an annual cost around £5.5k per year thereafter. These figures have been established as set out above.

**Departmental signoff:**



Date: 22<sup>nd</sup> Nov 2016