

<b>FSTitle:</b> Building (Approved Inspectors etc. and Review of Decisions) (England) Regulations 2023 and Building (Registered Building Control Approvers) Regulations 2024 Impact Assessment  <b>IA No:</b> N/A  <b>RPC Reference No:</b> N/A  <b>Lead department or agency:</b> Department for Levelling Up, Housing and Communities  <b>Other departments or agencies:</b> N/A	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 20/07/2023			
	<b>Stage:</b> Final			
	<b>Source of intervention:</b> Domestic			
	<b>Type of measure:</b> Secondary legislation			
<b>Contact for enquiries:</b> Building.Safety@levellingup.gov.uk				
<b>Summary: Intervention and Options</b>			<b>RPC Opinion:</b> Not Applicable	

Cost of Preferred (or more likely) Option (in 2019 prices, 2020 present value, 10-year appraisal period)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status Non qualifying provision
-£97.5m	-£85.5m	£9.9m	

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

Following the Grenfell Tower tragedy, the government appointed Dame Judith Hackitt to lead an Independent Review of Building Regulations and Fire Safety. The review uncovered systemic failings and made 53 recommendations for government and industry to improve building safety. Key recommendations included changes to the building control profession, to improve professional competence and conduct standards, increase accountability and oversight, and to level the playing field between the public and private sector. To implement these recommendations, Government introduced the Building Safety Act 2022 (the 2022 Act) and is now making Regulations to implement these changes. This impact assessment relates to two sets of these Regulations:

- The Building (Approved Inspectors etc. And Review of Decisions) (England) Regulations 2023; and
- The Building (Registered Building Control Approvers) Regulations 2024

**What are the policy objectives of the action or intervention and the intended effects?**

These two sets of Regulations implement measures in the 2022 Act. Once made into law they will support the higher-risk building regime, which ensures all higher-risk buildings are overseen by the Building Safety Regulator (the Regulator), including by ending the choice of public or private sector building control for all higher-risk buildings and ensuring instead that this is the responsibility of the Regulator. These Regulations also include reforms to improve professional competence and conduct, and increase oversight through new registration requirements, requiring existing and new approved inspectors to register as registered building control approvers to perform building control functions and introducing a new role of registered building inspectors whose role includes signing off building work. We are also making plans certificates – these certify to the local authority that an approved inspector or a registered building control approver has considered building plans in full – mandatory for buildings that fall under the Regulatory Reform (Fire Safety) Order 2005 (the Fire Safety Order).

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

These Regulations implement measures committed to in the 2022 Act. All these measures were considered against ‘do nothing’ options and determined as essential to achieve all the above aims. These Regulations are essential to implement the 2022 Act and define its operation. This includes the start of the higher-risk building regime in full in October 2023 and the wider reforms of the building control sector in April 2024, including ending approved inspectors’ registration with Construction Industry Council Approved Inspectors Register, introducing registered building control approvers and registered building inspectors. All these measures – as set out through primary and secondary legislation – have been assessed and discussed extensively with stakeholders. We have concluded that the aim of the reforms could not be achieved through voluntary or non-legislative measures, or by the current regulatory system for approved inspectors and the wider industry.

Is this measure likely to impact on international trade and investment?	No			
Are any of these organisations in scope?	<b>Micro</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes

What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> N/A	<b>Non-traded:</b> N/A
<b>Will the policy be reviewed?</b> It will be reviewed. See monitoring and evaluation section. <b>If applicable, set review date:</b> Month/Year		

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

Signed by the responsible Minister

..... Lee Rowley ..... Date: ..... 9<sup>th</sup> August 2023 .....

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Implement package of options proposed at consultation stage for building control

## FULL ECONOMIC ASSESSMENT

Price Base Year 2022	PV Base Year 2023/24	Time Period 10 Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -£144.1m	High: -£100.1m	Best Estimate: -£121.6m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant)	Total Cost (Present Value)	
Low	£0.3m	1	£10.0m	£100.1m
High	£0.6m		£14.4m	£144.1m
Best Estimate	£0.5m		£12.1m	£121.6m

- Description and scale of key monetised costs by main affected groups' registration process of registered building inspectors, around £42.7m.
- Mandating plans certificates for building projects under the Fire Safety Order, around £35.2m.
- Costs of regulating the building control profession. Costs recovered from industry and net cost to the exchequer are around £34.5m and £8.7m respectively.
- Familiarisation costs of around £0.5m.

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

Many of the policies were deemed to be no additional cost compared to the counterfactual, or so minimal that it was not deemed proportionate to estimate them. For the most part, it was deemed that either the policy was already likely being done optionally under the counterfactual, or the cost of compliance and the frequency of usage was minimal.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant)	Total Benefit (Present Value)	
Low	£0	0	£0	£0
High	£0		£0	£0
Best Estimate	£0		£0	£0

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

No benefits are monetised.

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

Benefits of the overall oversight and competency functions for the Regulator were estimated at over £250m, however, this could not be apportioned to the policies in this Impact Assessment. Mandating registration should improve the competency and accountability of the building control sector and ensure that future new builds and refurbishments are safe for residents, with reduced fire incidents and structural issues. This should improve confidence in the safety of buildings for insurers, mortgage providers and residents.

<b>Key assumptions/sensitivities/risks</b>	<b>Discount</b>	3.5
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Sensitivity analysis has been done based on:

- Adjusting the amount of time spent preparing for registration for a prospective registered building inspector (+/-30%)
- Adjusting the amount of time spent on familiarisation of the policies. (+/-30%)
- Adjusting the number of applicants registering as a registered building inspector (varying from 4,500-5,000)
- There is a risk of capacity issues but these have been mitigated through transitional arrangements.

## BUSINESS ASSESSMENT (Option 1)

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
Costs: £12.3m	Benefits: £0m	Net: £12.3m	
			N/A

# Evidence Base

## Problem under consideration and rationale for intervention

1. These Regulations support delivery of the government's commitment to ensuring residents are safe, and feel safe, in their homes by implementing the measures introduced in the 2022 Act. These reform the building control sector to increase levels of professional competence, improve regulation, oversight and accountability, introduce more effective sanctions when standards are not met together with new registration requirements, and support the new higher-risk building regime, including by ending local authorities' and approved inspectors' involvement as building control bodies for these buildings, subject to some transitional measures. Registered building control approvers will in future also be blocked from working on higher-risk buildings.
2. In developing the 2022 Act, the Government engaged with a large group of stakeholders from across the building control sector, both public and private, together with membership organisations. This included the creation of the Future of Building Control group that included: the Construction Industry Council, the Construction Industry Council Approved Inspectors Register, Local Authority Building Control, the National House Building Council, the Chartered Association of Building Engineers, the Association of Consultant Approved Inspectors, the Royal Institute of Chartered Surveyors, the Chartered Institute of Building and the Health and Safety Executive.
3. Engagement has continued with some of these organisations as Government has developed proposals for secondary legislation and the Regulations assessed here, to ensure that these are effective and proportionate. Further, we ran a public consultation from January to March 2023, receiving feedback from more than 100 respondents from a wide range of organisations, including Local Authority Building Control, National Fire Chiefs Council, Construction Industry Council Approved Inspectors Register and the Association of Consultant Approved Inspectors.
4. At present, under the Building Act 1984, there is a choice of either public or private sector building control for any type of building work. While the system is competitive and the broad safety requirements – as set out in law through the Building Regulations – are the same for the public and private sector, the two sectors do not operate cohesively. There is little contact between the two and different practices and standards have developed. Sanctions are also currently ineffective.
5. Dame Judith Hackitt's [Building a Safer Future: An Independent Review of Building Regulations and Fire Safety](#), following on from the Grenfell Tower fire, identified the lack of a level playing field between the public and private sector as a key issue with building control. She also recommended ending dutyholder choice for higher-risk buildings. The Government is delivering on that recommendation by making the Regulator the building control body for higher-risk building work.
6. The Regulations assessed in this Impact Assessment are part of wider ranging changes to improve standards in the building control sector by establishing a unified building control profession overseen by the Regulator, with competence requirements for a building control profession that will be common across both public and private sector. The changes:
  - Put in place a new, single oversight regime for building control bodies in the public and private sector.
  - Require registered building inspectors to register with the Regulator, and meet certain competence criteria, as well as comply with a Code of Conduct.
  - Require current approved inspectors to register as registered building control approvers in order to continue to undertake building control work, as well as any newcomer organisations wishing to work as registered building control approvers.

- Require registered building control approvers and local authorities to obtain and consider the advice of a registered building inspector (who has met a level of competence) before carrying out certain building control functions, as well as certain activities, such as inspections.
  - Introduce sanctions for non-compliance with competence standards and the new code of conduct, professional conduct rules and operational standard rules.
  - End dutyholder choice by barring approved inspectors and, in the future, registered building control approvers, from working on higher-risk buildings, noting transitional arrangements will apply to building work started before October 2023. To note, the Regulator has the option of calling in local authority and registered building control approver expertise to advise on higher-risk buildings building control approvals, and is required to obtain the advice of a registered building inspector, however, the decision-making power still rests with the Regulator.
7. In addition, the existing statutory regulatory body – the Construction Industry Council Approved Inspectors Register – will cease to operate at the end of March 2024 and the designation for the registration and oversight for building control bodies will pass to the Regulator.
  8. As set out in the Impact Assessment that was published alongside introduction of the Building Safety Bill to Parliament, these reforms can only be achieved through legislation.
  9. The introduction of these reforms means new and more stringent registration requirements for the building control sector. Together with the accompanying policies and protocols these will better ensure competence within the building control sector, resulting in safer, better quality homes where residents are safe and feel safe.

## **Description of options considered**

10. The level of reform recommended by Dame Judith Hackitt is significant and the Government has committed to implementing her recommendations in full. These reforms can only be achieved through primary and secondary legislation. The Building Safety Act gained Royal Assent in April 2022 and we have subsequently worked with the Health and Safety Executive and other stakeholders to develop supporting Regulations to operationalise the policies. The Regulations are essential to implement Dame Judith’s recommendations.
11. Options assessed within this Impact Assessment are:

### **Option 0: Do Nothing**

- Under the do nothing option, the policies listed under Option 1 would not be implemented. We have considered this counterfactual as the 2022 Act not being implemented, and the regimes outlined within that Act not being introduced. Under this option, all the new measures including registering building inspectors and building control approvers with the Regulator would not occur, approved inspectors would remain registered with the Construction Industry Council Approved Inspectors Register, and the introduction of the Regulator and associated building control changes would not take place.

### **Option 1: Preferred Option: Implement package of options proposed at consultation stage, this includes:**

- Setting the registration length at 5 years for registered building control approvers.
  - This is a new requirement and there will be a new registration process for approved inspectors who will need to register with the Regulator as a registered building control approver by October 2024 to continue working as a building control approver for non higher-risk building work. Transitional arrangements will be put in place regarding higher-risk and non higher-risk building work that is already ‘in flight’ by

October 2023. The registration period will be five years aligning with the existing five year registration periods for approved inspectors.

- Setting the registration length at 4 years for registered building inspectors.
  - This is a new requirement and there will be a new registration process for existing approved inspectors and local authority building control building surveyors, who must register with the Regulator as a registered building inspector by April 2024 to continue working as a building inspector; and to carry out restricted activities and functions. The registration period will be four years.
- Requiring registered building inspectors to carry out restricted functions and activities.
  - Registration is a new requirement for the profession. As part of this we are defining the competence required to deliver specific functions and activities, in particular registered building control approvers, local authorities and the Regulator will need to obtain and consider the advice of a registered building inspector before carrying out certain building control functions and use a registered building inspector to undertake certain activities. <sup>1</sup>
- Implement the amendments in Section 46 of the 2022 Act to allow registered building control approvers and approved inspectors to cancel initial notices for higher-risk buildings.
  - This is a new requirement, linked to the introduction of the higher-risk building regime in October 2023 when the Regulator will become the building control authority higher-risk building work. Subject to transitional arrangements for building work started before October 2023, approved inspectors will either have their initial notices rejected at submission stage or be required to cancel their initial notices and stop work on higher-risk buildings. Subject to transitional arrangements for building work started before October 2023, approved inspectors, and then registered building control approvers, will either have their initial notices rejected at submission stage or be required to cancel their initial notices and stop work on higher-risk buildings.
- Implement the amendments in Section 50 of the 2022 Act to allow for cancellation of registered building control approvers' initial notices where sanctions involving variation in registration and deregistration have been imposed by the Regulator.
  - This is a change to a new oversight and sanctions regime. The sanctions regime for approved inspectors, currently administered by the Construction Industry Council Approved Inspectors Register, will cease to apply and will be replaced by oversight by the Regulator, with sanctions applied to registered building control approvers and registered building inspectors in case of non-compliance with regulation requirements.
- Implement section 49 of the 2022 Act to mandate plans certificates – these certify to local authorities that approved inspectors and registered building control approvers have considered all the building plans – for all building projects falling under the Fire Safety Order.
  - This is a new requirement. Plans certificates are currently voluntary unless requested by the client and are used in a small minority of cases. This provision will make them mandatory for the first time for specific buildings in scope of the Fire Safety Order, which includes blocks of flats (when these are not also higher-risk buildings)

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<sup>1</sup> <https://www.gov.uk/government/consultations/changes-to-the-building-control-profession-and-the-building-control-process-for-approved-inspectors/consultation-for-changes-to-the-building-control-profession-and-the-building-control-process-for-approved-inspectors-in-future-to-be-known-as-registe#restricted-activities-and-functions>

- Implement section 51 of the Building Safety Act 2022 to allow registered building control approvers to create a new initial notice where an original initial notice has ceased to be in force, allowing another registered building inspector to take on works rather than reverting works to a local authority. For example, this can be used when the original registered building inspector ceases to operate.
  - This is a new provision. Currently when an initial notice ceases to be in force then responsibility for building control reverts to the local authority.
- Implement section 52 of the Building Safety Act 2022 to require outgoing registered building control approvers to provide information relating to their building work to the receiving local authority within 21 days upon request.
  - This is a new provision. This is to enable smoother hand over of work from registered building inspector to local authorities.

## **Policy objective**

12. The Government's policy objective is comprehensive reform of the building control sector, both public and private, to ensure there are consistent performance standards for both, and to drive up standards. The changes also strengthen the oversight of higher-risk building work by ending dutyholder choice regarding the building control authority for higher-risk building work; and ensuring those who undertake building control functions and activities have the right level of competence. These reforms will make people safer, and feel safer, in their buildings by raising competence standards, improving accountability and increasing regulatory oversight across the building control and construction sector.
13. The 2022 Act included a statutory requirement on the Secretary of State to appoint an independent person to carry out a review of the regulatory system every 5 years, the first reviewer is to be appointed within five years of royal assent.

## **Summary and preferred option with description of implementation plan**

14. These reforms require both primary and secondary legislation. The primary legislation was delivered through the Building Safety Act 2022 and the secondary legislation is being delivered through a package of secondary instruments, of which the two instruments being assessed here are part. The new regime will start to be operational from October 2023, when the new regime for the design and construction of higher-risk buildings will commence.
15. The Regulator will become responsible for oversight and regulation of the design and construction of higher-risk buildings from October 2023 and approved inspectors will no longer be able to perform building control functions for higher-risk building work. Transitional arrangements will be made for 'in-flight' work.
16. The Regulator will become responsible for oversight and regulation of the building control profession from April 2024. Approved inspectors will be able to register as registered building control approvers from October 2023, with this becoming mandatory from April 2024. Local authority and private sector building control professionals will be able to register as registered building inspectors from October 2023, with this also becoming mandatory from April 2024.
17. All other measures will apply from April 2024.
18. The 2022 Act included a statutory requirement on the Secretary of State to appoint an independent person to carry out a review of the regulatory system every 5 years, the first reviewer is to be appointed within five years of royal assent.

## **Monetised and non-monetised costs and benefits of each option (including administrative burden)**

### **Analytical Approach**

19. All estimates are in present value terms, with an appraisal period of 2023/2024 to 2032/2033, and are in 2022 prices. Costs are discounted by 3.5% each year, in line with the HMT Green Book. Costs are assumed to grow in line with inflation, so stay constant in real terms.
20. Assumptions and estimates have been developed with extensive expert input from external consultants with industry experience from the Adroit Consortium, Health and Safety Executive and Construction Industry Council Approved Inspectors Register.
21. Fees and charges for the Regulator to carry out specific functions such as registration fees for registered building control approvers / registered building inspectors and costs from auditing registered building control approvers (either as part of the registration process or other circumstances) have not been estimated within this Impact Assessment. A future fees and charges statement will outline these charges.

### **Non-monetised impacts**

22. We have assessed the additional impact to be at or close to zero for most of the policies included. As such impacts of these policies have not been monetised.
23. For some policies, this is because the relevant activities would have been carried out under the current regime and therefore under the counterfactual, so there is no additional cost. This applies to the following:
  - Registration process for registered building control approvers and setting their registration length to five years.
    - Operationally, the registration process for registered building control approvers is expected to be similar to the current regime for approved inspectors to register with CICAIR and, therefore, no additional costs have been monetised. The five-year registration length is also the same.
  - Requiring registered building inspectors to carry out restricted functions and activities.
    - Registered building inspectors are expected to carry out similar functions and activities as under the current regime. Experienced building control surveyors are similarly, expected to currently carry out similar functions and activities as under the current regime, but including higher-risk building work. There is, therefore, no additional cost to monetise.
24. For other policies relating to compliance tools, the frequency of use and their cost is likely to be minimal, so we expect any impacts to be negligible. It is therefore not proportionate to monetise impacts for these policies. The policies where this applies are:
  - Implementation of the amendments in Section 46 2022 Act to allow registered building control approvers to cancel initial notices for higher-risk buildings.
  - Implementation of the amendments in Section 50 of the 2022 Act to allow for cancellation of registered building inspector initial notices when certain sanctions have been imposed by the Regulator.
  - Implementation of section 51 of the 2022 Act to allow registered building control approvers to create a new initial notice where an original initial notice has ceased to be in force, allowing another registered building control approver to take on works rather than reverting works to a local authority.
  - Implementation of section 52 of the 2022 Act requiring outgoing approved inspectors (and in the future registered building control approvers, subject to further regulations



and parliamentary scrutiny) to provide information relating to their building work to the receiving local authority within 21 days upon request.

25. Although the ongoing costs are expected to be at or close to zero, we have monetised familiarisation costs for the above six policies, as they are mandated requirements.

26. A qualitative assessment of these activities is covered within the **non-monetised costs section**.

### **Monetised costs**

27. The policies where monetised costs are estimated are:

- Setting registered building inspector registration length to 4 years.
  - As the registration process has not been previously assessed, the analysis below aims to estimate this full cost.
- Mandate plans certificates for all building projects falling under the Fire Safety Order. Where a plans certificate is not completed, an initial notice can be cancelled by the relevant local authority, or a final certificate rejected.

#### Registration length of registered building inspectors:

28. The policy is to allow building surveyors to register as registered building inspectors for four years at a time, subject to registration conditions. Prospective registered building inspectors must have Third-Party Verification of Competence in order to register as a Class 2, 3 or 4 registered building inspector. Trainees / Class 1 applicants can register without a competency assessment, with the expectation that they will carry out activities under supervision.

29. The analysis below sets out the costs and the expected profile of registration across the appraisal period. This part of the analysis does not assess the impact of the registration process on the wider economy, as this is assessed in the non-monetised section. The estimates are based on modelling provided by the Health and Safety Executive, and the costs of the third-party verification of competence provided by the Building Safety Competence Foundation which is a public interest organisation set up by Local Authority Building Control<sup>2</sup> as a vehicle to deliver competence validation for operators responsible for the built environment. As such, the costs it charges are assumed to reflect the average cost of verification of competency, although costs may vary across different Third-Party Verification of Competence organisations.

#### Initial registration of registered building inspectors

30. The cost of registration is estimated to be approximately:

- £600 for a prospective registered building inspector to apply for Third-Party Verification of Competence
- 20 hours in time costs for a prospective registered building inspector to prepare for the Third-Party Verification of Competence, at c.£79/hour<sup>3</sup> (around £1,570 per application)
- 1 hour for an applicant to prepare the application to register as a registered building inspector with the Regulator (£79 per application)

31. The total cost of initial registration is therefore estimated at around £2,250 per application. It is expected that around 4500 - 5000 applicants will apply, who may currently be with an approved inspector or local authority. Successful applicants are expected to have experience

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<sup>2</sup> District Surveyors Association Ltd. Who are trading as Local Authority Building Control (LABC).

<sup>3</sup> Based on a blended wage of a building control expert based on mean callout costs and the cost of directly employment, provided by industry experts. Original estimate based on 2019 prices of c.£70/hour, uplifted to £79/hour based on GDP deflator.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/814675/RPC-4373\\_1\\_-HMT-FCA\\_Rent-to-own\\_price\\_cap\\_PS19-6\\_final\\_opinion.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/814675/RPC-4373_1_-HMT-FCA_Rent-to-own_price_cap_PS19-6_final_opinion.pdf)

in the profession under the current building safety regime, and therefore will have the necessary training and qualifications to work. Hence, no additional training costs have been monetised. For the purposes of this analysis it is assumed 4,750 applicants will apply for registration under this scenario<sup>4</sup>, costing around £10.7m in the first year of the regime.

32. The success rate of an application to Third-Party Verification of Competence is assumed at 70%, based on prior applications to the Building Safety Competence Foundation. It is assumed that those that are not successful for verification of competence will still initially sign up as a Class 1 (Trainee) registered building inspector.
33. Successful applicants are expected to re-register after four years. This cost of registration is assumed to be the same each time.
34. It is estimated that around 3% of the current stock of applicants (4,750) will come into the profession each year. For simplicity, a fixed amount of c.143 new entrants year on year has been assumed. Training costs have not been measured for new entrants into the profession as new entrants are able to train on-the-job or go through a dedicated qualification. See non-monetised costs section for more detail.
35. The total present cost of initial registration is therefore **c. £30.6m**. The equivalent annual net cost (EANC) is estimated at **£3.6m**. See **Table 1** below:

**Table 1: Costs of Initial Registration and Re-registration after expiry<sup>5</sup>**

Year (April to March)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
No. initial applications	4750									
No. new applicants year on year		143	143	143	143	143	143	143	143	143
No. reapplications after expiry					3325	1097	386	173	3445	1179
Initial registration cost (£m)	£10.7m									
New applicant registration cost (£m)		£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m
Reapplication registration cost (£m)					£7.5m	£2.5m	£0.9m	£0.4m	£7.8m	£2.7m
Total registration cost (£m)	£10.7m	£0.3m	£0.3m	£0.3m	£7.8m	£2.8m	£1.2m	£0.7m	£8.1m	£3.0m
Total registration present cost (£m)	£10.7m	£0.3m	£0.3m	£0.3m	£6.8m	£2.3m	£1.0m	£0.6m	£6.1m	£2.2m
Total Present Cost (£m)	<b>£30.6m</b>									
Equivalent Annual Net Cost (EANC) (£m)	<b>£3.6m</b>									

#### Reassessment after third party verification of competence rejection

36. Applicants will have the option of reassessing after a Third-Party Verification of Competence rejection. For the purposes of the analysis, we have assumed 100% of applicants will reapply until their fourth reapplication with each reapplication occurring in the following year. The 70% pass rate is assumed to hold for each reapplication attempt. The table below breaks this down for each year of registration across the 10-year appraisal period.

37. As a result, around 30% of applicants end up reassessing at least once. **In total around 2,480 reapplications would occur over the 10-year appraisal period, making up around £5.0m in total present cost and an EANC of £0.58m.**

<sup>4</sup> Based on internal HSE estimates

<sup>5</sup> Note that figures may not sum due to rounding



**Table 2: Costs of Third party Verification of Competence reassessment<sup>6</sup>**

Year (Apr-Mar)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
No. initial applicants (2023) reassessing	1425	428	128	38						
2024 applicants reassessing		43	13	4	1					
2025 applicants reassessing			43	13	4	1				
2026 applicants reassessing				43	13	4	1			
2027 applicants reassessing					43	13	4	1		
2028 applicants reassessing						43	13	4	1	
2029 applicants reassessing							43	13	4	1
2030 applicants reassessing								43	13	4
2031 applicants reassessing									43	13
2032 applicants reassessing										43
<b>Total reassessment cost each year (£m)</b>	£3.1m	£1.0m	£0.4m	£0.2m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m
<b>Total reassessment present cost each year (£m)</b>	£3.0m	£1.0m	£0.4m	£0.2m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m
<b>Total TPVoC reassessment cost (£m)</b>	<b>£5.0m</b>									
<b>EANC (£m)</b>	<b>£0.6m</b>									

Cost of oversight of continuing professional development

38. Registered building inspectors will be checked if they are abiding by their continuing professional development requirements, and their current work matches the class level for which they have registered. This is to ensure ongoing competence within the registered building inspector profession.
39. Based on Building Safety Competence Foundation estimations, this charge will approximately cost £225 per applicant for checking continuing professional development requirements are being met, with this occurring two years into a successful applicant's registration period.
40. Preparation time is estimated to be 1 day of a registered building inspector's time. This is, therefore, estimated at £149 per continuing professional development check, with a total economic cost of £374 per registered building inspector surveillance.
41. Across the full 10-year appraisal period, approximately 13,600 continuing professional development checks will take place.
- 42. Overall, the total present cost of this is around £7.1m, with an EANC of £0.8m.**

<sup>6</sup> Note that figures may not sum due to rounding

**Table 3: Costs of continuing professional development requirement checks**

Year (Apr-Mar)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Successful entrants initial registration			3325							
Successful entrants after retaking				1097	386	173	120	82	82	82
Second cycle – assume all successful entrants previously will reapply and be successful							3325	1097	386	173
Total number of people surveyed			3325	1097	386	173	3445	1179	468	255
Total cost of surveillance (£m)			£2.7m	£0.9m	£0.3m	£0.1m	£2.8m	£1.0m	£0.4m	£0.2m
Total present cost of surveillance (£m)			£2.5m	£0.8m	£0.3m	£0.1m	£2.3m	£0.7m	£0.3m	£0.2m
Total present cost of surveillance over 10 years (£m)	<b>£7.1m</b>									
EANC (£m)	<b>£0.8m</b>									

#### Overall cost of registration of registered building inspectors

43. In total, registration is expected to have a net present cost of around **£42.7m, with an EANC of £5.0m. See Table 4** below for a breakdown of the registered building inspector registration costs.

**Table 4: Overall cost of registration for registered building inspectors (£m)**

Total Costs	Total Present Cost	Equivalent Annual Net Cost
Cost of first registration and TPVoC application	<b>£30.6m</b>	<b>£3.6m</b>
Cost of TPVoC reassessment	<b>£5.0m</b>	<b>£0.6m</b>
Total TPVoC surveillance cost	<b>£7.1m</b>	<b>£0.8m</b>
<b>Overall Registered building inspector Registration Cost</b>	<b>£42.7m</b>	<b>£5.0m</b>

#### Registration length of registered building control approvers

44. The registration length for registered building control approvers will be five years, in line with the current approved inspector register overseen by Construction Industry Council Approved Inspectors Register.

45. There are around 85-90 approved inspectors with the Construction Industry Council Approved Inspectors Register<sup>7</sup>, and we expect the vast majority of these to register as a registered building control approver from October 2023.

46. The registration requirements for registered building control approvers is expected to be similar to those of the Construction Industry Council Approved Inspectors Register and, therefore, the time/ cost of registration is not expected to change significantly. No additional costs have, therefore, been monetised within this impact assessment.

#### Auditing and inspection of registered building control approvers

47. There will be auditing requirements placed on registered building control approvers. Operationally, it is expected that these will be similar to the current arrangements for approved

<sup>7</sup> Based on the number of Approved Inspector entries on CICAIR as of July 2023. <https://www.cicair.org.uk/approved-inspectors-register/> and noting the number registered can go up or down.

inspectors registered with the Construction Industry Council Approved Inspectors Register. It is, therefore, not proportionate to monetise these costs. [Any differences in the requirements between these two processes will be uncertain until the regime is in place] The Regulator, however, will have the right to inspect or audit where the Regulator considers necessary.

#### Regulator costs of registration process

48. The Regulator will incur some costs in order to fulfil the registration process. These costs involve:

- Initial registration of registered building inspectors and registered building control approvers
- Steady state registration of registered building inspectors and registered building control approvers
- Audit and inspection of registered building control approvers

49. Based on HSE estimates, it is estimated that in present value terms, around £43.2m will be spent on regulating the building control profession<sup>8</sup>. **Of this, around 80% will be cost recovered from the building control sector, around £34.5m, with a net cost to the exchequer of around £8.7m.**

#### Mandate plans certificates for all building projects falling under the Fire Safety Order.

50. It is estimated that around 83,300 projects fall under the Fire Safety Order per year<sup>9</sup>. It is expected a registered building inspector will have completed the necessary work within pre-existing work to draw up a plans certificate, hence only 0.5 hours are expected to be spent drawing up a plans certificate.

51. A building control expert is expected to earn a blended wage of around £79/hour. Therefore, building control experts belonging to a registered building control approver will incur costs of around £28.2m across the 10-year appraisal period to carry out plans certificates and submit them.

52. It is expected that a local authority building surveyor will take between 5-10 minutes to review a plans certificate so we have assumed a central estimate of 0.125 hours (7.5 minutes). A building control expert's blended wage rate of £79/hour has been assumed. As local authorities cannot cost recover for time spent reviewing a plans certificate, they are expected to incur costs of around £7.0m across the 10-year appraisal period.

53. In total, the cost to society is around £35.2m in present cost and £4.1m in equivalent annual net cost (EANC).

#### Familiarisation costs

54. Prospective registered building inspectors and employees (expected to be registered building inspectors) working for registered building control approvers will need to familiarise themselves with the building inspector registration scheme and the responsibilities of each class of registration. This includes the Building Inspector Competence Framework, as well as an understanding of their new responsibilities and expectations under the new regulations. Developers will also need to familiarise themselves with the need to complete plans certificates for all building projects falling under the Fire Safety Order.

55. There are around 4,750 prospective registered building inspectors. It is assumed that it will take around 0.75 hours to read through the Building Inspector Competence Framework and familiarise with the registration requirements and expectations. It is assumed it will take around 0.25 hours to for an inspector to familiarise themselves with all the regulations set out within

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<sup>8</sup> Based on an internal business case. Figures are subject to change and have been adjusted to fit the appraisal period and price year of this impact assessment.

<sup>9</sup> Source: Home Office, Fire Safety Consultation Impact Assessment, Section 3.7.

<https://www.gov.uk/government/consultations/fire-safety/fire-safety-consultation-impact-assessment-accessible-version>

this Impact Assessment and have split this across the six policy areas outside of registration at 0.04 hours per policy. This means it would take a registered building inspector 0.95 hours to fully familiarise themselves. With an assumed hourly wage of around £79, the total cost is estimated at £354,000 for registered building inspector time. Some of this registered building inspector familiarisation cost will be in relation to registered building inspectors within local authorities, where there may be an opportunity cost. Given the total cost estimate, it is not proportionate to assess this.

56. In England, there are around 41,660 developers as of April 2023<sup>10</sup>. As they only need to familiarise themselves with the need to mandate plans certificates for building projects falling under the Fire Safety Order 2005, it is assumed that they will spend 0.04 hours per developer at a firm administration rate of £56/hour. In total, this cost is estimated at £97,000.

57. Summing these two together meant there is an estimated cost of £451,000 for familiarisation.

**Table 5: Breakdown of familiarisation costs by profession (£)**

	Cost
Registered building inspectors	£354,000
Developers	£97,000
<b>Total Familiarisation Cost</b>	<b>£451,000</b>

**Total Net Present Value**

58. Overall, the total net present cost of these policies is £126.8m. The equivalent annual net cost is approximately £14.7m. See Table 6 below for a breakdown across each cost.

**Table 6: Breakdown of costs (£m)**

	Total Net Present Cost to Society	Equivalent Annual Net Cost to Society
Overall		
Registered building inspector registration	£42.7m	£5.0m
Regulator costs, recovered from Industry	£34.5m	£4.0m
Regulator costs, cost to the Exchequer	£8.7m	£1.0m
Mandate for plans certificates under FSO	£35.2m	£4.1m
Familiarisation costs	£0.5m	£0.1m
<b>Total</b>	<b>£121.6m</b>	<b>£14.1m</b>

**Non-monetised costs**

Changes to labour costs as a result of mandate to register

59. Building surveyors will need to register as a registered building inspector and meet the required competence standards through relevant qualifications and verified competence. This may result in an increase in wage levels over time. Any change in wages, however, will also be impacted by market forces and the supply and demand for labour. It is, therefore, not possible to make an estimation of the impact of registration on registered building inspector wages.

Mandatory continuing professional development and training

60. Registered building inspector will be mandated to work on projects related to the class that they are verified at across the four years of verification, and ensure they complete appropriate continuing professional development or training that is related to their role.

<sup>10</sup> Source: Nomis UK Business Counts April 2023 - SIC Code 41.10, England only figures

61. According to an employee skills survey commissioned by the Department of Education, the construction sector in 2019 spends around 50 hours on CPD per trainee, and around 25 hours per employee overall. This is around £4,900 per trainee and £2,300 per employee overall<sup>11</sup>.
62. Registered building inspectors will be expected to perform between 25-50 hours of continuing professional development per year, however, more may be required at different points in a registered building inspector's career. Given the construction sector should already be completing up to 50 hours per year on continuing professional development, there is no additional monetised cost in complying with these requirements. It is recognised that the above survey is based on an average and that currently some firms may complete less CPD than the average. In these scenarios, this would mean additional costs in relation to individual approved inspector and/or registered building control approvers in order to comply with the mandatory CPD requirements. In aggregate this cost is not expected to be additional.
63. Training costs are also not monetised. For existing building inspectors, it is assumed that they will already have significant experience under the current regime, as well as already participating in continuing professional development to maintain / improve their competency, and therefore would be qualified to register as a building inspector.
64. Training costs for new entrants to the profession have not been monetised for proportionality. It is expected that under the current regime, new entrants would gain responsibilities as their experience in the profession and their amount of continuing professional development grew, and this would apply to the registration process and the different classes available to register under. However, some of the registration requirements are more stringent and may require greater levels of training or a dedicated course to receiving the qualification in order to work at certain classes, for instance, Class 3 / higher-risk buildings. Given limited knowledge on the number of new entrants who would opt for registration under each class, this training cost has not been monetised.

#### Requiring registered building inspectors to carry out restricted functions and activities

65. Under the new regime, only registered building inspectors of a relevant class can sign off on restricted activities / functions<sup>12</sup>.
66. These functions are expected to be carried out by appropriately competent and authorised staff under the current regime. The changes are bringing a clarity to the level of competence that is required for each activity or function, and the impact has, therefore, not been estimated.

#### Implement Section 46 of the 2022 Act to allow registered building control approvers to cancel initial notices for higher-risk buildings

67. This measure is being implemented to supplement the higher-risk building regime. Aside from transitional arrangements, higher-risk building work will only be approved by the Regulator, so approved inspectors (and in the future registered building control approvers, subject to further regulation and parliamentary scrutiny) must have a method of cancelling initial notices where this applies. We expect that this will only rarely be used, as registered building control approvers and developers should be clear where a building project may involve higher-risk building work early on in the planning stage. It was, therefore not considered proportionate to monetise this cost.

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<sup>11</sup> Source: Department for Education (2020), Employer Skills Survey 2019: Training and Workforce Development, Research report. Estimates have been scaled up to 2022 prices in line with GDP deflator from 2019 prices. See Figure 4-1 for number of hours spent on CPD in 2019, based on the Construction sector. Day estimates were extrapolated into hours assuming a workday of 7.4 hours. Figure 5-1 for original cost estimates in 2019, based on the Construction Sector. See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/936487/ESS\\_2019\\_Training\\_and\\_Workforce\\_Development\\_Report\\_Nov20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936487/ESS_2019_Training_and_Workforce_Development_Report_Nov20.pdf)

<sup>12</sup> <https://www.gov.uk/government/consultations/changes-to-the-building-control-profession-and-the-building-control-process-for-approved-inspectors/consultation-for-changes-to-the-building-control-profession-and-the-building-control-process-for-approved-inspectors-in-future-to-be-known-as-registe#restricted-activities-and-functions>



Implementation of the amendments in Section 50 of the 2022 Act to allow for cancellation of registered building inspector initial notices when certain sanctions have been imposed by the Regulator.

68. Where registered building inspectors fail to meet the relevant competence and registration requirements for the work they are undertaking, measures in s42 of the 2022 Act allow for the Regulator to impose sanctions. Where the sanction results in a variation in registration, any of the registered building inspector's initial notices that apply to that type of work must be cancelled. In the case of deregistration all initial notices must be cancelled. Section 50 of the 2022 Act allows for these cancellations of initial notices, and work will revert to the local authority unless it is transferred to another registered building inspector. We do not expect that registered building inspectors will be sanctioned in error as there will be robust processes to establish the position.

69. Overall, we have assumed compliance by the industry and therefore have not undertaken an impact assessment for non-compliance.

Implement section 51 of the 2022 Act to allow approved inspectors (in the future registered building control approvers, subject to further regulation and parliamentary scrutiny) to create a new initial notice where an original initial notice has ceased to be in force, and allowing another registered building control approver to take on works rather than reverting works to a local authority.

70. Typically building works would return to local authority building control if an original initial notice has ceased to be in force. This policy will enable works to be transferred to an alternative registered building control approver, allowing the works to progress as expected, rather than restarting with the local authority. Given that there is a relatively small number of private building control bodies, these types of cancellations occur very rarely under steady-state, and mostly when a company ceases operating (for any reason). Due to the rarity of this event, the costs associated with this policy have not monetised.

Implement section 52 of the 2022 Act to require outgoing approved inspectors (in the future registered building control approvers, subject to further regulation and parliamentary scrutiny) to provide information relating to their building work to the receiving local authority within 21 days upon request.

71. Approved inspectors / registered building control approvers will have to provide information to local authorities on request. Given that there is a relatively small number of private building control bodies, and that there are small numbers of outgoing approved inspectors each year, we expect that local authorities will not need to commission this request frequently. Due to the rarity of this event, the costs associated with this policy have not monetised.

## **Non-monetised benefits**

### Improvements in oversight and competency

72. The Regulator will provide oversight of registered building inspector activity and maintain the competency framework used to assess registered building inspectors. The benefits arising from the improved competence and oversight of the building control system, with which the policies presented in this Impact Assessment are concerned, are dependent on the effectiveness of the regime as a whole. While the full benefits resulting from the competency and oversight function of the Regulator have, therefore, been estimated, they could not be apportioned to the specific policies within this Impact Assessment. The total benefits of the improved level of oversight and competency provided by the Regulator were estimated to be over £250m.<sup>13</sup>

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<sup>13</sup> The original modelling used to estimate these benefits used a different appraisal period of 2020/21 – 2029/30 and a price year of 2020. It is expected that the benefit would be greater if these benefits were adjusted to the impact assessment's price year of 2022 and appraisal period of 2023/24-2032/33.

73. Benefits relating to the competency and oversight functions are most pertinent to the registration process for registered building inspectors and registered building control approvers, the competence requirements for registration, the competence requirements for registered building inspectors before they can carry out restricted functions and activities, and the associated auditing. This is because these policies play a key role in ensuring competence within building control bodies.
74. We expect that improving the competency of building inspectors, and ensuring higher competency levels are met before undertaking specific activities and functions, are associated with a number of safety benefits. All building work will benefit from improved oversight, which in turn will reduce the likelihood of systemic issues developing across the industry/ built environment, with the costs to remediate any defects, therefore, not being incurred. In addition, the overall quality of buildings should improve reducing the likelihood of illnesses, injuries and fatalities from, for example, fires, structural failure or damp. Quality of life and wellbeing, should also improve leading to wider benefits, for example, related to health, economic activity and educational achievement. These benefits would apply to all new builds as well as buildings undergoing refurbishment.
75. We have captured within the overall oversight and competency function benefits the improved coordination across industry that is likely to be brought about by the creation of registered building control approvers and registered building inspectors as a more unified profession under the oversight of the Regulator. Greater oversight will allow for individuals, firms, local authorities, and the Regulator to have more opportunity to interact, share learning, and hold each other to the profession's codes of conduct and competency standards. This will result in better quality delivery of building control during construction and, therefore, fewer defects in the built environment in the future, together with reduced remediation costs.

#### Mental health benefits from greater confidence in building safety

76. Greater assurance of competence and accountability through the registration process of registered building inspectors and registered building control approvers should encourage the building control sector to provide greater scrutiny on the quality and safety of homes that developers design and construct. Residents should, therefore, have greater confidence that the buildings they occupy are safe or the risks mitigated, thereby avoiding any mental health costs from any concerns about the safety of their home.

#### Better functioning mortgage and insurance markets

77. The combination of the introduction of the Regulator, reforms to the wider higher-risk building regime and the introduction of the registration process for registered building inspectors and registered building control approvers should ensure confidence that buildings are being managed safely. This will support confidence in the mortgage and insurance markets and therefore will benefit residents.
78. The mortgage market for flats in higher-risk buildings underwent a market failure due to a lack of information on the materials in the external walls and leaseholders having to pay to fix any issues identified.
79. The leaseholder protections in Part 5 of the 2022 Act, alongside government and developer funding for remediation, are helping to open up the market by addressing these issues. Major mortgage lenders have committed to lend more freely on mid and high-rise buildings with building safety issues since January 2023. The new registration process for the building control sector alongside wider reforms to the higher risk building regime should further increase the confidence of mortgage providers, further improving the functioning of mortgage markets and therefore the availability and value of products to leaseholders and prospective buyers. This will give residents greater freedom to sell and re-mortgage their homes when they would like to.

80. Insurers have low appetite to provide cover for the built environment because of low confidence in being able to differentiate between buildings with good and poor construction. The provisions in the 2022 Act should play a part in improving insurer confidence, which will improve the availability and affordability of cover for leaseholders.

## Direct costs and benefits to business calculations

81. With the exception of the net cost to the Exchequer, businesses will take on an element of all other costs. These are:

- Registered building inspector registration costs
  - These are counted as a cost to businesses, as we have assumed that Third-Party Verification of Competence providers will cost recover the total costs of setting up their verification process from prospective registered building inspectors, alongside some form of profit. As the split of the cost and profit is unknown, we have assumed that this is a direct cost to businesses, particularly as there is the potential for registered building control approvers to fund costs related to Third-Party Verification of Competence for registered building inspectors. There is also an opportunity cost in that registered building inspectors preparing for registration could have spent that time on other work related to registered building inspector activity.
- Mandating plans certificates for all building projects falling under the Fire Safety Order. Where a plans certificate is not completed, either an initial notice can be cancelled, or a final certificate rejected, by the relevant local authority.
  - This is a direct cost to registered building control approvers, as they will need to spend time on preparing plans certificates and submitting these to the relevant local authorities. The time spent by local authorities will not be a direct cost to business as this is not cost recovered.
- Costs recovered by the Regulator
  - There are costs related to the Regulator setting up the register for registered building inspectors, the register for registered building control approvers, and performing audits of each registered building inspector. The Regulator will recover these costs through industry fees that will be a direct cost to businesses. We have assumed that costs related to private sector registered building inspectors will be funded by an approved inspector (in the future registered building control approvers subject to further regulation and parliamentary scrutiny).
- Familiarisation costs
  - Time spent by registered building control approver companies, or registered building inspectors, to familiarise themselves with the new regulations is assumed to be a direct cost to business, due to the opportunity cost of alternative work that could have been done.

82. **The direct cost to business is, therefore, expected to be around £105.9m, with an EANDCB of around £12.3m. This is compared to the total present cost to society of £121.6m and an EANCS of around £14.1m.** The split of costs between business and society is detailed below in

83. **Table 7.** The remaining cost to society is a cost to local authorities (plans certificates) or the exchequer (regulator costs that were not cost recovered).

**Table 7: Comparison between Costs to Business and Costs to Society**

Cost category	Total Present Cost to Business	Equivalent Annual Direct Cost to	Total Present Cost to Society	Equivalent Annual Cost to Society (EANCS)

		Business (EANDCB)		
Registered building inspector registration	£42.7m	£5.0m	£42.7m	£5.0m
Regulator costs, recovered from Industry	£34.5m	£4.0m	£34.5m	£4.0m
Regulator costs, cost to the Exchequer	£0.0m	£0.0m	£8.7m	£1.0m
Mandate for plans certificates under FSO	£28.2m	£3.3m	£35.2m	£4.1m
Familiarisation costs	£0.5m	£0.1m	£0.5m	£0.1m
<b>Total</b>	<b>£105.9m</b>	<b>£12.3m</b>	<b>£121.6m</b>	<b>£14.1m</b>

## Risks and Assumptions

### Number of applicants

84. The number of applications to become a registered building inspector is uncertain. Collation of data from multiple sources suggest that the number of applications could vary from around 4,500 to 5,000. There is greater certainty in the number of registered building control approver applications, as it is expected that all current approved inspectors will apply to be registered building control approvers. Currently there are around 85-90 approved inspectors registered with the Construction Industry Council Approved Inspectors Register. The confidence in the registered building inspector numbers is accounted for within the sensitivity analysis below.

### Uncertain time costs

85. The time spent on registration / third party verification preparation and familiarisation is our best estimate to date, following work with the Health and Safety Executive, Local Authority Building Control and industry expert consultants at the Adroit Consortium. However, there is still uncertainty in the complexity of the registration process and how quickly building surveyors / prospective registered building inspectors will be able to familiarise themselves and prepare for the registration processes. To account for this uncertainty, a +/- 30% sensitivity has been applied within the sensitivity analysis.

### Risk of capacity issues

86. There may be an unintended consequence related to the requirement to register as a Registered Building Inspector with regard to capacity issues within the construction sector. This is because Registered Building Control Approvers will need to have sufficient numbers of Registered Building Inspectors, with a Class 2 or above qualification, to sign off on restricted activities. If these inspectors with the right competence levels are not available, this may cause building projects to stall. This is expected to be low risk. The Department has been working with the building control sector and Third-Party Verification of Competence scheme providers, and evidence from existing schemes suggests the risk is currently being mitigated. The Department, however, recognises that sufficient capacity in the profession is dependent on existing building surveyors and prospective Registered Building Inspectors receiving Third-Party Verification of Competence and successfully registering as Registered Building Inspectors by April 2024. This risk is likely greater for non higher-risk building work, as the Regulator will become the building control authority for higher-risk buildings from October 2023, although capacity issues could have an impact on the Regulator's ability to utilise a registered building control approver to act as part of a multi-disciplinary team. The Regulator will closely monitor the position during the first year of operation.

87. As mitigation, there will be transitional arrangements which include allowing Approved Inspectors that successfully register as Registered Building Control Approvers to continue working on higher risk buildings until completion of the project, subject to meeting transitional requirements. If the work is higher-risk building work, an initial notice must be submitted and deemed accepted before October 2023, the work must have commenced by 1 April 2024 and the Approved Inspector must have successfully registered as a building control approver by 6 April 2024. If the work is non-higher risk building work, and the Approved Inspector is unsuccessful or chooses not to register as a building control approver, they will be able to continue with the existing project until October 2024, provided all relevant criteria are met.

88. In the 12 months to end March 2023 the total value of all construction in England was around £153 billion (excluding infrastructure, given these Regulations are specific to buildings only)<sup>[1]</sup>. The potential impact on construction output due to insufficient Registered Building Inspector / Registered Building Control Approver capacity is highly uncertain, and not possible to estimate. To give a sense of scale, every 0.1% of 12-month construction output delayed or lost would have a value of around £153m. The impact would likely be a delay to construction output, rather than a material reduction in output altogether. Significant delays could lead to some lost output, but for the reasons stated above this is considered unlikely.

### Sensitivity analysis

89. As above, there is uncertainty around the number of registered building inspector applicants and the time spent on preparation of plans certificates, third party of verification and familiarisation. To account for this, a low and high-cost scenario has been estimated, please see **Table 8**. Costs in the low and high scenario are +/-30% relative to the central scenario. There is greater certainty about the number of applicants for registered building inspectors, and so this only varies from 4,500 to 5,000, a +/-5% sensitivity.

90. To account for this, a low and high-cost scenario has been estimated below. The total NPV varies from £72.5m to £95.1m.

**Table 8: Sensitivity analysis breakdown in Present Value terms**

Cost category (Present Value)	Central	Low	High
Registered building inspector registration	£42.7m	£31.9m	£54.5m
Regulator costs, recovered from Industry	£34.5m	£34.5m	£34.5m
Regulator costs, cost to the Exchequer	£8.7m	£8.7m	£8.7m
Mandate for plans certificates with FSO	£35.2m	£24.7m	£45.8m
Familiarisation costs	£0.45m	£0.32m	£0.59m
<b>Total Present Cost</b>	<b>£121.6m</b>	<b>£100.1m</b>	<b>£144.1m</b>

### **Impact on small and micro businesses**

91. Small and micro businesses are defined by the number of employees and their annual turnover. These definitions are<sup>14</sup>:

- Micro: fewer than 10 employees and earning less than or equal to €2 million/year in turnover or a balance sheet of less than or equal to €2 million.
- Small: 10 – 49 employees and earning less than or equal to €10 million/year in turnover or a balance sheet of less than or equal to €10 million.
- Medium: 50 - 249 employees or earning less than and equal to €50 million/year in turnover or a balance sheet of less than or equal to €43million.
- Large: 250 employees or more or earning greater than €50 million/year in turnover or a balance sheet of greater than €43 million.

92. This policy is likely to have impacts on approved inspectors or prospective registered building control approvers due to the mandate to register. Approved inspectors or prospective registered building control approvers will need to register with the Regulator to continue to operate.

<sup>[1]</sup>Based on, Source: ONS Output in the Construction Industry, As of June 2023  
<https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustry>

<sup>14</sup> FCDO (2023), <https://www.gov.uk/government/publications/fcdo-small-to-medium-sized-enterprise-sme-action-plan/small-to-medium-sized-enterprise-sme-action-plan>

93. The impact of registered building inspectors' registration, the mandate for plans certificates and familiarisation costs is likely to be proportionate to the size of the approved inspector or prospective registered building inspector, and hence this is unlikely to have a significant disproportionate impact.
94. There will be an impact relating to the requirement for individual building control professionals, both existing and prospective, to register as building inspectors with the Regulator and the need to familiarise themselves with the procedural changes to the building control process introduced by these Regulations. Existing building control professionals, both public and private, will need to register with the Regulator to operate as registered building inspectors and prospective building inspectors will need to register to enter the market. Both will need to familiarise themselves with, and meet, the Regulator's requirements for registration, and subsequent auditing, including with regard to competence. They will also need to familiarise themselves with the procedural changes to the building control process introduced by these Regulations.
95. Individuals working in small businesses, or as sole traders, may face a comparatively higher burden in registering with Regulator and meeting their requirements to do so. There may also be a comparatively higher burden with regard to familiarising themselves with procedural changes introduced by these Regulations. This could impact the number of small and micro businesses (including sole traders) continuing to operate as private sector building control inspectors in the market. However, any exemption for small or micro businesses (including sole traders) would mean an unacceptable dilution of the competence necessary for a building inspector to operate effectively.
96. Cost recovery through the Regulator from costs such as registration costs for registered building control approval, audit and inspection fees, may have an impact on small and micro businesses. These costs are likely to differ to those needed to register with CICAIR, which could have disproportionate impacts on those with low turnover rates due to impacts on their cash flow, should these charges be increased. This could therefore impact a small and micro business' decision to continue as a building control body. Data from the Construction Industry Council Approved Inspectors Register on approved inspectors show the number of employees and turnover for 2022 and 2021 respectively.

**Table 9: Number of directly employed employees at Approved Inspectors, information from complete set of 2021 Annual Monitoring Return data collected by CICAIR.**

Number of directly employed employees	Number of businesses
<10	27
10 to 49	43
>50	14
<b>Total</b>	<b>84</b>

97. Out of the 84 approved inspectors in 2021, approximately 83% of these businesses were considered micro (27) or small (43), with the vast majority falling under small. Given potential changes in the cost of registration, a significant increase would have an impact on the number of small and micro businesses continuing to operate in the market. This would result in fewer choices for developers to choose as their building control body and could result in both a reduced supply of building control bodies and worsened market competition outcomes. A future impact assessment on the fees and charges will provide a further up-to-date assessment on these impacts.
98. However, the requirement to register as a registered building inspector is not unique to small or micro businesses. Any exemption for small or micro businesses would involve an unacceptable compromise of the high standards of competence that is necessary for a building control body to demonstrate.

## **Wider impacts**

99. No wider impacts are expected to disproportionately affect protected demographics, the environment or businesses.

## **A summary of the potential trade implications of measure**

100. This policy will only impact domestic businesses and is not expected to have international trade implications.

## **Monitoring and Evaluation**

101. These new requirements and processes will be monitored by the Regulator, which will be operating and enforcing the new regime under these regulations. The Regulator has developed an evaluation strategy to assess the effectiveness of the elements of the new regulatory regime it will deliver. This will be delivered in collaboration with Government so that it is possible to generate robust evidence on the impact of these specific measures, within the new, wide reaching, regulatory framework brought in by the 2022 Act.

102. This Department, on behalf of Government, will be leading a programme of evaluation activities, covering the Regulator, the National Regulation of Construction Products and its own renewed role as steward and sponsor of the new regulatory framework brought in by the 2022 Act. Work is underway to agree the final approach to evaluation. The following is an outline of the intended approach, but our plans will need to be approved by internal research, policy and ministerial sign off processes before the final plan is confirmed.

103. In collaboration, the three organisations – this Department, the Regulator and the New Regulator of Construction Products, will deliver focused evaluation activities, covering process, impact and value for money. Each will be responsible for developing monitoring and evaluation plans for the elements of the 2022 Act they are delivering, but these projects will be pooled, using theory-based methodologies, so that individual elements, such as the new regime for higher-risk buildings, can be understood both in isolation and embedded within a wider, interrelated system of measures all targeting improvements in the safety of buildings for those that use them.

104. In addition to ongoing monitoring, under section 162 of the Act, the Secretary of State must appoint an independent person to carry out a review of the regulatory system every five years. The purpose of the review is to consider the effectiveness of the overall regulatory system – that is the new system established through the 2022 Act and these Regulations, and the existing legislative framework – and review the implementation of the relevant parts of that system by the Regulator, to make recommendations for improving both the regime and the Regulator. The Secretary of State will be required to publish the report.