

Title: Building Safety - Registration of Higher-Risk Buildings IA No: N/A RPC Reference No: N/A Lead department or agency: Department for Levelling Up, Housing and Communities	Impact Assessment (IA)
	Date: 09/02/2023
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary Legislation
Contact for enquiries: sehrish.afzal@levellingup.gov.uk	

Summary: Intervention and Options	RPC Opinion: N/A
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Cost of Preferred (or more likely) Option (in 2019 prices)

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status Non qualifying provision
-£7.2m	-£7.3m	-£620,000	

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

The tragic fire at Grenfell Tower and Dame Judith Hackitt’s subsequent review of Building Regulations and Fire Safety¹ led to the government implementing reforms which will make buildings safer and deliver improvements across the entire built environment, including strengthening oversight and protection for residents in high-rise buildings through the Building Safety Act 2022 (the Act).

Dame Judith Hackitt identified there was ambiguity over who had responsibility for identifying and managing building safety risks and recommended that the government create a clear model of risk ownership. In response, the government made provisions which ensured there was an identifiable accountable person(s) who would come forward and make themselves known to the Building Safety Regulator (the Regulator) through the process of applying to register the building for which they are responsible. This person will be responsible for the proactive management of fire and structural safety in occupied higher-risk buildings.

The Act, which received Royal Assent on 28 April 2022, set out the broad principles for registering a higher-risk building. Within these provisions, powers were taken to set out further details around the process of registration. This Impact Assessment covers the package of secondary legislation required to enable the registration process to operate in practice and ensure residents who live in higher-risk buildings feel, and are, safe in their homes.

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

The policy objectives of the proposed regulations are to:

- collate intelligence about the building ownership and management to enable the Regulator to regulate building safety efficiently and effectively in occupied higher-risk buildings;
- enable greater transparency for residents and other enforcement authorities;
- provide a register of complete and accurate data on higher-risk buildings; and
- provide a clear framework for submitting information to the Regulator and provide a process for withdrawal of a registration application, or removal of entries on the register.

The register will enable the Regulator to quickly identify accountable persons to regulate their compliance against their duties under Part 4 of the Act.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707785/Building_a_Safer_Future_-_web.pdf

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

Option 0 – Do nothing

This would involve introducing no regulations for registration under the provisions in Part 4 of the Act. The government does not consider this or any other alternative viable to achieving a proactive regulatory regime that would identify occupied higher-risk buildings and the principal accountable persons and accountable persons for these buildings.

Option 1 – Make secondary legislation for registration provisions (preferred option)

This is the preferred option as it will enable the collation of the details required for the registration of higher-risk buildings ensuring proactive and effective regulation of such buildings. The information collected through registration, alongside the key building information² (which is submitted by the accountable person 28 days after registration) will help the Regulator to assess the risk profiles of these buildings and to direct accountable persons to apply for a building assessment certificate³, thus allowing the Regulator to oversee and regulate building safety within occupied higher-risk buildings.

Will the policy be reviewed? It will/will not be reviewed. **If applicable, set review date:** Month/Year

Is this measure likely to impact on international trade and investment?	No			
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A	

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: 9th March 2023

² Section 89 of the Act includes powers to place a duty on the accountable person for a higher-risk building to provide prescribed information to the Regulator. This will be set out in secondary legislation and will include structural building information, materials used in the external wall system and number of staircases amongst other information.

³ Section 79 of the Act places a duty on the principal accountable person for an occupied higher-risk building to apply to the Regulator for a building assessment certificate, following direction from the Regulator to do so.

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years: 15	Net Benefit (Present Value)		
			Low: -£5.7m	High: -£8.6m	Best Estimate: -£7.2m

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A		£0.48m	£5.7m
High	N/A		£0.72m	£8.6m
Best Estimate	N/A		£0.6m	£7.2m

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

Registration under the new occupied building safety regulatory regime will impose costs on industry through a registration fee. This will be payable for all existing higher-risk occupied buildings and any new higher-risk buildings which are to be occupied. Industry will also incur costs pertaining to the time and effort required to gather and submit the information required for registration.

Registration will impose costs on the Regulator such as staff costs related to managing the registration process and updating the published national register, as well as the costs of developing and maintaining the necessary digital infrastructure. It is expected that the costs incurred by the Regulator in registering buildings will be recovered through the registration fee which is to accompany applications for initial registration. This is payable by the principle accountable person.

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

N/A

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

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

We have not been able to monetise the benefits of registration as a stand-alone policy, as the benefits arising from the Act are assessed at a regime-wide level. An assessment of the benefits of these regulations and other provisions in the Act will be assessed at a regime-wide level through future Impact Assessments.

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

The registration regulations will result in a register of all residential high-rise buildings, thus equipping the Regulator with basic information on all higher-risk buildings. In addition to this, the register will be published and made public ensuring transparency of ownership, which is of interest to residents and others concerned with the safety of such buildings.

Key assumptions/sensitivities/risks	Discount	3.5%
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The analysis makes assumptions about the length of time required to complete activities associated with the registration process and the associated hourly rates for those involved. Assumptions are also made on the number of new buildings coming into scope of the regulation over the appraisal period.

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base

Problem under consideration and rationale for intervention

1. As part of the new building safety regime, and in line with Dame Judith Hackett's recommendations as set out in her Building a Safer Future Report in May 2018, following her Independent Review of Building Regulations and Fire Safety, we have introduced a new regulatory regime overseeing the fire and structural safety of occupied higher-risk residential buildings¹. This new regime is to be implemented by the Building Safety Regulator (the Regulator).
2. In the majority of cases, the identity of the building owner is clear, however, there are a number of buildings within the residential sector with complex ownership structures. This means there can be a lack of transparency and ultimately accountability for the safety of these higher-risk buildings. Furthermore, Dame Judith Hackett identified that there is ambiguity as to where responsibilities lie and inadequate regulatory oversight and enforcement in relation to higher-risk buildings.
3. To address these cases where there is ambiguity as to where responsibilities lie, the government implemented legislation through the Building Safety Act 2022 (the Act) which clarifies the person who should be responsible for the fire and structural safety of the building. Section 72 of the Act defines the accountable person who will have responsibility for duties as detailed in Part 4 of the Act. Section 73 defines the principal accountable person who will have further duties to ensure that a whole building approach is taken in relation to fire and structural safety management.
4. For the Regulator to oversee compliance of the duties under Part 4 of the Act, it needs to know the identity of the accountable persons for higher-risk buildings. Government seeks to achieve this by placing a duty (section 77 of the Act) on the principal accountable person to apply to register their higher-risk building with the Regulator. Non-compliance with this duty is a criminal offence and, if found guilty, the principal accountable person could be subject to a fine, a custodial sentence, or both. The requirement to register the building will be operational from 6 April 2023, while the criminal offence will come into force in October 2023, giving principal accountable persons a six-month transitional period to register before the regime is fully operational.
5. The government is using powers to make regulations which set out the framework and procedure for the registration of a higher-risk building, the information required, the fee payable, and the process for reviewing a decision to register the building by the Regulator.
6. To register the building, the principal accountable person must provide information about the building such as the address and number of storeys, and all the accountable persons involved in the ownership of the building (if there is more than one). This information is intended to enable the Regulator to confirm the location of the building, that it is within the scope of the requirements under the Act, and to identify the persons responsible for the building safety duties under Part 4 of the Act. The information provided through registration (expected to be via a digital platform) will be published on a national register of higher-risk residential buildings, which can be accessed by residents and other interested parties so that they can easily obtain key information about their building.
7. A fee of £251 per building will be payable by the principal accountable person to complete the application. The purpose of the fee is to enable the Regulator to cover the costs associated with reviewing applications and maintaining the national register.

¹ Higher-risk buildings are defined under Part 4 of the Act and the Higher-Risk Buildings (Descriptions and Supplementary Provisions) Regulations 2023 laid in Parliament on 19 December 2022.

8. Furthermore, by setting out the information that should be collected and the processes involved, the government aims to ensure consistency across applications for registration so that the information collected is standardised and therefore easier to process and record on the national register. The national register will be digital by default, in line with government's strategy to ensure services are easily accessible so that all those who can use digital services will choose to do so, while those who typically cannot are not excluded². Government will publish the register as per the principles of transparency set out by Dame Judith Hackitt in her Building a Safer Future Report.
9. The regulations will also set out the process for withdrawing applications, updating information post registration, and removing buildings from the register which are no longer in scope. This will ensure that the information held by the Regulator and published on the register is as accurate and complete as possible. The regulations will also make provisions for reviews of decisions of the Regulator in relation to registration.
10. In respect of any new building which is partly or fully completed after the commencement of section 77 of the Act, the building (or the completed part(s) of it) must not be occupied before the building has been registered. This includes buildings that are designed and constructed under the new building control regime for higher-risk buildings, and buildings that are partway through construction when the regulations relating to the new building control regime come into force. For existing occupied buildings, the principal accountable person will have a period of six months after the regulations come into force to register their building(s) before they become liable for a criminal offence if they fail to register.
11. We intend to make regulations using powers conferred by sections 28, 78, 111 and 168 of the Building Safety Act 2022 in relation to the process and fee required to register a building, information to accompany applications for registration, and the contents of the application.

Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)

12. The benefits and costs estimated in this impact assessment have been considered relative to doing nothing. The costs associated with not taking forward these regulations, in terms of the impact on the new building control regime, have not been explored as a distinct option.
13. The assumptions underpinning the analysis in this impact assessment are the best estimates available at the time of publication. We have worked extensively with external consultants and the Health and Safety Executive who will be undertaking the role of the Regulator, to ensure that any assumptions, and by extension estimates, are the most accurate reflection of the impact of the regulations to the best of our knowledge.
14. The analysis makes assumptions about the length of time required to complete activities associated with the registration process and the associated hourly rates for those involved.
15. Analysis relating to costs uses assumptions on the growth rate of buildings in scope, the time taken to complete activities necessary for registration, and the wage rate of persons completing these activities. These have been determined by drawing on the experience of the Health and Safety Executive and input from external consultants.
16. Estimates of wage rates for industry have been calculated using a combination of data on wage rates for comparable roles gathered from the Annual Survey of Hours and Earnings (ASHE) and input from external consultants.

² Regulator is able to direct accountable persons to apply for registration in a particular way including those who are unable to access their digital online registration system.

17. All Regulator costs have been calculated by the Health and Safety Executive.
18. Estimates regarding the number of affected buildings are based on current assumptions on the increase in the stock of the number of affected buildings per year, which are the best estimates available at the time of publication. These estimates come with a degree of uncertainty as activity in the construction sector is highly impacted by wider economic conditions.
19. It has not been possible to monetise the benefits of registration in this impact assessment. This is because registration is part of a wider set of measures included in the Act. Estimates on the monetised benefits of the new building safety regime will be set out in future impact assessments. It is not possible to calculate how much registration contributes to wider benefits as a stand-alone measure.

Description of options considered

Option 0 – Do nothing

20. This option means not introducing any secondary legislation for registration. Rather, the primary legislation alone would govern requirements and no further detail about the registration process would be set out in legislation. If we were to take this approach, key elements about the way in which the registration process is to operate would not be included, therefore risking an unimplementable registration process. In turn, this would result in uncertainty around what needs to be included within an application and the duties on the principal accountable person relating to registration. Whilst the Regulator could set out the registration process in guidance, there would be no legislative provisions to enforce compliance against if the principal accountable person chose to submit different information. This lack of clarity and certainty would then make it difficult for the Regulator to maintain the national register and for the information to be used in the regulation of building safety for higher-risk buildings.

Option 1 – Make secondary legislation for registration

21. Option 1 is to set out further detail on registration through secondary legislation. This is the preferred option, as this will assist the Regulator in regulating building safety based on the information provided and effectively undertaking their functions outlined in the Act. Additionally, providing these details will enable transparency within the system and empower residents to understand who is accountable for the safety of their building; both issues which the government aims to address through the implementation of the Act.

Policy objective

22. The policy objective of registration is to enable the Regulator to target compliance with, and enforcement of, the duties under Part 4 of the Act. These regulations will place a duty on the principal accountable person (as defined by section 73 of the Act) to apply for registration and provide certain information along with registration evidence.
23. Currently, it can be difficult for enforcement authorities to identify the building owner who is responsible for fire or structural safety. Registration will ensure that principal accountable persons come forward and identify themselves. This registration information will then be available to the Regulator which will help them to effectively oversee building safety in higher-risk buildings. As per section 77 of the Act, failure to register the building and allow it to be occupied is a criminal offence. This should ensure that the principal accountable person comes forward with the required information for registration as detailed in the regulations.

24. The government also wants to ensure that there is a single point of contact for registration matters and so has included provisions which require that a nominated individual is included in the registration application when the principal accountable person is a company.
25. The new building safety regime will apply to all new and existing higher-risk buildings, and therefore transitional arrangements have been provided for in relation to building control information that will need to be submitted during the registration application process. The regulations set out the information to be submitted about building control, which differs depending on when the construction of the building was completed and includes a copy of the completion certificate being provided for certain buildings.
26. The regulations aim to provide transparency of, and accessibility to, information about buildings. For this reason, the form and content of the register has been set out in the regulations. The register will contain all the registration information and detail the building assessment certificate including, if necessary, a special measures order³.
27. The regulations set out provisions to ensure that the register remains accurate and up-to-date at all times. While registration is carried out once, changes in circumstances (such as a change of the principal accountable person) may occur. The regulations therefore enable the Regulator to make directions about the way in which information is to be provided, along with provisions on how to withdraw and remove a building from the register. They set out how changes in circumstances can be submitted to the Regulator and how a prompt update should be made to the register should such information become known to principal accountable persons.

Summary and preferred option with description of implementation plan

28. The preferred option is to set out the details of registration in regulations to complete the provisions set out in the Building Safety Act 2022. These form an essential part of ensuring accountability for fire and structural safety in higher-risk buildings; without them the provisions in the primary legislation will not have the intended effects as the Regulator will be unable to implement Part 4 of the Act.
29. The regulations will be subject to the negative procedure and are intended to be laid early March 2023 and are due to come into force on 6 April 2023.

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

Regulator costs

30. We estimate that over the 15-year appraisal period⁴, the registration process will cost the Regulator between £3.4m and £5.0m, with a central estimate of £4.2m, in present value (PV) terms. This equates to equivalent annual costs (EAC) between £0.28m and £0.42m over the appraisal period, with a central estimate of £0.35m. Total Regulator costs are summarised in table 1 below. Prices are in real terms with a 2019 price base year.

Table 1: Summary of Regulator costs⁵

Regulator costs	NPV (Net Present Value)	EAC (Equivalent Annual Cost)
Central	-£4,200,000	£350,000

³ <https://www.legislation.gov.uk/ukpga/2022/30/schedule/7/enacted>

⁴ We have used a 15-year appraisal period to align with the published Building Safety Bill Impact Assessment - <https://publications.parliament.uk/pa/bills/cbill/58-02/0139/BuildingSafetyBillImpactAssessment.pdf>

⁵ The Regulator will recover all these costs via cost recovery (the fee charged to industry)

Low	-£3,400,000	£280,000
High	-£5,000,000	£420,000

Values are in real terms, 2019 price base and 2020 present value

31. Total Regulator costs presented here are inclusive of staff training costs, staff costs to manage the registration process and maintain the register, beta costs of the digital system build and infrastructure, and data storage/retrieval costs.
32. It is estimated that building the system required to store and record the information submitted at registration will cost approximately £1.7m (nominal terms).
33. The life and value of the asset will be reviewed annually as part of Regulator's annual review of fixed assets. This analysis assumes a one-off fixed cost of £1.7m, however, this cost could increase over time if changes need to be made to the registration system.
34. Regulator staffing requirements will be highest in the first six months of the policy.
35. The team employed to initially support registration between April and October 2023 will be the Higher Risk Building Operational Support Team. The team will then move on to support Building Inspectors and Registered Building Control Approver which is not part of the registration process from October 2023. After the initial six-month period, it is expected that one full-time staff member will be needed for registration over the remainder of the appraisal period.
36. There will also be ongoing costs to update software, fix bugs, and to meet the need for additional data retrieval and storage over time.
37. It is expected that the Regulator will recover 100% of costs through a registration fee (payable by the principal accountable person) which will need to be paid for all buildings in scope for an application to be processed.
38. The fee will initially be set at £251⁶ (nominal terms) per building in scope. This analysis assumes that the fee will remain at £251 for the first five years of the policy for the Regulator to operate at 100% cost recovery. However, the Health and Safety Executive will annually review all the Regulator fees and charges to ensure the fees and hourly rates seek to recover the full cost of their activities. Any necessary changes will be made through updating and republishing the charging scheme.
39. From year six, we estimate that the registration fee will need to rise for the Regulator to continue operating at 100% cost recovery. We estimate that the fee will need to rise to £588 (in nominal terms; average for years six-15) per building in scope, for years six to 15 of the appraisal period. However, the actual fee will be set according to Health and Safety Executive's annual review of the Regulator fees and charges.
40. An increase is likely to be necessary because most registrations for existing buildings will take place in the first year of the policy. Whilst there are initial costs for the setup of the register, the higher number of registrations taking place in year one will mean Regulator costs are split over more buildings in the first five years of the policy, so a lower fee can be charged. Splitting the Regulator costs between the smaller number of buildings needing to pay the registration fee from year six will mean the fee will likely need to increase.
41. Regulator costs have been calculated by the Health and Safety Executive.

Industry costs

42. Costs to industry in this Impact Assessment are additional costs relative to the counterfactual of doing nothing as building registration is a new measure.

⁶ The fee for registering is a one-off cost

43. We estimate that over the 15-year appraisal period, the registration process will cost industry between £5.9m and £8.8m, with a central estimate of £7.3m in present value (PV) terms. This equates to equivalent annual costs (EAC) between £0.5m and £0.74m over the appraisal period, with a central estimate of £0.62m. Prices are in real terms with a 2019 price base year.

44. Total costs to industry are summarised in table 2 below. These are inclusive of the registration fee and all costs associated with gathering and submitting the information required for initial registration and to update registration.

Table 2⁷: Summary of Industry costs

Industry costs	Registration Fee	Gathering and submitting information	Total NPV (Net Present Value)	EAC (Equivalent Annual Cost)
Central	£4,400,000	£3,000,000	-£7,300,000 ⁸	£620,000
Low	£3,500,000	£2,400,000	-£5,900,000	£490,000
High	£5,200,000	£3,600,000	-£8,800,000	£740,000

Values are in real terms, 2019 price base and 2020 present value

45. Costs to industry include a registration fee for buildings in scope of the higher-risk building regime and the staff time required to gather and submit information required at registration.

46. All costs incurred by industry for registration can be passed on to leaseholders⁹ through service charges. For higher-risk buildings in the private rented sector, the costs can be passed on through increases in the rent charged, however, the amount that can be passed on will be dictated by the market. For higher-risk buildings within the social sector, rent levels are capped by the Rent Standard set by the Regulator of Social Housing. Principal accountable persons within the social sector may, therefore, have to absorb the costs of registration. For this analysis we have assumed that industry can pass on all costs equally to all dwellings in their buildings, regardless of ownership.

47. The registration fee payable by industry is £251 (nominal) per building in scope for the first five years of registration. This fee applies to all existing and new buildings in scope of the higher-risk building regime before they become occupied.

48. For years six to 15 of the appraisal period, we estimate that the registration fee will have to rise to £588 (in nominal terms; average for years six-15) per building in scope of the higher-risk building regime for the regulator to continue operating at 100% cost recovery.

49. When calculating industry costs, the total cost to industry of paying the registration fee across our range of estimates (low, mid, high) has been set at a level which is consistent with the Regulator operating at 100% cost recovery. For example, if total Regulator costs exceed our central estimate, then the fee will need to increase. Conversely, if Regulator costs are lower than our central estimate, the registration fee can be reduced.

50. Industry costs also include the cost of staff time taken to gather and submit the information required at registration. We expect it to take the principal accountable person a total of 2.5 hours on average to gather and submit the information required at registration.

⁷ There is a discrepancy between the NPV of regulator costs and the total fees paid by industry presented in tables 1 and 2. While the Regulator operates at 100% cost recovery, most fees are paid by industry in the first year of the policy (when the existing stock of buildings registers) but are recovered by the Regulator over five years. This leads to different figures after deflating and discounting.

⁸ The costs of paying the registration fee and gathering and submitting information required at registration do not sum to total NPV because values presented have been rounded to the nearest whole number.

⁹ This includes leaseholders both in the private and social housing sector.

51. Staffing costs have been calculated using the time estimated in paragraph 48 combined with a blended estimated wage rate for the role expected to complete the tasks required for registration.
52. This estimate has been made using data from the Annual Survey of Hours and Earnings (ASHE) for production managers and directors in construction – these are believed to be the most comparable roles to who will be responsible for submitting the information required at registration. This has been combined with the call-out rate obtained by external consultants through speaking directly to industry.
53. If there are changes to registration information, we would estimate it to take the principal accountable person 0.75 hours to notify the Regulator of the change in the case of initial registration, and 0.2 hours (approximately 10 minutes) in the case of existing buildings.
54. It is assumed that 30% of buildings in scope of the higher-risk building regime will need to update information which has been submitted for registration each year.

Costs to leaseholders

55. Industry costs for registration can be passed on to leaseholders. The calculations in this section show costs to leaseholders in the event that industry pass all costs on to leaseholders in their buildings.
56. The costs that leaseholders face in a specific building will depend upon the number of individual dwellings in the building and its overall complexity. These will vary substantially from building to building. In our analysis, we have used 58 as the estimated average number of dwellings per high-rise building, based on data from the Building Safety Monthly Data Release¹⁰. This is the figure used to estimate the cost per leaseholder in a “typical” building, although, in practice, the characteristics of individual buildings will vary substantially.
57. Estimated costs for the first five years of the policy equates to £6.43¹¹ per affected leaseholder. This figure is in real terms (2019 prices) and is an average of leaseholder costs for the first five years. Estimated costs for years six to 15 equate to £10.26 per affected leaseholder. This figure is in real terms (2019 prices) and is an average of leaseholder costs for years six to 15.
58. Affected leaseholders in this section refers to leaseholders who are charged a variable service charge through their lease and have the costs of the associated activities passed on¹². For example, only leaseholders occupying the building at the time of registration will be liable to pay for the cost of this activity through their service charge.

Total net present social value

Table 3: Total NPSV

Total NPSV	NPSV (Net Present Social Value)	EAC (Equivalent Annual Cost)
Central	-£7,200,000	£600,000
Low	-£5,700,000	£480,000
High	-£8,600,000	£720,000
Prices are in real terms, 2019 base and 2020 present value		

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1110575/Building_Safety_Data_Release_September_2022.pdf

¹¹ This is a one-off cost.

¹² Section 112 of the Building Safety Act 2022 applies to both leaseholders in the private and social sector.

59. Table 3 above presents the total net present social value (NPSV) of the registration policy. This is the total present value of costs and benefits to society. This covers Regulator costs and industry costs excluding the registration fee.
60. As the Regulator is operating on 100% cost recovery through the registration fee, the registration fee is considered an economic transfer from industry to the Regulator. Although industry can, and may, pass costs of registration to leaseholders, for the purposes of the cost to industry presented above it is assumed they do not pass on any of these costs. The costs presented in table 3 and the total NPSV of the policy are, therefore, costs that are incurred by the Regulator and industry (exclusive of the registration fee).

Benefits

61. We anticipate that the system, as a whole, will lead to a number of benefits (see paragraph 63). Registration is a key part of the system to ensure there is accountability for the duties in Part 4 of the Act, and to enable effective enforcement by the Regulator with regard to them. Registration will ensure the Regulator has access to basic information regarding all higher-risk residential buildings and will allow the Regulator to carry out their functions as detailed in the Act.
62. It has not been possible to monetise the benefits of registration as an individual measure, however, as the benefits come from the proper functioning of the whole system. Due to the nature of how the benefits are realised (from the whole regime collectively improving building safety), it is not possible to disaggregate the benefits into specific policy areas; it is, therefore, not possible to estimate exactly how much registration contributes to the overall benefits.
63. Monetary benefits of the system include reduced risks of fire incidents, reduced costs for resolving systemic issues, and other indirect benefits to the construction industry. Non-monetisable benefits include improved feelings of safety for residents of in-scope buildings which are in scope of the legislation. This could lead to increased wellbeing for residents who experience these benefits.
64. The monetised and non-monetised impact of the potential benefits covering the new regulatory regime introduced by the Building Safety Act 2022 will be described in more detail in the Impact Assessments for statutory instruments made under Parts 3 and 4 of the Act. This will be an updated assessment of the benefits set out in the 2021 impact assessment.

Risks and assumptions

65. In line with guidance provided in The Green Book, a discount rate of 3.5% has been applied to costs for the first 30 years of the appraisal period.
66. Throughout this analysis, we have estimated the time needed to complete various activities and the related wage of the person carrying out these activities.
67. Estimates of wage rates for industry have been calculated using a combination of ASHE data for comparable job roles and input from external consultants. Estimates of the time taken to complete the various activities have also come from external consultants.
68. Estimated Regulator costs have been calculated by Health and Safety Executive.
69. Estimated industry costs have been calculated using an assumption of the registration fee being set at £588 from year six of the appraisal period. This figure is our best estimate of what will be needed for the regulator to operate at 100% cost recovery.

70. The actual fee will be decided when Health and Safety Executive annually review all Regulator fees and charges to ensure the fees and hourly rates seek to recover the full cost of their activities. Any necessary changes will be made through updating and republishing the charging scheme.
71. We have provided a range of costs with a central estimate to reflect a degree of uncertainty associated with the estimates.
72. We have used sensitivity assumptions of 80% and 120% (of the central scenario) for our low and high scenarios. This has been applied to regulator costs and all industry costs except registering existing buildings (which have been kept constant across the three scenarios).

Buildings Stock Estimates

73. The estimated numbers in this impact assessment relate to buildings in England only.
74. Estimates regarding the number of affected buildings which will need to register under the requirements of the Act are based on current forecasts, which are the best estimates available at the time of publication.

Impact on small and micro businesses

75. Most of the impact of the requirements of registration will fall on building owners (private and social sector) – for example, freeholders, headlessees, and resident management companies who are responsible for the repair and management of common parts in higher-risk buildings.
76. Most impacted bodies will be companies of a sufficient size with appropriate resourcing to be able to undertake the work involved in registering a building. However, there will also be an impact on resident management companies and right to manage companies, who operate as voluntary directors managing the repair and maintenance of the common parts of the building. Such companies usually employ a managing agent to undertake the day-to-day management of their building and these individuals may face a comparatively higher burden in meeting the costs associated with the registration process due to limited resources and time available.
77. Any exemptions for individuals or for small and micro-businesses would involve an unacceptable compromise as this could create loopholes whereby unscrupulous companies sub-contract to smaller companies to avoid having to register and be accountable to the Regulator.

Wider impacts

78. These regulations are not expected to have any wider impacts on the economy.

A summary of the potential trade implications of measure

79. It is unlikely that the registration process will have any trade implications for the United Kingdom (UK). However, the overall set of measures included in the Building Safety Act 2022 could have implications for UK trade.

Monitoring and Evaluation

80. The effectiveness of this policy will be assessed by ongoing monitoring by the Health and Safety Executive, who will be overseeing and managing the registration process. If it transpires that the information included within the application form is no longer relevant or additional details are required, we will make the necessary amendments to address the issues. Should the Health and Safety executive require additional information from the principal accountable person beyond that which is currently included in the application form, the Act gives them the power to request the information.

81. In addition to the ongoing review, as part of the new more stringent building safety regime, this policy will be subject to a five-yearly review by an independent person to assess its effectiveness.