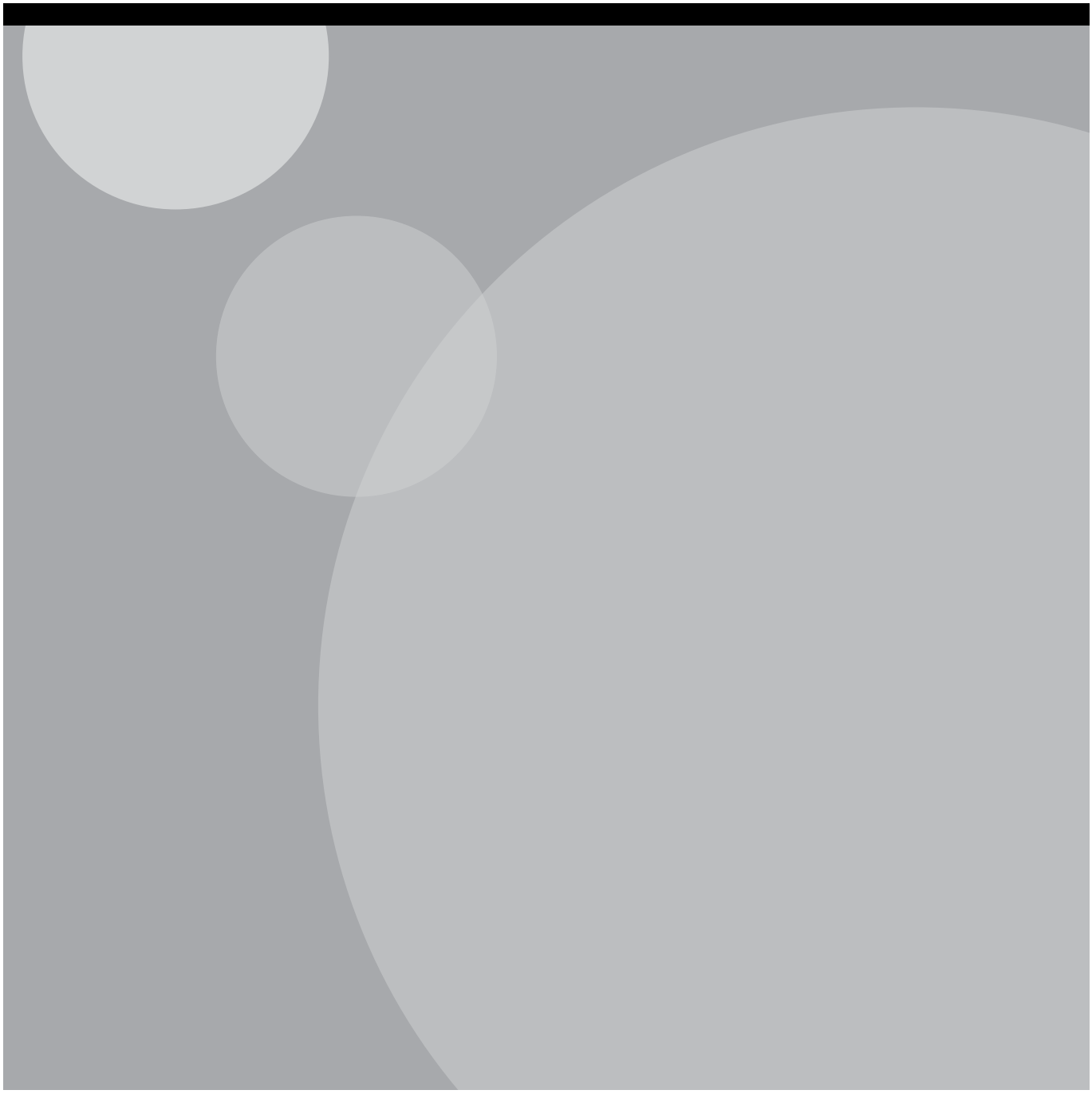
Communities and Local Government

The Building (Amendment) Regulations 2011:

Competent Person Schemes

Impact assessment



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Title:	IA No: DCLG 0036
The Building (Amendment) Regulations 2011: Competent Person Schemes	**Date:** 15/06/2011
Lead department or agency:	**Stage:** Enactment
Department for Communities and Local Government (DCLG)	Source of intervention: Domestic
Other departments or agencies:	**Type of measure:** Secondary legislation
	Contact for enquiries: Ian Drummond (0303 444 1791) or Kevin Flanagan (0303 444 1809)

Summary: Intervention and Options

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

The significant amount and types of building work subject to the Building Regulations cannot be practicably accommodated within the traditional building control framework. Competent Person Schemes are a mechanism to allow registered installers who have been assessed as competent to self-certify that their building work complies with the regulations. This removes the burden for installers and consumers having to notify the work to a building control body in advance and pay a charge for the building control body to check the work. Competent Person Schemes therefore provide an alternative, cost effective and deregulatory means of ensuring compliance with the Building Regulations. DCLG proposes to extend the scope of some existing Competent Person Schemes to cover further types of work where the incidence of risk justifies this approach.

What are the policy objectives and the intended effects?

The primary objective is to improve the cost effectiveness and efficiency of ensuring compliance with the requirements of the Building Regulations, through extending the scope of some existing Competent Person Schemes to self-certify further types of work where the incidence of risk is considered to be low. This will remove the burden for notification and payment to building control bodies for them to check this work and free up their resources. Furthermore, the fact that installers in Competent Person Schemes need to demonstrate their competence and will be subject to ongoing monitoring means that the installations should achieve a higher level of compliance with the Building Regulations.

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

(1) To do nothing and approve no extended Competent Person Schemes.

(2) To authorise the extension of the scope of some existing Competent Person Schemes to cover further types of work to meet the above policy objectives.

Will the policy be reviewed? It be reviewed. **If applicable, set review date:** 10/2014	
What is the basis for this review? PIR. **If applicable, set sunset clause date:** Month/Year	
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For final proposal stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible : ..... Date: 15 June 2011

Summary: Analysis and Evidence

Policy Option 1

Description:

To authorise the extension of the scope of some existing Competent Person Schemes to cover further types of work to meet the above policy objectives.

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 8.85	**High:** 29.46	**Best Estimate: 19.16**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-		0.11	**0.94**
High	-		0.18	**1.50**
Best Estimate	-		0.15	**1.21**

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

Average cost to installers of annual registration with a Competent Person Scheme estimated to be approximately £375 (high: £450, low: £300) per member. Assumes that only the extended Stroma scheme will take on new members, i.e. approximately 380, to give a simple average annual cost of £143,000. The Stroma scheme is also the only one where additional training is likely to be needed with an estimated simple average annual cost of £7,200. This transalates to a total equivalent average annual cost of £0.15m.

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

Possible ongoing training costs for members of Competent Person Schemes to remain sufficiently competent to undertake the further types of work. It is very unclear how much such training might be required but the costs should be minimal. There is a minimal cost to Competent Person Scheme members in time and money to notify a job to a building control body and provide a certificate of compliance to the customer (via the scheme operator), offset by the time and cost of submitting a building notice.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	–		1.18	**9.79**
High	–		3.72	**30.96**
Best Estimate	–		2.45	**20.37**

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

Savings arise because Competent Person Scheme members do not pay a building control charge. Estimated simple average annual savings for proposed extended schemes are: APHC – £180,000; OFTEC – £240,000; Stroma – £1.38m; BM Trada (stand-alone windows jobs) – £57,000 & (part of larger jobs) – £133,000; Fensa (stand-alone windows jobs) – £162,000 & (part of larger jobs)-£378,000. This translates to total equivalent average annual savings to business of £2.45m and an equivalent average annual net saving of £2.30m.

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

Freeing up of BCBs' resources to concentrate on other areas of work where self-certification is not appropriate. Improving the level of compliance, as Competent Person Scheme members are likely to be more competent then non-members. Saving of time to Competent Person Scheme members through removal of the need to give local authorities two days notice before building work commences on site. No saving in time anticipated to carry out the work.

Key assumptions/sensitivities/risks	**Discount rate (%)**	3.5%

There is an element of uncertainty about estimates which has been reflected through ranges. For instance the average annual cost of Competent Person Scheme membership is in a range of £300-£450 based on information provided by the Competent Person Schemes on their membership fees. Savings per job are estimated in ranges based on an average hourly rate for BCBs of £60 per hour and an estimate of time taken, together with assumptions for the average number of Competent Person Scheme members carrying out a number of jobs each year, based on advice from local authorities and the Competent Person Schemes.

There are some risks of non-compliance with building regulations associated with self-certification but these are considered to be low risk. For more detail see evidence base.

Direct impact on business (Equivalent Annual) £m):			**In scope of OIOO?**	**Measure qualifies as**
Costs: 0.15	**Benefits:** 2.45	**Net:** -2.30	Yes	OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			England and Wales		
From what date will the policy be implemented?			15/07/2011		
Which organisation(s) will enforce the policy?			DCLG & local authorities		
What is the annual change in enforcement cost (£m)?			N/A		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			No		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** N/A	**Non-traded:** N/A	
Does the proposal have an impact on competition?					
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** N/A	**Benefits:** N/A	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any Specific Impact Tests undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	10
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes	10
Small firms Small Firms Impact Test guidance	Yes	10
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	11
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	11
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	11
Human rights Human Rights Impact Test guidance	No	11
Justice system Justice Impact Test guidance	No	11
Rural proofing Rural Proofing Impact Test guidance	No	11
Sustainable development Sustainable Development Impact Test guidance	No	11

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in References section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. consultation, final, enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
	The Building Regulations 2010 (came into force on 1 October 2010)
	The Building Act 1984
	DCLG web pages on Competent Person Schemes: www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* – (£m) constant prices

	Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	Y_6	Y_7	Y_8	Y_9
Transition costs	0	0	0	0	0	0	0	0	0	0
Annual recurring cost	0.03	0.07	0.11	0.16	0.20	0.19	0.19	0.19	0.19	0.19
Total annual costs	0.03	0.07	0.11	0.16	0.20	0.19	0.19	0.19	0.19	0.19
Transition benefits	0	0	0	0	0	0	0	0	0	0
Annual recurring benefits	0.66	1.26	1.86	2.51	3.17	3.17	3.17	3.17	3.17	3.17
Total annual benefits	0.66	1.26	1.86	2.51	3.17	3.17	3.17	3.17	3.17	3.17

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

Introduction and background

The Building Regulations and development of Competent Person Schemes

The Building Regulations are designed to ensure the health, safety, welfare and convenience of people in and around buildings and provide for furthering energy conservation. Prior to the introduction of Competent Person Schemes, anyone carrying out building work was required to pay a charge and use a building control service provided by a building control body, i.e. local authorities or private sector approved inspectors, to check plans and/or inspect work to ensure compliance with the relevant requirements of the Building Regulations.

By the late 1990s the significant increase in the amount and types of building work subject to the Building Regulations that had to be notified to a building control body before commencement of work could no longer be practicably accommodated within the traditional building control framework. The Government therefore consulted on the principles of allowing competent installers (i.e. businesses – mostly sole traders or small firms) to self-certify their own work to demonstrate compliance with the relevant requirements of the Building Regulations. There was no support for self-certification for whole buildings but much support for specific types of work, provided that the type of work was relatively low incidence of risk and of such a volume that made building control involvement difficult and diverted resources from areas of higher risk. Although there were expressions of interest in participating in such self-certification schemes, progress in taking the proposal forward was initially slow.

However, in 2002, the revision to Part L (Conservation of fuel and power) extended building regulations requirements to areas not previously covered, notably the energy efficiency of replacement windows and combustion appliances. It was anticipated that there would be over one million notifiable jobs per year for each type of installation (compared to only around half a million other notifiable jobs in total), which would considerably stretch building control resources. It was also considered that the incidence of risk associated with non-compliance was low. It was therefore decided that self-certification would be appropriate in these areas and a number of schemes – known as Competent Person Schemes – were introduced to cover window and boiler installation.

Competent Person Schemes allow registered installers (i.e. members of the schemes) who have been assessed as competent to self-certify that their work complies with the Building Regulations, i.e. they are not required to notify in advance and pay a building control body to check the work. They charge consumers for their work but this does not include the cost of a building control body charge.

The Building Regulations were extended to cover electrical installation work in dwellings through Part P (Electrical safety) in 2005. Again, given the scale of the potential number of notifications it was felt this could only be practicably and cost-effectively implemented if there were Competent Person Schemes to remove the costs and burden of notification to building control bodies and the risk was considered to justify this approach. Since then the range of types of work and the number of authorised schemes has continued to increase to cover areas such as plumbing, air-conditioning systems, roof replacements and cavity wall insulation (an up to date list can be found in Schedule 3 of the Building Regulations 2010 and on the DCLG website[1]).

[1] http://www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/

Authorisation and monitoring of Competent Person Schemes

Applicants to become a Competent Person Scheme operator are vetted by DCLG against published authorisation criteria (i.e. conditions) in consultation with other relevant government departments, building control representatives bodies and the Building Regulations Advisory Committee. The operators must satisfactorily demonstrate that they have the managerial, financial and technical ability to operate a scheme before they are authorised to self-certify a type or types of work in the Building Regulations.

Installers wishing to become a member of a Competent Person Scheme must pay a membership fee and demonstrate to the scheme operator that they have the necessary technical competence to carry out a type of work to building regulations standards. Competence is generally assessed against National Occupational Standards at NVQ level 3 or other equivalent standards under a minimum technical competence procedure, with continuing random monitoring of members' work to make sure it meets those standards.

When a job is completed an installer must notify the relevant local authority – via their Competent Person Scheme operator – of the work carried out and certification of building regulations compliance is provided to the consumer (i.e. customer). It should be noted that membership of a Competent Person Scheme is voluntary – if an installer chooses not to join a Competent Person Scheme they still have the option of having their work supervised by a building control body.

About 2.5 – 3.0 million jobs are currently self-certified under Competent Person Schemes each year. As stated in Annex 1, we have carried out periodic monitoring of the performance of existing Competent Person Schemes and copies of previous reports can be found on the DCLG website[2]. These have shown that schemes have generally achieved a high level of compliance with the health, safety and energy efficiency requirements of the Building Regulations and have proved to be a success. The number of complaints from customers is a miniscule fraction of the jobs carried out under Competent Person Schemes (0.1% at most) and many of these are not about failure to meet building regulations standards. Evidence has therefore demonstrated that there are low risks attached to self-certification in the areas of work authorised to date.

DCLG has recently consulted on an enhanced set of criteria for conditions of authorisation and monitoring of Competent Person Schemes designed to improve robustness, consistency and quality assurance and ensure a level playing field between the schemes. The responses to the consultation generally supported the proposals (some with qualification) and ministers have agreed that these should be taken forward. We therefore aim to introduce the new conditions of authorisation to help achieve an even higher level of compliance with the Building Regulations. This will include a condition that from 1 October 2011 all Competent Person Schemes achieve accreditation to British Standard EN 45011 by the United Kingdom Accreditation Service, (UKAS), with appropriate transitional provisions. The United Kingdom Accreditation Service would then monitor the schemes to ensure that they were meeting their conditions of authorisation.

Other government schemes

DCLG is also working with the Department of Energy and Climate Change to align the Competent Person Scheme system with other related schemes as appropriate, i.e. the Microgeneration Certification Scheme (a quality assurance scheme relating to renewable microgeneration technologies) and the Green Deal (a scheme offering consumers energy efficiency improvements with no up front costs). This will allow installers to derive the benefits of mutual membership.

[2] http://www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/

Rationale for intervention/Policy objectives

Allowing competent installers who are members of Competent Person Schemes to self-certify their work means that they do not need to notify in advance and pay a building control body to check the work, thus removing a burden on installers and consumers and also building control bodies, as it frees up their resources to concentrate on other areas of building work where the risk is higher and self-certification is not considered appropriate. The fact that installers need to demonstrate their competence and be subject to ongoing monitoring also means that the installations should achieve a higher level of compliance with the relevant requirements of the Building Regulations than other work. Competition amongst Competent Person Schemes also helps to ensure they keep membership fees low. Competent Person Schemes therefore provide an alternative, cost effective and deregulatory means of ensuring compliance with the Building Regulations and help to reduce the level of unauthorised work carried out. The Competent Person Schemes' framework is also consistent with the Government's localism agenda.

DCLG proposes to extend the scope of some existing Competent Person Schemes in the Building Regulations to cover further types of work where the risk is considered to be justified and applications were invited accordingly. Following careful consideration and analysis of the applications received, apart from one area, the further types of work we propose to authorise are areas which other existing Competent Person Schemes have already been authorised to self-certify so it is considered that there is a low risk in authorising further schemes to self-certify in these areas. A table listing the extended Competent Person Schemes and further types of work we propose to authorise is included in 'Option 2' below.

The proposal to extend three of the schemes (i.e. APHC, OFTEC and Stroma) will simply allow the scheme operators to self-certify all aspects of installation work which they currently carry out. The other two proposed extended schemes (i.e. BM Trada and Fensa) will allow the schemes to self-certify a new type of work, i.e.:

Installation of replacement windows, rooflights, roof windows or doors in existing buildings other than a dwelling (with some exceptions).

However, this will merely widen the scope of work for which the scheme operators in question are already authorised, i.e. to include both domestic buildings (for which they are currently authorised) and non-domestic buildings. Existing Competent Person Schemes for domestic windows etc replacement work have proved to be successful and we consider there to be a low risk in extending the scope of two of these schemes to include non-domestic buildings, although some work has been specifically excluded where the risk was considered to be high.

Description of policy options considered

OPTION 1:

To do nothing and authorise no extensions to the scope of existing Competent Person Schemes.

OPTION 2:

To authorise the extension of the scope of some existing Competent Person Schemes to cover the further types of work indicated in the table below to meet the above policy objectives:

Type of work	Existing Competent Person Scheme operator
Installation of a heating or hot water system connected to an electric heat source or its associated controls	Association of Plumbing and Heating Contractors (Certification) Limited (APHC)
Installation of fixed low or extra-low voltage electrical installations	Oil Firing Technical Association Limited (OFTEC) Stroma Certification Limited
Installation of fixed low or extra-low voltage electrical installations as a necessary adjunct to or arising out of other work being carried out by the registered person	Stroma Certification Limited
Installation, as a replacement, of a window, rooflight, roof window or door in an existing building other than a dwelling (excluding glass which is load bearing or structural or which forms part of glazed curtain walling or a revolving door)	BM Trada Certification Limited Fensa Limited

With regard to Option 2, we also considered applications from other existing Competent Person Schemes who applied to extend their schemes to cover further types of work, but it was felt that they had not demonstrated the necessary technical competencies required in these areas so we do not propose to proceed with these applications at this stage.

Costs and benefits of each option (including risks and assumptions)

OPTION 1:

If we do nothing and authorise no new or extended Competent Person Schemes, no new costs or benefits will arise.

OPTION 2:

It is estimated that the following costs and benefits will arise if we authorise the proposed extended Competent Person Schemes:

Costs

There is a cost to an installer of joining and being a member of a Competent Person Scheme, typically in the range of £300-£450 fees per annum, although this varies from scheme to scheme with some setting flat annual or other periodic rates and others setting charges based on the number of jobs completed and number of monitoring visits necessary during the year (so a sole trader would pay less than a large company). However, membership is voluntary and installers will not become a member of a scheme unless it is beneficial for them to do so (i.e. they can carry on using building control bodies to check the work).

In the Stroma scheme it is assumed that new installers will join the scheme because of the type of work covered by the extension would not be in the competence range of existing members of that scheme. These new members would incur the cost of registration fees for the first time.

For the other schemes it is assumed that the further types of work we propose to authorise will mainly be carried out by existing members extending the range of work which they can self-certify. As these members are already paying a registration fee, there would be no additional registration fees and therefore no additional costs.

Therefore, for the Stroma scheme we have estimated a central average estimate of £375 annual membership for an average of 380 new members to carry out the further types of work, which would give a simple average annual cost of £143,000. Ten years discounted at 3.5 per cent gives a present value cost of £1.15m.

To reflect an element of uncertainty around average membership fees, ranges have been included of £115,000 (at £300 average membership) to £172,000 (at £450 average membership).

Except for those wishing to join the Stroma scheme it is likely that the installers in the other extended schemes already possess the competences necessary to be able to self-certify their work as compliant with the Building Regulations. Therefore very little or no training would be needed for these installers. Experience with Competent Person Schemes already authorised shows that additional training and the cost tends to be minimal as most installers seeking to extend the type of work for which they can self-certify already have the necessary competences.

The proposed extension to the Stroma scheme is primarily to allow the self-certification of the installation of solar photovoltaic (solar PV) panels. As mentioned above the applicants to this scheme for this purpose will be installers not already in the scheme for other types of work. Most of these applicants will already have the necessary technical competences to carry out this type of work but some may need some additional training to bring their competences up to the required level.

We have therefore assumed that 15-35 per cent of the applicants to the Stroma scheme extension might require additional training, with a central estimate of 25 per cent.

Moreover, we do not think that entire cost of the training should be ascribed to this extension of the Stroma scheme. A major driver for installers to carry out solar PV panel installation work is the Department of Energy and Climate Change's Microgeneration Certification Scheme. It is only installers approved under this scheme which can offer their customers the benefits of Feed-In Tariffs. Even if the installers did not join the Stroma scheme they would probably undergo the training so as to become approved under the Microgeneration Certification Scheme. In addition, the training would be an investment for the installers in respect of their future marketability. We therefore think it reasonable to allocate only 25 per cent of the training costs (for those applicants who will need additional training) to the need to join the Stroma scheme.

We have assumed training costs of £500 over 20 hours and that the trainees would also be foregoing earnings of an average of £75 per hour. We have also assumed that after 5 years membership of this type of work in the Stroma scheme would be stable at 500, with a 3 per cent churn.

Given these assumptions we estimate using the central estimate of 25 per cent of applicants needing training that the simple average annual cost of the attributable training would be £7,200. Ten years discounted at 3.5 per cent gives a present value cost of £63,000.

To reflect an element of uncertainty about the number of applicants needing training, ranges of present value cost have been included of £23,000 (15% needing training) and £123,000 (35% needing training).

This gives a total simple average annual cost of £150,200 for increased membership fees and training, which over ten years discounted at 3.5 per cent delivers a present value cost of **£1.21m**, ranging between a high of £1.50m and a low of £0.94m. This translates into a total equivalent average annual cost of **£0.15m** for one in one out purposes.

Non-monetised costs

Sometimes it is necessary for training to occur after joining a scheme to keep up to date with changes to the Building Regulations or other standards. Often the Competent Person Schemes themselves absorb this cost. In other cases members of schemes may have to pay for such training but we do not have sufficient information to be able to monetise this cost.

There is also a cost to installers to notify a job carried out to the building control bodies after completion and to provide a certificate of compliance to the consumer (via the scheme operator) of approximately £2-£3 per job, as well as the time taken to do so. However, if the job were to be notified in advance to a building control body to check the work there would be the need to complete and submit a building notice. It is estimated that the time taken for the latter and the cost of doing so in terms of postage etc would be very similar to the Competent Person Schemes' notification process as the information provided is broadly the same and therefore there is no cost (or saving) from the change to the process. There will be a much bigger saving based on not having to pay a charge to a building control body to check the work and this is discussed in the benefits saving section.

The extended Competent Person Schemes do not represent a loss of income to building control bodies when set against their costs. The building control service is a user paid for service and local authorities are required to set their charges under *The Building (Local Authority Charges) Regulations 2010* based on the recovery of their costs of carrying out their building control functions. If no service is provided there are no costs to the local authority and is therefore cost neutral. This similarly applies to Approved Inspectors. The loss of work is in fact a non-monetised benefit to building control bodies as it frees up their scarce resources to concentrate on areas of higher risk.

Benefits

Savings

For each proposed extended Competent Person Scheme to cover the further types of work, we estimate the following simple average annual saving in building control charges (Note: the ranges are set out in a separate section below):

APHC

Saving of £60 per job for an average of 300 members carrying out 10 jobs each per annum gives an average annual saving of £180,000.

OFTEC

Saving of £60 per job for an average of 400 members carrying out 10 jobs each per annum gives an average annual saving of £240,000.

Stroma

Saving of £60 per job for an average of 380 members carrying out 60 jobs each per annum gives an average annual saving of £1.38m.

BM Trada

Stand-alone windows etc jobs – Saving of £90 per job for an average of 210 members carrying out three jobs each per annum gives an average annual saving of £57,000.

Part of larger refurbishment jobs – Saving of £90 per job for an average of 210 members carrying out seven jobs each per annum gives an average annual saving of £133,000.

Fensa

Stand-alone windows etc jobs – Saving of £90 per job for an average of 600 members carrying out three jobs each per annum gives an average annual saving of £162,000.

Part of larger refurbishment jobs – Saving of £90 per job for an average of 600 members carrying out seven jobs each per annum gives an average annual saving of £378,000.

Total

This gives a total simple average annual saving of £2.5m, which over ten years discounted at 3.5 per cent delivers a present value benefit of **£20.37m**, ranging between a high of £30.96m and a low of £9.79m. This translates into a total equivalent average annual saving benefit of **£2.45m** for one in one out purposes.

Basis for savings and ranges

Building control charges are based on an estimated average of £60 per hour (i.e. the hourly rate) taken from evidence provided by local authorities. Approved Inspectors' fees are assumed to be broadly similar as they operate in a competive environment. The charge will exceed £60 if the time taken by building control bodies to carry out their building control service is estimated to exceed an hour.

The average number of members per annum for each extended Competent Person Schemes to cover the further types of work has been drawn from information provided by the schemes in their application forms relating to the estimated growth in their membership over the 10 year period. As reflected in the annual profile of monetised costs and benefits on page 4, membership is estimated to grow over the first five years and then level off, so an average figure has been used for each scheme. We then estimated a likely number of jobs each member would carry out per year. As building control charges will not be paid for these jobs there is a significant saving to the members concerned and their customers. The benefits are thus calculated on the basis of the estimated average number of members and the estimated number of jobs they would carry out per annum which would be subject to building control charges, for which there is a saving.

As indicated above, the savings have been calculated on the basis there will be no building control charge payable for work covered by the extended Competent Person Schemes, or a reduced charge in the case of most of the non-domestic replacement window etc installations (i.e. 7/10 applications per year) where the elements of the work being self-certificated are likely to be part of a larger refurbishment project. The *Building (Local Authority Charges) Regulations 2010* came fully into effect on 1 October 2010 and allow local authorities more flexibility in the setting of their building control charges. They are now able to reduce charges or give a refund where part of a job is self-certified, so members of Competent Person Schemes and their customers will benefit.

To reflect an element of uncertainty in the estimations and assumptions, including future building control charges, those schemes above assuming a building control charge saving of:

- £60 per job were also estimated in ranges at £90 per job (High) and £30 per job (Low)
- for stand alone windows etc – £90 per job was also estimated in ranges at £120 per job (High) and £60 per job (Low); and
- for part of larger refurbishment jobs – £90 per job was also estimated in ranges at £150 per job (High) and £30 per job (Low).

Non-monetised benefits

The 'Rationale for Intervention' above refers to other benefits provided by the proposed extended Competent Person Schemes, in particular removing the burden on installers and consumers of requiring notification of work in advance and freeing up building control bodies' resources, and improving the level of compliance with the Building Regulations.

In addition, a further benefit may arise because a commencement notice must be submitted to the local authority at least two days before building work commences on site, whereas a Competent Person Scheme notification is made after the work is completed. Competent Person Scheme membership could therefore provide a benefit in a saving of two days delay to work commencing on site. However, most installers will take account of this small delay when planning their work and as there is no evidence as to whether the delay causes any real difficulties, the potential savings have not been monetised.

One In One Out

The equivalent average annual benefit best estimate is £2.45m (high: £3.72, low: £1.18m) and the equivalent average annual cost best estimate is £0.15m (high: £0.18m, low: £0.11m), giving an annual net benefit to business best estimate of £2.30m (high: £3.54m, low: £1.07m). This policy provides an annual net 'out' of £2.30m under one in one out.

Specific Impacts Tests

Statutory equality duties

No impact – an Equality Impact Assessment Initial Screening has been carried out.

Economic impacts

The main specific group affected by the proposed extended Competent Person Schemes are sole traders and *small firms* (i.e. businesses) who – as members of schemes – will derive the savings and benefits outlined above, which we consider will considerably outweigh the costs. Consumers will continue to pay the installer – as a Competent Person Scheme member – to carry out the building work in question, but they will benefit through not having to pay a building control charge in addition. Building control bodies will also benefit though a significant reduction in the amount of work notified to them for checking and inspection.

There will also be a further impact on competition as installers who are members of the extended Competent Person Schemes will benefit by being able to quote a price for the work which is lower than those installers who are not in schemes, as the price would not include the amount of the building control charge. More competition between Competent Person Schemes to carry out the further types of work will also keep their fees at a competitive level and benefit consumers. However, although the extended schemes will benefit from an extension to their scope, it my have an adverse effect on other schemes that carry out similar work but are unable to self-certify it as they may lose members and work to the extended schemes.

Environmental impacts

As stated under 'Rationale for Intervention above, Competent Person Scheme installers have to demonstrate their competence and are subject to ongoing performance monitoring. This means that the installations should achieve a higher level of compliance with the relevant requirements of the Building Regulations than other building work. In addition, self-certification reduces the level of unauthorised work. Greater compliance with the Building Regulations improves building and environmental standards.

Social impacts and sustainable development

No impact.

Summary (including preferred option and implementation plan)

DCLG therefore proposes to proceed with Option 2, to authorise the extension of some existing Competent Person Schemes to self-certify the types of work indicated, so as to further reduce the costs and burdens of complying with the Building Regulations at an average net saving/benefit of around £2.4m per annum, and help improve compliance.

The extended Competent Person Schemes will be authorised as part of minor amendments to the *Building Regulations 2010* in the *Building (Amendment) Regulations 2011*, which are expected to come into effect in July 2011. The amendment regulations will be accompanied by a Departmental Circular and Circular Letter which will set out and give guidance on the changes to the regulations.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)]; To date, individual Competent Person Schemes have been routinely monitored by DCLG, usually three years after their authorisation and then at intervals thereafter, to ascertain how closely they are complying with their conditions of authorisation and achieving compliance with the Building Regulations. Monitoring includes the: number of members; number of jobs notified; number of jobs complying with the Building Regulations and reasons for non-compliance; and general performance of the schemes. DCLG also collects regular statistics from the Competent Person Schemes to assist this process. Any concerns are raised with the individual scheme operators and also fed into a broader ongoing assessment of how the Competent Person Scheme regime is working in practice. In future, following a recent consultation on a review of the Competent Person Scheme system, it is proposed that schemes will be subject to a more rigorous monitoring regime carried out by UKAS to British Standard EN 45011 on a periodic basis, not exceeding every three years. This will be introduced from 1 October 2011 with appropriate transitional periods. For the proposed extended schemes, a Post Implementation Review will therefore take place at the latest by October 2014.
Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?] See above
Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach] It is important to understand how well individual Competent Person Schemes are working as well as how the policy is functioning overall and whether the estimated savings identified are being achieved in practice.
Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured] The baseline is the current range of Competent Person Schemes and use of building control bodies, plus the level of work and performance and compliance with the Building Regulations.
Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives] Key criteria are: level of membership of Competent Person Schemes; number of jobs carried out by Competent Person Schemes and notified to building control bodies which comply with the Building Regulations; performance of Competent Person Schemes and their members (number of complaints etc). We will also monitor building control charges and their average hourly rates and, if possible, the time taken for local authorities to carry out similar work to verify assumptions regarding estimated savings.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]

See above.

Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

N/A