Impact Assessment, The Home Office

Title: The Regulatory Reform (Fire Safety) Order 2005 (FSO) consultation on changes to the Order and new regulation	**Date:** 9 July 2020
	Stage: CONSULTATION
	Intervention: Domestic
IA No: HO0371 **RPC Reference No:** N/A	**Measure:** Secondary legislation
Other departments or agencies: N/A	**Enquiries:** FireSafetyUnitconsultations@homeoffice.gov.uk
RPC Opinion: Not Applicable	**Business Impact Target:** Not a regulatory provision

Cost of Preferred (or more likely) Option (in 2019 prices)					
Net Present Social Value NPSV (£m)	**-820**	**Business Net Present Value BNPV (£m)**	**-513**	**Net cost to business per year EANDCB (£m)**	**57**

What is the problem under consideration? Why is government intervention necessary? (7 sentences)

As part of Government's building safety reform, and informed by the Grenfell Tower Inquiry Phase 1 report (GTI P1) and the Regulatory Reform (Fire Safety) Order 2005 (FSO) Call for Evidence (CfE), legislative changes are required to ensure high and proportionate standards of fire safety in premises regulated under the FSO. Specific improvements are required for residents, alongside an overall strengthening and enhancing of compliance against the FSO. Also addressed are concerns raised about the effectiveness of current legislation for building control bodies to consult with Fire and Rescue Authorities on building work plans and handover of fire safety Information.

What are the policy objectives and the intended effects?

The intention is to deliver meaningful change and drive greater competence and accountability for those with statutory duties under the FSO and support those that enforce against it. It will address issues identified in the CfE and GTI P1 Report that will further ensure that those required to comply with, or enforce against, the FSO are clear about their roles and responsibilities, and that those affected by it feel safe and are safe in their homes, as well as other places where they sleep or work. More effective consultation between building control bodies and FRAs, and better provision of fire safety information, will also lead to better building safety outcomes.

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

Option 0: Do not deliver Options 1 or 2 (do-nothing) and not meet the Government's objectives.

Option 1: Deliver proposals to strengthen the FSO and improve compliance, the GTI P1 Report recommendations as written by the Inquiry and the building control bodies proposals as written.

Option 2: As Option 1 **except**, deliver the GTI P1 Report recommendations in a practical, proportionate and effective manner.

Main assumptions/sensitivities and economic/analytical risks	**Discount rate (%)**	3.5

The volume of buildings affected and the number of Responsible Persons (RPs) remain the most uncertain data used and costs may be an over or under-estimate of the actual cost. There is very little data on benefits and therefore the NPSV does not accurately represent the benefits. To mitigate these risks a range of estimates with expert evidence from the sector has been used.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2025

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:  Date: 9th July 2020

Summary: Analysis & Evidence

Policy Option 1

Description: Implement changes to strengthen the FSO, implement the GTI P1 Report recommendations as written by the Inquiry, and implement the building control bodies proposals as written.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2019/20	PV Base	2019/20	Appraisal	10	Transition	1

Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)	
Low:		**High:**		**Best:**	**-2,201.3**	**Best BNPV**	**-1,659.0**

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low					
High					
Best Estimate	34.3	2,167.0	2,201.3	251.6	-1,659.0

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

The estimated familiarisation costs from reading guidance to RPs, business and the public sector, in year 1 only, are £34.3 million. All of Option 1 ongoing costs, present values over 10 years, have a central estimate of £2,167.0 million (PV).

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

GTI: Some cost of remediation to buildings may fall on individual leaseholders and tenants instead of RP's. It is not known what agreements are in individual contracts and therefore this is not costed. **BCB:** Increased costs to local authorities (LAs) and Approved Inspectors may be passed onto their customers.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low					
High					
Best Estimate					

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

It has not been possible to monetise benefits for these proposals. Breakeven analysis is conducted within Section 2 for GTI proposals.

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

Better identification of responsible persons, higher quality of fire risk assessments, stronger voice for residents and other relevant persons, improved safety of multi-occupied residential buildings and decreased risk of danger from fires, help Building Control Bodies and FRAs manage the process more efficiently, providing time savings.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:					
Cost, £m	**190.1**	**Benefit, £m**	**0.0**	**Net, £m**	**190.1**
Score for Business Impact Target (qualifying provisions only) £m:					**N/A**
Does implementation go beyond minimum EU requirements?					N
Is this measure likely to impact on trade and investment?					N

Are any of these organisations in scope?	Micro	Y	Small	Y	Medium	Y	Large	Y

What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)	Traded:	N/A	Non-Traded:	N/A

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	N

Summary: Analysis & Evidence

Policy Option 2

Description: Implement changes to strengthen the FSO, implement the GTI P1 recommendations in a practical, proportionate and effective manner, and implement the building control bodies proposal as written.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2019/20	PV Base	2019/20	Appraisal	10	Transition	1

Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)	
Low:		**High:**		**Best:**	**-820.3**	**Best BNPV**	**-512.7**

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low					
High					
Best Estimate	34.3	786.1	820.3	91.1	-512.7

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

There are familiarisation costs from reading guidance to RPs, business and the public sector in year 1 only, with an estimated cost of £34.3 million. All of Option 2 ongoing costs, present values over 10 years, have a central estimate of £786.1 million (PV).

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

GTI: Some cost of remediation to buildings may fall on individual leaseholders and tenants instead of RP's. It is not known what agreements are in individual contracts and therefore this is not costed. **BCB:** Increased costs to local authorities (LAs) and Approved Inspectors may be passed onto their customers.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low					
High					
Best Estimate					

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

It has not been possible to monetise benefits for these proposals. Breakeven analysis is conducted within Section 2 for GTI proposals.

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

Better identification of responsible persons, higher quality of fire risk assessments, stronger voice for residents and other relevant persons, improved safety of multi-occupied residential buildings and decreased risk of danger from fires, help Building Control Bodies and FRAs manage the process more efficiently, providing time savings.

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:					
Cost, £m	**57.0**	**Benefit, £m**	**0.0**	**Net, £m**	**57.0**
Score for Business Impact Target (qualifying provisions only) £m:					**N/A**
Does implementation go beyond minimum EU requirements?					N
Is this measure likely to impact on trade and investment?					N

Are any of these organisations in scope?	Micro	Y	Small	Y	Medium	Y	Large	Y

What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)	Traded:	N/A	Non-Traded:	N/A

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 4)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	N

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

The Grenfell Tower fire was a national tragedy that resulted in the greatest loss of life in a residential fire since the Second World War. Since then (14 June 2017), the Government has actively taken steps to improve the building and fire safety system. These have included:

- Commissioning and acting on the recommendations of Dame Judith Hackitt's Independent Review of building and fire safety.
- Commissioning the Grenfell Tower Public Inquiry and accepting in principle the recommendations addressed to Government in its Phase 1 report.
- Establishing a remediation programme supported by £1.6 billion of Government funding to remove unsafe cladding from high-rise residential buildings.
- Undertaking, in conjunction with the National Fire Chiefs Council and Fire and Rescue Services, a building risk review programme for all high-rise residential buildings in England by December 2021, supported by £10 million of new government funding.
- Committing to legislate to reform the regulatory system through the Fire Safety Bill, currently before Parliament, and the upcoming Building Safety Bill, which will put in place an enhanced regulatory framework for building safety in high-rise residential buildings, taking forward the relevant recommendations from the Hackitt Review.

As part of this programme of work, in June 2019, the Home Office published a Call for Evidence (CfE) on the Regulatory Reform (Fire Safety) Order 2005 (FSO) inviting views on the application of the Order in England. The intention was to update the evidence base in relation to how the Order is complied with and enforced. It was also to help with the identification and assessment of any changes that might be needed and how they might best be achieved. A summary of the responses received to the CfE was published on 19 March 2020[1].

On 30 October 2019, the Grenfell Tower Public Inquiry's Phase 1 (GTI P1) report was published and included a number of recommendations to enshrine in law new duties on "*building owners and managers*". The recommendations largely relate to improvements in the way that high-rise residential buildings are constructed, refurbished and managed, and in the way that FRSs respond to fires in such buildings. However, a number apply to all multi-occupied residential buildings. These recommendations were accepted in principle by the Government on the day of the report's publication.

The FSO places duties on Responsible Persons (RPs) and Dutyholders (DHs)[2], to assess the fire safety risks of premises in scope (which includes the non-domestic parts of multi-occupied residential buildings) and put in place general fire precautions to ensure safety so far as practicable. This is a continuous assessment process, where the RP needs to keep emerging fire risks under review.

[1] https://www.gov.uk/government/consultations/the-regulatory-reform-fire-safety-order-2005-call-for-evidence

[2] Responsible Persons are defined in Article 3 of The Regulatory Reform (Fire Safety) Order, that is, to be the person in control of a premises in connection with a trade or business or the owner who has control of a premises but not in connection with a business, trade or other undertaking.
Dutyholders are those persons (other than the responsible person as defined in Article 3) who have, to any extent, control of those premises so far as the requirements relate to matters within their control.

The Fire Safety Bill (FSB) was introduced to Parliament on 19 March 2020. The FSB will clarify the application of the FSO to the non-domestic parts of multi-occupied residential premises. The FSB will clarify that the FSO applies to the structure, external walls of the building (including cladding, balconies and windows) and flat entrance doors. By doing so, it will affirm that Fire and Rescue Authorities (FRAs) can confidently use their enforcement powers under the FSO to hold RPs and DHs[3] to account, supplementing the local authority enforcement route. This is a necessary first step to deliver the GTI P1 recommendations that require a change in law.

There is current provision in the FSO and Building Regulations for FRAs to be consulted by Building Control Bodies (BCBs) on plans for building work and for provision of fire safety information to building owners on completion of building work under Regulation 38. However, current arrangements are not seen to meet need. Stakeholders have raised concerns about weaknesses in the current arrangements; about how consultation should work; what information should be provided; at which point in the process; how FRA views are taken into account in design proposals and that there is no mechanism for resolving any disputes. Dame Judith Hackitt's independent review also identified weaknesses in the arrangements for Regulation 38.

A.2 Groups Affected

The proposed duty would affect the following groups:

- **Enforcement authorities:** These include FRAs as the leading enforcement authority for non-domestic premises under the FSO. These proposals are relevant to inform their operational decisions in relation to enforcement activity under the FSO and their role in commenting on plans for building work. Where relevant, other enforcement authorities will have an interest such as the Crown Premises Fire Safety Inspectorate as well as Local Authorities (LAs) in relation to their powers under the Housing Act 2004.
- **Responsible Persons (including local authorities) and Duty Holders**: a number of new requirements are proposed for RPs (for example, a building owner or building manager) as, where relevant, they will be responsible for complying with them. This will affect both the private sector and the public sector (local authorities). This will also include both DHs (for example, a leaseholder or tenant) might also be affected in that their responsibilities would be linked to the extent of their control of the premises.
- **Residents**: a number of the recommendations arising from the GTI P1 report include reference to residents, including in relation to flat entrance doors which rely on co-operation between residents and RPs/DHs. FSO proposals include sharing of information with residents.
- **Building control bodies**: proposals relating to consultation with FRAs will impact on how building control bodies check compliance of building plans with Building Regulations' requirements.
- **Developers and others undertaking building work**: proposals on Regulation 38 will impact on how persons undertaking building work will need to comply with Building Regulations and some costs to building control bodies maybe passed through in charges to persons undertaking building work.

A.3 Consultation

The Home Office has engaged with several government departments and devolved administrations as part of the development of the consultation, including:

- Department for Business, Energy and Industrial Strategy (BEIS).
- Ministry of Defence (MoD).
- Department for Education (DfE).

- Department of Health and Social Care (DHSC).
- Ministry of Housing, Communities and Local Government (MHCLG).
- Ministry of Justice (MoJ).
- HM Treasury.
- The Welsh Government.
- The Scottish Government.
- Northern Ireland Executive.
- Health and Safety Executive (HSE).

Public Consultation

This public consultation exercise is a central part of the considerations on how to take forward the proposals to address the findings of the CfE and other proposals to strengthen the FSO and seek views on the proposals to implement the relevant recommendations made in the GTI P1 report. Proposed implementation of a number of the proposals is intended to be enacted under Article 24 of the FSO which requires consultation with appropriate persons or bodies.

Section 14 of the Building Act requires the Secretary of State to consult the Building Regulations Advisory Committee and other appropriate bodies on changes to Building Regulations.

The Government is also keen to seek the views of those affected by the proposals to ensure that they have broad support and practical value on the ground. The consultation is open to the public over a 12-week period.

B. Rationale for intervention.

As a result of the Grenfell Tower fire itself and the Government's wider building safety programme, informed by the GTI P1 Report and FSO CfE, it is clear that there is more to do to ensure high and proportionate standards of fire safety in all premises regulated under the FSO. Specific improvements are required for residents in multi-occupied residential blocks alongside an overall strengthening, and enhancing of compliance against, the FSO. Concerns raised about the effectiveness of current legislation for building control bodies to consult with FRS on plans for building work also need to be addressed.

The FSO has been in operation since 2006. The Government is seeking views on proposals to strengthen aspects of the FSO and improve compliance for fire safety across the wide spectrum of all non-domestic premises, including workplaces and the non-domestic parts of multi-occupied residential buildings. These proposals build on the responses to the CfE and reflect further engagement with key stakeholders. For example, proposals on fees and charges (focussing on incentivising compliance in relation to the number of audit/inspections outcomes that were unsatisfactory) will also ensure consistency in approach between the FSO and proposed provisions in the Building Safety Bill for a new enhanced regime for high-rise residential buildings which will apply alongside one another.

The GTI P1 Report includes a series of recommendations to deliver improvements in the way high-rise residential buildings are constructed, refurbished and managed to ensure residents are safe and feel safe in their homes. Several of the report's recommendations also related to the way that fire and rescue services respond to fires in such buildings. The Prime Minister accepted in principle the recommendations that were addressed directly to Government on the day of the report's publication. The first step towards implementation has taken place, with the introduction of the FSB. The provisions in the Bill will lay the foundation to deliver a number of the recommendations that require a change in law. The Bill will provide clarity that the scope of the FSO in multi-occupied residential buildings includes the structure of these buildings, external walls and flat entrance doors between non-domestic parts, such as communal hallways and corridors, and individual flats.

The Government has also established a new Fire Protection Board, supported by £10 million of new funding, that is leading a Building Risk Review Programme to ensure that all high-rise residential buildings in England of 18m are inspected or reviewed by the end of 2021.

Building control bodies (BCBs) need to work closely with FRAs to check that plans of building work comply with Building Regulations' fire safety requirements and also to ensure that any issues which might compromise compliance with FSO requirements are identified and addressed. The FSO and Building Regulations already provide a framework for consultation between building control bodies and FRAs and for the handover of fire safety information to RPs on the completion of building work. However, weaknesses in this framework have been identified. It is essential that a robust process is in place to give assurance to residents and other building users that fire safety issues have been addressed fully. This is also needed to give certainty to persons undertaking building work that they are not going to be required to make design changes or include new fire safety measures late on during the build process, when it will be more costly and disruptive to do so, because the relevant issues had not been identified earlier.

These proposals create no new duties or offences. The coverage will be England.

C. Policy objective

The policy objective is to ensure that:

- Residents in multi-occupied high-rise residential buildings can feel reassured that government has learnt lessons from the Grenfell Tower tragedy and has taken the appropriate steps to ensure their safety so that they feel safe and are safe in their homes.
- The FSO delivers high and proportionate standards of fire safety in all premises regulated by it. The proposed changes seek to strengthen these standards, increase accountability and competence.
- RPs (including building owners and managers) and DHs understand their roles and responsibilities to ensure compliance with the FSO and protect the safety of relevant persons, including residents.
- The implementation of the relevant GTI P1 recommendations through changes under the FSO relating to checks, predominantly in multi-occupied high-rise residential buildings, and provision of information to ensure residents feel and are safe in their homes.
- The provisions around charging in the Fire and Rescue Services Act 2004 (FRSA) incentivise greater compliance with the FSO and are consistent with proposals around the new enhanced building safety regime.
- Consultation between building control bodies and FRAs is efficient and effective, to ensure that fire safety issues are identified and addressed, and that suitable and sufficient fire safety information is handed over to RPs when building work is completed.

D. Options considered and implementation.

Option 0: is not to make any legislative changes (the 'do nothing' option).

There would be no changes made to enhance building and fire safety, that is, no implementation of any changes to strengthen the FSO and improve compliance, no implementation of the Grenfell Tower Phase 1 recommendations, and no changes to arrangements under which building control bodies consult FRAs or fire safety information is handed over. This option does not meet the Government's objectives.

Option 1 is to legislate to implement changes to strengthen the FSO and improve compliance, implement the GTI P1 Report recommendations as written by the Inquiry, and implement the building control bodies proposals as written

This would implement a series of proposals to strengthen the Fire Safety Order (FSO) and fire safety in buildings in England to which the FSO applies. It would deliver the Grenfell Tower Inquiry Phase 1 recommendations that require changes to the law as written by the Inquiry. It would also make changes to the FSO, Building Regulations and accompanying guidance for Building control bodies consultation with Fire and Rescue Authorities. This proposal is expected to enhance fire safety, but implementing the GTI PI report recommendations as written would in a number of instances be disproportionate to the risks the Inquiry identified, as well as practically and operationally challenging to deliver on the ground.

Option 2 is to legislate to implement changes to strengthen the FSO and improve compliance, implement the GTI P1 recommendations in a practical, proportionate and effective manner, and implement the building control bodies proposal as written.

This would implement a series of proposals to strengthen the Fire Safety Order (FSO) and fire safety in buildings in England to which the FSO applies. It would deliver the Grenfell Tower Inquiry Phase 1 recommendations that require changes to the law in a practical, proportionate and effective manner. It would also make changes to the FSO, Building Regulations and accompanying guidance for building control bodies consultation with Fire and Rescue Authorities. This proposal is expected to enhance fire safety and takes into account an initial assessment of practical and operational implications whilst assuring resident safety.

E. Appraisal.

The following sections present the analysis on additional costs and benefits of the proposals and themes in the consultation compared to the do-nothing option. The direct, indirect and wider costs and benefits are considered.

General assumptions and data

The appraisal period for measuring the impacts of the proposed uplift to the FSO is 10 years, with an annual social discount rate of 3.5 per cent used. An 18 per cent[4] uplift has been applied to hourly wage costs in order to capture non-wage labour costs (where not already provided), based on Eurostat (2018) labour cost share. Other data have been collected primarily from the Annual Survey of Household Earnings[5] (ASHE 2019). Estimates are in 2019 prices (Price Base Year, PBY and Present Value Base Year, PVBY).

The uplift of the FSO will apply to all buildings that are already covered by the FSO in both the private and social sector. The GTI P1 changes will apply to either high rise multi-occupied residential buildings or another sub-set of multi-occupied residential buildings (see each description for specific coverage).

Where the volume of buildings was used, these data were taken from Ordnance Survey Addressbase© and corroborated by Energy Performance Certificate and the MHCLG External Wall System survey of local authorities. The triangulation of these data gives the best available estimate of the volume of high-rise residential buildings in England.

Prior to the Grenfell tragedy, there was no comprehensive published statistics that directly enumerated the volume of high rise multi-occupied residential buildings by height. Therefore, the Home Office conducted research using AddressBase© and the results and main findings were

[4] https://ec.europa.eu/eurostat/statistics-explained/index.php/Wages_and_labour_costs#Labour_costs
[5]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashetable14

published by the Home Office in 2019[6]. The volume of buildings used in the IA and the low, central and high scenarios were based on the numbers presented in the research which were broken down by the following categories: 0-11m, 11-18m, 18-30m and 30m+. Table 1 presents these data for apartments and there are slight differences due to rounding and uncertainty around the low-high estimates.

Table 1, Volume of Apartments/Flats by height, England, 2019.

Stock Volume of Apartments/Flats	Low	Central	High
0-11m	1,101,000	1,596,000	2,091,000
11-18m	78,000	87,000	95,000
18-30m	9,500	10,500	11,500
30m+	2,200	2,400	2,600
Total	**1,190,700**	**1,695,900**	**2,200,100**

Source: Home Office Detailed analysis of fires attended by fire and rescue services; Annex: Rates of fires, fire-related fatalities and casualties requiring hospital treatment in different building types, England, April 2018 to March 2019, AddressBase© September 2019, London and Home Office own calculations.

The number of private landlords – as a proxy for the number of RPs in the private sector - is taken from the 2018 MHCLG English Private Landlord Survey (with 8,000 landlords surveyed), where there were an estimated 1.5 million landlords taking deposits. However, due to uncertainty and non-deposit landlords in the private sector the range is extended to between 1.25 to 1.75 million. Because of multiple property holding and non-multi-storey multi-occupied residential building rental, these volumes are multiplied by 70, 75 and 80 per cent respectively to avoid double counting. The working volume of private landlords in the estimates are (in millions): low = 0.875, central =1.125 and high = 1.4.

For RPs who are responsible for other buildings covered by the FSO, but not apartments, the total number of other buildings was taken, and multiplied by 50, 60 and 70 per cent to avoid double counting. This gives an estimated number of other RPs to be (in millions): low = 0.636, central = 0.810 and high = 0.946.

The number of social landlords is taken from the current registered providers of social housing, Regulator of Social Housing, February 2020[7], and is given as 1,623. The social housing sector is a very concentrated sector (LAs, charities and trusts etc.) and each registered social landlord may have a number of RPs to look after the multiple properties in their ownership. There is no definitive data on this so an assumption of two, five and ten RPs per social landlord is taken to check the potential familiarisation costs to this group, estimated using the volume of buildings. Using rounded figures, the estimate of RPs in social landlord properties is given as: low = 3,300, central = 8,100 and high = 16,300.

Private and social landlords and other building RPs are added together to check the estimate of familiarisation cost.

The total number of responsible persons, across all buildings covered by the FSO, is estimated to be (in millions): low = 1.514, central = 1.944 and high = 2.362. See **Annex 1** for further detail of these data.

The volume of audits conducted in England over the period 2016/17 to 2018/19 was taken from Home Office Fire Statistics, Table 1204, FS1. These data for all multi-occupied residential buildings are presented in Table 2. Following the Grenfell Tower fire, there was a spike of inspections in multi-occupied residential buildings. In 2017/18, the figure has an increase of about 75 per cent, however, for the same period audits of all other types of buildings decreased by 17.7 per cent, and the overall change for 2017/18 on 2016/17 was -8.9 per cent. It should be noted that total audits (of all buildings covered by the FSO) across the period 2016/17 to 2018/19 have been

[6] Detailed analysis of fires attended by fire and rescue services, England, April 2018 to March 2019, Annex: Rates of fires, fire-related fatalities and casualties requiring hospital treatment in different building types, Table 1, September 2019.

[7] Current registered providers of social housing, Regulator of Social Housing, February 2020. See: https://www.gov.uk/government/publications/current-registered-providers-of-social-housing

declining. The aim is to increase the number of audits across the buildings covered by the FSO but particularly, in multi-occupied residential buildings (including high-rise).

Around 6,500 audits were carried out in 2018/19 and that is the central expectation going forward to next year. In year 1 the expectation is that audits will take slightly longer, the number of audits fall but the resources used by the FRA are re-balanced to match audit numbers across the whole inspection programme. The reason that increased demand cannot be met immediately is that there is a capacity and competency constraint, therefore more officers need to be recruited and trained. In future years, there is an expectation that the sector and residents become more risk averse and there is a greater demand for audits. It is not yet clear how the increased demand for audits will be met, although there are plans in place to use Government funding to recruit extra FRS Inspecting Officers and there is likely to be a steady increase in audits over the next five years. The consultation will seek views from stakeholders to find optimal solutions as to how best to meet these needs.

For the scenarios, the change between the 6,500 (central estimate) to the high volume (9,000) is an increase of about 38 per cent, about half of the increase seen in the published statistics for 2017/18 on 2016/17.

Table 2, FRS Audits, England, 2016/17 to 2018/19.

Property Type Audit	Volumes			Change		Percentage change	
	2016/17	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Houses in multiple occupation (HMO)	1,140	1,483	1,541	343	58	30.1	3.9
Purpose built flats 1-3 storeys	-	-	496	-	-	-	-
Purpose built flats 4-5 storeys	-	-	518	-	-	-	-
Purpose built flats 6-9 storeys	-	-	129	-	-	-	-
Purpose built flats >=10 storeys	-	-	154	-	-	-	-
Purpose built flats >= 4 storeys	3,097	6,586	2,811	3,489	-3,775	112.7	-57.3
Houses converted to flats	945	975	860	30	-115	3.2	-11.8
Total multi-occupied multi-storey residential	**5,182**	**9,044**	**6,509**	3,862	-2,535	74.5	-28.0
Total Audits	**54,247**	**49,423**	**49,327**	-4,824	-96	-8.9	-0.2

Source: Home Office Fire Statistics, Table 1204, FS1, October 2019[8].
Note: The split of purpose-built flats by storey (1-3, 4-5, 5-9 and >=10) were not asked for prior to 2018/19 and show as blank (-). For 2016/17 and 2017/18, Purpose built flats 1-3 storeys are included in 'Other sleeping accommodation' and are therefore not shown in this table. The 4-5, 6-9 and 10+ categories are shown in >= 4 storeys. Where FRSs could not provide the data for the split categories in 2018/19 their data are included in the >= 4 storeys category.
The buildings here are all apportioned to heights in the analysis and that may over-estimate the cost because some HMOs may be single storey but there is no data to further inform this point. Therefore, for simplicity, all HMOs are included in the analysis.

COSTS

The costs (and benefits) are presented below for:

- The proposals to strengthen the FSO and improve compliance.
- The Grenfell Tower Inquiry Phase 1 recommendations, but as two separate strands:
  a) The recommendations as written by the Inquiry.
  b) To deliver the recommendations in a practical, proportionate and effective manner with an initial assessment of practical and operational implications whilst assuring resident safety.

[8] Home Office fire Statistics, Table 1204, FS1, October 2019, see: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843188/fire-statistics-data-tables-fire1204-311019.xlsx

- Changes to the FSO, Building Regulations and accompanying guidance for Building Control Bodies consultation with Fire and Rescue Authorities.

These costs and benefits are then taken to show the total cost and benefit of **Option 1** and **Option 2**, compared to **Option 0** (the do-nothing option).

Guidance – see section under strengthening the Fire Safety Order

Guidance is a component of both **Option 1** and **Option 2**.

SET-UP COSTS

Familiarisation Costs

It is expected that there will be a private and public sector familiarisation cost of reading the guidance in year 1 only. The reading tables from readingsoft.com were used to estimate these costs where allowances are made for different reading speeds and different comprehension rates (taking into account no reading impediment, dyslexia and where English is not the first language). Only HM Government guidance is considered here (any other guidance is voluntary). Familiarisation with the guidance is a person-centred activity, therefore estimates of volumes of people are made to calculate familiarisation costs from various sources and the volume of buildings is not used (there may be RPs who are responsible for multiple buildings).

There are two types of guidance: 'core' guidance which most individuals and organisations should read and be familiar with, and the entire set of guidance, some of which deals with specialist areas, for example, sub-surface railway stations, which only needs to be read by specialists in these fields. The proportion of the guidance that may change is expected to be in a range of 33, 50 and 67 per cent of the total number of pages. The guidance is expected to have about between 200 to 300 words per page (central estimate is 250 words).

a) Responsible Persons (RPs)

The volume for familiarisation of RPs for apartments (L= 878,000, C= 1,133,000 and H= 1,416,000). These volumes include the estimated number of RPs in the social landlord sector, given as L = 3,300, C = 8,100 and H = 16,300 RPs for other buildings (L= 636,040, C= 810,912 and H= 946,064) – see General assumptions and data.

For RPs reading 'core' guidance, the number of pages to consider are in a range of 76, 115 and 153 for the low, central and high scenario respectively. This results in RPs reading about 15,000, 28,600 and 46,000 words respectively. The time taken to read this is estimated to be in a range of 0.25 hours (L), 0.7 hours (C) and 1.8 hours (H). It is assumed that in the low scenario 99 per cent of RPs (apartments) read the core guidance, 98 per cent in the central and 95 per cent in the high. For RPs of other buildings, it is assumed they will only read the core guidance, in all scenarios.

For the remaining 1, 2 and 5 per cent of RPs (apartments), it is assumed they read all the guidance and this results in a reading time of low: 2.9 hours (878 pages, 176,000 words),central 8.0 hours (1,330 pages, 332 hours) and high18.6 hours (1,782 pages and 535,000 words).

The wage for RPs is taken as that for a Building Manager (Annual Survey of Hours and Earnings (ASHE) 2019, Table 14.5a) This was uplifted by the Eurostat share of non-wage labour costs for the UK (18%) to give the gross hourly wage. The wages used were £18.87, £20.97 and £23.07 for L, C and H. The cost was estimated as:

volume of RPs x time taken to read the guidance x gross hourly wage of a Building Manager.

The estimated familiarisation costs to RPs in 2019 prices in year 1 only, **lie in a range of £7.6 million to £125.5 million** with a **central estimate of £32.7 million**. This is the main driver of total familiarisation costs.

b) Business (private sector)

It is likely that there will be a familiarisation cost to business and the fire sector. The same method is used here as for RPs. It is expected that these costs will primarily fall to architects, town planners, construction professionals, quality assurance and planning engineers, solicitors and fire risk assessors (including fire engineers). Volumes of these occupations were taken from the Annual Survey of Hours and Earnings (ASHE), 2019, Table 14.5a and are presented in Table 3. It is assumed that of the total volume in that occupation that 10, 25 and 50 per cent of staff are involved with property related businesses (except for the number and wage of fire assessors which was taken from two sources: the fire sector and NFCC). The wage for business occupations is taken ASHE 2019, Table 14.5a, see Table 3. These are uplifted by the Eurostat share of non-wage labour costs for the UK (18%) to give the gross hourly wage.

Table 3, Familiarisation cost: volume of business staff and gross wage, £/hr 2019.

Scenario volumes:	Low	Central	High	£/hr
Architects	3,900	9,750	19,500	25.36
Town Planners	600	1,500	3,000	19.13
Construction professional	2,200	5,500	11,000	21.89
QA & Planning Engineers	4,200	10,500	21,000	22.23
Solicitors	7,000	17,500	35,000	26.62
Fire Risk Assessors	500	1,000	1,500	33.39

Source: ASHE 2019, Table 14.5a and NFCC/fire sector.
Note: The volume of fire-risk assessors is given only for those who assess in-scope buildings. Fire Engineers are included either under 'Planning Engineers' or 'Fire Risk Assessors' and are not given as a separate category

It is assumed in the low scenario that 98 per cent of staff read core guidance and 2 per cent all guidance, for the central and high scenarios this ratio is 95 and 5 per cent and, 90 and 10 per cent respectively. For business staff reading 'core' guidance, the number of pages to consider are in a range of 76, 115 and 153 for the low, central and high scenario respectively. This results in them reading about 15,100, 28,600 and 46,000 words respectively. The time taken to read this is estimated to be in a range of 0.3 hours (L), 0.7 hours (C) and 1.8 hours (H).

For business staff reading all the guidance, the number of pages to consider are in a range of 878, 1,330 and 1,782 for the low, central and high scenario respectively. This results in them reading about 176,000, 333,000 and 535,000 words respectively. The time taken to read this is estimated to be in a range of 2.9 hours (L), 8.0 hours (C) and 18.6 hours (H). The cost was estimated as:

the number of staff x time taken to read the guidance x gross hourly wage of these staff.

The estimated familiarisation costs to business in 2019 prices in year 1 only, **lie in a range of £0.1 million to £ 7.8 million** with a **central estimate of £1.2 million**. Solicitors have the highest familiarisation costs, but this is driven by the volume involved (taken from the Law Society 59 market sectors in the Institute of Employment Research report, 2020) and the higher gross hourly wage relative to other sectors.

c) FRA (public sector)[9]

There is also an expectation that that there will be a familiarisation cost to FRAs (note: it is fire and rescue service (FRS) staff that are used here but the FRA holds the budget for the FRS, therefore the cost falls to them).

Two sources of data for volume of FRS staff were used: Fire Statistics Table 1102[10], workforce statistics and FS10 of Fire Statistics Table 1104, fire prevention and protection. The volumes of FRS audit and operational staff were taken from these and the assumption was made that audit staff would read all the guidance and operational staff would only need to read core guidance (for example, what to expect in a section 7(2) (d) visit or a fire safety check. The volume of staff

[9] There may be costs to other enforment agencies, for example, local authorities, HSE, Environmental health etc. After consultation with stakeholders, any additional costs will be included in the FINAL IA.
[10] Note: in the estimates these estimates are rounded to the nearest 10.

included excludes control room staff and 50 per cent of senior managers. The volume of those reading the core guidance is taken to be that, minus those in audit (who read all the guidance). This gives Watch Managers (2,707), Station Managers (877) and senior managers (196). The volume of those reading all the guidance is categorised slightly differently but lies in a range of: those conducting short audit 200 to 250, audits 640 to 950 (central is 731), enforcement 240 to 300, prohibition 300 to 400 and Senior Fire Engineers (18). Most audit activity is carried out by those at grades Watch Manager B and Station Manager B and is costed appropriately using these gross hourly wages, although more senior staff are added in as the level of enforcement is increased.

The time taken to read the core guidance is in a range of: Low 0.3hours (89 pages, 17,800 words), central 0.9 hours (135 pages, 33,600 words) and high 2.1 hours (180 pages, 54,100 words). The time taken to read all the guidance is in a range of: Low 2.9 hours (878 pages, 176,000 words), central 8.0 hours (1,330 pages, 333,000 words) and high 18.6 hours (1,782 pages, 534,000 words).

The gross hourly wage of a Watch Manager (B) lies in a range of £31.94 (L), £34.35 (C) and £36.77. For a Station Manager (B) these are: £43.87, £46.75 and £49.63. The Group Manager wage is estimated to be in a range of £50.67 to £56.43, with a central estimate of £53.55. Similarly, an Area Manager and the Senior Fire Engineer wage is £43.87, £46.75 and £49.63 respectively. For a Brigade Manager, a value of £70.50 per hour is used for all scenarios.

the number of FRS staff x time taken to read the guidance x gross hourly wage of these staff

The **FRA familiarisation cost** is estimated to **be in a range of £0.1 to £1.0 million**, with a **central estimate of £0.4 million** (2019 prices), in year 1 only.

Total

Familiarisation only occurs in year 1 and in the years 2 to 10 there are no familiarisation costs. This is because there is no need to re-read after year 1. **Total familiarisation costs** are estimated to **lie in the range of £7.8 million to £134.3 million,** with a **central estimate of £34.2 million** (2019 prices) in year 1 only.

ONGOING COSTS

Section 1: Strengthening the Fire Safety Order and Improving Compliance

The responses to the CfE identified a number of themes that respondents thought would merit further work by government. Where data exists and there is a proposal to do something, then the aim of the appraisal is to estimate any costs and benefits that might be associated with any proposed measures or options being consulted upon. Section 1 is a component of both **Option 1** and **Option 2**.

1.1 Guidance

There are no proposals associated with this point. In response, the Government have already committed to overhaul the suite of guidance to ensure that RPs and enforcing authorities are equipped to understand, comply with and enforce against their duties under the FSO.

1.2 Responsible Persons (RPs)

To address the current difficulties in identifying the RP, the CfE responses suggested that changes could be made to make this clearer, the proposals are assessed below. The CfE responses identified the difficulties in identifying the RP. The Government's proposals to address this issue are set out and assessed below.

Proposal 1: *To help the identification of RPs and promote their self-identification, the Government proposes amending the FSO to require all RPs to record (and as necessary update) who they are, and the extent of their responsibility under the Order and their contact information*.

Where this information is recorded is dependent on the outcome of proposal 5 (outlined in chapter 1.3) proposing that all RPs be required to record their fire risk assessments. RP information could either be recorded as part of the prescribed information[11] that is currently required to be recorded under Article 9(7) of the FSO (in certain circumstances) or as part of the fire risk assessments.

Views are also sought on whether RPs should be required to provide a UK based contact address. This would mirror a requirement in the draft Building Safety Bill to require Accountable Persons (as defined in the Bill) to have a UK based address.

Estimation

For **Proposal 1** it is assumed it will take RPs an additional one minute of their time to record their contact details in their fire risk assessments or as part of the prescribed information requirement.

The total time of 1 minute per RP (0.016 hours) is multiplied by the total number of RPs (all building types) in the low, central and high scenario. The total time spent by RPs recording their contact details is then multiplied by the low, central and high gross hourly wage for an RP, which is taken as 'Private Building Safety Manager' (see p11 on familiarisation costs for volume and gross hourly wage).

Cost

There is uncertainty surrounding how frequently the fire risk assessment is updated, and around how frequently the RP may change. It is assumed in the low scenario the FRA is updated once every 10 years, in the central scenario every five years and in the high scenario every year.

This gives an estimated average annual cost in the range of **£0.05 million to £0.9 million**, with a central estimate of **£0.1 million** (constant prices). The costs lie in a range of **£0.4 million to £7.8 million**, with a central estimate of **£1.2 million (PV) over 10 years**.

Given the uncertainty surrounding the frequency of fire risk assessment updates, these costs have a large range.

Proposal 2: *To ensure a whole building approach to the management of fire safety where responsibility is shared, the Government proposes to amend the Order and establish a new requirement under Article 22 on all RPs to identify themselves to all other RPs (and where applicable Accountable Persons (APs) and/or Building Safety Managers as defined under the Building Safety Bill) where they share or have duties in respect of the same premises.*

[11] The prescribed information is—
(a)the significant findings of the assessment, including the measures which have been or will be taken by the responsible person pursuant to this Order; and
(b)any group of persons identified by the assessment as being especially at risk.

To support this proposal, the draft Building Safety Bill is seeking to amend Article 22 of the FSO to require RPs to cooperate with the Accountable Person(s) (AP) and places a reciprocal requirement on the AP. This intends to ensure that the fire safety of the building, as a whole, is effectively managed.

Estimation

It is assumed that the number of RPs this applies to is 25 per cent, 33 per cent and 50 per cent in the low, central and high scenario, respectively. This accounts for the fact that many RPs will not be in a situation that requires them to correspond with other RPs and APs, as the RP and AP may be the same person, or that there may not be multiple RPs covering a multi-occupied building.

This proposal has been costed assuming that an RP identifying themselves can be achieved through meeting for discussion, or an email in the low scenario. The number of, and length of, such meetings is outlined in the table below:

Table 4, Compliance with Article 22

	Meetings per year	Length of meeting (mins)	Prep time (mins)	Total time (hours)	Percentage of RPs affected (%)	Number of RPs affected	Total annual cost (£m)
Low	1	0	5	0.1	25	378,000	0.6
Central	1	15	0	0.3	33	642,000	3.4
High	1	60	0	1.0	50	1,181,000	27.2

Source: Home office own assumptions and estimates, 2020.

Cost

There is uncertainty around how frequently the RP may change. It is assumed in the low scenario the FRA is updated once every 10 years, in the central scenario every five years and in the high scenario every year.

This gives an estimated average annual cost in the range of **£0.06 million to £27.2 million**, with a central estimate of **£0.7 million** (constant prices). The costs lie in a range of **£0.5 million to £234.5 million**, with a central estimate of **£5.8 million (PV) over 10 years**.

Guidance

Simplified and clear guidance to target specific issues – how a RP self-identifies, how they comply with the duty to coordinate and cooperate, and the duties placed on the RP in relation to dangerous substances and the provision of training to employees. Guidance will also be made available to enforcing authorities on how to identify the RP, particularly in complex situations, covering multi-occupied buildings, complex management structures; and, complex contractual arrangements in multi-occupied residential buildings.

This a non-legislative change and there is no consultation requirement. Development of all guidance is estimated within familiarisation costs.

1.3 Quality of fire risk assessments

Proposal 3: *The Government proposes to amend the FSO to require that any person engaged by the RP to undertake all or any part of the risk assessment must be competent.*

There are about 450 registered Fire Risk Assessors and about 1,000 who can conduct an assessment of an 'in-scope' building. Ideally, fire risk assessors should take about 18 to 24 months to complete (online, residential, formal training, risk assessment and experience-based learning and examination) training. The total cost of this learning is not yet known but the Home Office is seeking further information from stakeholders on this. It is estimated that there are about 1,000 to 1,500 competent fire risk assessors in the market[12].

The Government expects that a significant proportion of fire risk assessments for complex external wall structures (EWS) will be undertaken by other building safety professionals, such as Fire Engineers, Building Surveyors and Architects.

Proposal 4: *Where an individual is engaged by the Responsible Person to undertake any or all of their fire risk assessment, the Government proposes to make it a statutory requirement that their name and contact information are recorded within the completed fire risk assessment.*

This proposal has some of the same requirements as Proposal 1, under **1.2 Responsible Persons**. The requirement to provide a name and contact information within completed fire risk assessments is also already costed within under **1.2 Responsible Persons**. To prevent double counting the cost of recording the qualification in the fire risk assessment has been costed only.

Proposal 5: *To ensure a consistent approach is taken to fire safety across all premises regulated by the Order, the Government proposes to require all Responsible Persons to record their fire risk assessments*. This will:

- Replace the current requirement to only record specific prescribed information and
- Remove current requirements that the responsible person must record the information prescribed by Article 9(7) where:
    - He / she employs five or more employees.
    - A licence under an enactment is in force in relation to the premises or
    - An alterations notice requiring this is in force in relation to the premises.

The Government also seeks to remove these provisions in relation to RPs requirements to record fire safety arrangements as provided for under Article 11(2).

This proposal will require that all RPs record the totality of their fire risk assessments. It is assumed that one fire risk assessment is required per building. Central building stock values of 1,695,900 for multi-occupied residential buildings are used in all scenarios.

Estimation

A low, central and high number of additional minutes to record the assessment are assumed to be 10, 20 and 30. These are converted to hours, and multiplied by the central number of buildings from **Table 1**. This gives additional time in hours, which are costed using the gross hourly wage of an RP, see Table 5.

[12] This is an assessment of the fire risk assessment market with contributions from NFCC, consultations and the sector. Competent means that these individuals have undergone a degree of formal learning, risk based assessments under supervision and professional experience. Not all fire risk assessors are qualified to the same level and most will aim for Level 4 or its equivalent. More information on this will be sought during the consultation.

Table 5 - Additional time to record fire risk assessments, minutes and hours.

	Time mins	Time hrs	Total number of buildings covered by FSO	Total time (hrs)
Low	10	0.16	3,047,420	487,587
Central	20	0.33	3,047,420	1,005,649
High	30	0.50	3,047,420	1,523,710

Source: Home Office own estimates, 2020.

The additional hours calculated to record a high-level fire risk assessment are multiplied by the RP gross hourly wage.

Cost

There is uncertainty surrounding how frequently the fire risk assessment is updated, and around how frequently the RP may change. It is assumed in the low scenario the FRA is updated once every 10 years, in the central scenario every five years and in the high scenario annually.

The estimated costs lie in a range of **£7.9million** to **£302.5 million**, with a central estimate of **£36.3 million (PV) over 10 years**. This gives an estimated average annual cost in the range of **£0.9 million** to **£35.1 million**, with a central assumption of **£4.2 million** (constant prices).

Guidance: To note that further support for RPs in their understanding and compliance with the new duties set out below will be provided through guidance. The proposed guidance should:

a) Provide sufficient detail for those completing fire risk assessments to support the development of high-quality fire risk assessments.

b) Support responsible persons, appointment of competent persons, including fire risk assessors and others, to help them deliver their duties.

c) Clarify the requirement for RPs to regularly review their fire risk assessments and will support RPs in determining how often to review them.

d) Support RPs in complying with the requirement to record their fire risk assessments.

1.4 Provision of Information

Proposal 6: *To enhance provision of information the Government proposes requiring Responsible Persons to take reasonable steps to provide comprehensible and relevant information to residents (as relevant persons) in multi-occupied residential buildings which should include, but is not limited to, the following:*

a) *the risks to them identified by the fire risk assessment,*

b) *the preventative and protective measures in place to mitigate potential fire risk and*

c) *the role and responsibilities of relevant RPs, and dutyholders, including their name, capacity and contact details. This will seek to ensure all residents have a point of contact to whom they can raise concerns and request fire safety information they need to be safe in their homes and on the premises.*

d) The Fire Risk Assessment (available on request).

These costs are considered under **1.2 Responsible Persons**.

Proposal 7: *To ensure the preservation of fire safety information over a building's lifetime, the Government proposes requiring Responsible Persons to take steps to share all relevant fire safety information with subsequent Responsible Persons. This will complement the 'golden thread' provisions proposed within MHCLG's Building Safety Bill and maintain a clear thread of information central to ensuring the fire safety across the entirety of a building.*

These costs are considered in the MHCLG Building Safety Bill IA. If stakeholders show there are additional costs arising from this, then these will be fully developed in the Final IA.

Guidance: To support the delivery and operationalisation of these proposals, guidance will be developed to assist RPs in deciding the best approach to ensuring successive RPs have access to the information they need to comply with their duties, and relevant persons (including residents) have access to the information they need to be safe.

1.5 Enforcement and sanctions

There is no proposal associated with this section as the consultation seeks to gather feedback on whether existing fines available under the FSO for certain offences should be increased.

1.6 Maintenance

There is no proposal associated with this section as the consultation seeks to gather feedback on whether the requirement to 'maintain' premises should be extended to specifically cover replacement (that is, over and above maintenance). Additionally, the consultation is exploring whether further amendments are needed to Article 38.

1.7 Higher risk workplaces

There are no proposals associated with this point. The consultation will test whether Article 24 of the FSO should be used to apply additional requirements to specific categories of buildings posing specific risk to relevant persons.

1.8 Fees and charges

Proposal 8: *To remove the provisions under the Fire and Rescue Services Act (FRSA) 2004 which prohibit FRAs from charging for action taken in their capacity as enforcing authorities under the FSO – both to align where relevant with the proposed Building Safety Bill but also in relation to all action taken in FRA's capacity as enforcing authorities under the FSO. Specifically, we also want to seek views in relation to levels of charging and FRAs' level of appetite to charge. We are also seeking evidence and insight on how cost recovery could encourage greater compliance with the FSO.*

In her Independent Review of Building Regulations and Fire Safety, Dame Judith Hackitt recommended that regulatory functions under the new building safety regime should be fully cost recoverable, highlighting that this was '*a proportionate approach where those whose work needs the highest level of intervention and oversight should pay the highest cost*.' This is a similar model to the Control of Major Accident Hazards regulatory regime operated by the Health and Safety Executive (HSE).

The consultation is exploring whether the current broad prohibition around charging in relation to FSO enforcement activity within the FRSA 2004 is fit for purpose or should be removed. The Government are seeking to establish whether introducing central charging guidance would encourage best practice and if the ability to charge for FSO enforcement activity could incentivise increased compliance with the FSO. We are also considering the issue of charging in part because doing so for FSO enforcement activity would better align with the proposed approach under the new building safety regime.[13] The volume of audits for 2018/19 is given in Table 2 (see page 10) and further detail is provided in Table 6.

Table 6 - Number of audits and London, Rest of England share, 2018/19.

FRS	Audits	Satisfactory	Unsatisfactory	Informal Notices	Formal Notices
England	**49,327**	**33,265**	**16,062**	**14,514**	**2,390**
Rest of England	38,955	25,438	13,517	12,386	1,963
Greater London	10,372	7,827	2,545	2,128	427
Rest of England (%)	79	76	84	85	82
London share (%)	21	24	16	15	18

If FRAs, in their capacity as enforcing authorities, were able to charge for enforcement activity under the FSO, there would be a strong rationale for charging to change non-compliant behaviour. There were 2,390 formal notices in 2018/19. The latter comprised 1,479 enforcement notices, 775 prohibition notices, 91 alteration notices and 45 prosecutions. For illustrative purposes only, there is an assessment of what charging at resource cost would look like, if recovery of cost was implemented for informal and formal notices only. This was estimated as the:

time taken x wage of FRS staff x volume of notices

The national and London wage are different and that is why the volumes are split to reflect that. The additional hours spent on a satisfactory audit are 17, 47.35 on an unsatisfactory audit, 18 hours on an informal notice and 25 hours on a formal notice[14]. If only costing the informal and formal notices then cost recovery (set at 60% for L, 70% for C and 80% for high – based on HSE experience) would see £10.5 million recover in year 1. Over a 10-year period this would amount to **£10.5 million in any year** which is **£90.3 million (PV) over 10 years**.

1.9 False Fire Alarms

There are no proposals associated with this point. The consultation will seek views on the current circumstances in which FRAs might charge for reports of false fire alarms, the efficacy of the provisions in the Fire and Rescue Services Act 2004 and whether changes might be required.

Benefits

Monetised Benefits

There are no monetised benefits due to uncertainties as to what the extend of the non-monetised benefits will be. The consultation hopes to understand this more.

[13] Requirements for charging in relation to enforcement under the new Building Safety Bill would be to the extent permissible under Managing Public Money. This is why prosecution activity is not costed.
[14] The term 'additional ' is used because the audit is a generally sequential process and there are on a small number of occasions, for example, where FRS protection staff move immediately to a Prohibition Notice.

Non-Monetised Benefits

There are a number of non-monetised benefits that arise from the Call for Evidence proposals. One benefit is the ability to better identify responsible persons. Clearer guidance and responsibilities allow for clear accountability. In addition to this, these improvements to guidance lead to higher quality of fire risk assessments. These increased responsibilities, higher quality risk assessments and clearly identifiable responsible persons give residents and other relevant persons a stronger voice. These changes may also lead to greater community engagement on fire safety matters.

Table 7, Summary costs and benefits of proposals to strengthen the Fire Safety Order , £ million (PV) and average per year cost, £ million, 2019 prices.

Proposals to strengthen the Fire Safety Order	Low	Central	High	Ave per year (central)
Set-up costs				
RP Familiarisation	7.6	32.7	125.5	
Business Familiarisation	0.1	1.2	7.8	
FRS Familiarisation	0.1	0.4	1.0	
Total Cost of Familiarisation	**7.8**	**34.2**	**134.3**	
Strengthen the Fire Safety Order:				
1.2 Responsible Person: Identification and Compliance (falls to RP)	0.4	1.2	7.8	0.1
1.2 Article 22 changes (falls to RP)	0.5	5.8	234.5	0.7
1.3 Low Quality of Fire Risk Assessments – Recording FRA (falls to RP)	7.9	36.3	302.5	4.2
Total Strengthen FSO Ongoing costs	**8.8**	**43.3**	**544.9**	**5.0**
Total Cost	**16.6**	**77.5**	**679.2**	
Total Benefit	**0.0**	**0.0**	**0.0**	
Total cost to RPs	**16.4**	**76.0**	**670.4**	
Cost to private sector RPs	15.6	70.3	603.3	
Cost to social sector RPs[15]	0.8	5.7	67.0	
Cost to business	**15.7**	**71.5**	**611.1**	
Cost to FRSs (FRA)	**0.1**	**0.4**	**1.0**	

Note: Figures may not sum due to rounding. Here, familiarisation costs are for CfE and GTI P1 proposals combined.

Total costs and benefits for CfE

Total costs (see Table 7), present value over 10 years, for Section 1 (CfE) proposals lie in the range of £16.6 to £679.2 million, with a central estimate of £77.5 million. There are no monetised benefits.. Total costs to business, over 10 years, lies in the range of £15.7 to £611.1 million, with a central estimate of £71.5 million. This would give an equivalent annual net direct cost to business in a range of £1.7 to £69.0 million per year, with a central estimate of £7.8 million per year. The CfE proposals (and costs) are part of **Option 1** and **Option 2** and will be presented as a part of these impacts.

[15] Social landlords (RP)s are estimated to be 5, 7.5 and 10 per cent, https://www.ethnicity-facts-figures.service.gov.uk/housing/social-housing/renting-from-a-local-authority-or-housing-association-social-housing/latest

Section 2: Grenfell Tower Phase I Report Recommendations

Option 1 and **Option 2** are considered within this section of the appraisal.

Option 1 is to legislate to implement changes to strengthen the FSO and improve compliance, implement the GTI P1 Report recommendations as written by the Inquiry, and implement the building control bodies proposals as written.

Option 2 is to legislate to implement changes to strengthen the Fire Safety Order and improve compliance, implement the GTI P1 recommendations in a practical, proportionate and effective manner, and implement the building control bodies proposal as written.

In relation to the Grenfell Tower Inquiry Phase 1 recommendations:

Option 1: the proposal is to implement the recommendations as written by the Inquiry

Option 2: the proposal is to implement the recommendation as set out in a practical, proportionate and effective manner.

Proposals set out in the consultation document to deliver this are referenced below.

2.1 Height of high-rise buildings

Option 2 (proposal 9): The majority of the proposals (sections 1 and 2) apply to high-rise multi-occupied residential buildings, though the Inquiry did not make a recommendation on what height this should be. For the purpose of costing both proposals, the height of 18m (and/or more than 6 storeys whichever ones comes first) and above has been adopted.

2.2 External walls

Recommendation 33.10 (a) states that:

> *The owner and manager of every high-rise residential building be **required by law** to provide their local fire and rescue service with information about the design of its external walls together with details of the materials of which they are constructed and to inform the fire and rescue service of any material changes made to them* (p.773).

Option 1: is to implement the recommendations as written by the Inquiry.

Option 2: (proposal 10 and 11): The proposals here seek to take forward this recommendation in a practical, proportionate and effective manner. This also includes recording the risks of the EWS and mitigating actions taken to deal with these risks either a) in a standard format or b) in the relevant section of the fire risk assessment and reporting this information to the local FRS.

Estimation

Assessment of the External Wall System

Where a building has an external wall system (EWS), the RP is expected to make an assessment of the EWS in order to be able to provide the FRS with information relating to it. The assessment was estimated as:

volume of buildings with cladding x time taken (hrs) x wage (£/hr)

The volume of buildings, see Table 1 (General assumptions and data), was multiplied by the proportion of buildings[16] that have cladding (see Table 3) to give the number of buildings with cladding.

Table 8, Proportion of buildings with cladding by height (%), England, 2019.

Buildings with cladding (%)	
Height	**Central**
0-11m	20
11-18m	25
18-29m	67
30m+	80

Source: Consultants and Home Office own estimates, 2020.

This volume was then multiplied by the time taken to sample and inspect the cladding (7 hours). It is assumed that a Private Fire Engineer undertakes this task, the assumed gross hourly wage is £101.14.[17]

The following three costs relating to the EWS follow the same style of calculation (time taken x volume of buildings with cladding x wage). The volume used is the same as the estimate for the assessment of the EWS. It is assumed that a private sector admin processing role completes these tasks and the gross wage is given as £15.35 per hour.[18]

Design and Detailing

It is assumed that the time taken to write up the information relating to the design and details of materials is 10 minutes. This is additional work on top of recording the standard information on cladding.

Risk and Mitigation

The time to write up the information relating to the level of risk and mitigations is assumed to be 20 minutes. This is assumed to only occur where there is a risk the building has unsafe cladding. It is assumed that 15 per cent of buildings with cladding have a risk of that cladding being unsafe.[19]

Reporting information to the FRS

The time taken to report the information to the FRS is assumed to be 30 minutes.[20]

Cost

The estimated cost of **Option 1** (assessing the EWS, recording design and details and reporting to the FRS) is **£5.5 million (PV) over 10 years**, with an **annual average cost of £0.6 million.**

The estimated cost of **Option 2** (assessing the EWS, recording design and details and reporting to the FRS plus recording and providing information on risk and mitigation) is **£5.5 million (PV) over 10 years**, with an **annual average cost of £0.6 million.**

[16] The proportion of buildings with cladding is not known with certainty, however evidence form the sector assumes that overall the proportion may be around 30 per cent but that for high rise buildings it is greater than 70 per cent. No other survey or register of buildings by height has a definitive count of buildings with cladding by height. The assumptions in Table 3 attempt to match sector perceptions.

[17] Source: Fire sector, NFCC Home Office own estimates, 2020. Wages fromTable 14.5a and the Fire Sector market rates, central estimates only

18 Wages from the Annual Survey of Hours and Earnings (2019)

[19] NFCC and Home Office own estimates.

[20] Assumptions on how long tasks take are NFCC and Home Office own assumptions.

There is a marginal difference in cost between the two proposals. For an **additional cost of about £8,082.0 over 10 years,** the assessment of the EWS and provision of risk and mitigating action in **Option 2** appears to be a more effective implementation of the recommendation.

2.3 Plans

Recommendation 33.12 (a) states that:

*The owner and manager of every high-rise residential building be **required by law**:*

a) to provide their local fire and rescue services with up-to-date plans in both paper and electronic form of every floor of the building identifying the location of key fire safety systems.

Option 1: Implement this recommendation as written by the Inquiry.

Option 2 (proposals 12, 13 and 14): Implement this recommendation in a practical, proportionate and effective way. This would meet the recommendation's objective. The proposal is to go further than the Inquiry's recommendation by requiring RPs to provide their local FRS with an additional single page building plan which should include the location of all key firefighting equipment.

Estimation

Option 1 is costed in the same way as **Option 2** (see below) except there are additional costs of RPs providing a paper copy of the plan to the local FRS and the local FRS incur costs of processing and storing these paper plans.

This is estimated in the same way as **Option 2** but with the additional cost of storage of paper plans for all FRSs. Using volume of plans to be drawn up and stored as paper copies, and leasing of warehouse storage assumptions.

For **Option 2** where there is a building which does not have up-to-date floor plans, the RP is expected to have up-to-date plans drawn up, as well as a single page building plan indicating the location of key firefighting equipment. There is a cost of quality assuring the plans and that the local FRS are provided with a digital copy. Where local FRSs do not have the capability to store a considerable volume of digital plans, an IT cost will be incurred. The additional cost of single page building plan which should include the location of all key firefighting equipment is marginal as it will be an addition to the up-to-date floor plans and will be sent together. Therefore, it is not costed.

The cost of creating the plans and quality assurance was estimated as:

cost of creating plans (£) x volume of buildings x percentage buildings without up-to-date plans

cost of QA (£) x volume of buildings x percentage buildings without up-to-date plans

The cost of creating a set of plans[21] was estimated to be in a range of £10,000 to £15,000, with a central estimate of £12,500, which is what was used. Quality assurance of a set of plans was estimated to be £200 (L) to £300 (H), with a central estimate of £250, which is what was used. The proportion of buildings without an up-to-date plan is assumed to be 65 per cent[22].

The cost of providing the local FRS with a set of plans is estimated as follows:

time taken (hrs) x volume of buildings x gross hourly wage (£)

[21] This includes a didgital survey and 3-D model, which is what most owners of high-rise buildings now purchase compared to a manual survey and paper only copies, (consultants and the fire sector opinion).

[22] Source: All from PRP and Home Office own estimates, 2020.

It is assumed that this task will be completed by a private admin processing role, where the gross hourly wage is taken from the ASHE 2019 and is estimated to be £15.35. The time taken for the admin processing role to provide the local FRS with the up-to-date plans is assumed to be 30 minutes.

Cost

In **Option 1**, the estimate for the private sector is **£92.1 million (PV) over 10 years**, an **annual average cost of £10.7 million**. The estimated cost for the FRS is **£0.6 million (PV) over 10 years,** an annual average cost of **£0.1 million.** The **total** estimated cost of **Option 1** is **£92.7 million (PV) over 10 years,** the **total average annual cost is estimated to be £10.8 million.**

The estimated private sector cost of **Option 2** is **£92.1 million (PV) over 10 years**, an **annual average cost of £10.7 million,** the same as in **Option 1**. The estimated cost for the FRS is **£3.4 million (PV) over 10 years,** an annual average cost of **£0.4 million.** The **total** estimated cost of **Option 2** is **£95.5 million (PV) over 10 years,** the **total average annual cost is estimated to be £11.1 million.**

For an **additional annual cost of £0.3 million, Option 2** appears to be a more effective implementation of the recommendation. There is also significant uncertainty about the cost of storage of paper plans, particularly in larger metropolitan areas, which means this may be an under-estimate of this cost. It is possible therefore **Option 2** may incur a higher cost.

2.4 Premises Information Boxes (PIBs)

Recommendation 33.12 (b) states that:

> *The owner and manager of every high-rise residential building be **required by law**:*
>
> *a) to ensure that the building contains a premises information box, the contents of which must include a copy of the up-to-date floor plans and information about the nature of any lift intended for use by the fire and rescue services* (p.773)*.*

Option 1: Implement this recommendation as written by the Inquiry.

Option 2 (proposal 15, 16, 17): The Government proposes to implement the recommendation as written by the Inquiry and go further by also requiring that the following be included in the PIBs:

- Copies of the completed fire risk assessment.
- Contact details of the relevant RP who could be contacted if required.

The PIB will also include other documents described elsewhere in the Inquiry recommendations (such as evacuation plans and personal emergency evacuation plans). To ensure consistent implementation, the Government proposes to ensure that the approach for existing buildings under the FSO is mirrored for new buildings under Approved Document B guidance.

Estimation

Option 1 is costed in the same way as **Option 2** (see below). There is no difference in cost between either proposal.

For **Option 2** the RP is expected to provide a Premises Information Box (PIB) in their building and include all relevant information within. The cost of providing the PIB is estimated as:

Price (£) x volume

The NFCC assumes that in almost all cases the PIB is purchased from GERDA, and the cost is in the range of £764 and £835 per GERDA box. The Home Office therefore assumes the price of a PIB box to be £799.50. The volume used is the building stock for building 18m and above, plus the volume of new builds for the same height thresholds.

Table 9: Volume of New Builds

Building Height	Volume
18-29m	210
30m+	72

Source: These were calculated using the rate of new builds agreed with MHCLG as a percentage of the stock of buildings: 18-29m = 0.02, 30m+ = 0.03.

The cost of fitting and maintaining the GERDA box is estimated as:

Time taken (hours) x volume x wage (£)

The assumption is that the time taken to fit and maintain a GERDA box is 1 hour. The occupation of the person completing this task is assumed to be a metal working production and maintenance fitters and the gross hourly wage is taken from the ASHE 2019 survey. It is estimated to be £17.04 per hour, after being uplifted with staff on costs. The volume is the same used in previous costs.

Cost

The estimated cost of both **Option 1** and **Option 2** (the same proposal) is £11 million (PV) over 10 year, and an annual average cost of £1.3 million.

2.5 Lifts

Recommendation 33.13 states that:

a) *Theowner and manager of every high-rise residential building **be required by law** to carry out regular inspections of any lifts that are designed to be used by firefighters in an emergency and to report the results of such inspections to their local fire and rescue service at monthly intervals;*

b) *The owner and manager of every high-rise residential building be **required by law** to carry out regular tests of the mechanism which allows firefighters to take control of the lifts and to inform their local fire and rescue service at monthly intervals that they have done so* (p. 774).

Option 1: Implement this recommendation as written by the Inquiry.

Option 2 (proposals 18 and 19): The proposals here seek to take forward these recommendations in an effective and proportionate manner. **Option 2** focuses on real-time exception reporting of the failure of relevant lifts and the mechanism which allows firefighters to take control of the lifts. It requires RP to undertake monthly checks within their respective buildings as per the requirements set in the Inquiry's recommendation. Where the RP identifies a fault, either through monthly checks or via any other routine checks, then they must report it immediately to their local FRS. This would implement the recommendation's objective of ensuring that the local FRS is made aware of lift failures that could impact on firefighter access but would go further in that it would also include other fire-fighting and fire safety equipment. **Option 2** proposes to require RP to apply this approach to all lifts (not just lifts used by firefighters), to other fire-fighting equipment, and to record these inspections in a transparent way which is accessible to residents.

Estimation

Option 1 is costed in the same way as **Option 2** (see below) except there are additional costs to RPs of reporting the results of lift mechanism test on a monthly basis to the local FRS and the local FRS incur costs of receiving, reviewing and storing these results. The cost of this proposal only includes the inspection and testing of lift mechanisms.

There are four costs relating to the Lifts recommendation:

1. Inspection and testing of lift and mechanisms.
2. Inspecting firefighting equipment.
3. Recording the results.
4. Providing the FRS with results.

All four costs are applied in **Option 2**, however the cost of inspecting fire-fighting equipment is not applied in **Option 1**. Similarly, for the cost of providing the FRS with results, this happens monthly in **Option 1** whereas in **Option 2** it will only occur upon exception.

The estimate for all four costs is the same (although the variables change depending on the cost, option and building height it is being applied to:

time taken (hours) x interval x volume x volume percentage (%) x wage (£/hr)

Table 10, Time taken to complete lift related tasks, hours

Task	Central Estimate
Inspection and mechanism check	0.33
Fire-fighting equipment inspection	0.33
Recording of results	0.17
Providing the FRS with information	0.50

Source: NFCC and Home Office own assumptions, 2020.

The interval used for this calculation is 12, as this cost occurs every month. The volume used is the building stock, and the volume percentage is held at 100 per cent with the exception being for **Option 2** when providing the FRS with results. Here instead, the percentage used is the chance that the lift will fail an inspection as in **Option 2** the results are only reported upon exception. The assumption for the percentage chance that a lift will fail an inspection is 5 per cent.[23] It is assumed that this task will be completed by a private admin processing role. The wage of which is estimated to be £15.35, using the ASHE 2019 survey.

Cost

The estimated cost of **Option 1** (implementing the recommendation as drafted) is **£28.5 million (PV) over 10 years**, an **annual average cost of £3.3 million**.

The estimated cost of **Option 2** (implementing the recommendation **with the additional cost of inspecting fire-fighting equipment, but only informing the FRS on exception** is **£33.6 million (PV) over 10 years**, an **annual average cost of £3.9 million**.

2.6 Evacuation plans

Recommendation 33.22 (c) states that:

[23] Source: NFCC and Home Office own estimates, 2020.

> *that the owner and manager of every high-rise residential building be required by law to draw up and keep under regular review evacuation plans, copies of which are to be provided in electronic and paper form to their local fire and rescue service and placed in an information box on the premises* (p. 777).

Option 1: Implement this recommendation as written.

Option 2 (proposals 20 and 21): The proposals here seek to take forward this recommendation in an effective and proportionate manner. This would implement the recommendation as written by the Inquiry except for the requirement to provide a paper copy of the evacuation plan to fire and rescue services. This means the relevant RP will be required to draw up and keep under regular review evacuation plans, copies of which are to be sent electronically to fire and rescue services and placed in a Premises Information Box (PIB) on site.

Estimation

Option 1 is costed in the same way as **Option 2** (see below) except with an added cost of sending a paper copy of the plans to the FRS.

For **Option 2,** the RP is expected to create and draw up evacuation plans for their building, keep them under a regular review and provide them to the local FRS as well as keeping them in their Premises Information Box.

The cost of creating and drawing up evacuation plans is estimated as follows:

Time taken (hours) x volume x wage (£)

Specialist fire and planning consultants assumes that it will take 3 days to create evacuation plans for a building. The Home Office assumes that this is in total 22.5 hours of work, where a working day consists of 7.5 hours. The volume used is the stock of buildings. The volume used is the building stock above 18m. It is assumed that a building safety manager completes this task. The estimated gross hourly wage of a private building safety manager is £20.97.

The cost of keeping the plans under regular review is estimated as follows:

Time taken (hours) x interval x volume x wage (£)

The time taken to review evacuation plans is assumed to be 75 minutes (1.25 hours) and the interval is 4 as it is assumed that the evacuation plans will be reviewed quarterly. The volumes used for both proposals are the same as in the previous cost, as is the wage. It is also assumed a private building safety manager will complete this task.

The cost of providing the FRS with the information is estimated as follows:

Time taken (hours) x interval x volume x wage (£)

It is assumed that the time taken to provide the FRS with the information is 30 minutes. The interval is 4 again, as it is assumed that the information is provided after completing a review of the evacuation plans. The volume of building is also the same as in previous costs, however the wage rate is different. It is assumed that a private sector admin processing role will complete this task. The wage rate is assumed to be £15.35.

In **Option 1** there is the additional cost of sending a paper copy to the FRS. This is estimated as:

Price x volume x interval

The volume and interval used are the same as in the previous cost, as it is assumed both copies of the plans will be sent at the same time. The price is assumed to be £1.95, which is the cost of a signed for 2nd class mail (Royal Mail).

Cost

The estimated cost of **Option 1** (implementing the recommendation as written by the Inquiry) is **£28.5 million (PV) over 10 years**, and an **annual average cost of £3.3 million.**

The estimated cost of **Option 2** is **£20.3 million (PV) over 10 years**, an **annual average cost of £2.4 million**.

2.7 Personal Emergency Evacuation Plans (PEEPs)

Recommendation 33.22 (e) and (f) state that:

> *(e) - (…) that the owner and manager of every high-rise residential building be required by law to prepare personal emergency evacuation plans for all residents whose ability to self-evacuate may be compromised (such as persons with reduced mobility or cognition);*
>
> *(f) - (…) that the owner and manager of every high-rise residential building be required by law to include up-to-date information about persons with reduced mobility and their associated PEEPs in the premises information box* (p. 777).

Option 1: Implement this recommendation as written.

Option 2 (proposals 22, 23, 24): The proposals here seek to take forward these recommendations in an effective and proportionate manner, tailored to the risk the Inquiry has identified. It aims to deliver the Inquiry's underlying objective that residents who need help to evacuate in the event of fire can access that assistance, whilst being mindful of the challenges of putting in place and updating PEEPs in general use multi-occupied residential buildings. The proposal includes a legal requirement for the Responsible Person to provide relevant details of residents who require assistance to evacuate to local FRS and to place these in the Premises Information Box (PIB). This requirement will only apply where the resident has self-identified to the Responsible Person and provided their explicit consent. To support this approach, the relevant RP will also be required to provide information to residents about the process through which they can provide the necessary information in order to declare that they need assistance.

In addition, where a high-rise multi-occupied residential building is higher risk, for example, by virtue of having unsafe cladding, and has interim measures in place as required under the NFCC's Waking Watch guidance[24], personnel should be in place to assist with an evacuation. In such instances, the relevant RP should have the means to assist the evacuation of vulnerable individuals. As a result, we are proposing that, in this limited category of buildings, the RP should be required to prepare a PEEP for each resident who self-identifies as vulnerable and requires assistance with evacuation. The RP will also be required to keep the PEEP up to date and, with the explicit consent of the resident, share it with the local fire service to assist with their planning and response to any incident.

Estimation

Option 1 is costed in the same way as **Option 2** (see below) except without the cost of notifying the local FRS about the PEEP, plus using the entire volume of vulnerable people.

For **Option 2,** the RP is expected to conduct a PEEP risk assessment and create a PEEP for all residents who are content for their information to be shared with the FRS, but only in high-rise

[24] Guidance_NFCC_Simultaneous_Evacuation.

multi-occupied residential buildings where the risk is sufficiently high to require interim measures. There is also the additional cost of notifying the local FRS of the PEEP.

The cost of conducting a PEEP risk assessment is estimated as follows:

Time taken (hours) x volume x wage (£)

The NFCC assumes that it will take 45 minutes to conduct a PEEP risk assessment. The volume used is an estimate of how many vulnerable people there are living in residential buildings. It is estimated to be 14 per cent, which is the average of the percentage of households which require adaptions made to their homes and working age adults who are disabled.[25] The assumed number of residents per household is 2.4, which was the average household size in 2017.[26] An Inside Housing freedom of information request showed that there were 420 residential buildings with a Waking Watch. It is acknowledged that these may not all be high rise residential buildings, but due to the lack of data it is assumed the same split between buildings in the 18-30m and 30m+ thresholds apply here. The same percentage of vulnerable people and average household size is used to create the PEEP waking watch volume.

Table 11, estimated PEEP volume by height:

Height	Volume (all buildings)	Volume (waking watch buildings)
18-29m	95,424	3,107
30m+	68,208	2,221
Total	163,632	5,328

In **Option 2**, it is assumed that 37 per cent of vulnerable people self-identify and consent for their information to be shared. This was estimated using data on the amount of people who opt out of being in the open register in England and Wales.[27] This percentage is applied to the PEEP volumes in **Option 2.**

It is assumed that a private sector admin processing role will conduct the PEEP risk assessment, the gross hourly wage of which is estimated as £15.35.

The cost of creating a PEEP is estimated as follows:

Time taken (hours) x volume x wage (£)

The NFCC assumes it will take two hours to create the PEEP. The volume is the same as in the previous cost, as is the wage rate.

The cost of notifying the local FRS about the peep is estimated as follows:

Time taken (hours) x volume x wage (£)

The NFCC assumes that it will take 20 minutes for the local FRS to be notified with the information on the PEEP once they are created. In **Option 2** this is applied to all volumes, not just those in buildings with a waking watch, as the RP is expected to give the FRS information regardless.

Cost

The estimated cost of **Option 1** is £8.1 million (PV) over 10 years, and an annual average cost of £0.9 million.

[25] https://www.scope.org.uk/media/disability-facts-figures/ , https://www.papworthtrust.org.uk/about-us/publications/papworth-trust-disability-facts-and-figures-2018.pdf

[26] https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2017

[27] Source: https://www.ons.gov.uk/peoplepopulationandcommunity/elections/electoralregistration/bulletins/electoralstatisticsforuk/2018#total-number-of-uk-parliamentary-electors-decreases

The estimated cost of **Option 2** is £0.4 million (PV) over 10 years, an annual average cost of £42,000.

2.8 Information to Residents

Recommendation 33.28 states that:

> *(…) the owner and manager of every residential building containing separate dwellings (whether or not it is a high-rise building) be **required by law** to provide fire safety instructions (including instructions for evacuation) in a form that the occupants of the building can reasonably be expected to understand, taking into account the nature of the building and their knowledge of the occupants* (p. 778).

Option 1: Implement this recommendation as written by the Inquiry.

Option 2 (proposals 25 and 26): This proposal will implement this recommendation as written, supplemented by the additional general provisions for Responsible Persons stemming from the proposals in relation to information to residents under the FSO consultation proposals.

Estimation

Option 1 is costed in the same way as **Option 2** (see below). There is no difference in cost between either proposal.

For **Option 2** the RP is expected to provide fire safety instructions (including instructions for evacuation) to the residents of a building.

The cost of creating the fire safety instructions is estimated as follows:

Time taken (hours) x volume x wage (£)

The NFCC assumes that it will take 2 hours to create fire safety instructions, include information on evacuation, which residents can be reasonably expected to understand. The volume used is the entire stock of all buildings. This is because this recommendation is applied to all residential buildings, regardless of height. It is assumed that a private building safety manager will complete this task. The estimated gross hourly wage for this occupation is £20.97.

The cost of providing residents with the information once it has been created is assumed to be negligible and is therefore not costed. The information can be emailed or simply given to residents currently living in the building, and new residents will be provided with the information upon arrival.

Cost

The estimated cost of **Option 1** and **Option 2** is **£61.2 million (PV) over 10 years**, and an **annual average cost of £7.1 million**.

2.9 Fire Doors

Recommendation 33.29 (b) states that:

> *33.29 (b) The owner and manager of every residential building containing separate dwellings (whether or not they are high-rise buildings) be **required by law** to carry out checks at not less than three-monthly intervals to ensure that all fire doors are fitted with effective self-closing devices in working order.*

Option 1: Implement this recommendation as written by the Inquiry. The burden of repairing or replacing faulty self-closing devices has been included.

Option 2 (proposal 27 and 28): The proposals here seek to take forward these recommendations in an practical, proportionate and effective manner. In line with the Inquiry's recommendation, it will place the RP under a requirement to undertake the checks of the self-closing devices to be prescribed in law and to keep a record that can be made available to the Fire and Rescue Authorities for compliance.

The proposal aims to deliver a step change, proportionate to the level of risk associated with high rise multi-occupied residential buildings, as well as those of lower heights. It seeks to be proportionate in terms of cost, in light of the estimated costs of **Option 1**. The proposal also takes into account of the existing requirements under the FSO (clarified by the Fire Safety Bill), the likely heavy usage of doors exclusively located in the common parts (non-domestic parts) and the operational implications, including the need to access individual flats to conduct checks on flat entrance doors. The proposal therefore seeks to achieve reasonable and practicable levels of checks prescribed in law for buildings of 11m and above.

In summary, a RP will be required to undertake prescribed checks to ensure effective self-closing devices are in working order as follows:

- For multi-occupied residential building of 18m and above:
  - At not less than three-monthly intervals, on all fire doors exclusively located in the common parts (non-domestic parts)
  - At not less than six-monthly intervals, on all flat entrance doors which are fire doors (between domestic and non-domestic parts).
- For multi-occupied residential buildings of 11m – 18m:
  - At not less than six monthly intervals, on all fire doors exclusively located in the common parts (non-domestic parts)
  - At not less than yearly intervals, on all flat entrance doors which are fire doors (between domestic and non-domestic parts)

For all fire doors in buildings under 11m, alongside the requirements under the fire risk assessment process, the consultation seeks views on the role of guidance to promote checks of all fire doors self- closing devices at a frequency which could take account of the age of the building, height and risk profile).

The burden of repairing or replacing faulty self-closing devices has been included.

Estimation

Option 1 is costed as follows: all buildings, regardless of height, will have all self-closing devices on fire doors on individual flat entrances (between domestic and non-domestic parts) and doors located in the common parts exclusively (non-domestic parts) checked quarterly. There will then also be a further cost of repairing or replacing faulty self-closing devices.

The cost of inspecting the self-closing devices on fire doors located at either the flat entrance (between domestic and non-domestic parts) and doors located in the common parts exclusively (non-domestic parts) was estimated as:

Time taken (hours) x interval x number of doors x wage

The time taken to inspect a self-closing device on a door is assumed to be three minutes[28]. The interval used is four, as the checks are occurring every three months which is four times per year.

The average number of flat entrance doors per building was estimated using the English Housing Survey (2017/2018) data on the number of flats per building. This was used with building volume

[28] NFCC and Home Office own assumptions

data to create an estimate for how many flat entrance doors there would be per building height. The number of fire doors located in the non-domestic parts was estimated using NFCC assumptions on the number of fire doors there will be in these parts of a building. It is acknowledged that there is a large amount of variation between residential buildings, which affects the number of doors in non-domestic parts there are per building:

Table 12, estimated number of flat entrance doors, per height range.

Height	Doors
0-11m	3,488,000
11-18m	931,000
18-29m	284,000
30m+	203,000

Table 13, estimated number of fire doors in the non-domestic parts, per height range.

Height	Doors
0-11m	11,172,000
11-18m	1,392,000
18-29m	262,500
30m+	74,400

The inspection work is assumed to be undertaken by a Building Safety Manager, where the estimated gross hourly wage rate is £20.97.

The cost of replacing of self-closing devices which do not comply with standard is estimated as follows:

Cost of replacing a self-closing mechanism (£) x volume of doors x chance a self-closing mechanism fails an inspection (%)

The cost of inspecting all fire doors as prescribed in law will fall to the RP. The RP will be required to keep a record of the checks available for audit by the FRAs. These costs will be split between the private sector and, where the RP is a local authority, the public sector.

The responsibility to take action and incur the cost of repairing or replacing a self-closing mechanism on fire doors in the non-domestic parts of multi occupied residential premises will fall to the RP. These costs will be split between the private sector and, where the RP is a local authority, the public sector.

The responsibility to take action and incur the cost of repairing or replacing a self -closing mechanism on the flat entrance door is also split between the private sector and the public sector. Where the door is located in social housing, the cost will likely fall on the public sector though subject to the terms of the lease or tenancy agreement with residents. Where the door is located in private housing it will fall to the private sector, either on the RP or on the leaseholder or tenant depending on the lease or tenancy agreement. Eighty-three per cent of the costs fall on the private sector whilst 17 per cent of the costs fall on the public sector. This is based on 2018 data from MHCLG on how many people live in social housing[29].

The volume of doors in this calculation for both non-domestic parts and flat entrances is the same volume used in the cost of checking the self-closing devices. The average price of replacing a self-closing mechanism is estimated as £106.15[30] . The NFCC estimate that the chance that a door will fail an inspection is assumed to be 10 per cent, it is assumed that for self-closers the chance is 5 per cent as many will only require a quick fix and not a full replacement.[31]

[29] Source: https://www.ethnicity-facts-figures.service.gov.uk/housing/social-housing/renting-from-a-local-authority-or-housing-association-social-housing/latest

[30] NFCC assumption

[31] NFCC assumption

Under **Option 2**, the cost of inspecting and repairing or replacing the self-closing mechanisms on fire doors on flat entrances and in non-domestic parts of premises is calculated in the same way as doors are calculated in **Option 1**. However, the volumes used are changes in line with the differences in the proposals.

For buildings below 11m, there is no cost for inspecting or repairing/replacing self-closers on flat front entrances doors or in the non-domestic parts. For buildings of 11m and above but below 18m, the interval being changed to one for flat entrances doors as the checks happen only once per year. For fire doors in the non-domestic parts the checks happen twice per year, so the interval is set to two. For buildings of 18m and above, the interval for flat entrances doors is set to 2 and for non-domestic fire doors it is set to four. This is because the self-closing mechanisms are checked twice per year on flat entrances and quarterly on fire doors in the non-domestic parts.

The estimate private sector cost of **Option 1** is **£1,318.0 million (PV) over 10 years**, an **annual average cost of £153.1 million**. The estimated cost for the public sector is **£138.3 million (PV) over 10 years,** an annual average cost of **£16.1 million.** The **total** estimated cost of **Option 1** is **£1,456.3 million (PV) over 10 years,** the **total average annual cost is estimated to be £169.2 million.**

The estimated private sector cost of **Option 2** is **£173.8 million (PV) over 10 years**, an **annual average cost of £20.2 million**. The estimated cost for the public sector is **£24.4 million (PV) over 10 years,** an annual average cost of **£2.8 million.** The **total** estimated cost of **Option 2** is **£198.2 million (PV) over 10 years,** the **total average annual cost is estimated to be £23.0 million.**

Recommendation 33.30 states that:

> *33.30 All those who have responsibility in whatever capacity for the condition of the entrance doors to individual flats in high-rise residential buildings, whose external walls incorporate unsafe cladding, be* ***required by law*** *to ensure that such doors comply with current standards (*779).

Option 1: Implement this recommendation as written by the Inquiry.

Option 2 (proposals 29 and 30): Implement this recommendation as written, extending it to doors in the non-domestic parts of high-rise multi-occupied residential buildings with unsafe cladding.

Estimation

Option 1 is costed in the same way as **Option 2** (see below) except that **Option 2** includes doors in non-domestic parts as well as flat entrance doors.

Option 2 is costed as follows: all buildings of 18m and above with unsafe cladding will have all fire doors checked in the non-domestic parts as well as flat front entrances doors. Doors which do not comply with the current standards will need to be replaced which will incur a cost.

The cost for inspecting the doors to check for compliance with current standards is as follows:

Time taken (hours) x number of doors x wage

The NFCC assumes it will take 15 minutes per door to inspect for compliance with current standards. The volume of doors is the same as in 33.29 (b) for 18m and above, however a percentage is applied to limit this to how many buildings will have unsafe cladding. As before, it is assumed that 15 per cent of buildings with cladding have a risk of that cladding being unsafe. It is assumed that a private Fire Risk Assessor will do these checks, and the wage is estimated to be £33.39 per hour. The cost for replacing faulty doors is as follows:

Cost of replacing a fire door (£) x volume of doors x chance a door fails an inspection (%)

The volume of doors is the same as in the previous cost, and the chance a door fails an inspection is the 10 per cent assumption that NFCC provided. The NFCC assumes that the cost of replacing a fire door is £500. In the same way as in the Inquiry's recommendation 33.29, the cost of replacement is split between the private (83%) and the public sector (17%).

The person in 'control' under the FSO of the relevant door in high-rise residential buildings will be under an obligation to ensure that the doors comply with current standards and the costs will fall accordingly.

The estimated cost of **Option 1** in the private sector is **£2.3 million (PV) over 10 years**, an **annual average cost of £0.3 million**. The estimated cost for the public sector is **£0.4 million (PV) over 10 years,** an annual average cost of **£0.0 million.** The **total** estimated cost of **Option 1** is **£2.7 million (PV) over 10 years,** the **total average annual cost is estimated to be £0.3 million.**

The estimated cost of **Option 2** in the private sector is **£3.8 million (PV) over 10 years**, an **annual average cost of £0.4 million**. The estimated cost for the public sector is **£0.6 million (PV) over 10 years,** an annual average cost of **£0.1 million.** The **total** estimated cost of **Option 2** is **£4.4 million (PV) over 10 years,** the **total average annual cost is estimated to be £0.5 million.**

2.10 Non-legislative Grenfell Tower Inquiry Phase 1 recommendations and alignment with Approved Document B

Alignment with Approved Document B (fire safety)

a. Mandating sprinklers in certain multi-occupied residential blocks

There is no proposal in relation to sprinklers therefore no costs. The Grenfell Tower Inquiry will consider sprinklers in Phase 2.

b. Wayfinding signage, requiring floor numbering to support fire and rescue service operations

These costs are not considered here as they are presented in the MHCLG IA.

Further Costs to the FRS

The recommendations incur further costs for the FRS in relation to reviewing the information provided to them, this is true for both proposals.

Option 1: Implement this recommendation as written by the Inquiry.

Option 2: To take forward this recommendation in practical, proportionate and effective manner.

Estimation

Option 1 is costed in the same way as **Option 2** (see below) except there is a higher volume of information that the FRS will need to review as information is provided to them more frequently in **Option 1**.

For **Option 2** FRSs must review information received for various buildings. Information that shows a problem relating to the safety of the building would be highlighted.

The cost of reviewing the information was estimated as:

Time taken (hours) x interval x volume x wage (£)

The time it takes to review all the main information relating to a building (except for lifts) is assumed to be 45 minutes. The cost for reviewing information relating to lifts is calculated separately, due to there being a variation between **Option 1** and **Option 2** in the frequency of

information being provided to the FRS. The time it takes to review solely the information relating to lifts is 2 minutes.

The interval refers to how often the information is reviewed. For the main information, no interval is used as it is assumed that the interval is reviewed annually. For lifts, the interval is set to 12 as it is assumed the information is provided to the FRS monthly.

The volume used for the main information is the building volume. In **Option 1**, this is the same for lifts as all information is sent monthly. In **Option 2** however, the information relating to lifts is only sent to the FRS on exception and therefore the entire building volume is not used. The assumed chance in which a lift will fail a check is 5 per cent, so this is the percentage of the volume used.

It is assumed that this task will be performed by an FRS admin processing role, the gross hourly wage of which is assumed to be £22.33.

Where the information shows an issue with the building, it is assumed that this would be highlighted to a Watch Manager B within the FRS. The cost of doing this is estimated as:

Time taken (hours) x volume x failure rate (%) x wage rate (£)

The time taken to do this is assumed to be 7 minutes and the volume is the total building volume. The general failure rate of any information provided to the FRS is assumed to be 10 per cent.

This task is performed by both the admin processing role, and the Watch Manager B who the information is being highlighted to. The gross hourly wage of the Watch Manager B is assumed to be £34.35.

Cost

The estimated cost of **Option 1** (implementing the recommendation as drafted) is **£384.5 million (PV) over 10 years**, an annual average cost of **£44.7 million.**

The estimated cost of **Option 2** is **£260.6 million (PV) over 10 years**, an **annual average cost of £30.3 million**.

Option 2 appears to be a more effective implementation of the recommendation and better value for money (VfM) for the taxpayer as there is a **saving to FRSs of about £14.4 million per year**.

BENEFITS

Direct Benefits

There are no monetised direct benefits due to the difficulties in estimating these.

Indirect Benefits

The indirect benefits of the GTIP1 proposals are a contribution to the overall improvements, by government and others, to fire and building safety following the recommendations made in the Grenfell Tower Inquiry Phase 1 report. These are difficult to assess given the lack of data around these and are therefore non-monetised in the IA. A significant contribution to fire safety and regulations of buildings should give residents reassurance that their buildings will be safer as a result of the Government implementing the recommendations, for example, specifically including external wall systems and fire doors in the fire risk assessment, providing more relevant fire safety information to both residents and the local FRS, inspecting and testing lifts regularly etc. It is expected that these measures should help minimise the risk of a further incident like the Grenfell Tower tragedy and that as a result of these proposals, there should be a reduction in both fire fatalities and casualties as the measures are put in place. There should be benefits not only to multi-occupied residential housing (including high-rise) but also there should be a general greater

awareness of building and fire safety across all buildings, for residents, employees, owners/managers, business and the public sector.

Breakeven analysis

The total cost of **Option 1** is estimated, in 2019 prices, to be **£2,071.7 million (PV) over 10 years.** The total cost of **Option 2**, is estimated, in 2019 prices, to be **£690.8 million (PV) over 10 years.** It is standard practice in an impact assessment to carry out an appraisal to compares costs against benefits.

In this case it has not been possible to quantify the benefits of the proposals. Instead, breakeven analysis has been used to illustrate the potential scale of the benefits and to make comparisons between the options. To do this the value of a road traffic fatality or casualty used by DfT as a proxy for the cost to life in fire[32] is used. This does not mean that a proposal could not go ahead if the benefits do not exceed the costs. It is important to note that there are limitations to this type of analysis and a wider set of social and policy factors to be considered.

The published DfT value for a fatality (over a lifetime) is £2,009,557, and the value given for an average casualty is £68,562.

Dividing the estimate of the total cost of **Option 1** by the value of a life illustrates that **1,031 fire related fatalities** need to be avoided. Similarly, **30,216 fire related casualties requiring hospital treatment** need to be avoided.

Using the same calculation suggests that **Option 2** by the value of a life illustrates that **344 fire related fatalities** need to be avoided. Similarly, **10,076 fire related casualties requiring hospital treatment** need to be avoided.

To put this into perspective, from 2014/15 to 2018/19 there were **136 fire related fatalities** in medium and high-rise purpose-built flats, **an average of 27 per year**.[33] In the same time period, there were **1,140 fire related non-lethal casualties which required hospital treatment** in medium and high-rise purpose-built flats, **an average of 228 per year.**[34]

To illustrate this in terms of time taken, **Option 1** would require 37.9 years to achieve breakeven point, whereas, **Option 2** would only require 12.9 years to avoid the required number of fire related fatalities in medium and high-rise purpose-built flats. In terms of casualties, **Option 1** would require 132.5 years to achieve breakeven point, whereas, **Option 2** would only require 44.2 years to avoid the required number of fire related casualties in medium and high-rise purpose-built flats.

- **Fatalities** for **Option 1** over 10 years, **1,031 / 27 = 37.9 years**
- **Casualties** for **Option 1** over 10 years, **30,216 / 228 = 132.5 years**
- **Fatalities** for **Option 2** over 10 years, **344 / 27 = 12.9 years**
- **Casualties** for **Option 2** over 10 years, **10,076 / 228 = 44.2 years**

[32] Department for Transport (2019) Tag Data Book, May, v1.12, Table A4.1.1, Average value of prevention of a casualty, (2010 prices uprated to 2019 prices and values) including lost output, human costs and medical/ambulance cost. See: https://www.gov.uk/government/publications/tag-data-book

[33] Home Office (2019): FIRE STATISTICS TABLE 0205b: Fatalities1 in dwelling fires attended by fire and rescue services in England, by dwelling type

[34] Home Office (2019): FIRE STATISTICS TABLE 0205c: Non-fatal casualties in dwelling fires attended by fire and rescue services in England, by dwelling type and severity of injury1, England

Table 14, Summary costs and benefits of Grenfell Tower Inquiry Phase 1 recommendations Options 1 and 2, £ million (PV) and average per year cost, £ million, 2019 prices.

GTI P1	Option 1	Ave/year	Option 2	Ave/year
Business costs (RP, tenants, leaseholders)				
2.1 Definition of Height	0.0	0.0	0	0
2.2 External Wall System	5.5	0.6	5.5	0.6
2.3 Plans	92.1	10.7	92.1	10.7
2.4 Premises Information Box (PIB)	11.0	1.3	11.0	1.3
2.5 Lifts	28.5	3.3	33.6	3.9
2.6 Evac Plans	21.2	2.5	20.3	2.4
2.7 PEEPs	8.1	0.9	0.4	0.0
2.8 Info to Occupants	61.2	7.1	61.2	7.1
2.9 Fire Doors 33.29 (b)	1,318.0	153.1	173.8	20.2
2.9 Fire Doors 33.30	2.3	0.3	3.8	0.4
Alignment with Approved Document B				
Total Business Cost	**1,547.9**	**179.8**	**401.7**	**46.7**
Public Sector Costs				
2.3 Plans Storage Cost	0.6	0.1	3.4	0.4
2.9 Fire Doors 33.29 (b)	138.3	16.1	24.4	2.8
2.9 Fire Doors 33.30	0.4	0.0	0.6	0.1
2.10 Further Costs to the FRS	384.5	44.7	260.6	30.3
Total Public Sector Cost	**523.7**	**60.8**	**289.1**	**33.6**
Total Cost	**2,071.7**	**240.7**	**690.8**	**80.3**
Total Benefit	**0**	**0**	**0**	**0**

Note: Figures may not sum due to rounding

Total costs, benefits, NPSV, BNPV and EANDCB

The estimate of **total cost** (see Table 14) for implementing the GTI P1 recommendations under **Option 1** is **£2,071.7 million (PV)** over the 10-year appraisal period. Given that benefits are not monetised, the total monetised benefits are **£0.0**. **The Net Present Social Value (NPSV)**, which is the total discounted benefits minus the total discounted costs, is therefore **-£2,071 million** over the 10-year appraisal period. The **Business Net Present Value (BNPV)** is estimated to be **-£1,547.9 million**. The **Equivalent Annual Net Direct Cost to Business (EANDCB) is £179.9 million**.

The estimate of **total cost** for implementing the GTI P1 recommendations under **Option 2 is £690.8 million (PV)** over the 10-year appraisal period. Given that benefits are not monetised, the total monetised benefits are £0.0. The **Net Present Social Value (NPSV),** which is the total discounted benefits minus the total discounted costs, is therefore **-£690.8 million** over the 10-year appraisal period. The **Business Net Present Value (BNPV) is estimated to be -£401.2 mllion**. The **Equivalent Annual Net Direct Cost to Business (EANDCB) is £46.7 million**.

Section 3: Building Control Bodies Consultation with Fire and Rescue Authorities

Section 3 is a component of both **Option 1** and **Option 2**.

Costs

3.1 Improving guidance (Proposals 3.1 and 3.6)

The Government is consulting on whether further guidance on specific information to be provided to both building control bodies and Fire and Rescue Authorities (FRAs) at the building control stage would be helpful. This would help FRAs and BCBs to more effectively examine the information provided by developers but also give developers greater certainty on what and how they need to provide. In addition to this, the Government is considering whether producing national standard advice, for use at the local level, rather than having to develop specific advice on each occasion could help FRAs respond more easily and whether it would be helpful.

There are two areas to cost for this proposal, the first is the familiarisation cost associated with individuals reading the guidance. The second is the cost of the time taken to create the guidance.

Familiarisation costs

Estimation

It is assumed there will be approximately five pages of further specific guidance and 20 pages of standard advice guidance. A low, central and high estimate of the total number of pages is taken as 20, 25 and 30 pages. The assumption for words per page is taken as 200, 250 and 300 words, in the low, central and high scenario, respectively. This gives the total word count in the range of 4,000 to 9,500 words, with a central estimate of 6,250 words. Readingsoft.com tables are used to estimate the time taken to read this number of words (see Table 15).

Table 15, Total time for familiarisation

	Number Words	Speed (wpm)	Time (mins)	Comp	Re-read time	Allowance	Total time (mins)
High	9,000	240	37.5	0.6	15.0	1.0	54.0
Central	6,250	400	15.6	0.8	3.13	0.5	19.0
Low	4,000	1,000	4.0	0.85	0.0	0.0	4.0

Source: http://www.readingsoft.com/, Home Office and MHCLG estimates.

Costs

There are an estimated 7,100 inspectors across BCBs. Not all inspectors employed by BCBs will deal with fire matters. We have assumed 25 per cent, 50 per cent and 75 per cent respectively would need to familiarise themselves in depth with the new guidance. This gives low, central and high familiarisation numbers for inspectors as 1,775, 3,550 and 5,325.

Fire officers working on protection will also need to familiarise themselves with the new guidance. The NFCC survey of FRS conducted in 2018 is used to calculate the number of fire protection officers who will need to read the guidance. It is assumed all protection officers with a level 3 and 4 certificate in fire safety, all protection officers with a level 4 diploma in fire safety (who could

potentially work on HRRBs under competency framework) and total number of FRS who were trained before the competency framework was introduced in 2013 will need to familiarise with the guidance. This gives a total of 933 officers, at Watch Manager B level. In addition to this, it is estimated that 70 line-managers would also need to familiarise themselves with the guidance, at Station Manager B level. These costs all fall to the public sector.

Familiarisation costs occur in year 1 only. **Total familiarisation costs** are estimated to **lie in the range of £0.01 million to £0.4 million**, with a **central estimate of £0.1 million** in year 1 only.

Cost to create the guidance

Estimation

There will be a cost of the time taken to create the improved guidance document. It is assumed that it will take a HEO and G7 civil servant time to write, research and refine a guidance document. The number of days taken to do this, in line with the assumptions on the length of the document as above, is assumed to be in the range of 40 to 80 days, with a central estimate of 60 days (in working weeks, a range of 8 to 16 weeks, with a central estimate of 12 weeks). It is assumed that there are 7.5 hours in the working day.

Costing the time taken for a civil servant to create the guidance is done using the civil service median salaries data[35]. It is assumed 50 per cent of the time will be HEO staff and 50 per cent will be Grade 7. The total salary is taken and uplifted using the Eurostat 18 per cent non-wage staff costs to give the gross median salary. This is then divided by 52 weeks per year, and 37 hours per week to give the gross median hourly wage, as used in calculations.

Costs

Total cost of time to create the guidance is outlined in Table 16, following the assumptions above. These costs fall to the public sector.

Table 16, Time to create Guidance

	Days of civil servant time	Hours per day	Total hours	HEO Hourly Wage (50%)	G7 Hourly Wage (50%)
Low	40	7.5	300	19.44	31.96
Central	60	7.5	450	19.44	31.96
High	80	7.5	600	19.44	31.96

Source: https://www.gov.uk/government/statistics/civil-service-median-salaries-by-uk-region-and-grade, uplifted using Eurostat (https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lc_lci_lev&lang=en)

The cost of creating the new guidance only occurs in year 1. **Total set-up costs** are estimated to **lie in the range of £0.01 million to £0.02 million**, with a **central estimate of £0.01 million** in year 1 only.

3.2 Plans Certificates

Additional workload for Approved Inspectors

A plans certificate is a statement provided by an Approved Inspector (AI) to a local authority indicating that the AI has checked the plans of the building work and considers them to be compliant with Building Regulations. This is currently a voluntary arrangement. If such plans are mandated, it is assumed that an AI has to spend an average of two hours preparing plans certificates for submission to the local authority, this is taken as the central estimate and a low and high range of one and three hours are used, to account for uncertainty. The AI will already have to

[35] https://www.gov.uk/government/statistics/civil-service-median-salaries-by-uk-region-and-grade

check plans in order to assure themselves that Building Regulations' requirements are being met so it is the extra costs of preparing and submitting plans certificates, which are being estimated.

Estimation

The number of plans certificates issued for buildings covered by the FSO is unknown. The total number of consultations for which an AI checks the plans is taken as 16,500. This is calculated using 50,000 consultations per year (2018/19), with 33 per cent being undertaken by AIs, rather than Local Authority Building Control[36]. A low, central and high estimate of how many new plans certificates would be submitted is taken as 75 per cent, 88 per cent and 100 per cent respectively, based on internal estimates of the number of plans certificates currently submitted to local authorities. This assumes currently that 25 per cent, 12 per cent and 0 per cent of AIs already submit plans certificates. This gives the total number of new plans certificates to be submitted, per year, in the range of 12,375 to 16,500, with a central estimate of 14,520. A low, central and high additional workload (hours) for the AI is estimated to be 1, 2 and 3 hours. This gives a total additional time for all new plans to be in the range of 12**,**375 to 49,500 hours, with a central estimate of 29,040 hours. The consultation seeks to find out which is the most plausible scenario.

Costs

The cost of these hours is a cost to business, as the additional cost to the AIs is assumed to be passed onto their clients. The total cost of the expected additional time is calculated by taking total additional hours and multiplying by an AI's gross hourly wage. The estimated costs lie in a range of **£7.5 million to £30.0 million**, with a **central estimate of £17.6 million (PV) over 10 years**. This gives an estimated average annual cost in the range of £0.9 million to £3.5 million, with a central assumption of £2.0 million (constant prices).

Administrative costs to Local Authorities

Estimation

There will be a minor cost to Local Authorities in having to process more plans certificates. Again, this will be passed onto their clients, and is hence a cost to business. As above, the total number of new plans to be submitted per year is in the range of 12,375 to 16,500 with a central estimate of 14,520. It is estimated that time taken to process additional plans certificates is 15 minutes in the central scenario. A lower and upper bound of 10 minutes and 20 minutes is applied. The total time for all new plans is multiplied by the building control administrator hourly gross wage.

Costs

The estimated costs **lie in a range of £0.2 million to £0.6 million**, with a **central estimate of £0.4 million (PV) over 10 years**. This gives an estimated average annual cost in the range of £0.03 million to £0.07 million, with a central assumption of £0.05 million (constant prices).

3.3 Timely Consultation

The Government is seeking views as to whether additional consultation points should be prescribed, and when these should be. For example, there is no explicit requirement for

[36] https://www.labc.co.uk/sites/default/files/resource_files/LABC.univ-wolverhampton-SROIreport.ZL_.V2.180618.pdf

consultation before a local authority issues a completion certificate, though an AI must do so before issuing a final certificate.

In line with the above an illustrative costing of requiring an additional consultation for Local Authorities before issuing a final certificate has been costed.

There are two costs associated with this scenario

1. **Consultation:** The cost of consultation with FRAs. This is only costed in relation to the FRA, as building control bodies can recover any additional costs incurred through charging to customers.
2. **Administrative costs:** Administrative costs to building control bodies associated with sending over relevant documents

Consultation

Estimation

The cost of the additional consultation to building control bodies is recoverable through charging. For FRA it is assumed that the normal time taken to complete a consultation is 1.75 hours. Accounting for the fact that a consultation at the end of the process would not include the need to check plans (as is the case with a consultation at the start of a process), a low, central and high assumption of 25 per cent, 50 per cent and 75 per cent respectively of time has been applied. This gives a low, central and high estimate of time taken for FRS to complete the consultation at 0.4, 0.9 and 1.3 hours, respectively.

The number of consultations per year is 50,000. Approved Inspectors are already required to consult before issuing a final certificate, and it is assumed that this is in approximately 33 per cent of cases[37]. This leaves the number of new consultations at completion stage to be completed by local authorities at 33,500 (67%).

Costs

Total hours for additional consultations are multiplied by the cost of FRA staff per hour (Watch Manager B).

The estimated costs **lie in a range of £3.7 million to £13.8 million**, with a **central estimate of £8.9 million (PV) over 10 years**. This gives an estimated average annual cost in the range of £0.4 million to £1.6 million, with a central assumption of £1.0 million (constant prices).

Administrative costs

Estimation

It is assumed there will be a small admin cost associated with building control bodies sending the relevant documentation to FRAs. It is expected that building control bodies will pass this onto their clients, and hence it is a cost to business. A low, central and high estimation of the time taken to send an email is given as 5, 10 and 15 minutes, respectively. These minutes are multiplied by the number of consultations, as laid out above to be, 33,500. The total number of hours are calculated as above, then multiplied by the gross hourly wage of a building control inspector. This gives the total cost of building control inspector time, per year.

[37] https://www.labc.co.uk/sites/default/files/resource_files/LABC.univ-wolverhampton-SROIreport.ZL_.V2.180618.pdf

Costs

The estimated costs **lie in a range of £1.6 million to £5.1 million**, with a **central estimate of £3.5 million (PV) over 10 years**. This gives an estimated average annual cost in the range of £0.2 million to £0.6 million, with a central assumption of £0.4 million (constant prices).

3.4 Appropriate Response Times

This point in the consultation seeks to gather feedback on whether there should be a fixed statutory timeframe in the FSO under which FRA responses are due. The suggestions in the consultation include 15 days, 21 days or another period.

Currently, good practice guidance recommends that responses are provided within 15 days. As mandating 15 or 21 days would not seek to reduce the timescale suggested by good practice, it is assumed that there would not be a cost here. Instead it is expected that there would be a restriction in flexibility, and in turn the consultation hopes to seek opinions on whether this is an achievable target, and if not, can in turn look to monetise where additional costs may fall. It also noted that one of the mandated options would provide a longer time scale. Additionally, the provision of better guidance, as proposed in **3.1** (see p43), should help FRAs deal with consultations and so make it easier for them to meet deadlines.

3.5 Enabling Dispute Resolution

Currently any disagreements on whether plans deposited demonstrate compliance should be escalated within the building control body and FRA for resolution. Currently, there is no independent advisory function to resolve any disagreements, it has been suggested that representatives of building control body organisations and the National Fire Chiefs Council (NFCC) could provide this advisory role through an independent panel. The Government are seeking views on whether a mediation panel would be of benefit. This panel would be sector run and not mandated or controlled by the Government.

Estimation

For illustrative purposes, a mediation panel scenario has been costed. In this scenario it is assumed there would be a half day meeting, assumed to be four hours, once per month. A low scenario of once every other month, and a high scenario of a full day once a month have been used to provide a range of costs. On the panel it is assumed there will be a secretary (civil service SEO level), and a representative from each of the NFCC (assumed Deputy Assistant Commissioner, within London), LABC (assumed building control officer) and an Approved Inspector. In addition to this there would also need to be an independent chair (a proxy of a senior civil servant is used). It is assumed all panel members, other than the secretary, may need one day of time to prepare and read through any materials, this has also been included in the costs.

There would likely be an administrative cost in running the panel. The time of a secretary to do these admin tasks is costed using the gross median hourly wage of an SEO civil servant. It is assumed that for each meeting in the low, central and high scenario they would need to do an additional 1, 2 and 3 hours of admin respectively.

Costs

The estimated total costs **lie in a range of £0.1 million to £0.4 million**, with a **central estimate of £0.3 million (PV) over 10 years**. This gives an estimated average annual cost in the range of

£0.02 million to £0.04 million, with a central assumption of £0.03 million (constant prices). As this cost **is not a mandated change by government it will not form part of the NPV**.

3.7 Fire Safety Information (Regulation 38)

Extending application of Regulation 38 to building work not covered

Under Regulation 38 of the Building Regulations 2010, fire safety information is required to be handed over to the Responsible Person for buildings to which the FSO applies or will apply after completion of the work once work has been completed by the person undertaking the work . There were 50,000 consultations for 2018/19 which is taken as a baseline for the volume of consultations. The most significant category of building work not covered by Regulation 38 currently is 'material alterations'. Figures are not held for the number of material alterations undertaken each year for buildings in scope of the FSO. Construction output in the UK is broadly 60 per cent new build and 40 per cent refurbishment[38]. If it is assumed that the baseline of 50,000 consultations are 'new builds[39], then we can assume building work on buildings covered by the FSO to be about 83,300 projects per year. The remaining 40 per cent is deemed to be 'refurbishment', which is used as a proxy for 'material alterations'. This would gives about 33,300 new jobs where fire safety information has to be handed over.

Estimation

It is assumed that for these additional 33,300 jobs covered by Regulation 38, the information that is being handed over should already be available in order to comply with building regulations. Therefore, the additional cost is the processing cost for assembling the information and handing over. A central estimate of 1 hour is assumed, within a range of 0.5 to 1.5 hours. The cost of a client project manager per hour is taken at £75.40[40]. These costs fall to businesses.

Costs

The estimated costs **lie in a range of £10.8 million to £32.5 million**, with a **central estimate of £21.6 million (PV) over 10 years**. This gives an estimated average annual cost in the range of £1.3 million to £3.8 million, with a central assumption of £2.5 million (constant prices).

Strengthening Regulation 38

There are three strands to this proposal, which are listed below.

Estimation

1. BCB approval of fire safety information, including consulting the FRA.
2. Person undertaking work has to provide formal notice of fire safety information being handed over.

[38] Data from UK Construction Industry: https://www.designingbuildings.co.uk/wiki/UK_construction_industry#:~:text=Approximately%2060%25%20of%20construction%20output,includes%20both%20manufacturing%20and%20services.. Assume 50,000 = 60%, giving a total building project figure of 83,333. From here, 40% of this is deemed to be 'refurbishment', which is used as a proxy for building work not currently covered.

[39] Article 45 of the FSO requires consultations when buildings are constructed, extended or where there is a structural alterations, and where there is a change of use, but not for material alterations as defined in the Building Regulatiosn.

[40] This figure is taken from the Building Safety Bill, where costing preparing a fire statement at Gateway 1. This is a blended rate derived 50% from the Annual Survey Hourly Earnings and 50% from industry charging rates, plus a 30% overhead.

3. Better guidance on fire safety information to be handed over and on the process for checking it.

Costs

1. Costs for the person undertaking the building work of preparing fire safety information are not included in the cost assessment as this is already a legal requirement, and hence no additional work should be required. The cost of consulting the FRA is counted under Proposal 3: Extra Consultation, where the FRA are consulted before the issue of a completion certificate.

   The only new costs here may be a small cost of processing information to the BCB, which are covered under section **3.3 Admin**, admin costs.

2. The only new costs here may be a small cost of processing formal notice of fire safety information being handed over to the BCB, which are covered under Section **3.3 Admin**, admin costs.
3. The cost of the creation of, and familiarisation with new guidance is included under **section 3.1 Better Information and 3.6 Better Guidance**

Benefits

Monetised Benefits

There are no monetised benefits due to uncertainties as to what the extend of the non-monetised benefits will be. The consultation hopes to understand this more.

Non-Monetised Benefits

3.1 Better Information and 3.6 Better Guidance

It is expected there will be some benefits to FRAs in terms of reviewing plans for building work, as it is hoped that better guidance and more standardised information will result in higher quality consultations, and make it easier for FRA to identify and comment on issues. Additionally, there may be a further benefit to FRA of being able to use the guidance as a basis when giving advice. There may also be benefits for building control bodies in enabling them to identify more easily the information to be provided to the FRA. These benefits are currently not monetised owing to uncertainties surrounding how much benefit they would provide to FRAs. The consultation hopes to further understand the benefits that updated guidance may have.

3.2 Plans Certificates

There are likely to be small benefits (non-monetised) to FRAs as they have more assurance that plans have been checked for compliance before consultations take place.

Other Benefits

Potential benefits may arise from good consultations being undertaken. The proposals intend to help Building Control Bodies and FRAs to manage the process more efficiently, enabling them to focus their time on key fire safety issues. An improved process will provide better assurance that fire safety issues have been identified and dealt with at the earliest stage. It is assumed there will be some time savings as a result of improved processes.

There should also be benefits to those undertaking building work through clearer guidance and procedures providing greater certainty about what they need to do to meet requirements. There will be benefits for residents and building users, who can be more confident that fire safety issues are being properly addressed.

Table 17, Summary costs and benefits of Building Control Bodies consultation with fire and rescue service proposals, £ million (PV) and average per year cost, £ million, 2019 prices.

Building Control proposals	Low	Central	High	Ave per year (central)
Set-up costs				
Familiarisation Costs	0.0	0.1	0.4	0.1
Cost of creating guidance	0.0	0.0	0.0	0.0
Total set-up costs	**0.0**	**0.1**	**0.4**	
Ongoing Costs:				
3.2 Plans Certificates - AI	7.5	17.6	30.0	2.0
3.2 Plans Certifications - Admin	0.2	0.4	0.6	0.0
3.3 Timely Consultation - Consultation	3.7	8.9	13.8	1.0
3.3 Timely Consultation - Admin	1.6	3.5	5.1	0.4
3.7 Extending application of Reg 38	10.8	21.6	32.5	2.5
Total Building Control ongoing cost	**23.9**	**52.0**	**81.9**	
Total Cost	**23.9**	**52.1**	**82.3**	
Total Benefit	**0.0**	**0.0**	**0.0**	

Note: Figures may not sum due to rounding.

Section 3: Total costs, benefits, NPSV, BNPV and EANDCB

Total costs (see Table 17), present value over 10 years, **for Section 3 (BCB)** proposals lie in the range of **£23.9 to £82.3 million**, with a central estimate of **£52.1 million**. There are no monetised benefits.. **Total costs to business**, over 10 years, lies in the range of **£18.6 to £63.1 million**, with a central estimate of **£39.7 million**. This would give an equivalent annual net direct cost to business in a range of **£1.3 to £3.8 million per year**, with a central estimate of **£2.5 million per year**.

TOTAL COST SUMMARY

Option 1: Total costs, benefits, NPSV, BNPV and EANDCB

The **total cost** for **Option 1** (strengthen the FSO and improve compliance, implement the GTI P1 Report recommendations as written by the Inquiry, and implement the building control bodies proposals as written) is about **£2,201 million**, present value over 10 years. There are no monetised benefits. The net present social value **(NPSV) is -£2,201 million**. The cost to business of is **£1,659 million** (PV) over 10 years, with an Equivalent Annual Net Direct Cost to Business **(EANDCB) of £190 million** (constant prices).

Option 2: Total costs, benefits, NPSV, BNPV and EANDCB

The **total cost** of **Option 2** (strengthen the Fire Safety Order and improve compliance, implement the GTI P1 recommendations in a practical, proportionate and effective manner, and implement the building control bodies proposal as written) is about **£820 million present value over 10 years**. There are no monetised benefits. The **NPSV is -£820 million**. The cost to business of Options 1, 2b and 3 is **£513 million (PV) over 10 years**, with an **EANDCB of £57 million** (constant prices).

The **difference in total cost** between **Option 1** and **Option 2** is **£1,381 million (PV) over 10 years**. The difference in total cost to business is **£1,146 million (PV)**. There is a clear and significant cost difference between the two policies but initial consultation with stakeholders suggest that **Option 2** is the more effective policy, that delivers enhanced building and fire safety in a practical, proportionate and effective manner, particularly making good use of both FRS resource and the time of RPs in rigorously assessing risks, collating and passing on fire safety information to both residents and to the local FRS.

Small and Micro Business Assessment (SaMBA)

Small and micro-businesses will be affected by the proposals that are outlined in the Fire Safety consultation, some of which are assessed in the IA. There are about 1 million micro-businesses and about 182,000 small businesses in England which employ approximately 3.6 million and 3.5 million people respectively[41]. However, these data do not show which businesses are regulated by the FSO and some of the disaggregations are not low enough to identify sectors where small and micro-businesses would be wholly or mostly covered by the FSO.

Given these constraints, it is only possible to seek further information from small and micro-businesses on any potential disproportionate impacts that there may be on these entities given these consultation measures. It is widely recognised that landlords, building owners, agents, managers (and anyone else who may be a RP and a DH including leaseholders), employers already work in a significantly regulated environment. This also applies to LAs, the FRSs, HSE and other enforcement bodies.

Given that, a full SaMBA has not been conducted here. However, given the importance of these changes to fire safety, it is not possible to give small and micro-businesses an exemption from these measures. Landlords/building owners are already subject to regulation and the properties (residential, commercial or industrial) owned are subject to the FSO already. Many landlords/building owners will already be taking steps to make sure fire and building safety measures are up-to-date and comply with the latest regulation and best practice guidance.

F. Proportionality.

Given the proposals to strengthen the FSO, the GTI P1 recommendation proposals and the BCB and FRS collaboration then the level of analysis presented in this IA is considered proportionate to the recommendations, proposals, themes and consultation. Appropriate resource and time were applied to the analysis. While not complete is some areas due to a lack of information, the consultation will seek input from stakeholders and the public and refine any areas that require updating in the FINAL IA.

[41] Business population Estimates 2019, Department of Business, Energy and Industrial Strategy, London. see: https://www.gov.uk/government/statistics/business-population-estimates-2019 .

G. Risks.

The Government is committed to address concerns from the CfE, the GTI P1 recommendations and the BCB and FRS collaboration where the FSO applies. It is anticipated that by strengthening the legislative measures, this will lead to improved and enhanced fire and building safety plus a greater awareness of fire safety across all properties and affected groups. There are some risks associated with the analysis.

There is significant uncertainty around building volumes and only a central estimate of the number of buildings (whether at a aspecified height or for all buildings) is used in the analysis. Other factors are varied in the analysis, such as time taken to complete tasks, wages/costs etc. This gives, for example, in the CfE a range of cost estimates where there is a significant degree of uncertainty which is clear from the range. The GTI proposals are more specific but are driven by volumes. Again, the is considerable uncertainty around the volume of RPs (for just multi-occupied residential buildings, including high-rise or for all buildings covered by the FSO), number of doors, self-closing devices, lifts and whether these are in working order or not. Given these caveats the costs presented my be an over or an under-estimate of the actual cost. The consultation will be used to see more information to refine the variables that affect these costs

An area with very little information associated with it is the realisation of benefits from this policy. The expectation is that there will be a greater awareness of fire safety for all parties, that there are clear improvements to building and fire safety, that residents and employees feel safer in their homes and workplaces respectively and that ultimately there should be a reduction in fire fatalities and casualties.

The economic costs set out in this IA are based on reasonable assumptions and data as described in the Appraisal section. In mitigation, all of the themes has been fully explored, the best available data used and assumptions tested with various organisations, for example, MHCLG, NFCC, wider sector opinion, LABC and consultants. The estimates presented are the best available at this time and the Government is fully committed to monitoring and evaluating the policy as it develops in the future. Any secondary legislation following this will also be rigorously assessed in a cost-benefit framework to ensure that the Government's objectives are met and that the taxpayer receives value for money (VfM)[42].

[42] See:HM Treasury (2018) The Green Book: appraisal in central government, London and HM Treasury (2018) Managing Public Money, March, London.

H. Direct costs and benefits to business calculations

Table H.1, Summary costs and benefits of Options 1 and 2, NPSV, BNPV and EANDCB, £ million (PV) and average per year cost, central estimates, £ million, 2019 prices.

	Option 1		Option 2	
	PV, over 10 years	**Average per year**	**PV, over 10 years**	**Average per year**
Set-up costs				
Familiarisation costs	34.3		34.3	
Costs of creating guidance	0.0		0.0	
Total set-up costs	**34.3**		**34.3**	
Ongoing costs				
1.2 RP Identification and compliance	1.2	0.1	1.2	0.1
1.2 Article 22 changes	5.8	0.7	5.8	0.7
1.3 Recording FRA	36.3	4.2	36.3	4.2
2.1 Definition of Height	0.0	0.0	0.0	0.0
2.2 External Wall System	5.5	0.6	5.5	0.6
2.3 Plans	92.7	10.8	95.5	11.1
2.4 Premises Information Box (PIB)	11.0	1.3	11.0	1.3
2.5 Lifts	28.5	3.3	33.6	3.9
2.6 Evac Plans	21.2	2.5	20.3	2.4
2.7 PEEPs	8.1	0.9	0.4	0.0
2.8 Info to Occupants	61.2	7.1	61.2	7.1
2.9 Fire Doors 33.29 (b)	1,456.3	169.2	198.2	23.0
2.9 Fire Doors 33.30	2.7	0.3	4.4	0.5
2.10 Further Costs to the FRS	384.5	44.7	260.6	30.3
3.2 Plans Certificates - AI	17.6	2.0	17.6	2.0
3.2 Plans Certifications - Admin	0.4	0.0	0.4	0.0
3.3 Timely Consultation - Consultation	8.9	1.0	8.9	1.0
3.3 Timely Consultation - Admin	3.5	0.4	3.5	0.4
3.7 Extending app of Reg 38	21.6	2.5	21.6	2.5
Total ongoing costs	**2,167.0**	**251.6**	**786.0**	**91.1**
Total cost	**2,201.3**		**820.3**	
Total benefit	**0.0**		**0.0**	
NPSV	**-2,201.3**		**-820.3**	
BNPV	**-1,659.0**		**-512.7**	
EANDCB	**190.1**		**57.0**	

Note: Figures may not sum due to rounding

I. Wider impacts

Mortgage market and lender behaviour

There is anecdotal evidence that where there are fire safety compliance issues, and especially where remediation is required, that mortgage lenders, surveyors and building owners are becoming more risk averse. This had manifested as refusal to lend, zero valuations and building owners refusing residents either access to documentation on the safety of the building or allowing physical intrusive inspections of external wall systems (including cladding) to be carried out. For some leaseholders and residents, this is causing difficulties in selling and the purchase of properties in high rise residential buildings.

Royal Institute of Chartered Surveyors (RICS) have been leading a cross-industry working group to consider best practice in the reporting and valuation of tall buildings within the secured lending arena, to agree a new standardised process. This will be used by valuers, lenders, building owners and fire safety experts in the valuation of high-rise properties, with actual or potential combustible materials to external wall systems and balconies. This is endorsed by RICS, UK Finance, Buildings Societies Association, IRPM and ARMA. MHCLG are supportive of the approach.

Mortgage approval, valuation and insurance on high rise blocks of flats that have external walls consisting of potentially combustible material have been causing difficulties across the market, and has been impacting transactions. The new External Wall Fire Review process will require a fire safety assessment to be conducted by a suitably qualified and competent professional, delivering assurance for lenders, valuers, residents, buyers and sellers. The Review has been developed through extensive consultation with a wide range of stakeholders. Only one assessment will be needed for each building and this will be valid for five years. This is a significant step to help the market move forward and unblock zero valuations. The uplift to the FSO will also contribute to a more rigorous fire safety standard compliance and give buyers/sellers and lenders greater confidence over fire safety in a building. Over time this should contribute to an easing of conditions in the mortgage lending market.

Housing and land supply, cumulative effects

The Home Office and MHCLG have tested the analysis of the Building Safety Bill and the FSO uplift, GTI recommendations and BCB collaboration with FRSs. These impacts when taken as a package, the overall impact, are likely to lead to more rigorous compliance with fire and building safety standards, greater reassurance for residents and employees and an expected reduction if fire related fatalities and casualties. It is expected that the collaboration between BCB and the FRS at the building control stage will see LAs pass this cost on in increased fees.

Currently, there are about 150,000 new builds a year, of which about 20 per cent are apartments, that is 30,000. Where plans for these apartments are considered, this may add about £60 to £70 per dwelling and where there is an increased administrative cost, this may add a further £15 to £20 per dwelling. This is an overall addition in a range of £75 to £90 per dwelling.

Changes to the FSO will impact existing buildings that are already covered by the FSO. It is not the FSO that regulates new builds so these have changes have little if any effect on new private housing, beyond those proposals affecting the building control stage.

The conclusions are:

- There are no direct effects from the FSO uplift on housing supply.
- When the analysis of both BSB and FSO uplift policies are taken as a cumulative effect, the FSO does not contribute to any direct effects on the overall development of the housing market, construction of new builds or the economy.

- There may be some small effects on increased co-operation between building control and FRS staff and increase in fees. However, when tested this effect was found to be negligible.

J. Trade Impact

This policy will have no impact on trade as it is focussed on a domestic issue.

K. Monitoring and evaluation (PIR if necessary), enforcement principles

Implementation of the Fire Safety Order secondary legislation is expected later in 2020 and some measure may not be ready until 2021, depending on the passage of the Bill through Parliament.

The Home Office and FRSs collect data on audits and this will be closely monitored.

The enforcement of this legislative change will be the same as for other issues which are covered by the FSO.

It is likely that this policy will be evaluated in October 2025.

L. Annexes.

Annexe 1: Total buildings and total RPs, businesses and FRS staff

	0 to 11m	11 to 17m	18 to 29m	30+m	Total
Agricultural Buildings	20,000	-	-	-	20,000
Animal Care	14,000	100	-	-	14,100
Apartments	1,596,000	87,000	10,500	2,400	1,695,900
Car Park	3,400	1,300	800	300	5,800
Care Home	19,000	300	10	-	19,310
Education (Non Residential)	37,100	1,800	200	100	39,200
Education (Residential)	3,800	800	120	30	4,750
Emergency Services	3,600	200	30	10	3,840
Entertainment Culture and Sport	64,100	2,400	600	130	67,230
Food and Drink	88,100	6,800	1,400	300	96,600
HMO	46,700	2,300	190	70	49,260
Holiday Let	38,300	800	130	40	39,270
Hospitals	2,200	200	40	10	2,450
Hotel	11,800	1,500	400	80	13,780
Industrial Premises	349,100	8,900	2,300	900	361,200
Medical (Not Hospital)	23,600	1,200	200	40	25,040
Office and Public Buildings	126,600	15,100	3,900	800	146,400
Prison	170	20	-		190
Religious (Non Residential)	34,000	900	50	-	34,950
Religious (Residential)	50	10			60
Retail	356,300	22,000	3,500	500	382,300
Sheltered Housing	18,200	300	20	10	18,530
Transport	6,800	300	120	40	7,260
Grand Total	**2,862,920**	**154,230**	**24,510**	**5,760**	**3,047,420**

	Low	Central	High
RPs – Total for apartments (inc social)	878,300	1,133,100	1,416,300
RPs – Total for other buildings	636,000	810,900	946,100
RPs – Total, all buildings	1,514,300	1,944,000	2,362,400
Total Businesses	18,400	45,750	91,000
Total FRS Staff	3,420	3,779	3,914

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
Statutory Equalities Duties The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit] Policy officials are actively considering the impact of these proposals, how it might or will affect people with protected characteristics. This is an ongoing process. At this stage, having considered their equality duties and and the equality implications of these proposals, policy official anticipate that the overall impact will be positive. Policy officials will keep the Equality Impact Assessment closely under review as the policy options develop.	**No**

Economic Impact Tests

Does your policy option/proposal consider…?	Yes/No (page)
Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]	**N/A**

Small and Micro-business Assessment (SaMBA) Analysts have investigated the potential impacts on small and micro-businesses but the Business Population Estimates, Annual Survey of Hours and Earnings and other relevant datasets did not provide the data required to fully assess the potential impacts on small and micro-businesses. The consultation will be used to seek further information on the potential impacts of these regulatory changes on small and micro-businesses.	yet to be completed