



Department for  
Communities and  
Local Government

# Consolidation and simplification of Parts M, K and N of the building regulations

Impact assessment

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<b>Title:</b> Consolidation and simplification of parts M, K and N of the Building Regulations <b>IA No:</b> DCLG 0078 <b>Lead department or agency:</b> Department for Communities and Local Government	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 17/12/2012
	<b>Stage:</b> Final
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> Validated by RPC

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present	Net cost to business per year (EANCB on	In scope of One-In, One-	Measure qualifies as
£38.2m	£38.3m	-£4.1m	Yes	OUT

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

The Building Regulations set out baseline guidance in order to ensure health, safety, welfare, access and conservation of fuel and power where building work takes place. In the case of Part K (Protection from falling, collision and impact 1998), Part M (Access to and use of buildings 2004) and Part N (Glazing safety 1998) the staggered nature of previous updates to technical guidance this has created duplication and overlap which generate unnecessary cost to industry.

As Approved Documents are considered Statutory Guidance, only Government can take the necessary steps to resolve these issues through their amendment.

**What are the policy objectives and the intended effects?**

The overall aim of this project is to reduce cost and complexity for industry and make it easier to comply with Part K (Protection from falling collision and impact), Part M (Access to and use of buildings) and Part N (Glazing) of the Building Regulations by the consolidation of overlapping and duplicated guidance into one Approved Document. The guidance in the current Approved Documents N and K along with some overlapping guidance that currently resides in Approved Document M, will be incorporated into a consolidated version of Part K. Technical changes will be kept to the minimum and be limited to those necessary to resolve conflicts within the existing guidance and will not increase cost to industry.

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

**Option 0 – Do Nothing**  
Do nothing would continue to leave in place guidance that contains overlap and duplication.

**Option 1 – Consolidate and Simplify Guidance (Chosen Policy Option)**  
The chosen policy option is a consolidation exercise which will significantly reduce the amount of cross referencing of guidance needed to achieve the desired standards where building work takes place. The policy will simplify compliance, deliver administrative savings by reducing confusion, negotiation and dispute within the building control application process, and will deliver easier and more appropriate compliance by removing conflicting and overlapping guidance.

**Will the policy be reviewed?** It will be reviewed. **If applicable, set review date:** 11/2016

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b> Yes	<b>&lt; 20</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes

What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> Nil	<b>Non-traded:</b> Nil
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***I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.***

Signed by the responsible Minister:



Date: 17 December. 12

**Buildings Regulations Minister**

**Rt Hon Don Foster MP**

# Summary: Analysis & Evidence

Policy Option 1

Description: Consolidate and simplify guidance

## Full economic assessment

Price Base Year 2012	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 11.5	High: 86.8	Best Estimate: 38.2

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1.7	Optional	1.7
High	7.3	Optional	7.3
Best Estimate	3.3	0	3.3

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

Building control officers, architects, designers and surveyors will incur costs in becoming familiar with revised guidance and accessing suitable documentation (£2.3m). Glazing firms could be required to print new leaflets and other documentation to remove references to Approved Document N (£1m).

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

None

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	1.5	13.2
High	Optional	10.9	94.1
Best Estimate	0	4.8	41.4

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

Consolidation and simplification of guidance delivers is estimated to save £4.8m per annum across 350,000 building projects by reducing the time spent resolving queries and determining which element of guidance applies in a particular circumstance.

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

The monetised savings covers the time-saving from the simplified guidance; the policy will also help to avoid instances of non-compliance which can involve much greater involvement of building control and be costly to rectify during or post completion of building works.

### Key assumptions/sensitivities/risks

The new Approved Documents (ADs) supporting Part K and Part M will not introduce any new technical requirements and the process of updating references and removing duplication should ensure the same level of provision. Revisions to guidance should safeguard against any undesirable or negative outcomes particularly in terms of access and use of buildings for older and disabled people. The administrative savings are subject to uncertainty but consultation has

### Discount rate

3.5%

## Business assessment (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of	Measure
Costs: -0.37	Yes	OUT
Benefits: +4.81		
Net: +4.44		

# Evidence Base (for summary sheets)

## Problem under consideration

### Background on the Building Regulations

The Building Regulations control certain building work - principally to protect the health, safety and welfare of people in or around buildings.

Part K (Protection from falling, collision and impact) primarily deals with the design of staircases, handrails, guarding to areas where falls are possible, projecting surfaces such as windows and collision risks from doors. HSE estimates that slips, trips and falls in the workplace cost society £800m per year and result in 40 fatalities, whilst in the home there are in excess of 600 fatalities per year at an estimated cost of £1.2bn. Part K sets out reasonable and cost effective measures to limit the likelihood of these types of injuries where building work is undertaken. Approved Document K (ADK), which provides guidance supporting Part K of the Regulations was last updated in 1998.

Part M (Access to and use of buildings) primarily deals with ensuring that the built environment is accessible to a broad range of users including disabled people into homes, places of work and accessing services. Approved Document M (ADM) sets out reasonable provision for access in most common circumstances and establishes a baseline of cost effective measures. The Approved Document includes guidance on the design of staircases, ramps, handrails, guarding, manifestation of glazing (markings to prevent people walking into glass panels) and collision risks from doors which overlap with guidance in Part K and Part N.

Part N (Glazing – safety in relation to impact, opening and cleaning) deals primarily with safe brackage of glazing in critical locations, manifestation of glazing to prevent collision, safe cleaning of windows in commercial buildings, prevention of falling from windows and glazed openings. Much of Part N guidance (Approved Document N - ADN) is duplicated within ADK or ADM, though with different limits in terms of its application and slightly different guidance. Guidance in ADM is given precedence over ADN where duplication occurs and as a result much of the guidance in ADN has become redundant.

The regulations themselves are expressed in “functional” terms and do not dictate how the desired level of structural safety *must* be achieved. However, for the benefit of both industry and building control bodies, advice on how the requirements of the Building Regulations *may* be met are contained in guidance approved by the Secretary of State (Approved Documents). This covers some of the more common building situations, but there may well be alternative ways of achieving compliance with the provisions. However, if followed, the guidance may be relied upon in any proceedings as tending to indicate compliance with the Building Regulations.

### The problem

Measures introduced into ADM in 2004 created a degree of duplication with certain provisions in ADK and ADN on the basis that both documents would be updated within a short timeframe to resolve overlap (provisionally in 2006). This has not occurred. Whilst it might be expected that industry would have adapted to the contradictions between the various different parts of guidance, discussions with designers, building control bodies and contractors support the view that problems persist and that Industry continues to incur unnecessary cost as a result of the overlap and duplication that is contained in the existing guidance.

The time elapsed since the last revision of ADK and N also means that due to the introduction of a harmonised standard covering thermally toughened soda lime silicate safety glass (EN 12150-2) the impact classification is now cited in BS EN 12600. It is therefore necessary to reference BS EN 12600 inline with BS 6206 to ensure the guidance is in conformity with the

European standard and classifications. In this particular situation, continued reference to an outdated standard creates wasteful confusion and dispute within industry.

These costs arise for a number of reasons:

- designers and specifiers spend unnecessary time deciding on which part of the regulations should apply in each specific circumstance.
- designers and specifiers spend unnecessary time negotiating with building control bodies as to which standards should be adopted.
- disputes arise in a small number of cases where building control bodies disagree with applicant's interpretation of which guidance should be followed.
- the lack of reference to the harmonised testing standards (e.g. for impact resistance of glass) creates unnecessary uncertainty.
- the need to cross reference between different guidance documents dealing with the same aspects of building work.

In the worst case scenario dispute may arise as to the necessary level of provisions in building work which may already have been partially or fully completed. In such cases the cost of retro-fit or replacement can be significant, and additional costs arising from informal and formal enforcement action also need to be considered.

Given that the three parts of guidance under consideration relate to common if not prevalent features of building work at all scales of development – from provisions for safety glazing in windows to accessible door widths and minimum staircase dimensions to ensure their safe and accessible use – we have accepted the initial findings of research undertaken by EC Harris and PRP Architects that duplication between creates cost for in relation to a large proportion of building control applications.

## **Rationale for intervention**

Building Regulations deal with a number of market failures. There are agency issues in that the designer, builder or even the owner of a building is unlikely to be the occupant and might therefore not take into account health and safety risks faced by occupants in the future to the socially desirable extent. This is particularly true as there are information asymmetries and the long term performance of the building may be either complex to assess or not observable. Furthermore since the effects are long lasting, Building Regulations help to ensure that health and safety considerations are thought about at the point of build, rather than costly solutions being required in the future. Guidance in APK, ADM and ADN is in place to safeguard the health and safety of people in and around buildings by specifying minimum requirements at the point of build.

The Hampton Review principles set out key characteristics of good regulation including the need to ensure that all regulations should be so written that they are easily understood, easily implemented, and easily enforced and all interested parties should be consulted when they are being drafted. The existing overlap and duplication between AD K, M and N of the Building Regulations means that specific aspects of existing regulation are demonstrably poorly aligned with this principle. We therefore propose to revise existing guidance in order to minimise cost to Industry whilst maintaining critical aspects of supporting guidance which deliver a safe and accessible built environment. As Approved Documents are Statutory Guidance, only government can take the necessary steps to resolve these issues through their amendment.

## **Policy objective**

The overall aim of this project is to reduce cost and complexity for industry and promote easier compliance for Part K (Protection from falling, collision and impact), Part M (Access to and use

of buildings) and Part N (Glazing) of the Building Regulations by the consolidation of overlapping and duplicate guidance into one Approved Document.

The guidance in the current ADN and K along with some overlapping guidance that currently resides in ADM, will be incorporated into one new consolidated ADK. Technical changes will be kept to the minimum and be limited to those necessary to resolve conflicts with the existing guidance or with current construction practice. These changes will be made in October 2012 coming into force in April 2013.



# Description of options considered (including do nothing)

## Policy Option 0 – Do nothing

A do nothing option would see current guidance, which is known to contain confusing overlap and duplication, left as it is. Industry would continue to incur cost in determining how best to apply the guidance to individual projects.

## Policy Option 1 - Consolidate and simplify guidance (this is the chosen policy option)

This option will consolidate and simplify the guidance contained in Approved Documents K, M and N. This will reduce compliance costs by removing areas where the guidance is liable to create confusion and lead to delays.

## Response to the public consultation

The proposals were supported in the public consultation.

- Forty-seven per cent of respondents agreed that the technical changes would not have an impact on the way industry applies existing guidance, a large proportion of which were building control professionals, and a further 30% of respondents had no opinion
- this was echoed in only 26% of respondents believing that the changes to the wording of the draft ADK will impact on the way industry apply the guidance
- overall 92% of those with an opinion on the new style and layout of the draft Approved Document agreed that it was easier to read and use
- a number of suggestions were made regarding the technical drafting of the Approved Document, many of which are to be reflected in the final text
- the majority of respondents with an opinion agreed with the estimated costs and benefits in the consultation stage impact assessment. Some minor additional transition costs were identified which have been reflected in the impact assessment.

In relation to the technical elements of the guidance we have, for example, taken on board comments about the possible confusion caused in respect of the introduction of 'easy access' and 'utility' stairs. In order to provide clarity we have removed the reference of 'easy access' and replaced it with 'general access' which is defined as a stair intended for all users of a building on a day-to-day basis as the normal route between levels. The definition of 'general access' is now inline with guidance provided in relevant British Standards. In this respect we have also indicated throughout the document within the relevant provisions, which type of stair should be required for particular situations/circumstances.

A number of respondents also raised the issue that external ramps and stairs (including within the curtilage of the site) were still covered in ADM, whilst this is the case, this is due to the limits of application within Part K, in that external steps and ramps are only covered by Part K if they form part of the building. In order to resolve the confusion the guidance provided in the new draft ADK has been amended to clearly state what the user is required to do in order to satisfy the functional requirements of Part K for external ramps, steps and stairs.

In addition there were some comments made relating to the estimated costs and benefits in the consultation stage impact assessment. These have now been reflected in the revised estimates and these are discussed within the costs and benefits section.

# Costs and benefits of the preferred option

## Costs

ADM, K and N have wide relevance to architects, designers, surveyors and Building Control Officers, as well as some Industry operatives and manufacturers (particularly manufacturers of staircases, guarding, balustrades, doors windows and glazing products). Because the technical content of the guidance is not changing, we do not foresee any significant changes to existing practice within industry. Only 21 respondents to the consultation disagreed that this was the case. A number of minor amendments and clarifications have also been taken on board as a result of the consultation to ensure that the revisions maintain the current levels of provision. The only costs are therefore the transition costs, primarily those associated with familiarisation with the new guidance.

Industry will incur these transitional costs because of the need to update documentation, become familiar with the revised guidance. Approved Documents are freely available to download from the internet; given that we do not anticipate making changes to technical requirements which would result in changes to industry practice we believe these costs will be minimal and quickly outweighed by the benefits.

The key transition costs that we have identified are:

- purchasing new documents (estimated as £1 per professional (excluding building control) as documentation is available free to view and download and one hard copy could be shared among professionals within a business). It was suggested by consultation respondents that the costs for replacing documents for building control professionals would be higher than identified, as it is likely that more building control professionals would require their own hard copy of the document. On this basis we have assumed that 50% of building control professionals will purchase a new document at a cost of £12.50, with the remaining 50% estimated at £1 per professional as previously assumed. We have therefore increased purchasing new document costs for building control professionals to £6.75 per person.
- familiarisation time to become acquainted with the new documents (estimated 30 minutes per professional in the central case; to reflect uncertainty around this estimate 15 minutes is assumed in the low cost scenario and 1 hour in the high cost scenario)
- the cost of updating and printing trade documentation and trade leaflets to refer to the revised ADK and amendments to ADM and remove reference to ADN. This additional cost was identified by a number of glazing firms that responded to the consultation. We have estimated £200 per firm<sup>1</sup>.

The transitional costs are set out in table 1. The total transitional cost is estimated to be £3.3m. This is a one-off cost incurred in the first year following implementation of the revised guidance.

62% of respondents with a view on the estimated transitional costs agreed with the figures presented in the consultation stage impact assessment. Cost estimates have been revised in the light of consultation comments to take into account costs to glazing firms of reprinting leaflets and other documentation.

The estimated number of building control officers, covering both local authority building control and private sector approved inspectors has been increased from 4,000 to 4,500 on the basis of full membership information provided by LABC<sup>2</sup>.

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<sup>1</sup> This assumes 5000 leaflets @ £100 and 500 brochures @ £100

<sup>2</sup> Information provided by LABC indicates that there are 3,500 local authority building control officers in England and Wales. Assuming that around 5% are part of Welsh building control bodies would give an estimate of approximately 3,300 for England. The number of approved

**Table 1 – transitional costs (Central case)**

Affected party	Number persons	Familiarisation time (hrs)	Hourly rate	Document cost	Total cost
Building Control	4,500	0.5	£43	£7	£126,000
Architects / Designers	32,000	0.5	£51	£1	£848,000
Surveyors	25,000	0.5	£43	£1	£556,250
Others	40,000	0.5	£35	£1	£740,000
Glazing firms	5,000	-	-	£200	£1,000,000
<b>Total</b>	<b>105,000</b>				<b>£3,270,250</b>

Hourly rates have been calculated for the central case by attaching a 50% weighting to wage rates from the EC Harris professional fees database and a 50% weight to wage rates derived from the Annual Survey of Hours and Earnings<sup>3</sup>.

The EC Harris database has been used as a source of evidence on the cost for workers in the construction industry. This reflects the value by the market of a professional including wage, on costs and other business costs to the organisation. This approach is widely used in the construction industry. However, there is a risk that this may overstate the cost savings. For instance in some situations, the saving may result in the professional being employed for fewer hours and delivering less than the full business cost savings assumed in the charge out rates. We have therefore also used the Standard Cost Model to estimate costs based upon the Annual Survey of Hours and Earnings (ASHE) plus an additional estimate of 30% for additional overheads such as pension contributions and national insurance contributions<sup>4</sup>. It is our assessment that this approach underestimates typical benefits of time for professionals in the construction industry.

So for our central estimate we have assumed an hourly rate half way between the EC Harris industry estimate and the ASHE plus 30% approach. We feel this estimate reasonably reflects that some time savings of key professionals have a high value reflected in the charge out rate for carrying out other priorities while in other situations the business cost saving might be more constrained.

In the low scenario hourly rates are based on the Annual Survey of Hours and Earnings and the familiarisation time is assumed to be only 20 minutes leading to an estimated transition cost of £1.7m. For the high scenario hourly wage rates have been based on the EC Harris database and familiarisation time is assumed to be one hour, giving a transition cost of £7.3m.

## Benefits

The benefits of consolidating and simplifying guidance are the time savings to all those involved in taking projects through the building control process. Benefits have been based on research commissioned by DCLG and undertaken by construction cost consultants EC Harris in conjunction with PRP architects. This research established the number of projects in England where a building regulations application is required, stratified by the cost of the building work (based on data from the Office of National Statistics) and indicating the number of projects fitting into each value-band (Table 2)<sup>5</sup>.

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inspectors is subject to more uncertainty. The survey of building control estimated 1,200 technical staff across only those responding to the survey, although estimates of the number of qualified professionals made by the CIC suggest around 700 qualified professional surveyors.

<sup>3</sup> ASHE, ONS, 2012, <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-235202>. Estimates from the ASHE have been up-rated by 30% to allow for pensions, national insurance contributions and other variable costs of labour employment (see Standard Cost Model, BERR, 2005, <http://www.berr.gov.uk/files/file44503.pdf>)

<sup>4</sup>

<sup>5</sup> <http://www.ons.gov.uk/ons/rel/construction/construction-statistics/no--12--2011-edition/index.html>

The majority of building projects have a value of less than £25k and because these represent smaller scale and simpler types of construction, it was estimated at consultation stage that only 20% of such projects would incur cost resulting from the complexity of existing guidance, with this increasing as projects become larger and more complex to 100% for all projects of £2m or above. There remains a margin of uncertainty over the proportion of construction projects to which the guidance of ADK, M and N would apply, particularly for small scale works which are unlikely to be new build projects and might be of a nature where the guidance is not directly relevant. To illustrate this uncertainty a low and a high scenario are also considered. In the summary tables of benefits all net present values have been discounted at 3.5% to the year of implementation (2013.).

As part of the research that accompanied the consultation stage impact assessment PRP Architects reviewed completed projects across a variety of scales and interviewed a range of designers to capture their experience of using relevant aspects of guidance in ADK, N and M to the Building Regulations<sup>6</sup>. They estimated that the typical cost of resolving these difficulties was 1 hour expended on works below £25,000 where Parts M, K and N applied, and 3 hours expended on works above that value. These costs arise primarily in resolving conflict, duplication and in confirming which particular standards need to be applied. These are purely additional costs arising as a result of the overly complex nature of existing guidance or confusion between different parts of the existing cadre of guidance.

For this final stage impact assessment we have reduced the time input for projects in the £25,000 to £500,000 value band to two hours to reflect the mix of work in this category. We have also attempted to better reflect the nature of the overlap in guidance by assuming that for residential dwellings in the <£25,000 value band works are unlikely to incur delay due to overlap of guidance on Part M and Part K. This is because a modification to an existing dwelling that does not comply with Part M must only make the dwelling as a whole no less compliant with the provisions of Part M. Of the overlapping material approximately 70% is related to the overlap of Part K and Part M and 30% to Part K and Part N. We have therefore adjusted the estimate of one hour for minor works to 20 minutes to reflect that only the overlap on glazing is very likely to deliver a saving for these works. We continue to assume that delay would occur for 20% of projects in the category related to glazing, which is consistent with the limited information we do have on the different types of minor building work carried out each year<sup>7</sup>.

Simplifying the guidance should reduce the need for the related 'informal enforcement' which takes place between a building control body and an applicant. This can occur at the stage when a full plans application is commented on by the building control body, where non-compliance is identified in respect of one or more elements of the proposed design; this is thought to occur in about 33% of applications. Where issues are identified prior to work commencing a building control body will write informing the applicant of their concerns and in the majority of cases this will be resolved prior to commencement of work on site by amending the design or providing further information by correspondence. The majority of the benefits of informal enforcement are captured in the estimated three hour time saving per project since one approach to clarifying the guidance would be to seek the advice of a building control officer.

For the transition costs the hourly wage rates are based on the Annual Survey of Hours and Earnings in the low scenario and the EC Harris fees database in the high scenario, with a 50% weight attached to each estimate in the central case. The estimated benefits of consolidating and simplifying the guidance are shown in tables 2-4. The total number of applications to building control bodies in a given year is uncertain. Based on a conservative extrapolation of the results of the 2008 Survey of Building Control<sup>8</sup>, the consultation stage IA assumed 300,000 applications to building control per year. Since the consultation, further research from the

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<sup>6</sup> <http://www.communities.gov.uk/publications/planningandbuilding/rationalisationpartkmnia78>

<sup>7</sup> <http://www.communities.gov.uk/documents/planningandbuilding/pdf/surveybuildcontrol1.pdf>

<sup>8</sup> <http://www.communities.gov.uk/documents/planningandbuilding/pdf/surveybuildcontrol1.pdf>

Building Control Alliance<sup>9</sup> on compliance actions has strengthened the belief that this estimate could be too low, having identified work on almost 200,000 projects in the space of one working month<sup>10</sup>. To capture this for final stage IA we have adopted a range of 300,000 to 400,000 building control applications per year, with an estimate in the central case scenario of 350,000 per annum.

Excluding those who felt unable to comment on the estimated administrative savings in the public consultation, **88%** agreed with the estimates presented, including **94%** of respondents from either public or private building control bodies who are well placed to comment on the issues in question. None of the respondents were able to offer additional evidence on the potential administrative savings. The National Housing Federation said the rationalization should be 'welcomed', whilst the Association of Plumbing and Heating Contractors suggested the consolidation 'would help micro and small businesses to comply with the regulations as there would be less documentation to obtain and hold within the business'.

**Table 2 – Savings due to reduction in administrative cost of duplication and overlap, LOW VALUE**

Construction project value	Residential	Mixed	Total	% applicable	Time input (hrs)	Hourly rate	Total annual benefit
Less than £25,000	201,018	50,255	251,273	10%	1	£27	£497,521
25,000-500,000	5,834	32,929	38,763	30%	2	£27	£627,961
500,000-2m	3,332	4,125	7,457	40%	3	£27	£241,607
2-10m	452	1,594	2,046	80%	3	£27	£132,581
10m-20m	45	215	260	100%	3	£27	£21,060
20m+	20	181	201	100%	3	£27	£16,281
<b>Total</b>	<b>210,701</b>	<b>89,299</b>	<b>300,000</b>				<b>£1,537,010</b>
						<b>NPV</b>	<b>£13,230,101</b>

**Table 3 – Savings due to reduction in administrative cost of duplication and overlap, CENTRAL VALUE**

Construction project value	Residential	Mixed	Total	% applicable	Time input (hrs)	Hourly rate	Total annual benefit
Less than £25,000	234,521	58,631	293,152	20%	1	£51	£1,395,406
25,000-500,000	6,806	38,417	45,224	50%	2	£51	£2,306,399
500,000-2m	3,887	4,813	8,700	50%	3	£51	£665,537
2-10m	527	1,860	2,387	100%	3	£51	£365,211
10m-20m	53	251	303	100%	3	£51	£46,410
20m+	23	211	235	100%	3	£51	£35,879
<b>Total</b>	<b>245,818</b>	<b>104,182</b>	<b>350,000</b>				<b>£4,814,841</b>
						<b>NPV</b>	<b>£41,444,643</b>

<sup>9</sup> <http://www.buildingcontrolalliance.org/wp-content/uploads/2012/03/BCA-Compliance-Actions-Research-from-LABC-ACAI-14-March-2012.pdf>

<sup>10</sup> If the average project duration was 6 months this would imply 400,000 projects per year. The building control alliance have indicated an average duration of 4 months is possible in the report although other sources have suggested 7 months.

**Table 4 – Savings due to reduction in administrative cost of duplication and overlap, HIGH VALUE**

Construction project value	Residential	Mixed	Total	% applicable	Time input (hrs)	Hourly rate	Total annual benefit
Less than £25,000	268,024	67,007	335,031	50%	1	£75	£3,852,870
25,000-500,000	7,779	43,905	51,684	60%	2	£75	£4,651,560
500,000-2m	4,443	5,500	9,943	75%	3	£75	£1,677,825
2-10m	603	2,125	2,728	100%	3	£75	£613,800
10m-20m	60	287	347	100%	3	£75	£78,000
20m+	27	241	268	100%	3	£75	£60,300
Total	280,935	119,065	400,000				<b>£10,934,355</b>
						<b>NPV</b>	<b>£94,119,50</b>

**Table 5 - Summary table of costs and benefits (central case)**

Cost/benefit	Transition Costs	Annual Benefit	PV (10 years)
Transition costs	£3,270,250	0	£3,270,250
Time savings	0	£4,814,841	£41,444,643
Net Present Value			<b>£38,174,393</b>

The low scenario therefore delivers an estimated NPV of £11.5m and the high scenario delivers an estimated NPV of £86.8m.

### Non-monetised benefits

In some instances applicants may fail to resolve issues with a building control body who will then enter into further correspondence setting out their intention to enforce. This creates additional cost in approximately 15% of cases which could be reduced by improved clarity of guidance. We believe that reducing the number of instances of formal enforcement has the potential to deliver further benefits on top of those monetised above. Where issues are not resolved at the design stage, industry incurs costs from the need to rectify partially or fully completed building work (because either the building work is constructed in a non-compliant manner, or because it has been designed in a non-compliant manner). We estimate that 3% of building projects incur on-site or post-completion cost in relation to guidance covered by ADM, K and N of the Building Regulations. This covers a broad range from simple matters (adding markings to make a glass screen more visible) to the very significant (e.g. replacing a staircase which does not comply) and no evidence has been forthcoming in the consultation that would allow us to monetise this impact.

### Risks and assumptions

The assumptions underpinning the benefits delivered by this policy are set out in the preceding paragraphs. Given that these proposals are specific in scope and limited in terms of the extent of change they will deliver, we initially undertook limited but robust evidence gathering through informal consultation with industry and by commissioning a small and specific piece of research by independent contractors. This was followed by the full consultation as part of the overarching 2012 Building Regulations consultation. The majority of respondents agreed with

the estimated benefits of the policy and no further evidence was presented in the consultation that could be used in refining the estimates.

The proposals have been presented to the Building Regulations Approved Committee (BRAC). BRAC is a statutory body advising the Secretary of State on Building Regulations and consists of a panel representing a broad range of construction industry expertise. Feedback from this and other informal sources suggests that the changes will be well received and will deliver material benefits to Industry.

## Direct costs and benefits to industry (following OIOO methodology)

'One In One Out' is the Government's commitment<sup>11</sup> that any new regulatory cost introduced by a Department (an 'In') will at least be matched by cuts to the cost of existing regulations ('Outs'). Only costs and benefits to businesses and civil society organisations are included in OIOO calculations.

The calculations are done at the level of overall impacts on the economy, so:

- a) costs to business (for example developers) can be offset against benefits to other businesses (for example fuel bill savings for business building occupiers)
- b) costs to business (for example developers) cannot be offset against benefits to private citizens (for example fuel bill savings for households)
- c) where both the costs and the benefits accrue to private citizens (for example requirements for works on existing homes, where the householder will both pay for the works and enjoy the fuel bill savings) are not counted in the calculations.

The direct benefits to business from the policy are the annual savings reported in table 3. The direct costs to business of the policy are the transitional costs in table 1. Costs falling on public sector building control bodies have been excluded from the calculation<sup>12</sup>. According to OIOO methodology the direct costs and benefits should be reported on an 'annual equivalent' basis in 2009 prices for standardised comparison across policies; the annual equivalent net benefit to business from this policy is estimated to be £4.1 million (in 2009 prices)<sup>13</sup>.

**Table 6 – Direct costs and benefits to business**

Annual equivalent cost (£2012)	£368,944
Annual equivalent benefit (£2012)	£4,814,841
Annual equivalent net benefit to business (£2012)	-£4,445,898
Annual equivalent cost (£2009)	£342,011
Annual equivalent benefit (£2009)	£4,463,358
Annual equivalent net benefit to business (£2009)	£4,121,347

<sup>11</sup> [www.bis.gov.uk/policies/better-regulation/better-regulation-executive/reducing-regulation-made-simple/one-in-one-out](http://www.bis.gov.uk/policies/better-regulation/better-regulation-executive/reducing-regulation-made-simple/one-in-one-out)

<sup>12</sup> In line with the assumptions set out in footnote 2 on page 6

<sup>13</sup> Figures have been converted throughout into 2009 prices using a GDP deflator of 0.927, see: [http://www.hm-treasury.gov.uk/data\\_gdp\\_index.htm](http://www.hm-treasury.gov.uk/data_gdp_index.htm)

## Direct costs and benefits to housebuilders (following OIOO methodology)

In the 2010 Comprehensive Spending Review the Government also committed to reduce the total regulatory burden on the house building industry over the Spending Review period (which runs to March 2015). Like the OIOO rule, this means that any new regulation must be at least matched by deregulatory measures of the same value.

We think that these savings fall in the scope of the Comprehensive Spending Review commitment to reduce the regulatory burden on homebuilders over the course of this parliament. These figures can therefore be further broken down to indicate values in relation to residential works. We have assumed that works of value below £25k are not related to home building, and that 30% of works in the range £25-500k are also unlikely to be related to home building. Remaining values are considered to be primarily associated with housebuilding. This delivers an annual saving of £0.5m to housebuilders in the central case. Figures in table 7 are presented on the same basis as those in Table 6.

**Table 7 – Direct costs and benefits to housebuilders**

Annual equivalent cost (£2012)	£25,826
Annual equivalent benefit (£2012)	£493,802
Annual equivalent net cost to business (£2012)	-£467,976
Annual equivalent cost (£2009)	£23,941
Annual equivalent benefit (£2009)	£457,755
Annual equivalent net cost to business (£2009)	-£433,814

## Wider impacts

Guidance in ADM, K and N of the Building Regulations is relevant to general building industry practice in most forms of development, as well as ensuring that completed building work is safe and accessible to a broad range of users. Impacts are primarily economic and social – we have not identified any primary environmental impacts.

### Economic / Financial

Only those technical changes necessary to resolve overlap, duplication or contradictory guidance are proposed as part of this work, and it is not intended that changes will materially affect cost to industry, or create advantages or disadvantages for any particular sector. There will be no impact on labour markets or consumers and both competition and innovation should be unaffected. The benefits of this simplification process should be distributed evenly across public and private sector business.

### Social impacts

Simplifying and clarifying guidance in ADM, K and N should deliver benefits in making compliance with baseline requirements to protect health, safety and access to buildings easier and less costly.

### Competition assessment

The proposed policy simplifies the guidance that buildings should generally be constructed to. As such it does not make any significant change to how the UK market will operate. An initial



assessment indicates, therefore, that the policy proposal will not directly or indirectly limit the number or range of suppliers, limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously. Limiting the number of documents that firms are required to hold copies of and consult in making decisions is a positive step in terms of fostering a competitive market in which small firms are able to compete effectively with larger organisations. Making sense of complex regulations may be a barrier to entry and so this change, whilst small, should have a positive, if marginal, impact on competition in the industry.

### **Small Firms impact test**

Generally, there are likely to be costs to most small and medium enterprises resulting from changes to the structure and format of existing guidance. These are likely to be similar in cost to larger firms, and at £26 per employee, one off transitional costs will be quickly outweighed by benefits to small and medium business in easier application of the existing technical standards. Given that a large proportion of building work— particularly those aspects covered by Part K (such as staircase manufacture and installation) and Part N (glazing, window replacement and manufacture) - are undertaken by small and medium sized businesses, simplification is likely to be of proportionately greater benefit to this sector. Limiting the number of documents that firms will be required to hold copies of and consult in making decisions is a positive step in terms of fostering a competitive market in which small firms are able to compete effectively with larger organizations. There was wide support from both small and large businesses in the public consultation on the revised format of the guidance, which appears to have achieved its objective of making the approved document more accessible and an easier place to go for key information, with 73% indicating that the new layout was an improvement that made it easier to find information.

The Association of Heating and Plumbing Contractors commented in response to the consultation that the consolidation 'would help micro and small businesses to comply with the regulations as there would be less documentation to obtain and hold within the business'.

### **Environmental impact tests**

It has been determined that this policy will not result in additional greenhouse gasses being emitted and will have no impact on the wider environment.

### **Geographical impact**

There is unlikely to be any differential impact between rural and urban areas or on a regional basis, and these proposals will not affect skill or education levels.

### **Equality impact assessment**

Some aspects of the proposed simplification have direct relevance to particular equality groups identified within the Equalities Act, specifically disability, age and pregnancy / maternity. However, as the existing measures intended to meet the needs of these groups will be retained within simplified guidance, our Equality Screening Assessment suggests that there will be no change in outcomes for these groups overall, and that a full equality impact assessment is not required.

### **Implementation plan**

Revised guidance will be made in October 2012 coming in to force in April 2013. The next technical review of the operation of the building regulations and approved documents should take place in 2016 or 2019, at which point the experience of using the revised guidance can be established.