

 <b>Regulatory Policy Committee</b>	<b>Validation of the One-in, Two-out Status and the Net Direct Impact on Business</b>	
<b>Validation Impact Assessment (IA)</b>	Authorisation of new and extended Competent Persons Schemes	
<b>Lead Department/Agency</b>	Department for Communities and Local Government	
<b>IA Number</b>	Not provided	
<b>Origin</b>	Domestic	
<b>Expected date of implementation</b>	April 2015 (SNR9)	
<b>Date of Regulatory Triage Confirmation</b>	12 January 2015	
<b>Date submitted to RPC</b>	28 April 2015	
<b>Date of RPC Validation</b>	21 May 2015	
<b>RPC reference</b>	RPC14-FT-CLG-2147(3)	
<b>Departmental Assessment</b>		
<b>One-in, Two-out status</b>	OUT	
<b>Estimate of the Equivalent Annual Net Cost to Business (EANCB)</b>	-£0.75 million	
<b>RPC assessment</b>	<b>VALIDATED</b>	
<b>Summary RPC comments</b>  The validation IA is fit for purpose. The Department identifies the likely impacts and provides reasonable estimates of the expected benefits of the proposals.  The RPC is able to validate the estimated EANCB.		
<b>Background (extracts from IA)</b>  <b>What is the problem under consideration? Why is government intervention necessary?</b>  <i>“Competent person schemes are a deregulatory measure under which installers can be registered as competent to self-certify that their work complies with the Building Regulations. Self-certification is an appropriate response to market failure in a low risk situation where information on compliance is costly and difficult to obtain. It also removes the burden for installers and consumers of having to notify the work to a building control body in advance and having the work checked by them when completed. Where a registered installer is used, the business benefits from lower prices as building control charges (£150 - £200) are not payable. This saving could be passed on to the consumer, though the saving to consumers is not accounted for here. Airtightness testing schemes are a variant of competent</i>		

*person schemes under which members self-certify their test results. Local authorities are authorised to accept certificates from these schemes' members as evidence that the relevant requirements have been complied with".*

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

*"The policy change seeks to extend the use of self-certification of notifiable building work through authorising one new scheme and extending the scope of five existing schemes. The objective is to make work that is low risk and notifiable under the Building Regulations as inexpensive and efficient as possible whilst ensuring that it fully complies with the relevant requirements. Authorising new and extended schemes will allow us to achieve this objective. There is only one airtight-ness testing scheme currently operational. Authorising a new scheme will bring competition into the market, giving developers choice and keeping membership costs in check".*

### **RPC comments**

The Department proposes to extend the existing Competent Persons Schemes (CPS), to allow for new scheme operators to provide further self-certification schemes for installers of building work. It also authorises the setting up of a new air tightness scheme to comply with Part L of the Building Regulations. The IA explains that CPS are a means by which installers of building works can be registered as competent to self-certify that their building work complies with the Building Regulations. This means installers do not have to incur the cost of getting their work inspected for compliance by building control bodies. The IA also explains that membership will be voluntary and, therefore, businesses can be expected to join only if it is net beneficial to them.

As with previous proposals on CPS, the Department explains that the proposal will have a beneficial impact on business by allowing more installers to self-certify and not incur building control charges. The Department estimates an annual average saving of £1.2 million. Based on consultation responses, the Department estimates that more than 7,000 installation jobs each year will no longer incur a building control charge of £175.

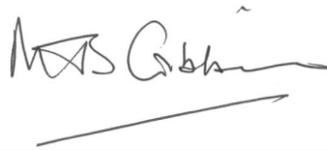
The Department estimates that registrants to the newly schemes will incur fees of £57,000 per year. For new members, this will include an application and assessment fee in the first year they join and then an ongoing annual registration fee. Existing members will also incur inspection and assessment fees to be certified for the new areas of work.

In addition, the IA explains that members must undergo mandatory training once every six years. The IA estimates that the average annual cost of this training requirement to new members will be £47,000 in training fees and £23,000 in lost earnings.

Finally, the IA sets out the costs to members of providing notice of completed work to the local authorities. Using the same estimate of the number of new jobs, ie 7,000, the Department calculates an average annual cost of £30,000.

With annual benefits of £1.2 million and annual costs of £0.16 million, providing a net saving of £1.04m per year, the RPC is able to validate the claimed EANCB of -£0.75 million. This approach to assessing the impact on business is in line with previous CPS IAs seen by the Committee and is consistent with the current Better Regulation Framework Manual (paragraph 1.9.12).

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line underneath it.

**Michael Gibbons, Chairman**