



Department for
Communities and
Local Government

The Building, Approved Inspectors and Charges (Amendment) Regulations 2012: authorisation of new extended competent person schemes

Impact assessment

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Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000

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Title: The Building, Approved Inspectors and Charges (Amendment) Regulations 2012: Authorisation of New Extended Competent Person Schemes IA No: DCLG 12019 Lead department or agency: Communities and Local Government Other departments or agencies:	Impact Assessment (IA)
	Date: 17/12/2012
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary Legislation
	Contact for enquiries: Anthea Nicholson or Ian Drummond
Summary: Intervention and Options	RPC Opinion: IA With RPC awaiting validation.

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
£32.3m	£33.2m	-£3.6m	Yes	OUT

What is the problem under consideration? Why is government intervention necessary?
Competent person schemes (CPS) are a deregulatory measure under which installers can be registered as competent to self-certify that their building work complies with the building regulations. Self-certification, through competent person schemes, is an appropriate response to market failure in a situation where information is costly and difficult to obtain. This removes the burden for installers and consumers of having to notify the work to a building control body in advance and having it checked by them when completed. Where a CPS installer is used, the business benefits from lower prices as building control charges (typically £60 - £180) are not payable. This saving could be passed on to the consumer in lower prices, although this is not accounted for in this IA.

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 new schemes and extending the scope of existing schemes, especially those associated with the Green Deal. The objective is to make work under the Green Deal as inexpensive and efficient as possible whilst ensuring that it fully complies with the relevant requirements in the Building Regulations. Authorising new and extended CPS schemes will allow us to achieve this objective.

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

(1) to do nothing or
(2) to authorise new/extended competent person schemes to self-certify a wider range of types of work than now.

Option 1 would continue to require third party checking by Building Control Bodies (BCB), so would not achieve our deregulatory aims, hence option 2 is the preferred option. Whilst competent person schemes are in themselves deregulatory they can only be authorised through amendments to the Building Regulations.


Will the policy be reviewed? Yes If applicable, set review date: Dependent on the outcome of annual inspections of scheme operators by the UK Accreditation Service.

Does implementation go beyond minimum EU requirements?	N/A
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Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that (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

Building Regulations Minister
Rt Hon Don Foster MP

Summary: Analysis & Evidence

Policy Option 2

Description: To authorise one new Competent Person Scheme operator for an existing type of work and the extension of scope for seven existing Competent Person Scheme operators to cover both existing types of work and three new types of work to meet the policy objectives as set out above.

Full economic assessment

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 12.6	High: 52.1	Best Estimate: 32.3
	2012	10			

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition)	Total Cost (Present Value)
Low		0.93	7.3
High		0.88	7.7
Best Estimate	N/A	0.91	7.5

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

New members will incur annual and ongoing registration fees (ranging from £185 - £500 a year) depending on the scheme. Each year we estimate an average of 1,893 members will incur annual registration fees resulting in average annual costs to business of £0.7m, and a total PV cost of £5.7m. Members will need to undertake refresher training every 6 years at a direct cost of ranging from £187.50 - £312.50 per member. We estimate, on average, 396 members requiring training per year resulting in an average annual cost to business ranging from £0.07m to £0.12m, and a total PV cost ranging from £0.62m to £1.03m. We estimate half of those training each year (198 of the 396 members) to lose one days earnings (£118) for attending training at an average annual cost to business of £0.02m, and a total PV cost of £0.2m. There will be a £2.50 direct cost of customers of builders notifying scheme operators of work carried out at an estimated annual cost of £0.1m, with a PV total cost £0.83m.

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

There is a minimal cost to Competent Person Scheme members in time and money to notify a job to a building control body and provide a certificate of compliance to the customer (via the scheme operator), offset by the time and cost that would otherwise have been incurred submitting a building notice.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low		2.4	19.9
High		7.2	59.8
Best Estimate	N/A	4.8	39.8

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

Savings arise because Competent Person Scheme members do not pay an average £120 charge per job to have their work checked by a Building Control Body. Each year we estimate, on average, of 39,750 jobs a year no longer paying a building control charge, resulting in an average annual benefit of £4.8m, and a PV total benefit of £39.8m. Applying a range to the saving per job (£60 - £180) results in the average annual benefit ranging from £2.4m to £7.2m, and a total PV benefit ranging from £19.9m to £59.8m. All these benefits fall on business. These savings may be passed on to households in lower fees although this is not quantified in this IA.

Other key non-monetised benefits by ‘main affected groups’

Freeing up of Building Control Bodies’ resources to concentrate on other areas of work where self-certification is not appropriate. Improving the level of compliance, as Competent Person Scheme members are likely to be more competent than non-members. Saving of time for Competent Person Scheme members through removal of the need to give local authorities two days notice before building work commences on site. Potentially lower costs for customers as a result of increased competition.

Key assumptions/sensitivities/risks

Discount rate

3.5

There is an element of uncertainty about estimates which has been reflected through ranges. For instance the average annual cost of Competent Person Scheme membership is in a range of £185-£500 based on information provided by the Competent Person Schemes on their registration fees. Savings per job are estimated in ranges based on an average hourly rate for BCBs of £60 per hour and an estimate of time taken, together with assumptions for the average number of Competent Person Scheme members carrying out a number of jobs each year, based on historical data, advice from local authorities and the Competent Person Schemes. There are some risks of non-compliance with building regulations associated with self-certification but these are considered to be low risk. For more detail see evidence base.

Business assessment (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of	Measure
Costs: 0.8	Benefits: 4.6	Net: 3.9	Yes	OUT

Evidence Base (for summary sheets)

Introduction and background

The Building Regulations and development of Competent Person Schemes

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

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

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

CPS allow registered installers (i.e. members of the schemes) who have been assessed as competent to self-certify that their work complies with the Building Regulations, i.e. they are not required to seek and pay for building control approval from a BCB. They charge consumers for their work but this does not include the cost of a BCB charge.

The Building Regulations were extended to cover electrical installation work in dwellings through Part P (Electrical safety) in 2005. Again, given the scale of the potential number of notifications it was felt this could only be practicably and cost-

effectively implemented if there were CPS to remove the costs and burden of notification to BCBs and the risk was considered to justify this approach. Since then the range of types of work and the number of authorised schemes has continued to increase to cover areas such as plumbing, air-conditioning systems, roof replacements and cavity wall insulation (an up to date list can be found in Schedule 3 of the Building Regulations 2010, as amended and on the DCLG website¹).

Authorisation and monitoring of CPS

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

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

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

About 2.5 - 3.0 million jobs are currently self-certified under CPS each year. As stated in Annex 1, we have carried out periodic monitoring of the performance of existing CPS and copies of previous reports can be found on the DCLG website². These have shown that schemes have generally achieved a high level of compliance with the health, safety and energy efficiency requirements of the Building Regulations and have proved to be a success. The number of complaints from customers is a miniscule fraction of the jobs carried out under CPS (0.1% at most) and many of these are not about failure to meet building regulations standards. Evidence has therefore demonstrated that there are low risks attached to self-certification in the areas of work authorised to date.

DCLG has recently implemented an enhanced set of criteria for conditions of authorisation and monitoring of CPS designed to improve robustness, consistency and quality assurance and ensure a level playing field between the schemes. This included a condition that from June 2012 all CPS achieve accreditation to British

¹ <http://www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/>

² <http://www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/>

Standard EN 45011 by the United Kingdom Accreditation Service (UKAS), with a two year transitional period. UKAS will then monitor the schemes regularly to ensure that they continue to meet their conditions of authorisation.

Other government schemes

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

Rationale for intervention / policy objectives

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

Self-certification, through competent person schemes, is an appropriate response to market failure where information is costly and difficult to obtain. It provides an alternative, cost effective and deregulatory means of delivering compliance with the Building Regulations.

DCLG proposes to authorise one new and extend the scope of seven existing CPS in the Building Regulations to cover further types of work, mainly in alignment with the Green Deal, where the risk is considered to be justified and applications were invited accordingly. Following careful consideration and analysis of the applications received, the further types of work we propose to authorise are areas where it is considered that there is a low risk in authorising further schemes to self-certify. A table listing the new and extended CPS and further types of work we propose to authorise is included in 'Option 2' below.

The new types of work that we propose to authorise in support of the Green Deal are solid wall insulation, both internal, external and 'hybrid' insulation which is a combination of the two. We have concluded that this type of work is relatively low risk and that there is likely to be sufficient volume of work due to the Green Deal for it to be appropriate for CPS.

The other types of work for which we propose to authorise new and extended schemes are types of work that are already authorised. In line with European

competition law, we invite applications periodically in order to allow a free market for any body to run these schemes, provided that they have the technical competence and meet all our other conditions. Competition provides the necessary disciplines in terms of keeping costs for installers under control and our conditions provide a control on quality.

Description of policy options considered

Option 1: To do nothing and authorise no extensions to the scope of existing CPS.

Option 2: To authorise one new CPS operator (ATTMA) and the extension of the scope of seven existing CPS to cover the types of work indicated in the table below to meet the above policy objectives:

Type of work	CPS operator
Pressure testing for the air tightness of buildings	ATTMA (new operator)
Installation of- (a) an oil-fired combustion appliance; or (b) oil storage tanks and the pipes connecting them to combustion appliances.	Benchmark STROMA
Installation of a heating or hot water system connected to an oil-fired combustion appliance or its associated controls.	Benchmark
Installation of a mechanical ventilation or air conditioning system or associated controls, which does not involve work on a system shared with parts of the building occupied separately, in a building other than a dwelling.	ECA NAPIT STROMA
Installation of an air conditioning or ventilation system in a dwelling, which does not involve work on systems shared with other dwellings.	ECA STROMA
Installation of a lighting system or electric heating system, or associated electrical controls.	Benchmark
Installation, as a replacement, of a window, rooflight, roof window or a door in an existing dwelling.	Benchmark NAPIT STROMA
Installation of a sanitary convenience, sink, washbasin, bidet, fixed bath, shower or bathroom in a dwelling, which does not involve work on shared or underground drainage.	ECA HETAS STROMA
Installation of a wholesome cold water	ECA

supply or a softened wholesome cold water supply.	HETAS
Installation of a supply of non-wholesome water to a sanitary convenience fitted with a flushing device which does not involve work on shared or underground drainage.	ECA HETAS STROMA
Insertion of insulating material into the cavity walls of an existing building.	Ascertiva Benchmark NAPIT STROMA
Installation, as a replacement, of the covering of a pitched or flat roof and work carried out by the registered person as a necessary adjunct to that installation.	NAPIT
Installation, as a replacement, of a window, rooflight, roof window or door in an existing building other than a dwelling (excluding glass which is load bearing or structural or which forms part of glazed curtain walling or a revolving door).	Certass STROMA
Installation of insulating material to the internal walls of a building (new type of work)	Ascertiva Benchmark Certass NAPIT STROMA
Installation of insulating material to the external walls of a building, not including insulation of demountable-clad buildings (new type of work)	Ascertiva Benchmark Certass NAPIT STROMA
Installation of insulating material to both the external and internal walls of a building ("hybrid insulation"), not including demountable clad buildings (new type of work)	Ascertiva Benchmark NAPIT

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

Option 1

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

Option 2:

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

Costs

Option 1

There are no costs associated with option 1 as it is the baseline which option 2 is compared against.

Option 2

(a) Registration fees

All competent person scheme operators require annual registration fees paid from businesses registered with them. These fees form the costs of operating the scheme with an allowance for a small surplus which may only be used for the development of the scheme. Under the conditions of authorisation any funds which the members of a scheme have paid for may only be used for the benefit of the members of the scheme.

Existing members' registration costs

In the proposed authorisation of new types of work (or the proposed extension of schemes to existing types of work for which they were not previously authorised) some of the existing members of the schemes will extend their ability to self-certify the work they do to new types of work or extensions. As these members are already paying a registration fee to belong to a scheme there will be no additional registration fee for them to pay.

New members' registration costs

However, all the schemes will attract new members not currently belonging to any competent person scheme and in respect of these the registration fee is a cost to the members.

In their application forms for extensions to their schemes scheme operators provided the cost of the annual registration fee. They also provided estimates of the number of new members who would join the scheme in each of the following ten years to carry out and self-certify the types of work for which the schemes are being authorised. The number of new members we estimate will join each scheme in each year is presented in table A.1 in Annex A. We have used the cumulative number of members (excluding current members) in each scheme (found in table A.3 in the Annex) and multiplied it by the registration fee each scheme operator will charge their members. Table 1 displays the annual fees each scheme will charge each member along with the average number of members per year over the 10 years of this policy.

Table 1 – Annual registration costs to new scheme members

Scheme Operator	Annual fees	Average annual number of members incurring fees	Average annual cost	Total Present Value Costs (Millions)
ATTMA	£500	28	£13,750	£0.1
Ascertiva	£379	460	£174,340	£1.4
Benchmark	£250	275	£68,750	£0.6
Certass	£200	55	£11,000	£0.1
ECA	£450	275	£123,750	£1.0
HETAS	£185	55	£10,175	£0.1
NAPIT	£340	470	£159,800	£1.4
STROMA	£445	275	£122,375	£1.0
Total	N/A	1,893	£683,940	£5.7

The average annual cost to scheme members will be £683,940, based on an average of 1,893 members paying a fee in each of the 10 years of the policy. This yields in a total present value cost of annual registration fees over 10 years of £5.7m.

PRE REGISTRATION TRAINING

Before being accepted for registration, new members must demonstrate that they have the technical competences needed to carry out work to the standards required under the Building Regulations. For some new members this may mean that they need to undertake some pre-registration training to bring their competences up to the standards needed for registration.

This Impact Assessment treats this as a non monetised cost. This is because membership of a competent person scheme is voluntary and therefore any cost of pre-registration training is borne voluntarily. We also feel that the costs are outweighed by the in kind benefits (reputation gain) the firms achieve by enrolling on competent persons schemes, which we also non monetised. Any businesses that do not wish voluntarily to undertake this type of training have the ability use a building control body to assess the compliance of their work.

(b) Ongoing training costs

Under the conditions of authorisation members of schemes must maintain their technical competence levels and where there is a change to standards in the Building Regulations or to British or European technical standards upgrade their competences accordingly.

The Department has now instituted a periodic review timetable for the different Parts of the Building Regulations which in general means that each part is likely to be reviewed and amended as appropriate periodically; for the purpose of this analysis we have assumed that this would occur once every six years. This means that members of schemes would normally need to undergo mandatory upgrade at least once every six years.

Scheme operators generally organise this upgrade training but scheme members must pay for it separately from the registration fees. There are a number of ways that this training can be delivered: e.g. formal courses at technical colleges, workshops at a scheme operator's premises, distance learning packages.

The Department has estimated, based on typical fees at training colleges for a one or part day course, the average cost of such training would be £250 for each member once every six years. This cost would apply to all existing members choosing to do a new type of work, and to new members joining schemes. We do not know the behaviour of when scheme members will undertake training so we have assumed one sixth (1/6) of the cumulative number of members will undertake training each year and incur the direct training cost of £250. Table 2 displays the average number of members we expect to undertake training per year along with the average cost.

Table 2 – Ongoing training costs to members

Scheme Operator	Training cost per member	Average number of members trained per year	Average annual cost	Total Present Value Costs (Millions)
ATTMA	£250	7	£1,813	£0.0
Ascertiva	£250	88	£22,083	£0.2
Benchmark	£250	46	£11,458	£0.1
Certass	£250	26	£6,458	£0.1
ECA	£250	71	£17,708	£0.1
HETAS	£250	13	£3,333	£0.0
NAPIT	£250	90	£22,500	£0.2
STROMA	£250	54	£13,542	£0.1
Total		396	£98,896	£0.83

We therefore anticipate an average annual cost of training to members is £98,896, with a total present value cost over 10 years of £0.8m.

SENSITIVITY ANALYSIS

To account for the uncertainty in the direct cost of the training we have applied a 25% sensitivity to the £250 cost of training. This results in a low estimate cost of training of £187.50 per member, and a high estimate of £312.50. Applying these ranges to the estimated number of jobs we estimate to be carried out results in an average annual cost of training ranging from £74,172 to £123,620, with a midpoint of £98,896. This results in a total present value total cost ranging from £619,517 to £1,032,529, with a midpoint of £826,023.

(c) Loss of earnings from training

In some cases scheme members may be able to arrange their training at times when they would not be working but it is also likely that some scheme members will need to undertake their training during working time and would therefore suffer

a loss of earnings. It is not possible to give an evidence-based estimate of the numbers who might suffer a loss of earnings because they were unable to work round the times they would need to undergo continued training as this will depend on the future choices of the method of continued training adopted by scheme operators. For the purposes of this Impact Assessment we have assumed that half the members undertaking training would suffer a loss of earnings³. Given average earnings for the types of people that would need this type of training (plumbers, electricians, builders, heating engineers) we estimate that the average loss of earnings for affected members of schemes would be £118.33⁴⁵ based on a builder losing 8 hours of work. We think this is a conservative estimate of the loss of earnings to builders, because the building industry uses a database, which is used when estimating wage costs of builders, places a higher hourly wage rate to builders than the Office of National Statistics ASHE figures. We have assumed that half of those attending training (as in table 2) will have to attend training during work hours and will lose earning. Table 3 displays the average annual number of members losing earnings per scheme along with the total cost.

³ This assumption has been made in previous Impact Assessments

⁴ Hourly wage rate of £11.10 obtained from ONS ASHE 2011, for a 'Skilled construction and building trades' worker. This has been updated by 30% to account for overheads as per standard cost model methodology to take the hourly wage rate to £14.43.

⁵ The wage rate has been updated to 2012 prices using the Treasury's GDP deflator. This increased the figure by 2.5% to an hourly wage rate of £14.79

Table 3 – Loss of earnings for members

Scheme Operator	Lost earnings per member	Average number of members losing earnings per year	Average annual cost	Total Present Value Costs (Millions)
ATTMA	£118.33	4	£429	£0.0
Ascertiva	£118.33	44	£5,226	£0.0
Benchmark	£118.33	23	£2,712	£0.0
Certass	£118.33	13	£1,528	£0.0
ECA	£118.33	35	£4,191	£0.0
HETAS	£118.33	7	£789	£0.0
NAPIT	£118.33	45	£5,325	£0.0
STROMA	£118.33	27	£3,205	£0.0
Total		198	£23,404	£0.20

Table 3 recognises that, on average, 198 members losing a days earnings per year at an average annual cost of £23,404. This results in a total present value cost to members of lost earnings of £0.2m over 10 years.

(d) Cost of notification or work

For each job that a scheme member carries out, regulation 20 of the Building Regulations 2010 requires that a compliance certificate be given to the customer and a notice of the completed work to the local authority. This is normally carried out by notifying the scheme operator of the work and the scheme operator then sends a certificate to the customer and the notice to the local authority. This typically costs £2.50 per job. However, this cost is a direct cost to the customer as part of the bill for the work carried out and thus is not a cost on the scheme member.

Applying the £2.50 cost to each customer for every job carried out results in an average annual cost to customers of £99,375 per year, based on an estimated 39,750 jobs, on average, being carried out per year. The total present value cost to consumer’s totals £830,187 over 10 years.

(e) Scheme operator costs

As mentioned above, the registration fees from members are used by the scheme operator for what is required of it by the conditions of authorisation in respect of the extension to types of work. This would include:

- UKAS accreditation to BS EN 45011 in respect of the extension to the types of work for which the scheme operator is to be authorised
- the cost of periodic surveillance of a random sample of member’s work to make sure it complies with the Building Regulations.

- promotional activity relating to the new types of work for which scheme operators are to be authorised
- maintaining additional membership lists and putting them on the scheme's website
- making the arrangements for the provision of financial protection for the customer such as guarantees, warranties (the cost of the guarantees and warranties is borne directly by the customer)
- general administrative costs (rent of premises, telephone and IT, salaries of staff).

We have not monetised these as their cost is within the costs of the registration fees payable and to do so would thus be double counting.

(f) Costs to building control bodies

The new and extended Competent Person Schemes do not represent a loss of income to building control bodies (local authorities and private sector approved inspectors) when set against their costs. The building control service is a user paid for service and local authorities are required to set their charges under *The Building (Local Authority Charges) Regulations 2010* based on the recovery of their costs of carrying out their building control functions. If no service is provided there are no costs to the local authority and is therefore cost neutral. This similarly applies to Approved Inspectors.

Total costs

Total average annual costs range from £880,891 to £930,339 with a midpoint of £905,615. The total present value cost ranges from £7.3m to £7.7m, with a midpoint of £7.5m.

The total average annual costs just to business ranges from £781,516 to £830,964, with a midpoint of £806,240. The total present value cost to business ranges from £6.5m to £6.9m, with a midpoint of 6.7m. This results in an equivalent annual cost to business of £0.8m in current prices.

Benefits

Option 1

There are no benefits associated with option 1 as it is the baseline which option 2 is compared against.

Option 2

Where an installer is not a member of a competent person scheme it is necessary for the work done to be notified in advance to a building control body (local authority or private sector approved inspector). The notification triggers a building control charge to pay for the carrying out of statutory building control functions by the building control body. The basis for local

authority charges is set out in the Building (Local Authority Charges) Regulations 2010 and, briefly, means that local authorities can charge only for the number of hours of work they take for each notified job. Approved inspector charges are set by negotiation between the approved inspectors and their clients. They are very similar to local authority charges for competitive reasons.

In this Impact Assessment we have used a local authority cost of £60 per hour which is based on an average of local, authority hourly rates provided by LABC and the Building Control Alliance⁶, which differ from local authority to local authority.

Each job notified to a local authority will need to be processed administratively at each stage of the building control function and for the types of work covered by the extended competent person schemes we estimate that this would be one hour. Building control bodies almost always carry out one or more inspections on site of the work being undertaken. For the types of work in the extended competent person schemes we estimate that this would be on average a further hour of building control time. We have thus based the cost of building control time at two hours or £120.

Installers registered with competent person schemes do not have to notify building control bodies in advance or pay a building control charge. This gives a benefit of saving building control costs to those joining competent person schemes. This policy is extending the scope of competent persons schemes, meaning new types of work are being bought in and will thus benefit from no longer having to pay a building control charge.

We have estimated the number of jobs that each competent person scheme member would likely undertake each year. These figures are derived from estimates given in the application forms by the applicant scheme operators and from DCLG statistics on the number of jobs carried out for comparable work by existing schemes⁷.

There are, however, no building control savings in respect of the proposed ATTMA scheme. The scheme, which covers air-tightness testing of new buildings, has as its outcome a record of test results which are given to the building control body. There is nothing to inspect on site. All new buildings are subject to notification to a building control body and a building control charge is payable. The fact that a competent person scheme member gives test results that a building control body can accept as evidence would not result in no or a lower building control charge. ATTMA has therefore been excluded from this analysis of savings from not having to pay building control charges.

The benefits are quantified by multiplying the number of jobs a building control officer no longer needs to inspect by the saving per job as a result of building control no longer having to inspect the work. Firstly we need to estimate the

⁶ Sourced from CIPFA. Document is titled: Local Authority building control accounting, guidance for England and Wales. 2nd edition 2010.

⁷ <http://www.communities.gov.uk/planningandbuilding/buildingregulations/competentpersonsschemes/cpsstatsinfo>

number of jobs we anticipate to be undertaken each year. We have profiled the cumulative number of members in each scheme, in each year, in table A.4 in Annex A. This shows a total of 23,735 members belonging to a scheme over 10 years, meaning 2,374 members belonging to a scheme, on average, per year. We have then assumed that each member, in each scheme, will carry out a certain number of jobs per year, ranging from 10-20 depending on the scheme. Table 4 presents the average number of members belonging to schemes per year, multiplied by the estimated number of jobs we expect each member to carry out per year. This results in an average of 39,750 jobs being carried out per year. Table A.5 in the annex presents an annual profile of the number of jobs carried out in each year of the policy.

Table 4 – total number of jobs to be carried out per year

Scheme Operator	Average number of members per year¹	Anticipated number of jobs to be completed per year per member	Total number of jobs carried out per year
Ascertiva	530	10	5,300
Benchmark	275	20	5,500
Certass	155	10	1,550
ECA	425	20	8,500
HETAS	80	20	1,600
NAPIT	540	20	10,800
STROMA	325	20	6,500
Total	2,374	N/A	39,750

1. Based on the number of current members, plus the new members we anticipate joining in each of the 10 years of the policy. The cumulative number of members belonging to schemes, per year, is presented in table A.4 in Annex A.

We expect, on average, 39,750 jobs per year to no longer incur a building control charge. With an average building control charge of £120 per job we anticipate average annual savings of £4.8m and a present value total benefit of £39.8m. Table 5 displays the average annual savings along with the total present value savings/benefits.

Table 5 – savings of extending the CPS

Scheme Operator	Saving per job	Average number of jobs per year (table X)	Average annual benefit	Total Present Value Benefit (Millions)
Ascertiva	£120	5,300	£636,000	£5.3
Benchmark	£120	5,500	£660,000	£5.4
Certass	£120	1,550	£186,000	£1.6
ECA	£120	8,500	£1,020,000	£8.5
HETAS	£120	1,600	£192,000	£1.6
NAPIT	£120	10,800	£1,296,000	£11.1
STROMA	£120	6,500	£780,000	£6.4
Total		39,750	£4,770,000	£39.8

Sensitivity analysis

To account for the uncertainty surrounding the time saved for each job we have applied a range to the savings per job. For a low estimate we have assumed 1 hour of building control time taken to inspect the members work. We have used a 1 hour because some jobs are can be inspected quickly (such as windows), therefore we have use a saving per job of £60 for the low estimate. Using the low estimate results in average annual savings of £2.3m. The total present value benefit over 10 years totals £19.9m.

For a high estimate we have assumed three hours of building control time to inspect jobs and carry out their administrative tasks. We have used 3 hours because for some jobs, such as solid wall insulation, building control officers may need to visit premises at least twice to inspect work. This results in an three hours of saved building control time per job (at £60 per hour). Using the high estimate saving results in average annual savings of £7.2m. The total present value benefit over 10 years totals £59.8m.

Non-monetised benefits

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

In addition, a further benefit may arise because a notice to commence must be made to the local authority at least two days before building work commences on site, whereas competent person scheme registration does not require such a notice. This could therefore provide a potential benefit of a saving of two days delay to work commencing on site. However, most installers will take account of this small delay when planning their work and as

there is no evidence as to whether the delay causes any real difficulties, the potential savings have not been monetised.

A further benefit is that there will be more competition between the various schemes for the types of work likely meaning lower costs to the customers.

Any loss of work for building control bodies frees up their scarce resources to concentrate on areas of higher risk.

One In One Out

The equivalent average annual benefit best estimate is £4.6m (high: £6.9, low: £2.3m) and the equivalent average annual cost best estimate is £0.8m, giving an annual net benefit to business best estimate of £3.9m (high: £6.2m, low: £1.5m). This policy provides an annual net 'out' of £3.9m under one in one out and in current prices.

Specific impacts tests

Statutory equality duties

We have considered the whether the statutorily protected groups would be impacted through the completion of our equality statement for changes to the Building Regulations. We concluded that for CPS there would be no impact.

Economic impacts

The main specific group affected by the proposed extended Competent Person Schemes are micro-and small businesses as membership of CPS is mainly from businesses of this size. As registration with a competent person scheme is voluntary only businesses which think it will be beneficial to their business will wish to register.

Members of the extended Competent Person Schemes will be able to quote a price for the work which is likely to be lower than those installers who are not in schemes, as the price would not include the amount of the building control charge and thus give a competitive advantage.

In addition, more competition between Competent Person Schemes to carry out the further types of work will also keep their fees at a competitive level and benefit consumers.

Environmental impacts

As stated under 'Rationale for Intervention' above, competent Person Scheme installers have to demonstrate their competence and are subject to ongoing performance monitoring. This means that the installations should achieve a higher level of compliance with the relevant requirements of the Building

Regulations including the energy and water efficiency requirements. This should result in a small improvement to environmental standards and goals.

Social impacts and sustainable development

No impact.

Summary (including preferred option and implementation plan)

DCLG therefore proposes to proceed with Option 2, to authorise the extension of some existing Competent Person Schemes to self-certify the types of work indicated, so as to further reduce the costs and burdens of complying with the Building Regulations at an average net saving/benefit of around £3.9m per annum, and help improve compliance.

The extended Competent Person Schemes will be authorised as part of amendments to the *Building Regulations 2010*. The amendment regulations will come into force on 1 January 2013 and will be for the authorised schemes to operate their extensions as soon as possible from that date.

Annex A

Table A.1 - Number of new members joining, each scheme, per year

Scheme	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total new members	Average annual number of new members
ATTMA	5	5	5	5	5	5	5	5	5	5	50	5
Ascertiva	70	120	120	120	120	20	20	20	20	20	650	65
Benchmark	50	50	50	50	50	50	50	50	50	50	500	50
Certass	10	10	10	10	10	10	10	10	10	10	100	10
ECA	50	50	50	50	50	50	50	50	50	50	500	50
HETAS	10	10	10	10	10	10	10	10	10	10	100	10
NAPIT	425	10	10	10	10	10	10	10	10	10	515	51.5
STROMA	50	50	50	50	50	50	50	50	50	50	500	50
Total	670	305	305	305	305	205	205	205	205	205	2915	291.5

Table A.2 – Number of current members

Scheme	Current members
ATTMA	16
Ascertiva	70
Benchmark	0
Certass	100
ECA	150
HETAS	25
NAPIT	70
STROMA	50
Total	481

Table A.3 – Cumulative number of members (excluding current members for registration costs)

Scheme	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total members	Average annual number of members
ATTMA	5	10	15	20	25	30	35	40	45	50	275	28
Ascertiva	70	190	310	430	550	570	590	610	630	650	4,600	460
Benchmark	50	100	150	200	250	300	350	400	450	500	2,750	275
Certass	10	20	30	40	50	60	70	80	90	100	550	55
ECA	50	100	150	200	250	300	350	400	450	500	2,750	275
HETAS	10	20	30	40	50	60	70	80	90	100	550	55
NAPIT	425	435	445	455	465	475	485	495	505	515	4,700	470
STROMA	50	100	150	200	250	300	350	400	450	500	2,750	275
Total	670	975	1,280	1,585	1,890	2,095	2,300	2,505	2,710	2,915	18,925	1,893

Table A.4 – Cumulative number of members (including current members)

Scheme	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total members	Average annual number of members
ATTMA	21	26	31	36	41	46	51	56	61	66	435	44
Ascertiva	140	260	380	500	620	640	660	680	700	720	5,300	530
Benchmark	50	100	150	200	250	300	350	400	450	500	2,750	275
Certass	110	120	130	140	150	160	170	180	190	200	1,550	155
ECA	200	250	300	350	400	450	500	550	600	650	4,250	425
HETAS	35	45	55	65	75	85	95	105	115	125	800	80
NAPIT	495	505	515	525	535	545	555	565	575	585	5,400	540
STROMA	100	150	200	250	300	350	400	450	500	550	3,250	325
Total	1,151	1,456	1,761	2,066	2,371	2,576	2,781	2,986	3,191	3,396	23,735	2,374

Table A.5 – Number of jobs carried out per year

Scheme	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total jobs	Average annual number of jobs carried out per year
Ascertiva	1,400	2,600	3,800	5,000	6,200	6,400	6,600	6,800	7,000	7,200	53,000	5,300
Benchmark	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	55,000	5,500
Certass	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000	15,500	1,550
ECA	4,000	5,000	6,000	7,000	8,000	9,000	10,000	11,000	12,000	13,000	85,000	8,500
HETAS	700	900	1,100	1,300	1,500	1,700	1,900	2,100	2,300	2,500	16,000	1,600
NAPIT	9,900	10,100	10,300	10,500	10,700	10,900	11,100	11,300	11,500	11,700	108,000	10,800
STROMA	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	11,000	65,000	6,500
Total	20,100	24,800	29,500	34,200	38,900	42,600	46,300	50,000	53,700	57,400	397,500	39,750