
Part R of the Building Regulations – Broadband Cost Reduction Directive

Department for Communities and Local Government

RPC rating: validated

Description of proposal

The proposal transposes Article 8 of the European Directive (2014/1/EU) on measures to reduce the cost of deploying high-speed electronic communications networks. This Article requires member states to ensure that new buildings and major renovations are constructed with the necessary physical infrastructure to enable broadband connections with speed no less than 30 Mbit/s. The Department proposes to transpose the requirement, through the Building Regulations, by amending the Building Act 1984. The Department will cover the other elements of the Directive in a separate impact assessment.

Impacts of proposal

Since basic copper technology is capable of delivering broadband in excess of 30 Mbit/s, the Department believes that the market is already meeting or exceeding the requirement in the Directive for new dwellings in nearly all cases. However, the Department estimates that up to five percent of new build housing developments may not include suitable infrastructure. This is likely to be the case for a small number of single build homes (particularly in rural areas). The Department has tested all its assumptions through consultation and engagement with industry, in particular the Building Regulations Advisory Committee (BRAC).

The Department estimates, based on the five percent figure, that between approximately 600 and 1,000 dwellings could be affected by this proposal each year. The Department estimates the unit cost of providing the additional infrastructure to be £68. This figure has been estimated through consultation with the house building industry. This imposes an annual equivalent net cost on business of around £50,000. The Department explains that larger commercial buildings and major renovations are not built or renovated without the necessary infrastructure.

Businesses will also incur familiarisation costs resulting from a need to know about the requirement and apply it in practice for the first time. The Department estimates that familiarisation will take 30 minutes for architects, building control officers and

building surveyors. In addition, building control bodies and architect practices will take two hours to update internal procedures and disseminate information. These time estimates are based on responses to the consultation and engagement with industry representatives. In total, the Department estimates that familiarisation costs impose an equivalent annual net cost on business of £47,000.

The proposal will also increase the time required for site inspections to ensure compliance with the regulations. Based on industry feedback, the Department estimates that this will take an additional five minutes per dwelling at an equivalent annual cost of £124,000.

The proposal will provide benefits, by ensuring that a small number of buildings would become better prepared to be connected to superfast broadband. The Department has not monetised this benefit.

The RPC verifies the estimated equivalent annual net cost to business (EANCB) of £218,000.

Quality of submission

The IA provides a good quality of analysis of the monetised costs of the proposal and its assumptions have been supported through consultation with industry. The RPC notes that the Department has taken a cautious approach to estimating the additional cost of installing physical infrastructure. In practice, this cost could be significantly lower. Overall the impact of the proposal on business is low and the Department has taken a proportionate approach to the analysis. The RPC confirms that the proposal is out of scope of the business impact target as an EU measure and that it does not go beyond the minimum requirements of the Directive.

Since this implements an EU Directive, a small and micro business assessment (SaMBA) is not required. However, in this case a SaMBA would have been useful as the proposal is likely to impact mainly on small businesses.

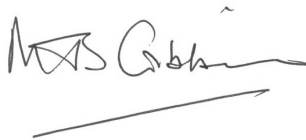
Departmental assessment

Classification	Non-qualifying regulatory provision - EU
Equivalent annual net cost to business (EANCB)	£0.2 million

Business net present value	-£1.9 million
Societal net present value	-£1.9 million

RPC assessment

Classification	Non-qualifying regulatory provision - EU
EANCB – RPC validated ¹	£0.2 million
Small and micro business assessment	Not required



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB figures to the nearest £100,000