

# Consultation stage impact assessment

Title: Impact Assessment for the Consultation on the General Safety Requirement for Construction Products

Type of measure: Secondary Legislation

Department or agency: Ministry of Housing, Communities and Local Government

IA number: N/A

RPC reference number: N/A

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Date: 25/02/2026

Prior to measures being laid in Parliament you should prepare the final stage impact assessment (also known as the regulatory impact assessment) to be laid alongside. All sections should be updated and finalised, including the scorecard and evidence base, quantifying impacts where appropriate and proportionate to do so. **This impact assessment is expected to be published and sensitive material, which may include the long list and summary table, should be removed prior to publication.**

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# 1. Summary of proposal

1. Using powers in Schedule 11 of the Building Safety Act 2022, the government is proposing to widen the construction products regulatory regime to capture currently unregulated products. It will do so by introducing a general safety requirement (GSR), requiring that construction products placed on the market are safe. The new regulations will place obligations on economic operators to secure compliance. The regulations will also provide enforcement powers to the national regulator for construction products (the national regulator).
2. This Impact Assessment (IA) covers the details of this proposed GSR for construction products. Reforms to the wider construction product regulatory regime will be addressed separately.
3. The regulation of construction products is a reserved matter, for which decision-making has not been delegated by Parliament to the devolved administrations. The changes in this IA will apply UK-wide.

## 2. Strategic case for proposed regulation

4. At present, construction products are only subject to regulation where they fall within the scope of a designated standard or have undergone a UK technical assessment. Recent research undertaken for government by the Adroit Consortium suggests that around 29% to 61% of products have a designated standard, with a mid-point of around 37% of the UK market being regulated under the Construction Product Regulations.<sup>1</sup> This leaves a significant proportion of products outside the scope of the current regime. This means that many products can be placed on the market without any statutory requirement to demonstrate safety, and regulators are unable to take enforcement action even where risks are known.
5. The Grenfell Tower tragedy exposed profound weaknesses in the systems intended to protect the safety of the built environment. The Grenfell Tower Inquiry<sup>2</sup> provided clear evidence on the failings of the construction products regulatory regime and highlighted the need for substantive reform.
6. Independent reviews that followed reinforced this conclusion, recommending that all construction products should be brought within scope of regulation through the introduction of a GSR. These recommendations emphasised the importance of establishing a regulatory baseline across the sector, ensuring that no product can enter the market without meeting fundamental standards of protection.
7. The government has committed to implementing these recommendations, recognising that a statutory safety requirement is essential to restore confidence in the regulatory

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<sup>1</sup> Source: Adroit Consortium (2025) – commissioned by MHCLG: Construction Product Sector and Subsectors Evidence and Data Final Report (Project 1). It is assumed that the proportion of products that fall under designated standards is likely to fall under the lower half of the range given, hence the central estimate is not the mid-point. However, given uncertainty, the full range has been provided.

<sup>2</sup> [Grenfell Tower Inquiry Phase 2 Report](#)

framework, safeguard public safety, and address the systemic failings identified by the Inquiry and independent reviews.

8. The GSR is expected to resolve a range of market failures, including negative externalities and information asymmetry. Greater and more equal regulation of products will enable buyers of construction products to better identify and avoid substandard and unsafe products. This will increase confidence that the product purchased is of suitable quality. Greater regulation also enables a level playing field. Non-compliant manufacturers who shirk responsibilities to make their products safe or of suitable quality are less able to reduce their costs and undercut compliant manufacturers. Greater risk of fire incidents and safety injuries could otherwise result from unsafe and non-compliant products. These risks can be considered negative externalities that are passed onto consumers. Greater regulation would reduce the number of non-compliant economic operators. It would therefore enable a fairer construction products market for sellers and consumers of construction products.

### 3. SMART objectives for intervention

9. The government has set a clear ambition to build 1.5 million new homes over the course of this Parliament, as part of its wider mission to drive economic growth and tackle the housing crisis. It is important that these homes are not only delivered at scale but are also safe. The GSR will deliver safer buildings for homeowners and residents, restoring trust and confidence in the built environment.
10. To support innovation and growth, reforms will simplify compliance by avoiding regulatory overlap and will take a proportionate, risk-based approach. This will support safety, without placing unnecessary burdens on business.

#### SMART Objectives

11. The **specific** policy objectives of the GSR are outlined below. The accompanying Theory of Change model (Section 4) provides more detail on how these objectives are supported by the activities and outputs of the GSR:
  - a. **Ensure construction products placed on the market are safe for their intended and reasonable or foreseeable conditions of use.** Manufacturers must identify safety risks through mandatory risk assessments and apply mitigation measures where necessary and proportionate to the severity of the risk.
  - b. **Integrate safety throughout the supply chain.** Ensure importers, distributors, and fulfilment service providers verify manufacturer compliance by reviewing safety documentation, checking labelling and packaging integrity, and maintaining controls throughout the product lifecycle to prevent compromises to safety.
  - c. **Enable safe and informed product selection.** Provide accurate, reliable, and up-to-date product information, including intended use, technical specifications,

installation guidance, and safety warnings and restrictions of use, so specifiers, purchasers and users can select the most appropriate and safe product for the job.

- d. **Facilitate rapid identification, removal and correction of unsafe products**  
Implement robust labelling and record-keeping requirements to enable full traceability, support efficient recalls, and strengthen enforcement action when non-compliance is detected.
- e. **Ensure effective regulatory oversight and enforcement.** Equip enforcement authorities<sup>3</sup> with the powers to act against non-compliance.

12. The above objectives are **measurable**, principally through compliance and enforcement actions, such as the number of unsafe products withdrawn from the market and penalties issued to non-compliant operators.

13. These objectives are **achievable and realistic**.

14. The GSR is an extension of existing regulation and the use of tried and tested methods. The General Product Safety Regulations 2005 (GPSR)<sup>4</sup> established the framework for product safety. It introduced a 'general safety requirement' for products intended for consumer use and not covered by other safety regulations. Under GPSR, producers are subject to a 'general safety requirement' meaning they must ensure a product is safe before placing it on the market. This proven approach informed our policy development, and our proposals include corresponding requirements under the GSR.

15. Through the Construction Product Reform Green Paper<sup>5</sup>, we signalled our intent to industry, allowing economic operators time to prepare and adapt. In readiness for the GSR, industry is already leading on work to improve construction product safety, such as the British Standards Institution's "PAS2000:2026 construction products - bringing safe products to market - code of practice."

16. These objectives are **time-bound** because once the 12-month transitional period ends, the GSR will apply to all construction products within scope and the relevant enforcement authorities will have the powers to act.

## **4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives**

17. We intend to introduce an overarching safety duty for all economic operators. The regulations will require that construction products placed on the market are safe and will establish specific obligations for economic operators. Specific requirements will apply to

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<sup>3</sup> The national regulator for construction products and local authority trading standards

<sup>4</sup> <https://www.legislation.gov.uk/ukxi/2005/1803/contents>

<sup>5</sup> <https://www.gov.uk/government/consultations/construction-products-reform-green-paper>

each operator and meeting these requirements will discharge their safety duty. This approach strengthens accountability and integrates product safety throughout the supply chain ensuring each operator understands their role in bringing safe products to market. It also reduces safety risks by requiring appropriate mitigations where necessary. Our objective is that construction products will be safe when placed on the market and trades and consumers will have greater trust in the safety of these products.

18. There will be specific requirements to provide accurate and up-to-date product information. Product information must be reliable and include information such as technical specifications, safety warnings, and installation guides. This will enable those who specify, purchase, and use construction products to make safe and informed decisions. As a result, the most appropriate and safe products will be selected for each job, giving assurance that products are safe and fit for purpose.
19. Robust labelling and record-keeping requirements will ensure products are traceable throughout the supply chain and create greater oversight of the whole product lifecycle. This will allow safety issues to be identified and corrected quickly. Unsafe products can be recalled and removed from the market, and corrective measures can be implemented where needed.
20. We intend to strengthen the investigatory and enforcement powers of the national regulator for construction products (the national regulator) to ensure effective oversight and compliance. Enforcement authorities (namely, local authority trading standards (LATS) in GB, environmental health within district councils in Northern Ireland (EHNI), and the national regulator), will have the power to act on non-compliance, withdraw unsafe products from the market, and penalise operators who fail to meet requirements. This will create a healthier market for compliant businesses, provide assurance that safety standards are upheld, and promote good practice across the sector.
21. We intend to simplify compliance and reduce regulatory overlap, in turn minimising burdens placed on businesses. This will be achieved in the following ways.
22. The government proposes to extend the construction products regulatory regime by introducing a GSR for all construction products not already covered by a designated standard or technical assessment. In practice, this means that products affixed with a UKCA or CE/CE UK(NI) mark, and therefore products within the scope of the GB or EU Construction Products Regulation (CPR), would be exempt. The GSR and the CPR would operate as two distinct and mutually exclusive frameworks, ensuring clarity of application across the sector. This option avoids duplicating requirements for products already undergoing technical assessment, while ensuring that products are still captured by the regulatory regime where a voluntary document exists, but the manufacturer chooses not to pursue formal assessment.
23. The policy intention is for the GSR to apply to in-scope construction products, irrespective of the identity of the end user. While most construction products are supplied on a business-to-business basis, often directly from manufacturers to developers, some are also marketed for general use and purchased by both trade and individual consumers.

Under this proposal, the GSR would take precedence over the General Product Safety Regulation (GPSR).

### Small and Micro Business Assessment

24. A disproportionate impact is not expected for small and microbusinesses. Around 94% of manufacturers, 95% of distributors and 91% of importers are expected to be small and microbusinesses. The cost impact to these businesses is expected to increase in proportion to the size of the business. SMEs will not be exempt from the GSR as this would undermine the policy objective of ensuring all construction products on the UK market are safe. However, it is recognised that there are a large number of sub-sectors within the construction products industry, with varying levels of market concentration. This presents the following risks to SMEs:

- a) Impact on overall competitiveness due to higher barriers to entry and a disproportionate cost burden on SMEs.
- b) Impact on specific product markets that might lead to shortages of products, such as bespoke fire doors or bespoke wooden frame windows.

25. A full small and microbusiness assessment has been completed within the Evidence Base.

### Theory of Change

26. The Theory of Change summaries how the package of interventions is expected to deliver against the policy objectives outlined in Section 3.

Activities	Outputs	Outcomes	Impacts
Introduce overarching Safety Duty on all economic operators.	Strengthen accountability for product safety among all economic operators. Product safety is integrated throughout the supply chain.	Safety risks reduced as low as possible and appropriate mitigations put in place where necessary. Unsafe products are not brought to market.	Construction products are safe when placed on the market. Increased purchaser trust and confidence in the sector.
Accurate and up-to-date product information requirement.	Product information is reliable and includes vital information such as technical specifications, safety warnings, installation guides.	Enable safe and informed decision-making by specifiers, purchasers and users.	The most appropriate and safe product is selected for the job. Assurance that selected products are fit for purpose and safe.
Robust labelling and record-keeping requirement.	Construction products are fully traceable throughout the supply chain.	Rapid identification and correction of safety issues.	Unsafe products can be recalled, and appropriate corrective measures can be undertaken.

Increased regulatory oversight and enforcement.	Enforcement authorities have powers to act on non-compliance.	Action taken on non-compliance.	Unsafe products withdrawn from the market. Non-compliant actors penalised, which means healthier market for compliant operators.
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## 5. Summary of long-list and alternatives

27. In addition to the option chosen (as set out in Section 4) and the counterfactual/ business as usual (as set out in Section 6) and other options were considered in the development of the GSR. These were:

28. **Option 1: Bring all construction products within scope of the GSR**, by placing an overarching safety requirement on all construction products. This would capture products with a designated standard and apply where safety hazards have not been adequately addressed. Currently, construction products regulations are based primarily on conformity for trade purposes rather than safety. However, the reformed EU’s Construction Products Regulation (EU-CPR) 2024 increases the focus on safety, including new obligations to provide safety and installation information. Across wider reforms we are proposing consistency with new and revised EU standards. Due to the extra regulatory burden further regulation would place on businesses, this option was deemed disproportionate.

29. This option also raised significant compliance challenges with the Windsor Framework and the United Kingdom Internal Market Act 2020 and therefore was not considered viable.

30. **Option 2: Not applying the GSR to consumer products**, by continuing to regulate consumer construction products under the GPSR. Under this model, the GSR would be integrated into the existing product regulatory regime, operating alongside the GPSR and the CPR. In practice, very few construction products are supplied solely to consumers, and splitting responsibilities across the GSR and the GPSR risks creating unnecessary regulatory complexity for businesses and enforcement authorities. Therefore, this option did not meet our objective to reduce the complexity of the construction product regulatory regime.

### Small and Micro Business Assessment

31. SMEs will not be exempt from the policy, as this would undermine the policy objective of ensuring all construction products on the UK market are safe. Compliance is key to delivering safety and driving culture change in the construction product sector. Any exemptions for individuals, or for small and microbusinesses, would involve an unacceptable compromise. Such groups must be able to demonstrate compliance with the GSR, not least to avoid creating loopholes where unscrupulous manufacturers or distributors might look to alter their corporate structure or change their legal status to evade their own responsibilities to ensure that the GR is met.

## 6. Description of shortlisted policy options carried forward

32. **Counterfactual/Business as Usual:** This option was considered as a baseline scenario where a general safety requirement (GSR) was not introduced. This approach would instead rely on industry-led initiatives and non-statutory measures, such as BSI PAS 2000, and working with the national regulator to issue guidance to industry on best practice. This approach would allow the sector to adapt organically, with improvements driven by industry consensus and voluntary compliance rather than new legislative requirements.

33. However, this option runs counter to the recommendations that underpin the case for reform. It would not provide the national regulator with the necessary powers to take enforcement action or remove unsafe products from the market. Without a statutory GSR, unsafe construction products could continue to circulate, leaving gaps in consumer and trade protection. For these reasons, while the “do nothing” option was considered, it was not judged to be a viable means of achieving the policy objective.

## 7. Regulatory scorecard for preferred option

Quantitative estimates and qualitative descriptions of impacts are provided under each heading in the following sections.

The right-hand column includes directional ratings based on the description of impact and the sign of the suggested indicator (NPV, NPSV, all impacts): **Green** – positive impact, **red** – negative impact, **amber** – neutral or negligible impact, **blue** – uncertain impact.

### Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating Note: Below are examples only
<b>Description of overall expected impact</b>	Overall, the policy is estimated to have a net positive impact on society. It will bring benefits to society through improving information and greater regulation of construction products. This is likely to improve safety and improve efficiencies for businesses purchasing construction products through reducing the number of faulty or non-compliant products on the market.	<b>Positive</b> Based on all impacts (incl. non-monetised)
<b>Monetised impacts</b>	<b>Total Net Present Social Value of £165m (Central Scenario). Low and High scenarios are -£572m and £1,313m respectively</b> , representing significant uncertainty in the level of benefits.  Impacts are further detailed in the summary table.	<b>Positive</b> Based on likely £NPSV

	<p>Manufacturers are expected to experience a direct cost of £545m in various compliance costs.</p> <p>However, this is netted out in around £819m in indirect benefits, £686m from cost avoidance of replacing defective products and delays due to poor labelling, and £133m in safety benefits for residential buildings.</p>	
<b>Non-monetised impacts</b>	<p>Two non-monetised costs were identified. One is for manufacturers to update risk assessments where a new risk or new use is identified. It is unknown how frequent a new use for a product will come into fruition however, and so this cost was not monetised. This is expected to be a rare occurrence and hence small.</p> <p>The other non-monetised cost is digitisation. Construction product manufacturers and importers will be expected to provide product information through an accessible digital format. Depending on the format, this could bring significant set-up costs but will likely enable efficiency gains to the supply chain, consumers and the national regulator.</p> <p>Several non-monetised benefits were found; these are:</p> <ul style="list-style-type: none"> <li>- Increased variety and quality of products.</li> <li>- Greater transparency and accountability of products.</li> <li>- Safety benefits from improved infrastructure.</li> <li>- Level-playing field / fairer competition.</li> <li>- Improved resident wellbeing.</li> </ul>	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	No significant distributional impacts were identified.	<b>Neutral</b>

## (2) Expected impacts on businesses

<b>Description of overall business impact</b>	<p>Manufacturers, distributors and importers are expected to experience a direct cost as a result of this policy. These costs arise from various policies and obligations of the general safety requirement.</p> <p>These policies are the risk assessment, labelling, provision of instructions and information on safety, storage and transportation, retaining product information, risk assessment and incident information, sample testing, product amendments, and product recall.</p> <p>Cost avoidance benefits, which have been monetised, have not been included in the expected direct impact to business as they are an indirect, future, benefit. However, this will benefit the</p>	<b>Positive</b>
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	wider construction products sector in the long run, reducing costs to developers through reduced costs of replacing products and reducing delays due to poor labelling. It is expected that these benefits will outweigh the costs to manufacturers, distributors and importers overtime.	
<b>Monetised impacts</b>	<p><b>Business NPV (including direct and indirect impacts): £141m.</b>  <b>Business NPV (including direct impacts only): -£545m.</b>  <b>Approx net financial cost to business EANDCB: £63m.</b></p> <p>The cost pass-through to households has not been monetised. Although this a significant additional burden to manufacturers, distributors and importers, the cost is likely to mostly be passed onto developers and DIY consumers.</p> <p>Due to the complexity of the housing supply chain this is unlikely to be a noticeable cost increase for consumers through housing supply.</p> <p>Consumers of DIY products, however, are more likely to experience cost pass-through.</p>	<b>Negative</b> Based on likely direct business £NPV
<b>Non-monetised impacts</b>	<p>Two non-monetised costs were identified. One is for manufacturers to update risk assessments where a new risk or new use is identified. It is unknown how frequent a new use for a product will come into fruition however, and so this cost was not monetised. This is expected to be a rare occurrence and hence small.</p> <p>The other non-monetised cost is digitisation. Construction product manufacturers and importers will be expected to provide product information through an accessible digital format. Depending on the format, this could bring significant set-up costs but will likely enable efficiency gains to the supply chain, consumers and the national regulator.</p> <p>Several non-monetised benefits were found for businesses. These benefits are related to an improved construction products market as well as greater quality of products for developers to specify for use in their new builds. These non-monetised benefits are:</p> <ul style="list-style-type: none"> <li>- Increased variety and quality of products</li> <li>- Greater transparency and accountability of products</li> <li>- Level-playing field / fairer competition</li> </ul>	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	<p>No</p> <p>There is expected to be no significant distributional impacts to specific regions.</p>	<b>Neutral</b>

<b>(3) Expected impacts on households</b>		
<b>Description of overall household impact</b>	<p>Households benefit from reducing the risk of fire incidents, structural issues, and systemic issues as a result of a more comprehensive safety regime. This means they will spend less repairing unsafe homes or even having to relocate temporarily or permanently.</p> <p>They may also benefit from an increase in value of their house as the market becomes more certain of its safety which may drive the price up.</p>	<b>Positive</b>
<b>Monetised impacts</b>	<p>No direct impacts to households were identified. Cost pass-through to households has not been monetised, however there may be some slight cost-passthrough to DIY or repairs to consumers. It is unlikely that cost pass-through will transpire from developers of new builds to households, as the housing market is competitive.</p> <p>Households will overall benefit indirectly through safety benefits from a more rigorous testing regime which will reduce safety related risks.</p>	<b>Neutral</b> <b>Based on likely household £NPV</b>
<b>Non-monetised impacts</b>	<p>There are further benefits to households that are non-monetised. There is likely to be an improvement in mental wellbeing from knowledge of living within safer dwellings, which can contribute to a more productive society.</p> <p>Greater transparency over the safety of products also allows greater consumer choice with more well-informed decision making.</p>	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	<p>No impacts to low income or vulnerable groups were identified, nor were regional impacts identified.</p>	<b>Neutral</b>

### Part B: Impacts on wider government priorities

<b>Category</b>	<b>Description of impact</b>	<b>Directional rating</b>
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<p><b>Business environment:</b></p> <p><b>Does the measure impact on the ease of doing business in the UK?</b></p>	<p>The requirements on construction product safety could have a positive impact on competition and innovation in the construction products market.</p> <p>The new regulations should push unsafe products and substandard manufacturers out of the market and create a level playing field for companies providing safer products, hence inducing greater competition on high quality and safe goods which could lead to increased innovation.</p> <p>However, where costs of compliance disproportionately affect smaller firms, the new regulation may have a detrimental impact on competition and innovation and push further market consolidation.</p>	<p><b>Uncertain</b></p>
<p><b>International Considerations:</b></p> <p><b>Does the measure support international trade and investment?</b></p>	<p>The general safety requirement will create additional obligations on foreign / non-UK manufacturers to work with a UK importer and complete and provide documentation to the importer, such as product information, technical information, and potentially a risk assessment. Foreign markets may have reduced obligations and would therefore have reduced barriers to entry compared to the UK.</p> <p>However, this is not expected to impose disproportionate barriers to trade. This is not an additional disproportionate barrier to trade given these requirements are the same for domestic manufacturers and economic operators.</p>	<p><b>Neutral</b></p>
<p><b>Natural capital and Decarbonisation:</b></p> <p><b>Does the measure support commitments to improve the environment and decarbonise?</b></p>	<p>There may be an increase in environmental impacts through increased documentation of product information, whether physical or digitally produced. This may increase the level of embodied carbon in producing these documents and ongoing carbon emission impact from hosting product information digitally. This impact is expected to be low and has not been estimated.</p>	<p><b>May work against</b></p>

## 8. Monitoring and evaluation of preferred option

34. These new requirements will be monitored by the national regulator, which will be operating and enforcing the new regime under the proposed regulations. The national regulator has developed a monitoring and evaluation framework to assess the effectiveness of the elements of the new regulatory regime it will deliver. This will be delivered in collaboration with government so that it is possible to generate robust evidence on the impact of these specific measures, within the new, wide reaching, regulatory framework brought in by planned primary legislation.

35. In addition to ongoing monitoring, under Section 162 of the Building Safety Act 2022, the Secretary of State must appoint an independent person to carry out a review of the regulatory system every five years. The purpose of the review is to consider the effectiveness of the overall regulatory system. The Secretary of State is required to publish the report.

36. The impacts from this specific intervention will materialise in the medium term, so evaluation will first focus on embedding sound monitoring activities and completing a process evaluation prior to the independent review referenced above. These activities should help to support the work of the independent reviewer.

## **9. Minimising administrative and compliance costs for preferred option**

37. The GSR has been designed to minimise administrative and compliance burdens by embedding proportionality into the regulatory framework. Manufacturers will be required to carry out an assessment of safety risks in relation to the product's intended use and its normal or reasonably foreseeable conditions of use. This assessment must be evidence-based and scaled to the level of risk posed. Where risks are identified, manufacturers must take appropriate steps to eliminate or reduce them before the product is placed on the market and continue to manage those risks while the product remains available.

38. The mitigation measures required will be proportionate to the nature and severity of the risk. This ensures that regulatory effort is concentrated on the most hazardous risks associated with construction products, while lower risk products are subject to lighter controls and mitigations. In this way, the framework avoids unnecessary administrative demands and directs compliance activity where it delivers the greatest safety benefit.

39. This approach responds directly to stakeholder feedback by providing a clear, risk-based framework that is outcome focused rather than process heavy. To support businesses in applying this framework, the national regulator will publish guidance setting out the methodology for assessing safety risks in a proportionate manner. This guidance will reduce familiarisation costs, provide clarity on expectations and help economic operators to implement compliance measures efficiently.

40. By combining proportionate risk assessment with clear regulatory guidance, the GSR achieves the dual objective of safeguarding against unsafe products while minimising administrative and compliance costs for businesses across the construction products sector.

## **Declaration**

Department:

Ministry of Housing, Communities and Local Government

Contact details for enquiries:

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Minister responsible:

Minister Samantha Dixon MP

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:

Samantha Dixon

Date:

25/02/2026

## Summary: Analysis and evidence

For Final Stage Impact Assessment, please finalise these sections including the full evidence base.

Price base year:

2025

PV base year:

2025/26

<p>This table may be reformatted provided the side-by-side comparison of options is retained</p>	<p><b>0. Do Nothing / business as usual (baseline)</b></p>	<p><b>1. Preferred Option: Introduce a general safety requirement for construction products</b></p>
<p><b>Net present social value</b> (with brief description, including ranges, of individual costs and benefits)</p>	<p><b>N/A</b> This is the counterfactual option. Under this option we would not introduce any secondary legislation using powers under Schedule 11 of the Building Safety Act 2022 and therefore would not consult on the proposals for a general safety requirement (GSR) nor obligations on economic operators.  The analysis has been assessed based on additionality to the counterfactual. The NPSV for the Counterfactual is therefore zero.</p>	<p><b>Total Net Present Social Value of £165m (Central Scenario). Low and High scenarios are -£572m and £1,313m respectively.</b>  Costs are mostly derived from costs of compliance with the GSR. These obligations are, performing a risk assessment, labelling, provision of instructions and information on safety, storage and transportation, retaining product information, risk assessment and incident information, sample testing, product amendments, and product recall.</p>

		<p>The greatest costs are to manufacturers, costing around, £524m, £1m to distributors, and £20m to importers.</p> <p>There is also an expected £108m in additional costs to the national regulator to perform regulatory activities related to the overall reforms. It was not possible to provide a specific estimate for solely the GSR at this stage.</p>
<b>Public sector financial costs</b> (with brief description, including ranges)	<p>N/A</p> <p>No additional costs of a do-nothing approach.</p>	<p>There is an expected £108m in additional costs to the national regulator to perform regulatory activities related to the overall reforms. It was not possible to provide a specific estimate for solely the GSR at this stage.</p>
<b>Significant un-quantified benefits and costs</b> (description, with scale where possible)	N/A	<p>Several non-monetised impacts were identified. Two non-monetised costs were identified. One is for manufacturers to update risk assessments where a new risk or new use is identified. It is unknown how frequent a new use for a product will come into fruition however, and so this cost was not monetised. This is expected to be a rare occurrence and hence small.</p> <p>The other non-monetised cost is digitisation. Construction product manufacturers and importers will be expected to provide product information through an accessible digital format. Depending on the format, this could bring</p>

		<p>significant set-up costs but will likely enable efficiency gains to the supply chain, consumers and the national regulator.</p> <p>Several non-monetised benefits were identified; these mostly relate to improvements to the market environment and safety benefits to infrastructure. These benefits are likely to be significant. This includes:</p> <ul style="list-style-type: none"> <li>- Increased variety and quality of products.</li> <li>- Greater transparency and accountability of products.</li> <li>- Safety benefits from improved infrastructure.</li> <li>- Level-playing field / fairer competition.</li> <li>- Improved resident wellbeing.</li> </ul>
<p><b>Key risks</b> (and risk costs, and optimism bias, where relevant)</p>	<p>N/A</p>	<p>A number of assumptions had to be made on the benefits of the GSR and the effectiveness of regulation. Longstanding regulatory inattention to construction products means that there is a dearth of reliable data on the risk profile of construction products.</p> <p>For this analysis, we have consulted MHCLG's consortium of expert consultants</p>

		<p>and OPSS<sup>6</sup> to make modelling assumptions about compliance rates within industry, the cost of the national regulator and potential benefits. However, several key limitations still apply such as:</p> <ul style="list-style-type: none"> <li>- Understanding the effectiveness of national regulation.</li> <li>- Reduction in the cost of replacing defective products, which is a highly sensitive monetised benefit.</li> <li>- Reforms to the construction products sector have been proposed through a white paper. The GSR has been assessed standalone and does not consider how the future will look with the reforms in place.</li> <li>- Evidence on the counterfactual scenario is limited and comes with significant uncertainty.</li> </ul>
<p><b>Results of sensitivity analysis and switching analysis</b></p>	<p>N/A</p>	<p>The cost and benefit estimates are uncertain, reflected by the significant range of net benefits (e.g., between -£572m in the low scenario and £1,313m in the high scenario).</p> <p>Cost uncertainty is reflected through a +/- 30% sensitivity in the industry costs of the</p>

<sup>6</sup> OPSS is the Office for Product Safety and Standards, the national regulator for all consumer products, except for vehicles, medicines and food. The national regulator for construction products sits within the OPSS (since April 2021).

GSR. There is greater certainty on the range of industry costs than there is for the size of the benefits. As such, the range for benefits is far greater than for costs.

In addition to the sensitivity analysis above, indicative analysis has also been performed based on the variance in the proportion of products covered by a designated standard, whilst keeping other assumptions constant based on the central scenario. Based on analysis commissioned by MHCLG, this is assumed to vary between 29% and 61% based with a central assumption of 37%. This indicative analysis suggests that the industry costs could vary from around £343m to £613m, with the net present social value ranging from £97m to £367m.

Benefits are highly dependent on the ability for the national regulator to remove unsafe products from the market and is reflected in the benefit of 'reducing the cost of replacing defective products' which accounts for 83% of the total estimated benefits.

Switching analysis / Break-even analysis finds that this benefit must fall by around 25% before the net benefit falls to zero.

# Evidence base

## Problem under consideration, with business as usual, and rationale for intervention

1. The fire at Grenfell Tower on 14 June 2017 resulted in the loss of 72 lives and exposed serious weaknesses in the regulation of construction work and construction products. The 2018 report, *The Building a Safer Future: Independent Review of Building Regulations and Fire Safety* (the Hackitt review) <sup>7</sup> stated that: “The system that covers product testing, labelling and marketing is at least as complicated as the entire regulatory system. It is apparent that the current system makes it difficult to know whether the right products are being used.”
2. The ‘Independent Review of the Construction Product Testing Regime’<sup>8</sup> (the Morrell-Day review) also highlighted problems with the regulation of construction products, including recognising that the majority of construction products on the UK market are not covered by the existing regulatory regime. The regime is limited to products required to meet a designated standard. Other product safety regulatory regimes do not apply to all construction products as they cover products sold directly to consumers and are aimed at consumer protection. Furthermore, enforcement has been lacking where construction products are covered by a regulatory regime.
3. The Building Safety Act 2022 enshrined in law the government’s commitment to reform building safety. The Act implemented lessons learned from the Grenfell Tower tragedy and delivered on the recommendations in Dame Judith Hackitt’s report. Fundamentally, the Act introduced far-reaching reforms and makes clear how residential buildings should be constructed, maintained and made safe. It also includes provisions for a stronger and clearer framework for national oversight of construction products.
4. Specifically on construction products, Schedule 11 of the Act gave the Secretary of State wide-ranging powers for construction product regulation. The Morrell-Day review acknowledged this and recommended that a general safety requirement (GSR) for construction products should be introduced.
5. In February 2025, the government published the Construction Products Reform Green Paper (the green paper), setting out proposals for institutional and regulatory reform of the construction products regime. Chapter 6 of the green paper introduced a high-level proposal for a GSR. This would apply to all currently unregulated construction products, bringing them within scope of the regulatory regime and ensuring that products placed on the UK market are safe. The green paper also set out the government’s intention to maintain consistency with EU approaches where appropriate, supporting regulatory coherence and reducing barriers for UK businesses.
6. A majority of green paper respondents supported the principle of the GSR but stressed the need for requirements to be proportionate to the safety risk of the product. Concerns were raised about excessive reliance on self-declared compliance, with calls for clear obligations and detailed government guidance to support economic operators. Several respondents highlighted the importance of clearly assigning duties to prevent regulatory gaps and confusion. There were also concerns about the technical competence of importers and distributors to ensure products meet regulatory requirements.

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<sup>7</sup> [Building a Safer Future: Final Report \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/624447/building-a-safer-future-final-report.pdf)

<sup>8</sup> [Independent Review of the Construction Product Testing Regime \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/624447/independent-review-of-the-construction-product-testing-regime.pdf)

7. The government is consulting on the detailed policy proposals of a GSR. These proposals will require secondary legislation. Proposals will be implemented through regulations subject to an affirmative procedure. We intend to introduce the regulations by the end of 2026, subject to parliamentary time, and bring them into force in late 2027.
8. The introduction of these reforms would tackle the production and distribution of deficient construction products in the UK. In doing so, the reforms aim to resolve the information disconnect between construction product manufacturers and the end-user<sup>9</sup> in terms of the quality and safety of the product being sold. These reforms would be a major step in helping to prevent future systemic crises in UK buildings.
9. The Hackitt review and the Morrell-Day review suggest that the construction product sector is unable to bring about the required level of safety and transparency by itself. The evidence presented at the Grenfell Tower Inquiry has reinforced the findings from these two reviews. Without economic operators facing statutory obligations mandated by the government, evidence suggests that they do not face sufficiently high incentives to ensure an adequate level of general product safety throughout the construction product market. Government intervention into the issue of product safety already has precedent, such as the General Product Safety Regulations 2005 and the Control of Asbestos Regulations 2012.
10. The GSR is expected to resolve a range of market failures, including negative externalities and information asymmetry. Greater and more equal regulation of products will enable buyers of construction products to better identify and avoid substandard and unsafe products and increase confidence that the product purchased is of suitable quality. Greater regulation also enables a level-playing field, where non-compliant manufacturers who shirk responsibilities to ensure their products are safe or of suitable quality are less able to reduce their costs and undercut compliant manufacturers. Risks such as fire incidents or safety-related injuries resulting from unsafe or non-compliant products are negative externalities which are passed onto consumers. Greater regulation would reduce the number of non-compliant economic operators and would enable a fair construction products market for sellers and consumers of construction products.

## Policy objective

11. The consultation proposals set out that the government intends to place a GSR on economic operators<sup>10</sup>, namely **manufacturers, importers and distributors** for construction products placed on the market. The GSR will impose a statutory duty on all these economic operators, requiring that products must be safe when being placed on the market. This duty will specifically apply to all construction products not subject to a designated standard or a technical assessment that has been used to affix a CE or UKCA mark under a European Assessment Document (EAD) or a UK Assessment Document (UKAD).
12. This approach ensures that safety oversight extends to currently unregulated products, while avoiding duplication of requirements already addressed under harmonised technical specifications. Economic operators will be required to take all necessary actions to ensure their products meet the definition of safety as provided under Schedule 11 of the Building Safety Act 2022: “A construction product does not present any risk to the health and safety of

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<sup>9</sup>End user could include an installer, contractor (builder or other construction professional) or DIY member of the public.

<sup>10</sup> The manufacturer, the importer, the distributor, the fulfilment service provider or any other natural or legal person who is subject to obligations in relation to the manufacture of products or making them available on the market

persons or, if it does, the risk has been mitigated as low as it can be compatible with using the product.”

13. The proposals will apply to construction products supplied or placed on the market, as defined in regulations.
14. For the purposes of these regulations, “construction product” is defined in alignment with Article 3 of the EU-CPR 2024<sup>11</sup> as follows: “Construction product” means any formed or formless physical item, including 3D-printed products, or a kit that is placed on the market, including by means of supply to the construction site, for incorporation in a permanent manner into construction works or parts thereof, with the exception of items that need first to be integrated into a kit or another construction product prior to being incorporated in a permanent manner into construction works.
15. This definition is intended to be comprehensive and should include, but is not limited to, the following types of construction products:
  - All products that are likely to be used for permanent incorporation in construction works (including via maintenance, refurbishment, or retrofit, in buildings and infrastructure) regardless of whether they are also likely to be used for other purposes.
  - Products that are available to trades, consumers, or both.
  - Products that are made up of multiple individual parts, including pre-assembled products developed through MMC.
  - Products that make up kits or systems comprising multiple products placed on the market independent of one another.
  - Products that have been manufactured and also those supplied in raw forms such as sands and aggregates.
  - Products that have been recovered from previous structures to be re-used or recycled as construction products.
16. This section sets out the intended outcomes of the proposed policy measures to be included in regulations which, following the public consultation, will be laid before Parliament in due course.

## **Obligations under the GSR**

17. The proposals set out a framework of obligations that economic operators must meet to demonstrate compliance with the GSR. Non-compliance could lead to enforcement action being taken by the national regulator which will be covered in detail in paragraphs 50-55. The next section sets out the obligations on each economic operator proposed in the consultation.

## **Obligations on Manufacturers**

18. Manufacturers are defined as “any natural or legal person who manufactures a construction product or has a construction product designed or manufactured and places it on the market under their own name or trademark”<sup>12</sup>. Whilst a construction product manufacturer could be an individual and therefore subject to proposals, it is expected that most manufacturers will be companies of varying sizes and turnover, producing construction products for sale and supply across the UK construction industry.

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<sup>11</sup> <https://eur-lex.europa.eu/eli/reg/2024/3110/oj/eng>

<sup>12</sup> Article 2 - [Construction Products Regulation 305/2011](#)

## Risk Assessment

19. Manufacturers will be required to assess the risks of any construction products that they supply or place on the UK market. This is an important part of the overall processes and arrangements that a manufacturer should have in place to ensure a product is safe. This means they will need to detail:
- Detailed technical information describing the product, its intended use, and its characteristics and composition.
  - Identification of the 'normal or reasonably foreseeable conditions of use' of the product.
  - Any risks to the health and safety of persons arising from the identified conditions of use.
  - The mitigations put in place in the design or manufacturing of the product to control, reduce or eliminate product risks "as low as it can be compatible with using the product."
  - The steps taken by the manufacturer (such as in the packaging instructions and safety warnings provided with the product) to reduce remaining product risks, including those risks outside the manufacturer's direct control, for example, warnings about inappropriate uses of the product.
  - The quality assurance arrangements in place to ensure that the manufactured product conforms to the design specification.
20. Within the risk assessment manufacturers will have to demonstrate they have removed, or reduced as far as possible, any risks associated with their construction product. Our proposals do not mandate how they must do this, but they are expected to do so by putting in place control measures such as making changes to design and manufacture, through providing clear instructions on how to use the product, by providing clear safety instructions and marking on packaging. Where a manufacturer makes claims about a product's safety performance, these should be evidenced appropriately. This would normally involve testing of a representative sample of the product in conditions that reflect intended and normal or reasonably foreseeable conditions of use.
21. The proposals will require the manufacturer to include within their risk assessment an appropriate and effective quality assurance regime to demonstrate that construction products produced conform to their design specification. This can include undertaking sample testing for products that have been placed on the market.
22. The risk assessment and control measures will need to be reviewed and updated to reflect any new risks or changes which would impact the safety of the construction product. The frequency of review should align with the manufacturer's internal governance and control processes. Any new risks or changes to control measures should be recorded within the risk assessment documentation and retained in accordance with record-keeping requirements.
23. It is proposed that all such documentation be retained whilst the product is on the market and 10 years following the final date on which the manufacturer made the product available on the market. The risk assessment should be readily available if requested by an enforcement authority or another economic operator in the construction product's supply chain e.g., if requested by the business distributing the product.
24. Further documentation proposed for retention includes:
- The original product documentation provided with the product, and any subsequent amendments made.
  - Any reports of safety incidents that have occurred.

- Follow up actions taken as a result of safety incidents reported with the product.
- Any correspondence, guidance or direction provided where the manufacture has been consulted on the use of the product in novel or unforeseen applications.

### Monitoring construction product usage

25. Once the product is on the market the manufacturer should be alert and prepared to rectify safety risks that may be identified with their product. We would expect manufacturers to investigate and keep a record of any complaints relating to compliance with the GSR for construction products, including details of any actions taken in response. These actions may include informing distributors or enforcement authorities of safety risks and the corrective action to be taken.

### Provision of product information

26. Manufacturers will need to demonstrate how their products conform to the GSR. Product information should ensure that those who may buy, handle, store or use products can do so safely. This information will also be vital where a safety risk is found to be present in a particular product which needs to be identified and traced to possibly be recalled or corrected. Therefore, the manufacturer will be required to maintain product documentation which can be shared with those who require information including users of the construction product and enforcement authorities. We are proposing that this documentation includes:

- Detailed technical information describing the product, including its characteristics and composition, and the unique identification code for the batch to which the product belongs, where applicable.
- A description of the product's intended use that allows those who might buy or use it to decide whether it is appropriate for their purposes.
- Where applicable, details of any voluntary standards the product has met.
- Any health and safety risks when handling, storing, transporting, assembling, or using the product for its intended purpose.
- Instructions for using the product (including its assembly, installation, maintenance, and disposal).
- Any safety precautions that need to be taken when using the product.
- Where relevant, guidance on where or how the product should not be used.

### Labelling

27. The proposals require manufacturers to label products with their name, registered trade name or registered trademark, the full postal address at which they are registered and the product's unique identifier.

28. This information must be affixed to the product, either permanently or via a label. Where this is not possible (for example, if the product is a liquid or sand) the manufacturer must include the information on the product's packaging. If it is not feasible to include the information on either the product or its packaging (such as loose sand) the information must be provided within the product information and supplied by an appropriate method.

## Storage and transportation

29. To conform with the GSR, manufacturers will need to ensure that their construction product is stored or transported in a safe and secure way to safeguard the construction product becoming a risk to health and safety.

30. Our proposals will include obligations on manufacturers to ensure that:

- Construction products are not stored or transported in ways which create a risk to people.
- Construction products are not stored or transported in ways that lead to their degrading to a level where they are not safe to use.
- Construction products that have been stored or transported in ways that cause them to degrade are removed from the supply chain.
- Safety handling instructions, labels and other critical information do not become separated from the construction product.

## Actions where a product is unsafe or suspected to be unsafe

31. As set out above there is an expectation that the safety of a construction product is monitored and if a manufacturer discovers that a product they have supplied is unsafe or might not be safe, they will need to do one or more of the following things:

- Amend – amend and update product information to ensure the safe use, storage or transportation of the product to mitigate any safety risks that have been found.
- Correct – change any construction products that have not yet been supplied, so that they are safe.
- Withdraw – stop supplying the construction product.
- Recall – take steps to try and get products that have been sold to be returned.

32. The proposals would require manufacturers to investigate and record any safety incidents that have arisen where construction products they have supplied have failed when used in normal or reasonably foreseeable circumstances. The record of the incident and subsequent investigation is to include details of actions taken to prevent reoccurrence.

33. Manufacturers will need to share the record of reports with an enforcement authority or another economic operator in the construction product's supply chain if they ask for it.

## **Obligations on importers**

34. Our proposals include obligations on importers who as part of the supply chain should also be subject to the GSR when construction products are placed on the market. We are proposing that importers should be responsible for ensuring that the manufacturer has fulfilled the obligations set out above before they accept the construction product for import into the UK. This should include:

- Ensuring the manufacturer has produced a sufficient risk assessment.
- Checking that the product information is suitable, comprehensive and complies with the GSR and obligations.
- Visually inspecting packaging and product labelling to confirm it is suitable and conforms with the GSR.

- Maintaining records for 10 years following the final date of manufacture of the product and product information supplied by the manufacturer<sup>13</sup> such as technical product information, descriptions of intended use, any health and safety risks etc.
- Maintain a record of supplied construction products to aid the recall of a product.

### Labelling

35. Importers would also be required to label products with their name, registered trade name or registered trademark, and the full postal address at which they are registered.

### Monitoring product safety

36. Manufacturers must continue to monitor the safety of their products. We are proposing that importers should be alert to construction product safety issues and report this to the manufacturer, distributor or enforcement authority as appropriate. This will depend on the cause and the severity of the safety risk along with the best course of action that should be taken.

37. Where the importer identifies that a product has become unsafe because of how it has been transported or stored they will need to take reasonable steps to ensure corrective action is taken which could include preventing the supply of the product, but would include alerting that manufacturer to the issue who would need to take the necessary corrective action. The importer may also have to withdraw and recall the product from the market on behalf of the foreign manufacturer. It is only expected that corrections and withdrawals of the product will occur when a safety issue with the product means a product recall is necessary. We would also expect them to retain any correspondence, records or reports concerning safety incidents that have occurred where the product has been used in normal or reasonably foreseeable circumstances.

### **Obligations on distributors**

38. Distributors will also play a part in ensuring that construction products supplied to the market are safe for their intended use. We are proposing that they are also subject to the GSR and must comply with specific obligations to help ensure that only safe construction products are supplied or placed on the market.

39. The proposals would require distributors to take reasonable steps to ensure that the manufacturer (and/or importer) has fulfilled the GSR and obligations, before supplying any construction product for use. This would include:

- Ensuring that the manufacturer has produced a sufficient risk assessment.
- Checking that the product documentation is suitable, comprehensive and complies with the general safety requirement and obligations.
- Visually inspecting packaging and product labelling to confirm it is suitable and conforms with the general safety requirements.

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<sup>13</sup> Detailed technical information describing the product, a description of the product's intended use, where applicable, details of any voluntary standards the product has met, any health and safety risks when handling, storing, transporting, assembling, or using the product for its intended purpose, instructions for using the product (including its assembly, installation, maintenance, and disposal), any safety precautions that need to be taken when using the product, and where relevant, guidance on where or how the product should not be used.

- Ensuring that product information supplied by the manufacturer<sup>14</sup> such as technical product information, descriptions of intended use, any health and safety risks etc is available to the customer.
- Creating and maintaining records of purchase and supply (to aid the recall of a product).

### Monitoring product safety

40. Earlier sections set out that importers must monitor the safety of the construction product. The proposals require distributors ensure that, where construction product safety issues occur, a course of corrective action is taken. They will need to take reasonable steps to ensure that the manufacturer and/or the importer has complied with relevant requirements including reporting the issue to the enforcement authority if necessary. This also applies where the safety issues emerge due to storage or transportation of the construction product.

### **Requirements on fulfilment service providers**

41. The proposals include fulfilment service providers within the scope of the GSR for construction products. Fulfilment service providers are defined as entities that store, package, label and ship construction products on behalf of manufacturers, importers, or distributors, facilitating their supply to customers in the United Kingdom.

42. Under the GSR, fulfilment service providers will have specific obligations designed to ensure that only safe construction products are delivered to customers in compliance with regulatory requirements. These obligations will apply throughout the product's storage and distribution stages and include:

- Ensuring that all required product documentation, including compliance with the general safety requirements, is complete, accurate, and accompanies the product to the customer.
- Conducting visual inspections of packaging and product labelling to confirm suitability and conformity with general safety requirements.
- Creating and maintaining accurate records of purchase and supply to support traceability and compliance monitoring.

43. Fulfilment service providers will also be required to cooperate fully with enforcement authorities. This cooperation includes:

- Promptly withdrawing products suspected to be unsafe from the supply chain.
- Assisting enforcement authorities during investigations related to product safety.
- Facilitating product recalls or withdrawals as directed by manufacturers, importers, or enforcement bodies.

44. To support regulatory oversight, the national regulator will be empowered with investigatory and enforcement powers to identify non-compliant or unsafe products within the fulfilment and distribution processes, and to request necessary information to uphold product safety standards. The regulator will also provide guidance to support compliance with the GSR regulations.

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<sup>14</sup> See footnote 13

## Enforcement Authorities

45. The Grenfell Inquiry and the Morrell-Day review highlighted that the current regime is a fragmented and complex regulatory framework. Morrell-Day noted that “Enforcement has been almost totally non-existent, so that bad actors feel that they can bypass the regulations without consequence.” The Grenfell Inquiry made a recommendation to create a ‘single construction regulator’ for the building system.
46. The national regulator for construction products (the national regulator) and local authority trading standards (LATS) in GB (District Councils in Northern Ireland) have regulatory powers to carry out market surveillance and enforcement to remove non-compliant products from the UK market. These powers are provided through the Construction Products Regulations 2013 and the General Product Safety Regulations 2005.
47. In the green paper, we consulted on the relative roles and responsibilities of enforcement authorities. Following the period of consultation, we have set out in the white paper that the lead enforcement authority for the construction products regulations will be the national regulator. It will take on all relevant compliance issues and will no longer be guided by a policy that limits its activity to nationally significant, novel and contentious issues.
48. The proposals remove the requirement for LATS to manage all non-NNC<sup>15</sup> compliance issues. Instead, we will remove their duty to enforce construction product regulations, while allowing them to do so if the authority considers it a priority or if an operator raises a query under their Primary Authority partnership. The national regulator will continue to provide relevant support to LATS choosing to exercise their powers.
49. We recognise the important role that LATS play in enforcement at ports and borders. It is important that LATS retain access to powers to support the national regulator to identify non-compliant construction products and block them from entering the UK market.

## Monitoring and Investigatory tools

50. The national regulator should be playing an active role in market surveillance, monitoring the sector to ascertain non-compliance and to investigate suspected breaches of the GSR, as well as responding reactively to any reports of non-compliance. To do this it will need investigatory powers. The types of investigatory powers that we are proposing be made available for the enforcement authorities are set out below.
51. The following proposed investigatory powers do not need an evidential threshold for use and therefore we expect that enforcement authorities will use these for market surveillance activities and in circumstances where they suspect that there has been a breach of the obligations under the GSR:
- **Obtain information:** for example, request risk assessments or supply chain details to trace unsafe products.
  - **Inspect premises:** enter business premises (with or without a warrant, depending on circumstances) to check compliance.
  - **Secure evidence:** seize products or documents where there is reasonable suspicion of non-compliance.

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<sup>15</sup> Nationally significant, novel and contentious issues.

- **Test products:** purchase or require samples to verify safety claims and prevent “golden samples” being provided.
- **Require assistance:** from anyone present on the premise, including providing documents or information.

### Enforcement powers

52. The proposals provide powers to enforcement authorities to enforce the GSR and the obligations on economic operators. We expect enforcement authorities to use a wide variety of methods to encourage and support compliance with the GSR in a sensible and proportionate way, ranging from the provision of advice and guidance and notices to enforcement including prosecution. This will depend on the seriousness of the breach. The following details the type of enforcement notices we are proposing:

- **Require compliance:** direct economic operators to meet specific requirements under the GSR and take corrective actions to bring products into compliance.
- **Improve business practices:** require systemic changes to business processes and controls where poor practices create ongoing risks of non-compliance.
- **Restrict market availability:** suspend or withdraw the sale of products that pose safety risks, including ordering recalls for products not yet installed and notifying purchasers of recalled items.
- **Require forfeiture of products:** where serious non-compliance persists, seek a court order to seize and destroy or dispose of unsafe products to prevent harm.

53. Failure to comply with the GSR or notices issued by enforcement authorities would constitute a criminal offence punishable by an unlimited fine or up to 2 years imprisonment or both.

### Cost recovery notices

54. Where costs are incurred by the enforcement authority, the proposals provide that it is able to issue a cost recovery notice to the economic operator in breach of requirements to recover expenditure on carrying out the enforcement action. The types of costs include investigation and administration costs, costs to seize and transport construction products and storage and disposal costs.

### Civil monetary penalties

55. We propose giving enforcement authorities the power to issue civil monetary penalties. This power would sit alongside legislation that allows court prosecution for criminal offences under the GSR. The aim of introducing civil monetary penalties is to broaden the options available to enforcement authorities and to avoid the time and cost of taking economic operators to court. The introduction of these penalties would give enforcement authorities greater flexibility to impose a sanction that is proportionate to the breach. We are proposing that the maximum level of this penalty is unlimited.

### **Appeals against enforcement authority notices**

56. The government is committed to fairness and access to justice. Therefore, we are proposing that there should be an appeals mechanism where disputes arise over the enforcement authority’s decision to take enforcement action against an economic operator for a breach of

the GSR. We intend to include provisions which gives a right of appeal to an appropriate court where notices have been issued to an economic operator by the enforcement authority.

## **Description of options considered**

### **Option 0 – Do Nothing (Counterfactual):**

57. Under this option we would not introduce any secondary legislation using powers under Schedule 11 of the Building Safety Act 2022 and therefore would not consult on the proposals for a GSR nor obligations on economic operators. If we were to take this approach, “safety” would not be the basis for the construction product regulatory regime, and the current regulatory framework would remain inadequate. The current regulatory framework does not cover the vast majority of construction products on the market.

58. This continues the current two-tier construction product regulatory landscape with some products being subject to standards and others not subject to any. Internal fire doors are an example of a product that is outside the current regulatory regime. Whilst the national regulator could use the current construction product regulations to enforce compliance against standards it would leave a significant number of products unregulated. This would lead to a continued lack of accountability for economic operators and a continued inability to take enforcement action against economic operators who supply or allow incorrect installation or carry out misleading marketing of unsafe construction products.

59. In summary, this option would see government fail to implement recommendations on strengthening construction product regulation from both the Hackitt and Morrell-Day reviews and to use the powers of the Building Safety Act 2022.

### **Option 1 – Introduce a general safety requirement for construction products (Preferred):**

60. Option 1 is to set out further detail and consult on a GSR for construction products to be implemented through secondary legislation. This is the preferred option, as this will place clear safety requirements for construction products not subject to designated standards or technical assessments on economic operators. This option will also provide strong enforcement powers to enforcement authorities to deter and remedy non-compliance with a GSR. These proposals will bring products currently out of scope of Construction Products Regulations into the regulatory regime in an effective and proportionate way and implement the government’s ambition for long lasting reform for the built environment.

## **Summary and preferred option with description of implementation plan**

61. The GSR, together with the obligations on economic operators, will strengthen trust in and ensure accountability for the safety of construction products placed on the market or supplied to the sector.

62. The requirements provided for in the GSR for construction products will be implemented through secondary legislation following this public consultation. The secondary legislation will also be subject to scrutiny during an affirmative debate before Parliament by the end of 2026. The government will prepare businesses by continuing to engage with the construction product sector and produce guidance through the national regulator.

## **NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)**

### **Main assumptions**

#### Overview of analytical approach

63. Analysis and cost and benefit assumptions presented in this Impact Assessment has drawn on the experience of PRP Architects and modelling by Adroit Economics as part of a consortium contracted by the Department. The assumptions underpinning the analysis are the best estimates available at the time of publication.
64. The cost estimates have been broken down to align with the obligations set out in the GSR for manufacturers, distributors and importers. The different requirements of the GSR are interlinked, and cost estimates attributed to one area could feasibly be argued to fall under another. The allocation of cost to a duty or requirement, however, does not impact the overall estimates.
65. As part of our analysis, we have considered a counterfactual which ensures that, as far as possible and where appropriate, we have only estimated costs for additional activity resulting from the new requirement. We recognise that some businesses will already comply with the requirements under the preferred option. These businesses will therefore not be captured under the preferred option's monetised costs or benefits.
66. The costs and benefits estimates presented are not without uncertainty. Where possible, we have modelled a low, central, and high scenario to help capture the uncertainty of the modelling, allowing us to present a range of results. Specifically, the low scenario reflects the lowest benefit estimates arising along with the highest cost estimates, while the high scenario reflects the highest level of benefits occurring at lowest costs. Given the central scenario is based on the best available evidence, data, and assumptions, it represents our most robust estimate. A detailed overview of the risks and limitations of our analysis can be found in the Risks and Assumptions section.

#### Price year, present value year and appraisal period

67. All estimates are in present value terms from 2025/26, with a 10-year policy period of 2027/2028 to 2036/2037, and in real 2025 prices. The estimates assume a building's lifetime is approximately 60 years, and that benefits accruing from the policy impact on buildings over the appraisal period, will last that lifetime. Non-health related costs and benefits are discounted at a rate of 3.5%, falling to 3% after 30 years. Health benefits are discounted at a rate of 1.5%, falling to 1.286% after 30 years. This is in line with the appraisal guidance set out in the HMT Green Book. Industry costs and benefits are anticipated to start at the beginning of the appraisal period.

#### Number of Manufacturers, Distributors and Importers

68. It is estimated that there are around 28,300 Construction Product Manufacturers (CPMs) operating in the UK in 2025<sup>16</sup>. The number of economic operators is assumed to stay constant over the appraisal period.

69. The estimate above does not attempt to assess the number of construction product distributors or importers. We have extended the approach used for estimating the number of CPMs to include these other two relevant economic operators. For this impact assessment, it has thus been estimated that in 2023 there were around 10,200 construction product distributors in the UK, of which around 4,300 are importers. These estimates are based on a snapshot of the 2025 Inter-Departmental Business Register (IDBR), and the average proportion of importers in the 2023 and 2022 and 2021 Annual Business Surveys.<sup>17</sup>

### Counterfactual

70. This impact assessment estimates all costs and benefits net of a counterfactual where the regulations are not introduced. Our counterfactual takes account of the following factors:

- **Scope of existing regulations:** The Construction Products Regulation 2011 (CPR)<sup>18</sup> has designated standards for a range of construction products. We consider the incremental impacts of the options on top of the existing requirements.
- **Current voluntary compliance rates:** The extent to which companies are currently voluntarily complying with the GSR. This ensures the analysis within this impact assessment reflects the additionality in costs and benefits of the policy compared to current industry behaviour.

### **Net Present Cost and Benefits**

71. **Table 1** below presents the total estimated costs and benefits of the preferred policy option. The total present cost ranges from £533m to £780m, with a central estimate of £654m. The present benefit ranges from £208m to £1,845m, with a central estimate of £819m. **The net benefit therefore ranges from -£572m to £1,313m, with a central estimate of £165m.**

72. It should be noted that the benefits presented here are also based on the additional benefit of implementing a national regulator. These benefits cannot be assigned solely to the GSR itself, and the benefits and the net benefits may be overstated.

73. The costs represent the industry costs caused by the GSR. An indicative estimate of the cost to the national regulator to regulate against the additional construction products remit is given. Detail behind each cost and benefit contributor will follow this section.

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<sup>16</sup>MHCLG analysis based on NOMIS data accessed in Nov 2025, using UK Business Counts in 2025. These estimates should be treated as a guide only and are subject to a degree of uncertainty, largely because industry classification codes do not match easily to the sector and some products are not destined exclusively for construction. Manufacturers were identified using 70 4-digit Standard Industrial Classification (SIC) codes informed by the Adroit Consortium. This manufacturer grouping will also include producers of raw materials used for construction such as building stone, however excluding construction purposed stone quarrying and quarrying support firms that are not manufacturers under SIC codes does not significantly change the 1/5 proportion. As the construction products industry does not map easily onto SIC codes, assumptions were used to weight each SIC grouping. This was informed by both product descriptions and the value of sales of relevant products from the PRODCOM dataset. This therefore means this estimate is indicative, as the number of manufacturers may not scale linearly with the value of sales. <https://www.nomisweb.co.uk/datasets/idbrent>

<sup>17</sup> The distributor count is estimated based on the number of enterprises under SIC 46130, 46730, 46740, taken from a 2025 snapshot of the Inter-Departmental Business Register. The importer count is estimated based on the average proportion of importers in SIC 46 in the 2023 and 2022 Annual Business Surveys.

<sup>18</sup> <https://www.legislation.gov.uk/eur/2011/305/contents>

**Table 1: Total costs and benefits of preferred policy option, United Kingdom, 2025 prices, 2025/26-2034/35 appraisal period. 2025/26-2034/35 appraisal period.**

Scenario	Total Net Present Value (NPV) (£m)		
	Low	Medium	High
<b>Costs</b>	£780	£654	£533
<b>Benefits</b>	£208	£819	£1,845
<b>Net benefits</b>	<b>-£572</b>	<b>£165</b>	<b>£1,313</b>

**Table 2: Detailed table of costs and benefits of the general safety requirement, United Kingdom, 2025 prices, 2025/26-2034/35 appraisal period.**

£m	Total NPV (£m)			EANC (£m)		
	Low Benefit Scenario	Medium Benefit Scenario	High Benefit Scenario	Low Benefit Scenario	Medium Benefit Scenario	High Benefit Scenario
<b>Total benefits</b>	<b>£208</b>	<b>£819</b>	<b>£1,845</b>	<b>£24</b>	<b>£95</b>	<b>£214</b>
<b>Safety benefits</b>	<b>£59</b>	<b>£133</b>	<b>£265</b>	<b>£7</b>	<b>£15</b>	<b>£30</b>
Reducing the risk of fire incidents and structural issues	£13	£48	£128	£1.5	£5.3	£14.1
Reducing the risk of systemic issues	£46	£85	£137	£5.3	£9.9	£15.9
<b>Cost avoidance benefits</b>	<b>£149</b>	<b>£686</b>	<b>£1,580</b>	<b>£17</b>	<b>£80</b>	<b>£184</b>
Reducing delays due to poor labelling	£3	£10	£16	£0.3	£1.2	£1.9
Reducing the cost of replacing defective products	£146	£676	£1,564	£17.0	£78.5	£181.7
<b>Total costs</b>	<b>£780</b>	<b>£654</b>	<b>£533</b>	<b>£91</b>	<b>£76</b>	<b>£62</b>
<b>Industry costs</b>	<b>£704</b>	<b>£545</b>	<b>£392</b>	<b>£81.8</b>	<b>£63.4</b>	<b>£45.5</b>
Of which: Manufacturer costs	£676	£524	£377	£78.6	£60.9	£43.8
Of which: Distributor costs	£1	£1	£1	£0.1	£0.1	£0.1
Of which: Importer costs	£26	£20	£14	£3.1	£2.3	£1.6
<b>Regulator costs</b>	<b>£76</b>	<b>£108</b>	<b>£141</b>	<b>£8.8</b>	<b>£12.6</b>	<b>£16.4</b>
<b>Net present value</b>	<b>-£572</b>	<b>£165</b>	<b>£1,313</b>	<b>-£66</b>	<b>£19</b>	<b>£152</b>
<b>Benefit-Cost-Ratio</b>	<b>0.3</b>	<b>1.3</b>	<b>3.5</b>	<b>0.3</b>	<b>1.2</b>	<b>3.5</b>

## Monetised Costs

### Industry costs

74. Firms will incur additional costs to comply with the wider scope of the regulations. Assumptions have been driven by evidence from the Office for Product Safety and Standards<sup>19</sup> (OPSS) and the Adroit Consortium.

75. As outlined in the Policy Objectives section above, the changes proposed in the preferred option would mean that importers and distributors of products within the UK market would also be subject to legal responsibilities as well as manufacturers. As such, the industry costs in this impact assessment are split between the costs incurred by manufacturers and those incurred by distributors and importers, split into their respective obligations to ensure the product placed on the market is safe.

### Manufacturer costs

76. Part of the industry will already be complying with the new regulatory requirements, either because they fall under the current CPR framework or because they are voluntarily complying. The costs are based on the costs of applying similar requirements to those already required for products (currently) subject to a designated standard. Research commissioned to the Adroit Consortium<sup>20</sup> suggests that around 29 – 61% of manufacturers are already subject to requirements under a designated standard, under the central scenario, it is assumed at least 37% of manufacturers will already comply.

77. Based on expertise with the Adroit Consortium, it is assumed that under the counterfactual, the below proportion of construction product manufacturers will comply with the following obligations:

- 37% will provide a risk assessment.
- 69% will provide adequate labelling.
- 78% already comply with instructions and safety information requirements.
- 43% retain records on risk assessments, and complaints.
- 43% undertake sample testing of their products.

78. Where construction products will now fall under the general safety requirement, around:

- An additional 5% of all manufacturers will be affected by product correction requirements.
- An additional 0.05% of all manufacturers will be affected by product recall requirements.

79. **Table 3** below shows the split in costs by manufacturer obligations.

**Table 3: Estimated costs of manufacturer obligations under the general safety requirement, United Kingdom, 2025 prices**

		NPV (£m)			EANC (£m)		
Policy	Cost Type	Low Benefit Scenario	Central Benefit Scenario	High Benefit Scenario	Low Benefit Scenario	Central Benefit Scenario	High Benefit Scenario
	One-off costs	£62.1	£49.0	£40.5	£7.2	£5.7	£4.7

<sup>19</sup> See footnote 6

<sup>20</sup> Source: Adroit Consortium (2025) – commissioned by MHCLG: Construction Product Sector and Subsectors Evidence and Data Final Report (Project 1). It is assumed that the proportion of products that fall under designated standards is likely to fall under the lower half of the range given, hence the central estimate is not the mid-point. However, given uncertainty, the full range has been provided.

<b>Risk Assessment</b>	Annual recurring costs	£49.4	£40.7	£32.5	£5.7	£4.7	£3.8
<b>Labelling</b>	One-off costs	£9.9	£7.6	£5.3	£1.1	£0.9	£0.6
	Annual recurring costs	£102.0	£78.5	£54.9	£11.9	£9.1	£6.4
<b>Provision of product information &amp; storage and transportation information</b>	One-off costs	£6.9	£5.3	£3.7	£0.8	£0.6	£0.4
	Annual recurring costs	£5.2	£4.0	£2.8	£0.6	£0.5	£0.3
<b>Retention of product information, risk assessments and complaints or incidents</b>	One-off costs	£17.7	£13.6	£9.6	£2.1	£1.6	£1.1
	Annual recurring costs	£13.5	£10.4	£7.3	£1.6	£1.2	£0.8
<b>Sample testing</b>	One-off costs	£31.3	£24.1	£16.9	£3.6	£2.8	£2.0
	Annual recurring costs	£364.9	£280.7	£196.5	£42.4	£32.6	£22.8
<b>Product amendments</b>	Annual recurring costs	£7.5	£5.8	£4.0	£0.9	£0.7	£0.5
<b>Product recalls (including corrections and withdrawals)</b>	Annual recurring costs	£6.0	£4.6	£3.2	£0.7	£0.5	£0.4
<b>Total Manufacturer Costs</b>		<b>£676.5</b>	<b>£524.3</b>	<b>£377.2</b>	<b>£78.6</b>	<b>£60.9</b>	<b>£43.8</b>
Note that estimates may not sum due to rounding.							

80. The total manufacturer present cost is approximately £377.2m to £676.5m across the 10-year appraisal period, with a central estimate of £524.3m.

### Risk assessment

81. The GSR requires all construction products to be safe when they are supplied or placed on the market. Under the GSR, manufacturers of construction products will be required to undertake risk assessments to demonstrate the safety of the products they produce. Where risks are identified, manufacturers would be expected to take action to reduce the safety risk to as low as possible which could include redesigning products or providing product safety information to ensure the safe use of their product.

82. For the purposes of the impact assessment, it is assumed that no risk assessment reports are currently being undertaken by manufacturers to the standard required by the GSR. The requirement for firms producing construction products to undertake risk assessments is estimated to result in an initial one-off cost of undertaking risk assessments for existing construction products. This will require an average of 5.4 days additional work per product, affecting c.17,800 businesses (over 22,500 products), at an estimated cost of c. £2,300 per product. After discounting, this results in a one-off central cost estimate of £49.0m.
83. Firms will also face a recurring cost, as they will have to continue to undertake risk assessments for new construction products that are produced. Firms are expected to produce over 2,200 products/year, costing around £2,300 per product risk assessment. After discounting, annual costs make up £40.7m over the 10-year period.
84. Over the 10-year appraisal period, totalling annual costs and one-off costs, this is expected to cost around £89.7m to businesses.

### Labelling

85. Manufacturers are expected to label products with their name, registered trade name or registered trademark, and the full postal address they are registered. Manufacturers may also choose to add their unique identifier or batch number to the product labels. This would be printed onto the product or product packaging. Both domestic manufacturers and importers of foreign construction products (estimated in a further section below) would be obliged to provide this labelling.
86. Construction product manufacturers without sufficient labelling will need to redesign labels to accommodate the introduction. This is expected to be a one-off cost, at around £100 - £9,000 depending on the size of the business, for around 8,900 businesses. After discounting, this leads to an overall central estimate of £7.6m.
87. These firms will also face a recurring cost for annual expenditure on IT, software, licensing and equipment to perform the labelling of products. This is expected to cost a firm between around £600 and £25,400 per year depending on firm size. In total, over the 10-year appraisal period, the annual costs to business makes up £78.5m.
88. Over the 10-year appraisal period, this is expected to cost around £86.1m to businesses.

### Provision of product information & storage and transportation information

89. Many construction products already include information on how to use the product, safety information and instructions for safe transport of the product. Manufacturers are also assumed to already package their products adequately for safe transport to ensure their products do not get damaged on the way to the end-user, and hence only the provision of additional information will be costed.
90. The proportion of products that will need to produce additional information is limited. Any manufacturer that does not already provide suitable instructions will have to spend time preparing them and designing documentation within the requirements of paragraph 26 above. This is expected to cost around £100 - £9,000 per firm in setup costs. These ranges depend on the size of the firm.

91. As there is already a high compliance rate, this cost is expected to affect around 6,200 firms and cost around £5.3m as a one-off cost, and an additional £4.0m in total annual costs to prepare instructions, due to existing and new manufacturers producing new products.

92. Over the 10-year appraisal period, this is expected to cost around £9.3m to businesses.

#### Retention of product information, risk assessments and complaints or incidents

93. Manufacturers will have an obligation to retain their risk assessment for 10 years following the final date they made the product available on the market. This also includes the detailed technical information and other documents listed in paragraph 26, as well as records of the original product documentation, any amendments and any reports of safety incidents that have occurred where the products have been used. Information provided by users to the manufacturer on the use of the product in novel or unforeseen use should be retained. Follow up actions as a result of safety incidents and correspondence, as well as guidance and direction provided to the user by the manufacturer should also be retained.

94. The cost estimated to handle all these documents is estimated to be £100 - £9,000 depending on the size of the firm. Compliance is assumed to be relatively low, and hence around 16,000 manufacturers would incur a one-off cost that would total to £13.6m.

95. 10% of manufacturers are expected to produce new products, either due to a new business birth, or through new products from existing manufacturers, and this product information must be retained. This leads to a total annual cost of £10.4m over the 10-year appraisal period.

96. Over the 10-year appraisal period, totalling the one-off and annual costs, is expected to cost around £24.0m to businesses.

#### Sample Testing

97. Manufacturers will be obliged to undertake sample testing for products that have been placed on the market. As compliance is low, it is expected that a sufficient level of sample testing on the current stock of products on the market would cost around £600 to £15,300 per firm depending on firm size. The total set-up costs are thus expected to be around £24.1m.

98. Additionally, sample testing of existing products is expected to occur every 5 years, and new businesses and new products from existing manufacturers will require sample testing each year. Ongoing testing is thus expected to have a total cost of £280.7m over the 10-year appraisal period.

99. Combined with the set-up costs, the total costs to businesses resulting from sample testing is £304.8m over the 10-year appraisal period.

#### Actions where a product is unsafe or suspected to be unsafe - Product amendments

100. Manufacturers will have an obligation to monitor the safety of a construction product. Where product information or storage and transportation of a product is not deemed to be adequate, manufacturers must amend and update product information or mitigate safety risks during transportation. It is assumed that the costs of product amendments would be equivalent for manufacturers of the same size and would be greatest for large firms.

101. It is estimated that 5% of firms will be affected, around 1,400 manufacturers per year, with a cost per firm of around £300 - £6,300, giving a total present cost of £5.8m over the 10-year appraisal period.

#### Actions where a product is unsafe or suspected to be unsafe – product recalls, corrections and withdrawals

102. A product recall (and correction and withdrawal) is only expected to happen on very rare occasions, in the event of a safety issue. This involves correcting any construction products not yet supplied, withdrawing them from the market, and taking steps to recall products that have been sold. It is expected that corrections and withdrawals of the product will occur when a safety issue with the product means a product recall is necessary. It is assumed that the costs of product recall would be equivalent for manufacturers of the same size and would be biggest for large firms. It is estimated that only 0.05% of firms will be affected, an estimated 14 firms per year, costing from around £25,000 to £500,000 per firm.

103. This gives an average per annum cost of around £0.6m, and a total present cost of £4.6m over the 10-year appraisal period.

#### **Distributor and Importer costs**

104. There is limited information on the compliance rates and the number of distributors and importers. As such, for these groups we have assumed that under the counterfactual:

- There are around 10,200 distributors, of which around 4,300 are importers<sup>21</sup>.
- 90% of distributors (including importers) already verify the information provided to them by construction product manufacturers to ensure that they have complied with the necessary requirements.
- All distributors will provide information provided by the manufacturer, hence no additional cost.
- 75% of distributors (including importers) already retain product information and information related to complaints.
- Similar proportions of importers will provide adequate labelling as manufacturers.

105. The below text outlines the costs related to both distributors and importers, and the additional costs incurred solely to importers. **Table 4** provides a breakdown of the distributor and importer costs by policy proposal.

106. The present costs which apply to both distributors and importers is around £0.6 to £1.0m, with a central estimate of £0.8m. The additional present costs that only apply to importers is around £14.1m to £26.3m.

**107. Therefore, the total cost to distributors and importers is around £14.7m to £27.3m, with a central estimate of £21.0m.**

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<sup>21</sup> See footnote 17

**Table 4: Estimated costs of distributor and importer policy proposals, UK, 2025 prices**

		NPV (£m)			EANC (£m)		
Policy	Cost Type	Low Benefit Scenario	Central Benefit Scenario	High Benefit Scenario	Low Benefit Scenario	Central Benefit Scenario	High Benefit Scenario
<b>Costs to Distributors &amp; Importers</b>							
<b>Paperwork Verification</b>	One-off costs	£0.6	£0.5	£0.3	£0.07	£0.05	£0.04
	Annual recurring costs	£0.5	£0.3	£0.2	£0.05	£0.04	£0.03
<b>Cost to both distributors &amp; importers</b>		<b>£1.0</b>	<b>£0.8</b>	<b>£0.6</b>	<b>£0.1</b>	<b>£0.1</b>	<b>£0.1</b>
<b>Additional costs to importers only</b>							
<b>Labelling</b>	One-off costs	£1.1	£0.9	£0.6	£0.1	£0.1	£0.1
	Annual recurring costs	£21.9	£16.9	£11.8	£2.5	£2.0	£1.4
<b>Maintaining records of product information</b>	One-off costs	£0.3	£0.2	£0.2	£0.0	£0.0	£0.0
	Annual recurring costs	£0.2	£0.2	£0.1	£0.0	£0.0	£0.0
<b>Product amendments</b>	Annual recurring costs	£1.5	£1.1	£0.8	£0.2	£0.1	£0.1
<b>Product recalls (including corrections and withdrawals)</b>	Annual recurring costs	£1.2	£0.9	£0.6	£0.1	£0.1	£0.1
<b>Total additional importer costs</b>		<b>£26.3</b>	<b>£20.2</b>	<b>£14.1</b>	<b>£3.1</b>	<b>£2.3</b>	<b>£1.6</b>
<b>Overall costs to distributors and importers</b>		<b>£27.3</b>	<b>£21.0</b>	<b>£14.7</b>	<b>£3.2</b>	<b>£2.4</b>	<b>£1.7</b>

### Paperwork Verification (Distributors & Importers)

108. All distributors, including importers, will be under the obligation to ensure that the information provided by manufacturers about their products is correct and sufficiently detailed. This includes ensuring that a sufficient risk assessment is in place, taking reasonable steps to ensure that the labelling on products is correct, and checking product storage and transportation requirements are being fulfilled. Based on consultant discussion, it is assumed that the time taken to check all product labels and documentations would take a similar amount of time to a manufacturer to prepare and design an instruction leaflet. Compliance is relatively high, meaning that only around 1,000 distributors will incur these extra costs, creating a one-off set up cost of £0.5m.
109. Continued verification of the paperwork and labels supplied with new products is up to 2 days, leading to a total annual present cost of £0.3m.
110. In total, paperwork verification makes up £0.8m in present cost.

### Provision of information supplied by the manufacturer (Distributors and Importers)

111. Distributors and importers will have an obligation to supply customers with the product information provided by the manufacturers. As the voluntary compliance rate of manufacturers is already quite high, it is expected that most distributors and importers would already have the capacity to retain the informational leaflets provided to them or simply redirect their customers to an online resource. As such, it is assumed that both economic operators would not face any additional costs when fulfilling this obligation.

### Labelling (Importers only)

112. Importers putting foreign-made construction products on the UK market would have similar obligations to domestic manufacturers to label them with their company details. It is expected that for a given importer, this would take the same amount of time and cost as for a manufacturer in the size bracket.
113. It is expected that around 1,400 firms will be impacted. There will be a one-off cost involving labelling the existing stock of products, costing around £100 - £5,000 per firm. This is around £0.9m in present cost.
114. Importers will also face a recurring cost of around £2.0m to label new imports each year and update their label. It is expected that over the 10-year appraisal period, the total annual present cost to business would be £16.9m.
115. Over the 10-year appraisal period, in present value, this obligation is expected to cost affected businesses around £17.8m.

### Maintaining records of product information (Importers only)

116. Importers will have a similar obligation to manufacturers to maintain any information on their products that is supplied by the manufacturer for ten years following the final date the manufacturer made the product available on the market. Additionally, importers would have an obligation to investigate any complaints relating to safety incidents and retain records of these for ten years following the final date on which the manufacturer made the product available on the market. The cost of handling these documents is expected to be around £20 to £1,700 per business depending on the size of the importer. Compliance is assumed to be relatively high, and hence around 1,100 importers would incur a one-off cost that would total to £0.2m in present value.
117. The administrative time expected to deal with documentation from new products and complaints is expected to be up to £170 a year per business, leading to a total annual present cost of £0.1m.
118. In total, fulfilling this obligation would cost importers around £0.4m over the 10-year appraisal period.

Importer actions where a product is unsafe or suspected to be unsafe - product amendments (Importers only)

119. For an imported construction product, it is expected that the responsibility would fall on the importer who placed it on the market to issue product amendments, although this is expected to be a rare event.
120. It is estimated that 5% of firms will be affected, around 200 importers per year, at around £300 - £6,300 per importer. This gives a total cost of £1.1m over the 10-year appraisal period.

Importer actions where a product is unsafe or suspected to be unsafe – product recalls, corrections and withdrawals (Importers only)

121. In the case of an imported construction product, it is expected that the responsibility would fall on the importer who placed it on the market to issue a product recall, although this is expected to be a rare event. It is only expected that corrections and withdrawals of the product will occur when a safety issue with the product means a product recall is necessary. Given that the onus of the recall may fall onto the importer in the instance the foreign manufacturer does not perform the recall, it is assumed that the costs of product recall would be equivalent to that faced by a manufacturer in the same size bracket.
122. Only an estimated 2 importers will be affected per year, costing from £25,000 to £510,000 depending on the size of the firm, resulting in a total annual cost of around £0.9m over the 10-year appraisal period.

**Regulator costs**

123. As the scope of the national regulator for construction products will increase by approximately two-fold, there may be additional costs needed to regulate the sector post-reforms.

124. Notifications of unsafe construction products have been rare. From April 2024 to March 2025, just 32 (1.7%) of 1,792 product notifications received on the Product Safety Database pertained to construction products<sup>22</sup>.

125. While the number of products coming under scope for regulations is increasing to all construction products (encompassing products outside of the CPR) which subsequently may increase the number of safety notifications, the cost of additional notifications and the success rate of an appeal is likely to be low relative to the total cost to business/society of the GSR.

126. As the national regulator will perform a range of activities, it is difficult to determine the additional spend needed solely for the GSR. As a conservative estimate, based on the total additional cost of regulatory activities as a result of reforms proposed to the construction products industry, it is estimated that the regulator may incur an additional £108m across a 10-year appraisal period. This estimate is likely to be an overestimate.

### **Costs estimated to be zero or minimal**

#### Monitoring product safety, construction product usage

127. Manufacturers, importers and distributors are expected to be alert and prepared to rectify product safety risks that are identified with the products they sell.

128. It is expected that all economic operators should currently be monitoring the safety and usage of their product. Any additional costs required as a result of product corrections or a product recall which have been influenced by the national regulator have been costed above. Hence, any additional costs from monitoring the safety of products sold by the respective economic operator should be minimal or zero.

#### Maintain records of customers/ purchase and supply

129. Importers and distributors will be required to create and maintain a record of who they have supplied the construction product to. It is expected that there is a high level of compliance as importers and distributors will already be maintaining such records for the purposes of sales activity and therefore additional costs will be minimal or zero.

### **Non-monetised costs**

#### Updating risk assessments where a new risk or new use is identified

130. Risk assessments should be based on the intended and normal or reasonably foreseeable conditions of use. Should a product line have a new, innovative use where the product could present a safety risk, manufacturers with an existing product should update their risk assessment and safety precautions to account for this new, innovative use. However, it is unknown how frequently a new, innovative use, which could potentially present new risks to safety, would come into fruition for the average construction product. Given this, a new risk is likely to be rare across the 10-year appraisal period and therefore has not been costed for proportionality.

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<sup>22</sup> Product Safety Database report 2024 to 2025: data tables, [Product Safety Database annual reports - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118111/Product_Safety_Database_annual_reports_-_GOV.UK.pdf)

## Digitisation of product information

131. In addition to labelling and provision of product information, construction product manufacturers and importers will be expected to provide their product information through an accessible digital format which can be found via a unique identifier or digital label. This could include a variety of digital formats, such as provision of information via a website. Existing manufacturers may not have suitable IT systems or processes under the counterfactual and so would need to incur an upfront cost for this, as well as a minor ongoing cost for maintaining IT systems and creating digital formats of product information. As such, the cost of labelling and the provision of information may be underestimated.
132. Digitisation may have significant benefits to businesses and the national regulator. Construction products can be tracked more easily across the supply chain and may enable more efficient processes. Construction product manufacturers, distributors and importers and the national regulator can also have greater control over a product recall, for instance, by allowing consumers to more easily identify if they have a product that is being recalled via a batch number, thereby reducing safety risks.

## **Monetised Benefits**

133. The benefits monetised here are based on the full number of residential benefits expected from the GSR and from an active national regulator. Benefits could not be disentangled for specific elements of the GSR.
134. Benefits have been estimated over a 70-year appraisal period. This includes the policy appraisal period (i.e., active enforcement and regulations will be applicable across the first 10 years), and that buildings impacted by the enforcement and regulations in those 10 years will have their benefits persist over its lifespan, which is assumed to be 60 years. For instance, safety benefits for residential buildings in Year 1, will last until Year 60, for those in Year 5, their benefits will last until Year 65, and those being developed in Year 10, will have benefits until Year 70.
135. Benefits are split into the following:

### **Safety benefits**

- Reducing the risk of fire and structural issues
- Reducing the risk of systemic issues (e.g.: Aluminium composite material cladding, asbestos)

### **Cost avoidance benefits**

- Reduced costs resulting from poor product labelling (resulting in delays during construction)
- Reduced costs arising due to products being identified as defective prior to installation, requiring them to be returned and re-ordered (resulting in delays)

136. The benefits analysis is dependent on a range of broad assumptions, this includes:
- The likelihood of a fire incident or structural incident within the counterfactual,

- the expected costs of such incidents,
- the cost of rectifying these incidents,
- and the extent to which the national regulator will mitigate incidents.

**Table 5: Estimated benefits of policy proposals, UK, 2025 prices**

£m	Total NPV (£m)			Equivalent Annual Impact (£m)		
	Low Benefit Scenario	Medium Benefit Scenario	High Benefit Scenario	Low Benefit Scenario	Medium Benefit Scenario	High Benefit Scenario
<b>Total benefits</b>	<b>£208</b>	<b>£819</b>	<b>£1,845</b>	<b>£24</b>	<b>£95</b>	<b>£214</b>
<b>Safety benefits</b>	<b>£59</b>	<b>£133</b>	<b>£265</b>	<b>£7</b>	<b>£15</b>	<b>£30</b>
Reducing the risk of fire incidents and structural issues	£13	£48	£128	£1.5	£5.3	£14.1
Reducing the risk of systemic issues	£46	£85	£137	£5.3	£9.9	£15.9
<b>Cost avoidance benefits</b>	<b>£149</b>	<b>£686</b>	<b>£1,580</b>	<b>£17</b>	<b>£80</b>	<b>£184</b>
Reducing delays due to poor labelling	£3	£10	£16	£0.3	£1.2	£1.9
Reducing the cost of replacing defective products	£146	£676	£1,564	£17.0	£78.5	£181.7
Note that estimates may not sum due to rounding.						

### Reducing the Risk of Fire/Structural Incidents

137. It is expected that the regulations will reduce the risk of fire spreading within and across all buildings and therefore reduce the risk of loss of life and the broader economic and social costs of such fires. This is because of increased testing of construction products and prevention of unsafe products being installed in buildings.
138. The economic costs of incidents were modelled based on the impact of fires of varying severities using case studies and industry knowledge from the Adroit Consortium to gauge costs. Impacts considered include casualties and fatalities, mental health impacts, property loss, demolition, and operational costs.
139. Historical data and statistical analysis were used to model the expected frequency of fire incidents in the baseline, and a judgement of the additional risk reduction from the new construction products regulatory framework and the national regulator for construction products, in consideration of other policies currently in place, such as the Building Safety Regulator and its regulatory regime.
140. The reduced risk of fire/structural incidents is estimated to be worth between £13m to £128m in net present value terms, with a central estimate of £48m.

### Reducing the risk of systemic issues

141. In addition, greater testing of construction products and information on the use of construction products is likely to reduce systemic issues in the built environment. That is avoiding a crisis such as remediating aluminium composite material (ACM) cladding or asbestos.
142. Given the exact nature and scale of future potential systemic issues cannot be known, an assumption has been taken that a systemic issue will be similar to that of the ACM issue. ACM cladding affected around 490 buildings, at an estimated average of £3.9m per building<sup>23</sup> to resolve (including remediation and other factors).
143. Based on the number of buildings affected by dangerous ACM cladding, the counterfactual assumes around 3.5% of new buildings or those undergoing major refurbishments would be subject to issues that would later (over 20 years) require mitigation and remediation. This analysis assumes that the likelihood of such a systemic issue would be around 5% (1 in 20 years), this likelihood is based on historic events, such as the ACM cladding crisis and asbestos.
144. As with the reduced risk of fire and structural incident benefits, these estimates also consider other policies already in place under the counterfactual – such as the Building Safety Regulator’s regulatory regime.
145. The reduced risk of systemic issues is estimated to be worth between £46m - £137m in net present value terms, with a central estimate of £85m.

### Reducing delays due to improved labelling and information

146. Improved product labelling and provision of information is expected to provide benefits through time saved in analysing test results or checking products during construction. Benefits associated with improved product labelling is estimated to be around £3m - £16m in net present value terms, with a central estimate of £10m.

### Reducing the need to replace defective products before installation

147. Industry knowledge and existing research suggests that around 21% of construction spend is attributable to errors, defects, or rework<sup>24</sup>. Evidence from the Construction Industry Research and Information Association’s ‘Towards Zero Defects’ Toolkits outlines 66 causes of errors, with one attributable to product failure and one attributable to damage in transit. Based off this, the estimate of the total amount of construction spending associated with these two sources of defects is around £884m in a given year.
148. The effectiveness of the national regulator for construction products to remove products found to be defective is estimated to be between 10% and 50%, with a central estimate of 30%. This effectiveness is assumed to increase over time to the estimates above as the regulator becomes operational and builds knowledge. The effectiveness of the regulator is a broad assumption made alongside industry experts, however there is limited evidence to support this.

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<sup>23</sup> Based on knowledge from industry and case studies.

<sup>24</sup> This estimate was based on the research report “Improving value by eliminating error” published by the Get It Right Initiative in May 2016.

149. Based on this, the benefits associated with reducing the need to replace defective products before installation is estimated to be worth between £146m - £1,564m in present value terms, with a central estimate of £676m.

### **Non-monetised benefits**

150. There are a range of benefits which have not been monetised, either because there is a lack of robust data and evidence available, or because it was not considered proportionate to carry out the analysis. These non-monetised benefits are listed below.

#### Increased variety and quality of products

151. By setting and enforcing standards, national regulation may resolve any existing market failures in the low-end product market that had previously arisen due to information asymmetry between sellers and buyers. Specifically, under the new regulatory regime, buyers of construction products would be better able to identify and avoid substandard and unsafe products and be more willing to pay for good products. This would have a beneficial impact on the variety and quality of products as sellers with high quality and safe products would now be incentivised to enter the market. Thus, even if the cost to build might nominally increase after the regulations come into force, end users may benefit from having more choice and greater assurance about the safety of products they purchase.

#### Greater transparency and accountability

152. Design and construction workers are likely to benefit from a more transparent operating environment as a result of clear and more consistent accountability through clear duty holders during building material procurement.

153. Increased traceability of construction products may also improve the confidence around the safety of buildings, partially through minimising ambiguity around compliance. This may support increased confidence in the construction and building insurance markets, which may benefit residents through lower insurance premia.

#### Safety benefits from improved infrastructure

154. Safety benefits captured in this impact assessment are solely for residential buildings. The potential safety risks of poor construction products within infrastructure have not been assessed due to limited evidence and for proportionality.

#### Level-playing field / fairer competition

155. Unsafe construction products may have used methods to save on costs at risk to the consumer, allowing them to undercut manufacturers of safe products, driving them out of the construction products market. The GSR will mandate manufacturers to provide a greater level of information on their product's technical information, intended use and details on what voluntary and mandatory standards their products have met. Improving transparency further enables the national regulator to remove unsafe construction products from the market, and therefore enable a level-playing field for compliant businesses to compete in.

## Improved resident wellbeing

156. Reductions in unsafe construction products will mean that residents of future new builds or refurbished buildings can feel confident that their property is safe, reducing the negative effects on mental health and wellbeing from uncertainty or concerns about the safety of their home.

### **Sensitivity analysis and switching analysis**

157. This section discusses the ranges in costs and benefits estimates provided for the assessment of the GSR, and the potential range in net benefit that the GSR could provide.

158. The cost and benefit estimates are uncertain, reflected by the significant range of net benefits (e.g., between -£572m in the low scenario and £1,313m in the high scenario).

159. Cost uncertainty is reflected through a +/-30% sensitivity in the industry costs of the GSR. There is greater certainty on the range of industry costs than there is for the size of the benefits. As such, the range for benefits is far greater than for costs.

160. Benefits are highly dependent on the ability for the national regulator to remove unsafe products from the market. This is given a 10-50% range, with a central scenario of 30%, as well as the effectiveness of construction product regulation under the counterfactual.

161. Much of this uncertainty is driven by the cost avoidance benefits, in particular the benefits associated with reducing the need to replace defective products before they are installed. To ensure appropriate sensitivity analysis has been undertaken, and potential risks considered, we have undertaken switching values analysis on this benefit.

162. In addition to the sensitivity analysis above, indicative analysis has also been performed based on the variance in the proportion of products covered by a designated standard. Based on analysis commissioned by MHCLG, this is assumed to vary between 29% and 61% based with a central assumption of 37%. Given the GSR will apply to products **without a designated standard**, the low-cost scenario is based on 61% of products falling under a designated standard, and the high-cost scenario is based on 29% of products falling under a designated standard. All other cost and benefit assumptions have been held constant based on the central scenario, and it is assumed that only manufacturers and importers will be affected by these changes as the scope is product specific.

163. This indicative analysis suggests that the industry costs could vary from around £343m to £613m, with the net present social value ranging from £97m to £367m, and that the GSR will remain a benefit regardless of the scope of the designated standards. Though it should be noted that the range would widen if the costs and benefits assumptions also varied along with the scope of the policy.

**Table 6: Detailed table of costs and benefits of the general safety requirement varying by products under a designated standard, United Kingdom, 2025 prices, 2025/26-2034/35 appraisal period.**

£m	Total NPV (£m)			EANC (£m)		
	Low Scenario (61% covered under Designated Standards)	Central Scenario (37% covered under Designated Standards)	High Scenario (29% covered under Designated Standards)	Low Scenario (61% covered under Designated Standards)	Central Scenario (37% covered under Designated Standards)	High Scenario (29% covered under Designated Standards)
<b>Total benefits</b>	<b>£819</b>	<b>£819</b>	<b>£819</b>	<b>£24</b>	<b>£24</b>	<b>£24</b>
<b>Safety benefits</b>	<b>£133</b>	<b>£133</b>	<b>£133</b>	<b>£7</b>	<b>£7</b>	<b>£7</b>
Reducing the risk of fire incidents and structural issues	£48	£48	£48	£1	£1	£1
Reducing the risk of systemic issues	£85	£85	£85	£5	£5	£5
<b>Cost avoidance benefits</b>	<b>£686</b>	<b>£686</b>	<b>£686</b>	<b>£17</b>	<b>£17</b>	<b>£17</b>
Reducing delays due to poor labelling	£10	£10	£10	£0	£0	£0
Reducing the cost of replacing defective products	£676	£676	£676	£17	£17	£17
<b>Total costs</b>	<b>£451</b>	<b>£654</b>	<b>£721</b>	<b>£148</b>	<b>£172</b>	<b>£180</b>
<b>Industry costs</b>	<b>£343</b>	<b>£545</b>	<b>£613</b>	<b>£40</b>	<b>£63</b>	<b>£71</b>
Of which: Manufacturer costs	£329	£524	£590	£38.2	£60.9	£68.5
Of which: Distributor costs	£1	£1	£1	£0.1	£0.1	£0.1
Of which: Importer costs	£13	£20	£22	£1.6	£2.3	£2.6
<b>Regulator costs</b>	<b>£108</b>	<b>£108</b>	<b>£108</b>	<b>£108</b>	<b>£108</b>	<b>£108</b>
<b>Net costs/benefits</b>	<b>£367</b>	<b>£165</b>	<b>£97</b>	<b>-£124</b>	<b>-£148</b>	<b>-£155</b>
<b>Benefit-cost ratio</b>	<b>1.8</b>	<b>1.3</b>	<b>1.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>

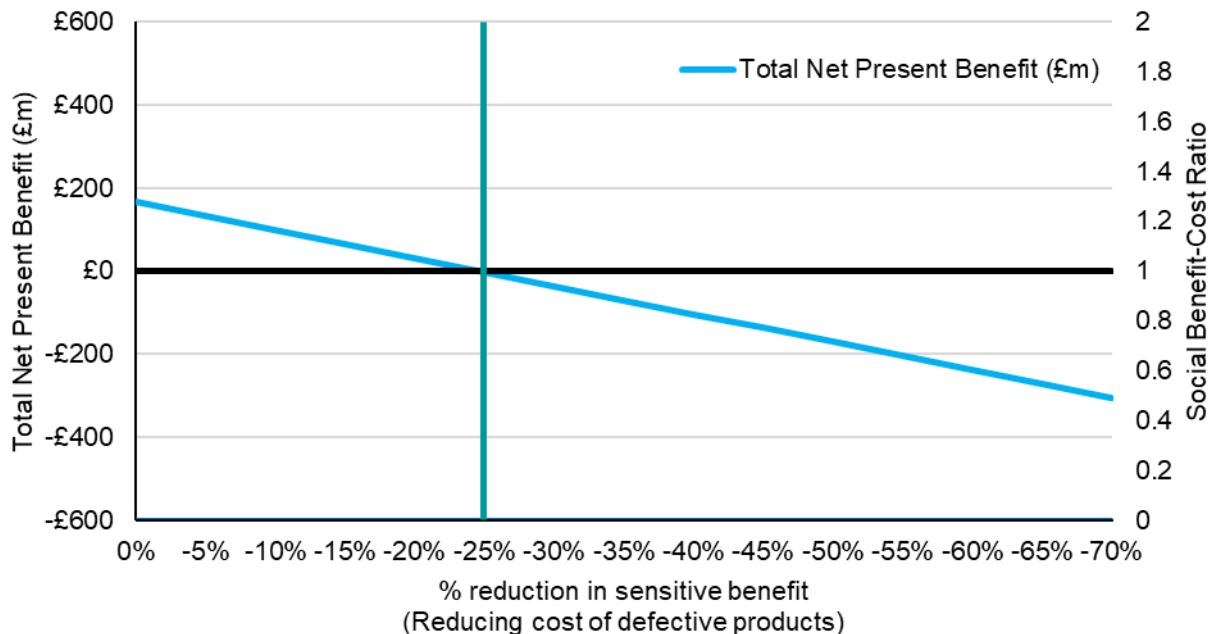
164. The total estimated benefit associated with reducing the cost of replacing defective products is estimated to be £676m in the central scenario. This accounts for around 83% of the total estimated benefits in the central scenario, indicating it is a key variable in determining the overall viability of the policy. A key driver of this benefit is the cost industry currently faces to replace defective products. Whilst evidence has been drawn upon where possible, this estimate has been calculated using high level assumptions and therefore represents considerable uncertainty.

165. Switching analysis is also given below, to show the extent that this benefit must fall before the net benefit under the central scenario becomes zero.

166. The results of the switching values analysis can be seen in **Figure 1**, below. Under the preferred option, for the NPV to fall to zero, the estimated benefit to industry of reducing the

cost of replacing defective products would need to fall by around 25%. Should the benefit to industry fall by greater than this, the overall benefits would fall to less than the overall costs.

**Figure 1: Switching value analysis based on reducing cost of defective products**



### Costs and benefits to business calculations

167. The majority of costs and benefits are expected to fall under businesses, with the exception of safety benefits, which are more likely to fall to society or residents.
168. The cost pass-through to households has not been monetised. Although this a significant additional burden to manufacturers, distributors and importers, the cost is likely to mostly be passed onto developers and DIY consumers.
169. However, benefits to businesses are indirect and businesses will not experience immediate benefits from the GSR. For instance, developers are likely to benefit through cost-avoidance; however, this is dependent on the prevention of an error that may or may not have happened under the counterfactual. This may have been prevented through improved information or practice brought upon by the GSR. Improvements to industry behaviour are likely to take time to transpire, and so the benefits are unable to be deemed as direct benefits. As such, businesses are likely to only incur direct costs.
170. **The direct net present cost to business sums up to £545m over the 10-year appraisal period, and £63m EANDCB. See Table 7 for a breakdown below:**

**Table 7: Costs to business, by scenario, BNPV / EANDCB (£m) (2025 prices)**

£m	Total NPV (£m)			EANC (£m)		
	Low Benefit Scenario	Central Benefit Scenario	High Benefit Scenario	Low Benefit Scenario	Central Benefit Scenario	High Benefit Scenario
<b>Cost avoidance benefits</b>	<b>£149</b>	<b>£686</b>	<b>£1,580</b>	<b>£17</b>	<b>£80</b>	<b>£184</b>
Reducing delays due to poor labelling	£3	£10	£16	£0.3	£1.2	£1.9
Reducing the cost of replacing defective products	£146	£676	£1,564	£17.0	£78.5	£181.7
<b>Industry costs</b>	<b>£704</b>	<b>£545</b>	<b>£392</b>	<b>£82</b>	<b>£63</b>	<b>£46</b>
Of which: Manufacturer costs	£676	£524	£377	£79	£61	£44
Of which: Distributor costs	£1	£1	£1	£0.1	£0.1	£0.1
Of which: Importer costs	£26	£20	£14	£3	£2	£2
<b>Business Net Present Value</b>	<b>-£555</b>	<b>£141</b>	<b>£1,188</b>	<b>-£64</b>	<b>£16</b>	<b>£138</b>
<b>Business Net Direct Present Value / EANDCB</b>	<b>-£704</b>	<b>-£545</b>	<b>-£392</b>	<b>£82</b>	<b>£63</b>	<b>£46</b>

171. Indirect benefits from cost avoidance are assumed to apply mostly to developers. This is estimated to be around £686m. Adding this to £545m in industry costs, gives a **Business Net Present Value of £141m**.

### Impact on small and micro businesses

172. Small and micro businesses are defined by the number of employees and their annual turnover. These definitions are<sup>25</sup>:

- **Micro:** fewer than 10 employees and earning less than or equal to €2 million/year in turnover or a balance sheet of less than or equal to €2 million.
- **Small:** 10 – 49 employees and earning less than or equal to €10 million/year in turnover or a balance sheet of less than or equal to €10 million.
- **Medium:** 50 - 249 employees or earning less than and equal to €50 million/year in turnover or a balance sheet of less than or equal to €43 million.
- **Large:** 250 employees or more or earning greater than €50 million/year in turnover or a balance sheet of greater than €43 million.

173. Based on the same approach to understanding the number of manufacturers, distributors and importers, it is estimated that 99% of manufacturers, 98% of importers and 99% of

<sup>25</sup> FCDO (2023), <https://www.gov.uk/government/publications/fcdo-small-to-medium-sized-enterprise-sme-action-plan/small-to-medium-sized-enterprise-sme-action-plan>

distributors affected by the GSR are small, micro or medium sized businesses<sup>26</sup>. **Table 8** below shows the breakdown in more detail.

**Table 8: Percentage split of manufacturers, distributors and importers by employment size band**

	Micro	Small	Medium	Large	Total	Total (amount)
<b>Manufacturers</b>	76.1%	18.2%	5.0%	0.7%	100.0%	28,300
<b>Distributors</b>	75.8%	19.4%	3.9%	0.9%	100.0%	10,200
<b>Importers</b>	68.1%	22.9%	6.9%	2.1%	100.0%	4,300

174. Underlying this fragmented aggregate market structure is a large number of sub-sectors related to separate product categories with varying levels of market concentrations.

175. This presents a risk in terms of:

- Impact on overall competitiveness due to higher barriers to entry and disproportionate cost burden on SMEs.
- Impact on specific product markets that might lead to shortages of products, such as bespoke fire doors or bespoke wooden frame windows.

176. Costs are expected to be proportional to the number of products manufacturers produce and hence proportionate to the size of the firm.

177. SMEs will not be exempt from the GSR as this would undermine the policy objective of ensuring all construction products on the UK market are safe. Compliance with the GSR is key to delivering safety and driving culture change in the construction product sector. Any exemptions for individuals, or for small and microbusinesses, would involve an unacceptable compromise. Such groups must be able to demonstrate compliance with the GSR not least to avoid creating loopholes where unscrupulous manufacturers or distributors might look to alter their corporate structure or supply chain to evade their own responsibilities to ensure that the safety requirement is met.

178. It is assumed that costs would be relative to the number of construction products each business handled and therefore would scale with business size. It is assumed that small and micro businesses handled 1 type of construction product, medium businesses handled 5 types and large businesses handled 10. The data supporting this assumption had some discrepancies with costs relating to sample testing, record retention and paperwork verification, although overall the cost impact of the policies followed this trend.

<sup>26</sup> Number of manufacturers, distributors and importers based on data from NOMIS. 2025 UK Business Counts split by industry and employment size band. Note that due to limited numbers of businesses under certain SIC groupings by employment bands, some businesses have been redacted, and so the split in businesses may vary slightly.

**Table 9: Cost per affected manufacturing firm by policy, across appraisal period**

<b>Policy</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>Risk Assessment</b>	£3,600	£3,600	£18,100	£36,200
<b>Labelling</b>	£5,700	£15,100	£33,600	£234,000
<b>Provision of product information &amp; storage and transportation information</b>	£200	£4,200	£11,700	£15,700
<b>Retention of product information, risk assessments and complaints or incidents</b>	£200	£4,200	£11,700	£15,700
<b>Sample testing</b>	£11,800	£25,600	£116,600	£146,600
<b>Product amendments</b>	£3,100	£7,700	£15,900	£54,600
<b>Product recalls (including corrections and withdrawals)</b>	£220,000	£550,000	£1,090,000	£4,370,000

**Table 10: Total cost per affected distributor firm by policy, across appraisal period**

<b>Policy</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>Paperwork Verification</b>	£100	£2,200	£6,200	£8,300

**Table 11: Total cost per affected importer firm by policy, across appraisal period**

<b>Policy</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>Labelling</b>	£5,600	£13,100	£28,000	£226,700
<b>Maintaining records of product information</b>	£40	£700	£2,100	£3,000
<b>Product amendments</b>	£2,600	£7,600	£20,500	£54,600
<b>Product recalls (including corrections and withdrawals)</b>	£220,000	£550,000	£1,090,000	£4,370,000

179. Risk assessment costs to manufacturers matched the assumption of costs being relative to number of products being managed most closely, with SMEs both having the same cost

per business as they both managed only single products. In turn, medium businesses and large businesses had roughly 5 and 10 times the cost per firm of SMEs; reflecting the assumption that they manage 5 and 10 types of products respectively.

180. With costs related to sample testing requirements, there is a 2 times increase in cost per firm between micro and small businesses. This most likely relates to increases in the volume of products being produced by a small business being greater than that produced by micro businesses. If a business is manufacturing or importing more of a specific construction product, there will be more of that product to test, hence the increase in cost per firm despite both sizes of business handling the same kind of product.

181. In terms of costs associated with paperwork verification and retaining / maintaining records, costs to micro businesses are very small with there being a drastic increase in costs per firm to small businesses. Cost per firm for retaining / maintaining records and paperwork verification increases by 20 times across manufacturers and importers when a business transitions from micro to small. This could be explained by paperwork requirements and record retention in a business of one person often being handled by that individual without necessity for investment in data storage facilities or extra human resources. The volume of clients, contracts and product increases when transitioning into a small business which means the administrative workload for the manager/founder of the business would be too much to take on any new contracts. This would require the employment of a committed administrator in the business to grow further. This is a much larger monetary investment compared to the micro business' investment. In turn, once the business transitions to a medium size, there is another jump in cost (3 times the cost of small, ~60 times the cost of micro) which could relate to the necessity of further human resource commitment and now investment in data storage facilities. This is a large fixed cost specifically for firms trying to transition into medium and large businesses.

182. Therefore, the impact on SMEs can be considered lesser compared to larger businesses which could alleviate concerns of disproportionate impact for SMEs. However, it does raise the potential issue of barriers to business growth by sharply increasing costs when moving between micro, small and medium business sizes. If costs scale sharply with business size, then a lesser initial impact on SMEs might be offset by stagnation in growth due to the costs.

### **Costs and benefits to households' calculations**

183. Households and society are expected to benefit from the policy; however, it is unlikely that the GSR will have a direct effect on households. Greater provision of information and transparency is likely to create significant safety benefits, either to DIY users of construction products, or for residents of buildings which would otherwise use unsafe or non-compliant construction products. However, this is dependent on a safety incident occurring under the counterfactual, where the GSR has directly avoided this. Given this is difficult to determine, it is unlikely that households will directly benefit from the policy.

184. Manufacturers may choose to pass the cost onto consumers of construction products, such as DIY users or developers. As the housing market is competitive, and new builds must be competitive with the rest of the housing market, it is unlikely that developers will pass this cost onto households. For DIY users, this impact will be more direct, and it is possible that DIY households may experience an increase in costs as manufacturers pass the costs on.

185. The proportion of cost-passthrough to DIY users/households has not been estimated, however it is expected that DIY will represent a minority of construction product sales

compared to developers, and so the amount of pass through to consumers is expected to be small.

## **Business environment**

### Competition and innovation

186. The requirements on construction product safety could have a positive impact on competition and innovation in the construction products market. The new GSR regulations alongside CPRs should push unsafe products and substandard manufacturers out of the market and create a level playing field for companies providing safer products, hence inducing greater competition on high quality and safe goods which could lead to increased innovation. However, where costs of compliance disproportionately affect smaller firms, the new regulation may have a detrimental impact on competition and innovation and push further market consolidation.

### **Trade implications**

187. The GSR will create additional obligations on foreign / non-UK manufacturers to work with a UK importer and complete and provide documentation to the importer, such as product information, technical information, and potentially a risk assessment. Foreign markets may have reduced obligations and would therefore have reduced barriers to entry compared to the UK.

188. However, this is not expected to impose disproportionate barriers to trade. This is not an additional disproportionate barrier to trade given these requirements are the same for domestic manufacturers and economic operators.

### **Environment: Natural capital impact and decarbonisation**

189. There may be an increase in environmental impacts through increased documentation of product information, whether physical or digitally produced. This may increase the level of embodied carbon in producing these documents and ongoing carbon emission impact from hosting product information digitally. This impact is expected to be low and has not been estimated.

### **Other wider impacts (consider the impacts of your proposals)**

#### Public Sector Equality Duty

190. The GSR is not expected to disproportionately affect persons with protected characteristics under the Public Sector Equality Duty.

#### Housing Supply and dependent sectors

191. The cost of the GSR could be passed through to the costs of construction products. This could increase build costs for housing developers, with a resultant decrease in the viability of new housing sites and housing supply. However, if product delays were to arise in the short term this could disrupt housing supply in the short run. Other sectors may also be sensitive to the cost of construction products, which could impact key supply chains.

## Risks and assumptions

192. Longstanding regulatory inattention to construction products means that there is a dearth of reliable data on the risk profile of construction products. The findings of the Grenfell Inquiry and of the Hackitt review suggest that it is reasonable to plan on the basis that there are systemic weaknesses contributing to yet undetected safety issues, relating to poorly performing and/ or poorly marketed/ labelled products. For this analysis, we have consulted MHCLG's consortium of expert consultants and OPSS<sup>27</sup> to make modelling assumptions about compliance rates within industry, the cost of the national regulator and potential benefits.
193. The inevitable uncertainty around those assumptions at this early stage mean that our estimates of cost and benefits are necessarily tentative. Key limitations that apply are as follows.

### Effectiveness of national regulation

194. There is uncertainty around the potential effectiveness of the GSR to prevent unsafe products being installed in buildings. This is assumed to range from reducing costs by 10% in the low scenario to reducing them by 50% in the high scenario, with the central estimate being 30%, the average of these two values. As mentioned above, these estimates were informed by consultations with industry consultants. The range in values reflects the large amount of uncertainty there is around how effective the national regulator would be at enforcing the new requirements and removing unsafe products from the market.

### Reduction in the cost of replacing defective products

195. There is a high level of uncertainty around the proportion of the total construction spend from error that is due to the two causes that the GSR can affect, that is manufacturing defect and damage in transit. In this analysis, it was assumed that all 66 causes of error found in existing research contribute equally to the total spend figure, due to a lack of information of how the components of the spend are distributed in reality. This led to a central scenario estimate that each of the two causes of error account for around 1.52% of the total error spend. Future monitoring efforts aimed at quantifying the effects the national regulations shall have on this type of construction spending, such as through surveys, may be able to improve these estimates over time.

### Policy position

196. The government has produced a green paper<sup>28</sup> and white paper<sup>29</sup> which sets out its intention on future reforms of the construction products sector. The estimates within this impact assessment do not assess the impact of additional reforms covered within the white paper outside of the GSR. Therefore, there is uncertainty on whether the costs and benefits will align with the reality of the policy in the future.

### Counterfactual scenario assumptions

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<sup>27</sup> See footnote 6

<sup>28</sup> <https://www.gov.uk/government/consultations/construction-products-reform-green-paper>

<sup>29</sup> <https://www.gov.uk/government/consultations/construction-products-reform-white-paper>

197. Where possible, evidence has been used to inform the counterfactual, however, where there is a lack of available evidence, expert judgement has been used to inform counterfactual assumptions. Whilst these assumptions have been developed alongside MHCLG's consortium of consultants, there remains significant uncertainty. This is particularly true for the modelling of cost avoidance benefits, resulting in a large range of estimated benefits. We will look to further refine these assumptions through engagement with industry and key stakeholders as part of our ongoing monitoring and evaluation of the programme.