

WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

Title of proposal:	Building Safety Bill – Legislative Consent Motion.
Official(s) completing the Integrated Impact Assessment (name(s) and name of team):	Owen Struthers
Department:	Planning
Head of Division/SRO (name):	Neil Hemington
Cabinet Secretary/Minister responsible:	Julie James, Minister for Climate Change
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SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

Since the Grenfell Tower fire Dame Judith Hackitt's [Independent Review of Building Regulations and Fire Safety](#) has identified serious failings with the construction industry and the regulatory system and has proposed solutions to address them. The Welsh Government's Building Safety Expert Group in their report '[Road Map to Safer Buildings in Wales](#)' identified the parameters of a Welsh response to the issues raised by the Hackitt report, and the Welsh Ministers policy objectives in delivering a Welsh response were further set out in a public [position statement](#).

Application of the recommendations of the Hackett review have been taken forward within the [white paper: Safer buildings in Wales](#). The Welsh Government's proposed Building Safety Regime in the white paper: Safer buildings in Wales sets out proposals that represent a significant overhaul to the existing system. The changes will see improvements made to every stage of the lifecycle of multi-occupied buildings, from design through construction and on into occupation, so that the risk of fire in these buildings are managed in order to ensure they are safe for residents.

To take forward the proposals set out by Dame Judith in England the UK Government have taken forward a Building Safety Bill (the Bill). The objectives are to reform the building safety system to improve building safety and performance for all buildings and to establish a more stringent regime to strengthen the management of fire and structural safety risks for new and existing buildings in scope. The proposals are similar to those due to be taken forward in Wales, however the Bill also provides for a UK oversight of construction products through a stronger framework and a New Homes Ombudsman who will oversee developers of new build homes in England and Wales, providing an avenue for customer redress and the process for social housing matters to go to the housing ombudsman has been simplified.

Whilst some of the goals set out in the white paper [Safer buildings in Wales](#), particularly those relating to the occupation phase in the life of a building are seeking further detail from respondents, and some will need primary legislation to be taken through the Senedd, the publication of the Bill has presented an opportunity to take earlier action to respond to the need to modernise both the building control system and the way the construction industry discharges its responsibilities. These proposals can be taken through the UK Bill and a Legislative Consent Motion (LCM) in the Senedd. This IIA assesses the impacts of the proposals in the LCM.

Long term

The proposals balance the short and long terms needs, for example by setting a new regulatory framework this will consider the impact on local authority resources in the short term, but also the need to consider the longer term effect the approval system will have on resources, those responsible for buildings and the occupants of buildings over the lifetime of the building.

The long term may be affected by the number of buildings that fall within the regime, or the resources of regulators to manage the buildings numbers. The system proposes to have greater oversight over those who assess building and this greater oversight will allow monitoring of succession planning of professionals, ensuring long term needs are considered.

Prevention

Improving the system of building regulations will ensure that each party is aware of their roles and responsibilities and can discharge them effectively. This will increase the incentive to make buildings safer, while providing an effective deterrent to those who do not. Providing a new regulatory regime will ensure safety in buildings is considered from initial design through to completion of the building and occupation. The new building regulations regulatory framework will create a closer way of working between the local authorities, the fire and rescue service and those responsible for the development of higher risk buildings.

The intended effect is to treat the symptom of poor building design and construction practices. Greater responsibility and enforcement should ensure buildings are built as designed and do not require remedial work in the future. The negative cycle of competition over the choice of regulator overseeing the building and the potential for cost cutting is also removed through this system.

Integration

The work fits within *Prosperity for All - our National Strategy* as it effects the cross cutting priority of Housing, and these proposals will ensure new housing is safe and does not require remedial action in the future, therefore is an investment going forward. The work will positively connect with a certain Local Authority well-being objectives. For example, strengthening regulatory oversight and to ensure residents feel safe links with the Cardiff objective of providing a Safe, Confident and Empowered Communities.

The proposals are likely to have a minor negative impact on objectives of the Welsh Government and other public bodies. For example the housing sector is a key driver for the Welsh economy, supporting thousands of jobs, training opportunities and apprenticeships. Further, good quality housing is directly linked to improved education and health outcomes. The proposals may impact on the viability of schemes and reduce housing delivery. However, safer buildings and preserving life outweigh these commercial concerns.

Collaboration and Involvement

A Ministerial Expert Panel (consisting of different stakeholders) was established to give strategic direction and this work will implement a number of their proposals. The Building Regulations Advisory Committee for Wales (BRACW) advises on making and amending building regulations and have been involved in the wider response and will continue to consider all secondary legislation that follows the Bill.

The Hackitt review identifies the need for greater collaboration between different bodies and persons as a building is designed, developed and subsequently occupied. Ensuring this 'golden thread of information' throughout the lifetime of the building is enshrined in the new system will require parties to collaborate effectively

Impact, Costs and Savings

An initial Economic Impact Assessment has been independently undertaken which covers the costs and benefits in more detail. A summary is provided below.

Benefit

Category 1 Buildings (residential buildings over 18m)

The analysis estimates that the Building Safety Regime proposals for Category 1 buildings will give rise to annual benefits of between £1.4m to £3.3m¹ (central estimate of £2.3m pa).

Reduced fire spread accounts for between £0.2m to £1.0m annual benefits (central estimate of £0.5m pa);

Avoided costs of resolving systemic issues accounts for between £0.4m to £0.7m annual benefits (central estimate of £0.5m pa).

Other avoided costs account for between £0.4m to £0.7m annual benefits (central estimate of £0.6 pa).

Wider benefits

The Impact Assessment for the Bill monetises, at the level of the UK, a number of wider benefits, a proportion of which will apply to Wales:

- UK construction industry innovation benefits deriving from the Building Safety Regime;
- Increased exports across the UK construction industry.

Assuming that the benefits accruing to Welsh firms are proportionate to the relative size of the construction sector in Wales, it is estimated that these benefits could be worth £0.5m to £1.0m per annum to Wales

Non-monetised benefits

Some benefits have not been monetised because of the absence of a sufficiently robust evidence base, while in other cases it was not considered proportionate to monetise benefits. Non-monetised benefits are discussed below.

The benefit estimates set out here have been calculated over a 70-year appraisal period. This includes benefits experienced in the 10-year policy appraisal period (equal to that used to estimate costs) and benefits that may persist over the lifespan of a building, assumed to be 60 years. This is to best capture all the benefits and reflects HM Treasury's Green Book² guidance on 'persistence' of benefits. For example, benefits associated with improvements in the construction quality of new builds will likely last the lifespan of the building.

¹ EAB – equivalent annual benefit over a 10 year policy period.

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

Costs

Category 1 Buildings

The analysis estimates that average annual cost of meeting the new requirements of the Building Safety Regime will be between £1.1m and £2.0m (central estimate of £1.6m).

The average annual cost **to industry** is estimated to be between £0.7m and £2.0m (central estimate of £1.0m);

The average annual cost **to the Regulator** is estimated to be between £0.4m and £0.7m (central estimate of £0.6m).

Wider duty-holder costs for all buildings

There will be additional requirements for duty-holders in all building work where building regulations are triggered. The analysis estimates:

Transition costs of between £0.4m and £0.7m³ (central estimate of £0.5m);

Annual on-going costs⁴ of £0.5m to £0.8m (central estimate of £0.6m).

Summary

The monetised costs outweigh the monetized benefits of undertaking the change. However, the inclusion of the non-monetised benefits, such as reassurance of residents in the safety of their homes, enhanced confidence of insurers and mortgage lenders and a clearer operating environment for the construction industry the proposals are considered to represent value for money.

³ Present Value over a 10-year appraisal period

⁴ Equivalent Annual Costs (EAC)

SECTION 2. RECORD OF FULL IMPACT ASSESSMENTS REQUIRED

Impact Assessment	Yes/No	If yes, you should
Equality	Yes*	Complete the Error! Reference source not found. below
Privacy	Yes*	Complete the Error! Reference source not found. below
Welsh Language	Yes*	Complete the Welsh Language Impact Assessment below
Economic / RIA	Yes*	Refer to the Integrated Impact Assessment Guidance
Biodiversity	Yes*	Complete the Error! Reference source not found. below

You should undertake the impact assessments identified (engaging with the internal expert advisors and other experts as necessary) before moving on to Section 7. Conclusion.

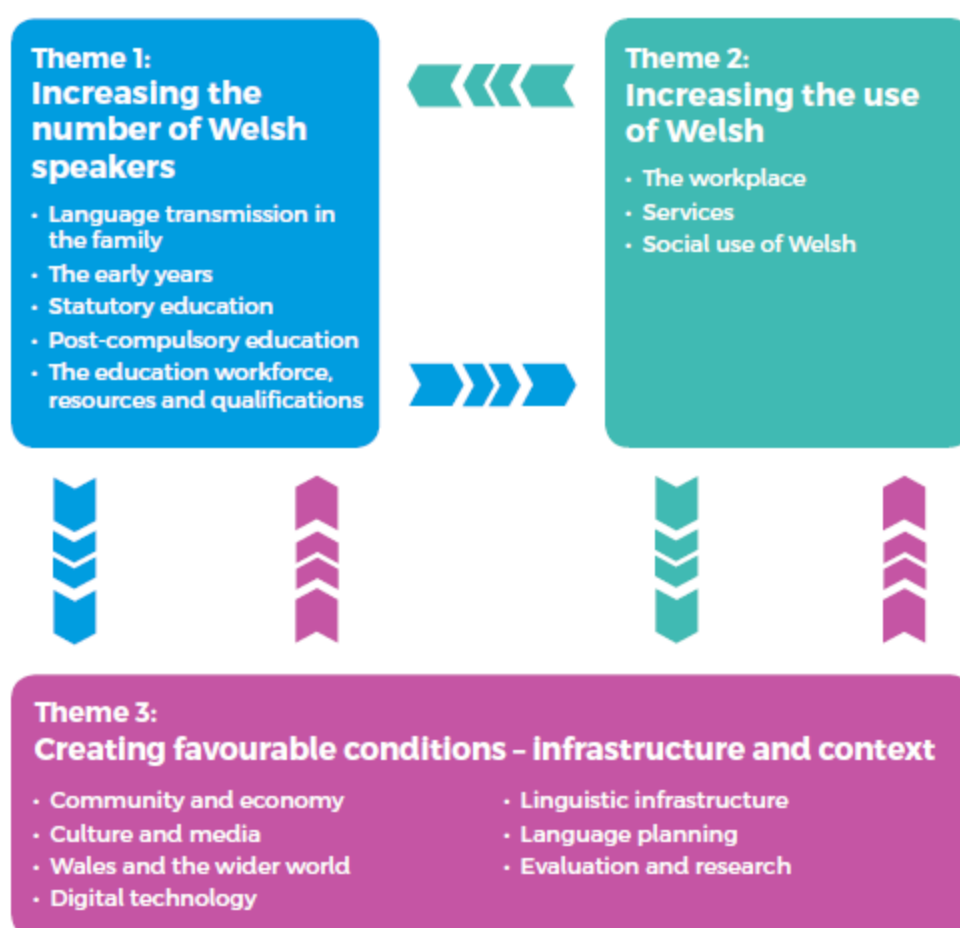
A. WELSH LANGUAGE IMPACT ASSESSMENT

Cymraeg 2050 is our national strategy for increasing the number of Welsh speakers to a million by 2050.

The Welsh Government is fully committed to the new strategy, with the target of a million speakers included in the *Taking Wales Forward* Programme for Government and *Prosperity for All: the national strategy*. A thriving Welsh language is also included in one of the 7 well-being goals in the Well-being of Future Generations (Wales) Act 2015.

We also have a statutory obligation to fully consider the effects of our work on the Welsh Language. This means that any Welsh Government policy should consider how our policies affect the language and those who speak it.

The *Cymraeg 2050* strategy has three themes:



The headings under each theme outline the scope of activities that can affect the language.

As a general rule, if your policy has the potential to impact on people, it will impact in some way on Welsh speakers and therefore on the Welsh language.

1. Welsh Language Impact Assessment reference number: 04/03/2021

2. Does the proposal demonstrate a clear link with the Welsh Government's strategy for the Welsh language? – *Cymraeg 2050 A million Welsh speakers* and the related Work Programme for 2017-2021?

No. the proposals reform legislation that contributes to building safety in Wales. The proposals have no direct impact on the Welsh language, they will be supportive of Themes 2: Increasing the use of Welsh as the proposals will have an effect on public and private sector bodies, who will be subject to the Welsh Language Standards and we would expect them to promote the Welsh language and its use throughout their duties. Any training that is delivered on the secondary legislation to support the proposals will also need to consider the standards.

3. Describe and explain the impact of the proposal on the Welsh language, and explain how you will address these impacts in order to improve outcomes for the Welsh language. How will the proposal affect Welsh speakers of all ages (both positive and/or adverse effects)? You should note your responses to the following in your answer to this question, along with any other relevant information:

The proposals reform of building safety in Wales. There is not expected to be a direct link on Welsh language. The proposals do not:

- ◆ affect the sustainability of Welsh speaking communities
- ◆ affect Welsh medium education and Welsh learners of all ages, including adults

The proposals affect the Building regulations system, which is a service provided to the public. There is no alteration in how the system will operate to the public. Therefore there will be no effect on:

- ◆ How the proposal affects services⁵ available in Welsh
- ◆ How services that are available in Welsh are able to be accessed and used as easily as they can in English.

Data that would assist in furthering this analysis is data on the number of building control approvals undertaken in Welsh. Success will be measured through the success of the system in improving building regulations.

⁵ The Welsh Language Strategy aims to increase the range of services offered to Welsh speakers, and to see an increase in use of Welsh-language services.