Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS, Chair, Finance Committee

17 October 2025

Dear Peredur,

When I gave evidence on the Building Safety (Wales) Bill to the Finance Committee on 1 October, I agreed to write to you with further information on 3 matters:

1. A breakdown of the costs and benefits as stated in the Regulatory Impact Assessment, in relation to the specific policy requirements of the Bill.

   Annex 1 sets out a breakdown of the costs in relation to the specific policy requirements of the Bill.

   As I explained, we have not estimated the benefits of individual policy requirements, but Annex 2 sets out the method by which the monetised benefits of the Bill were estimated and why I believe the approach was appropriate.

2. A breakdown of the £25.51 million in administrative costs for the Welsh Government in relation to specific activities, and where it will incur ongoing costs.

   Annex 1 also sets out a breakdown of administrative costs for the Welsh Government.

3. Clarification on whether any costs faced by leaseholders or residents in relation to the Bill will be outside of the rent cap.

   For social housing that falls under the purview of the Welsh Government's Rent and Service Charge Standard, service charges are not included in the rent cap. Service charges have to be identified separately to rent. We also require social landlords to ensure rent and service charges are affordable and reasonable for their tenants.

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Thank you for the Committee's work on the Bill. I hope this information helps and I look forward to receiving the Committee's report in due course.

I am copying this to the Chairs of the Local Government and Housing Committee and the Legislation, Justice and Constitution Committee.

Yours sincerely

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

Annex 1: An estimate of costs arising from the Building Safety (Wales) Bill

Costs in relation to the specific policy requirements of the Bill

Table 1 shows an estimate of present value costs for each of the specific policy requirements of the Bill.

Table 1: 10yr NPV (£m) 2023 Prices

	Industry	Local Authorities	Fire and Rescue Authorities	Welsh Government	Total
Fire Safety Measures	£37.208	£0.000	£0.000	£0.000	£37.208
Safety Case & Building Certificate	£4.326	£0.623	£0.648	£0.000	£5.597
Golden Thread	£15.822	£0.000	£0.000	£0.000	£15.822
Building Registration Information	£0.404	£0.000	£0.000	£0.000	£0.404
Occurrence Recording and Reporting	£0.064	£0.066	£0.023	£0.035	£0.188
Duties on Residents	£9.418	£0.000	£0.000	£0.000	£9.418
Engaging Residents	£23.006	£0.000	£0.000	£0.000	£23.006
Providing systems to receive building safety complaints	£22.233	£1.262	£0.302	£0.000	£23.797
Sanctions and Enforcement	£1.939	£0.280	£1.474	£21.515	£25.208
Building Registration	£0.079	£2.347	£0.000	£0.485	£2.912
	£114.499	**£4.578**	**£2.447**	**£22.034**	**£143.560**
Familiarisation Costs	£1.296	£0.037	£0.017	£0.000	£1.350
	£115.795	**£4.615**	**£2.464**	**£22.034**	**£144.910**

Administrative costs for the Welsh Government in relation to specific activities

In present value, costs for Welsh Government are discounted from £25.51m to £22.03m. Table 1 includes a breakdown of the present value costs for Welsh Government.

Sanction and Enforcement accounts for £21.515m or 98% of the total. This is the estimated cost of the new regime to the Residential Property Tribunal (RPT). The estimate is uncertain, being based on assumptions about the number of cases which the RPT may be asked to consider. Officials are working with the Welsh Tribunals Unit and the RPT to fully understand additional resource implications. If the Bill is passed, we will keep these costs under review throughout the phased implementation period. This will be a recurring cost to Welsh Government.

Other costs for Welsh Government include £0.485m for the development of secondary legislation and guidance. This will be a transitional cost to Welsh Government.

Annex 2: Building Safety (Wales) Bill - Benefits Model: Assumptions, Methodology and Results

1.0 Introduction

1.1 This report outlines the methodology, underlying assumptions, and results of an assessment concerning the benefits associated with the occupation phase of the new building safety regime in Wales, as proposed under the Building Safety (Wales) Bill. It has been prepared to support the Finance Committee, specifically identifying which benefits have been monetised, and detailing the assumptions, methodologies, data sources, and evidence used in estimating the benefits of the Bill. To support understanding of the benefits calculation process, the report includes a worked example detailing the full sequence of benefit estimations for Category 1 buildings—defined as those exceeding 18 metres in height.

1.2 The analysis in the regulatory impact assessment (RIA) draws substantially on the methodology, data sources, and assumptions used in the analysis underpinning the UK Government's Building Safety Act 2022 (referred to as the England analysis). Nonetheless, it also incorporates the distinct policy context of Wales and leverages data that reflects the unique conditions and circumstances specific to the Welsh setting.

2.0 Policy Options

The analysis conducted by Adroit Economics evaluates the costs and benefits of two new policy options, in comparison to the baseline scenario:

- **Option 1**: Business as usual (the counterfactual): this represents the current approach with no changes to existing policy.

- **Option 2**: Do minimum: Legislate to introduce a new regime in Wales focusing on the occupation phase of a building's life cycle. The regime would cover the regulation of building safety risks in multi-occupied residential buildings of at least 18m. multi-occupied residential buildings under 18m and certain Houses in Multiple Occupation (HMOs) would be subject to the fire safety duties, including resident fire safety duties, but would be excluded from scope of the other duties in the regime.

- **Option 3**: Preferred option (the Bill): Legislate to introduce a new regime in Wales focusing on the occupation phase of a building's life cycle. It would cover the regulation of building safety risks in multi-occupied residential buildings. There would be three categories of building in scope of the regime as set out in section 6 below. Certain Houses in Multiple Occupation (HMOs) would be subject to the fire safety duties but would be excluded from scope of the other duties in the regime.

3.0 Appraisal period

The following appraisal periods are used for costs and benefits estimation:

Costs – 10-year policy appraisal period

According to HM Treasury's Green Book, a 10-year appraisal period is standard for this type of policy intervention and is sufficient for a steady state to be reached where costs follow a broadly even profile over time and are relatively consistent annually beyond the 10-year appraisal period.

Benefits – 70-year appraisal period (10-year policy period and 60-year building lifespan)

The 70-year appraisal period used to assess benefits to capture benefits that accrue during the 10-year policy appraisal period and the benefits (such as, health and environmental) that may persist over the lifespan of a building, assumed to be 60 years. This 70-year appraisal period is also consistent with the Green Book guidance on 'persistence' of benefits over longer time periods.

4.0 Start year and price year

The analysis uses a start year of 2027-28 and a price year of 2023-24

5.0 Monetised benefits

The benefits analysis includes avoided costs due to reduced fire incidents that includes fatalities and injuries, adverse mental health and well-being impacts on directly and indirectly affected individuals, and non-health impacts including property damage, personal possessions loss, displacement, and other service costs. The benefits analysis specifically accounts for the following categories of health and non-health impacts:

- *Health Impacts*
  - Fatalities – residents
  - Serious Injuries – residents
  - Slight Injuries – residents
  - Injuries - rescue services
  - Mental health - depression – residents/non-residents
  - Mental health – screening costs
  - Mental health - treatment – residents
  - Mental health - treatment – non-residents
- *Non-Health Impacts*
  - Lost personal possessions
  - Temporary accommodation
  - Residents' meetings
  - Demolition of building
  - Rebuilding /renovating cost
  - Legal fees
  - Specialist recovery
  - Experts' investigation

- Lost rent from commercial space

In addition, the assessment in the RIA estimates the costs of structural incidents that could be avoided by the policy.

6.0 Methodology, Assumptions, and Data Sources

The steps, assumptions and evidence that are used in the benefits analysis are as follows:

Step 1: Categorising buildings in scope

For the purposes of this analysis, the buildings within scope have been categorised according to their height and size. Initially, they were classified into four broad groups: (i) Category 1 buildings – those measuring at least 18 metres in height or comprising a minimum of seven storeys; (ii) Category 2 buildings – those under 18 metres and fewer than seven storeys, but at least 11 metres or five storeys; (iii) Category 3 buildings – those below 11 metres in height and fewer than five storeys; (iv) Relevant Houses in Multiple Occupation (HMOs). For analytical purposes, category 2 and 3 classifications are further subdivided into three subcategories based on height and size:

- Large blocks of flats (containing more than 25 units) in 4-7 storeys buildings.
- Small blocks of flats (comprising between 6 and 25 units) in 1-3 storeys buildings.
- Converted houses (containing between 2 and 5 units).

This classification by height and size is essential, as these factors influence the potential number of occupants and dwellings that may be directly impacted in the event of a fire.

Step 2: Identifying common types of fire incident

The fire spread incident types adopted in the analysis are:

- Major incidents - apply to large category 1 and 2 buildings where the fire affects the whole building and there are many casualties.
- Medium incidents – apply to all buildings (including category 3 buildings and HMOs) where the fire affects the whole building, but there are a limited number of casualties, and
- Minor incidents – which apply to all buildings where the fire spreads beyond the room of origin but is limited to 1 or 2 floors.
- Fire ignitions in communal areas that start but do not spread.

In identifying fire spread types, the analysis builds upon the classification used in the England assessment—primarily focused on buildings 18 metres and above—and expands it to include additional categories relevant to multi-occupied buildings of all heights, reflecting the broader scope of the Welsh regime. The analysis also draws on data from the Welsh Fire Statistics to identify fire incidents that originate but do not result in further spread.

Step 3: Estimating the extent and scale of casualties and other losses associated with each type of fire spread incident

In assessing the impact of a major fire in a large multi-occupied residential building, this analysis adopts the same assumptions regarding the extent of damage and casualty profiles as those used in the England assessment. The England analysis compiled a

comprehensive list of loss types associated with major fire spread incidents by reviewing recent cases in similar buildings and incorporating findings from the Grenfell Tower Inquiry. The table below outlines the estimated scale of losses for an incident comparable to Grenfell Tower.

Table 1: Scale of Loss for an Accident Comparable to Grenfell Tower

		Grenfell Tower Economic Costs
Type of impact	Type of unit	number of units
Health Impacts		
Fatalities – residents	number of persons	72
Serious Injuries – residents	number of persons	20
Slight Injuries – residents	number of persons	42
Injuries - rescue services	number of emergency personnel	114
Mental health - treatment - residents	number of residents	231
Mental health - op - screening	number of non-residents - family, friends, neighbours	11,000
Mental health - treatment - other	number of non-residents - family, friends, neighbours	3,630
Mental health - wellbeing - avoiding depression	number of non-residents - family, friends, neighbours	3,630
Non-Health Impacts		
Demolition of building	number of buildings	1
Rebuilding cost	number of flats	120
Lost personal possessions	number of flats	120
Specialist recovery	number of flats	120
Temporary accommodation	number of residents	231
Lost rent from commercial space	number of weeks	48
Experts' investigation	average cost of investigation	1
Legal fees	average cost of investigation	1
Residents' meetings	number of meetings	10

Consistent with the approach taken in the England analysis, this assessment assumes that only a proportion of impacts is likely to occur in future fire spread incidents, due to changes in Fire and Rescue Service strategies and evolving resident evacuation behaviours. This proportion is further adjusted based on building size, including the number of flats, and the extent of fire spread. The table below outlines the assumed

proportion of Grenfell Tower losses applicable to each fire incident type within Category 1 buildings -- those measuring over 18m height.

Table 2: Assumptions regarding proportion of Grenfell Tower losses to occur in each type of fire spread incident for Cat 1 buildings

Type of impact	Major incident - with fatalities	Major incident - with reduced fatalities	Medium incident - with casualties	Medium incident - without casualties	Minor incident - 2 floors	Minor incident - 1 floor
Health Impacts						
Fatalities – residents	25%	5%	*	0%	*	*
Serious Injuries – residents	25%	25%	*	0%	*	*
Slight Injuries – residents	25%	25%	*	0%	*	*
injuries - rescue services	25%	25%	5%	0%	0%	0%
mental health - treatment - residents	50%	25%	5%	0%	0%	0%
mental health - op - screening	50%	25%	5%	0%	0%	0%
mental health - treatment - other	50%	25%	5%	0%	0%	0%
mental health - wellbeing - avoiding depression	50%	25%	5%	0%	0%	0%
Non-Health Impacts						
Demolition of building	100%	100%	0%	0%	0%	0%
rebuilding cost	50%	50%	10%	10%	1%	0.5%
lost personal possessions	50%	50%	10%	10%	1%	0.5%
specialist recovery	50%	50%	10%	10%	1%	0.5%
temporary accommodation	50%	50%	10%	10%	1%	0.5%
lost rent from commercial space	50%	50%	10%	10%	1%	0.5%
experts’ investigation	50%	50%	10%	10%	1%	0.5%
legal fees	50%	50%	10%	10%	1%	0.5%
residents’ meetings	50%	50%	10%	10%	1%	0.5%

Regarding medium, minor fire incidents and fires in common areas in all multi-occupied residential buildings and HMOs, this analysis also draws on the incident level fire statistics for Wales which provide data on the number of casualties associated with different types of fires. The extent of damage is estimated in the analysis based on the size of the building (and number of flats) and on the extent of fire spread.

Step 4: Monetising the losses associated with each type of fire incident

This analysis incorporates findings from the England assessment, drawing on a combination of published statistics, evidence from the Grenfell Tower fire, and research into several recent major fire incidents. It also utilises additional metrics, including the average cost of a fire and reconstruction expenses. The economic cost per unit values applied to each impact type are presented in the following table and are gathered from the Department for Transport (DfT) TAG Databook, case studies, and consultants' industry expertise.

Table 3: Unit Values used in the Analysis for Each Type of Impact

Type of impact	Type of unit	Economic cost per unit
Health Impacts		
Fatalities – residents	per person	£2,650,033
Serious Injuries - residents	per person	£294,835
Slight Injuries - residents	per person	£22,652
Injuries - rescue services	per person	£98,849
Mental health - treatment - residents	per person	£11,000
Mental health - op – screening - family, friends, neighbours	per person	£200
Mental health - treatment - family, friends, neighbours	per person	£6,000
Mental health - wellbeing - avoiding depression – residents, family, friends, neighbours	per person	£60,000
Non-Health Impacts		
Demolition of building	per building	£800,000
Rebuilding cost	per flat	£300,000
Lost personal possessions	per flat	£25,000
Specialist recovery	per flat	£2,000
Temporary accommodation	per resident	£1,200
Lost rent from commercial space	per week	£15,000
Experts' investigation	per building	£250,000
Legal fees	per building	£1,000,000
Residents' meetings	per meetings	£1,250

The economic costs of each type of fire incidents for the buildings in scope (e.g., Cat 1 buildings) are estimated by assigning economic cost per unit for each type of impact to the proportion of Grenfell Tower type incident losses assumed to occur for the building categories. For example, the economic costs of fatalities (residents) for a fire type (e.g., major incident with multiple fatalities) are estimated as follows: unit values of fatalities as shown in Table 3 (£2,650,033) * % of Grenfell Tower losses of Table 2 (25%) * number of fatalities of Table 1 (72) = £47m, and this provides the first entry of the following table which presents the estimated losses for each fire incident type within Category 1 buildings in Wales.

Table 4: Economic Costs of Fire Incidents for Cat 1 Buildings

Type of impact	Major incident - with multiple fatalities	Major incident - with reduced fatalities	Medium incident - with fatalities	Medium incident - without fatalities	Minor incident - 2 floors	Minor incident - 1 floor	Fires in common areas
Health Impacts							
Fatalities - residents	£47,700,599	£9,540,120	£441,672	£0	£82,814	£82,814	£ -
Serious Injuries - residents	£1,474,174	£1,474,174	£147,417	£0	£59,888	£59,888	£22,593
Slight Injuries - residents	£237,843	£237,843	£11,326	£0	£4,601	£4,601	£1,736
Injuries - rescue services	£2,817,183	£2,817,183	£563,437	£0	£0	£0	£ -
Mental health - treatment - residents	£1,270,500	£635,250	£127,050	£0	£0	£0	£ -
Mental health - op - screening	£1,100,000	£550,000	£110,000	£0	£0	£0	£ -
Mental health - treatment - other	£10,890,000	£5,445,000	£1,089,000	£0	£0	£0	£ -

Mental health - wellbeing - avoiding depression	£108,900,000	£54,450,000	£10,890,000	£25,200	£25,200	£ 25,200	£25,200
Total Health Costs, £m	**£174m**	**£75m**	**£13m**	**£0.03m**	**£0.2m**	**£ 0.2m**	**£0.05m**
Non-Health Impacts							
Demolition of building	£800,000	£800,000	£0	£0	£0	£0	
Rebuilding cost	£18,000,000	£18,000,000	£3,600,000	£3,600,000	£360,000	£180,000	£22,100
Lost personal possessions	£1,500,000	£1,500,000	£300,000	£300,000	£30,000	£15,000	
Specialist recovery	£120,000	£120,000	£24,000	£24,000	£2,400	£1,200	
Temporary accommodation	£138,600	£138,600	£27,720	£27,720	£2,772	£1,386	
Lost rent from commercial space	£360,000	£360,000	£72,000	£72,000	£7,200	£3,600	
Experts' investigation	£125,000	£125,000	£25,000	£25,000	£2,500	£1,250	
Legal fees	£500,000	£500,000	£100,000	£100,000	£10,000	£5,000	
Residents' meetings	£6,250	£6,250	£1,250	£1,250	£125	£63	£63
Total non-health costs, £m	**£21.5m**	**£21.5m**	**£4.1m**	**£4.1m**	**£0.4m**	**£0.2m**	**£0.02m**

Step 5: Scaling up –

In this final stage, the analysis estimates the number of fire incidents—and the related economic losses—expected to occur in applicable buildings across Wales over a 10-year policy appraisal period, both in the absence of the new building safety regime (counterfactual) and with its implementation. This stage involves estimating the baseline probability of fire incidents, assessing potential risk reductions over time through remediation under the baseline scenario, and additional risk mitigation through the policy measures. The outcome is a reduction in fire incidents attributed to the policy, along with the monetised value of those avoided incidents. The activities and assumptions underpinning both the counterfactual and policy scenarios are outlined below:

Without the Bill (Counterfactual) -- The annual probability of each fire incident type occurring across building categories in Wales is estimated using baseline figures from the England analysis, adjusted for Welsh proportion of the stock of buildings and fire statistics (pre-counterfactual scenario). Over the 10-year appraisal period, these probabilities are expected to decline due to increased remediation of at-risk buildings, improved building management, and enhanced resident engagement—particularly reducing the risk of fire spread in taller buildings (counterfactual scenario). Adjustments are made to reflect the varying relevance of remediations across building heights.

With the Bill (Policy Regime) -- The analysis anticipates a further reduction in fire spread risks through measures under the new regime. It assumes that principal accountable persons will proactively assess buildings and collaborate with residents to address identified issues. The Bill is expected to have the greatest impact on mitigating major fire incidents in Category 1 buildings, with more modest risk reductions in smaller buildings and less severe fire types, and adjustments are made to reflect this variation.

7.0 Illustrative calculations sequence for category 1 buildings at step 5 (Scaling up)

This section outlines a worked example demonstrating the methodology used to estimate the benefits—both in terms of reduced fire incidents and their associated economic value—attributable to the Building Safety Bill, beyond those expected under the counterfactual scenario. The example focuses on Category 1 buildings, with similar calculations applied to other building categories.

7.1 Estimating baseline fire incident probabilities (pre-counterfactual)

Baseline fire risks are assessed using historical data for the pre-policy (counterfactual) scenario. Major fire incident risks are adapted from England analyses and adjusted to reflect conditions in Wales. Medium and minor fire risks are derived from Welsh fire statistics covering the five-year period from 2018 to 2023.

Table 5: Estimated Risk of Fires - pre counterfactual (Baseline) - (% probability of fire occurring each year - historic data)											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Incidents per annum	yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
Major incident 25% fatalities	0.00030	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003
Major incident (whole building loss)	0.00192	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019
Medium incident (casualties)	0.20000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Medium incident (no casualties)	0.27000	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700
Minor incident (2 floors)	0.07000	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Minor incident (1 floor)	0.96000	0.9600	0.9600	0.9600	0.9600	0.9600	0.9600	0.9600	0.9600	0.9600	0.9600
Fires in common areas	5.38000	5.3800	5.3800	5.3800	5.3800	5.3800	5.3800	5.3800	5.3800	5.3800	5.3800

7.2 Risk reduction for remediation efforts under the counterfactual scenario

An improvement in fire safety is expected even without the implementation of the Bill, driven by a proportion of remediated buildings, better building management, fire evacuation practices, and residents' engagement. These efforts are particularly effective in reducing the risk of severe fire spread in taller buildings, with more limited impact on lower-rise structures. A risk reduction adjustment factor is applied to account for this variation.

Table 6: The anticipated improvement to fire safety without the Bill, based on the increasing proportion of buildings that are remediated (changes to the baseline counterfactual)											
		yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
risk reduction		10%	20%	30%	40%	50%	55%	60%	65%	70%	70%
relative risk of fire spread due to defect remediation compared to baseline fire statistics		90%	80%	70%	60%	50%	45%	40%	35%	30%	30%
Gross impacts net of counterfactual											
	risk reduction adjustment factor	yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
Major incident 25% fatalities	100%	0.0003	0.0002	0.0002	0.0002	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
Major incident (whole building loss)	100%	0.0017	0.0015	0.0013	0.0011	0.0010	0.0009	0.0008	0.0007	0.0006	0.0006
Medium incident (casualties)	100%	0.1800	0.1601	0.1397	0.1194	0.0990	0.0900	0.0800	0.0700	0.0600	0.0603
Medium incident (no casualties)	100%	0.2430	0.2161	0.1886	0.1612	0.1337	0.1215	0.1080	0.0945	0.0810	0.0814
Minor incident (2 floors)	30%	0.0679	0.0658	0.0637	0.0615	0.0594	0.0585	0.0574	0.0564	0.0553	0.0553
Minor incident (1 floor)	10%	0.9504	0.9408	0.9311	0.9213	0.9115	0.9072	0.9024	0.8976	0.8928	0.8929
Fires in common areas	10%	5.3262	5.2727	5.2179	5.1631	5.1084	5.0841	5.0572	5.0303	5.0034	5.0041

7.2.1 Additional risk reductions under the policy regime

Further reductions in fire risk are attributed directly to the implementation of the Building Safety Bill, reflecting the enhanced safety measures it introduces.

Table 7- Assumptions on Further Risk Reduction for the Building Safety Bill											
		yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
Further risk reduction attributable to the Building Safety Bill		*2%*	*5%*	*10%*	*15%*	*20%*	*30%*	*40%*	*50%*	*60%*	*75%*
Risk reduction adjustment factor		yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
Major incident 25% fatalities	100%	2%	5%	10%	15%	20%	30%	40%	50%	60%	75%
Major incident - minor fatalities	100%	2%	5%	10%	15%	20%	30%	40%	50%	60%	75%
Medium incident (casualties)	75%	2%	4%	8%	11%	15%	23%	30%	38%	45%	56%
Medium incident (no casualties)	50%	1%	3%	5%	8%	10%	15%	20%	25%	30%	38%
Minor incident (2 floors)	50%	1%	3%	5%	8%	10%	15%	20%	25%	30%	38%
Minor incident (1 floor)	25%	1%	1%	3%	4%	5%	8%	10%	13%	15%	19%
Fires in common areas	50%	1%	3%	5%	8%	10%	15%	20%	25%	30%	38%

7.4 Estimating the reduction in fire incidents

The reduction in fire incidents is calculated by applying the risk reduction percentages (as shown in Table 7) to the counterfactual probabilities of fire incidents (Table 6).

Table 8- Resulting Reduced Number of Incidents for the Building Safety Bill										
	yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
Major incident 25% fatalities	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0001	0.0001
Major incident - minor fatalities	0.0000	0.0001	0.0001	0.0002	0.0002	0.0003	0.0003	0.0003	0.0003	0.0004
Medium incident (casualties)	0.0027	0.0060	0.0105	0.0134	0.0149	0.0203	0.0240	0.0263	0.0270	0.0339
Medium incident (no casualties)	0.0024	0.0054	0.0094	0.0121	0.0134	0.0182	0.0216	0.0236	0.0243	0.0305
Minor incident (2 floors)	0.0007	0.0016	0.0032	0.0046	0.0059	0.0088	0.0115	0.0141	0.0166	0.0207
Minor incident (1 floor)	0.0048	0.0118	0.0233	0.0345	0.0456	0.0680	0.0902	0.1122	0.1339	0.1674
Fires in common areas	0.0533	0.1318	0.2609	0.3872	0.5108	0.7626	1.0114	1.2576	1.5010	1.8765

7.5 Estimating the monetised value of avoided accidents

To quantify the economic benefits or avoided costs, the cost per fire incident type is applied to the estimated reduction in incidents, yielding the total monetised value of avoided fires under the policy regime.

Table 9- Monetised Value (£) of avoided incidents											
Health Impacts	cost per incident	yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10
Major incident 25% fatalities	174,390,000	927	2,062	3,600	4,613	5,101	6,955	8,243	9,016	9,273	11,642
Major incident - minor fatalities	75,150,000	2,597	5,776	10,082	12,920	14,289	19,481	23,088	25,253	25,975	32,609
Medium incident (casualties)	13,430,000	36,261	80,629	140,753	180,370	199,481	271,958	322,320	352,538	362,610	455,231
Medium incident (no casualties)	30,000	73	162	283	363	401	547	648	709	729	915
Minor incident (2 floors)	180,000	122	296	573	831	1,069	1,578	2,066	2,536	2,986	3,735
Minor incident (1 floor)	180,000	855	2,117	4,190	6,219	8,204	12,247	16,243	20,196	24,106	30,136
Fires in common areas	50,000	2,663	6,591	13,045	19,362	25,542	38,131	50,572	62,879	75,051	93,827
Total (non-discounted)		40,836	97,633	159,480	205,315	228,546	312,765	372,609	410,247	425,678	534,268
PV (Discounted value)		**£0**	**£35,753**	**£77,147**	**£130,504**	**£161,077**	**£193,089**	**£255,042**	**£295,212**	**£314,525**	**£373,363**
Non-Health Impacts											
Major incident 25% fatalities	21,550,000	115	255	445	570	630	859	1,019	1,114	1,146	1,439
Major incident - minor fatalities	21,550,000	745	1,656	2,891	3,705	4,098	5,586	6,621	7,242	7,448	9,351
Medium incident (casualties)	4,150,000	11,205	24,915	43,494	55,736	61,642	84,038	99,600	108,938	112,050	140,671
Medium incident (no casualties)	4,150,000	10,085	22,424	39,145	50,162	55,478	75,634	89,640	98,044	100,845	126,604
Minor incident (2 floors)	410,000	278	675	1,305	1,892	2,435	3,595	4,707	5,776	6,802	8,507
Minor incident (1 floor)	210,000	998	2,470	4,888	7,255	9,571	14,288	18,950	23,562	28,123	35,159
Fires in common areas	20,000	1,065	2,636	5,218	7,745	10,217	15,252	20,229	25,152	30,020	37,531
Total (non-discounted)		**24,490**	**55,031**	**97,386**	**127,066**	**144,070**	**199,252**	**240,765**	**269,826**	**286,435**	**359,260**
PV (Discounted value)		**24,490**	**53,170**	**90,911**	**114,606**	**125,549**	**167,765**	**195,863**	**212,081**	**217,522**	**263,600**
Total Discounted Benefits (cumulative)	**19,683,620**										

In addition to these benefits, the discounted avoided costs for structural incidents in category 1 buildings are estimated at approximately £136k.

A comparable sequence of calculations is undertaken to estimate the monetised value of avoided costs as result of reduced fires for other building types, including 4–6 storey buildings and buildings under 4 storeys.

8.0 Non-monetised Benefits

As mentioned in the RIA, several identified benefits have not been monetised due to insufficient evidence to support reliable estimation or because detailed analysis was deemed disproportionate. These may be monetised in future in post-evaluation stage, subject to the availability of robust data.

- **Enhanced resident well-being**: A key non-monetised benefit is the anticipated improvement in residents' sense of safety within multi-occupied buildings, reducing anxiety about fire risks. This outcome is expected through proactive safety measures, improved communication, efficient complaint handling, and the establishment of building safety authorities. Quantifying this benefit remains challenging due to the complexity and cost of gathering preference-based evidence.

- **Increased confidence in mortgage and insurance markets:** The regime may strengthen mortgage and insurance markets by enabling lending against previously excluded properties and reducing insurance premiums through clearer risk differentiation. While evidence on post-remediation insurance costs is mixed, improved confidence could stimulate further investment in affected buildings.

- **Lower firefighting costs:** A reduction in fire incidents would decrease operational costs for Fire and Rescue Services, particularly for retained firefighters who are compensated per response. Avoided fires also reduce expenditure on fuel, materials, and equipment wear.

- **Environmental protection:** Fewer fires would lead to reduced use of firefighting chemicals, thereby lowering environmental contamination and associated health risks.

- **Reduced enforcement costs:** Competency requirements for fire risk assessors and clearer accountability for buildings over 11 metres are expected to streamline inspections and enforcement.

- **Improved sector intelligence:** Enhanced recording and reporting of safety incidents will promote shared learning and provide authorities with better insights into systemic safety issues.

9.0 Total Estimated Benefits of the Building Safety Bill

Total Benefits (in present value), £		
	Option 2	**Option 3**
7 storeys+	£19,820,068	£19,820,068
4-6 storeys	£3,228,855	£6,809,985
Under 4 storeys	£30,307,711	£34,328,225
HMO	£1,645,106	£1,645,106
Total benefits	**£55,001,740**	**£62,603,384**

While these figures provide valuable insight, they do not capture the full picture as many potential benefits are not monetised due to the lack of evidence and data constraints. For example, in the assessment included in the RIA, certain benefits—particularly the broader reduction in anxiety and the enhanced well-being of residents who feel reassured about the safety of their buildings—could not be monetised. Had all these intangible benefits been quantified, they would have contributed toward closing the benefit-cost gap or even shown that the benefits outweigh the costs.

10.0 Concluding Remarks and Limitations of the Assessment

The benefits analysis conducted by Adroit Economics evaluates the Building Safety Bill as a complete set of measures. Due to limited supporting evidence and data constraints, it is challenging to isolate and attribute specific benefits to individual policy components—for instance, there is insufficient supporting evidence to quantify the fire risk reduction resulting solely from increased resident engagement or golden thread information. However, this comprehensive approach could be useful in shaping the design and focus of the post-implementation review, particularly when more context-specific data will be available for England and Wales.

It is further important to note that the cost and benefit estimates in the RIA are based on provisional assumptions regarding the operational characteristics of the proposed regime. These assumptions have been reviewed and refined in consultation with key stakeholders, including representatives from industry, the UK Government, the Health and Safety Executive, Community Housing Cymru, Welsh local authorities, the Welsh Local Government Association, and Welsh fire and rescue authorities. Despite these efforts, a degree of uncertainty remains. Specifically, assumptions related to fire risk profiles for the buildings in scope, % of risk reductions over years, risk adjustments for fire and building types, and potential loss estimates are inherently uncertain. While the extent of uncertainty varies across individual assumptions, it collectively contributes to variability in the overall cost-benefit estimates.