

Financial implications of the Building Safety (Wales) Bill

November 2025

1. Introduction

1. The Building Safety (Wales) Bill¹ (the Bill) and Explanatory Memorandum² (EM), including the Regulatory Impact Assessment (RIA), were introduced by Jayne Bryant MS, Cabinet Secretary for Housing and Local Government (the Cabinet Secretary) on 1 October 2025.

2. The Bill forms part of the legislative arrangements responding to issues identified by the Hackitt Review³, the Grenfell Tower Inquiry⁴, and the Welsh Government's Building Safety Expert Group.⁵ It introduces a new building safety regime in Wales, focusing on the occupation and ongoing management of multi-occupied residential buildings.⁶ The EM states:

*"The overarching purpose of the Building Safety (Wales) Bill is to establish clear lines of responsibility for managing building safety risks in multi-occupied residential buildings, by creating new roles and responsibilities for those that own and manage these buildings so that there can be no doubt about where the responsibility lies. The Bill is also aimed at empowering residents by ensuring that they have a stronger voice in matters that affect their home."*⁷

3. The EM also states that the main purpose of the Bill is to improve the "safety of people living in multi-occupied residential buildings in Wales", by:

- Identifying those on whom statutory duties are placed under the Bill.
- Requiring registration of certain regulated buildings.
- Conferring new functions on the local authorities as the "building safety authority".
- Conferring new functions on fire and rescue authorities and fire inspectors as the "fire safety authority".

¹ [Welsh Government, Financial implications of the Building Safety \(Wales\) Bill](#)

² [Welsh Government, Explanatory Memorandum](#)

³ [UK Government, Independent Review of Building Regulations and Fire Safety: Hackitt review](#)

⁴ [UK Government, Grenfell Tower Inquiry](#)

⁵ [Building Safety Expert Group, A Road Map to safer buildings in Wales](#)

⁶ [Welsh Government, Explanatory Memorandum, Page 4](#)

⁷ [Welsh Government, Explanatory Memorandum, Page 6](#)

- Creating duties to assess and manage fire safety risks in all in-scope buildings.
- Creating duties to assess and manage structural safety risks in certain in-scope buildings.
- Putting in place new rights for residents and placing duties on them, in respect of all in-scope buildings.
- Establishing a new enforcement regime.⁸

4. The Finance Committee (the Committee) took evidence on the financial implications of the Bill on 1 October 2025⁹, from:

- Jayne Bryant MS, Cabinet Secretary for Housing and Local Government
- Tania Nicholson, Deputy Director, Housing Quality, Welsh Government
- Audrey Johns, Head of Building Safety Occupation Phase Policy, Welsh Government
- Adrian Davies, Bill Manager, Welsh Government

5. Policy scrutiny of the Bill was undertaken by the Local Government and Housing Committee.¹⁰

6. The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.¹¹

⁸ [Welsh Government, Explanatory Memorandum, Page 6](#)

⁹ [Finance Committee, Agenda, 1 October 2025](#)

¹⁰ [Local Government and Housing Committee](#)

¹¹ [Legislation, Justice and Constitution Committee](#)

2. Financial implications of the Bill

7. The Bill applies to all residential buildings containing two or more residential units (with some exceptions). However, the specific requirements of the Bill vary depending on the building type. These “regulated” buildings are classified into three categories:

- Category 1 – Buildings at least 18 metres in height or with at least 7 storeys.
- Category 2 – Buildings less than 18 metres in height and with fewer than 7 storeys, but at least 11 metres tall or with at least 5 storeys.
- Category 3 – Buildings less than 11 metres in height and with fewer than 5 storeys.¹²

8. Some provisions in the Bill also apply to certain Houses in Multiple Occupation (HMOs).

9. The Bill designates the building safety authority (BSA) as the county or county borough council for an area in Wales. Each BSA will be responsible for regulating building safety duties for buildings located wholly or primarily within its local authority boundary, including structural safety risks. The fire safety authority (FSA), will be responsible for enforcing specific fire safety measures.¹³

10. The Bill will create new duty holder roles for regulated buildings. These duty holders, known as the Principal Accountable Person (PAP) and Accountable Person (AP) will have legal responsibility for assessing and managing building safety risks along with several other duties.¹⁴

11. The Bill will also create a duty for PAPs to register Category 1 and Category 2 buildings with the BSA. In the case of new buildings, it will be an offence to occupy the building prior to registration.¹⁵

Overall Costs and Benefits

12. As stated in the RIA, the costs of the Bill are assessed over a 10-year appraisal period, whereas benefits are assessed over a 70-year appraisal period, although it

¹² [Welsh Government, Explanatory Memorandum, Page 12](#)

¹³ [Welsh Government, Explanatory Memorandum, Page 13](#)

¹⁴ [Welsh Government, Explanatory Memorandum, Page 16](#)

¹⁵ [Welsh Government, Explanatory Memorandum, Page 17](#)

says that “The 70-year appraisal period used to assess benefits captures those benefits that accrue during the 10-year policy appraisal period (equal to that used to estimate costs)”.¹⁶

13. The RIA presents a combination of cash values and figures adjusted for present value, and also including net present value, where costs take account of benefits. Present value reflects the social rate of time preference, acknowledging that society generally prefers receiving goods and services now rather than later and to defer expenditure until later years.¹⁷

14. The RIA estimates that, over a 10-year appraisal period, the Bill will incur total costs of £165.44 million, with projected benefits amounting to £102.74 million.

15. The RIA presents a net present value figure of -£82.31 million.¹⁸ The RIA applies the standard discount rate of 3.5 per cent to most costs and benefits, with a reduced rate of 1.5 per cent used for health-related impacts.¹⁹

16. Over the 10-year appraisal period, administrative costs are estimated to total £33.42 million. This includes £1.03 million in transitional costs, covering familiarisation activities, the establishment of registers, and the development of guidance and secondary legislation. Recurrent costs amount to £32.38 million. The majority of administrative costs are expected to fall to the Welsh Government, estimated at £25.51 million, with local authorities incurring £5.31 million and fire and rescue authorities £2.59 million. While most of these costs are revenue-based, they include £0.39 million in capital expenditure associated with the procurement and maintenance of an IT system by local authorities.²⁰

17. The estimated compliance costs total £132.02 million, including £13.5 million in capital costs. The majority, some £99.97 million, are recurrent costs, covering fire risk assessment reviews, safety case reports, database maintenance, occurrence reporting, contravention orders, and resident safety communications. The remaining £32.04 million are transitional costs, comprising time to familiarise with the requirements, to prepare fire risk assessments, collation of building data, to prepare building safety information and to establish a complaints system.²¹

¹⁶ [Welsh Government, Explanatory Memorandum, Page 107](#)

¹⁷ [Welsh Government, Legislation Handbook on Senedd Bills, Page 57](#)

¹⁸ [Welsh Government, Explanatory Memorandum, Page 87](#)

¹⁹ [Welsh Government, Explanatory Memorandum, Page 108](#)

²⁰ [Welsh Government, Explanatory Memorandum, Page 88](#)

²¹ [Welsh Government, Explanatory Memorandum, Page 89](#)

18. The Cabinet Secretary told the Committee that Adroit Economics were appointed to estimate the costs and benefits of the Bill, as:

*"They are specialists in this area, they have excellent links with the sector and they have done similar analysis for UK Government as well, so that's one of the reasons why they were chosen."*²²

19. Adroit Economics prepared a Cost Model report²³ and a Benefits Model report²⁴ on behalf of the Welsh Government, which accompanied the RIA.

20. On 24 October, in giving evidence to the Local Government and Housing Committee, a representative from the Chartered Institute of Housing Cymru expressed concern that "the total overall costs in the Explanatory Memorandum just seem to be very low".²⁵

21. When asked to respond to this, the Cabinet Secretary told the Finance Committee:

*"Just to say also that this Bill will be establishing a whole new regime, so that's to ensure the safety of those multi-occupied buildings. There is not a template at the moment for much of what we're proposing, so this goes quite across the piece. So, the RIA presents the best estimates of the costs that we have, and the benefits, based on the information that we have available. And, as you will see, they are based on quite a complex range of working assumptions as well. So, I do understand that it is quite complex."*²⁶

22. She then added:

"But just to confirm to the committee as well, and to reassure the committee, we are working closely with partners, such as local authorities, to better understand some of those operational costs of the regime. And that includes looking at the costs of implementation and the work that will be incurred as well. So, that work is running alongside our work in terms of a

²² Finance Committee, RoP, 1 October 2025, paragraph 169

²³ Adroit Economics on behalf of Welsh Government: Cost Model report

²⁴ Adroit Economics on behalf of Welsh Government: Benefits Model report

²⁵ Local Government and Housing Committee, RoP, 24 September 2025, paragraph 323

²⁶ Finance Committee, RoP, 1 October 2025, paragraph 165

*delivery model, and we've also stood up a work stream to take that forward, and there will be representation from the Welsh Local Government Association and local authorities more widely on that, because we know we need to work closely with our partners there, who will be implementing that."*²⁷

23. On this point, an official accompanying the Cabinet Secretary stated that:

*"And then the other work stream that we've set up is around costing. So, it's looking specifically at what the model is going to cost in the future. So, that's both in the short term—. So, the Cabinet Secretary has already agreed some implementation funding for the current financial year, so that's out there with local authorities at the minute. We are looking at what implementation funding for 2026-27 looks like, and we'll be preparing advice for the Cabinet Secretary around that in due course. But then this group is also looking at what the future looks like and what the cost of the operating model will be going forward. So, that work is under way."*²⁸

Methodology

24. The RIA considers three options: Business as usual; a 'do minimum' approach (which would exclude certain properties from certain provisions of the Bill); and the preferred option of introducing a Bill.²⁹ While the RIA shows that introducing a Bill is estimated to incur higher costs than the 'do minimum', £144.91 million versus £139.52 million in present value terms, it is also projected to deliver greater benefits, at £62.60 million compared to £55.00 million. However, the net benefit of the preferred option, in present value terms is -£82.31 million, compared to -£84.52 million associated with the 'do minimum' option.³⁰

25. The RIA suggests that two approaches were used when considering the costs and benefits of the Bill:

- the Green Book compliant cost benefit analysis approach set out in the RIA, which shows a monetised benefits gap, but one which may be

²⁷ Finance Committee, RoP, 1 October 2025, paragraph 166

²⁸ Finance Committee, RoP, 1 October 2025, paragraph 174

²⁹ Welsh Government, Explanatory Memorandum, Page 92

³⁰ Welsh Government, Explanatory Memorandum, Page 108

significantly reduced if it had been possible to monetise those benefits it was not possible to monetise; and

- an approach that says “the current risk of an incident similar to the Grenfell Tower fire, although small, is still higher than is tolerable. The priority is to undertake measures (irrespective of the cost) that will reduce the risk, as far as reasonably possible, to a level that will prevent such an incident from happening again, because if it did, the loss/cost would more than outweigh the costs of the Bill”.³¹

26. When asked about the weight given to the cost benefit analysis included in the RIA and supporting information, particularly in relation to mitigating the risk of a similar incident to the Grenfell Tower fire, the Cabinet Secretary said:

“So, I give great weight, obviously, to the cost-benefit analysis. It's important that we go into this with an understanding of the likely costs and benefits, but it has to be balanced with that need to understand the true value of preventing a catastrophic event and what happened with the loss of life and property can't really be fully captured in monetary terms.”³²

27. In relation to the wider programme of reform, the Cabinet Secretary told the Committee:

“... the Bill does sit within that wider package of work that's making multi-occupied residential buildings more safe across Wales, and this Bill is one of those key elements. So, it's about the occupation phase of the buildings. And I think, just on a couple of those points, the RIA is assuming that the wider work within that package is making buildings safer. So, we are looking at that in terms of the whole package.”³³

28. She also added:

“So, work is under way in relation to design and construction as well. That's around regulation and registration of building control professionals. That's not an assumption that has been

³¹ Welsh Government, Explanatory Memorandum, Page 115

³² Finance Committee, RoP, 1 October 2025, paragraph 216

³³ Finance Committee, RoP, 1 October 2025, paragraph 176

directly included in the analysis and, instead, the focus is on that remediation work.”³⁴

29. In referring to analysis undertaken by Adroit Economics, a Welsh Government official added:

“Adroit have looked at common fire types in the different building types as they are at the moment, and then how planned remediation work will reduce the losses associated with those fires, and then a further set of calculations about how our Bill will further reduce those losses.”³⁵

30. Regarding the decision not to include costs identified by specific provision in the RIA, the Cabinet Secretary stated:

“While there are individual policy proposals, the Bill, as I said, is being introduced as a whole package. So, the Bill will introduce a new holistic regime. So, there will be no choice to pick and choose which elements people action. So, in that context, we felt that it would be more helpful to see the overall cost of the Bill as that package.”³⁶

31. However, the Cabinet Secretary did provide an example of a specific policy area that was costed within the RIA, noting:

“We have included an example in the RIA around fire safety, and that could be replicated for other policy areas. Again, I'm really keen not to make this even more complex ...”³⁷

32. In terms of providing details of the costs falling on the Welsh Government from each of the Bill's provisions, an official added that there was no breakdown in the RIA, but that it could be provided. Since attending the Finance Committee evidence session on 1 October³⁸, the Cabinet Secretary has provided a breakdown of the costs and benefits by specific provisions.³⁹

³⁴ Finance Committee, RoP, 1 October 2025, paragraph 177.

³⁵ Finance Committee, RoP, 1 October 2025, paragraph 178.

³⁶ Finance Committee, RoP, 1 October 2025, paragraph 224.

³⁷ Finance Committee, RoP, 1 October 2025, paragraph 225.

³⁸ Finance Committee, Agenda, 1 October 2025.

³⁹ Letter from the Cabinet Secretary for Housing and Local Government, Additional information following Finance Committee evidence session on 1 October 2025 - 17 October 2025.

33. In addition to the RIA the Welsh Government published a Cost Model report and a Benefits Model report, which set out more information on the approach to costing the change. Both reports have been prepared by Adroit Economics. Many of the assumptions concerning activities within the policy areas included in the Cost Model report are regarded as “Quality is low—based on clearly stated assumption without direct supporting evidence.”⁴⁰

34. When asked about the level of confidence the Cabinet Secretary placed in the estimated costs based on the underlying assumptions, and how she has assured herself of their robustness, she responded:

“I would like to draw on published research, but, in the absence of that evidence, we have to base our assumptions on experts, and those experts, as I say, have that experience, really. Officials are looking at the assumptions very carefully, discussing them with Adroit Economics, and we're testing them as well. Officials have been suggesting where there need to be amendments, that amendments are made where they're necessary. Again, we've been trying to test this, trying to validate the assumptions with stakeholders, so it's not like we're just taking that assumption and sitting on it.”⁴¹

Unquantified Costs and Disbenefits

35. The RIA notes:

“Although the Bill requires accountable persons to take all reasonable steps, including carrying out works, to manage building safety risks, the estimates do not include the cost of undertaking such works. The management of fire safety risk is already a requirement under the Fire Safety Order 2005. Any costs incurred in managing building safety risks could lead to the avoidance of much greater costs were the risk to materialise. Potential costs of doing so would vary so greatly between buildings as to make any estimate worthless.”⁴²

36. When asked to explain why this is the case, the Cabinet Secretary said:

⁴⁰ Adroit Economics on behalf of Welsh Government. Cost Model report. Page 19.

⁴¹ Finance Committee. RoP. 1 October 2025. paragraph 240.

⁴² Welsh Government. Explanatory Memorandum. Page 89.

“So, the building safety risks that are identified are going to include many issues that will already exist in buildings, regardless of the new duties. So, that means the cost of fixing them will include costs that would have been incurred anyway, but perhaps at a later date, and perhaps they might have been higher.”⁴³

37. A Welsh Government official added:

“The RIA has focused on the new processes that will be set up around the risk management. So, risk identification and management should be happening now. So, that element of the new regime hasn't been costed. It's the processes that will sit around that in the future that have been costed, because that's what the Bill is setting up—the new regime around the identification and management.”⁴⁴

Benefits

38. The total estimated benefits across all property types as included in the Bill's RIA, amount to £62.60 million in present value terms. Notably, the majority of these benefits, some £34.33 million, are attributed to buildings with fewer than four storeys.⁴⁵

39. These benefits primarily reflect costs avoided, due to a reduction in incidents, as a result of the measures introduced by the Bill.

40. In addition to the RIA, further detail on the benefits of the Bill is included in the Benefits Model report⁴⁶, prepared by Adroit Economics.

41. However, neither the RIA nor the Benefits Model report disaggregate benefits by individual policy measures. Instead, benefits are presented according to building categories.⁴⁷ The Cabinet Secretary noted the reasons for this:

“... in terms of the benefits of individual policies, again, the benefits are particularly challenging to quantify. Again, I think the work that's been done by Adroit Economics, it doesn't allow for the benefits to be attributed to individual policy changes in

⁴³ Finance Committee, RoP, 1 October 2025, paragraph 182

⁴⁴ Finance Committee, RoP, 1 October 2025, paragraph 191

⁴⁵ Welsh Government, Explanatory Memorandum, Page 113

⁴⁶ Adroit Economics on behalf of Welsh Government, Benefits Model report

⁴⁷ Adroit Economics on behalf of Welsh Government, Benefits Model report, Page 19

*the Bill; it does assess the whole benefits arising from the whole Bill as a single package of measures. So, broadly, the approach to estimating the benefits has been to estimate the total annual cost of fire and structural failures across Wales in the buildings and how the scope of that could reduce the cost by—. So, it is still challenging, but, as I said, we're keen to hear and understand."*⁴⁸

42. In terms of benefits that could not be monetised, the RIA says:

*"It has not been possible to monetise some of the benefits, particularly the wider reduced anxiety and increased well-being of residents knowing that their buildings are safe. If it had been possible to monetise these, the additional benefit would have gone some way toward narrowing the benefit gap."*⁴⁹

43. A Welsh Government official told the Committee that Adroit Economics was currently looking into a way of providing a monetary value to such benefits.⁵⁰

Committee View

44. The Committee welcomes the Welsh Government's commitment to improving building safety and accountability and notes its significance as part of the wider response to the Grenfell Tower tragedy. The Committee recognises the complex range of assumptions used by the Cabinet Secretary in estimating costs relating to the Bill. We also note the discussions taking place with delivery partners to ensure that costs are robust, as well as the cost benefit analysis work being undertaken and the work of Adroit Economics.

45. However, the Committee has concerns about the quality and transparency of the RIA accompanying the Bill. In particular, the RIA lacks sufficient detail for a reader to fully understand the financial implications of the Bill and note the evidence from stakeholders that the overall costs in the EM seem to be very low. The absence of a breakdown by specific provision is a key issue and makes it difficult to assess the financial implications of individual elements of the Bill. Similarly, the lack of a breakdown of the costs by the bodies that will incur them impedes a thorough understanding of the impact the Bill has on the public sector and other bodies. While Cost and Benefits Model reports provide further detail,

⁴⁸ Finance Committee, RoP, 1 October 2025, paragraph 227.

⁴⁹ Welsh Government, Explanatory Memorandum, Page 114.

⁵⁰ Finance Committee, RoP, 1 October 2025, paragraph 287.

they do not provide a clear understanding of the financial implications of the Bill. They are poorly signposted in the RIA and their presentation does not make them accessible for interested parties.

46. The Committee believes that the Welsh Government needs to revisit the RIA with a view to providing more information on the specific provisions of the Bill. Although the Cabinet Secretary has subsequently provided the Committee with a breakdown of the costs and benefits by specific provisions following her attendance at Committee on 1 October⁵¹, we would still wish to see this information included in a revised RIA, after Stage 2.

47. The Committee also has concerns about the lack of clarity in the methodology used to estimate costs associated with the Bill given that the RIA provides high-level figures without sufficient explanation of how these were derived, what activities they cover, or what assumptions underpin them. The Committee considers this to be a significant barrier to effective scrutiny and would urge the Cabinet Secretary, for the purpose of transparency, to provide more detail in relation to the financial modelling used, in a revised RIA, after Stage 2.

48. The Committee notes the Cabinet Secretary's explanation for using Adroit Economics to estimate the costs and benefits of the Bill. We also note that the Cost Model report and Benefits Model report, prepared by Adroit Economics, contain much of the information relevant to understanding the resource implications of the Bill, elements of which the Committee would normally expect to be included in the RIA. Furthermore, in terms of transparency, it was noted that both the Cost and Benefits Model reports should be made readily available and accessible to the reader.

49. The Committee notes that the Cabinet Secretary has already agreed some implementation funding for the current financial year, but we believe there is limited information on how this funding has been used. In particular, the Committee has not seen a clear account of the activities undertaken to date or a detailed breakdown of implementation funding used. This transparency is essential to support effective scrutiny of the financial implications of the Bill.

Conclusion 1. The Committee welcomes the overall aims of the Bill, but remains concerned about the financial implications as presented in the Regulatory Impact

⁵¹ [Finance Committee, Agenda, 1 October 2025](#)

Assessment which has made it difficult to assess the financial impact of specific elements of the Bill.

Recommendation 1. The Committee recommends that the Cabinet Secretary undertakes a comprehensive revision of the Regulatory Impact Assessment accompanying the Bill, so that it includes:

- a breakdown of costs and benefits by individual provisions;
- a detailed account of the costing methodology used; and
- details of the specific activities individual bodies will undertake,

and for this to be reflected in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 2. The Committee recommends that the Cabinet Secretary makes clear in the Regulatory Impact Assessment where key supporting documentation such as the Cost and Benefits Model reports are published and publishes any other associated information, such as the Excel Model referenced in the Cost Model report as soon as practicable.

Recommendation 3. The Committee recommends that the Welsh Government publishes a detailed account of how any implementation funding already allocated for the Bill has been used to date, including a breakdown of activities undertaken, the amounts allocated, and how these relate to the delivery of the Bill.

3. Costs of specific elements of the Bill

Cost Implications for Relevant Bodies

50. The RIA estimates that the majority of the costs, £115.8 million out of a total £144.91 million in present value terms, will fall to industry.⁵²

51. In terms of Welsh Government engagement with industry on the cost estimates of the Bill, the Cabinet Secretary said:

*“Officials have discussed the cost estimates with industry representatives, including professionals working in the sector. We have heard concerns that costs may be low, but, as a result of that, we are keeping a very close eye on the assumptions and we will keep that under review. Again, it is really challenging to identify which assumptions might be inaccurate and by how much.”*⁵³

52. In relation to the estimated average annual cost per building, the RIA states “Some or all of these costs (with the exception of enforcement costs) will be passed onto leaseholders or residents”.⁵⁴ It also notes the power of the Welsh Ministers to make regulations concerning the charging of fees by BSAs for exercising their functions under the Bill or regulations made under it.⁵⁵ The RIA further notes, “Fee income may be used to offset some costs to local authorities”.⁵⁶

53. In reference to the potential financial burden placed on leaseholders and residents, the Cabinet Secretary said:

“The costs to leaseholders reflect the shared responsibility for maintaining safer homes and buildings, but only reasonable management-related costs can be passed on to leaseholders through service charges. These are subject to existing statutory protections, so the costs will inevitably vary from building to building, dependent on the risks identified ... The highest costs

⁵² [Welsh Government. Explanatory Memorandum. Page 207](#)

⁵³ [Finance Committee. RoP. 1 October 2025. paragraph 256](#)

⁵⁴ [Welsh Government. Explanatory Memorandum. Page 110](#)

⁵⁵ [Welsh Government. Explanatory Memorandum. Page 113](#)

⁵⁶ [Welsh Government. Explanatory Memorandum. Page 113](#)

arise, as you would imagine, in category 1 buildings, because obviously they have the most extensive duties.”⁵⁷

54. She also added:

“But they should not be new costs to individuals, so householders in multi-occupied residential buildings should already be subject to costs attached to ensuring the safety of their buildings.”⁵⁸

55. Furthermore, the Cabinet Secretary mentioned other potential support for leaseholders that is also being considered, such as:

“... by requiring landlords to consider other funding options, such as insurance, before passing on any costs in terms of safety risks to leaseholders.”⁵⁹

56. In terms of additional costs for residents in social housing, the Cabinet Secretary told the Committee:

“Also, I think it's important to say that RSLs [Registered Social Landlords] have told us that they are confident that they're already complying with most of those new duties. As a result, this should not be a significant additional cost for residents in social housing.”⁶⁰

57. In giving evidence to the Local Government and Housing Committee, a representative of the Housing Advisory Panel, Chartered Institute of Environmental Health, said:

“The costs for local authorities seem to be parcelled out as the same cost year on year, but there would be considerable upfront costs for local authorities as they get to grips with the new legislation.”⁶¹

58. They added:

⁵⁷ Finance Committee, RoP, 1 October 2025, paragraph 263.

⁵⁸ Finance Committee, RoP, 1 October 2025, paragraph 264.

⁵⁹ Finance Committee, RoP, 1 October 2025, paragraph 266.

⁶⁰ Finance Committee, RoP, 1 October 2025, paragraph 267.

⁶¹ Local Government and Housing Committee, RoP, 24 September 2025, paragraph 327.

“The explanatory notes of the Bill suggest that the fees for a lot of the activities under this would cover some of the costs, but that devolves the cost for this new Bill largely, in its administration, to the council tax payer if local authorities are covering it. So, there's not really much there in the Bill or the explanatory notes around the ring-fencing of costs and a sustainable and predictable funding model for local authorities, as we believe that regulatory interventions should pay for themselves where possible.”⁶²

59. In terms of supporting local authorities to meet any additional financial burden, the Cabinet Secretary referred to the Welsh Government's commitments under the Strategic Partnership Agreement.⁶³ She said:

“Obviously, this is something that's at the forefront of our minds, and I know local government minds as well. So, we are working closely with local government on that work stream around the costs. Again, we have invested. We know that there will be upfront costs, and that's why we've put some of that investment in already this year. We understand there will be costs to this. We've signed with local government our strategic partnership agreement, which I'm very conscious of, and the commitments within that”⁶⁴

60. In relation to any additional costs for fire and rescue authorities as a result of the Bill, a Welsh Government official told the Committee that these would be minimal because:

“... in terms of the actual expectations of fire and rescue services, they will be pretty much the same under the current regime as they will be under the new regime. We're not expecting a significant increase in additional work, for example, in the new model.”⁶⁵

Post-implementation Review

61. The post-implementation review chapter of the RIA outlines that an evaluation of the Bill will commence approximately three years after the new

⁶² Local Government and Housing Committee, RoP, 24 September 2025, paragraph 328

⁶³ Welsh Government, Strategic Partnership Agreement with local government

⁶⁴ Finance Committee, RoP, 1 October 2025, paragraph 280

⁶⁵ Finance Committee, RoP, 1 October 2025, paragraph 298

regime begins to take effect, around four years following Royal Assent. While the specific approach to evaluation will be determined after Royal Assent, the review identifies key elements to be considered, including both costs and benefits. Additionally, it notes that a “phased approach to evaluation will be considered to understand the longer-term impacts of the legislation on building safety, including an assessment of the costs and benefits”.⁶⁶

62. While the RIA considers a 10-year period sufficient for the new regime to reach a steady state, it also acknowledges that, “It is likely to take 10–15 years before all of the improvements to building safety are actioned following safety cases”.⁶⁷

63. In relation to the 70-year appraisal period used to assess the benefits of the Bill, the RIA states that it:

*“... captures those benefits that accrue during 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 the Green Book guidance on ‘persistence’ of benefits.”*⁶⁸

64. When asked about the appropriate time to assess the Bill, the Cabinet Secretary told the Committee:

*“So, I think it's fair to say that the new regime will have reached a steady state by 10 years in, but the benefits will be able to be accrued over a much longer period as well. But, again, I'm keen to hear the committee's view on that.”*⁶⁹

Committee View

65. We note the Cabinet Secretary's comments that funding support for local authorities is at the forefront of the Welsh Government's mind in terms of implementing the Bill. We also welcome the recognition from the Cabinet Secretary that local authorities will face costs to implement the Bill's provisions. While the Welsh Government has indicated that funding will be made available, the Committee has not seen sufficient evidence to confirm whether this funding

⁶⁶ Welsh Government, Explanatory Memorandum, Page 128

⁶⁷ Welsh Government, Explanatory Memorandum, Page 107

⁶⁸ Welsh Government, Explanatory Memorandum, Page 207

⁶⁹ Finance Committee, RoP, 1 October 2025, paragraph 302

is additional or whether it will be drawn from existing budgets. Given the scale of the responsibilities placed on local authorities by the Bill, the Committee believes that clarity on this point is essential to ensure effective implementation.

66. The Committee also notes concerns about the potential for costs to be passed on to residents. Although we recognise the Cabinet Secretary's view that the Bill should not lead to significant additional costs for residents in social housing, we believe that further assurances are needed on how the Welsh Government intends to support individuals who may be affected financially, especially in cases where remediation or compliance costs could be significant.

67. The Committee was also surprised to hear the Cabinet Secretary confirm work is underway with local authorities and partners to understand operational costs and develop a delivery model.⁷⁰ It is unclear why this work is being undertaken following the introduction of the Bill when such details could have informed development of the costs and benefits outlined in the RIA, and the Welsh Government's decision making at an earlier stage. The Cabinet Secretary should outline the extent of these discussions and potential costs in detail ahead of the Stage 1 debate.

68. The Committee notes the approach taken in the RIA regarding the post-implementation review of the Bill, which assesses costs over a 10-year appraisal period and benefits over a 70-year period. The RIA states that the longer timeframe for benefits reflects the assumed lifespan of buildings and aligns with the UK Treasury's Green Book guidance on the "persistence" of benefits.⁷¹ However, the Committee is concerned that the disparity between these appraisal periods may hinder accurate evaluation of the figures as presented in the RIA and obscure the true financial implications of the Bill.

69. The Committee also notes that the RIA suggests that full implementation of safety improvements may take 10–15 years. This raises questions about whether the 10-year cost appraisal period is sufficient to reflect the full financial burden of the new building safety regime. As a result, we call for actual costs and benefits arising from the Bill to be published as part of the post-implementation review to ensure maximum transparency regarding costs.

Recommendation 4. The Committee recommends that the Cabinet Secretary clarifies the funding available to local authorities for the implementation of the

⁷⁰ Finance Committee, RoP, 1 October 2025, paragraph 166

⁷¹ Welsh Government, Explanatory Memorandum, Page 107

Bill, including confirmation of whether the funding is additional to existing allocations and sufficient to meet the new statutory responsibilities.

Recommendation 5. The Committee recommends that the Cabinet Secretary provides further detail on the cost implications for residents and explains how it intends to support residents who may face financial burdens as a result of the Bill, including outlining any financial assistance, mitigation measures, or protections for leaseholders and tenants.

Recommendation 6. The Committee recommends that the Cabinet Secretary provides details of discussions held with delivery partners for the Bill regarding operational costs of the new statutory framework, and any additional financial implications identified as a result of those discussions.

Recommendation 7. The Committee recommends that the Cabinet Secretary quantifies and publishes the actual costs and benefits arising from the Bill as part of the post-implementation review, and confirms the proposed timescales for the review .