



Ministry of Housing,
Communities &
Local Government

Building Safety Levy

18.11.2024



What is the Building Safety Levy?



- The Building Safety Levy was legislated for in the Building Safety Act and covers all new residential buildings in England which required building control approval, subject to certain exemptions.
- This was based on the principle that leaseholders must be protected and that the industry responsible should pay to fix the problems it created.
- The Levy will raise funds to pay for remediation of cladding on buildings, where a developer cannot be held responsible or identified, and is a key element of ensuring industry pays.
- We have engaged with the LGA, LABC, developers and RBCA representatives, as well as visiting LAs and providing responses to consultations including workshops.
- We have conducted two consultations on the Levy.



How it works

- Local authorities will collect the Levy on behalf of the Department.
- Developers will pay the Levy on new residential buildings which require building control approval, unless exempt to ensure fairness and mitigate supply impacts (see next slide).
- The Levy charge will be calculated on the floorspace area of a property.
- The Levy rate will vary by local authority based on local land values and property prices in the area.
- The Levy rates (per m²) will be set by the Secretary of State and will be set out in secondary legislation.
- The rates will be kept under review to monitor impact on development.
- The primary sanction is that the final certificate is rejected, or completion certificate withheld, until the payment is received.
- The Levy will be paid to MHCLG every quarter along with the accompanying management information.





Exemptions, inclusions and discounts



The Building Safety Act gives the SoS powers to charge a Levy on all residential buildings where building control approval is needed.

- **There will be a discounted rate for developments on previously-developed land.**
- It is important to note that **the following are included in the Levy charge:**
 - Build to Rent
 - Purpose-built student housing
 - Retirement housing
 - Communal areas
 - Conversions/change of use
 - Market-rate housing built by local authorities

Following consultation, the following types of housing will be exempt:

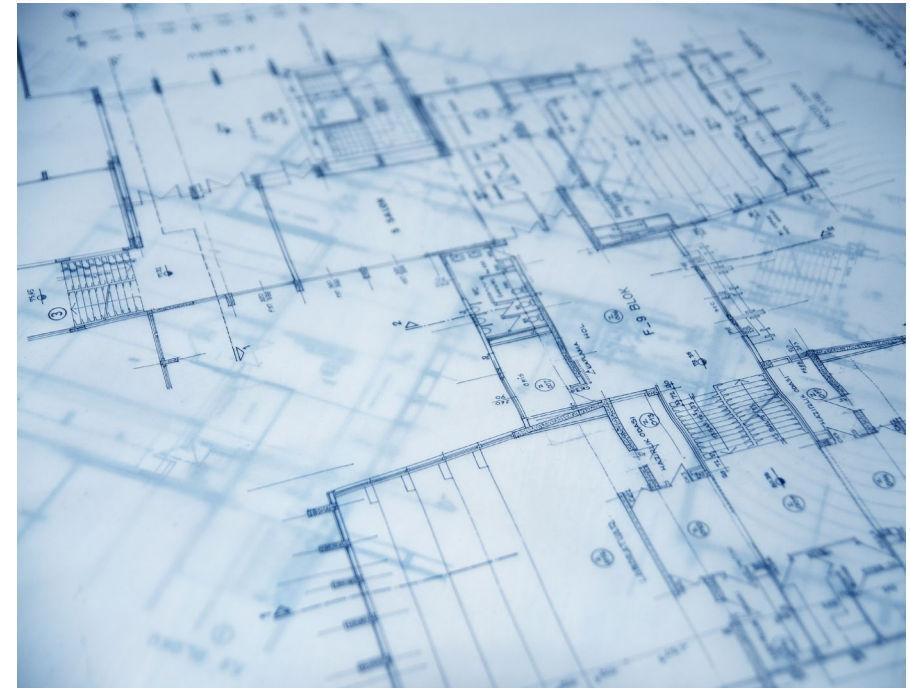
- Social and affordable housing
- Developments of fewer than ten units
- Care homes, NHS hospitals, armed forces accommodation, etc.
- Supported housing, children's homes, refuges etc.
- For-profit housing built by a not-for-profit registered provider



How it will be collected?

- Initial notices/applications will contain basic Levy information such as planning permission and number of dwellings which will be sent to the LA to determine if the Levy should be charged. Once commencement starts developers will be required to provide more detailed information i.e. chargeable floorspace and details of exemptions.
- LA spot checks will confirm the accuracy of the information.
- LAs will calculate the Levy charge. Developers may pay at any point between commencement of works and application for a completion or final certificate. If during construction changes are made to the development (for example more chargeable dwellings are included), an adjustment will be made to the charge and a new Levy liability notice issued.
- LAs will need to work closely with RBCAs and the Building Safety Regulator to collect the Levy. Our process maps explain how this will work.

- If there are disputes between the LA and the Developer regarding the levy charge, this will be reviewed by a more senior colleague in the LA at first and then can be appealed to the property chamber of the first-tier tribunal, if required.





How will it be paid to the Department?



- LAs will need to submit Levy payments and MI on a quarterly basis to the Department through the DELTA system. This is the main data collection tool used across LAs to collect, report, and manage data, as well as administer grants and streamline administrative tasks.
- All LAs with building control responsibilities will need to have a named contact signed up to make payments through DELTA.
- We will lay out what MI needs to be reported to the Department.
- We have not specified which department of a council will need to administer the Levy payments; it is up to LAs to decide which teams are best suited for collecting the Levy.
- Building control and the Levy administrator will need to work closely to understand payments, adjustments and if relevant milestones have been reached.



Relationships between LA departments

- Critical to Levy delivery is the relationships between LA departments such as building control and nominated Levy administration team.
- For example, the Levy administration team will need to confirm that the Levy has been paid for building control teams to accept the final certificate or issue the completion certificate.
- We appreciate that some LAs have complex arrangements such as sharing building control functions across several LAs or establishing a company to run building control on their behalf. Ultimately it is the LA's responsibility to ensure that the levy charge is paid for buildings in their area, and that funds are returned to central government.
- We are also aware some LAs share back-office functions such as finance.
- If you have shared building control or shared services, or a company which operates building control, how do you see that operating? If you have a CIL team, might they be involved?





Relationships with RBCAs and BSR



- Registered Building Control Approvers (RBCAs) carry out private building control work and will play an important role in the Levy process.
- RBCAs will send initial notices to the LA including the Levy information. These could be rejected if they are missing relevant information.
- RBCAs will need to state on the final certificate that the developer has informed them that the Levy has been paid (or none was due). The LA's Levy administrator will need to verify this and the building control will need to reject the final certificate within 10 days if the levy has not been paid.
- The Building Safety Regulator (BSR) is responsible for buildings over 18m, and LAs will be obliged to send the BSR their Levy administrator's contact details.
- The BSR will contact the LA to confirm that the Levy has been paid. If the LA confirms that this has been done, then the BSR may issue the completion certificate.



Support for local authorities

- **New burdens funding will be provided to support LAs start-up costs** to recruit staff and update IT systems ahead of launch.
- When operational, **LAs can recover costs incurred for administering the Levy.**
- We have a named Levy point of contact in all LAs.
- IT systems will need to be able to record Levy collection and the required Management Information.
- **Management information and payments will need to be submitted to the Department through DELTA every quarter along with payments.**
- **We have and will continue to engage with LAs** including roundtables, workshops and testing of the process. We are targeting engagement at those LAs who need the most support and working with our engagement colleagues to present at key sector events.
- As we approach launch, we will hold **regular governance meetings** to track progress and support LAs to prepare.
- **Comprehensive guidance for LAs will be released with the regulations.**





- LAs should consider their staffing requirements to administer the Levy. All LAs will need at least to name a Levy administrator to act as a point of contact for the Department.
- IT systems will need to be able to record Levy collection and the required Management Information.
- LAs will need to arrange their own systems for collecting MI data. MI will need to be submitted to the Department through DELTA every quarter along with payments.
- We are particularly interested to know about your current IT arrangements, including which providers you are using and the ability to update systems. We have also made IT providers aware of the upcoming changes.
- Are you confident your IT systems can talk to each other?
- We are keen to hear your feedback on how we can support LAs to submit MI.

