

# **Building Safety Levy 20/10/2026**

## **FULL COUNCIL**

### **PART I**

#### **Building Safety Levy (DoF)**

#### **1 Summary**

- 1.1 The Building Safety Levy (BSL) is a new statutory charge on residential development, introduced under Regulations signed on 19 November 2025, coming into force on 1 October 2026. It aims to raise approximately £3.4 billion over ten years to fund remediation of historical building safety defects across England, protecting leaseholders from those costs.
- 1.2 The levy is charged on qualifying new residential building control applications - developments of 10 or more dwellings submitted on or after 1 October 2026. Developers pay the levy in full before completion or first occupation, calculated per square metre of internal area at rates set per local authority.
- 1.3 The Building Control function for Three Rivers District Council is carried out by Hertfordshire Building Control, a joint venture building control company jointly owned by eight of the ten Hertfordshire district/borough councils. This report seeks the approval to authorise the company to act on behalf in applying the levy.

#### **2 Recommendation**

- 2.1 That:
  - 2.1.1 Hertfordshire Building Control limited be authorised to undertake the role of centralised collecting agent for the Building Safety Levy on behalf of Three Rivers District Council from 1<sup>st</sup> October 2026.
  - 2.1.2 New Burdens funding received from Government is passed through to Hertfordshire Building Control Ltd
  - 2.1.3 Hertfordshire Building Control retain any operating surplus from the set-up grant as a ringfenced contingency reserve.
- 2.2 That the Chief Executive as shareholder for Hertfordshire Building Control be authorised to enter into the necessary legal agreements to give effect to the recommendations set out above.

Report prepared by: Alison Betts, Director of Finance

### **3 Details**

- 3.1 The Building Safety Levy (the levy) is a tax on new residential buildings. The levy will be collected by local authorities. The income raised from the levy will contribute to fixing building safety defects across England. The Building Safety Levy (England) Regulations 2025, setting out how the Building Safety Levy will operate, have been approved by Parliament and were made on 19 November 2025. The levy came into operation on 1 October 2026.
- 3.2 The levy is a charge that developers must pay on certain building control applications / notices before completion of the building work or occupation of the building (whichever is earlier). The levy is to be charged on certain applications for works that result in new dwellings and/or new bedspaces in purpose-built student accommodation (PBSA) and change of use to residential purposes.
- 3.3 The government has set the levy rates for each local authority area in legislation. The rates have been weighted using average house prices in local authority areas, so that areas with the highest average house prices have the highest levy rates, and those with the lowest average house prices have the lowest levy rates. The amount payable varies depending on the building's size, use and location. The levy rates are set per square metre, and the charge is calculated on the floorspace of the development. There are exemptions from the levy for certain uses of buildings and a discounted rate for developments that meet the definition of "previously developed" as set out in the regulations.
- 3.4 Central government has designated local authorities as the collecting authorities for the levy. The local authority in which the development is situated has the legal responsibility for levy administration, even where there is a shared building control service across several areas. Local authorities will transfer levy revenues (net of administration costs) to central government. Levy revenue must be spent on building safety.
- 3.5 Hertfordshire Building Control Ltd provides building control services for eight of the ten district and borough councils in Hertfordshire. It is an established joint venture owned by those authorities and has the systems and processes to manage building control applications. Hertfordshire Building Control issues building control certificates on behalf of Three Rivers District Council through a secondment arrangement.
- 3.6 Under the proposed arrangement Hertfordshire Building Control Ltd would administer the levy on behalf of the council and would fund its costs through retaining the administrative element of the building safety levy which is deducted before passing income over to the government. New burdens funding has been received for the setting up of systems and processes which would pass to Hertfordshire Building Control to fund initial costs.

### **4 Options and Reasons for Recommendations**

- 4.1 The reasons for the recommendations are:
  - 4.1.1 Hertfordshire Building Control already holds BSR-qualified surveyors and building control expertise to assess new developments and determine levy liability.
  - 4.1.2 A centralised model allows one standardised process, one set of documentation and one point of compliance reporting to MHCLG.

- 4.1.3 Hertfordshire Building Control will deliver the service at nil cost to the council, other than the transfer of new burdens funding.
- 4.1.4 If the council were to carry out the service itself, it would need to recruit suitable qualified building control surveyors in a difficult market.

## **5 Policy/Budget Reference and Implications**

- 5.1 The recommendations in this report are within the Council's agreed policy and budgets.

**Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications**

## **6 Financial Implications**

- 6.1 The Council has received £111,800 new burdens grant funding from MHCLG for the implementation of the Building Safety Levy. This is split between £60,500 capital funding and £51,300 revenue funding to cover set up costs for the first three years. This grant would be transferred to Hertfordshire Building Control to fund their implementation costs and kept within a ringfenced reserve within the company.
- 6.2 On an ongoing basis the costs of the Building Safety Levy will be funded by the company retaining an element of the levy for administrative costs before transferring the balance to MHCLG in line with the scheme arrangements.
- 6.3 Ongoing monitoring of the budgets and delivery of the function will form part of the reporting to shareholders.

## **7 Legal Implications**

- 7.1 A statutory delegation agreement under Section 101 of the Local Government Act 1972 is required. This is the legal mechanism by which each of the eight Local Authorities, as the body legally designated as "collecting authority" under the Building Safety Levy (BSL) Regulations, delegates that statutory function to HBC to exercise on its behalf.

## **8 Equal Opportunities Implications**

- 8.1 Relevance Test

|                                                                        |     |
|------------------------------------------------------------------------|-----|
| Has a relevance test been completed for Equality Impact?               | Yes |
| Did the relevance test conclude a full impact assessment was required? | No  |

- 8.2 Impact Assessment

There are no equalities impact of the proposed recommendations.

## **9 Staffing Implications**

none

**10 Environmental Implications**

none

**11 Community Safety Implications**

none

**12 Public Health implications**

none

**13 Customer Services Centre Implications**

none

**14 Communications and Website Implications**

none

**15 Risk and Health & Safety Implications**

15.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

15.2 The subject of this report is covered by the Regulatory Services service plan(s). Any risks resulting from this report will be included in the risk register and, if necessary, managed within this/these plan(s).

| Nature of Risk                                                      | Consequence                   | Suggested Control Measures                                                                                                                         | Response<br>(tolerate,<br>treat<br>terminate,<br>transfer) | Risk Rating<br>(combination of<br>likelihood and<br>impact) |
|---------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|
| Unable to adequately staff the delivery of the Building Safety Levy | Unable to deliver the service | Provision through the company reduces this risk as it relies on an existing qualified workforce and brings additional resilience through scale     | Transfer                                                   | 4                                                           |
| Additional cost burden to Council                                   | Impact on MTFP                | Retention of grant monies by company in ringfenced reserve. Part of overall company financing. Ability to retain administrative costs from income. | Treat                                                      | 4                                                           |
| Reputational risk of additional burden on developers.               | Negative impact on reputation | HBC will be the body collecting the levy from developers                                                                                           | Tolerate                                                   | 4                                                           |

- 15.3 The above risks are scored using the matrix below. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

|                                                                                 |                        |                           |                               |                               |
|---------------------------------------------------------------------------------|------------------------|---------------------------|-------------------------------|-------------------------------|
| <b>Very Likely</b><br>-----<br><b>Likelihood</b><br>-----<br>▼<br><b>Remote</b> | <b>Low</b><br><b>4</b> | <b>High</b><br><b>8</b>   | <b>Very High</b><br><b>12</b> | <b>Very High</b><br><b>16</b> |
|                                                                                 | <b>Low</b><br><b>3</b> | <b>Medium</b><br><b>6</b> | <b>High</b><br><b>9</b>       | <b>Very High</b><br><b>12</b> |
|                                                                                 | <b>Low</b><br><b>2</b> | <b>Low</b><br><b>4</b>    | <b>Medium</b><br><b>6</b>     | <b>High</b><br><b>8</b>       |
|                                                                                 | <b>Low</b><br><b>1</b> | <b>Low</b><br><b>2</b>    | <b>Low</b><br><b>3</b>        | <b>Low</b><br><b>4</b>        |
| <b>Impact</b><br><b>Low</b> ----- ► <b>Unacceptable</b>                         |                        |                           |                               |                               |

#### Impact Score

4 (Catastrophic)  
 3 (Critical)  
 2 (Significant)  
 1 (Marginal)

#### Likelihood Score

4 (Very Likely (≥80%))  
 3 (Likely (21-79%))  
 2 (Unlikely (6-20%))  
 1 (Remote (≤5%))

- 15.4 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of the management of operational risks is reviewed by the Audit Committee annually.

#### Data Quality

Data sources:

MHCLG Guidance Notes/HBC proposal

Data checked by:

Alison Betts, Director of Finance.

#### Background Papers

none

#### APPENDICES / ATTACHMENTS

none

