

This report is public	
Implementation of the Building Safety Levy	
Committee	Executive
Date of Committee	5 October 2026
Portfolio Holder presenting the report	Deputy Leader - Planning and Enforcement, Councillor Chris Aramini-Brant
Date Portfolio Holder agreed report	24 September 2026
Report of	Assistant Director Planning, David Peckford

Purpose of report

To advise the Executive of the risks and proposed mitigation for and request the approval of the proposed implementation of the Building Safety Levy on 1 October 2026.

1. Recommendations

The Executive resolves:

- 1.1 To approve the proposed implementation in accordance with the summary contained within this report of the Building Safety Levy, which comes into force on 1 October 2026.

2. Executive Summary

- 2.1 The statutory Building Safety Levy is a tax on new residential buildings. The levy is collected by local authorities. The income raised from the levy will contribute to fixing building safety defects across England. The Building Safety Levy was introduced to help raise funds for the remediation of historical building safety defects, including the replacement of unsafe cladding on high-rise residential buildings, and to ensure that the residential development industry contributes towards the costs of making affected buildings safe.
- 2.2 The Building Safety Levy (England) Regulations 2025 legislate how the Building Safety Levy is required to operate. This report draws upon guidance available at <https://www.gov.uk/guidance/building-safety-levy-guidance>.
- 2.3 Over the past year a cross-service project team has prepared for implementation. The Council's system came into effect as required on 1 October 2026. This report briefly explains the operation of the levy and confirms its introduction in Cherwell district.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial implications arising from this report. The administration and collection of the Building Safety Levy (BSL) will be delivered within existing resources. The implementation of the new BSL module will incur upfront implementation and maintenance costs of £7,140 in 2026/27. These costs will be fully funded through the BSL New Burdens Grant. From 2027/28 onwards, only ongoing maintenance costs will be incurred, amounting to £2,500 per annum. These costs will be recoverable through the BSL charge-out rate. Kimberley Digweed, Finance Business Partner, 3 September 2026.
Legal	The Council has a statutory duty to administer and collect the Building Safety Levy in accordance with the Building Safety Levy (England) Regulations 2025. Whilst the implementation of a levy collection system supports compliance with those duties, there remains a risk of challenge arising from incorrect levy calculations, disputes regarding exemptions and reliefs, procedural errors, delayed invoicing, or the unlawful issue of completion/final certificates before levy liabilities have been discharged. The Council must also ensure proper handling of personal and financial data and compliance with public law principles when exercising its functions. These risks are mitigated through staff training, documented procedures, system controls within DEF Mastergov, financial audit processes, legal support where required, and ongoing review of government guidance and operational practice. Specific legal risks to be aware of: <i>Affordable housing exemption disputes</i> Paragraph 4.3 correctly identifies that social rent, affordable rent and shared ownership exemptions may become relevant in viability and planning negotiations. There is a risk that developers seek to structure schemes to maximise exemption eligibility or challenge the Council's interpretation of exemption criteria. Clear separation should be maintained between planning negotiations and levy administration. <i>Recovery and enforcement risk</i>

	As the levy must be paid before a final/completion certificate is issued, if there is any administrative error resulting in occupation or certification before collection of levy liabilities, the Council's recovery position may be weakened and there may be financial consequences. <i>Delegated/shared service governance</i> The report notes that the collecting authority responsibility rests with the local authority even where shared services exist. Governance arrangements should therefore make clear who is responsible for calculation, invoicing, debt management, accounting and remittance. <i>Resource assumptions</i> The report currently states that administration can be absorbed within existing resources. That may be correct initially, but the levy regime is new and the number of assessments, disputes and appeals is uncertain, resource requirements should therefore be monitored and reviewed after implementation to ensure adequate resourcing is in place. Kim Maher, Solicitor, 4 September 2026
Risk Management	The Council has commenced fulfilling its statutory duties as a Building Safety Levy collection authority. As with any new statutory regime, number of operational risks remain. These include: • incorrect assessment of levy liability, exemptions or reduced rates; • failure to collect, recover or account for levy payments; • challenge from developers regarding levy calculation or eligibility for reliefs; • failure to maintain adequate audit trails and evidence supporting decisions; • insufficient staffing capacity if development activity exceeds current assumptions; • system failures affecting levy administration; and • reputational and financial consequences arising from non-compliance with statutory requirements or delays in remitting levy receipts to MHCLG. Mitigation measures include dedicated processes, staff training, documented procedures, system controls, audit arrangements, management oversight and ongoing monitoring of operational performance. The residual risk is considered manageable and proportionate to the Council's statutory responsibilities and will be managed accordingly as per our policy within the service operational risk and escalated to the Corporate Risk Register as and when deemed necessary.

	Celia Prado-Teeling, Performance & Insight Team Leader, 4 September 2026			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		X		N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
Climate & Environmental Impact		X		N/A
ICT & Digital Impact		X		The introduction of the new Building Safety Levy module in the DEF Mastergov system has been overseen by the ICT team.
Data Impact		X		N/A
Procurement & subsidy		X		N/A
Council Priorities	A Vision For Lasting Change 2025-2030 Priority 4: Quality housing and place making			
Human Resources	None anticipated as at present it is believed that the administration of the Levy can be undertaken without additional resource.			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

- 3.1 The levy is a charge that developers must pay on qualifying building control applications / notices before completion of the building work or occupation of the building (whichever is earlier).
- 3.2 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.
- 3.4 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.
- 3.5 The Government has designated local authorities as the collecting authorities for the levy, not just for applications they receive themselves but also for qualifying applications made to the Building Safety Regulator and those dealt with by private Registered Building Control Approvers (who provide 'initial notices' to local authorities).
- 3.6 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.

4. Details

- 4.1. When a Building Regulations application is made for a new residential build development, either directly to a Local Authority or to a private Regulator (now known as a Registered Building Control Approver – RBCA – formerly known as an Approved Inspector) the Local Authority has to determine whether the Levy is payable and if so calculate the payable amount. The developer/applicant is informed of the amount which he then has to pay before the first Final/Completion Certificate on the development can be issued. It is only when the Final/Completion Certificate is issued for a dwelling that it can be lawfully occupied.
- 4.2 MHCLG has set down a prescribed Levy rate (in £ per square metre of internal floor area) for each Local Authority. The Cherwell rate has been set at £33.56 per square metre for the first three years after implementation. Trial calculations suggest that the levy approximately equates to £3,000 per new dwelling.

- 4.3 The Levy will apply to all chargeable major residential developments (generally 10 or more net new dwellings, or 30+ units of Purpose-Built Student Accommodation. Some developments fall outside the scope of the levy and others comprise chargeable developments where some floorspace is exempt. The floorspace for social and affordable rented housing and for shared ownership housing can be exempt subject to prescribed criteria. Whether or not proposed 'social housing' would be exempt may therefore feature in planning negotiations, particularly where there are circumstances of marginal viability. There is a 50% rate reduction for developments which are substantively built (greater than 75%) on previously developed (brownfield) land.
- 4.4 The Council collects the Levy by issuing invoices at the appropriate times. What is collected is then remitted to MHCLG at the end of each quarter but with the Council's reasonable administration and collection costs having been deducted. It is intended that this will be cost-neutral.
- 4.5 At present officers consider that these tasks can be absorbed by its existing resource. However, this will need to be kept under review.
- 4.6 Preparation for the introduction of the levy has included the installation of a new module to the Building Control and Development Management database (DEF Mastergov) and associated testing; preparation of templates for communication with and the invoicing of developers; financial system readiness; the preparation of an internal user-guide for clarity, efficiency and business continuity; and, staff readiness.
- 4.7 Hourly charge rates have been agreed with the Finance team for each officer likely to be involved in the BSL process. The DEF Mastergov system will be used for robust monitoring and auditing in conjunction with the Council's Finance system.
- 4.7 MHCLG has provided Cherwell with a payment of £146,700 to cover its set-up costs. This is divided into £81,100 revenue + £65,600 capital. To date only a modest amount of expenditure has been incurred to install the DEF Mastergov module.
- 4.8 Preparation has been supported by the Building Control, Development Management, ICT, Finance and Programme Management Teams. Regular reports have been made to the Place and Regeneration Directorate Portfolio Board. An internal user guide. Testing of the system was undertaken prior to implementation and the user guide provides manual system contingency.

5. Alternative Options and Reasons for Rejection

- 5.1 It is mandatory for the Council to undertake its Building Safety Levy duties as a collecting authority, the only alternative or reason for rejection of this recommendation would be to the details of the proposed implementation if the considered unsatisfactory.

6 Conclusion and Reasons for Recommendations

- 6.1 The statutory requirement for the Council to undertake its duties as a Building Safety Levy collecting authority commenced on 1 October 2026. The Council's system is now live. There will be on-going monitoring by the Building Control and Finance teams. The Council is obliged to accurately and reliably collect the levies owing and ensure the timely transfer of funds to MHCLG. An indication the levy that could be generated in a year is the estimate that housing delivery of 1,000 homes per year could generate in the order of £3,000,000. However, due to the absence of affected high rise buildings, none of the funds raised would be utilised for improvements to developments within Cherwell.

Decision Information

Key Decision	Yes
Subject to Call in	Yes
If not, why not subject to call in	N/A
Ward(s) Affected	All Wards

Document Information

Appendices	
Appendix 1	None
Background Papers	None
Reference Papers	None
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Executive Director Approval (unless report of Executive Director or Statutory Officer)	Executive Director for Place and Regeneration, 24 September 2026