

## Insights

# THE BUILDING SAFETY LEVY

Oct 02, 2025

## SUMMARY

In July 2025, the government published draft regulations and guidance relating to the Building Safety Levy. In this Insight, Isaac Dundas takes a closer look at the key features of the Levy.

On 10 July 2025, the government published the draft Building Safety Levy (England) Regulations 2025 (the “Regulations”) and its accompanying guidance which will come into effect on 1 October 2026 (having been delayed from the original date of this coming Autumn). The Regulations proposes a building safety levy (the “Levy”) on residential developers.

The Levy is being introduced to raise additional income from residential developers in order to contribute towards the costs of remediating building defects across England. Currently, the government is seeking to raise £3.4 billion through the introduction of this Levy.

This Insight explores the Regulations and its accompanying guidance in further detail and sets out a high-level overview of the key points that developers should be aware of. It should also be noted that these Regulations only apply to England.

## WHO/WHAT DOES THE LEVY APPLY TO?

The Regulations’ wide definitions are designed to capture a wide variety of residential developments.

The Levy is to apply to developments which will produce 10 or more dwellings or a minimum of 30 new bedspaces in purpose built student accommodation. Additionally, the Regulations also seek to capture developers who are seeking to change the use of existing sites into a residential development (i.e., converting a block of offices into residential flats).

However, crucially for developers, the accompanying guidance states that if the building regulations application is submitted prior to the date the Levy is due to be introduced, then the

developer will not need to pay the Levy. We may therefore see a rush from developers in the lead up to 1 October 2026, in order to save projects incurring additional time and cost.

## **EXEMPTIONS**

There are two exemptions set out within the Regulations with the first exemption being the more narrowly defined:

1. Developer specific - if the developer is a non-profit registered provider of social housing then it is exempt from having to pay a Levy. This is the case no matter the type of residential development that is proposed by that developer; or
2. Building specific - Schedule 1 of the Regulations sets out the list of buildings which are exempt from the Levy. These include, but are not limited to, school accommodation, hotels and hostels, care homes and children's homes.

## **HOW MUCH IS THE LEVY?**

The total Levy payable will be worked out by taking the total gross internal area (in square metres) of both the (i) residential floor space and (ii) communal floor space and then multiplying this by the applicable local authority rate. Each local authority has its own rates and if the development is on land which has been previously developed, the rate is half that of the rate for land which has not been previously developed. For example, the rates for a development on previously developed land in Birmingham is £14.62 (compared with £29.23 for undeveloped land).

## **WHEN IS THE LEVY PAID?**

Once the developer has submitted its building regulations application, it has triggered the requirement to pay the Levy. Local authorities can withhold certificates at completion until the relevant Levy has been paid. Once the Levy has been paid by the developer, the local authority is required to issue a certificate within two weeks confirming that the Levy has been paid – this will form an important audit trail for compliance, particularly on the sale of the property.

Local authorities will also be required to carry out spot checks to assess whether the amount the developer paid for the Levy and/or information provided to the authorities was accurate. A revised determination notice can be issued if the local authority deems the notice to be inaccurate, thus adding additional delays for completion of a project.

## **RELATED CAPABILITIES**

- Commercial Construction & Engineering

## MEET THE TEAM



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