

For: Uttlesford District Council

Local Plan Examination



Local Plan Examination – Note on Building Safety Levy Final v1.0 (DSP24901)

Note on the introduction of the Building Safety Levy (BSL)

- 1.1. Uttlesford District Council submitted its Local Plan 2021 – 2041 (the Plan) to the Secretary of State, for independent examination in December 2024. The Plan is supported by a Stage 1 and Stage 2 Local Plan Viability Assessment (LPVA) carried out by Dixon Searle Partnership (DSP), completed June 2024.
- 1.2. Following introduction of the Building Safety Act 2022, the Government carried out a public consultation in 2022/2023 with the consultation response published in January 2024. A further technical consultation took place between January to February 2024, although the BSL rates were not specified. The Government response was published in March 2025 which only then set out the BSL rates by Local Authority area in Annex A of the response. We note the timing of the rate detail (costs and exemptions) was published approximately 9 months after the completed LPVA. On this basis, it was not possible for the BSL rates to be included within the LPVA.
- 1.3. According to the Government's consultation response, the BSL rates for Uttlesford will be £36.25/sq. m. for greenfield sites with this halved for PDL sites at £18.12/sq. m., intended to reflect potential viability-related challenges (see more below). The rates will be subject to review every 3 years whilst retaining the ability for these to become more frequent should the Government decide that they are warranted. The rates will not be indexed linked. The above rates will be applied to all development although there are exemptions, including small developments, affordable housing, supported housing etc.
- 1.4. In addition, we note the Government is currently consulting on the 'Planning Reform Working Paper: Reforming Site Thresholds' (May 2025) which seeks to reform site size thresholds for residential development. The consultation proposes to introduce an intermediate threshold for planning applications between 10-49 units (defined as medium development sites) and as part of this the consultation is also exploring exempting these sites from paying the proposed BSL.
- 1.5. The Government is due to debate the secondary legislation (BSL Regulations) in Parliament later this year and will need approval by both Houses of Parliament

before it can be brought into effect as law. At this stage and subject to the above, BSL is anticipated to be implemented in Autumn 2026.

- 1.6. The consultation response acknowledges the concerns raised around the Levy's potential impact on development viability and supply which may be particularly relevant to schemes presenting marginal viability prospects. As above, the reduced levy for PDL-based sites intends to reflect such potential scenarios which is often more common on PDL schemes (noting typically higher existing use values, build costs, scheme abnormalities etc.).
- 1.7. In the Uttlesford context, the table below compares various assumed development costs with the BSL rates on both a £/sqm basis as well as a proportion of base build cost (%). This is based on a mixed scheme with houses and flats. The below shows that overall, the cost of BSL is relatively small compared to base build costs or climate change response for example and is more aligned to the assumed proxy costs for BNG.

Table 1: Example Development Cost Comparison

	£/sq.m.	% Base build
Building Safety Levy - GF	£36.25	2.33%
Building Safety Levy - PDL	£18.12	1.17%
BCIS (Mixed Developments - houses/flats)	£1,555	-
BNG - GF	£39.02	2.86%
BNG - PDL	£8.13	0.59%
M4(2)	£15.50	1.00%
Climate Change Response	£77.75	5.00%
Electric Vehicle Charging Points	£8.83	0.57%

- 1.8. As a percentage of sales values, on average, the BSL rates equate to less than 1% of GDV on GF and less than 0.5% on PDL sites – see Table 2 below.

Table 2: Relationship between typical sales value in £ per sq. m (key range across Uttlesford) and BSL as a percentage of sales value

Key Value Level Range		BSL % of value GF	BSL % of value PDL
VL3	£4,500	0.81%	0.40%
VL4	£4,750	0.76%	0.38%
VL5	£5,000	0.73%	0.36%
VL6	£5,250	0.69%	0.35%
Average:		0.75%	0.37%

- 1.9. According to Savills residential market reporting, this compares to predicted annual house price growth of between 3%-5.5% per annum over the next five years with a total house price increase over that period of 23.4%. Since the date of the completed LPVA in June 2024, the Land Registry House Price Index (HPI), indicates house prices in the Uttlesford district have increased by approximately 9%. This compares to a +1.77% increase on build costs over the same period, according to the BCIS Tender Price Index (TPI).
- 1.10. On this basis, since June 2024 the relationship between base costs and values is positive (in terms of viability impact). Without having run any additional modelling, this suggests the introduction of the BSL locally could be absorbed by the general market improvement in the cost/value relationship and based on current economic reporting and industry predictions, this is only likely to have improved by the time the levy is expected to be implemented in Autumn 2026.
- 1.11. Overall, the above analysis indicates the impact of the BSL on development viability is relatively low in most cases. However, in some marginal viability scenarios, BSL (amongst other requirements) may contribute to the potential impact on other planning obligations. In our view implementation of BSL would not, in isolation, be the cause of a challenging viability scenario.
- 1.12. In summary, given the strength of the viability results in Uttlesford district particularly on greenfield sites (forming the majority of housing supply), we do not consider the cost implications of BSL in Uttlesford would, in isolation, move an otherwise viable scheme into a non-viability. In the context of the plan-wide viability assessment undertaken at a point in time and at an appropriately strategic-level, we consider the LPVA findings remain robust with the introduction

of the BSL. There will however always be cases where additional cost burdens potentially impact the viability of development but sufficient flexibility is built in to the Local Plan in order to mitigate any specific viability issue.

Note ends.
June 2025