



## CIOB response to the Building Safety Levy

The Chartered Institute of Building (CIOB) is the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, and we have been doing this since 1834. CIOB undertake pieces of research to help highlight issues in the built environment that need to be addressed at an industry and Governmental level.

CIOB, as a professional body, are unable to comment on the design and scope of the levy. However, given the likely impact on developers and housebuilders, we created a survey to collate our members views should they not have the time to complete the full consultation. We have summarised the findings from the survey below.

We received ten completed responses, with the majority of those working in companies of more than 250 employees. Respondents worked in a mixture of occupations including developers, housebuilders, consultants, main contractors, and housing associations.

The first question we asked was '*do you agree that the Client should be responsible for paying, or ensuring payment of the levy?*' to which the majority of respondents (5) answered yes, with some (3) being unsure and two answered no. When asked '*if there are any alternative proposals, they consider to be better*', respondents raised the issue that the levy could be perceived as another cost for businesses and this will, in time, ultimately be passed onto homeowners through increased house prices. It is commonplace for these types of costs to be passed down the chain. We would therefore encourage Government to investigate this potential issue further and to place safeguards to ensure the cost burden is not passed down to homeowners.

In response to the question '*do you feel that the following should be excluded/exempt from levy charges?*' the most popular option was for hospitals to be exempt followed by refurbishments and affordable housing. See below for breakdown:

<b>Do you feel that the following should be excluded/exempt from levy charges? (tick all that apply)</b>	
<i>Option</i>	<i>Count</i>
Affordable housing	6
Hospitals	9
Refurbishments	7
Other	4

Those who answered other were asked to explain what they would exclude and why they think it should be excluded. Responses included educational buildings and existing housing stock. We hold concerns that those that will be expected to pay the new Building Safety Levy could tweak their construction practices (e.g. building height and number of storeys) to avoid paying the levy. We encourage Government to monitor this



and ensure that buildings meet the housing demand and are constructed with safety and quality in mind.

The majority of respondents (7) agreed that payment schedules would support SMEs with one suggesting SMEs should receive a discount based on their size and/or turnover, two people were unsure if a payment schedule would support SMEs. One respondent felt that clients and developers who are managing and leasing, or selling the property, should pay for the levy and not the supply chain.

When asked '*How might developers seek to mitigate the impacts of a levy*' one respondent stated "*there is only one mitigation. Put the price up of what you are selling*' This respondent identified as a housebuilder and a developer.

There was a large agreement (7) that the levy should be based on floor area and eight out of the ten respondents felt that this should be varied depending on location to reflect differing property values.

Half of the respondents felt that the levy would have a negative impact on local regeneration schemes, almost a quarter felt it would have a positive impact and one person said there would be no impact.

Below contain the following responses to the question on '*what circumstances do you think penalties or surcharges should be applied*':

- It should only apply to commercial properties
- They should record and list offending parties should be on a public list of shame
- Late payment or poor health and safety performance
- Late payment or non-payment of levy
- When reported by residents or lease holders or tenants and the owner is found breaching legal requirements
- Not meeting required standards

The majority of respondents (7) anticipated issues with a self-assessment and payment system alongside the Gateway approvals process. Two respondents felt that these assessments should be carried out by a competent person who were from an independent party to avoid conflict of interest and ensure transparency. Two other respondents highlighted that it is difficult to say how these may be addressed until the process is in place and a quarterly review panel would be a good starting point. On a practical level this could be addressed through negotiation and time delay to ease pressure off the industry.

When asked if there are any other issues that could give rise to disputes in relation to the levy respondents noted that businesses will try to find a way to not pay a levy charge and so clear and simple rules on who and what is subject to the levy should help.

We also note that many businesses in the construction industry already pay towards the apprenticeship levy and the CITB levy and this could be viewed as a money-making scheme, adding to administrative burdens and not improving building quality or safety. The levy will therefore need industry buy-in and for it to be a simple and easily



understood process that does not hamper development. We would also like to highlight the point on competency and self-assessment for the levy. The construction industry is predominantly made-up of SMEs and in order for this to have industry buy in the self-assessment must be clear and simple to undertake that ensures those undertaking payment are competent enough to complete the necessary process.

Finally, we are also concerned on the level of engagement with the Building Safety Levy consultation and feel there is a lack of awareness that the levy is coming and will have an impact on a large number of businesses. We anticipated a higher response rate from our membership and the wider industry, and we would welcome the opportunity to work with your department to improve awareness of the levy with our members in the built environment.

Should you wish for any further information about this consultation response, or the application of the Building Safety Bill more generally, please contact [policy@ciob.org.uk](mailto:policy@ciob.org.uk).