

Scottish Building Safety Levy Bill

Summary of responses to the Committee's call for views

The Committee published its call for views on 26 June 2025, and received 39 responses before this closed on 15 August. [All responses have been published.](#)

This paper summarises the submissions grouped by each question.

A majority of responses are opposed to the general principles of the Scottish Building Safety Levy (SBSL), for a number of key reasons:

- Several responses suggest that the levy will place a disproportionate burden on the house building sector, with other elements of the supply chain who bear some responsibility for historic safety issues not liable to pay.
- Some respondents highlight that, despite some proposed exemptions, the levy will apply to all house builders irrespective of whether they bear any responsibility for the historic safety issues.
- Larger house builders highlight that they are already contributing through voluntary schemes or the UK Residential Property Developer Tax.
- Questions around the need for levy funding, uncertainty
- Impact on housing market at a time of a housing emergency – levy could reduce land prices and therefore reduce supply of land for development, or drive up prices for customers.

Do you agree, in principle, that a levy should be introduced on the construction of residential property in Scotland?

A large majority of responses (23 of 30 who express a view on this question) do not agree with the general principles of the Bill.

Homes for Scotland (HFS) do not support the levy, stating that it is “fundamentally flawed”. Many HFS members already contribute to the UK Residential Property Developers Tax, which is expected to result in around £200 million in Barnett consequential for the Scottish Government. Developers are also contributing through voluntary self-remediation, which HFS estimate to be around £400 million in value. This is in contrast to other parts of the supply chain, who bear some responsibility for historic safety issues but have not been required to make a financial contribution to remediation. HFS call for the Scottish Government to seek further enabling powers to require contributions from other parties.

HFS also raise questions about the evidence base for the levy, noting there are uncertainties around the number of buildings in Scotland which will require

remediation, the extent of the remediation required and its cost, and the tax base in Scotland.

Taylor Wimpey note that they are already undertaking remediation work for buildings where they bear responsibility, and state that:

“Our contributions are already significant. We committed early to remediating buildings for which we are responsible, and adding a further levy poses a significant financial burden on responsible developers such as Taylor Wimpey who are already taking action to remediate their own portfolios and could impact housing delivery at a time of need. It is inequitable that we as a responsible developer are required to pay for the remediation of buildings we had no part in constructing.”

Roxburghe Estates do not agree in principle, noting that there is already a shortage of residential property across Scotland and the Scottish Borders. Further financial pressure is unlikely to support any building.

The Scottish Property Federation also do not agree, suggesting that the industry is already making a significant contribution to the costs of cladding remediation through UK wide taxation and voluntary contributions. In a housing emergency, additional costs will hold back the supply of housing further.

Scottish Land and Estates (SLE) do not agree in principle, as the SBSL as drafted would currently target all developers irrespective of their involvement in the installation unsafe cladding systems. SLE also express their concern that the legislation is not underpinned by robust data, being based on estimates drawn from the rest of the UK. SLE note that this might be a particular issue for rural housing development, which already faces a premium:

“Delivery of single homes or small-scale development in rural areas can be double the cost of mainstream housing . (For example: Large scale main steam homes will have a budget build cost of £1,200-1,400/sqm while it is now common to see small scale build costs at between £2,500 – £3,000/sqm.)”

Mitchell Economics do not agree in principle, expressing a concern that this will be a barrier to housebuilding.

1 individual does not say yes or no, suggesting this is a complex area. The response agrees with the principle that the construction sector and stakeholders should contribute to the costs of cladding remediation, but notes that the levy targets only the house builders not all stakeholders, including local authorities and the Scottish Government who signed off on building warrants. Targeting all house builders, whether or not they were responsible for any use of cladding in the past, is deemed to be unfair.

Another individual is also against the general principles, expressing a belief that the costs will be passed on to customers.

Springfield Properties Plc note that most buildings over 11 metres were built by property developers rather than house builders, and so that tax is targeting the

wrong organisations. Bancon Homes make similar points, and also highlights the points made in the individual response above about the role consultants and signed off building warrants played in allowing unsafe materials to be used.

PropertyMark do not agree that a levy should be introduced, noting that it would disincentive house building at a time of a housing emergency. They suggest that as an alternative, the levy should only be charged to those responsible for the installation of unsafe cladding.

Places for People do not explicitly agree or disagree with the principle of the levy, but note that it must be proportionate, and that it is important that affordable housing be fully exempted.

The response from a Dumfries and Galloway Council Building Standards verifier does not agree with the principle, suggesting that it places an unfair burden on developers who may not be responsible for historic safety issues. The levy only expected to raise a fraction of the expected costs of cladding and therefore it does not appear an effective mechanism.

Aberdeenshire Council do not explicitly agree or disagree with the levy, but note there is uncertainty around the level that the tax will be set at.

Built Environment Forum Scotland (BEFS) express support for the principle of the SBSL, but only for certain types of new construction, noting that:

“One caveat raised by BEFS Members is that it may be unfair or unreasonable to ask small local schemes, including community led developments and social housing, to pay a levy given the small margins they operate on. An ideal outcome is for the levy to be charged on medium and large developments, where a levy is more affordable for commercial housebuilders.”

The Royal Incorporation of Architects in Scotland (RIAS) express lukewarm support for the principles, suggesting that the UK Government approach leaves the Scottish Government with “few options other than replicating the levy approach adopted in England and Wales”, but state this is not the best way to fund the essential programme of remedial work.

The Association of Taxation Technicians (ATT) state that the Scottish Government’s cladding remediation programme needs to be funded without placing a financial burden on affected homeowners or diverting funding raised from existing taxes, and therefore it “does not seem unreasonable” to seek a contribution from the construction of residential property in Scotland.

The National Fire Chiefs Council (NFCC) are supportive of the general principles, stating that the principle of ‘polluter pays’ is being applied and that this levy will ensure that industry contributes to the costs of addressing historic safety issues. However, the levy needs to be part of:

“a broader strategy that includes improved building standards, improved competency in the sector, and strengthened regulatory oversight.”

COSLA agree in principle with the aims of the SBSL, and welcome that while the intention is to use any revenues raised through the tax to make a contribution to the cladding remediation programme, they “welcome that the Bill is not limited to this”.

DJ Laing Homes note that some developers who do bear responsibility for historic safety issues are already contributing through the UK Residential Property Developers Tax.

Barrat Redrow is opposed to the levy, noting they already pay the Residential Property Developer Tax, and noting that neither the Scottish nor the UK Government have been able to source contributions to the costs of cladding remediation from the wider supply chain. Barratt also highlight that the costs of cladding remediation in Scotland remain unknown, and suggest that more work is required to better understand this.

Miller Homes are against the levy, noting that it only applies to the housing industry and that nothing is being done by the Scottish or UK Government to seek contributions from other sectors who bear some responsibility, such as those involved in the design, construction and specification of the cladding.

To what extent does the proposed Scottish Building Safety Levy (SBSL) align with the [Scottish Government’s 2024 Tax Strategy](#) and with the principles of good tax policy making included in the [Framework for Tax 2021](#) (namely: proportionality, certainty, convenience, engagement, effectiveness and efficiency)?

The Law Society of Scotland are concerned that “substantial detail” is left to secondary legislation; including the tax rate, the definition of a residential unit, how floorspace will be verified, reliefs, tax free allowances and technical issues such as accounting periods and the treatment of group companies. The Law Society State that:

“Whilst we recognise that some level of flexibility is appropriate, the need for such flexibility has to be appropriately balanced against ensuring there is clarity in the law, appropriate levels of parliamentary scrutiny underpinning legislative and policy developments, and meaningful stakeholder consultation. We consider that the Bill as introduced creates a significant amount uncertainty, and that meaningful scrutiny is challenging when so much of the relevant detail is left to regulations.”

The Law Society note that contracts for the purchase of land for development can be agreed several years in advance, and so this uncertainty is having an impact on current negotiations. A further area of uncertainty relates to how any funds raised by the levy will be utilised:

“The Bill at section 13 provides that the levy must be used by the Scottish Ministers “for the purposes of improving the safety of persons in or about buildings in Scotland”. This would appear to be much broader than cladding

remediation. We would welcome clarification on whether “the purposes of improving the safety of persons in or about buildings in Scotland” will be further defined. We consider this important in determining whether the Bill is fair and proportionate, and will be effective in achieving its stated policy aims.”

ATT state that the proposed levy is proportionate with the six principles of good tax policy. In particular, the bill provides for a levy free allowance which should ensure proportionality, and the date of operation has been set at April 2027 which should provide certainty. While detail around the rates and levy calculation are still to be determined, the Scottish Government has been clear that the levy intends to raise £30 million per year.

Barratt Redrow also cite the uncertainty about rates, noting that the Bill gives Scottish Ministers the power to vary rates by area, types of land or other factors which contributes to uncertainty.

Miller Homes state that there is a lack of clarity around the evidence for the levy, which may:

“in the end lead to significant liabilities for home builders in excess of what is required to remediate buildings in Scotland. Without accurate data on the need for a levy, it is impossible to ascertain the effectiveness, efficiency or proportionality of the tax.”

HFS state that the proposed levy cannot be considered to align with the principles while the considerable data gaps remain, and that the lack of detail in the Bill creates considerable uncertainty for Parliament and for industry. In particular, HFS express concerns that the levy is not proportionate given the differences in the proportion of affordable housing delivered in Scotland and England, with HFS noting that their modelling suggests residential developments which are not exempt may face an average levy liability in excess of £3,500.

HFS also note the industry feedback has not been reflected in the legislative proposals:

“For example, in its response to the Scottish Government’s consultation, HFS advocated for:

- a sunset clause, to provide clarity to the sector the levy will end in 10 years;
- a sunrise clause to incentivise the Scottish Government to grow the tax base;
- transitional arrangements that exempt development already in the planning and building standards regime;
- a lower rate of levy on smaller/starter homes to support the market for first time buyers;
- a discretionary exemption where they can provide evidence that a site or homes will not be viable; and,

- provisions preventing expenditure on remediation beyond the current scope of the Cladding remediation Programme,

and concerning the poor evidence in support of the proposals:

- completion, and independent verification of, the cumulative impact assessment of regulation in the home building sector;
- an analysis of the state of the home building sector in Scotland, as referenced in the partial BRIA, to understand the taxpayer profile; and,
- modelling to estimate how an SBSL would affect the pipeline of marginal developments”

PropertyMark state that the levy does not align with the principles, particularly the principle of using tax as a lever to encourage positive behavioural change, noting that the levy is likely to undermine attempts to increase home building and alleviate the housing emergency. The proposed levy is also not proportionate in terms of a taxpayers ability to pay, and is likely to be inefficient from an economic point of view. As other responses have noted, significant details of how the levy and exemptions will operate are not yet defined, which is already creating uncertainty in industry.

Taylor Wimpey note that 44% of completions in Scotland will be excluded as they are part of the Affordable Housing Supply Programme, which will mean a disproportionate burden on those developments which are not exempt. The response also highlights that the SBSL does not provide certainty given the lack of detail on the levy calculation and rates, exemptions, and the implementation timeline.

RIAS note that developers and today’s house buyers will be the ones paying for mistakes made in the past.

The NFCC state that the SBSL aligns with several of the principles of good tax policy, but that there are questions around its proportionality and long-term effectiveness. The NFCC call for regular reviews to monitor whether the levy is driving improved building standards and culture change to ensure that future systemic defects do not arise.

The response from the Dumfries and Galloway Council Building Standards verifier suggest the proposed bill does not align with the principles, as it applies to all developers regardless of size of location, that setting rates and exemptions through secondary legislation is a source of uncertainty, it won’t be effective as it will only collect a small proportion of the anticipated costs of cladding remediation, and the administrative costs may outweigh even these slight benefits.

The Property Federation, while welcoming engagement with the Scottish Government during the development of the legislation, do not think that the levy as proposed would meet the fairness principle due to the lack of differentiation between different housing models.

SLE state that the levy is not compatible with the principles, particularly proportionality and promoting equality as it will affect all developers regardless of their responsibility for unsafe cladding, and will exacerbate challenges rural areas face in attracting investment and development. While the exemption for Scottish islands is welcomed, this will not help smaller rural developers.

Bancon Homes note that the lack of detail on exemptions is inconsistent with providing certainty, but it is a particular problem for developers with current projects which will not complete before April 2027, who now possibly face an uncertain liability.

What would be the impacts of the SBSL for the housing market, if any?

HFS suggest that:

“The introduction of the Scottish Building Safety Levy (SBSL) would have wide-ranging and negative impacts on the Scottish housing market. These impacts would be felt across the delivery of new homes, affordability, viability, investment, and market confidence at a time when Scotland is facing a housing emergency.”

In their response HFS note that the expected liability of £3,500 per development in scope is in addition to other regulation introduced since 2021, and represent a significant impact on site viability. The lack of certainty around the calculation of the levy, exemptions and the timeline is creating considerable uncertainty for industry, and affecting current negotiations for land.

HFS also raise concerns about the timing of payment, and the disproportionate impact this might have on smaller developers and rural locations:

“SME members are particularly concerned that payment at an early stage would have direct cashflow impacts. Members wish for the Committee to have a greater understanding of the home building process and highlight that it costs a significant amount of money to open up a site, put infrastructure in place, construct the homes, and proceed with sales before surplus funds are available to pay the levy. Securing sales is necessary to fund that investment. This means that profit is often only made at the point at which a development is nearing completion. Seeking payment on the sale of the first home, and those thereafter, will likely render many developments unviable. SME members cite that some rural locations, for example in the Highlands and Islands, are already entirely reliant on public-funded affordable housing delivery for the supply of new homes, as private home building is simply not viable; the area where private delivery does not take place may grow closer to the central belt.”

A Dumfries and Galloway Council Building Standards verifier is concerned that this might further reduce housing supply and drive up prices, which might have a disproportionate impact on rural areas.

RIAS suggest that the costs of the levy will “inevitably” be met by buyers of homes, and state that:

“Passing costs to house purchasers via developers means the government is not taking responsibility for poor regulation that allowed problems to arise. Nor is it addressing subsequent failings in recovering costs from the responsible parties - again due to regulatory failure. This is an economically dubious approach, rooted in unfairness and potential moral hazard. It compares poorly with the government taking full fiscal responsibility for remediation programmes in the late 1980s and 1990s.”

Roxburghe Estates suggest that the levy will increase costs which are passed on to the buyer of the property, noting that house developers margins are already under pressure from increases to National Insurance and the minimum wage.

Barratt Redrow agree that the levy will increase costs, but suggest this would have to be born by developers and lead to fewer new residential units being built:

“However, there is evidence that the Levy would have adverse consequences for the building of new homes in Scotland. Adding an estimated £2,500 - £4,000 to the cost of every new home built will certainly lead to fewer homes being built. These costs generally cannot be passed on to consumers, because house prices are set by the second-hand market, and for sites that have already been purchased they cannot be capitalised into lower land values. The result is higher build costs that risk rendering sites unviable.”

Barratt also suggest that longer term this might compress land values, which might reduce the availability of land for development. Miller Homes express similar concerns about land values, and also note that many affordable homes in Scotland are currently delivered through section 75 agreements, which also contain requirements for developers to support local infrastructure. The bill could slow the market, which may also have an impact on private investment in infrastructure.

The Scottish Property Federation express a concern that their members, particularly the build-to-rent sector and the student accommodation sector, that the SBSL will have a negative impact on the housing market:

“They believe that by further taxing developers, the levy will make it harder for projects to proceed by seriously impacting their viability. Developers have raised specific concerns about the timing of levy payments and the effect on cash flow. Significant upfront investment is required to acquire land, install infrastructure, and construct homes. Developers often only realise profit near project completion, so early-stage levy payments could render some developments unviable by creating a financial strain before any return on investment is achieved.”

SLE suggest it is hard to model the impact accurately as so much detail is left to secondary legislation, however they state that:

“Generally, it is fair to conclude that SBSL is likely to have disproportionate and potentially adverse impacts on the rural housing market, unless carefully mitigated through exemptions, or at the very least substantial reliefs.

Rural housing developments typically face higher per-unit costs, lower economies of scale, tighter margins and limited access to capital. The introduction of a flat-rate levy at the point of completion risks making small-scale developments unviable, particularly in areas with acute housing need and fragile populations. This could result in postponement or cancellation of rural housing projects, reduced investment in rural communities and increased pressure on already limited housing stock.”

Registers of Scotland note that there may be a reduction in land register applications for new residential property, but that this will be offset by bringing properties affected by cladding back to the market.

COSLA are concerned that the current exemption for affordable housing is too narrow, and would not cover all affordable housing developments. If some activity is not exempt, then the Bill might reduce affordable housing supply.

Do you foresee any behavioural changes or impacts arising as a result of the implementation of the SBSL?

ATT note that the levy might incentivise the redevelopment of existing buildings:

“Alongside the potential for reduced demand for new residential property in Scotland, it is possible that there may be an element of incentive for some developers to carry out works to pre-existing buildings (which would be exempt per Section 5 of the Bill as long as the works did not result in a different number of dwellings) rather than build new residential property. However, this may be a positive impact, reducing the number of empty buildings requiring renovation. Stakeholders in the construction sector will be able to comment further on the extent to which this would be an issue.”

Some individual responses express a concern that the legislation will have a negative impact on small house builders and on economic growth.

A Dumfries and Galloway Council Building Standards verifier suggests that developers may shift to other UK regions or development types to avoid the tax.

Roxburghe Estates suggest that the levy will lead to more residential development sites being on hold for longer period, as the levy will put pressure on the commercial case.

Miller Homes state that the regulatory burden in Scotland is already acting as a disincentive, and has led to a shift in housing development to other areas in the UK. While the UK Government is developing its own levy, there is greater clarity around rates and methodology, and an 18 month delay to implementation.

HFS suggest that the regulatory environment has already created incentives to shift development from Scotland to England, citing English reforms of the planning system. While a levy is also expected to operate in England, the UK Government have provided greater certainty about the implementation timeline, and a broader exemption for smaller developers. In addition, particular price pressures in rural areas may mean that the levy renders more sites uneconomical, which will encourage developers to prioritise higher margin sites.

Barratt Redrow suggest that developers will respond to the levy by prioritising higher margin sites where the costs can be more easily absorbed, and by delivering higher volumes of affordable housing to take advantage of exemptions. They also suggest that the levy will make Scotland a relatively less attractive place to invest compared to the rest of the UK. They also suggest that the levy might create incentives for delays during the construction of new residential units:

“It is possible that the payment mechanism, wherein the levy is charged at the issuance of a completion certificate, could encourage developers to delay completions until the subsequent accounting period to better manage their cash flow.”

The NFCC acknowledge the risk that the levy could reduce housing supply in Scotland, but state that housing supply increases must not come at the expense of people’s safety.

Are there any provisions in the draft legislation that may give rise to unintended effects, including to opportunities for tax avoidance?

A Dumfries and Galloway Council Building Standards verifier notes that a lack of clarity around exemptions could lead to inconsistent applications, legal challenges and tax planning strategies which undermine the tax.

The Law Society note that it may be difficult to find suitable persons willing to act as tax representatives, given that the Bill would make them personally liable for any compliance issues.

ATT highlight a risk that Section 12 may offer taxpayers a route to structuring their business in a way that qualifies for more than one tax free allowance, stating that:

“One particular observation is in respect of Section 12, which refers to the treatment of connected persons under Section 1122 Corporation Tax Act 2010. If the shareholders of a company also set up a Limited Liability Partnership, this could present the possibility of the Limited Liability Partnership being able to claim its own Levy-free allowance despite being

under the same control as the company, subject to any regulations being published by the Scottish Ministers under Section 29 on partnerships more generally. The legislation could perhaps make specific reference to Limited Liability Partnerships and whether they should be treated as a company for the purposes of the SBSL. There is precedent for Limited Liability Partnerships being treated as companies for the purpose of Employment Allowance⁴ and it may be that the appropriateness of this should be considered for the SBSL.”

The NFCC note that developers may seek to utilise special purpose vehicles, manipulation of floor space or the timing of completion certificates to avoid or manage their levy liability. This type of behaviour would suggest that the levy is not achieving a wider culture change in the sector.

The Bill sets out: (i) the buildings that are specifically included and excluded from SBSL (section 4(2) & (3)) and (ii) the buildings that are exempt from SBSL (section 5). Do you have any views on these inclusions, exclusions and exemptions?

The Scottish Property Federation urge the Scottish Government to exclude to built to rent, SME and affordable housing sectors from the levy. They note that the built to rent sector may face relatively higher charges, as developments often have larger common spaces such as lounges and gyms which will inflate the chargeable floor space compared to other types of dwellings. They also note that built to rent properties is not built for onward sale, but rather to generate longer term steady income, and therefore the levy will be a disproportionate burden for this business model.

RIAS suggest that the language around conversions is not broad enough, which may mean that not all conversions of vacant or derelict buildings qualify for exemption from the levy. RIAS also state their support for the exemption for island areas, and call for this to be extended to remote rural areas “if this can be clearly and consistently defined”.

ATT make several observations in relation to sections 4 and 5 of the Bill:

- It may aid clarity to specifically mention whether holiday homes are included or excluded.
- The draft exclusions for the English and Welsh levy exclude accommodation for victims of domestic abuse and temporary accommodation for homeless people, but these are not included in the SBSL.
- The reference to properties intended to be used by a minister of a religious denomination requires that the accommodation be provided by a body registered with the Scottish Charity Register which is restrictive. It should also apply to bodies registered with the Charity Commission or the Charity Commission for Northern Ireland.

- Consideration should be given to exclusions for job related accommodation more generally, although this would require sufficient safeguards.

The NFCC do not agree that major refurbishments should be excluded from the levy, even where this results in the same number of dwellings. The NFCC note that these types of developments have historically contributed to the remediation burden. These developments can also be complex due to the interaction between homes already in use, with different materials and standards of construction, and therefore can present significant safety risks. They also note that the use of special purpose vehicles to carry out these complex refurbishments, which are closed once the works have completed, can present issues in terms of any ongoing legal liability should issues emerge.

A Dumfries and Galloway Council Building Standards verifier states that these exemptions are too narrow; there should be exemptions for affordable housing, all rural and island developments, and small scale buildings, as well as clear definitions and transitional protections.

Miller Homes note that the exemptions significantly reduce the number of residential developments that will be in scope, and since the tax aims to raise a fixed sum of £30 million per year this implies a higher burden on those developments in scope.

Universities Scotland do not agree that residential accommodation for students should be in scope of the levy, noting that the current list of exemptions closely resembles the list of exemptions within VAT legislation:

“The only difference between the two lists is student accommodation, which is included amongst types of accommodation (zero rated for VAT) on the relevant residential purposes list in VAT legislation but which does not appear listed in section 3 (a)-(d) of the BSLB.”

Barratt Redrow note that almost 40% of new homes built in Scotland in the 2024-25 financial year were affordable housing. They suggest that affordable housing should not be entirely exempt, as this would leave the levy concentrated in around 60% of new build housing.

HFS members also do not feel all affordable housing should be exempt, citing the distortive effect this could have on the market. The response highlights that affordable housing is a far greater proportion of all completions in Scotland than in England, so this distortive effect would be consequently larger as a smaller proportion of completions would be in scope for the levy.

While SLE welcome the exemption for Scottish islands, they note that:

“However, Scottish Government regulations on local business taxation have already acknowledged that some rural mainland areas, such as Knoydart, Scoraig, and Cape Wrath, face similar levels of inaccessibility and challenges

as island communities. It would be inconsistent therefore for exemptions for rural developments to be limited to islands alone. This point highlights the need for the primary legislation to address the unique difficulties faced by rural areas alongside those of island communities.”

SLE also call for the Scottish Government to clarify section 5(a) to make it clear how developments such as a “granny flat” would be treated, and also to restrict the SBSL to “major residential developments” as is the case in England.

An individual response suggests that all developments which have commenced prior to the introduction of the levy should be exempt, which would signal greater certainty in the short term to the sector.

The Law Society make some suggestions to increase the clarity of the proposed exemptions under section 5, stating that:

“The exemption in section 5(a) is confusing- it is not clear how a building can be a ‘pre-existing residence’ before it is constructed (although we note the definition of construction in section 3(3)). If the intention is to cover situations where a home has been demolished and replaced with a new home, that should be clarified.

The exemptions in sections 5(b) and 5(c) limit the scope of social and affordable housing for the purposes of the exemption by reference to other legislative provisions. Consideration could be given to extending this exemption to any affordable housing built in fulfilment of an agreement under section 75 of the Town and Country Planning (Scotland) Act 1997.”

Are the arrangements for penalties and appeals as set out in the Bill appropriate?

SLE note that without clarity around the properties subject to reliefs, it is difficult to assess the risk to small developers.

Miller Homes note the penalties and reviews and appeals sections are consistent with other devolved taxes. However, Miller Homes raise a concern about the security provisions in the bill. While s32 to s33 of the Bill are nearly identical to s36 to s37 of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024, they suggest that the use of securities registered against land held by developers;

“is not workable and not reasonable and may prevent some housebuilders from securing finance for build.”

Places for People state that they are appropriate.

Do you consider that the estimated costs set out in the Financial Memorandum for the Bill are reasonable and accurate? If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill?

HFS members are not able to confirm whether they can meet any financial costs resulting from the levy due to the uncertainty about levy rates and methodology. Neither the estimated tax base nor the costs of cladding remediation in Scotland are considered to be reasonable, as they do not adequately account for differences between the Scottish and English housing markets, and detailed work has not yet been carried out to understand the extent of the remediation work which might be required in Scotland.

An individual response notes that there is significant uncertainty around the total costs of cladding remediation in Scotland, as we do not know exactly how many buildings are in scope.

A Dumfries and Galloway Council Building Standards verifier states that:

“The Financial Memorandum underestimates indirect costs to local authorities, including increased workload, training, and system changes. Dumfries and Galloway Council is unlikely to absorb these costs without additional funding.”

COSLA expand on this, noting that local authorities may be required to establish a data sharing gateway. If this is the case, the costs of doing so should be “fully considered by local authorities”.

Barratt Redrow highlight that the overall costs of cladding remediation include developments which may be taken forward by other partners, and note that Homes for Scotland suggest that commitments could be worth around £400 million. These buildings should be excluded from the total cost. Barratt also highlight the uncertainty around the number of developments which will require remediation, noting that the costs are based on an assumed housing stock profile in Scotland that matches England. However, there is some anecdotal evidence that this may not be the case, and Barratt suggest that a census of all mid and high rise buildings in Scotland must be completed. Barratt also note that while the levy aims to raise £30 million per year in Scotland, which is broadly in line with expected Barnett consequential had the UK levy been extended to cover Scotland, this may place a relatively higher burden on new homes in Scotland:

“Furthermore, the Building Safety Levy rates in England are calculated relative to local house prices, with receipts adding up to the target of £3.4bn over ten years. But average house prices in England are higher than in Scotland. So a target of £30m a year (on the basis that this is what the England-only Levy would generate if it were extended to Scotland) will place a proportionally higher burden (as a percentage of the sale price) on new homes in Scotland.”

Miller Homes echo the concerns about the lack of understanding of the differences between the Scottish and English housing markets, and also suggest that the Business and Regulatory Impact Assessment currently overestimates the value of the new build housing market in Scotland:

“There is concern that the existing BRIA overstates the value of the Scottish new build housing market, estimating it to be in the region of £4.6bn. Meanwhile, the Registers of Scotland Property Market Report 2024 – 2025, states the value of the new build sector to have been £3.2bn that year, and has averaged £3.4bn since 2020-2021.”

RIAS note that assessment of buildings, particularly older buildings, is very likely to identify other areas of required remedial work due to wear and tear, the presence of asbestos or RAAC, and note the implications this may have for the overall cost of the remediation programme:

“It may not be technically feasible to progress the cladding programme in isolation, especially where funding for other vital repairs sits outside the works funded by the levy. The committee should seek clarity as to whether an estimate of these inevitable added costs is included in the assessment, and if not, how they are being accounted for and funded. The RIAS is concerned about the burden of knock on unplanned repair costs for local authorities, housing associations, and individual householders. Loans or grants may be needed to deliver these works before cladding remediation can progress.”

Do you have any other comments regarding the Bill which have not been captured by the previous questions?

A Dumfries and Galloway Council Building Standards verifier suggest that this Bill comes at a time when developers are already facing cost pressures (building warrant fees have already increased in 2023 and 2024, while other fees have also increased. The well publicised significant increase in construction material costs have also affected the industry, and the submission notes that construction CPI was higher in Scotland than the UK in 2023).

“The SBSL risks becoming a blunt instrument that penalises responsible developers and local authorities while failing to generate sufficient revenue. A more targeted, equitable, and transparent funding model is needed.”

City of Edinburgh Council highlight two issues in the drafting of the bill:

“Local Authority Building Standards departments do not, as far as I am aware, record whether dwellings are pre-existing, social or affordable. As such, they do not publish this information online and there is no requirement to do so under the Building (Scotland) Act. As a result, it could make it quite difficult for Revenue Scotland to quickly determine what dwellings are subject to the Levy.

Local Authority Building Standards departments in Scotland have not been referred to or named "Building Control" in almost 20 years. It may be prudent to amend the wording to remove any references to Building Control."

The Law Society note that at present the Bill does not include a sunset clause. Given that the funds raised by the levy are intended to be used to address cladding remediation, they suggest that it may be appropriate to include a sunset clause linked to the Cladding Remediation Programme. They also suggest that further clarity on proposed transitional arrangements would be welcome, a view which was also expressed by several other respondents. The Property Federation also call for clarity of transitional arrangements to provide the industry with greater certainty about future costs.

Miller Homes express a concern that there have been delays in relation to spending the Scottish Government's existing remediation budget, and there is a risk that any revenues collected through the SBSL would likewise be delayed.

The NFCC call for a requirement for the cost/benefit analysis whenever there is a change of use or major refurbishment, to assess whether safety improvements are required in proportion with the value of the building works. Reporting on the operation of the levy should also cover how it has driven improvements in building safety.

Universities Scotland state the if the levy does apply to student accommodation it will be contrary to the Scottish Government's agenda to improve affordability of student housing.

ATT state that there should be no requirement for a property developer to register for SBSL where any levy charged would be entirely covered by the levy free allowance, to reduce the burden on smaller developers.

HFS state that there should be an assessment of the cumulative impact of regulation on the house building sector, as well as more detailed analysis to understand the impact that the proposed levy might have on the tax base in Scotland.

BEFS suggest that not enough is being done to promote the reuse of brownfield land and vacant buildings, and call on the Scottish and UK Government's to regularly exchange information on the development of the Scottish and rUK levies.

PropertyMark highlight that other sectors outside of house building bear some responsibility for the installation of unsafe cladding, and call for financial contributions to be sought from manufacturers and product testing organisations along the 'polluter pays' principle.

SLE suggest that a full Rural Impact Assessment should be carried out on the Bill.

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