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The Scottish Parliament
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24th November 2025

Dear Kenneth,

Building Safety Levy (Scotland) Bill – Use of Proceeds

During my evidence session with the Committee on 18 November 2025 we discussed the use of funds from the Scottish Building Safety Levy (“the Levy”).

The power devolved to the Scottish Parliament through section 80O of the Scotland Act 1998 provides that funds raised through any Levy may be used for “building safety expenditure”. This mirrors the power taken by the UK Government under the Building Safety Act 2020 and introduces the concept of hypothecation, which does not apply to the other fully devolved, nationally delivered taxes – Land and Buildings Transaction Tax and Scottish Landfill Tax.

While it would be possible for the Building Safety Levy (Scotland) Bill to refine this hypothecation, the Scottish Government’s view is that this would ultimately result in additional cost and complexity in achieving the aim of delivering funds to support the Cladding Remediation Programme (“the CRP”).

The principal objective of the CRP is to identify the work required to eliminate or mitigate risks to life that are created or exacerbated (directly or indirectly) by a building’s external wall cladding system. The CRP provides support to building owners to support the identification of relevant buildings, alongside the assessment and mitigation of relevant risks. The standard set out in the Single Building Assessment Specification is “tolerable risk” which is commensurate with the assessment standards adopted across the UK.

There can be significant variation in the methods and materials used in a given building’s construction or refurbishment, resulting in significant variations in overall risk profile. As such it is not possible to specify the exact works that may be required to bring a building to tolerable risk, which will depend on the outcome of a Single Building Assessment. The works may well include the removal and replacement of external wall cladding panels, but works

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may include other actions to mitigate the risk to life created or exacerbated by a building's external wall cladding system.

Therefore, retaining the broader definition of "building safety expenditure" will ensure that revenue raised through the Levy can be spent for its intended purpose, without creating an industry in distinguishing which funds were allocated to specific activities within the CRP.

I note that the intended revenue generated through the Levy over the estimated lifetime of the cladding programme (£360-450m) will fall significantly short of the forecasted capital cost to the Government of between £1.7 bn and £3.1bn¹, and that planning is proceeding on the basis that consequential from the UK Government and money raised through general taxation in Scotland will be used to meet the shortfall. In this context, I am content that all funds raised through this Levy will be used for relevant building safety expenditure through the CRP.

However, I recognise concerns from industry and calls for the strengthening of links between the levy and the work of the CRP. I am therefore considering whether there is scope for further refinement in the reporting requirements in the Bill.

Yours sincerely,

IVAN MCKEE MSP

¹ [Cladding remediation: capital spend forecasting - gov.scot](https://www.gov.scot/publications/consultations/cladding/remediation/capital-spend-forecasting/pages/10.aspx)

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