



RIAS

The Royal Incorporation of Architects in Scotland

Aonachadh Rìoghail nan Ailtire ann an Alba

FINANCE AND PUBLIC ADMINISTRATION COMMITTEE Building Safety Levy (Scotland) Bill – 7th October 2025

OVERVIEW

It is clear that there has been a widespread failure by developers and building contractors across the UK to deliver cladding schemes which comply with Building Regulations. Whilst Scotland's more robust regulatory framework has helped limit the extent to which we are affected, there nonetheless exist a significant number of cases where householders find themselves facing very significant remediation costs through no fault of their own. The RIAS continues to believe that it is only appropriate that such individuals and social landlords receive support, without which our stock of available housing will be further depleted.

Cladding is, however, just one in a long list of such historic problems. Large Panel System (LPS) tower blocks in the 1970s, Precast Reinforced Concrete (PRC) houses in the 1980s, and more recently RAAC properties have all led raised similar issues. The RIAS view remains that this needs to be dealt through three workstreams. Firstly, Scotland needs to preserve and build upon its existing public sector building control system. Secondly, procurement must be very substantially improved to ensure higher quality in construction. Thirdly, there should be a financial safety net covering not just cladding remediation but other systemic failures which affect private property owners so badly. It is the last of these that we address in this paper.

THE PROBLEM

Feedback obtained from RIAS members, including those in our expert witness group, suggests strongly to us that remediation is rarely straightforward. Buildings with non-compliant cladding can also present a host of other issues, predominantly but not exclusively around workmanship and materials. Little seems to have been learned from the exemplary work of the late Sam Webb MBE following his investigation of construction failures in tower blocks over many decades.

The cost of remediation can therefore be very significant. The structure of a property may require upgrading, leading the decant of occupants and removal of interior linings. Structural fire safety precautions must be reviewed and made compliant. A new alternative A1 or A2 performance external cladding or rainscreen system must then be installed. In a medium or high risk building the cost of access scaffolds alone can be eye-watering.

Homeowners rarely have sufficient funds to meet such costs, nor can they borrow against what a lender will typically see as a low value property due to the latent defect(s). The RIAS therefore believes that Government assistance should be available for those in greatest need and supports a levy on the basis of fiscal necessity. The issue for us then becomes who pays.

THE CURRENT PROPOSALS

We note that the developments currently envisaged as coming under the proposed levy comprise:

- New homes built by developers for sale.
- Purpose-built student accommodation and build-to-rent properties.
- Redevelopment of existing buildings to provide new or additional residential accommodation.

We further note that the exempted developments are to include:

- Social and "affordable" housing (designated on completion).
- Housing built in the islands.
- Supported housing, residential care homes, children's homes.
- Hotels, hostels (non-residential / short-term accommodation).

Subject to the caveats below, we broadly agree with this approach.



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COMMENTARY

Our preference would have been that those responsible for the defective forms of construction are held to financial account but we have doubts about how practicable that is. Many of the companies concerned are simply no longer in existence, whilst others have insufficient assets to merit recovery.

The UK Residential Property Developer Tax (RPDT) was introduced in April 2022. It is applied at 4% on profits above £25million per year. At launch, it was projected to return £200m per annum increasing to £250m by 2026-27. Predictably the actual figures have been significantly lower, with just £103 million raised in 2023-24. The RIAS is thus concerned that the monies raised from this source are insufficient to deal with the challenges faced.

The Treasury's apparent reluctance to underwrite the additional funds essential for a UK-wide scheme leaves the Scottish Government with few options other than replicating the levy approach adopted in England and Wales. Without corresponding Scottish levy income, other capital budgets would come under pressure - including vital housing programmes.

For that reason we support, in broad terms, the proposals now brought forward by the Scottish Government and the powers being set out broadly to deal with *safety of persons in or about buildings* rather than just cladding. That said, we think there are important areas of detail which must be addressed in order to minimise the risk of adverse impacts on the already challenging housing sector:

- Identification of an appropriate threshold. The majority of the problems RIAS see are not small, often regional or local developments, but rather those delivered by medium and large-scale developers. It would seem to us that the burden should be borne accordingly.
- The Scottish and English governments both use the term "affordable housing", but they define and deliver it differently — especially in policy, tenure types, and rental levels. In Scotland this would include Mid-Market Rent (MMR) and Shared Equity schemes. Whilst it might be tempting for Scottish Government to exempt these categories, we would urge a market analysis to decide where and how the threshold is set.
- We note that hotels differ from the other exempt health, social work, and educational developments listed. Including a commercial type of development on the exemption list could incentivise hotel projects over other types of much-needed housing, especially in the central areas of major cities.
- We believe exemptions should explicitly support and encourage the conversion and reuse of buildings and must avoid increased costs to these projects, many of which already face a significant project deficit and require grant support as a consequence. Viability of these marginal sites could therefore be adversely affected, leading to the loss of historic buildings and much-needed housing projects.
- Putting systems and training in place to ensure compliance will add costs, and the level of upfront investment will be influenced by the level of penalties, complexity, and the chances of detection. A complex scheme could increase the risk of unintentional non-compliance, entail higher upfront or ongoing compliance costs, and lead to issues around attributing liability for errors at a time when economic confidence in the construction sector is fragile. This is another reason for exempting smaller developments and developers, as the costs of achieving compliance would be disproportionate.

2nd October 2025