

Building Safety Levy (Scotland) Bill

Financial Memorandum

Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Building Safety Levy (Scotland) Bill introduced in the Scottish Parliament on 5 June 2025.
2. The following other accompanying documents are published separately:
 - Explanatory Notes (SP Bill 73–EN);
 - a Policy Memorandum (SP Bill 73–PM);
 - a Delegated Powers Memorandum (SP Bill 73–DPM);
 - statements on legislative competence made by the Presiding Officer and the Scottish Government (SP Bill 73–LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

Background

4. The 2024-25 Programme for Government (PfG) included a commitment to introduce legislation for a Scottish Building Safety Levy (SBSL), subject to the devolution of power, within the year four legislative programme.
5. The PfG noted that the SBSL would be equivalent to the Building Safety Levy proposed by the UK Government for introduction in England, and funding raised from the SBSL would be used to support the Scottish Government's Cladding Remediation Programme.
6. Following a joint consultation between the UK and Scottish Governments, the Order in Council, which allows for the introduction of the SBSL, came into effect on 19 December 2024, following approval from both Houses of the UK Parliament and the Scottish Parliament.

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7. The new section of the Scotland Act 1998 – Section 80O – requires that the SBSL must be a tax in connection with the building control (building standards) process, charged on a relevant building (one or more dwellings or other temporary accommodation), and that revenue raised must be used for the purpose of meeting building safety expenditure.

8. Scottish Ministers have established a Cladding Remediation Programme to identify, assess (through a Single Building Assessment) and address the life safety risks for buildings within scope of the programme. The Programme aims to improve the safety of residents and owners by addressing the risk to human life that is (directly or indirectly) created or exacerbated by a building's external wall cladding system, as well as the consequential negative impacts which can currently exist in relation to the buying, selling, and re-mortgaging of relevant flatted residential properties in Scotland. The Housing (Cladding Remediation) (Scotland) Act 2024 was passed to facilitate the delivery of the Cladding Remediation Programme, and a 'Plan of Action' to increase the pace and breadth of action on cladding was published on 25 March 2025.

9. While the Order in Council would allow the revenues from the Levy to be used for wider "building safety expenditure", Scottish Ministers' current intention is that the Building Safety Levy (Scotland) Bill will introduce a tax to support the funding of the Cladding Remediation Programme.

Costs of the Cladding Remediation Programme

10. Initial costs of the Cladding Remediation Programme were published in the Financial Memorandum relating to the Housing (Cladding Remediation) (Scotland) Act. The costs in the Financial Memorandum were high level and related to a particular point of time early in the Cladding Pilot Programme. The costs included what had been spent on the pilot buildings to date, and the likely costs drawn on experience from the rest of UK on assessment and remediation.

11. The Scottish Government's Cladding Directorate have published¹ initial, indicative capital costs estimates which set out that to reduce the risks associated with unsafe external wall cladding systems in Scotland could require capital Scottish Government led funding in the range of £1.7 billion to £3.1 billion over a potential 15-year programme of works (see Table 1).

12. The methodology behind the estimates is based on analytical work undertaken by Scottish Government analysts to estimate the number of residential buildings over 11 metres in Scotland. It then utilises existing information from the rest of the UK including the percentage of buildings that are likely to need remedial works; the subset of these buildings that will be Government funded; the extent of these remedial works by height; and unit costs by height.

¹ [Cladding remediation: capital spend forecasting | Scottish Government](#)

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15-year Programme Capital Costs			
Forecast Capital Spend (£bn)	Lower	Central	Upper
Capital costs (nominal terms)	0.9	1.2	1.7
Optimism Bias Contingency	0.2	0.3	0.4
Inflation	0.6	0.8	1.0
Total Capital Spend (accounting for Contingency & Inflation)	1.7	2.3	3.1
Note: Forecasts are based on a scenario where the number of buildings requiring remediation, the number of these buildings that are then Government funded, the scope of remedial works and average costs are comparable to England. Cost figures are rounded to nearest £0.1 billion			

Table 1: Estimated Range of Capital Spend required for Cladding Remediation in Scotland

13. A range is shown to account for a degree of uncertainty in the scale of remedial works required and the unit costs involved. Further adjustments are made for construction sector inflation and optimism bias (an adjustment to the tendency especially at the onset of a capital project to underestimate costs). As demonstrated in Table 1, these adjustments are significant to the final estimation.

14. This **is not** a best case and worst-case scenario. The costs illustrate potential capital spend if the built sector in Scotland were to have a similar historical profile to that in England and therefore require a comparable degree of remedial works to take buildings to a tolerable level of risk. However, it is recognised that Scotland may not be like the rest of the UK due to differences in the profile of the building stock and building regulations. The costs will continue to be refined as more information becomes available, including updates from the rest of the UK.

15. The Scottish Government is currently undertaking several pieces of work that will allow an appraisal of assumptions for the Scottish context, including Scottish Government led single building assessments, the open call, and determining the status of high-rise buildings that are likely to be at a higher risk.

16. These estimates may not represent what will be spent on cladding remediation in any given financial year. The budget that will be available to spend on assessment, mitigation and remedial works will be dependent on the overall budget passed by Parliament, and the allocation to cladding remediation which is decided by Scottish Ministers.

17. Scottish Ministers have committed to invest the equivalent of any consequential funding received from the UK Government for cladding remediation in Scottish Government funded building identification, assessment, mitigation and remediation activity. Any such equivalent spend that Scotland has received or will receive in the future will not necessarily be invested at that point in time but when costs (investment) are incurred.

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18. What is clear from these estimates is that the intended revenue stream from the SBSL is only going to provide partial funding for cladding assessment, mitigatory and remedial works and it is going to require a collective endeavour and action by developers and other public sector bodies to address the risks posed by unsafe cladding.

19. Overall, as with other parts of the UK, Scotland operates a mixed funding approach to address these risks that seeks to manage the overall amount of taxpayer investment required in delivering a demand-led programme subject to changing costs, against difficult decisions (trade-offs) about where other taxpayer investment should be directed.

20. In addition to the SBSL, the following revenue streams are currently available:

21. **Developer-led remediation.** Where a developer has accepted responsibility for the assessment and remediation of a property, it will remain for that developer to take forward and fund the work. The Scottish Government is working with large developers to secure agreement on a remediation contract and hope that, once agreed, this contract will unlock a further programme of assessment and remediation in 2025. Draft terms of the contract were shared with developers in September 2024, with significant progress made towards agreement of key terms in principle. The Scottish Government continues to work constructively with developers that are taking steps to assess or remediate buildings of which they were the developer.

22. **Residential Property Developer Tax (RPDT)** is a Corporation Tax supplement levied by the UK Government on the UK's largest residential property developers, in operation since 1 April 2022. The UK Government's aim for the tax is to obtain a contribution towards the cost of dealing with defective cladding in the UK's high-rise housing stock. The RPDT is limited to the largest residential property developers by each group having an annual allowance of £25 million, with only profits from residential property development activities above this amount being subject to the tax. Only residential development companies liable for UK Corporation Tax fall within scope of RPDT, which is charged at 4% on residential property development profits that exceed their annual allowance. The UK Government intends to raise at least £2 billion from RPDT over a ten-year period². In its first year of operation (2022-23), RPDT generated £200 million in revenue.

23. As a UK-wide tax where revenues are used to fund spending on cladding remediation in England, the Scottish Government expects to receive Barnett consequentials of around £194 million over the expected ten-year period. The Scottish Government has committed to spending the equivalent of all Barnett consequentials generated from the RPDT on cladding remediation in Scotland.

24. **Capital budget allocations.** Where Government led cladding costs cannot be met through a combination of revenues generated through the SBSL and

² [Residential property developer tax: Consultation on policy design \(gov.uk\)](https://www.gov.uk/government/consultations/residential-property-developer-tax)

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consequential in relation to the RDPT, funding will be required to be drawn from the overall Scottish Budget envelope in any given financial year.

Methodology

25. This Financial Memorandum assesses the overall cost of the Building Safety Levy (Scotland) Bill ('the Bill'). All costs detailed below reflect the provisions in the Bill and an assumption that the SBSL will seek to raise £30 million per annum. This is in proportion to the revenue that the UK Levy is intended to generate in England-only, and is in line with the Barnett consequential that the Scottish Government might have received had the UK Government England-only levy been extended to Scotland.

26. The costs set out in this Financial Memorandum relate to the set-up and operation of the SBSL as a whole, reflecting the fact that each individual provision contributes to the overall set-up and operation of the SBSL. Where possible, the relevant Bill provisions have been highlighted.

27. Where possible annual costs are outlined. These are shown for the financial years 2025-26, 2026-2027 and 2027-28. This is because after three years it is anticipated that set-up costs will have been accounted for and annual running costs associated with the Bill will have reached a steady state. All costs presented in relation to the Bill are based on today's values and no adjustment for inflation has been applied unless otherwise stated.

Summary of provisions in the Bill

28. The Bill has seven substantive parts which are summarised here. The proposed legislative framework for the collection and management of SBSL consists of the provisions in Parts 4, 5 and 6 of the Bill and the Revenue Scotland and Tax Powers Act 2014³ ("the 2014 Act"), as amended by Part 5 of the Bill. The 2014 Act, amongst other things, provides the general collection and management framework for Scotland's devolved taxes.

29. Part 1 of the Bill defines the levy as a tax charged on certain building control events in accordance with the Bill and gives responsibility to Revenue Scotland to administer and collect the tax. It also contains an overview of the Bill.

30. Part 2 of the Bill contains key concepts underpinning the levy: it sets out the types of building control events in respect of which a levy may be imposed, with reference to the defined terms "construction", "conversion works" and "new residential unit". This part also provides for the person liable to pay the levy: the owner of the new residential unit when the application for the building control certificate or permission is made.

³ [Revenue Scotland and Tax Powers Act 2014 \(legislation.gov.uk\)](https://legislation.gov.uk/ukpga/2014/12)

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31. Part 3 of the Bill contains provisions relating to the calculation and use of the SBSL. The rate is an amount prescribed by the Scottish Ministers as it applies to each square metre of floorspace. Part 3 also includes provision on the use of net proceeds from the SBSL.

32. Part 4 of the Bill deals with administrative matters. It contains various provisions on administration, including regarding registration, returns and special cases.

33. Part 5 imposes penalties in relation to the levy, for instance failure to make a return, failure to pay the levy and failure to register for the levy. The penalties are similar to those for the other devolved taxes under Chapter 2 of Part 8 of the Revenue Scotland and Tax Powers Act 2014.

34. Part 6 makes provision on what decisions by Revenue Scotland in relation to the SBSL can be reviewed or appealed.

35. Part 7 contains general provisions about reporting, interpretation, regulation-making powers contained in the Bill, ancillary provision, Crown application, commencement and the short title of the Bill.

36. As is usual for tax legislation, a number of policy decisions will be set out in subordinate legislation. This will include:

- the setting of tax rates,
- detailed provisions on the administration of the tax such as the methodology for calculation. This will include provision to vary rates (for example by providing different rates to reflect local house prices and/ or whether a relevant residential property is constructed on brownfield land).

37. Details of the costs associated with these decisions will be set out for the Parliament when it considers the relevant legislation.

Coming into force

38. For the purposes of this Financial Memorandum, it is assumed that all provisions in the Bill will come into force on 1 April 2027.

Costs on the Scottish Administration

39. The financial implications of the Bill for the Scottish Administration have been considered under six sub-headings:

- Implications of SBSL for the Scottish Budget,
- Block Grant Adjustment and Transitional arrangements,
- Scottish Government staff resourcing costs,

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- Costs of data sharing,
- Revenue Scotland costs for administration and compliance, and
- The costs that the Scottish Fiscal Commission is likely to incur as the body responsible for preparing the official forecasts for SBSL for the Scottish Budget 2026-27 onwards.

Implications of SBSL for the Scottish Budget

40. As above, the SBSL is a revenue raising measure intended to raise £30 million per annum. It will, therefore, have a positive impact on the Scottish Government Budget (see Table 2).

Year	2027-28 (£)	2028-29 (£)	2029-30 (£)	Total (£)
Revenue Target	30,000,000	30,000,000	30,000,000	90,000,000

Table 2: Estimated addition to the Scottish Budget per annum resulting from the SBSL

Block Grant Adjustment and Transitional arrangements

41. No Block Grant Adjustment (BGA) in relation to the Levy in England will be applied to the Scottish Budget. BGAs are intended to compensate the UK Government for tax revenues it previously collected in Scotland that are now retained by the Scottish Government. As the UK Government has never collected a Building Safety Levy in Scotland, there will be no BGA – all the money raised from the SBSL will represent additional revenue for the Scottish Budget.

42. Similarly, there will be no costs associated with ‘switching off’ an existing UK-wide tax in Scotland (e.g. to HMRC), as has been the case for previous devolved taxes, because there is no existing UK-wide tax in place.

Scottish Government staff costs

43. The costs of primary legislation will be borne within the existing 2025-2026 administration budgets of the Scottish Government and the Scottish Parliament. These costs are treated as business-as-usual and will be met within existing resources.

44. Staff costs for preparing secondary legislation, as listed in section 48 of the Bill, will be approximately £89-99,000 in the 2026-2027 financial year. This represents a total of 1.6 -1.75 x FTE, incorporating policy and legal support. This is based on average staff costs for 2024-25 for policy support (C1, 0.5 FT; B3, 1 FTE) and legal support (C1, 0.1-0.25 FTE).

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45. Running costs for the levy from financial year 2027-28 onwards will include the costs associated with producing a report and will be approximately £62, 000. This represents a total of 1.2 x FTE, incorporating policy support (C1, 0.2 FTE; B3, 1 x FTE). These costs, and those above for preparing secondary legislation, are broadly consistent with the arrangements in place for other devolved taxes.

46. Table 3 sets out the Scottish Government staff costs.

SG staff costs	FY 25/26 (£)	FY 26/27 (£)	FY 27/28 (£)	Total (£)	Further information
Costs to establish secondary legislation	0	89,000 – 99,000* *upper estimate reflected in total	0	99,000	2 x FTE 0.5 x C1, policy 0.1-0.25 x C1, legal 1 x B3, policy
Running costs for reporting and review	0	0	62,000	62,000	1.2 x FTE 0.2 x C1, policy 1 x B3, policy
Total	0	99,000	62,000	161,000	

Table 3: Scottish Government staff costs (based on the average pay at the relevant grade in 2024/2025, and rounded to the nearest £1000)

Costs of data sharing

47. Building standards data is already collected by the Scottish Government and other bodies for a variety of reasons. As the custodians of the building standards system in Scotland, consideration is being given as to whether there will be a need for a legal data sharing gateway between local authorities (and other bodies) and Revenue Scotland for the purpose of aiding administration of and compliance with the SBSL.

48. Should a data sharing agreement be deemed necessary, the Scottish Government will cover associated set up costs, and running costs will be accounted for in annual budget allocations for the organisations involved.

49. Initial scoping has indicated a cost range of £50,000-£100,000 for this work. This would largely consist of initial set up costs, and running costs would be minimal. Should amendments be made which may require the establishment of a data sharing agreement a revised Financial Memorandum will be provided to reflect any additional costs.

Revenue Scotland costs for administration and compliance

50. Revenue Scotland was established by the 2014 Act as a Non-Ministerial Office (“NMO”) on 1 January 2015. As an NMO, governed by a Board, Revenue Scotland is part of the Scottish Administration, accountable to the Scottish Parliament to ensure that the collection and management of the devolved taxes is independent, fair and impartial.

51. Revenue Scotland is the tax authority responsible for the collection and management of Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT). These taxes came into effect on 1 April 2015, replacing their UK equivalents (Stamp Duty Land Tax and UK Landfill Tax, respectively). From April 2026, Revenue Scotland will also collect and manage Scottish Aggregates Tax (SAT).

52. As set out in Part 1 of the Bill, Revenue Scotland will be responsible for the collection and management of the SBSL. In doing so, Revenue Scotland will make best use of its tax collection system, skills and expertise to ensure an effective and efficient administration of the SBSL, drawing on the powers in the existing tax administration framework provided by the Revenue Scotland and Tax Powers Act 2014. Revenue Scotland will establish a programme of activity to deliver the systems, processes and other requirements for SBSL.

53. The Scottish Government will ensure the additional costs to deliver SBSL are met. These include the costs associated with the programme to deliver SAT and the costs of establishing a team to collect and manage the tax once introduced.

54. Revenue Scotland’s costs have been presented under two headings: set-up costs and running costs. Set up costs are split between staff (Table 4) and non-staff (Table 5), and running costs are presented in Table 6.

55. Set-up costs are those estimated to be incurred during the development of a business case, and the establishment and management of the set-up programme from 2025 to 1 October 2027. Costs are based on the tax being introduced on 1 April 2027 for illustrative purposes. The overall costs to Revenue Scotland are in line with those incurred for the establishment of the SAT⁴.

56. Table 4 below sets out Revenue Scotland’s staff costs for the programme of work required to deliver SBSL. All staff costs are currently captured as resource as opposed to capital expenditure. Revenue Scotland staff will play a lead role in requirements gathering and other work around informing the IT system build. Scoping work is continuing, and Revenue Scotland will therefore require some flexibility around the allocation of costs in this regard.

⁴ [Aggregates Tax and Devolved Taxes Administration \(Scotland\) Bill - Financial Memorandum accessible | Scottish Parliament](#)

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57. Revenue Scotland has developed a Programme Plan for the delivery of SAT and the SBSL. The main focus in 2025 - 2026 is on the delivery of SAT on 1 April 2026.

58. Initial requirements gathering and preparation for the SBSL are scheduled in 2025 - 2026, however the bulk of the SBSL delivery work will take place in 2026 - 2027 based on an estimated go-live date of 1 April 2027. This is why staffing costs for the SBSL increase in 2026-2027.

Revenue Scotland Set up costs - staff	FY 25/26 (£)	FY 26/27 (£)	Total (£)	Further information
Programme Staff costs	105,000	576,535	681,535	These are indicative figures at present and based on the delivery of previous devolved taxes. These will be refined as further information on the Building Safety Levy becomes available. This represents our core programme team, plus 2 x B2 and 1 x A3. 1 x C2, 2 x C1, 4 x B3, 3 x B2, 1 x A3
Core staff costs	450,425	179,400	629,825	As above, these are indicative figures at present representing the staff resource required from Business As Usual functions across RS to support the implementation of the tax. These will be refined as further information becomes available. 2025/26 - Based on 0.25 FTE C3, 1 FTE C2, 2.65 FTE C1, 2 FTE B3 and 1.5 FTE B2 2026/27 - Based on 0.1 FTE C3, 0.25 FTE C2, 1 FTE C1, 1 FTE B3, 0.75 FTE B2
Total Staff costs	555,425	755,935	1,311,360	

Table 4: Revenue Scotland Set Up Costs – Staff

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59. Table 5 below sets out Revenue Scotland's non staff costs for the programme of work required to deliver SBSL.

60. Of these, IT costs represent the most significant expenditure. The IT costs presented are capital costs, and represent a best estimate from Revenue Scotland's current IT contractor based on expected mandatory and potential requirements for the SBSL. Revenue Scotland has allowed a contingency element of 20% in its IT development estimate. This is considered to be a reasonable estimate when compared with the build for SAT and the structure of the existing UK levy which could be utilised to inform requirements. The SBSL has no current UK equivalent on which to base requirements.

61. The anticipated requirements for the SBSL have been captured through consultation between Revenue Scotland and the Scottish Government, and have drawn on recent experience in developing the IT requirements for SAT. SAT is scheduled to go live on 1 April 2026, and the IT module for its collection has been fully developed and tested in line with the development schedule and on budget.

62. Revenue Scotland costs include:

- a contingency element to provide coverage for the potential for changes to legislation throughout its Parliamentary passage. Revenue Scotland has also allowed for additional IT costs relating to enhancements required for telephony and existing business systems.
- the development of a separate registration module and enhance telephony and other IT in-house systems. The figure provided includes this contingency figure and additional required development.

Revenue Scotland Set up costs – non staff	FY 25/26 (£)	FY 26/27 (£)	Total (£)	Further information
Gateway Review	20,000	10,000	30,000	Independent Assurance Review x 3
Digital Assurance	10,000	10,000	20,000	Independent Digital Assurance Review x 2
Comms, engagement & publications	2,500	2,000	4,500	Online and print materials, as well as engagement sessions to support smooth implementation.
Software/Telephony licences		7,500	7,500	Software and telephony licences for estimated 5 staff (£1000 for telephony licences and £500 software)

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Travel	1,500	1,500	3,000	Staff travel costs to support engagement
IT Kit		25,000	25,000	IT Kit for new staff
Linets		2,500	2,500	License fees for new SBSL Compliance staff
H&S procurement		5,000	5,000	To facilitate health & safety activities
IT Shared Services	4,500	2,500	7,000	SG costs for use of service
HR Shared Services	2,000	1,000	3,000	SG cost for use of service
Operational non staff costs		5,000	5000	Travel, Shared Services IT and HR, General Training, Tax System Support Costs, Postage.
IT costs	750,000	750,000	1,500,000	Estimated IT costs covering all required elements, including Scottish Electronic Tax System (SETS) development, Registration process for taxpayers to set up an account and file returns and telephony and Finance systems. No firm costs received as yet from NEC Software Solutions UK (NEC)
Total Non Staff (of which capital)	790,500 (750,000)	822,000 (750,000)	1,612,500 (1,500,000)	
Overall set up Totals	1,345,925	1,577,935	2,923,860	

Table 5: Revenue Scotland Set Up Costs – Non Staff

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63. Table 6 below sets out Revenue Scotland's first year of live running costs for SBSL:

Revenue Scotland First Year Live Running	FY 27/28 (£)	Further information
Operational staff costs	485,309	Based on estimates of staff costs for provision of a dedicated SBSL team. These are indicative figures at present based on experience in delivering current devolved taxes. As the specification of the tax is developed these estimates will be revisited. 2 FTE x C1, 1 x B3, 5 x B2, 1 x B1, 2 x A4 ,1 x A3
Operational non staff costs	60,000	Travel, Shared Services IT and HR, General Training, Tax System Support Costs, Postage.
Total	545,309	

Table 6: Revenue Scotland First Year Live Running Costs

64. Revenue Scotland is delivering the SBSL through its Devolved Taxes Programme which is underpinned by robust project and programme management activities. All financial elements are reported on a six-weekly basis to the Programme Board and Senior Leadership Team. Spend will be closely monitored with accurate updates and estimates provided.

Summary of costs to Revenue Scotland for Financial Years 2025-2026 to 2027-2028.

	2025-2026 (£)	2026-2027 (£)	2027-2028 (£)	Total costs (£)	Reference (paragraph and/ or table)
Set up costs – staff	555,425	755,935	0	1,311,360	Paragraph 56, Table 4
Set up costs – non staff (of which capital)	790,500 (750,000)	822,000 (750,000)	0	1,612,500 (1,612,500)	Paragraph 59, Table 5
Running costs	0	0	545,309	545,309	Paragraph 63, Table 6
Total costs	1,345,925	1,577,935	545,309	3,469,169	

Table 7: Summary of costs to Revenue Scotland

Costs to the Scottish Fiscal Commission of preparing tax revenue forecasts for SBSL

65. The Scottish Fiscal Commission (SFC) is a Non-Ministerial Department within the Scottish Administration and is responsible for the production of independent forecasts of revenues from the fully devolved taxes and income tax in Scotland. It is also responsible for preparing independent forecasts of GDP and devolved social security benefits. The SFC will develop a model of SBSL and then maintain the model and produce independent forecasts of revenues to inform the Scottish Government's Budget 2027-28 and onwards.

66. The costs provided in Table 8 below estimate the initial set-up costs that the SFC is expected to incur in 2026-27 as it prepares to take on the responsibility for producing independent forecasts of SBSL revenues. The costs provided in Table 9 below estimate the running costs that the SFC is expected to incur in 2027-28, when the SBSL will first be costed.

67. The staff costs provided in Table 8 and Table 9 represent the SFC's best estimate of the staffing resources that will be needed to prepare for and then produce independent forecasts of revenues of SBSL. This is based on the SFC's understanding of the proposed tax and their experience of developing forecasts for other taxes. Staff costs reflect FTE proportions of the Scottish Government's B3 and C1 salary costs to undertake implementation work within 2026-27 and then ongoing costs from 2027-28 onwards, plus per head staff-related costs. The non-staff costs cover the need for office space, IT, training and other running costs associated with employment of staff.

Set up costs, 2026-27 (£)		
Staff costs	25,000	Based on 0.2 FTE B3 and 0.1 FTE C1
Non-salary costs	5,000	Based on 1% of commission projected total non-staff costs. Includes travel and subsistence, training, office costs etc
Total	30,000	

Table 8: Summary of estimated Scottish Fiscal Commission set-up costs for SBSL (Costs are rounded to the nearest £5,000)

Running costs, 2027-28 (£)		
Staff costs	15,000	Based on 0.1 FTE B3 and 0.1 FTE C1
Non-salary costs	5,000	Based on 1% of commission projected total non-staff costs. Includes travel and subsistence, training, office costs etc
Total	20,000	

Table 9: Summary of estimated Scottish Fiscal Commission running costs for SBSL (Costs are rounded to the nearest £5,000)

Summary of costs to the Scottish Fiscal Commission for Financial Years 2025- 2026 to 2027-2028.

	2025-2026 (£)	2026-2027 (£)	2027-2028 (£)	Total costs (£)	Reference (paragraph and/ or table)
Set-up costs	0	30,000	0	30,000	Paragraph 66, Table 8
Running costs	0	0	20,000	20,000	Paragraph 66, Table 9
Total costs	0	30,000	20,000	50,000	

Table 10: Summary of costs to the Scottish Fiscal Commission

Summary of costs on the Scottish Administration arising from the Bill for Financial Years 2025-2026 to 2027-2028.

	2025-2026 (£)	2026-2027 (£)	2027-2028 (£)	Total costs (£)	Reference (paragraph and/ or table)
Implications of the SBSL for the Scottish budget (additional revenue)	0	0	30,000,000	30,000,000	Paragraph 40, Table 2. See also Paragraphs 80-81.
Block grant adjustment and transitional arrangements	There will be no block grant adjustment or transitional arrangements in relation to switching off an existing UK tax as a result of this Bill.				
Scottish Government staff resourcing costs	£0	89,000 – 99, 000* *upper estimate reflected in totals	62, 000	161,000	Paragraph 46, Table 3
Costs of data sharing	The Bill does not require any spend in relation to data sharing.				

Revenue Scotland costs for administration and compliance	1,345,925	1,577,935	545,309	3, 469, 169	Paragraph 50, Table 7
Costs to the Scottish Fiscal Commission	0	30,000	20,000	50,000	Paragraph 65, Table 10
Total costs	COST: 1,345, 925 REVENUE: 0	COST: 1,706,935 REVENUE: 0	COST: 627,309 REVENUE: 30, 000, 000	COST: 3,680,169 REVENUE: 30, 000, 000	

Table 11: Summary of costs on the Scottish Administration. Further detail for each cost is provided at the paragraphs and tables indicated.

Costs on local authorities

68. It is not expected that the Bill will result in any significant costs for local government. As set out in Part 4 of the Bill and detailed in the Policy Memorandum, the SBSL diverges from the UK Government's administrative approach of designating local government in England as the collection authorities for the England-only levy.

69. Instead, the Scottish Government's approach is to centralise collection of the SBSL to Revenue Scotland, removing the administrative burden from local authorities. Consideration has also been given to the role of local authorities as housebuilders for the purposes of social and other affordable housing. Section 5 of the Bill provides an exemption for these types of housing, ensuring that unless councils are undertaking residential development for profit making purposes, the SBSL will not apply to council housebuilding activity.

Costs on other bodies, individuals and businesses

Costs on other bodies

Scottish Courts and Tribunals Service

70. To ensure that taxpayers and their agents have access to administrative justice, two Tax Tribunals, with a First-tier and Upper Tribunal, were established by the 2014 Act to hear appeals relating to LBTT and SLFT. The Tribunals (Scotland) Act 2014 subsequently introduced the First-tier Tribunal for Scotland and the Upper Tribunal for Scotland, collectively known as the Scottish Tribunals. The Tax Tribunals became part of this new structure on 24th April 2017, with the introduction of the First-tier Tribunal for

Scotland Tax Chamber and amalgamation of the Upper Tax Tribunal into the Upper Tribunal for Scotland.

Set up costs

71. Where they are relevant, decisions by Revenue Scotland which are currently “appealable” to the First-tier Tribunal for Scotland Tax Chamber will also be appealable in terms of SBSL as set out in section 44 of the Bill.

72. The Scottish Courts and Tribunal Service provides administrative support for both the First-Tier Tribunal and the Upper Tribunal. As set out in Table 12, it is estimated that set-up costs relating to any IT changes to the existing case management system to support a new appeal type is expected to be in the region of £10,000, and members training on the new appeal type will be in the region of £5,000-£10,000. These costs were estimated in line with the approach taken for calculating set-up costs for SAT.

Set up costs for the First-Tier and Upper Tribunals, 2026 – 2027 (£)	
IT changes	10,000
Member training on new appeal types	5,000 - 10,000* *upper estimate reflected in totals
Total	20,000

Table 12: Set-up costs for the First-Tier and Upper Tribunals in relation to the SBSL

Running costs

First-tier tribunal

73. It is estimated that the number of cases in relation to the SBSL will be very low (fewer than one case per annum), reflecting the likely volume of tax returns and experience from existing devolved taxes. Given this, existing resource for the Tax Chamber will be sufficient to absorb the expected additional volumes.

74. In line with the approach taken on SAT, it is assumed that caseload volumes will be limited but cases may be complex and take substantial judicial time.

75. Existing Tax Chamber cases are modelled on one day per hearing. To reflect the expected complexity, SBSL cases have been costed at two days per hearing. The associated costs are set out in Table 13 below.

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Cost per case in 2027-28 (£)	
Legal Member	530
Ordinary Member	332
NI/Expenses	103
Judicial days per case	2
Fee cost per case	1,931
Corporate overhead	502
Total cost per case	2,433

Table 13: Summary of estimated cost for an individual tribunal in 2027-2028

Upper tribunal

76. Upper tribunal funding is based on a proportion of first-tier tribunal activity. For the purposes of an estimated projection, this is based on the Upper Tribunal funding for the existing Tax Chamber appeal types and proposed at £3,000 per annum from 2027-2028 (as set out in Table 14 below). This figure includes the cost of both judicial resource and administrative costs for onward appeals from the Tax Chamber to the Upper Tribunal.

	2025/26 (£)	2026/27 (£)	2027/28 (£)	Total (£)
Set up costs	0	Reflected in Table 12, which covers set up for both the first-tier and upper tribunal.	0	0
Running costs	0	0	3,000	3,000
Total	0	0	3,000	3,000

Table 14: Running cost for the Upper Tribunal

Summary of costs to the Scottish Courts and Tribunals Service for Financial Years 2025- 2026 to 2027-2028.

	2025-2026 (£)	2026-2027 (£)	2027-2028 (£)	Total costs	Reference (paragraph and/ or table)
Set up costs – First-tier and Upper tribunals	0	20,000	0	20,000	Paragraph 71, Table 12
Running costs – First-tier Tribunals	0	0	Cost per case: 2,433* *estimated to be fewer than one case per annum	2,433	Paragraph 73, Table 13
Running costs – Upper tribunals	0	0	3,000	3,000	Paragraph 76, Table 14
Total costs	0	20,000	5,433	25,433	

Table 15: Summary of costs to the Scottish Courts and Tribunals Service

Costs on individuals

77. The Bill is not anticipated to give rise to costs for individuals directly.

Costs on businesses

78. The Bill introduces a new revenue raising measure. Neither the Scottish nor UK Government has ever collected a SBSL. As a result, there is no existing equivalent to compare to or draw inferences from when considering costs for businesses.

79. The Scottish Government has engaged with businesses to gather their views on anticipated costs of the SBSL. In general, the view provided was that without sight of Bill provisions, stakeholders feel unable to estimate anticipated costs accurately. It was, however, noted that the total cost to businesses will be the value of the SBSL plus any associated administrative costs.

80. The effect of the £30 million revenue target is that the costs of paying the SBSL will be distributed across the number of taxable units. That is the total number of units in scope less those which are covered by the exemptions set out in section 5 of the Bill

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(see Table 16 below). Further exemptions (beyond those which are proposed in the Bill), and the setting of the tax-free allowance will reduce the number of taxable units that the quantum of the Levy will be distributed across.

Activity	Number of units	% of tax base
Total units in scope	20,700	100%
<i>Exemptions</i>		
Social housing Section 5(b) of the Bill	5,600	27%
Affordable housing Section 5(c) of the Bill	1,300	6%
Islands Section 5(d) of the Bill	200	1%
Total exempt	7,100	34%
<i>Residual tax base</i>		
Total in scope	13,600	66%

Table 16: Total number of units in scope of the SBSL, and the impact of planned exemptions on that total ⁵.

81. The Bill does not contain specific tax rates. These will be set out in secondary legislation, in line with the approach taken with other devolved taxes. Section 9 of the Bill provides that Scottish Ministers may make regulations to specify different rates for different purposes, including for different geographical areas and for different types of land on which a new residential unit is situated. Therefore, the costs to businesses arising from payment of the SBSL will vary in line with a range of factors, including the number of taxable units a business builds, where those units are built, and on what type of land they are situated.

82. Stakeholders noted that administrative costs would include both set up and ongoing costs, and that set up costs will include the costs associated with software and staff training, and that ongoing costs will include staff time.

83. Where estimates were made on set up and ongoing costs to administrate a SBSL, they varied widely. Some stakeholders suggested that initial set up costs would be in the range of £50,000-£100,000, and that ongoing costs would be between £10,000-£20,000 and others suggested that the associated costs would be ‘limited’ or ‘minimal’.

⁵ Figures are taken from the accompanying tables to the [Housing Statistics for Scotland Quarterly Update: New Housebuilding and Affordable Housing Supply to end December 2024 - gov.scot](https://gov.scot/publications/housing-statistics-for-scotland-quarterly-update-new-housebuilding-and-affordable-housing-supply-to-end-december-2024/) publication, using annual averages over the period 2019-2024, due to volatility in housing completions in recent years due to the impact of Covid. Total units in scope are taken from data on all-tenure new-build housing completions, social housing from social-housing new-build completions, affordable housing from the sum of all affordable rent or affordable home-ownership new-build completions, and islands completions are proxied by private-sector-led completions for the three island local authorities.

Summary of costs on other bodies, individuals and businesses arising from the Bill for Financial Years 2025- 26 to 2027-28.

	2025-2026 (£)	2026-2027 (£)	2027-2028 (£)	Total	Reference (paragraph and/ or table)
Other bodies (the Scottish Courts and Tribunals Service)	0	20,000	5,433	25,433	Paragraph 70, Table 15
Individuals	The Bill is not expected to give rise to costs on individuals.				Paragraph 77,
Businesses	Total cost to businesses will be the value of the levy plus any associated administrative costs.				Paragraph 78, Table 16

Table 17: Summary of costs on other bodies, individuals and businesses

Summary of all costs arising the Bill for Financial Years 2025-26 to 2027-28.

	2025-2026 (£)	2026-2027 (£)	2027-2028 (£)	Total	Reference (paragraph and/ or table)
Costs on the Scottish Administration					
Implications of the SBSL for the Scottish budget (additional revenue)	0	0	30,000,000	30,000,000	Paragraph 40, Table 2. See also Paragraphs 80-81.
Block grant adjustment and transitional arrangements	There will be no block grant adjustment or transitional arrangements in relation to switching off an existing UK tax as a result of this Bill.				Paragraph 41
Scottish Government staff resourcing costs	0	99,000	62,000	161,000	Paragraph 43, Table 3

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Costs of data sharing	The Bill as introduced does not require any spend in relation to data sharing.				Paragraph 47
Revenue Scotland costs for administration and compliance	1,345,925	1,577,935	545,309	3,469,169	Paragraph 50, Table 7
Costs to the Scottish Fiscal Commission	0	30,000	20,000	50,000	Paragraph 65, Table 10
Costs on local authorities					
The Bill is not expected to give rise to costs on local authorities					Paragraph 68
Costs on other bodies, individuals and businesses					
Other bodies (the Scottish Courts and Tribunals Service)	0	20,000	5,433	25,433	Paragraph 70, Table 15
Individuals	The Bill is not expected to give rise to costs on individuals.				Paragraph 77
Businesses	Total cost to businesses will be the value of the levy plus any associated administrative costs.				Paragraph 78, Table 16
Totals	COST: 1,345,925 REVENUE: 0	COST: 1,726,935 REVENUE: 0	COST: 632,742 REVENUE: 30,000,000	COST: 3,705,602 REVENUE: 30,000,000	

Table 18: Summary of all costs associated with the Bill

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Building Safety Levy (Scotland) Bill

Financial Memorandum

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