

Finance and Public Administration Committee
27th Meeting 2025 (Session 6)
Tuesday 7 October 2025

Building Safety Levy (Scotland) Bill

Purpose

1. The Committee is invited to take evidence on the Building Safety Levy (Scotland) Bill at Stage 1 from—
 - Jonathan Henderson, Assistant Chief Officer and Director of Prevention at the Scottish Fire and Rescue Service
 - Peter Drummond, Trustee of the Royal Incorporation of Architects in Scotland and Chair of its Practice Committee
2. The Committee ran a [call for views](#) for the Bill which closed on 15 August 2025 and received [39 responses](#). A [summary of responses](#) has been published.
3. SPICe produced a [research briefing](#) for the Bill which includes potential areas of parliamentary scrutiny.
4. This paper provides background information on the Bill and a summary of the written responses submitted by the Royal Incorporation of Architects in Scotland and by the Scottish Fire and Rescue Service (developed in partnership with National Fire Chiefs Council).

Background

5. The [Bill](#) was introduced by Shona Robison MSP, Cabinet Secretary for Finance and Local Government on 5 June 2025. The Bill creates the Scottish Building Safety Levy (SBSL), a tax on residential construction in Scotland which is to be charged in relation to a step in the building control process, and its revenues are intended to be used to fund improvements to building safety in Scotland. The SBSL will be administered by Revenue Scotland.
6. The [policy memorandum](#) explains that the overarching policy aim of the bill is to seek a contribution from the housebuilding sector to support the Scottish Government's Cladding Remediation Programme.
7. Building construction and safety are devolved policy areas. A [joint consultation](#) by the UK and Scottish governments which sought views on the devolution of powers to the Scottish Parliament for a SBSL stated that "there is no option to extend the UK Building Safety Levy to Scotland".

8. The SBSL's policy objective mirrors "the UK's government objective for its own Building Safety Levy (BSL), which is proposed for introduction in England in Autumn 2026". The policy memorandum goes on to say that "the differences in building control regimes mean that the English and Scottish levies will not be analogous".

Outline of Bill provisions

9. Part 1 of the Bill defines the levy and gives responsibility to Revenue Scotland to collect and administer the tax. The levy will be charged on certain 'building control events', which Section 3 of the Bill defines as an event related to building completion.
10. Part 2 contains key concepts underlying the tax including—
 - setting out that a tax is imposed on 'new residential units',
 - providing that the person liable to pay the levy is the 'owner of the new residential unit' when the application for the building control certificate or permission is made.
11. Part 3 sets out how the levy is calculated and how the proceeds of the levy are to be used, including that—
 - the rate is an amount prescribed by the Scottish Ministers and is based on the square metres of the new residential unit,
 - different rates may be set for (i) different geographical areas, for (ii) different types of land on which the new residential unit is situated or (iii) with reference to any other factor that the Scottish Ministers consider appropriate,
 - the Scottish Ministers may make provisions for a 'levy-free allowance',
 - the Scottish Ministers must use the proceeds of the levy "for the purposes of improving the safety of persons in or around buildings in Scotland".
12. Part 4 contains various provisions on administration covering returns, registration and special cases.
13. Part 5 imposes penalties in relation to the levy.
14. Part 6 makes provisions on what decisions of Revenue Scotland can be reviewed and appealed.
15. Part 7 contains general provisions which include reporting, interpretation, regulation-making powers and commencement.

Policy approach

16. The SBSL is intended to be one of the revenue streams for Scotland's Cladding Remediation Programme. According to the policy memorandum, the SBSL will

“complement the existing funding streams available and ensure that the associated costs of cladding remediation do not fall onto affected homeowners or disproportionately onto the general taxpayer”.

17. The tax charge for the SBSL is generally “the date of acceptance of a completion certificate”. The person liable to pay the tax is the owner of the ‘new residential unit’ when the completion certificate is submitted to the verifier. The policy intention is for the SBSL to be paid by those responsible for residential development.

18. The policy memorandum explains that the tax point was placed “closer to the point of sale” to “assist in mitigating cash flow issues for developers”. The policy memorandum further states that “in many cases the developer will be in receipt of funds from the sale of the property by the time the liability to the SBSL is due for payment”.

19. Section 4 of the Bill defines what buildings are within scope of the SBSL. Broadly, this includes constructed or converted buildings which are intended to be used as a dwelling or other accommodation. It outlines that—

- the definition includes purpose-built student halls of residence and build-to-rent developments,
- the definition is intended to exclude the following (this list is not exhaustive):
 - (i) hotels or other temporary accommodation,
 - (ii) institutions providing residential accommodation with personal care
 - (iii) hospitals or hospices,
 - (iv) prisons,
 - (v) residential accommodation for school pupils.

20. Any ‘new residential unit’ is in scope of the SBSL provided that it is not an “exempt new residential unit”. Exempt new residential units include: (i) social housing, (ii) affordable housing and (iii) any building on a Scottish Island.

21. The SBSL is a self-assessed tax and is calculated “as a proportion of the total floorspace of the new residential unit multiplied by the levy rate”. As noted above, Scottish Ministers are able to set a levy-free allowance. Given that the policy intention is for the SBSL to be paid by property developers, it is expected that the level of the levy-free allowance will be sufficient to exclude self-builds from scope.

22. The proceeds from the levy are to be used for “building safety expenditure”. Although the definition is wide, the policy memorandum says that the current intention is that the levy will be used “to support the funding of the Cladding Remediation Programme”.

23. Some of the differences between the SBSL and the English equivalent are as follows:

- a) The SBSL is administered by Revenue Scotland whilst the BSL is administered by local authorities. The Scottish Government notes that “a

local authority approach-administration for a national tax would not reflect stakeholders' desires for a centralised and nationally consistent approach".

- b) The tax point for the SBSL is the issuance of acceptance of a completion certificate. For the BSL the tax point is at an earlier point in the building process (the application for a building warrant). The Scottish Government chose the tax point to be set later in the construction process to provide more certainty for taxpayers and to alleviate potential cashflow problems.
- c) The SBSL uses a levy-free allowance to protect small developers. In England, the UK Government proposed an "exemption for sites that are under 10 units". The Scottish Government decided against an exemption based on the number of units for specific reasons. These include the risk of avoidance that could arise by pursuing a site-based exemption given that it is "common for developers to parcel up the site into separate developments". Another reason given for not pursuing the unit-based exemption is that smaller sites may also be "made up of high-end properties". In this case the use of small sites "may not reflect the developer's ability to pay the SBSL".
- d) In Scotland penalties relating to the SBSL are administered by Revenue Scotland and include fixed, daily and percentage-based penalties. In England, a certificate of completion will not be issued if the BSL has not been paid, "effectively making the building unusable". The Scottish Government decided against the approach adopted in England because "it places an administrative burden on local authorities". Such an approach would also require a "flow of data" between Revenue Scotland and the relevant local authority which, it states, "is likely to increase resource costs and complexity".

Public engagement

UK Government engagement

- 24. The policy memorandum notes that the Scottish Government's consultation "should be seen in context with the larger, UK-wide level of engagement on funding cladding remediation". The UK Government issued consultations in [July 2021](#), [November 2022](#) and [January 2024](#).
- 25. The policy memorandum also says that "the English and Scottish Levies will not be analogous, [but] the policy aim for both remains the same". For this reason, "the Scottish Government has therefore taken into account the feedback provided on UK consultations".

Scottish Government engagement

- 26. The Scottish Government also convened "an expert advisory group, comprised of representatives from the residential property industry, and local government and tax stakeholders". The policy memorandum goes on to say that "the purpose

of the [group] is to help shape the design of the SBSL and consultation, as well as to consider more detailed aspects of policy development". The group has met on five occasions since its inception.

27. The Scottish Government also issued a [public consultation](#) in September 2024 "to inform the development of the Bill". The consultation received 78 responses.
28. The policy memorandum further states that "the consultation asked a wide range of questions". This includes "the scope of the tax, exemptions, calculation methods, tax administration, compliance and impact on businesses, children, equalities and island communities".

Outcome of the Scottish Government engagement

29. The policy memorandum notes that in the consultation "there was a general opposition to the introduction of a SBSL to fund cladding remediation efforts". However, "no immediate alternative solutions are being offered by respondents to address the funding challenge associated with cladding remediation".
30. The majority of respondents which consisted mainly of "developers and [...] the residential property industry" noted that the SBSL would be an additional burden on developers.
31. The consultation found that there was "strong support to exempt affordable housing from the SBSL". A majority of respondents were also in favour of "the proposed approach for Revenue Scotland to administer the SBSL".
32. The majority of respondents "opposed using market value as the calculation method for SBSL, with emphasis on the need for stability and certainty for developers in understanding their tax liability".
33. When discussing the impact of the SBSL, respondents noted "the cumulative impact on housebuilding from a wider package of proposed policies and new regulatory burdens".

Financial memorandum

34. The SBSL will seek to raise £30m per annum and, as noted above, is intended to be one of the revenue streams for the Scottish Cladding Remediation Programme. The level of SBSL revenue is set at £30m because this is the amount in "Barnett consequentials that the Scottish Government might have received had the UK Government England-only levy been extended to Scotland".
35. The financial memorandum (FM) estimates that the introduction of the SBSL will, until 2027-28, give rise to costs of around £3.7m broken down as follows (approx.):
 - a) Scottish Government – £160,000 is expected to be spent on the staff introducing secondary legislation as well as on other administrative tasks

including producing a report. The costs of developing primary legislation were not included in the FM as they were met from existing resources.

- b) Revenue Scotland - the total costs for Revenue Scotland amount to £3.5m. This includes £1.6m in non-staff costs (mainly IT). The staff costs include set-up costs of £1.3m and operational staff costs of £0.5m. The operational staff costs are for the provision of a dedicated SBSL team.
- c) Costs for other public service organisations – some costs are expected for other organisations such as the Scottish Fiscal Commission (£50,000) and the Scottish Courts and Tribunal Service (£35,000). Local authorities are not expected to have any material costs.
- d) Costs on businesses – the costs for businesses in the FM comprise the value of the SBSL plus any associated administrative costs. The FM states that “stakeholders feel unable to estimate anticipated costs accurately” without sight of Bill provisions. Some stakeholders estimated set up costs of up to £100,000 while others suggested that the costs would be “limited or minimal”.
- e) The Bill is not expected to give rise to costs on individuals.

Written submissions

Scottish Fire and Rescue Service (developed in partnership with National Fire Chiefs Council)

36. The SFRS/NFCC submission made the following key points—

- SFRS is in favour of a levy to ensure that the costs of remediation do not fall on “leaseholders, occupiers, or taxpayers”. The submission further notes that the levy needs to be “part of a broader strategy that includes improved building standards, improved competency in the sector and strengthened regulatory oversight”.
- There is a risk that the levy will result in higher prices for new homes “which could exacerbate housing affordability challenges”. The levy could also affect marginal and lower-profit developments which could be “delayed or abandoned” therefore affecting overall housing supply.
- The levy could also impact build-to-rent and student accommodation “as reduced investor confidence could lead to delays in planning and building control applications while developers await further clarity”.
- The submission states that SFRS “welcomes the Government’s decision to apply the levy to conversions and upward extensions. However, we do not agree that major refurbishments should be excluded from the levy, even where works result in the same number of parts”. This is because “these works have historically also contributed to the remediation burden

and should be held to the same fiscal accountability as new builds/conversions”.

Royal Incorporation of Architects in Scotland (RIAS)

37. The RIAS submission made the following key points—

- A programme of remedial works is “urgently needed” with the building safety levy being “a suboptimal mechanism of last resort”. This is because the Scottish Government has “few options other than replicating the levy approach adopted in England and Wales”.
- The submission highlights concerns regarding the levy’s proportionality given that “developers, and today’s house buyers, are paying for industry behaviours and regulatory failures of the past”. It then goes on to say that “the costs will inevitably be met by purchasers of new homes, not developers” and that “passing costs to house purchasers via developers means the government is not taking responsibility for poor regulation that allowed problems to arise”.
- In terms of behavioural changes, the submission suggests that exempting the construction of hotels from the levy “could incentivise hotel projects over other types of much-needed housing, especially in the central areas of major cities”.
- It suggests that the need for the levy arises from “a systemic and deep-rooted problem of favouring low-cost specification - often against or without sound architectural advice - combined with poor regulation of novel construction techniques and products”. The submission further notes that “the ongoing reluctance of procurement authorities to prioritise construction quality ahead of cost is a topic worthy of future investigation”.

Next Steps

38. The Committee will continue taking evidence on the Bill in November and is expected to report on its findings in December 2025.

Committee Clerking Team
October 2025

Written submission from Royal Incorporation of Architects in Scotland (RIAS)**Information about your organisation**

The Royal Incorporation of Architects in Scotland (RIAS) welcomes the invitation to respond to the Scottish Government's Building Safety Levy (Scotland) Bill proposals.

The Royal Incorporation of Architects in Scotland (RIAS) is the professional body for all of Scotland's chartered architects. Our members work in over one thousand architectural practices of all sizes, as well as in areas of industry from housebuilding to local and central government. The RIAS is responding on behalf of 4800 members of the architectural profession working across the public, private and academic sectors. The RIAS draws on this expertise to inform its response to public policy consultations.

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

We believe a programme of remedial work is urgently needed and must be funded. As stated in our response to the Scottish Government's initial consultation, we consider that a levy is a suboptimal mechanism of last resort. In this respect, we note that the UK Treasury's reluctance to underwrite a national 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.

2. 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 RIAS has concerns about proportionality and the use of retrospective quasi-hypothecation. Developers, and today's house buyers, are paying for industry behaviours and regulatory failures of the past.

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

We believe the costs will inevitably be met by purchasers of new homes, not developers, who will simply pass on the costs to end users. Compliant developers today should not be paying for poor practices by the construction industry of

yesteryear. 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.

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

We believe exemptions should explicitly support and encourage the conversion and reuse of buildings and must avoid increased costs to these projects. The proposal lacks clarity about the impacts on these types of development.

We have no strong views but 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.

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

Other unintended consequences could include impacts on the viability of marginal projects involving brownfield sites or conversion and reuse.

Our initial response noted concerns about an area based (sq meters) calculation. A per square meter charge will need calculation and appropriate guidance on what is being measured and the evidence to be retained, e.g. architectural drawings. This will add cost and complexity and thus scope for avoidance.

6. 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?

We are concerned that the language around conversions is not broad enough, being applied only to owner-occupied homes. This would mean that the conversion of derelict or vacant buildings to residential use may not always qualify. Nor is it clear whether buildings to be converted for rent are exempt, unlike those for owner-occupiers. This is potentially misaligned with aspects of Scottish Government planning and housing policy. Clarity would be welcomed by the industry.

Island areas should be excluded on the basis that building costs in these areas are already higher than in mainland developments. Remote rural areas should also be exempt if this can be clearly and consistently defined.

Homes designed to meet specific and recognised accessibility standards beyond building regulations, such as fully wheelchair-accessible homes, should be exempt.

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

The RIAS is not an authority on legal compliance matters related to taxes on industry. 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. We urge careful dialogue with industry to avoid unintended impacts and costs 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 to their operations.

8. 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?

Our understanding is that the Scottish Government's Single Building Assessment (SBA) is primarily conducted to assess any risk caused by a building's external wall system and to identify if any work is needed to eliminate or mitigate these risks.

The RIAS notes that removing and replacing the external skin of a building will inevitably reveal the need for other remedial works, not just problems related to fire risk. These could relate to structural elements, failed or compromised components, and deficiencies in wind and water tightness. These issues could result from wear and tear, or deficiencies in either design or construction. Older properties are more likely to have problems or require upgrades. As time passes, attributing liability becomes more challenging and the chances of successful claims against industry guarantees or against the builder's or designer's insurance for historic liabilities will diminish. Discovering the presence of RAAC or asbestos would fall into this category. These 'known unknowns' will have substantial implications for the overall final project costs.

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.

On a more positive note, cladding remediation could be combined with energy efficiency upgrades, which may attract funding from net zero programmes. However, it should not be assumed that a joined-up approach will emerge without careful prioritisation and coordination.

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

The remediation of brownfield land and the conversion or reuse of existing vacant buildings could potentially be discouraged by the levy. We reiterate that carefully targeted and unambiguous exemptions in this area are vital.

The RIAS encourages continued dialogue between the Scottish Government, the UK Government, and the Treasury regarding long-term funding for a comprehensive, multi-nation scheme to support homeowners affected by latent construction defects. This would include flammable cladding and emerging issues such as RAAC. Past schemes from the late 1980s to early 2000s, including those administered by the Scotland Office, demonstrate the long-term value of this approach. This is a political decision concerning willingness to alleviate the distress of householders and the risk of depleting the national housing stock, including the supply of social housing.

The need for the levy arises from a systemic and deep-rooted problem of favouring low-cost specification - often against or without sound architectural advice - combined with poor regulation of novel construction techniques and products. When deliberating the Bill's financial provisions, the Committee should remain mindful that it stems from the tragic deaths at Grenfell Tower and the need to generate sufficient funds to prevent similar tragedies.

We also urge the Committee to consider these matters in relation to the prevailing public procurement culture and the level of resources provided to local authorities to regulate construction projects. The ongoing reluctance of procurement authorities to prioritise construction quality ahead of cost is a topic worthy of future investigation.

Written submission from National Fire Chiefs Council (NFCC)

Information about your organisation

National membership body for fire and rescue services across the UK.

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

Yes. NFCC supports the principle of introducing a levy to ensure that the costs of remediating dangerous cladding and other defects in and on residential buildings do not fall on leaseholders, occupiers, or taxpayers. This is consistent with the 'polluter pays' principle, ensuring that where construction work has not met fire safety or building regulations requirements, industry contributes to rectifying these failures. This should help restore confidence in the housing market and protect residents and small businesses in mixed-use buildings from shouldering remediation costs, especially given that developers are not yet required by law to sign a developer remediation contract. The levy will still need, however, to be part of a broader strategy that includes improved building standards, improved competency in the sector, and strengthened regulatory oversight.

2. 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 proposed SBSL aligns with several principles of good tax policy as outlined in the Scottish Government's 2024 Tax Strategy and the Framework for Tax 2021. However, questions remain regarding its potential proportionality, long-term effectiveness, and ability to drive systemic change. To give one example, the levy's proportionality could be challenged if costs are passed onto leaseholders through increased purchase prices for new homes, undermining affordability objectives.

We welcome the fact that the Bill will contain provisions for Ministers to report on how it has been used toward "the purposes of improving the safety of persons in or about buildings in Scotland." However, to maximise effectiveness and efficiency, the levy must be accompanied by regular reviews. This would allow the Government to monitor whether the levy has improved building standards and culture change to address systemic issues, rather than simply creating a funding stream to remediate defects that continue to arise, meaning the levy can never be retired.

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

There is a risk that developers will seek to recoup levy costs by increasing the sale prices of new homes, which could exacerbate housing affordability challenges. It may also potentially discourage residential construction in remote areas not covered by the island exemption. There is a risk that marginal or lower-profit developments may be delayed or abandoned, affecting overall housing supply. The build-to-rent and student accommodation sectors may also be impacted, as reduced investor confidence and uncertainty could lead to delays in planning and building control applications while developers await further clarity.

If visible safety improvements aren't apparent as a result of the levy's introduction, public trust could be undermined, meaning careful implementation and regular review will be essential. However, if implemented correctly, the levy can contribute toward a market incentive for better quality building work, reducing the need for future remediation and giving buyers greater confidence in safety standards. NFCC recognises the urgent need to increase housing supply, but this must not come at the expense of people's safety. Generating a fund that can contribute towards addressing failures in the built environment could, in turn, reduce barriers to having safety issues remediated.

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

Yes. Developers may adjust pricing strategies to offset levy costs, potentially impacting homebuyers. There is also a risk of liability avoidance behaviours, such as creating subsidiary companies or special purpose vehicles to limit exposure to remediation or levy obligations. This behaviour has been observed in other sectors but appears to have been considered in the drafting and legislative design of the forthcoming Bill.

Additional impacts could include front-loading development to avoid charges, reducing unit sizes to lower liability, or relocating projects to areas with fewer regulatory burdens. There is also a risk that the levy could reduce voluntary remediation efforts if developers view the levy as fulfilling their obligations, and increased lobbying for reliefs or exemptions is likely to become more common. These behaviours could then further affect market dynamics, regulatory compliance, and the quality of new housing in Scotland.

However, as noted above, if implemented correctly, the levy may contribute toward a market incentive for better quality building work, reducing the need for future remediation and giving buyers greater confidence in safety standards.

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

Despite safeguards, the draft legislation may still enable avoidance through the use of special purpose vehicles, manipulation of floor space, or strategic timing of completion certificates. Exemptions could also incentivise the reclassification of developments. Without significant culture change in the sector, the levy risks being seen as a financial workaround rather than a driver of sector-wide accountability.

6. 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?

NFCC welcomes the Government's decision to apply the levy to conversions and upward extensions. However, we do not agree that major refurbishments should be excluded from the levy, even where works result in the same number of parts which are intended to be (or are) used as dwellings (Section 5(a)(ii))), as these works have historically also contributed to the remediation burden and should be held to the same fiscal accountability as new builds/conversions.

NFCC would also highlight that major refurbishments can bring a higher degree of complexity and risk to a building, even when the number of homes in a multi-occupied building does not change, as the works must interface with homes already in use and where different materials and standards of construction have been used. Such works can present significant safety risks, particularly in older Scottish housing stock like tenement buildings, many of which are now facing structural challenges. These projects should be subject to the same financial accountability as new developments. Excluding them may create loopholes, particularly where extensive retrofit or upgrade work is carried out. It also complicates fire safety enforcement, as unit numbers may remain unchanged despite significant interventions. Including major refurbishments and defining them through regulations (Section 6) would ensure clarity, consistency, and flexibility.

There are also issues around liability in relation to major refurbishments, especially where developers open subsidiary companies or special purpose vehicles to be responsible for the refurbishment work. Such companies can then be closed after completion of a project, and the parent company rarely has any ongoing legal liability for the premises or remediation. Including all major refurbishments in multi-occupied buildings within the scope of the levy could mitigate the effects of these liability issues.

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

While NFCC does not hold tax enforcement expertise, it is critical that penalties are sufficiently robust to ensure compliance, balanced against proportionality and fairness. The appeals process must be accessible and transparent to uphold confidence in the levy system.

8. 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?

NFCC is not a developer or levy payer and does not have specific commentary on the cost estimates. However, we emphasise the need for robust modelling to ensure the levy generates sufficient revenue to meet remediation objectives without disproportionately impacting housing supply or affordability.

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

In addition to our suggestion of including major refurbishments within the levy, NFCC would support introducing a requirement for a cost/benefit analysis of reasonable life safety improvements whenever there is a change of use or major refurbishment, ensuring that safety enhancements are considered in proportion to the value of the building works. This could be applied to the entire built environment to help gradually improve safety across building stock over time.

Reporting under the Bill's Section 45 should include measurable outcomes to demonstrate how the levy improves building safety. Funding must be prioritised for the highest-risk buildings to ensure the greatest impact. Regular review should assess regional economic impacts to avoid unintended consequences for housing delivery. A formal stakeholder group should be established to support oversight and fair implementation. The Government should also clarify that payment of the levy does not remove or reduce legal responsibilities under the Fire (Scotland) Act 2005 or the Building (Scotland) Act 2003 in relation to maintaining building safety standards.

As we have said before, the introduction of the levy should be aligned with systemic improvements to building regulations, enforcement, and industry culture change, as highlighted by the Grenfell Tower Inquiry Phase 2 report. A levy alone will not prevent future unsafe construction.