BEFS STATEMENT ON BUILDING SAFETY LEVY (SCOTLAND) BILL FOR THE FINANCE AND PUBLIC ADMINISTRATION COMMITTEE

SUMMARY

BEFS is in principle supportive of a building safety levy and the practical value of the funds raised being available to support remediation of historical and future problems. Certain types of residential new construction should be subject to a levy, but that this should not apply to repair, maintenance, and retrofit as that would disincentivise works. It should be paid by medium and large-scale developments, rather than small scale and local schemes.

The levy should complement other investment streams in support of remediation programmes, and be supported by more investment in data and cross-national sharing of outcomes and learning on levy development and implementation. A robust and responsive regulatory framework is vital. The levy should strongly align with wider policy and strategy for planning and the built environment.

Introduction

Built Environment Forum Scotland (BEFS) is a charity and umbrella body for organisations working in the built environment in Scotland. BEFS is a member-led forum that informs, debates and advocates on the strategic issues, opportunities and challenges facing Scotland's historic and contemporary built environment.

Our members represent the entire sector, from surveying to architecture, archaeology to landscape, and individual buildings to city centre townscapes. BEFS welcomes the opportunity to give evidence to the Finance and Public Administration Committee in response to its call for views on the Building Safety Levy (Scotland) Bill.

A Need for Resources to Deal with Serious Building Defects

BEFS Members and stakeholders are concerned about the discovery of serious defects in Scotland's built environment, including those relating to cladding, that create unacceptable health, safety and fire risks, and dangerous living conditions.

To understand, track, and resolve these defects, it is essential that data and research around new and developing building technologies is comprehensive and robust, to inform any necessary response.

The Committee will be aware that the practicalities of resourcing and delivering the necessary remediation works is a live and challenging discussion for public bodies and the wider built environment sector. The spread and scale of defects, and the major costs involved in undertaking remediation – complicated by challenges in skills capacity, supply chains, rising inflation, and public finance pressures – does not create the conditions for a straightforward resolution.

An appropriate levy on future residential builds is a logical route for setting foundations to protect people from the situation in which defects are discovered years or decades after construction, but public bodies, owners and other stakeholders do not have access to the level of resources required to deal with them.

Exemptions for Small-Scale Developments, and Repair and Maintenance

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. One practical proposal is for a building safety levy to start at a suggested development size of 50 units, and disallowing any splitting of a large development into several small ones.

As the Housing to 2040 strategy notes, there is no single statutory definition of affordable housing in Scotland, and development of a shared understanding would help inform any considerations of exemptions around affordability.

As BEFS argued in our consultation response on the development of the levy, it is vital that repair, maintenance and retrofit works are not included. This will disincentivise retrofit works, at a time in which we need to go sharply in the other direction, to promote more action on retrofit in the climate emergency context, and the urgent need for appropriate adaptation to many of our older buildings to provide warm, comfortable homes, workspaces and civic spaces.

As articulated in our 2026 Manifesto for the Built Environment, BEFS Members are concerned that repair and retrofit works are already disincentivised by the 20% VAT rate that applies, while 0% VAT is charged on new-build housing in Scotland. There are now only certain specific circumstances conditions in which alterations to a listed building qualifies for a 0% VAT rate. Avoiding further discouragement of repair, maintenance and retrofit investment through an additional levy is therefore important.

Wider Policy Alignment and Long-Term Implementation

A levy should take full cognisance of other existing and nascent Scottish legislation to ensure a coherent approach across the wider policy landscape. A consistent framework is essential. Clear and transparent measures must be supported by joined up legislation across Building Standards, the National Planning Framework 4 and any related policies and strategies.

Not enough action is being taken in policy and practice to promote the productive reuse of vacant and derelict buildings and brownfield land, including for housing. Additional efforts on this will reduce the need for new-build residential developments on greenfield sites, and in doing so, will contribute to a wide range of national policy priorities including the housing emergency response, local living, addressing the climate emergency, preserving heritage, and improving health and wellbeing.

BEFS would like to see more investment in data and cross-national sharing of outcomes and learning on levy development and implementation. Regulatory frameworks should catch areas of greatest risk, should have effective checks and balances, and should be sufficient to catch those who don't comply.

The intention to use levy funds complement other investment streams in support of the nationwide Cladding Remediation Programme is welcome. BEFS Members including the Royal Institution of Chartered Surveyors have expressed a desire for this Programme to roll out faster, which the levy may help with. All serious building defects must be dealt with, using the same funding and same mechanism.