

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fourth Delegated Legislation Committee

DRAFT SCOTLAND ACT 1998
(SPECIFICATION OF DEVOLVED TAX)
(BUILDING SAFETY) ORDER 2024

Wednesday 30 October 2024

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The Committee consisted of the following Members:

Chair: DR RUPA HUQ

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|---|---|
| † Akehurst, Luke (<i>North Durham</i>) (Lab) | † McCluskey, Martin (<i>Inverclyde and Renfrewshire West</i>) (Lab) |
| † Cooper, John (<i>Dumfries and Galloway</i>) (Con) | † Mayhew, Jerome (<i>Broadland and Fakenham</i>) (Con) |
| † Craft, Jen (<i>Thurrock</i>) (Lab) | † Mullane, Margaret (<i>Dagenham and Rainham</i>) (Lab) |
| † Cross, Harriet (<i>Gordon and Buchan</i>) (Con) | † Smith, David (<i>North Northumberland</i>) (Lab) |
| † Edwards, Lauren (<i>Rochester and Strood</i>) (Lab) | † Smith, Jeff (<i>Lord Commissioner of His Majesty's Treasury</i>) |
| † Hamilton, Paulette (<i>Birmingham Erdington</i>) (Lab) | † Sullivan, Kirsteen (<i>Bathgate and Linlithgow</i>) (Lab/Co-op) |
| † Jardine, Christine (<i>Edinburgh West</i>) (LD) | † Ward, Melanie (<i>Cowdenbeath and Kirkcaldy</i>) (Lab) |
| † Lamont, John (<i>Berwickshire, Roxburgh and Selkirk</i>) (Con) | Natalia Janiec-Janicki, <i>Committee Clerk</i> |
| † Leishman, Brian (<i>Alloa and Grangemouth</i>) (Lab) | † attended the Committee |
| MacDonald, Mr Angus (<i>Inverness, Skye and West Ross-shire</i>) (LD) | |

Fourth Delegated Legislation Committee

Wednesday 30 October 2024

[DR RUPA HUQ *in the Chair*]

Draft Scotland Act 1998 (Specification of Devolved Tax) (Building Safety) Order 2024

9.25 am

Martin McCluskey (Inverclyde and Renfrewshire West) (Lab): I beg to move,

That the Committee has considered the draft Scotland Act 1998 (Specification of Devolved Tax) (Building Safety) Order 2024.

It is a pleasure to serve under your chairmanship, Dr Huq. I am grateful for the opportunity to debate this order, which is the result of collaborative working between the two Governments and supports the Scottish Government's request last year to devolve powers for the Scottish Parliament to establish a Scottish building safety levy. It also builds on work done by the previous Government before the election.

The order will be made under section 80B of the Scotland Act 1998, which provides for devolving additional tax-raising powers to the Scottish Parliament by way of statutory instrument. Scotland Act orders are a demonstration of devolution in action, and I am pleased to say that the Scotland Office has taken through more than 250 orders since devolution began.

The Grenfell Tower fire was a heartbreaking tragedy that sent shock waves across the UK and overseas. As the Prime Minister said, it was entirely avoidable. It uncovered the fact that many homeowners across the UK lived in buildings with serious fire and building safety defects. Our thoughts today remain with the victims and their families.

The remediation challenge is significant. The Scottish Government estimate that around 49% of high-rise buildings above 18 metres and 10% of those between 11 metres and 18 metres require some level of remediation. That suggests that around 382 buildings above 18 metres and around 500 buildings between 11 metres and 18 metres require remediation; that is close to 900 buildings in total.

The UK and devolved Governments have stepped up and committed public funds to help to remediate life-critical building safety problems. Industry has also assumed its responsibilities and taken ownership of the remediation challenge, but buildings remain for which a responsible party cannot be identified. It would be unfair on the taxpayer for the costs of remediating those buildings to fall on the Government, but it would be unfair on the homeowners for the costs to fall on them.

The order will devolve power to the Scottish Parliament to enable it to legislate for a Scottish building safety levy to fund building safety expenditure in Scotland. The devolved power will be similar to the power of the Secretary of State under section 105 of the Building Act 1984, as amended by the Building Safety Act 2022,

to introduce a building safety levy in England. This follows a request from the Scottish Government last year to devolve such a power. The UK Government will continue to work closely with the Scottish Government, and I am pleased that in this case the Governments have worked together to make sure that this issue can be addressed in Scotland.

9.27 am

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): It is a pleasure to serve with you in the Chair, Dr Huq. I am happy to confirm that the Conservatives support this order. As we heard from the Minister, this order originates in a recognition that both the UK and Scottish Governments face a common challenge in the fixing of historical building safety defects, such as defective cladding. Both Governments have rightly accepted that the housing sector should make a contribution towards the cost of these works.

The last Conservative Government introduced a building safety levy, which applied as a tax on any new residential development in England. The Scottish Government have now made a request for a transfer of powers to allow them to introduce their version of this tax in Scotland. Jointly, both the Scottish and UK Governments consulted on the proposal to devolve the power to create this tax in Scotland.

The order will devolve the power to the Scottish Parliament to legislate for a new Scottish levy on building control approval for properties providing accommodation. Revenues from the levy will be used to fund building safety expenditure in Scotland. I pay tribute to the excellent officials in the Scotland Office who have done all the hard work on this order, much of which was done prior to the general election.

Although I am happy to confirm our support for the order, a number of concerns have been expressed and I would be grateful if the Minister could deal with them. I appreciate that many may be more appropriately answered by the relevant Scottish Government Minister, but I seek reassurances that the new UK Government have discussed and considered these points with the Scottish Administration.

First, is the Minister content that a new levy introduced as a consequence of this order will not have a disproportionate impact on housebuilders that have not built any housing that requires remediation? Is there a risk of double taxation, as property developers already contribute to the residential property developer tax? That may be particularly the case if some developers have already committed to paying for the remediation of buildings that they are responsible for.

Secondly, there are concerns that the introduction of a Scottish building safety levy may increase the price of new properties in Scotland. Is that something that the Minister has considered and consulted on with the Scottish Government? Lastly, some consultation respondents highlighted concerns that the introduction of a Scottish building safety levy would create additional complexity and administrative burden for housebuilders if the rates of the Scottish levy differ from those in England. Will the UK Government keep this under review? What action will they take if variation results in the distorting of the market on either side of the border?

I would be grateful for the Minister's comments on those points, but again I am happy to confirm that the Conservatives support this order.

9.31 am

Martin McCluskey: I thank the shadow Secretary of State for his contribution, and I echo his comments both on the work of officials and on his own work before the election on progressing the order.

It is important to remember that this debate is purely on a constitutional order and the devolution of power to the Scottish Parliament to make a building levy; these decisions will be made by the Scottish Government. Many of the hon. Gentleman's questions would be better answered by a representative of the Scottish Government. He will be aware that there was a joint UK Government-Scottish Government consultation that addressed many of these questions, and it gave us the assurance that there would not be the sort of impact to which he alluded.

On the risk of divergence, there are already proposals for a building levy and a consultation in England. The risk of divergence would be greater were there not to be a building levy in Scotland too. As with a number of these areas, I expect the Scottish Government to keep the effects of this tax under review, but that is a decision for them.

This instrument comes in the year of the 20th anniversary of the Scottish Parliament, which the last Labour Government delivered. It is in this spirit of devolution that this Government set out to reset relationships with the Scottish Government to deliver for the Scottish people. This instrument demonstrates the continued commitment of the UK Government to working with the Scottish Government to deliver for Scotland.

Question put and agreed to.

9.33 am

Committee rose.

