

Accelerating home-building in Scotland

A consultation on incentives and penalties to speed up housing delivery

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1 Context

The Scottish Government is focused on speeding up the delivery of homes across the country. We urgently need to see more homes built, at a faster pace, now and in the years ahead. Scotland's planning system must be an active enabler of the good quality development needed. Our planning system is set up to contribute to addressing the housing emergency, through enabling quality homes as a part of quality places with diversity of tenure.

On 2 September 2025 the Cabinet Secretary for Housing published the [Housing Emergency Action Plan](#). This commits us to four planning actions to accelerate investment in new housing delivery, one of which is to “extend the planning consultation on accelerating build-out of new homes to specifically cover measures for smaller and medium enterprises (SMEs), as well as measures to increase volume of delivery”. This refers to one of the 23 actions in the [Planning and the Housing Emergency Delivery Plan](#), to “identify mechanisms to stimulate the build-out of housing sites with planning permission, in line with a plan-led approach”. Our [Programme for Government 2025](#) noted that this could include land assembly, build-out rates and fiscal measures.

This paper is a starting point for a discussion about possible measures that could be deployed to accelerate the build-out of housing in Scotland. Informed by research in this area, and approaches in other administrations, it sets out a range of options on which we are now seeking views.

Depending on the outcome of this consultation, future action may include primary or secondary legislation. Legislative change will not be feasible until the next session of the Scottish Parliament. Any future actions would be subject to appropriate impact assessment.

A plan-led, infrastructure first approach

National Planning Framework 4 (NPF4) takes a plan-led approach to development. The plan-led approach supports “infrastructure-first” implementation of development and gives greater confidence and certainty to developers and local communities.

It is very important that local development plans (LDPs) are brought forward by planning authorities for each area as soon as possible. We are aware that delays are being projected by some planning authorities, with the preparation and adoption of several LDPs taking longer than anticipated, beyond the May 2028 expectation. We have also heard views from the housebuilding sector that the supply of land for housing is declining in advance of new plans coming forward.

NPF4 policy has been designed to accelerate build-out, with provision for additional land to come forward where it can be demonstrated that delivery is faster than anticipated. New LDPs and their associated delivery programmes are required to set out the pipeline of land and establish a clear path to delivery. [Housing Land Audit Guidance](#) aims to promote a more consistent approach to programming of the land supply.

As per a [joint letter](#) from the Cabinet Secretary for Housing, and Minister for Public Finance, sent to all planning stakeholders on 2 September 2025, Ministers expect an emergency-led focus to be applied to decision making in LDP preparation and on planning applications.

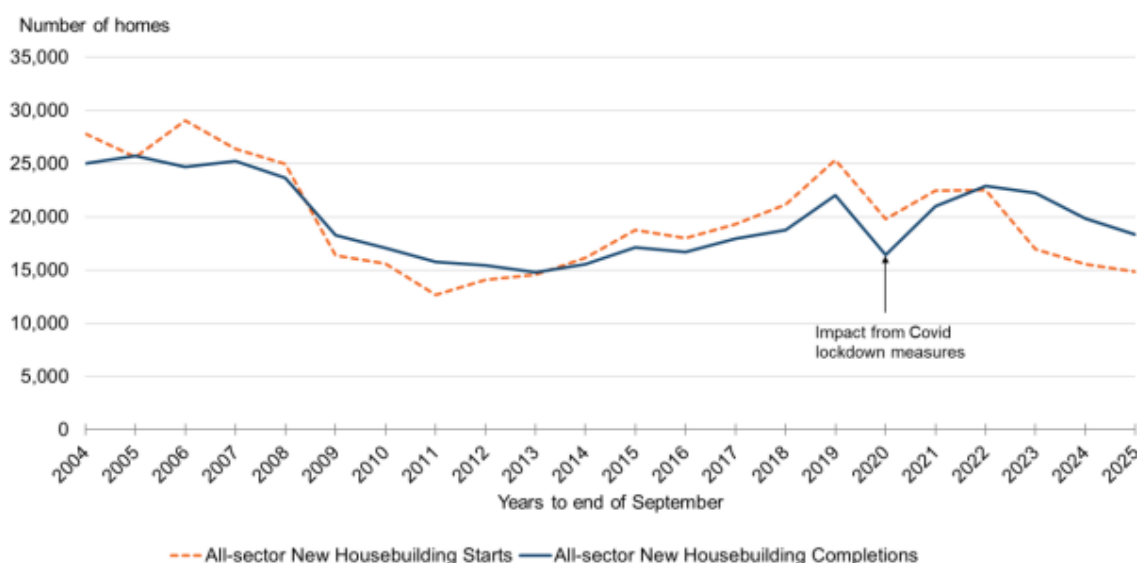
Some industry stakeholders have called for the reintroduction of a “presumption in favour of sustainable development”. [Research undertaken in 2020](#) suggested the number of permissions given where this was a key factor in decision making was limited to between around 5500 to 8000 units over 5 years. Of these it was estimated that just over 1000 homes were built over the same 5 year period. Around half of the permissions granted under the presumption were reported to be located in the Edinburgh City Region, with the remainder in East Dunbartonshire, North Lanarkshire, Falkirk and Stirling. There was also significant debate about the meaning and application of “the presumption”, generating significant delays and absorbing significant time and cost for all parties in the planning system.

In view of this, and given the scale of consented land which is already available, we would need further evidence to be persuaded that introducing an interim policy such as a “presumption” will lead to faster build-out. Delivery of homes, at a faster pace, is our primary objective, rather than adding to the volume of un-implemented permissions.

What is the problem?

Housing completion rates vary over time – [annual data](#) shows that new housebuilding levels returned to pre-COVID-19 levels in 2022-23, with a decline more recently. There were 18,347 homes completed and 14,846 started in the year to the end of September 2025 – a reduction of 8% and 5% respectively from the previous year. Social sector starts and completions particularly reduced during this period, although the private sector homes completed reduced to their lowest level since 2018, and starts were the lowest since 2013.

Chart 1: All Sector new housebuilding starts and completions, 2004 to 2025 (years to the end September)



Source: Housing Statistics for Scotland, Quarterly Update: New Housebuilding and Affordable Housing Supply to end September 2025.

Several factors influence the number of homes which are built each year. Although “planning” can often be cited as the primary reason for delays, following a grant of planning permission significant barriers to delivery often remain.

In mid-2024 we made a high-level estimate that planning permission is in place for at least 164,000 homes which have not yet been built. This is a living pipeline of land, reported in local authority Housing Land Audits, which can be updated as new audits are published. It is a broad estimate which does not take into account or reflect the deliverability, constraints or programming of these sites.

We have noted that housebuilders consider this number to be lower once deliverability is factored in, and in particular whether sites are in the control of housebuilders.

In the meantime we have identified and addressed [stalled housing sites](#), with the support of a Short Life Working Group involving Heads of Planning Scotland, Homes

for Scotland, the Scottish Federation of Housing Associations and the Scottish Property Federation. Members of these organisations asked their members to highlight housing sites which they considered to be stalled – ranging from those where planning permission has not yet been sought, to legacy sites which have had permission in place for some years but which are not progressing.

Strategic actions were identified by the Short Life Working Group to address a range of broad issues where potential action would benefit multiple sites. The issues were found to be fundamental and longstanding in stalling delivery of development sites. They are complex and difficult to resolve rapidly when approached at site level, and there is no one solution to resolve matters for all sites quickly.

This work, together with wider research, has shown that the key factors influencing development rates can be broadly summarised as follows:

- **Absorption rate, viability and business choices:** Sites that are available to housebuilders are often not considered to be viable given costs and market assumptions around returns. Sites in more challenging market areas are particularly affected. As reported by the Competition and Markets Authority (CMA) in 2024, the market “absorption rate” also drives the pace of delivery – in many cases limiting the rate of development significantly. Whilst planning permissions are generally time-limited, once construction has commenced the programme for delivery can be extended. Higher interest rates and inflation in the cost of labour and materials must also be factored into this calculation.
- **Risk and liability for the public sector:** Compounding this, it is reasonable to expect that the more land that has planning permission in place, the more reluctant some local authorities may be to support additional applications, particularly where substantial existing consents are not being built-out. They need to take account of potential additional infrastructure costs and risks to associated resource budgets. Risk appetite, ability to accommodate these pressures and commensurate attitudes to development, varies between authorities.
- **Capacity and motivation of the applicant:** Planning permission may be sought but without clear commitment to progressing development in the foreseeable future. The new approach to LDPs, with a greater focus on deliverability and overcoming constraints to development, may help to address this. In the meantime there appears to be a legacy of land with consent which is not being built out, and with uncertain programming.

The gap between the number of homes being consented, and those which are subsequently built, creates significant inefficiencies for the housing delivery system as a whole. Planning authority resource is used to determine planning applications which may or may not result in homes being built on the ground.

The SME housebuilding sector has made us aware of particular challenges that it faces. The [CMA study into housebuilding across the UK](#) reported a significant drop in the number of active SME housebuilders since the late 1980s.

Industry feedback suggests that the challenges described above can be more acute for businesses operating at a smaller scale, with less geographical spread and therefore resilience to market changes. In addition to this, SME housebuilders are more likely to deliver on more specialist rural and brownfield sites. These types of sites present particular challenges in respect of site preparation and assembly, and mitigation of development impact.

Previous recommendations and potential solutions

This is not a new set of challenges. In 2016 [the Independent Review of the Scottish Planning System](#) made 48 recommendations for improving the planning system, with five specifically focusing on housing delivery. This included setting targets in the NPF, defining “effective” housing land, zoning investment-ready land and mechanisms to assemble land and service sites. Reference was made to land reform, including a land value tax, majority land assembly, compulsory purchase orders (CPO) and compulsory sales orders (CSO). The review also promoted more diverse housing provision through a plan-led approach.

In 2018 the UK Government published the report of an [Independent Review of Build Out](#) (“The Letwin Report”). It found that large sites take on average more than 15 years to develop. The review concluded that the lack of diverse types and tenures of homes limits the “market absorption rate” and therefore the speed of build-out. Recommendations focused on diversifying supply particularly in large sites in high market areas, funding to improve viability, and more powers for local authorities to compulsorily purchase, masterplan, service and develop sites.

The [Scottish Land Commission](#) undertook a [2 year study of land and housing delivery issues](#) and made recommendations for addressing them. These include the use of public land, regeneration zones, land value capture, a new public land agency, and greater transparency on conditional contracts over land, so that sales prices are better understood.

The [Scottish Land Commission has also explored how a public sector-led approach to development could work in practice](#), and recommended measures to facilitate this. These include the need for substantial up-front investment in infrastructure, with public sector participation to secure public benefit. Such investment is recoverable and can assist with cash flow and risk. Examples of this include Bertha Park in Perth and Kinross, where transport infrastructure was delivered upfront through capital investment by the council. The study noted that this approach depends on risk appetite and alternative routes may help to broaden its appeal, such as bonds and guarantees to share risk.

In early 2024, [the CMA reported on a study into housebuilding across the UK](#), to better understand why, and what can be done about “too few houses ...being built, especially in areas in which they are most needed, which is having a negative effect on affordability.” The study found that between 2014 and 2023, the number of homes given planning permission in Scotland annually had increased significantly above the level of completions and assessed overall housing need. The CMA noted that housebuilders tend to build at a rate that is consistent with the local “absorption rates” to sustain a higher price. As well as providing options for streamlining planning, the study suggested that “the Scottish Government may wish to consider reforming the land market or building on existing measures to support increasing build-out rates”. Examples of this were set out, including: more actively progressing land purchase and assembly, setting higher build-out rates in policy, setting build-out rates for housebuilders, together with the use of enforcement powers where rates of build-out are not met.

The UK Collaborative Centre for Housing Evidence (UKCCHE) has also considered challenges with housing delivery, specifically with regard to the Affordable Housing Supply Programme. [Its suggestions](#) include making information on sites more transparent, revisiting land value uplift, CSO and land assembly. UKCCHE also considered a recommendation to require public bodies to identify and release more land, factoring infrastructure costs into land values for councils acquiring land, and potential measures to require developers to sell land if they fail to build out sites by a given date or at an agreed rate.

Finally, in 2025 the UK Government [consulted on a range of measures](#) which could be deployed to speed up build-out of homes. This noted a similar context and set of challenges as outlined above and set out a range of measures including a number focusing on the planning system.

Ongoing measures to support public sector led development

The Scottish Government recently announced its intention to establish a new national housing agency with a focus on simplicity, scale and speed to enable the delivery of housing of all types, helping to meet housing need across Scotland. The agency will work with and complement, rather than cut across, the statutory planning system. While work is ongoing to design the agency, the issues set out in this paper are likely to be relevant to its intended scope and functions.

As set out in the Programme for Government, the Scottish Government is publishing an Action and Implementation Plan, exploring whether there are regulatory barriers to investment and growth across three key sectors, including housing. This is part of our wider commitment to foster a business environment that supports growth, including subjecting forthcoming Scottish Government regulation to scrutiny to ensure that its purpose, content, and timing have regard to potential opportunities and impacts on business and investment.

The Scottish Government is undertaking a comprehensive review of CPO, with a view to proposals being brought forward for legislative change in the next Parliamentary session. We published [proposals for legislative change](#) in the autumn of 2025, and the consultation closed in December. This important tool has the potential to unlock more sites for development, particularly if processes are simplified and made more accessible. The consultation also asks questions on the potential role of CSO to help unlock development potential.

We are also encouraging local authorities to use [Masterplan Consent Areas](#) (MCAs) to promote site assembly and frontload planning consent as an incentive to investment in development. This could also help to drive a more proactive approach to public sector-led development, and we will continue to work with partners to support the early adoption of MCAs across Scotland.

Our work on stalled housing sites has included brokerage at the individual site level. Brokerage involves the Scottish Government bringing parties together to identify why individual sites have stalled, consider options and progress solutions so sites are development ready. Brokerage was offered for 10 sites, with 6 being accepted across 4 authorities.

The impact of all the measures proposed will depend on the appetite and capacity of stakeholders, including planning authorities and industry, to move to a more proactive approach, as well as commitment to working in partnership. Whilst some initiatives are already a key part of ongoing planning reforms and work to improve practice, their impact will extend over years rather than months and will require continuing learning and place leadership to directly facilitate housing delivery.

Initiatives to boost capacity and expertise in planning authorities, including the National Planning Hub and the Planning Skills Commitment Plan are ongoing.

The following section explores options for further action, in addition to these ongoing priorities.

2 Options

The time is right to have an open conversation about the challenges of housing delivery, and for all stakeholders to work together to achieve change.

Having taken into account previous research and current data, we have considered a range of potential incentives and penalties which could be deployed to overcome current barriers to housing delivery:

Option 1: Introduce fiscal measures to tackle inactivity or slow build-out.

Option 2: Monitor build-out rates and intervene where these are unreasonably slow.

Option 3: Reduce procedural time and costs for SME developers.

Option 4: Diversify the housing outputs from deliverable land.

These options are set out below, together with an outline evaluation of their potential deliverability and impact.

Option 1: Introduce fiscal measures to tackle inactivity or slow build-out

Fiscal measures can be used to intervene in the market, to stimulate or speed up delivery where build-out is not progressing at pace.

Relief or supplements to taxes, such as the Scottish Building Safety Levy (SBSL) or Land and Buildings Transaction Tax (LBTT), could be introduced. Offering exemption and/or variation in rates could act as an incentive, in that those charges would be levied either in full or at a higher level unless development is built out to an agreed timeframe. Such measures would also require implementation of a framework to monitor build-out rates.

Other fiscal options could reduce the potential regulatory burden for local authorities. For example, charging Council Tax on all properties in a project after securing planning permission and/or commencing development, whether or not they have been built.

There are also examples from across the UK and Ireland of fiscal measures that act as penalties to influence change.

England

The UK Government has consulted on the introduction of a “[Delayed Homes Penalty](#)” where development is significantly behind scheduled delivery. The overall aim would be to incentivise development at pace.

- The Penalty would apply to sites over a threshold size and only where there is evidence of a developer falling substantially behind a build-out schedule, pre-agreed with the local planning authority.
- Agreement and monitoring of build-out rates would need to be aligned to new transparency measures.
- If a site falls substantially behind the pre-agreed build-out schedule in a given year (to 90% or less of the agreed delivery), then the developer would be required to justify the slower build-out rate to the planning authority. If this cannot be shown to have been caused by an “external factor” – such as unusually severe weather, or unexpected site issues – the developer could become liable for the Delayed Homes Penalty.
- The relevant external factors would be nationally set out in guidance and could be informed by those already used in contracts between Homes England and developers under the “build lease” model.
- If the Delayed Homes Penalty was applied, the relevant party (developer or landowner) would be charged for each home behind the pre-agreed build-out schedule. Penalties could be based on a percentage of the house price, or via reference to local Council Tax rates, given the loss of income that a local authority incurs when homes are not built and occupied at the

expected rate. It was not proposed that this would be applied via the Council Tax system itself.

Ireland

In Ireland, measures have already been introduced in legislation with the goal of tackling an under-supply of housing. The [Vacant Site Levy](#), introduced in 2015, sanctioned holding of land with potential for redevelopment. Local authorities were empowered to raise local taxes (initially 3% of market value, rising to 7%) on sites identified on a register. Sites which had been vacant for 12 months or more and which exceeded 0.05 hectares were within scope of the tax. There were challenges with the implementation of the Levy, including the time and resource required from local authorities for administration.

The 2021 Finance Act in Ireland introduced a taxation measure for sites allocated for housing development – the [Residential Zoned Land Tax](#). This tax replaces the Vacant Land Levy. Its purpose is to activate land which already has planning permission and to deter hoarding of land. Implementation began from 1 February 2025, based on a map which was finalised on 31 January 2025. The key features of the approach are:

- All local authorities are required to identify land which is subject to the tax, including zoned land where there is no clear time for delivery.
- Exemptions to the tax include land requiring significant remediation, with archaeological remains, land to be used for infrastructure or facilities, derelict land, or land required for the operation of a business. Land must also be serviced by a range of defined infrastructure to be included.
- Landowners can also apply for deferral for a year after planning permission has been granted.
- An online portal sets out the areas affected and landowners had opportunities to comment on the inclusion of their land as the maps were prepared. This has involved significant investment of time to assemble the sites which will be subject to the tax.
- The legislation will be reviewed annually to allow for iteration based on learning.
- The tax has been set at 3% of market value and rebates are available where development commences.
- A key advantage of this approach is that it distinguishes between landowners and developers, with former being liable for charges, and therefore viewing this as a driver to move land with permission into the hands of delivery partners.

Wales

The Welsh Government is exploring options for introducing a vacant land tax following a wider programme of public engagement on tax reform. The purpose of the tax would be to incentivise delivery of new housing on land identified as suitable for development. Welsh Government research into [stalled sites](#), published in March 2020, considered the potential of taxation as a policy lever to bring forward development in response to housing need. The Welsh Government is currently engaging with the UK Government to seek competence for the Senedd to introduce a tax of this nature. On completion of this, the policy framework for the tax would be developed with stakeholders, and subject to consultation.

What would need to change?

No powers exist for similar schemes in Scotland at present and devolved scope for taxation is limited.

Mechanisms to financially stimulate faster build-out rates could include:

- Applying a relief or supplement to taxes such as the Scottish Building Safety Levy (SBSL) or Land and Buildings Transaction Tax (LBTT) where development is, or is not, built out to an agreed timeframe.
- Applying a tax on land which is allocated in LDPs, but which has not been brought forward in a planning application as per the programming submitted when the LDP and its Delivery Programme were being prepared. Consideration will need to be given to sites where there is no clear route to delivery or commitment to programming.
- Applying a tax on sites which have planning permission, but where there is no activity on site or progress is evidenced to be unreasonably slow.

Creating a new tax would bring challenges such as calculating the value to which the tax would apply. Further, a tax cannot be adjusted on a case by case basis to achieve a policy objective. The need for a tax to apply consistently and equitably has potential to exacerbate challenges associated with an individual parcel of land that is within scope of the tax.

Our priority is to stimulate build-out rather than raise revenue. A tax, rather than a penalty (as per the UK Government Delayed Homes Penalty), may be more conducive to this as there is a process for new tax development while a penalty would require associated obligations to be put in place.

There is potential for income from any such tax to be recycled and used to fund infrastructure and other interventions to de-risk sites, improve viability and therefore speed up build-out. A successful outcome however, would not be measured by income generated but by the rate at which build-out is accelerated, and a wider availability of appropriate development sites to delivery partners.

Deliverability and impact

These options would take some time to develop further and implement through legislative change.

The Scottish Government has powers to introduce a local tax through primary legislation. Responsibility for implementing and administering a local tax would lie with local authorities, and revenues must be used for local authority expenditure. We would need to work closely with local authorities and CoSLA if there were to be agreement to take this option forward. To introduce a new national tax, additional competence must be obtained from the UK Government and Parliament, meaning that this approach could take longer to implement than a local tax.

As noted above, there would be complexities associated with legislation.

Local authorities would play a key role in implementation of such a measure in their capacity both as planning authorities and tax authorities. The effectiveness of any new measures would depend on further collaborative investment in skills and capacity, clear legislative provisions and significant, detailed supporting guidance and advice.

Other potential consequences include:

- Liability that planning permission would impose on landowners.
- Potential for blight arising from allocation in LDPs.
- Potential requirements for the land to be purchased by the authority where an owner is unwilling or unable to comply.
- Possibility of requiring consent from a landowner for a third party to allocate their land in an LDP, or to apply for planning permission on their land.
- Possibility of disincentivising landowners from bringing forward sites for inclusion in LDPs or for planning permission.

With reference to the above any approach would require careful design to avoid unintended consequences.

Consultation Questions

Question 1: Could fiscal incentives offering relief to other charges help to accelerate build-out rates? Yes/No/Unsure. Please explain your answer.

(a) Which charges / taxes / levies could the incentives be applied to? Please explain your answer.

(b) Should relief be in the form of full exemptions or variable rates? Full exemptions / variable rates. Please explain your answer.

(c) Could a tax impact differently on different types of land owners? Please explain your answer.

(d) Please provide any evidence of how fiscal measures linked to other charges would impact development finance to influence build-out rates.

Question 2: Should we introduce a tax on sites which have been allocated for residential development and/or have permission for homes, but are not being built out as expected, as set out in option 1? Yes/No/Unsure. Please explain your answer.

(a) Should this apply to allocated sites, sites with permission, or both? Allocated sites/Sites with permission/Both. Please explain your answer.

(b) How should the tax be calculated? Please explain your answer.

(c) Who should be required to pay the tax? Please explain your answer.

(d) Should the tax operate as a local or a national tax? Local tax/national tax. Please explain your answer.

(e) How should any income be used? Please explain your answer.

(f) Please provide any evidence of how a tax connected to sites allocated or permitted not being built out would influence build-out rates.

Option 2: Monitor build-out rates and intervene where these are unreasonably slow

The [CMA suggested](#) a more interventionist approach to define and enforce progress on delivering development on sites. A “use it or lose it” approach to planning consent could be taken to stimulate delivery.

In England, the Levelling-up and Regeneration Act 2023 introduced provisions for this:

- Section 111 of the Act amends the Town and Country Planning Act 1990 to introduce development commencement notices to be provided by the developer, with powers for planning authorities to serve notices to require the information to be provided.
- Section 112 covers completion notices, which can be served by planning authorities where they are of the opinion that the development will not be completed within a reasonable period. A deadline for completion can be set, at least 12 months from the serving of the notice. Notices are served on the owner/occupier of the land, and any other persons materially affected. Provisions are also made for appealing against any notice. Where developers do not complete their development in a reasonable time, the planning permission will cease.

- Section 113 provides a power to decline to determine applications made by those who the planning authority considers to be developing an earlier development at an unreasonably slow pace, taking into account the relevant commencement and completion notices.
- Section 114 includes a requirement for an annual development progress report by developers to planning authorities.

The UK Government has consulted on the technical detail for implementing these provisions.

In 2021 the [UK Housing, Communities and Local Government Select Committee](#) proposed an alternative approach: Work on site should commence within 18 months of planning conditions being discharged. If work did not then progress to the satisfaction of the planning authority, then the planning permission could be revoked. This proposal was not taken forward.

What would need to change?

In Scotland, developers are already required to submit notices of initiation and completion of developments to planning authorities. Planning permission lapses if a development is not commenced within the specified period. Planning authorities can also serve a completion notice:

- When a development has been commenced but has not been completed within the period when the permission would otherwise have lapsed. Or,
- When the authority is of the opinion that the development will not be completed within a reasonable period.

The recipient of the notice (owner or occupier of the land) can object to the notice. Where there are objections, the notice has to be confirmed by the Scottish Ministers to have effect, and the process for this was streamlined by the Planning (Scotland) Act 2019.

Notices of initiation and completion can be a useful tool for planning authorities in pursuing the delivery of development or in clarifying the likelihood of future development. They could also improve understanding of constraints applying to other sites in the area, potentially freeing them up for permission and development.

Current use of this tool in Scotland appears to be very limited, however. There may be scope to encourage greater use of existing powers, for example through guidance.

Current powers also have limitations:

- Completion notices only apply to the part of the development which has not been delivered and there is therefore a risk of leaving a site half finished.
- Serving a notice on a developer will not overcome all barriers to delivery, for example, the ability to fund a development.

The core purpose and preferred outcome of the completion notice is to achieve completion, rather than to remove consent – to “use it” rather than to “lose it”.

Legislation could be brought forward to take existing provisions further and extend authorities’ powers to proactively manage the pipeline of deliverable housing land. Additional measures could include:

- Extending reporting requirements, to require a build-out statement/ schedule and annual reporting of development progress (a “development progress report”) to planning authorities. This could support preparation, or review of housing land audits and LDP delivery programmes.
- Linking these powers to cease planning permissions after an agreed or national fixed deadline, or where the planning authority considers progress to be unreasonable.

Deliverability and impact

Views vary on the potential effectiveness of completion notices in stimulating build-out of sites. Given the range of barriers to development delivery such as development costs, site complexities and infrastructure provision, reasonable-ness may be a difficult test to meet.

Primary and/or secondary legislation would be required if we were to introduce similar provisions to those in the Levelling-up and Regeneration Act, as outlined above. Any such proposals for Scotland would therefore take some time to introduce. A number of questions would require further consideration, including:

- Who should be penalised for non-compliance, the landowner or the developer?
- How should a change of ownership be handled, for example with regard to enforcement?
- Would there be a need for owners to consent to the submission of planning applications, given subsequent liabilities?
- Compliance with human rights legislation.

These provisions could, at least in principle, reduce the time spent by planning authorities on determining applications for homes which are not going to be delivered. However, increased time and resource may be required to more actively manage completion rates, and administer fuller reporting and associated enforcement measures.

Consultation Question

Question 3: Should we bring forward powers for reporting on development progress and powers to intervene where it is considered to be unreasonably slow, as set out in option 2? Yes/No/Unsure. Please explain your answer.

(a) Should this include creating a legal framework for reporting on development progress? Yes/No/Unsure. Please explain your answer.

(b) Should there be a power for planning permission to be revoked, without compensation being payable, where reporting demonstrates that progress is unreasonably slow? Yes/No/Unsure. Please explain your answer.

(c) How would the pace of development be set and agreed – for example how would reasonable-ness be measured? Please explain your answer.

(d) Please provide any evidence of how reporting on development progress would influence build-out rates.

Option 3: Reduce procedural time and costs for SME developers

The cost of building has gone up, and feedback from industry has told us that this has impacted on the ability of SME developers in particular to bring projects forward to delivery.

These costs include acquiring necessary consents through the planning system and associated consenting systems. Timescales and levels of information required at the pre-development stage therefore contribute to development costs. The processes in place to support good placemaking can be complex, and planning applications are decided on the basis of the merit of the proposals, not who the applicant is. As a result, processes can create a barrier for SMEs in particular.

The Housing Investment Task Force set out [recommendations to support investment in new homes](#), including fast-tracking decisions. Simplifying requirements for small development sites could help to de-risk sites which are of more interest to smaller scale developers.

The UK Government [consulted in May 2025 on reforming site thresholds](#). The aim of this was to simplify planning requirements for the smallest sites and to extend this to medium sized sites, with a view to targeting benefits on SME developers. The consultation distinguishes between medium-sized, small sites and very small sites, and proposes a new rules based approach to the latter, as well as template design codes and digital tools. It also proposes more consistent delegation of decisions. A new “medium” category of 10-49 homes is exempt from simplified biodiversity net gain rules and the Building Safety Levy. The impact of these measures has yet to be seen in practice.

What would need to change?

A culture of proportionality in the planning system brings benefits across all sectors and will particularly assist in minimising risks for smaller companies in progressing development. Work carried out by the Proportionality of Assessment Short Life Working Group looked at ways to avoid unnecessary costs and delays, which have particular potential to impact the viability of proposals on smaller sites.

To some extent in Scotland, national planning policy in NPF4 already includes varying requirements. For example, Policy 3 on biodiversity differentiates between information required for householder, local and major applications. The vast majority of applications are also already delegated to officers for decisions.

There is potential to use legislation to further refine the development hierarchy in order to draw out the specific circumstances in which the planning process for smaller sites could be varied.

Within this hierarchy, on smaller sites a range of measures could be deployed. For example:

- Building a process through legislation for fast-tracking applications on smaller sites.

- Reviewing and further rationalising requirements in NPF4 for smaller sites to allow developers to bring forward applications more quickly and at a lower cost. Alternatively, a rules-based policy could sit alongside NPF4, setting out a simplified set of policy tests for very small and small sites to meet.
- Advice could be provided on planning application information requirements, setting clearer and more streamlined expectations nationally.

This option has connections to Option 4 on diversifying output from larger housing sites.

Deliverability and impact

This option would take some time to develop further and implement through legislative change.

Creating more categories in the hierarchy of development would open the possibility of a variety of tailored policy and guidance approaches for smaller sites, as outlined above.

The vast majority of applications are also already delegated to officers for decisions. Impact would likely therefore be dependent on changes in information requirements for smaller sites, driven by policy changes that would also need to be consulted upon and impact assessed.

Consultation Question

Question 4: Should we bring forward legislation to amend the development hierarchy, to enable us to introduce more streamlined planning processes on planning applications for smaller sites, as outlined in option 3? Yes/No/Unsure. Please explain your answer.

(a) How many categories should be defined by the development hierarchy, and what size of development should these cover? For example, four categories that define major, medium, small and very small developments?

(b) What are your views on, and do you have any evidence relevant to whether creating more categories in the development hierarchy might have an overall effect of speeding up or slowing down build-out of housing?

(c) What are your views on whether we should review and rationalise policy requirements for smaller housing sites, or introduce a new rules based policy for smaller housing sites?

(d) Do you think that further advice on planning application information requirements would support faster delivery of housing on smaller sites? Yes/No/Unsure. Please explain your answer.

(e) Do you think there are any further options that creating more categories in the development hierarchy might open up, further to those outlined in option 3? Yes/No/Unsure. Please explain your answer.

(f) Do you think that this measure would have any particular benefits for SME housebuilders? Yes/No/Unsure. Please explain your answer.

Option 4: Diversify outputs from deliverable land

[The Letwin Report](#) responded to [analysis of build-out in England](#) which concluded that “the homogeneity of the types and tenures of the homes on offer on [large] sites, and the limits on the rate at which the market will absorb such homogenous products are the fundamental drivers of the slow rate of build-out”. The report proposes that by creating a mix of homes and tenures on larger sites, targeted at a variety of preferences and affordability levels, the rate at which these sites are built out could be accelerated.

The UK Government, as part of a package of measures in its [Speeding Up Build Out consultation](#), proposed setting thresholds for larger developments, above which development would be required to be mixed tenure. This would require housebuilders to work in delivery partnerships on larger sites, creating resilience to market changes. The UK Government consulted on what the site threshold would be, ranging from 500 units to 1500 units.

NPF4 already encourages a mix of housing types and this is reflected in guidance for LDPs. NPF4 policy 16 requires LDPs across all areas to take account of diverse needs and delivery models. Policy 16 also gives support to proposals for new homes that improve affordability and choice by being adaptable to changing and diverse needs, and which address identified gaps in provision.

It is existing practice in some cases for larger sites to be delivered by a range of partners offering a range of housing types. MCAs provide a vehicle for planning authorities to take the lead in masterplanning and proactively consenting larger sites, and working collaboratively with a range of delivery partners to implement them. There is scope to take this practice further, with particular reference to alternative models of delivery such as build-to-rent, off-site construction, and custom build.

What would need to change?

There may be scope to develop existing NPF4 requirements further to shape how sites are appraised and selected for allocation in LDPs, and how delivery expectations are then specified. The goal would be to ensure that new LDPs allocate sites to accommodate as wide a range as possible of sizes, types and tenures of development. This could be implemented through new guidance, sharing of good practice and continued collaboration with industry and wider stakeholders.

Linked to Option 3, creating further categories in the development hierarchy, we could legislate to require sites above a fixed threshold to offer a diversity of housing types and tenures. This would likely require a combination of primary and secondary legislation.

If a threshold approach were to be taken, as in England, it would need to reflect differing circumstances across Scotland.

Deliverability and impact

Promoting increased diversity in the types and tenures of housing provided on larger sites would be attractive to a wider range of people looking for homes, thereby improving the rate at which available homes are taken up (sold / rented). This has potential to increase the rate of output, by having an impact on industry decisions about the pace of housing delivery.

There may be limits to the level of impact that this intervention would have given other drivers of commercial decisions, including the wider market and economic context, the cost and availability of labour and materials, and the need for continuing innovation by industry.

Guidance and sharing of good practice could be prepared in a fairly short timescale. It would be important to avoid creating new requirements for the LDP preparation process that could trigger delays to the adoption of these plans.

Creating requirements for sites above a threshold size to include a range of housing sizes, types and tenures (for example, build to rent, purpose built student accommodation, low cost home ownership) would require legislation. This option would therefore take some time to implement.

Consultation Question

Question 5: Do you think that encouraging more diverse housing outputs across the pipeline of deliverable housing land would increase the pace of build-out? Yes/No/Unsure. Please explain your answer.

(a) Should we use legislation to require a diversity of housing types and tenures on sites above a certain threshold? Yes/No/Unsure. Please explain your answer.

(b) Do you think that this measure would have any particular benefits for SME housebuilders? Yes/No/Unsure. Please explain your answer.

(c) Please provide any evidence of how increasing diversity would influence build-out rates.

3 Consultation Questions

Option 1: Introduce fiscal measures to tackle inactivity or slow build-out.

- 1) Could fiscal incentives offering relief to other charges help to accelerate build-out rates? Yes/No/Unsure. Please explain your answer.
 - a) Which charges / taxes / levies could the incentives be applied to? Please explain your answer.
 - b) Should relief be in the form of full exemptions or variable rates? Full exemptions / variable rates. Please explain your answer.
 - c) Could a tax impact differently on different types of land owners? Please explain your answer.
 - d) Please provide any evidence of how fiscal measures linked to other charges would impact development finance to influence built out rates.
- 2) Should we introduce a tax on sites which have been allocated for residential development and/or have permission for homes, but are not being built out as expected, as set out in option 1? Yes/No/Unsure. Please explain your answer.
 - a) Should this apply to allocated sites, sites with permission, or both? Allocated sites/Sites with permission/Both. Please explain your answer.
 - b) How should the tax be calculated? Please explain your answer.
 - c) Who should be required to pay the tax? Please explain your answer.
 - d) Should the tax operate as a local or a national tax? Local tax/national tax. Please explain your answer.
 - e) How should any income be used? Please explain your answer.
 - f) Please provide any evidence of how a tax connected to sites allocated or permitted not being built out would influence build-out rates.

Option 2: Monitor build-out rates and intervene where these are unreasonably slow.

- 3) Should we bring forward powers for reporting on development progress and powers to intervene where it is considered to be unreasonably slow, as set out in option 2? Yes/No/Unsure. Please explain your answer.
 - a) Should this include creating a legal framework for reporting on development progress? Yes/No/Unsure. Please explain your answer.
 - b) Should there be a power for planning permission to be revoked, without compensation being payable, where reporting demonstrates that progress is unreasonably slow? Yes/No/Unsure. Please explain your answer.

- c) How would the pace of development be set and agreed – for example how would reasonable-ness be measured? Please explain your answer.
- d) Please provide any evidence of how reporting on development progress would influence build-out rates.

Option 3: Reduce procedural time and costs for SME developers.

- 4) Should we bring forward legislation to amend the development hierarchy, to enable us to introduce more streamlined planning processes on planning applications for smaller sites, as outlined in option 3? Yes/No/Unsure. Please explain your answer.
 - a) How many categories should be defined by the development hierarchy, and what size of development should these cover? For example, four categories, that define major, medium, small and very small developments.
 - b) What are your views on, and do you have any evidence relevant to whether creating more categories in the development hierarchy might have an overall effect of speeding up or slowing down build-out of housing?
 - c) What are your views on whether we should review and rationalise policy requirements for smaller housing sites, or introduce a new rules based policy for smaller housing sites?
 - d) Do you think that further advice on planning application information requirements would support faster delivery of housing on smaller sites? Yes/No/Unsure. Please explain your answer.
 - e) Do you think there are any further options that creating more categories in the development hierarchy might open up, further to those outlined in option 3? Yes/No/Unsure. Please explain your answer.
 - f) Do you think that this measure would have any particular benefits for SME housebuilders? Yes/No/Unsure. Please explain your answer.

Option 4: Diversify the output from deliverable land.

- 5) Do you think that encouraging more diverse housing outputs across the pipeline of deliverable housing land would increase the pace of build-out? Yes / No / Unsure. Please explain your answer.
 - a) Should we use legislation to require a diversity of housing types and tenures on sites above a certain threshold? Yes/No/Unsure. Please explain your answer.
 - b) Do you think that this measure would have any particular benefits for SME housebuilders? Yes/No/Unsure. Please explain your answer.
 - c) Please provide any evidence of how increasing diversity would influence build-out rates.

Further options

- 6) Do you have any other suggestions for measures which could use levers available, or which could be put in place through the planning system, to deliver more homes at pace?
 - a) Please provide any evidence of how these potential measures would influence build-out rates.

Annex A

Summary of the four consultation options

Option 1: Introduce fiscal measures to tackle inactivity or slow build-out.

- Applying a relief or supplement to taxes such as the Scottish Building Safety Levy (SBSL) or Land and Buildings Transaction Tax (LBTT) where development is, or is not, built out to an agreed timeframe.
- Applying a tax on land which is allocated in LDPs, but which has not been brought forward in a planning application as per the programming submitted when the LDP and its Delivery Programme were being prepared. Consideration will need to be given to sites where there is no clear route to delivery or commitment to programming.
- Applying a tax on sites which have planning permission, but where there is no activity on site or progress is evidenced to be unreasonably slow.

Option 2: Monitor build-out rates and intervene where these are unreasonably slow.

- Extend existing reporting requirements, to require a build-out statement/schedule and annual reporting of development progress (a “development progress report”) to planning authorities. This could support preparation, or review of housing land audits and LDP delivery programmes.
- Link these powers to cease planning permissions after an agreed or national fixed deadline, or where the planning authority considers progress to be unreasonable.

Option 3: Reduce procedural time and costs for SME developers.

- Enable application of a clearer proportionality framework, and reduce procedural time and costs for SME developers. This would involve increasing the granularity of the development hierarchy in order to draw out the specific circumstances in which the planning process for smaller sites could be varied.
- On smaller sites a range of measures could be deployed. For example:
 - Building a process, through legislation, for fast-tracking applications on smaller sites.
 - Reviewing and rationalising requirements in policy for smaller sites to allow developers to bring forward applications more quickly and at a lower cost. A rules based policy could sit alongside NPF4, setting out a simplified set of policy tests for very small and small sites to meet.
 - Advice could be provided on planning application information requirements, setting clearer and more streamlined expectations nationally.

Option 4: Diversify the housing outputs from deliverable land.

- Develop existing policy requirements to shape how sites are appraised and selected for allocation in LDPs, and how delivery expectations regarding diversity of housing type and tenure are then specified.
- Require a diversity of housing types and tenures on sites above a fixed size threshold.

Responding to this consultation

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space. Access and respond to this consultation online at [Accelerating home-building in Scotland](#). You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date.

If you are unable to respond using our consultation hub, please complete and send the Respondent Information Form to:

Directorate for Planning, Architecture and Regeneration

Scottish Government

2F South

Victoria Quay

Edinburgh, EH6 6QQ

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form provided alongside this document.

To find out how we handle your personal data you can view the privacy policy here:

[Privacy - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at Citizen Space. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or email above.

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: Citizen Space. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



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