

BECOMING A SMALL HOUSING DEVELOPER: ADVICE AND GUIDANCE FROM OTHERS IN THE NEW HOMES INDUSTRY

Second Edition



openreach

This guide aims to be a source of help and guidance for all new and prospective small developers. It brings together tips and advice from experienced people in the industry and runs through some of the key steps and processes that underpin housing development projects. It is not intended to be a complete guide or a source of technical knowledge. Instead, it aims to provide an overview packed with helpful advice and signposts to further information.

“Housebuilding is a wonderful and rewarding industry to be a part of, and a vital one for the UK’s economy.”



Forewords

Having served as Chair of the FMB for the past two years, I am proud that we have kept this guide alive and updated for the challenges of today's housing landscape. The original concept was born during my time chairing the Construction Leadership Council (CLC) SME Housing Subgroup, and I would like to thank the coalition of small developers for once again coming together to shape this refreshed edition so we can continue encouraging the next generation into the world of housebuilding.

Small house builders are the backbone of Britain's construction industry. They deliver homes that fit naturally into local communities, provide apprenticeships and jobs, and keep investment rooted where it is needed most - in the local economy. However, with the country experiencing a housing crisis, with delivery levels still low, that requires urgent action and a much-needed resurgence in the nations' local housebuilders.

Over recent decades, the contribution of SMEs to housebuilding has diminished, even though their role has never been more vital. There's nothing more disappointing to me than seeing the decline of small housebuilders in the UK. Back in the late 1980s, small builders delivered over 40% of new homes in this country. Today, that figure has fallen to less than 9%. That's a sign that something has gone badly wrong.



This guide has been created by small and micro developers, for those looking to take their first steps into small-scale housing development. Written in plain English with no jargon, it breaks the whole development process down into clear, practical stages - from site finding and planning to construction and sales. This edition sets out the fundamentals: from finding land and securing finance through to navigating planning, building regulations and sales. It also reflects the sector's changing priorities, with advice on modern methods of construction, digitalisation, sustainability and zero-carbon requirements.

I would like to thank all those who contributed their expertise to this edition, and the Federation of Master Builders for supporting its delivery. I also extend my deepest gratitude to United Trust Bank and Openreach for backing this work and helping us to ensure that Britain's next generation of housebuilders have the tools they need to succeed. If we want a thriving, diverse, and resilient housing sector in this country, we need small builders back in the game, this guide is here to help make that happen.

Chris Carr

FMB Immediate Past President

"Small house builders are the backbone of Britain's construction industry. They deliver homes that fit naturally into local communities, provide apprenticeships and jobs, and keep investment rooted where it is needed most - in the local economy."

When I first started The Hill Group from a small lock-up in Dagenham (to give us a London phone code!), I couldn't have imagined that more than 25 years later we'd be delivering thousands of homes a year and counted among the UK's top ten housebuilders. My ambition back then wasn't to create a £1-billion business. With more than two decades of housebuilding behind me, I saw an opportunity to do things differently: to put people and quality first, and to work in partnership to achieve the best outcomes. Like many SMEs, our beginnings were modest, and the road wasn't always straightforward. But with every development, every hire, and every relationship, momentum grew.

That's why I welcome this SME Guide. It highlights just how vital small and medium-sized developers are to the health and diversity of our industry. We are in the midst of major housing challenges, and while volume housebuilders have their role, it is the smaller developers who bring the agility and ambition to unlock new sites and build the homes that are so urgently needed. The delivery and variety of those projects can provide an incredible springboard for success.

If you back yourself, stay true to your values, and surround yourself with the right people, you can achieve remarkable things. Hill's journey has been built on doing good work, investing in people, and building lasting partnerships. We've doubled turnover roughly every five years, but our values remained the same as we progressed from modest contracting jobs to major joint ventures and regeneration projects across the UK. I'm confident many reading this guide can follow a similar path.



Housebuilding is a wonderful and rewarding industry to be a part of, and a vital one for the UK's economy. With each new project, large or small, we provide new homes, enhance the local community and bring employment opportunities to the region. It's also a supportive sector filled with professionals who are happy to share their expertise, as you will see in these pages. There will always be the need and the opportunity for smaller developers to thrive. If The Hill Group can achieve what we have today, then so can you.

Andy Hill OBE

Founder and Group Chief Executive,
The Hill Group

"My ambition back then wasn't to create a £1-billion business. With more than two decades of housebuilding behind me, I saw an opportunity to do things differently: to put people and quality first, and to work in partnership to achieve the best outcomes."

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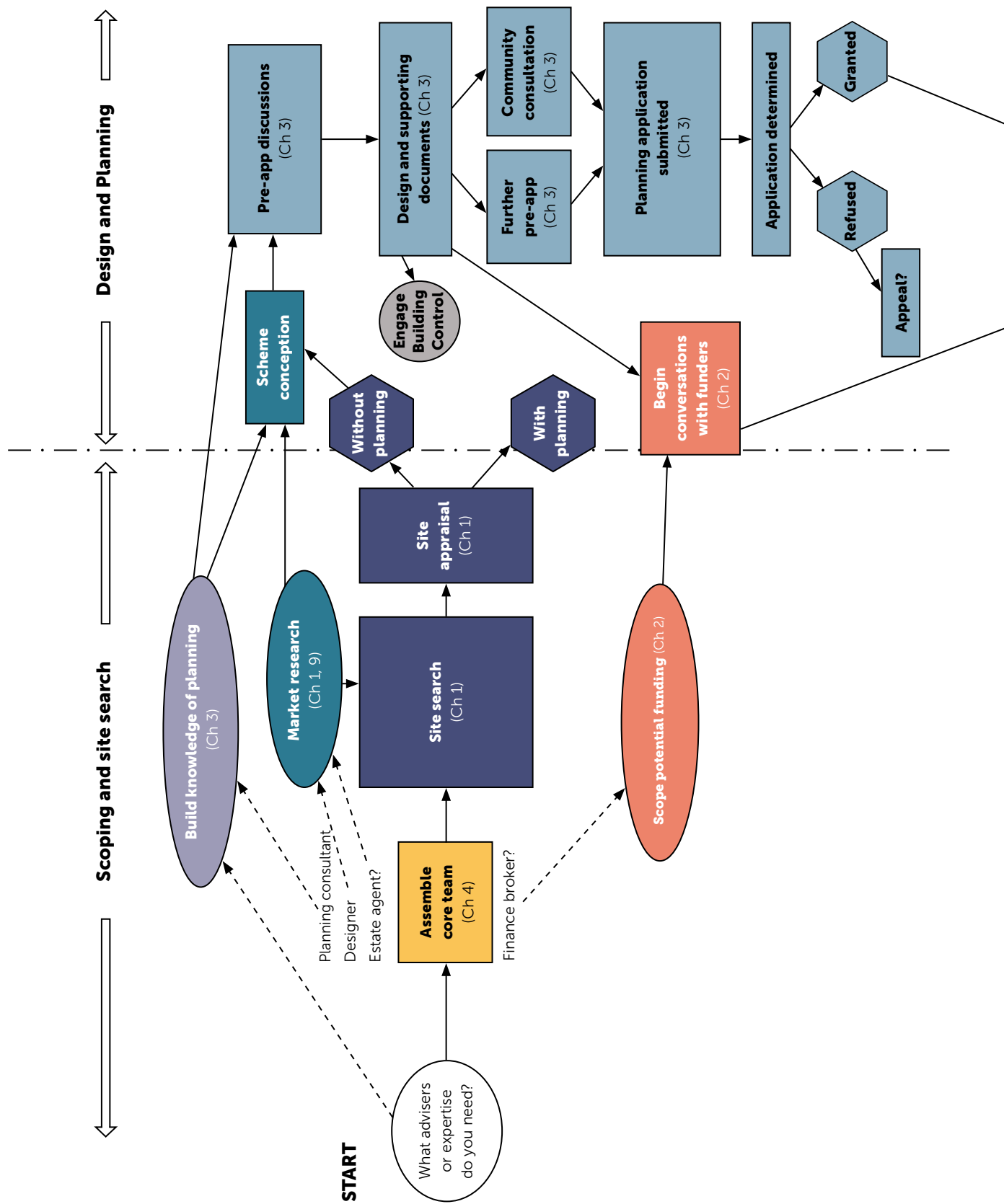
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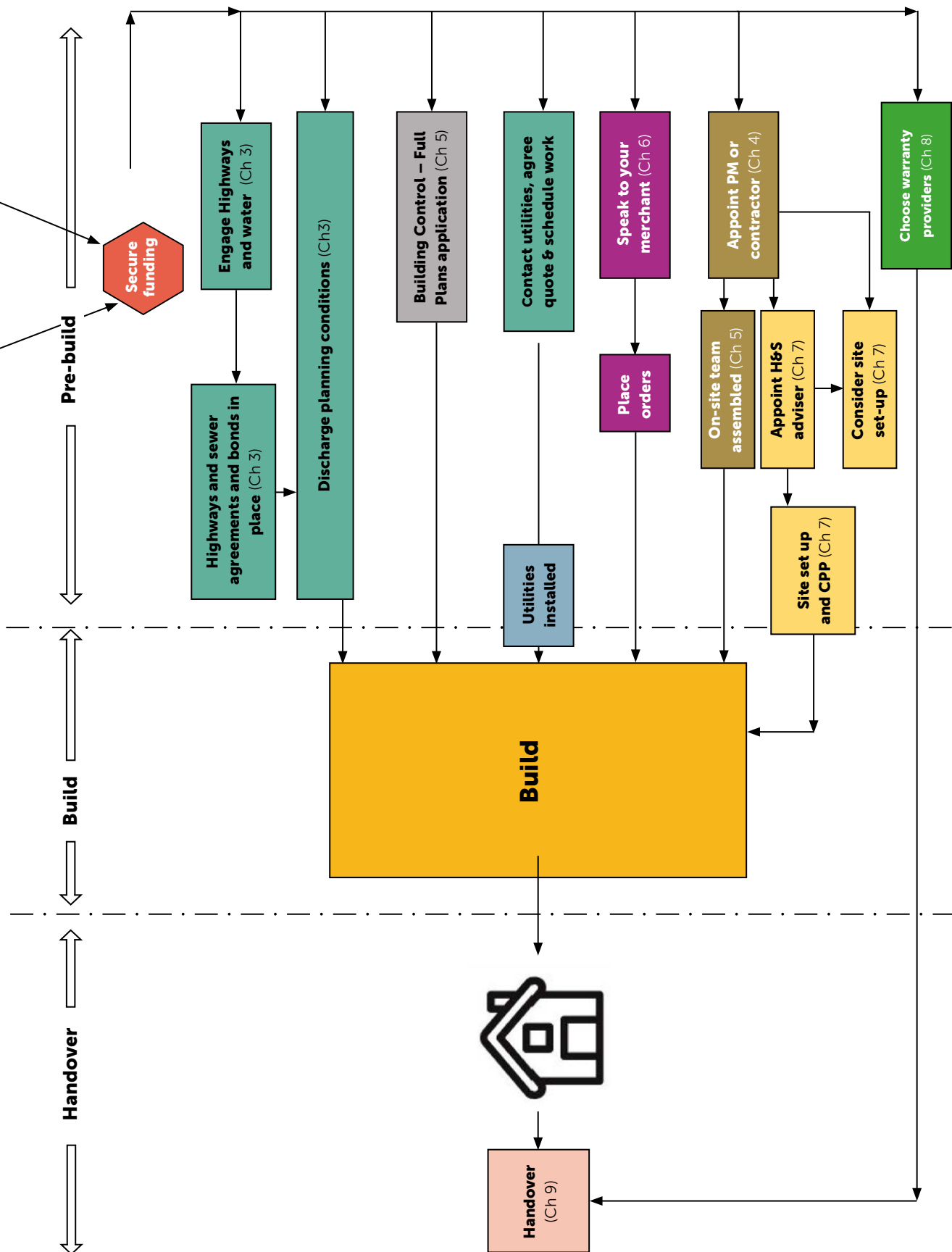
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Section 1: Fundamentals



1: Land

For small developers, finding suitable sites of the size, location and type they are looking for can often be one of the biggest challenges they face.¹ This chapter sets out the key means that most small developers rely on to do this and passes on some advice from established developers.



Key sources of information and tools

- **Local estate agents** – local agents can often be the most efficient route for SME developers to find suitable sites. Be aware that different agents will be specialists in different types of sites. You need those with a good understanding of the new homes market, and high street estate agents might not always be those with specialist knowledge of the types of sites you're looking for.
- **Local landowners** – direct approaches to local landowners, whether in writing or through networked introductions, can be a highly effective means of opening up conversations about current or future opportunities.
- **Map search** – a standard tool used by those looking for small sites to develop. Through Google Earth and other platforms, you can identify potential sites for development, then check against the Land Registry to establish who the owners are and assess a site against local planning policy.
- **Local land availability assessments** – a strategic housing land availability assessment (often referred to as SHLAA in England) is a process undertaken by local planning authorities to map out the quantity and suitability of land on which new housing might be delivered. These can be a valuable source of intelligence, though the very smallest sites (e.g. less than 0.25 hectares) will often not appear in these.
- **Brownfield registers** – all local authorities in England are required to maintain a register of brownfield land appropriate for residential development. These are worth being aware of, though sites of less than 0.25 hectares may not be included, and sites included are likely to be sites that other developers have passed up on for various reasons.



Advice from established developers

1. **Consider starting with 'oven-ready' sites** – when starting-up as a developer it is worth considering buying so-called 'oven ready' sites that already have planning permission, have limited conditions to discharge and that you may be able to start building on immediately. This route minimises your risks and gives you the fastest return on your capital, while you are building up experience and funds.
2. **Register with local agents** – you should speak with and register your details with all local agents. Make yourself known to them, make clear the types of sites you're interested in and that you have the funds to purchase.
3. **Find ways to establish your credibility** – before approaching landowners it is worth considering how you can signal your credentials and credibility. A professional website, business cards and company letterhead can be helpful in this.

1 In the [FMB House Builders Survey 2024](#), 'lack of viable land' (61% of respondents) and 'lack of available land' (57%) were respectively the second and third most often identified constraints on the ability of SME house builders to expand their output of new homes.

- 4. Make full use of local networks** – your local networks can be useful in this regard and many others. Expand your networks (e.g. through joining business networking groups) and use them to put the word out about the type of sites you're looking for.
- 5. Maximise your options** – different sites will have different timelines, and you should look to create a pipeline of potential opportunities. You should aim to have an eye on a pool of sites at any one time.
- 6. Fully understand the site you're looking at** – you should involve designers and planning consultants in your site search to fully understand the planning and design issues you will face on a site. You should also undertake basic groundwork investigations before deciding to proceed. Established developers stressed time and time again the importance of undertaking this kind of due diligence work before purchasing a site. Issues such as contaminated soil or unstable ground, if unforeseen, can potentially threaten the viability of a scheme and lose you money.²
- 7. Understand the market** – at the point of undertaking a site appraisal, you should consider carefully the market for the types of homes that you are looking to build in the type of location that you are looking at. Misunderstanding the market is one of the most common reasons for a scheme to get into trouble.
- 8. Be wary of working in areas you don't know** – particularly as a new developer, you significantly increase the risks you face if you choose to develop in an area of the country that you don't know. You will lack helpful contacts, and your knowledge of the local market, planning and physical geography is likely to be much more limited.

² Ground conditions and foundational works can be among the highest risk and potentially most costly elements of a project, and they can affect every aspect of development. It is recommended that you prioritise finding trusted groundwork contractors, with a proven track record. You can do this by speaking to other developers and taking up references.

2: Development finance



An overview: Development finance

Housing development is a capital-hungry process and securing sufficient finance to take any scheme forward is a fundamental hurdle facing most small developers. Lenders will, with few exceptions, not lend the entire cost of bringing a development forward; they will lend a percentage of the total development cost, or a percentage of the **gross development value (GDV)**.

As such, developments are typically financed through a blend of different sources, often described as the 'capital stack' (see diagram below). Different types of lenders will be prepared to lend higher or lower percentages of cost or GDV, but generally the higher the leverage, the higher the cost of borrowing will be. See below for examples of different types of lenders.

How lenders work

Lending will usually only proceed once planning permission is in place, or there is a very high certainty of receiving permission. Most lenders will only lend on a fully-funded basis: that is, they will need to be sure that the total capital stack (see diagram below) is sufficient to cover total development costs and that the scheme will not run out of money at any stage. In order to further reduce their exposure to this risk, they will also tend to insist that the developer's contribution 'goes in first' and that their return 'comes out last'.³

Finally, lenders will want to see that a developer has sufficient capital at risk themselves to assure them that they are fully motivated to see the project through to success.⁴ Due to this, it is relatively normal for lenders to seek extra security in the form of personal guarantees, and the lower the personal equity the developer has in a project, the more likely this is. Lending without recourse to personal guarantees will typically come at a higher cost and on more stringent terms.

Example of a capital stack

Equity (developer contribution) - first in, last out

Second charge lender (aka mezzanine finance or junior debt) - second in, second out

First charge lender (aka senior debt) - last in, first out



³ There are some rare exceptions to this, including 'peak debt' or 'revolver' facilities that allow sales proceeds to be recycled into financing, which some lenders are willing to offer. However, these types of facilities tend to be limited to medium-sized developers with a larger volume of housing under construction, or available through government Homes England-run schemes which may place greater weight on housing output, and slightly less weight on risk reduction.

⁴ Putting your own money into a scheme can demonstrate your commitment and confidence in the project and improve your leverage when seeking financing. However, you will need to assess your ability to do this and the risks you are running, risks which are likely to be higher earlier on in your journey as a developer.

What lenders will look at

A specialist bank described their approach to deciding if they will fund a project or not in the following way:

- 1. The developer** – does the developer have a track record in delivering similar types projects? If you are a first-time developer, then they will be looking for clear evidence of transferable skills. If you are a contractor with experience of building similar homes, that is a strong claim, but you will also need to show that you have brought in robust planning and sales skills where you are less able to show experience.
- 2. The asset** – can the project be built and can it be sold? Here they will be looking for evidence that your build costs look realistic and that similar types of homes have been sold in this location at the types of valuations you are quoting.
- 3. The finance structure** – given the cost of buying, building and selling, does the capital stack ensure it is fully-funded from day one?

If they are satisfied on all of the above points, they will proceed to third party due diligence on legal aspects and valuation.⁵

The above is indicative only, and different funders will make different judgements, and be able to show more or less flexibility according to the type of lender they are and their risk appetite. This in turn will be reflected in their prices and terms.



Key sources of finance

- **High street banks** – traditionally important providers of finance to SME developers, but in the post-2008 regulatory and business environment their appetite to fund small scale development has been reduced. They will tend to lend lower leverage at a lower price. Evidence suggests that SME developers are increasingly moving away from high street banks to other types of finance provider.
- **Smaller and specialist banks** – there is now an increasingly healthy choice of smaller and specialist banks. These provide the same sort of debt finance as high street banks but often have greater appetite to fund SME developers and the flexibility to offer higher leverage, though their pricing may be higher as a result.
- **Lower tier lenders** – lenders are often described by reference to different 'tiers'. Below the upper tiers of high street and specialist banks, there are a range of lenders providing senior debt and mezzanine finance. Generally, such tiers represent a sliding scale of lenders prepared to take on higher risk - e.g. lending higher and higher percentages and without personal guarantees - but at escalating cost and increasingly exacting terms.
- **Finance brokers** – not a source of finance themselves, but brokers can play a valuable role in helping to identify and introduce you to the right potential investors or lenders for your scheme, including mezzanine and lower tier providers. It is possible that digital and AI-based tools may reduce the role of brokers and associated costs going forward, but they remain a potentially valuable option

⁵ This approach is based on a model developed by United Trust Bank and we are grateful to them for allowing us to share it.

- **Private equity** – typically accessed through brokers seeking suitable investments for their clients, but it is also common for new developers to sell equity to family, business associates and other high net worth individuals in their local networks. One developer recommended looking for private equity investors, noting in particular advantages in terms of flexibility around repayment schedules, financing structures, and approval processes.
- **Government funding schemes** – successive governments have actively sought to improve access to finance for SME developers through different schemes. Currently, the [Home Building Fund](#), which offers debt funding of £250,000 upwards, has been the main vehicle for this. The government has also announced the establishment of a National Housing Bank and a National Housing Delivery Fund, which from 2026 will seek to offer a range of improved finance options to SME developers. All of these are programmes are administered by Homes England. Their [home page](#) will probably be the best way of finding fully up-to-date information on what is currently available for small developers.
- **Crowd-funding** – an option some developers have utilised over the last decade to source both equity and debt funding through pooled contributions from large numbers of investors.



Advice from lenders and established developers

1. **Look beyond your high street bank** – your own bank may seem like a natural place to start, but when it comes to development finance for SMEs, they are unlikely to be where you end up. Don't be disheartened if your bank says "no". There are plenty of other providers that may be able to provide finance better tailored to your needs.
2. **Understand the total cost of finance** - established developers stressed the importance of looking at the total cost of finance beyond just the headline rate of interest, including any fees involved which can be significant.
3. **Find a good broker** – a good broker who specialises in development finance can be an invaluable source of introductions and advice. This may be especially helpful when you are starting out and still building networks and understanding. A good broker won't come cheap, but they might be a worthwhile investment.
4. **When using lower tier lenders understand their model and have an exit plan** – it is not uncommon for new small developers, without a clear track record or large amounts of capital, to rely on extremely expensive lower tier lenders to get their first schemes off the ground. There is nothing necessarily wrong with this, but you need to fully understand the model the lender is working to and the more stringent terms this can involve, in order to make sure that you don't get into trouble and that you are clear about what your exit strategy will be if things go wrong.
5. **Partnerships and joint ventures (JVs) can be an effective way to leverage your own capital** – most new small developers don't enter the industry with large amounts of capital to invest. Partnership arrangements and joint ventures with the right partners (for instance with landowners) can be an effective way of leveraging the capital you do have.
6. **Consider approaches that reduce your financing needs** - custom and self-build approaches to development can reduce your financing requirements by enabling you to recoup your investment earlier (see Chapter 12 for more on this).



Glossary

- **First charge lender** – a lender who, as a condition of lending, will have the legal right to make the first call on an asset in the event the borrower defaults.
- **Gross Development Value (GDV)** - the total market value of the proposed development.
- **Joint venture / joint enterprise** - an arrangement entered into by two or more parties to create a separate entity for the purpose of carrying out a particular project, in which each party shares ownership and associated risks and rewards.
- **Leverage** – the percentage of debt in the capital structure in relation to either the value of the development (see loan to GDV) or the cost of the development (see loan to cost).
- **Loan to cost** – the ratio of a loan to the total cost of the project, including land price, construction costs, planning costs, professional fees etc.
- **Loan to GDV** – the ratio of a loan to the total market value of the development.
- **Mezzanine finance** – finance which sits between senior debt and equity, and carries a higher rate of interest because the first charge lender's claim on assets takes precedence over it.
- **Private equity** - people or organisations which invest equity into companies or projects not listed on a public exchange.



Sources of further information

- The FMB and UK Finance have produced a [Guide to Development Finance for SME Housebuilders](#).
- On the Government's website you can find more information on the [Home Building Fund](#) and other Government-backed schemes, including the [Housing Growth Partnership](#) and the [Greener Homes Alliance](#), which provides finance on improved terms for SME house builders building energy efficient homes. Use the [Homes England home page](#) to find the most up-to-date information on what is currently available for small developers. In Wales, the [Residential Property Fund](#) administered through the Development Bank of Wales offers development finance from £150,000 upwards.
- The [National Association of Commercial Finance Brokers](#) provide access to a directory of their members. Look for those who specialise in development finance. Their website includes the [findsmefinance](#) portal..
- [Bridging and Commercial](#) – this online magazine provides a [searchable index](#) to help access lenders

3: Planning

Gaining planning permission can typically be a complex, sometimes lengthy and uncertain process. Established developers suggest that it is often the single biggest obstacle that small developers face.⁶ Therefore, you should approach the planning process positively and constructively, but open-eyed about the likelihood of delays and frustrations.

As a new developer, one good option that may be available to you is to purchase a so-called 'oven-ready' site which already has permission granted. Even then, there may still be reserved matters or pre-commencement conditions, which can still lead to significant delays before getting on site. However, over time you will want to develop confidence and expertise in navigating planning. This chapter provides an overview of the planning system and what to expect, and then some advice from established developers and planners relating to different stages of the process.



An overview: Planning systems in the UK

Local plan-making

The 'local plan' is the foundation of all planning systems in the UK. It sets the strategic direction for the development of a local area and is the main basis on which planning applications are determined.⁷ Important elements of the plan-making process include assessments of housing need and land availability (sometimes referred to as strategic housing land availability assessment or SHLAA) over the life of the plan. The plan-making process will always involve consultation, with opportunities for developers to have input.

The plan itself will set out broad locations, and allocate specific sites, for development. The very smallest sites are unlikely to be identified or allocated. However, in most cases an allowance will be made for sites that have not been allocated (often described as 'windfall' sites) to come forward.⁸ Published as part of the plan, or alongside it, will be a range of different policies and supplementary guidance which set out the criteria (including area-specific design principles) on which applications will be determined.

Planning application process

Sometimes referred to as 'development management', planning application processes are designed to ensure that new development proceeds according to the policies set out in the local plan and national planning policy.⁹ Key elements and stages of the process are mapped out in the flowchart below.

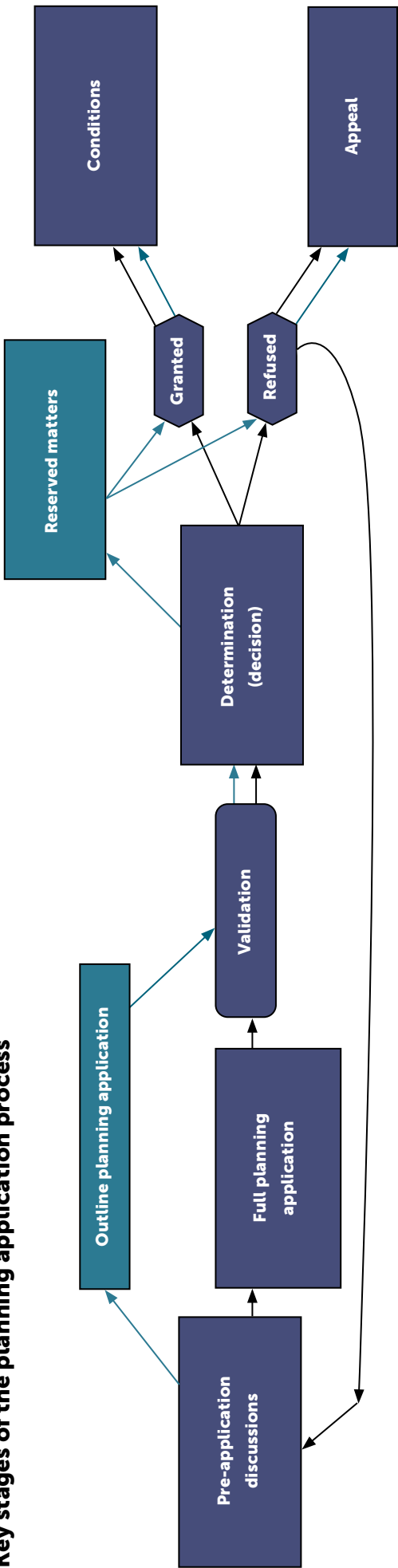
⁶ In the [FMB House Builders Survey 2024](#), the planning system was the most commonly cited constraint on the ability of SME house builders to build more homes (cited by 76% of all SME house builders).

⁷ It is worth noting that this is the case for a fully adopted local plan. However, if a new plan is in the process of being formally adopted, this plan can also carry weight in planning decisions. This might mean for instance, if there is something new being proposed in the new local plan that you can bring into your development then weight given to that may enhance your application's chance of success.

⁸ In England, the National Planning Policy Framework (NPPF) paragraph 73 requires local authorities to promote the development of small and medium sized sites in a number of different ways, including supporting the development of windfall sites.

⁹ Beyond local and national policy there are also a range of 'material considerations' established by case law that must be taken into account in determining a planning application.

Key stages of the planning application process



Pre-applications:

discussions between planning officers and developers well in advance of an application being submitted is an informal and optional stage of the process, but one which is generally seen as crucial to maximising the chances of a positive outcome and minimising your risks.

Types of permission:

for a housing development you can submit a full planning application, with detailed plans and full range of supporting information, or an 'outline planning' application, which establishes the principle of development but where details like layout and appearance can be decided later under a 'reserved matters' application. Names differ, but all parts of the UK have applications that perform the function of full and outline permissions.

Validation:

an application will be deemed valid when it is confirmed to include all necessary documentation. Once validated, a statutory timetable begins. In England, this starts with a 21-day consultation period and allows 8 weeks for minor applications (less than 10 homes) and 13 weeks for major applications (10 and above) until determination.

Determination:

once validated an application must be determined (granted or refused) within 8 or 13 weeks, though it is common for officers to ask for an agreed extension. Applications can be determined by officers, but schemes which attract strong objections are likely to go before a planning committee of elected councillors. Councillors are not planning professionals and though their decisions must accord with planning law, their thinking is liable to be more political than that of officers.¹

Planning appeals:

if your application is refused, you can choose to work on a revised proposal, or appeal to the Planning Inspectorate. An appeal is an option if you can put together a strong case that the local authority has ignored its own policies or national planning policies.

Planning conditions:

it is standard practice for a planning permission to be granted subject to a list of conditions. These can include some pre-commencement conditions which must be discharged before work on site can begin, typically relating to the submission of further details (e.g. materials, landscaping).

¹ NB: In May 2025, the Government consulted on major reforms to the planning committee system that may result in many fewer applications being decided by planning committees. This could mean, among other things, that all minor residential developments (less than 10 units) will no longer be allowed to go to a committee. It is worth noting and being aware of any future changes.

Developer contributions

In all UK planning systems, some form of ‘developer contributions’ will normally be required as a condition of planning. These include:

- Section 106 (in England and Wales),
- Section 75 (in Scotland),
- Section 76 (in Northern Ireland),
- and Community Infrastructure Levy (in England and Wales).

These contributions are required in order to manage the impact of development, by providing funding for the upgrade of local infrastructure and services, or ensuring the provision of affordable housing. In effect, such contributions are a means of capturing some of the land value uplift that arises from planning permission in order to fund public goods. *Developer contributions can amount to very significant sums and it is vital that you are making a relatively accurate assessment of likely contributions when undertaking a site appraisal.*¹⁰ Pre-application discussions should provide you with a clearer understanding of these costs.



Sources of further information

- The [National Planning Policy Framework](#) (NPPF) is a relatively readable 75-page document which provides a good overview of the overarching principles of planning policy in England. The [National Planning Policy Guidance](#) sets out more detailed policy on a range of specific planning issues, but still in fairly concise, readable form.
- In Scotland, the [National Planning Framework 4](#) provides a similar function to the NPPF in England, as does [Planning Policy Wales](#) in Wales and [Strategic Planning Policy Statement in](#) Northern Ireland.



Advice from the industry: exploring an application

The following advice, applicable to different stages of the planning process, has been put together based on conversations with established developers and experienced planners.

- 1. Get a good designer and planning consultant** – and engage them in the process as early as possible. They will be your best means of navigating planning. Look for those with a successful track record, ideally within the same local authority area.¹¹

¹⁰ When the level of contributions required by policies could make development of a particular site unviable, a developer has the option of submitting a viability assessment (based on a recommended approach set out in national guidance) to demonstrate the maximum contribution consistent with viability.

¹¹ It is worth noting that delays and complications in planning can lead to you paying significantly more in planning consultant fees than you may have initially costed for. For this reason, some developers suggested setting aside a contingency of as much as 100% of expected fees for planning advice.

2. **Learn from other planning applications** – past and current planning applications are publicly available and can be an invaluable source of intelligence. Search for similar types of development and build your understanding of the principles of an acceptable scheme. Note the designers and planning agents on successful applications. When you have a site in mind, look at past applications for nearby sites and note the key issues and reasons for acceptance or refusal.

“I didn’t have any background in planning. So, I quickly upskilled myself to get as much of an understanding as I could.”

A recently-established small developer

3. **Begin to familiarise yourself with the local plan** – you don’t need to become a planning expert overnight (that’s what your consultant is there for) but gaining a better understanding of local policies will help your decision-making. Knowledge of the local plan can help inform your site search, your understanding of what is an acceptable scheme and the issues likely to arise on a particular site. Being aware of likely planning contributions is also vital.



Advice from the industry: the pre-application stage

1. **Hold fire until you’ve had a pre-app** – seek a pre-application discussion as soon as you decide you are interested in a site. Go to the first meeting with a clear idea of what you are thinking of in terms of layout and scale, but seek as much information as you can about the officers’ likely approach to this site before you start paying for detailed plans or proceeding with an application. Remember that pre-app advice is informal and non-binding, and so a change in case officer can result in a different opinion.
2. **Seek to build good relationships with planners** – the one piece of advice all successful developers wanted to pass on was to always seek to build positive working relationships with planning officers. Seek a relationship based on open dialogue. Get to know the officers you are dealing with, understand the constraints and pressures they may be working under, and where appropriate help them to understand the constraints and pressures you face. Be pragmatic and open to suggestions. Seek maximum clarity on the scale of developer contributions likely to be required.
3. **Consult and seek to build relationships with site neighbours** – undertake a consultation with the local community, speak to the parish council if there is one, evidence this in your application and show how you have taken on board views. It is worth making a particular effort to build a relationship and dialogue with the site’s immediate neighbours. It is quite likely they will object to the application but maintaining a civil relationship with them and proactively seeking to address concerns where you can, will stand you in the best stead.

4. **Be prepared to compromise** – whether it is with officers or local residents, being prepared to compromise, especially on more minor aspects of a scheme, can sometimes make the difference between getting a permission in place or not. Planning is rarely black and white. Even where a change isn't required, or you can't see a need for it, some give and take can help to build goodwill that can pay dividends on this or future schemes.



Advice from the industry: application stage

1. **Be prepared for everything to take longer than you think** – experienced developers stress the importance of understanding this, and making allowances for delay in your projected timelines, costs and cashflow. The financing cost associated with planning delays can be one of the biggest risks for small developers. For a variety of reasons, from over-stretched officers to unforeseen circumstances, the whole process invariably takes significantly longer than it is meant to on paper. In particular, requests to agree an extension of the 8-week (13 weeks for major development) deadline to decide an application are normal and most developers will agree to this.

“You should expect delays and unforeseen costs and make sure you have enough of a buffer for this”

Small developer in East of England

2. **Make sure your supporting documents are clear and correct** – officers stress the importance of this in terms of enabling an application to proceed as quickly and as easily as possible. Being familiar with validation checklists (the information you need to submit for an application to be processed) is important.¹² Clarity and accuracy of information, and avoiding pages of cut and pasted content, enables stretched officers to understand the scheme and make decisions more quickly.
3. **Feel able to challenge politely** – planning works best when it is a constructive dialogue, and experienced developers and officers agree that you should feel able to challenge officers in a polite and constructive way. If you are being asked for a report that you don't think is necessary, or you think there is a better way of achieving an outcome than that being suggested, you should raise this. If you don't feel you are getting a constructive response to a query, you should feel able to ask for an opinion from a more senior officer.



Advice from the industry: post-planning stage

1. **Be prepared for further delays** – even once a permission is in place, there is still the potential for significant delays. Getting planning conditions discharged or Section 106s signed off can all take longer than you expect and can be subject to unpredictable delays.

¹² The provision of this information can be disproportionately expensive for small scale developers.

- 2. Maintain good relations with your site neighbours** – even in the post-planning and construction phase, poor relationships with neighbours, and the complaints that follow from this, can still slow you down and consume time and energy. So, continue to keep neighbours informed and maintain open lines of communication with them as work progresses.
- 3. Avoid making post-planning changes unless you really need to** – seeking to make substantial changes to a scheme after planning tends to be looked upon unfavourably by councillors and officers, and won't help build trust. Similarly, abiding by conditions, such as those relating to construction management (e.g. mud on roads, noise, early working) is important in cementing a good reputation with these stakeholders. It is also worth double-checking that your team or contractor are fully familiar with the correct plans and conditions. Planning officers report that it is fairly common to find teams not working to the correct details.

Other post-planning hurdles

Once planning permission is in place, there will still be a number of other types of permissions and hurdles you will likely face, in addition to planning conditions. These include:

Highways

- **Section 278 agreements** - if there are permanent alterations to highways, for instance a new junction, then a Section 278 agreement with the local authority will be required as part of planning approval.
- **Section 38 agreements** – if the development involves a new road to be adopted by a Highway Authority, this will need to be dealt with through a section 38 agreement.
- **Road bonds** – a Section 278 or Section 38 agreement will need to be supported by a bond or cash deposit based on the value of the works proposed as insurance in case the developer goes into liquidation or defaults on their contract.

Sewers

- **S104 agreement** (Section 104 of the Water Industry Act (1991)) is a legal agreement between a developer and a water company, where the developer agrees to build sewers to an agreed standard, which the water company will then adopt.
- **Sewer bonds** - S104 agreements will also require a bond calculated as a percentage of the construction cost of the sewers.

Section 2: Pre-build to handover



4: Professional team, workforce and skills

Your needs in terms of your workforce and core team will depend to some extent on your occupational background and skill set. If you are a small contractor with existing teams, your needs will be different from someone with a financial or other professional background. Below we outline some of the key elements of your team and workforce that you will need to put together, and some of the key things you will need to consider.



Advice from established developers

- 1. Assemble a strong core team as early as possible** – one of the first things you need to think about as a developer is assembling the core team of advisers and professionals you will need to work with and draw upon to navigate the development process.
- 2. Take the time to find quality tradespeople** – it is worth putting in the time to find quality tradespeople. If you want your business to succeed and gain a reputation for building quality homes, you will need to work with tradespeople that you can rely on to consistently deliver high quality work.
- 3. Consider possible partnerships** – if you are not coming from a construction background, it would make a lot of sense to look for a skilled, experienced small builder in your area. Architects, builders' merchants and estate agents will all be in a position to recommend quality local builders. There could be the potential here to form an ongoing partnership, and there are plenty of examples of successful companies put together on this basis. Equally, if you have a construction background and an existing on-site team, partnering with those with a financial or planning background might well make sense.



An overview: your professional team

The end-to-end process of building new homes is a lengthy and complex one and requires a range of professional input and expertise. In the course of writing this guide, established developers and industry experts consistently stressed the importance of this team and working with experienced professionals. Utilising your networks and undertaking research – for instance of successful planning applications – can be an effective means of finding the people you need to work with.

Key components of your core professional team will be:

- *Planning consultant* – planning is complex and time-consuming, and even if you have considerable experience of it, you will still need to rely on professional advice for, among other things, applications, appeals, and impact and feasibility studies. The RTPI has a [Directory of Planning Consultants](#).
- *Architect / architectural technician* – finding a designer you trust and have a good understanding with is vital. Some smaller developers prefer to rely on an architectural technician or architectural technologist. Architects will tend to be more design-conscious; technicians will tend to have more expertise in the technology of building and regulatory requirements. The [Architects Register](#) is run by the Architects Registration Board. The [Chartered Institute of Architectural Technologists](#) has a register of members.

- *Surveyor and structural engineer* – even if you're from a construction background yourself, having access to technical construction expertise is a must. Most likely, good surveyors and engineers will be recommended by your architect or architectural technologist.
- *Property solicitor* – if you are buying land, through options or similar arrangements, you will probably need specialist legal advice beyond that which your regular solicitor is able to provide.
- *Estate agent* – depending on how well you feel you understand the local market, advice from a good agent with plentiful experience of selling in the new homes market may be invaluable.



An overview: Your on-site team and workforce

Bringing together the range of skills and trades you will need on-site can be a challenge, especially if you don't have a construction background. If you are starting out as a developer and you're not already a builder or contractor, it is unlikely you will have a pipeline of continuous work sufficient to directly employ elements of an on-site team. Over time this calculation may change. But in the meantime, procuring the right subcontractors will be crucial, and putting quality above price is normally the wisest move.

As suggested above, one good option may be to contract with an experienced small builder. Another alternative would be to employ the services of a good project manager to put together costings and assemble an effective on-site team, including a site manager. If you're building more than a couple of homes, you'll want someone with strong project management skills and a clear understanding of subcontractor contracts.

Key elements of an on-site team will likely include:

- site manager
- groundworkers, bricklayers, stone masons, roofers, joiners
- electricians, plasterers, window fitters, plumbers/heating engineers, decorators, kitchen fitters
- landscape gardeners, microgeneration installers, other specialist contractors.

Established developers stressed the importance of a good site manager for any development. Look for someone with experience, with a CSCS black card (and preferably an NVQ Level 6 Construction Site Management), and ask for and take up references.

CSCS cards

Construction Skills Certification Scheme (CSCS) cards are the means by which employers can be sure that those working on their sites have the appropriate training and qualifications for the job they do. Among other things, CSCS cards are used as proof of an appropriate level of health and safety training. For information about the various types of CSCS cards and the qualifications required to achieve them, visit the [CSCS website](#).

On larger construction sites, CSCS cards are typically mandatory. Among smaller sites and employers, their use is less widespread. The Construction Leadership Council recommends that card schemes displaying the CSCS logo are the only type of card schemes that should be accepted.

Recruitment – finding the right people

Today's labour market can be challenging. Having a clear plan around recruitment will help you find the people you need. The following practices will make this easier.

- **Write a good job advert** – make it informative and transparent, showcasing your company and outlining the good things you can offer interested individuals. The [ACAS](#) website offers some helpful tools.
- **Recruit an apprentice** – apprentices are the lifeblood of the industry and can provide your business with the skills it needs. CITB's [New Entrant Support Team](#) (NEST) works with employers to remove the barriers they may face employing and retaining new entrants, particularly apprentices. Created to support employers across the UK, this hands-on free support covers recruitment, paperwork, accessing grants & funding, and ongoing mentoring throughout the apprenticeship.
- **Post job openings in the right place** – using jobs websites such as Indeed and Glassdoor, as well as the Government's [Find A Job](#) service, will help you tap into a wide pool of potential recruits. It also pays to know your local area and you can use social media (e.g. local Facebook groups) or your network of industry contacts to get the message out.
- **Ensure a good recruitment process** – the [Supply Chain Sustainability School](#) offers free, inclusive recruitment tools to help you put in place a process that's simple but robust.
- **Have an attractive package in place** – while salary is key to attracting people to work for you, other benefits such as generous paid holiday, a good pension scheme, flexible working, and access to further training are all worthwhile perks.
- **Use industry resources** – there are industry resources that can help you to attract and search for the best candidates available:
 - **GoConstruct Careers:** If you're an organisation looking to connect with emerging talent, GoConstruct Careers is your place to showcase your roles and opportunities to interested and engaged young people – for free. It's quick and simple to create a profile, post your opportunities and you can search for talent to fill your skills gaps.

Skills and training

Sources of support in accessing the skills and training provision you need include:

- **Construction Skills Hubs** – CITB operates a series of [Onsite Experience hubs](#) across England, Scotland and Wales – these work with employers to identify skills gaps in their workforces, then help them find new workers and get them site-ready to fulfil specific needs.
- **Brickwork Masterclasses** – CITB has funded NHBC to deliver [sessions](#) that offer practical guidance on improving quality and promote awareness of good practice in brickwork.

- **Roofing Masterclasses** – CITB has funded NHBC to deliver [sessions](#) that offer practical guidance on improving quality and promote awareness of good practice in roofing.
- **CITB Advisers** - CITB Advisers can support construction employers by diagnosing skills gaps and advising on apprenticeships, legislation and training. They are used to advising SMEs as well as large construction employers. For more details see the [CITB website](#).

Construction training is delivered in a variety of formats and locations, with an increasing shift to online training. Employers can search for relevant courses on the [CITB website](#), including via their Construction Training Directory, or search elsewhere online to find courses in their local area.

Remember: If you are registered with the CITB and your business is eligible, you can access grant support for construction training. You can find out more about grant support on the [CITB website](#).

5: Building control

You will need to work with building control services in order to get building regulations approval. In England and Wales, a developer has a choice between local authority building control services or a private sector 'registered building control approver'. If you decide to appoint a private building control approver, you and the approver must still notify the local authority of your project by submitting an 'initial notice'.



Advice from the industry

1. **Engage with building control early in the process and keep talking to them** – aim to engage with them at the planning stage, when you can have pre-app discussions. In this way, you can begin to develop a relationship that can make the process smoother and be a source of advice and guidance throughout.
2. **Go for a full plans application** – it's not advisable to build a new home on a building notice. To give you the assurance you need, and to obtain accurate detailed costings, you need to know what the requirements are, how the designer has complied with them, and be able to iron out any difficulties.
3. **Have the expertise in your team to cover all aspects of the regulations** – even if you have a background in the industry, there will be aspects of the regulations you are less familiar with. For example, if you're building a semi-detached house for the first time, you may have little knowledge of sound transmission requirements. In this case, you will need to make sure this is carefully detailed in your plans, or risk building something that doesn't comply.

Avoiding common traps

Building control professionals highlighted some common traps that developers can fall into:

- **Don't underestimate the cost of getting out of the ground.** It's typical for plans to be submitted with foundations one metre deep, when most will need to be deeper than this. Employing a specialist engineer to undertake a ground investigation and come up with an engineered foundation design can save you money and delays further down the line.
- **Check if you're building over or near public sewers.** This can often be a cause of hold-ups. Building control surveyors can check this, and if you know in advance you can obtain your build-over agreement with water authorities before you start on site.
- **Take care of your paperwork** – collect and take care of the building control-related paperwork that comes with your boiler installation, your electrics, your windows etc. You will need these to get building control sign-off and not having them to all to hand is another common cause of delay. You will also be asked for your SAP calculations. Know who your SAP assessor will be and be sure they have the right credentials.



Sources of further information

- LABC's [Checklist for Building Control completion inspection](#) may be a helpful reference point.
- [Local Authority Building Control](#) (LABC) website. LABC represents all local authority building control teams in England and Wales.
- The Building Safety Regulator (BSR) has a [search facility](#) to help you find a registered building inspector in England. BSR now has full responsibility for overseeing building control bodies and registered building inspectors.

6: Buying materials

Building good relationships with merchants and suppliers is vital for all small developers. It is worth finding an opportunity at an early stage to introduce yourself to a number of local builders' merchants and share your plans and upcoming projects. The following are some key pieces of advice from established developers and builders' merchants themselves.



Advice from the industry

1. **Give your merchant as much forward visibility as possible** – plan ahead and aim to share as much information as possible, as early as possible. This can help them spot potential availability issues and provide you with better advice. You should start talking to your merchant as soon as you have planning, but for certain key products which are more likely to be subject to longer lead times (e.g. bricks and tiles) you should be speaking to your merchant at least six months ahead and before you get these signed off by planning.
2. **Loyalty pays but build relationships with more than one merchant** – it makes sense to have a closer relationship with one merchant, as you're more likely to get priority and secure better terms. At the same time, aim to build good relationships with at least one other merchant – this can help you spread your risks in terms of product availability and help to increase your available credit. Ask for an account manager and a single point of contact with each. Avoid constantly shopping around for the lowest price, as this erodes the trust you need to secure the best service.
3. **Payment on terms is crucial** – paying to terms is a vital element in building a relationship that secures you the best rates and the best service. It may be especially important for a new company. Ultimately, your confidence that the materials you need will be delivered when you need them, and sometimes at short notice, will be as strong as your merchant's confidence in you to pay on time.
4. **Consider overall service, don't just chase price** – getting materials a little cheaper can seem appealing, but if you have workers on site who are waiting days for materials to arrive, it will cost you a lot more. Look to secure a good price for the overall service you receive.
5. **Try to agree fixed prices to the extent that you can** – in recent times price certainty has been very low, so the ability and willingness of suppliers to agree fixed prices may have been reduced. But aim to seek as much price certainty as you can in the prevailing market circumstances.

7: Site management



An overview: Health and safety

“You’ve got to put health and safety before absolutely everything”

Getting health and safety right *cannot* be an after-thought. In today’s construction industry, good health and safety practice is a fail-safe marker of professionalism and competence.

Your responsibilities: key points

- The Construction (Design & Management) Regulations (normally referred to as CDM) apply to every construction project, regardless of size.
- Regardless of who is managing the build, all developers have duties under CDM because you will be deemed to be a ‘commercial client’. If you are project managing the build, you will also have duties as the ‘principal contractor’.
- One of your key duties as client is to notify the Health and Safety Executive (HSE) of your construction project *if* that project will involve more than 500 person days *or* will last more than 30 days and involve over 20 workers at any one time.
- You also have a duty to make suitable arrangements to ensure your project is carried out safely, and to ensure that all those you appoint have the necessary skills, knowledge, experience and organisational ability to carry out the work safely.

Number one tip

- **Get professional advice** – you are not required to be an expert in construction health and safety, but if you’re not, the law requires you to get help from a competent person with sufficient training and experience to assist you. Small developers we spoke to employed external health and safety advisers who, among other things: draw up construction phase plans, advise on site set-up (see below) and risks to third parties, and conduct regular site inspections to pick up on any potential issues.



Sources of further information

- Overview of legal duties – [here](#) you can find HSE advice on what’s expected of different duty-holders on a construction project.
- HSE also provides a series of quick guides for small builders, which are aimed at small renovation projects, but may serve as useful introductions. These include:
[Welfare provision](#): a quick guide to what’s expected of welfare provision on a small construction site
[Site management](#): a quick guide to what is expected of those running a construction site.
- Notifying HSE: you can fulfil your obligation to notify HSE via an [online form here](#).



An overview: Site set-up

How your site is set up is an important aspect of planning any development. This is something that new developers sometimes learn to their cost. When setting up a site you'll need to consider where to put, among other things, the site office, welfare facilities and materials storage in relation to the plots you're building out. In doing so, you'll need to consider the whole life of the site.

There are health and safety considerations here, which you'll need advice on from your health and safety consultants. You need safe routes for pedestrians through your site and you'll want to clearly separate vehicle access routes and materials storage from welfare facilities or spaces where people congregate.

However, you also need to consider carefully the whole life of the site, including the sales and marketing stages. You will want to locate office, welfare facilities and materials storage where they don't affect the building out of a particular plot. In some small schemes this might not be possible, in which case you may need to delay one of your plots.

You also need to think clearly about your site set-up in relation to your sales and marketing (see Chapter 9) activity:

- You want your site to look as presentable and attractive as possible when you're showing potential buyers around.
- You don't want to be tracking mud and materials past houses you are trying to sell or have just sold.
- Situating a compound at the entrance to the site might be convenient at the beginning of the build but is not going to make the site look attractive when you are selling.

8. Warranties and consumer protection



An overview: Warranties

Though a warranty on a new home is not a legal requirement, it is something nearly all mortgage lenders will insist on. Selling a home without a warranty would be considered poor practice by most in the industry. The new homes warranty market is made up of a few large and well-known providers – NHBC, Premier, ICW – and a number of much smaller independent providers, such as Q Assure Build, Global Home Warranties and FMB Insurance.



Advice from the industry

- 1. Find the best provider for you** - the policies and coverage offered by different warranty providers tend to be very similar, as these are dictated by the lenders. Therefore, the choice between providers is primarily a choice between price and types of service provision. It is for you to shop around to assess what will best suit you or find a broker who can help you do this. Smaller independent providers may have more appetite for one-offs and the smallest developments, though this is not necessarily the case.
- 2. Consider the following factors** - the things that SME developers say they consider when choosing a warranty provider include: the inspection regime, turnaround times, customer service, brand strength among consumers, whether they can offer building control services as well, whether they can offer other insurance products, and whether there's a bond requirement.



An overview: Consumer protection

As a small developer, your customer service will be absolutely crucial to your reputation, and therefore crucial to your ability to thrive and grow. However, the house building industry as a whole has suffered some bad press in recent years for its after-sale care. In response to this, the UK government has put in place a new regulatory structure for England, under which the **New Homes Ombudsman Service** (NHOS) provides a dispute resolution channel and determines complaints.

What you need to know:

- Developers are required to register with The New Homes Quality Board (NHQB) which oversees the NHOS and accept the New Homes Quality Code published by NHQB.
- There are also a number of other consumer codes in operation in the industry. Your warranty provider will determine the code you are expected to adhere to. Two codes – Consumer Code for Home Builders and the Consumer Code for New Homes – represent most of the market, but some individual providers operate their own codes.



Sources of further information

- Find out more information on [The New Homes Quality Board](#)
- Find out more information on the [New Homes Ombudsman Service](#)
- Find out more information on the [Consumer Code for Home Builders](#)
- Find out more information on the [Consumer Code for New Homes](#)

9. Sales, marketing and handover



An overview: Sales

As established developers point out, thinking about sales starts from day one because you need a clear sales strategy from the outset of a project (see the point about ‘understanding your market’ in Chapter 1 on land). Equally, with marketing and handover, it pays to think ahead, and to make sure you’ve budgeted adequately for these. Getting it wrong could mean slower sales with knock-on implications for financing. Below are some of the key elements of sales, marketing and handover you might need to consider.

When to sell

Selling ‘**off-plan**’ is an attractive option to many small developers, because it means reduced risk, faster returns and a healthier cashflow. If you are looking to secure off-plan sales, incentives for ‘early bird’ buyers can help. The disadvantages of selling off-plan include the risk of build costs rising between sale and completion and eating away at your margins. It can also be the case that buyers can sometimes be nervous of newly established developers and prefer the reassurance of seeing a finished product and specification before committing. You will need to weigh all these factors in the balance. Whether you sell off-plan or not also links to questions of how you sell and how to manage customers’ experience of a site.

Managing customer experience on site

As touched upon already, the set-up of a site needs to be considered in relation to sales and handover. When potential customers visit a site, they need somewhere to park and safe pedestrian routes. You also need to consider customer perceptions of what may sometimes look like a messy, muddy site. One developer who sells off-plan said that they now let customers view the build only at pre-defined stages and times when the build looks most presentable. If construction on some plots will still be ongoing after the occupation of others, you also need to consider carefully the implications of this for site set-up, working practices and management of noise, mud and dust.

Who sells

Previous sections have mentioned the value of finding a good estate agent with experience of selling new homes in the locality. Such advice is always likely to be valuable. When looking for a good agent you should focus on:

- i.) knowledge and expertise of the local market (look at market share and branch locations);
- ii.) reputation and track record (look for solid evidence of this and ask other developers);
- iii.) their branch network (bigger isn’t always better but wider branch coverage can bring a larger pool of potential customers); and
- iv.) their sales and marketing skills (be prepared to interrogate this as well).

Make sure that you factor in weekly calls with your agent to understand the sales and marketing approach they have adopted, how it is performing and how it might be improved based on live information and data,

On the other hand, some small developers understandably take the view that they are the best salespeople for their homes. The decision you make here needs to be hard-headed though and should depend on your in-house skill set and your confidence doing front-of-house sales. When it comes to the legal aspects of sales, look for a good solicitor with experience of new home sales.



Advice from the industry: sales and marketing techniques

- 1. Property websites** – leading property websites, like Rightmove and Zoopla, are now typically the first place people look when they're thinking of buying property. These platforms also enable small developers to manage sales themselves, if they wish to. Among other things, additional products like 'launch banners' can be purchased to target other geographic locations, enabling you to cast your net a bit wider.
- 2. Location of sales point and advertising** – you can sell off-site or on-site and which option makes most sense may depend on the size and location of the site. If in a central location with a high volume of passing traffic, a sales office on site may make more sense; if not, using a popular local agent as the main sales point may make more sense.
- 3. Show houses** – can be a useful tool for sales, enabling a richer customer experience and allowing you to demonstrate the quality of your homes. Plus, high-quality photography of these can be used as part of the marketing strategy. But show homes also come at a cost, including the Council Tax which is levied on them.
- 4. Social media** – is an increasingly dominant source of leads, so a strong social media strategy is a must. The majority of web traffic comes from smartphones used by people on the move and typically channelled through social media platforms. Facebook, Instagram and LinkedIn were all mentioned as useful sales channels for drumming up interest; for instance, by trailing a site and house types before they go on the market. Facebook and Instagram allow you to build targeted marketing to reach your most relevant audiences.
- 5. Open days** – site 'open days' advertised through social media or on other channels can be a useful tool for managing sales interest and your customer experience of the site. In a similar vein, a 'VIP-style' launch event can also be a good way to engage people, capture leads and encourage early sales.
- 6. 3D visualisation** – if you're selling off-plan, computer-generated imagery of your homes and street scene can be powerful sales tool. In fact, these are increasingly becoming a must for all new home sales. Aerial views of the site and individual plots can help to add a 'wow' factor.
- 7. Sales incentives** – you may wish to throw in 'extras' (e.g. carpets and curtains, contribution to legal fees) as part of the sale. These may be especially important when there are a larger number of new build properties coming onto the market in the locality.



An overview: Handover and customer care

There is a set of standard handover processes, which most house builders undertake. For instance, this includes a pre-handover and at-handover snagging inspection. However, for smaller and start-up house builders for whom local reputation can be crucial, getting these key aspects of customer care right is especially important.

A handover 'pack', including warranties and instructions for appliances, is standard practice, but you can add to this information about local services, gift vouchers for local shops, adding to customer satisfaction at little additional cost. Speedy redress of significant issues and post-occupation checks at certain intervals (e.g. the six-month mark) can also be important contributors to customer satisfaction.

Section 3: Other key considerations



10: Zero carbon and sustainability

Carbon reduction and sustainability requirements must now be central considerations for all house builders, not least because of the importance placed on them by policymakers and many customers. Whether the drive is to reduce carbon emissions or to reduce energy bills, to improve energy security or to address serious concerns over biodiversity loss, water waste and resilience to climate change, requirements on housebuilders to address these impacts are likely to remain permanent features of the landscape across the UK for the foreseeable future.



An overview: Zero carbon homes

People commonly refer to 'zero carbon homes'. This essentially means homes that have been designed and built to have net zero carbon emissions through maximising the energy efficiency of the building fabric and the use of on-site renewable energy. Regulations in all parts of the UK are rapidly moving towards this standard.

In England, successive governments have committed to a **Future Homes Standard** involving a three-quarter reduction in CO₂ emissions in comparison to the 2013 Building Regulations Part L from 2025.¹³ Changes to Part L in effect since June 2022 were an interim step, which amounted to a one-third improvement in CO₂ emissions on the 2013 regulations. In practice, this has mainly entailed a more extensive use of solar panels and an uplift in fabric efficiency.

The precise shape of the new Future Homes Standard is due to be published in the autumn of 2025 and come into effect in 2026, after this guide has been published. However, it is clear from what we know that this will involve: i.) another major uplift in fabric efficiency; ii.) solar panels as default for all new builds; and iii.) the complete phasing out of gas boilers in favour of low carbon heating solutions like heat pumps.

The Welsh Government is following a similar path to England. In Scotland, the New Build Heat Standard now requires all new buildings to install climate-friendly heating systems instead of oil and gas boilers. In Northern Ireland, a 'nearly-zero energy buildings' (NZEB) standard has been in force since 2020.

SAP, EPCs and new Home Energy Model

The Standard Assessment Procedure, or 'SAP', has been the approved method for assessing the energy performance of homes. SAP calculations are currently required under all UK regulatory regimes and must be undertaken by an accredited assessor. SAP calculations for new homes need to meet the levels required by the applicable Building Regulations and the SAP score in turn determines the Energy Performance Certificate (EPC) rating for the building.¹³ However, a new methodology, the Home Energy Model or HEM, will be used to demonstrate compliance with the Future Homes Standard. HEM will be introduced in tandem with the Future Homes Standard in England, but its use will fully replace SAP under all UK regulatory regimes.

¹³ EPCs are a legal requirement when selling or renting a home.



An overview: Biodiversity

Since 2023, in England requirements have been in place for all new housing developments to deliver a 10% net gain in biodiversity. This improvement in natural habitats, as measured by a government-approved metric, can be achieved either through on-site enhancements, through securing off-site improvements, or by buying credits. Achieving biodiversity net gain (BNG) on site can be much more challenging under the spatial constraints of small sites, and on some brownfield sites because of the types of habitats which can be found on them. This has had a tendency to push small developers and those developing brownfield into finding off-site solutions or purchasing expensive credits, threatening the viability of some smaller sites.

Because of these concerns, in 2025 the government consulted on changes to BNG rules, including the possibility of an exemption for minor development (less than 9 units). The outcome of this consultation remains unknown, but all small developers will need to be aware of BNG requirements and any changes to these because of their potential to add significant cost.

Current policy in Wales also requires all new development to show 'net benefit for biodiversity' though how this is assessed is less rigid than the system in England. Current planning policy in Scotland makes biodiversity enhancement a requirement only for larger scale development, though this may change in future.



Advice from the industry

1. **You don't need to sweat all the details** – small developers we have spoken to haven't felt that they needed to engage heavily in the technical detail of meeting energy efficiency regulations or other environmental standards.
 - **Professionals should have solutions** – it's the job of your architect or designer to come up with design solutions which work commercially and meet regulations.
 - **Some products and services may help** – there may also be products and services on the market which provide solutions.
2. **You need to know enough to ask the right questions** – you *do* need to know enough to clearly understand the cost and business implications of meeting certain standards, and to ask the right questions of those around you.
 - **Cost implications** – you need to be aware of the likely cost and cashflow implications of building to current or future standards and requirements.
 - **Implications for design and construction** – future standards may require significant changes in design and construction methods and this might be worth considering well in advance.
 - **Additional local standards** – you should also check with your designers and planning consultants as to whether local planning policies impose additional energy efficiency or other environmental requirements. It is quite likely that they will do so.

- 3. Sustainability and your business strategy** – there is a fundamental business question here for all new small developers. It has traditionally been thought that only a small minority of home-buyers place value on eco-friendly homes, but there is significant evidence that this is no longer the case.¹⁴ You will need to consider whether it is a commercial advantage to be ahead of existing standards as part of offering a premium product, and where this fits within your wider approach to marketing and company image.
- 4. Biodiversity on small sites** – biodiversity net gain on small sites can be a challenge. Even hard surface brownfield sites can still contain significant elements of biodiversity, yet small sites allow limited space for biodiversity solutions. If BNG applies to your sites, the most important pieces of advice are to factor BNG into design considerations at the earliest stage and, if in doubt, to find a competent ecologist.



Sources of further information

- The [Future Homes Hub](#) has been set up to enable the industry to collaborate in order to be able to meet the Government's net zero and wider environmental targets. A range of guidance and resources are available on their website. Additional insight and learning opportunities are available to Hub members and small developers can join free of charge. This might particularly be of interest if you're looking to position yourself as being 'ahead of the game' on sustainability. The Hub published in 2022 an [overview](#) of the changes to Part L, Part F, Part O and Part S of the Building Regulations which came into effect in England in 2022. Watch out for similar resources on coming changes to Building Regs.
- The simplest guide to navigating Biodiversity Net Gain, as regulations stand in September 2025, is probably this [step-by-step guide](#) on the government website. This material is likely to be updated to account for future changes in policy as well.
- The [Future Homes Delivery Plan](#) though published in 2021 provides a good guide to where the industry is travelling and some of the environmental standards it may be expected to meet in the years ahead. The Future Homes Roadmap is a live document which tracks where the industry as whole currently is on the path.



An overview: Key sustainability issues

The following are some of the key elements of sustainability that house builders need to consider. These are not things that a typical small developer will need to have a detailed technical understanding of, but they are things that you need to be aware of in order to:

- i.) understand existing and likely future requirements, and the business implications of these;
- ii.) ask the professionals in your team the right questions and check that you have access to the expertise you need;
- iii.) be able to respond to high level questions from planners, building inspectors or customers.

14 Analysis of property pricing data by Halifax in 2021 found that homes with the highest energy ratings are worth up to £40,000 more on average compared to less sustainable properties. <https://www.lloydsbankinggroup.com/media/press-releases/2021/halifax/homebuyers-pay-a-green-premium-of-40000-for-the-most-energy-efficient-properties.html> Research by Leaders Roman Group found that 70% of respondents wanted their property to be more eco-friendly. <https://sustainabilitymag.com/diversity-and-inclusion-dandi/leaders-romans-group-reveal-70-us-want-greener-homes>

Homes	
Zero carbon	See above
Water efficiency	New homes in England and Wales must meet a minimum water efficiency standard under Part G of Building Regulations – projected use of 125 litres per person per day (LPPPD). However, many local planning authorities seek to enforce a higher target of 110 l/p/d. There has been discussion of tightening Part G standards further, for instance gradually heading to a 90 LPPPD limit, in order to address growing water scarcity issues. This is likely to require greater use of innovative systems such as rainwater harvesting, or so-called ‘greywater’ recycling.
Electric vehicle charging	In England, all new homes with ‘associated parking’ space have been required to have electric vehicle charging points as of June 2022, under the new Part S of Building Regulations. Similar provisions are now in force in Scotland and are likely to come into force in Wales soon.
Places	
Biodiversity	See above
Water resilience	In England, all developments of more than 10 units, and in Wales all developments of more than one, are required to incorporate Sustainable Drainage Systems (SuDS). Non-statutory technical standards for England are here . Welsh guidance is here and for the situation in Scotland see here , and Northern Ireland here . However, research has found that best practice is rarely used. The Future Homes Delivery Plan recognised that the impacts of housing on the water environment will become more important as climate changes, and therefore best practice ‘multi-benefits SuDS’ (enabling a range of social, economic and environmental goods) will become the norm. However, such solutions will tend to be highly site-specific and therefore require careful early consideration of water resilience for each site.

Construction	
Embodied carbon	Embodied carbon refers to the total carbon emitted in the production of building materials and the construction process, as opposed to 'operational carbon' which refers to carbon emitted due in the use of the building. Currently there are no standards or requirements on embodied carbon to adhere to and there is insufficient information across all product ranges for there to be so. As such, it is unlikely that we will see requirements on embodied carbon in the near future. However, a 2025 report by Future Homes Hub has looked at how home building might be able to reduce embodied carbon. Pursuing good practice on this may be of interest if you are looking to position yourself as 'ahead of the game' on sustainability.
Resource efficiency	Resource efficiency means optimising the use of reclaimed or recycled materials, minimising waste and maximising reuse and recycling. Mandatory requirements in England for a Site Waste Management Plan no longer exist, but scrutiny on the resource efficiency of industries like construction is likely to remain. The Future Homes Hub Delivery Plan previously set a target of zero avoidable waste by 2050 and action in the short term on single-use plastics. You could speak to your merchant about how you can avoid unnecessary waste and capture the actions you are taking in your marketing to customers.

11: Smart construction: Modern methods and digitalisation



An overview: Smart construction

Smart construction is the term used to describe building design, construction, and operation that makes use of digital technologies and industrialised manufacturing techniques, the latter often described as 'modern methods of construction'.

In recent decades, technology has opened up a host of new possibilities for the way in which we build homes and it will continue to do so. Though more traditional methods remain popular and are unlikely to disappear for the foreseeable future, digitalisation and modern methods of construction (MMC) are likely to become increasingly prevalent elements of the industry. Among other things, they are being demonstrated to improve productivity and environmental performance.

The relevance and attractiveness of modern methods to a new small developer will depend on your expertise and background, your market, and your business model. For those with professional expertise but without a construction background it can greatly reduce the complexity and management costs of the construction phase. For those coming from a more traditional construction background, it might seem like a less natural choice, but as a house builder it is worth being aware of all the potential options available to you.



Advice from the industry

- 1. More than just modular build** - modern methods incorporate much more than just modular builds or structural assembly alone. Sub-assembly and the use of pre-assembled components and cut-to-measure traditional materials now offer a range of options that can reduce time spent on site and labour costs.
- 2. Engage with manufacturers to understand what's out there** - Those with experience in using modern methods suggest early engagement with manufacturers, who will normally be happy to discuss what you're looking for and help you understand what is available. A site visit to see how products are working in the field might also be a possibility worth exploring.
- 3. Choices for small developers** - some developers view modern methods as a less obvious choice for small developers because the options for small scale development are relatively limited. However, though some manufacturers are only interested in larger scale projects, developers who have specialised in MMC point out that timber frame solutions for single units are available, including from manufacturers who specialise in working with self-builders. Some architects and designers will also be more familiar with this way of building than others and that is also worth bearing in mind.

- 4. Advantages and disadvantages of MMC** - developers who use modern methods extensively wanted to highlight in particular the financing implications of reduced programme times. By making the build phase shorter and simpler, it can reduce the cost of financing a scheme, allow a faster return on investment and the ability to undertake more developments in a shorter period of time. Other key benefits highlighted included higher performance, quality assurance and transfer of responsibility for structural soundness and thermal efficiency to a third party, reduction of exposure to skills shortages and reduction of on-site waste. Disadvantages can include the risk of products being damaged in transit, higher upfront costs, and some lenders being more hesitant about these solutions because of unfamiliarity and perceptions of risk.
- 5. Digitalisation** - digitalisation of construction information and processes – for instance data-rich digital models sometimes referred to as BIM (Building Information Modelling) – is currently more likely to be applied by those building at significant scale, rather than SMEs. But this is likely to change over time as more and more designers use these tools. Furthermore, collecting and handing over to the customer core building information and documents like warranties in a single digital form (i.e. a USB stick) is now standard practice. This process is likely to become more sophisticated over time.



Sources of further information

- The Supply Chain Sustainability School has produced a handy [MMC Optioneering table](#) which might help you consider some of the benefits, challenges and opportunities of modern methods.
- KOPE is a software platform for offsite construction. Their website includes [KOPE Market](#), which provides a helpful search facility for manufacturers and suppliers of offsite products.
- [NHBC Accepts](#) is a comprehensive review service for innovative products and systems.
- [Smart Construction: a guide for housing clients](#) by The Construction Leadership Council, though published in 2018, remains a useful overview of the potential benefits of smart construction.
- [The MMC definition framework](#) is an agreed industry framework for talking about the various methods which fall under the definition of modern methods. It defines and places these methods into seven categories. Though published in 2017, if you are interested in a greater understanding of modern methods, this might be a useful place to begin.

12: Custom and self-build

Most new homes in the UK are typically built without a specific buyer in mind. However, some homes are built to the design and specification of the person who will live in these homes. These are referred to as custom and self-build (CSB). There can be real advantages to new and small-scale developers in pursuing these approaches, because of both the economics of such development and supportive government policies which aim to diversify housing delivery.



An overview: custom and self build

CSB involves a range of different approaches to building a home.

- **Self-build** is typically used to describe the situation where the home is designed specifically for the customer on a single plot of land, though the customer may do none of the actual build work themselves.
- **Custom build** is typically used to describe the situation where customised homes are built on multi-plot sites. Typically, these homes will be sold as a shell, although the customer may then choose the same builder to finish off the work. Terraced houses and townhouses that make the most of limited land, can be delivered in this way as well.

In the case of custom build, there will need to be an 'enabler' who manages the site and ensures that site and planning rules are followed, and this enabler can be a single developer providing all the homes on the site.

Benefits of custom and self-build

For a small developer, pursuing a CSB approach can have significant financial advantages. Acting as a custom build enabler and selling on serviced plots or building shells can allow you to recoup your investment much earlier, without preventing you from contracting to complete the build. Custom build mortgages will also provide stage payments in advance as the build progresses, drastically improving your cashflow position.

For those building in England, CSB homes are in most cases exempt from the Community Infrastructure Levy. In addition, under the so-called [Right to Build](#) policy, councils are required to maintain a register of those who wish to commission their own home and deliver enough suitable permissions to enable this. Therefore, delivery of CSB homes is likely to be a material consideration in planning decisions. In Wales support for custom and self-builders is available through [Self Build Wales](#), and Scotland has a [Self-Build Loan Fund](#).



Advice from established developers

1. **CSB can be a good option for new developers** - most experienced small developers we spoke to view CSB as either a natural entry point or at least a useful option, for small developers entering the market.
2. **A scheme can be partly CSB** – a site doesn't have to be all CSB or none. Taking a CSB approach on part of a small site can sometimes be a means to make a site work financially that wouldn't otherwise.
3. **Delivering CSB on part of someone else's larger site is also an option** - some planning permissions require a percentage of plots to be self-build and a developer with such a planning permission may be willing to sell you these plots for you to undertake CSB on.



Sources of further information

Because CSB is less common than other forms of housing delivery you may find that those that you work with are less informed about CSB in areas such as planning, finance warranties etc. You or they may therefore need to seek out specialists to work with. The following are useful sources of further information

- [National Custom & Self Build Association](#) (NaCSBA) is the trade body for the sector.
- The [Right to Build Task Force](#) is supported by the UK government and run by NaCSBA. It offers specialist consultancy support.
- [Self Build Wales](#) is a Welsh Government backed portal for self builders.
- The [Scottish Government website](#) includes guidance and support for self builders.
- Advice from the Northern Ireland Executive is available [here](#).

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About United Trust Bank

United Trust Bank's Property Development division provides acquisition, construction and sales period loans for a variety of residential and residential led mixed-use and commercial schemes including Build-to-Rent (BTR) and Purpose-Built Student Accommodation (PBSA) developments. With commitments in the region of £1.5bn, our funding supports the building activities of housebuilders and developers operating across England and Wales, helping them to create around 4,500 new homes at any one time. In addition, UTB works with Government agencies including Homes England and the British Business Bank, to enable housebuilders to access competitive funding at increased levels of gearing.

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The company names above reflect when advice was given, not necessarily current roles.



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Founded in 1941, the Federation of Master Builders (FMB) is the largest trade association in the UK construction industry representing the interests of micro, small and medium-sized building companies. The FMB is independent and non-profit making, lobbying for members' interests at both national and local level. The FMB is a source of knowledge, professional advice, and support for its members, providing a range of modern and relevant business building services to help them succeed.

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