



FEDERATION OF  
**MASTER  
BUILDERS**

# Licence to Build

A model for licensing domestic building companies

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**Rye Tait**  
Consulting

**LICENCE  
TO BUILD**





## About this document

The Federation of Master Builders (FMB) is committed to mandatory licensing of UK domestic building companies as part of an effort to drive up standards across the industry and professionalise the building industry. The benefits of which should help the industry become a more attractive prospect for employment.

This document provides an update of the FMB's 2018 licensing proposal, beginning with a recap of major developments over the past seven years.

**You wouldn't trust a  
driver without a licence.  
So why trust a builder?**



FMB A Federation of Master Builders campaign





# How did we get here?

Licensing of domestic building companies has had a significant development history for over a decade. With a wide variety of work carried out in that time to establish a strong base of evidence. Below covers the major milestones:

## 2013-2014

Former Department for Business, Innovation and Skills (BIS) commissions Pye Tait Consulting to assess the landscape of international licensing schemes for domestic contractors.

The report identifies a range of formal licensing measures operating in various countries and territories (e.g. in Europe, the USA and Australia) all having different attributes and often backed up by enforcement powers and penalties.

## 2018

Following a long period of campaigning for a UK construction licensing scheme as part of its commitment to standards, the FMB launches Licence to Build – A Pathway to Licensing UK Construction.

## 2019

The cross-industry Licence UK Construction Task Force, led by Liz Peace CBE is established to deliver on the findings of the 2018 research. It consisted of the Federation of Master Builders (FMB), British Property Federation (BPF), RICS, CIOB and Which?, to name just a few of those involved.

## 2021

Mark Garnier (MP) introduces a Private Members' Bill to parliament advocating for a domestic builder licensing scheme.

Whilst the Bill fails to pass, it further raises the profile of the endemic industry issue.

The (then) Conservative government offered to work collaboratively with the FMB to help solve the issue, and the Labour Party (at the time in Opposition) spoke in support of creating a licensing scheme for UK builders during the debate in parliament (source: FMB).

## 2022

Results from the FMB's Q4 2021 State of Trade survey reveal that 86% of its members support mandatory licensing – up from 77% in 2018.

## 2024

The topic of licensing construction is discussed at the Scottish Parliament with FMB members, resulting in strong support for "toughening things up".

Grenfell Phase 2 Inquiry recommends the introduction of a licensing scheme for principal contractors undertaking construction or refurbishment of higher-risk buildings.



# Aims of licensing UK domestic building companies

- Instil trust among clients and members of the public in the integrity of firms contracted to carry out construction work.
- Help to improve the construction industry's image and reputation by creating a culture where competence and quality is the norm.
- Eliminate rogue traders in construction to protect consumers from harm. Ensure the construction industry delivers work to consistently high quality.
- Provide a clear and nationally consistent route for construction firms and individuals to enter and maintain their right to trade.
- Protect the safety of the public and individuals working in the construction industry.
- Strengthen the construction industry's health and safety record.
- Ensure fair competition for legitimate businesses.
- Ensure remediation for consumers.



# Why licensing matters

## Poor safety in construction remains a perennial issue

Health and Safety Executive (HSE) statistics reveal that UK fatal injuries in construction increased by 70 per cent over the past five years. Data from 2023-2024 reveal that 51 construction workers died in work-related accidents (37% of workplace deaths in all industries). In 2022-2023, 45 construction workers suffered fatal injuries, 53,000 non-fatal injuries and 69,000 work-related ill health.

## Hidden economy in construction is still rife

NatCen/HMRC report The Hidden Economy in Great Britain (wave 1/2017) identified construction as making up 17% (£41.7 billion) of hidden economy goods/services. A cash-in-hand economy of this size enables rogue traders to undercut others while depriving the government of billions of pounds of annual revenues. Whilst the Wave 2 (2022) report does not specifically mention construction, it notes an increase from 4.9% to 8.8% of the UK adult population as participating in the hidden economy.

## Homeowners face barriers carrying out energy efficiency measures on existing homes

According to 2024 HomeOwners Alliance data, 10 million UK homeowners (57%) experience barriers to carrying out energy efficiency measures, with trust of installers being a major factor (11% cite a lack of trusted tradespeople and 6% cite previous insulation scandals).

## Grenfell Phase 2 Inquiry identifies competence shortfalls

Identified issues include a casual attitude to fire safety, a cavalier attitude to formalities, and lack of competence and experience. Issues are exacerbated

by a historic top-down approach to regulation where matters of building safety and competence are focused on tier 1 contractors rather than being driven strongly through supply chains. Furthermore, if issues persist in large companies with clear structures and training, what could be happening elsewhere?

## Building Safety Act 2022 formalises competence obligations

Individuals and organisations are to have a legal obligation to be competent to ensure compliance with the building regulations in both design and construction. Applies to the smallest of residential alterations to the largest most complex mixed-use developments and encompassing a 'golden thread' of information.

## Building Safety Regulator (BSR) strengthens focus on standards

The BSR has been set up under the Building Safety Act 2022 to regulate higher-risk buildings, raise safety standards of all buildings, and help professionals in design, construction, and building control, to improve their competence.

## Government takes licensing issue seriously

Accepting all of the Grenfell Phase 2 Inquiry recommendations, a new single construction regulator is set to make sure those responsible for building safety are fully accountable. The government said it "will work with the sector to consider how a licensing scheme for principal contractors on higher-risk buildings can work and the timescales for its introduction." However, a vital step to deliver long-term change must be the introduction of a licensing scheme to ensure domestic building companies have proven minimum competence.



### **Licensing building companies – the missing link?**

Much of the UK construction industry is regulated – architects, surveyors, planners, products and insurers – yet anyone can set themselves up as a domestic builder and installer without appropriate checks and balances.

### **Evidence of industry support**

The FMB's Q4 2021 State of Trade Survey showed an uplift in support for mandatory licensing among its members (86%, up from 77% in 2018).

### **Evidence of public support**

Eight in ten UK homeowners (81%) support a proposal to introduce mandatory licensing for residential builders, to include competence assessments, background checks on trading and financial history, a dispute resolution scheme and a mechanism for licences to be revoked if standards are not met (HomeOwners Alliance/ FMB Research 2025).



# 81%

**of UK Homeowners  
support Licensing.**



## Overcoming a crowded marketplace of voluntary schemes

There is an abundance of voluntary schemes aimed at helping consumers to find reputable tradespeople, yet reports of rogue traders continue to feature regularly in the mass media, even featuring in dedicated programming. This strongly suggests that the current system is failing to protect consumers.





## Current advice to consumers

The Competition and Markets Authority (CMA) has issued a set of tips to help consumers find traders via recommendations sites, along with advice for recommendations sites on how to stay on the right side of the law, including practical 'dos and don'ts'.

Citizens Advice also offers guidance to consumers to find a trader and check they can trust them. It advocates finding details of reputable traders via the local council, trade associations, as well as schemes that recommend traders.

Other guidance, including blogs and media articles, point consumers in a similar direction, e.g. that the relevant trade association can signpost consumers to the qualifications and professionalism of their members.

## Examples of existing services

TrustMark is a government-backed service to match consumers to tradespeople that also uses third party providers for accreditation. Other third-party consumer sites also operate (the following list is not intended to be exhaustive):



Buy With Confidence



MyBuilder



Trust A Trader



Trustpilot



Checkatrade



Rated People



TrustMark



Which? Trusted Traders

## Notable weaknesses in the current system

- The rise of voluntary schemes has become an industry in itself, yet consumers still don't always get what they expect and issues remain.
- Consumers don't always know where to look or which sites to trust more.
- Information on traders might not be easily accessible from some sources.
- Plethora of voluntary schemes means lack of consistency in screening methods and levels of robustness.
- Widely reported issues online point to continued prevalence of fraudulent builders.

## What about CSCS cards?

The Construction Skills Certification Scheme (CSCS) is the leading skills certification scheme within the UK construction industry, providing proof that individuals working on construction sites have a certain level of qualification for the role they do. However, holding a CSCS card is not a legal requirement. The scheme does not generally apply to domestic building work, and any wider rollout could be difficult to police where not mandatory, particularly in the domestic setting where designated site entry isn't applicable and management structures are not professionalised.

## What about Competent Person Schemes?

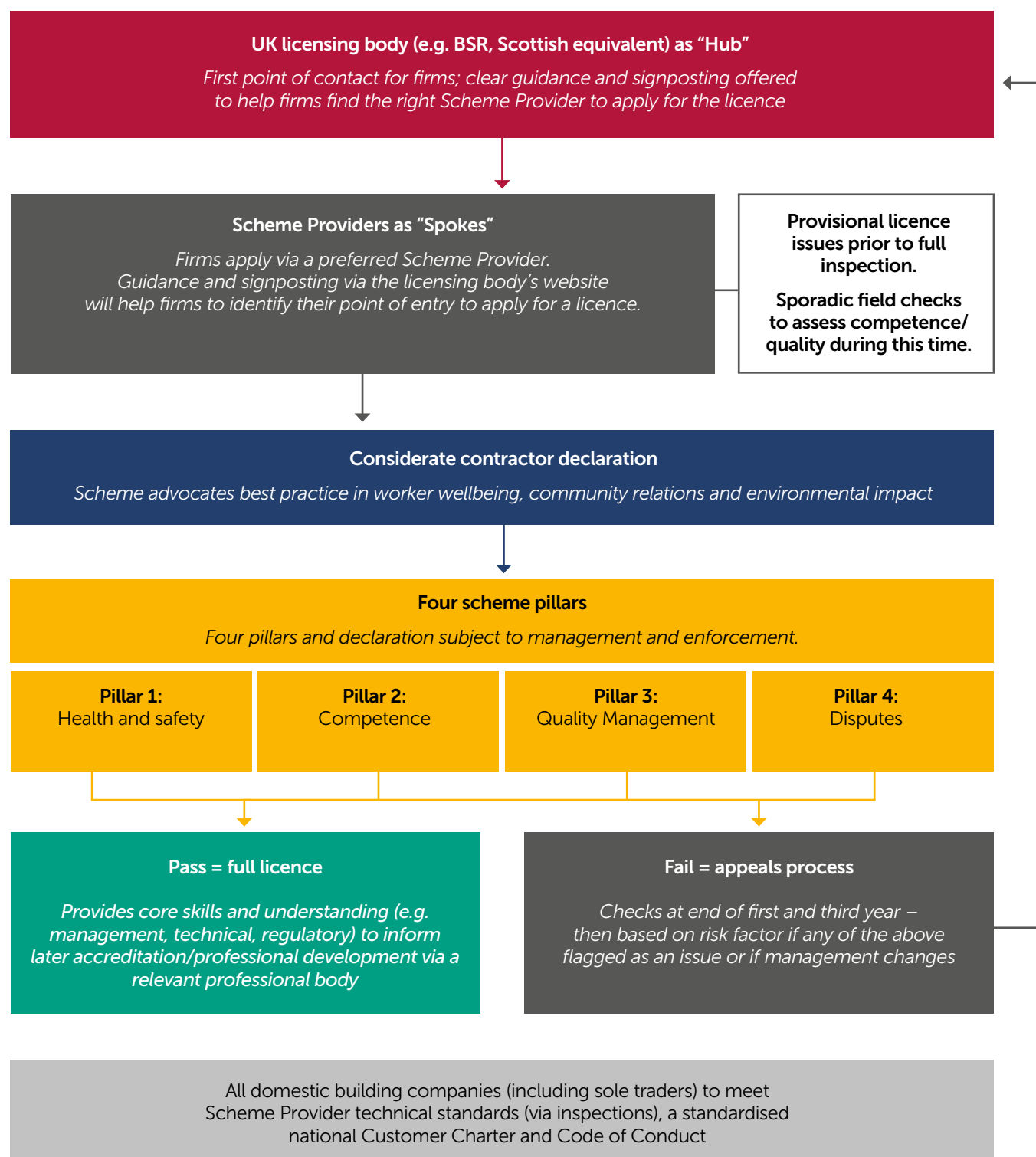
Joining a Competent Person Scheme lets installers in the building trade self-certify certain building work without the additional need for building regulations approval. However, membership is optional, schemes are trade specific, and are complex for consumers to understand.

# How would it work?





# The model



## Key Features

- Mandatory for all firms working in the domestic market.
- Focused on firms rather than individuals (given resources needed for monitoring/enforcement).
- Applicable to domestic construction work undertaken on a paid-for basis by a contractor.
- Incorporating a clear system of initial registration and renewal checks.
- Incorporating a tiered system of sanctions for unlicensed, incompetent or rogue traders.

The licence would be industry-funded, with fee-setting tiered and proportionate to firm size/risk level.

Approximately one third of UK homeowners (32%) expect builders to register with a government or regulatory body to trade.

(HomeOwners Alliance/FMB research 2025)

More than a third of UK homeowners (35%) believe builders must register with a professional organisation like the FMB to show a commitment to quality standards and ethical practices.

(HomeOwners Alliance/  
FMB research 2025)

**47%**



**of UK adults wrongly believe that builders are already licensed.**



## Cost

The 2018 Licence to Build report drew on historic data on Corgi running costs (equating to £113 per operative) and estimated that if each of 1 million UK construction firms paid £150 for a licence, this would equate to £150 million of income.

Business Population Estimates for 2024 point to a smaller number of construction firms (870,185), meaning each firm would need to pay £172 to equate to the same level of income, before accounting for 28% inflation between 2018 and February 2025.



# Benefits of the model

The latest Construction Skills Network UK Forecast estimates 251,500 additional workers will be needed between now and 2028 to meet output demand. A licensed industry would help to strengthen competence, improve the industry's image and help the government to achieve housing and retrofitting targets.

## Health and safety

- Creates a clear brand identity which supports the take-home message that use of unlicensed trades people could be potentially dangerous.
- Improves the health and safety of people in and around buildings – with better compliance among the smallest firms which may not have such strict standards in place.
- Built-in commitment to training and CPD to support professionalism and competence.

## Quality management

- Removes incompetent and rogue traders from the industry.
- Drives cultural change towards better professionalism and quality.
- Improves the image and reputation of the industry in the eyes of the general public.
- Streamlines complexities of current arrangements (voluntary schemes).
- Excludes those who are incompetent or working to lower standards.
- Inspection of firms by scheme providers to ensure standards are consistently maintained.

## Competence

- Trades people become more competent and therefore more confident in their work.
- Increased willingness of individuals to invest in their skills in return for higher wages.
- Greater standardisation of competence benchmarks between scheme providers.

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Two in five UK homeowners (39%) believe builders should have a licence to trade, that is, that they must have passed tests to show they are competent.

(HomeOwners Alliance/FMB research 2025)

## Disputes

- Offers a much higher level of consumer protection.
- Addresses firms that undercut small businesses by taking cash, using low quality materials, lacking insurance, and avoiding overhead costs.
- Potential reduction in legal and administrative costs for dispute procedures, avoiding court.
- Clear redress for incompetent work as builders would have standards that they could be checked against and a compensation scheme to pay out from.
- Possible opportunity for an industry compensation scheme similar to the Financial Services Compensation Scheme (FSCS).

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Two thirds of UK homeowners (65%) expect builders to have insurance to cover any compensation or damage caused by their actions.

(HomeOwners Alliance/FMB research 2025)



## Next steps

- UK Government and industry competence bodies to develop a workable licensing scheme for the construction industry.
- UK Government to continue with plans for a new single construction regulator with a view to creating a UK licensing body.
- Agreement needed on geographical licence operation, including considerations pertinent to the Home Nations.
- Identification of scheme providers and operational requirements for the licence, including technical standards, process for approving licences/renewals, and process of inspections to ensure firms are compliant.
- Fuller assessment of likely costs and revenue to ensure a self-sustaining industry-funded licensing model.
- Development and implementation of appropriate legislation.
- Staged implementation of the licence, including piloting with support from existing construction competence bodies, incorporating a period of review and evaluation prior to wider roll-out.

# 57%



**of UK homeowners experience barriers to carrying out energy efficiency measures, with trust of installers being a major factor.**





## FEDERATION OF **MASTER BUILDERS**

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.

**Please visit [fmb.org.uk](http://fmb.org.uk)**