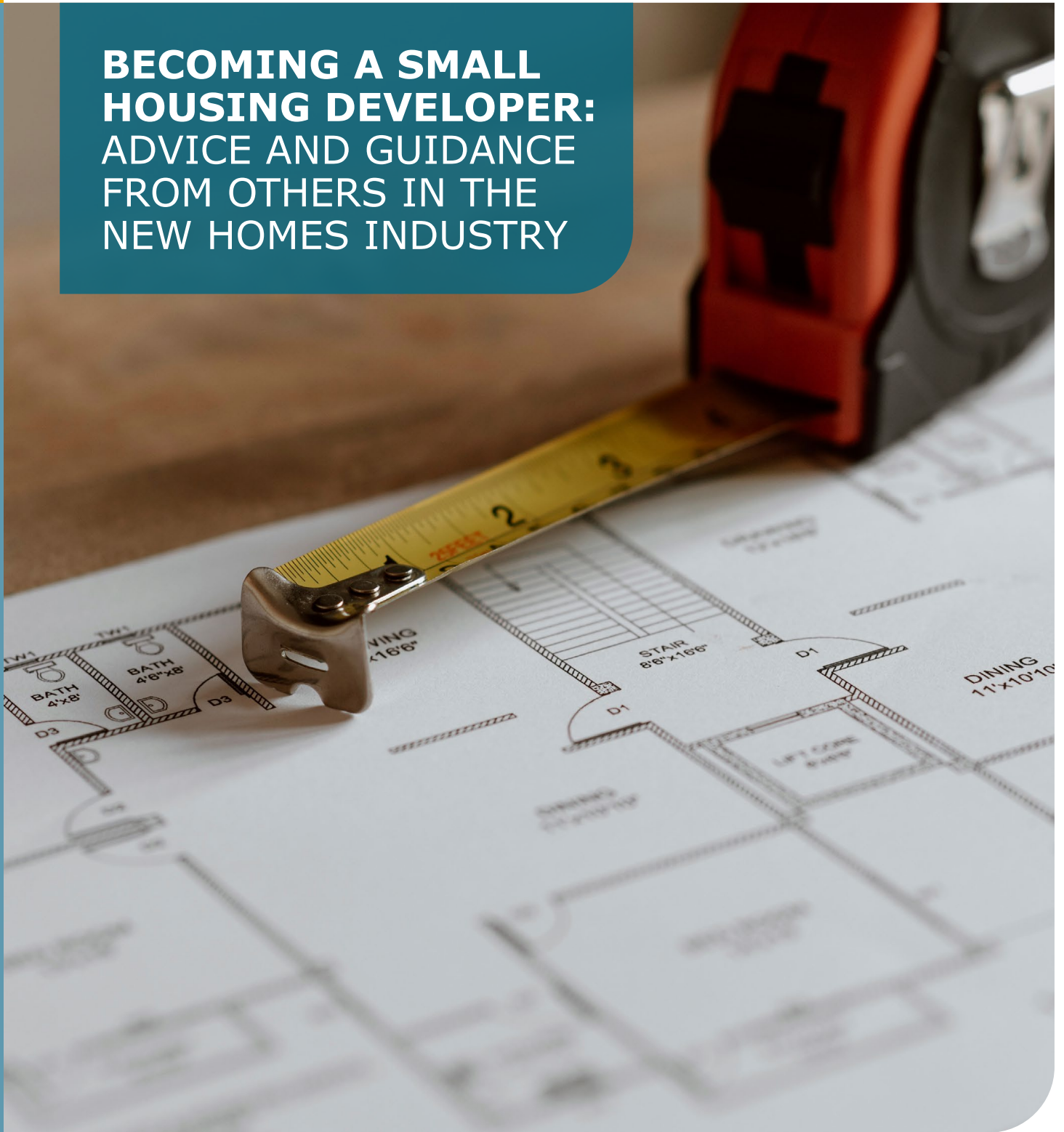


**BECOMING A SMALL
HOUSING DEVELOPER:
ADVICE AND GUIDANCE
FROM OTHERS IN THE
NEW HOMES INDUSTRY**



Construction
Leadership
Council

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.

“House building is a rewarding career that can be developed, with care, into a successful business.”



Forewords

As Chair of the Construction Leadership Council (CLC) SME Housing Subgroup and a Board Member of the Federation of Master Builders, I and the members that sit on these groups are proud champions of small local house builders. This is why we would encourage builders to take the step to become developers. However, this jump is not a simple one which is why this guide has been produced. I know many who contributed to this guide wished that they had had something like this to hand when they were starting out.

The UK needs new house builders to deliver the nation's homes. We can't shy away from the fact that, over the past 40 years, SME house builders have been delivering a decreasing share of the total homes built each year. This needs to change. Local house builders deliver high quality housing sympathetic to the needs and aesthetic of their local communities. They are a key part of delivering the Government's ambitions when it comes to housing delivery, levelling up, and local employment. It is hoped this guide goes some way to spur on a new pool of aspiring developers to build the new homes that we so desperately need.

The aim for this guide is for it to act as a 'signpost' to help new house builders to understand the basics that underpin development. This guide is by no means



exhaustive, but a collection of the top tips that many seasoned professionals and industry experts have gathered over their years of work.

House building is a rewarding career that can be developed, with care, into a successful business. This will then open wider opportunities for you and your community. A good house builder can boost the local economy and take on local talent to train them up as the next generation of developers.

I would like to thank the Federation of Master Builders for its support in delivering this guide, and all participants in the discussions and consultations that helped to make it happen.

Chris Carr

Chair of the Construction Leadership Council (CLC) SME Housing Subgroup

"We can't shy away from the fact that, over the past 40 years, SME house builders have been delivering a decreasing share of the total homes built each year. This needs to change."

I well understand the challenges faced by small and medium sized (SME) developers, because I was once one. In 1974, aged 21, I founded Redrow with a £5,000 loan from my father. When I retired from Redrow in 2019, we were one of the UK's largest homebuilders, building 6,500 homes a year. Indeed, from when we started building houses in the early 1980s, we built around 105,000 in total; equivalent in population to a city the size of Nottingham.

Sadly, it would be difficult to repeat my journey today. The barriers to doing so have grown enormously over time. Housing has always been a challenging industry, but it's one that has become much more challenging and complex over time. The demands placed on housebuilders by, among other things, the planning system and the proliferation of regulations and red tape, have expanded enormously. This bureaucracy falls disproportionately on small scale developers and those who are just starting out.

What is great about this guide is that exists to help make some of the challenges for those just starting out seem a little bit more manageable and easier to navigate. It does so by bringing together advice and guidance from experienced people in this industry who have been there and done it.

And although it is true that the industry has become vastly more complex, at the heart of what we do will always be building homes. So, we need people who know about, and have a passion for, building at the centre of our industry. I hope that part of the audience this guide reaches are those highly skilled small contractors and tradespeople who have the passion for the industry. We need more of you to bring that knowledge and passion to act as housing developers.

Though there may be many challenges and difficulties that go with being a small developer, it can also be an incredibly rewarding industry to be part of. It is never dull, always dynamic and forces you to



“We need more of you to bring that knowledge and passion to act as housing developers.”

learn and adapt. You get to help shape places and people's lives. And if you get it right, you have the opportunity to grow a business that will prosper, provide good jobs and play an important part in the UK economy.

Our industry and wider economy desperately need more small developers and new entrants. We need you to maintain the vitality of the industry, to help grow the capacity and the diversity of product we provide and, crucially, to deliver the number and range of new homes that the UK needs. I can tell you from experience that that is something well worth being part of. Good luck.

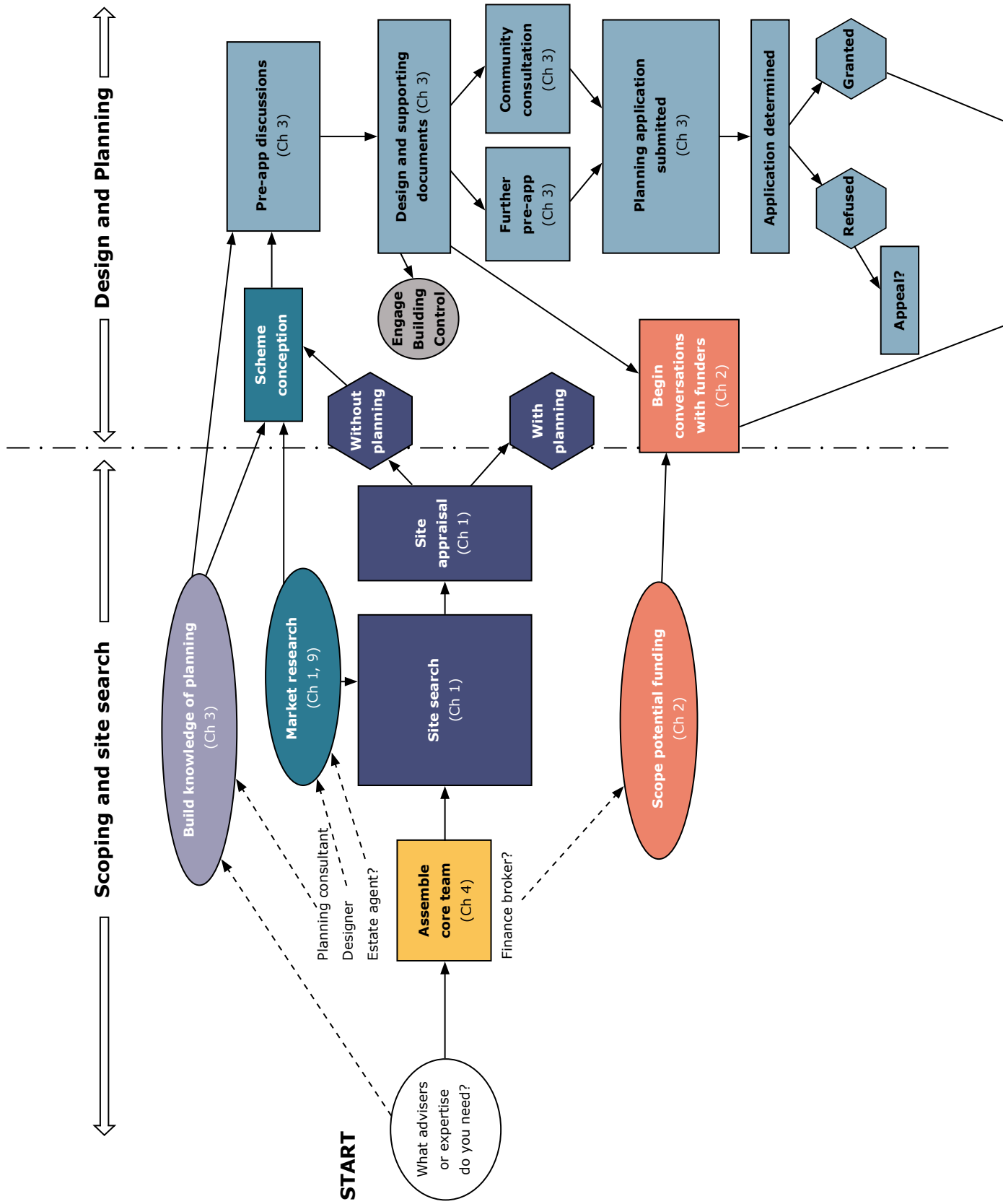
Steve Morgan

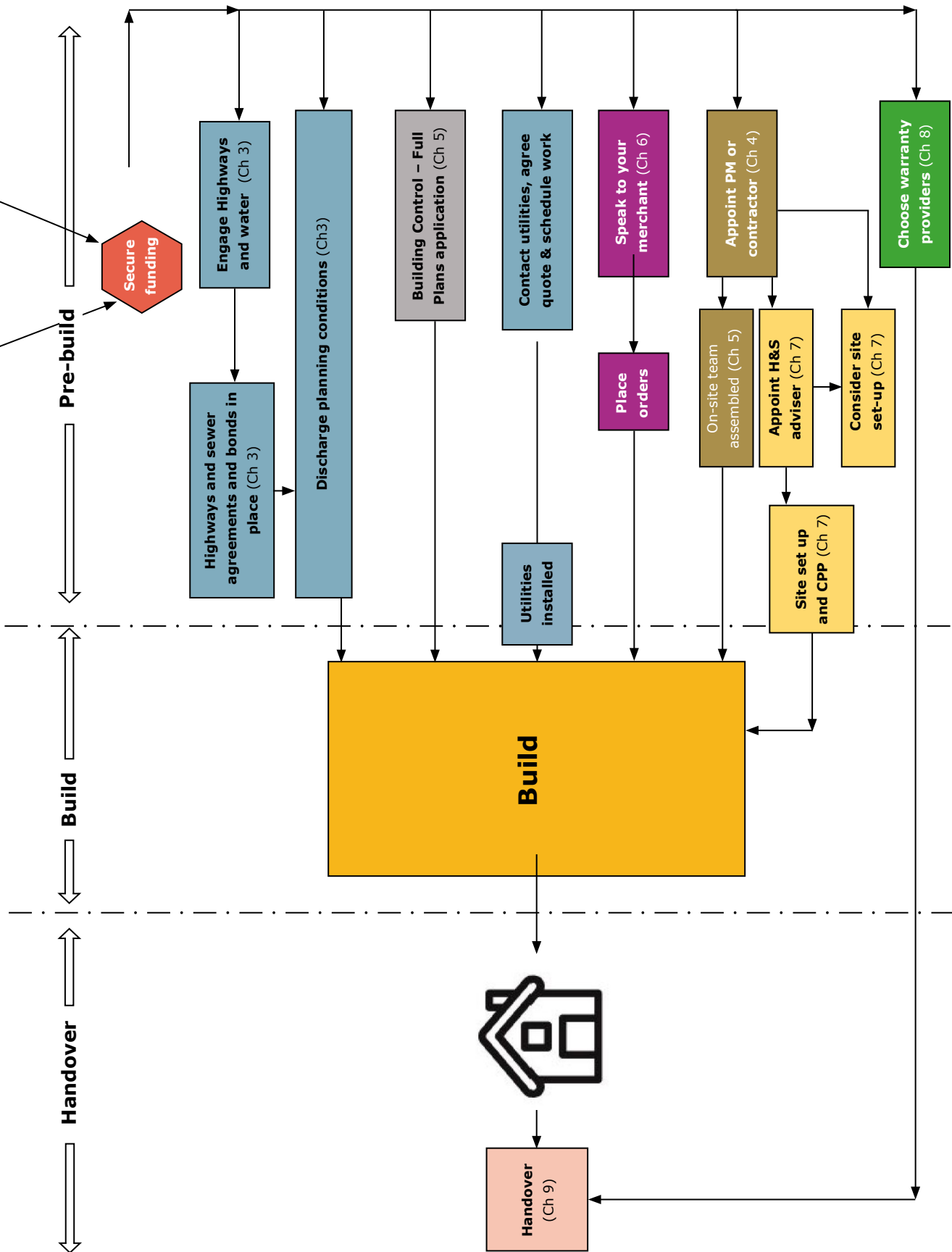
Founder and former Chairman
of Redrow plc

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Flow chart: the end-to-end journey





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 face¹. 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 typically 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 these 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, company letterhead can be helpful in this.

¹ In the [FMB House Builders Survey 2021](#), lack of available and viable land was the most often identified constraint on the ability of SME house builders to expand their output of new homes. 63% identified this as a major constraint.

- 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 architects 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.
- 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 are likely to be much more limited.

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 only proceed once planning permission is in place, or there is a very high certainty of receiving permission. Lenders will only lend on a fully-funded basis: that is, they will need to be sure that the total capital stack (see below diagram) 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'.

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. 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



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 type 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 valuation².

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 the largest 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. Will tend to lend lower leverage at a lower price. There is evidence that SME developers are increasingly moving away from high street banks to other types of finance provider.³
- **Smaller and specialist banks** – there is 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, 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 onerous terms.
- **Finance brokers** – can be extremely valuable in helping to identify and introduce you to the right potential investors or lenders for your scheme, including mezzanine and lower tier providers.
- **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.

² This approach is based on a model developed by United Trust Bank and we are grateful to them for allowing us to share it.

³ The [FMB House Builders Survey 2021](#) found the percentage of SME house builders acquiring finance from high street banks was falling and the percentages using smaller banks and private equity were increasing.

- **Sales guarantee lenders** – sales guarantees are a relatively new product which assure demand for completed units and pay a deposit which can be released into development cashflow. This allows developers to spread their equity further, whilst reducing lenders risk profile, potentially enabling them to lend on more competitive terms.
- **Government funding schemes** – the government seeks to improve access to finance for SME developers through a number of schemes, including direct debt funding through the [Levelling Up Home Building Fund](#).
- **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. **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.
3. **When using lower tier lenders understand their model and have an exit plan** – it is common for new small developers, without a clear track record or large amounts of capital, to rely on expensive fourth or fifth tier lenders to get their first schemes off the ground. There is nothing wrong with this, but you need to fully understand the model the lender is working to and the more stringent terms this can involve, to make sure that you don't get into trouble and you are clear about what your exit strategy will be if things go wrong.
4. **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.
5. **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** – 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 [Levelling Up Home Building Fund](#) and other Government-backed schemes, including the [Housing Growth Partnership](#). In Wales, the [Property Development Fund](#) is wholly funded by the Welsh Government and administered through the Development Bank of Wales
- The [National Association of Commercial Finance Brokers](#) provide access to a directory of their members.
- Bridging and Commercial Lender Index - this magazine provides [a guide](#) to the key lenders in the bridging, commercial and development finance space.

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 face⁴. 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. 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 forward⁵. 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

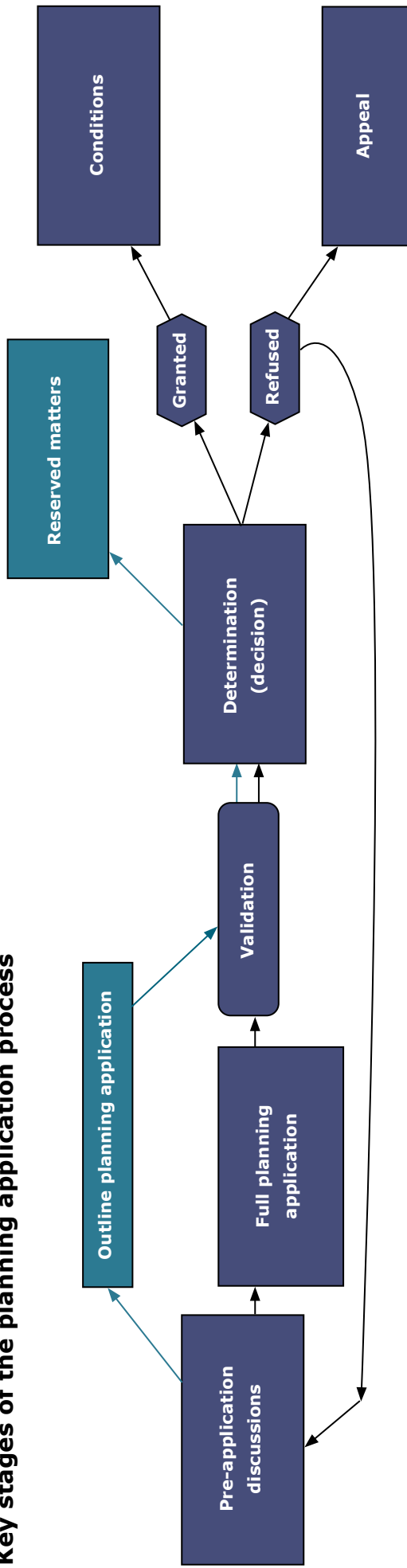
Sometimes referred to as 'development management', planning application processes are designed to ensure that new development proceeds according to the policies set out in the local plan and national planning policy⁶. Key elements and stages of the process are mapped out in the flowchart on the next page.

⁴ In the [FMB House Builders Survey 2021](#), 61% of SME house builders surveyed cited planning as a major constraint on their ability to build more homes.

⁵ In England, the National Planning Policy Framework (NPPF) paragraph 69 requires local authorities to promote the development of a good mix of sites, including small and medium sized sites, in a number of different ways.

⁶ 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-application discussions:

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 until determination.

Determination:

once validated an application must be determined (granted or refused) within 8 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 will likely 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.

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).

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 including a relatively accurate assessment of likely contributions when undertaking a site appraisal.*⁷ 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 [Scottish Planning Policy](#) provides a similar function to the NPPF in England, as does [Planning Policy Wales](#) in Wales and [Strategic Planning Policy Statement in](#) Northern Ireland.

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



Advice from the industry: exploring an application

- 1. Get a good architect 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.
- 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 architects 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.

⁷ 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.

“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 quite 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.
- 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 do, will leave 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. 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. 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.
- 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 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 s278 or s38 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 agreements** (Section 104 of the Water Industry Act (1991)) agreement 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 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, 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 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 architectural technicians. 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.
- *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 application 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. These 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. The [CITB website](#) provides information on how to recruit and hire an apprentice, the benefits of doing so and the financial support available to support you.
- **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** – whilst 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 several industry resources that can help you to attract and search for the best candidates available:
 - **Talentview Construction:** can help you to find those looking for their first opportunity to work in the industry, such as apprentices.
 - **Construction Talent Retention Scheme:** is a simple, easy to use recruitment platform supported by the Construction Leadership Council, CITB, and industry bodies.

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.
- **CITB Advisers** – CITB Advisers can support construction employers through 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 use an internet search engine to find courses in their local area.

Remember: If you are registered with 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 Approved Inspectors. If you decide to appoint an approved inspector, you and the inspector 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 which doesn't comply.

Avoiding common traps

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

- **Don't under-estimate 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 delay 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.
- [Construction Industry Council Approved Inspectors Register](#) (CICAIR). CICAIR approves and registers all Approved Inspectors, private companies that can provide building regulations approval.

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 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 to 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 is currently low. 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.”

Small developer in Yorkshire and Humber

Getting health and safety right *cannot* be an after-thought. In today’s construction industry, good health and safety practice is a failsafe 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 risk 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 from your health and safety consultants on. 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 and materials 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 couple of large and well-known providers – NHBC and LABC/Premier – 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 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 is putting in place a new regulatory structure for England, which will involve a **New Homes Ombudsman** that will provide a dispute resolution channel and determine complaints.

What you need to know:

- Developers will be required to become members of the New Homes Ombudsman scheme and will be required to pay a charge to fund the scheme⁸.
- Before the new rules come into force, the New Homes Quality Board (NHQB) is developing a voluntary ombudsman scheme, which may become the new ombudsman. NHQB is also developing a new industry consumer code: the New Homes Quality Code.
- There are a number of consumer codes currently 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 the majority of the market, but some individual providers operate their own codes. The expectation is that all these will give way to a single industry code, which will likely be the **New Homes Quality Code**.

⁸ The Government has indicated that self build homes will be exempt, but the status of custom build homes in relation to the ombudsman is uncertain. See Chapter 12 for more on custom and self build.

The UK government has said that it is in discussions with the devolved administrations of Scotland, Wales and Northern Ireland as to how this policy may be taken forward there.

i Sources of further information

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

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 also pays to think ahead. Below are some of the key elements of these 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. Set against this, it is quite possible that house prices and build costs rise between sale and completion and this eats away at your margins, though that may be an acceptable price to pay. This 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, but a lot of small developers understandably take the view that they are the best salespeople for their homes. This will 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.
- 2. Location of sales point and advertising** – you can sell off-site or on-site and which makes 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.⁹

⁹ Show houses can be a valuable tool for sales, but these come at a cost, including the Council Tax which is levied on them.

3. **Social media** – is an increasingly common and important source of leads. 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.
4. **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.
5. **3D visualisation** – if you're selling off-plan, computer-generated imagery of your homes and street scene can be powerful sales techniques. Aerial views of the site and individual plots can help to add a 'wow' factor to this.
6. **Sales incentives** – you may wish to throw in 'extras' (e.g. carpets and curtains, contribution to legal fees) as part of the sale.



An overview: Handover and customer care

There are a set of standard handover processes, which most house builders undertake. For instance, 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. 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 must now be central considerations for all house builders, not least because of the urgent importance placed on them by policymakers and many customers. The UK has a legal target to bring all greenhouse gas emissions to net zero by 2050 and homes account for around 20% of such emissions. Residential development also has significant implications for biodiversity and water resilience. Growing demands on housebuilders to minimise and eliminate these impacts will now be permanent features of the landscape across the UK.

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, the Government have set out a **Future Homes Standard** which will involve a three quarters reduction in CO₂ emissions on the 2013 regulations from 2025¹⁰. In practice this will mean a major uplift in fabric and energy efficiency of new homes, with a view to no new homes being built with gas boilers after 2025. An interim step is now effect (since June 2022) which amounts to a one third improvement in CO₂ emissions on 2013 reg. This is likely to be met through a more extensive use of solar panels as well as an uplift in fabric efficiency. Further reductions necessary to reach net zero are to be achieved through the decarbonisation of the electricity grid.

The Welsh Government is following a similar path to England. The Scottish Government is proposing a New Build Heat Standard which would mean that all new homes from 2024 will be required to have zero emissions heating systems. In Northern Ireland, a 'nearly-zero energy buildings' standard was introduced in 2020.

SAP and EPCs

The Standard Assessment Procedure, or 'SAP', is the approved method for assessing the energy performance of homes. SAP calculations are required under all UK regulatory regimes and must be undertaken by an accredited assessor. SAP calculations for your home will need to meet the levels required by the applicable Building Regulations and the SAP score will in turn determine the Energy Performance Certificate (EPC) rating for the building.¹¹

An overview: Biodiversity

Serious concerns over declining biodiversity are bringing greater scrutiny of all new developments for their impact on habitats and species. In England, a new requirement to deliver a 10% net gain in biodiversity on all new housing developments will come into effect from 2023. This will require a biodiversity site survey and quite likely the services of a professional ecologist. This will apply only to habitats. Different schemes will continue to apply to species, and some planning authorities may ask for more than 10% gain. It is generally accepted that achieving net gain on small sites can be more challenging, and

¹⁰ The current Part F requirements in England (so-called Part F 2013) will have been in effect from 2014 to June 2022.

¹¹ EPCs are a legal requirement when selling or renting a home.

where this is not possible an off-set payment will be required. Current policy in Wales and emerging policy in Scotland also require enhancement to biodiversity in all new development.



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. Architects and planners will also need to become familiar with how to meet biodiversity net gain.
 - **Some products and services may help** – there may also be products and services which arrive on the market and provide affordable solutions. We would expect automated solutions for meeting biodiversity gain on small sites to come onto market, and spoke to one company developing precisely this.
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 architects and planning consultants as to whether local planning policies impose additional energy efficiency or other environmental requirements.
3. **Sustainability and your business strategy** – there is also 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 case¹². 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. However, as one developer told us:

“Don't be too afraid of biodiversity. With a good site plan, we've found all of this can be delivered.”

¹² 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. Available at: <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. Available at: <https://www.lrg.co.uk/media-centre/nearly-three-quarters-of-buyers-would-like-their-property-to-be-more-eco-friendly/>

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.
- The [Future Homes Delivery Plan](#) provides a good guide to where the industry is travelling in terms of the environmental standards it will be expected to meet in the years ahead.
- The Hub has also published an [overview](#) of the changes to Part L, Part F, Part O and Part S of the Building Regulations in effect in England from June 2022.
- A brief guide to the biodiversity net gain policy can be found in the [2021 FMB House Builders Survey](#) pgs 21-24.

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;
- i.) ask the professionals in your team the right questions and check that you have access to the expertise you need;
- i.) be able to respond to high level questions from planners, building inspectors or customers.

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. The Government has announced its intention to move towards greater water efficiency, including through tightening these requirements. This is likely to include innovative systems such as rainwater harvesting, or so-called 'greywater' recycling.
Electric vehicle charging	In England, all new homes with 'associated parking' space are required to have electric vehicle charging points as of June 2022, under the new Part S . Regulations in other parts of the UK will likely follow suit, with the Scottish Government pursuing a similar policy.
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 recognises 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. 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. However, this is likely to change in the years ahead as the push to reach net zero by 2050 intensifies.
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 government targets on resource efficiency are likely to drive pressure to do more. The Future Homes Hub Delivery Plan sets 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) will likely 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 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. **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, developers who have specialised in MMC point out that timber frame solutions for single units are available, and can reduce risk for new developers by transferring responsibility for structural soundness and thermal efficiency to a third party.
3. **Some advantages 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, reduction of exposure to skills shortages and reduction of on-site waste.
4. **Digitalisation** – digitalisation of construction information and processes is currently more likely to be applied by those building at significant scale, rather than SMEs. However, 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 and this process is likely to become more sophisticated over time.



Sources of further information

- [Smart Construction: a guide for housing clients](#) by The Construction Leadership Council.
- [The MMC definition framework](#) - 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. If you are interested in gaining a greater understanding of modern methods, this might be a useful place to begin.
- [NHBC Accepts](#) - is a comprehensive review service for innovative products and systems.

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.
- [Help to Build](#) is a government equity loan scheme for custom and self builders (available in England) which should help make CSB financially viable for more people
- [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](#).

Sources of support

Trade associations exist to represent your interests to policymakers and other industry professionals, and they can provide ongoing advice and support, including information on the latest changes likely to affect your business. Just as importantly, they will also bring you together with other builders and developers to share experience and insight. All of the established developers who have contributed to this book are active members of one of the below trade associations.



Federation of Master Builders

The FMB is the voice of small and micro house builders in the industry. We actively lobby Government to ensure small, local housebuilders are a key consideration in the creation of housing policy. FMB members can join the Small and Micro House Builders Group which campaigns on behalf of FMB house builder members. The FMB publishes an annual House Builders Survey, which is the leading publication looking at the experience and outlook of the SME house building industry.

Website: www.fmb.org.uk



Home Builders Federation

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

Website: www.hbf.co.uk



National Federation of Builders

The National Federation of Builders (NFB) represents builders, contractors and house builders across England and Wales. As one of the UK's longest standing trade bodies, it was created to represent the building profession and to promote conditions its members need to thrive and contribute to the economic success of the UK. The federation provides expert advice, training, representation and business services for members so that they can comply with industry standards, excel in delivery, and grow successful businesses.

Website: www.builders.org.uk



www.constructionleadershipcouncil.co.uk

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