

# Chronological Timeline of UK Building and Construction Regulations (1980–2025)

## 1. 1980s: The Peak and Early Shifts in Regulation

The 1980s represent a pivotal decade for the UK construction industry, characterized by a high point in the market share and influence of Small and Medium-sized Enterprises (SMEs), followed by the introduction of foundational legislation that would reshape the regulatory landscape for decades to come. This period saw the peak of SME housebuilding activity, with smaller firms responsible for a significant portion of new homes built in the UK. However, the latter half of the decade also witnessed the enactment of the Building Act 1984, a landmark piece of legislation that laid the groundwork for the modern system of building control. This act introduced a more performance-based approach to building regulations, moving away from prescriptive standards and allowing for greater flexibility in construction methods. While this shift was intended to foster innovation and efficiency, it also introduced a new layer of complexity that would have lasting implications for builders of all sizes, particularly SMEs who often lacked the dedicated resources to navigate these changes as effectively as their larger counterparts. The introduction of Approved Inspectors in 1985 further privatized the building control process, creating a competitive market for building control services but also adding another variable for SMEs to consider in their project planning and budgeting.

### 1.1. 1984: The Building Act 1984

The Building Act 1984, which received Royal Assent on October 31, 1984, stands as a landmark piece of legislation that fundamentally reformed the framework of building control in England and Wales. It consolidated a multitude of previous enactments concerning building and construction into a single, comprehensive act, providing a more streamlined and modern system of control. A key innovation of the Act was the introduction of **functional performance standards**, which shifted the focus from prescriptive, "deemed-to-satisfy" rules to a more flexible, outcome-based approach. This was supported by statutory guidance documents known as **Approved Documents**, which provided practical guidance on how to meet the functional requirements of the regulations. This change was designed to encourage innovation and allow for the use of new materials and construction techniques, but it also placed a greater onus on builders and designers to demonstrate compliance, a task that could be more

challenging for smaller firms with limited technical resources. The Act also laid the groundwork for the introduction of private sector competition in building control, a move that would have profound implications for the industry.

The Building Act 1984 also introduced significant changes to the enforcement and administration of building regulations. It granted the Secretary of State the power to make regulations for the construction and alteration of buildings, and it established a clear framework for the notification and inspection of building work. The Act's provisions were designed to make the building control system more efficient and effective, but they also introduced a new level of complexity and bureaucracy. For SME builders, who often operated with lean administrative structures, navigating these new requirements could be a significant challenge. The Act's emphasis on documentation, certification, and formal notification procedures added to the administrative burden, increasing the time and cost involved in completing projects. While the intention was to create a more robust and flexible system, the practical effect for many smaller firms was an increase in regulatory hurdles, which began to erode their competitive advantage.

## 1.2. 1985: Introduction of Approved Inspectors

A direct consequence of the Building Act 1984 was the introduction of **Approved Inspectors**, which came into effect with the Building Regulations 1985. This reform fundamentally altered the landscape of building control by creating a competitive market for building control services. For the first time, builders and developers had the choice of using either their local authority's building control department or a private sector Approved Inspector to oversee their projects and certify compliance with building regulations. The rationale behind this change was to introduce competition and drive up standards of service, with the aim of making the building control process more efficient and responsive to the needs of the construction industry. Approved Inspectors, as private entities, were expected to offer a more flexible and customer-focused service, potentially reducing delays and streamlining the approval process.

However, the introduction of Approved Inspectors also created a two-tier system that had a mixed impact on SME builders. On the one hand, the increased competition could lead to lower fees and faster turnaround times, which would benefit smaller firms. On the other hand, the new system introduced a level of complexity and choice that could be daunting for those unfamiliar with the process. SME builders had to weigh the costs and benefits of using a private Approved Inspector versus their local authority, a decision that required a good understanding of the market and the specific needs of

their project. Furthermore, the private sector's focus on commercial viability could sometimes lead to a more rigorous and demanding inspection process, which could be challenging for smaller firms with limited resources. The dual system, while offering choice, also created a potential for inconsistency in the application of building regulations, as different Approved Inspectors might interpret the rules in slightly different ways. This added a layer of uncertainty for builders, who had to ensure that their work would be acceptable to whichever body they chose to oversee their project.

### **1.3. 1988: Peak of SME Housebuilding Activity**

The late 1980s, and **1988 in particular, are widely recognized as the peak of SME housebuilding activity in the UK**. During this period, small and medium-sized builders were responsible for constructing a remarkable **40% of all new homes**, a testament to their vitality and importance in the housing market. This high level of activity was driven by a combination of factors, including a strong economy, favorable government policies, and a relatively light-touch regulatory environment. The Thatcher government's emphasis on homeownership and market-led solutions created a buoyant housing market, and SME builders were well-positioned to capitalize on this demand. Their local knowledge, flexibility, and ability to build on smaller, infill sites gave them a competitive edge over larger, more bureaucratic housebuilders.

However, this period of prosperity was not to last. The very success of SME builders in the 1980s masked the underlying challenges that were beginning to emerge. The regulatory changes introduced in the mid-1980s, such as the Building Act 1984 and the introduction of Approved Inspectors, were the first signs of a shift towards a more complex and demanding regulatory environment. While these changes did not immediately stifle the growth of SME builders, they laid the groundwork for the more significant regulatory burdens that would be introduced in the 1990s and beyond. The peak of SME activity in 1988 can therefore be seen as a turning point, a moment before the full impact of these regulatory changes began to be felt. The subsequent decline in the market share of SME builders, which has continued to the present day, can be traced back to the cumulative effect of the regulations and policies that were introduced in the years following this peak.

### **1.4. 1989: Introduction of Completion Certificates for Building Regulations**

In 1989, a significant procedural change was introduced to the building control system with the mandatory requirement for **Completion Certificates** for all building work subject to building regulations. This change was part of the ongoing implementation of

the Building Act 1984 and was designed to provide a clear and formal record that a project had been completed in accordance with the approved plans and the requirements of the regulations. The Completion Certificate, issued by the building control body (either the local authority or an Approved Inspector), served as a crucial piece of documentation for property owners, as it was often required for the sale or re-mortgaging of a property. It provided assurance to potential buyers and lenders that the building work was compliant and safe.

For SME builders, the introduction of Completion Certificates added another layer of administrative responsibility to the construction process. They had to ensure that all work was completed to the required standard and that all necessary inspections had been carried out and signed off by the building control body before a Completion Certificate could be issued. This required careful project management and record-keeping, which could be a challenge for smaller firms with limited administrative capacity. The process of obtaining a Completion Certificate could also be time-consuming, particularly if there were any outstanding issues or defects that needed to be rectified. Any delays in obtaining the certificate could have financial implications for the builder, as it could delay the final payment from the client or the sale of the property. While the intention behind the Completion Certificate was to improve accountability and provide greater assurance to consumers, it also added to the regulatory burden on SME builders, contributing to the gradual erosion of their competitive advantage.

## **2. 1990s: The Planning Revolution and its Impact on SMEs**

The 1990s marked a period of profound change for the UK construction industry, with the introduction of a new planning system that would have a lasting impact on the ability of SME builders to compete. The Town and Country Planning Act 1990, which came into force in the early part of the decade, fundamentally reshaped the planning landscape, shifting the focus from a discretionary system to a "plan-led" approach. This change, while intended to create a more predictable and transparent planning process, also introduced a new level of complexity and bureaucracy that disproportionately affected smaller firms. The increased emphasis on detailed planning applications, environmental assessments, and public consultation created significant administrative and financial hurdles for SME builders, who often lacked the resources and expertise to navigate the new system effectively. The cumulative effect of these changes was a gradual decline in the market share of SME builders, as they found it

increasingly difficult to compete with larger firms that had the capacity to absorb the increased costs and complexities of the planning process.

## 2.1. 1990: The Town and Country Planning Act 1990

The Town and Country Planning Act 1990 was a landmark piece of legislation that consolidated and reformed the UK's planning system. It replaced the Town and Country Planning Act 1971 and introduced a new framework for the preparation and adoption of development plans, which were to become the primary determinant of planning decisions. The Act established a hierarchical system of plans, with structure plans at the county level and local plans at the district level, which together would set out the strategic vision for the development and use of land in a particular area. This **"plan-led" system** was intended to provide greater certainty and predictability for developers and the public, by ensuring that planning decisions were made in accordance with a pre-determined set of policies.

However, the new system also had a number of unintended consequences for SME builders. The process of preparing and adopting development plans was often lengthy and complex, and it could take several years for a local authority to have an up-to-date plan in place. This created uncertainty for developers, who were unsure what types of development would be permitted in a particular area. The Act also introduced a more formal and adversarial approach to planning applications, with a greater emphasis on written evidence and legal argument. This put smaller firms at a disadvantage, as they often lacked the resources to engage in lengthy and expensive planning disputes. The increased complexity of the planning system also led to a rise in the number of planning consultants and other intermediaries, who were able to navigate the system on behalf of developers. This added another layer of cost to the development process, which could be prohibitive for smaller projects.

### 2.1.1. Introduction of the 'Plan-Led' System

The "plan-led" system introduced by the Town and Country Planning Act 1990 was a radical departure from the previous discretionary system, which had given local planning authorities considerable flexibility in determining planning applications. Under the new system, the development plan was to be the **"starting point" for all planning decisions**, and applications that were in accordance with the plan were to be approved, unless there were "material considerations" that indicated otherwise. This was intended to create a more rules-based and predictable planning system, where the outcome of a planning application could be more easily anticipated.

However, the reality of the plan-led system was often more complex and less predictable than the theory suggested. Development plans were often out-of-date or lacked the necessary detail to provide clear guidance on specific development proposals. This meant that planning officers and committees still had a considerable degree of discretion in interpreting the policies of the plan and weighing up the various material considerations. The system also created a new set of challenges for SME builders, who had to engage with the plan-making process to ensure that their interests were taken into account. This could be a time-consuming and resource-intensive process, which was often beyond the capacity of smaller firms. The plan-led system also led to a greater focus on strategic, large-scale development sites, which were often allocated in the development plan. This made it more difficult for SME builders to get permission for smaller, infill developments, which were often not specifically identified in the plan.

### 2.1.2. Increased Planning Burden and Costs for SMEs

The introduction of the plan-led system in the 1990s led to a significant increase in the planning burden and costs for all developers, but the impact was particularly acute for SME builders. The new system required a greater level of detail and justification in planning applications, with a greater emphasis on supporting documents such as **design and access statements, environmental impact assessments, and transport assessments**. The preparation of these documents required a high level of technical expertise and could be expensive, particularly for smaller projects where the costs could not be easily spread.

The increased complexity of the planning system also led to longer and more uncertain decision-making times. The process of determining a planning application could take many months, or even years, particularly if the application was controversial or required a public inquiry. This created significant cash flow problems for SME builders, who often had to carry the costs of a project for a long period before they could start construction. The uncertainty of the planning process also made it more difficult for smaller firms to secure development finance, as lenders were often reluctant to provide funding for projects with an uncertain outcome. The cumulative effect of these changes was to create a significant barrier to entry for new and smaller builders, and to make it more difficult for existing SME builders to compete with larger firms that had the resources to manage the complexities of the planning system.

## 2.2. 1994: Construction (Design and Management) (CDM) Regulations

The Construction (Design and Management) Regulations 1994, commonly known as the **CDM Regulations**, were introduced to improve health and safety in the construction industry. The regulations placed a legal duty on clients, designers, and contractors to plan, manage, and monitor construction work to ensure the health and safety of everyone involved. The regulations were a response to the high number of accidents and fatalities in the construction industry, and they represented a significant shift in the approach to health and safety management.

The CDM Regulations introduced a number of new roles and responsibilities, including the appointment of a **planning supervisor** (later replaced by the CDM coordinator) and a **principal contractor**. These roles were responsible for ensuring that health and safety was considered at all stages of a construction project, from design to completion. The regulations also required the preparation of a **health and safety plan** and a **health and safety file** for all notifiable projects. The introduction of the CDM Regulations had a significant impact on the construction industry, and they were widely seen as a positive step towards improving health and safety standards. However, the regulations also added to the administrative burden on builders and developers, and they were often criticized for being overly complex and bureaucratic.

### 2.2.1. Initial Application to Larger Projects

When the CDM Regulations were first introduced in 1994, they only applied to larger, non-domestic construction projects. A project was notifiable to the Health and Safety Executive (HSE) if it was expected to last more than **30 days** or involve more than **500 person-days** of work. This meant that the regulations did not initially apply to the vast majority of domestic building work, which was typically carried out by SME builders. However, the regulations still had an indirect impact on smaller firms, as they were often involved in larger projects as subcontractors. In these cases, the principal contractor was responsible for ensuring that all subcontractors complied with the requirements of the regulations.

The initial focus on larger projects was a pragmatic decision, as it was felt that these projects posed the greatest risk to health and safety. However, it also meant that the benefits of the regulations were not immediately felt in the domestic sector, where a significant number of accidents still occurred. The exclusion of domestic projects from the scope of the regulations was also a source of some controversy, with some arguing that it created a two-tier system where the safety of workers on domestic projects was not given the same priority as those on larger, commercial projects. This issue would

be addressed in later revisions of the regulations, which would extend the scope of the CDM Regulations to include all construction work, including domestic projects.

### 2.2.2. Increased Focus on Health and Safety Management

The CDM Regulations marked a significant shift in the approach to health and safety in the construction industry, moving away from a prescriptive, rule-based system to a more proactive, **risk-based approach**. The regulations placed a strong emphasis on the importance of planning and management, and they required all parties involved in a construction project to work together to identify and control risks. This was a major cultural change for the industry, which had traditionally been seen as having a poor health and safety record.

The regulations introduced a number of key concepts, including the "health and safety plan" and the "health and safety file." The health and safety plan was a document that set out how health and safety would be managed on a project, and it had to be prepared before work started on site. The health and safety file was a record of information for the client or end user of a building, which would help them to manage health and safety risks during the maintenance and use of the building. The introduction of these documents added to the administrative burden on builders and developers, but they also provided a valuable tool for managing health and safety risks. The CDM Regulations also placed a strong emphasis on the importance of training and competence, and they required all those involved in a construction project to be competent to carry out their duties. This was a positive development, as it helped to raise the overall standard of health and safety in the industry.

## 3. 2000s: The Rise of Certification Schemes and Self-Certification

The 2000s witnessed a significant expansion in the use of certification schemes and self-certification in the UK construction industry. This trend was driven by a number of factors, including a desire to reduce the regulatory burden on local authorities, improve the quality of building work, and increase consumer confidence in the construction industry. The introduction of **Competent Person Schemes (CPS)** in 2002 was a key development, as it allowed tradesmen to self-certify that their work complied with building regulations, without the need for a separate inspection by a building control body. This was followed by the launch of **TrustMark** in 2004, a government-endorsed quality scheme for tradesmen, which aimed to provide consumers with a reliable way to find reputable and trustworthy builders. The decade also saw the introduction of a number of new building regulations, including **Part P (electrical safety)** in 2005 and a



major update to **Part L (energy efficiency)** in 2006, which further increased the demand for certified and competent tradesmen.

### 3.1. 2002: Introduction of Competent Person Schemes (CPS)

The introduction of Competent Person Schemes (CPS) in 2002 was a significant reform of the building control system in England and Wales. The schemes were introduced as part of a wider government initiative to reduce the regulatory burden on businesses and to promote self-regulation in the construction industry. The CPS allowed tradesmen who were members of an approved scheme to **self-certify that their work complied with building regulations**, without the need for a separate inspection by a building control body. This was a major change from the previous system, where all building work had to be inspected and approved by a local authority or an Approved Inspector.

The CPS were initially introduced for a limited range of work, including the installation of replacement windows and doors, and the installation of certain types of heating and hot water systems. However, the scope of the schemes was later expanded to cover a wider range of work, including electrical installations (under Part P) and plumbing and heating work. The introduction of the CPS was generally welcomed by the construction industry, as it was seen as a way of reducing the time and cost involved in obtaining building control approval. However, the schemes also had their critics, who argued that they could lead to a lowering of standards and a lack of independent oversight of building work.

#### 3.1.1. Allowing Tradesmen to Self-Certify Compliance

The core principle of the Competent Person Schemes (CPS) was to allow tradesmen to self-certify that their work complied with building regulations. This was a significant departure from the traditional system of building control, which relied on independent inspection and approval by a building control body. Under the CPS, tradesmen who were members of an approved scheme were deemed to be "competent" to carry out certain types of building work to the required standard. They were therefore able to issue a certificate of compliance to the homeowner or client, which would be accepted by the local authority as evidence that the work had been carried out in accordance with building regulations.

The ability to self-certify compliance was a major benefit for tradesmen, as it allowed them to complete projects more quickly and efficiently, without the need to wait for a building control inspector to visit the site. This was particularly advantageous for

smaller jobs, where the cost and delay of a separate inspection could be disproportionate to the value of the work. The CPS also provided a marketing advantage for tradesmen, as it allowed them to demonstrate their competence and professionalism to potential customers. However, the ability to self-certify also came with a high level of responsibility. Tradesmen who were members of a CPS were required to undergo regular training and assessment to ensure that they remained up-to-date with the latest regulations and standards. They were also subject to a range of sanctions, including expulsion from the scheme, if they were found to be in breach of the rules.

### **3.1.2. Reducing the Need for Local Authority Inspections**

One of the main objectives of the Competent Person Schemes (CPS) was to reduce the need for local authority inspections of building work. This was seen as a way of freeing up the resources of local authority building control departments, allowing them to focus on more complex and high-risk projects. It was also intended to reduce the regulatory burden on builders and homeowners, by simplifying the process of obtaining building control approval. Under the CPS, the vast majority of work carried out by members of an approved scheme was not subject to inspection by a local authority building control officer. This was a significant change from the previous system, where all building work had to be inspected and approved by a building control body.

The reduction in the need for local authority inspections was a major benefit for SME builders, as it allowed them to avoid the delays and costs associated with the traditional building control process. It also gave them greater control over their projects, as they were no longer dependent on the availability of a local authority inspector to sign off their work. However, the reduction in inspections also raised concerns about the potential for a lowering of standards. Some critics argued that the CPS could lead to a "fox guarding the henhouse" situation, where tradesmen were effectively marking their own homework. To address these concerns, the CPS were subject to a rigorous system of oversight and audit. The schemes were run by a number of different organizations, which were approved by the government to operate as a CPS. These organizations were responsible for ensuring that their members were competent and that they complied with the rules of the scheme. They were also required to carry out regular audits of their members' work, to ensure that it met the required standards.

## **3.2. 2004: Launch of TrustMark**

In 2004, the UK government launched **TrustMark**, a new quality scheme for tradesmen in the repair, maintenance, and improvement (RMI) sector. The scheme was developed in response to a growing concern about the quality of work being carried out by "cowboy builders" and the lack of a reliable way for consumers to find reputable and trustworthy tradesmen. TrustMark was a government–endorsed scheme, which aimed to provide consumers with a "seal of approval" for tradesmen who met a certain standard of competence and customer service. The scheme was run by a number of different scheme operators, who were responsible for vetting and monitoring the tradesmen who were registered with them.

The launch of TrustMark was a significant development for the construction industry, as it represented a major government intervention in the RMI market. The scheme was designed to raise standards and improve consumer confidence, and it was backed by a major public awareness campaign. For SME builders, TrustMark offered a number of potential benefits. It provided a way of demonstrating their competence and professionalism to potential customers, and it could help them to win new business. It also provided a framework for resolving disputes with customers, which could help to protect their reputation. However, the scheme also had its critics, who argued that it was overly bureaucratic and that it did not go far enough to address the problem of cowboy builders. There were also concerns about the cost of joining the scheme, which could be a barrier for smaller firms.

### **3.2.1. Government–Endorsed Quality Scheme for Tradesmen**

TrustMark was a government–endorsed quality scheme, which gave it a high level of credibility and visibility in the marketplace. The scheme was supported by a major public awareness campaign, which encouraged consumers to look for the TrustMark logo when choosing a tradesman. This was a significant advantage for tradesmen who were registered with the scheme, as it provided them with a powerful marketing tool. The government endorsement also gave consumers a degree of confidence that the scheme was being run to a high standard and that they would be protected if something went wrong.

The government endorsement of TrustMark was a clear signal that the government was taking the issue of quality in the RMI sector seriously. It was also a recognition that the market alone was not able to provide consumers with the information they needed to make informed choices. The government's involvement in the scheme was seen as a way of providing a "kite mark" for quality, which would help to drive up standards and to improve the reputation of the industry as a whole. However, the effectiveness of

TrustMark in achieving these goals has been a subject of debate. A high-profile case reported in 2008 highlighted a situation where a TrustMark-registered firm was paid £22,000 for a renovation project but left the house in a state of disrepair, leading to a three-year ordeal for the homeowner. The case raised questions about the rigor of the vetting process and the effectiveness of the complaints and redress mechanisms, suggesting that the scheme's promise of consumer protection was not always fulfilled in practice.

### **3.2.2. Aimed at Improving Consumer Confidence**

A primary objective of the TrustMark scheme was to improve consumer confidence in the domestic construction and home improvement market, which had been plagued by a reputation for poor workmanship, unreliable tradesmen, and a lack of effective redress for dissatisfied customers. The scheme was designed to address these issues by providing a clear and easily recognizable way for consumers to identify firms that had been vetted and were committed to high standards of workmanship and customer service. The TrustMark logo was intended to be a symbol of trust, signifying that a firm was part of an approved scheme, had been checked for financial stability, and was subject to a clear complaints and dispute resolution process. The scheme's marketing materials emphasized the benefits for consumers, such as the assurance that firms would provide clear and fair contracts, offer insurance-backed warranties for their work, and adhere to a code of practice.

### **3.3. 2005: Introduction of Part P (Electrical Safety)**

The introduction of **Part P of the Building Regulations** in 2005 was a landmark change for the electrical industry in the UK. Part P brought all electrical installation work in dwellings, as well as in other buildings where the electrical installation is connected to the same meter as a dwelling, under the control of the Building Regulations for the first time. The aim of Part P was to improve electrical safety in homes and to reduce the number of accidents, injuries, and fires caused by faulty electrical work. The regulations required that all electrical work be designed and installed in a way that protects people from fire and injury, and that it be carried out by a competent person. For SME builders and electricians, the introduction of Part P had a significant impact. It meant that all notifiable electrical work had to be either carried out by a person registered with a Competent Person Scheme (CPS) or notified to the local authority building control department for inspection. This created a new market for electrical CPS, such as the NICEIC, and led to a significant increase in the number of electricians seeking registration with these schemes. For builders who carried out electrical work as

part of a larger project, Part P added a new layer of complexity and cost, as they had to ensure that the electrical work was either done by a registered electrician or inspected by a building control body .

### 3.3.1. Mandatory Certification for Electrical Work in Dwellings

The introduction of Part P of the Building Regulations in 2005 made it a legal requirement for most electrical work in dwellings to be certified as compliant with the regulations. This was a significant change from the previous situation, where there was no specific legal requirement for electrical work in homes to be inspected or certified. Under the new regulations, any electrical work that involves the installation of a new circuit, or any work in a kitchen, bathroom, or other special location, is considered notifiable and must be certified. The certification can be provided in one of two ways: either by a person registered with a Part P Competent Person Scheme (CPS), who can self-certify their work, or by the local authority building control department, which will inspect the work and issue a certificate if it is found to be compliant. For SME builders and electricians, the mandatory certification requirement had a number of implications. It increased the cost and administrative burden of carrying out electrical work, as it required either registration with a CPS or payment for a local authority inspection. It also raised the stakes for getting the work right, as non-compliant work could result in enforcement action and a requirement to rectify the defects at the installer's own expense .

### 3.3.2. Increased Demand for NICEIC and Other Electrical CPS

The introduction of Part P of the Building Regulations in 2005 led to a surge in demand for registration with electrical Competent Person Schemes (CPS), such as the **NICEIC (National Inspection Council for Electrical Installation Contracting)** . These schemes offered a streamlined and cost-effective route to compliance with the new regulations, allowing registered electricians to self-certify their work without the need for a separate inspection by a building control body. For SME electricians, joining a CPS became almost a necessity in order to remain competitive in the post-Part P market. The ability to self-certify not only saved time and money but also provided a valuable marketing tool, as it demonstrated to customers that the electrician was competent and their work would be compliant with the regulations. The increased demand for CPS registration also led to a greater emphasis on training and continuing professional development within the electrical industry, as electricians had to demonstrate their competence and keep their skills up to date in order to maintain their registration. The

rise of the electrical CPS has had a lasting impact on the industry, creating a more professional and regulated environment for electrical work in dwellings .

### 3.4. 2006: Major Update to Part L (Energy Efficiency)

The major update to **Part L of the Building Regulations** in 2006 was a key milestone in the drive to improve the energy efficiency of new and existing buildings in the UK. The revised regulations introduced more stringent requirements for the conservation of fuel and power, with a particular focus on reducing carbon emissions from buildings. The new Part L included a number of significant changes, such as a requirement for all new buildings to be designed and constructed to achieve a specific level of energy performance, as measured by the **Standard Assessment Procedure (SAP)** for dwellings and the **Simplified Building Energy Model (SBEM)** for non-domestic buildings. The regulations also introduced new requirements for the insulation of roofs, walls, and floors, as well as for the efficiency of heating and hot water systems. For SME builders, the 2006 update to Part L had a significant impact on the way they designed and constructed buildings. It required a greater level of technical expertise and a more integrated approach to building design, in order to ensure that all elements of the building worked together to achieve the required level of energy performance. The new regulations also increased the cost of construction, as they required the use of more expensive materials and technologies, such as high-performance insulation and energy-efficient windows and boilers .

#### 3.4.1. Enhanced Insulation and Heating System Requirements

The 2006 update to Part L of the Building Regulations introduced significantly enhanced requirements for the insulation of building fabric and the efficiency of heating systems. The new regulations set higher standards for the thermal performance of roofs, walls, floors, and windows, in order to reduce heat loss and improve the overall energy efficiency of the building. This meant that builders had to use materials with better insulating properties, such as thicker layers of insulation and triple-glazed windows, which added to the cost of construction. The regulations also introduced new requirements for the efficiency of heating and hot water systems, with a focus on reducing carbon emissions. This included a requirement for all new boilers to be high-efficiency condensing models, and for heating systems to be properly controlled and commissioned to ensure that they operated at their maximum efficiency. For SME builders, these enhanced requirements meant a greater need for technical knowledge and a more careful approach to the design and installation of building services. It also

meant that they had to be more aware of the latest technologies and products on the market, in order to ensure that their buildings met the new standards .

### **3.4.2. Increased Compliance Costs for Builders**

The 2006 update to Part L of the Building Regulations resulted in a significant increase in the cost of compliance for builders. The new, more stringent requirements for insulation, heating systems, and air tightness meant that builders had to use more expensive materials and technologies, and to adopt more sophisticated construction techniques. This added to the overall cost of construction, which was a particular challenge for SME builders who often operate on tight profit margins. The increased complexity of the regulations also added to the administrative burden, as builders had to provide more detailed information and calculations to demonstrate compliance. This often required the use of specialist software and the services of energy assessors, which added further to the cost. While the long-term benefits of improved energy efficiency, such as lower energy bills for homeowners, were clear, the upfront cost of compliance was a significant barrier for some builders, particularly those working on smaller, lower-value projects. The increased cost of compliance with Part L has been a recurring theme in the years since 2006, with each subsequent update to the regulations bringing further increases in the cost of construction .

## **4. 2010s: Strengthening Safety and Energy Standards**

The 2010s was a decade of significant regulatory change in the UK construction industry, with a strong focus on strengthening safety and energy standards. This period saw the introduction of a number of important new regulations and updates to existing ones, all of which had a significant impact on the way that buildings were designed, constructed, and maintained. The decade began with the replacement of the CORGI gas registration scheme with the new Gas Safe Register, a move that was designed to improve the safety of gas installations and to provide greater assurance to consumers. This was followed by a series of major updates to Part L of the Building Regulations, which continued the drive towards greater energy efficiency in buildings. The decade also saw the introduction of new regulations covering a range of other areas, including fire safety, accessibility, and the provision of high-speed broadband infrastructure. For SME builders, the 2010s was a period of increasing regulatory complexity and cost, as they had to adapt to a rapidly changing legislative landscape.

### **4.1. 2009: Gas Safe Register Replaces CORGI**

In 2009, the **CORGI gas registration scheme** was replaced by the new **Gas Safe Register**. This was a significant change in the regulation of gas safety in the UK, and it had a major impact on all gas engineers, including those working for SME firms. The Gas Safe Register was established as a new, independent body responsible for maintaining the official list of qualified gas engineers who are legally permitted to work on gas appliances. All gas engineers were required to register with the new body to continue their work legally. The transition was not merely a rebranding; it represented a shift in the regulatory approach, with a greater emphasis on competency and enforcement. The Gas Safe Register introduced a new, more rigorous system for assessing the competence of engineers, including regular inspections of their work and a requirement to hold relevant qualifications. For consumers, the change provided a clearer and more accessible way to verify the credentials of a gas engineer, with a new logo and a simple online search tool. For gas installers, particularly those operating as SMEs, the transition required them to go through a new registration process and adapt to a new set of rules and standards. The move to the Gas Safe Register was a key step in strengthening the regulatory oversight of the gas industry and ensuring that all gas work is carried out safely and competently.

#### **4.1.1. New Legal Requirement for Gas Installers**

The establishment of the Gas Safe Register in 2009 created a new legal requirement for all gas installers in the United Kingdom. Under the Gas Safety (Installation and Use) Regulations 1998, it is a legal requirement for anyone who works on gas appliances to be registered with a competent person scheme. The Gas Safe Register is the only such scheme that is currently recognized by the Health and Safety Executive (HSE). This means that any individual or company that carries out gas work, whether it is installation, maintenance, or repair, must be registered with the Gas Safe Register. Failure to do so is a criminal offense and can result in a significant fine and/or imprisonment. For SME gas installers, this legal requirement has had a profound impact on their business. It has made registration with the Gas Safe Register an essential prerequisite for operating legally in the gas industry. It has also created a more level playing field, as it has made it more difficult for unregistered and unqualified individuals to operate in the market. The legal requirement for registration has also had a positive impact on consumer safety, as it has provided a clear and simple way for consumers to identify a qualified and competent gas engineer.

#### **4.1.2. Centralized Registration and Competency Checks**



The Gas Safe Register introduced a more centralized and rigorous system for the registration and competency checking of gas installers. Under the previous CORGI system, there were a number of different registration bodies, which led to some inconsistencies in the standards applied. The Gas Safe Register, as the single, official registration body, has been able to introduce a more standardized and robust system for assessing the competence of gas engineers. This includes a more rigorous initial assessment process, as well as a program of regular inspections and assessments to ensure that registered engineers continue to meet the required standards. The Gas Safe Register also has a team of investigators who investigate reports of illegal gas work and take enforcement action against those who are found to be operating outside the law. For SME gas installers, this more centralized and rigorous system has had a number of implications. It has raised the bar for entry into the industry, and has placed a greater emphasis on ongoing training and professional development. It has also provided a greater degree of assurance to consumers, who can be confident that a Gas Safe registered engineer has been properly assessed and is competent to carry out the work safely.

#### **4.2. 2010: Further Update to Part L (Energy Efficiency)**

The further update to Part L of the Building Regulations in 2010 continued the trend of increasing the energy efficiency standards for new and existing buildings. The revised regulations introduced a **25% improvement in the energy performance of new homes** compared to the 2006 standards, and a 20% improvement for non-domestic buildings. This was a significant step up in the level of performance required, and it had a major impact on the way that buildings were designed and constructed. The 2010 update to Part L also introduced a new requirement for all new homes to be "zero carbon" from 2016, although this target was later revised. For SME builders, the 2010 update to Part L meant a further increase in the cost and complexity of construction. It required the use of even more advanced insulation materials, more efficient heating and ventilation systems, and a greater focus on the air tightness of the building fabric. The new regulations also placed a greater emphasis on the use of renewable energy technologies, such as solar panels and heat pumps, which added to the upfront cost of construction. The 2010 update to Part L was a clear signal of the government's commitment to reducing the carbon footprint of the built environment, and it set the stage for the even more ambitious targets that would follow in the years to come.

#### **4.3. 2013: Introduction of Sprinkler Requirement in New Welsh Homes**

In 2013, the Welsh Government introduced a new regulation that made it a requirement for **all new homes in Wales to be fitted with a sprinkler system**. This was a significant and controversial move, as it made Wales the first country in the world to introduce such a requirement for all new residential properties. The Welsh Government argued that the new regulation would save lives and reduce the risk of fire in the home, and that the cost of installing a sprinkler system was a small price to pay for the added safety it would provide. The introduction of the sprinkler requirement had a significant impact on the housebuilding industry in Wales, particularly for SME builders. The cost of installing a sprinkler system in a new home was estimated to be between **£2,000 and £3,000**, which added to the overall cost of construction. This was a particular challenge for SME builders, who often operate on tight profit margins. The new regulation also required builders to have a good understanding of the design and installation of sprinkler systems, which was a new area of expertise for many smaller firms.

#### **4.4. 2014: Significant Update to Part L (Energy Efficiency)**

In 2014, Part L of the Building Regulations was revised once again, continuing the government's drive to improve the energy efficiency of new buildings and reduce carbon emissions. This update introduced a further **6% reduction in the target emission rate (TER)** for new dwellings compared to the 2010 standards. While this percentage increase may seem modest, it represented another step up in the level of performance required from the building fabric and services. The 2014 update continued to emphasize the "fabric first" approach, with a focus on achieving higher levels of air-tightness and minimizing thermal bridging. The regulations also introduced new requirements for the provision of energy performance information to building owners, to help them understand and manage the energy consumption of their properties. For the construction industry, and SMEs in particular, the 2014 update meant another round of adaptation. Builders had to incorporate even more stringent insulation standards, specify more efficient heating and ventilation systems, and ensure that their construction details were meticulously designed and executed to meet the new air-tightness targets. The cumulative effect of the successive updates to Part L in 2006, 2010, and 2014 was a significant increase in the baseline energy performance of new homes, but also a corresponding increase in the complexity and cost of construction, which placed a particular strain on smaller firms with limited resources.

#### **4.5. 2015: Revision of CDM Regulations**

The Construction (Design and Management) Regulations underwent a significant revision in 2015, which had a profound impact on the construction industry, particularly in extending the scope of the regulations to include domestic projects. The updated **CDM 2015 regulations** replaced the CDM Coordinator role with that of the **Principal Designer** and **Principal Contractor**, and for the first time, they brought domestic clients fully within the scope of the regulations. While the domestic client's duties were often transferred to the contractor or designer, this change meant that even small-scale residential projects were now subject to the same fundamental health and safety management requirements as larger commercial developments. The regulations placed a greater emphasis on the competence of all parties involved in a project and required a more collaborative approach to risk management. For SME builders and tradespeople working in the domestic sector, this meant a new level of responsibility and a need to demonstrate their competence in managing health and safety. They were now required to plan, manage, and monitor their work to ensure it was carried out safely, and to provide clients with information about the health and safety risks associated with the project. This extension of the CDM regulations into the domestic sphere significantly increased the administrative and compliance burden on smaller firms, requiring them to adopt more formal project management and documentation practices.

#### 4.5.1. Extension of Regulations to Domestic Projects

A key change in the 2015 revision of the CDM Regulations was the **extension of the regulations to all construction work, including domestic projects**. This was a significant departure from the previous regulations, which had only applied to larger, non-domestic projects. The new regulations removed the notification thresholds, meaning that all construction work, regardless of size or duration, was now subject to the requirements of the regulations. This had a major impact on SME builders and tradespeople, who were now required to comply with the regulations for all their work, including small-scale domestic projects such as extensions and renovations. The extension of the regulations to the domestic sector was a response to the high number of accidents and injuries that were still occurring in the domestic construction industry. The government argued that the principles of the CDM Regulations, such as the importance of planning and risk management, were just as relevant to domestic projects as they were to larger commercial projects.

#### 4.5.2. Increased Responsibilities for Clients and Designers

The 2015 revision of the CDM Regulations also placed a greater emphasis on the responsibilities of clients and designers. The new regulations required clients to ensure

that they appointed competent designers and contractors, and that they had the necessary resources to carry out their work safely. The regulations also required designers to eliminate or reduce risks during the design stage, and to provide information about any residual risks. This was a significant change from the previous regulations, which had placed the primary responsibility for health and safety on the contractor. The increased responsibilities for clients and designers had a number of implications for SME builders. On the one hand, it meant that they were working in a more collaborative environment, where health and safety was a shared responsibility. On the other hand, it also meant that they had to be more proactive in engaging with clients and designers to ensure that health and safety was properly considered at all stages of a project.

#### **4.6. 2017: Introduction of Part R (High-Speed Broadband Infrastructure)**

In 2017, a new regulation, **Part R**, was added to the Building Regulations for England, which came into effect on 1 January 2019. This new regulation was designed to ensure that new residential and commercial buildings are equipped with the necessary infrastructure to support high-speed broadband services. The regulation was introduced in recognition of the growing importance of digital connectivity in modern life and the need to future-proof new developments. Part R requires that all new buildings, as well as those undergoing major renovation, must be equipped with a high-speed-ready physical infrastructure, such as ducts and chambers, up to a network termination point for each dwelling or unit. This infrastructure must be capable of supporting a broadband connection with a download speed of at least 30 Mbps. The regulation also requires that new multi-dwelling buildings, such as apartment blocks, must have a common access point for service providers to connect to the building's internal network. The introduction of Part R added a new layer of complexity and cost to the construction process, particularly for SME builders who may not have had previous experience with installing telecommunications infrastructure. It required them to coordinate with network providers and ensure that their designs and construction methods complied with the new technical requirements, adding another item to the growing list of regulatory considerations for any new development.

#### **4.7. 2018: Ban on Combustible Cladding Materials**

In the wake of the Grenfell Tower fire, the government took swift action to address the risks posed by combustible cladding materials. In December 2018, an amendment to the Building Regulations was introduced that **banned the use of combustible materials in the external walls of new residential buildings over 18 meters in height**, as well as

in new hospitals, residential care premises, and student accommodation. The ban was a direct response to the evidence that the use of combustible cladding had contributed to the rapid spread of the fire at Grenfell Tower. The new regulations were a significant tightening of the fire safety requirements for high-rise buildings, and they had a major impact on the construction industry. For SME builders, the ban on combustible cladding meant that they had to be aware of the new regulations and to ensure that any work they carried out on high-rise buildings was compliant. It also meant that they had to be more careful in their selection of materials, and to ensure that they were using products that were non-combustible or of limited combustibility. The ban on combustible cladding was a clear signal of the government's commitment to improving fire safety in high-rise buildings, and it set the stage for the more comprehensive reforms that would be introduced in the Building Safety Act 2022.

## 5. 2020s: The Building Safety Crisis and a New Regulatory Landscape

The 2020s have been defined by a radical overhaul of the UK's building safety and regulatory landscape, a direct response to the Grenfell Tower fire and the subsequent public inquiry. This period has been characterized by the introduction of the most significant and far-reaching reforms to building safety in a generation, with a particular focus on high-rise residential buildings. The **Building Safety Act 2022** has been the centerpiece of this new regulatory regime, establishing a new, more stringent framework for the design, construction, and management of higher-risk buildings. These reforms have introduced new roles and responsibilities for all those involved in the construction process, from clients and developers to architects and contractors, and have created a new, powerful regulator to oversee the system. For SME builders, these changes have brought a new level of complexity and potential liability, with the introduction of new competency requirements, mandatory reporting duties, and a more rigorous building control process. The cumulative effect of these reforms has been to raise the bar for entry into the construction industry and to increase the compliance burden on all firms, with a particularly significant impact on smaller companies that may lack the resources to navigate the new, more demanding regulatory environment.

### 5.1. 2021: Environment Act

The Environment Act 2021 represents a landmark piece of legislation that has had a profound impact on the planning and development process in England. A key provision of the Act is the introduction of a mandatory requirement for **Biodiversity Net Gain (BNG)** on most new developments. This policy, which came into effect in 2024,

requires developers to demonstrate that their projects will result in a measurable increase in biodiversity, with a minimum target of a **10% net gain**. The BNG requirement is a radical shift in planning policy, moving beyond the traditional "no net loss" principle to a position where development is expected to actively contribute to the enhancement of the natural environment. The policy applies to a wide range of developments, from major housing schemes to smaller projects, and requires developers to assess the biodiversity value of their site before and after development, using a standardized metric. The introduction of BNG has added a new and significant layer of complexity to the planning process, requiring developers to engage with ecologists, landscape architects, and other specialists to create and implement a BNG plan. For SME builders, the BNG requirement has created a new set of challenges, as they may lack the in-house expertise and resources to navigate the new system. The cost of preparing a BNG plan and creating new habitats can be a significant burden for smaller firms, and there are concerns that the new requirement could further disadvantage SMEs in the planning process.

#### **5.1.1. Introduction of Biodiversity Net Gain (BNG) Requirements**

The introduction of Biodiversity Net Gain (BNG) requirements in the Environment Act 2021 was a major policy shift that has had a significant impact on the construction industry. The new regulations require developers to demonstrate that their projects will result in a measurable increase in biodiversity, with a minimum target of a 10% net gain. This is a significant departure from the previous system, which was based on the principle of "no net loss" of biodiversity. The new BNG requirements are designed to ensure that development contributes to the recovery of nature, and to create a more sustainable and resilient built environment. The regulations require developers to use a standardized metric to assess the biodiversity value of their site before and after development, and to create a long-term plan for the management of the new habitats. The introduction of BNG has added a new layer of complexity and cost to the development process, and it has created a new market for ecological consultancy services. For SME builders, the BNG requirements have created a new set of challenges, as they may lack the in-house expertise and resources to navigate the new system. The cost of preparing a BNG plan and creating new habitats can be a significant burden for smaller firms, and there are concerns that the new requirement could further disadvantage SMEs in the planning process.

#### **5.2. 2022: Building Safety Act**

The **Building Safety Act 2022**, which received Royal Assent on 28 April 2022, represents the most significant overhaul of building safety legislation in the UK in decades . The Act was introduced in response to the recommendations of the Independent Review of Building Regulations and Fire Safety, led by Dame Judith Hackitt, which was commissioned following the Grenfell Tower fire. The legislation is comprehensive, amending several existing acts, including the Building Act 1984, the Regulatory Reform (Fire Safety) Order 2005, and the Defective Premises Act 1972, and introducing a new, more stringent regulatory regime for higher-risk buildings . The Act establishes a new Building Safety Regulator (BSR) to oversee the safety and performance of all buildings, with a particular focus on high-rise residential buildings. It introduces new duties for clients, designers, and contractors, including the requirement to demonstrate competence and to maintain a "golden thread" of information throughout the building's lifecycle. The Act also introduces new rights and remedies for homeowners and leaseholders, including the ability to bring claims for defective premises for up to 30 years retrospectively in some cases, and provisions that make it easier to pursue claims against those responsible for building defects . These changes have profound implications for the construction industry, significantly increasing the potential liability for all those involved in the design and construction of residential buildings.

### 5.2.1. Creation of the Building Safety Regulator (BSR)

A central pillar of the Building Safety Act 2022 is the creation of the **Building Safety Regulator (BSR)** , a new, independent body established to oversee the safety and performance of all buildings in England . The BSR is a part of the Health and Safety Executive (HSE) and has been given extensive new powers and responsibilities to ensure that the new, more stringent building safety regime is effectively implemented and enforced. The regulator's remit is broad, covering the entire building lifecycle, from design and construction to occupation and refurbishment. For higher-risk buildings (defined as those that are at least 18 meters tall or have at least seven storeys), the BSR has a direct role in the building control process, with developers required to submit applications for building control approval to the regulator. The BSR is responsible for assessing the competence of those involved in the design and construction of these buildings and for ensuring that a "golden thread" of safety-critical information is created and maintained. The regulator also has strong enforcement powers, including the ability to issue stop notices, impose financial penalties, and prosecute those who fail to comply with the new regulations. The creation of the BSR represents a significant shift towards a more proactive and

rigorous approach to building safety regulation, moving away from the previous system which was often criticized for being fragmented and inconsistent.

### 5.2.2. New Regime for High-Rise Residential Buildings

The Building Safety Act 2022 introduces a completely new regulatory regime specifically for **higher-risk buildings (HRBs)**, which are defined as residential buildings that are at least 18 meters in height or have at least seven storeys. This new regime is designed to address the systemic failures in building safety that were exposed by the Grenfell Tower fire and to ensure that such a tragedy can never happen again. The new system is based on a **"gateway" approach**, with three distinct points of control where the safety of the building is assessed and approved before work can proceed. **Gateway One** occurs at the planning stage, where the fire safety strategy for the building must be considered. **Gateway Two** occurs before construction begins, where the BSR must be satisfied that the design is safe and that the principal designer and principal contractor are competent. **Gateway Three** occurs at the completion stage, where the BSR must be satisfied that the building has been constructed in accordance with the approved design and is safe to occupy. Throughout this process, the dutyholders (the client, principal designer, and principal contractor) are required to demonstrate that they have the necessary competence and are managing building safety risks effectively. They must also create and maintain a "golden thread" of information, a digital record of all the safety-critical information about the building, which must be handed over to the building's accountable person on completion.

### 5.2.3. Introduction of New Homes Ombudsman Service (NHOS)

As part of the Building Safety Act 2022, the government has committed to establishing a **New Homes Ombudsman Service (NHOS)**. This new body is intended to provide a free, independent dispute resolution service for purchasers of new-build homes. The NHOS will have the power to investigate complaints about the quality of new homes and to order developers to carry out remedial work and pay compensation to homeowners. The creation of the NHOS is a response to the long-standing problems that many new-build homebuyers have faced in getting defects in their homes rectified by developers. The new service is intended to provide a more effective and accessible route to redress for homeowners, and to drive up the quality of new-build homes. For SME builders, the introduction of the NHOS will mean that they will need to be more aware of their obligations to their customers, and to have robust systems in place for dealing with complaints. The NHOS will also have the power to "name and shame"



developers who fail to comply with its orders, which could have a significant impact on the reputation of a business.

### 5.3. 2022: Introduction of Part O (Overheating) and Part S (EV Charging)

In June 2022, two new parts were added to the Building Regulations, reflecting the evolving challenges and priorities of the built environment. **Part O, "Mitigation of Overheating,"** was introduced to address the growing risk of overheating in new residential buildings, a problem exacerbated by climate change and the trend towards more airtight, well-insulated homes. The regulation requires developers to demonstrate that their designs will prevent excessive indoor temperatures, either through a simplified method or a more detailed dynamic thermal modelling approach. This has implications for building design, including the need for better ventilation, shading, and the selection of appropriate glazing. **Part S, "Infrastructure for the Charging of Electric Vehicles,"** mandates that new residential and commercial buildings must be equipped with a minimum number of electric vehicle (EV) charging points. For new dwellings with associated parking, this typically means providing a dedicated EV charge point. For non-residential buildings, the requirement is based on the total number of parking spaces. These new regulations add another layer of technical and financial complexity for builders and developers. SME builders must now ensure their designs and installations comply with these new requirements, which may involve working with new technologies and specialists, further increasing the compliance burden and the need for ongoing training and upskilling.

### 5.4. 2023: Phased Implementation of Biodiversity Net Gain (BNG)

The mandatory requirement for **Biodiversity Net Gain (BNG)**, introduced in the Environment Act 2021, began its phased implementation in 2023. This marked a significant shift in environmental regulation, moving from simply mitigating harm to actively enhancing the natural environment. The policy requires developers to ensure that their projects result in a measurable increase in biodiversity, typically by at least 10%. For the construction industry, this has introduced a new layer of complexity and cost. Developers are now required to conduct detailed ecological surveys, use a government-metric to calculate the biodiversity value of a site before and after development, and create a long-term plan for habitat management. While the policy aims to ensure that development contributes positively to nature recovery, it has also created new challenges for SME builders. The need for specialist ecological expertise, the cost of creating and maintaining new habitats, and the administrative burden of complying with the BNG metric can be particularly onerous for smaller firms with

limited resources. The government has acknowledged these challenges and, in 2025, launched a consultation on proposals to ease the BNG requirements for small and medium-sized sites, recognizing the need for a more proportionate approach to avoid stifling the SME sector .

### 5.5. 2024: Further Updates to Part B (Fire Safety)

In 2024, further updates were made to **Part B of the Building Regulations**, which deals with fire safety. These updates were part of the ongoing implementation of the recommendations of the Grenfell Tower Inquiry and the Building Safety Act 2022. The new regulations introduced a number of changes, including new requirements for the design and construction of external walls, the installation of fire doors, and the provision of fire safety information to building owners. The regulations also placed a greater emphasis on the need for a holistic approach to fire safety, with a focus on the interaction between different building elements and systems. For SME builders, the 2024 updates to Part B meant that they had to be aware of the new regulations and to ensure that their work was compliant. It also meant that they had to be more careful in their selection of materials and products, and to ensure that they were using products that had been tested and certified to the appropriate standards. The 2024 updates to Part B were another step in the ongoing process of improving fire safety in the built environment, and they further increased the compliance burden on all builders, including SMEs.

## 6. 2025 and Beyond: The Future Homes Standard and Ongoing Reforms

As the UK construction industry continues to grapple with the far-reaching implications of the Building Safety Act, a new wave of regulatory change is on the horizon, focused on improving the environmental performance of new homes and buildings. The **Future Homes Standard**, scheduled to come into effect in 2025, represents the next major step in the journey towards a net-zero carbon built environment. This new standard will mandate a significant reduction in the carbon emissions of new homes, effectively banning traditional fossil fuel boilers and requiring the adoption of low-carbon heating systems. Alongside these environmental reforms, the industry is also facing new financial obligations, such as the **Building Safety Levy**, which will be introduced to fund the remediation of unsafe cladding on existing buildings. For SME builders, these upcoming changes present a new set of challenges and opportunities. While the transition to low-carbon technologies will require investment in new skills and training, it also opens up new markets for energy-efficient retrofitting and the installation of

renewable energy systems. However, the cumulative effect of these new regulations, combined with the ongoing implementation of the Building Safety Act, will continue to increase the compliance burden on all firms, with a potentially significant impact on the competitiveness of smaller companies.

## **6.1. January 2025: Future Homes Standard (FHS) Comes into Effect**

The **Future Homes Standard (FHS)** is a new set of regulations that will come into effect in England in 2025, with the aim of ensuring that all new homes are "zero carbon ready". The standard is a key part of the government's strategy to meet its legally binding target of achieving net-zero greenhouse gas emissions by 2050. The FHS will introduce a significant tightening of the energy efficiency requirements for new homes, with the goal of reducing their carbon emissions by **75–80%** compared to the current standards. This will be achieved through a combination of measures, including a ban on the installation of new gas and oil boilers, the requirement for high levels of fabric efficiency (including insulation and airtightness), and the adoption of low-carbon heating systems, such as heat pumps. The FHS will also introduce new requirements for ventilation and overheating, to ensure that homes are not only energy-efficient but also healthy and comfortable to live in. The transition to the FHS will have a major impact on the construction industry, requiring builders, architects, and engineers to adopt new design and construction practices and to become proficient in the installation of new technologies. For SME builders, the FHS presents both a challenge and an opportunity, as they will need to invest in training and upskilling to remain competitive in a rapidly changing market.

### **6.1.1. 75–80% Reduction in Carbon Emissions for New Homes**

A central objective of the Future Homes Standard is to achieve a dramatic reduction in the carbon emissions of new homes, with a target of a **75–80% reduction** compared to the current Part L standards. This ambitious goal will require a fundamental shift in the way new homes are designed and built, moving away from a reliance on fossil fuels and towards a more holistic, fabric-first approach to energy efficiency. The new regulations will set much more stringent requirements for the thermal performance of the building envelope, including walls, roofs, floors, and windows, to minimize heat loss. This will be complemented by new standards for airtightness, to prevent unwanted drafts and heat leakage, and for thermal bridging, to eliminate cold spots and reduce heat loss at junctions between different building elements. The combination of these measures will create homes that require very little energy to heat, making them "zero carbon ready" for a future where the electricity grid is fully decarbonized. The 75–80% reduction in

carbon emissions is a significant step up from the current standards and will require a high level of technical expertise and attention to detail from all those involved in the design and construction process, from architects and engineers to builders and tradespeople.

### 6.1.2. Mandatory Low-Carbon Heating Systems

A key feature of the Future Homes Standard is the mandatory requirement for **low-carbon heating systems** in all new homes, which will effectively **ban the installation of new gas and oil boilers** from 2025 onwards . This is a major policy shift that will have a profound impact on the heating industry and on the way new homes are heated. The most likely technology to replace gas boilers in new homes is the heat pump, which extracts heat from the air, ground, or water and uses it to heat the home and provide hot water. Heat pumps are highly efficient and can be powered by renewable electricity, making them a key technology for decarbonizing the UK's housing stock. However, the widespread adoption of heat pumps will require a significant upskilling of the workforce, as they are a different technology to traditional boilers and require a different approach to design and installation. The FHS will also require new homes to be designed to be "heat pump ready," with sufficient space for the heat pump and hot water cylinder, and with a low-temperature heating system, such as underfloor heating or oversized radiators, to ensure that the heat pump can operate efficiently. The mandatory requirement for low-carbon heating systems is a clear signal of the government's commitment to phasing out fossil fuels in the built environment and will be a major driver of change in the construction industry in the coming years.

### 6.1.3. Increased Focus on Airtightness and Thermal Bridging

The Future Homes Standard will place a much greater emphasis on the **airtightness and thermal bridging** of new homes. Airtightness refers to the ability of a building to prevent air leakage, which can be a major source of heat loss. The new regulations will set much more stringent airtightness targets, which will require builders to use more advanced construction techniques and materials to seal the building envelope. Thermal bridging refers to the areas of a building where heat can escape more easily, such as at the junctions between walls and floors, or around windows and doors. The new regulations will require builders to pay much more attention to the detailing of these areas, to ensure that they are properly insulated and that there are no gaps or breaks in the insulation layer. The increased focus on airtightness and thermal bridging will require a higher level of skill and attention to detail from builders and tradespeople, and it will also require the use of more sophisticated design and construction methods. For

SME builders, this will mean a need for additional training and upskilling, as well as a greater investment in quality control and assurance.

## 6.2. April 2025: Building Safety Levy Commences

As part of the Building Safety Act 2022, the government is introducing a new **Building Safety Levy**, which is expected to come into force in 2025. The levy is designed to raise funds to cover the costs of remediating historical building safety defects, particularly those related to unsafe cladding on high-rise buildings. The levy will be charged on new residential developments in England that require building control approval. While the final details of the levy are still subject to consultation, it is expected to be a significant new cost for developers, potentially charged on a per-dwelling or per-square-metre basis. However, in a move aimed at supporting smaller developers, the government has proposed that the levy will not apply to small developments of under 10 units, as well as to affordable housing, residential care homes, and medical centres. This proposed exemption is a recognition of the disproportionate impact that such a levy could have on SME builders, who typically develop smaller sites. The introduction of the levy, with its targeted exemptions, is another example of the government's attempt to balance the need for industry-wide contributions to building safety remediation with the need to protect the viability of the SME sector.

### 6.2.1. New Levy on Housing Developments

The Building Safety Levy is a new tax that will be imposed on certain housing developments in England. The levy is designed to raise money to help pay for the cost of removing unsafe cladding from high-rise buildings. The levy will be charged on developers who are seeking building control approval for new residential buildings. The amount of the levy will be based on the size of the development, and it is expected to be a significant new cost for developers. The introduction of the levy is a controversial measure, with some arguing that it is unfair to penalize developers for the mistakes of the past. However, the government has argued that the levy is a necessary measure to ensure that the cost of cladding remediation is not borne by taxpayers or leaseholders.

### 6.2.2. Proposed Exemptions for Small and Medium Sites

In a move to support SME builders, the government has proposed that the Building Safety Levy will not apply to small and medium-sized developments. The proposed exemptions would apply to developments of **fewer than 10 units**, as well as to

affordable housing, residential care homes, and medical centres. This is a significant concession to the SME sector, which had expressed concerns that the levy would have a disproportionate impact on smaller firms. The proposed exemptions are a recognition of the fact that SME builders are not responsible for the cladding crisis, and that they should not be penalized for the mistakes of larger developers. The exemptions are also a way of ensuring that the levy does not stifle the supply of new homes, which is a key priority for the government.

### **6.3. 2025: Council of Competent Persons Schemes Established**

In 2025, the government is expected to establish a new **Council of Competent Persons Schemes (CCPS)**. This new body will be responsible for overseeing the operation of all Competent Person Schemes (CPS) in the UK. The CCPS will be tasked with ensuring that all CPS are operating to a high standard, and that they are providing a consistent and reliable service to consumers. The creation of the CCPS is a response to concerns that the current system of self-regulation is not working effectively, and that there is a need for greater oversight and accountability. For SME builders and tradespeople who are members of a CPS, the creation of the CCPS will mean that they will be subject to a more rigorous and consistent system of regulation. The CCPS will also be responsible for promoting the benefits of using a CPS-registered tradesperson, which could help to improve consumer confidence in the industry.

### **6.4. 2025: Proposed Easing of BNG Rules for SMEs**

In a significant policy shift aimed at supporting SME builders, the UK government announced in May 2025 a series of proposals to ease the regulatory burden associated with Biodiversity Net Gain (BNG). These proposals, which are subject to a consultation closing in July 2025, are a direct response to concerns from the construction industry that the current BNG requirements are too complex and costly for smaller developments. The key proposals include the introduction of a new "medium site" category for developments of between 10 and 49 homes, which would benefit from simplified BNG rules and a potential exemption from the Building Safety Levy. For the smallest sites, those with up to nine homes, the government is proposing to streamline planning requirements and further ease BNG obligations, with the possibility of a full exemption in some cases. These changes are intended to make it easier and more cost-effective for SME builders to develop small and medium-sized sites, thereby increasing their capacity to contribute to the government's housing targets. The government has also announced additional support measures, including the release of more public land exclusively for SMEs and the creation of a new National Housing

Delivery Fund to improve access to finance . These proposed reforms represent a significant attempt to level the playing field for SME builders, who have been disproportionately affected by the cumulative burden of regulation in recent decades.

### **6.5. 2025: New Building Control Regime in Wales**

In 2025, a new building control regime is expected to come into force in Wales. The new regime will be based on the recommendations of the Welsh Government's "Safer Buildings in Wales" consultation, which was launched in 2022. The new regime will introduce a number of changes, including a new system of registration for building control professionals, a new requirement for a "building safety case" for all new buildings, and a new system of enforcement and sanctions. The new regime is designed to improve the safety and quality of buildings in Wales, and to bring the Welsh building control system in line with the new regime in England. For SME builders in Wales, the new building control regime will mean that they will need to be aware of the new regulations and to ensure that their work is compliant. It will also mean that they will need to work with registered building control professionals, and to provide them with the information they need to assess the safety of their buildings.

### **6.6. Ongoing: Divergence of Regulations Across UK Nations**

The devolution of powers to the governments of Scotland, Wales, and Northern Ireland has led to a growing divergence in building and planning regulations across the UK. This means that builders and developers who work in more than one part of the UK need to be aware of the different regulations that apply in each jurisdiction. This can be a particular challenge for SME builders, who may not have the resources to keep up with the different regulatory changes in each part of the UK. The divergence of regulations is a trend that is likely to continue in the years to come, as the devolved governments continue to develop their own policies and priorities. This will create a more complex and challenging regulatory environment for all builders, but particularly for SMEs.

#### **6.6.1. Regional Variations in Planning and Building Control**

The divergence of regulations across the UK is most evident in the areas of planning and building control. For example, the Scottish Government has introduced its own system of building standards, which are different from the Building Regulations in England and Wales. The Welsh Government has also introduced a number of its own regulations, such as the requirement for sprinklers in all new homes. These regional

variations in planning and building control can create a number of challenges for SME builders. They can make it more difficult to standardize designs and construction methods across different parts of the UK. They can also create a more complex and time-consuming planning and building control process, as builders need to navigate the different systems in each jurisdiction.

#### **6.6.2. Impact of Devolved Powers on SME Builders**

The divergence of regulations across the UK has a significant impact on SME builders. It can create a more complex and challenging regulatory environment, which can be difficult for smaller firms to navigate. It can also create a more fragmented market, with different rules and standards applying in different parts of the UK. This can make it more difficult for SME builders to compete with larger firms, which may have the resources to manage the different regulatory requirements in each jurisdiction. The impact of devolved powers on SME builders is a complex issue, with both positive and negative aspects. On the one hand, devolution can allow for the development of policies that are more tailored to the specific needs of a particular region. On the other hand, it can also create a more complex and fragmented regulatory environment, which can be a challenge for smaller firms to navigate.