



# GREAT BRITISH CONSTRUCTION

## From Permissions to Places: Solving Housing Delivery in the UK

**Britain isn't building. Our biggest city, London, is experiencing a historic low in housing starts, hit by an imperfect storm of pressures: rising material costs, labour shortages, and a planning environment increasingly out of sync with economic realities. Local authorities and developers alike are sitting on thousands of homes that exist only on the balance sheet, schemes that may have planning consent but lack the means to proceed. As of March 2024, an estimated 286,000 residential planning approvals in London remained unbuilt. Across the UK, this figure has exceeded 1 million since 2010, according to IPPR.**

The long-standing model of cross subsidy from private development is under strain, particularly in high land value areas like London and the South East. This not only threatens the delivery of affordable housing but also puts overall supply at risk. In turn, this erodes political trust in the sector's ability to build out planning permissions despite being in high demand. As one council leader we spoke to said: "You can't live in a planning consent." Elsewhere, where land values are lower, the economic case often doesn't stack up, leaving developers unable to generate capital.

This challenge is not exclusive to the private sector. Councils, expected to play their part in delivering 1.5 million homes by 2029, face the same economic headwinds: rising costs, tighter budgets, and increasing pressure on Housing Revenue Accounts. The threat of Section 114 notices now looms over many local authorities, curbing both risk appetite and delivery capacity.

The regulatory environment post Grenfell has rightly raised safety standards, but compliance with the Building Safety Act, especially Gateways 2 and 3, adds further cost, complexity, and delay. These safety measures are vital, but they also create development bottlenecks for both public and private actors.

There are real-world consequences to the UK's ongoing delivery crisis. Paralysed by land prices, labour costs, a shrinking workforce, changes to building safety legislation and international volatility causing shocks to supply chains, the burden to house people in the UK is left to local authorities as the landlord of last resort. Between April 2023 and March 2024, councils in England spent a total of £2.3bn on temporary accommodation, an increase of 29% from the previous year, of which a third was spent on emergency B&Bs and hostels - often of sub-standard quality for the people and families forced to use them. This ever-increasing share of spending by councils has forced painful choices to cut budgets elsewhere across the country, whether to parks, youth services or leisure facilities, all of which are vital in forming our social fabric.

### OPPORTUNITIES FOR THE FUTURE

There are still opportunities to build, and we believe genuine solutions can be found through leveraging international expertise and supply chains to rescue sites that cannot economically stack up. Not only could these solutions give local authorities and the wider development sector the tools to unlock permissions into projects, but create places for people, with construction opportunities that generate local employment and prosperity.

This insights piece, prepared by Great British Construction, draws on desk research, targeted surveys, and interviews with local authorities, housing company non-executives, and elected representatives. It provides a diagnosis of what's stalling delivery and explores new models to bridge the growing gap between planning permissions and actual homes.



# WHAT'S BLOCKING DEVELOPMENT IN THE UK TODAY?

Despite widespread consensus on the need to deliver more homes, too many projects remain stuck at the planning stage. The intent is there. The land is available. Political will, for the most part, is aligned. But a combination of factors has created a system which continues to block real progress.

The issue isn't ambition; it's an eco-system that makes viable delivery harder than it needs to be. A system where effort does not equal output. Where plans do not become homes.

Below we examine the key obstacles limiting the UK's housing pipeline and identify where an innovative solution could shift the dial.

## **COST OF MATERIALS: RISING PRICES, FALLING CERTAINTY**

Over the past five years, construction has been hit by global inflation, Brexit-induced trade disruption, and persistent supply chain volatility. Prices for essential materials like steel, timber, and concrete surged as much as 25 to 40 percent in peak periods, often with little warning. According to BCIS, the House Rebuilding Cost Index was 40 percent higher in January 2024 compared to January 2020.

The UK's fragmented procurement process, where design is often progressed in advance of supply chain engagement, limits early-stage cost efficiency. This means many projects are not meeting their potential.

Though inflation may be easing, many costs are now baked into the system. Contractors, whose margins remain tight, are pricing in risk more conservatively. Meanwhile, councils operating within fixed budgets or capped borrowing limits often find themselves unable to meet tender prices, particularly on marginal sites they already own.

## **LABOUR AND SKILLS: A SHRINKING WORKFORCE**

The construction workforce is ageing, with over 500,000 workers expected to retire in the next decade. Brexit has restricted access to skilled EU labour, and training pathways haven't kept pace with demand. The result? Fewer hands on site, fewer skilled labourers and, ultimately, fewer homes being delivered.

These pressures reduce productivity, inflate programme costs and increase uncertainty, particularly for councils trying to build within capital envelopes that don't stretch.

## **ACCESS TO CAPITAL: VIABILITY GAPS AND FINANCIAL RISK**

For private developers, higher interest rates and softening sales values have made speculative development riskier. For councils and local development companies, constrained borrowing powers and rising build costs have stalled many schemes.

Housing Revenue Accounts (HRA), once the foundation of public sector housebuilding, are now under strain. With many councils reporting HRA deficits, the ability to reinvest or scale is limited. Sites with outline permission often remain untouched due to lack of funding and uncertainty.

How do you build more with less? How do you scale when you can't borrow? How do you deliver when the budget is broken before the foundations are laid?

Several local authority leaders and cabinet members have told us that funding remains their single biggest barrier to delivering council homes. Councils like Southwark are campaigning for a new, sustainable HRA model, one that offers long term policy stability and predictable access to affordable borrowing.

## **SUPPLY CHAIN FRAGMENTATION: COMPLEXITY BREEDS RISK**

The UK construction sector has always had a fragmented delivery model. Design and procurement are too often divorced from manufacturing and construction, leading to additional layers of coordination, and inflated costs downstream.

This disconnection particularly affects developers and council-owned delivery vehicles. Failing to involve the supply chain early on can lead to late-stage design changes, which escalate costs and raise the perceived risk of building or investing. Without access to integrated supply chain solutions, it's hard to realise efficiencies, build at scale or offer confidence to investors.



## **INNOVATION STALLING: MISSED OPPORTUNITIES FOR MODULAR AND MMC**

Modern Methods of Construction, including volumetric and off-site solutions, offer real potential to boost speed, quality, and sustainability. Yet uptake remains limited. High profile collapses, namely Ilke Homes, and pullbacks, like Berkeley Homes suspending modular operations, show that the economics haven't stacked up.

The challenge isn't the technology; it's the top-down approach that stalls innovation and inflates risk. And, unless the approach evolves, innovation will remain stuck in pilot phase.

MMC must be the building block from the outset, and providers need volume and pipeline certainty to thrive.

## **BUILDING SAFETY: NEW STANDARDS, NEW COSTS**

The Building Safety Act has rightly advanced safety, particularly in higher risk residential schemes. But for schemes designed under older regulations, redesigning for compliance can push projects past the point of viability.

When Gateway 2 pauses are imposed, the financing clock keeps ticking and inflation adds further risk. Developers and councils alike face a dual challenge: upgrading legacy projects while ensuring new builds meet evolving standards.

## **INFRASTRUCTURE: FALLING AT THE FIRST HURDLE**

The Government are supporting national infrastructure, although local infrastructure often has to be funded through development proceeds. Therefore, rising labour and material costs are pushing up infrastructure costs and stalling development before it can even start.

Speaking to a Midlands council leader, it was clear that infrastructure costs, particularly for larger sites in less developed or urban areas, were pushing substantial development further out of reach. Developers could no longer rely on the rising land values to keep hopes of development alive.

Solving these funding issues or improving the way in which infrastructure is delivered is vital for ensuring delivery in less-urban areas.

## **LOCAL AUTHORITY CONSTRAINTS: BIG AMBITIONS, LIMITED TOOLS**

Local authorities are some of the most motivated players in the delivery landscape, but they're working with limited tools. Tight capital restrictions, political risk, modest land values and rigid planning frameworks all combine to limit their ability to act. Councils have the ambition, but not the tools. The land, but not the leverage. The need, but not the capital.

In many cases, the need to maintain and improve poor quality existing stock swallows up capital that could be used to build higher-quality new homes. As one officer told us, maintenance costs alone blocked any opportunity to invest in better housing, even though investment in new homes could be cheaper, and actually open up funding for investment in the long term.

Others prefer to attract developers to deliver affordable housing, seeing it as a more straightforward path to improving stock. Yet some councils report being priced out of acquiring more viable land, left with constrained or costly sites. One council leader cited "money" as their first, second, and third barrier.

To navigate this, some local authorities have trialled new models. Be First in Barking and Dagenham, for example, operates a vertically integrated structure combining planning, design, and delivery. Oxford City Housing Ltd delivers through a trading subsidiary. These variations are a great step forward although share a common challenge: without deeper integration into supply chains, even well-structured development companies can stall.

Several councils also highlighted a land market that rewards inaction, where landowners sit on assets that generate value even without development. Against this backdrop, it's no surprise that both private and public sector developers are struggling to move forward. "You can't live in a planning consent" but you can profit from it. Market conditions can allow landowners to play the waiting game meaning local authorities watch from the sidelines without the power to unlock the land, or the right outcome.





# FROM FRAGMENTATION TO FOCUS: A NEW MODEL

Britain's housing shortfall isn't just a planning or policy problem; it's a systemic delivery failure. Homes in the areas of highest demand aren't being built at the pace, price, or quality that's needed. Bridging this gap requires a new model, one that integrates design, procurement, and construction from the outset.

Great British Construction (GBC) was founded to meet this challenge, helping councils and developers move from planning to delivery in a way that reflects the current economic landscape.

## SUPPLY CHAIN-LED DELIVERY: TURNING INTENT INTO ACTION

At the heart of Great British Construction's proposition is supply chain-led design optimisation. By aligning design with cost-effective products at the inception phase, we eliminate the rework and cost inflation that comes when compliance and buildability are considered too late.

GBC partners review new and consented schemes, align specifications, and optimise delivery from first principles. This has the potential to convert stalled sites into real opportunities. Access to global supply chains, combined with UK-based labour and expertise, allows us to deliver a wider range of build solutions, overcoming localised land or market constraints.

Our guiding rule is clear: if it can't be built, it shouldn't be consented. And that rule shapes everything we do.

## DRAWING ON INTERNATIONAL INSIGHT, BUILT FOR THE UK

Our model leverages international experience to solve local challenges. By applying principles of standardisation, volume-led procurement, and early stage cost clarity that are adapted to UK conditions, we unlock delivery in even the most challenging markets.

This makes us a unique partner for public and private clients seeking to get schemes moving.

## PARTNERSHIP: MORE THAN DELIVERY

GBC is structured to share risk and deliver outcomes. We work with councils, development companies, and developers to co-create commercially grounded, politically credible strategies. Whether acting as a development partner or optimising schemes on a consultancy basis, our value lies in aligning ambition with deliverability.

For councils balancing social need with financial reality, or developers navigating a risk-averse system, GBC offers a practical route forward.

## DELIVERY AT SCALE

Our goal isn't to unstick a few underwater projects; it's to transform the conditions under which housing is delivered. From rationalising design through supply chain-led design optimisation and providing international expertise to capitalise on savings at the early stages of procurement, we can unlock land, rebalance risk and achieve savings at scale.

Ultimately, if we cannot agree that the current system of building in the UK is working, our model can help deliver a better one, plan by plan, home by home and place by place.

## GREAT BRITISH CONSTRUCTION

Great British Construction is a development delivery consortium combining world-leading organisations with a single focus: making unviable housing schemes viable.

Our consortium brings together:

- British development expertise
- International urban regeneration experience
- World-class design and engineering
- Advanced manufacturing capabilities
- Specialist delivery partners ensuring local integration

With the support of consortium partners including Arcadis, HSS Engineers, City Rivergate and others, Great British Construction uses the strength of international supply chains to bring new and innovative solutions to Britain's housing crisis.

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