

## Episode 115

# How to budget for a house build – with Mark Brinkley

The show notes: [www.houseplanninghelp.com/115](http://www.houseplanninghelp.com/115)

**Intro:** Mark Brinkley is author of the Housebuilder's Bible. If you could refer to only one book on house building, then this is the one that I would recommend - particularly if the Amazon reviews are anything to go by! People love the detail, the costings, and charts. He also revises his book every couple of years to make sure that everything remains relevant.

We've spoken to Mark before. Since then, however, I'd heard a rumour that he was tackling another self build! So I started by asking whether this was true.

**Mark:** Yes, I have actually gone and bought a building plot, of sorts. It wasn't advertised as a plot. It came up on the market on Right Move about 18 months ago and it was a town centre warehouse in an old Victorian Street in central Cambridge where I've lived all my life. And things like that come up about once every 10 years.

And I thought now is my chance to go for it and put in a speculative bid for about 20% more than the asking price, and I was one of about 50 people bidding! So God knows how come I won it, but it turned out it actually came back onto the market.

It's a complex story - I'm not quite sure how much you want to hear of this because we could spend half an hour just talking about how I came to own this plot, which possibly you want to edit out! The long and short of it is I have bought a building site in central Cambridge and am going through the whole machinations of planning to try and turn it into a house.

**Ben:** Well I thought, it was an interesting starting point because I'd like to talk to you about budgets, but I imagine having the number one selling book on self build, this is quite interesting to go through the process again and maybe discover some things have changed. So, just before we launch into budgets and perhaps we can even relate

that to your project, have you found the landscape different in these early stages?

Mark: Yes, actually it's terrifying to be quite honest! Having been quite happily telling everybody how they should be doing it for 20 years, not having built a new house for 20 years. I tell you it's a hell of a lot easier telling people how to do it than it is actually doing it! So the old adage about *those that can do, those that can't, teach!*

Ben: But you're at it! It doesn't matter does it? It doesn't matter how it goes so much?

Mark: I think that everybody finds it terrifying. It is terrifying! I mean here you are with... you're buying a concept aren't you? When you buy land or a derelict building or something, it's a very different process to going out and buying an existing house, let alone a new house, where you're just thinking about what colour we're going to have the tiles. You've got to invest yourself in it, you've got to immerse yourself in it. You've no idea, even with the best knowledge bank in the world you still don't really know how much it's going to cost. And you can say well this is what bricklayers cost, this is what carpenters cost, this is what a roof costs and think well surely we should be able to pin this down. But in reality it's all down to market conditions.

And the site we've got in Cambridge is very constricted. It's on a one-way street. It's on a rat-run, traffic is an issue, loading is an issue, craning is an issue. There's nowhere to store it, there's no side access, so logistically it's tricky. But then logistically builders handle stuff like that.

There's lots of added costs. It's very hard to quantify them, so it's so different to buying a greenfield site and putting up say a package build or something like that. It's tricky and it is quite terrifying in that we're trying to work out what we want and what we can afford - the same sort of things that all self-builders go through. I've chosen a site that is challenging on several levels.

Ben: Creating a budget and sticking to it. That's what I'd like to have as a theme. So how did you know how much money you wanted to spend on this house build in total?

Mark: That's a very good question! I knew how much money we both had to put into the project. And we had a contingency built in right from the outset. We also looked at the street. I mean this is a street of Victorian railway cottages, the wrong side of the tracks as we say in

Cambridge. It's not posh Cambridge by any means, but it is actually a conservation area because like many towns the Victorian section of Cambridge is probably 4,000 or 5,000 houses at most and it's not getting any bigger, and obviously people do value it because people like Victorian housing.

The street itself has a value. You look on Right Move and the various websites where you can ascertain what these houses sell for and that way you can work backwards from the finished value of you know, this is roughly what you can spend on a house to build and this is roughly what you'd spend to buy the plot. And if you like there's what I'd call a Grand Designs premium. People will say that the hard-nosed developer might pay £200,000 for it, but because there's enough people chasing their dream it's going to be a lot more than that. So immediately you're working just in the initial transaction you're saying well we're going to have to bid over that to win the plot.

So in a way, right from the outset, you don't think of it as a developer. You think of it as this is what we need to secure this plot and then we figure out how much we can build a house, how big a house we can build, what we can build with our budget. So it's sort of almost back to front really. It's not the classic developer's calculation that everything drives the plot price down.

Ben: You have that section of profit in that classic equation. Are you saying that you dug into that to be able to afford this plot of land?

Mark: Yes.

Ben: Is that the way to do it in some ways?

Mark: The profit went to the landowner! The only way we can make a profit out of this one is if house prices keep careering up at 10% a year!

Ben: It's possible!

Mark: It's possible! But we're spending right up... there's no development profit in this at all, no.

Ben: I'm quite pleased in a way to hear you say that, that's really interesting. Let's rewind because at the beginning you skirted over this as if it were very easy. You say you knew what funds you had and what was going in the area. What, you just totted up what your assets were, what mortgages you could get? How do we do that?

Mark: Well we're both the wrong side of 60 now so we're not actually wanting to get loaded up with a mortgage so really it's what assets we had. We might end up with a small mortgage to bide it over, but really the idea is to build it mortgage free, so that's essentially how we worked it out. And leave enough over with a pension and then some savings to live on. We're planning our retirement if you like.

Everybody's financial calculus is different isn't it, and they've got to work it out for themselves. A lot of grey-haired self build is people in our position who've paid off their mortgages and they've got assets but what they haven't got is time and energy!

Ben: When you have that idea of what you're going to have to put in the plot, I assume almost is that what you're chasing to begin with, that you allocate that before anything else?

Mark: Well I guess so. No, actually it's not quite that simple. We didn't want to live out to the country. We didn't want a rural site which is much easier to get hold of. Most self builds are rural aren't they? It's quite a difficult challenge to do an urban one, partly because there are very very few urban sites worth it. If they are they're back gardens. A few happen but they're like hen's teeth. They're hard to get hold of, whereas most self build is predicated on buying something out in the country and by and large developers probably wouldn't be interested in it. So in a way we'd already narrowed the field right down. I hadn't been looking at rural self build plots. I wanted to be in town.

Ben: Quite similar to me. I think I'd be prepared to move out into the country if that's what it takes and if we think it's right. Ideally though I would like to stay here!

Mark: Well if you limit it to your home town in particular it could be a long wait. Or more likely you'll probably find something to renovate or a building to convert. An old chapel or something will probably be the more likely opportunity for you than finding a new build site isn't it?

And this is really a windfall site. For some reason this place, a warehouse was built on this site in the 1920s. Why it never had a house in the first place I've no idea. But it's in a row of Victorian houses and it's just there was one plot that was a warehouse. So it's a windfall site and it seems out of place with the rest of it.

So we knew even though it came on and had no planning permission, nothing. We knew enough about the planning system

to say well it's an anomaly this. They're not going to say no to a house. They might say no to a block of flats, but they're not going to oppose it in principle because it's actually useless as a warehouse. It's completely the wrong location for a commercial property.

Ben: Dividing up this budget then, I still don't fully understand how you did that. Can you fill in the picture a little bit?

Mark: The balance between land and build costs do you mean?

Ben: Do you need to get your design next? How do you know that this much is going to be for the foundations, this much is going to be for the walls, this much... What is the process that you go through?

Mark: I guess when you initially think about it you probably just start with the basic cost tables. And the magazines have information. The RICS cost tables. They're not a bad place to start, although we're finding them at the low end of expectations, but we're staggered at the costs that have been coming back so far. Much higher than I was anticipating. The upper end of the cost spectrum, we're operating at about £2,000 per m<sup>2</sup> and it looks like we're getting costs coming in 50% higher than that. But I mean that's the place to start.

It's interesting that every self build is different and if you look at them, although if you aggregate them all into a group you can say well the average self build house is 1,600m<sup>2</sup> and it costs . . .

Ben: Really!

Mark: Sorry I mean 160m<sup>2</sup>. I'm getting my square feet and my square metres muddled up which I frequently do at my age! And it costs, I don't know, £1,600 per m<sup>2</sup> to build, something like that. You say well that's fine. Within that you'll find incredible variety of people having built tiny little things and people having built 700m<sup>2</sup> mansions and the prices people have paid have varied from under £1,000 per m<sup>2</sup> up to £4,000 or £5,000 per m<sup>2</sup>. So I mean it's a real rag bag of outcomes.

And it's very difficult to synthesise that into golden rules of what you should and shouldn't do because everything is different. And the expensive ones aren't necessarily bad value. If you spend £4,000 / £5,000 per m<sup>2</sup> it might be that you've created something that actually a developer would think wow that's really good and it's worth a lot of money. But it's complicated to pull all of these strands into some semblance of some sort of standard way to go about it.

The actual build process does tend to go through... I mean there are certain well worn sections obviously which are common sense: the demolition, the groundworks, building up the superstructure and the whole balance of the shell against the finish costs. And there's whole areas of what we call elective extras. What sort of kitchen floor you want, how much you want to spend on a kitchen, which is much more familiar to ordinary homeowners. A kitchen's a great example of something you can spend £3,000 or £4,000 on a kitchen, you can spend £30,000 / £40,000 on a kitchen. The functionality is the same but you've actually got a lot of control over the cost outcome. The structure of the house, not quite so easy.

And again quite often the constraints are put on by the site or by the planners. You've got to use certain materials or you've certain goals you want to do. For instance you want a low energy house you're going to be spending a lot more on joinery for instance. You could probably spend half as much on off the shelf joinery from your local builder's merchant than if you want triple glazed German joinery for instance. So that's your own constraints.

In a way that's an elective extra if you like. How you cost that initially, the outcome, you really can only work off pounds per m<sup>2</sup> off the table and say well that's roughly what it's going to cost me to build it. You can't get into the finer details of... or people probably start out with the best of intentions, and then they go through this whole process of checking out this, can't afford that, can't afford that and it ends up with a very much more functional, less expensive house.

Ben: If I say then, Passivhaus, roughly at this stage I'm looking 120-130 m<sup>2</sup> and let's just guess around £2,000 per m<sup>2</sup>. I know it's very very rough, but is that the sort of thing?

Mark: Well there's two things that are going to constrain you there. You've said 120-130m<sup>2</sup>. If you were to come across a site on a really expensive street of big houses, you'd say well if I build 120m<sup>2</sup> I'm going to be spending way over the odds on the site. This is demanding a house of 200+ m<sup>2</sup>.

Ben: Which sometimes I am, this exact situation is coming up. I feel I have a floating budget at the moment.

Mark: Yeah. It may not be what you want. There are so few urban sites come up that quite often you have to build to what's there you know. And actually, we don't want a particularly big house because

we're thinking basically we want somewhere for the grandchildren to come and stay, hence the second and third bedroom. We're not wanting a massive house at all.

So in a way the site will dictate what you want for the size. There's nothing to stop you building a small house. Suppose you a street of million pound houses and a back garden plot came up and you decided you were going to build a 120m<sup>2</sup> house that might be worth half a million, you'd probably end up spending £400,000 on the plot. You'd think okay you can do that but you're pouring a lot of money down the drain because the development criteria suggests you should build something to match the neighbours. So it works both ways.

On the other hand, if you're buying in a row of £300,000 houses and you've suddenly found a plot and you want to build a 250m<sup>2</sup> house that's going to be worth a million, you're going to struggle to get a million. So there is a constraint.

There's this whole concept of you build to the neighbourhood. It actually sets the economic calculus you've got to on each plot. And that's usually reflected in the plot price to be fair. A plot on an expensive street is going to be a very expensive plot because the way plots are valued is essentially subtracting the build costs from what it would cost to build a neighbouring house. But if you've already set your size, you want to be 120m<sup>2</sup> or 130m<sup>2</sup> so it's big enough for me and my family, immediately you've probably narrowed down your range of options to what you'll be looking for.

Ben: And then you're perhaps into an area where you're not so keen to move to that sort of thing because that's going to be the cheaper land? Because this is what we're finding, that I do wonder whether I should push myself further but then automatically say for example, this last one that we looked at, could have been an option to build in the back garden, almost as a safeguard as well, that's the other thing, because it was a bigger house and then...

Mark: So you could have had a second, there was potential for a second house there?

Ben: Definitely. My wife is not so keen on that idea of this garden grabbing, and I must admit I don't like it either. Although I think I've been through enough of these interviews to understand that's probably one of the main ways of making it happen.

Mark: Well it's very sad that it is happening, but the reality is land is so expensive it's not altogether surprising is it.

Ben: But what's going to happen to our towns in the future? They're just going to be buildings.

Mark: It's amazing they haven't started listing gardens yet isn't it!

Ben: Don't give them any ideas!

Mark: The garden is a concept our children and grandchildren will grow up not having a clue what a garden is! Or they'll have to go and visit country houses to see what a garden is. It's rapidly becoming a luxury in itself, having a garden on a new house. Normally you get a yard 4x4.

Ben: There's something in that and also I wonder going down streets that parking is such a big thing, that front gardens exactly the same! They just get squashed and two parking spaces put on them.

Mark: Yeah, I guess that's just the way development goes. You go to lots of European cities, they grew up with apartments. There's no gardens. The garden was your balcony.

Ben: But that's the price you have to pay to live in a town. Anyway, I think we're going a little bit off track.

Mark: Possibly!

Ben: It's okay, it's an interesting sidetrack. I don't mind it when it's interesting!

Budgets - and particularly cash flow then. How should we be managing our cash flow as we go along? I imagine in your situation if you're retired and you've got some assets, well no there are some issues here. When do you sell those assets and so forth?

Mark: Well, for us it was Mandy had to sell her house. She had been paying a mortgage off for many years. We cashed that in and paid the mortgage off and it's sitting in income bonds - how boring is that!

Ben: Does that mean you can access it very quickly?

Mark: Yeah. At a massive 1.3% interest. And we'll draw that down. We don't need a mortgage on this, we're not going for a self build

mortgage. It would be a whole different game if we were. But essentially if you are mortgaging yourself you have to talk very early on to your lender don't you. Which again is common sense.

The whole route of self build mortgages is a tricky field because it's very small and very specialised and it's quite restrictive. Quite often, particularly if you need to borrow to get the land to get the opportunity in the first place, then once you've got the land then you're in quite a strong position. Lenders are still very reticent to lend on speculative ventures like 'I've seen a bit of land I want to buy'. They certainly would never dream of lending on anything without planning permission.

It's probably different in the world of custom build. On these big sites like Bicester and things, set up for ordinary mortals, youngsters starting out on life to possibly get to build a house. But to do the more speculative unusual thing, to do it without assets is going to be virtually impossible.

Ben: You're going to find it tough work aren't you. You have sometimes the option if you're moving out from a city and you can go to this rural location that you almost cash in on your location change can't you to get a bit more money? What would you say about sailing too close to the wind if you are looking to largely build with a mortgage? How much would you keep in reserve? I don't know whether this has a clear answer either.

Mark: What, as like a contingency?

Ben: Well, often things go over budget and when you're borrowing money you knock yourself into a corner really don't you?

Mark: Well, we see it all the time in the world of self-builders. Usually quite often people run out of cash three quarters of the way through and they end up... You see, every now and then you see sites with a three quarters built house and a caravan stuck in the back garden. You can see what's happened. They're busy gone out to work thinking another three years work then I'll have enough to borrow a bit more and finish it off. It's very tricky, particularly when people have overblown expectations of what they can build. I think possibly we all suffer from that. I think I'm suffering from that myself, thinking I only want a small house but...

Ben: But this is it! I said to you about the wanting a specific square metre of house which I think is quite a logical way of doing it, and you're

saying well actually in a way you're being silly if you look at a plot that says it wants bigger?

Mark: Well that's I suppose that's why there's a development market. There are people out there who look at plots and say this is what we can do. When they're trying to clear a profit they'll do all the financial calculus and they'll build the appropriate house for the plot.

But as a self-builder you're starting from a different perspective aren't you. You say I want a house, I want to build a house and I've got particular ideas in mind. I mean you've long said you wanted to build a Passivhaus. Immediately you're saying it's going to cost more than a developer house and so immediately there's an aspect of your calculations saying well I'm not so bothered about getting as much money as possible for it. And there are sites where Passivhaus sits very easily, there are other sites where it's really quite challenging, as I'm finding out!

And obviously if you took a renovation opportunity like an old chapel or something, and said well this is never going to make a Passivhaus standard, we'll just do it as best I can. But that's a different approach to it isn't it.

How do you stop getting trapped by it? You really until you know what the site is you've got to assess each site on its own merits, work out what your budget is, work out what you want. And I'm sure you've been through this process already haven't you? And you work out what I'm prepared to bid for it and probably decide it's not enough!

Ben: Going back to this business of assets, you clearly have, or had, the money ready to go. Is this a good way of doing it so you don't get yourself in to any cash flow problems if you do have assets?

Mark: Yes, I think you've got to have your powder dry. This is ridiculous, the one we had, we had a week to complete - not even exchange!

Ben: And what would have happened if you'd said, oh no, I need a month?

Mark: I think she probably would have withdrawn it from the market. She was very unusual vendor and she'd had some persuasion from the agent that she should be selling this at all and I think she was on the point of withdrawing the whole thing. We were the second nibble - the first one had fallen by the wayside. And she'd come

back and her terms were 'I want the money in a week' - 10 days in fact we had. That's very unusual.

Ben: So really this was down to you being prepared, that you got that?

Mark: Yeah. I guess there might have been 20 or 30 other bidders. I doubt many of them could have produced the cash within a week. I had a lot of bonds and a few shares, and I got on the phone and the internet and managed to get that cash together in a week! And even that was on the last day I thought was going to be a day late and it turned up just in time. So it was nip and tuck really.

I had sold a house 5 years before that essentially. Was it 5, I'm trying to remember the time. 4 or 5 years ago, and had that money waiting for a project. Nothing very risky, I'd invested in Severn Trent bonds and things, paying almost nothing but I knew it would be there, it'd be safe and I could get it quickly. So it was there waiting.

But it was an unusually quick this process. The average plot, you know the process, you put the bid in and they consider it. But if you've got to borrow to raise funds and you're chasing other people interested in it then it really is a cash buyer's market for most difficult self build, maybe not in the custom build sector.

Maybe it also depends on where you are. If you're in south east England where obviously the property market is hot, that's the situation but there's still plenty of parts of the UK where the property market is still very quiet. Not a million miles from here. You can go up the road to Norfolk, or the Fens, somewhere like that. There's properties been sitting around, plots sitting around for months. And they'd be very happy to talk to you if you needed to go your bank, but it's the old location thing. The Fens has got hopeless connections, you can't get to London, you can hardly get to Cambridge so people don't want to live out there. So that's nothing new but when you're in a central town site within spitting distance of London, you're going to have to act incredibly quickly and you really could only do that as a cash buyer.

Ben: When do you get more detailed with a budget so that you know specifically what each section is going to cost? You mentioned the build cost calculators, that's a good...?

Mark: Well I don't think, really then you've got to sort the planning angles out haven't you? And that you do with a reference to the build costs tables. You don't get into the details of this is what we're planning on a wall.

This project we're doing, we're still just reaching the end of the planning stage. Just about to put planning application in. I don't know whether it's going to be timber frame, masonry, SIPs or something completely different. I'm deliberately not thinking about the structure, how to build it. Thinking simply in terms of does it fulfil what we want, is it elegant looking, is it the energy-efficient house that we want, does it tick my boxes essentially and will the neighbours accept it?

And only now really do we start thinking about how we're going to build it and how much each section will cost. And that's where you go from the cost tables into the itemised spreadsheet and build up a budget and then start filling it in in more detail.

Ben: Once you're through planning, who is costing this up?

Mark: Well that depends on how you're going to build the thing. If you're going to hire it out... The conventional route if you like, the traditional route is that you have an architect as your agent who's doing the plans. There's a whole section after the planning where you detail the technical side of it and decide how it will be built and then that develops into a package, either for builders to quote for the whole thing or sub-contractors to quote for it. And it's all managed logically in that process.

Most self-builders do not do that because they want to be involved in the management of the project, partly because they're interested in it and partly because they think if they let it to a main contractor they'll be paying 20-30% over the odds, which remains to be found out in my case!

Ben: But what would happen say for example, you get these costs and suddenly think uh oh. I'm now going into dangerous territory. I can't afford this. In your case even a small mortgage it wouldn't matter too much, but if it did matter, what would you do next?

Mark: Well you can always sell it and a plot with planning on it. There is that way out of it. You can say I've got planning permission, I've got what I wanted but I can't afford to build it or I've lost heart, this isn't what I wanted to build, or I no longer want to do this. At that point you can say. What you don't want to do is to start building and then try and sell it. A half built house is actually probably worth less than a naked building plot because you'd been building your house and someone else will want to put their house on it won't they. So there's that sort of let-out moment at that where you could just sort

of say enough's enough. It isn't going to work for me, or us or whatever.

But once you start on it then this work has got to be done at some point by someone. You've got to break it down logically into packages and say this much work needs doing in this order and this is how much it's going to cost.

Now I know people, you probably know people doing renovations and it's all done on an ad-hoc piecemeal basis and they get Fred and Jason in who say they'll do the roof on the extension and they come out and while they're there they think well we'll put a window there rather than there, and the whole thing changes. I call it sandcastle building. There may be some sort of sketch plan but there's nothing terribly detailed about it.

And for a lot of people it probably works. It's not the way to build but it probably works for some people doing certain ad-hoc extensions and renovations, and a lot of builders work like that. They turn up and the job actually changes shape as it progresses. But for something as big and as frightening if you like as a new house you really want to start with a much more detailed prescription for what you're going to do.

As you know, I quite like the German methods of building where the whole thing is pre-packaged. If you go to a German factory house builder they will have you in their showrooms and you'll have chosen the kitchen fittings and the tiles and the door handles and the light switches and they won't even sign a contract with you until you've signed it all off. They have a limited palate of options. You have sort of 4 different types of door handles - cheap, mid-range and expensive. If you want to vary it then it's very expensive. So the whole thing is sort of commoditised and very German if you like. It works out a system for doing it and you stick to it and you don't change your mind. And that's difficult for British clients to get their heads round.

I've got a friend at the moment who's rebuilding a barn in his garden out in the Cambridgeshire Fens and they're doing it on the completely ad-hoc system of the builder comes and last time I was there we were discussing which end of the building he thinks the bathroom should go! So depending on the decision they make they'll start digging drains! But they're already in there building the roof! To my mind that's not the way to build, but it's a way of building but for a new house you've got to be honest.

What's frightening, Ben, to me is that however much thought you put in before the process there's still going to be a bundle of stuff that you can't think through. You're not going to know how it works, is that light switch really going to be in place, is that fan going to be noisy, is that tap going to... All those little things just the details of how a house actually works, how it's pleasant to be in, what do you see when you're sitting in that chair, which with the best intentions in the world you can't really get there until you've built the structure.

And there's a process which you see people doing quite often when you put the foundations in you think God it looks tiny. My 120m<sup>2</sup> house, I can't swing a cat in that. And you shudder and think God I've made a terrible mistake. Then the walls go up and suddenly God it looks big but suddenly you see a view out of that window, that's what you see out of that window, you hadn't realised that, I don't like that. And all this sort of process of going through is taxing. Architects, this is their living isn't it, to get all this right. With the best will in the world, even if you've done it for 30/40 years you're still not going to get it quite right, because you don't really know what it's like until you're in it.

So it's a leap of faith in that you've got in your mind all these things that you want to do, boxes you want to tick, and you don't know until you've finished it how close to what you want you've actually built. And my experience of having built houses for myself, my family, is that it's full of little details you think I'd do that differently next time. That's not good but I'll live with it, or a squeak on a staircase that's really annoying but hell I'm not going to put a new staircase in. So all these little imperfections you live with and in a way maybe it gives the house character. Maybe they really aren't that bad. Like a Persian rug is meant to have an imperfection put in otherwise it's an offence against Allah.

Ben: I didn't know that!

Mark: Didn't you know that? Every Persian rug should not be perfect in its pattern - somewhere there should be a mistake woven into it, just to sort of say that it's human! And maybe that's true of a self build as well.

That is completely different to going and buying a developer house because you know exactly what you're getting, they've built hundreds of them, and you walk round the showroom and view it up and you know other than the orientation being different that you know exactly what you're getting don't you. And most people actually find that quite depressing don't they.

Ben: Well look. We're just about out of time. I know we said we'd talk a little bit about sticking to budgets, I think we'll just have to have a quick top tip perhaps on sticking to budgets?

Mark: Well one thing is to make a budget in the first place! A detailed budget and to package it with reason, and if you like you can use my book, it's actually broken up into a series of tables section by section. It sort of says for making budgets how much you'd be spending on groundworks, that sort of thing. Sticking to it all you can really do is get the job tendered, get it quoted for.

What happens if you can't get the tender in at the price you're hoping for? That's a problem isn't it. Then you really have to have a contingency. You'd be a fool to start without a contingency. I'd have thought 10%, even more.

And the other thing is to include items, like we've got interestingly this site has got a garden, decent garden, which is one of the attractions of this site we've got. But it's located at the back of the house and there's no rear access. So we've got to build the garden shed and all the garden stuff first! Well there's a logic to that in that the garden shed can be the site hut. But most people when they're budgeting a house think the garden, they don't even think about it. But actually the garden is part of it - the fencing, the whole caboodle. Look at the whole project. Don't kid yourself and just ignore outbuildings and garages and we'll ignore this that and the other, external paving. But look at the whole thing.

Be careful if you're working off tables. The cost tables that when it says so much per square metre, understand what is meant by a square metre of building, and it doesn't include gardens, it doesn't include garages, it doesn't include out-houses and maybe much more ancillary works that are quite separate to the actual square metre rate.

So one of the downfalls of using the square metre rates is that one house can be, and two very similar houses can have two very different build costs because of their location and also the fact that you get problems with them. What I call development costs, which are different to build costs. That's worth noting. For instance the backland plot, will have development costs: running drains, services, maybe fencing, paving. To make it serviceable you may be spending £30,000/£40,000 on just turning a backland plot into a building plot. That's not a build cost, that's development costs.

So be aware of the fact that no two building plots are the same and some are very easy to develop and some are very expensive to develop before you've even started building the house. So be very aware. Look at it from an honest perspective. Don't kid yourself that because I bought a building plot and the tables say I can build it at £1,600 per m<sup>2</sup> I just multiply that by my square metres and that's how much I'm going to spend. It doesn't work like that. It's far more nuanced and complicated and the outcomes on different houses, apparently similar houses, can be very different and the only way really to do that is to bury yourself in the whole project. Decide what you want to do, give yourself a reasonable budget.

You'll have seen these pie-charts of how much went into the foundations, how much went into the structure, how much went into the services. They give you a good indication. What they're not very good at is all the ancillary stuff. They get to bag called pre-lims. How much do you budget for pre-lims?! What is a pre-lim? I'm not actually sure I know what a pre-lim is! It's there and does it include site fencing, and does it include having a site hut, do I need a site hut, all these sort of issues about how you build it.

Is there a contractor's profit in there, if so is that mine, do I say that do I have to spend that on van trips down to the builder's merchant? So all this sort of stuff makes... if you like it's complicated and therefore it is in that sense frightening and sticking to a budget is all very well coming out with some sort of glib little thing like about oh you just do this that and the other. You don't. You just have to sort of analyse the project, not just the actual structure of what you're building, but how you're going to build it and sit down.

Hopefully you're familiar with the spreadsheet if you're taking all this on. I've seen some people, one of the most successful self-builders didn't know how to use a spreadsheet. She bought a ledger, filled it all out in pencil by hand and she came in on an amazingly cheap house and never built before. And Excel didn't feature in it in one jot - it was all done with pen and paper. And I was so full of admiration for her. The fact is the process was right. You don't have to be a whizz at Excel to be able to do this, but if you are, you can only really sit down there and every time something comes up, put it down.

Try and put a cost on it from what data you can gather, from books, magazines, wherever, the web. Use a QS. There's some very good QS services out there, to give you an over all feel for the job. I'd recommend that because it's all worth spending at the beginning of

the job. Every pound spent at the beginning saves £5 at the end is another good old building adage. And if you like, I always start with italics - when it's a guess! And turn it into Roman font when I've got quotes, and then bold when it's finished!

So you really can only really work through it, and the trouble is it's always sticking upwards because there's invariably stuff that you forget, or you overlook or stuff that you just don't foresee. And that's the contingency plan. It's almost sort of common sense housekeeping.

The problem is it's such a multi-faceted, you'll end up with 150 rows on your spreadsheet, at least, and keeping tabs on them all is actually a lot of work. You've got to be the job accountant and go through it bit by bit and know the moment a decision gets made on different kinds of groundworks, you know exactly what the outcome on the bottom line is, so you can see whether you've stuck to budget and if you're going over, know right at the outset. Don't wait until 8 months later until you've run out of money when you're trying to get the floors tiled and that sort of thing. I wish there was a short, pithy way of saying it, but it's actually a lot of detailed accounts work that goes into a) making the budget in the first place, and b) sticking to it.

Ben: Well Mark, brilliant information as ever. Enjoyed seeing you again. Thank you very much.

Mark: Thank you Ben. And good luck with your project.