

Wednesday, 18 March 2015

Association Notes 2015 Budget Support for Construction and Manufacturing

The last Budget of this Parliament held few surprises for construction products manufacturers and distributors, though a number of initiatives will be welcomed.

Dr Diana Montgomery, Chief Executive of the Construction Products Association, commented on today's Budget Announcement: "First, as we have continued to highlight the need for government to clarify its plans to support house building, we are pleased with the innovative 'Help to Buy ISA' scheme. This should stimulate home-buyers' interest in the near term and house builders' confidence in the medium term – a tonic to the flattening demand we forecast for the private housing sector after the uncertainty of the General Election.

"Second, many of our members, including the steel sector, are energy intensive manufacturers. The plans announced today to bring forward from 2016 to 2015 the compensation for the indirect costs of small-scale feed-in-tariffs are a step in the right direction to improving their competitiveness with European neighbours and levelling that playing field. We only note that a sizeable number of our manufacturers will remain outside this plan and will not see any alleviation of their high energy costs.

"As one of the largest users of the nation's road network, the construction industry will certainly benefit from today's cancellation to this year's expected fuel duty increase. Not highlighted by the Chancellor is the encouraging plan to work with road haulage firms, many supporting our industry, to address the shortage of qualified drivers.

“Finally, the wider industry, particularly SME’s, will recognise the impact of the government’s plans to abolish Class 2 NICs in the next Parliament. The real improvement in this case is not the nominal contribution amount – £137 per annum – but rather the savings by removing another regulatory burden and overhead, which is likely thousands of pounds and many hours of time which SME’s can focus elsewhere.”

Dr Montgomery concluded, “Frankly, in this last year of the Parliament we did not expect any major revelations, though some of what we’ve heard will certainly benefit our members and the wider construction industry. Of particular interest to us will be the review of business rates flagged by the Chancellor today and the related issues of capital allowances for plant and machinery, all of which has a very real effect on inward investment.

“More to the point, policy works best when industry is consulted early and often to help identify problems, review measures, provide solutions and evaluate results. With this in mind, we’re looking forward to working with the parties after the General Election so that they can provide long-term clarity and certainty on the issues affecting our business.”

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