

HMT  
Spring Budget 2024 Representations

Via email: [externalaffairs@hmtreasury.gov.uk](mailto:externalaffairs@hmtreasury.gov.uk)

24.01.2024 Dear Chancellor,

The UK construction industry offers one of the biggest and most easily deliverable opportunities to grow the UK economy. The construction sector is worth 9% of GDP to the UK economy each year and employs in total just over 2.63m people.

Of the infrastructure and construction pipeline the Government pipeline of projects 25-30% is public sector. In addition, through setting long term policy frameworks in regulated markets and directly influencing private sector investment, for example through the planning system, the reach of Government extends to the entire sector.

Maintaining stability across the sector's pipeline of projects is the single biggest factor to enable us to enhance productivity, invest in skills and innovation and ultimately deliver growth for the economy and the infrastructure and housing the UK needs.

### **Housing**

While housing delivery has increased substantially with almost 1.2 million new homes built in the past five years alone, it is set to decline rapidly due to a number of factors including the economic climate, nutrient neutrality, delays in the planning process and the proposed reforms to the National Planning Policy Framework (NPPF). House building levels could return to levels last seen in the aftermath of the global financial crisis and are forecast to deteriorate further next year. Such a fall would have significant social and economic implications for the country by undermining nearly 400,000 jobs, costing over £20bn in lost economic activity, and generating £3bn less investment in affordable housing.

### **We would ask that you consider the following:-**

- **Ensure recently announced planning funds have maximum impact**, Ringfence any increases in planning fees for local authority planning departments to ensure the Government's plans to increase planning fees mean increased resources for planning departments, who have seen a real terms funding cut by over half since 2010.
- **Unlock small sites for SME House Builders** - Introduce a presumption in favour of development on small sites of up to 25 homes on brownfield land, as part of the planned changes to the National Planning Policy. 53% of SME Builders said the availability of land was the main challenge they were facing over the next 3 years (FMB Survey).
- **Sufficient funding for building and product safety regulatory bodies** - The government's building safety programme is driving genuine change in the culture and practices across UK construction. Given the large

volume of construction products made and sold in the UK, the new regulator should be able to successfully enforce compliance, prosecute negligence and conduct its own product testing where necessary to investigate concerns. This will require government to commit to significant investment and resource in the new regulators.

- **Encourage Build to Rent in order to relieve pressures on the private rental market** - Build to Rent developments should pay the fair rate of SDLT for the price of units in the scheme – the Multiple Dwellings Relief has not worked properly since the introduction of the SDLT surcharges for additional dwellings and overseas buyers – this must be fixed to ensure that MDR works appropriately for Build to rent developments – ensuring that SDLT does not disproportionately impact on viability of the development of much needed new build to rent homes BPF
- **Incentivise more private finance to accelerate the delivery of affordable housing** - Unlock £10bn of new private sector capital for affordable housing by increasing subsidy levels by £9bn - £14bn to support the delivery of 145,000 new affordable homes a year, in line with the recent research published by the [British Property Federation and L&G](#).

### Confidence in Infrastructure

The changes recently announced in the Network North plan have introduced a different set of priorities to the infrastructure and Construction pipeline. In order for the industry to fully support the Government's ambitions in delivering upon these announcements it is essential we have clarity on what will come to market and when in order for us to plan, retain staff and invest accordingly.

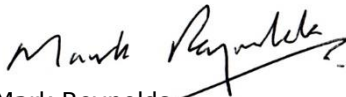
- **Implement the Construction Playbook consistently** - to create a productive environment on the Government pipeline, the Construction Playbook drives the right type of behaviour to provide the conditions we need to enhance our productivity. The CLC are frequently seeing the principles of the Construction Playbook ignored in practice, for example unlimited insurance liability on contracts. It would be useful if contracts were audited by HMT during the Business Case approval process for consistency with the Construction Playbook.
- **Provide certainty on the Government Construction pipeline where possible** - commit to publishing the updated deliverable Infrastructure and Construction pipeline within 10 days of the Autumn Statement or equivalent at a Department or ALB level.
- **Acknowledge the increase in investment in Infrastructure the country needs** and introduce flexibility to ensure it can be delivered.
  - Publish response to National Infrastructure Assessment setting out a comprehensive approach to infrastructure investment which considers the following;
  - Flexibility in the fiscal rules currently set recognising investment in infrastructure will deliver long term sustainable growth to the economy;
  - Open a conversation with industry to further explore the role of private finance to deliver some of the currently Government funded projects in the pipeline in order to deliver the infrastructure the country needs whilst staying within an affordable fiscal limit.

## Green transition in the Built Environment

The CLC has promoted a National Retrofit strategy since 2020, if we are to achieve Net Zero Carbon by 2050, many of our existing homes require greater insulation for heat pumps to work efficiently. It is currently estimated that 11 million homes will need upgrading and whilst current Government plans support the social housing sector in this there is a gap in the privately owned market. The majority of these upgrades are delivered by SMEs and as such encouraging economic activity here would safeguard their pipeline of work.

- **NZCBS benchmarks, once the industry wide standards and benchmarks are launched later this year utilise those across Gov estate** to give consistency, attract investment and give industry confidence to invest.
- **Retrofit, work with industry** The announcements in the Autumn Statement were a welcome step towards stimulating demand for retrofit. As part of delivering on this there are some key considerations over the coming 12 months. We are ready to scale up our capability to deliver on this having develop training routes and competence standards over the at least couple of years. Set out a 10-year policy & regulatory roadmap for the different segments of the housing market, for example introducing new policy measures for key workers and pensioners to help make their homes more efficient.

Yours sincerely,



Mark Reynolds  
Co-Chair, Construction Leadership Council