

Our Reference: 151025/PC

15 October 2025

The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
The Correspondence and Enquiry Unit
1 Horse Guards Road
London
SW1A 2HQ

Construction Products Association's Representation For Autumn Budget 2025

Dear Chancellor:

The UK Government faces numerous challenges whilst making difficult choices to help secure a more prosperous future. Ahead of the Autumn Budget, the Construction Products Association (CPA) wishes to stress the importance of the construction and manufacturing sectors in helping to enable and support the country's long-term productivity and economic growth. Looking ahead, we have offered some possible measures with both construction and manufacturing in mind.

Approximately 75% of all construction products used in the UK are manufactured here, reflecting an industry that underpins nearly every construction project in the country, large and small. Construction product manufacturing accounts for 11% of total UK manufacturing and a third of all UK construction turnover – a £68.6 billion industry of 27,500 companies employing 407,000 people, mainly across the Midlands and North.

I. Building Safety: Responding to the Grenfell Inquiry Recommendations

The Grenfell Tower Inquiry's final report must serve as a catalyst for changing the UK construction industry. The recommendations in the report provided a clear picture about what needs to change in the industry. Because this is such a critical time – with the public rightly demanding to see change, secondary legislation for the Building Safety Act still in development, and much of the industry frustrated at the Building Safety Regulator's serious delays with project approvals – we strongly suggest that the Autumn Budget provides:

Full funding for the relevant regulators and enforcement bodies: the public and the construction industry need the new Building Safety Regulator, the Office for Product Safety and Standards, the HSE, Local Authority Building Control, and Trading Standards to all be fully resourced to drive and enforce change.

Good regulation should not be confused with 'red tape' or a drag on growth. Unfortunately, the evidence shows that previous governments have undermined regulatory and enforcement bodies' roles and responsibilities with a woeful lack of funding that has led to significant capacity constraints, delays in project applications, staff and salary cuts and a loss of essential skills amongst these bodies, all in the face of ever-growing demand.

We know a return to 'fully funded' budgets will take time; nonetheless, we believe now more than ever, if Government and industry stand any chance of ensuring that the horrible lessons learned from the Grenfell tragedy do not fade into mere empty promises, these essential regulators and enforcement bodies must be given the power and support to play their part.

The Building Centre | 26 Store Street | London WC1E 7BT
tel: 0207 323 3770 | www.constructionproducts.org.uk

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2. Housing: New Build and Repair, Maintenance & Improvement

The two largest construction sectors – private housing new build and private housing repair, maintenance, and improvement (rm&i) – have been amongst the worst-affected over the past two years, compromising the Government's ability to achieve its housing targets or make for healthier, more energy efficient existing homes.

Support for New Home Buyers: House builders (especially SME's) face their own set of 'headwinds' – planning issues and skills shortages are both in the long list of major constraints that also includes water and nutrient neutrality, Biodiversity Net Gain, Community Infrastructure Levy, building regulations F,L,O and S, and the upcoming Future Homes Standard, all of which add costs and decrease the financial viability of new housing developments.

One of the key challenges hindering housing delivery is the lack of effective demand, particularly among first-time buyers. Such buyers play a crucial role, providing developers with the confidence to build at scale and maintain a steady pipeline of new homes.

However, affordability challenges and mortgage constraints have made it increasingly difficult for aspiring homeowners to take their first step onto the property ladder. The lack of a Government support scheme for first-time buyers, for the first time in 60 years, is compounding these challenges.

We recommend the Home Builders Federation's idea for a replacement equity loan scheme for first-time buyers which would boost first-time buyers' deposits, giving them access to new build mortgages at lower loan-to-value ratios which are priced more affordably. Developers would pay a fee like the 'commercial fee' payable by mortgage lenders for access to the Mortgage Guarantee Scheme, whilst HMG would retain the full equity share and potential returns.

Support for Repair, Maintenance and Improvement: with winter approaching, homeowners and renters alike know that the problem of the UK's leaky housing stock has been exacerbated by continuing high energy prices, leaving both private owners and social housing occupants facing huge bills and cold homes. As the price shocks of recent winters saw, inaction on energy efficiency can have huge implications for the public purse as well as for those struggling with the cost of living. Policy makers will also know that the UK will not reach its 2050 Net Zero promises without refurbishment of the existing housing stock.

CPA members say that the constant changing of direction and the lack of a consistent policy framework around energy efficiency has been frustrating and counter-productive, particularly around future homes standards and minimum efficiency standards. Many of these businesses have made long term, multi-million pound investment decisions on the basis of previous "commitments" only to suffer losses when those commitments change. This has only served to undermine previous governments' credibility. There needs to be certainty and a long-term plan of action on retrofit, with a clear and well-considered funding plan.

The delivery of the Remediation Programme being coordinated and led by Homes England is an example of this working in practice across a diverse set of circumstances across the UK. Among other benefits, this new approach has given visibility to – and confidence in – the overall workload across the sector, particularly for smaller construction companies. In turn, this is encouraging investment in skills and capacity.

We recommend that such a 'delivery authority' for the retrofit of the UK's existing housing stock would create a similar coordination of capital spend, delivery approach and procurement that would in turn generate a more efficient and focused industry response and greater economic and social benefits for communities and the Government.

3. Infrastructure Delivery

Aside from housing, the infrastructure sector is often the twin driver of construction activity. In the past year, Government has made welcome interventions: the Planning and Infrastructure Bill, NISTA, the 10 Year Infrastructure Strategy, the dynamic pipeline tool and the funding package for construction skills.

In the long-term, such commitments are very appreciated if Government can improve delivery. In the near-term however, there remain serious questions over whether we will see a major uplift to infrastructure output given the recent Government announcements of pausing, delaying, and cancelling projects. Nevertheless, there are further actions Government can take to support growth and improve productivity. We suggest:

Focus on repair and maintenance in the short-term: Infrastructure investment in major new projects is critical for the medium and long-term. In a tight budgetary environment however, by focusing efforts on near-term basic repairs and maintenance that have a quicker turnaround, the UK economy and productivity could enjoy an immediate return on investment for taxpayers along with a sizeable stimulus for the sector.

Government should, for example, ensure extra funding to local authorities that is ring-fenced for transport work such as bridge and road repairs. Our sector, like others in manufacturing, is one of the largest users of the road and rail networks, so this is particularly relevant to our 27,000 businesses.

We also point out that in regard to the problems with RAAC found across the public estate, we firmly believe the potentially disastrous situation could have been avoided by proper funding for regular maintenance.

Employ the Construction Playbook: Again with productivity in mind, across Government departments and on a project-by-project basis we are frequently seeing the principles of the [Construction Playbook](#) ignored in practice. Such ignorance costs taxpayers and our industry's businesses when assessing, procuring and managing public works projects and programmes. The 14 policies of this Playbook bring together commercial best practices and reforms that will be repaid many times over in delivery with better quality, faster and greener results.

To drive adoption across all Government departments, we suggest contracts should be audited by HMT during the Business Case approval process for consistency with the Construction Playbook.

Embed an appreciation for the whole life value of products: To ensure that infrastructure projects are procured not just on cost but also recognising the value of sustainability – environmentally, economically, and socially – Government departments must embed 'whole life' values into their procurement decisions. UK construction product manufacturers feel this is a priority, as they invest significant resources into reducing the environmental impact of their products and materials, providing third party accreditation, and undertaking local hiring, apprenticeships, training and supply chain initiatives that have a meaningful impact on their communities. In addition, procuring for value should ensure that concepts around greater safety are prioritised and help avoid poor performing substitutions of products. Such work and expense are not undertaken here by most overseas companies that simply import into the UK, and this should be considered during the procurement process.

4. Investment, Productivity and the Regulatory Environment

The UK should be viewed as an attractive place to do business. Policies must offer our industry a level playing field with international competitors to secure investment and the Government's many policy ambitions. We urge:

To support growth, there should be no further increases in the cost of doing business in the UK in this Budget: the increases to the National Minimum Wage and Employer NICs have had a significant impact

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on our membership and businesses large and small elsewhere across UK construction resulting in a direct and negative impact on staffing costs, recruitment plans including apprenticeships, retention efforts and workforce strategies. The changes to Inheritance Tax in Autumn 2024 affecting family businesses have also added strain.

Recognise and review the cumulative policy and fiscal burdens on our industry: our manufacturing sector is straining under multiple layers of taxation and policies that have accumulated over time including more recently proposed by this Government. These range from last year's increases to the NMW and Employer NIC to; the proposed Landfill Tax; the Clean Heat Market Mechanism (aka the "Boiler Tax"), the new tax on Extended Producer Responsibility for packaging and waste; continuing fall-out from Brexit including non-tariff barriers; UK REACH; energy issues (prices and grid capacity); and the recent bottlenecks of Gateway 2 applications with the Building Safety Regulator.

All of these have involved Government departments (particularly HMT, MHCLG, DBT, Defra, DESNZ and DfT) that too frequently are working in isolation and not sufficiently joined up with colleagues elsewhere. Taken in isolation as these departments would do, the taxes and policies might seem valid and well-considered; however, looked at holistically the cumulative impact would be recognised as a significant burden damaging growth and causing UK businesses to put off investments in their people or facilities.

We therefore suggest that Government – perhaps the Cabinet Office or HMT – undertake a review of the policy landscape across our sector with a view to prioritising business investment, innovation, productivity and growth, as well as organising cross-departmental channels to ensure future policies are developed and implemented more collaboratively and effectively.

Tackling electricity prices for industry: this involves supporting industrial green growth via state-led reform and using the Industrial Strategy as a way of driving change. Providing long-term policy solutions will give the certainty to encourage investment in our manufacturing. The UK consistently has some of the highest electricity prices in Europe for industry, with prices 46% above the International Energy Agency member countries' median.

Implement a Targeted Electrification Discount scheme: We support Make UK's proposal for a conditional electricity price discount, to incentivise switching from fossil fuels to electricity at British industrial sites. Without action, the risk of de-industrialisation grows, undermining the UK's economic and environmental goals. This scheme should be accessible to businesses of all sizes, including SMEs. Redeploying unspent capital from other programmes could provide a fiscally responsible way forward in the current, tight fiscal environment. Different types of manufacturers require different temperatures for their processes and therefore different electrification technologies and pay-back periods. Therefore, a targeted approach for businesses with different process temperature requirements would ensure all industry types are able to invest and no single heating/cooling option is favoured over another.

Consider introducing a targeted exemption for investments in green technologies: At present, manufacturers who install energy-efficient machinery, such as on-site solar energy panels, wind turbines, or low-carbon heating systems, can face higher rateable values because this new capital stock increases to nominal value of the factory, penalising firms for "doing the right thing" by investing in net zero technologies. This change would remove a major disincentive for manufacturers to invest.

Reconsider plans for the proposed Landfill Tax: As supported by our members the [British Aggregates Association](#), [Ceramics UK](#) and the [Mineral Products Association](#), this would involve cancelling or delaying the announcement and allowing 6-12 months for industry and Government to collect better data, understand the unintended consequences, and explore more effective solutions including necessary exemptions for adversely affected manufacturing businesses. This could include support to either make industries aware of technology available to recycle, or support industrial bodies to liaise between members, academia, and Government departments to fully understand the barriers and identify solutions to recycle for a circular economy.

Government should only provide support for those companies strictly adhering to the Fair

Payment Code: At a time when too many across UK construction, especially SME's, are struggling with cash flow, it is critical that these businesses are paid on time. Our members including the [Finishes & Interiors Sector](#) have highlighted how the issue of late payments causes a multitude of significant, negative consequences such as increased solvency risk, restricted operational flexibility and resilience, reduced capacity for growth, tied-up vital resources needed to chase payment, and generally much distress within these businesses.

Clarify the role and remit of the Industrial Strategy Council: For the Industrial Strategy to be a success, it requires clear and tangible metrics to measure deliverability. We welcome the creation of a permanent and independent Industrial Strategy Council, but we now look forward to clarification about the role and remit of the Council so it can be put to work quickly to ensure the swift delivery of the Industrial Strategy.

In addition, build on the success metrics. We agree with the six core metrics for the strategy: business investment, Gross Value Added, productivity growth, trade exports, labour market outcomes (such as employment and wages), and the number of new, large, 'homegrown' businesses, but it is vital that the Strategy is measured at regular intervals, with the ONS adequately supported to provide this statistical analysis.

The Construction Products Association urges Government to partner and collaborate with industry on all these policy areas. Within the CPA's membership is valuable expertise available to Government, which can help Government ensure the successful delivery of new housing, energy efficiency retrofitting and key infrastructure projects.

A long-term commitment from Government to its main policy priorities will provide our members with the certainty to invest and support delivery. I hope that you will find these proposals and potential solutions to be useful and would welcome the opportunity to discuss these with you or your colleagues in further detail.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Peter L Caplehorn', with a long horizontal flourish extending to the right.

Peter L Caplehorn
Chief Executive