



Construction Plant-hire Association
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15th September 2022

The Rt Hon Kwasi Kwarteng MP,
The Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Chancellor

I am writing to you on behalf of the Construction Plant-hire Association (CPA). I would like to take this opportunity to congratulate you on your new role within the government.

As an organisation, the CPA represents over 1,700 companies who are responsible for 85% of the construction plant used in the UK. We are the leading trade association for the plant-hire sector in the UK, acting as the principal point of contact for all issues relating to the use of construction plant.

We welcome the Treasury's renewed focus and ambition to grow the UK economy in what continue to be difficult times for our sector and the wider economy. The recent announcement around the energy price cap for business is a good start, but we now urge the Treasury to provide clarity and further details on how this will affect businesses, as soon as possible.

If the plant-hire sector and the wider construction industry is to help drive growth in the coming months, it is vital that our members can plan accordingly on what the government's plans mean and how they will apply.

Well publicised issues and cost pressures within the construction industry, alongside the threat of inflation and weak economic growth are the latest issues to affect our members in what has been a challenging two years.

Driving growth and reaching the Prime Minister's stated aim of an economy that grows at an average of 2.5 per cent means looking to boost business investment and productivity, while supporting vulnerable sectors. Government and business must work together in achieving this aim immediately. We would urge next weeks' planned fiscal statement by the Chancellor, to commit to the following actions:

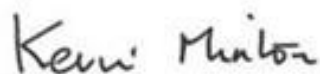
- The extension to the energy price cap after six months for those sectors most vulnerable to rising prices, must include the construction industry. With limited profit margins and increasing price pressures being placed on the sector, we urge the government to support construction further into 2023
- Following the recent Treasury consultation on reforms of capital allowances, we urge the Treasury to include temporarily keeping the Super Deduction Allowance (SDA) until the economy improves sufficiently. This will provide a degree of consistency for businesses.
- Any potential successor to the SDA must include the construction plant-hire industry. This is vital if our members are able to invest in new, cleaner, greener technology that improve air quality and lowers emissions

- The annual investment allowance (AIA) should be set at a permanent level of £1.25m, moving away from its current temporary limit of £1m
- Future capital allowances should be flexible and adjusted in line with rising inflation
- Any reforms to the UK's capital allowances should reflect the business cycle and move away from short term extensions to existing allowances

The last two years have been undoubtedly a testing time for the UK's business community, with further testing times ahead. The Treasury has played a vital and welcome role in supporting companies both during and after the pandemic. This should be applauded and welcomed. We are now in a very different economic cycle, with weaker than predicted growth, rising interest rates, the well documented cost-of-living problems affecting the wider economy and growing inflationary pressures.

We urge you to consider these proposals and work with the plant-hire sector in addressing our concerns and work with our members in helping build and secure our economic recovery.

I look forward to discussing this issue further.



Kevin Minton
CEO
Construction Plant-hire Association

CC – Felicity Buchan MP, Exchequer Secretary to the Treasury