

## **PRIVATE SECTOR AND CONSTRUCTION FORM THE FOUNDATIONS OF ECONOMIC RECOVERY, SAYS NFB**

The National Federation of Builders (NFB) welcomed the evidence in today's Emergency Budget that the Government has recognised the increasingly crucial role to be played by the private sector in economic recovery.

Commenting on the impact of today's Budget on the construction industry, Julia Evans, Chief Executive of the NFB, said:

"The construction industry makes a valuable contribution to the UK economy and now more than ever its role is crucial. We are pleased with the news that capital spending will not be cut in what has been a very active area for our industry - the public sector.

"But now, with the public sector under fire, we also wholeheartedly welcome the important reductions in business taxation – including corporation tax, national insurance, small business tax and capital gains tax. These measures, with their potential for job creation and growth, will all help to ensure that the construction industry can be an effective economic ally to the private sector on the road to recovery.

"The Government has taken some steps in the right direction today to help both large and small businesses. We hope, though, that the autumn spending review will continue to recognise this."

## **PUBLIC SECTOR**

The NFB welcomes the Government's decision not to cut **capital spending**, which will still be important for job creation and growth in the construction industry. The decision will allow companies that rely on **public construction work** to better plan in the coming months of public sector austerity.

It however urged the Government to continue to explore fair and local access to public procurement frameworks by small and medium sized businesses (SMEs), to stimulate local industry and employment and generate wealth for the local economy, from which to achieve wider growth. SMEs form the crucible of innovation, investment and growth.

## **HOUSING**

The NFB was concerned to note that there was little to stimulate investment in private housebuilding; no reduction in the burden of regulation, nothing about the future of Community Infrastructure Levy (CIL) and nothing to stimulate institutional investment in rented housing.

## TAXATION

The NFB is disappointed that the government has still not recognised the benefit of reducing the standard rate of VAT to 5% for repair and refurbishment work. Raising the standard rate to 20% has widened the gap between reputable builders and those operating in the black economy.

There are serious concerns that the Chancellor failed to include new homes in the list of zero rated items he pledged to preserve and NFB will be seeking urgent clarification of his intentions.

The NFB does however welcome the various tax reductions for businesses large and small. The small business tax reduction to 20 per cent, the one per cent cut in corporation tax for 4 years, the reduction in national insurance contributions, the raised threshold for capital gains tax and the entrepreneurs' relief all offer a package which will result in a lower tax burden for smaller companies.

## LENDING

We also welcome the decision to extend the enterprise finance guarantee scheme which will benefit 2000 companies. We hope that the Government's extended commitment to the scheme will encourage banks to increase lending to viable businesses. We welcome the banking sector's new set of principles which will enable a more consistent level of service and will hopefully allow viable SMEs to actually access credit as the previous process was too bureaucratic.

We also eagerly anticipate Vince Cable's review of mortgage lending, which remains critical to any private sector recovery.

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## Notes to Editors

The NFB is one of the UK's longest established trade federations for small to medium-sized (SME) builders, contractors and house builders across England and Wales. It was created 150 years ago to represent the building profession and to help create the conditions for its members to thrive and contribute to the economic success of the UK. Its members range from the sole trader to large, multi-million pound construction companies, with turnover ranging from below £500k to £100m plus.