

press release

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FOR IMMEDIATE RELEASE**

A BUDGET TO TREAD WATER, SAYS NATIONAL FEDERATION OF BUILDERS

For a statement that was supposed to be a “Budget for making things”, there was remarkably little to stimulate construction.

The reductions in regulations, procurement bureaucracy and corporation tax are welcome and the reduced associated costs will help companies tread water for longer. However, with over 500 construction companies each quarter going into administration and limited access to finance, they can only hold on for so long. It would be helpful if the government could make the use of PAS91 (the simplified pre-qualification questionnaire) mandatory for all public sector construction procurement, so that small and medium sized companies can have better access to public work and stay in business.

Increasing availability of finance does not mean that the finance will make it to the companies that need it. Construction companies are seen as high risk and even viable companies are as unlikely to be able to make use of the Business Growth Fund as they were the Enterprise Finance Guarantee scheme.

Julia Evans, Chief Executive of NFB said: “While this budget helps to keep business afloat, there is very little in there to stimulate growth. With GDP forecast to grow at an even slower rate than originally thought, the NFB is disappointed at the small scale measures announced by the Chancellor today. The construction industry makes a significant contribution to the UK economy but without really helpful measures around lending, procurement and consumer confidence, it will be a long time in recovering, and therefore so will the economy at large.”

The ritual of seeing how many Budgets can pass without the Chancellor cutting VAT on home improvement and renovation continues. The market for renovation is not forecast to climb out of negative territory until 2013. Reducing VAT would have levelled the playing field for reputable builders and removed the price advantage that cowboys have, while protecting consumers. It would also have stimulated the market ahead of the Green Deal's introduction in autumn 2012 and provided an incentive for homeowners to improve the energy efficiency of their property.

Help for First Time Buyers

Roger Humber, Strategic Policy Adviser to the House Builders Association, said: “While the proposal for equity mortgages funded by the Treasury and housebuilders will help a small number of volume builders to maintain their sales to first time buyers, most small and medium sized builders either do not have, or have already exhausted, their own balance sheet capacity to provide this kind of assistance. They would need more access to bank lending than they have had in recent years to be able to participate.”

Planning

We welcome, in principle, the commitment to reduce the cost and bureaucracy of planning but await the detail on exactly how a presumption in favour of sustainable development, to make 'yes' the default position, can be reconciled with a plan-led system.

Greater freedom to secure change of use from employment to residential could be helpful in certain circumstances, while the opportunity of ending the over-reliance on building on previously developed land (PDL) is welcome.

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This contributed significantly to shortages of land for housebuilding before the recession. However, making this subject to localism may significantly reduce its effects and could even have the opposite effect to that intended, with greater emphasis being put on PDL where little exists.

We look forward to discussing with ministers how all bodies involved in the planning system can be required to prioritise growth when this is not on the agenda of many of them and for some its role is, effectively, to oppose it - the Environment Agency, for example.

A 12 month guaranteed timetable for planning applications is ambitious and we look forward to seeing details of how it can be given effect in the current climate of localism.

Enterprise Zones

We welcome the revival of this partially successful initiative from the 1980s and hope that the Zones will be geographically larger and that some of those yet to be announced will cover areas where economic growth is not held back to lack of market demand, as it is in those identified, but by the anti-growth policies of the local authorities.

Green Investment Bank and the Price of Carbon

The creation of a Green Investment Bank (GIB) should clear the way for the Government to introduce a buy-out arrangement under Allowable Solutions, in the price ranges of £16-30 per tonne of carbon. The GIB can ensure that any contributions made by housebuilders building zero carbon homes, are spent on appropriate projects that meet additionality tests.

Overall, this was a budget with modest levers to keep business and consumers afloat. We can forget about any green shoots for the foreseeable future, and focus our efforts on survival.

For further comment or information please contact the National Federation of Builders on 08450 578160.