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3 August 2026

Rt Hon John Healey MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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Dear Mr Healey,

Many congratulations on your appointment as Chancellor of the Exchequer. I wish you every success in tackling the serious challenges facing our country.

No growth, low confidence

First and foremost of these is the lack of growth in the economy, especially in construction. Our UK industry, which supplies essential construction and industrial minerals and materials, has suffered four years' decline in sales. This matters. The most recent data, published today, shows that the decline is not only continuing but that the material supply chain for housing is entering a real crisis point. Domestic cement production is at 1950s levels, and ready-mixed concrete sales from our members at levels last seen in the 1960s.

Given the scale of this continuing decline, industrial capacity is now being lost. Plants are being mothballed, drivers being taken off the road as trucks idle and people are being made redundant. There is currently no confidence to invest in people, sites or equipment for the future. This has to change.

In the first half of 2026 an already depressed situation deteriorated further. Ready-mixed concrete sales fell by 9.3 per cent, sand and gravel was down 8.1 per cent, and mortar 5.1 per cent lower compared to the same period in the previous year. Mortar is a particularly reliable measure for the current health of the housing supply chain as a wholly domestic supply of a product that cannot be stockpiled.

New towns, roads, hospitals, advanced manufacturing sites, and defence, energy and water infrastructure all rely on millions of tonnes of concrete, aggregates, cement, asphalt and mortar supplied by our industry. Without Mineral Products Association members, nothing promised to be built in your manifesto or in the Infrastructure Pipeline can be delivered. This is why this long-term decline is so concerning; we fear we will lose the capacity that will be needed when the demand comes back. If this does come to pass, aspirations of delivering housing or infrastructure in the future will become even harder to deliver.

As you look towards your first Budget, it is essential that our industry can have confidence that capital budgets will be protected and that the work they have planned as businesses will actually happen, especially after recent road project cancellations.

Rising tax burden and sluggish regulation

This four-year decline in demand has been accompanied by four years of increased taxes, from Chancellors of both major parties. The tax burden on our members has risen by around 26 per cent in that period, including the removal of red diesel, employer NICs, aggregates levy re-indexation, and two rounds of business rates increases.

The last round of business rate increases included the new higher rate multiplier, which, contrary to the political presentation, did not only apply to online retail warehouses but also hit cement and asphalt plants and quarries. I urge you to ensure that the cost of supporting selected sectors, as announced last week, does not fall on productive businesses that are already facing a rising tax burden.

This surging tax burden is exacerbated by a slow, unresponsive regulatory system. We note that the efforts to get the Building Safety Regulator performing are beginning to show some improvement after a very poor start. However, the performance of longer-established regulators such as the Environment Agency is, in combination with a slow and unpredictable mineral planning system, a serious bar to investment. Your predecessor was on the right lines when she challenged major regulators to show how they contribute to growth; there is far more that can be done here to make the UK an attractive and competitive investment proposition.

Our essential domestic industry is struggling. Falling sales, high tax, sluggish regulation and low confidence is a combination for stagnation and decline. Sites are being closed and once closed, they will not be reopened. The people losing their jobs – good, productive and high-skilled jobs often in rural areas - may not be able to stay in the industry if it shrinks permanently. We would also struggle to serve the country to the full, making it harder to deliver infrastructure, homes and workplaces with domestic mineral resources when demand eventually returns. The scale of this is such that it cannot be readily replaced by imports, even ignoring the grave impact on jobs and communities such an approach would lead to.

A way forward: reindustrialisation

"Re-industrialising Britain, using public procurement to back British industry."

- Prime Minister Andy Burnham's speech on taking office

Hearing the new Prime Minister talk of 'reindustrialisation' is very welcome. However, we are currently experiencing the very opposite: 'deindustrialisation' as demand falls and operational sites close. Reversing this and securing the sovereign capacity to supply the foundational materials of the economy must be a priority.

This means tackling specific things holding us back such as the UK's uncompetitively high industrial energy costs and the sclerotic planning and regulatory environment. But it also needs government to drive the market forward and restore confidence. Measures to do this could include financial support to get housebuilding going, improved delivery on infrastructure, as well as incentives for private investment.

As we look ahead to your first Budget, I would like to urge you to focus on inspiring confidence to invest. To help sustain the essential domestic mineral products industry we need support for housebuilding *now*, as well as greater confidence in the delivery of infrastructure going forward. With this we can look to the reindustrialisation of our sector and truly deliver for the UK.

Yours sincerely,

Paul Adeleke
Chief Executive
Mineral Products Association