VIEWPOINT

Working in mineral products it is hard not to feel proud of what our industry achieves every day – 80,000 people meeting the demand for essential materials that literally form the foundations and fabric of our built environment, underpinning quality of life and economic prosperity.

And we have a lot to be proud about – whether that's celebrating 200 years since the first patented cement, and the groundbreaking work to decarbonise its production (MPT, page 5), or our world leading approach to health and safety improvement (MPT, page 12). Then there's our impressive track record in product innovation, resource efficiency, biodiversity gain… the list goes on.

Following the Chancellor's Autumn Budget 2024, I remain hopeful about the Government's stated commitment to long-term capital spending, even as we navigate the near-term challenges of tax hikes and road project cancellations. These adjustments will be a real test of our resilience as an industry, prompting all of us to focus firmly on our approach to recovery.

Pledges in the Budget for increased capital spending on schools, hospitals and rail projects is a positive step, and freezing fuel duty will help our members in delivering essential materials. But the increased tax burden will present a serious challenge for many businesses, not just for our members but across the whole supply chain.

Despite the subdued market conditions of the past 18 months, there is cautious optimism that demand for mineral products will rebound in 2025. It is important, however, to remain circumspect about potential obstacles. The rise in employer costs, especially around National Insurance, underlines the importance of fostering a policy environment that encourages investment and jumpstarts the UK's economic recovery. My colleagues in the MPA have wasted no time in getting onto Government departments about the challenges and, so far, dialogue has been constructive.

One key sector that is critical for materials suppliers and remains uncertain is housebuilding, but at least we're seeing some signs of momentum returning. With careful navigation of cool pressures and expected interest rate cuts next year, we believe there is a path to unlocking growth and improving affordability, particularly among first-time buyers.

On road infrastructure, while it's disappointing to see five major projects shelved, especially given the under-investment of recent years, the allocation of extra funding for maintenance is a reminder that there is still room for progress. Industry is crying out for consistent, long-term, sustainable planning to build confidence and encourage investment.

Encouragingly, measures like capping corporation tax at 25%, full expensing for plant and machinery, and maintaining the £1 million annual investment allowance provide a degree of stability for businesses. Predictability in the tax regime is vital for our sector, and we look forward to the Government's continued delivery on these promises.

Energy and decarbonisation efforts are also moving in the right direction with investments in carbon capture and offshore wind infrastructure making significant strides. Next, the Government needs to ensure that implementation of the UK's Carbon Border Adjustment Mechanism (CBAM) is watertight to enable it to fully level the carbon cost playing field between domestic producers and importers. Again, MPA continues to engage with Government on such matters and recently received an encouraging response from Energy Secretary Ed Miliband, specifically commenting on how much his department values the engagement with MPA and expressing his hopes to see the relationship develop.

Elsewhere in the Budget, we knew the Aggregates Levy would increase – an extra five pence per tonne will cost producers an additional £8.5 million in 2025/26 alone – but this should serve as a reminder to the whole construction industry of the need to value the domestic resources available to us, especially secondary and recycled aggregates. And while state-backed loans for 'critical' mineral imports are understandable, we'd like to see stronger incentives for sourcing these materials domestically. Investing in UK supplies of minerals – both critical and essential – would bolster industry, reduce reliance on imports and support growth.

Finally, a word on mineral planning which is the lifeblood not just of our industry but also the supply chain for construction and manufacturing. As the rate of mineral consumption continues to outstrip the rate of replacement of mineral reserves (as identified in the MPA's latest AMPS survey – see MPT, page 14) the announcement to recruit new planning officers is very promising. We hope this marks a clear step towards addressing the systemic issues our members experience in the mineral planning and permitting process.

Ultimately, we are a pragmatic and resilient industry, and we stand ready to support the Government, especially given a huge percentage of our products go into publicly funded projects. Our sector is fundamental to the functioning of the UK, and so clearer, stronger and longer-term commitment from policymakers is the key to unlocking vast potential for our industry to help the country build a brighter, more sustainable future.

Chris Leese, Executive Chair
MPA Executive Management Committee