

Construction chief steps up criticism of budget reforms in letter to Starmer

A leading construction industry body has warned the prime minister that measures unveiled in the budget will “fatally undermine” family-run companies in the sector, adding to the business backlash facing the government since the end of October.

In a letter to Sir Keir Starmer seen by Sky News, Steve Mulholland, chief executive of the Construction Plant-hire Association (CPA) said reforms to Business Property Relief and Inheritance Tax unveiled by Rachel Reeves, the chancellor, had raised “very real concerns [among] family businesses”.

The BPR changes involve reforms, due to be implemented in 2026, that will cap BPR at £1m and introduce a 20% levy on inherited business assets.

“As an association, we have already had to deal with queries from concerned family businesses on what these changes mean, how can they continue to operate in line with these plans,” Mr Mulholland wrote.

“To be clear, these are well established, in some cases, large family run businesses with an exceptional reputation for delivery and customer service.

“In the words of one senior executive ‘I question what is the point of continuing’.

“These changes will result in companies deferring investment and hiring decisions, expansion plans will be called into question, with prolonged uncertainty and instability at a time when businesses can ill-afford it.”

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The CPA has 1,900 members, with Mr Mulholland describing them as “the backbone of the construction industry, worth some £14bn to the economy, supporting over 190,000 jobs”.

“The vast majority of these companies are family-run businesses,” he told Sir Keir.

“Our members have a key role to play in building the 1.5m new

homes, that is a priority for your government and a key pillar of your Plan for Change”.

His warning to the PM comes after weeks of complaints from private sector bosses about the impact of October’s budget, the first from a Labour government for nearly 15 years.

Hospitality and retail chiefs in particular have warned that the cumulative impact of hikes to the National Living Wage and employers’ national insurance contributions will force them to raise prices and cut jobs and investment.

“Your pledge to get Britain building again can only be delivered through renewed investment in new equipment, technologies, innovations, and people,” Mr Mulholland wrote.

“The October budget failed us on each of these levels.

“Looking ahead, the proposed changes to BPR as part of wider Inheritance Tax reform, will have a massive and detrimental impact on SMEs (20% of SMEs work in construction) and family-run businesses – the backbone of construction plant-hire, and the wider business communities throughout the UK.

“In line with your government’s commitment to co-design policy with business, we call on you to reassess what these changes will mean in practice and reality, with a full consultation with businesses affected.

“We share the same vision of a growing and stable economy, built on sustainable business practices working in each region of the UK.

“In their current guise, your proposals will fatally undermine the very companies that are meant to be the foundation of this work, risking a lasting and damaging impact on the wider UK economy.”