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1 October 2025

Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
c/o The Correspondence and Enquiry Unit  
His Majesty's Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Chancellor,

**Re. Budget 2025**

As you make your final preparations for the 2025 Budget, I am writing to thank you for the steps your Government has taken to date to drive economic growth through infrastructure investment, and to offer the support of the construction industry in your Government's mission of delivering a high-growth economy for the UK's businesses and communities.

The Civil Engineering Contractors Association (CECA) is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the UK's infrastructure. CECA represents companies across England, Scotland and Wales, who together carry out up to 80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and water. Our members include some of the largest construction firms as well as a range of small specialist and regional contractors. Our industry supports the employment of over 250,000 people in the UK with annual activity worth £30 billion.

In your first year in office the Labour Government has rolled-out a number of policies that have been strongly supported by our sector that will reap material rewards in the years to come. The Planning and Infrastructure Bill, 10 Year Infrastructure Strategy, creation of the National Infrastructure & Service Transformation Authority, and investment in construction skills are all policies that CECA has welcomed and reflect our long-standing priorities.

To build on this momentum, CECA urges HM Treasury to adopt a number of targeted interventions at Budget 2025 which will help to unlock growth and productivity, deliver long-term value, strengthen the UK's resilience and net zero transition, and support the viability of the construction supply chain, particularly for SMEs.

Specifically, CECA recommends the following:

- That Government works with industry on the revision and development of NISTA's Infrastructure Pipeline so that its development maintains momentum and retains practical utility for businesses throughout the value chain.
- That Government is bold in its approach to addressing the late payments challenge that continues to blight construction, including legislating for the abolition of retentions altogether.
- Procurement reform must ensure consistent adoption of the *Construction Playbook* and implementation of the recommendations of the independent review of construction frameworks.
- That the new Growth and Skills Levy prioritises giving employers the flexibility to invest in training that reflects real industry needs, moving beyond the rigidity of the previous Apprenticeship Levy.
- That Government establishes a dedicated programme to pilot and test new models of private finance in infrastructure, learning from past experience and embedding lessons learned.

- A comprehensive Net Zero Investment Plan is developed, that lays out in full on a sector-by-sector basis investment requirements, targets, and delivery milestones to scale up the deployment of net zero technologies, and break down market barriers to zero-carbon project delivery.

CECA fully supports the UK Government's commitment to infrastructure for growth, while recognising the realities of the budgetary landscape in which targeted policy interventions are to be made. Our submission below identifies the headline policies that we believe will unlock growth, deliver long-term value, and allow the Government to build a Britain that works for all.

Infrastructure is the lifeblood of local economies and enables the development of homes and communities. We stand ready to work with you and your Government to build on the commitments made since you entered office, and to deliver the high-growth, zero-carbon economy that we all want to see.

We trust that our submission will be given due consideration in the forthcoming Autumn Budget and we would welcome the opportunity to discuss its key recommendations with your officials.

Yours sincerely,



**Ben Goodwin**

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### Drive productivity through stable infrastructure investment

Infrastructure investment remains one of the most effective ways to drive economic growth, with **every £1 billion invested generating an additional £1.3 billion in GDP and £2.84 billion in wider economic activity**. To unlock this potential, the Government must ensure consistent multi-year investment cycles across departments, with clear visibility of pipeline. This stability will enable contractors to invest in innovation and skills, increasing productivity and delivering better value for taxpayers. Local government should also be supported through multi-year financial settlements, aligned with national programmes, so that local authorities can plan with confidence and deliver more effectively at regional level.

The National Infrastructure Strategy and the National Infrastructure & Service Transformation Authority (NISTA) must both be used to provide the long-term certainty and collaborative delivery models that industry requires. NISTA's Infrastructure Pipeline, launched in July, will be due for its first biannual update at the end of this year, and we call on Government to continue to allow industry to input feedback into this important tool, so that its development maintains momentum and retains practical utility.

### Unlocking finance and reducing burdens on industry

The delivery of world-class infrastructure requires a blend of public investment and private finance. CECA supports the development of new models of private capital for infrastructure where these are transparent and deliver value for taxpayers. At the same time, the cumulative impact of existing taxes and levies risks undermining project viability and deterring investment. CECA believes the UK Government should undertake a holistic assessment of the below taxes and levies on the cost and viability of infrastructure delivery in the UK. The review should seek to establish if there is a more efficient and holistic approach that could be established:

- Recent National Insurance Contribution changes
- CITB Levy
- Apprenticeship Levy
- Section 106 contributions
- Community Infrastructure Levy
- Building Safety Levy
- Accreditation, Certification and Procurement Costs
- Landfill Tax (proposed changes)
- Extended Producer Responsibility (proposed changes).

### Supporting SMEs and fair business practices

SMEs form the backbone of the civil engineering supply chain but continue to face barriers created by outdated contracting models and poor payment practices. These undermine cash-flow and restrict investment in skills and innovation. CECA strongly supports the measures currently being consulted on in relation to late payments, and in particular urges the Government to be bold in legislating for the abolition of retentions in construction altogether.

Retentions are estimated to lock up between £3-4 billion of supply chain cash-flow each year, placing a disproportionate burden on SMEs in a sector already characterised by tight margins and high upfront costs. Smaller businesses are least able to absorb delayed payments, which undermine their ability to grow and to innovate. Ending this outdated practice would strengthen the resilience of smaller firms, which are the backbone of our industry. Alongside this, procurement reform must ensure consistent adoption of the *Construction Playbook* and implementation of the recommendations of the independent review of construction frameworks. Social value requirements should be applied proportionately to support SME participation and avoid creating unnecessary administrative burdens.

### Construction Skills

The delivery of resilient, modern, and low-carbon infrastructure depends on access to a skilled workforce. A joint commitment between Government and industry is needed to map and address future skills demand. CECA strongly

supported the Government's recent announcements on increases in construction skills funding and hope that by working together industry and government can maintain this momentum in future-proofing the workforce and ensuring that our sector is a source of highly-skilled, well-paying jobs in all parts of the country for people of all ages.

CECA believes that the new Growth and Skills Levy must prioritise giving employers the flexibility to invest in training that reflects real industry needs, moving beyond the rigidity of the previous Apprenticeship Levy. The UK's infrastructure pipeline will stall without a step-change in entry-level and technician skills.

The construction industry is projected to need an extra 50,000 workers annually to 2028 but only 33,000 people started construction apprenticeships in 2023/24, and only about half of those that start an apprenticeship in construction go on to pass an End Point Assessment and achieve the full qualification.<sup>1</sup> More can be done through the UK Government and industry working together to design an apprenticeship system for construction employers that is supported by public sector clients, and initiatives designed to reward the social benefit of skills investment via procurement.

### Local government funding

Our members are able to plan for future work based on long-term, stable cycles of investment. CECA strongly supports this Government's policy of delivering the first multi-year local government funding settlement for a decade, but would recommend that this settlement spans a period of five years. By determining such settlements on a five-yearly basis Government would drive efficiencies based on visible pipelines, innovation, and skills growth, in line with existing funding cycles for national clients. Linking multi-year certainty to visible infrastructure pipelines will enable the supply chain to invest in skills, capacity, and productive growth that supports better long-term economic and social outcomes.

### Alternative sources of infrastructure finance

We welcome the Government's ambition, as set out in the Spending Review 2025 and the 10 Year Infrastructure Strategy, to leverage private capital into infrastructure and public services. To ensure this approach secures best value and builds public trust, we recommend the Government establish a dedicated programme to pilot and test new models of private finance in infrastructure, learning from past experience and embedding lessons learned. Such a pilot should be co-designed with those providing finance, construction capabilities, and with input from the supply chain, to ensure that risk is shared fairly and optimal delivery outcomes are secured. Taking this approach could guarantee transparency for taxpayers through the publication of contract terms, value-for-money assessments, and subject oversight to a process of continuous improvement.

### Net zero

Achieving net zero in construction is likely to be the single greatest challenge our sector will face in this century. The UK construction sector, supported by trade bodies such as ourselves and through the work of the Construction Leadership Council, is already taking strides towards a low-carbon future. Nonetheless we believe the UK economy will require a comprehensive Net Zero Investment Plan that lays out in full on a sector-by-sector basis investment requirements, targets, and delivery milestones to scale up the deployment of net zero technologies, and break down market barriers to zero-carbon project delivery.

### Conclusion

Infrastructure is the lifeblood of the economy and the foundation of future prosperity. The UK now has in place a clear long-term strategy and new institutions to support delivery. With targeted interventions at Budget 2025, the Government can provide the certainty, confidence, and capability our industry requires to deliver growth, resilience, and a zero-carbon future. CECA and its members stand ready to work in partnership with the UK Government, our members, and industry partners to make this ambition a reality. We trust that our submission will be given due consideration in the forthcoming Autumn Budget and we would welcome the opportunity to discuss its key recommendations with your officials.

1. CITB, February 2025: [https://www.citb.co.uk/media/5vbdaq2x/2883\\_citb\\_apprenticeships-paper\\_130225.pdf](https://www.citb.co.uk/media/5vbdaq2x/2883_citb_apprenticeships-paper_130225.pdf)