

# 2018 Spring Statement

In this special report, IBISWorld discusses the Spring Statement 2018.

## Restatement

The Spring Statement of 13 March 2018 was in many ways a restatement, discussing policy objectives outlined in the Autumn Budget, and it did not deliver any new funding announcements. Nevertheless, funding allocation has progressed and, in

this report, IBISWorld identifies several key issues outlined by the Chancellor likely to directly affect UK industries. These are: Skilled labour; Apprenticeships and small businesses; Residential housing; The green economy and the digital revolution.

## Skilled labour, apprenticeships and small businesses

The Chancellor took the opportunity to address the issue of skilled labour and champion the smaller businesses in the economy. With newly qualified T-level graduates on the horizon, the government pledged £80 million to help small firms roll out placements for the influx of young, fresh talent. The first three T-levels in Digital, Construction, and Education and Childcare were announced in October 2017 by the

Education Secretary Justine Greening.

In addition, in the following month, a £29 million construction fund will open for bids to fund up to 20 construction skills villages across the country.

### **Industries most affected:**

**F - The Construction Sector**

**J62.010 - Software Development in the UK**

**P85.410 - Technical & Vocational Education in the UK**

### **What are T-levels?**

First announced in 2016, T-levels, or technical education qualifications, are intended to address the domestic skills shortage. The scheme is backed by £500 million every year and aims to deliver 3 million apprenticeship starts by 2020.

### **What are Construction Skills Villages?**

Collaborations between a college and construction companies, through which practical taster sessions are run to give aspiring workers a chance to gain first-hand experience on a site. CSVs were introduced to address the skills shortage and close the gap between education and the construction industry.

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## Residential housing

The Spring 2018 Statement shows how the government is aiming to address the persistent undersupply of housing currently plaguing the nation. Plans to build an average of 300,000 new homes each year by the mid-2020s are well under way after investment in residential construction was increased to £44 billion in the last Autumn statement.

So far, £4.1 billion of the Housing Infrastructure Fund has been allocated to 44 successful bidding local authorities. In addition, the Housing Growth Partnership, which provides financial assistance to

smaller residential construction firms, has been doubled to £220 million.

Further, with the mismatch of supply and demand growing in the capital, London has been allocated £1.67 billion to construct an additional 27,000 affordable homes by the end of 2021-22.

### **Industries most affected:**

**F41.202 - Residential Building Construction in the UK**  
**F43.999 - Bricklaying & Other Specialised Construction Services in the UK**  
**G46.730 - Construction Supplies Wholesaling in the UK**

## Going green

### **Single-use plastic**

Single-use plastics are commonly found in everyday objects from the coffee cups picked up in the morning, to the take-away containers piling up after dinner. According to Defra, in 2016, 71.4% of UK packaging waste was either recycled or recovered. However, the remaining 29.6% is left to pollute the environment.

The government has taken the opportunity to reinforce its commitment to the green agenda at this Spring Statement by launching a public consultation on how best to use the tax system to encourage the responsible use of plastic, while incentivising the creation of new, greener products and services. The consultation is now open and is set to close at 11:59pm on 18 May 2018.

In addition to the consultation, the government has committed a further £20 million from existing budgets to be granted

to businesses and universities for research on ways to reduce the environmental impact of plastics. Such funding could support the development of bioplastics, which has been a key trend recently in the Plastic Packing Goods Manufacturing industry.

### **Vehicle excise duties (VED)**

The Chancellor revealed plans to cut VED rates on low emission light commercial vehicles (LCV) or vans. Currently, LCVs pay a flat tax of £140 annually, irrespective of their emission levels. The consultation is due to commence over the coming months, with the extent of VED cuts yet to be confirmed.

### **Industries most affected:**

**C29.100 - Motor Vehicle Manufacturing in the UK**  
**H49.410 - Freight Road Transport in the UK**  
**C22.220 - Plastic Packing Goods Manufacturing in the UK**

## Digital economy

A fully connected nation is in sight. The first wave of £95 million from the £190 million Challenge fund has been allocated towards the development and rollout of faster and more reliable broadband across 13 areas in the country. As a result, companies in the Electricity and Telecommunications

Infrastructure Construction industry are likely to see an increase in demand.

In addition to this, the Chancellor confirmed that £25 million from the National Productivity Investment Fund (NPIF) will be used for a series of 5G testbeds to assess potential impact and

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benefits for rural communities, tourism and health care across the public and private sectors. 5G networks are expected to become available from 2021, which is anticipated to increase competition between fibre-optic cable manufacturers and wireless telecommunication carriers.

### ***Industries most affected:***

**C27.310 - Fibre-Optic Cable Manufacturing in the UK**

**F42.220 - Electricity & Telecommunications Infrastructure Construction in the UK**

**J61.200 - Wireless Telecommunications Carriers in the UK**

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