RailBusinessDaily

Budget 2023: Industry reaction

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“A British economy which is proving the doubters wrong” That is what Chancellor Jeremy Hunt said to kick off the Spring Budget speech.

He said the UK will now not enter a technical recession this year, according to independent forecasters the Office for Budget Responsibility (OBR), and inflation will more than halve and reduce to 2.9 per cent by the end of the year.

Among the highlights from the speech includes:

- The extension of the 5p cut in fuel duty. Fuel duty will also be frozen for the next 12 months.
- 30 hours of free childcare for working parents in England expanded to cover one and two-year-olds
- Main rate of corporation tax, paid by businesses on taxable profits over £250,000 to increase from 19 per cent to 25 per cent
- 12 new Investment Zones across the UK, funded by £80 million each over the next five years

RIA Chief Executive, Darren Caplan, said: “While the Chancellor steered clear of anything specifically on national rail in the Spring Budget, there were some potentially positive announcements which could mean good news for Railway Industry Association members. For example, on tax changes, incentives for innovation and levelling up – including funding for 12 new Investment Zones, a second round of City Region Sustainable Transport Settlements and more money for Levelling Up Partnerships.

"However, it is disappointing there has been little progress on RIA's six key asks of the Government, which we submitted prior to the Budget. On the day the DfT published figures showing passenger numbers getting back to over 100% of pre-Covid levels last month, this Budget was silent on providing investment certainty and transparency in rail, whether track, train, retail or any other element of the supply chain. And we are still anticipating the Rail Network Enhancements Pipeline (RNEP), which remains unpublished almost three and a half years since a Government commitment was made to report annually.

"Also of concern, we are no further forward on measures to support rail decarbonisation, needed to help the Government reach Net Zero. And over recent days the future of transformational major rail projects have become more uncertain, with, for example, a two-year delay announced for delivering the HS2 northern leg.

"So whilst RIA does cautiously welcome some of the measures in the Budget, we urge the Government not to lose sight of the immense value of rail to generating economic growth, supporting decarbonisation and connecting communities. We need visible and certain investment decisions by Government now to maximise these benefits both today and in the future."

Andy Bagnall, chief executive for Rail Partners, said: "While measures helping with the cost of living are clearly welcome, freezing fuel duty for the 13th consecutive year, set against a 5.9% increase in rail fares earlier this month, has the unintended consequence of making of a low carbon form of transport relatively less attractive.

"Government needs to look holistically at how it supports different transport modes to encourage people to make greener choices to get from A to B."

Silviya Barrett from Campaign for Better Transport, said: "We are disappointed that the Chancellor has chosen to maintain the 5p fuel duty cut for another 12 months and continue the fuel duty freeze for a 13th year, especially as this will disproportionally benefit those who are already better off. If the Government really wanted to help those who are struggling the most with the cost-of-living crisis, and support green growth, it should be helping to reduce the cost of public transport."

Richard Robinson, CEO – Atkins UK and Europe: "With a lot trailed in the last week or so, there were no major surprises but I am, of course, pleased to see an ongoing focus on high quality infrastructure as a catalyst for growth, in particular continued Levelling Up funding and progressing clean energy projects through the creation of GB Nuclear and a commitment to invest in developing new technology including Carbon Capture & Storage.

"That said, the government must now focus on two key enablers which will allow actual delivery on the ground, accelerate the net zero transition and improve productivity across the UK: streamlining the planning and consenting process; and providing a far clearer long-term view of investment priorities which will give businesses the direction needed to recruit, upskill and innovate with greater confidence.

"As such, the much-delayed National Infrastructure & Construction Pipeline – which sets out the public and private investment that will transform people's lives for decades to come – needs to be published as soon as possible, noting that it was last updated in 2021."

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