



SCOTTISH PLANT OWNERS ASSOCIATION

EST. 1950

The Rt Hon Sir Keir Starmer, The Prime Minister
10 Downing Street
SW1A 2AA

23rd December 2024

Threat to the future of our industry, an urgent call for consultation.

Dear Prime Minister,

Scottish Plant Owners contribute £7.4bn to the economy and directly employ over 43,000 people. Members of our organisation, some 300+ businesses, work across the British Isles supporting the construction of onshore/offshore wind, earthmoving for national infrastructure projects like new roads and power stations, unloading and loading ships carrying forest and quarry exports, digging foundations for new family homes, even mining the calcium for your toothpaste.

The majority of businesses in Scotland's plant sector are family businesses, over 90% of them are SMEs and incidentally the UK's largest privately owned crane hire company and the UK's largest privately owned plant hire company are both Scottish family businesses. In addition, it was the agricultural sector which gave birth to our industry post WW2 and is a trend which continues today as many of our member businesses started life on farms and continue to operate their plant business alongside their agricultural business in compliment of each other.

The announcements made in the November Budget pose a grave and unprecedented threat to Scotland's plant industry and other similar businesses throughout the UK. These proposals are shockingly unjust, woefully misguided, and risk dismantling the very foundation of the family business model. They threaten to dismantle one of the UK's most dynamic and enduring sectors—private, independently owned family enterprises—dealing a devastating blow to communities and putting countless livelihoods at risk.

The removal of 100% Business Property Relief (BPR) and Agricultural Property Relief (APR):

Plant businesses are predominantly private independent companies, heavily invested in expensive assets and property, taking them significantly over the £1m allowance for 100% BPR or APR.

Due to this year-on-year investment in their business to stimulate growth and satisfy national market demand, business owners will not typically have the cash reserves for a one-off inheritance tax event. In order to generate the cash to pay for this tax, businesses will likely be forced to sell all or part of their business, likely to private equity, a PLC or an overseas company with no interest in our local communities or in retaining local jobs. There would be an impact on the pool of likely buyers and the valuation of the business effectively being forced to sell. Secondly, it would result in redundancies as administrative functions would be combined regardless of the buyer. Worst case scenario, it could take jobs out of Scotland or out of the UK altogether.

Those businesses that are able may choose to burden their company with additional debt to pay off the Inheritance Tax (IHT) liability. This will only serve to curtail future growth and stability of the business.

Some businesses may decide to sell all their assets at auction, inevitably leading to the closure of the business and redundancies, after generations of providing employment in a community in many cases.

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Whilst many will argue that it is possible to transfer a business seven years before death and incur no charge, the inheritance tax liability simply passes to the following generation until the seven years has expired leaving the very real prospect that the next generation of family will never be able to take on the running of the business if unexpected death crystallises the tax liability. No amount of planning can safeguard against the unknown and an unforeseen, sudden event could leave a company and its employees stricken.

The Treasury has made clear it has no intention of reversing this damaging policy or even considering alternative proposals, despite analysis from independent economists concluding the policy will result in a net loss to the Government, hinder investment and result in considerable job losses.

We are calling on you to intervene and hold a formal consultation on this matter to let you to hear from family business owners like our members, and for you to give due consideration to ideas that will raise additional funds for the Treasury, whilst protecting family businesses – giving them the incentive to continue to invest, provide job security and sustainable livelihoods for employees, stimulating the economic growth the country desperately needs.

Yours faithfully,

John Sibbald
President
Scottish Plant Owners Association

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