

## WEEK IN WESTMINSTER

Week ending Friday 20 May

### APMG discuss government's growth strategy

Justine Greening and a number of senior MPs delivered their perspectives on economic growth, manufacturing, trade and export activity in the UK at a meeting of the All-Party Parliamentary Motor Group (APMG) this week. Chaired by Lorely Burt MP, the APMG meeting provided senior MPs with the opportunity to share views on manufacturing, trade and export activity in the latest government drive to deliver sustained growth and rebalance the UK's economy. Keynote speakers, Justine Greening, Economic Secretary to the Treasury and Adrian Bailey, MP and Chair of the Business Select Committee, spoke of government's priorities for growth, trade and UK manufacturing, as set out in its 'Plan for Growth', published in March this year. (Source: SMMT) [www.smmt.co.uk/2011/05/smmt-delivers-growth-paper-at-cross-parliamentarian-motor-briefing/](http://www.smmt.co.uk/2011/05/smmt-delivers-growth-paper-at-cross-parliamentarian-motor-briefing/)

### Government proposes Fourth Carbon Budget

Energy and Climate Change Secretary, Chris Huhne, has proposed government's Fourth Carbon Budget. Under the new target, the total amount of greenhouse gases to be emitted by the UK between 2023 to 2027 will be cut by 50% from 1990 levels. The proposal is in line with advice from the independent Committee on Climate Change. It sets a fourth carbon budget of 1950 MtCO<sub>2</sub>e for the period that will span from 2023 to 2027, putting the UK on course to cut emissions by at least 80% by 2050. In line with the Coalition Agreement, government will continue to argue for an EU move to a 30% target for 2020. Government plans to review progress in EU climate negotiations in early 2014. If at that point the UK's domestic commitments are on a different trajectory than the EU Emissions Trading System trajectory agreed by the EU, the UK can then revise the budget to align it with the actual EU trajectory. Before the end of the year, government will announce a package of measures to reduce the impact of government policy on the cost of electricity

for energy intensive industries and to help them adjust to the low-carbon industrial transformation. (Source: DECC) [www.decc.gov.uk/en/content/cms/news/pn11\\_41/pn11\\_41.aspx](http://www.decc.gov.uk/en/content/cms/news/pn11_41/pn11_41.aspx)



### Semta announces commitment to double the number of higher level apprenticeships

Leading employers Siemens, Tata, Ford and Airbus have joined Semta, the Sector Skills Council for Science, Engineering and Manufacturing Technologies, at the launch of a new commitment to double the number of higher level apprenticeships in England. The Semta Apprenticeship Ambition, launched at the House of Lords, with the National Apprenticeship Service, will demonstrate the importance of higher level skills in supporting economic growth and rebalancing the economy. The new scheme aims to take the number of advanced and higher level apprenticeship registrations from 8,000 to 16,000 by 2016 through delivery of a ten point plan. National Apprenticeship Service research highlights that 80 percent of companies who employ apprentices say they make their workplace more productive, with 83 percent of employers relying on their Apprenticeship programme to provide the skilled workers they need for the future. Semta's 10 point plan includes measures to help combat the barriers to apprenticeship uptake, especially within SMEs who are typically less likely to train apprentices. It also

includes approaches to attract more quality entrants, reduce bureaucracy, ensure apprenticeship frameworks meet employer's needs, improve training provision and increase employer commitment. (Source: Semta) [www.semta.org.uk](http://www.semta.org.uk).

---

## Government responds to select committee on 'Assistance to Industry'

Government's response to the House of Commons Business, Innovation and Skills Select Committee inquiry on assistance to industry has been published. Government said on the Committee's main concerns around bank lending that it would continue to talk to the financial community about commitments to lending for SMEs. On automotive support government said that the Automotive Assistance Programme was constrained under rules set by the EU state aid temporary framework, where control over interest rates was limited. Government also said that it would take into account the Committee's conclusions and a report by the National Audit Office in learning lessons from the scheme in any future intervention. The Committee commented on government's response, with Chairman Adrian Bailey MP focusing on access to finance as a key area for continued government focus. (Source: Business, Innovation and Skills Select Committee)

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/business-innovation-and-skills/news/publish-gov-assist-to-industrygovt-resp/>

---

## New Growth Fund opens for business

Government has launched the Business Growth Fund (BGF), which has been established to help Britain's smaller and medium sized businesses with an annual turnover of around £10m to £100m. It is an independent fund of up to £2.5 billion, supported by Barclays, HSBC, Lloyds, RBS, and Standard Chartered. The BGF will invest approximately £2m and £10m per business in return for a minimum 10 per cent equity stake and a seat on the board for a BGF director. The Fund aims to provide long-term equity investment for those growing companies which today do not have access to this source of capital. (Source: BIS) [www.bis.gov.uk/news/topstories/2011/May/business-growth-fund](http://www.bis.gov.uk/news/topstories/2011/May/business-growth-fund)



## Lord Heseltine encourages business to bid for share of Regional Growth Fund

Lord Heseltine has attended a Regional Growth Fund (RGF) road show to promote the second round of the Regional Growth Fund and encourage bidders to compete for a share of £950m. Lord Heseltine has spoken about the importance of economic growth and the role of the RGF. The RGF has been designed to provide support for projects that can drive sustainable economic growth and create new private sector jobs and help communities that are currently dependent on the public sector make the transition to private sector-led growth and prosperity. The second round of the RGF opened to bids on April 12 and will close at midday on July 1. The second round will aim to allocate around £950m – the bulk of the £1.4bn fund. Ministers announced in April that there were 50 successful bidders from the first round of the RGF. These bidders will share £450m if they pass a process of due diligence. (Source: BIS)

[nds.coi.gov.uk/content/Detail.aspx?ReleaseID=419529&NewsAreaID=2](http://nds.coi.gov.uk/content/Detail.aspx?ReleaseID=419529&NewsAreaID=2)

---

## UK manufacturers expect strong output growth in the coming quarter - CBI

Of the 432 manufacturers responding to the CBI's monthly Industrial Trends Survey, 22% described total order books as above normal, while 24% said they were below normal. The resulting balance of -2% is well above the long-term average and an improvement on the previous month's balance of -11%. The volume of export order books also picked up in May, but the gain was more modest, with 19% of

firms saying they were above normal, and 22% below normal. That gives a resulting balance of -3%, which compares with -6% in April. This figure is also significantly above the long-term average and consistent with the trend of improvement that has been evident over the past two years. With demand steadily improving, manufacturers predict solid output growth in line with previous months; a balance of +20% of firms expect output to rise in the next three months, compared with +22% in April. Price pressures have moderated visibly this month, though they remain a concern. A balance of +24% of manufacturers are predicting they will raise output prices over the coming quarter, following +36% in April. This is the lowest expected rate of increase since January, but is still strong compared with last year. A balance of +9% of firms report adequate stock levels, similar to last month's +8%, but this is still below the long-run average. (Source: CBI)

[cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/5a39198a9fce39e88025789500319811?OpenDocument](http://cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/5a39198a9fce39e88025789500319811?OpenDocument)

---

## Car output up 7.0% over the first four months of 2011

SMMT has published automotive manufacturing figures for April 2011. Figures have show that car output was up 7.0% over the first four months of 2011, but fell by 12.2% in April. Commercial Vehicle output fell by 19.9% in April and was down 5.6% over the first four months of the year. UK engine production fell by 4.7% in April, but remained up 6.0% over the first four months. Paul Everitt, SMMT Chief Executive said: "April's vehicle and engine production figures reflect the global production challenges resulting from the Japanese earthquake. Output was down across the car, commercial vehicle and engine sectors as parts shortages interrupted regular manufacturing schedules. All manufacturers are working hard to overcome supply shortages and we expect any downturn to be short lived." (Source: SMMT)

[www.smmt.co.uk/2011/05/smmt-uk-automotive-manufacturing-april-2011/](http://www.smmt.co.uk/2011/05/smmt-uk-automotive-manufacturing-april-2011/)

---

## Week ahead

### House of Commons

Tuesday 24 May

The House rises for Whitsun recess and returns

Tuesday 7 June

### House of Lords

Wednesday 25 May

The house rises for Whitsun recess and returns

Monday 6 June