

## Chancellor delivers 2014 Autumn Statement

The Chancellor of the Exchequer, George Osborne MP, delivered his 2014 Autumn Statement to the House of Commons on Wednesday 3 December. In his speech, George Osborne hailed faster economic growth but also noted that Britain's deficit was still too high. Government acknowledged that the recent trend in UK economic (GDP) growth had been stronger than expected and that the rate of inflation has eased-back markedly. In his statement the Chancellor gave reassurances on policies committed to sustain more balanced growth ahead, albeit keeping to the Fiscal Consolidation Plan to eliminate the current deficit and so stabilise and reduce the total debt level. Key announcements on the UK's economy included:

- 3% growth in real GDP over 2014, easing to 2.4% in 2015.
- Total public debt is now forecast to peak at just above 81% of GDP in 2015/16, reducing thereafter to 72.8% by 2019/20.
- Between 2009-10, 2014/15 and 2019/20, the budget balance (public sector net borrowing) is projected to shift from a recent record deficit of 10.2% of GDP to 5.0% and then to 1.0%.
- Unemployment is set to fall to 5.4% in 2015.
- Inflation predicted to be 1.5% in 2014, falling to 1.2% in 2015.

Key measures announced in the statement included:

- Government will carry out a review of the future structure of business rates to report by Budget 2016. Additional measures include a continued 2% cap on the RPI increase in the business rates multiplier for an additional year, the extension of the doubling of Small Business Rate Relief to April 2016, and a change of the rules so that alterations to rateable values can only be backdated to the period between 1 April 2010 and 1 April 2015 for Valuation Office Agency. It has also been confirmed that agreement has been reached with the Welsh Government on full devolution of non-domestic (business) rates policy
- R&D tax credits rates will increase the rate of the above the line credit from 10% to 11% and will increase the rate of the small and medium

- enterprise (SME) scheme from 225% to 230%, from 1 April 2015.
- Government will abolish employer National Insurance contributions for apprentices aged under 25 on earnings up to the upper earnings limit and will invest £20 million to improve careers advice and support for young people.
- Taxation measures will include new diverted profits tax for multinationals set at 25% on UK profits shifted out of the country.
- Funding for ULEV R&D (£50m), Infrastructure funding (£15m) and a fund to support ULEZ taxis, buses and cities (£85m) have been announced as part of government's Road Investment Strategy.
- An additional £61 million funding will be provided to the High Value Manufacturing Catapult centres.
- Government will allocate a further £1 billion from the £12bn Local Growth Fund between 2016-17 and 2020-21 to support a second round of Growth Deals.
- Government is launching a new package of support to help small and medium-sized UK businesses take their first steps into export, providing £20 million. This includes an increase in UKTI's regional network of International Trade Advisors, funding for a global events programme and tailored support for companies to gain access to new markets through the internet.
- UK Export Finance will bring forward proposals in the new year for improvements to its working capital scheme and to support export supply chains.
- The Foreign and Commonwealth Office (FCO) will deliver a £25 million Surge for Growth programme to support projects and trade agreements across the world.
- Government will provide £400 million to the British Business Bank to extend the Enterprise Capital Fund programme.
- Fuel duties are to be frozen.

(Source: HM Treasury)

<https://www.gov.uk/government/publications/autumn-statement-documents>

## Vehicle registrations in November

For the 33<sup>rd</sup> consecutive month in November, new car registrations grew up to 8.0% to 172,327 units. The market continues to exceed expectations amid still-rising consumer confidence. Mike Hawes, SMMT Chief Executive, said, "Today's figures are an indication of the continuing economic confidence that is driving the new car market, with business, fleet and private registrations all showing strong rises in the month. We expect a more stable market in 2015." The registrations of commercial vehicles grew 4.2% in November, with a year-to-year increase of 13.1%. Growth was fuelled by the van market, which rose 17.1% this month. Truck registrations on the other hand declined 49.6% in the aftermath of new Type Approval legislation. Total bus and coach registrations grew 0.8% in November against a 2.6% fall in the year-to-year date. (Source: SMMT)

<http://www.smmt.co.uk/news-events/news/>

## National Infrastructure Plan & Road Investment Strategy announced

This week government published its Road Investment Strategy (1 December) and its National Infrastructure Plan (2 December). The Roads Investment Strategy sets out a long-term programme worth £15bn for the UK's motorways and major roads with the intention of providing stable funding needed to plan ahead effectively. One of the key announcements within the Strategy is that government will establish a £150 million Innovation Fund. Through this fund government anticipates investing almost £40 million to further support the development of driverless and co-operative vehicles technologies, around £15 million to improve the information and data that helps drivers plan their journeys and over £20 million to work with academics and small to medium enterprises on research and development. The National Infrastructure Plan sets out the challenges facing UK infrastructure and the government's strategy for meeting the infrastructure needs of the UK economy. The National Infrastructure Plan includes key announcements for industry on Ultra-Low Emission Vehicles. This includes £15 million for a network of chargepoints which will ensure access to a chargepoint every two miles on 95% of the Strategic Road Network. This funding is on top of the previously announced £32 million fund for charging

infrastructure, and the recently announced £11 million fund to help establish a network of hydrogen refuelling stations. (Source: HM Treasury, DfT)

<https://www.gov.uk/government/news/ambitious-plans-for-housing-flood-defence-and-roads-set-out-in-national-infrastructure-plan-2014>

<https://www.gov.uk/government/news/biggest-upgrade-to-roads-in-a-generation>

## TfL draft business plan detailed

Measures set out in Transport for London's draft Business Plan underline the Mayor's ambition to improve air quality and include around £330m of new funding, the majority of which will be spent on providing new double-decker buses with advanced hybrid technology, to assist with his plan to launch an Ultra Low Emission Zone in the capital in 2020. It was also outlined that if the proposal is adopted then TfL will establish a £40m fund to assist taxi drivers affected by a ten year age limit to purchase newer vehicles. The draft TfL Business Plan will be considered by the TfL Board on 10 December. (Source: TfL)

<https://www.tfl.gov.uk/info-for/media/press-releases>

## Week ahead

### Commons Chambers

Monday 8 December

- Infrastructure Bill: Second Reading

### Commons Committee

Monday 8 December

- Transport Committee(4:05pm) – Motoring of the future
- Political and Constitutional Reform Committee (5:15pm) - The future of devolution after the referendum

Tuesday 9 December

- BIS Committee (9:30am) – Government support for business

Wednesday 10 December

- Education Committee (9.30am) – Apprenticeships and traineeships for 16 to 19 year olds

### Lords Chamber

Monday 8 December and Wednesday 10 December

- Modern Slavery Bill: Committee