

Chancellor delivers 2013 Autumn Statement

The Chancellor of the Exchequer, George Osborne MP, delivered his 2013 Autumn Statement to the House of Commons on Thursday 5 December. The Chancellor announced that the Autumn Statement was a fiscally neutral package of measures to help lift growth, ease the burden of rising costs on households and businesses while seeking to strengthen fiscal credibility and sustainability of the consolidation plan. Key announcements on the UK's economy and finances included:

- The economic growth forecast for 2013 increased from 0.6% to 1.4%, revised up for 2014 from 1.8% to 2.4%, but then down slightly for the following three years to 2.2%, 2.6%, and 2.7%.
- Revised figures from the Office for National Statistics show that UK GDP declined by 7.2% in 2008-09, not 6.3% as previously thought, equivalent in value to £112bn.
- The UK's "underlying" deficit - a measure that excludes the acquisition of the Royal Mail pension scheme and the effects of quantitative easing - has been revised down by the Office for Budget Responsibility (OBR) to 6.8% this year, and to 5.6% next year. It is then expected to fall to 4.4%, 2.7% and 1.2% in the subsequent financial years. The OBR predicts there will be a small cash surplus in 2018-19.
- Borrowing is expected to come in at £111bn for 2013, falling in 2014-15 to £96bn, then down to £79bn in 2015-16, £51bn the year after and £23bn the year after that.
- Departmental budgets will be cut by about £1bn next year and the year after.

Key measures announced in the statement include:

- Government announced that it will cap the RPI increase in business rates to 2% in 2014-15. Alongside this, business rates bills will be permitted to be spread over 12 months rather than 10 months as currently, with effect from 1 April 2014. Government will also consult on reforms to the business rates appeals process and will commit to clear 95% of the September 2013 backlog of appeals before 2015. In addition,

government will discuss with business options for longer-term administrative reform of business rates post-2017.

- Government will develop a model which uses HMRC systems to route apprenticeship funding directly to employers. Government will consult on the technical details of the system in early 2014, and on the option of an alternative funding route for the smallest businesses.
- Government will provide £40 million to deliver an additional 20,000 higher apprenticeship starts over the next 2 academic years.
- Government will provide extra funding for STEM students of £50 million per academic year from 2015-16, in order to ensure that institutions provide places in the subjects most needed in the economy.
- Government published a National Infrastructure Plan 2013 which includes announcements that government will invest £5 million during 2014-15 in a large scale electric vehicle readiness programme for public sector fleets and that they will support the development of driverless cars through reviewing legislation that applies to the testing of driverless cars, and creating a prize fund of £10 million awarded to a town or city to develop as a testing ground.
- Fuel duty increase planned for September 2014 has been confirmed as cancelled.
- Paper MOT disc is to be abolished, from October 2014.
- Government announced they will introduce legislation so from 6 April 2014 to ensure individuals make payments for private use of a company car or van in the relevant tax year and ensure that where an employer leases a car to an employee, the benefit is tax taxed as a car benefit rather than as an employment benefit.
- Government will produce a Science and Innovation Strategy for Autumn Statement 2014. This will include a roadmap on how government's commitment on science capital announced at Spending Round 2013 will deliver.
- Government will establish British Business Centres to help SMEs in key emerging markets and improve UKTI coverage in China and India (including £6mn support for 2014-15)

- Government will increase UK Export Finance (UKEF) support to exporters – including doubling maximum commitment limit to £50bn, broadening scope of existing Direct Lending and Working Capital Schemes, doubling the number of Export Finance Advisors.
- Government will increase the funding of GREAT campaign in 2014-15 and 2015-16 by 50% to promote British businesses, especially in emerging markets
- Government will provide a further £250mn of unspent money from the Business Finance Partnership to support investment in late stage venture capital funds, launch a new scheme to support provision of lease and asset finance and launch a programme of wholesale guarantees for SME loans.

(Source: HM Treasury)

<https://www.gov.uk/government/topical-events/autumn-statement-2013>



November growth in new car, commercial vehicle and bus and coach registrations

Figures published by SMMT show that new car, commercial vehicle and bus and coach registrations all posted growth in November 2013.

New car registrations

New car registrations rose 7% in November to 159,581 units, the month's best performance since 2004. In total 2,111,819 cars have been registered in the year-to-date, up 9.9% and already ahead of the 2012 full-year figure of 2,044,609. These figures ensure that the UK new car market is on target to hit SMMT forecast of 2.25 million registrations for 2013.

Commercial vehicles

Total commercial vehicle registrations showed strong growth in November, rising 22.7% to 28,057 units.

The year-to-date CV market is also up, rising 10.9% at 294,991 units and on track to top 300,000 units for first time in five years. Vans rose 19.4% in November with 22,647 registrations and 11.7% growth over the year so far. Truck demand saw significant growth in the month rising 39.3%, pushing year-to-date volumes to 44,867, 6.5% ahead of 2012.

Bus and coach

November showed the fourth month of growth for bus and coach registrations, up 38.4% to 623 units. Registrations for the market remain down 8.1% for the year-to-date. Purpose-built sector grew 29.6% in the month, but remains down 4.5% over the year so far whilst it was another good month for purpose-built coaches, up 91.7% in the month and 18.4% for the year-to-date.

(Source: SMMT)

<http://www.smmt.co.uk/smmt-membership/member-services/market-intelligence/vehicle-data/monthly-automotive-data/>

New rules for MOT to test for diesel particulate filter

Roads Minister, Robert Goodwill MP, has announced that tests for diesel cars and commercial vehicles are to be tightened to ensure vehicles have a critical exhaust filter if one had originally been fitted as standard. Garages and testing stations will be required check for a diesel particulate filter (DPF) in the inspection of the exhaust system as part of the MOT test (or annual test for heavy vehicles) from February 2014. The vehicle will automatically fail the MOT test if the filter had been fitted as standard but is found to be no longer present. The filter works by trapping solid particulate matter from exhaust gases. This type of filter has been in use for more than 20 years and helps meet European emission standards, improving air quality and health standards. Some firms offer services to remove the filter, claiming it will boost consumption. But it is an offence to drive a vehicle that has been modified this way, as it will no longer meet the emissions standards the car achieved when it was approved for sale in the UK.

(Source: DfT)

<https://www.gov.uk/government/news/new-rules-for-mot-to-test-for-diesel-particulate-filter>

Best practice principles for auto industry marketing updated

Continuing in an effort to provide new car buyers with clear information, the Low Carbon Vehicle Partnership (LowCVP), the Society of Motor Manufacturers and Traders (SMMT) and ISBA (the voice of British advertisers) have launched the revised Best Practice Principles for environmental claims in marketing. The principles provide a reference point for automotive companies and their marketing teams when developing environmental messages used in advertising and other promotional materials including news releases, reports and websites. The principles now provide more clarity on environmental and technology claims, offering examples of the best way to word consumer marketing materials to ensure clarity for customers. MPG figures should be clearly outlined when making efficiency claims so that there is no confusion when comparing vehicles. Commenting on today's launch, Mike Hawes, SMMT Chief Executive said, "The UK motor industry recognises its responsibility in ensuring consumers have a clear understanding of new technologies and the environmental benefits they offer when buying a new car. This is becoming increasingly important as we deliver a greater range of low, ultra-low and zero carbon emission technologies within our vehicles. The enhanced Best Practice Principles sets out concise guidelines for companies promoting products while maintaining transparency and integrity across communication channels. By helping build a better understanding, we can inspire even greater confidence in low carbon vehicles and in our industry." (Source: SMMT)

<http://www.smmt.co.uk/2013/12/renewed-re-launched-best-practice-principles-auto-industry-marketing/>



EEF/BDO survey: Manufacturing growth to outstrip economy in 2014

A major survey published today by EEF, the manufacturers' organisation and business advisers and accountancy firm BDO LLP, shows that Britain's manufacturers will grow faster than the UK economy overall next year, with increasing confidence being reflected in recruitment and investment intentions. According to the survey, manufacturing output headed higher for a balance of companies in the final months of this year and, taken together with a growing orders pipeline, EEF is forecasting that the sector will grow by 2.7% in 2014 compared to 2.4% for the economy overall. The improved performance during 2013 has also resulted in EEF revising its forecasts for this year, showing manufacturing contracting by just 0.1% and the economy growing overall by 1.4%. However, the risks to a strong, sustained recovery remain evident with both output and orders balances down on expectations from the previous quarter with the export picture in particular looking more uncertain than in previous quarters. The continued strength in plans to invest and recruit does point to some optimism that the improving trend in manufacturing seen so far this year will be sustained.

(Source: EEF)

<http://www.eef.org.uk/releases/uk/2011/Manufacturing-growth-to-outstrip-economy-in-2014-.htm>

Week ahead

Commons Chamber

No relevant activity

Commons Committees

9/10/11/12 December

Treasury Committee (Thatcher room)

Autumn Statement 2013

Westminster Hall

Tuesday 10 December

11.00am - 11:30 am: Road safety (Rehman Chishti, Con, Gillingham and Rainham)

2.30pm - 4.00pm: Perkins' review of engineering skills (Peter Luff, Con, Mid Worcestershire)

House of Lords

Thursday 12 December

External Affairs (EU Sub-Committee C) (10.00am, room 1) Transatlantic trade and investment partnership