

Summer Budget 2015

Chancellor George Osborne delivered his summer Budget this week, the first for a majority Conservative government since November 1996. The Budget featured a number of announcements relevant for the automotive sector, including significant reform of Vehicle Excise Duty (VED) for cars first registered from 1 April 2017 onwards. First year rates will vary according to the vehicle's CO₂ emissions. There will be a flat standard rate of £140 for all cars for subsequent years, except those emitting 0g/km of CO₂, for which the standard rate will be £0. Cars, including zero-emission cars, with a list price above £40,000 will be subject to a £310-per-year supplement for the first five years in which the standard rate is paid. Other key announcements for the sector included:

- **Corporation tax** – government will cut the rate of corporation tax to 19% in 2017 and 18% in 2020.
- **Annual Investment Allowance (AIA)** - Government will increase the *permanent* level of the AIA from £25,000 to £200,000 for all qualifying investment in plant and machinery made on or after 1 January 2016.
- **Transport infrastructure** - VED revenues will be used on improving the Strategic Road Network.
- **Business energy regimes** – Government will review the business energy efficiency tax landscape and will remove the Climate Change Levy (CCL) exemption for renewably sourced electricity.
- **Employment and Skills** - Government will introduce a levy on large UK employers to fund new apprenticeships (government has committed to deliver 3 million starts this Parliament). The levy will support all post-16 apprenticeships in England. It will provide funding that each employer can use to meet their individual needs.
- **MOT reform consultation** – Government will explore the options for requiring motorists with new cars to undergo the first MOT after four years rather than three, as part of the forthcoming Motoring Services Strategy. (Source: HM Treasury)

<https://www.gov.uk/government/news/summer-budget-2015-key-announcements>

June registration figures released

Figures released by the Society of Motor Manufacturers and Traders (SMMT) confirm the growing strength of the UK automotive industry.

New Car Registrations

New car registrations in the UK grew 7.0% in the first half of 2015 to the highest half-year total on record. 1,376,889 cars were registered between January and June – higher than the previous record of 1,376,565 in the same period in 2004. Low interest rates and attractive finance deals, combined with a wealth of new models featuring the latest technologies, have continued to encourage consumers to purchase new cars. June marked the 40th consecutive month of growth in the market with a 12.9% increase in the month to 257,817 units. A significant feature of recent months has been a strong surge in demand for alternatively fuelled vehicles, and this was once again the case in June with volumes rising 70.9%. Fleet registrations continue to drive the growth, although registrations to private customers remain strong.

Bus and Coach Registrations

New bus and coach registrations grew 17.2% to 4,679 units in the first semester of 2015. Demand for new buses and coaches rose in June with 32% growth. June's figures were driven by a converted bus market, which saw a 76.9% surge in the month to 490 units.

Van and Truck Registrations

Commercial vehicle (CV) registrations reached a record half-year total of 209,515. Strong growth in the van market is a defining factor, with an all-time high of 186,404 vehicles registered in the first six months. Truck registrations also continued to post large gains, with registrations up more than 40% in both June and the year-to-date. (Source: SMMT)

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

Government launches productivity plan

Government launched its [Productivity Plan](#) on Friday 10 July, trailed by the Chancellor in the Budget. It sets out the agenda for the whole of government over the parliament to reverse the UK's long-term productivity problem and secure rising living standards.

Government's framework for raising productivity includes 15 key areas, built around two pillars:

1. Encouraging long-term investment
 - An even more competitive tax system, bringing business and investment to Britain
 - Rewards for saving and long-term investment
 - A highly skilled workforce, with employers in the driving seat
 - World-leading universities, open to all who can benefit
 - A modern transport system, with a secure future
 - Reliable and low-carbon energy, at a price we can afford
 - World-class digital infrastructure in every part of the UK
 - High-quality science and innovation, spreading fast
2. Promoting a dynamic economy
 - Planning freedoms and more houses to buy
 - A higher pay, lower welfare society
 - More people with a chance to work and progress
 - Financial services that lead the world in investing for growth
 - Open and competitive markets with the minimum of regulation
 - A trading nation, open to international investment
 - Resurgent cities, a rebalanced economy and a thriving Northern Powerhouse

(Source: HM Treasury)

<https://www.gov.uk/government/news/productivity-plan-launched>

CBI position on UK relationship with Europe

Following comments about the CBI last week by business secretary Sajid Javid MP, as well as a critical article in the *Daily Telegraph*, [John Cridland has reiterated](#) that most CBI members want to be in a reformed EU. John Cridland stressed that the CBI speaks for 190,000 businesses employing seven million people – the majority being small and medium-

sized firms. On the EU referendum, Mr Cridland stated that while the view is not uniform, the large majority of those companies believe the benefits of the EU outweigh the disadvantages. He also stated that the EU is not perfect and must reform to support firms to grow and create jobs, for example by signing trade deals and completing the digital single market, and interfering less in domestic affairs where it is not needed. (Source: CBI)

<http://news.cbi.org.uk/news/cbi-position-on-uk-relationship-with-europe/>

Week ahead

Monday 13 July

Commons Chamber

- Main business: Continuation of Budget Debate

Lords Chamber

- Cities and Local Government Devolution Bill – Report

Tuesday 14 July

Commons Chamber

- Conclusion of Budget Debate

Lords Committees

- Economic Affairs Committee (3:30pm, room 1)

Wednesday 15 July

Commons Committees

- Treasury Committee (2:45pm, Wilson room): Summer Budget 2015

Grand Committee

- 3:45pm: Debate on the report of the European Union Committee on The UK's opt-in Protocol

Thursday 16 July

Commons Chamber

- 9:30am: Transport questions

Commons Committees

- Energy and Climate Change Committee (9:30am, Grimond room) – DECC priorities 2015
- Public Administration and Constitutional Affairs (9:30am, Wilson room) – EU Referendum Bill

Lords Committees

- EU Financial Affairs Sub-Committee (10:00am, room 2a)