

WEEK IN WESTMINSTER

Week ending Friday 28 August

Extension of Plug-in Car Grant

Government announced that the current Plug-in Car Grant scheme will continue until at least February 2016, while the Plug-in Van Grant will continue indefinitely. The announcement confirmed that the plug in car grant will continue at £5,000 for all categories of qualifying ultra low emission vehicle until at least February 2016. This guarantees the current levels of support beyond the milestone of 50,000 grants being awarded, which had previously been identified as a point when grant levels could change. Government expect the 50,000 grant threshold to be reached in November 2015.

(Source: [OLEV](#))

EEF – Manufacturers up game on innovation

In a report, released by the Manufacturers' Organisation (EEF), funding for innovation support is viewed as critical and EEF calls for it to be maintained. The EEF/Vodafone 2015 Innovation Monitor shows that manufacturers are highly ambitious about innovation and are investing heavily in it using specialist resources, but they also have to pull in employees, equipment and finance in from elsewhere in the business. Despite all of this, manufacturers are not always achieving the results they need. Innovation is challenging and a lack of resources reduces chances of success. As a result of this, for the second year running manufacturers have reported increased concern about falling behind competitors on innovation. This reflects the broader economic situation, with the UK's expenditure on research and innovation lagging well behind that of our key competitors. Latest data shows UK Business Expenditure on R&D (BERD) is only 1.1% of GDP, while the OECD average is 1.6% and Germany is at 2.02%. Another EEF report, Green tape: manufacturers' views of progress on Defra's regulatory reform agenda, which was released this week, shows that manufacturers are not feeling the benefit of 'green' red tape cuts and calls for bolder

Government action on environmental legislation. The report shows that manufacturers want to see government go further in reforming legislation and streamlining data reporting, with seven in ten (71%) saying that cutting 'green' legislation in line with the 'one in, two out' policy is important to their business. (Source: [EEF](#))

CBI – economic forecast

The Confederation of British Industries (CBI) is forecasting 2.6% GDP growth for 2015, up from 2.4% in June, and 2.8% in 2016, up from 2.5%. The upgrade is due to a combination of factors, including signs of recovering productivity in the first half of this year feeding through stronger wage growth. When combined with continued low inflation from falling commodity prices, this gives a welcome boost to household spending. Furthermore, business investment is also likely to remain healthy, with the survey indicating robust plans for capital spending. As a result, the CBI expects a decent quarterly GDP growth ahead: an anticipated growth to average 0.7% a quarter until the end of 2016, in line with the expansion seen in Q2 2015. Although domestic growth looks solid, the CBI does not expect any support from global demand. While immediate Eurozone risks appear to have receded compared with earlier in the year, a weaker outlook for China will weigh on global growth and a strengthening pound will eat into UK export competitiveness. Meanwhile, downside risks to emerging market growth appear to have intensified. As a result, net trade looks to set to drag on GDP growth in both 2015 and 2016.

(Source: [CBI](#))



Cameron dissolution honours

David Cameron announced the dissolution honours this week. The list includes ex-Tory leader William Hague and Kate Fall. The Liberal Democrats get 11 peers, with eight for Labour, making a total of 45 new Lords members, swelling the total size of the Upper House to 826. Senior Labour figures to be elevated include former ministers David Blunkett, Alistair Darling and Tessa Jowell. Seven Liberal Democrats who lost their seats or stood down at the general election have been elevated to the Lords, including former leader Sir Menzies Campbell, Sir Alan Beith and Lynne Featherstone. Vince Cable and Danny Alexander, who are thought to have turned down the chance to enter the Lords, have been knighted. There is also concern about the number of people now entitled to sit in the House of Lords - it is now the world's second largest legislative body after China's National People's Congress. (Source: [BBC](#))

Net migration hits record high

Net migration to the UK is at an all-time high, reaching 330,000 in the year to March, the Office for National Statistics (ONS) has said. The figure is more than three times higher than the government's target. In 2014, 13% of people living in the UK had been born abroad, taking the foreign-born population to 8.3 million. Immigration Minister James Brokenshire called the rise "deeply disappointing". UKIP leader Nigel Farage said: "These figures reflect 'Borderless Britain' and total impotence of the British government." It is the fifth consecutive quarterly rise in the net migration figure - with increases in arrivals from both inside and outside the EU. Net migration of EU citizens was 183,000, up 53,000 from the year ending March 2014. The number of those arriving from countries outside the EU was still larger, with net migration measured at 196,000, up 39,000 on a year earlier. Expansion of the EU and the relatively fast recovery of Britain's economy are seen as key factors in the trend. (Source: [BBC](#))

Labour leadership election: party to check voting history of new supporters

Labour has agreed to check the voting history of new members and supporters after it came under pressure from the leadership campaigns of Andy Burnham, Yvette Cooper and Liz Kendall to step up its efforts to weed out suspected infiltrators. The party reversed its decision not to use its internal canvass data that reveals people's voting histories, after three out of four candidates raised concern about the robustness of checks on new members and supporters. It also backtracked on its previous refusal to publish the breakdown of how the three different sections of the membership end up voting – the 293,000 members, 148,000 supporters signed up through trade unions, and 113,000 registered supporters who paid £3 to take part. Labour would not reveal how it would use the voting history of new members and supporters to determine whether that person genuinely supports the aims and values of the party. But it is understood that people will not be automatically excluded based on how the canvass data says they have voted in the past. It is more likely that a new supporter found to have voted Conservative, Green, Liberal Democrat or for another party would be telephoned by party HQ to check whether they have just changed their political persuasion or are in fact an infiltrator. The move to exclude people deemed to be supporters of other parties has been condemned by many of those affected on social media as a Labour purge. (Source: [The Guardian](#))

Week ahead

The House of Commons and House of Lords are on summer recess until 7 September

