

Spending Review 2015

On Wednesday 25th November, the Chancellor of the Exchequer, George Osborne, delivered the 2015 Spending Review and Autumn Statement to Parliament. The key items for industry are listed below:

Industrial Strategy

In his speech to parliament, the Chancellor stated: "Businesses need an active and sustained industrial strategy. That strategy launched in the last parliament continues in this one. We commit to the same level of support for our aerospace and automotive industries. Not just for the next five years but for the next decade."

Innovation and technology

Government has committed to funding automotive technologies for 10 years, outlining over £1 billion additional funding for innovation in both sectors. This includes increasing investment in catapult centres and protecting and extending funding for the Advanced Propulsion Centre (APC). The Chancellor also stated that some innovation funding would move from grants to loans.

ULEVs

Government announced a spending envelope of £600 million capital investment for Ultra-Low Emission Vehicles from between 2015-16 and 2020-21. This reflects the c. £200 million spent this year and a commitment to fund £100 million in each remaining year of the Parliament.

Company Car Tax

The diesel car supplement (3% point rate supplement) was to be removed at 2016/17, however, the Spending Review revoked this decision and the diesel supplement will be retained until 2021.

Business rates

The current uniform approach to business rates is being abolished, and local councils will be able to set rates and see 100% business rate retention by the end of this Parliament (DCLG will consult on this shortly). Alongside this local government block grants will be phased out.

Apprenticeship Levy

The apprenticeship levy on larger employers announced in the Summer Budget will be introduced in April 2017. It will be set at a rate of 0.5% of an employer's paybill. Employers will receive an allowance of £15,000 per year to offset against the levy. This means that only employers with a paybill of more than £3m per year will pay anything and only on the portion of the paybill above this threshold. The levy will be paid through PAYE.

Apprenticeship standards

Government will establish a new employer-led body to set apprenticeship standards and ensure quality. The body will be independent of government and will also advise on the level of levy funding each apprenticeship should receive. Funding caps will be significantly higher for programmes which have high costs and are of high quality.

The Spending Review also included the list of departmental budget settlements that had been made. The key items for industry are: Department for Business, Innovation and Skills – spending down 17%; Department for Transport spending down 37%; Department for Environment, Food and Rural Affairs spending down 15%; Department of Energy and Climate Change spending down 22%.

Commenting on the Spending Review, SMMT Chief Executive Mike Hawes stated: "Government engagement with industry has been fundamental to the recent success and global competitiveness of UK automotive, so today's commitment by the Chancellor to a long-term industrial strategy for the sector is encouraging. More specifically, we were pleased to see the Chancellor heed SMMT's call for increased investment in Catapult Centres and the extension of funding for the Advanced Propulsion Centre (APC) – both of which are vital to securing the UK's position as a global centre of excellence for innovation. Meanwhile, the renewed support for ultra low emission vehicles (ULEVs) will help maintain the UK's position as Europe's fastest growing market for these new technologies".

(Source: [HM Treasury](#))

SMMT host 99th Annual Dinner

The 99th SMMT Annual Dinner took place at the Grosvenor House Hotel in London on Tuesday 25th November. At the event, SMMT President Gareth Jones highlighted UK automotive's excellent productivity record and the growth in the domestic new car market. However, Mr Jones also noted that industry faced major challenges, including the EU referendum and skills shortages. The event was attended by a number of parliamentarians, including Secretary of State for Business, Sajid Javid, Transport Ministers Andrew Jones and Robert Goodwill, Shadow Transport Secretary Lilian Greenwood, and Shadow Transport Minister and Chair of the All Party Motor Group, Richard Burden.

(Source: [SMMT](#))



Driverless pods win SMMT Automotive Award for Innovation

An innovative project to bring fully-automated, driverless vehicles to the streets of Milton Keynes is the winner of the 2015 Society of Motor Manufacturers and Traders (SMMT) Automotive Award for Innovation. The LUTZ Pathfinder project, from the Transport Systems Catapult, has developed pioneering two-seater electric 'pods' that will provide public transport along pedestrian routes, for example between train stations and city centres. This real-world trial will significantly boost the UK's international reputation for R&D while bringing fully autonomous vehicles one step closer. Commenting on the award, SMMT Chief Executive Mike Hawes stated: "The quality of entries was extremely high and judging was

tough but we were agreed that Transport Systems Catapult should be recognised for its work in helping put Britain at the forefront of connected and autonomous vehicle development. Technologies such as these represent a huge area of growth for the UK's automotive industry, with the potential to deliver 300,000 new jobs within the next 15 years. The LUTZ Pathfinder trial is not only an innovation in itself but will provide invaluable data, experience and learning for the whole sector."

(Source: [SMMT](#))

DVSA members to strike

Prospect members at the Driver and Vehicle Standards Agency are to set to stage an all-day strike on Friday, 27 November and will repeat the action every Friday indefinitely alongside the work to rule, in a further escalation of their dispute with management over pay, terms and conditions.

(Source: [DVSA](#))

Week ahead

Commons Committees

Tuesday 1 December

- Culture, Media and Sport Committee (10:30, room 8) Establishing World-Class Connectivity Throughout the UK
- Treasury Committee (1:30pm, Wilson Room) Comprehensive Spending Review and Autumn Statement 2015
- Science and Technology Committee (2:15pm, room 15) Big data dilemma

Wednesday 2 December

- Treasury Committee (2:15pm, Wilson Room) Comprehensive Spending Review and Autumn Statement 2015
- Environmental Audit Committee (2:45pm, Thatcher Room) Assessment of EU/UK Environmental Policy

Lords Committees

Wednesday 2 December

- EU Internal Market Sub-Committee – Online platforms and the EU Digital Single Market
- EU Financial Affairs Sub-Committee – Completing Europe's economic and monetary union