



BVRLA Summary Autumn Statement November 2011

Fuel duty

The 3p per litre (ppl) fuel duty increase planned for 1 January 2012 will be cancelled.

The 5p per litre increase planned for 1 August 2012 will be restricted to 3p per litre.

The 5ppl discount for the Inner and Outer Hebrides, the Northern Isles, the islands in the Clyde and the Isles of Scilly will, in addition, come into force on 1 March 2012.

The Government will publish details of the design of the fair fuel stabiliser at Budget 2012. Earlier this year, HM Treasury released details of their proposal for the stabiliser, stating that it would be triggered if the average wholesale oil price rose above \$75 per barrel for the three months prior to the first working day in February and on the day itself. When activated, it would increase the supplementary charge on UK oil producers from 20% to 32% and limit the annual fuel duty increase to one based on the rate of inflation (Retail Price Index). If the stabiliser is not triggered, the supplementary charge on UK oil producers will stay at 20% and fuel duty will be increased by the Retail Price Index plus 1p per litre per year.

BVRLA comment: With crippling costs facing businesses BVRLA welcomes the announcement and will be encouraging HM Treasury to design the fuel price stabiliser to help support growth and stability within the economy which for the foreseeable future remains dependent on road transport.

UK growth forecasts

The Office for Budget Responsibility (OBR) has downgraded its UK growth forecasts for 2011 and 2012 to 0.9% and 0.7% respectively. In 2013, 2014 and 2015, forecast growth will be 2.1%, 2.7% and 3%. This outlook reflects an improvement in the credit rating of the UK, causing interest rates on Government borrowing to fall and the Chancellor has indicated that the UK will not enter another recession.

Lending to firms

National Loan Guarantee Scheme - £20 billion of guarantees for bank funding will be made available over two years. This scheme will use low government borrowing rates to lend to businesses at lower than current rates. Firms with turnovers £50m or less will be eligible for the scheme, which is estimated to reduce interest rates payable on loans by around 1%.

Business Finance Partnership – From early 2012, £1 billion will be made available under this scheme to invest in SMEs and mid-sized businesses in the UK. This scheme will initially focus on private sector lending to SMEs and mid-sized businesses. The Government will also consider options for investing through other non-bank channels and will be establishing an industry working group who will be looking at forms of bond issuance.

BVRLA comment: The association will be working with the Department of Business, Innovation and Skills (BIS) to ensure BVRLA members who wish to participate in the scheme are given the necessary support and guidance. We will also be investigating the mid-cap direct lending/bond issuance programme when further details become available.

National Infrastructure Plan

Commitments to £5 billion of capital projects over the next three years were announced as part of a [National Infrastructure Plan](#), which has been published alongside the Autumn Statement. The plan gives approval for 35 road and rail projects across England, with an emphasis on improving the UK roads and airports.

BVRLA comment: The association welcomes the announcement to focus on key pinch points on the road network and that the coalition will be ensuring future investment into UK roads remains a priority. This economic activity should also help to push demand for vehicle rental and leasing services.

Bank levy

The rate of the Bank Levy will be increased to 0.088 per cent from 1 January 2012.

Advisory fuel rates

Separate to the budget, the latest advisory fuel rates have been announced by HM Revenue and Customs (HMRC). The rates will remain the same apart from a 1p per mile decrease for LPG fuelled cars with an engine size 1400cc or less. Click [here](#) for full details.