

CAVENDISH

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Weekly Monitoring
Friday 22nd March



EIA Update

Earlier this week we attended to the launch of the new Tourism Alliance Manifesto - ['Raising the Potential'](#) at the House of Parliament. The event was attended by many from the business events world, and proved a useful networking exercise with both fellow associations, but also key contacts from DCMS.

At the heart of our advocacy work is to gain recognition for the sector, so a specific highlight was Julia Lopez, Minister of Tourism, in her welcome address specially mentioning business events as a mechanism to fuel the broader tourism industry and UK economy, referencing a meeting we had with her a couple of weeks ago.

Political Update

This week Shadow Chancellor, Rachel Reeves gave her Mais Lecture in the City of London. Reeves explained the logic and thinking behind 'securonomics', suggested that the UK was in a moment of flux similar to 1979 and vowed to 'hardwire' economic expansion into future policy-making. She also suggested that New Labour failed to address key weaknesses in the economy, leaving the nation vulnerable to the global financial crisis and criticized the Conservative Party's response, labelling their pursuit of austerity during a time of cheap borrowing as 'historic negligence'.

Vaughan Gething won the Welsh Labour leadership election becoming the First Minister of Wales and Europe's first black Government leader.

Ireland's Prime Minister, Leo Varadkar announced his resignation as taoiseach and party leader. The Irish Government parties do not believe that this resignation will cause a general election.

News

Apprentice Levy - Large Employers Take Advantage

Education Secretary Gillian Keegan criticised large employers lobbying to divert more of the £3.9 billion annual apprentice levy towards up-skilling existing staff, arguing that it would deprive small and medium-sized businesses of vital funding. The Secretary of State emphasised the importance of maintaining apprentice opportunities for young people and warned against proposals, such as those from Labour, to reform the levy to allow for more flexibility in fund usage.

Prime Minister announced reform package to boost apprenticeships and cut red tape for Small Businesses

In his first economic speech since the Spring Budget the Prime Minister announced £60 million of new investment to enable 20,000 more apprenticeships particularly for young people and small businesses. The Government will fully fund apprenticeships in small businesses from 1st April for anyone up to 21 years old.

Further deregulatory measures were also announced which will simplify reporting for SMEs, which is projected to save around £150 million per year and 1 million hours per year in total.

Economic Growth in the Private Sector

In February, the private sector experienced a notable increase in economic growth, reaching a ten-month high and suggesting a potential exit from the recent recession. According to the latest Lloyds Bank survey, 10 out of 14 sectors saw a rise in output, particularly in software and financial services, highlighting the strength of the services sector, which has been a key driver of the economy since 2022.

UK Inflation Rate Falls

The ONS reported a fall to 3.4% in the inflation rate for February 2024. This is down from 4% in January and is the lowest rate since Autumn 2021. Inflation is now falling faster than expected, with many hoping it will lead to a cut in interest rates.

UK Interest Rates Held

Despite the falling inflation rate, the Bank of England's Monetary Policy Committee (MPC) voted this week hold the rate of interest at a 5.25%. This is the fifth time that the interest rates have been held by the Bank of England and was voted on by a majority of 8-1.

Department for Work and Pensions – Youth Offer Program

The Department for Work and Pensions (DWP) has announced that its Youth Offer program, designed to support 16-24-year-olds in finding employment, has been utilised over a million times. This milestone comes as the Government continues its efforts to decrease youth unemployment, which has nearly halved since 2010.

Parliament

House of Lords

House of Lords Debate on UK Tradeshow Programme Closure

The House of Lords debated the closure of the UK Tradeshow Programme this week. Lord Leon asked the Government what recent assessment they have made of the impact of the closure of the UK Tradeshow Programme on the ability of small and medium-sized enterprises to export to new markets.

The Minister for Regulatory Reform and Investment, Lord Johnson of Lainston, responded by pointing to DBT's support to small and medium enterprises attending trade shows, ranging from training in language and culture, pitching and negotiations and networking receptions in embassies.

Lord Johnson of Lainston said that he thought it was more beneficial for businesses to attend a single and key focused trade show rather than smaller trade shows. The debate moved onto wider export problems since Brexit and the opportunities for new trade relationships to be built through the trans-Pacific partnership or with countries like India, America, and China and how likely these partnerships are.

House of Commons

Question to the Department for Education on Apprentices (Small Businesses)

Rachel Maskell, Labour (Co-op) MP for York Central, asked the Secretary of State for Education, whether she is taking steps to encourage clusters of small employers to take on an apprentice jointly.

Robert Halfon, Education Minister, responded: *"The department has introduced flexi-job apprenticeship agencies (FJAAs), which are supporting sectors with short-term project-based work by allowing apprentices to work with multiple host employers, and on a range of projects, to gain the skills and knowledge needed to be successful in their chosen field. The department encourages small and medium-sized enterprises (SMEs) to become host employers and benefit from access to a diverse apprenticeship talent pipeline to help their businesses grow and prosper..."*

Treasury Questions on support for creative industries.

Conservative MP Giles Watling asked the Chancellor what fiscal steps he is taking to support creative industries?

The chancellor Jeremy Hunt answered: *"At the spring Budget, the Government announced a package of tax reliefs for our world-leading creative industries worth £1 billion over the next five years, including a 40% relief on business rates for eligible film studios in England and enhanced tax reliefs for visual effects."*

Treasury Questions on tax-free shopping.

Conservative MP Nickie Aiken asked the Chancellor what assessment he has made of the potential merits of reintroducing tax-free shopping for international visitors?

Nickie Aiken argued that the UK retail industry believes that it will only cost £50 million to reintroduce tax-free shopping compared to the OBRs forecast that it would cost £900 million. The Chancellor responded by saying the Government need to consider the OBR's findings.

The Chancellor Jeremy Hunt answered: "*As set out at the spring Budget, we are considering the findings of the Office for Budget Responsibility's review of the original costing of the withdrawal of tax-free shopping, alongside industry representations and broader data. The Government welcome further submissions from stakeholders in response to the OBR's findings as we keep all taxes under review.*"

Treasury Questions on SME support.

During Treasury Oral Questions this week, a number of questions were asked about Small Businesses support around the VAT threshold, small business rate relief, and reduction in bureaucracy. Gareth Davies, The Exchequer Secretary answered these questions by pointing to the rise in the VAT threshold. the small business rate relief and promised further reductions in bureaucracy. He pointed to the Government's plans to improve the situation for small businesses and highlighted his meetings with the FSB.

**For any queries regarding this round-up
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