

28 June 2024

Jonathan Reynolds
Shadow Secretary of State for Business and Trade

By e-mail

Dear Jonathan,

Manufacturing holds a vital place in the UK economy, contributing £224bn of Gross Value Added in 2023. It's a major driver of innovation, with 43% of R&D investment stemming from the sector. Notably, it's a significant contributor to high-quality job creation, supporting 7.3million UK jobs directly and across the supply chains / communities it operates in, with a median wage 11% higher than the national median wage. Moreover, manufacturing offers solutions to pressing economic and national security challenges like climate change, food security, and the volatility of global supply chains.

The sector has demonstrated resilience and adaptability in recent years, setting the stage for further growth in the future. The sector's ambitious aim is to boost UK competitiveness by increasing manufacturing's contribution to GDP from 10% to 15% by the end of the next decade. Achieving this target would inject an additional £142 billion into the UK economy, proving that manufacturing growth goes hand in hand with increased prosperity for all. It fosters long-term domestic and foreign investment, as well as regional prosperity and increased tax receipts for the exchequer.

Ahead of the forthcoming General Election, we as major representative bodies across UK manufacturing are calling on you to ensure the growth potential of the sector going forward, and we believe that key to this is the delivery of a long term, robust and modern industrial strategy. 87% of manufacturers say they are at a disadvantage compared to our international competitors because of a lack of a coherent UK industrial strategy.

The lack of a comprehensive, independent, industrial strategy is the UK's Achilles heel. Every other major economy, from Germany to China, to the US, has a long-term national manufacturing plan, underlining the importance of an industrial base to the success of its wider economy. The UK is the only country to not have one. If we are to not only tackle our regional inequality but also compete on a global stage, a national manufacturing plan is imperative.

Such a strategy must have a skills revolution at its core, as a shortage of skills is now a critical issue for many companies in the sector, not just affecting their growth but the ability to maintain daily operations and fulfil contracts. This must now be a national endeavour and begin with a fundamental review of the Apprentice Levy and wider vocational training system.

Good quality apprenticeships are a large part of the answer to the skills shortage, but since the introduction of the apprenticeship levy seven years ago apprenticeship starts have fallen by just over 40 per cent. The Institute for Apprenticeships and Technical Education (IfATE) must urgently review manufacturing apprenticeship funding bands so that the money

available can better cover the actual costs of training an apprentice in the manufacturing sector if we are to deliver the skilled workers needed for optimum growth.

The last five years have included many challenges for our sector and for the country as a whole. Throughout the COVID-19 pandemic, the UK manufacturing sector proved itself indispensable. Manufacturers continued operations, supplying essential goods such as food, household necessities, and life-saving medicines and equipment. The challenges brought by supply chain disruptions during the global lockdowns highlighted the critical role of domestic production and supporting infrastructure in ensuring economic resilience.

Looking ahead, it's evident that UK manufacturing must evolve to stay competitive on the global stage. Manufacturers across the nation are setting ambitious goals to spur growth while aligning with both national and international sustainability targets. Together, through smart policy, strategic incentives, collaborative partnerships, and inspiring the very best of the country's young talent, we can pave the way for a brighter, greener, and more prosperous future for all.

Kind regards,

Stephen Phipson	Make UK
Chris Butcher	British Fluid Power Association
James Selka	Manufacturing Technologies Association
Steve Brambley	GAMBICA
Peter Williamson	Automate UK
Geraldine Bolton	Confederation of British Metalforming
Chris Aylett	Motorsport Industry Association
Paul Butler	North East Automotive Alliance
Paul Jones	Northern Automotive Alliance
Darren Caplan	Railway Industry Association
Viki Bell	Construction Equipment Association
Michael Clarke	British Generic Manufacturers Association
Sally Edgington	AXREM
Rachel Mallows	Made in Northamptonshire
Jeff May	Construction Products Association
Greg Ward	British Turned Parts Manufacturers Association
Karen Friendship	Plymouth Manufacturers Group
Andrew Mair	Midlands Aerospace Alliance
Julian David	techUK
Mark Goldby	East Midlands Manufacturing Network
Tom Bowtell	British Coatings Federation
Karen Betts	Food and Drink Federation
David Bailey	Composites UK
Ruth Bailey	Agricultural Engineers Association
John Cunningham	The Foodservice Equipment Association
Sarah Kostense-Winterton	Mineral Wool Insulation Manufacturers Association
Ayça Donaghy	Lighting Industry Association