



Manufacturing Manifesto 2015:

Thinking long-term

British manufacturing is currently enjoying a resurgence, together with a reinvigorated interest in industrial policy. Successive reports indicate increasing production, rising employment, growing optimism, and encouraging stories of reshoring. Crucially, all major political parties in both Houses of Parliament are taking a renewed interest in this vital economic sector, asking questions, instigating debates, and achieving valuable cross-party consensus on several key issues.

The All-Party Parliamentary Manufacturing Group (APMG) brings Parliamentarians and manufacturing industry organisations together to ensure as broad, and as deep an understanding of the challenges and requirements of the sector as possible. This manifesto represents the cumulative input over months and years from diverse stakeholders in the manufacturing community, and promotes one over-arching theme throughout:

Long-term government policies, prepared in collaboration with industry and with buy-in from across the political spectrum, are the single best way to instil confidence and stability in the UK manufacturing sector.

Many manufacturers from around the country express the benefits of several support schemes, many of which have been developed across party lines. The APMG urges all parties to recognise the progress this Parliament has made in putting manufacturing back on the agenda, and encouraging its growth.

Innovation

Investment in innovation is essential for a successful economy. The OECD suggests that an increase of 1% in business and public sector R&D investment results in even larger increases in multi-factor productivity.

- 1) All parties should commit to protect funding for Innovate UK, the Engineering and Physical Sciences Research Centre, and the High Value Manufacturing Catapult to 2020.
- 2) All parties should continue encouraging private R&D by establishing R&D tax credits and the Patent Box as permanent institutions.

- 3)** All parties should continue to vigorously defend Intellectual Property rights through robust legislation and enforcement, and collaboration with industry and international organisations.

Skills

There is a widespread shortage of skilled engineers in the UK, with almost every manufacturing business reporting extreme difficulties in filling vacant posts, often resorting to importing talent. The Royal Academy of Engineering reports that the country will need an additional 800,000 graduates in science, technology, engineering and mathematics (STEM) sectors by 2020.

- 4)** All parties should prioritise the encouragement of engineering and STEM-related apprenticeships. These career paths should be protected irrespective of the economic climate.
- 5)** All parties should engage with Further and Higher Education institutions, large employers, trade associations, skills providers and accrediting bodies to ensure that there is a direct linkage with the needs of industry and the education curriculum.
- 6)** All parties should make a concerted effort, in collaboration with existing organisations, to increase the number of women in manufacturing and engineering. For example, adopting the “Ten Step Programme” recently endorsed by the Prime Minister, industry, the Royal Academy of Engineering and WISE.
- 7)** All parties should address the negative perception of manufacturing by encouraging and facilitating engagement between schools and manufacturers, and by ensuring high-quality careers advice that understands manufacturing.

Finance and taxation

Financing manufacturing business is by necessity a long-term prospect. New projects are often very capital intensive, and planning can be made according to decades-long time scales. For start-ups and small businesses, it can be particularly difficult to identify and apply for available support, and long payment terms make planning difficult.

- 8)** All parties should establish a competitive tax regime, taking into account internationally relative corporate rates, and establishing adequate and permanent capital investment allowances.
- 9)** All parties should seek to simplify and streamline the process of applying for government support schemes by employing design principles, focusing on the user, from implementation to delivery.
- 10)** All parties should seek to establish particular strategies and / or partnerships to develop strategically important low-value, but high employment manufacturing industries, such as textiles and food and drink, including relevant supply chain support.

Energy

Many important manufacturing processes and industries are inherently energy intensive. The cost of energy can therefore constitute a significant proportion of overall expenditure, sometimes the most significant. In the face of variable prices globally, this issue can be the most important in deciding to locate production in the UK.

11) All parties should work towards securing competitive energy prices, while providing particular assistance to energy intensive industries, and respecting international carbon reduction targets.

12) All parties should work towards improving the stability of energy markets, and improve the security of energy supplies for the long-term.

SMEs

According to some estimates, Small and Medium Enterprises account for almost two-thirds of modern manufacturing businesses in the UK. But these businesses, often considered the lifeblood of the UK economy, encounter particular difficulties of funding and support that too often restricts their growth potential.

13) All parties should encourage a more diversified funding environment, through a mix of business angels, venture capitalists, private equity, bank finance, and crowdfunding.

14) All parties should commit to using established trade associations, local enterprise partnerships, universities and chambers of commerce to collaborate in policy-making, and as hubs to disseminate information.

15) All parties should support a permanent and robust advisory service dedicated to supporting SMEs.

Trade and Investment

A healthy trading environment is crucial for a healthy manufacturing sector in the UK. Manufacturing accounts for over 50% of all UK exports and 1 in 6 UK companies have reshored production in the past year. Both are set to increase, but need to be encouraged, in order to redress the UK's trade imbalance.

16) All parties should expand the capacity of UK supply chains, and explore the potential for the UK to act as a global supply chain hub.

17) All parties should commit to encouraging international business links and foreign direct investment to encourage the export of manufactured goods.

18) All parties should ensure dedicated advice and support to businesses to locate, or re-locate, production in the UK

19) All parties should commit to working with the different regions of the UK to encourage a geographically diverse and healthy manufacturing sector.



Barry Sheerman MP, Co-Chair



Chris White MP, Co-Chair



Gordon Birtwistle MP, Treasurer



Caroline Dinenage MP, Vice-Chair



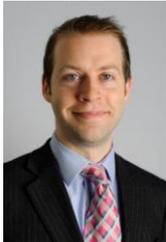
Baroness Wall of New Barnet, Vice-Chair



John Stevenson MP, Vice-Chair

Comments on the APMG Manufacturing Manifesto

- ❖ **Jonathan Reynolds MP**, APMG Vice-Chair, Shadow Minister for Energy and Climate Change:



‘It is a common misconception that the UK is no longer a manufacturing nation. The reality is that manufacturing is a major part of the UK economy, generating good jobs and valuable exports. This Manifesto sets out how UK manufacturing can grow even stronger, something which I hope will become an issue of political consensus in the UK, so that industry can plan for the long-term and we can all secure the benefits of this vital sector.’

- ❖ **Malcolm Evans**, CEO, The UK Manufacturing Accelerator:

‘It’s fabulous to be involved with a gathering and focused momentum around the mainsprings of successful manufacturing - skills, innovation, funding and exports. Making great products and selling them abroad at a profit is so fundamental to a strong economy. It is very exciting that more and more people are taking this realisation to heart and that government is taking longer term action.’



- ❖ **Philippa Oldham**, Head of Transport and Manufacturing, The Institute of Mechanical Engineers:

‘The Institution of Mechanical Engineers is delighted to endorse the APMG’s Manufacturing Manifesto as over the last parliamentary term, UK manufacturing has come to the fore as a force for good. We need to make certain that there remains a general consensus between the political parties about the potential that this sector offers to the UK and its contribution in creating more resilience in our national, regional and local economies.’



- ❖ **Jeremy Phelps**, Consulting Partner, Tata Consultancy Services:

‘Helping businesses adapt and remain competitive within volatile global market conditions requires unprecedented levels of resilience throughout the manufacturing value chain. For UK industry to maintain profitable and sustainable growth for future generations, the collaborative, practical and long term strategies outlined within this manifesto are essential.’



- ❖ **Jim Moseley**, Interim Director General, Food and Drink Federation:

‘The Food and Drink Federation (FDF) is delighted that cross-party support for British manufacturing is growing. As we look to the General Election, this manifesto sets out how all



parties can help us to make an ever bigger contribution to the economy – through greater innovation, boosting exports and investing in workers’ skills. As the UK’s largest manufacturing sector, with global brands and small businesses amongst our membership, food and drink companies look to the next Government to put the right industrial partnership in place so we can build on our success.’

❖ **Ross James**, UK Manufacturing Corporate Finance Leader, Deloitte LLP:

‘Deloitte are proud to be members of the APMG and support the views expressed in its Manufacturing Manifesto 2015.



Manufacturing is a vital component of the UK economy, and is already playing a significant – and very public – role in supporting the UK’s economic recovery, accounting for 50% of all UK exports.

British manufacturers, including many of our clients, are already amongst the most successful, progressive and innovative in the world. This is demonstrated by the way many manufacturing businesses feature in our ‘Businesses Leading Britain’ report, which seeks to identify the fastest growing medium-sized businesses in the UK.

The UK Government can help provide the stable economic and regulatory environment in which manufacturing can continue to grow and thrive.’

❖ **John Patsavellas**, Manufacturing and Technical Director, Altro:

‘The APMG Manufacturing Manifesto 2015 underscores the crucial policies and support that UK plc can put into practice swiftly with broad and strong support from industry, especially SMEs.



From Altro’s perspective, innovation in products and processes is a key differentiator for manufacturing SMEs in the UK. With a multitude of brilliant universities present across the country, the triangular model of innovation projects consisting of SMEs-Universities –Government (Innovate UK / LEPs) can become the model that yields global competitive advantage.

To that end, all parties should support the consistent application of the SME definition between R&D credits and this triangular innovation collaboration model. All parties should support the establishment of a permanent baseline of annual investment allowances for capital equipment at the £1m level in order to encourage modernisation & automation for productivity increases.

To encourage the engagement and retaining of STEM graduates in manufacturing, all parties should promote the revival and expansion of sandwich placements for STEM undergraduates with the set-up of a national online matching service for businesses and students, and small grants for SMEs that take on placement students.’

❖ **Tom Bowtell**, CEO, British Coatings Federation:

'The APMG's Manufacturing Manifesto echo's our sector's needs in many ways. We absolutely see Government having a long term policy commitment to manufacturing as being the number one priority, and we also support other key areas in the Manifesto such as boosting skills, reducing energy costs and stimulating innovation.



Too much time and money in the coatings industry has been spent on “defensive” R&D, simply to comply with the growing list of EU regulations our industry has to manage. We support promoting STEM subjects, and the image of manufacturing to young people, and stimulating exports. We also very much support the call for government to use trade associations to help engage with the nation's SMEs, something which government is starting to do, but there is still some way to go.'