

# EEF Skills Manifesto 2015: Securing a Manufacturing Renaissance in Britain- A Précis

## Background

The last five years have been about securing the economic recovery - the next five must focus on building a more balanced economy where both Government and business invest more in productive capacity; supporting high-skilled, well-paid jobs; thus ensuring effective exploitation of opportunities for growth.

The current manufacturing situation and future goals proposed by this report are outlined in Table 1. To achieve these goals the report makes four main proposals summarised below.

## 1. A More Productive and Flexible Workforce

### 1.1. Radical career advice overhaul

- Careers inspiration at primary school level with industry-led approach continuing through to secondary school.
- Young people having independent careers advisors age 15/16 onwards.
- Systems put in place to support /encourage/incentivise previous manufacturing workers back to industry.

### 1.2. Emphasis on STEM subjects & raising teaching standard

- Need for higher numbers of pupils with five A\*-C GCSEs (especially English & Maths)
- Government should recruit more STEM specialists, in the short term, allowing STEM professionals to teach in schools on an ad-hoc basis; STEM teachers also industry experienced.

### 1.3. Giving young people greater practical experience of world of work

- Removal of compulsory Key Stage 4 work experience sent out wrong signal to both employers and youth.
- Government should encourage more work-based learning activities, particularly for Key Stages 4 and 5, bringing back compulsory work experience if schools fail to deliver.
- Government should work with universities and employers for > placements and sandwich courses at HE level.

### 1.4. Development of migration policy giving manufacturers access to high skill workers

- Current system poses challenges to employers recruiting international students graduating from UK universities.
- Next government should reduce complexity as well as costs, especially for SMEs wishing to recruit overseas.

### 1.5. Apprenticeship funding must lie in hands of employers

- Simple, sustainable voucher mechanism introduced giving employers control of apprenticeship funding.
- Vouchers would provide employer choice, free up the price of training, and allow employers to select their chosen provider in the marketplace.
- Such a scheme would need transparency, outlining exactly how much funding businesses are eligible for, and the cost of training. It should also not add significant administrative burden or involve employers in the payment mechanism between government and providers.

	CURRENT	2020 GOAL
<b>INVESTMENT:</b>		
Business expenditure on R&D as a percentage of GDP to grow to the OECD average	1.1%	1.6%
Gross fixed capital formation (fixed investment) as percentage of GDP to grow to G7 average	16.4%	19.7%
Capital expenditure by SMEs to narrow the gap with large companies as a percentage of turnover	2.4%	3%
<b>TRADE:</b>		
Current account balance to narrow to its long-term average as a percentage of GDP	4%	1.5%
UK to maintain its share of world exports	3%	3%
Share of exports to emerging and high growth countries to grow to a quarter of total exports	21%	25%
<b>PRODUCTIVITY:</b>		
The UK to become an innovation leader rather than an innovation follower, as classified by the EU Innovation Scoreboard	Rank = 8	Rank ≈ 4
Halve the gap in output per hour between the UK and the G7	17%	8.5%
Narrow the gap with top-performing economies for level three skills and above	78%	82%
Three quarters of employment in the UK in high and medium level occupations	72%	75%

Table 1

## 2. Improving Infrastructure (a long term approach is required)

### *2.1. Target investment to projects standing to deliver value for money for taxpayers*

- Future spending reviews will require tough decisions on investment levels beyond 2020. Government will be required to balance affordability and support to longer-term growth.
- Manufacturers are clear on priorities - strategic road network (65%); broadband (43%); local roads (38%); energy supply (31%) and international air links (28%) making up their top 5 priorities for investment.

### *2.2. Funding for local and strategic road improvements put on a sustainable footing*

- Next parliament must see planned step change in UK's Strategic Road network with long-term budgets and a deliverable set of road improvement projects. Alternative funding to be put in place to guarantee 2020+ funding.
- No return to past unpredictable/inadequate settlements and deterioration in network/worsening journey times.

### *2.3. Renew UK energy infrastructure, securing supply and > UK supply chain opportunities*

- Next parliament should establish post 2020 Levy Control Framework; move to technology neutral allocation of Contracts for Difference; provide necessary support to secure future of offshore oil and gas industries; secure funding and investment for the UK's 'Projects of Common Interest'; and act to ensure UK supply chains benefit from investment in new energy infrastructure, particularly in the offshore wind and nuclear industries.

### *2.4. Industrial decarbonisation policy must reflect competitiveness issues at stake*

- Satisfactory reform of the EU Emissions Trading Scheme of primary importance, pushing for adequate protection of industry from carbon leakage).
- Domestic industrial decarbonisation is required, taking on board findings of 2050 Low Carbon Roadmaps.

## 3. Reducing the Cost of Doing Business

### *3.1. Industrial energy costs must not run ahead of competitors*

- Compensation scheme for cost of green electricity as soon as possible with long-term protection measures, beyond current government commitment of 2019/20 - necessary budget also being made available.
- Next government should seek removal of carbon price floor as soon as fiscally possible.

### *3.2. Regulation compliance burden should remain on downward trajectory*

- Deregulatory targets to include total cost and burden of all regulations, including those originating in EU.
- Regulatory Policy Committee's role to be expanded: oversight of fees and charges set by government; an investigation and assessment arm; and responsibility for holding Ministers/departments to account.

### *3.3. Cost and supply of external finance must be improved (especially for SMEs)*

- Implementation of outcome of Competition and Markets Authority review into SME banking required
- Policies to encourage more dynamism in the market, such as a move to account number portability explored.

### *3.4. Business tax reform must be stable and internationally competitive*

- Reform should not increase headline corporation tax rate from current level. When public finances allow, further reductions should take place; the next focus on National Insurance contributions.
- R&D tax credit should remain in place with improvements as and when public finances allow.
- Industrial Buildings Allowance should also be reinstated.

### *3.5. UK manufacturers must have same access to critical resources/inputs as competitors*

- Government must establish an Office of Resource Management, regularly reviewing supply risks and working with stakeholders to: mitigate them; improve our data infrastructure; and to help deliver a more strategic, informed approach to innovation.

### *3.6. Reduce employment-related business costs.*

- Future adaptable working patterns need less (not more) regulation, to meet demands of both employers and workers for greater flexibility.
- Rigid rules on working time should be reformed and work arrangements left to local agreement not national regulation.
- More support of better workplace resolution required, making employment tribunals speedier and restructuring tribunal system to take advantage of alternative dispute resolution.

## 4. Better Support for Growing Businesses

### *4.1. Funding for Innovate UK and science should be protected over the next parliament*

- Science and innovation require long-term, stable funding with innovation expenditure ring-fenced in addition as science expenditure currently is.
- Sectors and technologies government prioritises should be formally reviewed to ensure areas receiving selective funding continue to deliver results that drive long-term economic growth. This must be done transparently to ensure companies have confidence that, where it is effective, support will last over the course of successive governments.

### *4.2. Catapult centres should remain cutting edge and become more accessible to SMEs*

- New network of Catapult Centres offer a valuable resource that should enable more companies to innovate more successfully. However, centres need sufficient funding to ensure they can constantly re-invest in latest equipment, ensuring they remain at the leading edge of technology.
- Barriers to innovation are often more acute for SMEs and centres need to engage SMEs better.

### *4.3. First time and experienced exporters must be able to easily access support to enter new markets*

- Exporters require broad support from government, reflecting the varying needs of businesses.
- UKTI support should further expand over the course of the next parliament; Government maintaining the breadth and stability of support, whilst ensuring consistent quality of provision through a stable and predictable funding stream and coordinated policy response across government departments.

### *4.4. Industrial strategy must create certainty*

- Policy action must be coordinated across a range of government departments, following a partnership approach between business and government to examine and respond to challenges.
- Government should look to develop a robust review process that gives sector strategies longevity.

### *4.5. Integrating the regulation and incentive structures to capture value from waste*

- Waste from manufacturing can be used to generate high-quality materials for manufacturers, or as a means of producing efficient energy.
- The next parliament should generate better data on waste to support investment in the infrastructure required to manage it effectively.
- Government should also look to establish a centre for remanufacturing innovation, exploring the use of incentives to encourage resource efficiency.

## 5. Increasing Females in Manufacturing

### *5.1. Improving manufacturing's image through increased role models and opportunities*

- More opportunities should be made available to young females to experience working in the manufacturing sector. Female role models should also be encouraged to go back into schools and share their experiences. Such activities should begin in primary schools on a 'light touch' basis, continuing into secondary schools, where greater attention should be paid to the impact subject choices have on future careers.
- Campaigns such as Tomorrow's Engineers Week, Your Life and the Big Bang Fair should continue with a focus on increasing female participation.

### *5.2. Increased role of apprentices for tackling the gender imbalance*

- Interviews conducted by the report with young females in manufacturing demonstrate apprenticeships offer an ideal route to gain both practical and soft skills while studying for high-level qualifications. The apprenticeship career path could well be a solution to addressing gender imbalance in future boardrooms.