



Supporting regional economies to rebuild in the face of a recession, and our impending new relationship with the EU, all whilst recovering from Covid-19, will be a huge challenge. This provides an overview of the key priorities and challenges for manufacturers specific to this region to reviving and rebalancing the regional economy.

THE SOUTH

REGIONAL ECONOMY:

- £9,312**
public spending per head
- £540**
transport infrastructure spend per head
- £33,576**
average income
- 29%** have degree-level education or above

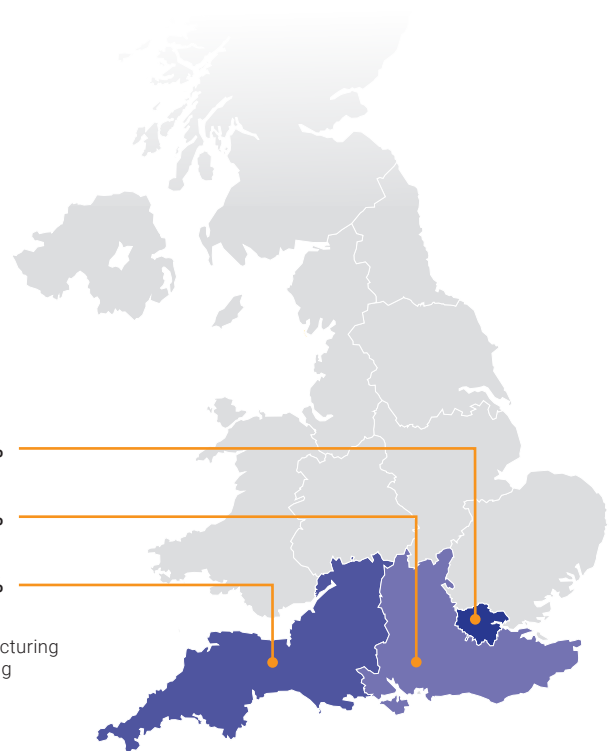
MANUFACTURING ACTIVITY:

- 689,000**
manufacturing jobs
- South Region average manufacturing productivity ranks **3rd** in England

“A KEY CHALLENGE IN THE SOUTH IS THE AVAILABILITY OF TALENT, AND THE AFFORDABILITY OF HOUSING”*

- LONDON** 🍴 28.9%
- SOUTH EAST** 🏢 19.0%
- SOUTH WEST** ✈️ 20.2%

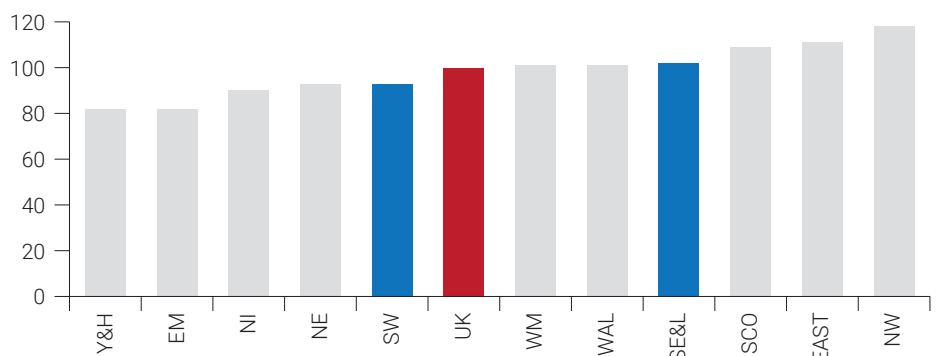
% GVA contribution of largest manufacturing subsector to sub-region manufacturing



SOUTHERN MANUFACTURERS' VIEWS ON WHAT THE GOVERNMENT'S PRIORITIES FOR LEVELLING UP SHOULD BE

- 1.** Improved digital connectivity in towns and rural areas
- 2.** Prioritising the improvement of local road and rail transport connections
- 3.** Emphasis on local projects over national projects

Relative Productivity measured using GVA per hour



TOP FUTURE PRIORITIES FOR THE SOUTH

	Immediate Challenges	Planned 12 month activity	Opportunities for manufacturing in the next decade
#1	Trade borders	Investing in people	Clean energy
#2	A 'no deal' Brexit	Investing in IT	Trading with new countries
#3	Future national or regional lockdowns	Investing in plant and machinery	Traditional sector consolidation/expansion (automotive, agri-food, electronics, basic metals etc.)

Source: Make UK / RSM survey, September 2020

“MANUFACTURING IS BY DEFINITION CAPITAL INTENSE AND WE NEED TO GO BACK TO HAVING A LONG TERM CONSISTENT BUSINESS INVESTMENT SUPPORT SCHEME”*

*Source: Make UK member consultations, October 2020

Differentiating the South's regional manufacturing economy from the other English regions is its top reported challenge of trade borders exterior to that of the EU. This logically follows, as the South has the lowest dependency on EU markets for its exports in the entire UK, with a below UK average of 45% of exported goods destined for EU shores. The greater importance in rest-of-world trading agreements for manufacturing exporters in the South means that the order of priorities here regarding trade negotiations differ somewhat to the rest of the country, and as such, the policy focus is to achieve levelling up here too.

This is also reflected in what Southern manufacturing firms

have identified as the best opportunities for manufacturing in the next decade, as 'trading with new countries' features as a top priority, with the South being the only region that has identified this expansionary trade view in its top 3 opportunities.

Clean energy features in all regions' top opportunities over the next decade, but for the South, it's the top priority. Transitioning both internal manufacturing processes to greener alternatives, and developing green-industry products for market is not only conducive to the nation's Industrial Strategy, but a focus on these technologies will afford a greater long term sustainable growth prospect.

Regional Economy Manufacturing Dependency

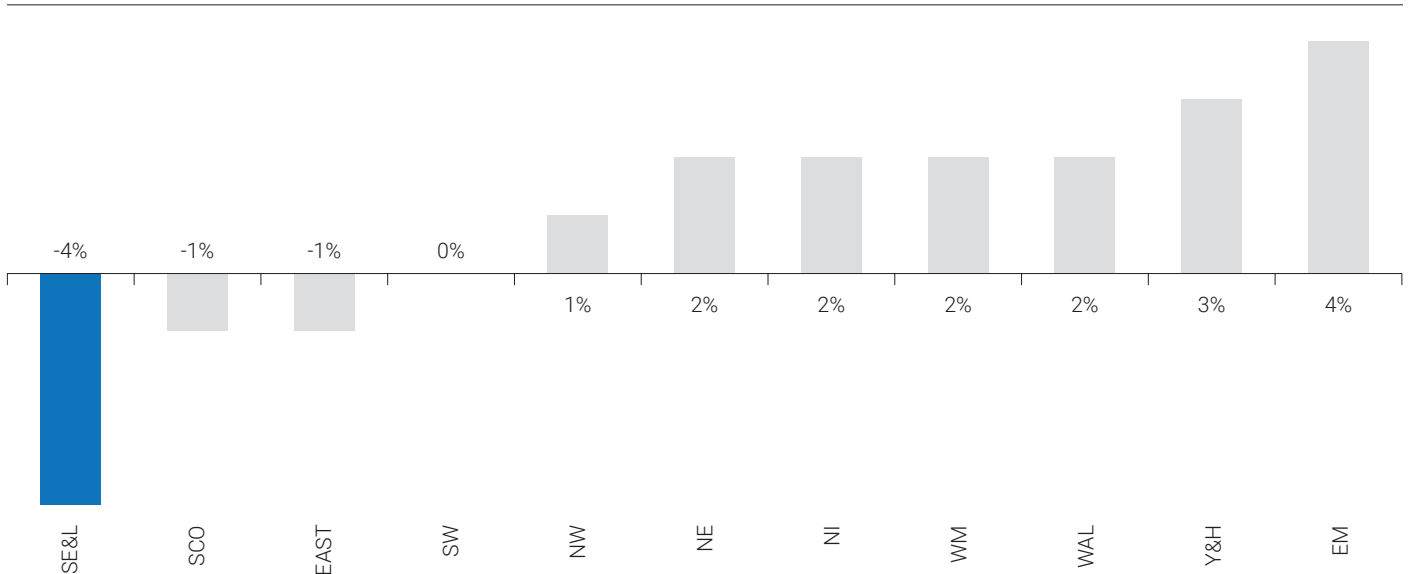


Chart represents the regional differences on local economy dependency on manufacturing. Dependency is defined as a region having a higher than average proportion of manufacturing jobs out of its total regional job pool. Figures represent distance from the UK=8% dependency baseline.

Source: Make UK analysis of ONS (2020)



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