

2021 MID-YEAR REVIEW

July 2021

makeuk.org/backingmanufacturing



BACKING MANUFACTURING, ENGINEERING THE FUTURE.

We updated our 2020 narrative #BackingManufacturing to incorporate the immediate challenges manufacturers faced this year.

From the first industrial revolution to the fourth, manufacturing has been the UK's economic engine, and world's workshop.

The 20,000 manufacturers we represent consistently demonstrate their ingenuity and resilience, providing solutions to the biggest societal challenges we face today.

In 2021, by backing UK manufacturing and its people, we can strengthen the UK's industrial base, delivering shared and inclusive growth, across our regions and economy.

Together, manufacturing is changing, adapting and transforming to meet the needs of the ever evolving digital economy. A forward thinking, bold and versatile sector, manufacturers are engineering the future.

2021 POLICY CAMPAIGNS

CAMPAIGN POLICY AREAS

This year our focus was on developing and implementing cross-policy campaigns to better balance member-led proactive work with Government-led reactive work.

Our four campaigns for 2021 cover our proactive engagement areas...

...supported by reactive work cutting across all campaigns

...and underpinning it

A STRONG INDUSTRIAL BASE	START UP TO SCALE UP	DIGITAL AND GREEN	NAVIGATING OUR NEW PARTNERSHIP
			
<ul style="list-style-type: none">• Plan for Growth / Levelling up• Equality, diversity and inclusion	<ul style="list-style-type: none">• Business environment• Tax and finance	<ul style="list-style-type: none">• Digital infrastructure• Innovation• Sustainability• Cyber security	<ul style="list-style-type: none">• Global trading environment• Export growth

Covid-19 pandemic, Education and skills, Employment and migration, Health and wellbeing, and Levelling Up

Economic intelligence, Pay bulletin, Labour turnover, Labour absence, Manufacturing monitor

2021 POLICY CAMPAIGNS

EVIDENCED POLICY OUTPUTS

Our primary focus for the first six months of 2021 has been our strong industrial base and navigating our new partnership campaigns, but we continue to develop policy positions across the key issues.

STRONG INDUSTRIAL BASE	NAVIGATING OUR NEW PARTNERSHIP	DIGITAL AND GREEN
<ul style="list-style-type: none"> Executive Survey 2021 in partnership with PWC: Building Agility in UK Manufacturing 	<ul style="list-style-type: none"> Exporting Guide in partnership with HSBC: A how-to guide 	<ul style="list-style-type: none"> Cyber Resilience – The last line of defence
<ul style="list-style-type: none"> Q1 and Q2 Manufacturing Outlook in partnership with BDO 	<ul style="list-style-type: none"> The impact of the EU-UK agreement on UK manufacturers: Six months on 	<ul style="list-style-type: none"> Analysis of the Government’s Industrial Decarbonisation Strategy
<ul style="list-style-type: none"> Manufacturing our recovery through inclusion 		
<ul style="list-style-type: none"> Retain, Recruit, Revise: The Apprenticeship Levy four years on 		

Other policy papers:

- 2021 Pay Bulletin (Jan)
- Manufacturing Monitor (Feb)
- Budget submission (Mar)
- Labour Turnover in partnership with Ceridian (Mar)
- Absence Benchmark in partnership with Ceridian (Mar)

2021 POLICY CAMPAIGNS

CHANGING GOVERNMENT POLICY

A consistent narrative, four key policy campaigns, and evidence through our policy work has helped Government to understand our asks. We have secured several key policy wins to support members.

EXTENSION OF THE JOB RETENTION SCHEME TO SEPTEMBER	Make UK was one of the only organisations to call on Government to extend the Job Retention Scheme to at least Q3, and for the scheme to be tapered from July to prevent a cliff-edge. At the Budget the Chancellor announced the scheme would be extended to September. This has allowed manufacturers to retain highly skilled employees at a time when demand, sales and orders has dropped.
UK MANUFACTURING SECTOR ALLOWED TO STAY OPEN DURING THE THIRD NATIONAL LOCKDOWN.	Make UK successfully lobbied to allow the manufacturing sector to stay open and operation through the third national lockdown. This was confirmed by Secretary of state, Kwasi Kwarteng in an open letter to all of UK manufacturing.
INTRODUCTION OF TWO HELP TO GROW SCHEMES AT BUDGET	At Budget, Government announced the introduction of the Help to Grow Management scheme which will support businesses to learn how to improve business performance and growth. Simultaneously it announced the Help to Grow Digital scheme offering manufacturers free online advice and money off software that could help you save time and cut costs through this scheme. Make UK has been calling government to support SMEs with hopefully impartial advice around investing in new digital technologies.
INTRODUCTION OF THE SUPER DEDUCTION AT BUDGET	The Chancellor announced the introduction of the Super Deduction at Budget, allowing manufacturers to invest in new plant and machinery assets that can benefit from a 130% first-year capital allowance. Early Make UK research suggests that as a result a quarter of companies will increase investment and a further quarter will bring forward investment.

2021 POLICY CAMPAIGNS

CONTINUED /1

DOUBLING OF THE APPRENTICE INCENTIVE FOR EMPLOYERS AT BUDGET	The Government doubled the apprenticeship incentive for employers from £1,500 to £3,000. This followed discussions between Make UK and officials in HMT and DfE that said the current incentive was having little impact. Since the increase we have seen the number of Make UK members say they will consider recruiting more apprentices increase.
COMMITMENT TO ROLLOVER BEST PARTS OF THE INDUSTRIAL STRATEGY	Make UK expressed its frustration at the Industrial Strategy being scrapped and superseded by the Plan for Growth, now led by Treasury. In a direct letter from Secretary of State Kwasi Kwarteng, the Government has committed to taking forward the best bits of the Industrial Strategy, continuing to fund sector deals, and existing projects that have proven successful.
DEDICATED TRAINING FUND VIA NCSC FOR MANUFACTURERS	Make UK's Cyber Resilience paper made recommendations to increase training for the UK manufacturing sector, given the risk of an attack as the sector continues to digitise. Off the back of this call, the National Cyber Security Centre (NCSC) has tailored its support and guidance to support manufacturers through its top tips to protect our sector, as well as create a dedicated training fund to support the sector.
A REVIEW OF R&D TAX RELIEFS, AND LAUNCH OF TAX CREDIT CONSULTATION.	Make UK have been calling on Government to consult industry, in a bid to modernise and simplify the R&D tax relief scheme. At the Budget, the Chancellor launched a review into R&D tax reliefs. Make UK supported the case to include capital expenditure within the qualifying expenditure for the purposes of the R&D tax credit. At the 2021 Budget, the Chancellor announced a consultation on extending the scope.
PRIORITISING DIGITAL CONNECTIVITY WHEN LEVELLING UP	Make UK have been calling for the national roll out of 5G and ultrafast broadband within the next 2 years, which is currently hampering the take up of digital technologies. In April the Government announced additional funding to support the development of our national digital infrastructure. This includes the £1bn Shared Rural Network being built to eliminate 4G mobile 'not spots' in the countryside.

2021 POLICY CAMPAIGNS

CONTINUED /2

NATIONAL ROLLOUT OF THE MADE SMARTER PROGRAMME	Make UK called for a national rollout of the Made Smarter programme. It has now been extended in North West and rolled out in North East, Yorkshire and the Humber and the West Midlands regions.
PRIORITISING DIGITAL CONNECTIVITY WHEN LEVELLING UP	Make UK have been calling for the national roll out of 5G and ultrafast broadband within the next 2 years, which is currently hampering the take up of digital technologies. In April the Government announced additional funding to support the development of our national digital infrastructure. This includes the £1bn Shared Rural Network being built to eliminate 4G mobile 'not spots' in the countryside.
IETF CRITERIA EXPANDED TO CONSIDER SMALLER PROJECTS	Make UK have successfully called for BEIS to allow better accessibility to the Industrial Energy Transformation Fund for SMEs, supporting those embarking smaller projects. This is a significant step in providing grant funding for manufacturers in the deployment of industrial energy efficiency projects as we transition to a digital and green future.
TAILORED SUSTAINABILITY SUPPORT ON SME CLIMATE HUB	BEIS have fully taken on board our recommendations of sector-specific measures that manufacturers can take to get started on their path to net zero for their SME Climate Hub. The Hub will form a key platform to support manufacturers as part of Race to Zero campaign ahead of COP26.
BETTER EU GUIDANCE	Make UK continues to work with Government to improve guidance and support for companies as they navigate the new relationship with the EU. In response the Government has improved guidance on Customs procedures, including Rules of Origin as well as publishing country-by-country guides for business travel.

2021 POLICY CAMPAIGNS

CONTINUED /3

DEDICATED SME BREXIT SUPPORT FUND

Following calls from Make UK for a voucher scheme to support SMEs in securing advice on new exporting processes and customs training, the Government introduced the SME Brexit Support Fund. The fund was designed to provide to £2,000 to help each company with training or professional advice for businesses with up to 500 employees and no more than £100 million annual turnover.

THE UK EU TRADE AND COOPERATION AGREEMENT

While it may have fallen short of the benefits previously enjoyed as part of the EU single market and customs union, a no deal outcome would have done catastrophic damage to manufacturing in Britain. Make UK successfully campaigned for a deal which recognised the integrated nature of the UK and EU manufacturing supply chains, and will continue to strive for further improvements which are in the UK's and EU's mutual interest.

2021 POLICY CAMPAIGNS

CUTTING THROUGH THE NOISE

Ensured our messages and engagement with Government and stakeholders, written or oral is aligned to our policy campaigns positions.

- Cross-party support for our intervention on the canning of the Industrial Strategy, and need for Plan for Growth to incorporate best bits of the Industrial Strategy.
- Securing the support of the National Manufacturing Skills Taskforce including TUC and Eginuity, for our calls for reforms to the Apprenticeship Levy, as well as support from the opposition.
- Formation of a Equality, Diversity and Inclusion Working Group, made up of manufacturers to steer Make UK's EDI work, and begin to change the perception of the manufacturing sector.
- Key stakeholder in the formation of the SME Climate Hub to support SME's transition to a green, sustainable future, as well as support the #RaceToNetZero.

Ed Miliband @Ed_Miliband · Mar 4
Now we have a Secretary of State for Industrial Strategy that doesn't believe in an industrial strategy - that's no surprise after yesterday's failed to support our manufacturers and a green recovery.

Rachel Reeves @RachelReevesMP · May 15
It's so important to skill our young people for the future of work. But apprenticeships are falling, not rising. If we want Britain to be a global leader in industries like manufacturing, our young people need the skills to get on, and the dignity & security of a well paid job.

Darren Jones MP @darrenjones
I've written to the Business Secretary requesting an urgent statement to the @HouseofCommons following what looks like the demise of the UK's Industrial Strategy. Government should announce major policy changes to Parliament, not in a footnote in the Budget.

BECOME A UK BUSINESS CLIMATE LEADER
2021 IS THE YEAR OF CLIMATE ACTION - START YOUR NET ZERO JOURNEY TODAY

RETAIN, RECRUIT, REVISE:
FOUR YEARS ON FROM THE APPRENTICESHIP LEVY

EQUALITY, DIVERSITY & INCLUSION

THE MAIN STEPS TO EXPORTING
LEADERSHIP SET-UP APPROACH PREPARATION EXECUTION

MANUFACTURING OUR RECOVERY THROUGH INCLUSION

SMMT @SMMT
UK Automotive joins forces with trade unions, industry leaders and manufacturing businesses to call for the establishment of a National Skills Taskforce to retain skills within the sector as well as develop apprenticeship policies that work for businesses and apprentices

PARTNERSHIPS

2021 PARTNERSHIPS

COLLABORATING ON POLICY

Across our different policy campaigns, we have collaborated with stakeholders to amplify our messages, as well as tap into policy expertise.

Q1 and Q2 collaborations and partnerships:

- Royal Academy of Engineering and Equal Engineers on Equality, Diversity and Inclusion paper
- National Cyber Security Centre, IAMSE, and ACP on Cyber Resilience paper
- National Manufacturing Skills Taskforce including TUC and Enginuity on the Apprenticeship Levy paper
- Start up Institute and Institute for Manufacturing on our Start up and Scale up campaign and paper
- Australian High Commission, National Association of Manufacturing and CEEMET on International Trade.
- Digital Catapult, sitting on their Industrial 5G Strategic Policy & Partnerships working group

Advantages of working in collaboration with stakeholders:

- ✓ A thought leader to support and amplify our policy messages to Government
- ✓ Providing additional knowledge and expertise for the policy team
- ✓ Supporting the policy team to develop a new, and innovation positions in new policy areas
- ✓ Reaching new audiences beyond our usual manufacturing specific audiences
- ✓ Boosting Make UK's reputation and influence across the policy spectrum

STARTUP
INSTITUTE



Royal Academy
of Engineering



Enginuity

WHAT NEXT?

2021 POLICY CAMPAIGNS

Q3 AND Q4 PRIORITIES

In Q3 and Q4 we will focus on our remaining two campaigns, Digital and Green, and Start up to Scale up, whilst continuing to reactive to policy changes across the key issues.

Q3 publications and work:

- Regional and Q3 Manufacturing Outlook in partnership with BDO
- HMT Plan for Growth audit
- Demystifying Net-Zero ahead of COP26
- Defence and UK prosperity in partnership with Raytheon
- Green Skills for a green future in partnership with Sage and Enginuity

Q4 publications and work:

- Start up to scale up in partnership with Advanced
- Cash, Credit, and Continuance in partnership with RSM
- Make it to net zero – A roadmap in partnership with Energy and Carbon Management

2021 POLICY CAMPAIGNS

POTENTIAL PARTNERSHIPS

In the second half of 2021 our aim is to build on the success of existing partnerships, whilst seeking new collaborations, in particular on the green agenda.

Planned Q3 and Q4 collaborations and partnerships:

- Mind, mental health charity on our Health and Wellbeing paper (Q3)
- Enginuity, Green Alliance and NESTA on our Green Skills paper (Q3)
- Institute for Government and Institute for Manufacturing on our Industrial Strategy follow paper (Q3)

...this is in addition to agree sponsorship of Make UK policy work with RSM, Sage, Ceridian and Santander to name a few.

Learning lesson from our collaboration in Q1 and Q2, we will:

- Ensure we are not reaching out to the same stakeholders on the same policy areas, expanding our engagement
- Proactively engage with more stakeholders particularly on the green agenda ahead of COP26

...led by the new Communications team, we will:

- Identify and source potential collaborations at the onset of project
- Actively look for new and different stakeholders to reach new audiences

