

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury

18th October 2021

Dear Chancellor,

Support for Make UK's submission to HM Treasury 2021 Spending Review

From the first industrial revolution to the emergence of the fourth, the manufacturing sector has remained the UK's economic engine and the world's workshop. As trade bodies and membership groups representing manufacturing businesses across the UK, we work to protect and champion this vital sector.

Despite the sector being hit hard by the impact of Covid-19, early indications show some green shoots appearing in recovering orders, output, and employment across the sector. This is critical if the sector is to have a key role to play in laying the foundations of our new economy. However, in 2022 manufacturers will be faced with an increased tax burden, following the increase to National Insurance Contributions and incoming increases in Corporation Tax. And whilst the sector understands need for this to support our NHS and social care sector, it remains ill-timed and illogical, potentially stifling manufacturers' ability to recover, invest, and grow.

The manufacturing sector needs confidence, and a long-term vision to invest and grow.

To encourage boardrooms to make the crucial decision to invest in the UK, and not overseas, business needs a long-term comprehensive plan for the future of UK industry. It is vital that Government focuses its efforts on policy levers that generate revenue through business growth, and not revenue from taxation. The combination of the unique challenges experienced the last 18 months, and the decision by Government to increase the tax burden for manufacturers means that the manufacturing sector will not simply bounce back to where it was before once the wider economy has restarted.

We want to see Government set a bold, new, brave vision by backing manufacturing using the right policy leavers in the next decade – and this includes focusing on creating a conducive business environment that unlocks further investment, rather than increasing the tax burden on business.

As the collective voice of over 9,000 businesses we support the calls made by Make UK in the 2021 Spending Review to:

- Underline the importance of the role UK manufacturing in levelling up the UK
- Successfully transition to a digital and green future
- Outline a vision for Global Britain and what that means for UK manufacturers

Economic history tells us that job cuts are most likely when the economy starts to open again after a downturn because firms need the capital to reset. It is therefore essential that Government recognises the challenges that the industry faces, and puts in place the necessary immediate, six-month, and 12-month calls to ensure our most strategically important sector can recover, invest, and grow in the next decade.

Yours sincerely,

Prof Dr Michaela Kendall, Chair, Midlands Hydrogen and Fuel Cell Network

Paul Jones, CEO, Northern Automotive Alliance

Craig De Souza, Founder & CEO, Creative Industry Association

Pim van Baarsen, CEO, Silverstone Technology Cluster

Tom Bowtell, CEO, British Coatings Federation

Steve Brambley, CEO, GAMBICA

James Selka, CEO, Manufacturing Technologies Association

Stephen Morley President, CBM

Dr Darren Clark, CEO, Medilink Midlands

Bob Hart, Programme Director, Smart Manufacturing Alliance

Julia Moore, CEO, GTMA

John Toner, Chairman of the board of Directors, Composites UK

Ruth Bailey, CEO, Agricultural Engineers Association

Gary Sheader, Founder & Managing Director, Manufacturers Alliance Ltd

Keith Warren, CEO, Foodservice Equipment Association

Dr Richard Fallon, CEO, The Technology Supply Chain

Alan Metcalfe, Chair, Advanced Manufacturing Forum

Alan Murray, CEO, British Safety Industry Federation

Peter Hunt, Chief Policy Officer, Lighting Industry Association Ltd