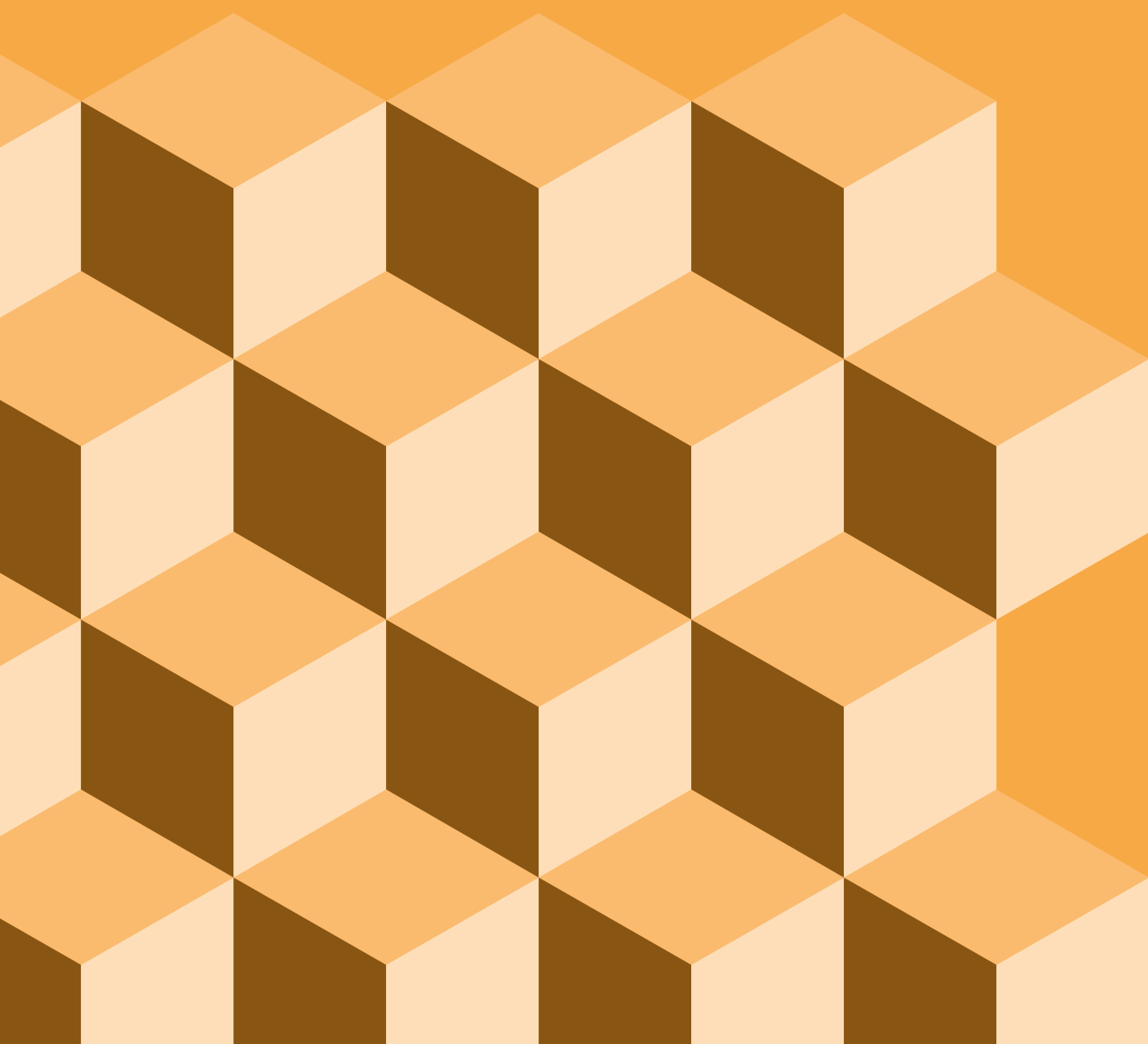


LOCAL LEVERS, NATIONAL GROWTH:

POWERING MANUFACTURING THROUGH DEVOLUTION



Executive Summary

When the Labour Government first came into power in July 2024, there was an abundance of urgent challenges for Ministers to address. Despite competing priorities, the Government chose to make devolution, specifically English devolution, a core key part of their early policy platform.

As little as two weeks after polling day, the Deputy Prime Minister announced her intention to expand devolution across England.¹ In a “move away from a deal-based approach”, the Government stated that it wishes to see a “presumption towards devolution” and more regions to benefit from “financial flexibility” and new powers over transport, skills, housing, planning and employment.² This was a clear statement of intent for radical transformation across the country, defined by more mayors, fewer councils and more economic growth.

It is welcome that several of our recommendations from our 2024 report, *For or Against: The Case for Further Devolution*, were taken on board, including agreement on a uniform devolution model, progress on tracking devolution measures and a completed devolution map for the country.³ Given the Government’s determination to broaden and deepen English devolution at pace, this report builds on our last by setting out a new suite of recommendations which can be adopted by new authorities as best practice.

Successful devolution has the potential to be a very positive policy development for the manufacturing sector. It empowers residents and businesses to make fundamental decisions about their local requirements and needs. This expert and localised knowledge is critical to economic prosperity and enables towns and cities to pursue growth strategies that work for them.

Our survey showed clear distinctions between those who currently operate within a mayoral area and those who do not. Without exception, those within mayoral areas and with the support of more devolved government experienced higher levels of satisfaction in terms of services and believed that those authorities better understood the needs of the sector. The leadership offered by mayors is viewed as a positive contribution to the overall success of a region.

Despite this, just 10% of manufacturing companies in mayoral areas currently feel their business needs have been met. The Government has a lot of work to do to capitalise on this opportunity to ensure devolution has on-the-ground impact for business.

We are at a junction of significant change, with new ‘strategic authorities’ on the horizon which will, in time, replace all existing combined authorities. Now is the opportunity for all areas to reassess how they work, particularly with business, to hardwire growth and productivity into everything they do. From manufacturers’ perspective, clear and ambitious policies on infrastructure, skills, innovation and R&D, and net zero are core to this, alongside consistent and effective leadership and communication.

Whilst Make UK is broadly supportive of the Government’s direction of travel, we hope that they will grasp the opportunity to go one step further to embed even more opportunity at a local level. A green paper investigating the potential benefits of fiscal devolution would be a sensible next step, as well as exploration of how local balloting could work to enable areas to self-fund specific initiatives.

We are excited by the possibilities of further devolution in England and how the manufacturing sector can play its part in its success. Manufacturing is a critical, but often underappreciated, part of the UK economy, making up over 10% of output and delivering almost half of all exports. It is a sector where the right policy framework could stimulate confidence, additional economic activity and consequently faster growth. We believe that many of the ingredients of this growth lie within the levers of regional government and mayoral authorities. We hope that this current devolution agenda is an opportunity for the huge potential of local economic prosperity to be realised.

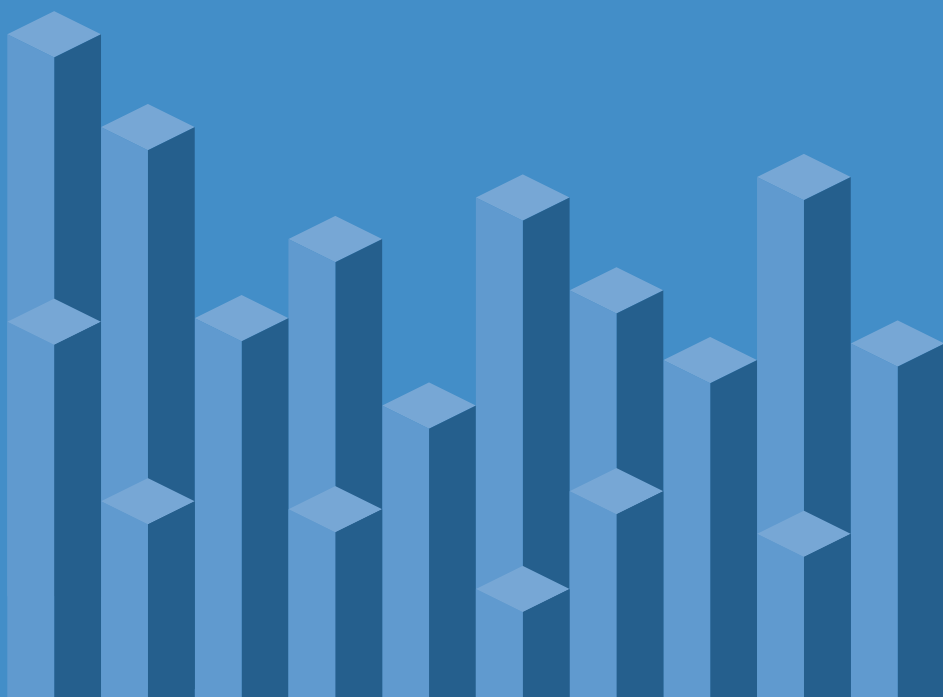
¹Deputy Prime Minister, Angela Rayner, [The Next Steps to Devolution Letter](#), 2024

²Ibid

³Make UK, [For or Against? The Case for Further Devolution](#), 2024

RECOMMENDATIONS

- 1.** Undertake a full review via the Mayoral Council for England to explore best practice in existing devolved authorities to inform the development of the new devolution agenda.
- 2.** Increase communication and engagement across all areas of England, wherever they are in their devolution journey. To replace the previous roles of LEPs and PRPs, specialist business panels should be introduced, which regional authorities can draw upon for expert advice and guidance, and which could also act as useful communication dissemination channels for information, funding and guidance.
- 3.** Alter the process of grant funding delivered by regional authorities to one which is more closely tailored to business need, clear on its objectives and delivery mechanisms, and flexible for businesses to use where it makes most sense.
- 4.** Use new Local Skills Improvement Partnerships to facilitate closer working between FE colleges and manufacturing businesses and to more fully devolve FE funding to strategic authorities.
- 5.** Ensure all Local Growth Plans are integrated with the national industrial strategy, hardwiring accountability and tangible success measures into both. This should include an obligation to regularly report on increases to regional growth.
- 6.** Commit to a green paper on the cost and benefits of devolving fiscal powers to new strategic authorities in England.
- 7.** Consider extending the powers of new strategic authorities to hold local ballot measures to fund regional projects.



Current State of Play

In our 2024 report, we laid out the complex tapestry that is English devolution.⁴ Whilst some regions already have advanced and hard-wired devolved governance structures, such as Greater Manchester and the West Midlands, large swathes of the country remain outside of advanced devolved models. Even amongst those regions with a Mayoral Combined Authority (MCA), powers and funding remain inconsistent.

MAYORAL REGIONS, AS OF 2025:

Mayoral Devolution

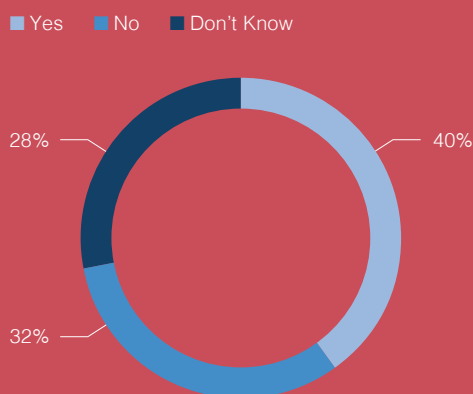
- Greater Manchester
- ▲ Liverpool City Region
- 1 West Midlands
- 2 East Midlands
- 3 West Yorkshire
- 4 South Yorkshire
- 5 Tees Valley
- 6 Cambridgeshire and Peterborough
- 7 West of England
- 8 North East
- 9 York and North Yorkshire
- 10 Hull and East Yorkshire
- 11 Greater Lincolnshire
- 12 Greater London Authority

⁴Ibid

This devolutionary patchwork creates a mixed operating context for manufacturers. Only 40% of England's manufacturers are aware they work within a mayoral area, with 32% working outside of one. Notably, over a quarter (28%) do not know the status of the area within which they work, hinting at a significant lack of awareness and knowledge.

In both areas with and without Mayors, there will be a varied picture of Local Authorities operating within the same structures, again with different powers depending on their area. With combined authorities tasked with the strategic policy direction of a given region, covering areas such as skills, transport and infrastructure, Local Authorities administer several delivery services, such as waste, planning, leisure and highways.

Chart 1: Manufacturers operating in areas covered by an MCA or with a mayoral devolution settlement in place



ENGLISH DEVOLUTION WHITE PAPER

In 2024, Make UK called for a complete devolution map by 2035. The Government's English Devolution White Paper takes important steps towards this, aiming to deliver "growth, more joined-up delivery of public services, and politics being done with communities, not to them".⁵

Under a new framework of 'strategic authorities', the Government hopes to consolidate and increase devolution across England. Every area of England will begin as a type of 'strategic authority', with more senior strategic authorities taking on greater responsibility and devolved competencies. Each year, competencies and seniority of strategic authorities will be assessed, with the aspiration for all areas of England to eventually reach the status of (Established) Mayoral Strategic Authority and to have mayoral leadership.

⁵Deputy Prime Minister, Angela Rayner, English Devolution White Paper - GOV.UK, 2024



WHAT DOES THIS MEAN IN PRACTICE?

Existing devolution settlements will be categorised into new types of strategic authorities, with the vast majority following this pattern:



Established Mayoral Strategic Authorities must meet specific eligibility criteria, which gives them access to an Integrated Settlement (alongside further devolutionary powers). These are grants which can be used flexibly to deliver pre-agreed outcomes, such as improving local transport or employment support. As it stands, only Greater Manchester and the West Midlands have such powers, and the Government has stated that Liverpool City Region, North East, South Yorkshire and West Yorkshire also meet the criteria to receive one.

Importantly, all strategic authorities will unlock simplified funding to boost local growth as part of the next Spending

Review. Whilst mayoral strategic authorities will receive consolidated funding pots, foundation strategic authorities will receive local growth allocations – all of which will be subject to lighter-touch investment sign-off by central government.

As adult skills funding forms part of existing devolution deals, the Government is also looking to alter not only how funding can be used, but also how Local Skills Improvement Plans (soon-to-be Partnerships) operate. The boundaries for LSIPs will be aligned to strategic authorities (most existing LSIPs are already mapped to an existing devolution deal) and responsibility will be shared for sign off between the strategic authority and an employer representative body. All strategic authorities will receive funding from the Adult Skills Fund and Skills Bootcamps, but these funds will not be ringfenced for mayoral strategic authorities.

The Government believes that changing to this model will create “policymaking with devolution by default”, promising that the new framework is “a floor... not a ceiling” to their ambition.⁶ Recent Make UK survey data suggests that over a third of businesses believe that greater devolution will support manufacturers in their region, but 1 in 4 are unsure.⁷ With many manufacturers uncertain of the status of their current devolution deals, the White Paper offers the opportunity to rework the piecemeal approach previously taken and create a clearer understanding of how and what English devolution works.

⁶UK Government, *English Devolution White Paper*, 2024

⁷Make UK, *For or Against? The Case for Further Devolution*, 2024

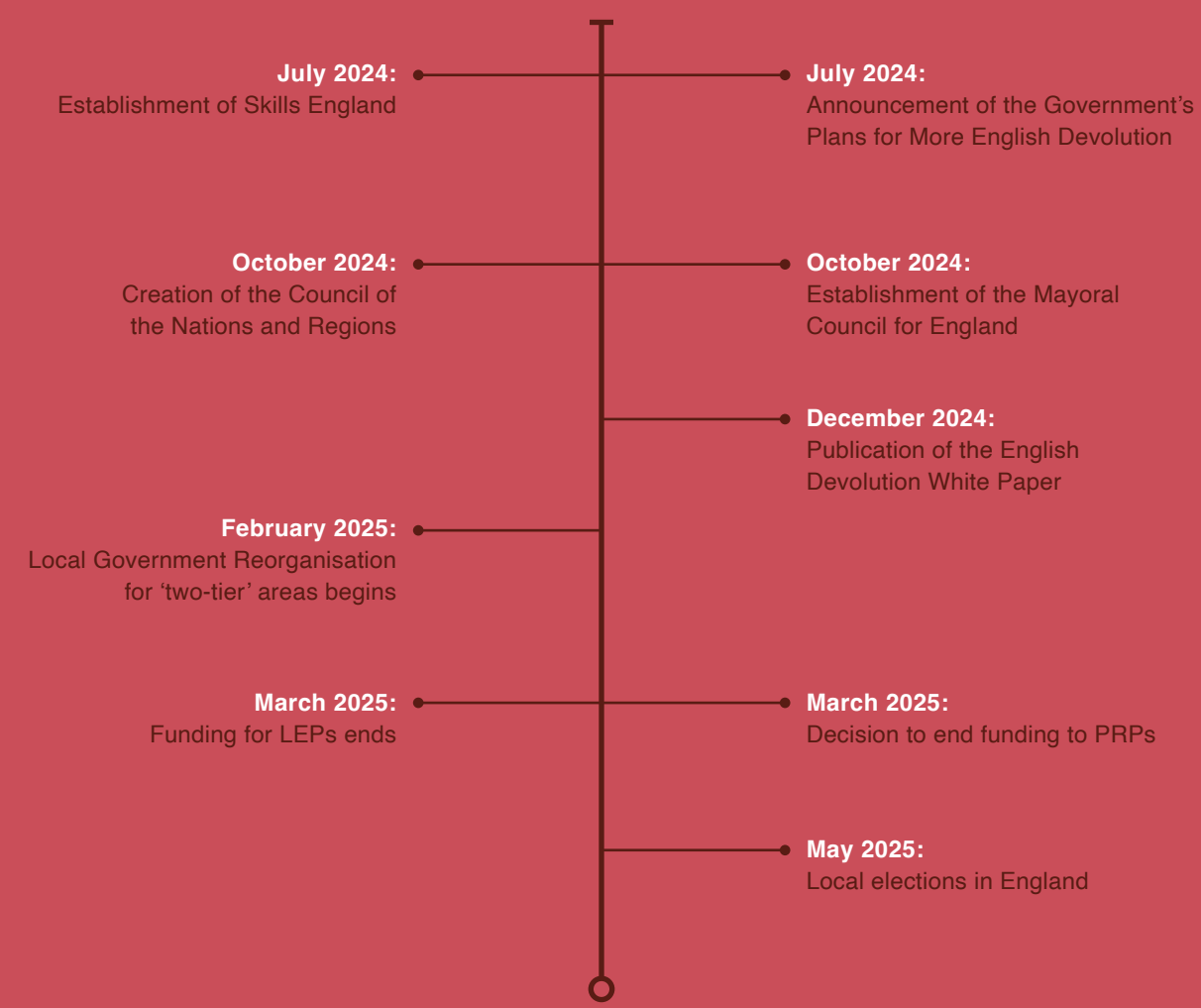
WIDER CHANGES

As well as reforming how the mayoral model works, the Government is actively pursuing plans to move away from the current ‘two-tier’ system of district and county councils to new ‘one-tier’ structures. The objective of these new ‘unitary councils’ is to streamline and simplify the delivery of council services, and eventually, a mayoral model can be introduced in those areas too.

In addition to vast changes to local authority structures, the Government has ceased funding for Pan-Regional Partnerships (PRPs) in England (with the exception of the

‘Great South West’ as the only area without an existing mayoral structure).⁸ This is in the context of previous changes, agreed under the last Government, that core funding to Local Enterprise Partnerships (LEPs) would also stop.⁹ The objectives of PRPs and LEPs included close collaboration and engagement with business, as well as vehicles for promoting a region’s assets and attracting inward investment. It is clear through these changes that the current Government sees current and new mayoral authorities as playing a much more prominent role in business engagement and economic development.

DEVOLUTION POLICY LANDSCAPE



⁸Ministry of Housing, Communities and Local Government, Consultation on ending Pan-Regional Partnership core funding - GOV.UK, 2024-25

⁹Ministry of Housing, Communities and Local Government, Local Enterprise Partnership functions: decision on funding - GOV.UK, 2025



The Opportunity of Devolution

The central objective of this Government is to drive economic ambitions. For the Prime Minister and Chancellor to achieve their growth ambitions in all parts of the UK, stimulating local and regional economies is core to that mission. Make UK welcomes the Government's enthusiasm for further and deeper devolution, which we believe is essential to promote economic growth and return the UK to the world's top 10 manufacturing nations.

The benefits of greater devolution are well understood. As explored in detail in our 2024 report, well-functioning devolved powers can tackle regional inequalities, leverage specialist local knowledge and experience, provide more efficient and cost-effective solutions, and offer greater policy flexibility and innovation. In short, devolution can provide better outcomes for local people and the places where they live and work.

For the fullest economic gains to be realised, now is the opportunity for the Government to turbocharge its devolution efforts, as well as adopt ambitious strategic plans to deliver improved infrastructure and skills to local areas. We are pleased that the Government has adopted the recommendation from our previous report to roll out a more structured and uniform devolution process for England.

Now, it is time to go further. The Government's reinvigorated devolution agenda provides the opportunity to strengthen

powers across the country, whilst streamlining and simplifying the current complex local government tapestry.

Over the next few months, areas will be considering ways in which they can strengthen their current devolution arrangements, for example through Local Growth Plans, or crafting new agreements in areas where devolution is yet to reach. There is potential to more effectively utilise the skills and assets of local businesses, including the huge contributions of manufacturers, to contribute to better outcomes.

To assist with that work, a full and comprehensive review of best practice of devolved authorities so far, especially those operating at a mayoral level, would be a sensible and useful next step to shape upcoming policy decisions. The newly-established body, the Mayoral Council for England, seems an appropriate vehicle to take this forward. Given the ambitious timelines attached to the Government's devolution agenda, this review should aim to report by the end of 2026.

RECOMMENDATION

Undertake a full review via the Mayoral Council for England to explore best practice in existing devolved authorities to inform the development of the new devolution agenda.

WHAT SHOULD FUTURE DEVOLUTION SETTLEMENTS FOCUS ON?



49%

**Training
and Skills**



38%

Infrastructure



32%

Digitalisation



31%

Net Zero



24%

**Exporting
Guidance**

Source: Make UK Devolution Survey, February 2025

When considering the potential of future devolved settlements, manufacturers are hugely ambitious about the ability of their regions to deliver results on the issues that matter most to them. It is notable that almost half of manufacturers (49%) want to see training and skills front-and-centre of future devolution deals, with varying levels of support for other areas of potential focus.

Manufacturers' appetite for strategic scene-setting and intervention is reflected in the views of those within an MCA area and those outside of one. Of those with experience of an MCA area, there is far more ambition and knowledge of the possibilities of devolved government. For example, only 24% of manufacturers (of any area) felt that future settlements should focus on exporting guidance, yet 93% of those surveyed from MCA areas want exporting guidance included. Similarly, with digitalisation, 32% of all manufacturers were supportive of its inclusion in future settlements, but 78% of those from MCA areas were positive.

The Role of a Mayor

Elected Mayors significantly influence the strategic direction of economic development in their regions, attracting investment, leading on regeneration schemes, and creating jobs: all of which is vital to the success of the manufacturing sector.

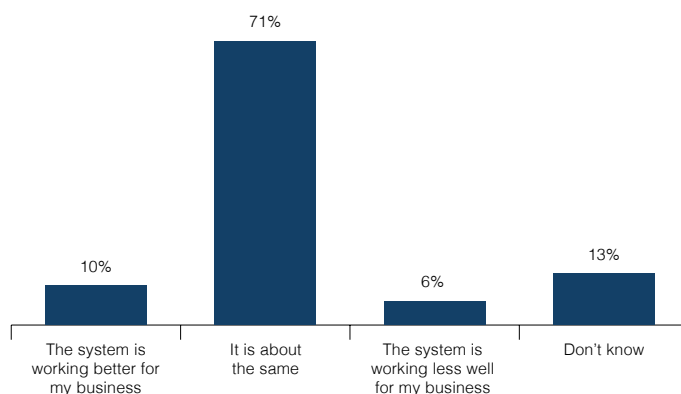
Elected Mayors significantly influence the strategic direction of economic development in their regions, attracting investment, leading on regeneration schemes, and creating jobs: all of which is vital to the success of the manufacturing sector.

As well as their operational remits, Mayors play an important role in championing the region: 'sticking up' for their towns and cities and making the positive case for change to external stakeholders, including Westminster and investors. They also tend to have stronger name recognition amongst the public. In a recent study, Centre for Cities found that, on average, 74% of people were able to name their directly-elected Mayor compared to only 20% who could identify their local authority leader and 43% who could identify their MP.¹⁰ Their large electoral mandate appears to solidify their public recognition: no doubt a positive contribution to local democracy.

Despite the public support and awareness of Mayors, scepticism remains about their on-the-ground effectiveness when it comes to business. Of those who currently operate within an MCA area, only 10% feel that their business needs have been met, with a much more significant 71% saying that it feels the same.

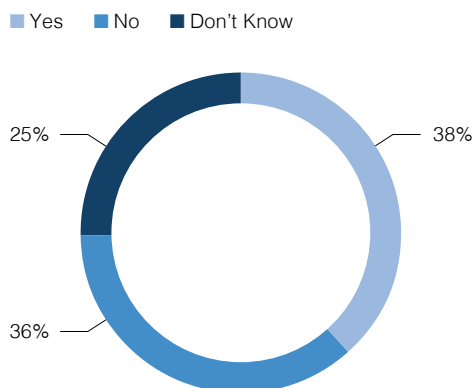
¹⁰Centre for Cities, [Metro mayors are the most recognisable local political figures in their area](#), 2024

Chart 2: Manufacturers' views on whether their business needs have been met since the introduction of a Mayor



Source: Make UK Devolution Survey, February 2025

Chart 3: Manufacturers' views on whether creating more regional Mayors will benefit industry in their local areas



Source: Make UK Devolution Survey, February 2025

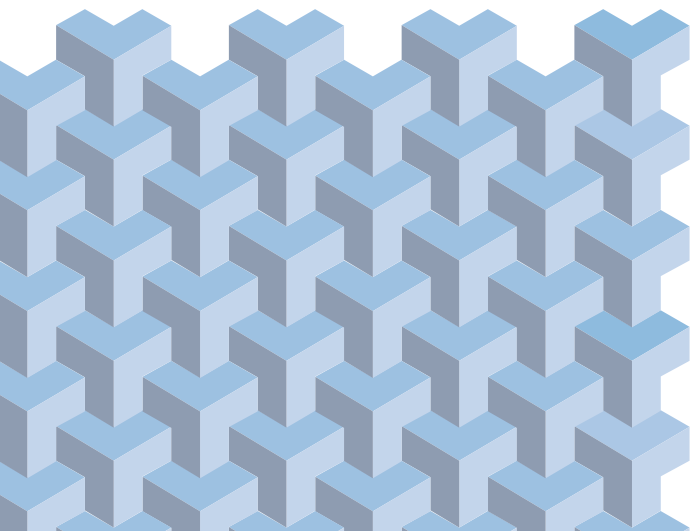
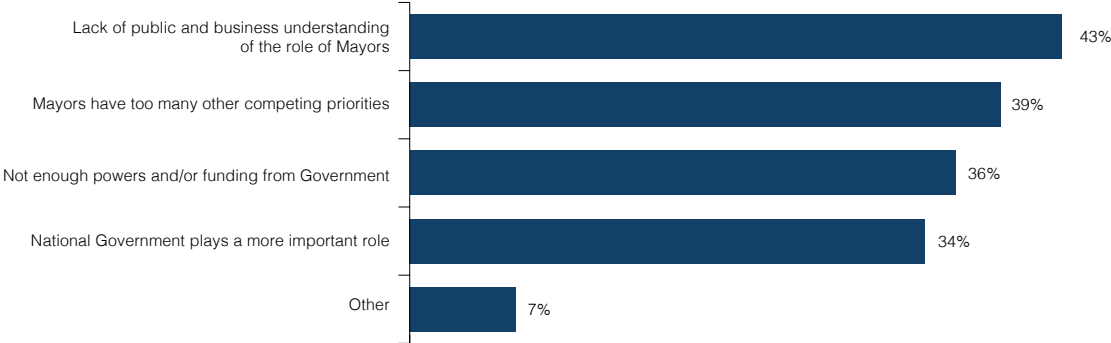


Chart 4: Views of those unfavourable to the creation of more Mayors



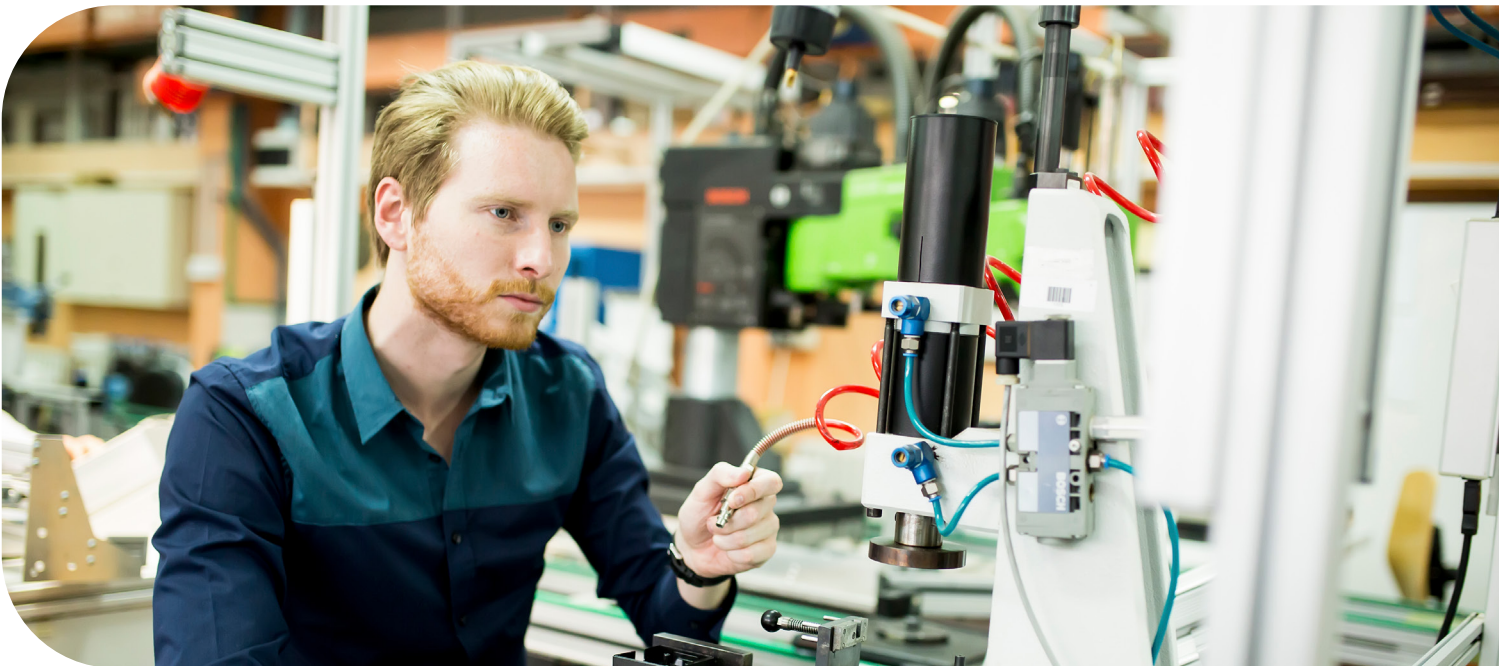
Source: Make UK Devolution Survey, February 2025

Manufacturers' views on mayoralalties seem to be closely linked to their personal experience of them. Our survey demonstrated that an almost equal number of manufacturers were favourable and unfavourable towards introducing more Mayors to benefit local industry. When asking only those who operate in an MCA area, 62% were favourable to more Mayors, versus 29% of those in non-MCA areas, and only 20% were unfavourable, versus 46% of those in non-MCA areas.

Of those sceptical of the introduction of more mayors, 43% of those surveyed felt there was a lack of public

and business understanding of their role. This draws a distinction between high awareness and low understanding, with the latter a point for future combined authorities and national Government to focus on.

Notably, the least popular reason was that national Government plays a more important role, with only 34% of manufacturers believing this. Clarity of priorities, specificity of remit and appropriate powers and funding are the bigger drivers of turning pessimists into optimists. This also indicates a broad support for a mayoral based system of Government.



Room for Improvement

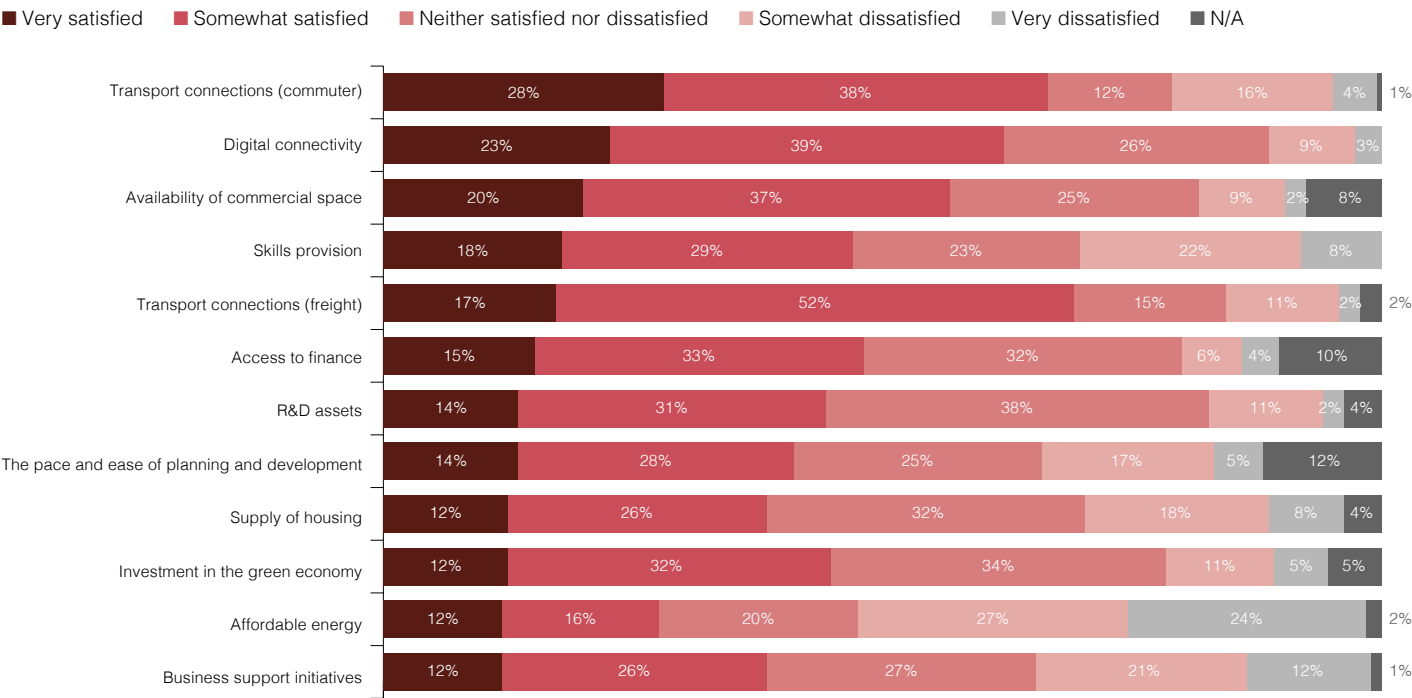
The direction of Government policy reflects the basis of manufacturers’ scepticism about devolution. A limited scope of powers, inconsistency of funding models, and coordination and prioritisation challenges are restricting regional growth opportunities.

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Amongst the areas of responsibility for regional government, it is interesting that there are very different satisfaction ratings across manufacturers. It is notable that the two areas where manufacturers generally feel most dissatisfied are the availability of business support initiatives and affordable energy, whereas commuter transport and digital connectivity appear as the two areas where the sector is most satisfied.

There are distinct differences between the experiences of those working within an MCA and those outside of one. For commuter transport, 68% of manufacturers within MCA areas are very satisfied, compared to 20% within non-MCA areas. For skills provision, 30% of manufacturers within MCA areas are very satisfied, compared to 11% within non-MCA areas. For business support initiatives, 26% of manufacturers within MCA areas are very satisfied, compared to 4% within non-MCA areas. For investment in the green economy, 28% of manufacturers within MCA areas are very satisfied, compared to just 2% within non-MCA areas.

Chart 5: The satisfaction of businesses in relation to different policy areas in their region



Source: Make UK Devolution Survey, February 2025

A Blueprint for the Future

The fast and ambitious pace of the English Devolution White Paper presents a timely opportunity to instil several key principles in the development of live and future mayoralities and strategic authorities. In doing so, current combined authorities and future strategic authorities can play a more successful role in their economic growth ambitions and strengthen the country’s manufacturing sector.

We have identified the following areas where these authorities could and should be demonstrating forward-thinking leadership to develop the economies of their local areas.

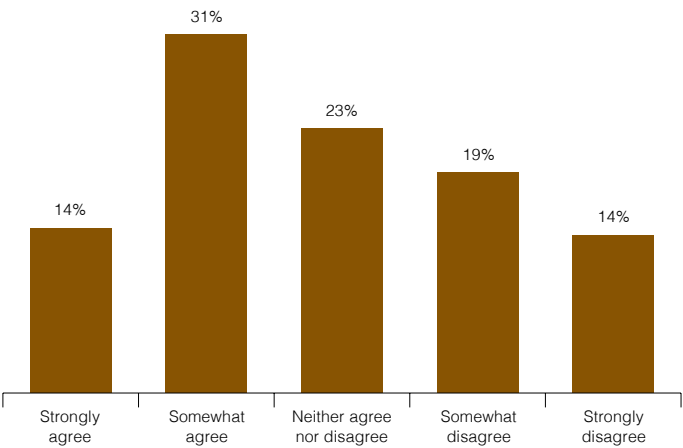
LEADERSHIP AND VISION

A key benefit of the mayoral model of government is the ability for a singular leader, with a strong electoral mandate and executive power, to construct a powerful vision for their region. In their White Paper, Government describes mayors having a “unique role” within the context of strategic authorities, operating in clear distinction to council leaders “who are expected to continue to focus on leading their place and delivering vital services”. For manufacturers, there is huge benefit in mayors being able to operate strategically and solely to the advantage of their wider region. This removes any difficulty of battling competing priorities and allows them to work above hyperlocal and parochial matters.

Our survey showed that manufacturers tended to agree rather than disagree that local government understood their industry, with 45% either strongly or somewhat agreeing with that statement and 33% either strongly or somewhat disagreeing. Almost a quarter (23%) neither agreed nor disagreed, indicating a significant number either lack awareness or understanding of the activity of their local and regional authorities.

These numbers are significantly different when comparing those within an MCA and non-MCA area. 69% of those within an MCA area either strongly or somewhat agreed that local government understood their industry,

Chart 6: Manufacturers’ views on whether local government has a good understanding of the industry in their region



Source: Make UK Devolution Survey, February 2025

compared to only 28% of those in a non-MCA area. 19% of those in an MCA area either strongly or somewhat disagreed that local government misunderstood their sector, versus 41% of those in non-MCA areas. This appears to demonstrate that, once the benefits of a mayoral model are felt, the local understanding and buy-in of the manufacturing industry improves.

The regional disparities here are also quite interesting. 39% of those surveyed in Yorkshire and the Humber strongly agreed that their local government understood industry in their region, compared to 0% in London and the South East.

¹¹Deputy Prime Minister, Angela Rayner, [English Devolution White Paper](#) - GOV.UK, 2024

LOCAL GROWTH PLANS

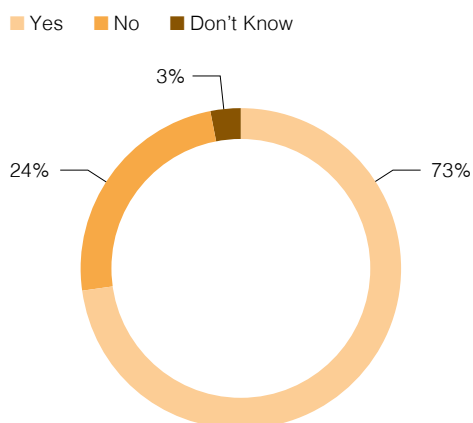
One area where Mayors can demonstrate their vision to businesses and the public is through their Local Growth Plans. The English Devolution White Paper requires mayors to fulfil a statutory duty to develop a plan to “hardwire their local growth priorities into the way the UK government works”. This not only presents an opportunity to align plans with the national Industrial Strategy, but also to spearhead a focus on growth and productivity. Drafts are already underway in existing MCA areas and Make UK hopes to see regions’ manufacturing strengths reflected within them.

COMMUNICATION AND ENGAGEMENT

Frequent feedback from Make UK members highlights that communication and engagement with manufacturing businesses is at the heart of good regional government. In light of the changes around PRPs and LEPs, formal structures for engagement are being dismantled. Whilst some still exist, the overall picture is patchy and inconsistent.

There is widespread understanding amongst manufacturers on how to communicate proactively with their local government body, and again, that picture improves if they are part of a mayoral area. 86% of those surveyed from an MCA area understood how to contact their local authority, versus 71% of those from non-MCA areas.

Chart 7: If manufacturers know how to contact their Local Authority or local government body to discuss manufacturing in their region



Source: Make UK Devolution Survey, February 2025

CASE STUDY

West Yorkshire Manufacturing Task Force

In 2021, the Mayor of West Yorkshire set up their first-ever Manufacturing Task Force, bringing together representatives from manufacturing companies and alliances across the region to identify opportunities to grow the sector.

This was specifically a time-limited body to explore best practice and find solutions to immediate and future challenges, including net zero, trade and productivity. They then developed an action plan with recommendations, which was published in 2022, to help local manufacturing businesses to thrive in the region.

Although understanding of how to contact local authorities is generally good, there is concern amongst manufacturers that there is a lack of proactive engagement stemming from the authorities themselves. Anecdotal evidence from our members across different parts of England tells us that communication channels can be irregular, inconsistent, lacking in key information and inaccessible for smaller businesses.

There is clearly a gap felt by manufacturers in terms of communication and engagement with their local areas, which will undoubtedly worsen once the disappearance of PRPs and LEPs is factored in. Specialist business panels, which can be drawn upon for expert advice and guidance, should be introduced in all areas with a current combined authority or future strategic authority. These panels should include at least one manufacturing representative and one SME representative and can be used as a flexible resource for both mayors and officers to call upon when input or feedback is required, for example on an inward investment proposition, a grant funding scheme or an economic strategy. These panels would then serve the dual purpose of acting as a natural conduit for key pieces of information and guidance that can help those in their local economy.

RECOMMENDATION

Increase communication and engagement across all areas of England, wherever they are in their devolution journey. To replace the previous roles of LEPs and PRPs, specialist business panels should be introduced, which regional authorities can draw upon for expert advice and guidance, and which could also act as useful communication dissemination channels for information, funding and guidance.

INVESTMENT AND BUSINESS SUPPORT

Another key role of devolved regional authorities is to attract and drive inward investment. The UK is often ranked in the bottom 10% of OECD countries for investment. Although central government investment matches the OECD average at 2.2% GDP, UK local government investment, at 0.8% GDP against an OECD average of 1.4%, ranks 30th out of 38 OECD countries: the lowest in the G7.

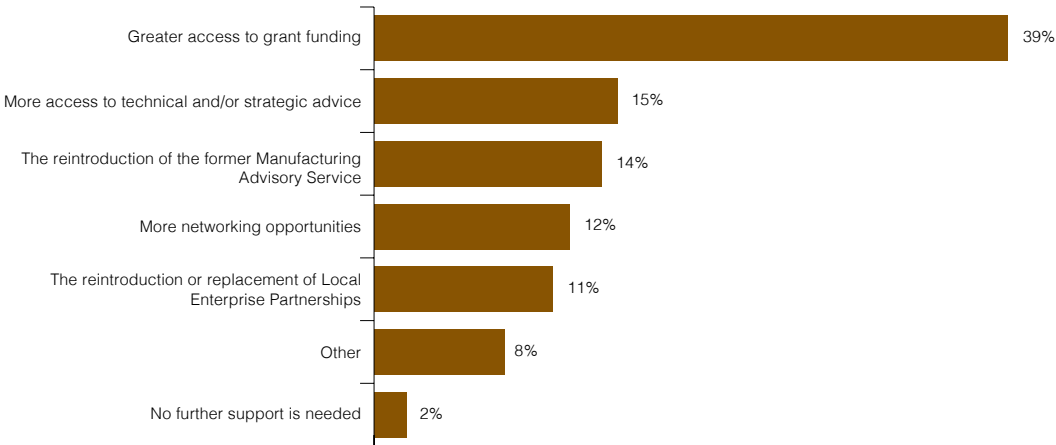
Mayors can play a pivotal role in attracting inward investment to their regions. As well as being a natural champion for their region's strengths, they can act as a single point of contact for investors: something that is difficult to replicate at a more granular local government level. Mayors can leverage their key sectors, create innovative ecosystems to drive R&D and both public and private investment, and market their region globally to attract foreign direct investment. In addition, they have the policy levers to deliver the on-the-ground initiatives that make investment possible, such as transport, digital infrastructure and housing.

As well as being strategic drivers of investment, mayoral authorities play an important role in delivering dedicated business support to local employers. Such support can vary from access to finance, resource and guidance material, networking events and strategic advice.

¹²Chancellor of the Exchequer and Secretary of State for Business and Trade, *Invest 2035: the UK's modern industrial strategy* - GOV.UK, 2024

¹³OECD Data Explorer, *Subnational government investment*, 2022 figures (updated 2025)

Chart 8: Manufacturers’ views on the most helpful dedicated business support that is provided by their local authority



Source: Make UK Devolution Survey, February 2025

Unsurprisingly, manufacturers wished to see greater grant funding available to them. This was broadly equally important to both those in MCA and non-MCA areas, indicating both recognition and need. Whilst grant funding is an important mechanism for injecting investment into specific areas, many manufacturers feel that the processes for obtaining the funding can be complicated, opaque and disadvantageous to SMEs who are often more resource-constrained. It is welcome that the Government wishes to see an end to competitive funding pots in this Parliament and has stated its intention to simplify funding streams. It is also a good opportunity for regional authorities to be proactive in streamlining their own grant funding processes too. We would ask all authorities to work collaboratively with local businesses to adapt their funding programmes to be more user-friendly. This should include consideration of how funding streams are positioned, marketed and framed. There should also be appropriate flexibility for businesses to be able to deploy capital as they best see fit rather than be constrained by strict delivery mechanisms.

RECOMMENDATION

Alter the process of grant funding delivered by regional authorities to one which is more closely tailored to business need, clear on its objectives and delivery mechanisms, and flexible for businesses to use where it makes most sense.

Another noteworthy outcome of the survey was that 50% of respondents in non-MCA areas said they would value greater access to technical and strategic advice, compared to 30% in MCA areas. This could indicate that MCA areas already provide greater access to such materials which more regions could benefit from when they have a strategic authority. It could also prove a clear ‘value-add’ in the current system, where some areas have a specific resource that others do not. This is something that the Government will want to improve as they progress their devolution agenda.

CASE STUDY

The West and East Midlands Compact

In March 2025, the Mayors of the West Midlands and East Midlands launched ‘the West and East Midlands Compact’. This is a formal agreement for the West Midlands Combined Authority (WMCA) and East Midlands Combined County Authority (EMCCA) to collaborate more closely to bring greater investment to the regions and drive economic clusters, including advanced manufacturing, automotive, aerospace, life sciences and clean energy. It will also focus on strengthening supply chains, foreign direct investment, transport and infrastructure, and research and intelligence.

TRANSPORT AND INFRASTRUCTURE

Regional mayors typically have dedicated powers to influence both transport and digital infrastructure policy and development: both of which are crucial to a successful regional authority delivering growth. As part of the White Paper, the Government sees mayors as playing a role in creating “unifying and integrated transport systems”, including new powers to franchise local bus services and lifting the ban on municipal ownership.¹⁴

In existing combined authority areas, the mayor has significant control over the regional transport budget. This includes setting funding priorities for local transport schemes, such as new bus or tram routes, road maintenance projects, cycling and walking infrastructure and green transport.

services. Many mayors have developed digital-specific strategies and worked to improve high-speed broadband and 5G rollouts in their areas.

SUB-NATIONAL TRANSPORT BODIES

In 2016, Parliament gave approval for the creation of Sub-National Transport Bodies, which would have the ability to plan and prioritise long-term infrastructure investment in a given area. It also allows them to formalise their relationship with key stakeholders, for example Network Rail and Highways England, to inform their future investment programmes. There are currently 7 SNTBs in England.

CASE STUDY

Greater Manchester's Bee Network

The Bee Network, pioneered by Andy Burnham (Mayor of the Greater Manchester Combined Authority), was launched in 2023 to transform public transport in response to new powers from Government to bring buses under local control. Burnham made sweeping changes to bus franchising, integrated ticketing and fare caps leading to significant outcomes for residents.

As of spring 2025¹⁵:

- Bus punctuality across established franchised routes has increased by 10% compared to pre-franchising.
- Bus ridership has increased 4% year-on-year and tram passenger numbers in 2024 surpassed the previous record set in 2019.
- Average ticket prices have reduced by 15%, with fare revenue 4% above target in the period April 2024-January 2025.
- 25% of the bus fleet will be zero emission by the end of 2025.

As well as transport, mayors have been playing an increasingly significant role in shaping the digital infrastructure of their regions, especially as technology becomes more integral to economic growth and public

CASE STUDY

The London Office of Technology and Innovation

The London Office of Technology and Innovation (LOTI) is a membership organisation funded by local London boroughs and the Greater London Authority, which aims to “find, fund and then scale the best ideas across London local government”.¹⁶

In its first year of operation, LOTI developed a new platform, *Thirty3*, to improve boroughs' procurement practices. This is a platform to host CityTools data, which reports on the technologies and accompanying contracts that enable local authorities in London to deliver their services. Most importantly, *Thirty3* offers the opportunity to help SMEs better navigate boroughs' technology tenders, improving access for SMEs.

LOTI has grown from 15 boroughs in 2019 to 27, connecting thousands of local government workers to increase information sharing and capacity building across London. Evaluations of its impact suggest that LOTI has substantially improved digital collaboration across London and, in doing so, saved London boroughs significant ‘time and money’.¹⁷

¹⁴Deputy Prime Minister, Angela Rayner, [English Devolution White Paper - GOV.UK](#), 2024

¹⁵Centre for Cities, [Public transport shows devolution is delivering for Greater Manchester](#), 2025

¹⁶London Office of Technology and Innovation, [About - LOTI](#), 2020

¹⁷London City Hall, [Evaluation of the London Office of Technology and Innovation](#), 2024

SKILLS

A key differentiating benefit of mayoral authorities is greater control and responsibility over skills. The single biggest step to boosting economic growth would arise from filling a significant proportion of the 52,000 unfilled vacancies in the manufacturing sector. Manufacturers require assistance in training and upskilling their existing workforce to adapt to evolving technologies and industry demands. It makes sense that regional authorities will understand the specific skills needs of their areas best.

The devolution of skills policy and funding is intended to provide local areas with greater control over how they train and develop their workforce. By having more control, regional authorities can tailor their skills policies and funding to their specific needs, ensuring that the skills training provided is appropriate and meets the requirements of local employers.

CASE STUDY

Made NE

MADE NE (Manufacturing, Automation, Digitalisation, Electrification North East), led by Nissan on behalf of the automotive sector, is a large-scale project to create world-leading training facilities across two sites in Sunderland, backed by £9.7 million funding from the North East Combined Authority. It will have a focus on skills training for the region's advanced manufacturing sector, specifically EV and battery manufacturing, and will cover development from primary school to apprenticeships, as well as in-work learning. The institute states it is the first centre to specifically address this manufacturing need in the North East.

To date, a central element of devolved skills policy has been the Adult Education Budget (now Adult Skills Fund as of 2024). The aim of the AEB/ASF has been to fund training opportunities for adults over 19: training that complements

an area's local skills needs. Funding was also made available in some areas with higher-tier devolution deals for the Multiply numeracy programme and via the Shared Prosperity Fund.

To make the most of devolved skills powers, authorities should collaborate with both local businesses and education providers. For example, they could partner with businesses to design industry-specific skills bootcamps – as many of the existing MCAs have already begun to do – or collaborate with Sector Skills Councils that represent specific industries. Devolved authorities can also leverage local labour market data to understand current and projected industry growth, work with local schools and colleges to ensure their curriculum aligns with the skills required by growing industries and ensure that resources are allocated fairly to avoid widening the gap between already thriving and struggling regions. These are all potential opportunities of the new Local Skills Improvement Partnership model.

Another vehicle to empower local areas could be through more devolution of further education (FE) funding. Whilst current MCAs have a relationship with their local FE colleges, the bulk of FE college funding is held centrally by the Department for Education. Devolving more of this funding would give mayoral authorities stronger leverage to develop and implement local skills strategies and give them a route to build relationships with schools with sixth forms. While it is important for central government to retain some control over national policies and programmes to avoid further reinforcing what many employers already experience as a postcode lottery of skills provision, better enabling providers to address local labour market needs is an important part of enabling employer investment in skills training.

RECOMMENDATION

Use new Local Skills Improvement Partnerships to facilitate closer working between FE colleges and manufacturing businesses and to more fully devolve FE funding to strategic authorities.

TECHNOLOGY AND INNOVATION

Through our world-leading universities and top-class industry-led research and development (R&D), technology and innovation play a central role in encouraging prosperity and economic growth in the UK. Through automation and new digital technologies, UK manufacturers are reshaping our economy for the better. While some businesses are already reaping the rewards, many manufacturers are yet to embark on their digital journey and are therefore falling short of benefiting from improved productivity and lower operational costs.

Regional government has a fundamental role to play in driving adoption by aligning local strategies with national policy. By tackling broader common barriers to growth, such as access to skills and finance, a clear route to greater technological advancement can be paved.

Make UK has long advocated for the development of designated 'AI Innovation Clusters' which can be used to foster regional hubs for AI development and adoption within manufacturing dense regions. In collaboration with national Government, targeted funding and tax incentives for businesses, universities and other regional programmes can then be provided for collaboration within these clusters.

Upfront grants could also be made available for AI-focused start-ups and match funding for consortium-led AI projects that directly benefit SMEs in manufacturing.

CASE STUDY

COMPASS in South Yorkshire

The construction of COMPASS was completed in 2024, marking an £80 million innovation facility investment in South Yorkshire. The centre builds on the existing world-class composite and automation capabilities at the University of Sheffield Advanced Manufacturing Research Centre and aims to derisk new technologies and processes. It is backed by a combination of national Government, Combined Authority, local council, university and catapult funding: a compelling example of how devolved power can contribute to a locally driven R&D initiative.

NET ZERO

The UK is a global leader in tackling climate change and capitalising on the exciting growth opportunities that net zero will provide over the coming decades. The work of manufacturers will be vital to meeting our net zero ambitions and the sector has the potential to become a leader in net zero technologies and expertise, attracting billions of pounds in investment, creating more well-paid jobs and moving the dial on productivity and growth.

The role of mayors in delivering the UK's net zero target is increasingly prominent. Mayors' role in delivering sustainability and waste measures, decarbonised transport, active travel and renewable energy initiatives is significant. All combined authorities have their own climate and sustainability plans, aimed at reducing their own carbon footprint as well as that of their residents and businesses. Regional authorities also play a crucial part in helping local businesses to decarbonise quickly and cost effectively.

CASE STUDY

West of England Climate and Ecology Strategy and Action Plan

The West of England Combined Authority (WECA) launched its Climate and Ecology Strategy and Action Plan in 2023, aimed at achieving net zero in the region by 2030. WECA used its convening powers to set a long-term framework with actions attributed to the most appropriate delivery level, whether that be regional or local. This has allowed funding to be targeted in the right places. WECA has used a £60 million green recovery investment fund to invest in a variety of green projects, including £5 million for electric vehicle infrastructure and £1.5 million for onshore wind.

WHAT DOES 'GOOD' LOOK LIKE?

A well-functioning system of regional devolution brings wide-ranging benefits to the manufacturing sector. An engaged, communicative strategic authority, with deep knowledge and understanding of their economy, is a key driver of future success for manufacturers and all businesses alike.

To achieve their full potential, regional authorities should adopt a blueprint of best practice and ensure they remain complementary to national policymaking where appropriate. With the English Devolution White Paper setting out a radically different future for regional and local government, there is an opportunity now to reset national and regional collaboration.

An important topic of shared interest is the Industrial Strategy: something that has been long awaited by the manufacturing sector. Make UK has been supportive of the Government's ambition to put forward a robust and forward-looking vision, coupled with ambitious goals, to ignite a culture of innovation and bolster long-term economic progress. The UK has grappled with the absence of a clear and unifying direction across its industries, leading to challenges in achieving industrial success.

The Government has placed an obligation on regional authorities to ensure that their Local Growth Plans are compatible with the national Industrial Strategy. We would ask local areas to go one step further and introduce increased accountability and metrics into their Local Growth Plans.

Make UK has been making the case for tangible success metrics within the Industrial Strategy. For example, Make UK has proposed an overall target of increasing the manufacturing sector from 10% of UK GDP to 15% of a growing economy. This, we calculate, would add an extra £142 billion to UK GDP. Other metrics and indicators could include job creation rates, levels of investment, productivity improvements and innovation outputs.

It makes sense for Local Growth Plans to mirror any rigour that the Industrial Strategy contains in terms of metrics to ensure that their specific regions are delivering on the Government's overall objectives. We also believe that both the Industrial Strategy and Local Growth Plans should include an obligation to regularly report publicly on their success, so that local businesses and residents can understand progress. Regional growth is an essential success measure here: the results of which can then help to shape the economic strategies of a region.

RECOMMENDATION

Ensure all Local Growth Plans are integrated with the national Industrial Strategy, hardwiring accountability and tangible success measures into both. This should include an obligation to regularly report on increases to regional growth.



IMPROVING LOCALISED DECISION-MAKING

Fiscal Devolution

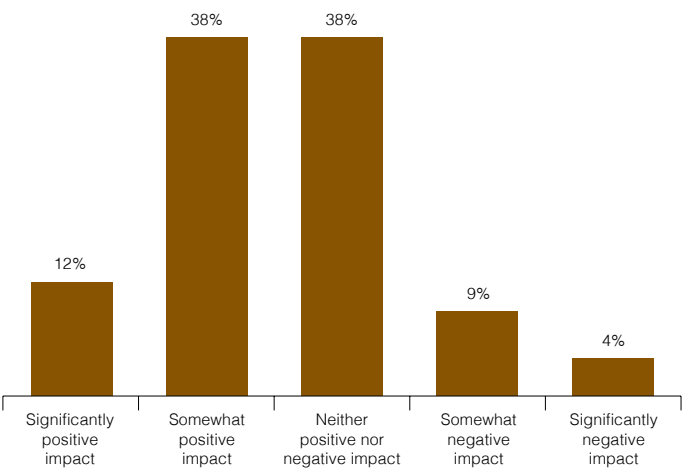
Another component of more effective devolution would be improved local decision-making, both in terms of funding and powers. As argued in our 2024 report, greater fiscal freedom for local areas would be a game-changer to drive growth more quickly. We welcome the Government’s desire to move away from single-pot funds and competitive allocations, but funding for combined authorities and councils is still largely centralised. Manufacturing, and business more generally, would benefit from greater flexibility of spending and revenue raising at a local level.

A common argument in favour of increased fiscal devolution is that it would strengthen local economies, but also reduce the burden on the Exchequer. In return for a lower central government grant, mayors could have the option to fully retain their business rates, raise council tax to more flexible thresholds and even consider supplementary levies, for example the ‘tourism tax’. Centre for Cities has estimated that fiscal devolution could increase the economic performance of Greater Manchester by £49 million-£230 million (depending on the precise policy package) every year by 2038 and that of the West Midlands by £40 million-£187 million.¹⁹ This would mean higher availability of public investment for local priorities and increased income tax revenues for Whitehall of between £161 million-£505 million per year.²⁰

50% of manufacturers acknowledged the potential benefits of fiscal devolution. As with previous indicators, enthusiasm and knowledge are higher from those surveyed within an MCA area, with 73% feeling that fiscal devolution would have a significantly or somewhat positive impact. This is compared to 41% of those in a non-MCA area. Given 38% felt unable to comment, there is clearly a lack of understanding about its impact. Again, this is higher amongst those in a non-MCA area (46%) than within an MCA area (20%).

To date, Whitehall has been reluctant to hand over the full fiscal reins to local areas, which is common in many other comparable European countries. Given the refreshed devolution agenda and steadfast drive towards economic growth, we believe that the Treasury should work together regional stakeholders to publish a green paper to explore

Chart 9: Manufacturers’ views on the impact to their business if their regional mayor had full fiscal powers (i.e. the powers to control tax levying and spending)



Source: Make UK Devolution Survey, February 2025

the cost and benefits of devolving fiscal powers to new strategic authorities in England. This green paper should look at the potential gains to local areas and savings to the Exchequer, as well as international best practice. The paper would provide a helpful policy tool to inform future policy developments and represent a natural next step in the Government’s devolutionary journey.

RECOMMENDATION

Commit to a green paper on the cost and benefits of fully devolving fiscal powers to new strategic authorities in England.

¹⁹Centre for Cities, Fiscal devolution is possible: here's how, 2023
²⁰Ibid

Local Ballots

In our 2024 report, we argued for the introduction of a new democratic mechanism in the form of ballots to better direct tax and spend in an area. In many US states, a bond referendum is a direct vote where the public in a given jurisdiction can determine whether a government entity, typically local or state level, can borrow money via bonds or levy a local tax to fund specific local projects or initiatives. If a referendum is passed, a tax is then levied to fund the project.

If the Government is unwilling to move on fiscal devolution for the time-being, it should consider bond referenda as an alternative. This would allow local areas the flexibility to pursue regional growth initiatives without relying on large injections of central government or private investment.

RECOMMENDATION

Consider extending the powers of new strategic authorities to hold local ballot measures to fund regional projects.

About us



Make UK is backing manufacturing – helping our sector to engineer a digital, global and green future. From the First Industrial Revolution to the emergence of the Fourth, the manufacturing sector has been the UK's economic engine and the world's workshop. The 20,000 manufacturers we represent have created the new technologies of today and are designing the innovations of tomorrow. By investing in their people, they continue to compete on a global stage, providing the solutions to the world's biggest challenges. Together, manufacturing is changing, adapting and transforming to meet the future needs of the UK economy. A forward-thinking, bold and versatile sector, manufacturers are engineering their own future.

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