2025 AUTUMN BUDGET SUBMISSION

Executive Summary

UK manufacturing is one of the British economy's success stories and sits 11th in global manufacturing rankings. It accounts for £220 billion of total output each year, provides 2.6 million jobs (paying 8% higher than the whole economy), and its goods make up 42% of the UK's total exports and 48% of UK R&D. By increasing the sector from 10% of GDP to 15%, we can add an extra £142 billion to the UK economy, whilst driving a substantial uplift in long-term domestic and foreign investment.

This Autumn Budget comes at a time when Government is beginning to implement the Industrial Strategy. Make UK welcomed the long-awaited Industrial Strategy, which will provide vital direction for boosting our industrial strength and capabilities. It is important that the Autumn Budget builds on these positive steps to provide manufacturers with the tools they need to succeed, especially in the areas of skills, energy costs and access to finance.

The 2025 Autumn Budget comes at a time when manufacturers are still adapting to the changes brought about by the 2024 Autumn Budget. In particular, the increase to Employers' NICs has been acutely felt by manufacturing businesses and it has had challenging impacts. In general, the 'cost of doing business' is high for manufacturers to endure: 68% have already faced higher-than-expected costs in the past six months and over half have raised prices this year - with more planning to do so soon.[1] This is especially the case when taken in the context of wider policy changes, for example, the Employment Rights Bill.

The need for growth is urgent. To support business in the coming year and beyond, Make UK asks the Treasury to focus solely on 'growth' measures: any 'anti-growth' measures, such as further increases to business costs, will be damaging and unwelcome. Manufacturers are supportive of the Government's economic growth agenda, but they cannot endure further increases to their cost base.

[1] Manufacturing Outlook 2025 Q3 | Make UK

Make UK is asking for a series of key policy asks of Treasury in this Autumn Budget to support manufacturing businesses and turbocharge the economy:

Theme	Policy	Description
Skills	To ringfence the revenue from the Growth and Skills Levy and Immigration Skills Charge.	Together, the revenue from the Growth and Skills Levy not allocated to the apprenticeship budget and the Immigration Skills Charge reach c. £1.1 billion per year. The priority for the Government at this Budget should be to ringfence this revenue for investment in the skills system to ensure that manufacturers are supported to invest more in the high-value training that they need.
	To review existing tax relief on work-related training and consider enhancements to industrial strategy occupations.	Manufacturers would like to see more effective support through the tax system for investment in training across their workforce. The Government should formally evaluate the existing corporate tax deduction for work-related training with a view to consulting on enhanced relief for training relevant to industrial strategy occupations.
Energy costs	To expand the scope of the British Industrial Competitiveness Scheme to all manufacturers.	Currently, the scheme only benefits 7000 of the most energy-intensive manufacturers. We would like to see the scheme expanded to all manufacturers and would encourage Government to backdate it to April 2025 once implemented.
Electrification	To implement a conditional and targeted discount for industrial electrification.	We propose a conditional electricity-price discount for manufacturers, home of the UK's critical supply chains, that invests in moving away from natural gas or oil-fueled processes to those driven by electricity. This discount would be targeted at process-power energy, enabling manufacturers to invest in the right choices. Delivered in a targeted way, such a scheme will be an essential mechanism for unlocking available private sector investment and growth, accelerating industrial decarbonization, and helping to increase productivity by modernising areas of UK industry that have, to date, been unable to electrify.
Business rates	To introduce a targeted exemption for investments in green technologies from	At present, manufacturers installing energy-efficient machinery can face higher rateable values because they have made investments in green technologies. A

	business rates.	targeted exemption from business rates would remove a major disincentive for manufacturers to invest.
Finance	To introduce no further Employer NICs rises.	Rising costs across manufacturing businesses are stifling growth and investment. We ask that no further increases to business costs are made so that UK manufacturing can thrive.

UK Manufacturing: The State of Play

The pursuit of growth, a mission well defined and understood by both Government and industry alike, has defined the activity of both parties since the end of the pandemic. For the industrialists of the UK, rapid action was taken to capitalise upon a rush in demand for British-manufactured goods. Swiftly bolstering headcounts, reopening halted plants and investing for the future enabled the sector to maintain a sentiment that was remarkably confident despite the years of disruption before it. The Government, heeding the calls of the sector's need for a formalised Industrial Strategy, responded in kind, working in partnership with businesses throughout the UK to develop the most earnest iteration of an Industrial Strategy that the country has seen in over two decades.

By that generous, yet truthful, assessment of the actions of both manufacturers and Government, one would hope that the joined-up approach would have brought an end to the pursuit. Unfortunately, this is not the case. Growth in the sector has languished, and the latest forecasts suggest that the sector will not grow at all this year, and by a meagre -0.6% in 2026. It is important now, more than any time since the pandemic, to reinforce the message that this is a mission that has no alternative. Although this policy collaboration is yet to deliver growth, it is redundant to consider that efforts could be placed elsewhere to make up for unrealised gains.

Manufacturing in the UK is a foundational industry, and the bedrock of a developed economy with any aspirations to remain as such. While the sector is responsible for just over 10% of all value generated in the United Kingdom, it is the indirect support it provides to the wider domestic economy that is so often underrepresented. It is the value chains that cement the UK as an indispensable partner in the modern international economy, it is the towns, villages and communities in rural and underserved geographies that prosper exclusively due to the sector's foundation and, perhaps most critically, it is the beginning of a process which derives value of raw commodities, creating jobs, valuable products and ultimately birthing an entire service economy that orbits with the sector at its core.

This year, despite efforts of both state and sector, has seen an underwhelming performance for manufacturers. Suppressed demand conditions, lingering inflation and the heightened cost of capital have all characterised the business environment manufacturers have operated in. Yet, the sector's measured confidence in its capacity to grow rapidly should demand return, remains. If anything, this is a testament to the readiness of the sector to thrive. The UK's production base is far from a position of irrecoverable decline, and, nevertheless, systemic erosion of domestic manufacturing capacity is a dearth far worse in the long term than any immediate loss to GDP. Even though core performance, as measured by orders and output, has been weak, there are facets of the sector that have remained robust, and in some cases, improved considerably. One example is employment, which has remained resilient in the face of faltering demand. Where there has been demand, export performance has exceeded expectations and has propped up the sector's admittedly slim order books.

In the very latest data, confidence is growing, particularly in terms of intentions to invest, reflecting the readiness of the sector to capitalise on any prevailing positive business conditions that may blow the UK's way. In the short term, we have already observed the sudden ability of the sector to pivot to shock increases in demand as US customers and related stakeholders rushed to beat the uncertain impact of tariffs. Although this is well understood to be a flash in the pan, it serves as immediate evidence of the sector's capability to capitalise on sudden demand.

The sector is poised to grow, and the Government's business policy is working in partnership with the sector. Now, both must continue to work in lockstep to navigate what are doldrums, not just for the UK's manufacturing sector but also the wider western manufacturing base. This partnership has taken significant strides, rapidly closing the gap between the UK's industrial policy landscape and that of our western partners and competitors. As the UK enters an increasingly challenging fiscal environment, it is paramount to the future prosperity of the nation that the foundational industry of manufacturing grows to provide the bedrock upon which value can propagate.

Skills and Employment

The ability to recruit, retain and train highly skilled workers is integral to the future growth and resilience of manufacturing in the UK. Yet, as of July 2025, there are 45,000 manufacturing vacancies in the country, costing the sector up to £4 billion in lost output. The Government has made several promising commitments on skills training through the Industrial Strategy, and the Get Britain Working agenda is rightly focused on addressing economic inactivity, supporting businesses to hire and keep hold of skilled workers. There is an opportunity in this Budget to do more to address this huge challenge.

Businesses in our sector are concerned about the rising cost of employment. The decision at last year's Autumn Budget to increase Employer NICs, combined with high annual increases in the National Living Wage and preparation for the implementation of the Employment Rights Bill from the end of this year, is making recruitment and retention harder for manufacturing businesses. In a member survey, we found that 95% of firms are concerned about the Employment Rights Bill. 67% believe that, overall, the Bill will negatively impact their business, and 87% do not believe it strikes a fair balance between employee protections and business flexibility.[2]

Little progress has yet been made in reversing the 41% decline in engineering and manufacturing apprenticeship starts since 2017. While we welcome the steps taken towards a more flexible Growth and Skills Levy, the removal of levy funding from most level 7 apprenticeships and the risk of further apprenticeship budget overspend – despite the welcome uplift at the Spending Review – have manufacturers worried that valuable apprenticeship training risks becoming unavailable to them.

[2] Make UK member survey, August 2025

We believe that there are a series of policy interventions for employment and skills that can usefully support manufacturers:

Align skills reforms to industrial strategy priorities

- **Fully allocate Growth and Skills Levy and Immigration Skills Charge revenue to skills.** The Government rightly committed in its industrial strategy to increasing flexibility in the Growth and Skills Levy and reviewing apprenticeship funding bands for key occupations. The current pressure on the apprenticeship budget means that if the Government is to fulfil these commitments while maintaining highly valued apprenticeship provision, all the money raised from employers not currently reinvested in the skills system – estimated to stand at just over £1.1 billion in 2023/24 – needs to be so.

- **Incorporate Skills Bootcamps and Higher Technical Qualifications (HTQs) into the new Growth and Skills Levy.** Manufacturers welcome the Government's decision to include short courses in the Growth and Skills Levy; however, to do so by April 2026 leaves little room for new provision to be designed and developed. As a first step towards this flexibility – and to encourage more investment in upskilling and retraining – Skills Bootcamps and HTQs should be included in the Growth and Skills Levy, enabling employers to use their levy funds for their contribution to the cost of training.

- **Review existing tax relief on work-related training and consider enhancements.** Manufacturers would like to see more effective support through the tax system for investment in training across their workforce. Many employers will make use of the existing corporation tax deduction for work-related training, but there is little information available about its cost to the public purse, how it is used or its effectiveness. The Government should formally evaluate the existing deduction with a view to consulting on enhanced relief for training relevant to industrial strategy occupations.

Support employers to improve the health of their workforce

- **Introduce an SME rebate for Statutory Sick Pay.** Make UK supports the decision to remove the three-day waiting period and lower earnings limit for SSP in the Employment Rights Bill. However, the Government's own assessment of the direct cost to businesses of this decision is over £1 billion, disproportionately affecting small employers. To support SMEs with the additional cost, the Government should introduce an SSP rebate scheme on the same basis as during the pandemic. Based on the high proportion of companies already choosing to pay occupational sick pay, this is expected to cost no more than £100 million.

- **Improve and expand tax relief for occupational health interventions.** Occupational health support accessed through employers can be an important and effective way to prevent and treat health conditions affecting people's ability to remain in work. There is currently limited tax relief applied to specific occupational health services, typically with a focus on treatment over prevention. To support the Government's correct focus on reducing and preventing further health-related inactivity among workers, it should revisit the previous government's consultation on broadening occupational health tax relief and implement its proposals. The original consultation estimates the cost to the exchequer of implementing these measures to be "in the tens of millions".

Ensure a fair and proportionate approach to enforcing the Employment Rights Bill

- **Allocate greater resources to Acas and HMCTS.** The Government's own forecast of an increase in employment tribunal claims by up to 20% as a direct result of ERB measures will add to this pressure. Manufacturers report positive experiences of support from Acas in early conciliation to resolve disputes and avoid them progressing to the ET, but there is also an increasing risk of a lack of capacity in this service. To address the existing backlog in the ET system, ensure future cases can be dealt with efficiently and prevent an unsustainable increase in cases, the Government should equip Acas and HMCTS with the financial resources it needs.

- **Set out clear plans for resourcing the Fair Work Agency.** Employers are nervous that an under-resourced FWA will be reliant on increasing its revenue to meet its operational costs, creating a perverse incentive for the agency to take an over-zealous approach to enforcement. By ensuring that there is adequate funding for the FWA to discharge its duties – as well as having a strategic focus on improving compliance rather than measuring success simply by the level of enforcement activity – the Government can support the FWA to take a proportionate approach to labour market regulation and enforcement that does not impede employers' ability to grow.

Energy & Net Zero

The net zero transition is reshaping global economies and being used as a driver for innovation. Manufacturers are integral to that journey and need to be supported to seize these opportunities and deliver the UK's clean power future.

Our recent report on green technology has found that uncertainty is holding back investment and therefore the country's growth potential.[3] Whilst the Industrial Strategy has created an overarching vision for green growth within the UK's industrial sectors, manufacturers are calling out for action in an efficient and effective way to maximise benefits within a competitive international market.

We are calling on Government to address the key challenges for manufacturers: tackling rising costs of energy; reducing business rates to unlock investment; and supporting the industrial electrification required to deliver our net zero targets. Make UK considers that manufacturers can only start delivering on the promise of the Industrial Strategy once these problems are addressed and we begin to be able to compete within a global market.

Tackle the high cost of energy

Tackling electricity prices for industry is one of the only ways to meet Government's overriding objective of delivering economic growth. This involves supporting industrial green growth via state-led reform and using industrial strategy as a way of driving change. Providing long-term policy solutions will give the certainty to encourage investment in the very sectors the UK needs to scale. The UK consistently has some of the highest electricity prices in Europe for industry, with prices 46% above the International Energy Agency member countries' median. Recent data has shown that the gap is continuing to widen, with UK industry paying 63% higher than in France and 27% higher than in Germany.[4]

[3] Manufacturing A Sustainable Future: Capitalising on Green Technologies | Make UK
[4] Industrial energy price statistics - GOV.UK

- **Expand the scope of the British Industry Supercharger Scheme (BICS).** Businesses can only deliver growth if the Government takes a serious and holistic approach to tackling high electricity prices for manufacturers. The Industrial Strategy has taken first steps to address this problem through the proposed introduction of the BICs in 2027. We are eagerly awaiting the opportunity to respond to the upcoming consultation. The scheme, as proposed, has highlighted coverage for around 7000 businesses. Our understanding is that this has been determined by SIC codes defining energy intensive industries. We would recommend that Government expand the scope to all manufacturing. If this scheme is implemented correctly, Make UK analysis has previously shown that every £10 reduction per MWh in energy bills across manufacturing boosts the economy by £800 million (0.03%) a year if sustained over the medium term (with an associated direct fiscal cost of £750 million a year). We worry that the implementation date of 2027 will delay the benefits of the scheme, meaning that manufacturers will continue to lose ground to European competitors, increasing risks of deindustrialisation. We would encourage Government to backdate the scheme to April 2025 once implemented to sufficiently support industrial growth. Further, Government must be clear on how they plan to fund this scheme to give certainty to industry and allow them to understand how costs may be distributed within the industrial energy system.

- **Create a long-term strategy for cost reductions**. A cost-saving scheme, such as BICS, can only be temporary, and industry does not wish to continue to rely on levies (which naturally create 'winners and losers') to remain competitive. The Government has set an ambition of reducing energy bills by 'up to £300' by 2030. Industry requires a clear direction to achieve these reductions. We are supportive of the Government's Clean Power 2030 mission and the Review of Electricity Market Arrangements (REMA), but the pace of delivery has been too slow, creating industry uncertainty. Manufacturers require a clear, unifying strategy bringing together disparate elements of Government policy to deliver affordable, clean power.

Reform business rates to drive green tech

Our research has shown an enormous appetite from manufacturers to invest in green technologies and support the transition to a net zero future, with 83% planning investment over the next five years.[5] To benefit from this, a coherent investment plan is needed so manufacturers can engage with emerging technologies as they develop. This approach will help to deliver the existing Industrial Strategy, which recently affirmed the Government's ambition for greater investment in the green agenda through new ways to finance green projects, investments, training for green skills, simpler planning rules (including grid connections) and targeted tax incentives.

- **Consider introducing a targeted exemption for investments in green technologies.** At present, manufacturers who install energy-efficient machinery, such as on-site solar energy panels, wind turbines, or low-carbon heating systems, can face higher rateable values because this new capital stock increases to nominal value of the factory, penalising firms for "doing the right thing" by investing in net zero technologies. This change would remove a major disincentive for manufacturers to invest.

[5] Manufacturing A Sustainable Future: Capitalising on Green Technologies | Make UK

- **Extend the duration of the Green Investment relief from 12 months to 3 years.** This would align more closely with the return on investment in green technologies. The relief should also be extended to 2050, in line with Government's net zero target, rather than the current sunset clause in 2035.

Encouraging investment in electrification

Investment in industrial decarbonisation is increasingly being diverted from the UK into competing markets, due to the high cost of electricity, leaving UK industry lagging international markets. Many businesses are currently looking to upgrade their technology as it comes to its end of life, and are finding that low-carbon, efficient technologies that use electricity are not viable business choices compared to natural gas or oil solutions.

These barriers are slowing modernisation, constraining productivity, and limiting Britain's ability to achieve its clean-growth ambitions. European businesses with UK branches often have ambitious decarbonisation targets. With the investment case for decarbonisation in the UK as is, the risk of rapid de-industrialisation and withdrawal of manufacturing sites in Britain is imminent. Clean growth is both pro-environment and pro-business. This proposal will enhance productivity, reduce the UK's industrial carbon footprint, and secure long-term competitiveness for local economies across the country.

- **Implement a Targeted Electrification Discount scheme**: We propose a conditional electricity price discount, to incentivise switching from fossil fuels to electricity at British industrial sites. Without action, the risk of de-industrialisation grows, undermining the UK's economic and environmental goals. This scheme should be accessible to businesses of all sizes, including SMEs, and we recommend its inclusion in the upcoming Autumn Budget. Redeploying unspent capital from other programmes could provide a fiscally responsible way forward in the current, tight fiscal environment. Different types of manufacturers require different temperatures for their processes and therefore different electrification technologies and pay-back periods. Therefore, a targeted approach for businesses with different process temperature requirements would ensure all industry types are all able to invest and no one heating/cooling option is favoured over another.

Prioritise the circular economy

- **Begin delivering on the Circular Economy Taskforce.** Manufacturers are keen to engage with the Circular Economy Strategy and are beginning to adapt business operations to legislation coming down from the EU. The UK needs to ensure that there is a clear direction of travel for circular practices providing a route to market and allowing competition with the EU. Make UK has a broad membership base that can provide important insight into circular practice, and we would welcome opportunities for members to engage and help shape outcomes.

Finance and Tax

Make UK analysis shows that eliminating barriers to accessing finance could result in a £9.2 billion increase in annual business investment. However, a lack of confidence in the business environment, awareness of existing support, short term liquidity problems, and rising business costs have restricted investment opportunities and made businesses more cash poor. We find that a large proportion of manufacturers primarily invest in maintenance and survival today, rather than growth. It is vital that this trend changes to ensure that the manufacturing sector continues to grow.

In addition, rising costs across the board for manufacturers are causing pain. This includes on costs like business rates. In the last revaluation for properties in the ‘industry’ category (which includes manufacturers), rateable values increased by 27.1% compared to the UK average of 7.1%, meaning manufacturers likely received on average a nearly four times increase in their business rate bills. There is concern that the next valuation in April 2026 will lead to further increases.

Considering these increasing cost burdens, we believe that there are a series of policy interventions that could usefully support manufacturers:

- **Introduce no further increases to Employer NICs**. The recent increase in Employer NICs from 13.8% to 15% has had a significant impact on our membership, including a direct impact on staffing costs, workforce strategies, recruitment plans, and retention efforts. According to our survey, 94% of manufacturers said they were concerned about the impact of NICs changes. As a result, 54% planned to reduce planned pay increases, 29% planned to freeze pay, and 27% planned to make redundancies. The changes to Inheritance Tax in Autumn 2024 affecting family businesses and increases in low pay are also adding strain. 55% of manufacturers define themselves as family-owned: of those, 47% said the changes last year would increase the likelihood of them selling their business to a third party, and 31% said they would stop growing their company to reduce their tax bill. 80% of our members are worried about the ongoing increases to the National Minimum Wage which impacts on their recruitment plans.[6] To support growth, we ask that there are no further increases in the cost of doing business in the UK in this Budget.

- **Expand Capital Allowances to allow for leasing of equipment.** Approximately half of manufacturers use capital allowances to support their investment in plant & machinery (P&M). The Annual Investment Allowance (AIA) is relatively more popular than Full Expensing (FE) capital allowances, with use and access determined at 55% and 48% respectively. This is because the AIA is regarded as more flexible than FE, despite its £1 million cap, as it allows for the leasing of P&M. Leasing enables manufacturers to invest in new technologies that are riskier, such as in automation and robotics, which is more important for SMEs. Our research shows that only a small proportion of manufacturers lease P&M (2-5%), and the majority prefer to buy outright when possible (81%). However, the prevalence of leasing increases substantially for smaller manufacturers (14%) as it is a more cost-effective to invest in modern equipment.[7] Our view is that an expansion of the FE scheme to include leasing would result in little additional cost to the Treasury, with greater gains to the sector. Its main purpose is to enable businesses to choose the most effective route to investing in plant & machinery (buying or leasing) rather than to use the tax relief to incentivise one behaviour over another. Our survey finds that 45% of manufacturers would support this enhancement and enable large scale investment projects into automation/robotics

[6] Make UK member survey, January 2025
[7] Make UK/RSM, Investment Health, 2022

beyond the AIA cap of £1 million.[8]

- **Make it easier to claim for software investments in capital allowances.** 62% of manufacturers want capital allowances to be easier to use on software investments.[9] According to the Capital Allowances handbook, software can be treated as a "plant" and can be claimed against under certain conditions, such as if a computer programme is treated as a tangible fixed asset. Whilst there is detailed guidance available, we find frequently manufacturers lack the awareness or expertise to understand when software can be claimed against. The Government's Corporate Tax Road Map commits to simplification of the tax relief system, and this is one area we want to see progressed. In addition, simplifying access to the relief will enable capital allowances to work more efficiently alongside R&D tax credits and the Patent Box.

- **Improve accessibility of the Patent Box relief.** Only 32% of manufacturers use the patent box relief, though according to official statistics, the manufacturing sector is still one of its dominant users. Make UK data indicates that not only do a limited number of manufacturers use the Patent Box, but there is also a remarkable share of the industry (23% of businesses) who could apply for IP protection on their unique products/processes but choose not to. Using the Patent Box relief as a headliner relief presents an opportunity to change the culture of innovation in the UK. As a result, 59% of manufacturers want the patent box relief process to be simplified with clearer guidelines on how to attribute revenue to specific patents. 48% also want enhanced reliefs, though with limited use, it is difficult to say what benefit this would bring to the UK on a national scale. Though only 33% want a campaign to increase awareness, we believe that this should be the starting point for the public sector which will lead to increased evidence on the benefits and uses of the patent box.

- **Improve access to IP-Based lending and sandboxes.** Following the announcement of the £4 billion in additional funding for the British Business Bank (BBB) to support scale up companies in the IS-8, there is an intention to explore tackling access to finance challenges for "IP-Rich" companies in the UK by using novel IP-based lending facilities. This would enable providers of finance to use intangible assets, like IP, and treat them as real assets for collateral, opening doors to a new market for finance in the manufacturing sector. This concept remains in its infancy, but recent research has found that the UK already meets the conditions needed to support a market for IP-backed lending.[10] However, we need an environment that enables prospective lenders to experiment under favourable regulatory conditions to better understand the contexts that IP-based lending can work, and in which cases they can be more effective than traditional forms of finance. Whilst existing forms of this finance target the creative sector, Make UK would welcome supporting any programmes that could increase access to manufacturers. By enabling this opportunity, alongside improving the patent box accessibility, we can create a culture of innovation that encourages businesses to start, stay and grow in the UK.

- **Improve supply-chain finance.** Supply-chains incorporate shared risk amongst

[8] Make UK/RSM, Investment Monitor, 2025
[9] Make UK/RSM, Investment Monitor, 2025
[10] World Intellectual Property Organisation (WIPO), 2024

businesses, which can lead to barriers to accessing finance if lenders, or investors, are unable to assess the risk profile of a business across a supply-chain. The High Value Manufacturing Catapult (HVMC) has proposed the concept of "programmatic supply-chain finance", supported by the World Economic Forum, to enable coordinated investment by targeting a portfolio of companies interrelated via supply-chains.[11] We believe there is a merit to this opportunity as targeting finance towards a group of companies together can strengthen supply-chains, particularly for sectors at its foundation stages in the UK where we have a specific interest in building domestic capacity, such as Electric Vehicles, or clean energy. This could be an opportunity to expand the existing remit of funding institutions, such as the BBB, Innovate UK and/or UK Finance, by supporting the scale up of supply-chains.

Infrastructure

Transport infrastructure is a critical enabler for production and managing supply-chains. Manufacturers recognise that, as these assets (road, rail, ports) start to age, there needs to be a review of our investment pipeline to ensure this infrastructure does not start to become an inhibitor to growth. Currently, manufacturers remain heavily reliant on the road networks for logistics, and access to labour though rail also plays an important role for both. In addition, the opportunity to switch more cargo from road to rail will also play a role in decarbonising supply-chains, beyond scope 1 emissions. Therefore, alongside direct support for the industry, manufacturers want to see more investment into the transport networks that all parts of the economy rely on and an improvement to freight efficiency.

- **Continue to support road investment.** It is important that plans to invest in improving road quality, such as funding to fix potholes in Motorways and A roads, remain in place. Over 60% of manufacturers own their own fleet of HGVs and vans and are heavily reliant on the strategic road network (SRN). 72% of manufacturers highlighted the need to upgrade A roads in the UK, and 50% said the same for motorways.[12]

- **Invest in multi-modal transport.** 61% of manufacturers want long-term investment in integrating road, rail and port infrastructure. Make UK proposes that Government identifies strategic modal points in the rail networks (such as Crewe) and build dedicated Logistics Hotels, modelled on La Chapelle International in Paris. We acknowledge that the UK has already made investments into Strategic Rail Freight Interchangers (SRFIs), but member feedback indicates limited engagement with the freight sector due to existing language. As part of proposed investment into creating Logisitics Hotels, existing SRFIs should also be rebranded to make rail freight services be more accessible to businesses, particularly SMEs.[13]

- **Incentivise investment into digital solutions within the Rail Freight Sector.** We propose, with support from Great British Railways (GBR), to develop a ticketing system – modelled on the approach to air freight and passenger rail – to enable a wider range of manufacturers to access space on rail freight containers. This will support access for small volume producers, or producers of specialist goods and accelerate

[11] Boosting manufacturing supply chains in a new industrial era | World Economic Forum
[12] Make UK, Infrastructure: Enabling growth by connecting people and places, 2024
[13] Make UK, From Road to Rail: Optimising Goods Transport in UK Manufacturing, 2025

decarbonisation in the logistics sector (scope 3 emissions). Whilst the Government has a target to increase rail freight volumes by 75% by 2050, this will not be achieved without addressing issues of accessibility in the system. Digital solutions can help, and this model will need to be delivered by freight operators but can be encouraged with support from GBR.

Digitalisation and Innovation

The Government's Industrial Strategy sets out a 10-year framework to increase investment in high-value sectors, supported by the National Wealth Fund and new R&D hubs. Its ambition is clear: to foster sustainable economic growth by enhancing productivity, supporting innovation, and building resilient industries that address long-term societal and environmental challenges. The UK has great science institutions and a fantastic research base, yet the evidence shows that the UK is still falling behind on adoption. With just 112 industrial robots per 10,000 workers, the UK lags well behind the EU average and sits at a tenth of South Korea's rate. This slow pace of digital tech adoption has been a key driver in the UK slipping from 2nd to 5th in the Global Innovation Index and from 10th to 19th in UNIDO's manufacturing performance ranking. Our share of global manufacturing value-add has almost halved since 2000, from 3.1% to 1.9%.

International evidence makes the link clear: coordinated, well-funded national digitalisation programmes deliver high returns. Germany's Industrie 4.0 and the US Manufacturing Extension Partnership both show returns of £7–8 for every £1 invested. The UK's own Made Smarter pilots confirm this potential, with participating SMEs reporting productivity uplifts and significant energy savings. Fragmented support, an R&D tax system skewed towards large firms, and a lack of regionally delivered adoption teams are slowing diffusion and undermining competitiveness.

To connect the Industrial Strategy with practical delivery, the Government should adopt a coordinated, SME-first approach that turns fragmented pilots into a coherent national system:

- **Review and Rebalance R&D Tax Relief for SMEs.** The current R&D regime favours larger firms. A refundable or advanceable R&D credit for SMEs should be introduced, which will reduce administrative complexity for smaller claims and pilot location-based top-ups in three manufacturing regions. This would mirror successful approaches in Germany and Switzerland, crowding in private investment and boosting regional innovation intensity.

- **Better align existing programmes.** Bringing together existing and new Government initiatives would reduce duplication and maximise impact. Currently, fragmentation is diluting the impact of existing programmes. The national digitalisation platform could be established through an existing body, which would be more attractive as it avoids the cost and complexity of creating a new institution.

- **Place Made Smarter on a statutory footing.** This would expand its remit to integrate Catapult centres, Growth Hubs, and AI hubs, by providing stable, multi-year Treasury funding to deliver a single, coherent "front door" for manufacturers. This approach builds on a proven programme with recognised branding, avoids the cost of creating a new body, and ensures every major manufacturing region has active SME engagement and support within 18 months. International evidence shows that coordinated, regionally delivered programmes generate high returns — with German and US models yielding multiples of £7–8 for every £1 invested — making this the most cost-effective route to unlocking the £150 billion GDP uplift available from matching global best practice in digital adoption.

- **Create a British business version of the Bürokratt software.** This would pool data collected by bodies, including HMRC and the ONS, and use it to micro-target awareness of available support to suitable companies.

- **Link skills funding to digital adoption**. Labour shortages are accelerating the need for automation, but workforce capability must keep pace. We recommend making a small proportion of the Growth & Skills Levy conditional on delivery of micro-credentials in AI, robotics, and digital manufacturing systems. Training should be delivered through regional AI hubs and Catapults, ensuring firms receiving adoption grants are also upskilling their workforce.

- **Build in conditionality.** To maximise knowledge spillover, all public R&D and adoption grants should require a plan for staff training and SME supply-chain partnerships. International comparators show strong returns: German programmes have delivered £7.75m per £1m invested, and the US MEP network supported $15 billion in new or retained sales in a single year.

Regulation

For the Government to fully embrace their mission of growth, the regulatory system needs to work for everyone within it. By adopting a 'principles-first' approach, the Government has an opportunity to reset the narrative on regulation: one that is more workable for both consumers and business. These core principles would be simplicity and clarity; proportionality; evidence-based decision-making; flexibility and adaptation; and effective enforcement.

We are pleased to see the announcement within the Industrial Strategy of reform to the regulatory system to reduce administrative costs by 25% by the end of the Parliament and introduce KPIs for regulators. We would like to see the Treasury's work on regulation stretch further to ensure that all regulation affecting manufacturing businesses is proportionate, simple and enforceable. We would also like to see incidences of regulatory divergence removed.

- **Adopt a 'principles-based' approach to regulation.** This approach should be reflected in Treasury's root-and-branch review to ensure that regulation works for business, as well as the consumer.

- **Align different regulatory frameworks arising from 'passive regulatory divergence'.** This could include using a framework for incremental alignment and early and structured dialogue between the UK and the EU on any new regulatory regimes. We would also like to see the establishment of a regulatory divergence database to help businesses to understand ongoing divergence.

- **Undertake a review into which regulations impacting the manufacturing industry are prohibitive for economic growth.** In conjunction with industry, any insights can be built into an action plan to streamline the current regulatory framework.

- **Reconsider plans for the proposed Landfill Tax.** This would involve exploring necessary exemptions for adversely affected manufacturing businesses (especially those that are also exposed to tariffs). This could include support to either make industries aware of technology available to recycle, or support industrial bodies to liaise between members, academia, and government departments to fully understand the barriers and identify solutions to recycle for a circular economy.

Industrial Strategy

Make UK campaigned for many years for an Industrial Strategy and welcomed the Government's publication in June. We welcomed the Strategy's focus on energy costs, skills and access to finance, which are all crucial to the success of UK manufacturing as well as the Advanced Manufacturing Sector Plan which sets out a vision for the UK to be the best place in the world to start, grow and invest.

We look forward to working with Government in the coming months and years to turn this vision into implementation. According to a survey of our own members, 60% of manufacturers felt that the Industrial Strategy had either met or exceeded their expectations, and 75% believed they would benefit from the commitments within the Sector Plan.[14] To turn this positive sentiment into delivery, there is an opportunity for the Autumn Budget to strengthen the accountability of the Industrial Strategy, which is a critical component of its successful implementation.

In addition, the Government's recent Trade Strategy contained a welcome direction of travel: this Budget is an opportune time to add detail to the policies set out and drive much-needed trade policies.

- **Clarify the role and remit of the Industrial Strategy Council.** For the Industrial Strategy to be a success, it requires clear and tangible metrics to measure deliverability. We welcome the creation of a permanent and independent Industrial Strategy Council, but we now welcome clarification on the role and remit of the Council so it can be put to work quickly to ensure the swift delivery of the Industrial Strategy.

- **Build on the success metrics**. We welcome the six core metrics for the strategy: business investment, Gross Value Added, productivity growth, trade exports, labour market outcomes (such as employment and wages), and the number of new, large, 'homegrown' businesses. It is vital that the Strategy is measured at regular intervals, with the ONS adequately supported to provide this statistical analysis. We propose 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, increasing exchequer contributions to fund public services, while also driving a substantial uplift in long term domestic and foreign direct investment. Everything in the Industrial Strategy should be geared towards this ultimate objective.

- **Full implementation of the Trade Strategy.** The UK Government's Trade Strategy

[14] Make UK member survey, July 2025

was welcomed by industry and following closely on from the publication of the Industrial Strategy positions both as being closely interrelated. The Trade Strategy rightly sets out a positive approach to how the UK will continue to be a champion of free and fair trade and open markets. The strategy is pragmatic and recognises the changed place on the world trade stage for the UK economy. This is particularly important given the changing relationships in the international economy and trends that are now clear such as industry braced for deeper protectionism as global trade may face its most turbulent era since the 1930s, dual supply chains are now a two-way street and friendshoring is more political than it is practical. It is therefore critical that the Trade Strategy is implemented in full.

- **Clarify further detail on the key aspects of the Trade Strategy.** There are aspects of the Trade Strategy that require further detail. In particular, the commitment to extending the value of export finance guarantees is a necessary and positive step provided it does not lead into illegal export subsidies. Also, little detail is provided about a proposed trade defence legislation, which will give the UK a stronger and agile hand in protecting the UK from unfair global trade practices affecting UK manufacturing. Finally, the discussions of regulatory barriers cover a lot of ground but without much detail on future priorities. Finally, more detail is also required on the proposed Ricardo Fund.

About Make UK

Make UK, the manufacturers' organisation, is the representative voice of UK manufacturing,

Collectively we represent 20,000 companies of all sizes, from start-ups to multinationals, across engineering, manufacturing, technology and the wider industrial sector. We directly represent over 5,000 businesses who are members of Make UK. Everything we do – from providing essential business support and training to championing manufacturing industry in the UK and the EU – is designed to help British manufacturers compete, innovate and grow.

From HR and employment law, health and safety to environmental and productivity improvement, our advice, expertise and influence enable businesses to remain safe, compliant and future-focused.

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