

SEIZING THE GROWTH OPPORTUNITY OF A MODERN INDUSTRIAL STRATEGY

A modern, ambitious and long-term industrial strategy is essential to achieving the Government's mission for long-term economic growth.

For too long, the UK has lacked a clear and unifying direction across its industries, leading to challenges in achieving industrial success. An industrial strategy, one that is underpinned by a strong vision and targeted policy interventions, has the potential to transform the UK's economic landscape for decades to come.

For this ambition to become a reality, the upcoming publication of the industrial strategy in June is a critical juncture for this Government. It presents an opportunity to provide a solid direction for British industry and a framework for future economic success, supported by tangible and measurable metrics.

Manufacturers welcome the Government's clear commitment to an industrial strategy. The UK is the world's 12th largest manufacturing economy, providing 2.6 million highly skilled and well-paid jobs, and driving £224 billion in output – it's truly an engine for powering economic and social advancement nationwide.

By increasing the manufacturing sector from 10% of UK GDP to 15% of a growing economy, we can add an extra £142 billion to UK GDP: a huge win for workers, local areas and the Exchequer.

The Government cannot achieve economic growth without industrial growth. The Industrial Strategy therefore needs to be a true enabler of growth for manufacturing and must include ambitious initiatives on:

- 1. Energy:** UK industrial energy prices are the highest among major Western economies - up to four times those in the US. To unleash UK manufacturing's full potential in driving growth, and commit to electrifying industry, Government must urgently reform the complex and unfair policy levies that make low-carbon energy more expensive than fossil fuels.
- 2. Skills:** With 52,000 manufacturing vacancies costing the UK £6 billion annually, improving skills investment is vital. To help manufacturers invest in the skills required, Government should boost apprenticeship funding, expand the Growth and Skills Levy to include Bootcamps and Higher Technical Qualifications, and introduce more technical pathways pre-16 to secure future talent.
- 3. Access to finance:** Businesses need access to capital to invest and grow, and unlocking finance could drive £9.2 billion more in manufacturing investment. The main barrier is lack of awareness and understanding of existing support. Beyond better signposting, digital tools should be used to micro-target support to businesses when they need it most.

Now is the time to reach further than just a strategic framework. A strategy without a plan would fall disastrously short. Targeted and substantial policy interventions are needed in key areas to turbocharge business. The manufacturing sector stands ready to play a full and meaningful part of this journey.