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9th February 2021

Rt Hon Boris Johnson MP

Prime Minister
10 Downing Street
London
SW1A 2AA

*Copy: Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
Rt Hon Kwasi Kwarteng MP, Secretary of State, BEIS*

Dear Prime Minister

It is reassuring to read that government are working on a recovery plan and that this will come ahead of the Chancellor's budget in March. We cannot stress how important it is for businesses to hear as soon as possible that there will be government engagement, intervention and investment supporting a new economy as we recover and rebuild from Covid-19 and maximise the opportunities in front of us.

As representatives of industry and the major trade union in the sector, we write to urge you to put UK manufacturing at the centre of your recovery plan. We seek to meet with you to set out our common agenda for UK manufacturing which we believe meets with the government's own ambitions for economic renewal, levelling up our communities and maximising the opportunities available to us from the challenges of climate change.

In recent decades, UK governments have consistently and significantly underestimated the centrality of manufacturing to the economy and well-being of this country. We hope that you agree that this must now change.

Manufacturing presents this country with tremendous opportunities:

- ⇒ *As a sector, it can deliver on the skills and equality agendas, providing stable, well-paid employment, shared around the country, vital to 'levelling up' the country and broadening the tax base.*
- ⇒ *Exports generated by UK manufacturers will be essential to rapidly and successfully delivering on the government's ambitions to grow our international trade around the world and re-establish the UK as a global leader in science, engineering and advanced manufacturing.*
- ⇒ *Delivering critical technologies to address the climate change challenge: greener manufacturing will help us green and clean our towns and cities, our seas and skies – providing the greener energy, homes, industry, vehicles and aircraft urgently needed to meet government's the carbon targets.*

The Covid-19 pandemic and our changing trading relationship with the rest of the world remind us that a robust, home-grown UK manufacturing sector really does matter. To deliver this, we need to build new markets, but so too must we build on these shores, able to provide our own componentry and investing proudly in our UK technology, reducing the reliance on imports and the fragility of the UK-based supply chain exposed by Covid-19. This can be achieved if we work together, uniting the government with employers and the workforce on a programme for recovery.

In our shared view, there are a number of clear actions that must be taken now to protect and provide the confidence necessary to secure long-term investment in UK manufacturing:

1. The extension of the Coronavirus Jobs Retention Scheme. In manufacturing, 270,200 workers were on furlough at 31st December 2020, while many more are working shorter hours in order to protect jobs.

⇒ *The stability that the JRS scheme provides is invaluable; removing it too soon would be disastrous, forcing businesses that have a future to act prematurely on decisions to reduce headcount, halt an apprenticeship intake and hold-off necessary investment.*

⇒ *At the very least, the scheme should stay in place until 2022 as a safety net, echoing those of our economic competitors who took the early decision to keep their furlough schemes in place. This has reaped dividends with fewer workers being made redundant in strategically vital sectors of the economy like manufacturing, positioning our nations to take best advantage of the economic recovery when it comes.*

⇒ *Government must also consider how to phase out other Covid-19 financial support to ensure businesses can continue to borrow to invest, grow, and maintain liquidity, as significant coronavirus-related debts and repayments may impact traditional access to finance, funding and investment opportunities which could undermine economic recovery.*

2. Support for Industrial Research & Development. In 2017, the government set a target for UK spending on R&D to rise to 2.4 per cent of GDP.

⇒ *Delivering the technology needed to achieve net zero carbon emissions by 2050 will require major investment by government and industry, without which we risk allowing international competitors to design and manufacture the green technologies of the future.*

⇒ *R&D is also essential to boosting the productivity of our manufacturers and their supply chains, enabling us to compete on the world stage.*

⇒ *The government must use its forthcoming Budget to back manufacturing R&D, providing the spark needed to energise the development of new technologies where the UK can be a world leader, and to make the UK the natural home of investment in the technologies that will shape the future of industry.*

⇒ *Ensure that funding and eligibility criteria support both retention and growth to protect and build on our existing manufacturing base, including support for both R&D and capital investment in operations and delivery to facilitate investment in the next stage of our industrial evolution and production capabilities.*

3. Creating a competitive business environment built on jobs and skills. The manufacturing sector invests continually in its workforce and seeks to create future talent pipelines. Ensuring the future growth of the manufacturing sector means improving the competitiveness of the sector and meeting labour market needs.

- ⇒ *Greater support for all levels of the existing workforce to upskill and reskill to meet challenging net zero targets, in line with the UK's 2050 decarbonisation agenda, to enable the UK to develop, build and export new technologies, including delivery of learning and training courses for emerging net zero skills gaps.*
- ⇒ *Introduce reforms to the Apprenticeship Levy to enable greater flexibility in spending Levy contributions to support workforce retraining, and expand government support mechanisms for apprenticeships.*
- ⇒ *Improve the competitiveness of UK manufacturing through the reform of business rates to incentivise investment, reduce the burden of energy costs, implement programmes that improve productivity, and a fiscal regime that stimulate job retention and creation.*

We want to reassure you of our full-hearted commitment to recovering our country and our economy, and that the UK's world leading manufacturing sectors stand ready to play their part in this next and crucial national effort.

Yours sincerely



Paul Everitt
ADS



Stephen Elliott
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Mike Hawes
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Steve Turner
Unite