

**MANUFACTURING FAST FACTS: WORKFORCE AND SKILLS**

* The manufacturing sector is renowned for its **high-skill, high-wage nature**, boasting **average wages 9% higher** than the national average.
* But it's not just about jobs; it's about **skill-building** too. Every year, **nearly 50,000 engineering and manufacturing apprenticeships are offered by UK manufacturers**, nurturing the next generation of talent and keeping skills alive in communities.

**GROWING AND DEVELOPING FUTURE TALENT**

* **More than a quarter of manufacturers (28%)** expect to lose 10% of their workforce to retirement in the next five years.
* **nearly half (46%) of manufacturers** have seen members of their workforce retire in the last 12 months.
* **Fewer than 1 in 5 firms** believe that current government support for skills training is adequate.
* The most recent data shows that engineering and manufacturing apprenticeship starts have **declined by 41%** since the introduction of the apprenticeship levy – **from 78,840 in 2015/16 to 45,970 in 2022/23.**
* **More than half** of manufacturers say they cannot access the talent they need locally

**What should we do?**

* **The next government needs not just a root-and-branch review of the apprenticeship levy as a funding mechanism, but the wider apprenticeship system** – ensuring that employers can recruit and retain apprentices, training providers can offer the right courses, and apprentices are developing the right knowledge, technical skills and behaviours to thrive in the workplace.
* **Better support for employers to take on industry placements**. As T Levels continue to be rolled out and, under current plans, evolve into the Advanced British Standard, the success of these new post-16 education options depends on businesses being able to host students on industry placements. The next government will need to consider how employers can be supported to offer more of these opportunities to the future skilled workforce.
* **Focus on digital skills across the curriculum**. Gaining and developing digital skills will be the defining challenge for the current and future workforce over the next decade. The next government should enshrine basic digital skills across the pre-16 curriculum, ensuring that young people entering apprenticeships, technical education or full-time employment have a basic level of digital skill.

**RETRAINING AND UPSKILLING THE CURRENT WORKFORCE**

* With **66,000 unfilled vacancies** in manufacturing right now UK manufacturing firms are **losing approximately £6.5bn in potential output each year**.
* Manufacturers require assistance in training and upskilling their existing workforce to adapt to evolving technologies and industry demands.

**What should we do:**

* **Improve support for workplace training through more generous tax relief**. Through initiatives such as full expensing, R&D tax credits and others, manufacturers have benefited from measures in the tax system to support investment in physical capital. They lack similar incentives for investment in human capital. The next government should consider the effectiveness of current tax reliefs on training and the scope for better financial incentives for employers to invest in workforce development.
* **Review the skills landscape for existing workers**. Despite efforts to simplify the education landscape for young people, there is a range of new and existing publicly funded training programmes – both at a national and devolved level – intended for working-age adults, which suffer from low awareness and take-up from employers. The next government should review these programmes to design a clearer set of pathways for employers and employees to access upskilling and retraining options.
* **Introduce a Manufacturing Mentor Scheme**. Leadership and management skills are the top priority for manufacturers. The current Help to Grow: Management scheme is well-intentioned but falls short of what is needed. With an ageing workforce and an increased rate of retirement since the COVID-19 pandemic, the next government should explore a mentorship programme that will help to develop the next generation of manufacturing leaders.

**Want further information?**

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