MAKEuk
The Manufacturers' Organisation

REVIVING AND REBALANCING REGIONAL ECONOMIES THROUGH MANUFACTURING

Supporting regional economies to rebuild in the face of a recession, and our impending new relationship with the EU, all whilst recovering from Covid-19, will be a huge challenge. This provides an overview of the key priorities and challenges for manufacturers specific to this region to reviving and rebalancing the regional economy.

THE NORTH

REGIONAL ECONOMY:

£9,724
public spending per head

£332
transport infrastructure spend per head

£30,383
average income

**24%** have degree-level Education or above

MANUFACTURING ACTIVITY:

749,000
manufacturing jobs

Northern Region average manufacturing productivity ranks **2nd** in England

NORTHERN MANUFACTURERS' VIEWS ON WHAT THE GOVERNMENT'S PRIORITIES FOR LEVELLING UP SHOULD BE

1. Prioritising the improvement of local road and rail transport connections

2. Emphasis on local projects over national projects

3. Improved digital connectivity in towns and rural areas

NORTH EAST 13.6%

YORKSHIRE 20.1%

NORTH WEST 17.7%

% GVA contribution of largest manufacturing subsector to sub-region manufacturing
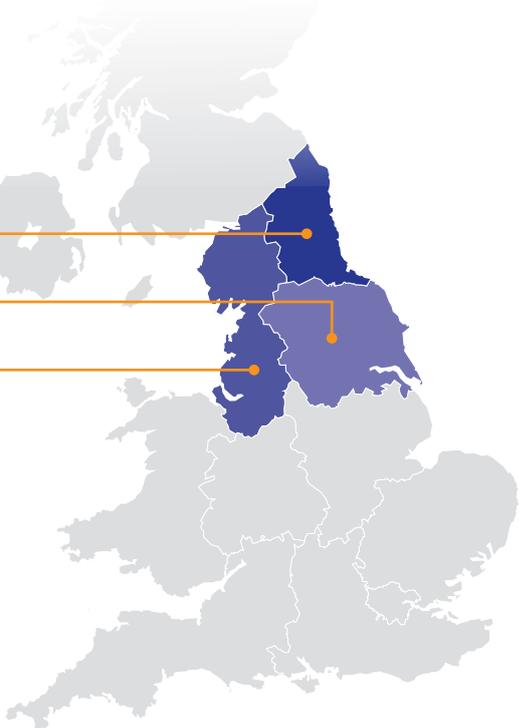
"THE FUNDING DISPARITY IS LARGE, AND THERE IS A SELF-FULFILLING PROPHECY ABOUT WHERE GETS FUNDED, GETS RESULTS"*

Relative Productivity measured using GVA per hour
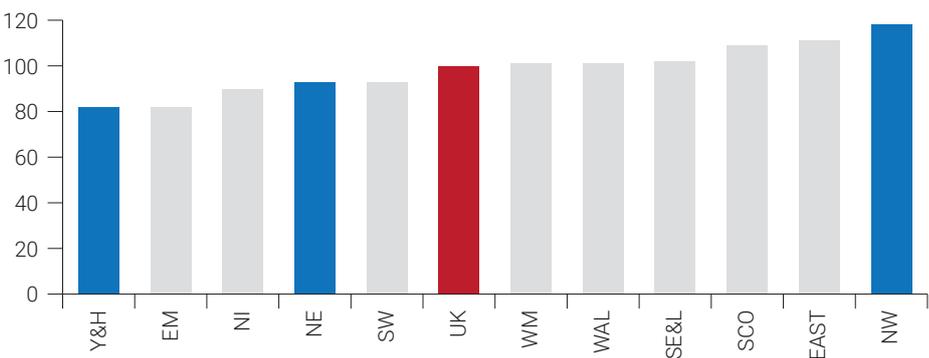
Source: Make UK analysis of ONS (2020)

TOP FUTURE PRIORITIES FOR THE NORTH

	Immediate Challenges	Planned 12 month activity	Opportunities for manufacturing in the next decade
#1	A 'no deal' Brexit	Investing in people	Traditional sector consolidation/expansion (automotive, agri-food, electronics, basic metals etc.)
#2	Supply chain disruption	Investing in plant and machinery	Infrastructure projects including Construction of schools and hospitals
#3	Trade borders	Investing in IT	Clean energy

Source: Make UK / RSM survey, September 2020

"WE CAN'T CONTINUE TO PUSH A NEW DIGITALISED MANUFACTURING SECTOR WITH SUCH WEAK DIGITAL INFRASTRUCTURE IN THE AREA"*

*Source: Make UK member consultations, October 2020

The Northern economy, and the manufacturing sector that sits within it, faces unique challenges on the path to seeing its economy levelled-up in line with the Government's ambitions. As has been identified by manufacturing businesses in the North, the leading challenge to the future prosperity of the region is the future trading relationship with the EU. Whilst this is a pressing concern for the entire UK economy, it is particularly pertinent to those in the North, as 56.4% of all of the North's regional exports are bound for EU shores, which is significantly above the UK average of 48%.

Building in the required agility for the manufacturing sector in the North for the future, businesses are prioritising investment in the skills of their workforce over the next 12 months to ensure that they are equipped to respond to changing conditions as the industry endures mercurial demand conditions. As the English region with the lowest relative level of its population at degree level or above, a focus on skills is a critical component in the region's levelling up.

In order for the North to be able to successfully realise the UK's levelling up ambitions, a pro-upskilling environment that sees positive growth in the region's productive capacity, and ability to expand in high demand subsectors, will be paramount.

Regional Economy Manufacturing Dependency
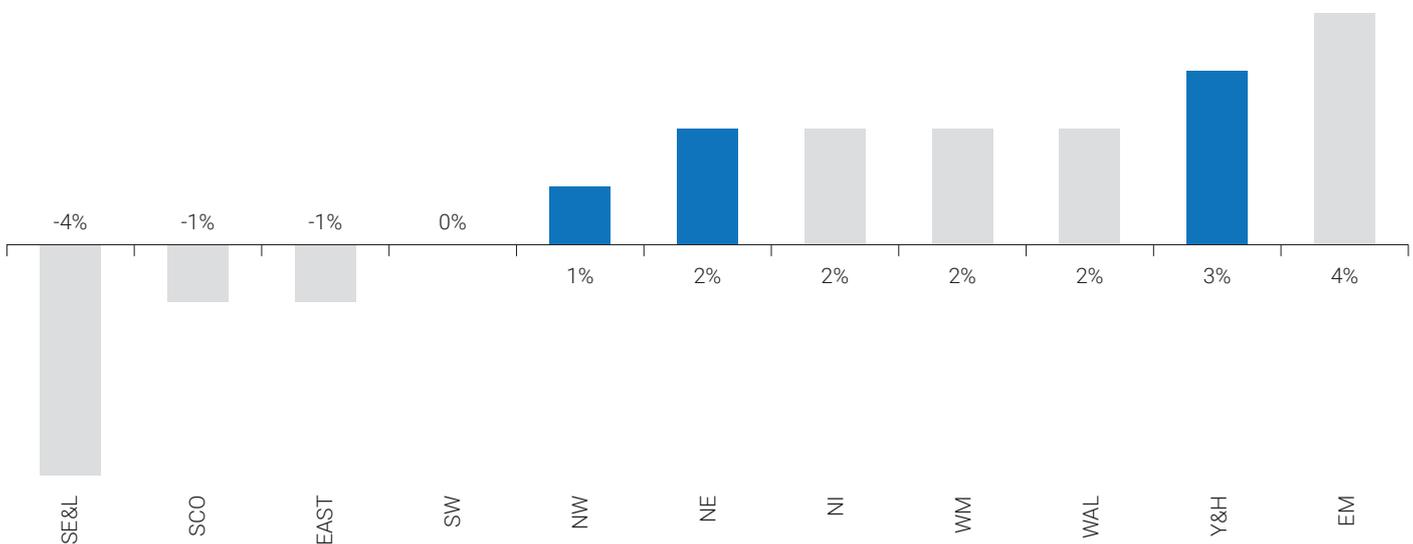
Chart represents the regional differences on local economy dependency on manufacturing. Dependency is defined as a region having a higher than average proportion of manufacturing jobs out of its total regional job pool. Figures represent distance from the UK=8% dependency baseline.

Source: Make UK analysis of ONS (2020)

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