

THE SKILLS NEEDED TO SUPPORT AN INDUSTRIAL STRATEGY

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INTRODUCTION AND CONTEXT

In recent years, the UK economy has grappled with a number of unprecedented challenges, including the COVID-19 pandemic, Brexit and geopolitical conflicts. As we usher in the Fourth Industrial Revolution, obstacles to the UK's economic and industrial success remain, including occupational ill-health, retirement, an aging workforce and a lack of (digital) skills to support the adoption of new technologies. These, in combination with the changing nature of the international economy and the UK's trade relations with the rest of the world, as well as the urgent need to reach net zero, require a sustained, robust industrial strategy to effectively rebuild the UK economy.

Internationally, the UK risks being squeezed between the US Inflation Reduction Act alongside the European Union's Green Deal Industrial Plan which are already having a significant detrimental impact on UK investment. Yet, as we face these challenges the UK remains the only developed economy without an industrial strategy. Never has the case been clearer to adopt one.

Every other major economy, from Germany to China, has a long-term national manufacturing plan, underlying the importance of an industrial base to the success of its wider economy. If the UK is to compete on a global stage, particularly for top talent, a national manufacturing plan is imperative. Fundamental to this is a coherent set of policies that promote business investment in skills and infrastructure to support their development.

The foundation stone of an industrial strategy is people. Owing to the above factors, we now face a perfect storm: the demand for upskilling and reskilling has increased at the very same time as the pipeline of workers, teachers and talent into the sector has diminished.

Particularly alarmingly, engineering and manufacturing apprenticeship starts have fallen drastically since the introduction of the Apprenticeship Levy. Meanwhile, T Levels, a newer post-16 qualification originally designed to replace BTECs, are suffering from their own unique issues, including low uptake.

A major overhaul of the Apprenticeship Levy and the wider education and skills system is therefore necessary. Reform is inarguably a top priority for the incoming government. By combining measures such as better workforce occupational health schemes (backed by business) and a full review of the Apprenticeship Levy, Government and industry could work together to revitalise the sector, demonstrating beyond all doubt that manufacturing is and continues to be an engine for growth in the UK economy.

Adopting these policies will also help to address the skills and recruitment crisis, and support the manufacturing sector as it plays a defining role in delivering net zero.

While Make UK research clearly shows that the modern UK manufacturing sector provides an excellent working environment, with high wages and regular opportunities for continued training, perceptions of the sector could still improve. In an age of automation, employers are introducing new digital technology to increase productivity and upskill employees, often creating new, better jobs to assist in this optimisation. This vision of contemporary manufacturing should be much better conveyed to the public.

As manufacturers propel the UK into a green tech revolution, it is imperative that the incoming government take significant steps to improve the perception of, and skills offer for, manufacturing. After all, an industrial strategy is only effective if there is a workforce able to deliver it.

POLICY RECOMMENDATIONS

- 1. The Government must develop a long-term, robust and modern industrial strategy, which places apprenticeships, upskilling, and retraining at its core.** Skills are key to providing manufacturers (and wider industry) with the workforce they need deliver the ambitious investment and economic growth targets the new government has set for the country.
- 2. An ambitious mandate for the Industrial Strategy Council, including oversight and monitoring of Government policy and implementation on skills as well as investment.** This should include analytical capacity to assess where skills shortfalls are a blockage to growth, decarbonisation and expansion of manufacturing. Unions and manufacturing employers must also be represented across the Council.
- 3. The Government must conduct a root-and-branch review of the Apprenticeship Levy as a funding mechanism, but also 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. This should focus on reversing the steep decline in engineering and manufacturing apprenticeships, as well as exploring where wider skills training can be supported, especially for the existing workforce. The Government must address also the misallocation of training provision and resources. It remains the fact that revision to the funding bands for engineering and manufacturing apprenticeships are needed more regularly, particularly for Level 2 and 3 apprenticeships, to account for rising inflation and the cost of materials. Despite IfATE evaluating the majority of manufacturing and engineering apprenticeships in the last 2 years, only 47% have specifically seen funding band reviews, and not all of these were bands were revised upwards.
- 4. The Government should develop better support for employers to take on industry placements.** As T Levels continue to be rolled out, the success of these new post-16 education options depends on businesses being able to host students on industry placements.
- 5. The Government must place greater focus on digital skills across the curriculum, particularly within pre-16 education.** Gaining and developing the digital skills which enable the use of new industrial digital technologies will be the defining challenge for the current and future workforce over the next decade. Whether programming, software engineering, data analysis or digital design, manufacturing jobs increasingly depend on a range of digital skills. The school curriculum should ensure that learners understand how to use basic digital tools for problem solving, collaboration and communication, and data analysis.

- 6.** **The Government must review the current skills landscape for existing workers.** Despite efforts to simplify this, the range of new and existing publicly funded training programmes – both at a national and devolved level – intended for working-age adults suffer from low awareness and take-up from employers. Government must therefore work with industry to design a clearer set of pathways for employers and employees to access upskilling and retraining options. This should include recognising the benefits of trade union brokered learning, a particularly important route for providing skills at a workplace level and for enabling reskilling.
- 7.** **The Government should introduce a Manufacturing Mentor Scheme, accompanied by tax relief on accredited leadership and management training.** The current Help to Grow: Management scheme is well-intentioned but falls short of what is needed. As manufacturers adapt to an ageing workforce and an increased rate of retirement since the COVID-19 pandemic, a mentorship programme that will help to develop the next generation of manufacturing leaders is needed now.
- 8.** **The Government must implement expanded tax relief on occupational health services.** To address the challenges that employers face in retaining staff and help those who have become inactive as a result of ill health back into the labour market, the Government should now implement the expanded tax reliefs on occupational health that were consulted on in 2023.
- 9.** **The Government should ensure that Statutory Sick Pay is available from the first day of absence with a rebate for SMEs.** Evidence from manufacturers suggests that the three-day qualifying period for SSP is contributing to presenteeism, with employees attending work despite being unwell in order not to lose pay, leading to a greater risk of long-term sickness absence and reduced productivity. Recent failures in NHS performance have exacerbated the health challenges facing employees, with long waiting lists preventing early access to treatment and increasing the impacts of existing health conditions. Employers and employees recognise the need for the government to prioritise health service investment as a key means to improving employee health.
- 10.** **The Government should collaborate with industry to continue to raise awareness of modern-day manufacturing career opportunities** through, for example, work experience and industry visits to schools, particularly for those under 16.

THE CHANGING NATURE OF WORK AND NEEDS OF WORKERS

On April 6th 2024, the new right for employees to request flexible working from day one of their employment came into force. While most manufacturers have not yet seen a notable increase in requests following the new rules, this policy reflects an understanding of wider change to working patterns as employees seek greater flexibility from their workplaces to accommodate a greater work-life balance. The new government's ambitions to adapt and build on recent improvements in this area is welcome.

However, a desire for flexibility is not the only change that the manufacturing sector has witnessed in recent years. The increased rate of retirement since the pandemic and the aging workforce in manufacturing, rising absenteeism in the workplace, and diversifying skills needs of those already in employment due to technological change (digitalisation, automation, and artificial intelligence) are also making their mark across the UK.

Data from Make UK's annual Labour Turnover report shows that nearly half (46%) of manufacturers have seen members of their workforce retire in the last 12 months. Although a majority have seen only a small proportion of their workforce retire in the last five years, this is due to increase over the next five years and beyond.

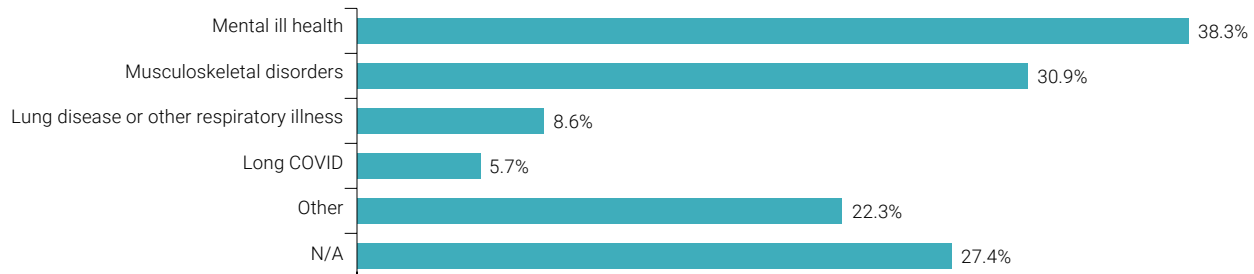
2/3
OF MANUFACTURERS HAVE SEEN LESS THAN 5% OF THEIR WORKFORCE RETIRE OVER THE LAST FIVE YEARS BUT MORE THAN A QUARTER EXPECT TO LOSE 10% OF THEIR WORKFORCE TO RETIREMENT IN THE NEXT FIVE YEARS

However, an aging workforce and the possibility of early retirement is not only an issue for retention of talent – it has a much wider impact. Manufacturers are struggling with institutional memory as workers retire before passing on crucial industry experience to new starters. Furthermore, an aging workforce brings more complicated (occupational) health issues, which must be addressed for both the benefit of staff and the company.

NEARLY 1/5 MANUFACTURERS SAY THAT EMPLOYEES HAVE RETIRED AS A RESULT OF PHYSICAL ILL HEALTH

Worryingly, ill health is not only an issue for older employees. Across the manufacturing sector, and the UK more widely, long-term sickness absence has increased compared with 2023 and 2022, not least as pressures on the NHS mean that employees struggle to access the healthcare support they need. Manufacturers report that worsening mental ill health is a significant driver of this increase, with nearly 40% of employers identifying this as the main cause of long-term sickness absence in their business.

Chart 1: Mental ill health is the biggest cause of long-term sickness absence among manufacturing employees



Source: Wellbeing Report 2024

Recent failures in NHS performance have no doubt exacerbated the health challenges facing employees, with long waiting lists preventing early access to treatment and increasing the impacts of existing health conditions. Employers and employees recognise the need for the government to prioritise health service investment as a key means to improving employee health. While the vast majority of manufacturers believe that most employee ill health is not directly related to their occupation, the prevalence of these new trends has nonetheless driven many companies to make significant changes in the workplace.

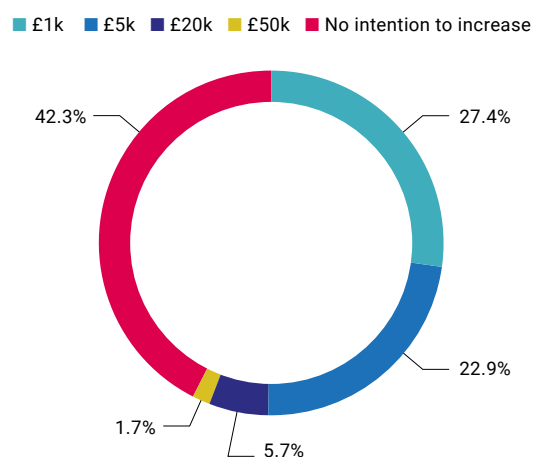
Manufacturers are also spending more overall on health and wellbeing initiatives, and many have reported significant benefits in reduced sickness absence and improved productivity. Over both 2022 and 2023, manufacturers largely increased their level of investment or at least held it at the same level as the previous year.

Moreover, greater investment and cultural change towards, for example, flexible working, is expected in the coming years, as employers try to counteract the pressures of their ageing workforce and increased competition for skills by keeping hold of talent and maximising the output of their existing workforce.

MORE THAN 8/10 EMPLOYERS ATTRIBUTE 10% OR LESS OF THEIR TOTAL SICKNESS ABSENCE TO WORKING CONDITIONS. ONLY 4% OF MANUFACTURERS BELIEVE THAT MORE THAN A QUARTER OF THEIR ABSENCES RELATE TO FACTORS AT WORK

Our research shows that many manufacturers are evolving from a 'reactive' model of health and wellbeing to a 'proactive' model. By taking a very literal 'prevention is better than cure' approach and shifting focus simply managing current sickness absence and employee performance to adopting early-stage interventions to prevent sickness, employers are working hard to prevent absentee- and presentee-ism in the workplace.

Chart 2: A majority of manufacturers will increase their spending by between £1k and £5k in the next 12 months



Source: Wellbeing Survey 2024

OVER 1/2 OF MANUFACTURERS ARE SPENDING BETWEEN £10K AND £50K PER YEAR ON HEALTH AND WELLBEING

HOW ARE MANUFACTURERS INVESTING IN WORKFORCE WELLBEING?

Empowered by the understanding that occupational health (OH) measures noticeably aid retention and often recruitment, manufacturers have adopted services not only to meet regulatory requirements, for example, on health surveillance or manage absence, but also to support their staff proactively.

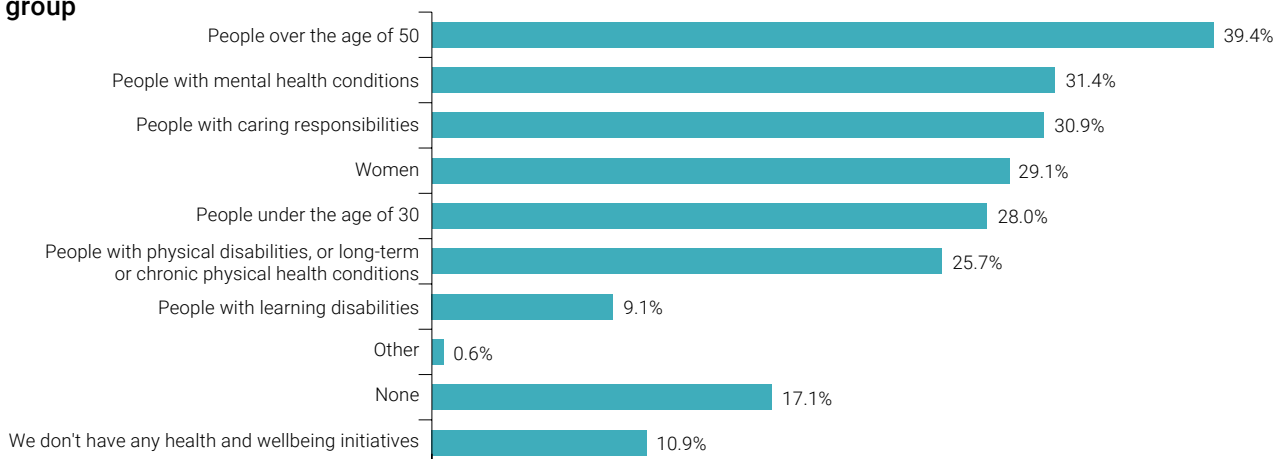
While there is often a perception that OH is better suited to meeting physical health needs than mental ill health, a majority of manufacturers (57.7%) who have some form of occupational health service provided in-house or externally include counselling or other mental health support. Additional data from Make UK’s annual Shift Premia and Benefits Benchmark 2024 report shows that 60% of manufacturers also offer employees private medical insurance as a benefit in kind.

These changes to manufacturers’ health and wellbeing strategies are anticipated to yield great rewards in the future. Already, employers have identified that health and wellbeing investment benefits a range of different people, making the workplace more accessible and the workforce more diverse.

Although manufacturers want to do more, limited resources and a lack of financial incentives from Government mean that not all employers can invest as much as they would like in the health of their workforce. Data from Make UK’s annual

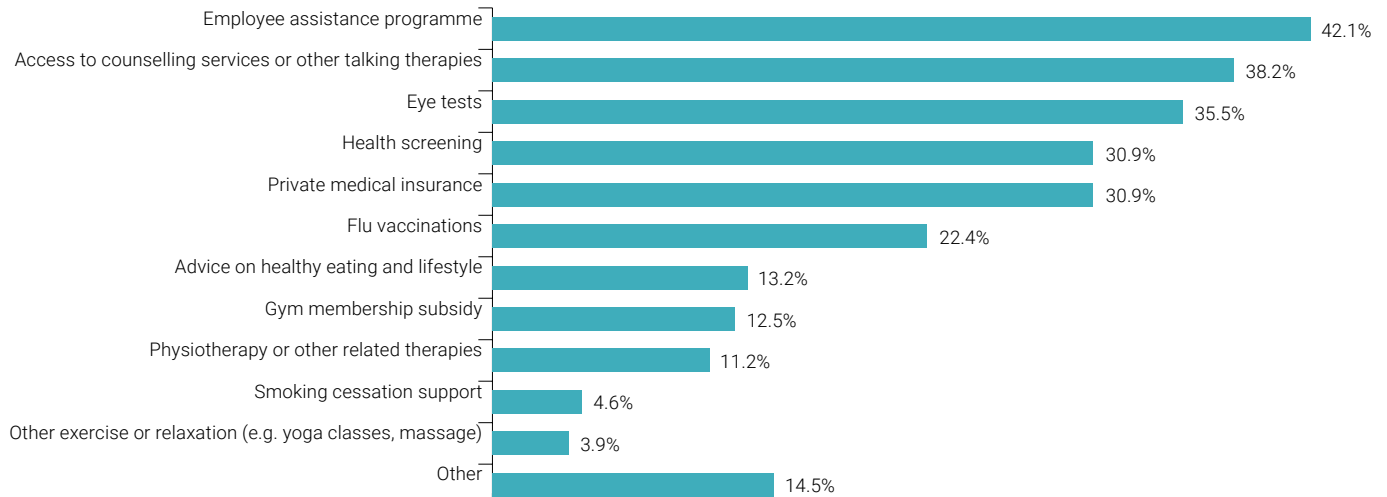
Absence Benchmark report shows that support is largely focused on where there is either a relatively small financial outlay or where current tax relief (on employer-provided health services as benefits in kind exempt from national insurance contributions) makes a return on investment in occupational health more obvious. By increasing the scope for occupational health benefits eligible for tax relief, Government can help employers to keep people in work for longer and increase manufacturers’ productivity.

Chart 3: Health and wellbeing investment benefits by group



Source: Wellbeing Survey 2024

Chart 4: The most popular health and wellbeing offers typically correspond to upfront cost to the employer



Source: Shift Premia & Benefits Benchmark Report 20244

RECOMMENDATIONS

1.

Develop a long-term, robust and modern industrial strategy, which places particular emphasis on upskilling and retraining.

2.

Implement expanded tax relief on occupational health services.

3.

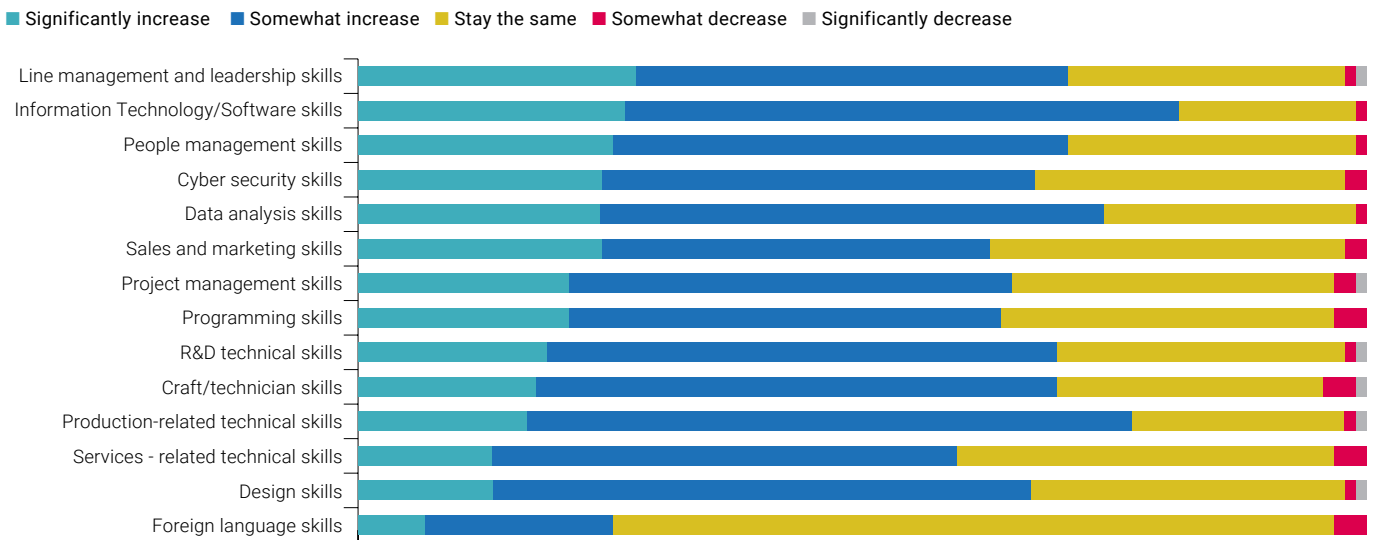
Ensure that Statutory Sick Pay is available from the first day of absence.

Alongside national trends in the health and wellbeing of the workforce, employers' investment in new industrial technologies is also a key driver of the changing workplace for manufacturers. Deployment of technology is helping to create safer and healthier working environments across the sector, and diversifying the skills needs of those already in employment.

As the adoption of automation, AI and IDTs (industrial digital technologies) increases, manufacturers expect greater competition for digital skills, and are looking to invest further in developing a pipeline of future talent, who can balance digital and technological excellence with innovation and leadership skills.

**NEARLY
1/2
OF MANUFACTURERS HAVE
PRIORITISED INVESTMENT IN
DISPLAY SCREENS TO SUPPORT
IMPROVED HEALTH AND SAFETY IN
THE WORKPLACE AND OVER A THIRD
HAVE INVESTED IN TECHNOLOGY TO
ENABLE FLEXIBLE WORKING**

Chart 6: How manufacturers expect the skills needs of their company to change between now and 2030



Source: Skills 2030 Survey, 2022



EMPLOYMENT IN THE AGE OF AI AND AUTOMATION

Technological advances have always altered the nature of employment. Throughout history, this process of creative destruction has generated enormous wealth but it has also borne difficult disruptions. While recent periods of technological change have seen more new jobs created than lost, this outcome cannot be taken for granted. Efficiencies gained through new practices and technologies reduce the cost and duration of production which, when passed on to the consumer, increases spending power, stimulating demand and creating new jobs and opportunities.

Rather than making workers redundant, digital technologies tend to simply shift work into other tasks and areas.

While it is unlikely that, in the long run, the net result of the Fourth Industrial Revolution will be a decline in the number of jobs, automation and digital technologies will result in significant changes to the nature of work as industries evolve and outdated job functions disappear. It is therefore crucial that employees and employers are able to adapt to connect, particularly in the manufacturing sector, and that change is made as easy as possible by an industrial strategy.

While robotics can make a production line more efficient, and technology can increase the speed with which information is communicated, economic history shows that digitalisation and automation largely serve to augment, rather than replace, workers. There are plenty of cases where manufacturers already work with their employees, through trade unions, to agree job protection and upskilling measures in the context of new technologies that improve productivity. The Fourth Industrial Revolution therefore presents a need for greater analysis, innovation, leadership and management skills – something manufacturers are already working towards.

As new technologies are introduced, action is needed to ensure that employees are protected from the risks and

harms of AI-powered decision-making in the workplace, and that all can benefit from the opportunities associated with AI at work. Evidence suggests that data-driven insights can be beneficial for business but the largest increases to productivity arise from a company culture which trusts employees with their work.

To ensure that AI is used to make work more productive, safer, and more rewarding, it is important that the appropriate policies, practices and regulations are put in place. The TUC's AI Bill provides one blueprint for how this could be done.



MANUFACTURING EXPANSION WITH DIGITAL UPSKILLING MADE SMARTER CASE STUDIES

DAWS (Door and Window Systems)

DAWS in Knowsley are a rapidly growing start-up that manufacture doors and windows, who identified that, in order to grow, they would need further digitalisation. They created a digital roadmap after conducting detailed analysis of their existing equipment, with help from the Made Smarter programme.

DAWS' investment in a software solution to manage customer interactions and sales, and secondary software to integrate this with production and dispatch, has opened up the option for flexible working within the company, upskilled eight existing roles and laid the foundation to create 15 new jobs. The investment is set to support DAWS' ambition to double its turnover within the next three years.

Evertaut

Blackburn-based manufacturer, Evertaut, makes auditorium and contract seating for a wide range of establishments, such as universities and stadiums. By investing in a new ERP software (Process Plus), they hope to integrate production with all other areas of the business and automate several processes, and anticipate a 10% increase in efficiency of order processing, alongside the freeing up of 20% of the senior managers' current time. The digitalisation process will also contribute towards increasing turnover and aiding their long term growth plans, which include creating nine new jobs and upskilling its existing 14 staff.

An industrial strategy which acknowledges the foundational importance of a digitally skilled and managerially competent workforce must provide the corresponding incentives to deliver this. Although programmes currently exist which can assist employers in developing their talent pipeline, more must be

done to support businesses who will see a fundamental shift in the skills required from their workers, as well as increased competition from other sectors for these very same skills.



DEVELOPING THE DIGITAL SKILLS NEEDED TO TRANSFORM MANUFACTURING

Across the sector, manufacturers increasingly require digital skills from their employees. With the advance of flexible working, and the changing nature of the sector due to automation and AI, workers both in the office and on the factory floor must develop greater knowledge and confidence in using technology.

For office workers, basic digital skills, such as an understanding of communications technology (like Microsoft Office or Zoom) and data management systems will be necessary. However, for those working on and managing assembly lines, digital skills such as data analysis, programming and troubleshooting will become increasingly important. With the adoption of technology and processes like digital twins (digital replicas of a machine or the entire factory, running in real time) and additive manufacturing becoming more popular, it will be critical for manufacturers to understand not only physical infrastructure, but also digital infrastructure like cloud computing and other software and data storage systems.

RECOMMENDATIONS

1.

Develop a long-term, robust and modern industrial strategy, which places particular emphasis on upskilling and retraining.

2.

Introduce a Manufacturing Mentor Scheme, accompanied by tax relief on accredited leadership and management training.

3.

Ensure greater focus on digital skills across the curriculum, particularly within pre-16 education.

4.

Incentivise workplace training through more generous tax relief.

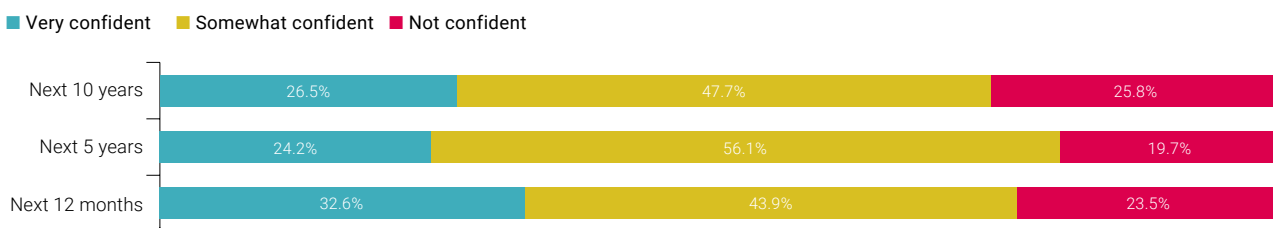
5.

Review the current skills landscape for existing workers.

THE SKILLS SYSTEM

For many years now, the manufacturing sector has faced both a labour and skills shortage. Although the number of unfilled vacancies has improved from the historic highs of close to 100,000 during the pandemic to 63,000 now, the absence of skilled workers remains a challenge for employers up and down the country. Reforms to the immigration system have made it even more difficult for employers, who cannot source UK talent to fill vacancies, to plug these gaps with workers from abroad and remain productive.

Chart 7: How confident are employers that their business will have the skills it



Source: Skills 2030 Survey, 2022

Data from successive quarterly Make UK HR Bulletins continues to highlight a lack of candidates with the right technical skills as a key barrier to recruitment (two thirds of manufacturers agreed this was the key barrier to recruitment over the last 3 months). Moreover, additional Make UK research suggests that most employers are only somewhat confident that their business will have the skills it needs in the future.

**ALMOST
1/2**

**OF MANUFACTURERS ARE
PRIORITISING INVESTMENT IN
LEVEL 3 SKILLS IN THE IMMEDIATE
TERM, AND OVER A THIRD
ARE PRIORITISING THIS IN THE
LONGER TERM**

Manufacturers know that in order to succeed in the transition to net zero and remain productive in the Fourth Industrial Revolution, they must recruit and upskill now. Almost half of manufacturers are prioritising investment in Level 3 skills in the immediate term, and over a third are prioritising this in the longer term. However, with employers increasingly expecting to recruit for more technical roles, but failing to fill vacancies now, it is clear that the UK skills and training system is currently incapable of equipping increasing numbers of people with these skills in the timescale necessary. Reform to this system is therefore essential to help employers to address challenges facing industry, and an industrial strategy which fails to acknowledge this will ultimately fail to achieve its aims of increasing productivity and providing certainty for industry.

A SPOTLIGHT ON APPRENTICESHIPS

Manufacturers are keenly aware of the benefits of hosting apprentices, for both recruitment and talent development reasons. The vast majority of employers retain their apprentices well beyond their training, and apprenticeships provide an important route into the sector for new starters.

However, since the introduction of the Apprenticeship Levy, starts in engineering and manufacturing apprenticeship standards have fallen by 42%. Much of this decline is accounted for by steep falls in the number of apprenticeships at Level 2 and 3, which have been routinely underfunded. This has led training providers in some parts of the country to withdraw engineering and manufacturing courses as they are no longer financially viable to offer, or because they cannot recruit enough skilled tutors to deliver the training.

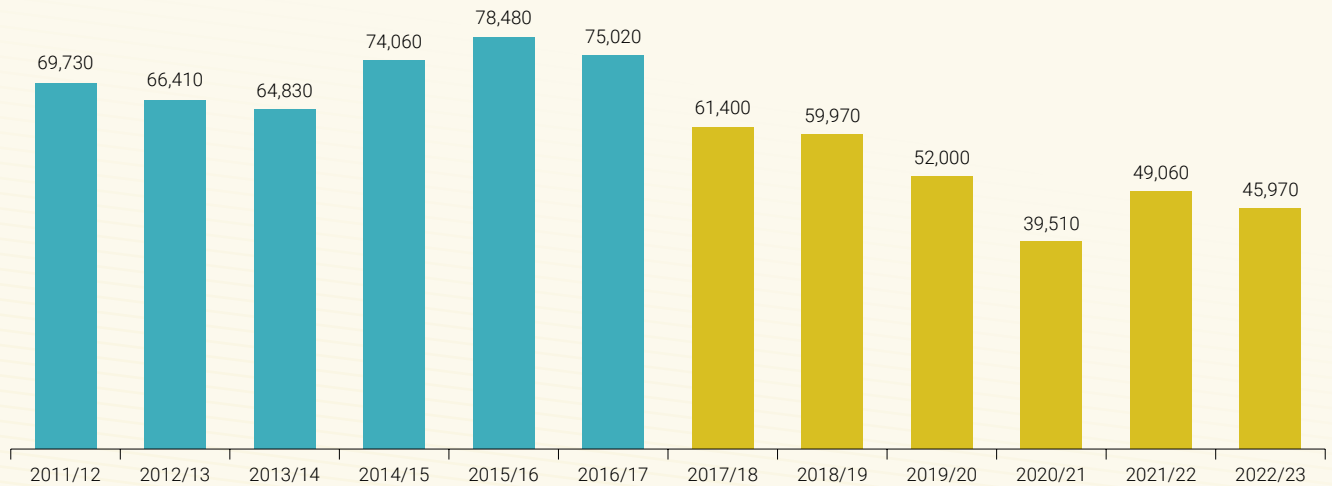
This means that employers wanting to train young Level 2 and 3 apprentices often find that there is no local supply of training to meet their needs. Those paying the apprenticeship levy have the choice of spending it on other apprenticeships, sharing a portion with other employers or simply returning it unspent to the Treasury after 24 months, after which point there is no visibility of how the money is spent. For SMEs not paying the levy, the system remains costly and cumbersome. For employers of all sizes, there are major structural barriers across the apprenticeship system to accessing the right training – these must be addressed.

According to the OBR, £3.9 billion is due to be collected from levy-paying employers across 2023-2024, while the total apprenticeship budget in England is due to reach only £2.8 billion. Accounting for allocations made to the devolved nations under the Barnett formula, this means that there remains a substantial amount in funding collected from employers that is unaccounted for. This also excludes the portion – around £60 million – that is returned unspent by employers. While there is an important conversation about how the proposed Growth and Skills Levy reflects employer demand for flexibility, the first priority should be using these surplus employer contributions to ensure that there is adequate market supply of training for employers to access.

It is crucial that we address this to help employers and providers to ensure that we are training enough people in the high-value high-skill engineering and manufacturing apprenticeships that our economy needs. The Government must therefore:

1. Provide greater transparency on the distribution of funds under the Apprenticeship Levy.
2. Ensure that, for the sake of both fairness and value for money, every pound collected for apprenticeships must be spent on skills training.
3. Urgently review all Level 2 and 3 engineering and manufacturing standards to ensure that funding bands truly reflect the total cost of delivery.

Engineering and Manufacturing Apprenticeship Starts



Source: Skills 2030 Survey, 2022

RECOMMENDATIONS

1.

Develop a long-term, robust and modern industrial strategy, which places particular emphasis on upskilling and retraining.

2.

Conduct a root-and-branch review of the whole apprenticeship system – not just the levy as a funding mechanism.

3.

Address the misallocation of training provision and resources.

4.

Develop better support for employers to take on industry placements.

5.

Review the current skills landscape for existing workers and look at the role trade union brokered learning can play.

THE FUTURE OF MANUFACTURING

Despite its challenges, UK manufacturing is a thriving and vibrant sector. With high wages, incredible upskilling opportunities, and excellent wellbeing initiatives, unfavourable perceptions of the sector are easily challenged, with 93% of people agreeing that UK manufacturing is important for UK prosperity.

Over the years, manufacturers have invested in new technologies, transforming old factories into state-of-the-art facilities, with modern production and safety mechanisms at their heart. The days of 'dark' and 'dirty' assembly lines are well over, upgraded with clean (and often green) machinery, which serves to augment current jobs, offer workers new opportunities to develop their digital skills and help manufacturers take steps towards net zero.

However, more can always be done. The very existence of an industrial strategy boosts the profile of manufacturing and demonstrates its importance to parents, teachers, and most importantly, students. Nonetheless, to further improve perceptions of the sector, we would encourage Government to work with employers to continue to raise awareness of modern-day manufacturing career opportunities through, for example, work experience and industry visits to schools, particularly for those under 16.

There are also manufacturing jobs whose future depends on timely investment in upgraded facilities and decarbonisation. We welcome Labour's commitment to co-invest in at-risk manufacturing sectors through the National Wealth Fund.

Events like **Make UK's National Manufacturing Day** offer excellent opportunities to visit local manufacturers and dispel outdated myths of the sector, where anyone in the UK can learn about the employers near them.

Finally, the future of manufacturing cannot be guaranteed by an industrial strategy alone. Crucial to its success will be the development of adequate social provision to house workers and their families. The current cost of living crisis and record housing costs have highlighted that no industrial strategy or place-based government policy can achieve its aims if firms are not able to find the workers they need.

However, workers will not join a firm if they cannot find a home nearby to live in. Thus, significant improvements in meeting the skills needs of the construction sector must also be made if the UK is to build the homes which workers and their families need to join manufacturing firms in the first place, and ensure the success of any Industrial Strategy.

ELECTRIFYING INDUSTRY: THE FUTURE OF MANUFACTURING ENERGY

The shift to electrification offers significant opportunity for the employment or re-deployment of skilled workers. Despite existing demand not currently being met, labour market data from the Unit for Future Skills indicates that increased demand for electrical engineers, electronics engineers, and electrical and electronic technicians will lead to growth in employment of around 13,300 jobs in these areas by 2035 from 2022 levels. Industry will have to compete with demand for this future talent from other commercial settings, but to win over workers, the perception of modern manufacturing must improve.



93% OF PEOPLE AGREE THAT UK MANUFACTURING IS IMPORTANT FOR UK PROSPERITY



40% OF PARENTS WOULD ENCOURAGE THEIR CHILD TO PURSUE A CAREER IN MANUFACTURING

OVER 3/4

OF THE PUBLIC SAY WE NEED A STRONG MANUFACTURING BASE TO INCREASE THE UK'S RESILIENCE AND PREPARE FOR FUTURE CHALLENGES - AN INDUSTRIAL STRATEGY DEMONSTRATES THAT THE GOVERNMENT THINKS THE SAME

RECOMMENDATIONS

1.

Develop a long-term, robust and modern industrial strategy, which places particular emphasis on upskilling and retraining.

2.

Collaborate with employers to continue to raise awareness of modern-day manufacturing career opportunities.

3.

Invest in physical and digital infrastructure to enable local and national growth.



CONCLUSION

Once the Cabinet has had time to settle in post-election, it is crucial that the incoming government supports the development of a modern UK industrial strategy that connects and plans for the development of skills, net zero technology and automation.

Input from manufacturing firms and trade unions at the level of the Industrial Strategy Council will be crucial for this. We support the Government's ambition to work together with business and trade unions to develop a long-term, robust and modern industrial strategy, which places particular emphasis on upskilling and retraining. This is key to providing manufacturers and wider economy with the certainty and information that they need to feel confident in a return on their investment in skills, as well as guiding businesses through the transition to net zero and greater digitalisation. As the previous government's Green Jobs Taskforce found, investment in vocational training infrastructures such as FE colleges, with long-term funding certainty, will be an important part of this.

Internationally, the UK risks being squeezed between the US Inflation Reduction Act alongside the European Union's Green Deal Industrial Plan, which are already having a significant detrimental impact on UK investment.

This month's King's Speech set out a welcome change in direction. Yet, as we face these challenges, the UK currently remains the only developed economy without an industrial strategy. Never has the case been clearer to adopt one. As we move towards the Fourth Industrial Revolution, the importance of manufacturing skills cannot be understated in delivering the future homes, technology and innovation, and decarbonisation that will drive the UK economy in the future.

Alongside a review of the Apprenticeship Levy and the adoption of wider skills recommendations, the government must prioritise addressing the shortage of digital and green skills to meet the needs of net zero energy provision and electrification that are foundational to a successful 21st Century industrial strategy. The future economic prosperity of the UK can only be secured through the successful implementation of each layer of a modern industrial strategy. The foundation of any successful industrial strategy begins with solving the skills and labour shortages. The objective is to grow our economy. The starting point is investing in people.



Make UK is backing manufacturing – helping our sector to engineer a digital, global and green future. From the First Industrial Revolution to the emergence of the Fourth, the manufacturing sector has been the UK's economic engine and the world's workshop. The 20,000 manufacturers we represent have created the new technologies of today and are designing the innovations of tomorrow. By investing in their people, they continue to compete on a global stage, providing the solutions to the world's biggest challenges. Together, manufacturing is changing, adapting and transforming to meet the future needs of the UK economy. A forward-thinking, bold and versatile sector, manufacturers are engineering their own future.

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The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together the 5.5 million working people who make up our 48 member unions. We support unions to grow and thrive and we stand up for everyone who works for a living.

tuc.org.uk

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