

Manufacturing update 12: A plan to recover and rebuild our manufacturing base



At recent meetings with government we have laid out our case that UK manufacturing must be at the heart of any recovery and rebuild strategy from COVID-19. A case for a government led **industrial strategy** that directly **intervenes** and provides **support** for, alongside the expansion of, our manufacturing **capabilities, capacity** and **resilience** as we **reposition our economy** to address the challenges ahead.

Our **NHS** and other **public services** rightly demand levels of financial support that can only come from a world class, high value, exporting manufacturing sector. Further, it is only through a **coordinated industrial strategy** that we can meet our objective of **levelling up our economy**; protecting and enhancing jobs, upskilling our workforce, offering apprenticeships to coming generations, supporting our families and defending communities in a **just transition** of our economy.

The **million plus green jobs** that can be created in our efforts to meet wider **social policy and climate change commitments** will come from a **recovery plan** with manufacturing at its core. Ensuring that we **manufacturing the products we need** here in the UK, while training and deploying an **army of installers and maintainers** to reshape our nations. **Meeting the challenges of COVID-19, Brexit and climate change head-on** will require a recognition of the need for direct, strategic state intervention and genuine collaboration with industry and trade unions, our regions and devolved governments, mayoralities and local authorities.

- ⇒ We have proposed the establishment of a **National Council for Recovery** and **Regional Development Councils** to work collaboratively **with government, industry and unions** in our efforts to both **rebuild from COVID-19** and **repurpose for climate change**, but also **prepare our economy for the opportunities from Brexit**.
- ⇒ To **avoid mass unemployment** and the social, as well as human, devastation that will follow, we have an opportunity to create a confident, long-term stable environment for jobs and business with **sector deals** and **state guaranteed loans** based on a clear understanding of the challenges they face.
- ⇒ The creation of a **jobs guarantee scheme** and **sector skills councils**, overseen by a **National Skills Task Group** with emphasis on **skills and knowledge retention, apprenticeships** to support our young and the **upskilling** of those already in work. Those entering the labour market today will drive to transform our economy, but only if we nurture and use the power and **capital leverage of the state** in a strategic way to develop an economy to support them.

We must be brave, investing now, using **equity stakes** and **public procurement as strategic tools** bring forward public projects to meet our wider social policy objectives. Working together, we can meet our targets on **regeneration, job creation and skills retention** as well as established commitments to lead the world with an **environmental plan for a rescheduled COP26** that puts the **UK centre stage in a post Brexit, net zero carbon world**. Leading the way with innovation and sharing our common wealth for the good of the world with **environmental reparations** (technology transfer) to the developing world in a global effort to save our planet.

OUR TOP 10 GENERIC INITIATIVES TO SUPPORT UK PLC: **(Sector specific plans are more tailored and detailed)**

1. **DOMESTIC HOUSING RETROFIT** – a major programme of **manufacturing and retrofit for domestic housing** including; insulation, double glazing, photovoltaic panels, heat pumps and battery energy storage capability will help to green our housing and **create thousands of jobs** across our nations.



- ⇒ **Manufacturing for our needs** here in the UK.
 - ⇒ Reducing our energy demands alongside the development of **hydrogen as a direct substitute for domestic gas** will move us towards meeting our climate change targets on net zero carbon.
 - ⇒ **Incentivising our manufacturing sector to repurpose our manufacturing capability to meet our needs of tomorrow, here in the UK today.** Not only protecting thousands of skilled jobs but repositioning the UK economy for future export opportunities.
2. **CARBON CAPTURE, STORAGE AND USE** – government support will be required in the **design, engineering and UK manufacture of technology** to support **decarbonisation** of heavy UK user industries such as steel, ceramics and construction materials.
- ⇒ **Pump priming investment** in the development of **regional zero carbon and carbon reuse initiatives** such as the Humberside regional project, and industry level initiatives stalled following the earlier withdrawal of government incentives.
3. **HYDROGEN GENERATION, STORAGE AND USE** – hydrogen use will expand dramatically over coming years, from powering our cars, buses, trains and lorries to cleaning up and fuelling our heavy energy use industries. Investment will be required in R&D as well as generation, storage and the use of hydrogen.
- ⇒ Support for the **greening of our towns and cities**, transitioning **public transport** - our railways, buses trams and taxi's, alongside **heavy haulage and commercial fleets** from diesel to fuel cell and battery technologies.
 - ⇒ **Replacing gas in domestic/commercial energy supply** and **fossil fuels from heavy use furnaces**, as well as driving the development of fuel cells to manufacture as we **transition our automotive sector from combustion to Electric Vehicles**. Further, support is required for **gas waste capture and reuse projects** with their classification as renewables, to allow for capital grant application.
4. **AUTOMOTIVE SECTOR TRANSITION** – government support for our world class automotive sector is absolutely necessary as we face the challenges of COVID-19 and future trade relations with the European Union alongside the transition from combustion to Electric Vehicles (EV), global trade tensions overspilling into key UK markets and the fallout from the diesel-gate and the emissions scandals of recent years.
- ⇒ Many of our UK manufacturers are global players, in alliances with others and with a global footprint of plants. **Excess global capacity and pressure on capital investment** is creating a serious concern for the UK with the **fear of a bad or no deal Brexit not playing out well** for the UK automotive sector.
 - ⇒ Transitioning the sector is a major challenge that will require direct government sector and company level support and intervention. **A joint venture investment in at least two giga-factories**, manufacturing batteries to take the UK's world leading research and development **from 'Faraday to production'**. **Transition support** for the automotive **supply chain** is needed to repurpose supply for the EV market with a very different **power train, transmission and fuel cell** product.
 - ⇒ **Public investment** is necessary in **infrastructure**, including a **publicly owned national, standardised charging network** for both rapid charge batteries and hydrogen at existing forecourt and public locations, including local energy generation and supply.
 - ⇒ Measures such as a **private and commercial vehicle scrappage scheme** with incentives to **buy UK manufactured vehicles** or those with **minimum UK component content** by value would be widely welcomed.
5. **AEROSPACE SUPPORT** – the aerospace sector is like automotive and print, going to take some time to recover from the impact of COVID-19. It is **intrinsically linked to the fate of the wider aviation sector, a reopening of global air travel, confidence and passenger volumes** in both business and tourist numbers. Demand for new aircraft has collapsed by some 40 percent and along with it, demand for airframes, aerostructures and supply chain manufactured components.

- ⇒ Civil **engine manufacturing** needs a return to volume build alongside **investment in the development of synthetic fuels and zero carbon power systems**. **Radical change** is also needed to a **business model** based on the **leasing of engines** and **long-term, in-service** maintenance, repair and overhaul (MRO) contracts.
- ⇒ A necessary **financial package** to support the **aviation sector** must lead to **support for aerospace** and an **aircraft scrappage scheme to replace existing older fleets** with greener, quieter, more fuel-efficient aircraft.
- ⇒ Further, **government support** is needed for **research, development, engineering and the UK manufacture** of projects like the **'wing of the future'** and in support of proven UK based innovation such as the **world beating compositing technologies** at Spirit/Bombardier, airframes and aerostructures.
- ⇒ For aerospace it is clear that **specific support will be required beyond the current Job Retention Scheme** and longer-term provisions for **government equity stake**, **business loans** and **debt purchasing** arrangements will be necessary for both individual companies and the sector overall.

6. ENERGY GENERATION AND SUPPLY – government should now review the potential for **tidal energy generation as a core element of a mixed energy generation portfolio**, including **wind, solar and nuclear**.

- ⇒ The UK has the largest **off-shore wind power generation** network in Europe, coupled with extensive land-based networks yet disgracefully, we **fail to manufacture a single wind turbine here** in the UK.
- ⇒ Support for the UK **manufacture of photovoltaic panels** for both domestic and commercial use, **battery energy storage capabilities** and the **Small Modular Reactor** development should be confirmed. Risk and reward funding should be made available to UK manufacturers to **bring world leading products to a global market** while ensuring R&D, alongside engineering and manufacturing remains in the UK.

7. PUBLIC PROCUREMENT – The UK spends some **£292 billion** each year of taxpayers money procuring goods and services. **This is central to any industrial strategy to support UK manufacturing and level up the economy** with clear **regional plans** and a **joined up industrial strategy** with the full engagement of our devolved nations, mayoralities and local government.

- ⇒ Clear instruction must be given to **support a build local/buy UK strategy** when **planning and supplying public projects**, including; **infrastructure** and **housebuilding** programmes, **vehicle fleets, public transport networks**; railway, bus, tube and tram renewal, as well as fulfilling our **military capabilities**.
- ⇒ A failure to **commit to the UK build of the three planned Fleet Support Ships (FSS)** with **UK steel, cabling and other supplied materials** will cost jobs and undermine our future capabilities. In our **printing industries** the loss of **UK passport production** alongside the **UK driving license** has caused widespread damage to confidence that must be corrected.
- ⇒ Wider **tests of social and economic value** must be central to public spending decisions and the **multiplier effect** from procurement spend in the UK considered as **central to any procurement decision**, with the necessary **changes made to Treasury guidance**.

8. DEFENCE SPENDING – government can act in this area to **immediately extend existing commitments on Tempest** alongside **naval and land fleet renewal**, including the **three FSS naval supply ships**.

- ⇒ **Purchasing 'off the shelf'** rather than developing and supporting UK led alliances is a **false economy** with a **devastating impact on UK capabilities and capacity** as well as our wider ability to act in the **national interest with freedom of action**.
- ⇒ Commitments should be obtained from publicly funded private sector companies that the best use of **technological transfer from military to civil benefits UK design and manufacture**, allowing new global products to be brought to market from the UK.

9. **INFRASTRUCTURE BUILD** – there are numerous infrastructure projects that we would like to see support from the government on. From **roadways and power stations** to the installation of an **in-home national high speed, fibre optic broadband network**, owned as a public asset and **supporting UK cable manufacture**.
- ⇒ Desperately needed **rail infrastructure** investment in both **capacity and connectivity**, especially in the northern regions and east-west with **new UK freight lines to distribute goods across the UK** to local and regional distribution hubs and **railhead links to major UK ports**.
 - ⇒ **Energy generation** projects such **wind farms** and the **Swansea Bay Tidal Lagoon** should be revisited, supporting not just a supply of clean energy but **export quality technology development, turbine manufacturing** and other associated product procurement.
10. **SKILLS AND APPRENTICESHIPS** – Innovation will be driven by those entering our labour market into high tech companies that need support now to diversify into new markets. They will need **grants and tax incentives to invest in new technologies** and equipment. They will also need to **invest in skills and people**.
- ⇒ The current **apprenticeship scheme (trailblazer and levy)** is **widely thought of as not fit for purpose**. We are in desperate need of a **review of the apprenticeship levy**, its **objectives** and **use** if we are to retain its credibility and legitimacy in the eyes of those who pay it. It **needs to meet the needs of sectors** and the **transition of our economy**, as well as companies of various sizes and requirements. A sectoral approach must be introduced with the introduction of **sector-wide skills councils** and a new **National Skills Task Group** to support new entrants, **apprentices** and the **upskilling** of the existing workforce to **ensure a 'just transition' of our industrial base**.

The above represents a **top ten, 'ready to go projects'** that government should be discussing with industry and unions now as part of a recovery and rebuild strategy to transition the UK economy and position us to meet the challenges of the future. That is why we have proposed a **'National Council for Recovery'** be established.

We will continue to push hard at every opportunity to see manufacturing placed at the heart of this strategy, supporting good jobs, a skilled workforce, apprenticeships for coming generations, our families and communities. We are working with industry federations and corporations where we have strong relationships to move this agenda. **Please assist us by talking to your employers** about joining us in the fight to secure a **stable, confident post COVID-19 economy** and a just transition to a greener world.

Change is coming. It's our duty to shape it and ensure working people are at its heart.

Stay safe and well during these difficult times.

In solidarity



Steve Turner
Assistant General Secretary