

KEEPING IT LOCAL

West Yorkshire

The ERA
Foundation



The Manufacturing Technologies Association

A report by the Manufacturing Commission,
sponsored by the ERA foundation and the MTA

RECOMMENDATIONS

Based on the discussion and additional conversations with local stakeholders, we have formed the following recommendations focussed on central government:

- 1 Long-term solutions** underpinned by an agreed cross-bench strategy is the only way to ensure the Industrial Strategy has maximum impact. Government and Opposition should commit to the continuation of the principles and structures of the Industrial Strategy including putting the Industrial Strategy Council on a statutory basis, learning from the value of the Climate Change Committee as a statutory independent oversight body.
- 2 Industrial policy development** needs much better inclusion of SMEs in the process. Government should build capacity in the Cities & Local Growth Units to ensure all voices are consistently heard and listened to, including SMEs in local supply chains.
- 3 Simplifying and streamlining financial support** would enable businesses to more easily access the funds they need. UKSPF presents the opportunity to design future funding in a way that can be apportioned flexibly to respond to local need rather than national formulas. Growth Hubs could then act as a “one stop shop” for business to find and access relevant support.
- 4 The fourth industrial revolution** offers a huge opportunity for manufacturing to create high value jobs and increase productivity, but many SME manufacturers struggle to quantify the return on investment. To build understanding, BEIS CLGU should assemble a range of regional case studies where good return on investment has been achieved by SME businesses adopting Industrial Digital Technologies and disseminate these to CAs and LEPs to share with local manufacturers.
- 5 Planning for growth** will mean taking a national strategic planning approach linking business growth to housing provision with the benefit of also delivering on Net Zero. This could include more mixed housing and business/industrial developments, which would reduce commuting and reconnect places for living with those for working.
- 6 The future of mobility** – one of the Grand Challenges – sets out the goal of the UK becoming a world leader in connectivity and mobility. Government should review national transport connections and designate key transport hubs (e.g. main line train stations) from which green multi-modal transport connections can be built outwards into work/live clusters to provide realistic public transport choices.
- 7 Engage and enthuse young people** about careers in manufacturing and engineering through greater Government investment in successful programmes such as Tomorrow’s Engineers, Primary Engineer and Industrial Cadets. This engagement should take advantage of the enthusiasm around the green economy whilst also broadening the diversity of those who are engaged in STEM throughout education. It could also build on the government’s ‘Engineering: Take a Closer Look’ legacy campaign from the Year of Engineering.

LONG TERM, CROSS-PARTY STRATEGY

In order to make a real difference to business, Local Industrial Strategies must be adopted nationally as long term documents backed by both government and opposition parties, not dependent on any one party being in Government. The current political flux is resulting in considerable uncertainty for business, there are concerns that with a change in government, existing strategies will end and new ones will be conceived and enacted, before themselves being cancelled or drastically altered. Business is flexible and adaptable, but it needs clarity and time to plan and invest for the longer term.

"I'd like to see a lot more cross party working, so that you've got a consistent approach... government policies will change, you know, if Labour were to get in, then they'll change overnight."

MAKING ALL VOICES HEARD

Over 99% of the businesses in the UK are SMEs. The SME manufacturing base is important both in its own right and also as the supply chain for larger businesses, so any strategy designed for this area must be designed with these businesses in mind. SME participants in the focus groups highlighted that they find it difficult to engage in anything beyond the urgent issues in their daily business; consequently voices from supply chain SMEs risk being missed by policy makers.

"[In] West Yorkshire, there's such a high concentration of SMEs. So, if you're going to develop an industrial strategy that's going to support manufacturing across the region... there needs to be an environment which is going to support the supply chain..."

ENDURING AND STREAMLINED SUPPORT

Manufacturers highlighted the confusing and complex nature of accessing nationally provided funding. This was an issue highlighted by businesses of all sizes, with even large manufacturers stressing the considerable time commitment required by some bid funding. Whilst there was a positive perspective of experience of funding from the LEP, most participants explained that they found the wider funding environment to be fragmented and difficult to access. This could result in manufacturers - especially time-poor SMEs - being unable to access funds that could help them improve their businesses and their productivity.

"I think that's one of the main problems, is knowing what is out there and there's no central source to find out what is out there. What is out there? What supports are out there and you know, what initiatives are out there? And the initiatives change, the government changes the initiatives too many times so nobody's up to date, certainly as a small SME you haven't got a clue."

DIGITAL INDUSTRY

As the world moves towards an ever more digital future, manufacturing faces a period of profound change, but this change also represents a real opportunity for the sector. During the focus groups, some manufacturers explained that whilst new technology could add great value to their businesses, currently prohibitive costs, limited specialised skills to be able to assess the opportunity offered and the often intangible nature of technology meant the investment case did not appear to stack up.

"I can estimate what £20,000 worth of kit looks like when it's machined. But from a software perspective, [the investment] seems colossal and it's just on a memory stick... until we bridge that gap, we are never going to be able to embrace this technology and yet, in-house we know what we need to do."

GROWING PAINS

Whilst BEIS' own research suggests that the propensity of businesses to relocate is low, several manufacturers explained that their growth plans had been curtailed by problems in trying to expand existing sites, or not being able to access suitable new sites to rent or on which to build larger facilities for their growing businesses. Operating in unsuitable sites can be a drag on productivity (duplication, increased transport costs etc.) and while some manufacturers have successfully increased the scale of their facilities through LEP support, several participants raised this as a critical issue.

"I'll be very honest... if you're talking about an industrial strategy for this area, if there's nowhere to rent and there's nowhere to build, you're driving people away"

CONNECTED PLACES

Transport was a recurring theme in the discussions, with manufacturers stressing low connectivity and poor public transport as strains on their businesses. Substandard connectivity and irregularity of services were identified as challenges to general travel - e.g. to suppliers and customers - but also in accessing the best training facilities, with apprentices expected to travel to remote sites not well served by public transport. With the future of mobility identified as one of the Industrial Strategy Grand Challenges, local transport improvement that provides real public transport choices has the potential to deliver national net zero targets whilst improving outcomes and productivity at the local level.

"...there's virtually none of our customers that I can go to on public transport. So you know if I caught a train I would have to get a taxi. It's quite a substantial distance or hire a car. So you just use a car."

SKILLS FOR THE FUTURE

Manufacturers highlighted a range of challenges that they face relating to skills, and this has also been identified by the Leeds City Region LEP as a key issue. In our sessions, school engagement and breaking down misconceptions surrounding the sector were seen as a key route to accessing the required skills at all levels. Apprenticeships were also discussed, with participants stressing their inability to get both the quantity and quality needed, and several stating that their local providers could not keep up with the demand from industry. The role of diversity in addressing this gap was also raised, with the importance of getting more females into careers in STEM highlighted as one of the biggest challenges facing the sector.

"There isn't a female in this room which is I think is a challenge. I also think that this is something that we have to try and change."

KEEPING IT LOCAL

This report and its recommendations reflect a discussion with a group of manufacturers in West Yorkshire. The LEP presented their early, emerging policy priorities for the Leeds City Region, focusing on the strengths and opportunities the region holds for manufacturers, and the group were invited to consider how a local industrial strategy could improve productivity in West Yorkshire. This report sets out the context in which those manufacturers operate, their views on improvements that could stimulate economic growth, and draws out implications and recommendations for the national Industrial Strategy.

WHY THE LOCAL INDUSTRIAL STRATEGIES MATTER

The Local Industrial Strategies (LIS) aim to address the Places element of the five foundations of productivity set out in the Industrial Strategy (Ideas, People, Infrastructure, Business Environment and Places).¹ The Strategies are led by Combined Authorities (CAs) and/or Local Enterprise Partnerships (LEPs) with the objective of coordinating local economic policy and establishing new ways of working between national and local government, the public and private sectors. Manufacturing accounts for 23% of the UK economy (including induced spending)² and remains a major component of the economy outside the major cities of the UK.³ With the Industrial Strategy focusing on maximising productivity, manufacturing must play a central role in any place-based industrial policy aimed at addressing the productivity challenge.

WEST YORKSHIRE AND THE LEEDS CITY REGION

Manufacturing accounts for 1.5 times more of Yorkshire's output than the UK average⁴, with Leeds City Region boasting the highest concentration of high-value manufacturing in the UK. Yorkshire is the top exporter of manufacturing goods outside London, with its high export figures attributed to the wide mix of sectors, such as food & drink, metals and chemicals that together account for slightly over half of all the region's manufacturing. Despite this broad sector base, the region lags behind the national average in terms of productivity, achieving 86.4% of the UK average.⁵ In Make UK's Q3 2019 Manufacturing Outlook report, West Yorkshire saw output, investment and employment all down with business confidence levels the lowest of any region in the country.⁶



The Manufacturing Commission is an independent body comprising leading figures from across the manufacturing sector that carries out in-depth research into policy relating to manufacturing. The Commission is chaired by Lord Bilimoria CBE DL, and is a Parliamentary and industry led body which conducts high-level research inquiries aimed at forging new thinking around industrial policy in the UK. It is cross-party and cross-sectoral, and makes recommendations to government and industry in order to instigate positive change in the UK manufacturing sector.



Policy Connect is a cross-party think tank improving people's lives by influencing public policy. We collaborate with Government and Parliament, through our All-Party Parliamentary Groups and Commissions, and across the public, private and third sectors to develop our policy ideas. We work in health; education & skills; industry, technology & innovation, and sustainability policy. This project is being undertaken by the Industry, Technology & Innovation team at Policy Connect and is led by Ben Carpenter Merritt, Policy Manager Manufacturing. Special thanks go to the Manufacturing Technology Association and ERA Foundation who have sponsored this project. Additional thanks to our regional partners Cummins Turbo Technologies and Made in Yorkshire.

¹BEIS, 2017. Building a Britain fit for the future. BEIS. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf [Accessed 11 April 2019].

²MTA, 2018. The True Impact of UK Manufacturing. Oxford Economics.

³Centre for Cities, 2018. Places with purpose: The future of Industrial Cities, Towns and Communities. Centre for Cities. Available at: <https://www.keycities.co.uk/places-purpose-0> [Accessed 20 April 2019].

⁴Deloitte, 2018. Power Up: UK-Wide Growth. Deloitte CCS. p.28.

⁵Make UK, 2018. Regional Manufacturing Outlook 2018. Make UK. p.18.

⁶Make UK, 2019. Q3 Manufacturing Outlook. Make UK. p.9.

KEY REGIONAL BODIES



The Leeds City Region Enterprise Partnership's aim is to unlock the Leeds City Region's vast economic potential by enabling business and enterprise to thrive. The Combined Authority is the accountable body for the LEP, ensuring all decisions and spending is overseen by local elected politicians. Their ambition is for the Local Industrial Strategy to be a long-term, evidence-based plan aligned to the national Industrial Strategy that will: Strengthen economic growth and reduce disparities by boosting productivity, earning power and competitiveness; Identify local strengths and challenges, future opportunities and the actions required to improve skills, increase innovation, enhance infrastructure and create business growth; Strengthen places across the region and guide the use of funding streams as well as funding devolved to local areas.

REGIONAL PARTNERS



Cummins Inc., a global technology leader, is a corporation of complementary business segments that designs, manufactures, distributes and services a broad portfolio of power solutions. The company's products range from diesel and natural gas engines to hybrid and electric platforms, as well as related technologies, including transmissions, battery systems, fuel systems, controls, air handling, filtration, emission solutions, and power generation systems. Headquartered in Columbus, Indiana (U.S.) since its founding in 1919, Cummins employs approximately 62,600 people committed to powering a more prosperous world through three global corporate responsibility priorities critical to healthy communities: education, environment and equality of opportunity.



Made in Yorkshire, established in 2009, is a voice for the manufacturing industry in Yorkshire. The company was created to challenge the erosion of the British manufacturing industry and to champion those in the sector. With more than 200 members, Made in Yorkshire is the fastest growing membership group, connecting the industry through networking best practices, a digital platform and much more. Made in Yorkshire is now part of the Made in Group along with: Made in the Midlands and Made in London, in a bid to connect the industry on a larger scale.

REPORT SPONSORS



The ERA Foundation is a non-profit organisation which contributes to the economic vitality of the UK by supporting engineering skills development and by helping bridge the gap between engineering research and its commercialisation. Our history means we have a particular interest in electrotechnologies, but we maintain a broad interest in all engineering especially in our work supporting young people. Much of our activity is in partnership with other organisations or individuals. All our partners have a significant stake in what we do and how we do it.



The Manufacturing Technologies Association exists to promote the interests, and be the voice, of the manufacturing technologies sector in the UK. Key aspects of manufacturing technology include: machine tools, cutting tools, metrology (measuring) equipment, additive manufacturing (3D printing), surface finishing, robotics and computer aided design and manufacturing products (CAD/CAM), as well as the technology which is enabling the digitisation of manufacturing - the fourth industrial revolution. These combine to make up complete systems - increasingly automated and adaptive - that manufacturers deploy, making the sector fundamental to the prosperity, health and defence of the nation. Established in 1919 the MTA has been at the core of the UK's engineering based manufacturing economy for over a century.