**SME manufacturing for Industrial Strategy: call for evidence**

# Background

The Manufacturing Commission is the research arm of the All-Party Parliamentary Manufacturing Group (APMG). Over the last few years, the Manufacturing Commission has produced policy inquiries on [levelling-up](https://www.policyconnect.org.uk/research/level-industry), [resilience](https://www.policyconnect.org.uk/research/manufacturing-resilience-driving-recovery-towards-net-zero), and [skills](https://www.policyconnect.org.uk/research/upskilling-industry-manufacturing-productivity-and-growth-england). The Commission’s most recent report provided valuable evidence to inform the APMG’s submission to the Industrial Strategy Green Paper in late 2024.

The Manufacturing Commission is embarking on a new inquiry to scrutinise and support the Government’s [Industrial Strategy](https://www.gov.uk/government/publications/industrial-strategy). Scoping sessions, held in May and July, identified the vital role that **Small and Medium-sized Enterprises (SMEs)** play in the UK’s manufacturing sector. However, the business environment for manufacturing SMEs has become particularly challenging in recent years, due to Brexit, the COVID-19 pandemic, and a sharp rise in energy prices, among other factors.

The inquiry will be led by respective APMG and Manufacturing Commission chairs, Bill Esterson MP and Lord Bilimoria of Chelsea. Findings and recommendations from the work will be tested with an expert steering group, drawn from Parliament, industry, academia, and the third sector.

# Inquiry sponsor



The Manufacturing Commission’s forthcoming inquiry is kindly supported by The ERA Foundation. The ERA Foundation is a non-profit organisation and promotes high-tech manufacturing across the UK by supporting engineering, innovation, and skills development programmes.

# Aims and scope

The inquiry aims to scrutinise the Industrial Strategy and provide recommendations to the Government to ensure that the Strategy is a success, resulting in a stronger and more resilient UK manufacturing sector.

The recent scoping session identified the following themes as priorities for SMEs within the manufacturing sector.

* Sovereign capability
* Energy costs & infrastructure
* Access to finance
* The regulatory environment

Instructions

Policy Connect is gathering evidence through ongoing workshops/roundtable sessions, interviews with expert stakeholders, and this written Call for Evidence. **We appreciate that you may prefer to respond only to the questions that align with your area of expertise.**

Please feel free to send any additional evidence or information that might support our inquiry, but has not been covered in our research questions (please do this by attaching a separate document to your email in either Microsoft Word or PDF format). We are particularly keen on **papers, data, or reports that you or your organisation has completed,** and opinions on **specific policy interventions that will benefit manufacturing SMEs.**

The deadline for submission of evidence is 11.59PM on 6th October 2025. Evidence should be submitted to: Robert.Allen@policyconnect.org.uk

Research Questions

# Sovereign capability

1. Do you agree with proposals in the Industrial Strategy for public procurement reform, including the development of a new National Procurement Policy Statement, a legal duty for contracting authorities to remove obstacles for SMEs, an online platform for signposting opportunities, and strengthened requirements for 30-day payment terms? How can forthcoming procurement reform enhance sovereign capability and supply chain resilience?
2. The Industrial Strategy proposes to set three-year targets for procurement spend with SMEs and social enterprises. What is needed to ensure this scheme is a success?
3. The Industrial Strategy proposes to increase Ministry of Defence spending with SMEs by £2.5 billion by May 2028. How can manufacturing SMEs take full advantage of this commitment?
4. Do you have any case study evidence relating to the costs and benefits of on-shoring supply chains? What barriers do SMEs face in relocating supply chains closer to home? How can businesses be incentivised to do this?

# Energy costs & infrastructure

1. Do you agree with proposals within the Industrial Strategy for a British Industrial Competitive Scheme, which aims to reduce energy costs through exemptions to the Renewables Obligation, feed-in tariffs, and capacity market? What should the eligibility criteria be for this scheme? Is 2027 an appropriate start date?
2. Do you agree with proposals within the Industrial Strategy for expansion of the British Industry Supercharger Package, which aims to provide price relief from 2026 for around 500 energy-intensive users? What alternatives are there for supporting energy-intensive users?
3. How can SME manufacturers make best use of Corporate Purchase Power Agreements to secure stable, long-term energy prices?
4. Do you have any case study evidence relating to manufacturing SMEs that are struggling with high energy costs? What action have these businesses taken to mitigate the impact of rising prices?

# Access to finance

1. What should the roles of Innovate UK, the British Business Bank, and the National Wealth Fund be in offering finance to SME manufacturing businesses? Do you agree with proposals within the Industrial Strategy for the expansion of the role and capacity of the British Business Bank?
2. Do you agree with the interventions proposed to unlock SME access to finance, set out within the Government’s SME Plan: Backing Your Business? Is there anything missing from this Plan?
3. Do you agree with the Business and Trade Committee’s recommendation for the consolidation of public finance institutions (including the British Business Bank and National Wealth Fund) into a single body? Please provide justification for your answer.
4. Within our scoping sessions, stakeholders told us that access to finance was particularly difficult for SMEs, compared to start-ups and established larger businesses. What are the reasons for this? What can be done to help SMEs gain better access to finance?
5. How can SME manufacturers make best use of tax reliefs and allowances, such as the R&D tax credit, full expensing, and the annual investment allowance? How could these schemes be improved?

# The regulatory environment

1. Do you agree with proposals within the Industrial Strategy for streamlining and consolidation of Government regulatory bodies to encourage growth?
2. Do you have any examples of how post-Brexit regulatory changes have impacted SMEs? How have these businesses overcome these challenges?
3. How can manufacturing SMEs be supported to navigate regulatory changes and make the most of any associated opportunities? How can costs be minimised?
4. How should the Government seek to influence international standards to reduce trade barriers and increase adoption of new technologies?
5. Are there any specific regulatory changes that would improve SME productivity within the manufacturing sector?
6. Is the structure and governance of the Industrial Strategy Advisory Council appropriate? If not, how could this be improved?

# Other

1. The Industrial Strategy proposes a £99 million expansion to the Made Smarter programme to help 5,500 more SMEs adopt new technology. How should this be delivered to ensure that SMEs get maximum benefit?
2. What should be the aims and scope of activities covered by the forthcoming Business Growth Service, announced within the Industrial Strategy and SME Plan?

Additional evidence

Please feel free to send any additional evidence or information that might support our inquiry, but has not been covered in our research questions.

Submission permissions

Kindly let us know whether we have your permission for the following:

1. Do you give permission for us to quote from your submission in our forthcoming report?
2. May we attribute the submission to the organisation you belong to?
3. May we attribute the submission to you personally, listing your job role?
4. Would you be interested in providing further evidence via a short call or online interview?

# About Policy Connect

Policy Connect is a cross-party think tank. We specialise in supporting parliamentary groups, forums and commissions, delivering impactful policy research and event programmes, and bringing together parliamentarians and government in collaboration with academia, business and civil society to help shape public policy in Westminster and Whitehall, so as to improve people’s lives.

Our work focusses on five key policy areas which are: Education & Skills; Industry, Technology & Innovation; Sustainability; Health; and Assistive & Accessible Technology.

We are a social enterprise and are funded by a combination of regular annual membership subscriptions and time-limited sponsorships. We are proud to be a Disability Confident and London Living Wage employer, and a member of Social Enterprise UK.

# About the Manufacturing Commission

The Manufacturing Commission is the research arm of the All-Party Parliamentary Manufacturing Group. The Commission brings together Parliamentarians with leading figures across the manufacturing sector to undertake high-level research into UK manufacturing policy. It publishes regular reports containing impactful recommendations to government and industry. The Commission is chaired by crossbench Peer, Lord Bilimoria of Chelsea, CBE, DL.