

Manufacturing our road to recovery: A 3 point plan

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#BackingManufacturing

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Introduction

3 point plan

The Covid-19 pandemic is a humanitarian crisis that continues to take a tragic toll on people's lives, however, the outbreak is at risk of turning into an economic crisis also.

Make UK's 3 point plan sets out how to:

1. Boost economic confidence
2. Ensure a safe return to work
3. Build resilience



Introduction

Impact of Covid-19 on manufacturing

Government understands our businesses deliver products critical to keeping the country running – from the energy which powers our homes to the medical equipment which is saving lives and keeping our NHS staff safe, to the food and drink products which are still stocking our supermarket shelves across the land.

However, Make UK's first Manufacturing Monitor found that:

- Four fifths of companies have seen a decrease in orders
- One in five companies have seen their orders fall by more than half
- One in five companies have furloughed up to a quarter of staff, 15% by up to half
- A third of companies will wait to see an increase in orders before taking staff off furlough



Boosting economic confidence

1. Boosting economic confidence

Manufacturing has faced different challenges to other sectors. While production facilities have been allowed to remain open, there have been significant reductions in demand, exacerbated by major disruption to global and domestic supply chains. This is particularly true of goods moved by air freight and trade with China and Europe.

- It is highly likely that as the wider economy restarts, manufacturing will struggle to return to previous levels of output smoothly or quickly.
- Manufacturing cannot simply switch the engine on and return to output levels seen a few months ago.
- We recognise the fiscal challenges relating to on-going support but we are calling for a flexible recalibration rather than a cliff edge shock.
- This includes continuing the Coronavirus Job Retention Scheme (CJRS) in some flexible form during recovery.

Boosting economic confidence

Job Retention Scheme

The Coronavirus Job Retention Scheme (CJRS) which has allowed employers to furlough staff and avoid redundancies should continue in a flexible form during the recovery phase.

- This flexibility would allow firms to bring staff back to work in a measured way, possibly on a part time or short-time working pattern.
- This will be particularly key to sectors reliant on the reopening of consumer retail or the hospitality industry and those who rely on parts supplied by air freight.
- An immediate end to the CJRS for manufacturers timed to coincide with the easing of lockdown arrangements would be highly premature and could have devastating effects on employment levels within manufacturing.
- A more sophisticated and tapered approach to this funding would have a hugely positive impact on confidence and help to ensure that the sizeable national investment already made in the CJRS was maximised and not wasted.

Boosting economic confidence

Bold action to boost demand

The manufacturing sector needs to see bold action from Government with actions that will significantly boost demand get our industry and indeed the wider economy back on track.

ALMOST
TWO-FIFTHS (37%)
OF MANUFACTURERS DON'T EXPECT TRADING
CONDITIONS TO RETURN FOR NORMAL FOR AT
LEAST 6-12 MONTHS.



We're calling for:

- i) Future Factory Scheme
- ii) Wheels to work scheme
- iii) Retail online vouchers
- iv) Apprenticeship training support and flexibility

Ensuring a safe return to work

2. Ensure a safe return to work

Safety in the manufacturing workplace will be a paramount concern for manufacturers returning to work and reopening production.

We're calling for:

- i. Definitive guidance from the Health and Safety Executive (HSE) on how to operate safely
- ii. HSE review into wider workplace regulations
- iii. Access to Personal Protective Equipment (PPE)
- iv. On-going and more flexibly accessed support through Government schemes
- v. Help get the manufacturing workforce back to work
- vi. Sensible approaches to transport
- vii. Practical solutions to childcare

Build up resilience

3. Build up resilience

This crisis has demonstrated the vulnerability of supply chains and the consequences of an underinvested manufacturing base with limited domestic capacity to produce critical products. As companies increasingly consider reshoring, the crisis has also highlighted the increasing importance of export success to the UK economy.

We're calling for:

- i. A comprehensive supply chain mapping project
- ii. A process to identify critical products (and components)
- iii. Additional fiscal incentives to ensuring critical industrial R&D capacity and spend is safeguarded
- iv. A Global Supply Chain resilience programme

Contact details

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