

‘The Manufacturer’ – “Local engagement for the global manufacturer”

Successful modern manufacturing is essentially global in character – in terms of where we source our expertise, ideas, R&D and where we find our markets and customers. However, there will be increasing challenges over the coming period to ensure that as a global business we get our **local** connections and relationships right. Changes already announced by the new government in the UK suggest we need to look at these relationships afresh.

All the major political parties went into the general election professing a support for manufacturing as a key plank of national economic policy. This was both in order to redress previous reliance on financial services as an engine of growth, and also to assist in stimulating economies in the north and midlands as a counter-balance to growth driven out of London and the ‘Greater South East’.

The new coalition’s approach is still evolving but the early signs are mixed. Certainly the government has reaffirmed the importance of manufacturing as a sector, and “rebalancing” as a major consideration of economic geography. They have augmented this approach with a further “rebalancing” - of public and private sector jobs growth – seeing the private sector as the major source of employment growth over the coming period. However Business Innovation and Skills (BIS) – as the government department responsible for manufacturing and industrial strategy and private sector employment growth – took amongst the highest levels of cuts in the coalition’s early announcements; and has been offered no protection from reductions in spend (of an average 25%) in the impending Comprehensive Spending Review (CSR).

Regionally, Government has announced the abolition of RDAs, which are to be replaced by Local Enterprise Partnerships (LEPs) established by local authorities with local business participation. The precise form, roles and functions of LEPs is to be developed with a White Paper over the summer. Many of the innovation and enterprise functions of RDAs are to be re-assumed nationally – presumably within the smaller resource envelopes coming out of the CSR. The prospects for resourcing of LEPs are similarly rather discouraging – given inevitable major reductions in local authority finance.

Local leadership teams of many areas recognise that successful places in the UK need to stimulate and support a “new economy” post-recession in which modern industries, emerging technologies and innovation will be major areas for development – but also that they need to learn a lot more about their manufacturing sector, its priorities for retention and growth, and the measures they can take to support these priorities, develop the supply chain etc. This recognition is even prevalent in areas one would not normally consider manufacturing “hotspots”. For instance, Cornwall sees major potential for growth in renewable energy technologies given its marine and geothermal assets; whilst Peterborough seeks the growth of an environmental cluster with engineering at its heart.

Local and sub-regional public bodies provide hugely important underpinnings for industrial success – skills employment and labour force productivity measures; infrastructure – economic, social, transport etc.; planning and regulatory environment; markets through public procurement; business support etc. However, in the current public finance climate, public bodies will be highly selective in

the policies and interventions they support – hence the need for public/private dialogue and deliberation in which the manufacturing voice is prominent.

Manufacturing companies and their representatives should consider how to ensure ‘industry’ remains at the forefront of government thinking as departments – including BIS - author the White Paper on sub-national development. More locally, companies should work proactively with local and sub-regional leaders (and other business representatives) to shape Local Enterprise Partnerships that will support manufacturing ambitions.

With the demise of RDAs, IfM is considering the establishment of an “Industrial Innovation Network/Special Interest Group (SIG) for local and sub-regional economies” to help shape a public policy dialogue sub-nationally that can support industrial growth. We are looking to stimulate exchange between the SIG and manufacturing companies to increase understanding and mutual awareness of each others’ needs and priorities. Certainly we will be interested to hear from companies who wish to engage in this exercise; and to offer advice and support to companies who wish to work with their local and sub-regional public bodies in the establishment of LEPs and on the formulation of local and sub-regional industrial strategies.

David Marlow
July 2010