

Make UK analysis of political parties' manifestos

Business environment
<u>Skills</u>
<u>Trade</u>
Net Zero
Innovation
Lib Dem's manifesto

The key points for the three manifestos:

- 1. There are proposals for an Industrial Strategy or an Advanced Manufacturing Plan, which shows all three parties are putting an emphasis on industry, in various degrees of detail.
- 2. All mention apprenticeships, but there is more detail needed to truly tackle the skills crisis in the sector.
- 3. The three parties have different levels of engagement, alignment and proposed working with the EU.

	Conservatives	Labour
Business environment	• Commitment to continue with the £4.5 billion Advanced Manufacturing Plan and push for local manufacturing through Green Industries Growth Accelerator. Although	• Industrial Strategy - Labour's manifesto leads its economic growth plans through an 'industrial strategy', committing to end short term policy-making.
	Make UK supports the plan, it needs to be a long term plan with a focus on skills and trade.	• Formation of an Industrial Strategy Council – called for by Make UK vigorously.
	Commitment to not raise corporation tax.	However, the manifesto's wording would indicate any Labour
	• Both before and since the introduction of the Full Expensing policy, Make UK have called for second-hand and leased capital goods to be eligible for the benefit. The manifesto states the party will "look to" extending the Full Expending policy to include leasing. Make UK have argued for the inclusion of second-hand and/or leased capital goods as our	



	analysis shows that SMEs are more likely to render investment through these routes.	 Manifesto briefly acknowledges recent consultations into easing the limits for UK pension firms to invest in UK markets. Make UK's
	 Business rates continue to be a sore spot for UK manufacturers. Make UK's recent business rates analysis conducted around the time of the business rates revaluation showed that the sector was disproportionally affected by the revaluation. The sector holds more capital on site and occupies more square footage on average than other sectors, which the current system does not fairly account for. The manifesto states that the Conservatives will "Continue to ease the burden of business rates for high street, leisure and hospitality businesses"- no mention of the manufacturing sector and the disproportional burden business rates have on the sector. Acknowledgement of prompt payment issues, but with little actionable statement "with powers to tackle unfavourable payment practices" - what this means in practice is uncertain. 	 analysis finds that the removal of regulation limiting these investments is not likely to see these domestic pension fund investments grow as fund managers always have the fiduciary duty to seek the best returns, which may not necessarily be in the UK industrial market. Commitment to one fiscal event a year – Likely to reduce uncertainty and chop and change, but could that make fiscal policy less dynamic and adaptable? Commitment to retain the Full Expensing regime and Annual Investment Allowance. Commitment to entirely replace the current business rates system. Of significant interest to the sector, but no detail as to how production industries may see their current burden eased.
	• SME access to finance: "Ensure that Basel III capital requirements do not inhibit lending to SMEs." - It is Make UK's understanding that it is not Basel III that serves as the limiting factor for Manufacturing SME access to finance, but rather ESG directives and portfolio-greening banks and their subsequent financiers tend to adhere to.	
Skills	• Putting a cap on migration – will likely have a huge effect on the sector's existing skills shortage of 61,000.	Broadly skills policy is looking more manufacturing friendly than employment policy
	• Funding of 100,000 high-quality apprenticeships for young people. This is positive but given the myriad of issues with the levy and skills system, there needs to be more detail on this.	 New Deal for Working People – Make UK's position on the proposed employment reforms is that there needs to be substantially more detail behind each of policies (flexible working, day 1 rights and stronger unions). Make UK supports stronger statutory sick pay, as evidence shows that it results in long term sick.



		The Manufacturers' Organisation
	 Still pushing the Advanced British Standard: this is something Make UK has concerns on, particularly given the struggles T Level rollout has had. Lifelong Learning Entitlement – Make UK supports this mechanism for retraining and upskilling. Fit Note Reform. Make UK sees this as potentially positive, but this would need to be handled delicately given the complexity. Nothing on statutory sick pay reform, which Make UK has been pushing for. 	 Skills Deepening devolution settlements – tying this to skills Linking immigration and skills policies Guarantee of training/apprenticeships/support for all 18-21 y/o - positive for work experience/soft skills Boosting digital skills with reformed curriculum Skills England - new body to implement skills for Industrial Strategy/work with MAC Growth and Skills Levy. Make UK's position is that they any future Levy still needs to get the basics right i.e. more apprenticeships and using all the funding collected for apprenticeships, on apprenticeships before going further on other areas (ie on retraining).
Trade	 EU relationship/trade: As the manifesto states that, 'We will build on it, but will not agree to anything in the forthcoming review of the TCA that would infringe our legal sovereignty', business is focused on maintaining and developing supply chain options. Maintaining UK legal sovereignty confirms that the UK and EU regulatory and legal requirements to sell goods on each other markets will progressively diverge. Make UK members clearly identify with a strengthening of relationship with the EU and the simplification of trade relationship. A UK monitoring regime is a minimum requirement to help UK business comply with EU rules and supports/confidence for EU and international importers into 	 EU relationship/trade: nothing new over what had already been stated; no return to full EU membership, identified four priority areas for less trade friction; improving wider cooperation options (defence & security). Since publishing the manifesto, Rachel Reeves has confirmed that she will be seeking to break down trade barriers with the EU, and a bespoke arrangement for the chemicals industry. Link to article. EU market remains critical to the export and import operations of the UK manufacturing supply chain. Manifesto states: 'We will reset the relationship and seek to deepen ties with our European friends'. This is a compromise and Make UK members clearly identify with a strengthening of relationship with the EU and the simplification of
	 the UK. No reference to an ongoing monitoring regime that would allow UK business to be given timely and accurate alerts to adjust and comply with regulatory changes that affect goods being placed and sold on the EU market. 	 trade relationship. No reference to an ongoing monitoring regime that would allow UK business to be given timely and accurate alerts to adjust and comply with regulatory changes that affect goods being placed and sold on the EU market.



- To maintain legal certainty and optimise EU business customer and supplier relationships, UK business will need to know future regulatory changes in a timely and accurate manner and have time to adjust. A lack of information, guidance and certainty will damage UK supply chain interests in the longer term.
- No reference to an ongoing mechanism of consultation with UK business on what EU regulatory alignment is needed, particularly given the implications for NI.
- As the Manifesto states, 'we will have repealed or reformed over half of the entire stock of EU law we inherited. Only the Conservatives will keep on removing EU laws from our statute book'. Review of the legal framework must work with a review of corresponding regulatory and standards requirements. Loss of alignment (whether dynamic or not) applies more cost for business to import and export from the EU.
- No mechanism or consultation on legislative changes also hinders EU and global traders into the UK, to understand changes in the UK's regulatory environment and their ability, certainty and commercial confidence to trade with the UK. The size and economic value of the UK market for some international traders will be limited if the UK's legal requirements including for Standards/regulatory makes it a unique market to trade with.
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- No reference to an ongoing mechanism of consultation with UK business on what EU regulatory alignment is needed, particularly given the implications for NI.
- Manifesto states; EU.... There will be no return to the single market, the customs union, or freedom of movement'. There is also no reference to whether the UK would seek alignment (in whatever format and on whatever legal basis) to legal and regulatory alignment with the EU.
- Manifesto states; 'EU.... There will be no return to the single market, the customs union, or freedom of movement'. An ongoing review of EU regulatory and standards requirements is vital as a loss of alignment (whether dynamic or not) applies more cost for business to import and export from the EU. No mechanism or consultation on legislative changes also hinders EU and global traders into the UK, to understand changes in the UK's regulatory environment and their ability, certainty and commercial confidence to trade with the UK. The size and economic value of the UK market for some international traders will be limited if the UK's legal requirements including for Standards/regulatory makes it a unique market to trade with.
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 A UK monitoring regime is a minimum requirement to help UK business comply with EU rules and supports/confidence for EU and international importers into the UK.
- Boost access to skills development and training for all exporters: Manifesto states:' use every lever available to get



- Improving the UK's trading terms with the EU Reference that suggests a specific intent to improve the UK's trading terms with the EU. Manifesto states: 'We will build on it but will not agree to anything in the forthcoming review of the TCA that would infringe our legal sovereignty or involve submission to the CJEU or dynamic alignment. We will take a tough approach on ensuring that the EU are meeting their commitments under the TCA and not discriminating against our exporters'
- Make UK members clearly identify with a strengthening of relationship with the EU and the simplification of trade relationship. Regulatory alignment in areas of mutual benefit should not be ruled out, pre-determined as against UK interests. Requirement to help UK business comply with EU rules and supports/confidence for EU and international importers into the UK
- Commitments to concluding trade deals with India and GCC is useful but must not be to the detriment of UK manufacturing interests. There remain ongoing discussions required in both talks to ensure interests are maximised. No reference to other talks (Turkey, Switzerland, S Korea, Mexico and Canada (to be resumed) which have been underway and with the interests of UK manufacturing would help strengthen UK trade links in Goods and Services with key and emerging nations.
- Not a strong enough focus on a **Trade and Export strategy** that aligns with UK's industrial interests nor sufficient recognition that outside of FTA's, other forms of bi-lateral trade and investment agreements assist with opening market access and boosting sector-to-sector arrangements particularly for industrial, R&D and trade interests in sectors/technologies of the future.

UK business the access it needs to international markets'; 'We will improve guidance and remove barriers to exporting for small businesses'; 'Procurement and trade policy will also be aligned with our industrial strategy priorities.' Make UK supports these commitments.

- Improving the UK's trading terms with the EU: Manifesto states: 'We will reset the relationship and seek to deepen ties with our European friends'. Make UK members clearly identify with a strengthening of relationship with the EU and the simplification of trade relationship. Manifesto identifies four priority areas: We will seek to negotiate a veterinary agreement to prevent unnecessary border checks and help tackle the cost of food; will help our touring artists; and secure a mutual recognition agreement for professional qualifications; Some help to UK manufacturing. But longer terms benefits will come from sector improvements in the TCA, TCA incorporating mutual recognition agreements, and gradual removal of over burdensome customs and related checks.
- Forthcoming review (2025/26) provides an opportunity to build on the TCA and to maximise the operation and effectiveness of the TCA for UK and EU interests (incl on trade between GB and NI and between NI-EU). Both the UK and EU have failed to undertake or fully execute commitments in the TCA.
- Commitments to concluding talks with India and GCC---but reworded as a new strategic partnership including covering trade so options to re-evaluate and re-prioritise UK 'ask's'
- Linking trade policy with industrial policy. Manifesto states:' use every lever available to get UK business the access it needs to international markets'; 'We will improve guidance and remove barriers to exporting for small businesses'; 'Procurement and trade policy will also be aligned with our industrial strategy priorities.'; 'As well as striking new free trade agreements, Labour will seek to negotiate standalone sector deals, such as digital, or mutual recognition agreements, to promote our services exports. We will

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		 lead international discussions to modernise trade rules and agreements so they work for Britain, promoting deeper trade and co-operation including through the World Trade Organisation and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership; Labour will seek targeted trade agreements aligned with our industrial strategy and economic strengths'. It then lists India and GCC specifically in later sentences. Trade Policy: new Trade Policy to be consulted on. Noting
		 maintaining animal welfare standards but didn't see options on protecting the NHS from competition (unless its elsewhere) Trade deals: FTA's that support new Trade Policy and recognition of trade benefits from 'sector and issue' based agreements
• Net Zero	 Main pledge to cut the cost of net zero for consumers by taking a more pragmatic approach, guaranteeing new green levies or charges while accelerating the rollout of renewables. This approach offers less certainty to business, as there is less commitment from Government. A commitment for annual licensing rounds for oil and gas production from our own North Sea to provide energy to homes and businesses across the country and protect highskilled and well-paid jobs in the industry and build new gas power stations to maintain a safe and reliable energy source for days when the weather doesn't power up renewables. Will keep the windfall tax on oil & gas companies in place until 2028-29, unless prices fall back to normal sooner (expected to raise over £26 billion). Reforming the Climate Change Committee, giving it an explicit mandate to consider cost to households and UK energy security in its future climate advice. We think this is a good idea to focus on financial practicalities. Ruling out creating further green levies. 	 A National Wealth Fund (£7.3 billion of capital) will have a remit to support Labour's growth and clean energy missions, making transformative investments across every part of the country. The fund will have a target of attracting three pounds of private investment for every one pound of public investment, creating jobs across the country. Allocation will be: £1.8 billion to upgrade ports and build supply chains across the UK £1.5 billion to new gigafactories so our automotive industry leads the world £2.5 billion to rebuild our steel industry £1 billion to support the manufacturing of green hydrogen. The National Wealth Fund will work in tandem with the Green Prosperity Plan and will create 650,000 jobs across the country by 2030. It will directly invest in ports, hydrogen and industrial clusters in every corner of the country. A good pledge, but this is,



- **Reviewing and reforming standing charges** to keep them as low as possible. This is something Make UK supports and would push for industrial consumers as well as domestic.
- Implementing the recommendations of the Winser Review, ensuring networks are able to buy forward with confidence and cutting waiting times to get a grid connection to deliver an estimated saving of £15 - £25 per household per year out to 2035. There needs to be more work on estimates for non-domestic/industrial consumers, and not just focus on domestic.
- Offshore wind: will treble offshore wind capacity, to deliver low-cost, home-grown energy and support the development of vibrant industrial clusters in the North East of England, Scotland and Wales. They have a commitment to ensure offshore cables help reduce the amount of onshore infrastructure, such as substations, that we need to build.
- CCUS clusters: build the first two carbon capture and storage clusters, based across North Wales and, the North West of England and Teesside and the Humber.
- GIGA: Will maintain the £1.1 billion into the Green Industries Growth Accelerator (GIGA) to support British manufacturing capabilities, boost supply chains.
- Nuclear Power: scale up nuclear power, by delivering a new gigawatt power plant at Wylfa in North Wales and building on our work establishing Great British Nuclear. Within the first 100 days of the next Parliament, approve two new fleets of Small Modular Reactors, halve the time it takes for new nuclear reactors to be approved.
- Solar to support in the right places, making it easier for solar to be located on brownfield sites and on rooftop not on our best agricultural land. New planning rules will also

generally speaking, small pots of money when you are building large infrastructure projects.

- Will build more sustainable homes and create places that increase climate resilience and promote nature recovery. We will implement solutions to unlock the building of homes affected by nutrient neutrality without weakening environmental protections.
- Making Britain a clean energy superpower to cut bills, create jobs and deliver security with cheaper, zero-carbon electricity by 2030, accelerating to net zero. The intention is good, but it is overambitious and unrealistic to think they will achieve zero-carbon electricity by 2030.
- Ambition is to double onshore wind, triple solar power, and quadruple offshore wind by 2030 while maintaining a strategic reserve of gas power stations to guarantee security of supply, ensuring a phased and responsible transition in the North Sea oil & gas. They will not issue new licences to explore new fields, new coal plants and will ban fracking for good. (Make UK believes this is positive but 2030 is too ambitious so it is to be seen how this balance can be achieved).
- They will invest in **carbon capture and storage, hydrogen** and marine energy, and ensure long-term energy storage.
- A new Energy Independence Act will establish the framework for Labour's energy and climate policies.
- This will be funded by extending the sunset clause in the Energy Profits Levy (windfall tax) until the end of the next parliament and increase the rate of the levy by three percentage points. And by removing the unjustifiably generous investment allowances. The Energy Security Investment Mechanism will be retained.
- Maintaining/strengthening and using the windfall tax towards net zero/clean energy is a reasonable thing to do.



prevent multiple solar farms being clustered in one area to help protect our rural landscapes.

- Build more electricity links with neighbouring countries, to increase exports, make our energy system more efficient and bring additional revenue to the UK.
- Ensure the technology stays in the UK, by providing a bonus, on top of contract payments that support offshore wind, to reward energy firms that invest in manufacturing in the most disadvantaged places in the UK or invest in more sustainable supply chains, creating more good jobs as we get more energy from renewables.
- Committed to securing the future of steelmaking across the UK and maintaining the steel safeguards and introduce a CBAM in January 2027. We will continue pushing for the date to be in line with the EU timescales.

Setting up Great British Energy, a publicly owned clean power company (with £8.3 billion capital over the next parliament), to cut bills for good and boost energy security, paid for by a windfall tax on oil and gas giants. Labour seems to be planning to follow the social-enterprise model which has been successful in Germany. through a Local Power Plan to stimulate local power generation, reducing pressures on the transmission grid. Labour will deploy more distributed production capacity. Great British Energy will partner with energy companies, local authorities, and cooperatives to install thousands of clean power projects, through a combination of onshore wind, solar, and hydropower projects. They will invite communities to come forward with projects, and work with local leaders and devolved governments to ensure local people benefit directly from this energy production. This looks quite promising, although it does count on private and local investment, which is to be seen whether it works.

- **Energy prices** they will work with the regulator to reduce standing charges. will strengthen the regulator to ensure it can hold companies to account for wrongdoing, require higher standards of performance, and ensure there is automatic customer compensation for failure.
- Accelerating the roll-out of renewable energy (and supporting the **CBAM**, though unclear if they will they bring it forward to 2026) is their approach- correct but 2030 unrealistic.
- They also plan to leverage on green finance and reverse the decision of the Conservatives to prevent the Bank of England giving due consideration to climate change in its mandates. This should be powerful- but tough.
- They will mandate UK-regulated financial institutions including banks, asset managers, pension funds, and insurers – and FTSE 100 companies to develop and implement credible transition plans



		The Manufacturers' Organisation
		that align with the 1.5°C goal of the Paris Agreement. This isn't new - this is coming anyway via the EU regulations.
		• Electricity connections: they will work with industry to upgrade our national transmission infrastructure and rewire Britain.
		• Electric vehicles : will accelerate accelerating the roll out of charge points, giving certainty to manufacturers by restoring the phase-out date of 2030 for new cars with internal combustion engines, and supporting buyers of second-hand electric cars by standardising the information supplied on the condition of batteries.
Innovation	• R&D - The manifesto highlights a commitment to increase public spending on R&D to £22 billion annually, up from £20 billion. (This is an existing policy from 2022).	• Al and Data: plans to support the Al sector and create a National Data Library to integrate existing research programs and improve data-driven public services. This would work well, there is a need for quality data to drive productivity and efficiency.
	• They claim the recent improvements in R&D tax reliefs, including bringing more SMEs into scope, will be maintained. (This is something we would contest - many manufacturing firms complain about the recent change and HMRC declining the tax credit).	• R&D Funding: replace short funding cycles for key R&D institutions with ten-year budgets , promoting long-term industry partnerships and innovation . Make UK believes Manufacturers and R&D institutions will benefit hugely, one year funding cycle is too short, on average business needs three to five years.
	 Continue investing over £1.5 billion in large-scale compute clusters, assembling the raw processing power so we can take advantage of the potential of AI and support research into its safe and responsible use. 	• Regulatory Innovation Office: A new office will be established to help regulators keep up with the rapid development of new technologies, ensuring efficient and up-to-date regulations. Make UK's position on this is this is something we need to consult with our stakeholders, what regulation we want the next government to focus on.
		• Made Smarter programme is mentioned it explicitly. Labour plans to expand the Made Smarter initiative to support the adoption of advanced digital technologies across more sectors of the UK economy. This programme is aimed at boosting productivity and innovation, particularly in manufacturing, by integrating digital tools and processes.



	•	Diverse Business Models: Support for co-operative and mutual sectors will be enhanced, aiming to double their size in the UK by addressing financial and operation barriers such as accessing finance, and promote diverse business models that bring innovation and new products to market. This could work collaboration between large and smaller companies.
	•	R&D ten-year funding cycles for automotive R&D will be introduced, similar to aerospace.
	•	Aim for 3% of GDP in R&D by 2030 , support for Horizon Europe. Sounds promising, but actually the UK currently spends 2.9% which doesn't make 3% that ambitious.

Lib Dems

Business environment	•	Industrial Strategy - Manifesto commits to developing a formal industrial strategy – good. Little detail as to what and whom it will target. Statutory footing and long-term, good.
	•	Abolition of Business Rates- Fantastic news for the manufacturing sector, but to be replaced with a Commercial Landowner Levy. This will likely continue to disproportionally impact the manufacturing sector (given higher square footage relative to other UK biz) but would indicate that value of capital on-site may no longer be part of equation, likely lowering business rates burden for the manufacturing sector relative to the current position.
	•	Enforceable prompt payment code - All of public sector, and companies 250+ to be subject enforceable to prompt payment code – a great thing for UK SME manufacturers.
Skills	•	Devolution settlements with more skills, especially focusing on green skills. Make UK supports this.
	•	Some connection between immigration and skills. Merit-based system for work visas, with the relevant department working with employers in each sector to address specific needs as part of a long-term workforce strategy that also focuses on education and training to address skills gaps from within the UK.
	•	Modernise employment rights:



	The Manufacturers' Organisation
	 establishing a new 'dependent contractor' employment status in between employment and self-employment, with entitlements to basic rights such as minimum earnings levels, sick pay and holiday entitlement
	 Reviewing the tax and National Insurance status of employees, dependent contractors and freelancers to ensure fair and comparable treatment
	 Setting a 20% higher minimum wage for people on zero-hour contracts at times of normal demand to compensate them for the uncertainty of fluctuating hours of work.
	 Giving a right to request a fixed-hours contract after 12 months for 'zero hours' and agency workers, not to be unreasonably refused.
	• Reviewing rules concerning pensions so that those in the gig economy don't lose out, and portability between roles is protected.
	• Shifting the burden of proof in employment tribunals regarding employment status from individual to employer.
	Like Labour's plans, we would challenge a lot of this, and would need to see far more detail.
	• Boosting the take-up of apprenticeships , including by guaranteeing they are paid at least the National Minimum Wage by scrapping the lower apprentice rate. We would agree with the boost to apprenticeships, but our position on NMW is backed by member's views: manufacturers were not, in principle, against paying apprentices the NMW, but this should be accompanied by the possibility of a discount against NMW given the training received is free).
	 New Worker Protection Enforcement Authority unifying responsibilities currently spread across three agencies – including enforcing the minimum wage, tackling modern slavery and protecting agency workers
	 Establish an independent review to recommend a genuine living wage across all sectors, with government departments and all other public sector employers taking a leading role in paying it
	Reform of Statutory Sick Pay in line with our recommendations. Make UK supports this.
	• New and improved apprenticeship levy: 'skills and training levy'. This is vague so we are unclear whether this would improve or exacerbate existing issues.
	• New Lifelong Skills Grants - all adults £5,000 to spend on education and training throughout their lives, aim of increasing to £10,000 in future. This seems fine, but it is unclear whether this could be used for employees looking to upskill or whether that would be responsibility of employer.
Trade	Unlock British businesses' global potential, bring down trade barriers and use UK trade policy as a force for good by:
	• Giving Parliament real power in setting UK trade policy, by ensuring it is properly consulted on and signs off on negotiating mandates and any completed international trade agreements. Make UK is neutral about this.
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Net Zero
Innovation
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