

Q1 RABS

March 2023



SPRING BUDGET

ECONOMIC BACKGROUND

The Spring Statement is an opportunity for Government to begin tackling our three core policy issues, but the economic environment is hampering businesses.

The aftermath of back-to-back crises have taken its toll on many manufacturers:

- investment intentions stands at -5%, the lowest level since the beginning of 2021
- 43% of manufacturers disagree with the idea the UK will be an attractive location for non-UK businesses to invest in
- current forecasts for manufacturing output, not including the impact of the change in energy support from April 2023, finds GVA output will decline by 3.2% in 2023
- approximately 6.7% of the manufacturing sector's GDP is consumed by corporation tax, meaning manufacturers face the second most burdensome environment for business tax when compared to all OECD nations.

Without addressing this, there is a real risk that stagnant economic growth and economic un-competitiveness become the norm in the UK.

SPRING BUDGET

DRIVING ENERGY EFFICIENCY (1)

The current energy crisis is the biggest issue faced by manufacturers today. The latest crisis threatens to shut down 13% of manufacturers.

- The incoming Energy Bills Discount Scheme (EBDS), which will support energy costs for over 12 months and be split into two tiers is a significant reduction in support compared to the current package.
- But Make UK analysis has found that only 23% of manufacturing businesses are eligible for the Energy and Trade Intensive Industry support (ETII).
- The UK risks falling behind, and many manufacturers will begin to reevaluate their positions in the UK potentially moving production to partner sites in countries with lower and more predictable energy prices.

Energy efficiency to build security is just as important as tackling the immediate rising costs.

- 54% of manufacturers have adjusted business practices to save on energy and 39% have invested in on-site generation to enable operational continuance.
- Manufacturers want support to go further and faster.

SPRING BUDGET

DRIVING ENERGY EFFICIENCY (2)

Recommendations to drive energy efficiency.

- Introduce a super-green deduction programme
- Extend business rate reliefs which will start in April 2023 to three years
- Introduce a Help to Grow Green scheme
- Accelerate investment in on-site renewable energy generation by increasing access to Demand Flexibility Services