

UK Automotive International Competitiveness - Dashboard 2015

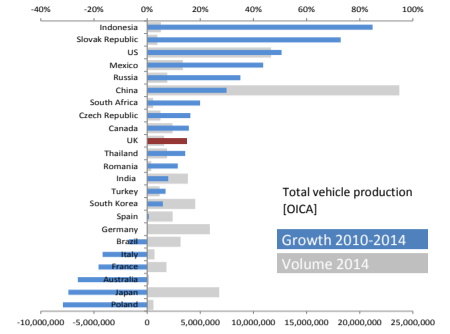
1. Overall Comments

The UK's automotive industry has transformed in recent years, in no small part due to the productive and co-operative engagement of government and industry to create a business environment attractive to investment. In a time of limited resources and increasing competition for Foreign Direct Investment (FDI), our aim in developing a list of competitiveness drivers is to help provide the evidence base to prioritise action, maintaining a valuable base for industry and government to work towards a maintain strong and successful industry.

Recommendations

- Maintain timeliness of the full list of competitiveness drivers by update and analysis - jointly by BIS and industry
- Maintain the relevance of the data, and choice of primary KPIs, by ongoing anonymous provision of information from industry
- Ensure the indicators drive improvement by regular report and engagement by government

2. Industry Performance



3. Industry priority - Survey results

Research and Development

Rank	Importance	Indicator
1	High	Availability of skilled engineers
2	High	R&D tax relief
2	High	Government strategic engagement
4	High	University-industry collaboration
5	High	Labour flexibility
6	Medium	Accessibility of incentives
7	Medium	Investment in R&D by government
7	Medium	Availability of skilled operators
7	Medium	Political stability
10	Medium	Capital allowances
11	Medium	Corporation tax
11	Medium	Business rates
13	Low	Energy cost
13	Low	Infrastructure

Manufacture of Vehicles or Parts

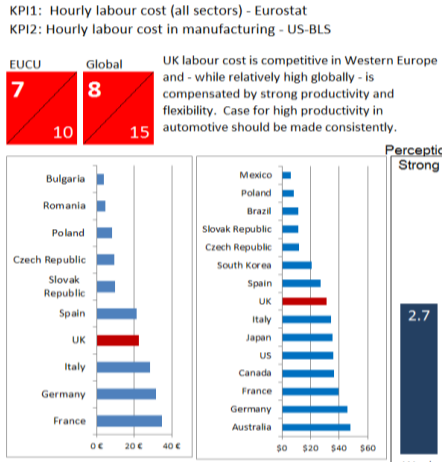
Rank	Importance	Indicator
1	High	Labour productivity
2	High	Hourly labour cost
2	High	Labour flexibility
4	High	Availability of skilled engineers
5	High	Availability of skilled operators
6	Medium	Transport cost
7	Medium	Energy cost
7	Medium	Accessibility of incentives
7	Medium	Political stability
10	Medium	Infrastructure
11	Medium	Corporation tax
11	Medium	Government strategic engagement
13	Low	Business rates
13	Low	Capital allowances

Greenfield Site / Corporate HQ

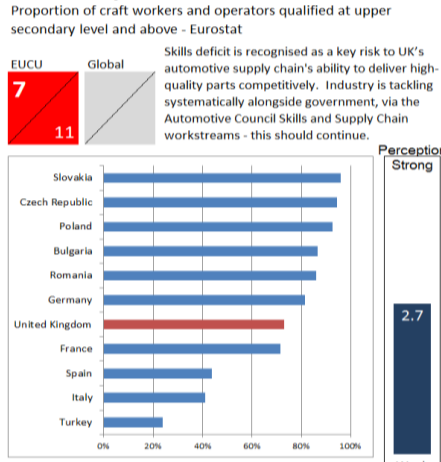
Rank	Importance	Indicator
1	High	Labour productivity
1	High	Accessibility of incentives
3	High	Labour flexibility
3	High	Availability of skilled operators
3	High	Availability of skilled engineers
6	Medium	Hourly labour cost
6	Medium	Energy cost
8	Medium	Corporation tax
8	Medium	Capital allowances
8	Medium	Government strategic engagement
8	Medium	Infrastructure
8	Medium	Currency stability
13	Low	Transport cost
13	Low	Political stability
13	Low	Level of corruption
16	Low	Business rates

4. Key Performance Indicators

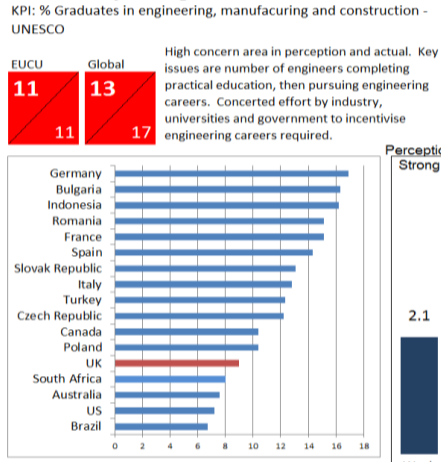
Labour cost



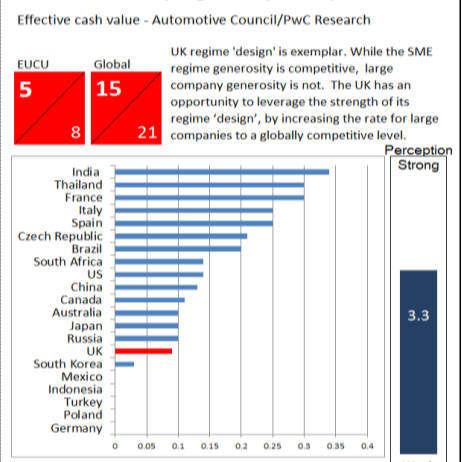
Availability of skills



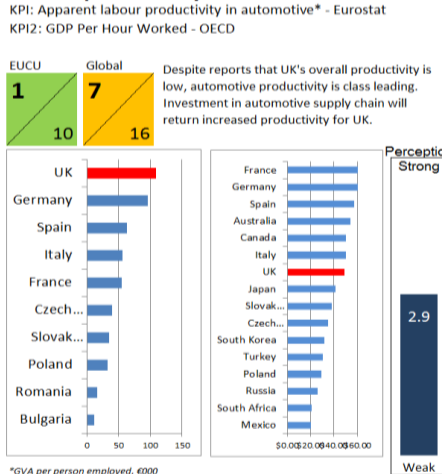
Availability of engineers



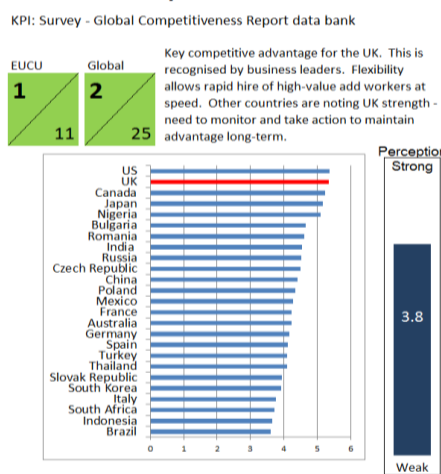
R&D tax relief (large companies)



Labour productivity



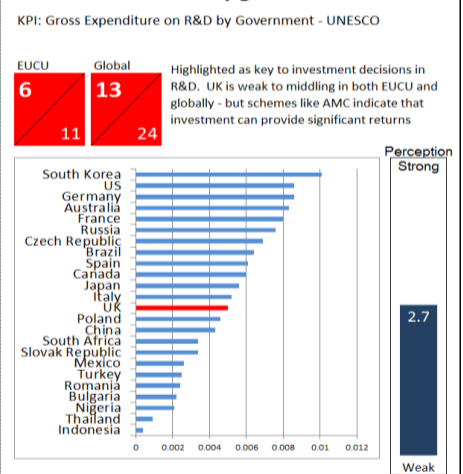
Labour flexibility



University-industry Collaboration



Investment in R&D by government

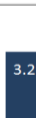


Remaining high-priority areas: KPI required

The Automotive Council has identified the following additional areas of importance which do not lend themselves so readily to data-based indicators:

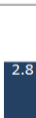
Government strategic engagement

Highlighted as key to investment decisions, the UK's approach (for example, the Automotive Council and continuation of policy) is regarded as a strong model. However, competitor countries (eg Spain, Germany and Mexico) are increasing their level of collaboration and catching up.



Accessibility of incentives

Anecdotal evidence is that the UK approach to incentives is more time consuming and bureaucratic than competitor countries whose approach is to provide assistance more quickly and readily, but also to have stronger claw-back provisions.



4. Competitiveness Drivers

