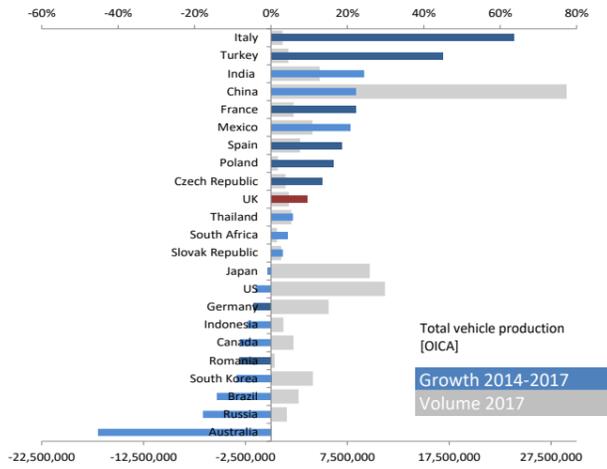


# UK Automotive International Competitiveness - Dashboard 2018

## 1. Industry Performance



## 2. Industry priority - Survey results

Research and Development		Manufacture of Vehicles or Parts	
Availability of skilled engineers	1	Availability of skilled engineers	1
Investment in R&D by government	2	Availability of skilled operators	2
Government strategic engagement	3	Labour productivity	3
Accessibility of incentives	4	Labour flexibility	4
Political stability	4	Infrastructure	5
R&D tax relief	6	Accessibility of incentives	6
Labour flexibility	7	Government strategic engagement	7
University / Industry collaboration	8	Political stability	8
Availability of skilled operators	9	Transport cost	9
Infrastructure	10	Hourly Labour cost	10
Business rates	11	Energy cost	10
Energy Cost	11	Business rates	12
Capital allowances	13	Capital allowances	13
Corporation tax	14	Corporation tax	14

## 3. Key Performance Indicators

### Availability of Skilled Labour

KPI1: Graduates in Engineering, Manufacturing & Construction  
KPI2: Skilled Industrial Employees w. Upper Secondary education or above \*

EUCU	Global	EUCU	Global
10	19	5	11
10	22	11	

2015 Rank: 10 / 10, 17 / 21, 5 / 11

Perception: Strong

2.5

Weak

Skills are a critical factor driving both R&D and manufacturing – and are perceived as a weakness. Government and industry have developed successful programmes to increase availability of skills in automotive, but the pace of change in industry and the economy requires an increasingly coordinated approach.

### Labour Productivity

KPI1: GBP / Hour Worked (all industries)  
KPI2: Automotive GVA / Person employed (EU) \*

EUCU	Global	EUCU	Global
4	6	2	10
9	16	10	

2015 Rank: 5 / 9, 8 / 17, 2 / 10

Perception: Strong

2.9

Weak

Productivity is a critical factor in encouraging companies to invest in the UK. UK Automotive has been a success story in the economy, driven by innovation and investment at OEMs. Our focus must be to strengthen the whole sector through the supply chain in order to continue to grow the sector's competitiveness.

### Labour Flexibility

KPI1: Labour Flexibility ranking  
KPI2: Cooperation in Labour / Employee Relations

EUCU	Global	EUCU	Global
1	2	1	4
11	25	11	25

2015 Rank: 1 / 11, 2 / 25, 2 = / 11, 2 / 25

Perception: Strong

3.5

Weak

Labour flexibility remains a key competitive advantage of the UK, and has allowed rapid expansion in times of industry growth. It is essential to retain this flexibility in all scenarios – while developing the tools to retain industry skill

### Infrastructure

KPI: Average of Infrastructure ratings (Roads, Rail, Ports, Energy, IT)

EUCU	Global
4	7
11	25

2015 Rank: 4 = / 11, 4 / 25

Perception: Strong

2.8

Weak

Infrastructure is critical to developing and sustaining long-term productivity growth. The UK's commitment to infrastructure development through the Industrial Strategy is welcome, and will meaningfully increase the UK's potential as a place to invest

### University / Industry Collaboration

KPI: University / Industry Research Collaboration

EUCU	Global
1	2
11	25

2015 Rank: 1 / 11, 2 / 25

Perception: Strong

3.4

Weak

The UK's academic sector is a key competitive advantage in attracting investment. Recently, institutions like the Advanced Propulsion Centre and the Catapult network have helped increase accessibility to industry and alignment in industry needs.

### Government Investment in R&D

KPI: GERD Performed by Government, % GDP

EUCU	Global
11	20
11	24

2015 Rank: 8 / 11, 18 / 24

Perception: Strong

2.9

Weak

Government investment in R&D is a critical driver of industry investment in R&D. The Government's commitment to work towards raising the level of GDP to the top quartile of OECD countries is welcome

### R&D Incentives

KPI1: Effective cash rates (SMEs)  
KPI2: Effective cash rates (Large companies)

EUCU	Global	EUCU	Global
4	8	8	17
12	28	12	28

2015 Rank: 2 / 8, 4 / 21, 5 / 8, 15 / 21

Perception: Strong

3.1

Weak

The UK's R&D Tax Credit regime design remains excellent, and can be a strong driver for investment. The generosity of the regime has increased in recent years, but is low among comparators for large enterprises; an increasing number of countries also offer more competitive headline rates for SMEs

### Political Stability

KPI: Worldwide Governance Indicators (average rank)

EUCU	Global
3	5
11	25

2015 Rank: 2 / 11, 4 / 25

Perception: Strong

2.3

Weak

Political Stability is considered critical – and is perceived as less of a strength than previously. Negotiations to leave the European Union have had a negative impact on perception of the country's stability - so it is doubly important to demonstrate the ongoing strength, maturity and stability of the country's institutions to foreign investors

### Additional high-priority areas

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

The Industrial Strategy, the Automotive Sector deal and the government's engagement with the Automotive Council itself demonstrate the strength of the government's approach in this area. This way of collaborative working should continue and strengthen as the industry and country navigate through a period of change.

2.94

#### Accessibility of incentives

Recent grants to support new projects in Automotive have clearly demonstrated the government's willingness to support the industry's activity to win new investment for UK plants. Government should continue to engage with industry with a responsible, constructive and transparent approach to support the continued health of the industry – and specifically to enable transition to new technologies for the long-term health of the sector.

2.86

\* Indicators marked with an asterisk have been swapped for more representative KPIs since the 2015 report. Comparison to previous status is like-for-like

## 4. Recommendations

<b>Skills &amp; Productivity</b>	Continued roll-out of <b>National Manufacturing Competitiveness Levels</b> to develop the industry's competitiveness across the whole supply chain Should support for Auto Sector deal #2 skills interventions- towards skills in new product and manufacturing challenges require for industry transition to ULEV, CAV and digital manufacturing.
<b>Flexibility</b>	Maintain the UK's flexibility in working practices as a key competitive advantage Collaborate to develop innovative tools to ensure that skills can be retained and developed – despite upcoming turbulence and churn the sector is likely to face
<b>University / Industry collaboration &amp; investment in R&amp;D</b>	It is critical to preserve global leadership in R&D. The government should support this by moving to guarantee all funding in sectoral R&D which is currently provided by the EU, and creating an continued environment which enhances internationally collaborative research
<b>R&amp;D Incentives</b>	Revisit the generosity of tax credits to support R&D, and capital incentives to support investment, to keep pace with the best globally. The need for long-term industry transition should be treated with at least as much priority as short-term job sustainability
<b>Political Stability</b>	Secure a stable, long-term trading relationship with the EU based on free and frictionless trade, and commonality of standards Preserve the long-term stability of automotive strategy embodied by the collaborative approach of the Automotive Council, building on the fundamental strengths of UK institutions