Rt. Hon George Osborne MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ  
24th September 2010

Dear Chancellor

The Comprehensive Spending Review on 20th October

Our seven manufacturing organisations represent the plastics, rubber, coatings and associated machinery and tool making sectors. Together we represent 310,000 employees from 6,100 companies. Our member companies small and large supply into all sectors of UK manufacturing.

We wrote to you with our proposals for your Emergency Budget in June and now have pleasure in sending you our views for your Comprehensive Spending Review which will set spending limits for every Government department for the period 2011-2015.

Our member companies’ are experiencing some recovery in business but it is not strong and nowhere near a return to pre-recession sales volumes and profits.

We hope that the Bank of England keeps interest rates at 0.5%.

1. Getting Public Expenditure under control

We fully support tough, urgent measures by Government to reduce its spending, rather than tax increases. The 10% cut in the public sector workforce by 2015/16 will bring it back to the level it was pre 1997 and retirements and natural wastage with help bring down the numbers.

We do urge you to freeze public sector pay for two years, with no bonuses, except for high performers, and no final salary pensions for any new public sector staff. There is still more to be done on scrapping quangos.

Early action is vital to reduce borrowing and control Government debt forecast to reach 11% of GDP this year, probably the highest of the G7 countries. It is essential to maintain confidence in the UK as a place in which to invest.

2. Infrastructure Investment

BIS ‘s ‘Strategy for Sustainable Growth’ published in July recognised that the UK may need to invest as much as £40-50 billion per annum in key infrastructure, particularly transport, green energy, water and waste. Not to do so the report correctly argues will affect UK competitiveness but clearly we cannot rely on Government spending alone.
We would recommend that in the CSR you do not allow public sector capital investment to fall below 2.25% of GDP and we suggest you focus on those projects that will do the most to re-balance the economy and stimulate economic recovery, including transport improvements and energy supply.

3. **Investment in Energy Provision**

We are most concerned that as ageing nuclear and power generation capacity is closed, that UK power supply will not equal demand from 2015.

We do feel it is a national priority to support investment in and swift planning permission for new nuclear, clean coal and energy from waste power generation and also a lot more gas storage capacity. Not to do so risks losing manufacturing investment in the UK as does ill thought out changes to the Climate Change Levy and Climate Change Agreements with industry.

4. **Investment in Housing**

We have a rapidly rising population yet housing completions fell to a post war low in 2009. 100,000-150,000 house building jobs were lost in the recession out of 335,000.

The Construction Products Association predicts that the number of public housing completions will fall further, by 12% in 2011 and a further 14% in 2012. We do suggest the Government ensures that building and repairs of public sector housing should be a priority with large increases in population forecast.

5. **Support for Exporting**

The Coalition Government must make increasing Exports a priority. This is an area of opportunity for British manufacturing with our many strengths, not just in ‘innovative green technologies’, the only export sector singled out in the Coalition programme.

Export functions must be withdrawn from the RDAs and concentrated within UKTI who should improve grants and support for exporting companies.

6. **Inexpensive Consultancy help for Government**

The National Audit Office has found that Government and the public sector spent £2.8bn on expensive management consultancy firms. We fully support Cabinet Office Minister Francis Maude’s freeze on all new consulting work and for civil servants themselves to manage projects.

Experienced and objective not-for-profit trade associations such as ours are an inexpensive consultancy resource for Government. Many of us have a lot of experience managing or being a partner in UK or EU funded R&D projects.

Working individually or together we can tender for projects within our knowledge base.

7. **Innovation partnerships between Business and Universities**

We welcome the *Strategy for Sustainable Growth*’s commitment to continue to support collaboration on commercialising new technologies between Business and Universities. This is essential if we are to increase our manufacturing base and win new business overseas.

8. **Support for Industrial Training**

We support the launch of the Industrial Apprenticeship initiative which has received the promise of funding from the Government. We see this as a critical initiative to encourage more school-leavers to consider careers in manufacturing industry in the UK, to see them grow through targeted technical
training programmes and thereby gain the expertise to make valuable contributions to the British economy in the future.

We hope you will be able to take on board our views and we are happy to answer any questions your officials may have.

Yours sincerely

Peter Davis
Director General,
British Plastics Federation

John Dorken
British Rubber & Polyurethane Products Association

Barry Turner
Chief Executive
Packaging & Films Association

Julia Moore
Chief Executive
Gauge & Toolmakers Association

Tony Mash
Chief Executive
British Coatings Federation

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