



# PRESS RELEASE

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## Concerns manufacturing managers lack skills to solve productivity puzzle

- Nine in 10 (88%) manufacturers admit skills shortage
- Firms say problem is most acute among managers (49%)
- Half (51%) of manufacturers say grant funding for training would help address skills gap

Britain's large manufacturers admit a skills gap among their managers, according to Lloyds Bank Commercial Banking's Business in Britain report.

Amid widespread concerns about the UK's productivity, 88% of large firms in the manufacturing sector say they suffer from a skills shortage of some kind.

Almost half (49%) say employees in middle or senior management roles who are typically charged with improving productivity, lack skills. This compares to two fifths (18%) who say there is a skills gap among those in entry level or shop floor positions. One in 10 (9%) reported no skills issues.

The findings are based on research of 200 of the country's largest manufacturers – those with turnover of £50m or more – including almost half (44%) with annual revenues of £500m or more.

**Steve Harris, Head of Manufacturing for Large Corporates at Lloyds Bank Commercial Banking, said:** “Larger manufacturers are being brutally honest about the skills shortage affecting their sector and are highlighting that the problem is most pronounced at management levels.

“Not only do manufacturers rely on managers to execute strategies and deliver growth, most experts agree good management is key to improving productivity. With the OECD placing the UK behind the US, Japan, France and Germany when it comes to productivity\*, it is clear the sector needs to invest in upskilling the next generation of managers now.”

### How to upskill?

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Half (51%) of manufacturing firms say grant funding from government to invest in training would help them upskill their workers. Such funding would see government money allocated to businesses specifically to help them invest in training. Slightly fewer (48%) feel further and higher education courses would help, while more than two fifths (45%) call for manufacturing to be added into the national curriculum.

However, when asked about investment, manufacturers were more likely to prioritise creating new products (23%) than funding training to upskill staff (17%).

**Steve Harris added:** “It’s clear that manufacturers would welcome help to solve the skills gap, yet some far-sighted manufacturers recognise that it takes time to improve skills and productivity. These businesses are starting to take control by investing in their teams which in turn should help the business by improving competitiveness and profitability.

“We see business connectivity with education as critical to solving the skills gap in the long term. Whether it’s engaging with local University Technical Colleges to support teenagers to develop technical skills or partnering with a university on graduate and management training, the closer business and education become the greater the benefit to business, employees and UK competitiveness.

“It’s not just down to the sector though. We are putting time, money and effort into addressing the skills gap as we know our support can help manufacturers to prosper. We’d urge other large Apprenticeship Levy payers to do the same.”

Lloyds Bank Commercial Banking is committed to offering a £9m support package to SMEs to fund apprenticeships across the UK in sectors including manufacturing by transferring 25% of its Apprenticeship Levy Fund. The Apprenticeship Levy commits employers who have an annual paybill over £3m to allocate an amount equal to a portion of their paybill to fund new apprenticeships.

The bank also supports UK manufacturing skills with its £10m sponsorship of the Manufacturing Technology Centre in Coventry which will aid the training and up skilling of around 3,500 manufacturing apprentices, graduates and engineers by 2024.



### Notes to editors

\* <https://data.oecd.org/lprdt/gdp-per-hour-worked.htm>

For more information on the Apprenticeship Levy, please refer to the government's website: <https://www.gov.uk/government/publications/apprenticeship-levy/apprenticeship-levy>

### About Lloyds Bank's Business in Britain reports

The Lloyds Bank Business in Britain Manufacturing Report is the first in a series of three reports to be released in 2019. The next two reports will look into the retail and services sectors, both due out later this year.

Methodology: To gather representative data, the Lloyds Bank Business in Britain Manufacturing Report surveyed financial decision makers at a cross section of 200 manufacturing businesses with an annual turnover of £50m+ in England, Scotland, Wales and Northern Ireland. Online interviews were conducted by BVA BDRC via its business access panel. Fieldwork was conducted 10th to 20th May, 2019.

### About Lloyds Bank

- Lloyds Bank Commercial Banking provides comprehensive expert financial services for small businesses, mid-sized businesses and multinational corporations.
- Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support to its clients.
- Lloyds Bank Commercial Banking offers a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury and risk management services.