

Building Britain's industrial future

With Chancellor George Osborne's Budget now out in the open – offering some useful business tax incentives – and the CBI's latest Industrial Trends Survey indicating output growth expectations at their strongest for a year, engineering looks slightly healthier.

According to the CBI, factory order books in March remained well above the recent average – albeit, on balance, weaker than 'normal' – suggesting slow, but progressive recovery. And the picture was much the same for export demand. However, expectations for output price inflation have also increased, in line with oil price rises, delivering a timely reminder of the fragility of Osborne's economic rebalancing act.

But building and sustaining a manufacturing-led recovery will not be achieved by reflecting on statistics. That is the task of the real UK economy, where engineers, managers and the business machine innovate and facilitate the production of better goods, faster, more cost effectively – and with greater flexibility and responsiveness.

Yet the challenges are serious. Two of the key barriers to progress concern shortages: of engineering skills; and of investment in our industrial infrastructure, particularly automation. Some pundits estimate that 2.2 million engineers and scientists will be needed over the next five years, if industry is to succeed. Yet they reckon the data for engineers alone suggests that only 125,000 might step forward.

As for investment, consider this: speaking at last month's Automating Britain conference (organised by GAMBICA and Intellect), Chris Biddle, manufacturing systems executive at Rolls-Royce, observed that the UK education system does not generate many gifted engineers who are also astute business people.

Both of these factors matter for Rolls-Royce, as it struggles to increase capacity and improve its efficiencies to meet the demands of an insatiable order book. But they also matter for all of industry, as we wrestle with the problems of taking on increasingly capable low-wage manufacturing economies.

We have to tackle this. As Juergen Maier, managing director of Siemens UK Industry, put it at the same conference: "The current economic conditions make it doubly important that we should aim to redress the balance towards manufacturing, which only stands at 12% of GDP, compared with a European average of 25%."

It's all about stimulating interest, confidence and, above all, a vibrant new image for engineering. Let's start by encouraging attendance at forums, such as Siemens' 'Answers for Industry' (page 4), and worthwhile entries for the Queen Elizabeth Prize.

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