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9 September 2019

*Dear Lord Munkson*

You asked me to set out the figures underpinning my statement that manufacturing productivity has grown over three times as fast as the UK economy's overall productivity over a 10-year period.

This statistic is based on comparing productivity growth in the manufacturing sector and whole economy and refers to the period between 2007 and 2017. The ONS provide labour productivity measures for the whole economy and for manufacturing. These are seasonally adjusted and normalised to a base rate where the value in 2016 is equal to 100. On this scale, manufacturing output per hour grew from 95.4 in 2007 to 101.7 in 2017, a growth rate of 6.6%. Output per hour for the whole economy grew from 98.8 in 2007 to 101.0 in 2017, a growth rate of 2.2%.

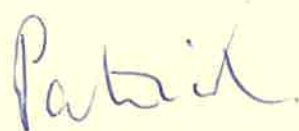
The data covering 2008 to 2018 shows that manufacturing output per hour continued to rise in 2018 up to 102.0, while whole economy productivity also continued rising to 101.5. This means that growth rates for 2008 to 2018 were 6.4% for manufacturing (from 95.6 in 2008 to 102 in 2018) compared to 3.3% for the whole economy (from 98.2 in 2008 to 101.5 in 2018).

To further support the manufacturing sector and maintain its productivity growth, we are investing £315 million in the Industrial Energy Transformation Fund, which aims to help businesses with high energy use cut their bills and reduce their emissions. The government is also investing £600 million in the High Value Manufacturing Catapult to support the commercialisation of innovation.

To support the wider economy, the government has committed to invest an additional £7 billion since 2016 in R&D by 2021-22, including through the National Productivity Investment Fund. This represents the biggest increase in 40 years, supporting our ambition to take R&D expenditure to 2.4% of GDP by 2027. The government is also supporting firms to invest and grow by providing billions of

pounds of new tax relief for firms investing in new non-residential buildings and structures through a permanent new Structures and Buildings Allowance.

I trust the above addresses your question, and I will place a copy of this letter in the library.

A handwritten signature in blue ink, appearing to be 'Patrick'.The name 'Patrick' written in blue ink in a cursive style.

**Earl of Courtown**

Lord Tomlinson  
House of Lords