

Manufacturing forum identifies need for UK manufacturing to better recognise value of R&D.

With the UK spending less on R&D than the majority of our European competition, Made in the Midlands manufacturers met with experts from Baker Tilly and Swindell Pearson to discuss why. Charles Addison from Made in the Midlands set the scene; “The government has been vocal about encouraging the U.K towards becoming a knowledge based economy but not only are we behind on our investment in R&D and innovation, we’re actually cutting that investment even further – our reputation as innovators is at stake.”

Barry Smith, Managing Director of HT Brigham Ltd in Coleshill challenged, “We look at components that we’re asked to make and look at how we can improve or make them more efficiently – this is not a traditional approach to manufacturing, its working with customers to be better together.”

Rebecca Reading, Corporate and International tax Partner at Baker Tilly commented; “I have seen many successful R&D and Patent Box scenarios, a sign of the returning confidence in the region’s economy and companies investing in and exploiting innovation, however what this round table summaries for me is the potential for so many more companies, particularly in the manufacturing sector to recognise the opportunity to claim tax benefits for the innovative products and processes they are using day to day.”

Manufacturers and engineers comprised our expert panel and Made in the Midlands member Bruce Renfrew from Renfrew Group commented that “R&D and innovation is our business – It is our job to look at the problems and ideas our customers may have and come up with solutions that might be better or cheaper. The R&D landscape is improving, our role is to match technology and design against a problem given, to question existing assumptions on the way things have to be done and we are passionate about reshoring and making things in the UK again.”

With the R&D tax opportunities so closely linked to the patent box incentive which gives firms a tax relief on profits assigned to a patent, the conversation turned to whether Midlands manufacturers are protecting their R&D going forward. European powers have been concerned that the U.K government is doing too much to incentivise innovation through tax breaks but knowledge of the scheme is limited.

Intellectual property expert Michael Skinner of Swindell Pearson said “The Patent Box tax relief has changed the reasons for seeking patents, by creating a generous tax relief over 20 years, but manufacturers have been slow to pick up on this. The traditional reasons for patents still exist – adding value to the business and creating the possibility of controlling competitors – but tax relief may feel more tangible to many.

Chief Operating Officer of Made in the Midlands, Charles Addison concluded “It is clear that midlands manufacturers and engineers are meeting the requirements of the R&D tax credit and patent box opportunities yet not all realising the tax deductions that the government are offering – this appears to be because they seem to assume this is the done-thing in their businesses and perhaps don’t always value the R&D element of this unlike our German competitors – its our job now to encourage firms to recognise more the great things they do and benefit from the tax opportunities available.”
