



UK Government

THE UK'S MODERN INDUSTRIAL STRATEGY

CP 1451



GREAT

BRITAIN & NORTHERN IRELAND



Government of the United Kingdom
Department for Business and Trade

The UK's Modern Industrial Strategy

Presented to Parliament
by the Secretary of State for Business and Trade
by Command of His Majesty

November 2025



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at enquiries@businessandtrade.gov.uk.

ISBN 978-1-5286-6109-6

E03497674 11/25

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

Contents

FOREWORD6

EXECUTIVE SUMMARY9

INTRODUCTION22

**EASE, SPEED AND LONG-TERM STABILITY FOR
BUSINESS.....39**

**SUPPORTING THE UK’S CITY REGIONS AND
CLUSTERS.....170**

SUPPORTING OUR FRONTIER INDUSTRIES215

**CREATING AN ENDURING PARTNERSHIP WITH
BUSINESS.....277**

Foreword

The world is in a new era. It is more volatile, with new threats to our security and living standards. But it is also a world of enormous and exciting possibility. Technological advances in Life Sciences, Clean Energy, and Artificial Intelligence are profoundly reshaping our economy, with the potential for enormous advances in our productivity and way of life. The UK is well positioned to take advantage. We are open, entrepreneurial and - as recent deals show - an unashamed champion of global trade. Our finance industry, universities and scientific institutions are all world-leading. And, having restored our international standing, we now offer investors political stability in this uncertain world.

Through our Plan for Change, the Government is determined to seize the opportunities this new world offers to deliver security, renewal, and higher living standards across the country. Business-as-usual will not work. We need a new relationship between business and government, where government provides the strategic certainty that allows businesses to do what they do best: create wealth. This requires a more muscular approach to government: one prepared to back British businesses, invest in our

comparative advantage, and take punts in pursuit of growth and productivity. And this government understands the importance of agility and enterprise; to relentlessly ask whether regulations are blocking the conditions for Britain to thrive. For too long Britain has had a state which, paradoxically, both stands back and interferes too much. When our industries were at the mercy of change, too many people and communities were left to fend for themselves, with government uninterested in providing a bridge to the future. Yet equally, when new opportunities present themselves, Britain often finds itself too regulated to take advantage, or too cautious to change course. The result is a state that is both over-bearing and feeble, poorly serving an economy that has become too reliant on one place, too exposed to global volatility and too sluggish to take advantage of transitions like the move to homegrown clean energy.

Our modern Industrial Strategy provides a new approach for a new era. It is robust, strategic, and unashamedly long-term: a ten-year plan to make the UK the best country to invest in anywhere in the world. Building on *Invest 2035*, the Green Paper published last October, it is also a plan born of partnership. We have looked at every aspect of the business environment to make it easier and quicker

for high-growth businesses to invest. We have looked at the places across the UK where these sectors are concentrated and identified how to unlock their potential. We have looked at the international landscape to find the most significant trading opportunities we can exploit. And we have looked at government itself, to turn the state into the best possible partner for mobilising enterprise support.

In short, it represents nothing less than a whole-government effort, with ambitious plans for eight high growth sectors. These sectors have been identified as those best placed to create the wealth, jobs, and higher wages our country needs in every community. **Their success is absolutely essential for delivering our Plan for Change.** This document sets out the support we will provide.

Throughout this process, businesses, trade unions, and other stakeholders have engaged every step of the way and we are grateful for their partnership. Now, together, we can build the proud, high-skilled, economically vibrant, and fairer country that working people want. An Industrial Strategy capable, not only of delivering the security and renewal people need. But a long-term plan to get Britain's future back.

Executive Summary

The United Kingdom is a thriving global economy founded on stability, fairness, and the rule of law, and propelled by world-leading sectors and companies. We have a record of extraordinary research and innovation; we are champions of openness and free trade; and we continue to be a magnet for international talent and capital.

Yet in recent decades the pace and magnitude of global change have escalated and the UK has been short of the dynamism it takes to stay ahead. The global trading environment has become more unpredictable, the fragility of global supply chains more apparent, and our economic competitors have been more assertive and disruptive in promoting their national industries. British workers and families have paid the price through a cost-of-living crisis.

Now more than ever, businesses are seeking out countries that can provide them with the confidence to invest and grow. As set out in the Plan for Change, the Government's priority mission is to deliver strong, secure, and sustainable economic growth to boost living standards for working people in every part of the

UK. Our modern Industrial Strategy will help us seize the most significant opportunities and create the most favourable conditions in key UK sectors for the companies of the future to emerge here – the ones that have a transformative role to play in the clean energy transition, the tech revolution, the fundamental impact of AI on every sector, and the new geopolitics.

To achieve this, the Government is focused on the critical need to increase business investment, capturing a greater share of internationally mobile capital, spurring domestic businesses to scale up, and supporting small and medium-sized businesses reliant on resilient supply-chains. This is about positive choices: backing eight sectors (**the IS-8**) with the highest potential, and the frontier industries at their leading edge – and targeting the places and clusters across the UK that support those sectors, to increase national productivity, strengthen our economic security and resilience, and support our environmental goals and the net zero transition.

To ensure the Industrial Strategy drives action, we will track key measures of improvement across the whole economy, the IS-8, and places: business investment, Gross Value Added (GVA), labour market outcomes

such as employment and wages; productivity growth; and exports. We will also track the number of new large ‘homegrown’ businesses across the IS-8. The Industrial Strategy and Sector Plans are underpinned by a robust monitoring and evaluation approach tracking the delivery of its policies, overseen by the Industrial Strategy Advisory Council (ISAC).

Invest 2035, our consultation, showed clearly where action must be taken, and how we need to shape the most globally competitive offer to business. The Industrial Strategy is not about a particular point in time or publication – it is a 10-year commitment and partnership. The Government has already started to take action on the issues raised by the eight sectors – from addressing the burden of regulation to the speed of planning – and we will go further in the critical areas identified, both immediately and in the months and years ahead.

1. As an integral part of the growth mission, the Government will **make it easier and quicker for companies to do business, giving them the stability to make long-term investments**. We will do this by easing the investor journey, and tackling the blockers that undermine confidence and stop them

investing in the UK's future growth. In particular, we will:

- i) **Tackle high industrial electricity costs**, ensure strategic investment projects receive timely grid connections, invest in clean energy, and strengthen our connections to the EU energy market.
- ii) **Promote free and fair trade** through strong international partnerships, including securing new and improved trading arrangements with a pragmatic, agile, smart, and fair approach to navigating a fragmented, geopolitically volatile, and tech-driven world.
- iii) **Strengthen our economic security** through our uplift in defence spending, international collaboration, strategic investments in critical supply chains, technologies, and energy security, and support to businesses in understanding and mitigating risks.
- iv) **Expand access to finance**, building on the commercial expertise of the market through the British Business Bank (with increased capacity and capability, and £4 billion additional capital for the IS-8); expanding the mandate of the National

Wealth Fund to deploy its £27.8 billion capitalisation to support growth; and bringing forward legislation to increase the maximum size of UK Export Finance's financial portfolio.

- v) **Drive innovation**, underpinned by an £86 billion investment into UK R&D, targeted towards the IS-8, leveraging private investment in cutting-edge research, technologies, and commercial applications.
- vi) **Capitalise on the value of UK data** by treating it as an economic asset, enabling the use of high-quality data across the private and public sectors, extending Smart Data initiatives into relevant Industrial Strategy sectors, and establishing a clear framework to value and license public sector data assets.
- vii) **Enhance skills and increase access to talent** by reforming the skills and employment support system to create a strong pipeline into the IS-8, with opportunities for good jobs across the country; an increase in technology training and boosts for engineering, digital, and defence skills; and a visa system and new Global Talent Taskforce that support high-growth sectors and attracts talented individuals to the UK.

- viii) **Reduce regulatory burdens and speed innovation**, cutting the administrative costs of regulation for business by 25%, reducing the number of regulators, using the Regulatory Innovation Office to clear the path to market for the latest innovative challenger products, and making specific changes for sectors to support business investment.
- ix) **Remove planning barriers** and give our backing to transformative infrastructure projects, including by fast-tracking decisions on critical projects in the planning system.
- x) **Ensure our tax system supports growth** and high-growth sectors, with our Corporate Tax Roadmap published at Autumn Budget 2024 having set out our commitment to cap our Corporate Tax Rate at 25% and maintain other key features, such as Full Expensing.

2. The Government will **enable investment and growth in city regions and clusters across the UK where the IS-8 are based**, with a coherent offer across nations and regions. In particular, we will:

- i) **Proactively bring forward more investible sites across the UK** through a new £600 million

Strategic Sites Accelerator; coordinated support to attract investment into our Industrial Strategy Zones (Investment Zones and Freeports); and new AI Growth Zones.

- ii) **Strengthen local business environments across the UK** with increased support for regional innovation (through the new £500 million Local Innovation Partnerships Fund) and skills, while offering the expertise of the Office for Investment, National Wealth Fund, and British Business Bank to help places attract private investment.
- iii) **Renew our partnerships in Scotland, Wales, and Northern Ireland**, including through close collaboration with devolved governments and through flagship sectoral investments, such as supporting the Acorn CCUS project in Scotland and providing up to £750 million for the University of Edinburgh supercomputer.
- iv) **Support Mayors and local authorities in England**, including by working together on the delivery of 10-year Local Growth Plans and making a new £500 million Mayoral Recyclable Growth Fund available to invest in local growth projects.

- v) **Strengthen connections between and within our city regions and clusters** to ensure that more businesses are pulled into the orbit of the best UK talent, innovation, and academic collaboration, and more people have access to good jobs. We will support a growth corridor across our Northern city regions, deepen our support for the Oxford to Cambridge Growth Corridor, and build links between and within other cities, regions, and nations through projects such as HS2, new rail upgrades in Wales, and support for the Edinburgh-Glasgow Central Belt.

3. While these interventions were most frequently raised by some or all of the eight sectors (IS-8) as the most pressing issues, the Government is taking targeted action to **transform our highest-potential sectors over the next decade** through Sector Plans. As major initiatives we will:

- i) Harness the latest technologies in the **Advanced Manufacturing** sector through £4.3 billion in funding, including up to £2.8 billion in R&D programmes over the next five years to spur innovation, automation, digitisation and commercialisation.

- ii) Drive the growth of our world-leading **Creative Industries** in clusters across the UK, including through a £150 million Creative Places Growth Fund, new financial support for screen, music, and video games, and a new Creative Content Exchange to be a trusted marketplace for selling, buying, licensing, and enabling permitted access to digitised cultural and creative assets.
- iii) Make the UK one of the world's top three **Life Sciences** economies through a package of reforms and investment, including up to £600 million for a Health Data Research Service to create the world's most advanced, secure, and AI-ready health data platform.
- iv) Become a **Clean Energy** manufacturing and innovation superpower, producing the next generation of technologies to support the global transition, and delivering our Clean Energy Superpower Mission.
- v) Deliver the **Defence** industrial base we need to protect our national security while unlocking the sector's significant untapped potential for creating growth spillover benefits through innovation, exports, and scale-ups.

- vi) Nurture the UK's **Digital and Technologies** economy responsible for building our sovereign capability in the most strategically important areas, including £670 million to drive the development and adoption of quantum computers in the UK, £500 million delivered through the Sovereign AI Unit, and a new programme of AI Growth Zones.
- vii) Increase tech adoption and AI integration in the **Professional and Business Services** sector, including expansion of the Made Smarter scheme, as part of a package of over £150 million to support the sector.
- viii) Maintain and grow the UK as the world's leading **Financial Services** hub, including by rebalancing to regulate for growth, cutting red tape for FinTech firms and driving forward initiatives to open up more private capital.
- ix) Strengthening the resilience of all the IS-8 by supporting the **foundational industries** and their supply chains which provide vital materials and parts, from steel to chemicals, or manage essential infrastructure, from ports to electricity networks.

4. We will create an enduring partnership between business and **a stronger, more capable, and more agile state**, with far deeper penetration of business expertise and understanding of companies' needs. In particular, we will:

- i) **Attract private capital and build partnerships through active co-investment with industry** on shared priorities, using all of our finance levers to de-risk opportunities, incentivise investment, and upskill the workforce.
- ii) **Use government's procurement power** to strengthen domestic supply chains and support good-quality local jobs, while shaping markets for innovation in the longer term.
- iii) **Make it easier for industry to navigate government**, speeding up investment decision-making and improving the interface with business through a high-calibre concierge service in the Office for Investment, a growth-focused international network, and a new approach to placements with industry.
- iv) **Support small and medium sized businesses**, with a new Business Growth Service to streamline access to government support, advice, and

funding; initiatives to tackle the issue of late payments from large suppliers; and procurement reforms to make it easier to secure government contracts.

- v) **Establish strong institutions to retain an unswerving focus on Industrial Strategy outcomes** in policy-making and delivery, including through a permanent Industrial Strategy Council.
- vi) **Continuously monitor and evaluate the effectiveness of our policy interventions** and industry's commitments, with clear metrics and the agility to take action if we need to.

This is a very significant agenda, with considerable work to do not only by government, but the business community, local and national leaders across the UK, and trade unions. It is an approach to which the Government is fundamentally committed, as it seeks to place private business, entrepreneurship and innovation at the heart of the UK's renewal, and which will see it play a strategic, active role beyond supporting the fundamentals of rule of law and macroeconomic stability. That is the point of our modern Industrial Strategy, and through it we will

create a partnership between government, businesses and workers not just for a decade but beyond, working together confidently to create the conditions for sustained and long-term growth across our economy and throughout our nations.

Introduction

As set out in the Plan for Change, the Government's priority mission is to deliver strong, secure, and sustainable economic growth to boost living standards for working people in every part of the UK. Growth will put more money in people's pockets, fund our public services, and revitalise our communities.

Growth is all the more important in a changing world that is increasingly volatile, dangerous, and insecure. This is the new normal – the world is not going back. But far from being daunted by this change, businesses, investors, and trade unions have told us of their confidence in the UK and urged us that now is the time to seize the moment.

The opportunities ahead of us are profound and exciting. Technology is transforming what is possible in every walk of life. The revolutionary potential of AI has barely begun to be realised. The net zero transition, the economic opportunity of the century, is reshaping global markets and driving innovation.

The UK starts from a position of strength. We are an oasis of stability, trusted for our pragmatism and common sense. Our world-leading universities, skilled workforce, legal and regulatory frameworks, tech ecosystem, and content creators have enabled the emergence of thriving, internationally competitive UK sectors.

But business-as-usual will not be enough to succeed. The approaches of recent decades have not worked. Industries at the epicentre of transformation, and the workers and communities that depend on them, need the state to be an active partner. When opportunities have presented themselves, the UK has too often found itself over-regulated and over-burdened to take advantage, and too cautious to change course.

In an uncertain world, industry needs certainty to invest. Our strategy of stability, investment, and reform has already begun to address this and realise the full potential of all our sectors.

- **Restoring stability.** At Autumn Budget 2024, the Government introduced new fiscal rules to put the public finances back on a stable path.¹ This stability

has given the Bank of England the confidence to cut interest rates four times in the last year, which will support growth and investment. The Government is also continuing to work with our international partners, including in the G7, International Monetary Fund, and World Bank to navigate shared challenges and maintain stability in the global economy.

- **Investing in renewal.** At Autumn Budget 2024 the Government increased the capital envelope by over £100 billion, and by a further £13 billion over the same period at Spring Statement 2025. Taken together, the Government is investing an additional £120 billion over the Spending Review period, compared with the plans set out at Spring Budget 2024. This has enabled substantial new capital investment, with £39 billion for a new 10-year Affordable Homes Programme, £14.2 billion for Sizewell C – the first state-funded nuclear power station since 1988 – £22.6 billion a year for R&D by 2029/30, and £15.6 billion in long-term transport settlements for Mayors of some of England’s largest city regions.² In addition, as set out in the 10-Year Infrastructure Strategy, the Government is funding at least £725 billion of social and economic

infrastructure over the next decade, so that funding continues to grow in line with inflation after the Spending Review period.³

- **Driving reform.** The Government is accelerating infrastructure delivery and house-building through ambitious planning reforms. Our Action Plan setting out the Government's approach to regulation and regulators will ensure that the system not only protects consumers but also supports competition and encourages investment and innovation. We are creating a level playing field and modernising the world of work through our plan to Make Work Pay, which forms a core part of our mission to raise living standards and ensure growth creates opportunities for all. And we are empowering local communities and leaders, including through the English Devolution Bill, so they have the powers and funding they need to deliver their Local Growth Plans.⁴

Supporting our highest-potential sectors

Our modern Industrial Strategy is a critical part of how we deliver our growth mission: creating good jobs and higher incomes across the country by increasing

productive business investment through targeted industrial policies. This means addressing the leading causes of the UK's low growth by making a deliberate choice to focus on sectors with the greatest potential to raise national levels of investment and productivity, spread prosperity to all parts of the country, make us all more secure, and seize the opportunities of net zero. This is how we create a strong economy, delivering better jobs that offer security, fair pay and opportunities to progress.

The need for a targeted, long-term plan for the highest-growth sectors is clear. The top 30% of sectors ranked by productivity in 1997 accounted for roughly 60% of all productivity growth between 1997 and 2022.⁵ Even more so now, we live in a world dominated by the rise of superstar firms, whose success spills over to the wider economy. These are the firms that are capable of growing rapidly from challengers into world-leaders, their growth journey fuelled by innovation, disruption, tech adoption, effective use of data, globally integrated supply chains, export opportunities, and investment in skills, equipment, software, and other assets.

But the UK does not have a strong record in incubating such superstars. For too long our levels of business investment have been the lowest of the most advanced economies.⁶ Market dynamism, shifting resources from lower to higher productivity firms, was once the largest component of UK growth.⁷ However, dynamism is now lacking, with businesses expanding more slowly and new roles being recreated at a slower rate.⁸ And outside London, our city regions - traditionally engines of growth in other countries - are falling short of their economic potential.⁹ This is an over £90 billion gap: fixing it requires creating the market conditions for new entrants to emerge and investors to take risks.¹⁰

Through the Industrial Strategy we will create a more dynamic economy that revives the UK's success and grows the next generation of challenger British companies that can drive growth, support the jobs of the future, and underpin our sovereignty. Our aim is to cultivate competitive markets and reduce barriers to entry across the UK, so that firms can start up and scale into businesses capable of anchoring supply chains, occupying critical niches in global value chains and networks, and producing the products the world

needs in a crisis – all ultimately increasing our national agency.

This link between agency and prosperity is not theoretical. It is now a lived reality for British citizens and businesses. From the energy shock of 2022, which caused soaring energy prices, to pandemic-era supply disruptions, the UK has been exposed. These disruptions have weakened us strategically, and left British families paying the price. As the world navigates a period of upheaval – driven by great power competition, climate instability, migration, and demographic transitions – the Industrial Strategy must not only stimulate economic output, it must help the UK adapt, compete and endure.

Upheaval in geopolitics is also colliding with the emergence of advanced AI. The superstar firms of 2035 will leverage AI, just as other general-purpose technologies such as steam or electricity were harnessed by the superstars of their day. The Industrial Strategy builds on the AI Opportunities Action Plan to make the UK an AI maker rather than an AI taker, developing Britain's stake across the AI value chain. It also sends a message to our eight

sectors. The Government is preparing for the prospect of transformative AI: business must do too. The AI revolution is affecting the entire economy: alongside the opportunities for new businesses, existing businesses across the IS-8 must evolve to thrive.

Prioritising business investment

Our Industrial Strategy is a new relationship between business and government – a 10-year plan in which we chart a strategic course that allows business to make long-term decisions and focus on creating wealth and prosperity. Our ambition is for this partnership to significantly increase business investment by 2035.

The sectors we are focusing on are the highly productive, innovative, exporting sectors whose frontier industries create strategically important technologies and services deployed across the economy; and which support well-paid jobs, with workers in the IS-8 earning on average £7,900 (before tax) a year more than in other industries.¹¹ By their nature, these sectors already have strong growth prospects. The IS-8 are on average 27.1% more

productive than the UK national average.¹² If they stay on their current trajectory, they will add an extra £152 billion in GVA to the economy annually, and create 1.1 million new jobs by 2035.¹³ The IS-8 also saw their global export opportunities expand by \$5 trillion between 2013 and 2023, with a further \$10 trillion in growth forecast by 2035.¹⁴

But they have the potential to go much further. For each sector, building on their international competitive advantage, we are setting out concrete plans and making significant commitments with the ambition that by 2035:

- The UK's **Advanced Manufacturing** sector will achieve a near doubling of business investment to £39 billion per year.
- The UK will be Europe's leading **Defence** exporter, will have closed the gap for venture capital investment into Defence with the US by half, and will radically reduce the time to contract across all segments of defence procurements.
- Business investment in frontier **Clean Energy Industries** will at least double to over £30 billion.

- The UK will be the leading European hub to create, invest in, and scale fast-growing **Digital and Technology** businesses, with £3 of private R&D investment in the sector for every £1 of public R&D funding.
- The **Creative Industries** sector will significantly increase business investment to £31 billion.
- The UK will be the location of choice for **Financial Services** firms to invest, grow, and sell their services to the world, with the sector increasing its contribution of exports to UK GVA.
- The UK will, by 2030, be the leading **Life Sciences** economy in Europe; and by 2035, the third most important Life Sciences economy globally, after the US and China.
- The **Professional and Business Services** sector will double business investment to £65 billion.

Focusing on implementation

Past UK industrial strategies have not lasted because they have either refused to make choices or have failed to back their choices up by reallocating

resources and driving genuine behaviour change in both government and industry.

Our modern Industrial Strategy is a whole-of-government endeavour, designed with business through sector councils, extensive consultation, and close engagement with the Industrial Strategy Advisory Council. This work has been embedded in the Government's approach to SR25, ensuring that rather than being a single moment in time, our Industrial Strategy priorities are hardwired into departments' budgets for the rest of this Parliament, alongside 10-year R&D commitments and infrastructure plans.

This document is just the start: it will be a lens through which we view important decisions now and for the decade to come. Every department has a critical growth role: areas from defence spending to clean energy deployment, from migration to public procurement, are now linked to our Industrial Strategy and key to how we deliver it.

Central to our approach will be the principle that innovation and investment must be rewarded. The

nations that win in this new era will be those that are prepared to put their skin in the game to share risk with innovators and which welcome productive private investment and the benefits it brings to working people and communities.

By aligning government around this agenda, we will be able to address not just the unique issues faced by each of the IS-8, but the critical cross-cutting challenges which they all face – start-ups, scale-ups, spin-outs, SMEs, established local firms, and multinationals alike. This is about understanding the needs of this wide variety of businesses, from market leaders to disruptive challengers; and using all of our levers to unblock barriers and create long-term stability so that it is easier and quicker to invest.

Sectors do not do business in isolation from the rest of the economy, so we are taking a holistic approach, with interventions to strengthen the whole environment around them and promote the spillover of capital and innovation between them.

The Industrial Strategy is unashamedly place-based, recognising that stronger regional growth is critical for

the competitiveness of the IS-8 and the resilience of the national economy: we will therefore focus our efforts on the city regions and clusters with the highest potential to support our growth-driving sectors, in England, Wales, Scotland, and Northern Ireland. The IS-8's resilience in an unpredictable world is also linked to the strength of foundational industries like steel and ports which supply critical materials, parts, and infrastructure – we will ensure that these are protected from global headwinds. Just as high-growth sectors will benefit from a stronger economy, so the rest of the economy – and the jobs and communities it supports – will benefit from their success. The rising tide must lift all boats, throughout the country.

Across all our interventions, the economic opportunities of net zero will be a consistent priority, creating good clean jobs. We will act strategically to boost green manufacturing, services, innovation, exports, and the circular economy, leveraging British industry to deliver energy security and meet our environmental goals.

The Industrial Strategy is rooted in the challenges and opportunities of the next 10 years, including the need

to immediately bolster the UK's defence and security while achieving long-term national renewal. This will create an independent, high-skilled, dynamic, and economically prosperous country, where opportunity, skills, and wealth abound and are spread fairly; where jobs are high-quality, accessible, and secure; and where every person and every business have the chance to flourish.

¹ HM Treasury (2024) [*Autumn Budget 2024*](#)

² HM Treasury (2025) [*Spending Review 2025*](#)

³ HM Treasury (2025) [*UK Infrastructure: A Ten Year Strategy*](#)

⁴ Ministry of Housing, Communities and Local Government (2024) [*English Devolution White Paper*](#)

⁵ Department for Business and Trade analysis of [*Office for National Statistics \(2023\) Output per hour Worked*](#)

⁶ Office for National Statistics (2024) [*Business investment in the UK*](#). See also The Productivity Institute (2023) [*The productivity agenda*](#); Resolution Foundation (2023) [*Beyond boosterism*](#)

⁷ Department for Business and Trade analysis using Office for National Statistics (2022) *Estimates of total factor productivity from the Annual business survey, Great Britain: 1998 to 2019: August 2022*.

⁸ Competition and Markets Authority (2024) [*The state of UK competition*](#)

⁹ Centre for Cities (2024) [*Climbing the summit: big cities in the UK and the G7*](#)

¹⁰ Department for Business and Trade analysis of Office for National Statistics (2024) [*Subregional productivity: labour productivity indices by city region*](#) and Office for National Statistics (2025) [*Regional Gross Value Added \(balanced\) by industry: city and enterprise regions*](#). The figure of a £90bn potential gain is arrived at by calculating the difference between productivity in these city regions and the UK average and multiplying that by employment in the city regions. The figure was calculated using employment and productivity data for 2023 and is expressed in 2022 prices

¹¹ Department for Business and Trade analysis of Office for National Statistics (2024) [*Employee earnings in the UK: 2024*](#) (unrevised) and [*Employee earnings in the UK, 2011 to 2023*](#) (revised). Figure indicates the difference between the 2024 median real pay of individuals in the Industrial Strategy sectors (excluding Clean Energy Industries) and all other sectors in the economy (in full-time employment, entitled to the adult National Minimum Wage rate, whose earnings were not affected by absences). Wages were price adjusted using Office for National

Statistics (2025) [Consumer Price Index including owner occupiers' housing costs](#), indexed to April 2024. See technical annex for further information on IS-8 sector definitions.

¹² Department for Business and Trade analysis of Office for National Statistics (2025) [Output per job by division; GDP Low-Level Aggregates; Annual Business Survey](#), and Inter-Departmental Business Register (2025) employment count microdata. Average calculated using data between 2015 and 2023. Where applicable, the number of jobs for each SIC code is apportioned using lower-level Inter-Departmental Business Register employment count data and GVA is apportioned using lower-level Annual Business Survey data. See the technical annex for further details on defining sectors and sector data sources.

¹³ Department for Business and Trade analysis of Office for National Statistics (2025) [GDP Low-Level Aggregates and Annual Business Survey](#). Where applicable, GVA is apportioned using lower-level Annual Business Survey data. GVA projection is based on the compound annual growth rate between 2019 and 2023, which we assume is constant; Department for Business and Trade analysis of Office for National Statistics (2025) *Workforce Jobs – JOBS03: Employee jobs by industry and JOBS04:*

Self-employment jobs by industry; Inter-Departmental Business Register (2025) employee count microdata; Office for National Statistics (2024) [Low carbon and renewable energy economy, UK: 2022](#). The employment projection is based on the compound annual growth rate between 2019-2023

¹⁴ Department for Business and Trade (2025) *Global Trade Outlook*, forthcoming publication.

Ease, speed and long-term stability for business

For too long the UK's economy has been held back by an unsupportive and rigid business environment that has not adapted quickly enough with the changing times. Regulatory frameworks have not kept pace with innovation. Digital infrastructure has been upgraded too slowly, especially outside major cities. Too few people are emerging from schools, colleges, universities, or the wider employment support system with the skills needed by the industries of the future. Competition rules have tended to benefit incumbents not challengers. And even high-potential start-ups in strategically important sectors face challenges raising capital to continue their growth journey.

Fortunately the fundamentals remain strong and the Government's reforms are already turning business sentiment around. The UK rose from fourth place to become the second-most attractive global destination for investment in a recent survey of CEOs.¹ But we must do more to ensure that improved business sentiment and confidence translate into increased investment in the UK, creating jobs, revitalising communities, and putting more money in people's

pockets. We cannot afford to let this opportunity slip to make the UK's business environment as pro-growth and resilient as possible for our frontier industries.

This starts with making it easier and quicker for the IS-8 to invest. There are too many areas where doing business is harder in the UK than in our competitors. Every pound spent – or not spent – because of uncompetitive electricity prices, planning delays, or disproportionate regulation is a pound that could have been spent on productive investment in strategic long-term assets or capability, from skills to software.

But improving the business environment has to be about more than supply-side reforms. The paradox of the British state in recent decades is that it has been overbearing and too distant, micromanaging through regulatory burdens but going missing when businesses needed a partner. We must use the power of strategic government to provide the conditions and stability for the IS-8 to take risks and invest confidently – with greater dynamism, long-term funding cycles for research and innovation, a more competitive and strategic access to finance offer, skills provision aligned with future growth priorities, incentives for

building resilience, and more opportunities to sell to international markets.

i) Reducing electricity costs, accelerating grid connections and promoting industrial decarbonisation

Industrial electricity prices in the UK are significantly higher than those in most competing economies, particularly throughout Europe and North America.² Energy-intensive firms paid twice the European average in electricity costs last year.³ This issue is one of the most pronounced challenges to the competitiveness of our energy-intensive sectors and the attractiveness of the UK to foreign investment, albeit gas prices are comparable to those in the rest of Europe.⁴ Compounding the challenge, some businesses also face long waiting times for new or reinforced grid connections – with some told they may wait a decade.

High electricity prices and grid connection delays are a barrier to electrification in our energy-intensive industries, and to the delivery of our net zero commitments.⁵ Electrified technologies can be far

more efficient than fossil-fuel equivalents, making firms more productive. They can also reduce our reliance on fossil fuel imports, making the UK more resilient to disruption and price volatility on international markets. And plentiful, clean electricity will be crucial for attracting investment into and from the IS-8.

Respondents to the formal *Invest 2035* consultation identified both energy prices and grid connection delays as barriers to competitive industrial activity and increased electrification.⁶ Our wider engagement has also highlighted the impacts of the unpredictability of UK energy prices compared to our international competitors, thanks to the prevalence of gas in our energy mix, which makes it harder for businesses to plan and invest. If we are serious about being a leader in advanced manufacturing, net zero technology, and regional rebalancing, we must do what we can to address the uncompetitive cost of industrial energy.

The Government recognises the strategic importance of tackling these barriers. This is why we offer price relief, through the British Industry Supercharger, for the most energy-intensive companies and why we are

reforming grid connections for generation and demand projects, which could accelerate connection dates for some projects by 5 to 7 years.⁷ These reforms will also more than double the amount of demand connected yearly to the grid, from the current average of 2.1GW to 3.5GW by 2035.

Under our Clean Energy Superpower Mission, we also have a longer-term plan to increase our energy security and reduce electricity bills by investing in clean energy and strengthening our connections to the EU energy market.⁸ Greater cooperation with the EU on energy and carbon pricing will remove red-tape, making it easier for businesses to trade and enabling investment in projects in the North Sea. But while we focus on translating the cheaper wholesale costs of clean power into lower bills, we also recognise the need to act quickly to support sectors with high-growth potential or significant exposure to high electricity costs.

The approach

We will build on existing electricity price relief schemes and grid connection reforms to:

- **Make electricity cheaper for manufacturing industries in the IS-8 and foundational industries**, ensuring competitive prices in order to land and retain investments.
- **Accelerate grid connection timelines for major investment projects**, using our regulatory levers and convening powers to reduce waiting times.

The interventions

To progress these priorities, we are committing to:

- **Reduce electricity costs for IS-8 manufacturing industries and foundational industries** and increase support for our most energy-intensive industries:
 - **From 2027, a new British Industrial Competitiveness Scheme will reduce electricity costs by c.£35-40/MWh up to 2030** and support thousands of businesses. The scheme will benefit manufacturing electricity-intensive frontier industries in the IS-8, such as automotive and aerospace, and foundational manufacturing industries in their supply chains,

such as chemicals. Eligible businesses will be exempt from paying the costs of the Renewables Obligation, Feed-in Tariffs and the Capacity Market. The scheme will bring GB electricity costs more in line with other major economies in Europe, and level the playing field for GB businesses. Eligibility will be determined following consultation, which will open shortly, with a review point in 2030.

- **An increase in support for our most energy-intensive industries eligible for the British Industry Supercharger package**, with an uplift of the Network Charging Compensation (NCC) scheme from 60% to 90%. This will provide additional price relief from 2026 for 500 eligible businesses, further reducing the competitive gap with comparable neighbouring countries.
- The Government will **continue support for the Energy-Intensive Industries Compensation Scheme** to support energy efficiency, decarbonisation, and technological innovation. We will conduct a review of the scheme by the end of this year that will set out how we plan to continue supporting energy-intensive industries when the UK CBAM is implemented in 2027.

- These measures will be funded by bearing down on levies and other costs in the energy system. The Government also intends to use additional funds from the strengthening of UK carbon pricing, including as a result of linking with the EU carbon market
- **Support the development of the Corporate Power Purchase Agreements (CPPA) market** in the UK, as a potential route for energy consumers to secure more stable electricity prices for the long term. CPPAs also create alternative routes to market for low-carbon electricity generators. The Government will call for evidence in due course on how the market for CPPAs can be developed and improved for industry, including where the UK can draw from international best practice to improve competitiveness.
- **Reduce grid connection waiting times for strategically important projects:**
 - A new 'Connections Accelerator Service' will provide support connecting to the grid for demand projects, including prioritising those that create high-quality jobs and bring the greatest economic value. We will work closely with representatives from the energy sector, local authorities, Welsh

and Scottish Governments, trade unions, and industry to design this service, which we expect to begin operating at the end of 2025.

- New powers in the Planning and Infrastructure Bill, currently before Parliament, to amend regulatory processes and accelerate connections for strategically important projects. This will include a power to ‘designate’ government documents, including this Industrial Strategy, to inform allocation of connections, enabling the Government to reserve future capacity on the grid, dramatically reducing waiting times for businesses with major investments in GB.
- Ofgem’s end-to-end review of the connections process will set out proposals later this year to strengthen the incentives and obligations on network companies to deliver timely connections, better customer service and more accessible connections data.
- As well as reforming connections processes, we also need to accelerate build times for new infrastructure. We will continue to work closely with Ofgem and industry to mobilise the major investment required. Business plans for Transmission Owners for the next five-year price

control period (2026-2031), while still subject to Ofgem approval, currently set out over £60 billion in proposed investment.

- **Carefully consider reforms to our electricity market**, striking a balance between delivering a more efficient power system, maintaining investor confidence, and passing through the benefits of cheaper renewable to consumers, including energy-intensive businesses. The key issue is whether to move forward with a zonal pricing model, where electricity prices vary by region, or a reformed national pricing model.
 - **The Government will conclude the policy development phase of the Review of Electricity Market Arrangements (REMA) shortly.** In order to provide investors with sufficient confidence, we have also confirmed that projects allocated to the next auction round will be given the same legacy or transitional arrangements as existing Contract for Difference agreements, if we decide to implement zonal pricing.
- **Introduce a UK Carbon Border Adjustment Mechanism (CBAM) from January 2027**, to ensure that highly traded, carbon intensive products

from overseas face a comparable carbon price to those produced here. This is to ensure that UK decarbonisation efforts lead to a true reduction in global emissions, rather than simply displacing carbon emissions overseas. The UK CBAM will give industry the confidence to invest in decarbonisation in the UK knowing these efforts will not be undercut.

- **Deepen cooperation with the EU. We will both explore the UK's participation in the EU's internal electricity market** and continue technical regulatory exchanges on new energy technologies. In addition, we have agreed to work towards linking our respective Emissions Trading Schemes, which would create the conditions for CBAM exemptions.

ACCELERATING TO NET ZERO

The transition to net zero is the economic opportunity of the century, one which will bring significant benefits for households, communities, businesses, and the economy through good jobs, growth, energy security and lower bills.

Global competition to gain a foothold in rapidly growing markets for clean energy technologies, green services and sustainable finance is intensifying. Countries that

leverage their natural strengths, technological edge, and skilled workforce will seize the economic prize of the net zero transition. The UK is perfectly placed to do this: our net zero economy is already making a significant contribution to growth in the UK, rising by 10.1% since 2023, three times faster than the overall UK economy.⁹ The transition is generating tens of billions in private investment that will flow directly into the UK.

There can be no plan for economic stability or sustainable growth that does not include a credible plan for net zero. Our Industrial Strategy sets out how we will stay ahead. The IS-8 will all, be impacted by the transition, and each Sector Plan sets out how the sector and government, working in partnership, will seize growth opportunities — whether scaling net zero transport through battery innovation and electric vehicle manufacturing, and sustainable aviation fuels; embedding sustainability across the economy by backing ESG-focused Professional and Business Services; investing in net zero-aligned Creative Industries such as Liverpool’s innovative MusicFutures R&D Cluster; or enabling data-driven innovation through Smart Data reforms. And crucially – our Clean

Energy Industries Sector Plan sets out how we will produce the next generation of clean technologies, ensuring that we build the clean energy revolution in Britain, and power the world.

This investment and innovation will have long-term productivity benefits, driven by the transition to a more resource-efficient, resilient and sustainable economy. This will include harnessing our digital strengths, using SMART technology to boost grid flexibility, ensuring resilience and reducing costs. We are also seeing faster growth in our exports within low-carbon and renewable industries, areas where the UK has the opportunity to race ahead on the global stage.

To ensure that UK businesses can take advantage of the growth potential of the transition, we must also put international partnerships and cooperation at the heart of our approach. We will continue to be a clean energy and climate champion on the world stage, driving the global transition, opening up new export markets for our low carbon goods and services, and addressing supply chain bottlenecks by leading the new Global Clean Power Alliance.

ii) Promoting trade and international cooperation

International trade and investment play a crucial role in driving economic growth, but the global landscape is changing. Familiar rules of trade and its multilateral architecture are being challenged, with increasing global contests over economic spheres of influence. In this era, an activist government working alongside business to project our national interests and promote the international architecture underpinning them will only be more critical.

The UK will continue to be a champion of free and fair markets, as the best route to prosperity. Businesses benefit from our connectivity, openness, and agency on the world stage, which open up possibilities to enter new markets and attract international capital. The changing world is creating new opportunities, with greater diversity of markets in emerging and developing economies and our partners increasingly looking for deeper collaboration. Global demand for the IS-8 increased by 46% over the last 10 years – more than twice the growth seen for other industry sectors.¹⁰ The IS-8 saw their global export opportunities expand by \$5 trillion between 2013 and

2023, with a further \$10 trillion in growth forecast by 2035.¹¹

Government must be pragmatic, agile, and smart in navigating this environment. We will engage strategically with a wide range of partners, using the most modern trade tools, helping businesses to export and attract investment, building resilience through cooperation and being assertive about our own interests and the importance of a rules-based international system upholding the principles of open and fair trade.

We have showcased this approach through our new deals with the US, EU, India, Japan and our engagement with China. Our deal with the US will protect businesses and jobs, reducing tariffs for UK exporters in critical sectors and paving the way for a transformative technology partnership through which our science-rich nations will collaborate in areas of advanced technology. Our Free Trade Agreement with India, by reducing barriers and supporting opportunities across high-growth sectors, will increase bilateral trade by £25.5 billion each year in the long

run.¹² The new package agreed with the EU will promote cooperation in security and defence, agri-food trade, emissions trading, and electricity trading. We have launched the first of our Industrial Strategy Partnerships, with Japan. And we have stepped up political engagement with China, including through the Economic and Financial Dialogue, recognising the importance of maintaining a stable and balanced relationship that works in our national interest for resilient growth.

The approach

We are publishing our Trade Strategy, which, with our Industrial Strategy, will form an integrated approach to seize global opportunities for UK businesses and protect them from global headwinds.

We will:

- **Use the full suite of trade tools to boost UK growth and unblock barriers for UK exporters and importers**, with a focus on the needs of the IS-8.

- **Deepen economic collaboration** with our partners and forge new partnerships to promote our frontier industries and increase supply chain resilience.
- **Give UK businesses greater support so they can grasp opportunities in the world's largest economies and highest-potential markets**, whilst strengthening relationships with key partners and emerging markets.

The interventions

To progress these priorities, we are committing to:

- **Drive forward specific negotiations as immediate priorities.** It is our intention to:
 - Implement and build on our new economic deal with the US, which will protect and support good, well-paid jobs in both countries.
 - Strengthen UK-EU economic relations, as set out at the May 2025 Leaders' Summit. This includes a new Security and Defence Partnership and commitments to work towards an agreement on Sanitary and Phytosanitary (SPS) measures, linking the UK Emissions Trading Scheme and

EU Emissions Trading System, and support for services trade, including on business mobility and the recognition of professional qualifications.

- Pursue a wider variety of economic partnership models to support the IS-8, while also seeking to conclude live FTA negotiations with the Gulf Cooperation Council, Republic of Korea, Switzerland and Turkey.

- **Support UK businesses to export through:**

- Bringing forward legislation to increase the maximum size of UK Export Finance's financial portfolio, ensuring it remains competitive with leading export credit agencies around the world.
- Improved digital export support, bringing relevant information together into one place on GOV.UK and adding richer content in response to industry feedback that the system is cumbersome to navigate.
- A set of pilots to accelerate the adoption of Electronic Trade Documents (ETDs), which the UK was the first country in the G7 to put on the same legal footing as paper documents.
- New support, set out in the Trade Strategy, for UK regulators, expert bodies and our overseas

trade teams to open up and shape priority growth markets.

- **Deepen industrial cooperation to increase investment, trade, innovation and resilience in our frontier industries with key partners,** exploring opportunities for joint investment promotion activity, proactive outreach from export credit agencies, and cooperation between Public Finance Institutions, including through:
 - The UK's first Industrial Strategy Partnership, agreed with the Government of Japan in March 2025.¹³
 - New areas of collaboration with other close partners to support our frontier industries and resilient growth, including through the upcoming UK-France Summit and our forthcoming bilateral Treaty with Germany.
 - The Global Clean Power Alliance, a first-of-a-kind forum the UK is spearheading to tackle energy supply chain pressures. This will identify and deliver the most critical changes needed to diversify clean energy supply chains – driving investment, addressing bottlenecks and shortening lead times.

- New Growth and Investment Partnerships with growing markets in the Global South where there are strong prospects for our frontier industries to export, invest and source critical inputs.
- **Refocus the Government's overseas network** (further details set out in the Trade Strategy) towards the IS-8 by:
 - Directing our overseas export and investment officials and diplomats in major markets to prioritise the IS-8, building a pipeline of high-value opportunities that significantly contribute to UK economic growth.
 - Prioritise our resources towards the international markets which offer the greatest economic opportunity, particularly for the IS-8.
 - Developing promotional campaigns to support the IS-8 in key markets.
 - Putting Ambassadors in major markets and our Trade Commissioners in charge of new strategic plans to support the IS-8, with an expectation that they will develop these in partnership with UK businesses and national, regional, and local leaders.

- **Expand our ‘Government to Government’ (G2G) commercial partnerships capability** to facilitate ambitious deals and open new commercial opportunities for UK business in the IS-8 and wider economy, working with business to develop, by early 2026, a new UK G2G strategy, to identify opportunities across sectors, coordinate expert resource, improve the entry point for industry and explore new approaches.

INTERNATIONAL PARTNERSHIPS

*Industrial Strategy Partnerships are designed to deepen collaboration between the UK and partner nations focusing on complementary strengths in frontier industries to build greater economic resilience and growth opportunities. The first was agreed between the **UK and Japan** in March 2025, with work underway to formalise cooperation on: clean energy in the offshore wind sector that will drive decarbonisation and clean growth; quantum science and technology, creating new opportunities for leading firms and research institutes to cooperate on innovation, standards, commercialisation and deep tech start-ups; and a regular dialogue on the automotive sector to*

foster exchange on ambitious policy approaches and commercial opportunities between two of the world's great automotive nations. A comprehensive workplan will be agreed to deepen and sustain our collaboration, including support for investment in each other's economies and identifying opportunities for collaboration in third markets.

*The **UK and Saudi Arabia** are also looking to deepen economic relations and address international challenges through partnership on next-generation industries. This includes investment in sustainable materials and technologies, creating more than 4,000 jobs across the UK, particularly in Northern Ireland and the North of England. This builds on existing partnerships with Saudi Arabia that are already accelerating regional regeneration, supporting the Prime Minister's commitment to ensure every region benefits from the UK's Plan for Change. Our collaboration through the Strategic Partnership Council and GREAT FUTURES programme will drive co-investment in strategic sectors including Life Sciences, Advanced Manufacturing and the Creative Industries.*

iii) Strengthening our economic and national security

We have entered a new era of geopolitical competition. Security and economic ties are shifting in the face of rising geopolitical instability. Supply chains are increasingly volatile, security threats are rising, and partnerships are changing, with both our allies and our competitors taking assertive actions to protect their security and promote their strategic strengths. Climate change creates new threats amidst shifting energy geopolitics, putting pressure on supply chains, necessitating climate adaptation measures, and accelerating the need for secure homegrown clean energy. To remain open in a contested economic sphere, we need to invest more in our economic security and resilience.

Doing so will have a clear growth dividend, creating opportunities for firms to capture market-share in strategic technologies. In turn, economic growth will strengthen our resilience. The more competitive the UK's sectors are globally, the greater our national agency on the world stage, ensuring we are not at the mercy of unpredictable external forces or fluctuating

markets. The UK, as a leading defence producer and centre for R&D, is well-placed to capture these opportunities.¹⁴ Our uplift of national defence spending to 2.6% of GDP, with the ambition to reach 3% in the next Parliament when economic and fiscal conditions allow, will revitalise our industrial base. Our reputation as a stable, reliable partner is a strength. But we will need to be more activist at home and abroad, building UK-based capabilities and supply.

This calls even more acutely for the holistic, economy-wide approach which is one of the key principles of this Industrial Strategy. The path to growth for high-potential sectors rests on strong domestic foundations, especially in a world where global supply chains – while still critical – cannot be relied upon unconditionally. The formal *Invest 2035* consultation highlighted the importance for the IS-8 of a range of foundational industries which provide vital inputs: parts, materials, services, and infrastructure. Carbon fibre, for instance, is essential for the production of aeroplanes, high-end automotive, and larger and more efficient blades for wind turbines. There is no ready alternative to steel across a vast array of products across the defence, clean energy and

manufacturing industries. We will struggle to attract offshore wind manufacturing and assembly to the UK without well-developed port infrastructure. Other inputs are similarly critical.

These inputs support the competitiveness of the IS-8 and deliver high-wage, high-skilled jobs in local communities. Chemicals production is a major employer in Cheshire, Grangemouth, the Humber, and Tees Valley; Stoke on Trent has been the heart of the ceramics industry for centuries; there are Critical Minerals clusters in Aberdeen, Belfast, Birmingham, Cornwall, Devon, Durham, Fort William, South Wales, and Tees Valley; and the largest UK steel sites, such as those in Port Talbot, Scunthorpe, Sheffield, and Tees Valley are vital for local areas.

The approach

We will:

- **Ensure that public finance is deployed strategically to support economic and national security.**

- **Collaborate with our international partners** to drive investment into our strategic industries and secure access for UK businesses to overseas suppliers of critical inputs, as set out in previous section.
- **Strengthen our domestic foundations**, informed by deeper analysis of the supply chains for the IS-8. Our early assessment, informed by the formal *Invest 2035* consultation has identified an initial list of inputs from foundational industries, including electricity networks, ports, construction, steel, critical minerals, composites, materials, and chemicals, that are important to unlocking growth in the IS-8. Further analysis will be developed by a new Supply Chain Centre, which will review inputs, consider the impact of future trends on demand, and determine what action may be required, such as domestic capability building, diversification, or strategic international partnerships. This will be completed by the end of 2025 and be used to review priorities for our Public Financial Institutions and sector grant funds, ensuring that economic resilience is embedded into future investment and financial support. This Centre will complement the

work of the existing Critical Minerals Intelligence Centre.

- **Improve our support offer to guide businesses through an uncertain and volatile environment**, so that they are better-equipped to identify risks, take action to mitigate them, and engage in safe economic activity.
- **Grow resilience across society and the economy**. Our National Security Strategy and forthcoming Resilience Strategy will set out our long-term approach to improve overall resilience, strengthen national security, and safeguard Critical National Infrastructure against a wide range of threats.

The interventions

- **Investing in critical supply chains and national security capabilities through:**
 - Our increase in defence spending, which we will ensure drives growth across the economy. We will reform defence procurement, spending at least 10% of the Ministry of Defence's equipment procurement on novel technologies; and launch

UK Defence Innovation with an initial £400 million budget.

- **An expansion of the National Security and Strategic Investment Fund (NSSIF)**, providing it with up to £330 million of capital by the end of the Spending Review period to strengthen its ability to invest in companies which address our national security and defence capability requirements.
- The Government's new strategic steer to the **National Wealth Fund** to consider investments in technologies with civil and military applications and support supply-chain resilience in priority sectors. To deliver this steer, the NWF will consider analysis from our new Supply Chain Centre.
- The **British Business Bank's** Industrial Strategy capital, which will invest in high-growth scale-up businesses across the IS-8 that will be the future cornerstone of the UK's supply chains and security. The Bank's priorities will be informed by analysis from the Supply Chain Centre.
- **UK Export Finance's** launch of a new loan guarantee scheme for domestic suppliers selling critical minerals products to UK exporters. This

will complement UKEF's existing critical minerals offering and enable key suppliers to access working capital, helping them to secure long-term import contracts, protecting them from geopolitical risks and bolstering supply chain resilience. Over the next six months, the Department for Business and Trade (DBT) and UKEF will also scope whether there is an economic case for broadening UKEF's product for critical minerals to cover a wider range of strategic supply chain inputs.

- **Collaboration between the NWF, BBB, UKEF, UK Research & Innovation, and Great British Energy** through the new Strategic Public Investment Forum, which will consider how best to target and coordinate support on strategic sectors and supply chains. We will work with the NWF, BBB, and UKEF to assess the impact of their investments on economic security and resilience and include relevant metrics in their reporting.
- Core resilience objectives for our **Industrial Strategy sector funding programmes**, ensuring that funding is directed at projects that strengthen supply-chain resilience and economic security.

Where appropriate, grant support will aim to enhance UK supply chains, reduce concentrated dependencies, and promote the re-use of critical components and goods. We will develop metrics to monitor how these funds deliver against their objectives.

- **Take immediate action to support foundational industries for the IS-8:**
 - Building up **electricity network** supply chains underpinning our electricity infrastructure, including exploring a new Market Demand Guarantee to stimulate domestic production of key electricity network equipment, and support for Ofgem's new Advanced Procurement Mechanism, which allows Transmission Owners to secure supplier capacity and factory slots earlier in the project development cycle.
 - Mobilising investment into UK **ports**, including through innovative use of financing. Ports are one of the five sectors to which the National Wealth Fund has committed at least £5.8 billion of its capital. This will be complemented by direct support for specific ports, with £55 million already awarded to the Port of Cromarty Firth, and up to

£80 million made available through the Spending Review to support investment in the Future Port Talbot project, subject to due diligence.

- Scaling up R&D in **composites**, including through support for government-backed centres such as Glass Futures in St Helens and the National Composite Centre in Bristol.
- Modernising the **construction** sector, by embedding modern methods of construction (MMC) in government infrastructure projects, investing £625 million to train up to 60,000 more skilled workers, launching a new Infrastructure Pipeline digital dashboard in July 2025 and reforming the planning system. The Competition and Markets Authority (CMA) will also lead on a Market Study, providing an opportunity to transform public procurement behaviours and approaches in civil engineering.
- Securing the domestic supply of **steel** by shielding our producers from distortive trade practices, better utilising our domestic supply of scrap metal, and identifying opportunities to stimulate domestic demand.

- Build on our strengths internationally and across the UK in **critical minerals**, with a new long-term vision for the sector. The upcoming 2025 Critical Minerals Strategy aims to secure our supply of minerals optimising domestic resources and enhancing international collaboration.
- Provide continued relief on electricity prices **materials** sectors like cement, glass, and **chemicals**. Through the uplifted British Industry Supercharger, eligible energy-intensive businesses in foundational industries can benefit from a reduction in costs.
- **Support the shift to low-carbon energy in the production of critical inputs.** This will include:
 - Publishing a technical consultation on a policy framework to grow the market for low-carbon industrial products.
 - Incentivising investment into CCUS and Hydrogen, ensuring that there are viable pathways for industries like steel, chemicals, and materials to decarbonise. In October 2024, the Government announced up to £21.7 billion of available funding over 25 years to launch the UK's ambitious CCUS industry.¹⁵ We have

reached financial close with East Coast Cluster (ECC) and Liverpool Bay CCS, securing around £8 billion of private sector investment.¹⁶ The government is providing increased backing to CCUS by allocating £9.4 billion in capital budgets over the Spending Review period..

- Promoting resource efficiency, with a new Circular Economy Strategy for England to set out the Government's approach to encouraging the re-use, repairing, and recycling of materials and products.
- **Strategic use of procurement to enhance our security and resilience**, as set out in more detail in Chapter 4.
- **Enhance our tools and guidance for British businesses navigating global volatility and threats**, through:
 - **A predictable, proportionate, and transparent investment screening framework.** We will launch a 12-week consultation on updating the definitions covering the 17 sensitive areas of the economy subject to mandatory notification under the National Security and Investment Act (NSIA). The consultation will propose amendments to

ensure that regulatory requirements remain targeted and proportionate, protecting national security and giving certainty to investors. We will continue to update guidance to ensure there is clarity for investors on how the Act works, including decision-making processes. We will also shortly announce specific new exemptions to the mandatory regime. And we will explore opportunities to bring greater transparency to the NSIA process and ensure that it protects national security while minimising burdens and supporting growth.

- o **Supporting businesses to upgrade their cyber security**, including by expanding our Cyber Essentials accreditation scheme across the UK and building on the £80 million which we have already invested, along with over £200 million of industry co-investment, in the next generation of secure chips to eliminate cyber vulnerabilities at source.

NUCLEAR NATION

As the world's first civil nuclear nation – one which also has significant defence capabilities – the UK has deep nuclear expertise.¹⁷ As we renew our defence

industry and make Britain a Clean Energy Superpower, the UK stands at a pivotal moment to re-assert and revolutionise its role as a leading, responsible and innovative nuclear nation. Our civil and defence nuclear capabilities – sharing many requirements for technology, expertise and infrastructure – are the bedrock of the country's energy and national security. The first duty of government is to keep its people safe. As we invest in the future of our nuclear deterrent, we will continue to increase collaboration and alignment between both capabilities to maximise the benefits: driving economic growth, boosting the role of nuclear energy, and developing innovative nuclear technologies – all while continuing to lead the way for global standards in nuclear security, safety and non-proliferation.

We are crowding in investment on a scale not seen in decades. Our commitment to our National Endeavour – securing the future of our nuclear deterrent – is unwavering, reinforced by our ‘triple lock’. Major investments include two submarine programmes in build (Astute and Dreadnought), one in design (SSN-AUKUS), a Replacement Warhead programme (Astraea) and the largest infrastructure upgrades in a

generation. Marking a step change, government is now taking an active role as a civil nuclear market maker, embracing early risk to crowd in investment into a range of civil nuclear technologies. We are investing £14.2 billion to build Sizewell C, which will be a jobs and growth engine, supporting 10,000 jobs at peak construction and working with 3,500 suppliers in all parts of the UK. We are also investing over £2.5 billion to enable one of Europe's first Small Modular Reactor (SMR) programmes, with Rolls-Royce SMR selected as preferred bidder to partner with Great British Energy – Nuclear, subject to government approvals and contract signature. A new framework, to be published shortly, will create a pathway for privately-led advanced nuclear technologies, with the National Wealth Fund exploring potential investment opportunities and the Department for Energy Security and Net Zero exploring revenue support for viable projects.

Leveraging our common strengths, we are investing in our future, designing and building strategic sovereign capabilities that will benefit both industries by creating domestic opportunities and supporting exports. As more countries move to progress decommissioning of

ageing reactors, our unparalleled expertise in nuclear decommissioning and waste management provides opportunities in the international market for UK companies. We are building the world's first commercial scale High Assay Low Enriched Uranium (HALEU) fuel supply chain, which will support the deployment of next generation reactors and provide energy security for ourselves and our allies. We are also exploring options to re-establish a nuclear fuel cycle for defence reactor fuel, aligning with world-leading UK expertise on civil nuclear fuel.

To secure a truly prosperous nuclear nation, we will continue to invest in the long-term foundations of the whole nuclear sector. The Nuclear Regulatory Taskforce has already identified that a clear strategic system-wide steer to regulators and duty holders to aid prioritisation would help streamline our regulatory system and enable new fleets of reactors to be rolled out more quickly. We will drive investment in our manufacturing capacity and capability in high value areas to support our shared supply chains, while our National Nuclear Strategic Plan for Skills will support the growth of our collective workforce. We will invest in strategic long-term R&D capabilities through world

class laboratories such as AWE Nuclear Security Technologies. Chief among these future capabilities is fusion, where the Government has committed over £2.5 billion over 5 years. This includes funding for the world-class work of the UK Atomic Energy Authority (UKAEA) and progressing the STEP prototype fusion power station to be built at West Burton by 2040. Our efforts will build on our clusters of deep expertise in areas such as the East Midlands, Wales, South East, and the South West of England to deliver benefits across the UK.

Our work is well underway – but there is more to do. We can further align our civil and defence nuclear capabilities, and will assess opportunities to collectively develop shared technologies and capabilities. Our approach will provide better value for taxpayers, create state of the art defence capabilities, increase national security, develop reliable, low carbon and competitive energy, and boost export opportunities for UK businesses through international partnerships, such as our Memorandum of Cooperation with Japan on civil nuclear activities. We are committed to close working between our civil and defence sectors, and will set out our future plans for

civil and defence nuclear collaboration later this year. We are investing £20 billion over the next four years into civil nuclear, with a projected spend of over £100 billion through UK defence nuclear suppliers over the next 10 years. The prize is large, promising to support up to around 120,000 jobs in the nuclear sector by the early 2030s.¹⁸ This will be a national effort across many decades, bringing together government, industry and academia to realise the benefits of an advanced nuclear nation.

iv) Expanding access to finance

International competition to attract and retain innovative, high-growth firms has risen sharply, and the UK must focus efforts on being the best place for investors to allocate their capital. Private investment is crucial for firms starting and scaling – it helps them to increase productivity, innovate, develop high-risk, high-reward technology and build their resilience with strong supply chains. We must leverage the state's unique ability to 'crowd in' private investment by pooling risk and providing long-term stability, creating the conditions for investment with confidence of strong returns in our high-growth sectors.

We have a once-in-a-generation opportunity to attract transformative private investment, but we must move quickly. Investors are rapidly reassessing where they deploy their capital in response to global instability. The opportunities from the revolutions in clean energy, technology and automation continue to accelerate, but there is divergence between the United States, Europe and other advanced economies in how these transitions are prioritised, supported and regulated.

The UK's rule of law, global connectivity, dynamic start-up culture and commitment to net zero make us a compelling destination for investors. We are a magnet for international overseas capital, with the most international stock exchange, the largest venture capital market in Europe and highest ranking amongst European countries for new Foreign Direct Investment projects four years running.¹⁹

Yet this is not translating into rapid, sustainable, and resilient growth. The responses to the formal *Invest 2035* consultation made clear that businesses face challenges accessing finance to scale-up in the UK.

Further, evidence suggests accessing finance in the UK is more difficult than in the US (where funding rounds above £50 million are much more common).²⁰ Our UK institutional investors, with their long-term horizons and large capital allocations, should be a key part of the solution but their stake in UK equities has declined significantly over the last 20 years.²¹ We need to change this to ensure that our high-growth sectors can access the domestic capital required to reach their potential and secure their UK footprint.

The approach

We will deploy catalytic public finance and reform markets strategically to crowd in the maximum amount of private investment. We will:

- **Boost our public finance offer and tilt it towards the IS-8**, ensuring that high-potential businesses at every stage of their growth journey have access to catalytic finance. We will build on the new and expanding National Wealth Fund, which has a total portfolio of over £6 billion to date – with around £3 billion invested in the last 12 months – mobilising £14 billion in private finance, expected to support or

create over -21,000 jobs ; the British Business Bank (supporting 11% of all equity deals over the last decade and the creation of 250,000 additional jobs); and UK Export Finance (issuing £22.7 billion of support over the last three years).²²

- **Develop the UK's venture ecosystem**, through strategically targeted public finance to encourage scale-up funds to raise more capital and lead larger investment rounds in UK businesses.
- **Reform capital markets and pensions investment to support the most innovative firms to scale, list and build their future in the UK.** This will build on reforms to the UK's listing regime; the innovative PISCES – a new type of stock exchange for companies who want to stay private for longer; and reforms will secure £50 billion from Britain's biggest pension funds for investment in UK businesses and infrastructure.
- **Ensure high-growth firms acting to support their resilience and our national security are not put at a competitive disadvantage.** This means using public finance to help the IS-8 access critical supply-chain inputs or develop critical capabilities.

The interventions

To progress these priorities, we are committing to:

- **Harness our Public Financial Institutions** to ensure globally competitive support to businesses and to target our frontier industries. We will also strengthen coordination across the landscape through the new UK Strategic Public Investment Forum. We will:
 - **Expand the mandate of the National Wealth Fund (NWF)** to ensure that its £27.8 billion is deployed more strategically to drive growth, including by supporting the IS-8. The Government has given the NWF a new strategic steer to prioritise investments in Clean Energy Industry sub-sectors, Digital and Technologies, Advanced Manufacturing, and transport, and to consider the role it can play in Defence, Life Sciences, and Creative Industries.
 - **Strengthen our export credit offer.** We will bring forward legislation to increase the maximum size of UK Export Finance's (UKEF) financial portfolio, ensuring it remains competitive with leading export credit agencies around the world.

In addition, the Government has now made £3 billion of additional UKEF Direct Lending capacity available, meaning £13 billion of lending is on offer to stimulate overseas demand, including in the IS-8. At least £3 billion of this is dedicated to Defence exports.

- **Review UKEF's mandate over the next six months** to consider whether it should take on a broader trade and investment finance remit and introduce additional flexibility into its financing criteria for projects that support and de-risk the IS-8. UKEF would aim to begin piloting an approach over the next year, initially focusing on clean energy.
- **Reinforce our support offer for clean energy projects.** Great British Energy (GBE) and the NWF will provide a strong end-to-end development and finance offer, playing distinct and complementary roles of developer and bank. The Government has already identified an initial £300 million for investment into domestic offshore wind supply chains through GBE, supporting the domestic manufacture of critical and innovative components. Great British Energy and Great British Energy – Nuclear will invest more than

£8.3 billion over this Parliament in homegrown clean power.

- **Increase the British Business Bank's capacity and capability** so that it can invest across the lifecycle of firms with high potential. At the Spending Review, the government announced the Bank's total financial capacity would rise to £25.6 billion, enabling a two-thirds increase in support for innovative UK businesses. As a result, the British Business Bank will:
 - Commit an additional £4 billion of capital to support investment and growth in the IS-8. This investment will seek to crowd in £12 billion of private capital.
 - Gain the flexibility to use a range of financing tools to address sectoral challenges, with improved monitoring and reporting functions to track its investments across the growth-driving sectors.
 - Make direct equity investments of up to £60 million, a new capability allowing it to anchor future superstar firms in the UK.
 - Back new specialist fund managers and cornerstone funds with novel investment

strategies, to help address financing challenges across the IS-8.

- Commit an extra £2.6 billion of funding, which will include greater funding for regional debt and equity programmes, enabling increased investment into city regions and clusters and support for under-represented entrepreneurs and investors.
- Benefit from greater freedoms to invest strategically for the long term, with a new long-term business planning process, and greater flexibility to reinvest returns.
- Tackle specific barriers for IP-rich sectors, working with the Intellectual Property Office to explore how to help businesses raise debt finance secured on intangible assets.

- **Deliver further reforms to ensure that our capital markets and domestic investors support growth.**

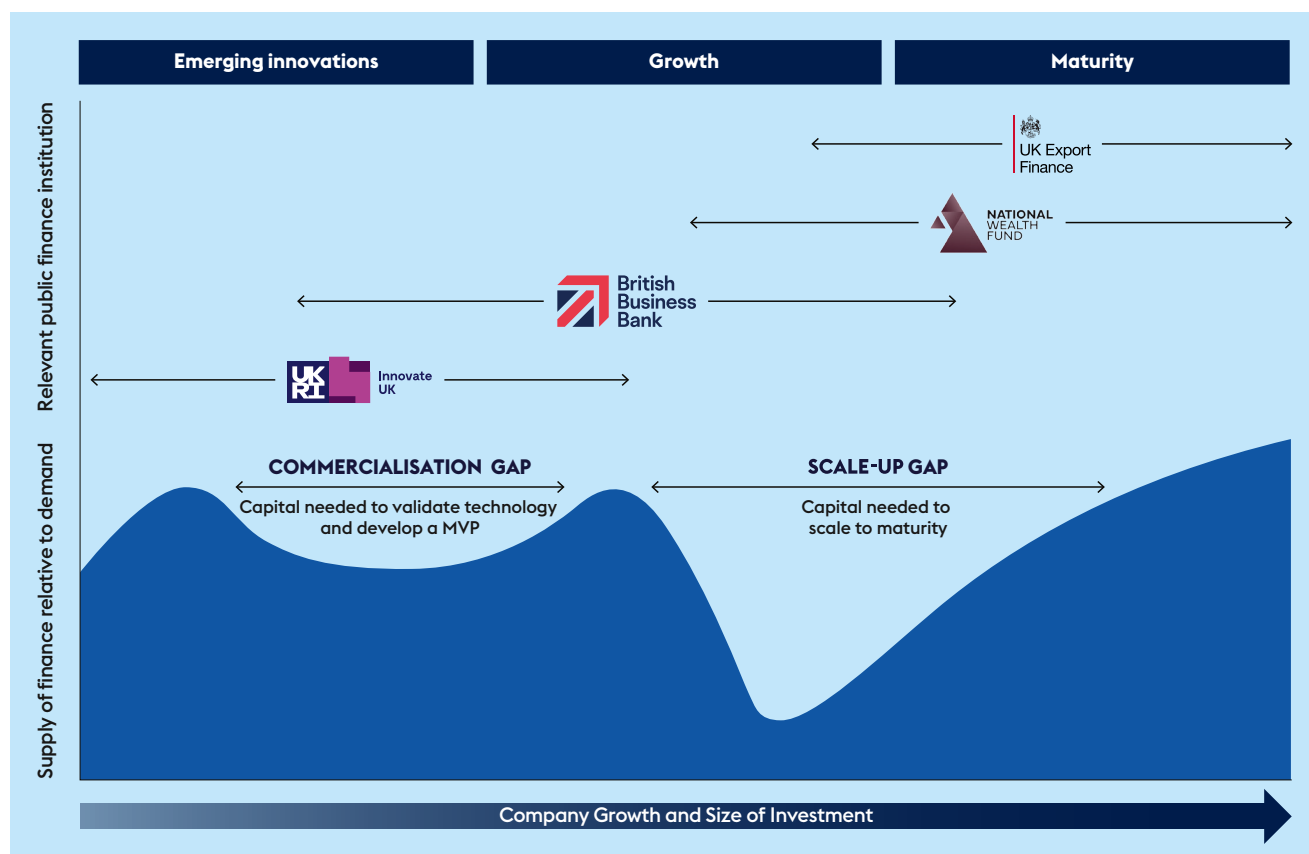
This will include:

- Taking forward recommendations from the Pension Investment Review's final report, via the Pension Schemes Bill, and creating megafunds that will in turn enable more productive investment.

- Taking full advantage of the reformed Solvency regulatory regime to crowd in investment, for instance through the Prudential Regulation Authority's Investment Accelerator for life insurers investing in productive assets.
- Further detail will be set out with the publication of our Financial Services Sector Plan on 15 July and will be supported by ongoing work by the Bank of England's Financial Policy Committee on how the financial sector can support real economy activity.
- **Prioritise economic security and resilience in our public finance offer**, with Public Financial Institutions working together to direct more investment at strategic sectors and supply chains and monitoring their contribution to this objective.

UK Public Financial Institutions

A typical funding journey for innovative businesses and how the UK's Public Financial Institutions can support them.



Innovate UK is the UK's innovation agency and part of UK Research and Innovation (UKRI).

Innovate UK provides:

- Grants
- Loans
- Pre-procurement
- Tailored support

Innovate UK supports businesses seeking to develop and commercialise new products, processes and services alongside a growing network of Investor Partners providing aligned private capital.

Partners providing aligned private capital.

British Business Bank (BBB) is the UK's economic development bank.

The BBB uses its £25.6bn capitalisation to increase the finance available to SMEs through:

- Investment into partner funds
- Direct investment into companies
- Providing debt, guarantees and loans through commercial partners

The BBB supports investors looking to partner with the BBB or SMEs looking for investment in the UK.

National Wealth Fund (NWF) is the UK government's policy bank and principal investor deploying capital at scale to support the growth and clean energy missions. It has £27.8bn to crowd in private finance through:

- Equity, debt and guarantee investments in capital intensive projects and companies, generally at later funding stages
- Advisory services and lending to local authorities (LAs)

NWF supports LAs and those seeking investment into large projects or companies.

UK Export Finance (UKEF)

is the UK's export credit agency. UKEF drives growth by helping exporters access capital and manage the risk of not getting paid. UKEF partners with private sector finance providers to grow UK exports and international trade, providing support for:

- Working capital loans
- Export insurance
- Guarantees to international buyers

UKEF supports UK exporters, businesses looking to export from the UK and international businesses sourcing goods and services from the UK.

The **Development Bank of Wales** provides equity financing, business and property loans to businesses in Wales.

The **Scottish National Investment Bank** provides debt and equity to projects and businesses based, or looking to relocate to, Scotland.

Invest NI helps new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland, including by providing loans and equity investment in NI.

Great British Energy accelerates clean energy projects and investments in emerging technologies through co-investment with the private sector.

The Office for Investment (OFI) provides a bespoke concierge service to help the most strategically important investors navigate the UK landscape, including the public finance offer, working with the NWF, BBB, and other Public Financial Institutions.

The **UK government** also provides a wide range of **grant support** to those starting businesses and those already trading, including targeted support for strategically important sectors of the economy and regions of the UK.

UK PUBLIC FINANCE INSTITUTIONS – **DESCRIPTION OF INFOGRAPHIC**

Visual showing a typical funding journey for innovative businesses and how the UK's Public Financial Institutions can support them.

Innovate UK is the UK's innovation agency. Innovate UK provide:

- Tailored support
- Grant funding
- Loans
- Procurement

Innovate UK supports businesses seeking to develop and commercialise new products, processes and services.

British Business Bank (BBB) is the UK's economic development bank. BBB increase the finance available to SMEs through:

- Investment into partner funds.
- Direct investment into companies.
- Providing debt, guarantees and loans through commercial partners.

The BBB supports investors looking to partner with the BBB or SMEs looking for investment in the UK.

National Wealth Fund (NWF) is the UK government's principal investor and has £27.8bn to help crowd in private finance through:

- Investment in capital intensive assets generally in later stage development, construction and commercialisation.
- Investing through equity, debt and guarantees.
- Offering advisory services and lending to local authorities to support regional and local strategies.

NWF supports those seeking investment into a large project or asset or local authorities seeking investment and advice.

UK Export Finance (UKEF) is the UK's export credit agency. UKEF helps exporters access capital and manage the risk of not getting paid. UKEF partners with private sector finance providers to grow UK exports and international trade, providing:

- Working capital loans

- Export insurance
- Guarantees to international buyers

UKEF supports UK exporters, or businesses looking to export, or international businesses sourcing goods and services from the UK.

Great British Energy accelerates clean energy projects and investments in emerging technologies through co-investment with the private sector.

The UK government provides a wide range of **grants** to businesses, including business start up support and grants to support trading firms in specific sectors and regions invest and grow.

Further, the Devolved Governments provide additional support:

- The **Development Bank of Wales** provides equity financing, business and property loans to businesses in Wales.
- The **Scottish National Investment Bank** provides debt and equity to projects and businesses based, or looking to relocate to, Scotland.

The Office for Investment (OFI) works across government to land transformational investment in the UK. The Ofi supports high- value international investors, providing the strongest support to realise UK investments.

v) Driving and supporting innovation

The UK must be at the forefront of innovation if we want to build a high-growth, resilient economy that creates quality jobs and improves living standards. Innovation helps businesses become smarter and more efficient. It creates competitive advantage for first movers who create novel products or are quickest to harness new technologies. And it gives the countries that nurture it more agency and leverage on the world stage. We must be a nation of inventors, entrepreneurs and tech adopters.

The technology revolution is opening up immense possibilities for innovation and economic growth. AI, automation, robotics, digitisation, augmented and virtual reality, medicines, advanced materials, 3-D printing and new energy technologies are

transforming how we live, work, and improve health and resilience. The gains from AI innovation alone could add up to £47 billion a year for the UK in productivity gains over the next decade.²³ Advances in biology are changing manufacturing, health care, and food supply, while clean technologies are driving growth for companies which innovate. Nations are vying to attract the most innovative firms, while trying to create the conditions for home-grown companies to emerge. And innovation has an added prominence in the global threats of new technologies that, in the wrong hands, can be developed and deployed to disrupt our national interests.

The UK's advantages are clear. We have some of the best universities in the world – four in the top 10 – with the UK second only to the US in the value created from university spin-outs and a culture that has supported the second highest number of Nobel Prize laureates globally.²⁴ The UK ranks as the world's fifth most innovative economy and has a globally-renowned Intellectual Property system.²⁵ We have vibrant innovation clusters across our four nations, and the benefits of access to Horizon Europe, the largest collaborative funding scheme for

research and innovation.²⁶ We have UKRI, our world-class national R&D funding agency, with an annual budget of £8.8 billion, which supports innovation across the IS-8.²⁷ We have proven models for catalysing collaboration between research and industry, including the Catapult Network (not-for-profit technology and innovation centres in 65 UK locations). We are refocusing the Government Office for Technology Transfer to accelerate the commercialisation of the billions of pounds of innovation developed by government research. And we have the Advanced Research & Invention Agency (ARIA), custom-built to focus on high-risk, high-reward projects. Working with entrepreneurial partners like Fifty Years, ARIA is connecting emerging research opportunities with investors, providing infrastructure to prototype new inventions and nurturing talent through fellowships.

Yet we are not doing enough to realise our potential. In recent years there has been a slowdown in innovation, with the proportion of ‘innovation active’ firms decreasing.²⁸ And while the UK continues to attract businesses to start up, we have a poor track record of scaling and retaining them.²⁹ Respondents

to the formal *Invest 2035* consultation highlighted that collaboration and partnerships, including with academia, as well as funding were barriers to R&D commercialisation.³⁰ Some respondents to the consultation perceived the regulatory environment as lacking in flexibility and adaptability, making it more difficult for businesses to innovate.

This is at the frontier – but the UK is also failing to see the benefits of innovation diffuse across the whole economy. As well as invention, adoption of technologies is critical to economic growth. Businesses which integrate more advanced technologies are more productive, with a higher turnover per worker.³¹ Increased productivity from tech adoption has the potential to increase real GDP by 8% in 2035, with AI technologies alone contributing 3%.³²

But while adoption rates of digital technologies in the UK have risen over time, especially since the pandemic, UK businesses have a poor record – only 18% have adopted AI, our SMEs are among the least likely tech adopters in the G7, we have low levels of robotics and automation relative to other European

countries, and we are 11th in cloud adoption among OECD countries.³³ Our recent *Technology Adoption Review*, led by the Government's Chief Scientific Adviser and National Technology Adviser, found that businesses face a number of barriers, including financing constraints, lack of management skills, information gaps, and policy and regulatory uncertainty. Tackling these will be essential.

The approach

The scale of the challenge requires use of the strategic power of the state to pull through innovation across the economy. We will:

- **Prioritise government support for innovation towards the IS-8** and the city regions and clusters where they are concentrated, ensuring that they are prioritised by our public funding bodies, such as UK Research and Innovation.
- **Focus the UK's R&D system on long-term economic growth**, with three key aims for public sector investment: advancing basic curiosity-driven research; delivering on government priorities; and

enhancing innovative company formation and growth.

- **Take an enduring, systems-level approach** through our Science & Technology Framework, to ensure that science and technology inform how we deliver our national missions and drive economic growth.
- **Help innovative firms with high growth potential scale-up and grow in the UK**, with an integrated package of support aligning our innovation and R&D interventions with wider government policy, including on access to finance, skills, infrastructure, regulation, and procurement.
- **Make the UK the best place in the world to invest in AI**, to harness its transformative power for the economy. The Government is implementing the recommendations of the *AI Opportunities Action Plan*, creating an AI Ready economy, through better AI infrastructure, access to legally available data, AI adoption across the economy, pro-innovation regulation and elite AI talent development and attraction.

- **Drive tech adoption in the IS-8** to increase their productivity and competitiveness, acting on the findings set out in the *Technology Adoption Review*.
- **Capture technology specialisms in frontier industries** to maximise spillover benefits, particularly in civil/military technologies where innovation can support national security and economic growth.

The interventions

To progress these priorities, we are committing to the following actions:

- **Drive innovation in our frontier industries**, underpinned by bumper public investment of £20.4 billion in 2025/26 rising to £22.6 billion in 2029/30, targeted at the IS-8, leveraging private investment in cutting-edge research, technologies, and commercial applications. We will:
 - **Provide increased funding stability** through 10-year budgets on public R&D investment in specific areas, recognising that long-term cycles make it easier for researchers and businesses to form partnerships, develop talent and collaborate

internationally. The first recipients of this commitment are the Aerospace Technology Institute, the DRIVE35 programme for automotive, the National Quantum Computing Centre, and Laboratory of Molecular Biology.

- **Incentivise collaboration between industry and academia** on applying research to real-world challenges, including by expanding the AI Research Resource by at least 20x by 2030 and a new R&D Missions Accelerator Programme, with £500 million of funding. These initiatives will complement continued investment in basic curiosity-driven research, which underpins technological transformations.
- **Foster innovation-led growth across the UK** through the Local Innovation Partnerships Fund, which will provide up to £500 million to grow our high-potential innovation clusters across the UK. The fund will aim to generate £1 billion of co-investment and £700 million of additional value to local economies, including through new jobs, products and services.
- **UK Research and Innovation (UKRI) will increase support for the IS-8 by pivoting its programmes and budgets** towards research and

innovation priorities set out in the Industrial Strategy and Sector Plans – working closely with its sponsor department, DSIT, as well as other government departments and industry. It will also be given new objectives to set out its role in delivering government priorities, including enabling innovation, commercialisation, and scale-up across the UK. Innovate UK, as the UK's innovation agency, will play a central role in accelerating the commercialisation of new technology, and we will ensure that the Catapult Network, which Innovate UK funds, is also focused on our Industrial Strategy priorities.

- **Establish a new Sovereign AI Unit** within government, with up to £500 million to maximise the UK's stake in frontier AI. The Unit will work with the British Business Bank to make investments alongside a wider offer on data, compute and talent to build UK AI capabilities in partnership with the private sector. Success will be tracked by metrics including investment leveraged, number of start-ups supported, partnership outcomes with later stage companies and the UK's AI research rankings.
- **Continue to support universities through Higher Education Innovation Funding (HEIF).** Worth

£280 million in 2024-25, this will continue to support universities in England to work with business, charities and the wider community for economic and social benefit including by de-risking early-stage innovation, providing business development support and boosting entrepreneurship training.

- **Shift the dial on technology adoption across the economy through:**
 - **An expansion of proven interventions.** This includes an expansion of our successful Made Smarter Adoption programme across England with up to £99 million from 2026 to support a further 5,500 small and medium-sized manufacturing businesses to take up new technologies. We will also expand the model to create a dedicated scheme for the Professional and Business Services sector. We will also put into place demonstration programmes to enhance technology confidence and use across businesses. This will be achieved, for example, by establishing new adoption hubs for robotics.
 - **An Industrial Strategy AI Adoption Fund** to facilitate the development of cutting-edge AI solutions in high-growth potential firms across the IS-8.

- **Government taking a greater role to coordinate technology adoption activity.**

Building on the *Technology Adoption Review*, the Department for Science, Innovation, and Technology/IT and DBT will work with policy and analysis teams to develop digital technology adoption policy and monitor and evaluate the impact of the Government's interventions. This work will seek to clarify the landscape of programmes for industry; build partnerships with IS-8 industries to enable faster and wider adoption; monitor AI adoption across the economy; and explore interventions to improve management skills for adoption, targeted specifically at senior leaders in industry.

FRONTIER INDUSTRIES WITH CIVIL AND MILITARY APPLICATIONS

Our Sector Plans prioritise frontier industries critical to the development of technologies and capabilities with both civil and military applications, and where investment supports both economic growth and security. These include advanced materials, aerospace, AI, advanced connectivity technologies,

batteries, cyber, engineering biology, nuclear, quantum, semiconductors and space.

We will develop and sustain our comparative advantage in these areas. To maximise the growth and security impact of our interventions across our Sector Plans, we will improve coordination across government and with industry, collectively identifying priorities for civil-military acquisition and investment. This includes:

- Consultation between the Ministry of Defence and other government departments, including DSIT and DBT, in developing future prioritisation of R&D initiatives and innovation spending, with additional input from the intelligence community.*
- An increase in industry participation in shaping these plans, including through the external advertisement of leadership roles, and input from the Defence Innovation Advisory Panel and Defence Industrial Joint Council.*
- Continued upskilling of the Civil Service cadre working at the intersection of national security and defence and science and technology, including*

through the College for National Security and enhanced coverage of relevant security clearances.

- *Improved information-sharing and governance arrangements between relevant departments, including a new cross-government forum to bring coherence to efforts to encourage development of these technologies in the UK, and the growth and success of firms developing them.*
- *Collaboration between institutions and funding bodies across the science, innovation, and technology ecosystem to ensure that the wider benefits of funded research in civil-military areas are recognised, ensuring effective value for money and fostering a healthy domestic research environment.*

vi) Capitalising on the value of data

Data is one of the UK's unrealised growth assets: it increasingly underpins innovation and productivity in all sectors. Harnessing private and public sector data effectively is estimated to have the potential to increase productivity growth by 0.5% to 1.3% per year, with 85% of the potential being in the private sector, and 15% of the potential in the government

and third sector.³⁴ As the IS-8 increasingly rely on high-quality data to deliver better products and services, the ability to collect, share and use data in a safe and trusted way has become essential.

The UK already creates, maintains and shares a range of data assets. This includes raw data and digitised content, as well as intelligence, products and services derived from data. The UK Biobank plays a key role in helping researchers understand diseases and develop treatments, and Administrative Data Research UK helps the public sector develop more informed policies on public services. It is estimated that the National Underground Asset Register, a digital map of underground pipes and cables in England, Wales, and Northern Ireland, will generate over £400 million of economic benefit annually.³⁵ Ongoing digitisation of the Natural History Museum's collection of 80 million objects could generate up to £2 billion for the UK economy over 30 years and help researchers to address fundamental questions about life on Earth.³⁶ These data assets have intrinsic value and power the digital economy, support evidence-based policy making, and enhance public service delivery.

However, data is often too siloed, fragmented or underused in the UK for our businesses and public services to reap the benefits. This was echoed in the response to the formal *Invest 2035* consultation, where respondents suggested that the Government could take action to overcome barriers to data access and data sharing. Our engagement with industry also highlighted concerns around privacy, bias and trust, especially when using data and content to train AI. Without a clear vision to unlock the value of data across the economy, there is a risk the UK falls behind international competitors who are investing heavily in data-sharing infrastructure. Without direct incentives for businesses to share data, which can include discovering market value for it, guarding data is often seen as the more attractive commercial choice.

The UK is well placed to be a global leader in the data economy, building on our existing position as the leading data economy in Europe. We have powerhouse academic institutions and Creative Industries producing data and content to spearhead innovation. The UK produces some of the best

longitudinal public data sets in the world, with insights already being used to drive more effective policy and intervention. And our proportionate digital regulation supports a thriving tech sector who can use data responsibly. Our data driven companies generate £85 billion annually and employ 5% of all UK employees.³⁷

The Government has a key role to play. By improving access to data for innovators, researchers and businesses across the UK, we can transform lives through better public services and cutting-edge innovation. Increased use and sharing of UK health data can reduce NHS wait times and enhance diagnostics, while our geospatial data can improve public transport and urban planning. By linking data across areas such as education and housing, we can identify barriers and support more targeted interventions. Enhancing access to transport and logistics data can improve supply chain capabilities and resilience, ensuring UK businesses and consumers have access to the goods they need.

The greatest economic benefits will only come when UK businesses, citizens, and public sector institutions can confidently, effectively, and responsibly collect,

share, and use data. To maximise the economic potential of data across the economy, we must not only improve access to high-quality public sector data, but also ensure we can measure its value and seek appropriate return. We need to enhance the capability of UK businesses and consumers, to ensure the benefits of data sharing are realised along all aspects of our economy. We require policy clarity, leadership, cross-sectoral collaboration and a clear long-term vision that we will deliver through the modern Industrial Strategy.

The approach

To address this, we will:

- **Treat data as a modern economic, financial, and social asset**, creating the conditions for investment in data and ensuring its value is realised directly and across the economy.
- **Ensure that businesses, innovators, and the public sector have the tools, infrastructure, and capabilities** to unlock data's financial, economic and societal benefits.

- **Transform how data is used to drive growth and improve lives**, empowering individuals with their own data and enabling businesses to do more with data and derive financial benefit from their assets while maintaining public trust.

The interventions

By 2035, we aim to establish the UK as a global leader in data-driven innovation and content creation, with a robust, secure, and interoperable data-sharing infrastructure that supports sustainable economic growth, enhances public services, and makes the most of a more data-literate workforce to improve productivity growth. To progress these priorities, the Government will:

- **Develop a data valuation framework by April 2026** to guide its approach to realising the value of data. This framework will help the public sector assess and benefit from the financial, economic, and societal value of the different types of data it holds – balancing commercial opportunities with public benefit and long-term growth. To implement this we will:

- **Expand the range of standardised licenses used to make public sector data available.**
This will enable innovation and maximise the UK's economic, social, and direct financial return from public data.
- **Bring forward legislation** when parliamentary time allows, to simplify how the public sector makes data available in a trusted way for businesses to innovate and grow, while considering the implications for national security and safeguarding citizens and businesses.
- **Invest up to £12 million in UK Data Sharing Infrastructure Initiatives from April 2026.**
Learning from international practices, including the Common European Data Spaces, these will promote effective and more coordinated approaches to governance, legal considerations, regulations, data interoperability, security, and trust. Businesses will be able to adopt these approaches and receive guidance, lowering costs and improving their ability to harness data from different sectors.
- **Support the development of data and content marketplaces or exchanges in the UK.** These will establish UK markets for data so that we secure a competitive advantage for our businesses,

innovators, and creators. By enabling them to negotiate terms, it will allow them to create value from their assets and support innovation. As a first step, we will establish a Creative Content Exchange (CCE) to be a trusted marketplace for selling, buying, licensing, and enabling permitted access to digitised cultural and creative assets. This will open up new revenue streams and allow content owners to commercialise and financialise their assets while providing data users with ease of access. In this way, the CCE will help fuel the next wave of creative innovation while facilitating the development of high-value AI models. Discovery and testing of appropriate models and technologies with early adopter content-owners will be supported by UKRI's R&D Missions Accelerator Programme.

- **Invest £36 million to support new Smart Data schemes**, allowing consumers and businesses to share their data securely with authorised third-parties in return for improved product offers, tailored services, and financial compensation. We will progress proposals for schemes in energy and financial services and explore the potential for Smart Data in other sectors, including transport, digital markets, and property. Smart Data could

have a significant impact on growth due to the competition and productivity benefits of data mobility. This can be seen from the success of Open Banking, where 82 firms alone have raised over £2 billion in private funding since 2018 and created 4,800 skilled jobs.³⁸

- **Introduce the National Data Library**, backed by over £100 million of government funding. This will bolster the UK's rapidly growing AI sector, provide the trusted data foundations for innovation and growth in the IS-8, and drive better public services in government through responsibly unlocking high value public sector data. The National Data Library will complement recently announced initiatives, including the creation of our new Health Data Research Service via a £600 million partnership with the Wellcome Trust, establishing a single, secure access point to NHS datasets.

vii) Enhance skills and accelerate access to talent

The competitiveness of our high-growth sectors rests on their access to skills and talent. Ensuring the UK

has a healthy population whose skills meet the needs of employers will bring people into the labour market and unlock opportunities for high quality jobs. Skills increase productivity, drive innovation, and support tech adoption.³⁹ In an era of rapid technological change, as new skills come to the fore and automation and AI fundamentally transform the nature of work, the strength and depth of the UK's skills pipeline, beginning with early years and school right up to the technology awareness of senior managers, will be critical for attracting globally mobile investment and transforming businesses. This means we need to support the workforce to be ready for the green jobs of the future, highly digitally literate, AI savvy, and prepared to upskill and retrain to seize opportunities in emerging sectors.

Skills and talent have long been the UK's calling card to the world. We have world-class universities and a well-educated workforce with one of the highest levels of tertiary attainment in the OECD.⁴⁰ Our openness makes us a magnet for the brightest and best. And our skills system, Jobcentres, and wider employment support system create opportunities and build economic resilience by providing vital opportunities for

a diverse cohort, from those looking to enter the workforce for the first time to those at risk of losing their job to automation – supporting our long-term ambition of 80% employment.

Yet the current system is not working for everyone. Too many young people have not progressed to technical and vocational or higher education, and too many workers are trapped in insecure, low-quality work. Over the last 15 years we have seen falls in participation in adult further education and employer investment in training per worker. We have also seen a decline in participation in apprenticeships with numbers falling by almost one fifth between 2016/17 and 2023/24.⁴¹ 10% of businesses report at least one skills shortage vacancy.⁴²

In particular, the system is not working for the IS-8. There are significant skills shortages across our frontier and foundational industries, and only 9% of Secondary vocational learners are studying in the in-demand sectors of engineering, manufacturing, and construction, compared to the OECD average of 32%.⁴³ Over the last five years there has been a 20% increase in university applications in engineering and

technology, but the number of engineering graduates each year has remained steady.⁴⁴ In our formal *Invest 2035* consultation, respondents identified numerous barriers impacting workforce development in the UK and felt that flexibility to meet the specific demands of different sectors or industries should be prioritised. Businesses have told us that the skills system is not meeting their needs, with not enough of the flexibility they require to build a modern workforce, equipped with the right skills – including AI, digital, management, and data skills, hampering tech adoption and the productivity gains this can bring.

The approach

To address this, we will:

- **Ensure that the skills system and employment support are aligned to strategic economic priorities, including the needs of the IS-8 and transformative opportunities like AI.** Working with partners including Mayoral Strategic Authorities, we will harness all parts of the system to create a talent pipeline for key occupations, from our work experience schemes and apprenticeships, to our

Higher Education and Further Education sectors, to our network of Jobcentres - which provide employment support to millions of people, many holding degree level qualifications.⁴⁵ As education policy is devolved, we will partner with devolved governments to align approaches on shared skills priorities in our Industrial Strategy sectors.

- **Simplify the skills system in England to provide easier access to jobs in the IS-8, benefitting all.** Skills England will play a critical role in addressing systemic issues by bringing coherence, simplifying the landscape and co-designing solutions to skills shortages in collaboration with businesses.
- **Encourage engagement and investment from employers to address skills gaps and build talent pipelines,** including by working with Skills England to identify needs and co-develop solutions. Skills England will also work with devolved governments to create a coherent and accessible skills system for the IS-8 to access across the UK.
- **Make it easier for innovators, investors, entrepreneurs, researchers and creatives to come to the UK to live and work** by reducing

bureaucracy and ramping up our international talent-spotting.

- **Promote evidence-based initiatives, as set out in our Sector Plans, aimed at improving workforce diversity to support business and economic growth.** Diversity in the workforce is critical to attracting and retaining talent in the IS-8.

The interventions

To progress these priorities, we are committing to:

- **Align our skills systems with the IS-8. We will take action to ensure individuals are supported at all stages of life to develop the skills we need to drive progress:**

Provision for 16-19:

- **We will ensure there are sufficient courses to support an additional 65,000 16–19- year-olds in England by 2028-29**, including providing key pathways into priority occupations in the IS-8. Through High Value Course Premia we will deliver funding uplifts to priority courses that support key IS sectors, such as engineering and digital. These

areas address critical skills shortages that underpin multiple sectors in the IS.

- **We will ensure that funding is provided to address the challenges of recruiting and retaining high-quality teachers in Further Education, especially for courses covering skills in shortage in priority sectors.** We have boosted funding for 16-19 provision by £400 million in 2025-26, and are investing a further £160 million in colleges and other providers to address priorities, such as recruitment and retention. In addition, almost 6,000 early career FE teachers in areas such as STEM have received Targeted Retention Incentive payments worth up to £6,000 tax free.
- **We will also invest in the estate and facilities needed to deliver priority training with £200 million Capital Investment via the Skills Mission Fund to tackle sector-specific shortages,** including expanding Technical Excellence Colleges beyond construction. This is in addition to £375 million of capital investment to support post-16 capacity to accommodate additional learners entering the system. The Government is also investing £1.7 billion capital

funding from 2026-27 to 2029-30 to help colleges maintain the condition of their estate, including an annual allocation rising in line with inflation.

Growth and Skills Levy flexibility:

- **We will continue to roll out shorter duration and foundation apprenticeships** to give more people the opportunity to learn and earn in IS-8 sectors from August 2025. This builds on previously announced examples in engineering, manufacturing and digital.
- **We will go further by introducing short courses in England, funded through the Growth and Skills Levy, in areas such as digital, artificial intelligence and engineering.** These will support Industrial Strategy sectors such as in Creative Industries and Advanced Manufacturing from April 2026. We will work with Skills England to determine the courses which will be prioritised in the first wave of rollout and subsequent waves, and how those sit alongside apprenticeships and other training routes. We will work with Skills England to introduce these short courses and consider how to prioritise investment across the programme.

Higher Education:

- **The Strategic Priorities Grant will be more effectively targeted** towards priority provision which supports future skills needs and the Industrial Strategy. We will also set out reforms for the Higher Education system in England in the forthcoming Post-16 Education and Skills White Paper, recognising the crucial role of universities as engines for innovation and skills (see universities infographic below).

Life-long learning:

- **From January 2027 we will launch the Lifelong Learning Entitlement** which will enable individuals to learn, upskill and retrain across their working lives. The first modular courses for approval will support progression into the IS-8. The significant proportion of the Adult Skills Fund that is devolved to Mayoral Strategic Authorities targets local skills needs in line with Local Growth Plans and Local Skills Improvement Plans, providing further support to adult learners to meet skills needs in the IS-8, including through Skills Bootcamps, Sector Based Work Academy Programmes, and Free Courses for Jobs.

Investment:

- **We will provide £1.2 billion of additional investment in skills per year by 2028-29** alongside further support from measures outlined in the Immigration White Paper.
- **Provide specific support for skills critical to the IS-8.** We will bring forward three further packages targeted at skills needed in multiple IS sectors. This will build on our construction package and further demonstrate our commitment to prioritising and supporting the IS-8 within the skills system:
 - **The first is our TechFirst technology skills package**, announced by the Prime Minister at London Tech Week 2025. We will invest £187 million to bring digital skills and AI learning into classrooms across all communities and prepare citizens of all backgrounds for the careers of the future. This includes supporting over 4,000 graduates, researchers, and innovators in areas like AI, cyber security and computer science through the TechGrad, TechExpert and TechLocal programmes, alongside supporting 1 million school children through the TechYouth programme.

- **We have separately launched a new industry partnership with major tech players**, including NVIDIA, Google and Microsoft, to train 7.5 million UK workers in essential AI skills by 2030 and will explore how to implement the AI skills recommendations of the Tech Adoption Review, which include creating a UK-wide network of AI adoption hubs.
- **The second is an engineering package, recognising that engineering skills are at the heart of several of the IS-8.** We will provide investment of over £100 million over three years to support engineering skills in England, working with Skills England to determine how this can increase the pipeline of skills through further and higher education and apprenticeships. With capital funding provided via the Skills Mission Fund, this will include launching Technical Excellence Colleges to address shortages in engineering, which is critical to the skills needed in priority sectors including Advanced Manufacturing, Clean Energy Industries and Digital and Technologies. Skills England will ensure that training and qualifications remain aligned with shifting workforce needs, including

looking at funding bands to ensure they reflect delivery (working with key partners like Make UK). We will work with the sector to ensure the maximum impact of this package, including opportunities for industry co-investment or other contributions.

- **The third is a defence package to boost the number of skilled workers entering the defence sector**, which is foundational for national security and economic growth. We will establish Defence Technical Excellence Colleges, provide funding for courses for defence related skills, and invest in cutting edge university facilities to increase places for defence skills provision. Delivering this package will be a joint endeavour between government and industry; full details will be set out in the Defence Industrial Strategy.
- **These three packages will build on our construction skills package** which, as previously announced, includes over £600 million of investment over the next 4 years to train up to 60,000 more skilled construction workers. This will include establishing 10 construction Technical Excellence Colleges, expanding construction course provision, extending construction Skills

Bootcamps and providing industry placements to help learners get 'site-ready'.

- **Work with employers to drive investment in training and secure commitments to develop a skilled workforce for their sectors.** As set out below ('Delivering a tax system that supports growth'), businesses can also generally deduct the cost of training their staff when calculating their corporate tax liability. Encouraging employer investment in training will also include:
 - **Deepening employer partnerships** via Technical Excellence Colleges, expanded industry placements and facilitating workforce exchanges with the FE system. Skills England will engage with industry and other partners to develop skills passports, building on best practice and learning from previous examples. This will support the documenting and transfer of industry-recognised skills and competencies, improve visibility for employers and providers, and improve progression and lifelong learning.
 - **Using government's procurement power to create good quality local jobs and boost skills** by streamlining and strengthening criteria for suppliers to contribute to these objectives in

their bids. We will consult shortly on requiring contracting authorities to publish and report against at least one key performance indicator in major contracts that ensures delivery of commitments to create new local jobs, opportunities and skills, including for infrastructure projects. We further propose changes for public bodies to set at least one award criteria in major procurements that relates to these social value criteria.

- **Agreeing Workforce Strategies for sectors facing shortages linked to skills, training, and conditions in the UK, with a set of tangible actions to move the dial and support good jobs.** These will be coordinated and published by relevant government departments working in partnership with industry alongside trade unions, local leaders, devolved governments and wider stakeholders. Whether a sector needs a Workforce Strategy will be based on an initial assessment by the relevant government departments in conjunction with the sector and Skills England of whether there are sufficient plans in place already to upskill the domestic workforce. The first of these Strategies will be

published by the Office for Clean Energy Jobs in 2025, utilising our existing skilled energy workforce as we create good jobs across the UK. The process for producing these strategies will be supported by a new expert group, the Labour Market Evidence Group (LMEG), comprising the Industrial Strategy Advisory Council, Migration Advisory Committee (MAC), Skills England (and equivalent organisations in the devolved governments) and Department for Work and Pensions. This group will provide analysis and share evidence to support the development of the strategies and help government ensure that UK businesses in the IS-8 have access to the skilled workers they need.

- **In recognition of the scale of the skills challenge, in addition to the interventions set out above,** the Chair of Skills England, in partnership with the Industrial Strategy Advisory Council, will explore how employers, individuals and local and central government work together to address the UK's skills needs to support jobs of the future in the growth-driving sectors, and in particular opportunities for further business

engagement and investment into the skills pipeline.

- **Help more people start and progress in careers in the IS-8 through reforms to how we support jobseekers and the economically inactive and through improved guidance, advice and access:**
 - **Supporting people to take up roles in priority occupations through the Department for Work and Pensions' 634 Jobcentres** spread across Britain and through the wider employment support system. DWP will broaden the range of employers it supports through the new Jobs and Careers Service, which brings together Jobcentre Plus with the National Careers Service, in England, to make employment support, skills, and careers provision more joined up. Through a Pathfinder in West Yorkshire, we have already started testing options for how this should operate. The new service will be available to everyone, not just benefits claimants, will be designed to meet local needs, and will be crucial in ensuring more of our domestic workforce can take full advantage of the opportunities that the Industrial Strategy will bring.
 - **Building on the Government's commitment in the Get Britain Working White Paper to create**

an inclusive labour market in which everyone can participate and progress in work. For example, we will support young people to access careers in growth-driving sectors through the new Youth Guarantee, which will ensure every young person aged 18-21 has access to further learning and help to get a job or apprenticeship. We have also launched Inactivity Trailblazers to help the economically inactive into work or training. Tailored to the needs of local areas, these Trailblazers are testing ways to reduce inactivity and developing joined-up offers of local health, employment, and skills support.

- **Temporarily exempt occupations crucial to the delivery of the Industrial Strategy from the planned increase to the threshold for the Skilled Worker visa.** These exemptions will apply via the new Temporary Shortage List, which will be published shortly. The list includes occupations from across the breadth of our frontier industries. In spring 2026, the list will be subject to review on advice from the MAC on whether an occupation's inclusion should be extended. Recognising the crucial importance of skills to growth in the IS-8, in its advice the MAC will be supported by members of

the LMEG to consider projected skills gaps, acknowledging that changes to the skills system will take time to come to fruition. For occupations to be added or remain on the Temporary Shortage List, the LMEG will expect there to be an appropriate plan in place setting out how employers will play their role in developing domestic skills and increase local recruitment. The LMEG will work with government and industry to assess whether a formal sector Workforce Strategy is required and ensure such a plan is in place in time for the MAC to make their assessment in spring 2026.

- **Focus on getting the world's brightest minds to relocate to the UK, by:**
 - **Setting up a new Global Talent Taskforce**, reporting to the Prime Minister's Office and the Treasury. This will provide a concierge service for top talent, using our international network and UK diaspora to connect with elite individuals; facilitating a smooth and soft landing into the UK for them; and identifying improvements to our offer to make the UK the natural destination for them to come.
 - **Improving our offer for top talent**, with a £54 million Global Talent Fund to attract around 10

world-class researchers and their teams to the UK, covering relocation and research costs over five years, with funding starting this year; and new Turing AI ‘Global Fellowships’ specifically for overseas researchers, providing £25 million of multi-year funding for academics to build a team and conduct groundbreaking AI research at a UK institution.

- **Backing this up with our visa routes and reforms in our recent Immigration White Paper.** We will implement a capped and targeted expansion of the High Potential Individual route for top graduates, doubling the number of qualifying universities in line with the start of the next academic year, and reform the Global Talent visa to make it more accessible to promising top talent. This will include expanding the range of fellowships which grant access to the Global Talent visa and by making the visa accessible to a broader range of design talent. We will also review our Innovator Founder visa so that entrepreneurial talent currently studying at UK universities can move onto it more easily. We will ask the Global Talent Taskforce to

continue to promote all our visa routes as part of our compelling offer to the world's best talent.

- **Improve business mobility.** We will continue to explore ways to make it easier for British professionals to move temporarily between the UK, EU and other international partners to meet short-term business needs and to provide services to their customers. This builds on new dialogues on mobility and recognition of professional qualifications announced at the May 2025 UK-EU Summit, and as part of other international agreements.

UK universities will play a critical role in delivering our Industrial Strategy.



We consistently achieve high global rankings for innovation and are renowned for our Higher Education system, boasting **4 universities in the global top ten, and 17 in the top 100.**

QS World University Rankings (2026) Top global universities.



385,500

FTE jobs created directly (2021-22)

London Economics (2023) "The impact of the higher education sector on the UK economy; Summary Report for Universities UK.



£21.74bn

UK's education related exports and transnational education activity (2021)

Ref: HM Government (2024) UK revenue from education related exports and transnational education activity for 2021

Universities are crucial to regional and local economic impacts and are anchor institutions in their local communities, with research showing they are in the top three exporters in 102 constituencies in the UK*

*Public First (2025) "Global talent and local growth"



382,500

FTE jobs supported throughout the wider economy (2021-22)

Ref: London Economics (2023) "The impact of the higher education sector on the UK economy; Summary Report for Universities UK"



More than **80%**

UK university research classified as 'world-leading' or 'internationally excellent'

Research Excellence Framework (2021) Results and submissions

Universities make a significant contribution to the economy and play a critical role in the wider skills and innovation system, with research indicating that £100 million of public R&D investment could be expected on average to yield, in 6 years' time, an increase in annual private sector productivity worth **£40 million**

Research Excellence Framework (2021) Results and submissions

Ref: Frontier Economics (2024) "Returns to Public R&D: Report for the Department for Science, Innovation and Technology"



Universities are incubators of ideas that spur commercial successes



Over 22,000

active firms in 2023/24 were associated with intellectual property spin-off activities from UK providers



Ref: Ibibid

In almost a decade, the number of active start-ups established at universities grew by

72%

UNIVERSITIES – DESCRIPTION OF INFOGRAPHIC DESCRIBING THE IMPACT OF UK UNIVERSITIES

UK universities will play a critical role in delivering our Industrial Strategy.

We consistently achieve high global rankings for innovation and are renowned for our Higher Education system, boasting 4 universities in the global top ten, and 17 in the top 100. QS World University Rankings (2026) Top global universities.

Universities are crucial to regional and local economic impacts and are anchor institutions in their local communities, with research showing they are in the top three exporters in 102 constituencies in the UK.

Universities make a significant contribution to the economy and play a critical role in the wider skills and innovation system, with research indicating that £100 million of public R&D investment could be expected on average to yield, in 6 years' time, an increase in annual private sector productivity worth £40 million. Ref: Frontier Economics (2024) "Returns to Public

R&D: Report for the Department for Science, Innovation’.

- 385,500 FTE jobs created directly (2021-22)
- £21.74bn UK’s education related exports and transnational education activity (2021) Ref: HM Government (2024) UK revenue from education related exports and transnational education activity for 2021’
- 382,500 FTE jobs supported throughout the wider economy (2021-22). Ref: London Economics (2023) “The impact of the higher education sector on the UK economy; Summary Report for Universities UKRef’
- More than 80% UK university research classified as ‘world-leading’ or ‘internationally excellent.

Universities are incubators of ideas that spur commercial successes:

- **Over 22,000** active firms in 2023/24 were associated with intellectual property spin-off activities from UK providers

- In almost a decade, the number of active-start ups established at universities grew by **72%**.

viii) Reducing regulatory burdens

In an era of unpredictability, the UK's regulatory environment must be a strength that supports businesses in the IS-8 to grow and invest here. Many countries have learnt this lesson from the UK's strengths: that a consistent regulatory framework is essential for maintaining market competition and giving businesses the confidence to make investment decisions and challenge incumbents.⁴⁶ Proportionate, targeted regulation improves economic resilience and national security.⁴⁷ Agile regulation that keeps pace with technological progress provides competitive advantage, creating a trusted environment for bringing innovations to market quickly and safely.

But too often regulation is a reason why investors do not invest. As we set out in our Regulation Action Plan, published in March 2025, the UK's regulatory framework has become too complex, uncertain and risk averse. It imposes significant burdens on industry, particularly on high-growth businesses.⁴⁸

Respondents to the formal *Invest 2035* consultation echoed this, with some saying they find the regulatory system complex and lacking in adaptability, making it more difficult for businesses to innovate and for SMEs to enter the market. We will not deliver our ambitions unless we tackle the risks of regulation stifling growth.

The approach

Our Regulation Action Plan set out our vision for ensuring that the regulatory system supports growth, is targeted and proportionate, is transparent and predictable, and adapts to keep pace with innovation. This will mean breaking down unnecessary regulatory barriers, opening up opportunities for high-potential firms, and making innovation easier.

Building on this, we will:

- **Press ahead with root-and-branch reform of the system**, including by reducing the administrative costs of regulation by 25% by the end of this Parliament. We are interrogating the costs of the UK's regulatory regime, while delivering targeted reforms to streamline or remove burdensome

processes which hold back growth and investment, including overhauling our planning system. Where new regulation is necessary, we will ensure that costs on business are minimised, and we will continue to champion alternatives to regulation.

- **Prioritise regulatory reform for our frontier industries**, both through sector-specific interventions to refresh regulations and increase regulators' capability and agility, as set out in our Sector Plans, and by ensuring that our overarching regulatory frameworks, competition regime, company law, and national security processes support the competitiveness of these industries.

The interventions

To progress these priorities, we are committing to:

- **Drive regulator performance through stronger transparency and accountability.** We are working with regulators to develop clear, time-bound targets for processing authorisations and to publish their performance against these targets as well as their other KPIs. Regulators will be expected to stress-test these measures with industry and report to

Government on their plans for service improvement. These will form part of a stronger framework with greater accountability for regulators, increased strategic alignment with government priorities, and input from experts.

- **Make our regulatory system more consistent and easier to navigate.** To do this we will:
 - Streamline duties for UK regulators, with a stronger focus on growth and investment to drive dynamism and enterprise, and to increase and improve scrutiny of the effectiveness of regulations. This will be informed by the recent independent Corry Review into Defra regulators to assess whether Defra's regulatory landscape is fit for purpose in driving both economic growth and nature recovery.
 - Merge or consolidate regulators where it makes sense to do so, reducing the number of interactions required for businesses on any single issue. This complements the Cabinet Office review of public bodies to drive out inefficiency. This work has already begun: we will consult in summer 2025 on consolidating the Payment Systems Regulator and its functions primarily within the Financial Conduct Authority, and we

will bring the Gangmaster and Labour Abuse Authority, the Employment Agency Standards Inspectorate and the Director of Labour Market Enforcement into the Fair Work Agency (FWA) so that there is a single body responsible for employment rights enforcement.

- Set out an updated approach to economic regulation by the end of 2025, as outlined in the 10-year Infrastructure Strategy.

- **Make our regulatory system focused and proportionate**, by strengthening central government oversight of the regulatory reform agenda through the creation of a new unit in the Treasury, which will challenge unnecessary regulation and support progress against our commitment to reducing the administrative costs of regulation by 25% by the end of this Parliament.
- **Influence international standards** to reduce trade barriers and make it easier for new and emerging technologies to be commercialised. In particular, we will work closely with the British Standards Institution, and publish a strategy setting out our approach to influencing global digital standards.

- **Ensure that regulation supports and keeps pace with innovation.** The Regulatory Innovation Office (RIO) is central to our ambition to create a pro-innovation regulatory environment. The RIO tackles the biggest regulatory obstacles to innovation in growth-driving sectors, enabling new technology applications to reach the market, driving change in regulators' behaviour and attitudes to innovation, and supporting economic growth.
- **Make targeted regulatory changes to support the IS-8, including:**
 - Refreshing the Zero Emissions Vehicle mandate to reduce costs for automotive manufacturers.
 - Clarifying Anti-Money Laundering and Know Your Customer requirements to support the Financial Services and Professional and Business Services sectors.
 - Streamlining the route to market for medical products which have already been approved internationally.
 - Reducing planning red-tape for heat pump installation, including on size and boundary requirements.

- **Unlock the full potential of competition to drive market dynamism and economic growth.** We have given a new strategic steer to the Competition and Markets Authority (CMA), setting a clear expectation that it should promote growth in the IS-8 and more widely. We welcome the CMA's engagement with this programme, including its advice on boosting competition and innovation in the Defence sector. Looking ahead, we will consult on further reforms, including changes to merger jurisdiction tests to create more certainty for business. We will also consider introducing measures to ensure the necessity of binding market remedies is regularly reviewed, and work with the CMA to improve the markets regime as a whole.
- **Adjusting which subsidies require CMA scrutiny.** In summer 2025 we will increase the threshold at which subsidies must be referred to the CMA for review, from £10 million to £25 million. This will help the CMA to focus on the largest subsidies with the greatest potential impact, as well as easing the administrative process and timeframes required for delivering comparatively smaller subsidies. For some sensitive sectors the threshold will remain at £5 million. We continue to review the impact and

proportionality of the subsidy control regime, and the CMA will publish its independent report on the effectiveness of the regime in 2026.

- **Simplify corporate reporting requirements and explore how to make it easier for foreign companies to move to the UK.** We have committed to take forward a wider range of measures to streamline and modernise company law and will publish a consultation on streamlining non-financial reporting requirements under the Companies Act 2006. We have also welcomed the Independent Expert Panel's report on introducing a UK corporate re-domiciliation regime and will consult on how to design and implement such a regime.

THE ROLE OF STANDARDS IN SELF-DRIVING VEHICLES

Since 2019 the British Standards Institution (BSI) has been working closely with the Centre for Connected and Autonomous Vehicles to support the safe trialling, development and future commercialisation of self-driving vehicles. This has involved BSI working closely with trialling organisations, including Wayve, OXA, Horiba Mira and WMG, to define good practice and

prioritisation, and implement good practices during their trials and development work.

Based on website metrics provided by the BSI, the CAM series of standards has gained interest globally, attracting over 10,000 downloads from over 75 countries, and has informed the development of international (ISO) automotive standards, showcasing the UK's technical leadership. BSI's standards have received attention from the UNECE Road Safety Forum and are included in the reference literature for global harmonised regulation.

BSI also worked with the Law Commission in advance of the Automated Vehicles Act to demonstrate how standards can support emerging legislative, policy and safety frameworks. This is vital to create a robust but innovative regulatory environment that continues to attract investment and stimulates new services and growth. A further growth opportunity from the work is the potential to share this knowledge base and standards across other transport modes, such as maritime, aviation and rail, all of which are exploring the benefits and challenges of integrating automated systems, and to support the UK's growing academic, technical expertise and capability in the field.

ix) Removing planning barriers and accelerating infrastructure

Infrastructure provides the foundation high-growth sectors need to innovate, grow, and compete globally. Digital infrastructure is crucial for almost every aspect of doing business and will underpin the AI revolution. Energy networks and renewable energy developments are vital for energy security and net zero and can have a decisive impact on the competitiveness of businesses across the economy.⁴⁹ Businesses rely on transport infrastructure to move their products and access talent.

Investment in infrastructure is critical but the UK has not seen enough of it. Too many investors have a perception of the UK as a place where it is hard to get anything built – too slow, uncertain, and expensive. Too few publicly funded projects have been committed to and too few have been completed. Demand for infrastructure is rising but the ease of delivery needs to improve. Policy uncertainty over the last 20 years has played a part, as has the planning system, often acting as a blocker to growth. According to Boston Consulting Group, large infrastructure projects spend an average of 65 months in pre-

construction, and delivery time increased by nearly two thirds between 2012 and 2021.⁵⁰ Respondents to the formal *Invest 2035* consultation told us that planning permission, delays and complexity were a barrier to investment in infrastructure.

The approach

We are driving forward ambitious reforms to the planning system in England will get Britain building, having set a target of building 1.5 million new homes and making planning decisions on 150 major infrastructure projects by the end of this Parliament.⁵¹ The Office for Budget Responsibility has forecast that housebuilding measures set out in the National Planning Policy Framework (NPPF) will add £6.8 billion to the economy by 2029/30.⁵² This is even before the reforms brought forward through the Planning and Infrastructure Bill are factored in, which we estimate could boost the economy by up to £7.5 billion over the next decade.⁵³

We will:

- **Ensure that the planning framework supports growth in our eight priority sectors, as reflected in the revised NPPF.** This prioritisation will be further embedded when we consult on a set of national policies to guide planning decisions later this year. We will work closely with the devolved governments to ensure that our planning reforms positively impact growth across the nations.
- **Provide greater certainty, confidence, and stability through our 10-Year Infrastructure Strategy,** ensuring that infrastructure is planned and designed well and delivered quickly and efficiently to meet growing demand from key sectors.

The interventions

To deliver this we will:

- **Fast-track more projects through the planning process,** by:
 - **Increasing certainty** for gigafactories, laboratories, and data centres – key commercial

opportunities in the IS-8 – by allowing them to ‘opt in’ to be designated as Nationally Significant Infrastructure Projects.

- **Reducing the average pre-application period** for major infrastructure projects from two years to 12 months by scrapping overly burdensome consultation requirements. This has the potential to save projects £1 billion over the course of this Parliament, benefitting the IS-8 by accelerating delivery of major transport and energy infrastructure.⁵⁴
- **Launching a Call for Evidence on the expansion of permitted development rights** to support specific building works and speed up the construction of our national infrastructure, including fixed and mobile networks and electricity networks.
- **Streamlining processes for judicial reviews** so that claimants have just one attempt to challenge a development consent decision for claims deemed totally without merit, rather than three.
- **Establishing AI Growth Zones** as dedicated hubs to fast-track AI infrastructure development,

support planning approvals, and unlock access to energy.

- **Make timely planning decisions**, with a 13-week target for decisions made by Ministers on called-in applications. This is giving greater confidence to businesses that decisions on high-priority developments, from solar farms and data centres to housing and transport, are being made speedily and supported by a more strategic planning policy framework.
- **Improve the responsiveness of Local Planning Authorities (LPAs)**. We are providing funding for 300 new planning officers and offering new flexibilities for planning application fees to be set locally so they cover the costs of the service. We are also accelerating digitalisation to encourage the development and adoption of the next generation of planning services. We have worked with LPAs to co-create user-friendly planning application software to speed up planning decisions. This includes PlanX services, which have reduced both application inaccuracies and the number of planning-related calls by up to 60%.⁵⁵

- **Save developers time and money** by implementing a Nature Restoration Fund which will mean that in many cases they can make a single payment to identify and meet their environmental obligations related to protected sites and species, reducing existing burdens for the IS-8 (as well as other sectors) while delivering gains for nature. This scheme is subject to the passage of the Planning and Infrastructure Bill, currently before Parliament.
- **Provide long-term certainty on the UK's infrastructure needs and delivery**, so that investors can take long-term decisions. We have set out our approach in full in our 10-Year Infrastructure Strategy, complementing our Industrial Strategy, and in summer 2025 we will publish a pipeline of infrastructure projects that the Government is prioritising. Under the National Infrastructure Spatial Tool programme we are also working to understand local infrastructure needs, based on housing, industrial growth, and land use scenarios, to strengthen evidence for place-based infrastructure investment decisions. Future iterations of the tool will provide a consistent means for central and local government to test how policies, strategies, and decisions interact spatially with infrastructure and

capture spatial trade-offs, with the ambition of providing better evidence on where infrastructure can make the most significant contribution to economic growth.

- **Remove barriers to digital infrastructure deployment**, including by implementing the outstanding provisions in the Product Security and Telecommunications Act 2022. We will also bring forward a more flexible permitting system for street works across England if ongoing trials are successful, make it easier to deploy broadband in flats, and launch a Call for Evidence on changes to planning laws that could enable faster rollouts of fixed and mobile coverage.
- **Help business travellers be more productive with improved Wi-Fi access**. By spending £41 million to introduce low-earth-orbit satellite connectivity on all mainline trains, we will significantly improve both the availability and internet connection speeds for Wi-Fi-connected passengers, in turn enabling a better-integrated transport network.
- **Improve connectivity by investing in new transport infrastructure across England and**

Wales during this Spending Review period,
including:

- Delivering major rail projects such as East-West Rail, the Transpennine Route Upgrade, HS2, and infrastructure in Wales, and taking forward work on Northern Powerhouse Rail, as well as renewal and maintenance of the existing network.
- £24 billion of capital funding between 2026-27 and 2029-30 to maintain and improve motorways and local roads across the country.
- £15.6 billion up to 2031/32 for some of England's largest city regions to improve transport connectivity via the Transport for City Regions settlements, and £2.3 billion funding for the Local Transport Grant to improve transport connectivity in smaller cities, towns, and rural areas.
- £900 million per year to maintain and improve bus services. Illustrative industry analysis suggests that public investment in bus infrastructure and services can generate returns of up to £4.55 for every £1 invested.⁵⁶
- £400 million to support the roll-out of charging infrastructure across the country, including to

facilitate the deployment of zero emission vans and HGVs.

x) Delivering a tax system that supports growth

In addition to funding public services, the tax system is an essential component of growth and industrial policy in the UK. Taxation plays a significant role in influencing business, consumer, and investor behaviour by creating incentives to invest, innovate and grow.

The UK has a competitive corporate tax regime, with the lowest headline rate in the G7 and generous tax support for investment in physical and intangible assets, R&D expenditure, and commercialisation of patents.⁵⁷ We will continue to consider how the tax environment can support the ambitions of the Industrial Strategy, raise awareness of the existing offer, and streamline the tax system to support high-growth companies.

The approach

The Government already provides substantial support to the IS-8 through a range of levers:

- **An internationally competitive headline tax rate**, supporting the UK's attractiveness as a destination for business investment and growth.
- **World-leading capital allowances**, including full expensing and the Annual Investment Allowance, facilitating essential investment in growth-enhancing plant and machinery.
- **Significant R&D tax credits**, which foster technological advancement, enhance productivity, create high-skilled jobs, and help businesses gain a competitive edge globally. Enhanced R&D credits also provide targeted support for research-intensive, loss-making small businesses and accommodate the longer investment horizons of innovative ventures.
- **A competitive Patent Box regime**, ensuring that UK businesses engaged in innovation can benefit directly from their intellectual property.
- **Investment schemes such as the Seed Enterprise Investment Scheme (SEIS),**

Enterprise Investment Scheme (EIS), and Venture Capital Trust (VCT) scheme, which stimulate private investment into early-stage and high-growth potential businesses, many within the IS-8.

- **The Enterprise Management Incentive (EMI) Scheme**, supporting businesses to recruit and retain key skilled employees.
- **A suite of generous tax reliefs for the creative sector**, reinforcing the UK's position as a global leader and making significant contributions to both the economy and culture.
- **Businesses can also generally deduct the cost of training** their staff when calculating their corporate tax liability.

While reducing the cost of investing for businesses is important, we have received a wealth of feedback from industry emphasising the need for a stable and predictable tax environment, giving businesses the confidence to make long-term, growth-enhancing investments.

We demonstrated our commitment to providing certainty and stability through publication of the

Corporate Tax Roadmap at Autumn Budget 2024.⁵⁸

This includes a commitment to cap the Corporation Tax Rate at 25%, maintain the Small Profits Rate and marginal relief at current rates and thresholds, and maintain key features such as Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box.

However, we recognise that more can be done to reform and simplify the tax and customs systems, to reduce burdens on businesses and provide them with the stability and certainty they need to make long-term investment decisions and continue importing and exporting. Recent commitments have included 39 measures to reduce administrative burdens on business and modernise outdated elements of the tax system and customs processes to simplify the customer experience; and targeted reforms to specific duties, including modernisation of stamp taxes on shares.⁵⁹ Further, as part of a review of all Arm's Length Bodies, the functions of the Valuation Office Agency, an Executive Agency of HMRC, will be brought within HMRC to improve the business experience and increase efficiency.

The interventions

We are carefully considering the specific feedback received and will explore the merits of further change through consultations and wider industry engagement:

- In line with announcements made at Spring Statement, the Government has been meeting with key stakeholders, including leading entrepreneurs and venture capital firms, to explore options to further foster a positive, dynamic environment for entrepreneurs and scale-ups.
- As set out in the Corporate Tax Roadmap published at Autumn Budget, we have been consulting on a new process that will give investors in major projects increased advance certainty about the tax that will apply.

We will look across all available levers to deliver change at the Budget in autumn 2025 and across the Parliament, including via continued consideration of the tax environment to ensure it supports the ambitions of the Industrial Strategy.

Corporate tax roadmap

The Roadmap makes commitments across the corporate tax system for this Parliament. It sets out the key features that will keep the UK's regime competitive and supportive of investment, including:

Capping the headline corporation tax rate at

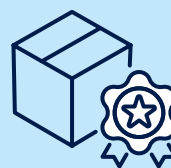
25%



Maintaining the UK's generous capital allowances system, including permanent full expensing and the **£1m** Annual Investment Allowance



Preserving Patent Box and the UK's competitive regime for intangible fixed assets



Maintaining the generosity of the UK's R&D reliefs



Consulting on international Corporation Tax issues



Modernising tax administration and easing the burden on business



CORPORATE TAX ROADMAP – DESCRIPTION OF INFOGRAPHIC SETTING OUT THE GOVERNMENT’S CORPORATE TAX ROADMAP

The Roadmap makes commitments across the corporate tax system for this Parliament. It sets out the key features that will keep the UK’s regime competitive and supportive of investment, including:

- Capping the headline corporation tax rate at **25%**.
- Reviewing the effectiveness of other Corporation Tax reliefs.
- Maintaining the UK’s generous capital allowances and exploring their extension to assets bought for leasing or hiring.
- Consulting on international Corporation Tax issues.
- Maintaining Patent Box and preserving the UK’s competitive regime for intangible fixed assets.
- Modernising tax administration and easing the burden on business.

Wider support for sectors

Our Industrial Strategy focuses on driving growth in the IS-8, informed by our assessment of the specific opportunities and barriers they face. The measures set out above are designed to ensure that the UK has the most competitive business environment for businesses in these sectors to invest and raise capital, and for new challengers to enter these markets and push the frontiers. This choice is fundamental to our approach.

Nonetheless, the Government has a responsibility not just for the IS-8 but for every industry in the UK. While we are committed to backing the IS-8, as the best way of driving sustainable, resilient, and clean growth that improves living standards across the UK, other sectors all have a role to play in creating jobs, anchoring communities, and strengthening the economy.

Many of the barriers to investment for the IS-8 are also an issue for other sectors, from planning delays

to regulatory uncertainty. Unblocking them will make it quicker, easier, and cheaper to do business in these sectors too. Growth in the IS-8 will also produce spillover benefits for the rest of the economy: to provide just a few illustrations, growth in the Creative Industries will create opportunities for the hospitality and retail industries and the visitor economy; new automation pioneered and adopted in Advanced Manufacturing will diffuse across the manufacturing sector; and a Professional and Business Services sector firing on all cylinders will help businesses of all kinds to increase productivity.

Beyond these benefits, the Government will also continue to work with non-IS-8 sectors directly. Sector sponsorship teams in government will provide hands-on advice and develop policies to help them thrive. This will ensure that all businesses have more opportunities to trade, access finance, and innovate.

FREIGHT AND LOGISTICS

The freight and logistics sector makes a vital contribution to the UK economy and the competitiveness of the IS-8, ensuring that the right goods are in the right place at the right time. With 77%

of logistics employees based outside London and the South East in Great Britain, the sector supports local economies and job creation across all four nations, with major hubs in the Midlands and the central belt of Scotland. In 2023, it contributed approximately £79.8 billion in GVA.⁶⁰ Oxford Economics have estimated that in 2019 every pound of output from the freight and logistics sector generated £2 of spending elsewhere in the economy, through supply chains and employee spending – one of the highest economic footprints of any UK sector.⁶¹ They have also estimated that productivity growth could be boosted by 20% if the UK were to become a global leader in the sector.⁶²

The Government provides ongoing support to help freight and logistics businesses overcome challenges, including transport bottlenecks and congestion, digital skills shortages, and reliance on fossil fuels. We partner with DHL, DFDS, Port of Tyne, Portsmouth International Port, Welch Group, Wincanton, and Veterans into Logistics to support SME innovation through the Freight Innovation Fund accelerator. Successes include Skyports, which participated in the first year of the Fund and now delivers the UK's first

commercial drone mail service in Orkney, in partnership with Royal Mail. Our Zero Emission HGV and Infrastructure Demonstrator programme is rolling out hundreds of battery electric and hydrogen fuel cell HGVs, and new charging and fuelling infrastructure, by March 2026. And our infrastructure upgrades across the UK will significantly benefit the sector: an estimated 4.4 million HGVs are expected to use the Lower Thames Crossing in its first year, following our decision to grant development consent for the project.⁶³ Working closely with industry, we will deliver a new plan for freight and logistics later this year so that the sector can continue to play its part in growing the economy.

¹ PWC (2025) [28th Annual global CEO survey](#)

² Department for Energy Security and Net Zero (2025) [Industrial electricity prices in the EU for small, medium, large and extra large consumers](#)

³ Department for Energy Security and Net Zero (2025) [International industrial energy prices](#)

⁴ Department for Energy Security and Net Zero (2025) [International industrial energy prices](#)

⁵ UK Steel (2025) [Industrial electricity prices](#)

⁶ Department for Business and Trade (2024) [*Invest 2035: the UK's modern industrial strategy*](#). For further information about the Invest 2035 consultation, see the Technical Annex.

⁷ National Energy System Operator (2023) [*Connections reform: final recommendations report*](#)

⁸ National Energy System Operator (2024) [*Clean power 2030*](#)

⁹ CBI Economics (2025) [*The future is green: the economic opportunities brought by the UK's net zero economy*](#)

¹⁰ Department for Business and Trade (DBT) analysis of UNCTAD (2024) [*Merchandise trade matrix, annual and Services \(BPM6\): Exports and imports by service-category, trade partner, annual*](#). Analysis covers 2013-2023 (latest available years), mapped to industry sectors (excluding Defence and Clean Energy) using sector definitions from Department for Business and Trade (2025) [*Global trade outlook*](#), forthcoming publication. USD converted to GBP using year average exchange rates, drawn from Office for National Statistics (2025) [*Average Sterling exchange rate: US Dollar*](#). Aggregate growth was calculated keeping USD/GBP exchange rates constant.

¹¹ Department for Business and Trade (2025) [*Global trade outlook, forthcoming publication*](#).

-
- ¹² Department for Business and Trade (2025) [UK-India trade deal: conclusion summary](#)
- ¹³ Department for Business and Trade (2025) [UK-Japan strategic economic policy and trade dialogue – joint statement](#)
- ¹⁴ World Economic Forum (2023) [These are the world's leading science and technology hotspots](#)
- ¹⁵ Department for Energy Security and Net Zero (2024) [Government reignites industrial heartlands](#)
- ¹⁶ The Department for Energy Security and Net Zero (2024) [Government reignites industrial heartlands](#)
- ¹⁷ Department for Energy Security and Net Zero (2024) [Civil nuclear: roadmap to 2050](#)
- ¹⁸ Cogent Skills (2025) [Nuclear workforce assessment](#)
- ¹⁹ London Stock Exchange Group (2021) [London: open to the world](#); British Business Bank (2024) [UK now the third largest venture capital market in the world, with biggest increase in share of global investment](#); Department for Business and Trade (2025) [Overview of Greenfield foreign direct investment \(FDI\) 2003 to 2023](#)
- ²⁰ Dealroom (2025) [The State of Global VC](#).
- ²¹ Office for National Statistics (2022) [Ownership of UK quoted shares](#)
- ²² National Wealth Fund (2025) [Financing the Future, a statement of intent by the National Wealth Fund](#); British Business Bank (2025) [The Power of 10: 10](#)

[*Year Impact Report*](#); UK Export Finance (2023) [*UK Export Finance Annual Report and Accounts 2022 to 2023*](#); UK Export Finance (2024) [*UK Export Finance Annual Report and Accounts 2023 to 2024*](#).

²³ Based on analysis by the Department for Science, Innovation & Technology of International Monetary Fund (2024) [*World economic outlook*](#); Office for Budget Responsibility (2024) [*Economic and fiscal outlook. The baseline uses the OBR's GDP*](#) (2023) estimate with a 1.5% productivity estimate applied over a 10-year period. The difference represents the additional GDP impact attributable to AI adoption with an annual average £ figure provided. The analysis assumes a linear annual impact on productivity, which may oversimplify economic dynamics. AI-driven productivity gains may not lead to proportional increases in GDP or employment, particularly if labour displacement outpaces job creation.

²⁴ Global University Venturing (2023) [*University spinouts doubled fundraising in the last decade*](#); QS World University Rankings (2025) [*Top global universities*](#); World Population Review (2025) [*Nobel prizes by country*](#)

²⁵ Office for National Statistics (2024) [*Investment in intangible assets in the UK: 2022*](#)

²⁶ Department for Science, Innovation, and Technology (2024) [*Horizon Europe press release*](#)

-
- ²⁷ UK Research and Innovation (2025) [2025-26 budget allocations for UK research and innovation](#)
- ²⁸ Department for Business and Trade (2023) [UK innovation survey](#)
- ²⁹ UK Parliament (2024) [Why is scaling-up still so hard in the UK? Lords committee to investigate](#)
- ³⁰ Department for Business and Trade (2024) [Invest 2035: the UK's modern Industrial Strategy](#)
- ³¹ Department for Science, Innovation, and Technology (2023) [The impact of technology diffusions on growth and productivity.](#)
- ³² Department for Science, Innovation, and Technology (2023) [The wider economic impacts of emerging technologies in the UK.](#)
- ³³ Office for National Statistics (ONS) (2025) [Business insights and impact on the UK economy](#); [ONS \(2021\) Digital economy survey](#); International Federation of Robotics (2024) [Robot boom in the UK hits all-time high](#); Be the Business (2023) [Productive business index](#); Organisation of Economic Cooperation and Development (2024) *Share of businesses purchasing cloud services.*
- ³⁴ Department for Science, Innovation, and Technology (2024) [Business data use and productivity study](#) (wave 1).

³⁵ Department for Science, Innovation, and Technology (2024) [Data use and access bill NUAR impact assessment](#).

³⁶ Natural History Museum (2021) [Digitising the entire museum collection could contribute over £2bn to the global economy](#).

³⁷ Department for Science, Innovation, and Technology (2024) [The UK data driven market](#).

³⁸ Department for Science, Innovation, and Technology (2024) [Data \(use and access\) bill factsheet: growing the economy](#)

³⁹ Department for Education (2023) [Skills and UK productivity](#); Organisation of Economic Cooperation and Development (2021) [The role of innovation and human capital for the productivity of industries](#).

⁴⁰ Organisation of Economic Cooperation and Development (2023) [United Kingdom – overview of the education system – attainment](#) (2023); QS World University Rankings (2025) [Top global universities](#).

⁴¹ Organisation of Economic Cooperation and Development (2021) [The role of innovation and human capital for the productivity of industries](#); Institute for Fiscal Studies (2023) [Investment in training and skills](#).

⁴² Department for Education (2022) *Employer skills survey*.

⁴³ Organisation of Economic Cooperation and Development (2024) [*United Kingdom: overview of the education system*](#); Organisation of Economic Cooperation and Development (2022) [*Distribution of enrolled students, new entrants and graduates by field of education*](#).

⁴⁴

<https://www.gov.uk/government/publications/professionals-in-it-and-engineering-review/professionals-in-it-and-engineering-accessible> UCAS (2024)

'Undergraduate end of cycle data resource'; Higher Education Statistics Agency (2025) 'Higher Education Student Statistics: UK, 2023/24 - Qualifications achieved'

⁴⁵ Department for Work and Pensions (DWP) (2025) [*Universal credit statistics, 29 April 2013 to 10 April 2025*](#); DWP (2025) [*Get Britain Working White Paper*](#).

⁴⁶ HM Treasury (2025) [*New approach to ensure regulators and regulation support growth*](#)

⁴⁷ National Preparedness Commission (2024) [*Regulating for resilience*](#).

⁴⁸ Department for Business and Trade (2022) [*Business perceptions survey*](#).

⁴⁹ International Energy Agency (2024) *World energy outlook*; McKinsey (2021) [*Opportunities for UK businesses in the net-zero transition*](#).

⁵⁰ Boston Consulting Group (2024) [Reshaping British infrastructure: global lessons to improve project delivery](#); Department for Levelling Up, Housing, and Communities (2023) [Nationally significant infrastructure: action plan for reforms to the planning process](#).

⁵¹ HM Government (2024) [Plan for change: milestones for mission-led government](#).

⁵² Office for Budget Responsibility (2025) [Economic and fiscal outlook](#).

⁵³ Department for Levelling Up, Housing, and Communities (2025) [Planning and infrastructure bill: impact assessment](#)

⁵⁴ Department for Levelling Up, Housing, and Communities (2025) [Planning and infrastructure bill: impact assessment](#).

⁵⁵ Department for Levelling Up, Housing, and Communities (2024) [Digital planning programme: our year in review](#).

⁵⁶ KPMG (2024) [The economic impact of local bus services](#)

⁵⁷ HMG analysis of Organisation of Economic Cooperation and Development (2024) [Corporate tax statistics](#)

⁵⁸ HM Treasury (2024) [Corporate tax roadmap 2024](#)

⁵⁹ HM Revenue & Customs (HMRC) (2025) [*Tax update spring 2025: simplification, administration and reform summary*](#).

⁶⁰ Department for Business and Trade analysis of Office for National Statistics (2025) [*Annual Business Survey*](#). Based on 4-digit SIC code categories: 4920, 4941, 4950, 5020, 5040, 5121, 5210, 5221, 5222, 5223, 5224, 5229, 5310, 5320.

⁶¹ Oxford Economics (2025) [*Logistics: Delivering a solution to the UK's productivity puzzle*](#)

⁶² Oxford Economics (2025) [*Logistics: Delivering a solution to the UK's productivity puzzle*](#)

⁶³ National Highways (2023) [*Lower Thames Crossing 9.72 NTEM 8 and Common Analytical Scenarios*](#)

Annual HGV figure estimated from traffic modelling figures applying an annualisation factor

Supporting the UK's city regions and clusters

National economic growth will only come from increasing the productivity of places across the UK, many of which underperform relative to their international comparators. The IS-8 are active in every nation and region of the UK, but we cannot be place-blind: we must identify and accelerate the highest-potential opportunities in each, while tackling their specific investment barriers. This will not only strengthen the competitiveness of the IS-8 but also improve the overall resilience of the economy, with well-paid jobs, thriving businesses, and renewed local communities across the country.

- **City regions** are the engines of the modern economy. Urban centres are where businesses, skilled workers, Higher Education providers, and innovation networks connect; and where knowledge-intensive service sectors flourish. In turn, they generate job opportunities for people living in surrounding towns.¹ The opportunities and challenges of city regions differ across the country:
 - London is a magnet for global talent, one of the world's top two leading international financial

centres, and home to Europe's leading start-up ecosystem and some of the best universities in the world.² The Oxford-Cambridge Growth Corridor is anchored by two of the best universities in the world and contributes £40 billion to the economy a year.³ Our Industrial Strategy will support their strengths across the IS-8.

- City regions outside London have enormous potential. To realise this, we must tackle the issues which businesses have told us are constraining growth, including poor transport connections, skills shortages, and a lack of growth finance and commercially viable investment opportunities. This will be a core focus of our Industrial Strategy, with the objective of realising the productivity potential of city regions such as Belfast, Bristol, Cardiff, Edinburgh, Glasgow, Greater Manchester, Liverpool, the North East, South Yorkshire, the West Midlands, and West Yorkshire. Raising productivity in these city regions to national levels could add over £90 billion to the UK economy each year.⁴

- **Industrial clusters** support capital-intensive sectors, often with significant demands for land and

power. Clusters across the UK are critical for the competitiveness of the IS-8 and national economic resilience – from marine autonomy in Plymouth, to Aerospace in North Wales and Northern Ireland, and Clean Energy Industries in the Humber and the Highlands. But businesses have highlighted that many clusters are constrained by a lack of grid connections and investment-ready sites.

The Industrial Strategy is a UK-wide effort, and we will ensure it generates opportunities for the people and businesses of Scotland, Wales, and Northern Ireland. All three nations have a compelling offer for investors in the IS-8, but previous industrial strategies have not gone far enough to meet their specific growth needs.

The approach

We will:

- **Focus our efforts on the city regions and clusters where the IS-8 concentrate**, through:
 - Targeted, sector-specific investments. Each of our Sector Plans sets out the most important city regions and clusters for that sector, with

interventions to support them, from Health Innovation Zones to the £150 million Creative Places Growth Fund, Professional and Business Services Hubs, and support for Electric Vehicle manufacturing.

- A package of interventions on skills, innovation, sites, investment promotion, catalytic finance, and housing to help city regions and clusters attract private investment, building on our wider reforms to the business environment set out in Chapter 1.
- Partnership with devolved governments to ensure the Industrial Strategy benefits people and businesses in Scotland, Wales, and Northern Ireland, building on the strengths of each nation and unblocking the main barriers to growth. We will continue to respect devolved arrangements and coordinate with devolved governments' economic strategies, such as the Scottish Government's *Programme for Government*, the Welsh Government's *Economic Mission*, and the Northern Ireland Executive's *Programme for Government* and sectoral action plans. The Interministerial Group for Business and Industry, reintroduced in January 2025, provides a focal

point for engagement between economic ministers from each nation.

- Joint working with Mayors and local authorities on shared priorities, aligning our Industrial Strategy with 10-year Local Growth Plans.

- **Strengthen connections between and within city regions and clusters**, crowding in and combining interventions for maximum impact. In a competitive global environment, connectivity is a critical part of the UK's place-based offer and attractiveness to investors, creating the conditions and integration that drive innovation, expand access to talent, and strengthen supply chains.

- **Ensure that public investment in the nations and regions of the UK is given a fair hearing.**

Following the review of the Green Book, the framework for considering the costs, benefits, and trade-offs of government policy interventions, we will simplify guidance and introduce 'placed-based business cases' that assess multiple complementary projects – such as transport, housing, and commercial developments – in a single place.

The interventions

i) Bringing forward more investible sites

We will:

- **Launch a new Strategic Sites Accelerator with over £600 million** to enable the Government to deploy a range of interventions to bring sites to market faster, such as land remediation, anticipatory grid capacity, transport improvements, and fast-tracked planning approval. The first wave of sites will be announced within a year, with funding to start from 2026/27. It will be a UK-wide programme, and we will work with devolved governments, local leaders, and Mayors to implement it in England, Scotland, Wales and Northern Ireland.
- **Enhance our offer for Industrial Strategy Zones.** Freeports across the UK have attracted £6.4 billion of investment to date.⁵ We are committed to Freeports as well as Investment Zones but recognise that we must do more to make them a success. As set out in the Action Plan published alongside our Industrial Strategy and developed with the devolved governments, we will enhance all

our Industrial Strategy Zones with streamlined planning processes, better-targeted investment promotion, support for accessing concessionary finance, and coordinated support on skills. We are also working with the Northern Ireland Executive to establish an Enhanced Investment Zone in Northern Ireland to build on its sectoral strengths.

- **Establish new AI Growth Zones across the UK** to attract investment in AI infrastructure in strategic locations, with support for planning approvals, access to energy, and partnerships with the private sector. The Government will confirm locations in due course, and is committed to delivering AI Growth Zones in strategic locations across the UK.

BOX: PLYMOUTH'S DEFENCE CLUSTER

2.5. Plymouth and the surrounding area hosts a rich ecosystem of defence innovation and collaboration and has been named as the National Centre for Marine Autonomy. It is home to the University of Plymouth's Cyber-SHIP lab, a £3.2 million hardware-based research platform for maritime, information, and operational technology research that is focusing on the future of marine autonomy and cybersecurity;

Smart Sound, the UK's premier proving area for businesses to develop advanced marine technologies, with over 1000 square kilometres of highly monitored and deconflicted water; and Turnchapel Wharf, where a range of businesses continue to pioneer the development, assessment, and certification of new autonomous systems. Meanwhile, the Ministry of Defence is investing £4.4 billion in His Majesty's Naval Base Devonport over the next 10 years, highlighting the fundamental role Plymouth plays in the UK's defence and security, and Freeport status means that the area will continue to benefit from HMG support and incentives.

ii) Supporting city regions and clusters to attract private investment

We will:

- **Build national, regional, and local capability to attract and land investment.** City regions and clusters across the UK have significant opportunities for investors but in some cases their leadership teams lack the expertise, capacity, or financial

levers to identify and develop credible propositions of sufficient scale for investors. To address this, we have designed a series of investment partnerships, giving city regions and clusters the expertise and catalytic financing to secure private investment and to deliver Mayors' Local Growth Plans:

- o The **British Business Bank** will introduce a new Cluster Champions programme in 10 places. 'Champions' with deep expertise and local knowledge will coordinate investment-readiness programmes, strengthen financial networks, and connect high-potential firms in the IS-8 to investors in 10 city regions: Greater Manchester, West Yorkshire, the West Midlands, Liverpool City Region, South Yorkshire, North East, West of England, Glasgow City Region, Cardiff City Region, and Belfast City Region. This will be underpinned by a £100 million expansion of the BBB's Nations and Regions Investment Funds (NRIF), to provide additional targeted capital to back firms in these clusters. The BBB will also expand NRIF with £350 million to cover the South East and East of England for the first time, as well as investing in an Investor Pathway Capital programme to grow a more diverse pool of skilled

fund managers to raise larger funds and invest in the IS-8.

- o The **National Wealth Fund**, which already offers financing as well as commercial advice to local and city region authorities across the UK, is trialling Strategic Partnerships with Greater Manchester, West Yorkshire, West Midlands, and Glasgow to provide enhanced, hands-on support to help these city regions develop and secure long-term investment opportunities.
- o **The Office for Investment** will establish a new national investment partnership framework to help Mayoral Strategic Authorities and other places build their investment capacity and capability. It will also launch a new Strategic Investment Opportunities team, which will work with local leaders, devolved governments, and their investment agencies to help identify, shape and deliver strategic investment opportunities where there is scope for significant private capital and investor interest, with a particular focus on areas prioritised in the Infrastructure Strategy and Industrial Strategy.

- Reforms to the **Local Government Pension Scheme** in England and Wales (LGPS) will strengthen its existing focus on opportunities which support local and regional growth, such as Industrial Strategy Zones. Administering authorities, of the 86 funds which make up the LGPS and have around £400 billion in assets under management, will be required to consider local growth priorities in their investment strategies and to work with Mayors in England and Corporate Joint Committees in Wales to in support regional investment opportunities.
- **Great British Energy**, headquartered in Aberdeen, will work with Mayoral Strategic Authorities, local authorities, community energy groups, and devolved governments. This includes providing funding and support – from planning to strategic advice – to help increase the roll-out of renewable energy projects.
- **UK Export Finance** will expand its network of Export Finance Managers in city regions and clusters with strengths in the IS-8. These will support business development and provide free

and impartial advice to businesses on their export finance needs.

- o The new **National Housing Bank** will work with Mayors and local leaders to develop financial support to deliver local housing and regeneration priorities, complementing wider land and grant funding.

- **Build a stronger skills pipeline for local employers.** Skills England will support employer representative bodies and Mayors to develop Local Skills Improvement Plans that will support Local Growth Plans by identifying local skills needs and the steps required to address them. We are also creating Technical Excellence Colleges to specialise in training skilled workforces for local businesses. In addition, we will provide £200 million through the Skills Mission Fund for further education providers in England to invest in new facilities, equipment, technical qualifications, and collaboration with other training providers and employers. Our network of 634 Jobcentres across Great Britain and our new Jobs and Careers Service in England – with its pathfinder pilot in West Yorkshire – will also play a key role in developing a pipeline of workers for local employers in the IS-8.

- **Grow high-potential innovation ecosystems** through the Local Innovation Partnerships Fund, which will provide up to £500 million across the UK. Clusters are the places where the integration that drives innovation happens. Through this fund we will aim to generate £1 billion of co-investment and add £700 million to local economies in the Spending Review period, including through new jobs, products and services.⁶ Building on UK-wide public R&D investment, and Innovate UK's joint action plans with devolved governments and Mayoral Strategic Authorities (MSAs), this earmarks at least £30 million which will support the delivery of Local Growth Plans in each of England's seven Established MSAs: Greater Manchester, West Midlands, West Yorkshire, Liverpool City Region, South Yorkshire, the North East, Greater London, and, working with the devolved governments, a place in each of Scotland, Wales, and Northern Ireland. The scheme will also include a competition for clusters in all other parts of the UK to bid for support to grow their innovation ecosystems.
- **Establish a new local growth fund**, including a 10-year capital settlement from 2026-27 for specific mayoral city regions in the North and Midlands with

the highest productivity catch-up and agglomeration potential. In Scotland, Wales, and Northern Ireland, funding across this scheme and for communities will be at the same overall level in cash terms as under the UK Shared Prosperity Fund, in 2025-26. The UK Government will work in partnership with the devolved governments to implement this new programme.

- **Review the recommendations put forward by the New Towns Taskforce** in its report due in the coming months, which will consider the location of growth-driving sectors across England.
- **Relocate Civil Service roles** and 50% of UK-based senior civil servants to towns and cities across the UK to work with frontline workers and local leaders. As part of this, £244 million will be invested to complete the development of new government hubs. This includes the Darlington Economic Campus in Brunswick Street, the Manchester First Street Hub, and the York Central Hub. This investment will also help redevelop these areas and provide a boost to their regional economies.

iii) **Renewing our partnerships in Scotland, Wales, and Northern Ireland**

As part of our partnerships with the devolved governments:

- We will work closely with the Scottish and Welsh Governments on the new **Connections Accelerator Service** which will support demand projects secure connections, including prioritising those that guarantee high-quality jobs and bring the greatest economic value. The **Local Innovation Partnerships Fund** will earmark at least £30 million for a place in each nation, building on UK-wide public R&D investment and Innovate UK's joint action plans with devolved governments to grow high-potential innovation ecosystems. The competitive part of the fund set out above will also be open to areas in Scotland, Wales, and Northern Ireland.
- The **National Wealth Fund** will work with the Scottish National Investment Bank, the Development Bank of Wales, and the Northern Ireland Executive to identify and secure the right

financing for investment projects in Scotland, Wales, and Northern Ireland.

- British Business Bank **Cluster Champions** will be appointed to clusters in each nation to crowd-in private investment into high-potential projects specific to growth-driving places.
- **Skills England** will work with devolved governments to create a coherent and accessible skills system for the IS-8 across the UK.
- **Great British Energy** will invest across the UK, and GBE Local will work with local communities to empower people to generate their own energy, save money on their energy bills, and reinvest the savings where they are most needed.
- Further place-based interventions will drive growth in the nations, including the Strategic Sites Accelerator programme and our enhanced offer for Industrial Strategy Zones (Investment Zones and Freeports), alongside an Enhanced Investment Zone in Northern Ireland.
- **Sector Plans** have been shaped with devolved governments. Sectoral support includes:
 - **Defence Growth Deals** to be agreed in Scotland, Wales, and Northern Ireland to

leverage defence investment to grow regional industrial clusters.

- Sectoral funding programmes, which will be available to businesses in all three nations. These include the Life Sciences Innovative Manufacturing Fund and funds for Automotive and Aerospace. This would build on recent successes, including from the Automotive Transformation Fund to secure Vishay's £250 million investment in the compound semiconductor cluster in Newport; and from the Aerospace Technology Institute to secure ZeroAvia's new Hydrogen Centre of Excellence in the Advanced Manufacturing Innovation District Scotland (AMIDS).
- Cities and regions across the nations will have the appropriate levers to realise their economic potential. This can build on existing, well-established and collaborative governance structures, such as City and Growth Deals and Industrial Strategy Zones, which already bring governments together with leaders across local businesses, academia, and the third sector to drive regional economic growth.

STRENGTHS AND OPPORTUNITIES IN SCOTLAND

Scotland is at the heart of the UK's energy transition, where there is a once-in-a generation opportunity to build on world-class skills and industrial infrastructure in oil and gas to accelerate growth in the Clean Energy Industries of the future. We are supporting these industries with development funding to advance the Acorn Carbon Capture and Storage project, capitalising on expertise in the oil and gas sector around Aberdeen. A final investment decision will be taken later this Parliament, subject to project readiness and affordability.

Scotland is globally competitive in Defence and Advanced Manufacturing – where Glasgow builds everything from the City-class Type 26 frigate to precision-engineered small satellites – while Edinburgh has the largest Financial Services sector in the UK outside London.⁷ The capital is also a leading centre for the Creative Industries and home to the world's largest performing arts festival, while Dundee thrives as a global video games hub and rapidly growing life sciences cluster. Meanwhile, Scotland's elite universities are driving innovation across

quantum, Clean Energy Industries, Life Sciences and many other areas. Scotland has clusters of strength in Professional Business Services, which we will help grow through a new PBS skills hub in the Central Belt; and we will fund skills support through a new regional skills pilot in Clean Energy Industries in Aberdeen. Seizing opportunities across sectors will require addressing the challenges highlighted by businesses in Scotland, from tech adoption and innovation readiness to skills gaps, the need for greater support for business scale-ups, and significant grid connection waiting times and high electricity prices for Scottish energy projects.

STRENGTHS AND OPPORTUNITIES IN WALES

Wales is home to exceptionally strong Advanced Manufacturing clusters, from aeroplane wing production in the North to compound semiconductor design and manufacturing in the South, supported by the new Centre for Integrative Semiconductor Materials at Swansea University and UK Government investment in a new Centre for Doctoral Training, led by Swansea University.

The top five defence primes all have a presence in Wales designing and building cutting-edge products; the country hosts a number of globally competitive life sciences companies; it is a thriving centre for the creative industries; and it plays a key role in the UK's clean energy transition, with opportunities for investment in wind, hydrogen, and nuclear technologies. However, businesses have told us that they need more support to ensure that talent is retained, private capital is attracted on a greater scale, and connectivity is improved, which is why we are investing in Welsh innovation and infrastructure, including at least £445 million in Welsh rail enhancements (see below).

STRENGTHS AND OPPORTUNITIES IN NORTHERN IRELAND

Northern Ireland has strengths across the IS-8. Employment in its Advanced Manufacturing sector has grown more than four times faster than the UK average, contributing over 15% to local GVA.⁸ Its vibrant Life Sciences sector of over 250 businesses and research institutions exports globally to more than 140 countries, supported by world-leading research centres at Queen's University Belfast and Ulster

University.⁹ The Creative Industries are flourishing, with the Belfast City Region a global hub for film and television production. Its Defence sector is thriving, with Thales in Belfast awarded a £1.6 billion contract with UK Government backing to produce over 5,000 Lightweight Multirole Missiles for Ukraine and reinforce Northern Ireland's position in the global defence supply chain.¹⁰ Northern Ireland also benefits from access to the EU Single Market under the UK-EU Windsor Framework.

Underpinned by innovation and skills in software engineering, Belfast's cybersecurity cluster is a prime example of Northern Ireland's unique strengths. Northern Ireland is home to over 100 cybersecurity businesses, supporting around 2,750 jobs with an average salary of £53,300.¹¹ Central to this is the Cyber-AI Hub, a joint initiative between the UK Government and Queen's University, Belfast, which promotes collaboration between academia, the cybersecurity sector, and other industries, including Defence, Aerospace, and Financial Services. PhD and MSc courses provided by the Hub have created a pipeline of highly skilled workers to sustain the cluster's growth, as well as strengths across Northern

Ireland, in Derry/Londonderry, Omagh, Antrim, and beyond.

iv) Supporting Mayors and local authorities in England

Across England, MSAs are developing ambitious Local Growth Plans (LGPs), which will be published following the Spending Review. These plans will articulate a 10-year vision for growth, setting out their region's unique strengths, identifying shared priorities of national importance to be taken forwardly jointly with the UK Government, and showcasing the most attractive opportunities for private sector investment. They will dovetail with our Industrial Strategy Sector Plans – highlighting the connections between local and national initiatives to support the IS-8. We will back Mayors to implement their plans by giving them more powers over strategic planning, business support, skills, and transport, underpinned by flexible Integrated Settlements, where applicable, and other devolved funding. We will also:

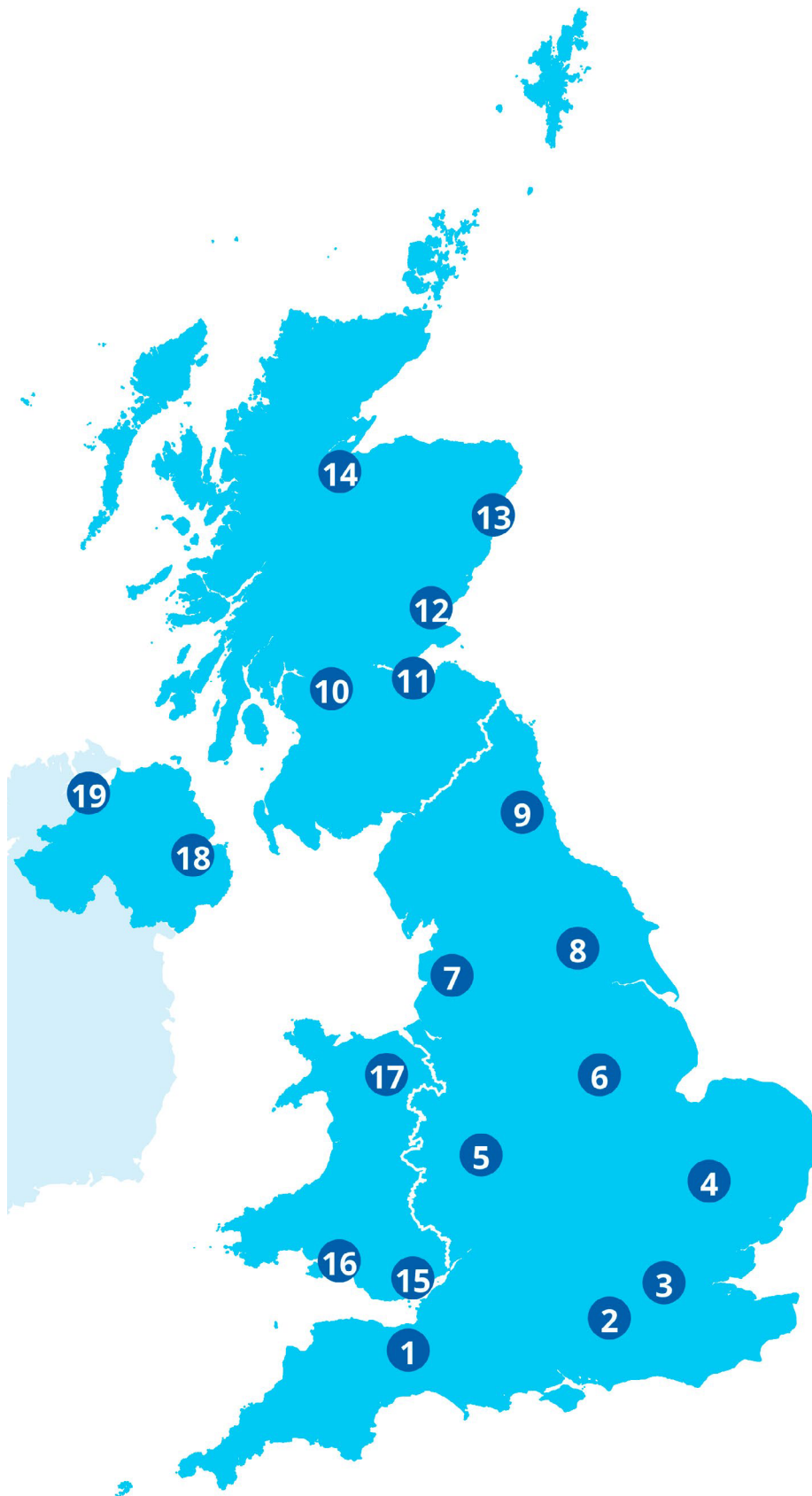
- **Make a new £500 million Mayoral Recyclable Growth Fund available** to Mayors in the North and

Midlands with an integrated settlement, allowing them to provide financial investments for growth projects. Working with local authorities, Mayors will be able to use this funding to break down access-to-finance barriers and create new opportunities for businesses to grow by providing patient capital for projects such as major city-centre developments and strategic industrial sites.

- **Invest in high streets**, recognising that a thriving everyday economy is the bedrock of local economies. Through new High Street and Growth Incubators, we will target funding at a selection of Established MSAs, via integrated settlements, to support high streets, trigger further private property investment, and support businesses to adapt and grow.

Local authorities across England have a critical role to play in supporting their areas' strengths in the IS-8. We will work with them to deliver the interventions set out in our Industrial Strategy, from maximising the potential of Industrial Strategy Zones to identifying, developing, and securing the right finance for investible projects in city centres and strategic industrial sites.

Unleashing the potential of our cities and regions



1 South West

- The West of England's £47bn economy is home to world-class R&D assets like Isambard AI and IAAPS.¹²
- Home to one of the UK's largest aerospace and defence clusters, with high-growth opportunities in Creative, Digital, and Clean Energy.
- Strengths include Clean Energy and manufacturing in **Somerset** - with Hinkley Point C, Gravity Smart Campus and Agratas, and - **Plymouth's** major Defence hub.

2 South East

- Oxford has world-renowned strengths in Digital and Technologies and Life Sciences, with a globally prestigious university, the UKAEA, and high concentrations of biotech unicorns and scale-ups.
- Strategically located, **Solent** hosts a Freeport, with strengths in Defence, Advanced Manufacturing and Clean Energy, as well as excellent research institutions.

3 Greater London

- London is a top two global Financial Services and Professional Business Services centre and leads Europe for VC investment, tech startup ecosystem and Life Sciences.^{13,14,15,16}
- The UK's gateway to investment, its world-class institutions include four of the world's top 100 universities.¹⁷

4 East of England

- Cambridgeshire & Peterborough, is a leading Life Sciences, Materials, Digital and Technology R&D supercluster.¹⁸
- It's home to Cambridge University, a new global innovation hub, fast-growing Peterborough and an expanding biomedical campus.

5 West Midlands

- The West Midlands connects investment sites across the region, strengthened by HS2.
- Strengths include Automotive, Batteries, Med-tech, high-value services, Creative Industries and a Smart Energy cluster.

6 East Midlands

- The East Midlands is a vital centre for Advanced Manufacturing, Clean Energy and Life Sciences, leading in fusion science and propulsion engineering, and home to Rolls-Royce. Its airport, Freeport and Investment Zone propel inward investment.
- With crucial strengths in Agritech, Defence, and Clean Energy, Greater Lincolnshire is a vital centre for global logistics and Advanced Manufacturing, specialising in Agri-Robotics, energy production, and data-led defence solutions.

7 North West

- Greater Manchester has strengths in Life Sciences, Creative, Cyber, AI and Tech, Financial Services, Professional Business Services, Clean Energy and Advanced Manufacturing, with national assets like UKBioBank, GCHQ, MediaCityUK, National Graphene Institute, Hydrogen Fuel Cell Centre, and NERIC.
- Liverpool City Region marries a globally connected port, with Freeport status, to major primes like JLR and Unilever, supported by a thriving innovation ecosystem and an £800m Life Sciences Investment Zone.¹⁹
- Cheshire and Lancashire boast interconnected clusters across Advanced Manufacturing, Defence, Clean Energy Industries and Life Sciences.

8 Yorkshire and the Humber

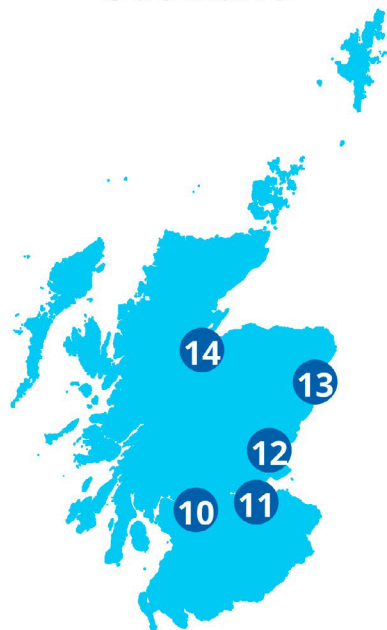
- With multiple critical research centres and global giants like Boeing and Rolls-Royce, South Yorkshire's Advanced Manufacturing Innovation District and Investment Zone offer investors flexible support, world-class manufacturing assets, and development sites.
- West Yorkshire is home to a rapidly growing "Northern Square Mile" – a major Financial and Professional Services hub; the Healthtech Investment Zone; and key Creative Industries assets including Channel 4 and Production Park.

- York & North Yorkshire hosts leading Agri-Tech innovation institutions and partnerships such as the UK Agri-Tech Centre, FERA Science, and BioYorkshire, alongside emerging investment opportunities across North Yorkshire.
- Hull and East Yorkshire, home to the Humber Freeport, is a key trade gateway with a rapidly growing research and innovation base, leading capabilities in Advanced Manufacturing and new energy production, with global names like Siemens Gamesa.

9 North East

- The North East's strengths include Offshore Wind and Advanced Manufacturing, the focus of its Investment Zone, Life Sciences and Process Industries, including P&G's Innovation Centre; and its Creative Cluster, including Crown Works Studios.
- Tees Valley is a major industrial heartland, with Clean Energy opportunities including NZT's development of Carbon Capture and Storage at scale and offshore wind manufacturing by SeAH; and home to the Creative and Digital £160m Investment Zone.

Scotland



10 Glasgow City Region

Glasgow City Region is a global force in Advanced Manufacturing. Home to the Advanced Manufacturing Innovation District and globally competitive universities, Glasgow has strengths across Defence, Space and Quantum.

11 Edinburgh City Region

Edinburgh City Region is a global financial centre. It is also a pioneer in AI, now home to the UK's largest supercomputer, the Forth Green Freeport, and the world's largest arts festival.²⁰

12 Dundee

Dundee produces more business spin-outs in Life Sciences than anywhere else in the UK. It is renowned for the creative genius behind some of the world's best known video games.²¹

13 Aberdeen City Region

Aberdeen City Region is a global energy capital. As the home of GB Energy, the city is driving clean growth, built on decades of expertise in leading energy sector change. Aberdeen boasts new investment in Hydrogen and CCUS, with its pioneering Energy Transition Zone repositioning the North East as a globally integrated energy cluster.

14 Highlands and Islands

The Highlands and Islands host unique opportunities in Clean Energy Industries. Cromarty Firth Greenport - as well as initiatives such as SaxaVord Spaceport - will bring new skilled jobs and opportunities to communities in the region.

Wales



15 South East Wales

South East Wales is growing rapidly and is supported by a new Investment Zone. It has strengths across Creative Industries, Life Sciences, Defence, Financial Services, and Digital and Technologies - particularly in compound semiconductors.

16 Mid and South West Wales

Mid and South West Wales has strengths in Life Sciences, Agri-Tech and Advanced Manufacturing, including Steel. It has large opportunities in Clean Energy, including Floating Offshore Wind in the Celtic Sea, supported by a Freeport.

17 North Wales

North Wales has strengths in Advanced Manufacturing, Defence, and Clean Energy supported by a new Investment Zone, a Freeport and AMRC Cymru.

Northern Ireland



18 Belfast City Region

The Belfast City Region is a thriving hub for Digital & Technologies, Advanced Manufacturing, Defence, Clean Energy, Life Sciences and Creative Industries. Innovation capabilities are being enhanced by world-class research at Queen's and Ulster universities, alongside City and Growth Deal Investments, such as in AMIC and CADRIC.

19 Derry/ Londonderry

Derry/ Londonderry's Life Sciences sector drives innovation and high-value jobs. The city attracts global firms and offers a skilled talent pool, strong digital infrastructure, and modern connectivity. Benefitting from unique dual market access, to both the UK internal market and the EU Single Market, Northern Ireland offers a compelling launchpad for global investors.

UNLEASHING THE POTENTIAL OF OUR CITIES AND REGIONS – DESCRIPTION OF INFOGRAPHIC SETTING OUT UK STRENGTHS

1. South West

- The West of England's £47 billion economy is home to world-class R&D assets like Isambard AI and IAAPS (endnote 12).
- Home to one of the UK's largest aerospace and defence clusters, with high-growth opportunities in Creative, Digital, and Clean Energy.
- Strengths include Clean Energy and manufacturing in Somerset – with Hinkley Point C, Gravity Smart Campus, and Agratas, and – Plymouth's major Defence Hub.

2. South East

- Oxford has world-renowned strengths in Digital and Technologies and Life Sciences, with a globally prestigious university, the UKAEA, and high concentrations of biotech unicorns and scale-ups.
- Strategically located, Solent hosts a Freeport, with strengths in Defence, Advanced

Manufacturing and Clean Energy, as well as excellent research institutions.

3. Greater London

- London is a top two global Financial Services and Professional Business Services centre and leads Europe for VC investment, tech startup ecosystem and Life Sciences (endnote 13, 14, 15, 16).
- The UK's gateway to investment, its world-class institutions include four of the world's top 100 universities (endnote 17).

4. East of England

- Cambridgeshire & Peterborough, is a leading Life Sciences, Materials, Digital and Technology R&D supercluster (endnote 18).
- It's home to Cambridge University, a new global innovation hub, fast-growing Peterborough and an expanding biomedical campus.

5. West Midlands

- The West Midlands connects investment sites across the region, strengthened by HS2.

- Strengths include Automotive, Batteries, Med-tech, high-value services, Creative Industries and a Smart Energy cluster.

6. East Midlands

- The East Midlands is a vital centre for Advanced Manufacturing, Clean Energy and Life Sciences, leading in fusion science and propulsion engineering, and home to Rolls Royce. Its airport, Freeport and Investment Zone propel inward investment.
- With crucial strengths in Agritech, Defence, and Clean Energy, Greater Lincolnshire is a vital centre for global logistics and Advanced Manufacturing, specialising in Agri-Robotics, energy production, and data-led defence solutions.

7. North West

- Greater Manchester has strengths in Life Sciences, Creative, Cyber, AI and Tech, Financial Services, Professional Business Services, Clean Energy and Advanced Manufacturing, with national assets like UKBioBank, GCHQ,

MediaCityUK, National Graphene Institute, Hydrogen Fuel Cell Centre, and NERIC.

- Liverpool City Region marries a globally connected port, with Freeport status, to major primes like JLR and Unilever, supported by a thriving innovation ecosystem and an £800m Life Sciences Investment Zone (endnote 19).
- Cheshire and Lancashire boast interconnected clusters across Advanced Smart Energy cluster. Manufacturing, Defence, Clean Energy Industries and Life Sciences.

8. Yorkshire and the Humber

- With multiple critical research centres and global giants like Boeing and Rolls-Royce, South Yorkshire's Advanced Manufacturing Innovation District and Investment Zone offer investors flexible support, world-class manufacturing assets, and sites.
- West Yorkshire is home to a rapidly growing “Northern Square Mile” – a major Financial and Professional Services hub; the Healthtech Investment Zone; and key Creative Industries assets including Channel 4 and Production Park.

- York & North Yorkshire hosts leading Agri-Tech innovation institutions and partnerships such as the UK Agri-Tech Centre, FERA Science, and BioYorkshire, alongside emerging investment opportunities across North Yorkshire.
- Hull and East Yorkshire, home to the Humber Freeport, is a key trade gateway with a rapidly growing research and innovation base, leading capabilities in Advanced Manufacturing and new energy production, with global names like Siemens Gamesa.

9. North East

- The North East's strengths include Offshore Wind and Advanced Manufacturing, the focus of its Investment Zone, Life Yorkshire and Sciences and Process Industries, including P&G's the Humber Innovation Centre; and its Creative Cluster, including Crown Works Studios.
- Tees Valley is a major industrial heartland, with Clean Energy opportunities including NZT's development of Carbon Capture and Storage at scale and offshore wind manufacturing by SeAH;

and home to the Creative and Digital £160m Investment Zone.

10. Glasgow City Region

- Glasgow City Region is a global force in Advanced Manufacturing. Home to the Advanced Manufacturing Innovation District and globally competitive universities, Glasgow has strengths across Defence, Space, and Quantum.

11. Edinburgh City Region.

- Edinburgh City Region is a global financial centre. It is also a pioneer in AI, now home to the UK's largest supercomputer, the Forth Green Freeport, and the world's largest arts festival (endnote 20).

12. Dundee

- Dundee produces more business spin-outs in Life Sciences than anywhere else in the UK. It is renowned for the creative genius behind some of the world's best known video games (endnote 21).

13. Aberdeen City Region

- Aberdeen City Region is a global energy capital. As the home of GB Energy, the city is driving clean growth, built on decades of expertise in leading energy sector change. Aberdeen boasts new investment in Hydrogen and CCUS, with its pioneering Energy Transition Zone repositioning the North East as a globally integrated energy cluster.

14. South East Wales

- South East Wales is growing rapidly and is supported by a new Investment Zone. It has strengths across Creative Industries, Life Sciences, Defence, Financial Services, and Digital and Technologies – particularly in compound semiconductors.

15. Mid and South West Wales

- Mid and South West Wales has strengths in Life Sciences, Agri-Tech and Advanced Manufacturing, including Steel. It has large opportunities in Clean Energy, including Floating Offshore Wind in the Celtic Sea, supported by a Freeport.

16. North Wales

- North Wales has strengths in Advanced Manufacturing, Defence and Clean Energy supported by a new Investment Zone, a Freeport & AMRC Cymru.

17. Belfast City Region

- The Belfast City Region is a thriving hub for Digital & Technologies, Advanced Manufacturing, Defence, Clean Energy, Life Sciences and Creative Industries. Innovation capabilities are being enhanced by world-class research at Queen's and Ulster universities, CADRIC.

18. Derry / Londonderry

- Derry/ Londonderry's Life Sciences sector drives innovation and high-value jobs. The city attracts global firms and offers a skilled talent pool, strong digital infrastructure, and modern connectivity. Benefitting from unique dual market access, to both the UK internal market and the EU Single Market, Northern Ireland offers a compelling launchpad for global investors.

v) Strengthening connections between and within city regions and clusters

We will connect and support a growth corridor across our Northern city regions, bringing together investments in transport with action to boost its strengths in the IS-8 and unlock transformative private investments. We will do this through the following ambitious interventions, and will set out further plans in due course:

- **Boosting connectivity within and between city regions** by:
 - **Improving rail connectivity across the North of England.** This starts by completing delivery of the TransPennine Route Upgrade, which will transform rail connectivity between Manchester and York. Government has provided £3.5 billion through this settlement from 2026/27 to 2029/30 to drive this forward. We recognise that this is not the final answer, and we will be providing funding to progress this government's long-term strategic rail ambitions in the North. The Government will set out plans to take forward its further ambitions on Northern Powerhouse Rail in the coming weeks.

- Transforming intra-city connectivity through **over £10 billion in Transport for City Regions funding** across six of the North's MSAs, supporting schemes such as West Yorkshire Mass Transit, Greater Manchester's Bee Network, and the extension of the existing Metro network in the North East – serving one of the largest Advanced Manufacturing zones in the UK.
- Improving and maintaining the North's road networks via the £24 billion of capital funding between 2026-27 and 2029-30 that has been allocated to National Highways and local authorities to maintain and improve motorways and local roads across the country. This includes creating a new Structures Fund that will repair major structures like bridges, flyovers and collapsed roads. We will set out further details in the third Road Investment Strategy, due in 2025-2026.20.
- **Boosting Northern city regions and clusters strengths in the IS-8.** The region is home to world-class universities, and a number of nationally significant clusters, including Financial Services in West Yorkshire, the 'supercluster' of Life Sciences

and Digital and Technology businesses in Liverpool, Manchester, and Cheshire, South Yorkshire's role as an industrial heartland for Defence and Advanced Manufacturing, and Clean Energy Industries across the Humber, Tees Valley and North East.²² We will support these through:

- At least £150 million from the Local Innovation Partnerships Fund across Greater Manchester, Liverpool City Region, South Yorkshire, North East, and West Yorkshire, along with new British Business Bank Cluster Champions for each.
- A share of £150 million from the new Creative Places Growth Fund to support Creative Industries in Greater Manchester, Liverpool City Region, the North East, and West Yorkshire. We will also support the One Creative North partnership of northern Mayors and creative leaders to collaborate on access to finance, skills, and innovation.
- New Professional and Business Services Hubs in Greater Manchester, Liverpool City Region, and West Yorkshire, and piloting Made Smarter for Professional and Business Services across the North of England.

- Exploring a pilot initiative in partnership with the North East Combined Authority for an Electric Vehicles manufacturing cluster, creating a blueprint for unlocking other clusters of excellence in other key growth areas across the UK.
- **Developing investible opportunities across the North.** The National Wealth Fund will deliver Strategic Partnerships with Greater Manchester and West Yorkshire to provide enhanced, hands-on support to help regions develop and secure long-term investment opportunities. The Office for Investment will – building on its previous work with Liverpool City Region and the North East – partner with the North’s Mayoral Strategic Authorities to help identify, shape and deliver strategic projects to ensure they are best placed to leverage private capital.

We will deepen our support for the Oxford to Cambridge Growth Corridor and its strengths in Digital and Technologies, Life Sciences, Defence, Advanced Manufacturing, and Clean Energy Industries, anchored by two of the best universities in the world.²³ Accounting for 7% of GDP and contributing £40 billion

to the economy a year,²⁴ we will unlock its potential by:

- **Taking forward major housing and infrastructure projects** to make it easier to live, work, and travel across the Corridor. This will include:
 - East-West Rail, a major new cross-country rail line cutting journey times significantly between Oxford and Cambridge. This will enable delivery of up to 100,000 new homes, create thousands of new jobs by expanding the commuting populations of economic centres across the corridor, and add £6.7 billion a year to regional GVA by 2050.²⁵ The first phase will launch later this year and enable direct rail travel between Oxford and Milton Keynes for the first time in nearly 60 years.
 - A new East Coast Mainline station at Tempsford, integrating the Corridor into one of the UK's busiest rail routes between London to Edinburgh.
 - Ensuring that water companies build new reservoirs in areas around Cambridge (the Fens) and Oxford (Abingdon) so that industrial and residential developments are not held back due to pressures on water availability.

- **Strengthening the region's science and technology credentials** through the UK's first AI Growth Zone in Culham, Oxfordshire, confirmed as the first site for our new flagship programme to facilitate AI infrastructure and unlock investment in AI-enabled data centres.
- **Exploring how to strengthen collaboration between the Oxford Cambridge Growth Corridor and other parts of the UK with complementary strengths.** This will build on recent government investment in the Cambridge x Manchester Innovation Partnership.
- **Addressing the shortage of high-quality research facilities driven by consistently high demand for R&D space.** We will fund the Cambridge Growth Company to invest in infrastructure to unlock housing and commercial development, enter into partnerships with the private sector, and work with local partners on infrastructure delivery, with more details to be set out shortly. The Oxford Growth Commission will also develop a long-term investment strategy.

We will also promote connectivity across cities, regions, and nations, including by:

- **Working with the Scottish Government to support the Edinburgh-Glasgow Central Belt.** Edinburgh and Glasgow's businesses and universities are well-connected by road and rail links connecting the east and west coast. Innovation is at the heart of the Central Belt's economy, with UK Quantum Hubs in both Edinburgh and Glasgow, the Advanced Manufacturing Innovation District Scotland, and Edinburgh's National Robotarium. In partnership with the Scottish Government, we will build on established City and Growth Deals and support sites designated as Industrial Strategy Zones. Our investment of up to £750 million in a new supercomputer at the University of Edinburgh – the largest in the UK – will also strengthen an already world-class Digital and Technology cluster.
- **Delivering HS2 and maximising its growth benefits.** HS2 will provide faster, more frequent, and more reliable rail services between London and Birmingham. We will work with businesses and local leaders so that development unlocks large-scale commercial sites along the route, including a new Life Sciences hub at Euston and a transformational project at Birmingham Curzon Street. Research suggests that HS2 could lead to 41,000 new homes

in the West Midlands and 22,000 new homes around the new station in Old Oak Common in West London, while training a skilled workforce for the wider rail and construction industries (with over 33,000 jobs and 1,700 apprenticeships currently supported).²⁶

- **Improving rail connectivity between city regions and clusters in Wales and England.** We will invest at least £445 million to enhance rail networks in Wales to drive Welsh growth and boost links between:
 - Wrexham and Merseyside, through an upgrade to the Padeswood sidings and the permanent closure of several level crossings on the North Wales Main Line. This will link two centres of excellence in Advanced Manufacturing, anchored by Airbus's Broughton factory, R&D facilities such as AMRC Cymru, and two Industrial Strategy Zones – and in turn connect North Wales and the corridor across our Northern English city regions.
 - South Wales and Bristol, through new stations between Cardiff and the Severn Tunnel. This will create further opportunities for the IS-8 clusters along the corridor, complementing wider government support, including for the Celtic

Freeport and Cardiff and Newport Investment Zone and a new Centre for Doctoral Training led by Swansea University focused on semiconductors.

¹ Centre for Cities (2025) [*The myth of “left behind”: Why a city-focused industrial strategy will not increase place-based discontent*](#)

² Z/Yen (2025) [*Global financial centres index 37*](#), Startup Genome (2024) [*The global startup ecosystem report 2024*](#) and QS World University Rankings (2025) [*Top global universities*](#)

³ Oxford-Cambridge Supercluster (2025) [*Unlocking the potential of the Ox-Cam supercluster*](#)

⁴ Department for Business and Trade analysis of Office for National Statistics (2024) [*Subregional productivity: labour productivity indices by city region*](#) and Office for National Statistics (2025) [*Regional Gross Value Added \(balanced\) by industry: city and enterprise regions*](#) Figure calculated in 2022 current prices for 2023 levels of productivity and GVA, by multiplying employment with the difference between UK average productivity levels and those in the outlined city regions.

⁵ UK Freeports (2024) [*Freeports backed in autumn budget*](#)

⁶ UKRI (2025) [*New fund will focus research investment on local priorities*](#)

⁷ City of London Corporation (2019) [*Financial services hubs around the UK*](#)

⁸ Invest Northern Ireland (2025) [*Advanced manufacturing and engineering*](#)

⁹ Invest Northern Ireland (2025) [*Life and health sciences*](#)

¹⁰ Ministry of Defence (2025) [*Historic £1.6bn deal provides thousands of air defence missiles for Ukraine and boosts UK jobs and growth*](#)

¹¹ Centre for Secure Information Technologies (2024) [*Northern Ireland cyber security snapshot*](#)

¹² Office for National Statistics (2025) [*Regional gross domestic product*](#)

¹³ Z/Yen (2025) [*Global Financial Centres Index 37*](#)

¹⁴ Dealroom.co (2025)

¹⁵ Startup Genome (2024) [*The Global Startup Ecosystem Report 2024*](#)

¹⁶ MedCity (2024) [*Life Sciences Global Cities Comparison 2024*](#)

¹⁷ Times Higher Education (2025) [*Best Universities in the UK 2025*](#)

¹⁸ Office for National Statistics (2025), [*Regional gross domestic product*](#)

¹⁹ Liverpool City Region Combined Authority (2024), [*Millions of pounds of funding unlocked as Liverpool City Region Investment Zone opens for business*](#)

-
- ²⁰ GOV.UK (2025) [Scotland to host UK's national supercomputer as Chancellor confirms £750 million investment](#)
- ²¹ Octopus Ventures (2023) [Gateways to Growth Entrepreneurial Impact Report 2023](#)
- ²² QS World University Rankings (2025) [Top global universities](#)
- ²³ QS World University Rankings (2025) [Top global universities](#)
- ²⁴ Oxford-Cambridge Supercluster (2025) [Unlocking the potential of the Ox-Cam supercluster](#)
- ²⁵ Department for Transport (DfT) (2018) [The case for East West Rail, western section phase 2](#); DfT (2024) [East West Rail to boost Oxford-Cambridge region by billions](#)
- ²⁶ Arcadis (2025) [HS2 Impact Study: Demonstrating the economic impacts secured by HS2](#) and DfT (2024) [HS2 6-monthly report to Parliament: December 2024](#)

Supporting our frontier industries

Our new economic approach is founded on supporting high-growth sectors across the UK's strengths in both manufacturing and services. For the first time, the whole of government is backing eight sectors which represent 32% of the economy: Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Sciences, and Professional and Business Services.¹

Strategies involve making choices. We have chosen to focus on these sectors because they are the best positioned to drive inclusive, sustainable, and resilient growth, thanks to their potential to create well-paid jobs across the UK, seize the opportunities of the net zero transition, and build superstar firms so the UK can project global influence and deter our adversaries.

We have ambitious 10-year plans to make the UK the best place to start and scale in these sectors, with homegrown champions to create a national renewal that benefits the whole country. We are delivering these plans through partnership between government,

industry, and workers, underpinned by productive private investment, targeted government investment, and an activist agenda to make it easier and quicker to do business.

But our Industrial Strategy is not eight separate plans: it is a long-term vision to benefit the whole economy, backing our sectoral strengths to be more than the sum of their parts. The increasingly blurred boundaries between sectors in the modern economy mean that faster growth in our frontier industries will have significant spillover benefits for other sectors. The Financial Services sector, for instance, is the heart of business investment and stability; Professional and Business Services firms play a critical role in helping businesses of all kinds to become more productive and resilient.

Most importantly, by making our growth-driving sectors more competitive, we will create prosperity not just for the people who work in them, but for families across the UK – including through the benefits of a stronger ‘real economy’ supported by the Financial Services sector, secure homegrown clean energy provided by the Clean Energy Industries, and rapid

access to the most effective new medical technologies developed by Life Sciences businesses.

To achieve this will take all our agility, vision, and industrial policy levers: we must create the conditions for private investment in high-risk, high-reward technologies and drive innovation pull-through, especially from the Defence sector. We must do more to help businesses navigate an uncertain and changing world, and become more confident technology adopters as AI and future innovations transform the way we work and live. And we must remain alive to the risks to growth posed by climate change and nature degradation, exploring how circular practices like re-use and recycling can boost resilient supply chains and reduce the environmental impact of resource extraction, with more detail to follow in our Circular Economy Strategy due to be published in autumn 2025.

The Industrial Strategy's Growth Driving Sectors and the Frontier Industries within them



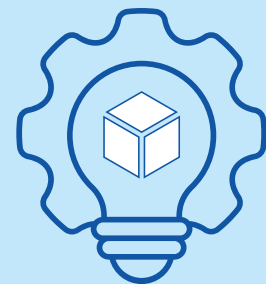
Advanced Manufacturing

- Aerospace
- Advanced Materials
- Agri-tech
- Automotive
- Batteries
- Space



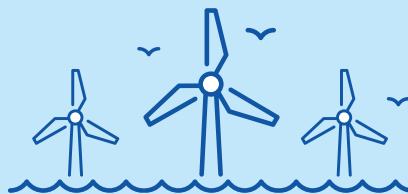
Creative Industries

- Advertising and Marketing
- Film and TV
- Video Games
- Music, Performing and Visual Arts



Clean Energy Industries

- Wind (Onshore, Offshore and Floating Offshore)
- Fusion Energy
- Nuclear Fission
- Hydrogen
- Carbon Capture Usage and Storage (CCUS), including Greenhouse Gas removals
- Heat Pumps



Digital and Technologies

- Artificial intelligence
- Engineering Biology
- Advanced Connectivity Technologies
- Quantum Technologies
- Semiconductors
- Cyber Security



Financial Services

- FinTech
- Insurance and Reinsurance Markets
- Sustainable Finance
- Capital Markets
- Asset Management and Wholesale Service



Defence

- Drones and Autonomous Systems
- Combat Air
- Directed energy weapons
- Complex weapons
- Maritime capabilities



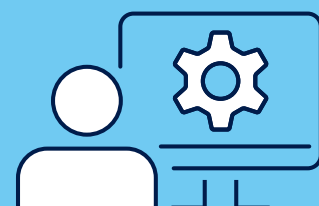
Life Sciences

- Pharmaceuticals
- Medical Technologies (MedTech)



Professional and Business Services

- Accountancy, Audit, and Tax
- Management Consultancy
- Legal Services



THE INDUSTRIAL STRATEGY'S GROWTH DRIVING SECTORS AND THE FRONTIER INDUSTRIES WITHIN THEM – DESCRIPTION OF INFOGRAPHIC SETTING OUT UK STRENGTHS

Advanced Manufacturing

- Aerospace
- Advanced Materials
- Agri-tech
- Automotive
- Batteries
- Space

Creative Industries

- Advertising and Marketing
- Film and TV
- Video Games
- Music, Performing and Visual Arts

Clean Energy Industries

- Wind (Onshore, Offshore and Floating Offshore)
- Fusion Energy
- Nuclear Fission
- Hydrogen

- Carbon Capture Usage and Storage (CCUS), including Greenhouse Gas removals
- Heat Pumps

Digital and Technologies

- Artificial intelligence
- Engineering Biology
- Advanced Connectivity Technologies
- Quantum Technologies
- Semiconductors
- Cyber Security

Financial Services

- FinTech
- Insurance and Reinsurance Markets
- Sustainable Finance
- Capital Markets
- Asset Management and Wholesale Service

Defence

- Drones and Autonomous Systems
- Combat Air
- Directed energy weapons
- Complex weapons
- Maritime capabilities

Life Sciences

- Pharmaceuticals
- Medical Technologies (MedTech)

Professional and Business Services

- Accountancy, Audit, and Tax
- Management Consultancy
- Legal Services

Advanced Manufacturing

The ingenuity of the UK's Advanced Manufacturing sector puts it at the centre of the great challenges of this century. Decarbonisation, the AI revolution, and increasing global focus on economic resilience are creating unprecedented commercial opportunities for companies at the frontiers as well as those who are fastest to commercialise the latest innovations. The UK is well-positioned to capitalise on this moment, with world-leading primes, innovative smaller businesses, a vibrant research ecosystem, collaboration between academia and industry, and expertise in a range of fields from precision engineering and 3-D printing to lightweight materials.

But the sector is also particularly exposed in an era of escalating security threats, protectionism, technological rivalry, and energy volatility. Only through partnership between government and industry will we insulate the sector from these global headwinds and attract the transformative investment needed to automate, build resilience and develop cutting-edge skills.

By 2035 the UK will be the best place in the world to start, grow, and invest in Advanced Manufacturing. **Our ambition by 2035 is to have nearly doubled annual business investment in the sector from £21 billion to £39 billion**, driving growth across the economy.

The approach

We will:

- **Reform the business environment** so that the Advanced Manufacturing sector has the long-term certainty, stability and ease of doing business to:
 - **Build resilience**, with reduced industrial electricity costs and strengthened supply chains.
 - **Scale up innovation and automation**, with increased deployment of state-of-the-art

technologies, such as industrial robotics, AI, digital twins, and Internet of Things.

- **Develop a dynamic and digitally literate workforce**, with a new generation of tech adopters.
- **Prioritise frontier manufacturing industries with the greatest growth potential:**
 - **Automotive**, with our record of innovation in propulsion, energy systems, and driverless technologies giving the UK a competitive edge in the transition to Zero Emission Vehicles (ZEV) and Connected and Autonomous Mobility (CAM).²
 - **Batteries** – with our thriving research base and start-up ecosystem continuously pioneering new technologies as global demand for sustainable and secure power sources ramps up.³
 - **Aerospace** – with our expertise in jet engines, wings, and advanced systems for large commercial aircraft putting the sector in a strong position to capitalise on demand as the next generation of planes is developed.⁴
 - **Space** – with our leadership as a spacefaring nation and our international partnerships helping the UK secure advantages in areas critical to defence and growth.

- **Advanced Materials** – with the 2,700 active companies in the UK poised to seize opportunities created by growing demand from other sectors, from Clean Energy Industries to Digital and Technologies.⁵
- **Agri-Tech** – with our strengths in precision technologies tapping into the market for solutions to boost productivity, build climate resilience, and reduce emissions in the agriculture sector.⁶
- **Support Advanced Manufacturing clusters across the UK**, with 84% of jobs located outside London and the South East, and strong concentrations of businesses in Glasgow and Edinburgh; the North East; Belfast; Yorkshire; the North West; Wrexham and Flintshire; East Midlands; West Midlands; South West; and the Oxford to Cambridge Corridor.⁷
- **Partner with industry to implement the Plan**, including through matching funding commitments and joint industry-government groups such as the Automotive Council, UK Battery Strategy Taskforce, and Space Industry Advisory Group.

The interventions

We will:

- **Reduce electricity costs for energy-intensive manufacturers** by increasing discounts through the British Industry Supercharger and creating a new British Industrial Competitiveness Scheme for specific manufacturing industries.
- **Strengthen supply chains** by supporting foundational industries vital to the competitiveness of Advanced Manufacturing businesses, including through a Steel Strategy in summer 2025 and an enhancement of the Critical Minerals Intelligence Centre to improve its horizon scanning capabilities.
- **Drive innovation and commercialisation** in our frontier industries by committing up to £4.3 billion in funding for the Advanced Manufacturing sector, including up to £2.8 billion in R&D funding programmes over the next 5 years.
- **Accelerate the uptake of robotics and ‘lean processes’** through an expansion of our Made Smarter Adoption programme for SMEs and initial funding of £40 million for a new network for Robotics Adoption Hubs across the UK.
- **Build the sector’s skills base** through wider reforms to the skills system in England (see Section 1) and by launching a new Upskilling and Reskilling

Programme specific to Advanced Manufacturing businesses, which will address the need for short courses for the workforce.

- **Make targeted regulatory changes** to boost growth in frontier industries, including by bringing the Automated Vehicles Act fully into force and creating a clear route to market for new pioneering vehicles, including delivery robots.
- **Support clusters by:**
 - Collaborating with Mayoral Strategic Authorities and local authorities to support electric vehicle manufacturing, including exploring pilot initiatives in the North East and West Midlands to create a blueprint for developing clusters of excellence across the UK.
 - Backing our network of Industrial Strategy Zones (Investment Zones and Freeports) with over £160 million in funding over 10 years to stimulate growth, including Glasgow, Greater Manchester, the North East, South Yorkshire, West Midlands, East Midlands, and Wrexham & Flintshire.

Clean Energy Industries

Delivery of our Clean Energy Superpower Mission will create significant investment and job creation opportunities across the country. We are a coastal nation, a scientific and innovation superpower, with strengths in high-value manufacturing and a skilled energy workforce to match. With our world-leading renewable energy deployment, and deep capital markets, Britain is the natural destination for the manufacturing and deployment investment that will have significant spillover benefits for innovation, services, and skills across the country, leveraging the clean energy transition to drive economy growth. Clean Energy investors are clear that they want to grow in the UK and to invest billions here, but they cannot do this on their own. They need certainty, stability, and a partner to take the first step with them in developing new technologies and supply chains. Our Clean Energy Industries Sector Plan provides this, with clarity of mission, catalytic public investment, action to break down barriers, and support for the skilled workforce needed.

By 2035 our ambition is for the UK to have at least doubled investment in our frontier Clean Energy Industries to £30 billion per year, creating hundreds of thousands of good jobs at good wages across the country, supported by strong trade union recognition. The clean energy transition will be built with British industry, and we will become a world-leading exporter of low-carbon products, services, and innovation. Through partnership between industry, unions, and the Government, we are setting a long-term, ambitious vision, with significant commitments and effective prioritisation on where we collectively focus our efforts.

The approach

3.15. To deliver this ambition we will:

- **Reform the business environment** to build resilience, harness innovation, and reduce the cost of clean energy investment into our clean energy supply chains.
- **Double down on frontier clean energy industries with the greatest growth potential:**
 - **Wind (Onshore, Offshore and Floating Offshore)** – with onshore wind unlocked in

England, the second highest offshore deployment in the world, first and largest grid-connected floating offshore wind farm and, as set out in the industry-led Offshore Wind Industrial Growth Plan, the UK has a comparative advantage across the production and testing of advanced turbine technologies.⁸

- **Nuclear Fission** – with a thriving supply chain developing around Sizewell C, a route to market for Advanced Modular Reactors, and ambition to roll out a fleet of Small Modular Reactors, we are putting the UK in a strong position to design and develop the next generation of nuclear tech.
- **Fusion Energy** – with advanced research and talent, nurtured by the world's largest fusion organisation, the UK Atomic Energy Authority, putting the UK on a path to creating a commercialised fusion reactor by 2040.
- **Carbon Capture Usage and Storage (CCUS), including Greenhouse Gas removals** – with the UK's significant CO₂ storage potential, wealth of transferable skills from the oil and gas industry, and robust regulatory and project support creating the conditions for the UK to become the CO₂

storage hub of Europe and support foundational industries.⁹

- **Hydrogen** – with our early mover advantage in critical elements such as electrolyzers and engineering services set to create a thriving hydrogen economy in the UK.
- **Heat Pumps** – with potentially one of the largest domestic markets in Europe, a skilled domestic heating workforce, and an undersupply in the global market relative to projected demand creating significant opportunities for the UK's manufacturing base to expand and export to the world.¹⁰
- **Support electricity networks as a foundational enabler to growth**, building on thriving domestic supply chains to create jobs and capture domestic and global opportunities through our ambitious deployment plans, reforming the connections process and ensuring the sector benefits from public finance institutional support.
- **Utilise the skills of our existing energy workforce** and give a new lease of life to industrial and coastal communities, benefiting every nation and region of the UK.

- **Deliver joint commitments from both government and industry as partners** and work hand-in-hand with trade unions to create high-quality jobs.

The interventions

3.16. To incentivise investment and ensure the net zero transition works for people across the UK, we will:

- **Provide a clear mission to drive investment certainty**, with long-term deployment plans for key technologies and updates to regulations to support growth.
- **Deliver targeted and catalytic funding to support jobs, innovation and growth**, including through:
 - A new £1 billion Clean Energy Supply Chain Fund under Great British Energy, including £300 million to invest in offshore wind supply chains.
 - Our £544 million Clean Industry Bonus for offshore wind developers.
 - £14.2 billion of funding for Sizewell C in this Spending Review period and over £2.5 billion for Small Modular Reactors.

- £2.5 billion of investment in fusion over the next five years.
- £9.4 billion in capital budgets to support the development of CCUS projects up to 2030.
- We have confirmed £13.2 billion of funding for the Warm Homes Plan, and we are launching a further round of the Heat Pump Investment Accelerator Competition, providing grants to manufacturers to invest in new capacity.
- **Break down barriers to investment.** We are removing blockers in the planning system via the Planning and Infrastructure Bill and National Policy Statements. We will ensure delivery of key infrastructure, particularly grids, ports, rail and road.
- **Ensure we have the skilled workforce we need, creating good quality jobs and placing them at the heart of the clean energy future.** The upcoming Clean Energy Workforce Strategy will ensure that jobs are not only abundant, but also of high quality, focusing on fair pay, favourable terms, and good working conditions.
- **Collaborate internationally to diversify supply chains**, with UK Export Finance aiming to support £10 billion of clean growth finance between 2024

and 2029, and through our actions on the world stage, including as the driving force behind a new Global Clean Power Alliance.

- **Back our network of Investment Zones** with £160 million in funding over 10 years to stimulate growth in key Clean Energy clusters, including in North East Scotland, North East England, South Yorkshire and the East Midlands and West Midlands.

Creative Industries

The UK's cultural and creative excellence, recognised across the world, is a major driver of economic growth. Over the last decade the sector has increased its output 1.5 times the rate of the rest of the economy. We export more books than any other country, are the second largest art market in the world, and have the largest video games industry in Europe.¹¹ Our advertising companies sell their services across the world, and many of the most-watched streaming shows were made in the UK in our world-famous studios. In an era of unprecedented global demand for content, the UK has an unparalleled advantage, built on strong foundations: the creative engine of the BBC and our public service media, a deep well of creative talent, thriving innovation, and a stable regulatory environment.

Technologies like Extended Reality (XR) and powerful new data analytics are already transforming the sector. Constant innovation will be needed for the UK to stay ahead of the game, but despite its higher R&D intensity than other services, its high proportion of SMEs struggle to access growth finance, raise capital

to invest in technology, and establish links with universities.¹² Despite our well-earned reputation for talent, skills shortages persist, limiting growth. And the advent of AI brings opportunities, but we must also ensure we value, protect, and empower content creators.

By focusing on these issues, **our ambition is to significantly increase business investment by the Creative Industries from £17 billion to £31 billion** by 2035 to enhance the UK's position as a global creative superpower and the number one destination worldwide for investment in creativity and innovation.

The approach

We will:

- **Transform the business environment to:**
 - **Accelerate innovation** by significantly increasing public and private investment in R&D, driving the disruptive potential of Createch, and ensuring that the value of creative intellectual property is recognised.

- **Improve access to finance** for creative start-ups and scale-ups, addressing investors' risk aversion and ensuring growth capital is available.
- **Grow the long-term skills pipeline**, responding to the sector's needs and supporting a productive, resilient, and diverse workforce, recognising the role of creative freelancers.
- **Increase trade and exports** so that the UK's creative content reaches more markets and audiences and continues to attract inward investment.
- **Prioritise frontier industries** with the greatest growth potential:
 - **Advertising and Marketing** – with our creative excellence and track record of harnessing technology creating a significant comparative advantage for the UK.
 - **Film and TV** – with our world-famous studio infrastructure and huge global demand for our content transforming the UK into the second largest exporter of unscripted TV programmes and ensuring that our films command over 20% of the global box office.¹³
 - **Music, Performing and Visual Arts** – with our artists, theatres, festivals, and grass-roots venues

bringing millions of domestic and international tourists to towns and cities across the UK, and our position as the second largest global music exporter creating significant opportunities.¹⁴

- **Video Games** – with the UK’s fusion of digital and creative skills positioning us as a world-leader in video game production.¹⁵

- **Support the growth of creative clusters across the UK**, from video games expertise in Dundee to cutting-edge Createch in the West Midlands and game-changing plans for film production in the North East.
- **Partner with creative leaders, companies, Mayors, trade associations, universities and colleges** to implement this Plan, from delivering major projects such as Universal’s multi-billion pound theme park investment to working together with industry to nurture the pipeline of future creative talent. We will also continue to work with the Creative Industries Council to build on the Plan.

The interventions

We will:

- **Boost innovation and commercialisation** by significantly increasing UK Research and Innovation's support for creative businesses, including £100 million over the Spending Review for the next wave of creative clusters and a £25 million Creative Futures programme, creating five new CoSTAR R&D labs across the UK.
- **Ensure a copyright regime that values and protects human creativity**, can be trusted, and unlocks new opportunities for innovation across the creative sector and the wider economy. The Government wants to support rightsholders in licensing their work in the digital age while allowing AI developers to benefit from access to creative material in the UK. We are analysing responses to the consultation on delivering a copyright and AI framework, looking at all options. The Government recognises the need for this to be done properly and carefully, in a considered, measured, and reasoned way, to develop any future proposals. We will set out a detailed economic impact assessment on all

options under consideration and a report on the use of copyright material for AI training, transparency, and technical standards. This analysis will inform the Government's position, alongside a series of expert working groups to bring together people from both the AI and creative sectors on the issues of transparency, licensing, and other technical standards to chart a way forward.

- **Establish** a Creative Content Exchange (CCE) to be a trusted marketplace for selling, buying, licensing, and enabling permitted access to digitised cultural and creative assets. This new marketplace will open up new revenue streams and allow content owners to commercialise and financialise their assets while providing data users with ease of access. In this way, the CCE will help fuel the next wave of creative innovation while facilitating the development of high-value AI models. Discovery and testing of appropriate models and technologies with early adopter content-owners will be supported by UKRI's R&D Missions Accelerator Programme.
- **Boost creative education** by launching a refreshed UK-wide £9 million creative careers service and co-funding the expansion of the National Film and Television School, with £11 million from private

investors including Walt Disney Company, the Dana and Albert R. Broccoli Foundation and Sky.

Following through our Curriculum and Assessment Review we will deliver a curriculum in England that readies young people for life and work, including in creative subjects and skills..

- **Explore with the EU and member states how best to improve arrangements for touring artists across Europe**, building on the May 2025 UK-EU Summit, which recognised the value of cultural and artistic exchange.
- **Increase the number of creative trade missions and markets accessed**, with more funding to boost exports across major markets in the EU and the United States and fast-growing markets such as the Gulf and Asia-Pacific
- **Provide targeted support for our frontier industries**, with £75 million for film and TV, £30 million for video games, and up to £30 million for music over the next three years, to develop and showcase new content, back British talent, and boost exports and inward investment.

Support creative clusters through: A new Creative Places Growth Fund devolving £150 million over three

years to six Mayoral Strategic Authorities, alongside support for the Tees Valley Creative Investment Zone, which will receive over £160 million in funding over 10 years.

Defence

The Defence industry is the cornerstone of the UK's national security, which underpins economic growth. Our defence businesses are global leaders in their fields, with strengths in defence capabilities spread across the country - from shipbuilding in Scotland, missile manufacturing in Northern Ireland, and cyber capabilities in Wales, through to combat aircraft manufacturing and submarine building in the North West of England.

The Government's commitment to increase investment in defence to 2.6% of GDP in 2027, with an ambition to rise to 3% in the next Parliament, will protect the UK from increasing external threats and create a generational opportunity for the Defence sector. MoD spending with industry supports over 244,000 jobs across the UK, with nearly 70% of defence jobs outside London and the South East.¹⁶

The Strategic Defence Review vision is for, by 2035, the UK to be a "leading tech-enabled defence power, with an Integrated Force that deters, fights, and wins through constant innovation at wartime pace". To do this, the Government's **ambition is to unlock that**

potential and transform the UK into a defence industrial superpower, delivering world-leading UK capability and forging a new partnership with industry, workers, and our Armed Forces. The forthcoming Defence Sector Plan (Defence Industrial Strategy) will outline how we will reform, grow, and innovate to build our defence industrial base, helping to scale small and mid-tier companies and create industrial leaders.

The approach

To achieve this ambition we will:

- **Reform the business environment to:**
 - **Back UK-based businesses**, with a particular focus on SMEs and non-traditional suppliers and building a dynamic and competitive UK defence marketplace.
 - **Improve defence procurement and acquisition**, increasing speed and value for money, and providing the demand signals to unlock private investment.
 - **Make the UK a defence innovation leader**, increasing our support for novel technologies and innovation, and catalysing wider adoption in civil sectors.

- **Put exports and international capability partnerships at the heart of our approach**, with a new Office for defence exports supporting businesses.
- **Support resilient and secure growth**, ensuring the UK's defence industrial base is protected from threats and a source of growth for the rest of the economy.
- **Prioritise frontier industries critical to security and growth.** Further detail will be set out in the Defence Industrial Strategy shortly, and will include those sub-sectors which are vital for our national security, enablers with civil and military applications covered in other sectors (Advanced Connectivity Technologies, AI, Cyber, Engineering Biology, Quantum Technologies, Semiconductors, Space), as well as frontier industries, including:
 - **Drones and Autonomous Systems** - with our strengths in robotics, drones, autonomy, and human-machine teaming.
 - **Combat air** – with aerospace making up more than half of UK defence export orders over the five years from 2019 to 2023, evidence of our global advantage and capability in areas such as sub systems.¹⁷

- **Complex weapons** – with our landmark £4 billion air defence export deal with Poland demonstrating our comparative advantage in a growing global market.
- **Maritime Capabilities** – with our success in exporting ship designs such as the Arrowhead 140 and Type 26 Frigates, and a growing market for next-generation autonomous maritime systems.
- **Directed energy weapons** – currently a small sector but with significant growth opportunities in R&D and leading UK capabilities such as DragonFire, a laser directed-energy weapon demonstrator developed for the MoD.¹⁸
- **Launch new Defence Growth Deals across the UK to support localised ecosystems in the places with the highest growth potential in defence-related industries** aligned to our national security priorities. We will work with local and devolved governments to launch Defence Growth Deals in England, Scotland, Wales and Northern Ireland.
- **Deepen collaboration with the sector**, including through the new Defence Industrial Joint Council, which has been launched with a more diverse

membership, including scale-up companies and trade unions.

The interventions

To progress these opportunities, we will:

- **Accelerate the adoption of novel and dual-use technologies by:**
 - Spending at least 10% of the Ministry of Defence's equipment budget on acquiring novel technologies, such as drones and AI enabled technology, pulling cutting-edge technology over the 'valley of death' from prototype to production and aligning this with the Government's ambitions for innovation and technology in other sectors.
 - Launching UK Defence Innovation to identify, develop and procure cutting-edge technologies, backed by a £400 million budget, to fast-track innovative technology to the frontline while supporting the UK tech sector.
 - Launching an alliance with the High Value Manufacturing Catapult to leverage its world-leading research and development capabilities.
- **Back UK-based business by:**

- Increasing MODs spending with SMEs by £2.5 billion by May 2028, a 50% increase against a financial year 2023/24 baseline, ensuring that they receive at least £7.5 billion of MOD's total budget in Financial Year 2027 / 2028.¹⁹ Deploying our SME Support Centre to boost opportunities for non-traditional suppliers
- Defence operational developments being eligible for fast-track planning where they are considered nationally important Crown Developments, when being delivered by or on behalf of a Crown Body.
- **Reform procurement from top to bottom by:**
 - Engaging industry early in procurement processes on desired outcomes.
 - Ensuring that suppliers are rewarded for productivity and for taking risks.
 - Reducing the burden on potential suppliers from startups to primes.
- Implementing a new, segmented approach to procurement: contracting Major modular platforms within two years; Pace-setting spiral and modular upgrades within a year; and Rapid commercial exploitation within three months.
- **Increase defence exports by:**

- Creating a new Office for Defence Exports, reporting to the National Armaments Director, which will revitalise government's support to help UK exporters compete and win in a growing global market, including by developing a Government-to-Government framework with industry.
- Actively build exportability into our procurement processes, including by requiring major procurements to include an assessment of export potential.
- **Working with industry to deliver a defence skills package**, including new Defence Technical Colleges and funding for courses for defence-related skills.

Digital and Technologies

The fastest-growing areas of the economy of the future will be those driven by technology, with approximately half of the projected GDP growth in the coming years being attributed to the adoption of emerging technologies.²⁰ The list of most valuable global businesses is already dominated by technology firms, with 9 in the top 15.²¹ The sector's advances are revolutionising industries across the economy, redefining how we live and work and spurring intense global competition to capture the benefits. Technology will be key to our economic security and resilience, keeping citizens and businesses safe and underpinning innovation in defence and security.

The UK has a rich history of scientific breakthroughs and technological innovation to build on. Our leading universities, world-class research base, £1 trillion technology ecosystem, and pioneering businesses put us in a strong position for future success.²² But to achieve this we need more of our start-ups to turn into scale-ups and then global superstars, a journey which too few companies are taking in the UK. And we need to nurture more deep tech firms engaging in capital-

intensive, high-risk, high-reward activities which have the potential to develop critical capabilities for the UK but face barriers accessing support from the market.

The Government's vision is for the UK to be, **by 2035, one of the top three places in the world to create, invest in and scale-up a fast-growing technology business.** We will aim to secure the UK's first trillion-dollar technology business.

The approach

We will:

- **Reform the business environment** so that the Digital and Technologies sector can:
 - **Invest in R&D**, the foundation of growth, supported by record-levels of public investment and improved access to R&D facilities and infrastructure.
 - **Start and scale up**, with deeper pools of public, institutional, and venture capital available at each stage of their growth journey.

- **Grow the skills pipeline and attract the brightest and best** to meet the demand for digital and STEM skills.
- **Benefit from reformed regulation and standards**, including through the new Regulatory Innovation Office which will make the UK the best place in the world to commercialise technologies and innovation.
- **Secure the benefits of international collaboration** with the scientists, innovators, and entrepreneurs pushing the boundaries of knowledge.
- **Prioritise frontier technologies with the greatest growth potential:**
 - **Advanced Connectivity Technologies (ACTs)** – with our globally competitive research base and innovative companies becoming world leaders in targeted areas by 2035; realising the economic opportunities and connectivity benefits created by developing and deploying technologies like 5G and in time 6G, and advanced optical and satellite communications.²³
 - **Artificial Intelligence (AI)** –with our research and engineering talent, vibrant start-up and scale-up scene, leading companies, and global

leadership on safety and governance giving us the starting-point for embracing the opportunities of AI.²⁴

- **Cyber Security** – with clusters across the UK, lynchpin organisations such as the National Cyber Security Centre, and a thriving start-up ecosystem creating significant economic advantages for the UK as businesses and governments across the world race to develop solutions to cyber threats.²⁵
- **Engineering Biology** – with our strengths across a range of research areas, nurtured by strategic long-investments, cementing the strongest ecosystem for engineering biology outside the US and China.²⁶
- **Quantum Technologies** – with the long-term National Quantum Technologies Programme, clusters of expertise across the country and a thriving photonics sector making the UK an international pace-setter.²⁷
- **Semiconductors** – with our expertise in chip design, compound semiconductors, materials science, equipment manufacturing, and R&D putting us at the cutting edge of innovation and

enabling the UK to be the first to pioneer next-generation chips.²⁸

- **Unlock the potential of Digital and Technology clusters**, concentrated in cities across the UK, including Glasgow and Edinburgh; Cardiff, Birmingham, Bristol, Oxford, and London.
- **Partner with industry to implement this Plan**, including through the Quantum Strategic Advisory Board, AI Energy Council, and Cyber Growth Partnership.

The interventions

We will:

- **Support innovation**, including by increasing R&D funding to £22.6 billion by 2029/30. **Build the workforce through wider skills reforms** while attracting top talent from overseas, including through the Global Talent Fund, aiming to bring around 10 world-class international researchers and their teams to the UK in 2025/26; and new Turing AI Global Fellowships to bring five of the world's leading AI experts to the UK.

- **Create a more supportive regulatory environment** through the new Regulatory Innovation Office.
- **Strengthen international partnerships**, including through closer collaboration with the US under a future UK-US technology partnership.
- **Invest in R&D and scale-up infrastructure** for frontier technologies.
- **Seize AI opportunities**, including by:
 - **Expanding the Government's AI Research Resource (AIRR)** by at least 20x by 2030, accelerating AI innovation through significantly increased compute capacity and support for start-ups.
 - **Establish our new Sovereign AI Unit**, within government, with up to £500 million to maximise the UK's stake in frontier AI. The Unit will work with the British Business Bank to make investments alongside a wider offer on data, compute and talent to build UK AI capabilities in partnership with the private sector
 - **Invest in AI for Science Opportunities**, accelerating AI-enabled scientific breakthroughs.

Financial Services

The Financial Services sector is one of the UK's largest and most productive, worth around 9% of total economic output.²⁹ The sector is also an enabler of growth across the whole economy. People and businesses rely on the sector every day, from providing mortgages to managing their pensions, to raising capital and securing lending. As one of the UK's most successful sectors globally and a provider of well-paid and highly skilled jobs across the UK – two thirds of which are outside London – we will harness opportunities as markets digitise and adopt new technologies, and ensure the real economy feels the benefits of increased investment.³⁰

The UK's status as a global financial sector cannot be taken for granted, and international competition continues to accelerate. The UK must continue to adapt and innovate to maintain our world-leading position. We will always uphold the highest standards, but we must also ensure the regulatory environment supports growth. Building on recent ambitious and wide-ranging reforms, the government's plans for financial services will rebalance the system, setting

the financial services sector up to innovate, grow and enable investment across the UK. That means building on our existing success stories, including as a magnet for overseas capital, and creating new ones in digital markets, sustainable finance and beyond.

By 2035, our ambition is for the UK to be **the world's most innovative full-service financial centre**. We will publish a Sector Plan alongside the Chancellor's Mansion House speech on 15 July, following an extensive co-design process with industry, and working in close partnership with the regulators and the sector.

The approach

To achieve this ambition, we will:

- **Ensure the Financial Services sector can fulfil its role as the enabler of growth across the real economy**, with retail banks providing vital credit to UK businesses and with efficient wholesale financial markets. We recently ran a Call for Evidence on small business access to finance, seeking to

understand where we may be able to go further to support SMEs and lenders to drive growth.

- **Channel our pensions capital into the UK** to support the IS-8.
- **Boost our capital markets, building on their depth and strength**, having overhauled the UK's listing regime to bring our rulebook into line with international best practice, meaning that firms can now list easily, raise capital quickly and effectively, and grow in the UK.
- **Aim to make the UK the most technologically-advanced global financial centre** with fully digitalised markets, and a leading jurisdiction for FinTechs to start up, scale, and eventually list.
- **Enable industries with the greatest potential to invest and grow:**
 - **Asset Management and Wholesale Services** – with world-leading sectors managing the savings of millions of people, directing capital to the UK's fastest-growing sectors.
 - **Capital Markets** – with markets that are deep and strong, delivering for firms and investors and supporting firms to start, scale, list and stay here.

- **Fintech** – with a high-growth potential ecosystem capable of reaching parts of the economy not reached by traditional financial services.
- **Insurance and Reinsurance Markets** – with a thriving sector poised to build resilience and seize the economic opportunities of a changing world.
- **Sustainable Finance** – with our international leadership giving the UK a stronger hand to capitalise on increasing demand for sustainable financial products.
- **Unlock the economic potential of our financial services clusters**, including Greater London, Greater Manchester, the West Midlands, West Yorkshire, Glasgow, Cardiff, Edinburgh and Belfast.
- **Implement our Sector Plan with industry**, through a series of ‘Industry Forums, covering the whole breadth of the sector, including banking, insurance, and asset management leaders.

The interventions

We have:

- **Enabled the creation of new pension ‘megafunds’** with the scale to invest in assets with higher growth potential. The Government has now published the final report of the pensions investment review and introduced the Pension Schemes Bill to create these megafunds. Together with the industry-led voluntary Mansion House Accord, these reforms will secure £50 billion of investment for UK businesses and major infrastructure projects.
- **Delivered the legislation for PISCES**, a new type of innovative stock exchange for companies who want to stay private for longer, building on our reforms to the UK’s listing regime and support UK growth companies.
- **Taken full advantage of the reformed Solvency regulatory regime** by working with the Prudential Regulation Authority (PRA) and the National Wealth Fund to crowd in investment in productive assets. The PRA is also consulting on an Investment Accelerator to reduce the time between life insurers

identifying a productive investment opportunity and making that investment.

- **Taken steps to streamline our approach to financial services regulation**, rebalancing to regulate for growth. This includes consolidating the Payment Systems Regulator, primarily within the Financial Conduct Authority; reviewing the PRA's and FCA's 'have regards' to identify opportunities to rationalise them; working with the FCA to support early-stage innovative firms to start conducting regulated activities; and reviewing the PRA's and FCA's key performance indicators.

The Financial Services Sector Plan will go further to:

- **Ensure that the Financial Services regulatory system supports growth**. This will include setting out the conclusions of the Government's review of the Financial Ombudsman Service.
- **Set up a bespoke Financial Services 'concierge service'** to help international firms get to grips with UK regulations – attracting more investment and making it easier to do business in the UK.

Life Sciences

The UK Life Sciences sector has made an extraordinary contribution to the UK's international reputation. It plays a unique role in the economy, raising productivity and supporting exceptionally valuable jobs while also boosting growth indirectly by improving the health of the population.³¹ Many of the most important medicines and technologies in use around the world were first developed in the UK. From vaccines to monoclonal antibodies, hip replacements to CT scanners, the UK has a proud heritage in this critical sector. That track record of innovation continues to this day. The UK was the first country to license and deploy COVID-19 vaccines, to provide world-first regulatory approval for a medicine utilising cutting-edge CRISPR gene-editing technology, and run one of the largest platforms for the development of personalised cancer vaccines.³²

Yet in recent decades, UK Life Sciences companies have struggled to scale and capture economic benefits. Even in areas of traditional strength, such as regulation and clinical trials, the UK has underperformed in recent years, with a slower median

time for setting up and approving commercial trials compared to many competitors.³³ The Government's plan is for the Life Sciences sector to repair and transform both the nation's economy, as part of the Industrial Strategy, and the nation's health, in alignment with the commitments set out in the upcoming 10-Year Health Plan.

Our ambition is that the UK will, by 2030, **be the leading Life Sciences economy in Europe**; and by 2035, **the third most important Life Sciences economy globally**, after the US and China.

The approach

To achieve this ambition we will:

- **Reform the business, regulatory, and public finance landscape across three pillars:**
 - **Supporting world-class R&D.** We will ensure the UK remains a bastion of early-stage science and realises its potential to become world-leading in applied sciences, with public investment at scale in discovery science, less bureaucracy, better access to data, and greater strategic alignment

between UK health and Life Sciences research funders. We will invest up to £600 million alongside the Wellcome Trust in the Health Data Research Service; more than £650 million over 5 years in Genomics England; up to £354 million in Our Future Health, at least £30 million into preclinical infrastructure linked to translational research networks, and up to £20 million in UK BioBank.

- **Making the UK an outstanding place in which to start, grow, scale, and invest**, with improved access to finance, a stronger skills base, and stronger support for UK manufacturers.
- **Driving health innovation and NHS reform** to ensure that patients get rapid access to the most effective new technologies, through the use of incentives and freedoms to encourage the NHS to operate more innovatively, while enabling shifts from sickness to prevention, hospitality to community, and analogue to digital.
- **Prioritise frontier life sciences industries with the greatest growth potential:**
 - **Pharmaceuticals** – with our rich industrial ecosystem focused on the development and sale of branded medicines and generic and biosimilar medicines.

- **Medical Technologies (MedTech)** – with our mix of large FTSE listed firms and SMEs growing strongly to capture market advantage as new technologies transform medicine.
- **Unleash the economic potential of Life Sciences clusters**, including London, Oxford, and Cambridge, as well as other clusters in Manchester, Liverpool, Yorkshire, South Wales, the North East, West Midlands, and the Glasgow-Edinburgh-Dundee triangle.

The interventions

The Life Sciences Sector Plan will be supported over the lifetime of the Spending Review by Government funding of over £2 billion, alongside funding from UKRI and NIHR. The six headline actions we will prioritise are:

- **Realising a Health Data Research Service (HDRS)** with up to £600 million investment from Government, alongside the Wellcome Trust, to create the world's most advanced, secure and AI-ready health data platform. This will unite genomic, diagnostic, and clinical data at population scale,

turning NHS and wider healthcare data into a magnet for global trials and AI investment.

- **Slashing trial approval times to under 150 days** by implementing the O'Shaughnessy reforms and placing a dual health and growth mandate on the National Institute for Health and Care Research (NIHR), we will cut delays that deter investors and aim to double commercial interventional trial participants by 2026 and again by 2029.
- **Backing manufacturing with up to £520 million** through the Life Sciences Innovative Manufacturing Fund, which will bring globally mobile manufacturing investments to the UK. This will help build and maintain the UK's critical sovereign capability across the sector, creating high-value jobs nationwide, and strengthening domestic health resilience and supply chain security. We have also developed a new, bespoke approach to supporting investments over £250 million.
- **Streamlining regulation and market access** by supporting the Medicines and Healthcare products Regulatory Agency (MHRA) to become a faster, more agile regulator, and giving industry a clearer route to market through joint advice and parallel

approvals with the National Institute for Health and Care Excellence (NICE) alongside a route for international reliance for medicines and medical devices so patients benefit sooner from cutting-edge innovation.

- **Introducing Low-friction Procurement** by streamlining the route to procurement, ensuring it is clearer and less bureaucratic, giving industry low-friction access to the NHS through a Rules Based Pathway for MedTech and an NHS ‘Innovator Passport’, enabling innovative MedTech products to reach patients more quickly. .
- **Partnering with industry to drive growth and innovation.** We will secure at least one major strategic partnership annually with leading Life Sciences companies. A dedicated support service will also be established to help 10–20 high-potential UK companies scale, attract investment, and remain headquartered in the UK.

Professional and Business Services

The UK is a global leader in the Professional and Business Services sector (PBS), home to the ‘Big 4’ advisory services firms and seven of the largest 20 global legal firms.³⁴ A thriving national PBS ecosystem is a critical enabler for the rest of the UK economy. Our best-in-class lawyers, consultants, engineers, accountants and architects help businesses become more productive, financially resilient and energy-efficient. The sector spreads our high standards for corporate accountability and sustainability globally, and spreads prosperity across the UK, with more than half of jobs located outside London and the South-East.³⁵ The net zero transition is also creating new demand for a wide range of climate, clean energy, and environment services, which the UK is well-placed to capitalise on. But at the same time, the sector is among the most exposed to automation and AI, with new skills essential for further growth – an opportunity but also a significant challenge.³⁶

By 2035 the UK will be the world’s most trusted adviser to global industry, with the most dynamic and productive PBS sector. Our ambition by 2035 is

to have almost doubled business investment in the sector from £35 billion to £65 billion. Businesses from every industry and geography will rely on UK firms to help them succeed in a more unpredictable world thanks to their high knowledge intensity, insights into regulatory and geopolitical change, and track-record in improving business efficiency.

The approach

To achieve this ambition we will:

- **Reform the business environment** so that the sector has the ease, certainty, long-term stability to:
 - **Increase tech adoption and innovation**, taking advantage of the growth potential of new digital fields like LawTech and PropTech and building on higher levels of AI adoption than in the rest of the economy, while addressing the gap between larger firms and the rest of the sector.
 - **Develop a highly skilled workforce**, with support to boost staff training and reskilling, in partnership with business, particularly in the specialist skills in digital, net zero transition, and cybersecurity required to seize new opportunities.

- **Enter new markets and grow exports**, supported by a renewed focus from UK regulators on negotiating mutual recognition of professional qualifications agreements.
- **Access growth finance in all regions of the UK**, with more early-stage support to raise capital and attract inward investment.
- **Provide international leadership in setting standards and regulations**, creating more demand for their services.
- **Prioritising pioneering and world-leading frontier industries with the greatest growth potential:**
 - **Accountancy and Tax** – in which the automation of traditional accounting will incentivise companies to expand into new areas with significant growth opportunities, such as Environmental, Social and Governance reporting.
 - **Legal Services** – in which the emergence of new technologies and proliferation of international rules will continue to push innovators to the UK and its trusted legal framework to agree contracts and settle disputes, creating new opportunities for our gold-standard legal practices.
 - **Management Consultancy** – in which our globally elite firms have the potential to dominate the

growing market for advice on seizing the opportunities of the net zero transition, adapting to the digital transformation, and maintaining stability though global volatility.

- **Build on the sector's regional strengths by supporting clusters** in Glasgow and Edinburgh; West Yorkshire; Greater Manchester, Liverpool, West Midlands, and Greater London.
- **Implement this Sector Plan in partnership with industry**, through joint commitments and working closely with a reformed Professional and Business Services Council.

The interventions

The Government is committing through the Spending Review over £150 million to support our ambition for PBS. To progress these priorities we will:

- **Boost tech adoption** for SMEs by expanding the Made Smarter programme in England to provide expert guidance, skills and workforce development, and match-funded grants.

- **Unlock innovation** by developing a Smart Data programme, focusing on the property sector. This will improve data-sharing across the real-estate industry to spur innovative product and services development.
- **Expand the new AI Skills Hub**, launching in Summer 2025, to include PBS, bringing together industry, training providers, and AI technology partners to address barriers.
- **Support exports, trade, and inward investment**, including by:
 - Focusing on securing mutual recognition of professional qualifications agreements, with support for regulators.
 - Ensuring that PBS firms can access UKEF's recently-launched Early Project Services Guarantee, which provides competitive finance terms to allow international buyers to procure early project services from UK-based businesses.
 - Pivoting resource in the Government's overseas network to help UK businesses looking to export or expand in international markets, as well as

international firms looking to do business in the UK.

- **Create opportunities across the UK** by launching PBS Hubs in Liverpool, Greater Manchester, West Yorkshire, West Midlands, and Edinburgh-Glasgow Central Belt, working closely with Mayoral Strategic Authorities and the Scottish Government. Each Hub will reflect local needs and priorities, from accelerating the development of emerging technology sectors to connecting firms to potential investors.

¹ Department for Business and Trade analysis of Office for National Statistics (2025) [GDP low-level aggregates](#). See technical annex for further information on IS-8 sector definitions

² Department for Business and Trade (2023) [Advanced Manufacturing Plan](#)

³ Department for Science, Innovation and Technology and Department for Business, Energy and Industrial Strategy (2021) [UK Innovation Strategy: leading the future by creating it](#)

⁴ UK Government (2025) [Aerospace and jet zero](#)

-
- ⁵ Henry Royce Institute (2025) [National materials innovation strategy](#)
- ⁶ Department for International Trade (2018) [UK capabilities in the Agri-Tech sector](#)
- ⁷ Office for National Statistics (2024) [Business registers and employment survey](#)
- ⁸ RenewableUK (2024) [Offshore wind industrial growth plan](#); RenewableUK (2024) [Floating wind: anchoring the next generation offshore](#); RenewableUK (2025) [Global offshore wind pipeline](#), February 2025.
- ⁹ Department for Energy Security and Net Zero (2023) [Carbon capture, usage and storage: a vision to establish a competitive market](#); RGU Energy Transition Institute (2023) [Powering up the workforce: The future of the UK offshore energy workforce](#).
- ¹⁰ Institute for Public Policy Research (2024) [The Heatwave: Unlocking the economic potential of UK Heat Pump Manufacturing](#)
- ¹¹ Publishers Association (2024) [Vision for publishing: The role of publishing in the UK's success](#); UBS (2024) [The Art Basel and UBS art market report](#); Video Games Europe (2023) [All about video games report](#).
- ¹² Department for Culture, Media and Sport (2020) [R&D in the Creative Industries Survey](#).
- ¹³ BFI (2025) [UK films at the worldwide box office, 2024](#)

¹⁴ IFPI (2021) [*Global music report 2025*](#); UBS (2024) [*The Art Basel and UBS art market report*](#); UK Music (2024) [*Manifesto for music: Supercharge sector growth and boost music exports*](#)

¹⁵ Video Games Europe (2023) [*All about video games report*](#)

¹⁶ Ministry of Defence (2025) [*MOD supported employment estimates 2022/23*](#)

¹⁷ Department for Business and Trade (2025) [*UK defence export statistics 2023*](#)

¹⁸ Ministry of Defence (2025) [*Major £5 billion technology investment accelerates UK defence investment accelerates UK defence innovation in a European first*](#)

¹⁹ This covers MOD's direct contracting within SMEs and opportunities for SMEs indirectly within the supply chain

²⁰ Government Office for Science and Department for Science, Innovation & Technology (2025) [*The wider economic impacts of emerging technologies in the UK*](#)

²¹ TradingView (2025) [*Large cap global companies*](#)

²² QA World University Rankings (2025) [*Top global universities*](#); Dealroom (2025) [*UK tech: a forward look to 2025*](#). Converted from US\$1.2 trillion using an exchange rate of 1 USD = 0.79 GBP (Bank of England average for 2024). Dealroom's proprietary

tech taxonomy may include industries that are not covered in the Digital and Technologies Sector Plan

²³ Department for Science, Innovation and Technology (2025) [Government response to the telecoms supply chain diversification advisory council report](#)

²⁴ Department for Science, Innovation and Technology (2025) [AI opportunities action plan](#)

²⁵ Department for Science, Innovation and Technology (2025) [Cyber security sectoral analysis 2025](#); DSIT, 'Government backs next wave of semiconductor start-ups to scale up growth' (2025); DSIT (2025) [Cyber security sectoral analysis 2025](#)

²⁶ Government Office for Science (2025) [Unlocking the power of engineering biology](#)

²⁷ Department for Science, Innovation and Technology (2024) [New national quantum laboratory to open up access to quantum computing, unleashing a revolution in AI, energy, healthcare and more](#)

²⁸ Department for Science, Innovation and Technology (2025) [Government backs next wave of semiconductor start-ups to scale up growth](#)

²⁹ Office for National Statistics (2024) [GDP output approach – low-level aggregates](#)

³⁰ Office for National Statistics (2025) [Workforce jobs by region and industry](#)

³¹ Office for National Statistics (2025), [GDP low-level aggregates and Office for National Statistics](#) (2025), employee and self-employed jobs by industry for businesses for standard industry classification 21: JOBS03, JOBS04. See Pharmaceutical Manufacturing.

-
- ³² Department for Health and Social Care (2021) [*Covid 19 vaccines delivery plan*](#); Cancer Research UK (2024) [*Patients to access trials of personalised cancer vaccines*](#)
- ³³ Office for Life Sciences (2024) [*Life sciences competitiveness indicators*](#)
- ³⁴ The City UK (2024) [*UK legal services 2024*](#)
- ³⁵ Department for Business and Trade analysis of Office of National Statistics (2025) [*Business Register and Employment Survey*](#). Based on 2023 data. See the technical annex for sector definitions.
- ³⁶ Bain & Company (2023) [*Two fifths of professional services work could be automated with AI*](#) – accessed via Consultancy.uk

Creating an enduring partnership with business

Many of the greatest innovations and economic successes of recent decades have been driven not by industry or government working alone but through partnerships between the state and the private sector. The UK must be the epitome of the dynamic state, bringing a whole-of-government focus and an ethos of co-creation to our Industrial Strategy.

Yet too often in the past the Government has not been a good enough partner for business. Multiple industrial strategies in the last two decades tell their own story of inconsistency and a failure to appreciate what industry needs: a long-term outlook, policy stability and steadfast execution, together creating an environment where businesses can make long-term investment decisions. The state has also not always been effective in using its purchasing power to invest strategically in the UK's most important industries, missing out on the opportunity for public procurement to create demand for innovative products and catalyse the growth of British supply chains. Genuine partnership is even more important in an era of uncertainty where businesses need government to

provide stability. If we get this right, businesses have told us that they will work with us to invest in Britain's future.

The Industrial Strategy will herald a step-change in how the Government works with business, shares information, and offers support and incentives.

Throughout development of this Strategy, we have listened carefully to what industry, as well as devolved governments, trade unions, Mayors, UK institutions, and other experts, have told us about the biggest opportunities and barriers for business investment, focusing on the IS-8 and clusters across the UK. At the outset, we also established an independent Industrial Strategy Advisory Council (ISAC), with senior leaders from industry, academia, and trade unions, which has been a crucial partner. These partnerships will be vital as we implement this Strategy.

The approach

We will:

- **Implement our Industrial Strategy in and through partnership with business.** Each of our Sector Plans has been co-developed with business,

with commitments from both government and industry based around shared priorities. We will turn government into the best possible partner for incumbents and new entrants alike, in how we procure, develop policy, make decisions, and maintain stability; with clear expectations on business to rise to the occasion with more investment in skills, technology, supply chains and other essential enablers of growth.

- **Leverage the Government's purchasing power through public procurement** to bolster domestic competitiveness, make the economy stronger and more resilient, and provide a solid foundation of security for UK businesses. This will be delivered both by implementing recent reforms and developing further options with industry to set even greater ambition.
- **Design government support schemes to leverage the maximum possible contribution from the private sector, including co-funding.** This will build on the Government's track record of using procurement, financial levers and proportionate conditionality to incentivise high-quality job creation across the UK.

- **Transform government into a stronger, more capable and more agile state**, supported by strong and enduring pro-growth institutions, including a permanent Industrial Strategy Council. The pace of technology and economic change is requiring industry to find new ways of doing business; government needs to work differently in order to support firms which are adapting as well as firms which have entered the market as challengers and disruptors.
- **Work closely with devolved governments and Mayoral Strategic Authorities (MSAs)** to harness the potential of places across the UK – as set out in Chapter 2).
- **Work closely with trade unions and organisations representing the unique perspectives of civil society** to ensure the Strategy will bring meaningful change to workers and communities. Through our plan to Make Work Pay we will continue to support the lowest-paid workers with job security and improved working conditions. As part of our strategy to align economic value with social outcomes, we will also deepen collaboration with the Impact Economy, and with

businesses which have a social purpose, to unlock innovation, boost inclusive growth, and strengthen community resilience.

- **Ensure that we are on track to deliver our ambition in the IS-8 by 2035** by monitoring and evaluating the impact of policy interventions and economic developments. This will be overseen by the Industrial Strategy Advisory Council. Timely scrutiny of these measures will allow us to evolve and course-correct if necessary, treating our Industrial Strategy as a living framework for agile decision-making rather than a publication set in stone.
- **Maintain our momentum and focus on the long-term.** Building on our successful International Investment Summit in autumn 2024, we will continue to host regular summits, bringing together global investors and industry to attract investment into our key sectors. The Government will consistently review progress against the Strategy in partnership with ISAC and will publish an update annually, reporting on progress and ensuring the Industrial Strategy remains fit for purpose in a fast-changing world. In addition, all fiscal events will set

out the Government's continued support for the Industrial Strategy and the IS-8.

The interventions

To progress these priorities we are committing to:

i) Recognising and maximising the value of private investment

We will:

- **Take every appropriate opportunity to combine public and private funding to attract private capital.** Government co-investment has a critical role to play in crowding in private investment and building long-term partnerships with investors based on shared priorities and commitments. In the Autumn Budget 2024 we set out a new 'investment rule' to enable investment in financial assets that are expected to grow the economy while delivering a positive return for the Exchequer. We will maximise the benefits of this rule by continuing to increase our use of 'blended finance' interventions, including through the National Wealth Fund, to target specific market failures, share risks with

investors, and shape market incentives. We will also build more strategic partnerships with mission-driven capital, like impact investment and philanthropy, to combine public, private, and philanthropic resources to generate positive social and environmental impacts in communities.

- **Ensure that the full benefits of public and private investments, especially for delivering the objectives of our Industrial Strategy, are taken into account** when we consider the case for government action or support. For instance, we will publish new supplementary guidance to the Green Book on economic resilience to ensure that contributions to resilience made by the private sector are fully and consistently appraised in business cases for grants and other government interventions.
- **More broadly, we have heard feedback from businesses and other stakeholders that the way we award grants could be improved.** DBT and HMT will work with industry, the Industrial Development Advisory Board, the Industrial Strategy Advisory Council, and other partners to consider barriers to business and opportunities to maximise the impact of our business-facing funds

on jobs, skills, resilience, regional growth, small businesses in supply chains, and net zero. The Government will set out more detail in the first annual Industrial Strategy update.

INVESTMENT COMMITMENTS

Since securing £63 billion in investment commitments ahead of the International Investment Summit in October 2024, the Government has continued to work closely with investors to secure major capital commitments for the UK, creating new jobs, funding house-building, improving infrastructure, and driving growth in the IS-8. Transformative deals include:

- ***A strategic partnership between the MoD and Rheinmetall to unlock over £400 million of long-term investment into the defence manufacturing industry, including in a new large-calibre gun barrel production facility in the UK. This initiative is set to create up to 400 jobs [May 2025].***
- ***£170 million investment from Knauf Insulation in a state-of-the-art manufacturing facility in Shotton, North Wales, creating around 140 jobs [May 2025].***

- ***Universal's multi-billion pound investment in a major new theme park and resort in Bedford, bringing nearly 20,000 jobs during the construction period and a further 8,000 jobs across hospitality and the Creative Industries when it opens in 2031 [April 2025].***
- ***A new partnership between the Government and OCBC, Singapore's second largest bank, to facilitate £10 billion into investment into key priority sectors in the UK, including energy, infrastructure, and real estate. [April 2025].'***
- ***£12 billion commitment from Vantage Data Centers to expand their footprint across the UK, delivering 11,500 jobs [January 2025].***
- ***£4 billion investment by Malaysian-owned YTL businesses over the next five years, with around £2 billion going towards the Brabazon Bristol development, delivering more than 30,000 jobs [January 2025].***
- ***£550 million in impact investing commitments from three major financial institutions, Schroders, Man Group, and Resonance, to fund the building of at least 5,000 new homes to address social inequality [October 2024].***

ii) Reforming public procurement

We will:

- **Implement recent measures to create a simpler, more commercial, and transparent regime,** building on the Procurement Act (2023), which came into force in February 2025. Changes to the regime include:
 - A new National Procurement Policy Statement which instructs public bodies to consider how they can use procurement to support economic growth and the Industrial Strategy.
 - A legal duty on contracting authorities to consider how they can remove obstacles to small businesses bidding for public contracts.
 - A new online platform publishing upcoming procurement activity and opportunities for pre-procurement engagement for suppliers interested in bidding.
 - Strengthened requirements to pay contractors within 30 days throughout the public sector supply chain.

- **Go further to ensure that procurement strategically supports our Industrial Strategy priorities** and creates high quality jobs and skills in our local communities, and supports sectors critical to national security. We will shortly launch a public consultation on how we can open up contracts to more small businesses and ensure public bodies give more weight to firms that can show they will boost British jobs, including by requiring contracting authorities to:
 - Set at least one award criteria in major procurements which relates to the quality of the supplier's contribution to jobs, opportunities or skills.
 - Set at least one social value Key Performance Indicator (KPI) relating to jobs, opportunities or skills in major contracts and report regularly on delivery.
 - Set three-year targets for procurement spend with SMEs and social enterprises and publish progress annually.
 - Exclude suppliers from bidding for major contracts if they do not pay their subcontractors promptly.

- **Set more ambitious targets for the IS-8 to promote innovation pull-through**, including through a new Commercial Innovation Hub, which will trial new approaches to service design and procurement. We will provide clear, long-term signals to suppliers to accelerate innovation and create investment opportunities. For example, we are targeting at least 10% of the MoD's equipment procurement budget for novel technologies.
- **Leverage the new Digital Commercial Centre of Excellence** in central government, bringing together digital and commercial expertise to make it possible to buy once and well, and to open up opportunities for small businesses to work on digital transformation in government.

iii) Ensuring that businesses and investors receive timely support and decisions

We will:

- **Provide a first-class concierge service to make the experience of investing in the UK smooth, quick, and attractive.** The Office for Investment (OfI), which we have bolstered significantly and embedded at the centre of government as a unit jointly sponsored by the Treasury, the Department for Business and Trade, and No10, now has greater backing to ensure that the most strategically important investors in the IS-8 receive the strongest possible support: rapid trouble-shooting to unblock issues with grid connections, planning, sites, or skills; agile decision-making and clarity on the Government's priorities and policy direction; and active co-creation of investment opportunities alongside the UK's Public Financial Institutions, national and regional leaders, and private sector partners to share risk.
- **Give businesses in the IS-8 clearer entry-points into government** so that chief executives and senior business leaders know who to speak to if

they need support or advice tailored to the company's needs. This includes:

- Where there is appetite from industry, and aligned to our wider programme of public sector reform, we will explore establishing dedicated Sector Offices to support the IS-8 and co-deliver Sector Plans. These will build on successful models like the Office for Life Sciences, bringing together policy and delivery interests and expertise that currently sit across multiple departments, giving businesses an immediate first point-of-contact to engage, whatever their issue.
- Improving our support offer for companies navigating a more challenging, uncertain global environment with our new Supply Chain Centre, as set out in Chapter 1, and with additional support set out in the Trade Strategy.
- **Make speedier, more competitive offers of support** to globally mobile investors and companies of strategic importance to the UK. We are rewiring the Government's investment delivery operation to become a more credible, responsive, and focused negotiating partner, led by the expanded Office for Investment. In particular:

- The Minister for Investment, as the Government's Chief Investment Negotiator, will directly lead the most complex negotiations, with a mandate from the Prime Minister and Chancellor to progress discussions quickly and efficiently.
- For all negotiations, we will agree a timetable with negotiating partners at the outset, with a new Investment Committee of the most senior government officials responsible for ensuring that milestones are met.
- In certain Government programmes we are already taking steps to speed up processes. The Department for Energy Security and Net Zero will shorten the time to award support for hydrogen production projects. The Office for Life Sciences is speeding up negotiations for science investments over £250 million via the introduction of a Life Sciences Large Investment Portfolio, providing investors with upfront clarity over the UK's offer and bespoke, structured engagement through negotiations. And the Department for Business and Trade will accelerate its approach to the zero emission vehicle supply chain through the DRIVE35

- programme, with an aim to formally respond to capital funding bids within 60 working days, following a complete application assessment.
- We are also considering how to streamline government processes further, for instance by giving departments greater autonomy in administering grants and reviewing business support funding programmes for IS sectors to reduce barriers to entry, improve efficiency, and monitor performance.
 - **Build commercial skills in government** to give confidence to industry that the officials responsible for developing policy and engaging with businesses understand how they operate, their drivers and needs, and how and why investment decisions get made. The Government will create an in-house Business Academy, underpinned by a new standards framework setting expectations for all business-facing Civil Servants from entry to expert level. We are also introducing a new approach to business placements, making it easier to bring industry expertise into government and to place Civil Servants into industry for periods of up to a year. For instance, we have created a Diplomatic Advisory Hub with the British Chamber of

Commerce to place diplomats into SMEs operating across the world.

IMPLEMENTING THE HARRINGTON REVIEW

The independent Harrington Review, published in November 2023, set out six headline recommendations for how the UK could increase FDI and business investment to grow the industries of the future. To implement all six, we have:

- 1. Set out a clear Business Investment Strategy** in the form of this Industrial Strategy, identifying the frontier industries we will focus on and with an overall ambition of increasing investment in eight growth-driving sectors by 2035.
- 2. Ensured that investment is prioritised across central government** by establishing a new Ministerial Committee, the OfI Board, chaired by the Minister for Investment and with the Chief Secretary to the Treasury and the Prime Minister's Chief Business Adviser as core members. This is supported by an official-level investment committee bringing together department heads from across government, chaired by DBT's Permanent Secretary.

3. **Expanded our place-based offer to investors** through the measures set out in Chapter 2, including the Strategic Sites Accelerator. We have also developed specific new initiatives to offer the financing and investment expertise of the Ofl, NWF, BBB, and UKEF to the devolved governments, Mayors, and local authorities across the UK's nations and regions.
4. **Reformed the business environment**, as set out in Chapter 1, having engaged extensively with investors to understand the barriers and challenges to investing in the UK.
5. **Built on the success of the Ofl and given it stronger tools to compete internationally** through a significant expansion of its resources and capability, as set out above.
6. **Developed strategically targeted incentives with timely decision-making timetables**, while recognising that there is more to be done to ensure grant funding processes are as internationally competitive as possible, as set out above.

iv) Improving support for small and medium sized businesses

The Industrial Strategy will make it easier and quicker for all businesses to operate in the UK, including SMEs, which will benefit from the range of reforms set out above, including improved digitisation in local planning authorities, and enhanced access to finance from the BBB and UKEF. Ahead of the publication of the SME Strategy later this year, the Government will also:

- **Make essential information more accessible for businesses at all stages of the growth cycle**, with a simplified and improved digital interface. To achieve this we will:
 - Introduce a new Business Growth Service in summer 2025. This will include a new website to provide a single online platform through which businesses can find everything they need in one place to help them start up, scale up, sustain growth, export, invest, and access recruitment support from the Department for Work and Pensions.

- Explore an extension of GOV.UK One Login, a single sign-in service which is primarily focused on citizens but could offer businesses a more personalised, data-driven interface, saving them time and money.
- Remove out-of-date or inaccessible online content, improve web-pages which get the highest traffic, and adding better signposting content to make the landscape more manageable.
- Improve our GOV.UK AI Chatbot, which can only be as useful as the content and information architecture which sit beneath it.
- Make regulatory content on GOV.UK easier to navigate, so that it provides the information that businesses need in order to understand and comply with regulations, with only the most complex or novel cases requiring bespoke support.
- **Improve access to advice and support for SMEs in England through the network 41 Growth Hubs**, delivered in partnership with local authorities and the private sector.
- **Continue to tackle the challenge of late payments to SMEs by:**

- Undertaking significant reforms, including a new Fair Payment Code, upcoming legislation to require large companies to include their payment performance reporting within annual reports, and an upcoming consultation on potential legislative measures to go further.
- Appointing Emma Jones CBE as the new Small Business Commissioner, effective from 23 June 2025. The SBC will play a key role in tackling late payments and long payment terms for small businesses and the self-employed, including through delivery of the new Fair Payment Code.
- Proposing to exclude suppliers who do not pay their contractors on time from a wider range of public sector contracts, extending this beyond central government bodies, and to set targets for direct spend with SMEs as part of our forthcoming consultation on reforms to public procurement.
- **Help SMEs to adopt new technologies.** The industry-led SME Digital Adoption Taskforce was launched in April 2024 and will publish its final report this summer. We welcome this work and will consider the report's recommendations carefully. We will also expand across England the Made

Smarter technology adoption programme for manufacturing SMEs and created a dedicated scheme for the Professional and Business Services sector.

- **Support SMEs to decarbonise**, with the UK Business Climate Hub providing information, advice, and signposting to private sector services.

v) Establishing strong pro-growth institutions and governance

We will:

- **Create a strong, effective, and permanent independent Industrial Strategy Council (ISC).** This will be enshrined in law when parliamentary time allows, providing insight and advice to the Government across the IS-8 (and city-regions and clusters, as well as priority international markets). It will:
 - Publish an annual report on its work, as well as ad hoc advice commissioned by the Government.
 - In time, be able to take advantage of new legal powers to access data and evidence from across government to support its ongoing work.

- Have its headquarters in Manchester from 2026, with a second presence in London. From these locations the ISC will build strong connections to key institutions and partners across the UK, including devolved governments and Mayors.
- Be supported by an expanded secretariat comprised of analysts and policy professionals.
- **Transition the Industrial Strategy Unit (ISU) in the Department for Business and Trade into a permanent delivery unit** to coordinate implementation and further policy development, working closely with the Enterprise and Growth Unit in the Treasury.
- **Create robust governance mechanisms** to ensure that there is a consistent focus within government on supporting the IS-8, and that our Industrial Strategy is a living document which supports agile decision-making in a changing landscape. This will include new architecture with our partners, including:
 - Oversight and implementation forums with devolved governments and Mayoral Strategic Authorities to support delivery of the strategy at a local level across the UK.

- Delivery boards bringing together departments and agencies responsible for regulation, public finance, innovation, and procurement, including a DBT-HMT chaired IS Delivery Board with the heads of major delivery partners, including BBB, the UKRI CEO, and the National Armaments Director.
- New Ministerially-led taskforces bringing together government, business, and public agencies to focus on key missions, such as making the UK the best place in the world to scale up.
- **Review our economic institutions and Arm's Length Bodies to ensure they are hard-wired to deliver the Industrial Strategy**, exploring renewed mandates, accountability, governance, measurable outcomes and performance metrics to support the Industrial Strategy's priorities and the IS-8.
- **Recruit 'Industry Champions' to inject dynamism, innovation and ambition into Sector Plan delivery**. Learning from previous successful examples, these business disruptors will act as chief advisors on each Sector Plan, bringing expertise and spearheading partnership with industry.

INDUSTRIAL STRATEGY BILL

We will introduce an Industrial Strategy Bill when parliamentary time allows to implement measures which require primary legislation. This will include provisions to put the Industrial Strategy Council on a statutory footing, with clearly defined duties and functions, underlining our commitment to policy stability, continuity, and delivery of a 10-year plan. Legislation will also enable the ISC to access government data more easily. We will also use the Bill to legislate for wider measures in the Industrial Strategy, such as supporting businesses with their electricity costs

vi) Monitoring the impact and effectiveness of our policies

We will:

- **Support robust and comprehensive monitoring and evaluation (M&E) of the Industrial Strategy**, which will be overseen by the Industrial Strategy Advisory Council (ISAC). The Council will work closely with government departments and public bodies (such as regulators) that are responsible for developing the M&E programmes for individual

Sector Plans and policies. The ISAC will take a data-led approach to assess progress on the overall Industrial Strategy:

- Policy operational level data, to monitor progress in delivering individual Industrial Strategy policies.
- Economic indicators at the economy-wide, sector, and place level. We have chosen six core metrics, reflecting a range of desirable objectives for the IS-8 and the economy as a whole: business investment, Gross Value Added, productivity growth, trade exports, labour market outcomes such as employment and wages, **and the number of new, large, 'homegrown' businesses**. We will also be tracking the number of large home-grown businesses across the IS-8.
- The ISC will set out its findings publicly, including in its annual report, in which it will also provide views on how the Industrial Strategy could evolve in response to policy delivery progress and relevant developments in the UK economy.
- Further details on M&E, including the 'impact pathway' linking individual policies to real-world outcomes and the overarching goals of the Industrial Strategy, are set out in the Technical Annex accompanying this document.



UK Government

E03497674

978-1-5286-6109-6