



UK Government

THE UK'S MODERN  
**INDUSTRIAL  
STRATEGY**

# Quarterly Update

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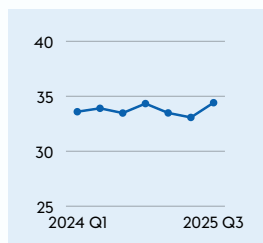
October – December 2025

# Quarterly Update

## Industrial Strategy high-growth sectors (IS-8) – Economic Indicators

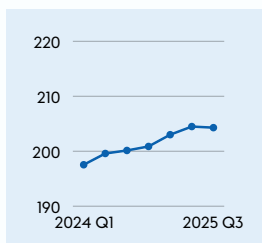
### Business Investment

Gross Fixed Capital Formation (billions)



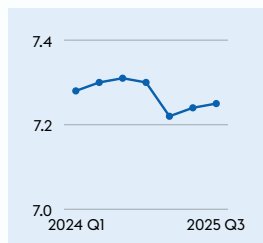
### Gross Value Added

Economic output (billions)



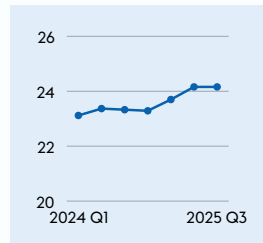
### Labour Markets

Workers in employment (millions)



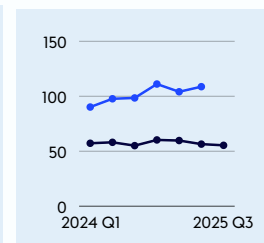
### Productivity

Output per worker (thousands)



### Exports

Goods and services (billions)



Sources: DBT; ONS Business Investment (annual Gross Fixed Capital Formation; Volume Index Capital Services), 2023 prices; ONS Low-Level Aggregates, 2023 prices; ONS Pay As You Earn Real Time Information (HMRC); ONS Low-Level Aggregates and Productivity Jobs, 2023 prices; ONS Trade in Services and HMRC Trade in Goods, current prices.

Quarterly estimates are derived from annual ONS data of the whole economy; revisions can occur when official statistics are published.

## Last quarter (Q4, October – December 2025)

>£79bn

Investment commitments made into IS-8

>50,000

Jobs from investment commitments in IS-8

>£18bn

Exports from IS-8 supported directly by government

>£2.4bn

Public finance support for UK businesses to scale and export

Accompanying methodology [note](#)

## Delivery milestones for Q4 (October – December 2025)

More than £9bn directed to IS-8 frontier technologies and industries via new UK Research and Innovation (UKRI) four-year [funding allocations](#). This includes a [nearly £4bn](#) for Digital & Technologies and [£369m](#) Creative Industries.

[AI Growth Zones](#) in North and South Wales announced, creating more than [5,000 jobs](#) over the next decade, and the potential of [£124bn private investment](#).

New [Connections Accelerator Service](#) pilot launched to provide quicker access to the electricity grid for priority projects.

Proposed approach for reducing electricity costs for eligible businesses in [IS-8 and foundational sectors](#) set out in consultation for the [British Industrial Competitiveness Scheme](#).

## Delivery forward look for Q1 (January – March 2026)

The government will set out its [defence, procurement, innovation and capability investment choices](#) for the next decade in the [Defence Investment Plan](#).

Establishment of London's [new Semiconductor Centre](#) in King's Cross, growing the UK's position in the global semiconductor market with an internationally accessible location.

Plans to bolster investment into IS-8 firms across the UK to be delivered as the British Business Bank increases activity ahead of [£4bn Industrial Strategy Growth Capital](#) deployment.

Launch of [£135m Creative Industries sector funding](#), allocated to deliver investment in screen, video games and music firms, supporting thousands of [creative professionals and businesses](#) across the UK.

# Delivery updates across the IS-8 sectors

## Advanced Manufacturing

- Expansion of the [DRIVE35 programme to £4bn to 2035](#) to realise investment in zero emissions vehicles manufacturing through competitive grants and R&D projects.
- [Nissan invest £450m](#) to begin production of next generation LEAF in Sunderland, supporting [6,000 jobs](#).
- Greater access to [EV charging at home](#) for renters and motorists via new proposed [planning reforms](#).

## Clean Energy Industries

- Wylfa on Anglesey in North Wales selected as the [UK's first Small Modular Reactor](#) site – over [£2.5bn funding](#) has been provided, with [3,000 on-site construction jobs](#) anticipated.
- [Clean Energy Jobs Plan](#) published, identifying [400,000 new jobs](#) by 2030, [five Clean Energy Technical Excellence Colleges](#) and targeted support for [North Sea oil and gas workers](#).
- Launch of Great British Energy's supply chain fund, [worth £1bn](#), supporting British manufacturing and long-term resilience.

## Creative Industries

- 80,000 young people reached with support to get into careers in the creative sector during [Discover! Creative Careers Month](#).
- Three new [Bollywood blockbusters](#) by Yash Raj Film secured for filming in the UK, creating over [3,000 jobs](#).
- Publication of research and development allocations to direct [£369m of innovation funding](#) for businesses in the creative industries.

## Defence

- Sites identified for new [munitions and energetics factories](#) across the UK, with potential for up to [1,000 manufacturing jobs](#).
- Launch of '[Back British](#)' consultation to ensure defence procurement contracts benefit British businesses, jobs and skills.
- Appointment of former Inmarsat CEO Rupert Pearce as [National Armaments Director](#) to drive defence reform.

## Digital and Technologies

- Engineering biology, AI, quantum and cyber security among key frontier industries allocated nearly [£4bn of research and innovation funding](#).
- Publication of plans for an [AI Growth Lab](#) – a cross-economy sandbox to help deploy [AI-enabled products and services](#) that regulation currently hinders.
- Expansion of [free access to compute for British researchers and scientists](#) to train AI models and deliver scientific breakthroughs, backed by up to [£250m government spending](#).

## Financial Services

- New concierge service – [Office for Investment: Financial Services](#) – providing regulatory and wider market access support for global firms.
- New [Financial Conduct Authority/Prudential Regulation Authority Scale Up Unit](#) to support high potential, fast-growing firms with expert advice.
- Greater investor access to growth companies, with [London Stock Exchange and JP Jenkins](#) approved to operate PISCES, a new type of stock market for private companies.

## Life Sciences

- [Zero tariffs on pharmaceutical exports](#) and [other measures](#) to safeguard medicines access following agreement of the [UK-US pharmaceuticals deal](#), driving investment for UK patients and businesses.
- Accelerating development of [alternatives to animal testing](#), and new AI and biotech approaches which speed up drug development all outlined in the [Replacing Animals in Science Strategy](#).
- [£50m funding](#) for the [Mental Health Goals Programme](#), putting people with lived experience at the heart of mental health research.

## Professional and Business Services

- Extension to 2029 of [UK-Switzerland Services Mobility Agreement](#), enabling UK consultancy and legal professionals 90-day visa-free work a year.
- English Law Promotion Panel, comprising legal and business leaders, launched to reinforce the UK's position as a [global centre for legal services](#).
- [Centre for Finance, Innovation and Technology](#) coalition established to accelerate digitisation of homebuying and growth in PropTech.



## Business environment reforms

**Reducing the cost of regulation:** Actions will lead to a gross saving in red tape burdens of £1.5bn (against a baseline target of £5.6bn – 25% of administrative costs). This includes reforms to corporate reporting that will save businesses a cumulative total of c. £230m a year on administrative burdens.

**Workers' rights reforms:** A new Employment Rights Act became law, balancing employee rights and the cost to business. Reforms also being considered on non-compete clauses in employment contracts.

**Enhancing skills:** Post-16 Education and Skills White Paper committed to deliver IS-targeted skills packages worth over £1bn, and over £1.5bn for the Youth Guarantee and Growth and Skills Levy to support young people gain essential skills through work.

**Capitalising on the value of UK data:** Agreement with OpenAI to enable businesses to adopt AI tools, cutting the need for burdensome admin tasks.

**Increasing access to talent: High Potential Individual visa** eligibility expanded to 100 top global universities, and made it easier for top talent to use our Innovator Founder and Global Talent routes.

**Driving innovation:** UK Research and Innovation has set out the allocation of £9bn directly to Industrial Strategy sectors – including grants for institutes and infrastructure. £4.5bn will be for innovative UK firms in frontier industries and cutting edge technologies to support innovation, commercialisation and scale-ups (see table below).

**Developing a skilled workforce:** Applications open for 19 new Technical Excellence Colleges across Defence, Clean Energy, Advanced Manufacturing, and Digital & Technologies, located in or near relevant areas of sectoral strength.

### UKRI budget allocations for IS-8 sectors across the Spending Review

Sector	Strategic government and societal priorities (millions)	Supporting innovative companies (millions)	Combined investment (millions)
<b>Advanced Manufacturing</b>	353	983	1,336
<b>Clean Growth and Energy</b>	377	799	1,176
<b>Creative Industries</b>	269	100	369
<b>Defence and National Security</b>	391	164	555
<b>Digital and Technologies</b>			
- Engineering Biology	235	408	643
- AI	1,133	452	1,584
- Quantum Technologies	426	588	1,013
- Advanced Connectivity Technologies, Semiconductors, and Cybersecurity	202	516	718
<b>Life Sciences</b>	1,080	428	1,508
<b>Professional and Business Services</b>	54	64	118
<b>Financial Services</b>			

Source: UKRI Corporate Report: Budget Allocations December 2025

## Business environment reforms

**Removing planning barriers:** Most ambitious **planning reforms** in a generation became law in the Planning and Infrastructure Act, scrapping pre-application consultations, streamlining judicial reviews, and accelerating delivery of the target to build 1.5m new homes.

**Supporting entrepreneurs:** New **Entrepreneurship Prospectus** to help firms to **start, scale and stay in the UK**, alongside changes to Venture Capital Trusts, Enterprise Investment Scheme reliefs and the expansion of Enterprise Management Incentives options, allowing entrepreneurs to raise significantly more capital.

**Supporting UK exporters:** UK's first **WTO Trade Policy Review** published, explaining the UK's strategic approach to global trade with WTO partners. New **Ricardo Fund** has supported over 140 projects to export globally by addressing regulatory challenges and making trade more practical for businesses.





**Mobilising private capital:** Launch of Sterling 20 – a new **investor-led partnership** of 20 major UK pension funds and insurers to channel billions in savings into infrastructure and IS-8 sectors.

**Improving procurement:** Expanded use of Advance Market Commitments, with government acting as an **early buyer and market shaper** for new technologies. First wave includes up to £100m for novel AI inference chips, followed by clean concrete, backed by industry.

**Access to finance:** 5-year strategic plan published by the British Business Bank, focused on **supporting scale-up of IS-8 sectors** (see table below) and making financial markets work better for businesses.

**Reducing energy costs:** Set-up completed so that energy-intensive businesses will receive **up to 90% discount** on their electricity network costs from April 2026 through the Network Charging Compensation Scheme.

### Examples of public finance support (October – December 2025)

	Investor	Project	Value (£m)
	<b>Poly AI</b>	Direct co-investment to support advanced conversational AI.	14.9
	<b>Partech Impact</b>	Impact fund for European B2B tech companies tackling climate, industrial, agri-food and social inclusion challenges.	22
	<b>SV Health Investors</b>	\$100m commitment to a new multi-stage therapeutics-dedicated fund to support growing life sciences companies.	74
	<b>Orkney Islands Council</b>	Debt facility to cover Quanterness community wind farm project.	62
	<b>Roam</b>	Debt commitment to support 40,000-strong EV fast-charging pipeline.	25
	<b>OES Group</b>	General Export Facility to support offshore wind farm maintenance services contract.	2.5
	<b>Smart Solar</b>	Buyer Credit Facility for UK components for solar farm construction in Türkiye.	19.5
	<b>Southampton Marine Services</b>	Export Working Capital Scheme to secure ship maintenance contract with German cruise company.	3
	<b>Pentland</b>	Initial share acquired in offshore wind facility to power up to 70,000 homes (alongside NWF and Scottish National Investment Bank)	50

## Major new investment commitments

Industrial Strategy sectors are actively supporting investment into the UK economy, including:

IS-8 Sector	Investor	Project	Value (£m)	Jobs
Cross-sector	Hines (Woodburn Group)	New Birmingham Knowledge Quarter in the West Midlands Investment Zone	400	Not public
Advanced Manufacturing	Associated British Ports	Solent Gateway 2 development in Southampton to deliver sustainable automotive terminal	500	Not public
	GE Aerospace	Refurbishment of Nantgarw site in Wales to improve capabilities	19	Not public
Clean Energy Industries	Cerulean Wind	1GW Aspen floating wind project	5,900	>1,000
	SSE	Transformation for Growth investment plan over next 5 years	33,000	Not public
Creative Industries	Keva	Establishment of Global Creative Development Centre in Manchester	8	30
Defence	Alcor	AI-powered automation capability enabling improved operational security	4	250
	MBDA UK	Contract to deliver new DragonFire laser weapon to the Royal Navy from 2027	316	600
Digital and Technologies	AH Gamma	Futurenauts initiative, delivering transformative AI and robotics education	8	30
	CoreWeave	New data centre capacity	1,500	Not public
	Seagate	US investment to expand factory which builds hard drives	115	Not public
	AI Pathfinder	Deployment in Northamptonshire as part of a wider £18bn programme over next 5 years	150	Not public
Life Sciences	Biocomposites and Sterling	Expansion of Keele facility and construction of 60,000 sq ft Birmingham centre	30	Not public
Financial Services	JP Morgan Chase	New Canary Wharf tower block for up to 12,000 head office staff	3,000	7,800
	Goldman Sachs	Expansion of Birmingham office, as part of wider tech and AI investments	350	500
Professional and Business Services	Zinnov	Expanding footprint to set up global talent hubs	6	50

## UK-wide delivery

[Regional Investment Summit](#) held in Birmingham, with over £10bn commitments across the UK, including £400m government support for a £4bn Birmingham Knowledge Quarter, alongside major private investors.

[Wales Investment Summit](#) confirmed over £1.4bn of private investment, including £600m from Vodafone to improve 5G coverage and Associated British Ports investing £42m in five Welsh ports.

A new envoy for the [Northern Growth Corridor](#), Tom Riordan, former CEO of Leeds Council, will develop a plan for growth in the North, partnering with local leaders, universities and Northern businesses.

£500m investment package for new homes, infrastructure and business space across the [Oxford to Cambridge Growth Corridor](#), building on the Investment Prospectus. This comes alongside a £10bn expansion of the Ellison Institute of Technology [research and development facility in Oxford](#) over the next decade – creating 7,000 jobs and putting Oxford at the forefront of global scientific research.

Recipients confirmed for the [£500m Mayoral Revolving Growth Fund](#) which will allow Mayors to invest in game-changing growth projects with the private sector.

10-year Local Growth Plans published for [Liverpool City Region, East Midlands, North East, and Cambridgeshire and Peterborough](#), setting out economic vision for each region.

The Crown Estate awarded Ocean Winds the rights for a floating offshore wind site in the [Celtic Sea](#) to contribute up to 4.5GW, enough to power more than 4 million homes.

Confirmation of anticipated funding for [10 places](#) that will benefit from the [£500m Local Innovation Partnerships Fund](#), and launch of bidding competition for other high potential clusters.

£17.3m funding for [Aberdeen Energy Transition Zone](#) to create, grow and co-locate clean energy businesses using the new harbour facilities.

Research partnership between the Industrial Strategy Advisory Council and the [University of Manchester](#) to share knowledge and expertise, driving forward recommendations for growth.

## Planning acceleration for Creative Industries



Marlow Film Studios is a new development in Buckinghamshire, representing one of the largest investments in the UK creative sector in recent decades.

It will house a cutting-edge range of TV and film productions, from independent British projects to global blockbusters, with a strong focus on future-proofing the studios with technological innovations. This will strengthen UK creative talent and create up to 4,000 jobs.

In November the Government overturned a refusal for planning permission for the £750m investment, allowing it to proceed.

A £6.2bn investment by Universal Studios in Bedfordshire also received planning permission in December following a government decision to grant a Special Development Order. The investment will reinforce a creative industries cluster and support a further 20,000 jobs.

## International markets



**India:** Trade mission led by the Prime Minister, the largest trade delegation, delivered nearly £5bn of new deals and 15,000 jobs across the UK and India. Includes: £250m commitment by TVS Motor; £100m by Cyient to boost innovation; and £350m defence deal supporting 700 jobs in Belfast.



**South Korea:** Free Trade Agreement, signed to boost exports and support thousands of UK jobs. This FTA, with the twelfth largest economy in the world, is expected to grow the UK services exports by £400m, including improve access to South Korea's expanding financial market.



**Saudi Arabia:** UK delegation led by the Chancellor to the Future Investment Initiative realised £6.4bn in trade and investment, including up to £5bn financing support from UK Export Finance for projects in Saudi Arabia, benefiting UK suppliers, new Barclays headquarters in Riyadh and promoting the Oxford to Cambridge Growth Corridor.



**Türkiye:** £8bn Eurofighter Typhoon deal signed, securing 20,000 UK jobs, with production lines in Edinburgh, Warton, Salmesbury and Bristol.



**Japan:** Keidanren business delegation, Japan's most senior business body, convened in the UK for the first time in 10 years, strengthening the UK-Japan partnership and deepening the collaboration between government and industry for long-term competitiveness and investment.



**United States:** Furthering the UK-US Technology Prosperity Deal, including investments in the Oxford to Cambridge Growth Corridor and regional partnerships to advance quantum ecosystems. This includes a Scotland-Bay Area photonics and quantum 'growth bridge' and a partnership with the West of England Mayoral Combined Authority, University of Bristol, and the largest regional quantum consortium in America, Elevate Quantum.



**Australia:** Working Group of Superfunds established to identify issues and options for increased investment and a pipeline of proposals.



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