



UK Government

INDUSTRIAL STRATEGY



GREAT
BRITAIN & NORTHERN IRELAND

The Great Britain logo, featuring a stylized Union Jack flag above the text 'GREAT' and 'BRITAIN & NORTHERN IRELAND'.

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INTRODUCTION



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 game-changing research and innovation; we are champions of openness and free trade; and we continue to be a magnet for international talent and capital.

The **modern Industrial Strategy** is central to our growth mission. It is a 10-year commitment and partnership focused on the critical need to **increase business investment**, capture a greater share of internationally mobile

capital, and create the most favourable conditions for the superstar companies of the future to emerge and scale up here. **The Strategy backs eight sectors (the IS-8)** with the greatest potential to raise national levels of investment and productivity, spread prosperity to all parts of the country, strengthen economic security and resilience, and support the UK's environmental goals and the net zero transition.

THROUGH OUR MODERN INDUSTRIAL STRATEGY WE ARE:



Making it easier and quicker for businesses in the IS-8 to do business and providing the long-term stability required for innovation, commercialisation, and productivity.



Enabling investment and growth in city regions and clusters where the IS-8 are based, with a coherent offer across nations and regions.

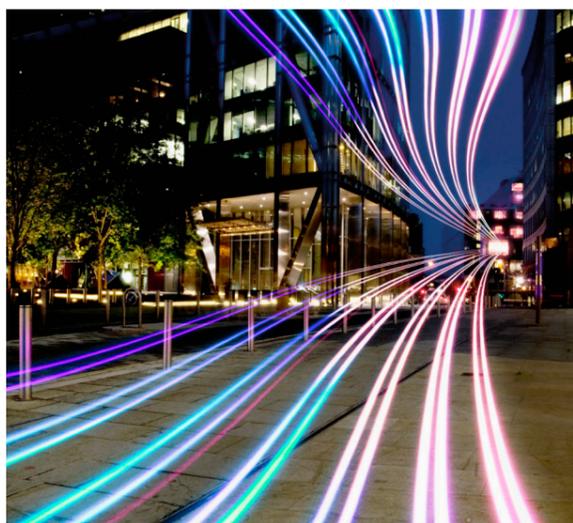


Supporting frontier industries in the IS-8 with the most significant growth opportunities, with targeted action through 10-year Sector Plans.



Creating a stronger and enduring partnership between business and a more capable and agile state, with a greater understanding of business needs.

EASE, SPEED AND LONG-TERM STABILITY



The fundamentals of the UK's business environment are strong – CEOs continue to see it as one of the world's premier destinations for investment.

The Industrial Strategy is focused on making it easier and quicker to invest, with improvements to the business environment and government support targeted at the IS-8.

INTERVENTIONS:

- » **Tackling high industrial electricity costs** through new and improved price relief schemes, including the British Industrial Competitiveness Scheme which will lead to a £35-40/MWh reduction from 2027 for

thousands of eligible businesses in Great Britain in the IS-8 and their supply chains. This will complement the Government's longer-term plan to increase energy security and reduce electricity bills.

- » **Accelerating grid connections** for investment projects, bringing high quality jobs and significant economic benefits, with a new trouble-shooting and support service operational by the end of 2025. This will build on ongoing reforms to cut waiting times for some projects by five to seven years, increase the amount of demand connected yearly from 2.1GW to 3.5GW by 2035, and mobilise £60 billion of private investment into grid infrastructure from 2026-31.
- » **Promoting free and fair trade, cross-border investment, and industrial cooperation** through strong international partnerships aligned with the approach of the UK Trade Strategy. This includes building on the UK's new economic deal with the US; strengthening UK-EU relations; seeking to conclude ongoing FTA negotiations with partners such as the Republic of Korea and Switzerland; and deepening industrial cooperation, including through our new Industrial Strategy Partnerships with Japan, France and Saudi Arabia.
- » **Strengthening the UK's economic security and resilience**, both through international collaboration and strategic investments in critical supply chains and capabilities.

The Government's uplift in defence spending, including an initial £400 million budget for UK Defence Innovation and investment of up to £330 million through the National Security Strategic Investment Fund, will support UK firms to capture market-share in strategic sectors and technologies that matter to our national security and economic growth.

- » **As a critical part of building security and resilience, supporting foundational industries which provide vital inputs for the IS-8**, such as ports, construction, composites, steel, critical minerals, materials, and electricity network supply chains. The Government's support for these industries will range from skills funding, such as the recent £625 million injection to train up to 60,000 more skilled construction workers, to electricity price relief for energy-intensive sectors, including through an uplift in the compensation on network charges from 60% to 90% for 500 eligible businesses from 2026.
- » **Bolstering the UK's overarching public finance offer** so that businesses can access catalytic capital at all stages of their growth journey, with an expansion of the National Wealth Fund's mandate to deploy its £27.8 billion capitalisation to support growth; and an additional £3 billion of additional direct lending capacity for UK Export Finance, meaning £13 billion is now on offer to stimulate overseas demand for UK businesses.

- » **Significantly increasing the British Business Bank's capacity and capability** to anchor future superstar firms in the UK. This includes an additional £4 billion of capital to support the IS-8, aiming to crowd in £12 billion of private capital; new capability to make direct equity investments of up to £60 million; new flexibilities to reinvest returns; and tools to back specialist fund managers and cornerstone funds with novel investment strategies.
- » **Driving innovation**, underpinned by an £86 billion investment into UK R&D, with 10-year budgets on public funding in specific areas and a pivot in UK Research and Innovation's programmes and budgets (including the Catapult Network, funded by Innovate UK) to support the IS-8. A new Sovereign AI Unit within government will work with the British Business Bank and the private sector with up to £500 million to invest in frontier AI, alongside a wider offer on data, compute, and talent.
- » **Increasing technology adoption** including with an expansion of the Made Smarter Adoption programme in England to support a further 5,500 SME manufacturers seeking to digitise; an extension of the model to firms in the Professional and Business Services sector; and new hubs to encourage uptake of robotics.



» **Capitalising on the value of UK data,** enabling more effective use and commercialisation. This includes a new framework from April 2026 to value and license public sector data assets; £36 million to support further Smart Data schemes allowing authorised third-parties to use consenting consumer and business data to offer improved products and tailored services; and over £100 million to develop a new National Data Library, building on the creation of the UK's new Health Data Research Service, establishing a single, secure access-point to NHS datasets through a £600 million partnership with the Wellcome Trust. The Government will also support the development of data and content marketplaces, starting with a Creative Content Exchange to open up new revenue streams for content creators.

» **Aligning skills systems with the IS-8,** taking action to ensure individuals are supported at all stages of life to develop the skills needed to drive growth. Underpinned by £1.2 billion of additional investment in skills per year by 2028-29, this includes improvements to provision for 16-19 year-olds; new short courses in England funded through the Growth and Skills Levy, in areas such as digital, AI, and engineering; and the launch of the Lifelong Learning Entitlement from January 2027, with the first modular courses to be introduced to support career progression into the IS-8. This will complement wider reforms to how the Government supports jobseekers and the economically inactive, including through the Department for Work and Pension's new Jobs and Careers Service and new Youth Guarantee.

- » **As part of this alignment, providing specific support for skills critical to the IS-8,** through three packages. The first is the TechFirst **technology** skills package, investing £187 million; supporting over 4,500 graduates, researchers, and innovators in areas such as cyber security and computer science; and supporting 1 million school children. This will complement the Government's new industry partnership with major tech players to train 7.5 million UK workers in essential AI skills by 2030. The second is an **engineering** package, with an investment of over £100 million in England over three years including funding to launch Technical Excellence Colleges to boost engineering provision. And the third is a **defence** package, with new Defence Technical Excellence Colleges, funding for courses, and investment in university facilities.
- » **Ensuring that the IS-8 can access skilled workers and the world's brightest minds.** As well as temporarily exempting occupations crucial to the delivery of the Industrial Strategy from the planned increase to the threshold for the Skilled Worker visa, the Government is setting up a new Global Talent Taskforce to attract elite talent, equipped with new funds and multi-year fellowships to cover relocation and research costs for world-class researchers and their teams. Visa routes and reforms will also improve access to talent, with an expansion of the High Potential Individual route for top graduates (doubling the number of qualifying universities) and the Global Talent route, as well as a review of the Innovator Founder visa.
- » **Streamlining regulators' duties,** merging or consolidating regulators and pressing ahead with reducing the administrative costs of regulation to business by 25% by the end of this Parliament. The new Regulatory Innovation Office will also ensure that regulation keeps pace with innovation, alongside targeted regulatory changes to support the IS-8, such as streamlining the route to market for medical products which have already been approved internationally.

- » **Fast-tracking priority projects through planning processes,** including with streamlined and more certain routes for gigafactories, laboratories, and data centres; reducing the pre-application period for major infrastructure by up to twelve months by scrapping pre-application consultation requirements, saving businesses £1 billion over the course of this Parliament; 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; and establishing AI Growth Zones to support planning approvals for AI infrastructure.
- » **Improving connectivity by investing in transport infrastructure** across England and Wales during this Spending Review period, delivering major projects such as the rail line between Oxford and Cambridge, HS2, and the Transpennine Route Upgrade. The Government is also providing £24 billion between 2026-27 and 2029-30 to maintain and improve motorways and local roads and £15.6 billion up to 2031/32 for some of England's largest city regions. This will form part of the £725 billion funding for social and economic infrastructure committed to in the 10-Year Infrastructure Strategy.
- » **Providing certainty and stability** through the Corporate Tax Roadmap set out at Autumn Budget 2024, which included commitments to cap the headline rate at 25%, maintain the Small Profits Rate and marginal relief at current rates and thresholds, and maintain key features such as Full Expensing.



SUPPORTING THE UK'S CITY REGIONS AND CLUSTERS

Economic growth will only come from increasing the productivity of places across the UK, where there is significant untapped potential.

The IS-8 are active in every nation and region of the UK. We are focusing our efforts on the city regions and clusters where the IS-8 concentrate. We are accelerating their growth through tackling their specific investment barriers - bringing forward more investment-ready sites, supporting city regions and clusters to attract private investment and strengthening the connections between city regions and clusters.

INTERVENTIONS:

- » **Increasing the supply of investible sites**, with a new £600 million UK-wide Strategic Sites Accelerator enabling the Government to intervene to bring a selection of the most strategic sites to market faster from 2026/27. In addition, we are enhancing **Industrial Strategy Zones** (Investment Zones and Freeports) and establishing new **AI Growth Zones**.
- » **Supporting city regions and clusters to attract private investment**, equipping them with stronger expertise and catalytic finance by offering a series of regionally-focused investment partnerships with the UK's public finance institutions (National Wealth Fund, British Business Bank, UK Export Finance), Great British Energy, and the Office for Investment; requiring administering authorities of the 86 funds which make up the Local Government Pension Scheme in England and Wales, with around £400

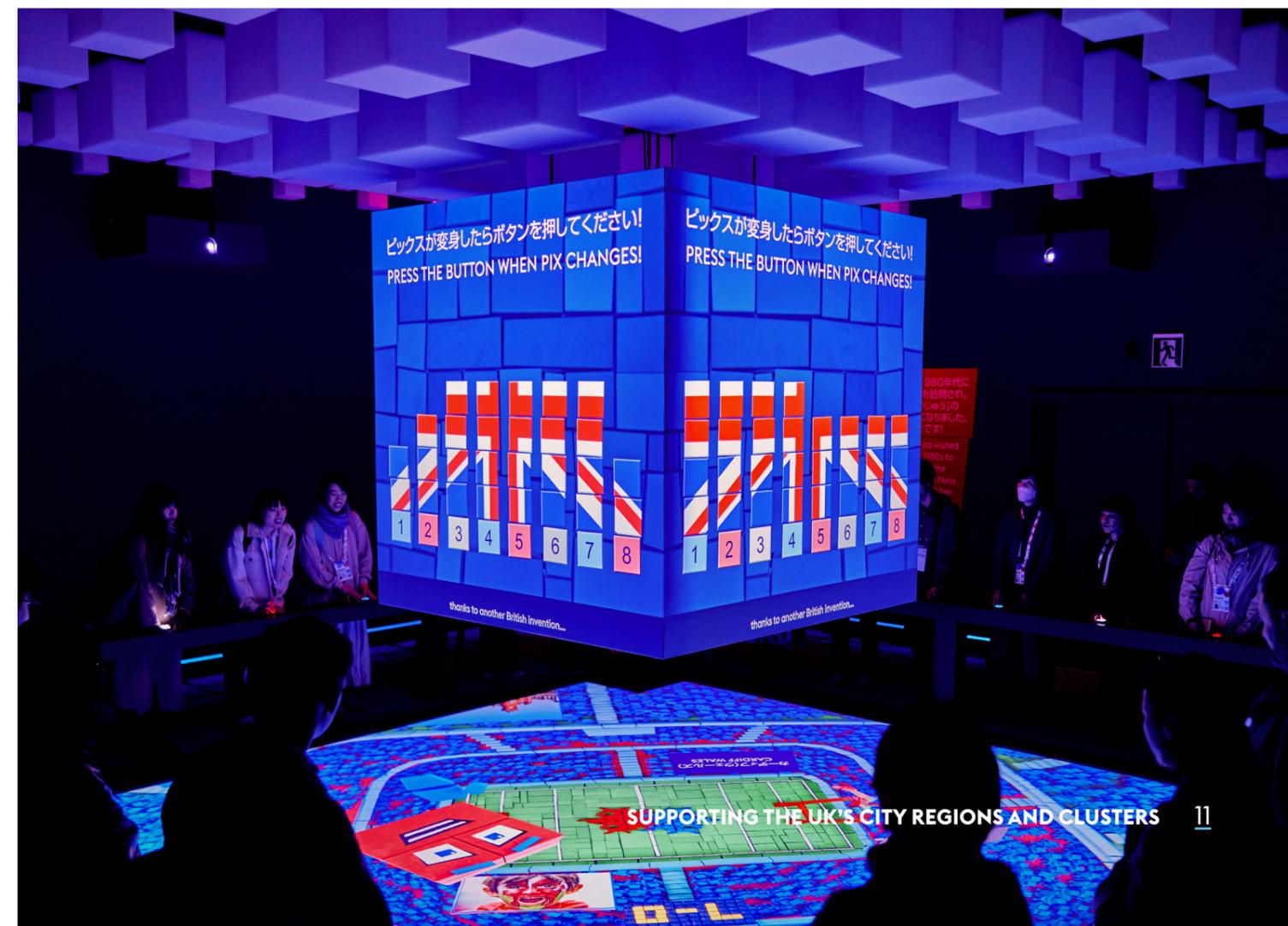
billion in assets under management, to consider local growth priorities and work with Mayors; and growing high-potential innovation ecosystems through the £500 million Local Innovation Partnerships Fund.

- » **Renewing the Government's partnerships in Scotland, Wales, and Northern Ireland**, building on the strengths of each nation. Sectoral support for the IS-8 is to include Defence Growth Deals in places in all three nations and a £750 million investment in a new supercomputer at the University of Edinburgh. Businesses across our nations are able to thrive with increased funding and certainty for Government's sectoral funding programmes like the Aerospace Technology Institute funding programme and the Life Sciences Innovative Manufacturing Fund. We are also investing at least £445 million to enhance rail networks in Wales.

- » **Supporting Mayors in England**, backing them to deliver 10-year Local Growth Plans with more powers over strategic planning, business support, skills, and transport. A new £500 million Mayoral Recyclable Growth Fund is being made available to Mayors in the North and Midlands, allowing them to invest in growth projects, for instance by providing patient capital for city-centre developments. We will also work with **local authorities** across England to support their areas' strengths in the IS-8.
- » **Connecting and supporting a growth corridor across England's Northern city regions**, boosting the area's strengths in the IS-8 by bringing together public investments into transport and catalytic finance to unlock transformative private investment. This includes £3.5 billion from 2026/27 to 2029/30 to drive forward delivery

of the Transpennine Route Upgrade, transforming rail connectivity between Manchester and York; over £10 billion to improve intra-city connectivity across six of the North's Mayoral Strategic Authorities, for instance for schemes such as West Yorkshire Mass Transit; and funding to grow Creative Industries clusters and establish Professional and Business Services Hubs.

- » **Deepening support for the Oxford to Cambridge Growth Corridor**, which accounts for 7% of UK GDP, by taking forward major infrastructure projects such as East-West Rail and £500 million investment for new homes, infrastructure and business space: including reopening the Cowley Branch Line, up to £400 million to kickstart development in Cambridge, and £15 million for the new University of Cambridge Innovation Hub.





SUPPORTING THE UK'S FRONTIER INDUSTRIES

The Strategy's approach is to support sectors which are best positioned to drive inclusive, sustainable and resilient growth.

The IS-8 are on average 27.1% more productive than the UK national average. If they stay on their current trajectory, they are set to add an extra £152 billion in GVA to the economy annually, and create 1.1 million new jobs by 2035. 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. Yet they have the potential to go much further, supported by the cross-cutting measures and by specific interventions set out in ambitious 10-year Sector Plans.



THE INDUSTRIAL STRATEGY'S SECTORS AND THE FRONTIER INDUSTRIES WITHIN THEM

Advanced Manufacturing

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



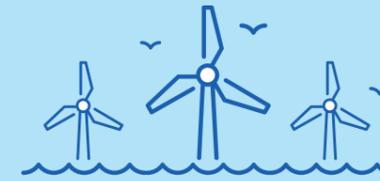
Creative Industries

- 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 including retail investment
- Asset Management and Wholesale Services

Defence

- Combat Air
- Complex weapons
- Directed energy weapons
- Next generation land capabilities
- Next generation maritime capabilities



Life Sciences

- Pharmaceuticals
- Medical Technologies (MedTech)

Professional and Business Services

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



ADVANCED MANUFACTURING

Ambition by 2035:

To near double annual business investment from £21 billion to £39 billion, giving the UK an edge in the manufacturing industries of the future with the greatest potential to seize the opportunities of automation and the net zero transition.

Interventions include:

- » **Driving innovation** with up to £2.8 billion of R&D funding up to 2030, including for zero-emission vehicle manufacturing and the development of the next generation of sustainable aircraft technologies (part of an overall package of up to £4.3 billion for the sector).
- » **Increasing uptake of automation and technology**, including through the expansion of the Made Smarter Adoption programme for small and medium enterprises.
- » **Making targeted regulatory changes**, such as supporting the drone sector to scale up, implementing the Automated Vehicles Act by 2027 to get driverless cars on UK roads, and updating the Zero Emission Mandate to ensure greater flexibility for UK car manufacturers.



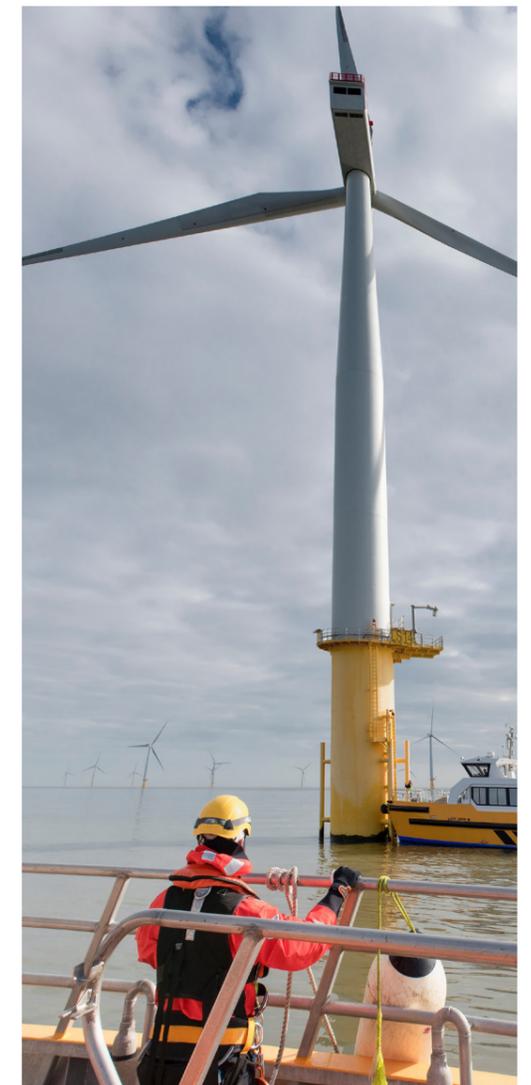
CLEAN ENERGY INDUSTRIES

Ambition by 2035:

To at least double business investment in frontier industries to £30 billion per year, creating hundreds of thousands of good jobs across the UK and ensuring that the global clean energy transition is built with British industry and innovation.

Interventions include:

- » **Driving investment certainty.** Over £60 billion public investment into clean energy deployment, with £9.4 billion into CCUS capital budgets, £13.2 billion into the Warm Homes plan and £14.2 billion for Sizewell C.
- » **Delivering catalytic public investment**, supporting jobs, innovation and growth. Establishing Great British Energy with £8.3 billion to invest, including a £1 billion Supply Chain Fund, and £2.5 billion investment in fusion R&D.
- » **Breaking down investment barriers.** Delivering key infrastructure including grids, ports, rail and road. Launching a Connections Accelerator Service which boosts support for demand projects and guaranteeing jobs whilst building on work which has already secured £30 billion in investments.
- » **Ensuring we have a skilled workforce.** Launching our Clean Energy Jobs plans, including skills passports, a fair work charter and investment into skills.



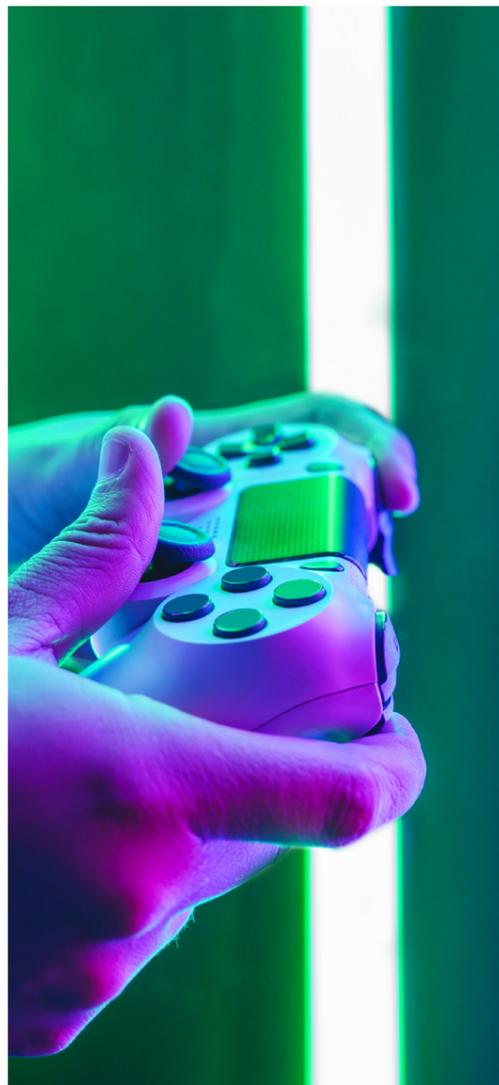
CREATIVE INDUSTRIES

Ambition by 2035:

To significantly increase annual business investment from £17 billion to £31 billion, enhancing the UK's position as a global creative superpower.

Interventions include:

- » **Increasing innovation and commercialisation** by significantly increasing UK Research and Innovation's support for creative businesses, including £100 million for the next wave of creative clusters and a £25 million programme to create five new creative R&D labs across the UK.
- » **Providing targeted support for 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.
- » **Looking at all options to deliver a copyright and AI framework that values and protects human creativity**, supporting rightsholders in licensing their work in a digital age and allowing AI developers to benefit from access to creative material in the UK.
- » **Introducing a new Creative Places Growth Fund devolving £150 million** over three years to six Mayoral Strategic Authorities.



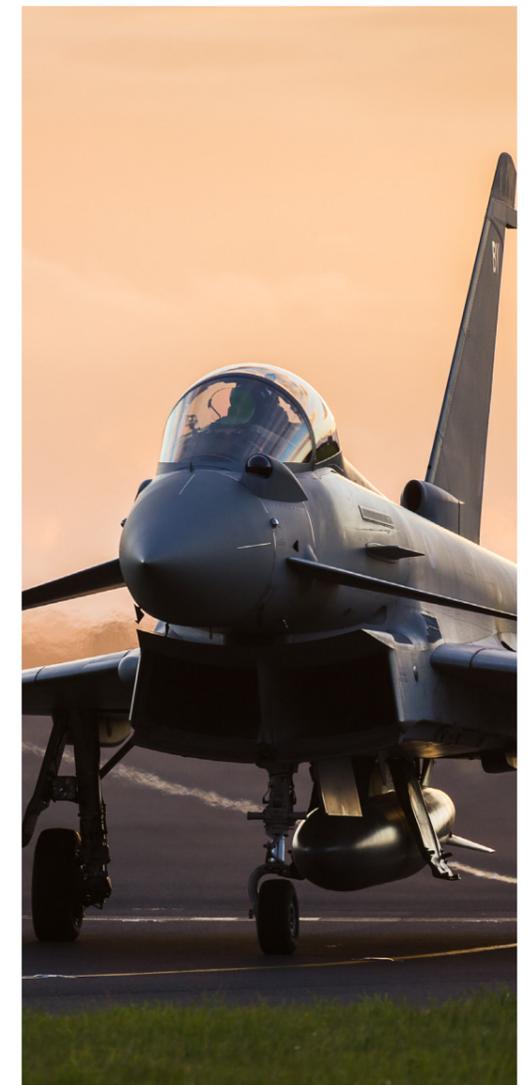
DEFENCE

Ambition by 2035:

To transform the UK into a defence industrial superpower, becoming Europe's leading exporter, halving the gap on venture capital investment with the US, and reducing the time to contract across all segments of defence procurement.

Interventions include:

- » **Increasing the adoption of novel and dual-use technologies**, including by spending at least 10% of the Ministry of Defence's equipment budget on innovations such as drones and AI-enabled technology.
- » **Reforming defence procurement from top to bottom, and backing UK-based businesses** by increasing the Ministry of Defence's annual spending with SMEs by £2.5 billion by May 2028.
- » **Increasing defence exports** through a new Office for Defence Exports, reporting to the new National Armaments Director.
- » **Launching new Defence Growth Deals** to support localised ecosystems in the places with the highest growth potential in defence-related industries, working with local and devolved governments in England, Scotland, Wales, and Northern Ireland.
- » **Developing a defence skills package**, as set out above.



DIGITAL AND TECHNOLOGIES

Ambition by 2035:

For the UK to be one of the top three places in the world to create, invest in, and scale up a fast growing technology business, **securing the UK's first trillion-dollar tech company.**

Interventions include:

- » **Leveraging a record £86 billion investment in R&D over this Spending Review period** to support frontier industries, for instance with £670 million to drive the development and adoption of quantum computers.
- » **Seizing AI opportunities** by expanding the UK's AI Research Resource by twenty fold by 2030 and establishing the new Sovereign AI Unit, with up to £500 million to maximise the UK's stake in frontier AI.
- » **Developing the UK's domestic skills pipeline**, reaching up to 1 million young people and supporting over 4,500 undergraduate and postgraduate places through the TechFirst programme.



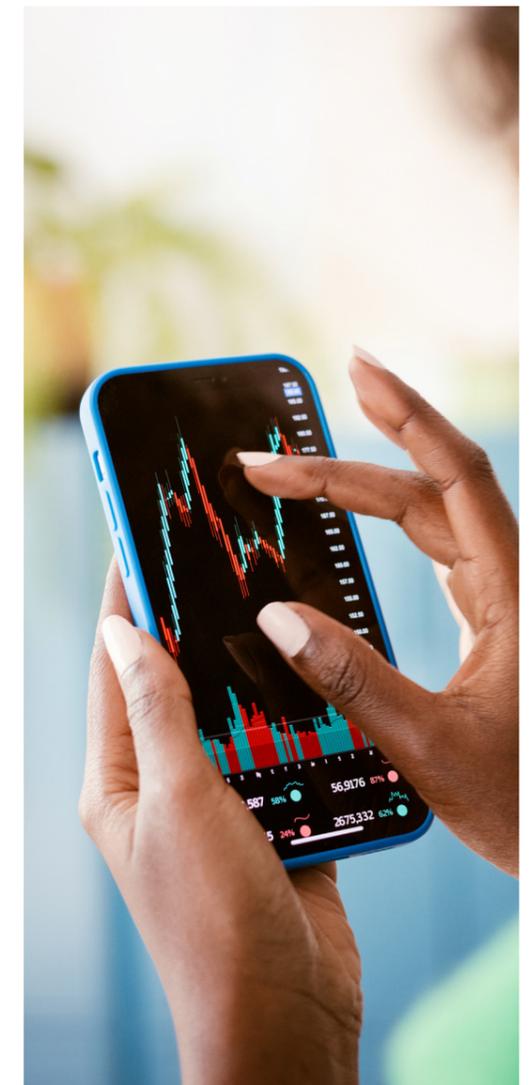
FINANCIAL SERVICES

Ambition by 2035:

By 2035, the UK will once again be the global location of choice for financial services firms to invest, innovate, grow, and sell their services throughout the UK and to the world, so that the UK maintains its global leadership in areas such as financing the net zero transition; and more investment is channelled into the real economy, benefitting all UK sectors as well as consumers.

Interventions include:

- » **Targeted reforms to the regulatory environment** to ensure that it is proportionate, predictable and internationally competitive and makes it easier and more attractive to do business in the UK.
- » **Embracing innovation**, including by making it easier and quicker for FinTechs to achieve regulatory authorisation, modernising the legislative framework for the regulation of payments services and e-money, and accelerating progress on Open Finance and Smart Data.
- » **Encouraging overseas firms to invest in the UK economy**, including by establishing the Office for Investment: Financial Services in partnership with regulators and industry.



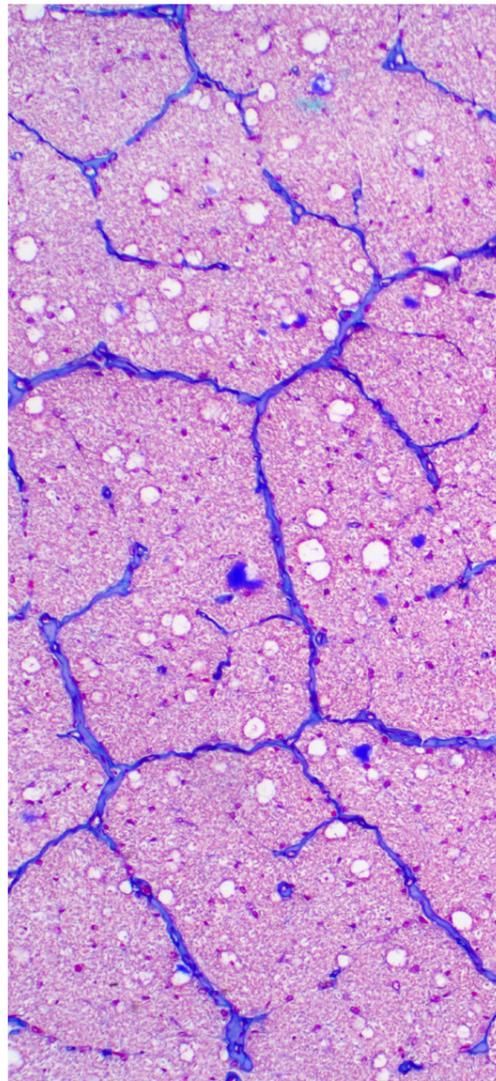
LIFE SCIENCES

Ambition by 2035:

For the UK, by 2030, to be the leading Life Sciences economy in Europe; and by 2035, the third most important Life Sciences economy globally, behind the US and China only.

Interventions include:

- » **Enabling world-class R&D** through delivering a £600 million Health Data Research Service with the Wellcome Trust to create a secure, AI-ready national health data platform; cutting clinical trial set-up times below 150 days and doubling commercial trial participants by 2029; and accelerating MHRA processes while expanding joint approvals and international reliance routes.
- » **Making the UK the best place to start, scale and invest** by deploying up to £520 million through the Life Sciences Innovative Manufacturing Fund to attract high-value manufacturing projects, securing at least one major strategic partnership each year, and supporting 10 to 20 high-potential UK companies to grow and commercialise successfully.
- » **Driving healthcare innovation and NHS reform** by introducing clearer, faster NHS procurement through the new National Health tech Access Programme and an 'Innovator Passport'.



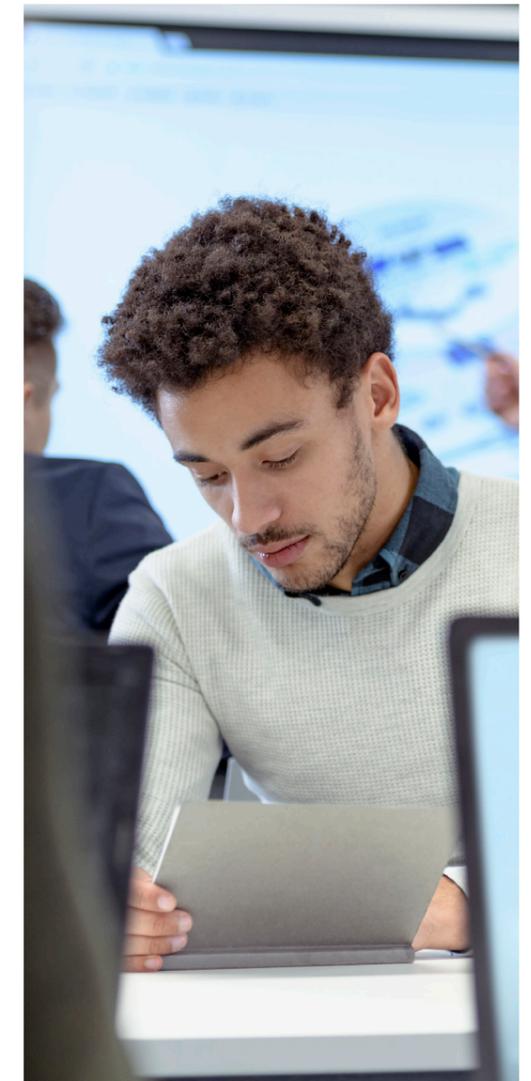
PROFESSIONAL AND BUSINESS SERVICES

Ambition by 2035:

To almost double business investment in the sector from £35 billion to £65 billion, so that the UK is the world's most trusted adviser to global industry, with businesses from every industry and geography relying on UK firms to become more productive in an unpredictable world.

Interventions include:

- » **Increasing technology** adoption with an extension of the Made Smarter Adoption programme to the Professional and Business Services sector; and **increasing innovation** by developing a Smart Data programme focusing on property firms.
- » **Launching Professional and Business Services Hubs** in Liverpool, Greater Manchester, West Yorkshire, the West Midlands, and Glasgow/Edinburgh to reflect local priorities, from accelerating the development of emerging technology sectors to connecting firms to potential investors.
- » **Supporting trade, exports, and inward investment** through a focus on securing mutual recognition of professional qualifications agreements with international partners.



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.

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. Throughout the 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 said about the biggest opportunities and barriers for business investment, focusing on the IS-8 and clusters

across the UK. At the outset, an independent Industrial Strategy Advisory Council was also established, with senior leaders from industry, academia, and trade unions, which has been a crucial partner. These partnerships are vital as the Strategy is implemented.

INTERVENTIONS:

- » **Recognising and maximising the value of private investment**, including by taking every appropriate opportunity to combine public and private funding to attract private capital, target market failures, share risks with investors, and shape market incentives. This takes into account the full benefits of productive investment when considering the case for government support, with new guidance for public bodies on how to appraise applications as part of a business case, how investments contribute to business resilience (an important Industrial Strategy priority); and exploring how to improve the way grants are awarded.
- » **Reforming public procurement**, implementing recent measures to create a simpler and more transparent regime for business to navigate, for instance with a new online platform to give better visibility of routes to market. The Government is consulting on further reforms to public procurement designed to strategically boost domestic supply chains, creating more opportunities for local business, and ensuring public bodies give more weight to firms that show they can boost UK jobs and growth.

- » **Ensuring that businesses and investors receive timely support and decisions**, with full implementation of the recommendations in the Harrington Review of Foreign Direct Investment, including a significantly bolstered Office for Investment and initiatives to improve processes for offering government grants and other incentives. Where there is appetite from industry, the Government is also exploring establishing dedicated Sector Offices to support the IS-8, providing clearer points-of-entry for businesses to seek advice and escalate issues into the heart of government.
- » **Build commercial skills in government** by creating an in-house Business Academy and taking a new approach to business placements, making it easier to bring industry expertise into government and to place Civil Servants into industry. Both will build commercial skills in government and 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.
- » **Improving support for small and medium sized businesses**, alongside the wider improvements to the business environment. From exploring a single sign-in service for Gov.UK to help small and medium sized businesses navigate government guidance and interventions, to tackling the issue of late payments, with the Small Business Commissioner Emma Jones CBE playing an important role in overseeing reforms.



- » **Establishing strong institutions to focus on delivery**, including a permanent independent Industrial Strategy Council and by introducing robust governance mechanisms, bringing together government departments and the heads of major delivery partners.
- » **Robust and comprehensive monitoring and evaluation of the Strategy**, overseen by the Industrial Strategy Advisory Council.



UK Government