



Department for  
Business & Trade

# Magnet Hub Competition

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**Scheme Guidance Document**

1 July 2026

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## About this scheme

### How this scheme supports the Critical Minerals Strategy

In 2025, the UK Government published [Vision 2035: Critical Minerals Strategy](#), building on the ambitions set out in the UK's [Modern Industrial Strategy](#). Together, these strategies recognise the foundational role that critical minerals play for the Industrial Strategy's growth sectors of the economy, including clean energy, advanced manufacturing, and defence.

The Critical Minerals Strategy sets out a long-term vision to strengthen the UK's access to these materials, in the context of increasing global demand, supply chain concentration, and geopolitical risk. A central ambition of the strategy is to grow a resilient domestic supply chain, supporting both economic growth and economic security.

The Department for Business and Trade (DBT) is launching this grant competition as of the government's response to these challenges. It is designed to:

- accelerate the development of domestic capability in rare earth permanent magnet manufacturing
- build on the UK's existing strengths in midstream processing and recycling

Through targeted investment, the scheme will support businesses and organisations to scale production, develop skills, and bring forward the technologies required to establish a more resilient and competitive UK supply chain.

### How we define success

To ensure clear industry and government progress towards delivering Vision 2035 in partnership, we define success as:

- at least 10% of annual UK demand for critical mineral in the aggregate is met through domestic production (primary extraction, processing and refining of critical minerals) by 2035
- 20% of total annual UK demand for critical minerals is met through recycling of products to recover critical minerals by 2035
- supply is diversified, so that no more than 60% of the UK's annual demand for critical minerals in the aggregate is supplied by any one country by 2035

Our ambitions reflect the need for the UK to build capability across the value chain, including processing, manufacturing, and recycling.

## **Overview and scope of the Magnet Hub**

Through a competitive process, this grant scheme will award funding to an organisation or consortium capable of establishing and operating a UK-based magnet production and training facility (the 'Magnet Hub').

The grant for the Magnet Hub will be up to £20 million and DBT will fund one centre through this competition. The project must take place in the UK and the successful applicant will be expected to deliver the funded activities by 31 March 2030, which is when the grant funding period ends.

The aim of this scheme is to fund a world-class national facility to develop new and innovative manufacturing capability for rare earth magnets. Alongside batteries and semiconductors, rare earth magnets are a foundational 'keystone species' equivalent for the UK's advanced manufacturing, clean energy and defence sectors.

The Magnet Hub will serve as a sandpit facility to innovate and scale processes for rare earth element (REE) recycling and magnet manufacturing and provide a platform for companies to scale production and develop partnerships with equipment manufacturers. It will also be a world-leading skills and training centre which upskills students and workers, supporting business growth and addressing crucial skills gaps.

Together, these activities will help overcome current market barriers facing magnet production, accelerate industrial capability, and support collaboration across industry and academia. The Magnet Hub is expected to act as a catalyst for long-term sector development, enabling increased domestic production capacity, strengthening supply chain resilience, and positioning the UK as a competitive player in the rare earth value chain.

Ultimately, this investment seeks to establish a nationally significant and internationally competitive magnet manufacturing capability, supporting the UK's strategic priorities from national security to the energy transition and consequently delivering lasting economic and industrial benefits.

## Key dates

This table outlines indicative dates for the competition’s milestones.

Event	Date
£50 million programme launch	22 June 2026
Expression of interest (EOI) window	1 – 22 July 2026
Notification of EOI outcome	August 2026
Full application window	August/September 2026
Funding decision	Autumn 2026
First grant drawdown (and quarterly thereafter)	December 2026
Grant funding period ends	31 March 2030

# Strategic aims

## What the hub aims to achieve

The overarching objective of the Magnet Hub is to scale the production of rare earth permanent magnets in the UK, increasing the UK's leadership across the rare earth value chain and making it globally competitive and resilient. This objective is underpinned by three strategic priorities:

### 1. Driving Economic Growth

- Support high-value manufacturing and growth-driving sectors, including clean energy, advanced manufacturing, and defence
- Support job creation, skills development, and regional economic growth
- Catalyse private sector investment and expansion across the UK rare earth permanent magnet value chain

### 2. Strengthening Economic Security

- Reduce vulnerabilities associated with concentrated global supply chains
- Build sovereign capability in a strategically critical sector
- Improve resilience against supply disruptions and external economic pressures

### 3. Building Domestic Resilience

- Reduce reliance on overseas supply chains for rare earth permanent magnets and associated inputs
- Develop domestic capability across the rare earth permanent magnet value chain
- Establish a sustainable ecosystem, spanning production, skills and innovation
- Promote a circular materials economy by enabling recycling, recovery, and reuse of rare earth elements and magnet materials across the product lifecycle

## What the scheme will fund

One Magnet Hub will be funded through this grant award. The Magnet Hub will act as a national capability centre, designed to support the scale-up of rare earth magnet manufacturing in the UK.

Rare earth elements are defined as the group of seventeen chemical elements in the [periodic table](#), the fifteen lanthanides plus scandium and yttrium.

## **The four core functions**

To apply for funding through this scheme, you should submit a proposal that addresses four core functions:

### **1. Developing technical skills and workforce capability for magnet manufacturing**

The Magnet Hub should operate as a centre of excellence for skills development, addressing current skills shortages in the UK magnet manufacturing ecosystem.

Proposals should address how the project will:

- develop technical and specialist capabilities required for magnet production
- provide training, upskilling, and workforce development programmes
- strengthen the pipeline of skilled personnel entering the sector

While flexibility in delivery approach is encouraged, the core requirement is to demonstrably address skills and workforce gaps across the value chain.

### **2. Developing innovative advanced manufacturing processes and technologies**

Outputs delivered by the Magnet Hub must contribute to the development and advancement of midstream technologies and processes (e.g. processing, refining, and intermediate manufacturing stages) required to enable sustainable, scalable, and flexible production of rare earth permanent magnets.

Proposals should address how the project will:

- enable the scale-up of magnet manufacturing capability in the UK, positioning the UK at the forefront of emerging developments in magnet production
- support the development of new or improved production processes, fostering continuous innovation and technological advancement
- facilitate the production of multiple magnet grades to broaden application and market relevance
- enable collaboration between industry, academia, and research organisations

### **3. Providing shared access to specialist equipment for industry use**

The Magnet Hub should function as a shared equipment base, providing industry access to capabilities that may otherwise be cost-prohibitive.

Proposals should address how the project will:

- make equipment accessible to UK companies for manufacturing and scale-up activities
- act as an enabler of wider UK ecosystem growth for rare earth permanent magnet manufacturing

#### **4. Strengthening domestic equipment capability and supply diversity**

The Magnet Hub should support the UK in strengthening domestic equipment capability by enabling access to, and validation of, a broad range of manufacturing equipment and technologies.

Proposals should address how the project will:

- establish the Magnet Hub as a testbed for a range of advanced magnet manufacturing equipment and technologies, supplied domestically and by partner nations
- support the procurement, validation and deployment of such equipment
- enable the use of equipment under flexible, non-restrictive conditions, supporting production across multiple sectors

#### **Expected outcomes of the scheme**

Through the four functions listed above, the Magnet Hub is expected to:

- significantly increase UK magnet manufacturing capability
- strengthen supply chain resilience and reduce external dependencies
- develop a skilled and sustainable workforce
- accelerate innovation and technology development
- enhance the UK's position in global critical materials markets

While the grant funding through this scheme is available up to 2030, the Magnet Hub should attract additional investment and partnership from industry or other partners in order to build long term sustainability beyond the lifetime of the award.

## Who can apply

### Lead applicants and partners

The lead applicant must be a UK registered business, university/academic institution, or research and technology organisation (RTOs). Charities, not-for-profit and public sector organisations may be included in the project team but not lead a project.

You can run your project on an individual or consortium basis - bringing together a range of expertise. If you run your project as a consortium, you will be asked to set out the rationale for collaboration and explain the structure of your consortium through the application process. Consortium projects will be expected to establish formal collaboration agreements to ensure that all project partners are aware of the need for compliance with the scheme rules and relevant legislation and that all data and assets are appropriately managed.

If you are applying on a consortium basis, you must appoint a lead applicant to complete the EOI and any subsequent full application required.

There is no limit on the number of applications that your organisation can be involved in however your organisation can only be a lead applicant on one project.

If your application is successful, DBT will sign a Grant Funding Agreement (GFA) with only the lead applicant. Legally binding agreements between consortium members and the lead applicant must be managed by the lead applicant.

### Who cannot apply

We will exclude your application if it involves funding, or providing any financial benefit to, any individual or entity that is listed on the [UK Sanctions List](#) and is directly or indirectly involved with delivery of this project. This could include activities such as procurement, commercial operations, business development, or supply chain engagement involving any organisation acting as a lead, partner, or subcontractor.

As part of the application process, you will also be asked to complete various declarations, including relating to past convictions and breach of various regulations, breach of obligations related to payment of tax or social security contributions and breach of other regulations. If you declare yes to any of these, you will be required to provide an explanation to set out what measures have been taken to demonstrate the reliability of your organisation despite the existence of a relevant grounds for exclusion.

We reserve the right to reject any application where we believe there is sufficient grounds for exclusion.

## **Where the project must take place**

If your application is successful, you must use the grant funding to construct new or redevelop/enhance existing facilities in the UK, and the funded activities must take place in the UK.

## **Project timescales**

The delivery window for the Magnet Hub will run to 31 March 2030 and you will need to have spent all grant funding by this date.

You should be confident that the proposal you submit can meet these deadlines. As part of the application process, you must submit evidenced project plans showing your ability to complete projects in line with these timescales and consider any risks to the plan.

Projects should be able to mobilise quickly after grant award. If successful, you will be able to claim for spend incurred from offer in principle stage, however any spend incurred before the GFA is signed will be at your own risk.

## **Funding available and eligible costs**

You can receive up to £20 million as a grant through this scheme. The total amount of grant funding you apply for should be the minimum amount necessary to deliver the project. You will be expected to demonstrate value for money as part of the application process.

You should plan to spend approximately equal amounts of grant funding per financial year of the project, and you will have to set out anticipated spend per financial year as part of the application process. Where any plan would ideally see an increased amount of spend in the first year, please reflect this in the EOI. You will have the opportunity to update this information between EOI and full application stage if your application progresses.

You can only spend grant funding on eligible costs. These include:

- Direct delivery costs, for example, staff costs, materials, equipment or supplies used exclusively for the project
- Capital investment, for example, purchase of buildings, major equipment or construction, refurbishment or significant upgrades to buildings or facilities
- Research and development, for example, research activities, testing or feasibility studies. These need to be aimed at new findings, based on new concepts or ideas to improve methods or ways of doing things, systematically performed and lead to results that have the potential to be reproduced.

- Any other costs, for example rent and utilities or governance that are used completely for the project

Your indirect costs must be reasonable relative to your grant size and delivery costs should materially exceed management costs. Management costs should be at most 10-15% of the overall grant amount.

There is no requirement for match funding from the grant recipient organisation. However, you will be expected to demonstrate how you will fund and support the ongoing operations of the Magnet Hub beyond the grant funding period, and this will be part of the assessment process (see 'ongoing viability' below).

If your application is successful, you will be required to sign a GFA with DBT which will set out the terms and conditions of payment. Grant payments will be made on a quarterly basis, in arrears, and only after a claim has been submitted and approved by DBT showing defrayed expenditure against agreed eligible costs and delivery of the funded activities as specified in the GFA.

### **Demonstrating the need for funding**

You should only submit an application where grant funding is necessary for the project to proceed. Your project will fall outside of the scope of this scheme if it is already viable without grant support, or if it would proceed at the same time and scale in the UK regardless of the funding.

To ensure you have a genuine case for assistance, you will be asked to set out what would happen if funding were not provided through this scheme as part of the application process. You may be required to provide evidence to support your answer as part of the due diligence process.

Additionally, whilst the total amount of grant available through this scheme is £20 million, the total amount of grant funding you apply for should be the minimum amount necessary to deliver the project. At full application stage, you will be required to provide evidence to support how you arrived at the figure of the total amount of grant funding you are applying for.

### **Subsidy control requirements**

Funding via this scheme will need to comply with the UK's obligations and requirements under the subsidy control regime, namely the Subsidy Control Act 2022, and where applicable, the European Union State aid rules and the UK's wider international obligations.

Please note that the UK's subsidy control regime requires granting authorities, in this case DBT, to publish certain information in respect of businesses receiving subsidies (if worth £100,000 or more) for transparency purposes.

## **Other sources of funding**

In addition to the Magnet Hub scheme, there are separate funding offers available to organisations. These include DRIVE35 and NWF.

To ensure compliance with subsidy control requirements and in line with the approach of this scheme providing the minimum necessary amount of funding to deliver the project, we will consider any other public funding sought or already received by the you. You will be required to set this out as part of the application process.

## **Ongoing viability**

The Magnet Hub is intended to create a lasting national capability beyond the grant funding period. Through the application process you will be asked to explain how the facility will remain operational and financially sustainable after 31 March 2030. At full application stage, this will include you providing a business plan that sets out anticipated operating costs together with the sources of revenue or funding that will support these costs.

You should also consider how you will manage access to the Magnet Hub to ensure fair and transparent access for a range of users, including how you will allocate access if demand exceeds capacity.

## **Intellectual property**

The Magnet Hub is expected to operate as an open-access facility that supports innovation and industrial scale-up. You should consider how arrangements for the ownership, protection and use of intellectual property (IP) will operate, including where IP is generated through activities at the Magnet Hub.

As a general principle, organisations should retain ownership of any pre-existing IP they bring to the Magnet Hub. You should not require users to assign ownership of their IP as a condition of accessing the facility. If you propose any licensing or exploitation arrangements, you will be expected to explain how these will support innovation, encourage use of the Magnet Hub and maximise economic benefit for the UK.

## How to apply

### Overview of the application process

You must submit applications for both the Expression of Interest (EOI) stage and if successful, the full application stage through the online application portal (the [Grants Hub](#)).

If you do not already have an account, you must register on the Grants Hub to create a login. You will need to provide your name and email address and create a password to do this.

When completing the EOI, you will create an application reference which you will use through all stages of the application.

The same person should submit each stage of the application as they will be set as the primary contact. If you need to change the primary contact, contact DBT.

The lead applicant can invite collaborators to contribute to the application through the Grants Hub.

You should monitor the email address used to submit your application for updates from DBT.

Your application will be assessed by a mixture of DBT and external experts. DBT will make the final decision at each stage of the application process.

### Expression of interest stage

The competition will begin with a three-week Expression of Interest (EOI) stage, designed to shortlist applicants ahead of the full application stage.

The purpose of the EOI stage is to identify applicants who demonstrate a credible and relevant proposal aligned with the objectives of the Magnet Hub. It will ensure that only those applicants with a sufficiently strong strategic fit, capability, and delivery potential are invited to progress to a full application.

The EOI process is designed to be light-touch and proportionate, enabling you to develop and submit a high-quality response within a short timeframe. You will be asked to provide concise information that reflects the core strengths of your proposal, without requiring the level of detail expected at full application stage.

There are certain eligibility screening questions which you must pass in order for your EOI to be considered. These are in the first section of the application form.

You will also need a director or senior member within the lead organisation to sign off the final EOI before it is submitted. This must be done within the Grants Hub system so you should allow sufficient time for this.

Once EOIs have been assessed, you will be notified of the outcome of your application:

- If you are successful, you will then be invited to proceed to the full application stage
- If you are unsuccessful, you will not progress further in this competition.

### **Full application stage**

You will only be able to submit a full application if you are successful at EOI stage.

The full application stage is designed to probe further into the answers you provided at EOI stage. You will be asked to provide more detailed information on your proposal, delivery model, funding requirements and long-term sustainability plans.

Further detail on the application form and selection process will be provided if you progress to this stage.

### **Due diligence checks**

If you are successful at full application stage, we may issue an offer in principle. You will then be required to undergo due diligence checks before a formal offer of funding is made.

These checks will include, but are not limited to, eligibility checks, operational checks, financial checks and governance checks. You may also be asked to provide more information to support the case for assistance and to support any statements you have made in the application process.

Completion of due diligence checks will not (of itself) release funding or entitle you to funding. Any offer of funding will be at DBT's absolute discretion and will be subject to your agreement to the Grant Funding Agreement presented by DBT. The amount of any offer of funding will also be at DBT's absolute discretion.

If, through diligence checks, we conclude that the amount of funding sought is not the minimum necessary to achieve the objectives and enable the project to proceed, we will adjust the grant amount to an amount that we consider (in our absolute discretion) necessary to achieve these objectives.

### **Using AI in your application**

You are permitted to use generative AI tools to prepare your application, however you should apply caution and the information you provide must be factually accurate.

## If your application is successful

### Conditions of funding

In order to be awarded a grant, you must accept our conditions of funding, which will be further outlined within the Grant Funding Agreement (GFA). These will include (but will not be limited to):

- adhering to our monitoring, reporting and evaluation requirements
- following our payment rules and processes
- only using grant funding on eligible costs
- complying with clawback terms

We will discuss the full terms of the GFA with you, including the reporting requirements as part of negotiation at the time of award. If you ultimately do not accept the terms of the GFA, you will not be able to receive funding.

### How your project will be monitored

You will be required to agree to DBT's reporting requirements which will support oversight of delivery and evaluation of the scheme.

This includes (but is not limited to) ongoing regular reporting on key performance indicators for a period of up to 10 years from the start of the grant funding period such as:

- facility utilisation (firms accessing the Magnet Hub)
- co-investment leveraged
- training/continuous professional development completions
- production output by Magnet Hub users (magnet production tonnes/year) where known
- jobs created/safeguarded (at the Magnet Hub and more broadly where known)

You will also be required to support evaluation activities run by DBT or partners on our behalf to assess the impact of the scheme.

All monitoring and evaluation requirements will be set out in the GFA.

You will be assigned a monitoring officer who will be your primary point of contact. They will ensure that the project is being run in accordance with the GFA terms and in line with financial due diligence.

You will be expected to meet with the monitoring officer on a regular basis to discuss delivery progress, risks and review financial forecasts. You will also be required to facilitate site visits as necessary. The frequency of meetings will be based on project risk assessments.

### **How payments will be made**

Grant payments will only be made in arrears and only after a claim has been submitted to show defrayed expenditure against agreed eligible costs and deliverables, and only after DBT has verified the claim and evidence.

You will be able to make grant claims on a quarterly basis and will need to verify that the grant has been used for delivery of the funded activities and eligible expenditure as specified in the GFA.

### **How clawback provisions will work**

DBT will include standard provisions around clawback in the GFA that allow for the recovery of grant funding in certain circumstances, for example default, non-performance, breach, fraud and insolvency. These are standard requirements that are a normal part of issuing public funding, in order to comply with HM Treasury's [Managing Public Money](#) guidance.

As part of the application process, you will be required to provide adequate and appropriate security, for example a Parent Company Guarantee, to ensure that the funds would be recoverable if clawback is required.

## Contact us

If you require clarification on the scheme or information relating to your application, please email [magnethubgrantscheme@businessandtrade.gov.uk](mailto:magnethubgrantscheme@businessandtrade.gov.uk) and the team will endeavour to respond within 48 hours during the working week.

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## **The Department for Business and Trade**

The Department for Business and Trade is an economic growth department. We ensure fair, competitive markets at home, secure access to new markets abroad and support businesses to invest, export and grow. Our priorities are the Industrial Strategy, Make Work Pay, the Trade Strategy and the Plan for Small Business.

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