UK Government

THE UK'S MODERN INDUSTRIAL STRATEGY

Quarterly Update

April – June 2026

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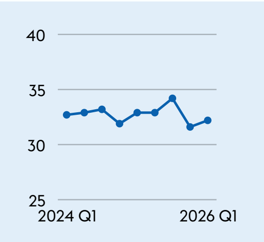
Industrial Strategy high-growth sectors (IS-8) – Economic Indicators

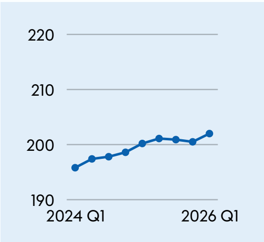
Business Investment

Gross Fixed Capital Formation (billions)



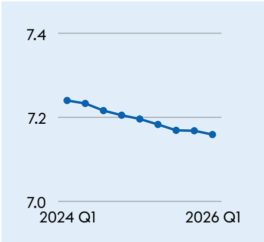
Gross Value Added

Economic output (billions)



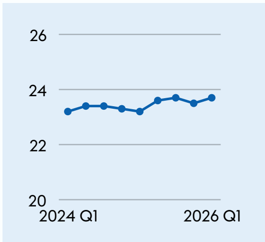
Labour Markets

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 (Q2, April – June 2026)

>£25bn
Investment commitments made into IS-8

>£4bn
Exports from IS-8 supported directly by government

>35,000
Jobs from investment and exports commitments in the IS-8

>£2.1bn
Public finance support for UK businesses to scale and export

You can find sources and methodology for all data quoted in this update here

Delivery milestones for Q2 (April – June 2026)

Defence Investment Plan published, backed by £298bn investment, including £5bn for drones, to boost warfighting readiness, drive innovation and deliver high-quality UK jobs across the next decade.

British Industrial Competitiveness Scheme expanded by 40% to provide support for over 10,000 eligible manufacturers, cutting electricity bills by up to 25%, as well as an additional payment in 2027.

UK becomes the first G7 country to agree a trade deal with the Gulf Cooperation Council, unlocking investment in high-growth sectors potentially worth up to £3.7bn annually to the UK economy.

Launch of £500m Sovereign AI Fund, backing homegrown AI founders with a package of support on investment, visas, access to supercomputers, and research and development funding.

Delivery forward look for Q3 (July – September 2026)

Further Jobs Plans for Industrial Strategy sectors to be published, developed in partnership with industry and trade unions, setting direction for domestic workforce requirements, skills and actions.

The Strategic Sites Accelerator programme is aiming to go live, with details to be set out on the investment strategy and further opportunities for places and site developers to express interest.

New regulatory sandboxing powers alongside new growth goals for regulators and sponsorship charter, setting clearer direction and stronger oversight which will improve regulator performance.

UK-India Free Trade Agreement, worth £4.8bn, enters into force on 15 July with businesses able to benefit from £400m tariff cuts in year one, lower import costs and enhanced mobility for skilled professionals.

Delivery updates across the IS-8 sectors

Advanced Manufacturing

- Partnership signed with Wayve, accelerating the rollout of self-driving vehicles to support growth in advanced automotive manufacturing.
- Lotus launches Hethel Performance Hub in Norfolk, strengthening UK high-performance manufacturing capability and enabling greater collaboration across automotive supply chains.
- £6.5m for Advanced Manufacturing Supply Chain Innovation competition, funding SME-led projects to strengthen UK supply chains.

Clean Energy Industries

- Rolls-Royce SMR contract signed with Great British Energy-Nuclear to develop the UK's first small modular reactors in Wylfa, Anglesey, supporting around 3,000 high-quality jobs.
- Major expansion of hydrogen technology in the UK, with £86.5m announced for ITM Power in South Yorkshire, with over 400 jobs expected.
- Up to £64m to develop Port Talbot as the Celtic Sea's first floating offshore wind port, creating up to 5,000 jobs across the sector.

Creative Industries

- Enabling works started at Universal United Kingdom Resort in Bedford after an accelerated planning process. The £6bn deal between Comcast NBCUniversal and HMG will create 28,000 jobs and nearly £50bn for the UK.
- £30m of new funding to support video games sector, including £28.5m through the UK Games Fund to support video game developers.
- Prime Video and Amazon MGM Studios consult on plans to expand Bray Film Studios, adding nine sound stages and facilities. This will support 3,285 jobs and contribute £1.74bn over ten years.

Defence

- UK–Sweden defence industrial partnership, with Gripen fighter jet deal for Ukraine – over 30% of each aircraft built in the UK, backing 5,000 jobs.
- Contracts up to £4m awarded to 13 British SMEs, enabling rapid procurement and delivery of cutting-edge tech for UK Armed Forces such as quantum sensing and autonomous systems.
- Europe's biggest drone testing centre launched in Swindon. Uncrewed Systems Centre will work with UK firms to drive autonomous innovation, support SMEs, boost exports and create jobs.

Digital and Technologies

- £1.1bn AI Hardware Plan launched, with £400m to bring next-generation AI chips into UK's national supercomputer, of which £150m just for start-ups.
- British Business Bank takes its largest equity stake to date, committing £100m to Oxford Quantum Circuits as part of a £260m Series C funding round.
- £45m Engineering Biology Value Chain Growth Fund launched, strengthening sovereign capability and resilience in the foundational technologies that underpin engineering biology value chains.

Financial Services

- Financial Services and Markets Bill introduced, modernising regulation and enabling the sector to lend more to businesses, as well as make consumer protections fit for the digital age.
- Measures to enhance Britain's competitive edge in payments and financial innovation, including Chris Woolard CBE appointed as the Wholesale Digital Markets Champion for government.
- Pension Schemes Act 2026 in force, requiring schemes to demonstrate value for money, enabling automatic consolidation of small pension pots, and creating larger, better-performing funds.

Life Sciences

- Landmark UK-US pharmaceutical partnership agreed, accelerating NHS access to new medicines, including cancer and rare disease treatments, while securing tariff-free exports.
- Major investments totalling over £80m – by Accord (Barnstaple), University of Birmingham, and Codis (Hengoed) – backed by Life Sciences Innovative Manufacturing Fund, creating over 500 jobs.
- New AI sandbox launched by Medicines and Healthcare products Regulatory Agency, accelerating medicines development.

Professional and Business Services

- Gulf Cooperation Council trade deal gives greater legal certainty, securing existing market access, and delivers ambitious business-mobility commitments.
- Marco Amitrano, Alliance Senior Partner at PwC UK and Middle East, appointed Business Co-Chair of Professional and Business Services Council.
- AI Growth Labs sandbox launched, with Legal Services the first sector to participate, accelerating responsible development and deployment of AI – applications open later this summer.

Business environment reforms

Enhancing skills: Skills England's first annual skills report provides the most comprehensive view yet of skills demand across England, including Industrial Strategy sectors – showing 1.5m additional workers needed in key roles across IS-8 & construction by 2035.

Skills for defence: 2,500 student places created in defence engineering and computing through £50m of grants for 24 universities and colleges, plus £30m for new facilities to support capacity growth.

High-quality training: 19 new Technical Excellence Colleges announced, backed by £175m to train 65,000 students for advanced manufacturing, clean energy, defence, and digital and technologies jobs.

Economic security and resilience: New procurement guidance issued to protect national security in critical sectors (AI, shipbuilding, steel, and energy infrastructure), and new Supply Chain Centre's action plan published to help secure critical inputs.

Access to global talent: Visa fee reimbursement for high-growth UK scale-ups in digital and tech, life sciences and clean energy launched, alongside fast-track visa sponsor licences enabling IS-8 firms to expand into the UK more quickly.

Supporting scale-ups: New package of scale-up measures, including £3.4m pilot offering intensive, tailored support to high-potential firms, and Penny Verbe appointed as Scale-up Advisor.

Delivering for SMEs: Industry-led Small Business Regulatory Taskforce launched, co-chaired by Tina McKenzie, to help cut unnecessary red tape in high-growth areas for SMEs – report due in Autumn.

Strategic Sites Accelerator: The new programme to bring forward more investible sites to market has appointed CBRE as its National Delivery Partner. It is aiming to go live in the coming months and take decisions on support for a first wave of sites.

Progress across Digital and Technologies

More than £6bn of new investment and around 8,000 new jobs announced during London Tech Week, alongside a package of government support and business environment reforms to enable more frontier tech companies from around the world to build, hire and scale in the UK.

Theme	Action to support
Skills	• Through **TechFirst**, government's nationwide tech skills programme, 400,000 students from disadvantaged schools will be supported to take up **AI and tech skills**. • **Early Careers Jobs Alliance** will bring together government, employers, trade unions and young people to look at how AI is impacting entry level roles - co-chaired by Mike Clancy and Katie Gallagher. • Piloted in North-East England, Sage, Accenture and Microsoft will deliver on-the-job training through **work placements for young people** aged 18 to 24 not currently in education or employment. • **Nationwide AI bootcamp scheme** to be rolled out, providing young people at risk of being unemployed and out of education and training, a pathway to work. Pilot begins this summer and will reach young people across Wigan, Blackpool, Oldham, Blackburn and Lancashire.
Tech Adoption	• **Industry-led AI Adoption Plans** published, written by AI Champions to help key sectors put AI into practice where adoption can drive best productivity gains. • Includes **expansion of Bridge AI** scheme with £100m to match British companies with British AI. • £53m ringfenced for new initiatives to boost AI adoption and innovation including **expansion of Tech Town programme**, which Barnsley has pioneered. • **£5m for each AI Growth Zone** – in Oxfordshire, North Wales, South Wales, North East England and Lanarkshire – to adopt AI and upskill local workforce. • £4m **expansion to Spärck AI Scholarships** with participating universities including Oxford, Cambridge, Imperial College London, UCL, Southampton, Edinburgh, Newcastle, Manchester and Bristol. • **New Quantum Growth Alliance**, a forum of CEOs in the UK to accelerate the adoption of quantum technologies.
AI Hardware	• £1.1bn **AI Hardware Plan launched**, enabling British firms to develop, deploy and scale AI tech and chips. • Includes **£750m for a national AI supercomputer**, £400m for next-generation chips, £120m for an AI Hardware Innovation Programme including £20m to expand the Scaling Inference Lab, and £45m in further funding for skills. • British Business Bank has backed a fund led by Silicon Valley investors Playground Global with £150m, that will invest in UK-based AI hardware companies – the **single largest fund investment the BBB has ever made**.

Business environment reforms

Removing planning barriers: New reforms to limit the risk of judicial review against critical infrastructure, including wind and nuclear clean energy projects, and new limitations for road, rail and reservoir projects.

Agri-tech regulation reform: Targeted deep dives have driven action to speed up approvals for agricultural robotics and simplify registration and guidance, accelerating tech adoption with potential to deliver £1.1m a year savings.

Improving infrastructure: Over 40 commitments set out for cheaper, more accessible transport in the Better Connected transport strategy; Wi-Fi on over 1,400 trains to be upgraded via low-earth satellites.

Local innovation: Mayors of established Mayoral Strategic Authorities to be given greater control of future Local Innovation Partnerships Fund investment in their areas after the next Spending Review – empowering local leaders to deliver economic growth.

Improving electricity networks: Expansion and upgrade to be accelerated following Electricity Network Infrastructure consultation, speeding up consent timelines, cutting admin burden on operators and expanding access rights for network providers.

Access to finance: New 'Supers Unit' set-up, led by the Office for Investment, focused on unlocking Australian pension fund investment into high-growth sectors, including infrastructure and private markets.

Driving Innovation: Universities UK sets goal to secure £100bn for university innovation by 2035, doubling private investment to scale spinouts, drive regional growth, and ensure the UK remains competitive.

Capitalising the value of data: National Data Library launched as a single trusted gateway, bringing together curated, high-quality public-sector data and resources to address challenges at a national level.

Examples of public finance support (April – June 2026)

Investee		Project	Value (£m)
British Business Bank	Oxford Quantum Circuits	Major deeptech investment to scale UK quantum computing firm globally	100
	Playground Global	Cornerstone commitment for new fund to invest in deep-tech scale ups	150
	Quantum Motion	Leader in silicon-based quantum computing	40
National Wealth Fund	Rolls-Royce SMR	For Rolls-Royce SMR to develop its small modular reactors	599
	Rowden	To support the expansion of facilities which designs and builds sensing and information systems	25
	Cornish Metals	To support development of the South Crofty tin project in Cornwall	35
	InstaVolt	To help accelerate the roll out of rapid electric vehicle (EV) charging, improving accessibility and charging speed	40
	Associated British Ports	To deliver a major infrastructure programme across ABP's UK network	200
UK Export Finance	SMP Ltd and FEP Ltd	Two multi-million-pound export deals to supply the Indonesian Navy with state-of-the-art submarine rescue vehicle systems	128
	Nuclear Energy support for Ukraine	To enable the export of enriched uranium from UK-headquartered Urenco to Ukraine's national nuclear operator, Energoatom	210
Great British Energy	ITM Power Ltd	To deliver a major expansion of hydrogen technology manufacturing in the UK	40

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	NatWest	North of England growth investment (energy, transport, infrastructure, housing)	20,000	Not public
	Cambridge Science Park	Expansion plan to triple its capacity for science and tech companies over the next 30 years	3,000	20,000
Advanced Manufacturing	Cummins	European Battery R&D HQ opened in Milton Keynes, strengthening UK battery innovation capability	10	100
	Rolls-Royce, Airbus and others	Combined investment into hydrogen-powered aviation technology from major aviation companies	188	Not public
Clean Energy Industries	Kansai, Marubeni and others	UK-Japan Offshore Wind Compact supporting 5.9GW of floating offshore wind projects in the UK	Up to 9,000	Not public
	InfraVia	Pipeline of battery storage and flexible energy projects across the UK to ensure grid stability	1,000	Not public
	Atri Energy Transition	To develop large-scale battery storage and advanced manufacturing in clean energy	300	100
Creative Industries	Comcast NBCUniversal	Universal United Kingdom Resort, generating up to £50bn of economic benefit across the UK	6,000	28,000
	Yoo Capital	Camden Film Quarter approved, including 11 sound stages for film and television production	1,000	1,300
Defence	Tekever	Developing next-generation autonomous systems capable of operating alongside Apache helicopters	400	Up to 150
Digital and Technologies	Hexaware	To expand UK operations, in Manchester, Leeds and Birmingham in AI, digital services and quantum	25	1,200
	Nebius	To build out capacity in the UK with three new deployments of advanced NVIDIA compute	1,700	Not public
	AMD	To accelerate AI innovation and research in the UK	2,000	Not public
Life Sciences	AstraZeneca	Expanding Cambridge site and building advanced lab space in Macclesfield for drug development	300	Not public
	Accord	Expanding its Barnstaple manufacturing site to increase novel medicines production	45	Not public
	Boehringer	New centre in King's Cross Knowledge Quarter for pharmaceutical AI and machine learning	150	50
	Eisai	Developing Hatfield site to establish in-house capabilities for cold-chain medicine management	48	Up to 150
Financial Services	NatWest	To modernise and upgrade its branch network, including flexible, mobile branch stops	50	Not public
Professional and Business Services	Mizuho Financial Group	Project financing for renewable energy and digital infrastructures, including energy transition sector	3,000	Not public

UK-wide delivery

Great North Investment Prospectus launched and confirmation that City Investment Funds will speed up projects like Leeds South Bank, Liverpool Knowledge Quarter and Sheffield Innovation Spine.

Launch of a Greater Cambridge Development Corporation and major investments in Cambridge with £30m from AVEVA in the Cambridge Research and Development hub, Cambridge Science Park £3bn expansion plan, and £200m by AstraZeneca. Cambridge South Station now open, with direct rail access to Europe's largest biomedical campus.

New Medicines & Healthcare Products Regulatory Agency hub in Belfast to provide direct, local support to Northern Ireland's life sciences sector and ensure strong links to wider UK clusters.

Defence Growth Deal agreed in Northern Ireland, with £50m investment programme to help SMEs and start-ups enter the defence supply chain. This builds on £36m for Thales to produce Lightweight Multirole Missiles, supporting 700 jobs in Belfast.

Major investments in London with OpenAI securing a permanent office in the capital while Anthropic and Boehringer Ingelheim are expanding their presence in the King's Cross Knowledge Quarter.

Port Talbot £64m offshore wind hub in the Celtic Sea will enable Associated British Ports to complete essential design and engineering work needed to build one of the first floating offshore wind ports in the UK, creating up to 5,000 of high-quality jobs.

£20m to support Local Innovation Partnerships Fund proposals from each of Tay Cities region, South West Wales, Oxford-Cambridge Growth Corridor, Greater Lincolnshire, South West, East Midlands, and up to £30m between Hull & East Yorkshire and Tees Valley partnerships.

Tender process launched for the UK's new national supercomputer in Edinburgh, with a £750m investment giving scientists across the UK access to compute power found in few other nations.

First tranche of £150m Creative Places Growth Fund delivered to Greater Manchester, Liverpool City Region, North East, West of England, West Midlands, and West Yorkshire to boost creative clusters in their areas.

South Yorkshire Electrolysers

The UK has taken a major step in hydrogen manufacturing through significant investment in South Yorkshire, with more than 400 jobs expected in Sheffield, and the wider supply chain. ITM Power UK has received £40m from Great British Energy, alongside a £46.5m grant in principle, supporting major expansion of hydrogen tech manufacturing in the UK.

This investment, Great British Energy's largest in clean, homegrown power to date, will strengthen UK electrolyser manufacturing, supporting a 1 GW expansion with skilled jobs in manufacturing and construction locally, and across wider supply chains. This is clean energy policy directly reinforcing industrial growth, supply chain development and skilled work in places that already have strong industrial foundations.

"Clean power increasingly underpins energy sovereignty and resilience, which are critical to long-term economic success. The UK government's support, through a combination of equity participation and grant funding, marks a pivotal step in establishing ITM at the centre of the UK's hydrogen economy and firmly positions us as a natural partner for projects in the UK. The funds will enable the build-out of large-scale domestic manufacturing of our next-generation Chronos stack platform".

– Dennis Schulz; CEO, ITM Power UK Ltd

International markets

Gulf Cooperation Council: Free Trade Agreement secured, expected to deliver up to £3.7bn annually, boosting access to high-growth markets, supporting priority Industrial Strategy sectors, and reinforcing economic resilience through stronger ties with a strategically vital region.

Japan: Thousands of new jobs and more than £18bn investment during Japan PM Takaichi's UK visit, alongside deals across technology, clean energy and life sciences. Offshore Wind Compact unlocks up to £9bn in Japanese investment, and Frontier Tech Partnership will see British research translated to scalable technology, from AI and quantum to civil nuclear and defence tech, deepening UK-Japan Industrial Strategy Partnership.

Sweden/Czechia: Rolls-Royce SMR selected to provide small modular reactor technology for Sweden's first nuclear build in over 40 years. This follows the signing of a contract worth up to £15bn between Rolls-Royce SMR and ČEZ Group for Czechia's first SMR.

Poland: Security treaty signed, strengthening defence industrial cooperation, joint weapons development and supply chains to ensure economic and energy security.

Ghana: The UK–Ghana Growth Partnership launched, during the UK-Ghana Investment Summit with President of Ghana, mobilising private capital, increasing bilateral trade, and supporting business environment reforms.

Germany: First Germany-UK Business and Government Forum in Berlin, strengthening our cooperation in targeted ways including on economic security, critical raw materials and the development of resilient supply chains.

United States: Greater Together expo and trade mission to Los Angeles with over 250 business and cultural leaders, promoting economic growth and UK-US collaboration in key Industrial Strategy sectors, including AI, quantum computing, fintech and life sciences.

Australia: Delegation of Australian Superannuation Funds hosted in April, supporting further long-term investment into UK infrastructure and the green transition, building on c.£40bn already invested.

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