



UK Government

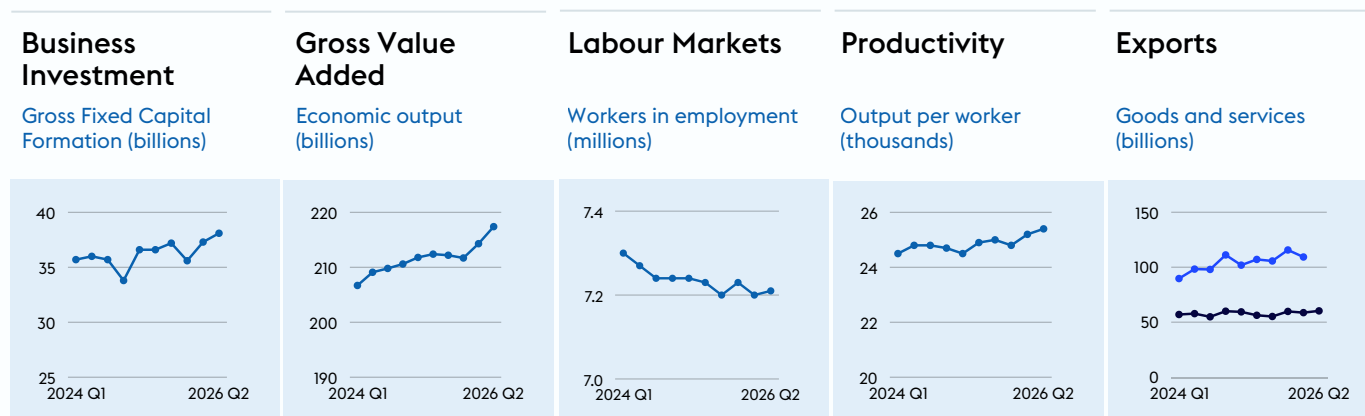
THE UK'S MODERN
**INDUSTRIAL
STRATEGY**

Quarterly Update

July - September 2026

Quarterly Update

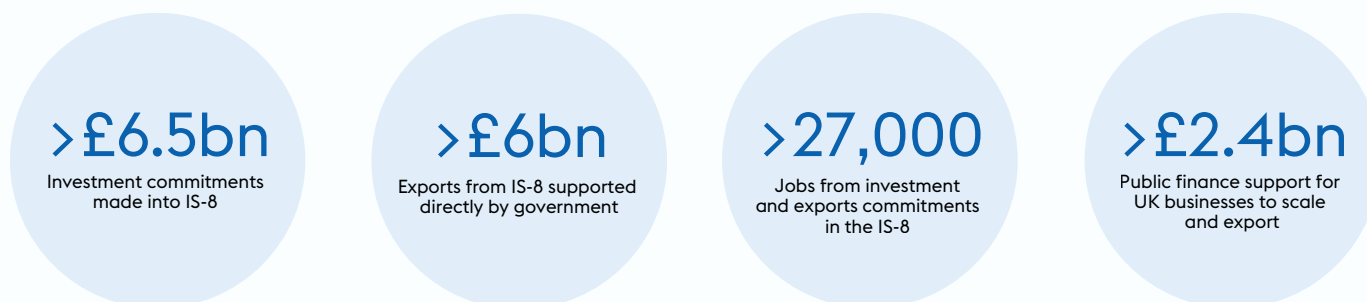
Industrial Strategy high-growth sectors (IS-8) – Economic Indicators



Sources: BIST analysis of: Business Investment: ONS Business Investment (annual Gross Fixed Capital Formation, Volume Index Capital Services), 2024 prices; GVA: ONS Low-Level Aggregates, 2024 prices; Payrolled Employees: ONS Pay As You Earn Real Time Information (HMRC); Productivity: ONS Low-Level Aggregates and Productivity Jobs, 2024 prices; and Exports: 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.

● Goods ● Services

Last quarter (Q3, July – September 2026)



You can find sources and methodology for all data quoted in this update [here](#)

Delivery milestones for Q3 (July – September 2026)

Over £1bn of automotive investment secured from McLaren, Bentley and Nissan, supporting over 5,000 jobs across Woking, Rotherham, Crewe and Sunderland and thousands more in the supply chain.

UK's Space Strategy launched, backed by a record £7.8bn of government funding until 2030, bringing together civil and defence priorities and supporting economic growth from Cornwall to Shetland.

Over £3bn in life sciences public-private investment attracted since publication of the Sector Plan. **Life Sciences Jobs Plan** published, with the interventions needed to unlock the talent for 66,000 additional jobs in the sector by 2035.

Applications for **British Industrial Competitiveness Scheme** opened on 1 October, reducing eligible manufacturers' electricity costs by up to 25% from April 2027, with additional payment in the first year.

Delivery forward look for Q4 (October – December 2026)

Greater certainty for automotive manufacturers, investors and consumers with the **Zero Emission Vehicle Mandate** review closing and publication of government response in the coming months.

Jobs Plans for remaining **IS-8 sectors and construction** to be published, developed with industry and trade unions to address workforce challenges and support the skills needed for future growth.

Remaining 14 **Local Innovation Partnership Fund** regions to set out their delivery plans for investment, the Fund is forecast to leverage £1bn of co-investment and generate £700m of additional local economic value.

The **Small Business Taskforce** to publish a report recommending how government can improve the regulatory landscape for SMEs, empowering them to invest, create jobs and grow.

Delivery updates across the IS-8 sectors

Advanced Manufacturing

- £130m public-private investment in next generation vehicles announced, supported via [DRIVE35](#), securing over 1,800 jobs.
- [£600m package](#) to back British aerospace including £500m for cutting-edge R&D and £100m to help ambitious suppliers scale up.
- First-of-its kind [financing framework worth £750m](#) signed between GE Aerospace and UK Export Finance, helping airlines access funding for engine repairs at GE Aerospace's sites in Wales and Scotland.

Clean Energy Industries

- Planning and approvals for [Port of Tyne Clean Energy Park](#) streamlined. The project is expected to create up to 12,000 jobs in the North East and contribute over £5.6bn to the economy.
- £1.5bn committed by ScottishPower to repower [Whitelee onshore windfarm](#), nearly doubling capacity of the UK's largest onshore windfarm.
- EDF and Centrica to fund £800m refurbishment of [Sizewell B nuclear power station](#), extending its lifetime to 2055 and securing 900 jobs for longer.

Creative Industries

- [Music Plan](#) launched with £45m Music Growth Package to support over 2,000 projects and at least 40,000 artists and music professionals.
- [Creative Trade Forum](#) launched, helping creative technology businesses scale up, access new international markets and attract investment.
- Innovate UK's £10m [Next Wave](#) pilot attracts 700+ businesses, awardees get grants to commercialise createch products, services or IP.

Defence

- £26bn infrastructure programme launched to [modernise Royal Navy naval bases](#), supporting thousands of skilled jobs across Scotland, the South West and the Solent.
- [£8.4bn investment](#) for Dreadnought submarine build programme in Barrow, enhancing nuclear deterrence while supporting tens of thousands of jobs, including 22,000 apprenticeships by 2035.
- Around 600 UK-based companies set to benefit from [£708m investment](#) in next-generation combat air technologies, supporting jobs and a nationwide supply chain.

Digital and Technologies

- £100m [Sovereign AI R&D Procurement Scheme](#) competition launched to back British AI startups in tackling some of society's biggest challenges.
- UK's first autonomous ride-hailing service launched in London as part of the [Wayve-Uber partnership](#), demonstrating commercial deployment of British built AI technology.
- Prime Minister's [AI Taskforce](#), chaired by Lord Vallance, established to place AI at the centre of government to drive adoption, transform public services and unlock growth across the country.

Financial Services

- Over 20 major firms signed up to the [Financial Services Skills Compact](#), building skills critical to the sector's success and supporting the talent pipeline.
- £800m valuation secured by UK fintech [Moneybox](#) through one of the first transactions on the new innovative PISCES stock exchange platform.
- Bank of England to be given new objective to ensure UK payments regulation keeps pace with technological change and supports innovation through the [Financial Services and Markets Bill](#).

Life Sciences

- [Advancing innovation in accelerated cancer diagnosis](#) £25m competition launched, supporting development of high-potential early cancer diagnostic technologies and devices.
- The [Health Data Research Service](#) established as a government company, launching Driver projects to demonstrate the potential of health data being used in medical innovation research.
- Recommendations published for refreshed regulation to support safe, fast and trusted [AI adoption across the NHS](#) through MHRA National Commission into Regulation of AI in Healthcare.

Professional and Business Services

- The UK's consulting sector's [exports grew by 9%](#), graduate recruitment by 10% and apprentice hiring by 31% in 2025 according to MCA annual report.
- Up to £3.6m for third phase of the [LawtechUK Grant Competition](#), supporting startups to develop cutting-edge legal technologies.
- New scheme to help train the next generation of criminal barristers announced, with [£1.5m annual funding](#) to remove barriers to the legal profession.



Business environment reforms

Reducing the cost of regulation: Consultation launched on reducing the regulatory load for SMEs, exempting more businesses from audits and adopting digital-first communications.

Accelerating decision-making: Government departments directed to strip out needless statutory consultation duties, speeding up decision-making by prioritising outcomes over process.

Removing planning barriers: Faster delivery of thousands of homes to be enabled through National Planning Policy Framework reforms, including a default 'yes' for homes being built near well-connected stations.

Strengthening local planning powers: Mayors across England given 'call in' powers to take over key planning applications which impact on local growth in their areas, alongside powers to grant up front permission for development.

Driving innovation: UKRI's five-year strategy published, supporting over 20,000 researchers to power and commercialise breakthrough discoveries in future technologies including £9bn for IS sectors.

Public procurement reform: Complex public procurement stripped back and the social value weighting doubled to make job creation and skills development key criteria in public contracts.

Improving infrastructure: Great British Grid announced to bring together public and private investment to help improve competition, expand and modernise the grid faster, speeding up connections for businesses and lowering costs.

Supporting foundational industries: Government will work towards public acquisition of Speciality Steel UK, considering long-term, sustainable options for a site which could support high-growth sectors including defence, advanced manufacturing and aerospace.

Defence: Driving Reindustrialisation

One year on from the publication of the Defence Industrial Strategy, defence continues to be an engine for growth across the country, strengthening the UK's manufacturing base, supporting high-skilled jobs and developing the businesses, technologies and supply chains that drive growth and keep the UK secure. The Defence Investment Plan, backed by £298bn of investment over the next four years, has confirmed defence capability priorities, backing science, innovation and advanced technologies, access to procurement for SMEs, and the place-based investment in defence industrial clusters across the UK.

Theme	Action to support
Innovation	- UK Defence Innovation (UKDI), with a ringfenced annual budget of at least £400m, announced its five innovation priorities across autonomy, AI, logistics, effects and protection, helping innovative British businesses accelerate the development and scaling of technologies needed by our Armed Forces. UK secured access to Ukraine's Avengers AI labs, launching pilot projects with British startups to protect the UK from hostile actors seeking to gather intelligence and develop next-gen chips for drones, robotics and autonomous systems.
Backing British	Billions of pounds of maritime projects, including new floating docks at HM Naval Base Clyde and a new marine research vessel, to be delivered by British companies, backing jobs across the UK and boosting national security. - UKEF launched the £50bn Defence Export Fund to support large-scale defence exports and strengthen Britain's competitiveness internationally. This allocation will support British defence companies of all sizes, allowing them to compete for major international contracts and backing skilled British jobs across the country. - MOD's SME Action Plan published, delivering on the commitment to spend £7.5bn annually with UK SMEs by 2028, increasing chances for smaller British firms to win defence contracts, strengthening defence supply chains. 22 British companies to be supported with contracts worth up to £300,000 each to increase UK munitions production, defence readiness and bringing high-skilled manufacturing back to industrial communities.
Skills and Talent	- Government and Britain's largest defence firms agree to get 40,000 young people a year into work, apprenticeships and training by 2030, rising to 50,000 by 2035, starting them on the career ladder and building a skilled talent pipeline. Defence Universities Alliance formed, bringing together 35 universities with MoD, strengthening the links between academia and the defence sector, driving cutting-edge research and building the highly skilled workforce needed for the UK's future defence capability.

Business environment reforms

Increasing access to talent: Global Talent visa expanded, enabling over 100 of the UK's most innovative companies to support the world's best researchers to work in the UK.

Access to finance: Major pension funds investigating a £1bn first-of-its-kind vehicle dedicated to help innovative science and tech businesses scaleup, commercialise products and create skilled jobs.

Northern 500: Bringing together the North of England's most ambitious mid-size businesses with Mayors, government and the private sector to access to scaleup capital.

Venture capital access expanded: British Business Bank has committed £100m through the Investor Pathways Capital Initiative, supporting first-time fund managers to invest the early capital required by innovative, early-stage businesses.

Delivering for SMEs: Growth Guarantee Scheme expanded, enabling 12,000 additional SMEs per year to receive support in accessing finance by 2028/29, alongside the 8,000 currently supported.

Building local skills: £100m committed to expand apprenticeship services to all 14 Mayoral Strategic Authorities, delivering thousands of opportunities driven by the skills communities need.

Backing British exporters: UK Export Finance launches Flexible Finance, a pilot product offering up to £5bn of guarantees to buyers in fast-growing international markets, incentivising them to buy British.

Anchoring AI talent: Sovereign AI invests in CuspAI, OLIX and Basecamp Research, backing British AI firms specialising in materials, infrastructure and life sciences to scale in the UK, supporting our AI ecosystem to remain world-leading.

Examples of public finance support (July – September 2026)

	Investee	Project	Value (£m)
	Phoenix Court	Increasing the depth of domestic capital available to fast-growing UK science and technology companies.	50
	Kraken Technology Group	Scale-up of autonomous maritime defence vessels and manufacturing capability in the UK.	27
	Alchemab	Accelerate the development of AI-enabled antibody therapies and advance new treatments for hard-to-treat diseases.	25
	PhysicsX	Industrial AI and engineering simulation software for aerospace, semiconductors and advanced manufacturing.	19
	DataVita	Expansion and construction of two AI data centres in Scotland's AI Growth Zone, supporting UK AI infrastructure and compute capacity.	202
	Tungsten West	To support the restart of the Hemerdon tungsten and tin mine in Devon, securing domestic supply of a critical mineral in IS8 sectors.	71
	Nexxon	Development of UK-based advanced battery materials manufacturing and R&D for electric vehicle supply chains.	52.6
	British manufacturing, engineering and construction businesses	UK businesses will earn £167m in contracts to support the construction and redevelopment of critical infrastructure projects in Angola.	655
	Naked Energy	Investment to establish UK manufacturing of solar thermal technology and strengthen domestic clean energy supply chains.	7.5

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	Rolls Royce	Expand and modernise manufacturing facilities to support future aerospace and defence programmes	300	Not Public
	Tees Valley Lithium	Phase 1 of refinery at Billingham Chemical Complex to convert lithium for use in electric vehicles	185	Not Public
	Geothermal Engineering Ltd	To open a new cutting-edge lithium extraction facility in Cornwall	43	130
Advanced Manufacturing	Aberdeen Investments	Financing for new battery-electric train fleet for TranPennine Express	1,000	5,500
	McLaren	Expansion at site in Rotherham and opening a new cutting-edge production facility	500	1,000
	Bentley	Completed investment in new production line in Crewe to manufacture their first fully electric vehicle	350	4,000
	Nissan	To produce a new hybrid electric Nissan Kicks model at its plant in Sunderland	170	Not Public
	Airbus	To convert its former A380 wing production facility into an A321 line in Broughton	150	480
	Alfor Aviation	Establishing Teeside as its global headquarters and opening new aircraft conversion campus	50	250
	SaxaVord	To complete and expand infrastructure at the UK's first licensed vertical launch site	30	Not Public
Clean Energy Industries	ScottishPower	Repowering Whitelee windfarm, nearly doubling capacity of the UK's largest onshore wind site	1,500	Not Public
	Fidra	500MW battery energy storage project at West Burton C on a former coal power station	231	Not Public
Defence	Isembard	Opening new global headquarters and working precision factory in Southwark	Not Public	200
Digital and Technologies	Rubrik	Expansion of UK operations and establishing London as its EMEA headquarters	375	Not Public
	DataVita	Expansion existing DVI datacentre and construction of a second at the Lanarkshire AI Growth Zone	300	3,400
	First Derivative	To establish an AI and FinTech Centre of Excellence in Newry focused on research and development	15	100
Life Sciences	GSK	New flagship R&D centre to be established on the Cambridge Biomedical Campus	400	1,000
	Chemify	Expansion of automated manufacturing centre and establish global HQ and R&D centre in Glasgow	68	300

UK-wide delivery

New [flagship GSK R&D centre](#) in Cambridge to open, supported by £400m investment, to support research and medicine development in the company's focus areas of Oncology, Respiratory, Hepatology, Vaccines and HIV.

£300m secured for the first two datacentres in the [Lanarkshire AI Growth Zone](#), phase one of the development project supporting more than 3,500 jobs; Dell Technologies moving its Scottish base to Lanarkshire's AI Innovation Park.

Over 550 jobs supported in Newcastle through Siemens Energy's production of turbine components for [Rolls-Royce Small Modular Reactors](#), strengthening the UK's nuclear supply chains.

£1bn investment for the UK's first long-distance [battery-electric trains](#) built in Derby, supporting 6,000 jobs across the UK and delivering faster, more reliable journeys across the North of England.

£30m investment in [SaxaVord Spaceport](#) in Shetland, matched with £30m in private investment, to support the completion and expansion of infrastructure at the UK's first licensed vertical launch site.

Nearly [£230m of private investment](#) unlocked in lithium projects in Cornwall and Teeside, backed by DRIVE35, securing vital supply chains for clean energy, advanced manufacturing and EV battery production across the UK.

Four new [National Wealth Fund strategic partnerships](#) agreed, supporting local leaders to secure long-term investment opportunities and generate jobs in South Yorkshire, Liverpool City Region, the North East and Cardiff Capital Region.

British Business Bank launched [£210m South East of England](#) and [£140m East of England](#) Investment Fund, meaning the BBB now delivers targeted finance to smaller businesses in every UK nation and region outside of London.

Innovative businesses across the North of England to be backed by [£150m Northern Scale-up Fund](#), providing the capital needed to scale and grow.

Record [£34.1bn of MOD spending with UK industry](#) in 2025/2026, with Northern Ireland up 63% in real terms to £464m and Scotland up 13% to over £2.5bn, reindustrialising communities across the UK.

British Industrial Competitiveness Scheme

Applications are now open for the British Industrial Competitiveness Scheme (BICS).

Manufacturers operating in the Industrial Strategy's growth-driving sectors could reduce their electricity costs by up to 25% through BICS from April 2027.

Businesses confirmed as eligible for the first year of BICS will receive an additional payment to reflect support they would have received had the scheme been in operation earlier.

To be eligible, businesses must be:

- registered with Companies House;
- operate in an eligible sector (defined by SIC code);
- manufacture an eligible product (defined by HS code); and
- use more than 33 MWh of electricity a year at their manufacturing site.

"We will reindustrialise Britain by tackling one of the biggest pressures facing manufacturers and cutting their electricity bills.

I'd urge every eligible manufacturer to get your application in for the British Industrial Competitiveness Scheme. This support will help companies spend less on energy and more on growing their business, unlocking the growth we want to see across the country."

– Jonathan Reynolds, Secretary of State for Business, Innovation, Science and Trade

Apply using this [link](#) or use the QR code below to apply by 23:59 on 30 November 2026.



International markets



Switzerland: Free Trade Agreement agreed with Switzerland, estimated to unlock £5.2bn annually in additional UK services exports. Agreement also includes visa-free travel for up to 90 days a year to Switzerland for UK services professionals and ability for UK businesses to transfer people to work in Switzerland for up to 5 years, without being subject to economic needs tests.



Comprehensive and Progressive Agreement for Trans-Pacific Partnership: Access secured to markets worth almost £13tn through UK's full participation in CPTPP, creating new export, investment and public procurement opportunities across the Indo-Pacific region.



United States: New fusion energy partnership agreed, combining UK and US expertise in AI, computing and fusion to accelerate commercialisation of one of the fastest-growing clean energy technologies.



India: UK-India Free Trade Agreement came into effect, cutting tariffs and unlocking opportunities, helping exporters access one of the world's fastest-growing major economies.



EU/Ukraine: UK access to the EU's £78bn Ukraine Support Loan Initiative, creating opportunities for UK defence companies to bid for procurement contracts, allowing them to grow and support jobs whilst boosting Ukraine's defences.



Canada: UK-Canada film agreement signed, giving production companies greater access to domestic funding and tax incentives and provides clarity on copyright, revenue-sharing, distribution and broadcasting of jointly produced film and TV content.



Kazakhstan: UK-Kazakhstan Strategic Partnership Agreement signed, supporting cooperation in sectors such as advanced manufacturing, critical minerals and high-tech industries, while creating a more supportive environment for SMEs, trade and investment.



Philippines: Government to Government partnership opens priority infrastructure projects to UK expertise in clean energy, digital infrastructure and advanced technology, backed by up to £5bn of UK Export Finance to support growth and innovation in both economies.



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