



UK Government

THE UK'S MODERN  
**INDUSTRIAL  
STRATEGY**

# Quarterly Update

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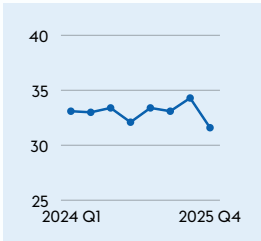
January – March 2026

# Quarterly Update

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

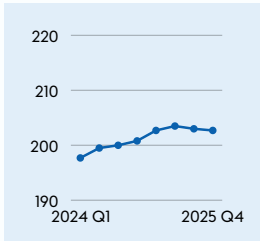
### Business Investment

Gross Fixed Capital Formation (billions)



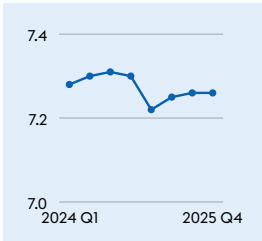
### Gross Value Added

Economic output (billions)



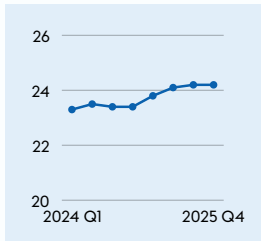
### Labour Markets

Workers in employment (millions)



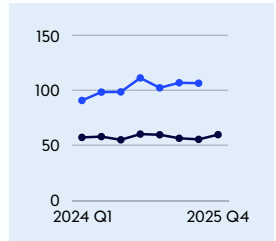
### Productivity

Output per worker (thousands)



### Exports

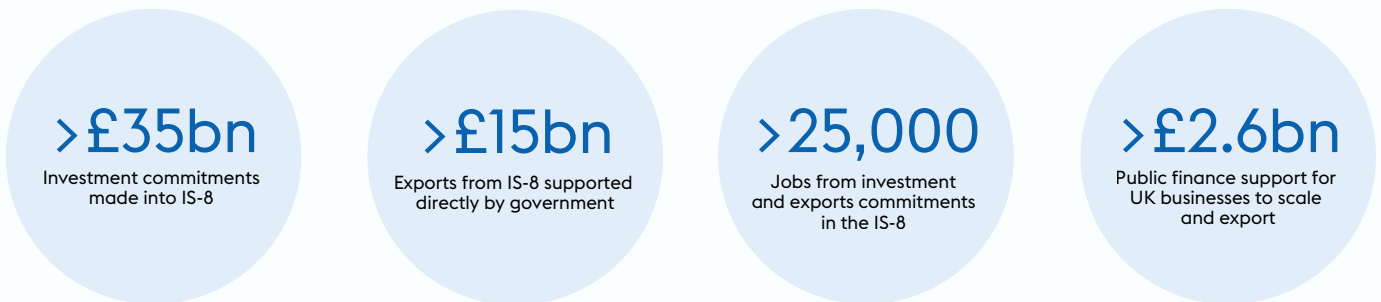
Goods and services (billions)



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

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

## Last quarter (Q1, January – March 2026)



Accompanying methodology and referencing [notes](#)

## Delivery milestones for Q1 (January – March 2026)

Major package of Industrial Strategy sector commitments set out across the [Northern Growth Strategy](#), building on the commitment to invest up to £45bn in Northern Powerhouse Rail.

Priority projects worth **over £2.5bn** expedited over the last nine months as part of the Connections Accelerator Service, providing faster connections to the electricity grid.

Grant of **£380m to Agratas**, supporting a £5bn private investment, strengthening the UK's battery capabilities and supporting highly skilled job opportunities for flagship [gigafactory in Somerset](#).

**Up to £2bn** for quantum projects, including first-of-its-kind commitment to purchase quantum computers and support for commercialisation in medical diagnostics, ultra-secure communications and greenhouse gas monitoring.

## Delivery forward look for Q2 (April – June 2026)

Location of 19 new [Technical Excellence Colleges](#) to be confirmed, which will work with employers and local institutions to provide better training and job opportunities within IS-8 sectors.

Government to update on delivery of the [Regulation Action Plan](#), including progress towards reducing the administrative burden of regulation on businesses by 25% by the end of the Parliament.

**£500m Sovereign AI Fund** to launch in April, supporting high-potential British start-up and scaling companies, giving access to funding, compute and sector-specific AI applications.

Eligibility and design of the [British Industrial Competitiveness Scheme](#) to be set out, alongside the proposed regulatory changes to deliver the scheme from April 2027. This will reduce electricity costs for over 7,000 businesses.

# Delivery updates across the IS-8 sectors

## Advanced Manufacturing

- DRIVE35 Supplier Readiness Scheme launched, allocating up to **£100m to suppliers** to transform their supply chains for **EV manufacturing** in the West Midlands and North East.
- Improvements to Made Smarter programme, including **£116m funding** for firms to access **advice and training**, supporting 5,500 SMEs.
- **Battery Innovation Programme** awards £22m for next-generation battery technology and supply chain capability, with a £25m Round 2 launched.

## Clean Energy Industries

- Factories, ports and supply chains to be constructed after **record £3.4bn offshore wind auction**, with up to £1.1bn for projects in Scotland.
- Response to the **Nuclear Regulatory Review** published, accelerating the next generation of nuclear projects with a faster, clearer and more proportionate regulatory framework.
- Fusion Strategy published to grow UK domestic supply chains, skills, and inward investment including first £200m industry partnership for development of **STEP Fusion site in West Burton**.

## Creative Industries

- £500m funding package for **research, development and innovation** in the creative industries, with £100m allocated to specifically support **innovative companies**.
- **AI and copyright report published** setting out work on digital replicas, labelling AI-generated content, creator control and transparency, and supporting independent creatives.
- **Production Park**, the campus for stage and screen production in West Yorkshire, receives **planning approval for expansion**, adding 70,000 sq ft of commercial space.

## Defence

- Work ongoing on **Defence Investment Plan** to finalise a deliverable programme that boosts warfighting readiness and drives jobs.
- Defence contract **worth £1bn** secured between government and Leonardo for new battlefield helicopters, **supporting 3,000 jobs in Yeovil**.
- RAF Typhoon fighter jet fleet to be updated through a **£650m package**, securing **over 1,500 jobs** in Scotland and across the UK.

## Digital and Technologies

- IonQ and the University of Cambridge launch the University's largest corporate research partnership, installing a **256-qubit quantum computer** to accelerate research, skills, and commercialisation.
- Government-backed research lab with £40m investment to fund 'blue-sky' work in **AI research in healthcare, science and transport**.
- £4m **TechFirst Women's Programme** announced to break down barriers and help more women and girls enter the tech sector.

## Financial Services

- **Berne Financial Services Agreement** launched, allowing UK financial firms to register for **cross-border wholesale-focused** Swiss market access.
- New rules established making it easier for firms to **raise UK capital and reduce costs** when admitting securities to UK markets, via the Public Offers and Admissions to Trading Regulations regime.
- First banks and building societies receiving **tailored support** to navigate the regulatory landscape via the **joint FCA/PRA Scale-Up Unit**.

## Life Sciences

- UCB commits **£500m** to its **Surrey research and early manufacturing hub**, to further develop medicines for immunological diseases.
- Launch of **£20m Addiction Healthcare Goals – Catalysing Innovation Awards**, offering grants to develop cutting-edge medicines and technologies to combat drug and alcohol addiction.
- **UK-Japan science and tech collaborations** established, with **£11m Japanese investment** into UK gene therapy sector and national rare-disease genomics pilot launched by Oxford Nanopore and Japanese partner Genesis Healthcare.

## Professional and Business Services

- **£118m allocated** for research and development activities between 2026 and 2030, with programmes now in development.
- Latest export data shows a real terms increase of **5.7% in 2025**, reaching **£194bn**.
- Funding extended over the next three years to support legal firms with their digital tools through the **LawtechUK programme**.



## Business environment reforms

**Increasing access to talent:** Announced visa fee reimbursements for trailblazing researchers in deep tech and talent in high-growth scale-ups, and **fast-track sponsor licenses** for firms expanding into UK. Grew Global Talent Taskforce to attract top talent.

**Futureproofing the workforce:** AI Skills Boost announced to **upskill 10m workers by 2030**, with 1m courses already delivered by government, in partnership with industry, backed by £27m funding.

**Access to finance:** UK Export Finance agreed landmark £11bn lending package with UK’s five leading banks to help UK firms invest, hire and expand into new markets. UKEF’s **expanded commitment limit** gets Royal Assent.

**Delivering for UK exporters:** Over **£400m new export deals** with China announced, including in foundational and IS-8 sectors. **Diplomatic Advisory Hub launched**, providing UK SMEs with rapid, direct access to FCDO Diplomatic insight for the first time.

**Reducing the cost of regulation:** Reviews introduced to simplify health and safety and farming rules, reducing paperwork and cutting duplication. **New re-domiciliation regime** consulted on to make it simpler and cheaper for overseas companies to move their place of incorporation to the UK.

**Public procurement:** New package of **public procurement measures** to support British jobs and skills, and enhanced reporting on social value delivery for contracts over £5m. Reduced burdens on suppliers by leveraging AI and best practice to streamline commercial lifecycle, making it more accessible for small suppliers, especially scale-ups.

**Improving infrastructure:** Up to £14bn to transform rail infrastructure in Wales, including seven new stations, with work starting this year, supporting 6,000 jobs. Publication of the **updated Infrastructure Pipeline**, which includes more detail about projects and greater functionality within the platform.

## Northern Growth Strategy

The Northern Growth Corridor, stretching from York to Liverpool, has a range of nationally-significant strengths in IS-8 sectors anchored by dynamic businesses, research-intensive universities and a skilled workforce. The Government confirmed that it will back five Industrial Strategy opportunities with global potential across the Corridor and the wider North.

IS-8 opportunity	Action to support
<b>Greater Manchester</b> ‘global growth cluster’ (Digital & Technologies, Life Sciences, Advanced Manufacturing)	<ul style="list-style-type: none"> <li>• <b>£50m Local Innovation Partnerships Fund</b> award to be deployed on Health Innovation and Life Science, Advanced Materials &amp; Manufacturing and Applied AI.</li> <li>• Reduce congestion at Simister Island (M60/M62/M66 interchange) to unlock <b>Atom Valley</b>.</li> <li>• <b>Life Sciences Large Investment Portfolio</b> pilot to land investment in genomics; diagnostics, personalised medicine, medical devices, health-tech, and other areas.</li> <li>• A world-class centre of digital expertise at the <b>Manchester Digital Campus</b>.</li> </ul>
<b>Liverpool City Region</b> (Life Sciences, Digital & Technologies)	<ul style="list-style-type: none"> <li>• £51.2m <b>National Cryogenics Facility</b> at Sci-Tech Daresbury.</li> <li>• £85m <b>Industrialising and Digitalising Construction Challenge</b> pilot, using digital technology to boost UK construction productivity.</li> <li>• <b>Life Sciences Large Investment Portfolio</b> pilot to land investment in infection prevention and control, advanced biopharmaceutical manufacturing, health data science, and other areas.</li> <li>• £30m <b>Local Innovation Partnerships Fund</b> award to be deployed on Materials Chemistry, Infection Prevention and Control, and Artificial Intelligence.</li> </ul>
<b>West Yorkshire</b> ‘Northern Square Mile’ (Financial Services, Professional & Business Services)	<ul style="list-style-type: none"> <li>• <b>Office for Investment: Financial Services</b> concierge to promote Northern Square Mile as a destination for global Financial Services businesses.</li> <li>• Densifying city centre and unlocking office space through the <b>Leeds South Bank project</b>.</li> </ul>
<b>South Yorkshire</b> modern British industrial heartland (Advanced Manufacturing, Defence)	<ul style="list-style-type: none"> <li>• <b>£50m Defence Growth Deal</b> for South Yorkshire, including R&amp;D and materials engineering.</li> <li>• Expanding world-class Advanced Manufacturing Innovation District through <b>Don Valley and South Yorkshire Innovation Spine</b> priority projects.</li> </ul>
Clean Energy Industries across <b>North East, Tees Valley, York &amp; North Yorkshire, and the Humber</b>	<ul style="list-style-type: none"> <li>• Attracting and developing Clean Energy Industries through the <b>National Wealth Fund, Office for Investment, and UK Export Finance</b>.</li> </ul>

## Business environment reforms

**Supporting entrepreneurs:** Activity increased ahead of deployment of the [British Business Bank IS Growth Capital](#) on 1 April, targeting £4bn investment into IS-8 firms, including start-ups and scale-ups.

**Enhancing skills:** Additional £1bn to get young people back into work and training, and the first [apprenticeship units](#) aligned to Industrial Strategy priorities such as AI, engineering, EVs, clean energy and construction.

**Capitalising on the value of UK data:** Moverly named as the [Smart Data Challenge](#) winner for a project to [reduce average time for buying a house](#) from 22 weeks to under 12.

**Improving capital allowances:** Businesses can claim a [40% first-year capital allowance](#) on main-rate plant and machinery, benefiting businesses unable to claim full expensing, and extension of the [100% first-year allowance](#) for EVs and charge points to April 2027.




**Mobilising capital:** National Wealth Fund published its new five-year strategic plan to [drive over £100bn into the economy](#), focused on clean growth, place-based investment and sovereign and strategic capability.

**Making it easier for business to access government:** GOV.UK OneLogin rolled out, [replacing multiple logins](#) to make it easier to sign in and verify identity across multiple government services.

**Removing planning barriers:** Consultations on the National Planning Policy Framework and the deployment of digital infrastructure closed with over 20,000 responses. These proposals will help make the [planning system clearer and quicker](#).

**Industrial Strategy Advisory Council:** New members confirmed – Amelia Gould, Dana Strong and Keith Anderson – bringing deep expertise from defence, creative industries and energy. [Dame Clare Barclay](#) has been appointed for a further term as Chair.

### Examples of public finance support (January – March 2026)

	Investor	Project	Value (£m)
	Kraken Technologies	BBB's largest equity stake to date aiding scale-up of AI firm	25
	Wayve	Part of a \$1.2bn funding round to launch London robotaxi trials	25
	IQ Capital	Cornerstone commitment to support IQ Capital's Fund V to invest in deeptech firms	50
	Tem	Scale-up of AI-native energy transactions firm	3.1
	Redrice Ventures	Specialist seed-stage investment to creative industries businesses	45
	Oxa	To develop AI and robotics technology, including self-driving software	37
	Greater Manchester	Backing Greater Manchester's Good Growth Fund to help enable the delivery of key clean energy and growth projects	500
	Scottish Power	Financing to support the development of the Eastern Green Link 4 project, a strategic interconnector that will strengthen the UK's energy security	600
	Vespertec	Loan guarantee to win a contract for high-performance hardware and systems to Kenya	1.8
	Nigeria Ports	Redevelopment of two of Nigeria's major ports with at least £236m in supplier contracts for British companies, including £70m for British Steel	746

## 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	M&G	UK Social Investment Fund to support place-based infrastructure projects	1,000	Not public
	Teybridge Capital	Expanding its London office, with goal of £600m in lending to British SMEs over next 3 years	4.5	30
Advanced Manufacturing	Rolls Royce	Increase in the capability of its highly specialised Advanced Blade Casting Facility in Rotherham	19	Not public
	HiTHIUM	Building the UK's sovereign battery energy storage capability to make the grid more reliable	200	300
	Sygenta	AgriTech company building global research centre in the UK, protecting crops with AI driven products	100	Not public
Clean Energy Industries	RWE, SSE and others	A record 8.4GW of offshore wind secured in Europe's biggest ever offshore wind auction (AR7)	22,000	7,000
	Vestas	Plans for nacelle factory in Scotland to meet demand for offshore wind in the UK and Europe	250	500
	Gas Networks Ireland	Decarbonising its two compressor stations at Beattock and Brighthouse Bay in Scotland	170	Not public
Creative Industries	Netflix	New creativity hub at the Beaconsfield campus for the National Film and Television School, building on investments from Disney, Sky, HMG and others	1	Not public
Defence	Ukrspesystems	Drone factory and testing facility in Suffolk	200	500
Digital and Technologies	Amach	Cloud-computing firm for airline technology	45	150
	Slick+	To expand its AI-powered, video-based knowledge sharing platform in the UK	5	25
	Rigetti	First major investment outside the US, deploying a quantum computing system in the UK	85	Not public
	Step Telecoms	200km fibre optic link between West Wales and Data Centre cluster in Newport	25	Not public
Life Sciences	UCB	Surrey R&D and manufacturing centre to develop medicines for immunological diseases	500	Not public
Financial Services	LemFi	Nigerian fintech investing over the next five years as it designates London its global headquarters	100	Not public
	Elskstone	Ireland's first all Island Venture Fund, with 20% of €200m fund earmarked for NI start/scale-ups	34	Not public
	Noledge Group	Financial management and ERP solution specialist	1.5	15
Professional and Business Services	FOCUS Capital Partners	Expansion of London presence to support international M&A and advisory services	3	Not public
	YourTeam	UK expansion with opening of Edinburgh office and planned launch of London office in first half of 2026	5	80

## UK-wide delivery

**Oxford to Cambridge Growth Corridor** funding doubled to £800m, removing development barriers to speed up land assembly, enable infrastructure, and consult on Development Corporations for Greater Oxford and Greater Cambridge.

**Cambridge supercomputer** to become six times more powerful after £36m government investment, supporting 350 projects, including AI tools for personalised cancer vaccine development.

£2.3bn for new **City Investment Funds** providing grant, loan, and patient capital funding to mayors in the North and Midlands to tackle viability gaps and attract investment. Regional leaders will get greater control over allocating some national taxes.

**Chery Commercial Vehicle** announced European R&D HQ in Liverpool, set to be the centre for its European research and engineering functions.

Up to £150m awarded across seven places from the **Local Innovation Partnerships Fund**, working with local leaders and institutions to unlock regional growth by supporting innovation clusters.

£3.3m for 16 **Industrial Strategy Zone projects**, designed to clear development bottlenecks such as power studies and environmental assessments.

**Scotland Defence Growth Deal** published, supporting projects in Helensburgh and Rosyth with a share of a £250m fund, plus £10m for defence colleges in Scotland.

Lenovo expands its global R&D AI capabilities, adding locations in **Edinburgh and London**.

**Belfast** announced as new **Bank of America** hub for financial services and technology in the City Quays development, creating up to 1,000 jobs.

**Wales Defence Growth Deal** worth £50m, making it easier for Welsh SMEs to secure defence contracts and boost autonomous defence technology.

Record-breaking 8.4GW offshore wind capacity secured in Europe's biggest offshore wind action, with projects across the UK including **Awel Y Môr – the first Welsh project to win a contract in a decade**.

NCC, part of the UK's High Value Manufacturing Catapult, has announced a new **Large Structures Innovation Centre** (LSIC) on the Isle of Wight. The LSIC will be an open-access facility supporting the development and industrialisation of large structures across multiple sectors, with an initial focus on wind energy.

## Lanarkshire AI Growth Zone



North Lanarkshire has been announced as the location for the next AI Growth Zone, with an £8.2bn private investment set to support more than 3,400 high value jobs, including 50 new apprenticeships. This will be delivered by home-grown data centre company DataVita around their existing site in Airdrie and in partnership with AI cloud firm CoreWeave.

Plans include a new data centre, a renewable energy park to provide its power, and a purpose-built AI innovation park to support skills development, research and homegrown start-ups. Scotland's electricity grid will ensure the data centres are the greenest in the UK.

The investment will return up to £543m directly to local communities over 15 years through support for initiatives including community groups, STEM programmes, start-up grants and biodiversity projects. The AI Growth Zone is part of our efforts to drive growth in the Glasgow-Edinburgh Central Belt by building on the region's strengths in tech and innovation.

“Scotland has everything AI needs, the talent, the green energy, and now the infrastructure [..] This is a massive opportunity, and we want to make sure local people share in it – good jobs, new skills, and investment that actually reaches the people who live and work in this area”.

– Danny Quinn; Managing Director, DataVita

## International markets

-  **China:** First PM visit since 2018, with commercial announcements from British IS-8 firms including £2.2bn in export wins, a Bilateral Services Partnership which commits to deeper collaboration to increase market access for services firms, and market access wins worth around £2.3bn over five years.
-  **European Union:** The UK and EU signed a Competition Cooperation Agreement to strengthen cooperation between their competition authorities, supporting more effective enforcement of competition law to address harms, protect consumers and promote fair and dynamic markets.
-  **Ukraine:** Anniversary of 100-year partnership, strengthening the UK's defence industrial base and defence innovation ecosystems, alongside a drone factory opening in Mildenhall, Suffolk. The £200m investment will create up to 500 jobs. A £500k investment in an AI Centre of Excellence within Ukraine's Ministry of Defence will further deepen defence collaboration.
-  **Ireland:** Package of £937m committed by Irish firms into the UK following the second UK-Ireland Summit in Cork, set to create 850 new jobs in communities across the UK including London, Doncaster, South Wales to Scotland.
-  **United States:** UK-US critical minerals partnership agreed to build resilient supply chains and encourage investment in the mining and processing of critical minerals – essential for defence, automotive and clean energy industries.
-  **Nigeria:** Banks, fintechs and creative industry companies are scaling UK operations, with new investment and jobs across the UK. The commitments, as part of the UK-Nigeria trade partnership, reinforce the UK's position as a global hub for African business and underscored by a new UKEF-backed £746m ports deal, worth up to £236m in UK contracts.
-  **Spain:** First UK-Spain Trade and Investment Dialogue to promote industrial capability and ensure supply chain resilience, with Spanish liquid-storage company Exolum investing £240m to strengthen critical fuel storage and aviation in the UK. Qualified UK professional and business services providers will be able to travel and supply services in Spain without visas for stays of up to 90 days, following new agreement to improve business mobility.



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