



UK Government

THE UK'S MODERN
**INDUSTRIAL
STRATEGY**

Quarterly Update

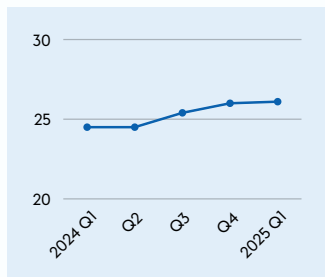
July – September 2025

Quarterly Update

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

Business Investment

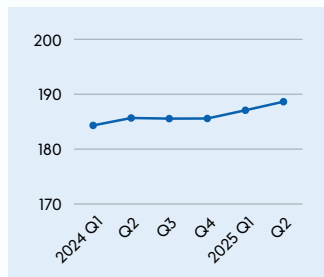
Gross Fixed Capital Formation (billions)



Source: DBT; ONS Business Investment (annual Gross Fixed Capital Formation; Volume Index Capital Services); 2022 prices.

Gross Value Added

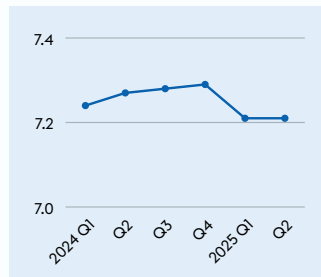
Gross Value Added (billions)



Source: DBT; ONS Low-Level Aggregates; 2022 prices.

Labour Markets

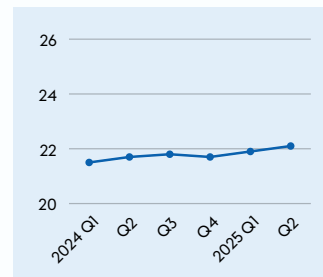
Employment (millions)



Source: DBT; ONS Pay As You Earn Real Time Information (HMRC).

Productivity

Output per worker (thousands)



Source: DBT; ONS Low-Level Aggregates and Productivity Jobs; 2022 prices.

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

Last quarter (Q3, July – September)

>£250bn

Investment commitments made into IS-8

>45,000

Jobs from investment commitments made into IS-8

=1st

Investment location globally (Deloitte CFO Survey)

>£5bn

Public finance support for UK businesses to scale and export

Accompanying methodology [note](#)

Delivery milestones for Q3 (July – September)

Publication of final three Industrial Strategy sector plans (for Defence, Financial Services and Life Sciences). Each IS-8 sector now has a dedicated plan setting out a 10-year vision for growth.

UK-US Technology Prosperity Deal with £150bn of investment by US companies creating c. 7,600 jobs, and a new UK-US Nuclear Partnership agreed that should unlock further investment and jobs.

Temporary Shortage List takes effect, exempting key IS-8 occupations from Skilled Worker Visa changes, including lab technicians, data analysts, vehicle mechanics and electricians.

Consultation to reduce electricity costs for Energy Intensive Industries completed, paving way for increasing compensation for the network charges paid by eligible business from 60% to 90% from April 2026.

Delivery forward look for Q4 (October – December)

Launch of Connections Accelerator Service to support priority demand projects connecting to the electricity grid, including those which prioritise high quality jobs and consultation to reduce electricity prices for eligible businesses through the British Industrial Competitiveness Scheme.

UK Research and Innovation's budget will be allocated to 2029/30, setting out long-term support for the IS. Government R&D investment will be more than £86bn over the Spending Review period.

Plans to upskill industries and train up new workers set out in the Post-16 Education and Skills White Paper, with first sector workforce strategy published for energy.

The current administrative burden imposed by regulation will be baselined, and those costs will be reduced by 25%. This, alongside other key metrics, will be included in future updates.

Delivery updates across the IS-8 sectors

Advanced Manufacturing

- **DRIVE35** programme launched providing £2.5bn capital and R&D funding for auto sector.
- Launch of **£650m electric vehicle grant scheme** with discounts of up to **£3,750** per vehicle to increase consumer demand.
- **£70m** of R&D funding for over **50 innovative auto projects**. Latest round of the **aero R&D competition** selected **18 projects worth £190m**.

Clean Energy Industries

- **Contracts for Difference Allocation Round 7** open, including **£544m Clean Industry Bonus**.
- 10 projects from **Hydrogen Allocation Round 1** approved, with more than 700 jobs. Two new CCUS projects join **HyNet cluster**, supporting 2,800 jobs across North Wales and North-West.
- **UK-US Advanced Nuclear Partnership**, including proposals to build nuclear plants. X-Energy and Centrica plan up to 12 advanced modular reactors in Hartlepool.

Creative Industries

- Allocations of **£150m Creative Places Growth Fund** confirmed for West Midlands, West of England, West Yorkshire, North East, Liverpool City Region and Greater Manchester, with **£25m** going to each Mayoral Strategic Authority.
- New **creative higher technical qualifications** rolled out, and a new **Creative Sector Skills Forum**, building training pathways.
- Industry agreement on **fair remuneration principles** for creators and music streaming. Funding announced to co-develop a **Creative Content Exchange**, a trusted marketplace for selling, buying, licensing and permitting access to digitised cultural and creative assets.

Defence

- **£182m Defence Skills package** with five Defence Technical Excellence Colleges for a high-skilled workforce.
- **£220m** to transform Defence test & evaluation, deliver the **Defence Tech Scaler** and establish the **Defence Energy and Capability Resilience Centre of Excellence**.
- **£65m** to boost smaller businesses and exporters through the **Defence Office for Small Business Growth** and **Office for Defence Exports**.

Digital and Technologies

- **New AI Growth Zone** in the North East – with potential for more than 5,000 jobs leveraging **£30bn** in private investment.
- **UK-US Tech prosperity agreement** to facilitate collaboration in strategic science and tech, including AI and quantum.
- **Compute Roadmap** and **Cyber Growth Action Plan** to advance job creation and innovation.

Financial Services

- Office for Investment **concierge service** for Financial Services firms established.
- Launch of consultation on the consolidation of the **Payment Systems Regulator** into the **Financial Conduct Authority** which has completed its review into the **Consumer Duty** on wholesale firms.
- Established **Transatlantic Taskforce for Markets of the Future** with US, enhancing collaboration on capital markets, digital assets and other innovative financial activities.

Life Sciences

- Moderna launched **new Innovation & Technology Centre** to manufacture cutting-edge mRNA vaccines as part of **£1bn 10-year strategic partnership** with government.
- Europe's first **Biofoundry for mRNA manufacturing** established in Darlington, with over **£29m government funding**, to springboard new RNA therapies which could help tackle cancer, heart conditions, and other diseases.
- **£50m Life Sciences Transformational R&D Investment Fund Pilot** to support large-scale, capital-intensive projects in the sector worth over **£100m**.

Professional and Business Services

- **Made Smarter Professional Business Services** delivery model being developed with Mayoral Strategic Authorities for 2026 roll out.
- **'Made in the UK, Sold to the World'** roadshow in Edinburgh, bringing together small businesses, industry experts and trade bodies with government to fast-track firms' global growth.
- A new **specialist panel of experts** will be launched to promote English law as a premium export, supported by independent research on English law's commercial value and economic benefit to the UK.



Business environment reforms

Reducing regulatory burdens and speeding innovation: Reform to planning and permitting, publishing regulator KPIs, and simplifying regulatory landscape in the financial and water sectors.

Enhancing skills: Applications for 350 undergraduates to grow the UK tech skills pipeline; 10 Construction Technical Excellence Colleges announced across England, with £100m to train 40,000 people by 2029.

Increasing access to talent: 12 universities and research institutes selected to deliver £54m Global Talent Fund to recruit the world’s top researchers to IS-8 sectors.

Driving innovation: Launch of Clean Energy: 2GW Peak Time Flexibility challenge – the first of six R&D Missions Accelerator programmes – using AI and digital tech to cut peak demand for grid electricity.

Using government’s purchasing power: Consultation concluded on public procurement reforms to grow British industry, jobs and skills.

Delivering for UK exporters: The new Ricardo Fund has assigned funding to over 130 projects; this will remove obstacles for UK businesses selling abroad, tackle complex regulatory issues, and shape global standards.

Making it easier for business to navigate government: Business Growth Service launched – business.gov.uk – to access government-backed advice and support services.




Backing transformational infrastructure projects: Infrastructure Pipeline published and Gatwick Airport’s £2.2bn second runway application approved, supporting an estimated 14,000 new jobs and over £1bn for the regional economy.

Mobilising private capital: £28bn in infrastructure financing raised between January and August, including M&A, with the UK on track to raise a record >£42bn by end of the year.

Capitalising on the value of UK data: Launch of new schemes to empower consumers, generate innovation and support productivity gains across IS-8 sectors – with focus on opportunities for Smart Data in energy and digital markets following recent calls for evidence.

Expanding access to finance, including support for scale-ups: Public finance institutions made available >£5bn to large projects, finance to small businesses and scale ups, and support for exporters. Coordination has been strengthened through a quarterly Strategic Public Investment Forum, which met for the first time in September.

Examples of public finance support (July – September)

	Investor	Project	Value (£m)
	NRG Therapeutics	Support to accelerate treatments for neurodegenerative diseases.	8
	Cyted Health	Support for expansion of early cancer detection technologies.	5
	Salica Investments	Has raised £150m to provide debt to high-growth companies with a regional focus across the UK in software, IP-rich hardware and advanced manufacturing sectors.	30
	Blueskytec	South West Investment Fund support to scale cybersecurity hardware for critical national infrastructure projects.	1.5
	Fidra Energy	Equity investment as part of c. £1bn capital raise to fund the construction of battery storage facility at Thorpe Marsh, South Yorkshire.	200
	Eelpower	Equity commitment alongside Equitix and Aware Super to invest £500m in a new UK battery storage platform, Eelpower Energy.	200
	JLR	Export Development Guarantee to bank expected to enable loan facility to support its supply chain following a recent cyber-attack.	1,500
	Ford	UK Export Finance enabled finance support for global transformation and manufacture of smart, connected and electrified vehicles.	1,000
	SRT Marine Systems	Finance provided to SRT buyers to secure export contracts for advanced maritime surveillance systems to coastguards in Indonesia and Kuwait.	305

UK-wide delivery

Local Growth Plans: Plans published by South Yorkshire, West of England and West Midlands over the last quarter, setting out an economic vision for each region aligned to the Industrial Strategy.

Local Innovation Partnerships Fund: At least £30m earmarked for each of Cardiff Capital Region, Glasgow City Region and an innovation corridor linking Belfast with Derry/Londonderry. This builds on funding for seven places in England, ahead of a wider competition for support on high potential innovation clusters that meet local priorities and national objectives.

AI Growth Zones: North East confirmed as the location of the second AI Growth Zone, including Blyth in Northumberland and Cobalt Park in North Tyneside, creating potential for 5,000 jobs and billions in private investment.

Defence Growth Deals in Plymouth, South Yorkshire, Scotland, Wales and Northern Ireland launched: Backed by £250m in funding to boost priority sub-sectors and leverage investment.

£1.6bn missile deal for Ukraine supported by UK Export Finance coming into effect: 5,000 air defence missiles to be manufactured by Thales in Belfast, creating 200 jobs.

Industrial Strategy Zones: Port of Tyne's £150m 230-acre redevelopment project with new deep-water quayside will create potential for 12,000 jobs in Advanced Manufacturing and Clean Energy Industries.

New Towns: The next generation of new towns across England will be progressed following publication of the New Towns Taskforce's report – 12 locations have been recommended, aligned to areas of Industrial Strategy strength and growth potential.

Cyted Health



Cyted Health is a leading gastrointestinal molecular diagnostics company based in Cambridge. It is pioneering the development of minimally invasive cell collection, coupled with proprietary biomarker discovery, to transform the detection of pre-cancerous, cancerous and inflammatory esophageal conditions.

The British Business Bank has invested £5m into Cyted, as part of a £32.5m Series B funding round.

Cyted's technology has already demonstrated significant success across the National Health Service. It has completed over 35,000 tests and is building a robust portfolio of peer-reviewed publications, showing unmatched patient acceptability and real-world clinical impact.

Marcel Gehring, CEO and co-founder of Cyted Health said: "This investment will help us consolidate our leading position in the market by expanding our US presence and adding new life-saving innovations to our advanced diagnostics portfolio."

International markets



United States: UK-US Technology Prosperity Deal and UK-US Nuclear Partnership agreed, collaborating on priority frontier industries including AI, quantum, cloud infrastructure, biotech, precision medicine, fusion energy and nuclear technologies.



Japan: UK-Japan Industrial Strategy Partnership formalised and first tranche of activities announced, focusing on cooperation in advanced manufacturing, clean energy industries, life sciences, quantum and cyber. Both governments committed to exploring further collaboration, including on space and defence.



China: Significant ministerial trade talks held for first time in seven years, delivering over £1bn of market access wins over five years including in Industrial Strategy priority sectors.



India: UK-India Trade deal – India's most comprehensive with any country to date – is forecast to boost bilateral trade by £25.5bn annually. It includes reducing tariffs on advanced manufacturing and med-tech exports, and facilitating market access for clean energy industries and professional and business services.



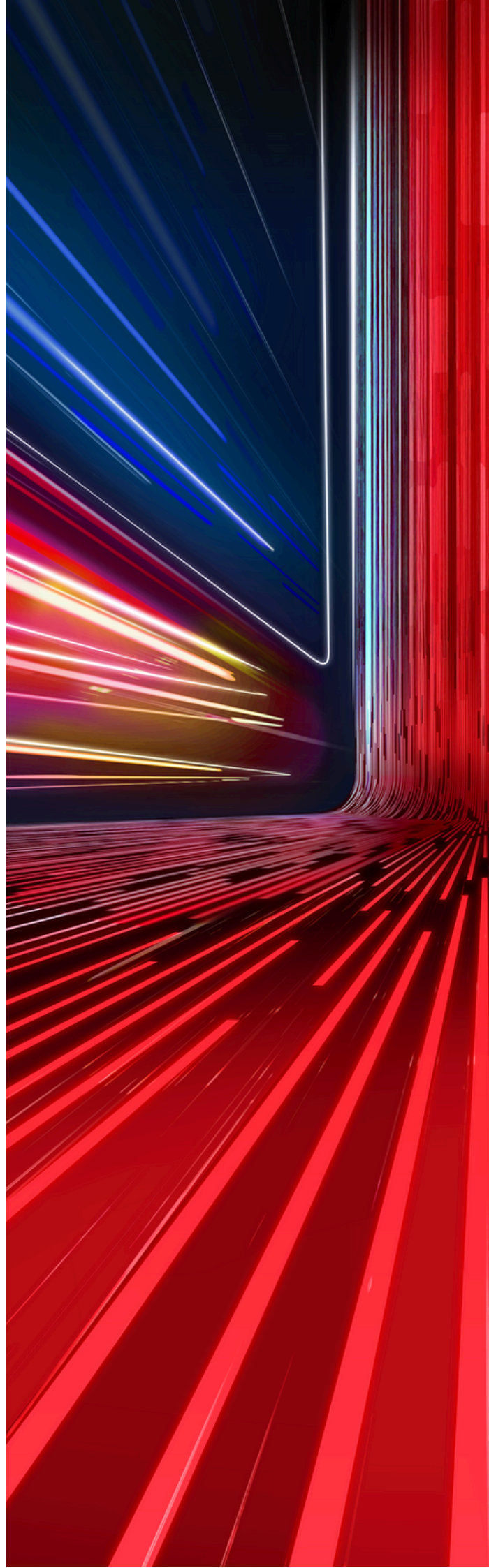
Saudi Arabia: New partnership and over £360m UK-Saudi investment to generate more than 180 jobs announced at GREAT FUTURES Summit in London. A joint agreement, based on priorities within Vision 2030 and the Industrial Strategy, will boost trade and investment in key sectors including financial services, life sciences, clean energy industries, and creative industries.



France: >£1bn worth of investment deals into the UK announced at UK-France Summit, alongside a new Industrial Strategy Partnership. This sets out cooperation in AI, clean energy industries and advanced manufacturing to build mutual growth, drive bilateral investment and improve resilience.



Norway: Major frigate deal signed worth £10bn – supporting over 4,000 UK jobs including 2,000 in Scotland, and 432 businesses in the supply chain, alongside progress towards UK-Norway defence agreement.



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	Blackstone	Pan-sector, 10-year commitment, including AI and data centres	100,000	Not public
Advanced Manufacturing	Walsin Lihwa	Superalloy forging facility focused on producing speciality steel and nickel parts	TBC	200
Clean Energy Industries	EDF, Centrica, La Caisse, Amber Infrastructure	Sizewell C nuclear power plant, supported by National Wealth Fund	38,000	10,000
	Iberdrola	Investment in transmission and distribution electricity networks over next three years	17,500	8,000
	Sumitomo	10-year commitment to key UK infrastructure and clean energy projects	7,500	Not public
Creative Industries	Sky Group	Expansion of film and TV studios in Sky Studios Elstree, with 10 new stages	2,000	2,000
Defence	Norwegian Government	Five Type 26 frigates purchased from British shipbuilders, led by BAE Systems	10,000	4,000
	Palantir	Defence innovation through AI-powered capabilities, includes making UK its European HQ	1,500	350
Digital and Technologies	Amazon	Includes four new fulfilment centres in Hull, Northampton, and the East Midlands	32,000	>4,000
	Microsoft	AI infrastructure and operations across the UK	22,000	Not public
	Alphabet	Capital expenditure, R&D, and related engineering over the next two years	5,000	8,250
	Salesforce	Ongoing operations and establishing the UK as its European AI hub, backed by R&D teams	1,400	Not public
	AI Pathfinder	Delivering AI compute capacity beginning in Northamptonshire	1,000	Not public
Life Sciences	Prologis	Strengthen existing investments including Cambridge Biomedical Campus	3,900	Not public
	Convatec	New R&D hub in Manchester, as part of a broader \$1bn investment in the UK and US over next decade	500	Not public
Financial Services	Revolut	Expansion of UK operations including new global headquarters in London	3,000	2,000
	Shinhan Bank	Commitment to the UK's Financial Services sector including expanding London office	2,000	Not public
	PayPal, Bank of America, Citi Bank, and S&P	Investments in Edinburgh, Belfast, Manchester and London	1,250	Not public



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