



Department for
Business & Trade

The UK Industrial Strategy and our plans for the automotive industry

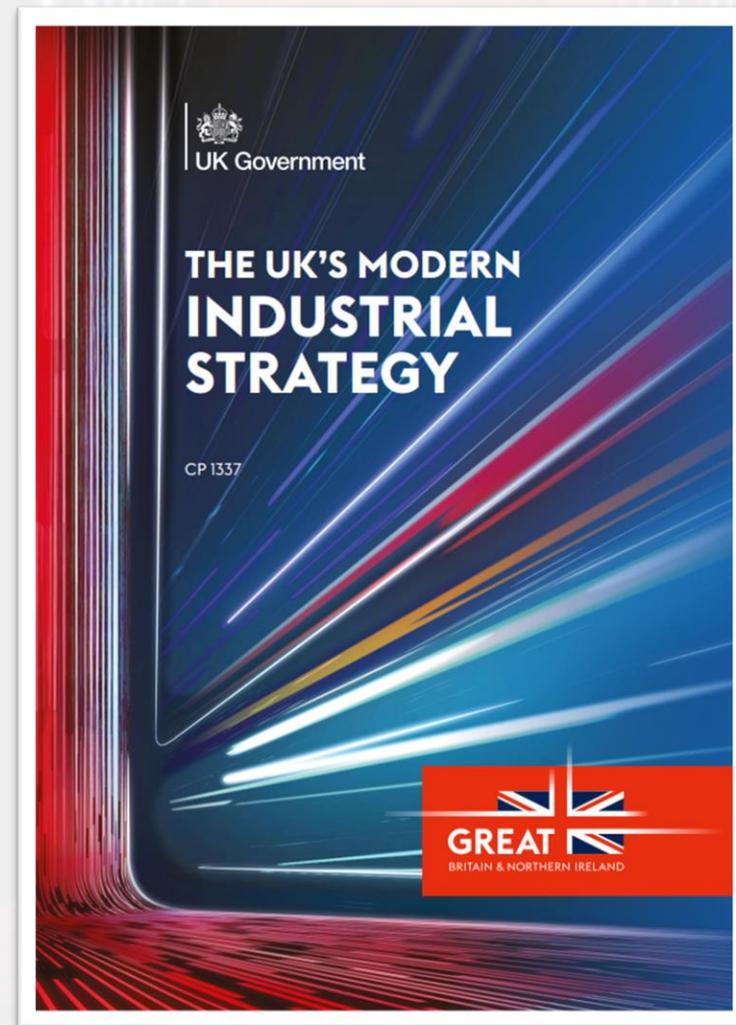
Paolo Enrico Favino
Deputy Head, Automotive Unit

Our approach

The government's priority mission is to deliver strong, secure, and sustainable economic growth to boost living standards for working people in every part of the UK.

We need a new relationship between business and government, where government provides investors with strategic certainty, enabling them to create wealth.

Our modern Industrial Strategy provides a new approach for a new era. It is robust, strategic, and long-term: a 10-year plan to make the UK the best country to invest in.



Our modern industrial strategy

A ten-year plan underpinned by clear actions...

Slash electricity costs by up to 25% and invest in clean power to bring down bills

Promote free and fair trade through strong international partnerships, navigating an uncertain world

Strengthen our economic security, invest in defence and supply chain resilience, mitigating risks

Boost innovation with a record £86 billion in UK R&D, driving billions more from private investors

Increase access to finance by expanding the British Business Bank, our National Wealth Fund and UKEF

Enhance access to talent, align the skills system with our growth sectors and reform employment support

Invest in our communities, boosting site development and investment zones, and empowering local leaders

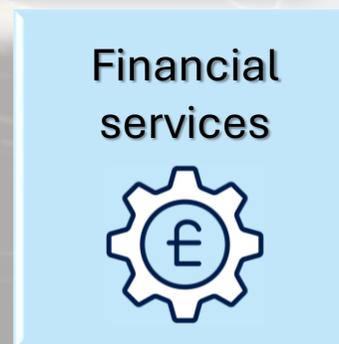
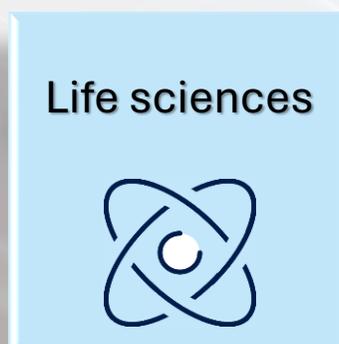
Cut the admin costs of regulation by 25%, reducing burdens and streamlining our business environment

Cut planning timelines, remove planning barriers and back national important projects



Our modern industrial strategy

...targeting key growth driving sectors

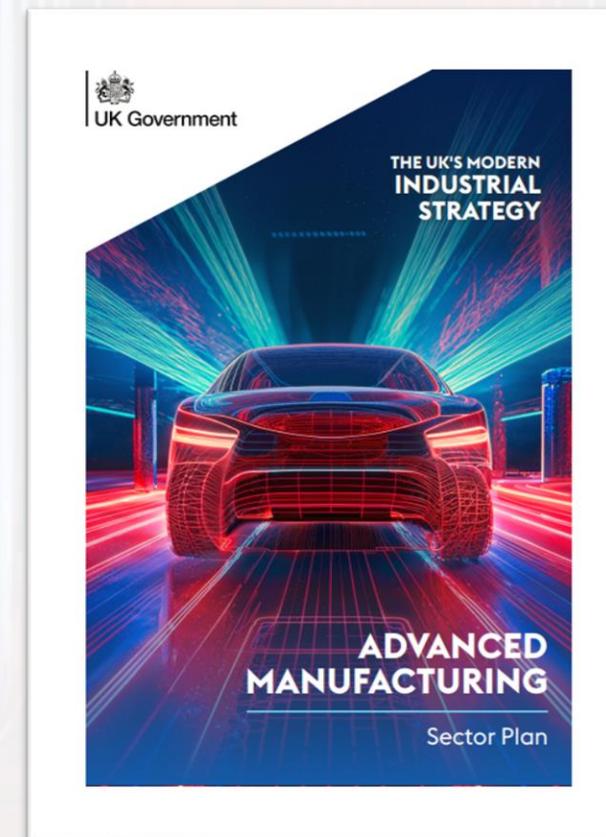
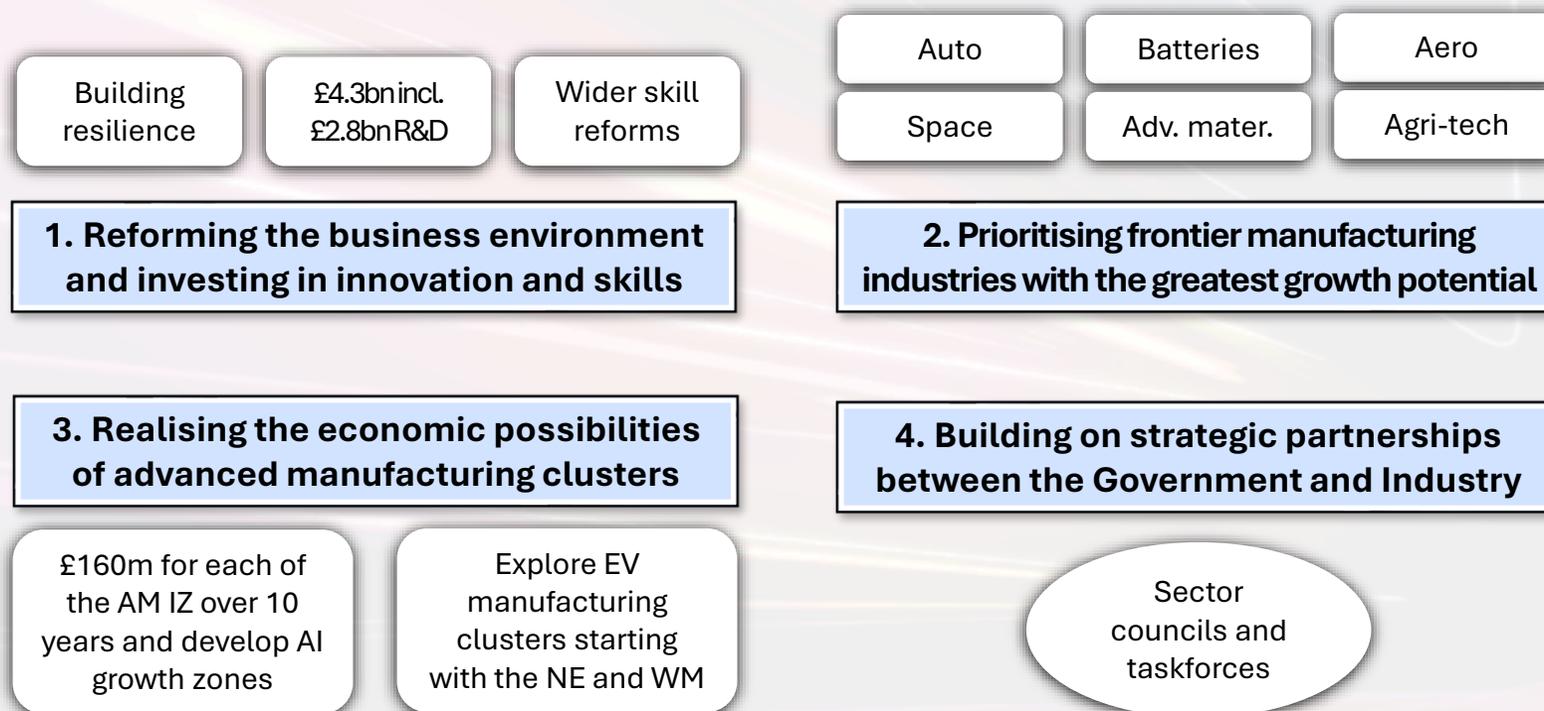


...and we have published a dedicated sector plan for each of them.

The Advanced Manufacturing Sector Plan

By 2035 the UK will be recognised as the best place in the world to start, grow, and invest in Advanced Manufacturing. Our ambition is to near double the annual business investment in the sector from £21 billion to £39 billion in 2035, driving growth across the economy.

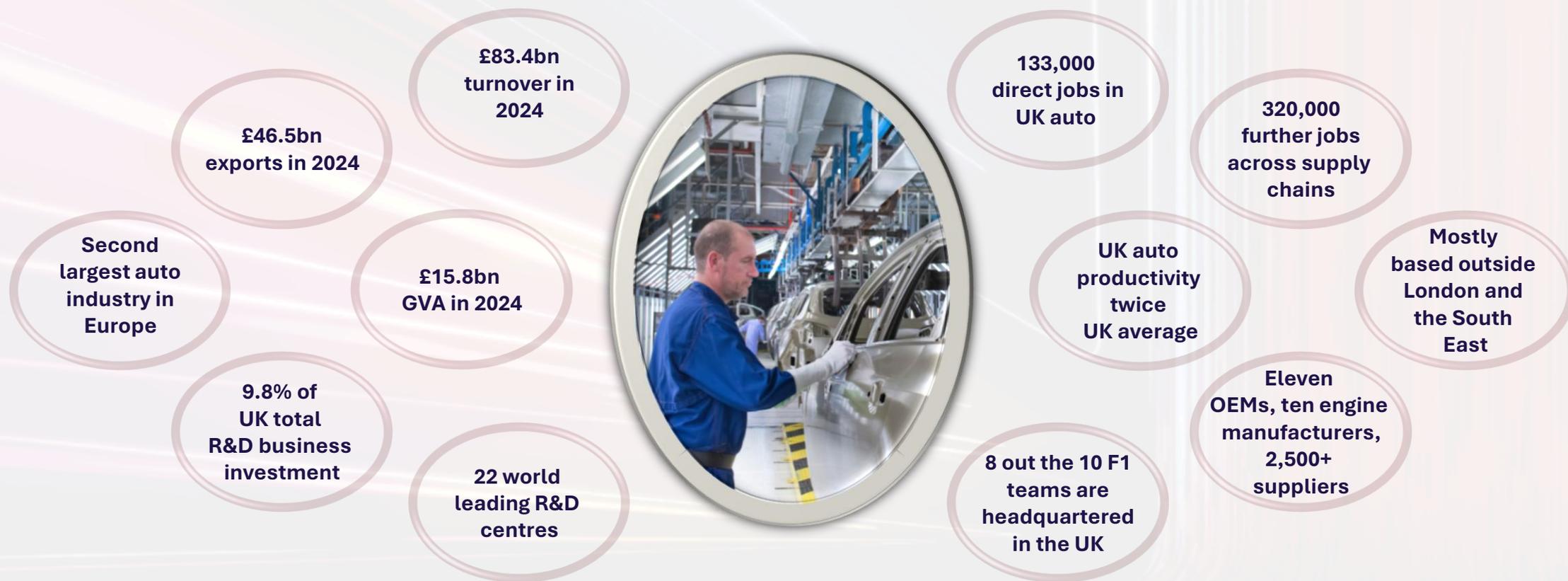
This vision requires a step change, which we will deliver in four ways:



...and automotive plays a central role in our sector plan.

Our plans leverage the strengths of UK automotive

Built on a rich industrial heritage, the UK automotive industry is dynamic, diverse, and rapidly evolving. It is the second largest in Europe, a major investor in R&D, boasts productivity well above the national average, and makes a significant contribution to the UK economy.



Our objective: driving automotive growth to increase the volume of vehicles made in the UK to over 1.3 million cars by 2035

The Advanced Manufacturing Sector Plan introduced the biggest set of auto announcements in over a decade

The DRIVE35 grant funding initiative, £4bn to 2030 in capital and R&D funding for zero emission vehicle manufacturing to 2035

EV supply chain investment via the NWF, combining its suite of financial products with grants and other HMG instruments

An Automotive Technology Strategy in 2026, delivered with industry to target our investment programmes and underpin our industrial policy

International technology partnerships, leveraging our IP to boost industry ties and maximise foreign direct investment

Clustering EV manufacturing, starting from a pilot with the NE and WM to generate a blueprint for other areas across the UK

CAM Pathfinder, £150m additional funding to 2030, alongside regulation via the Automated Vehicles Act 2024

Updating the ZEV Mandate, so that manufacturers have greater flexibility in complying, easing the transition

Up to £99m to 2030 to support UK SMEs to take up advanced technologies via our Made Smarter programme

Our new Battery Innovation Programme, £452m to 2030 to support next-gen battery R&D and develop safety standards

£15.6bn for Transport for City Regions, empowering local leaders and driving demand for UK-based bus manufacturing



We are building on our successes with APC/ATF

Over the past decade, nine initiatives have emerged organically in response to specific challenges. We are building on them, aiming to fundamentally streamline these initiatives and review our programme offer to investors.

ILLUSTRATIVE

Type of funding

- Research and Development CDEL
- Capital CDEL

BAU programmes

- Advanced Propulsion Centre R&D
- Automotive Transformation Fund
- Exceptional Regional Growth Fund

Competition name	Description <i>(illustrative)</i>	Likely customers <i>(illustrative)</i>
Academic Advisory Group competitions	4-to-5-month projects on academic research, providing foresight on future disruptive, innovative zero-emission technologies	Universities and general academia
Niche vehicle network competitions	6-9 (PoC) to 9-12 (PR) month projects to develop niche vehicle technologies from concept through to production	Other research and tech orgs
Technology developer accelerator / Mobilise	18-month mixed grant/coaching projects on IP management, business & investor mentoring, facilitating networking	Emerging tech start ups
Advanced route to market demonstrator	12-month expedite product/process demonstrators enabling a clear route to market, aligned to Cenex EXPO	Est. manufacturing scale ups
Core collaborative competitions	18-to-42 months collaborative projects for major consortia for developing low carbon/ZEV technologies	Tier "N" supply chain orgs.
Feasibility studies funding	12-month projects to produce decision-ready business cases to develop large-scale manufacturing facilities	Tier 1 supply chain orgs.
Scale-up readiness validation funding	18-month projects to validate the readiness for scale-up of net-zero technologies and processes ahead of capital investment	Vehicle makers and other OEMs
EV supply chain projects (ATF)	Provides capital grants to establish a globally competitive & sustainable UK supply chain for electric vehicles	
Vehicle assembly projects (eRGF)	Provides capital grants to vehicle assembly investments funded via the ATF as part of exceptional projects	

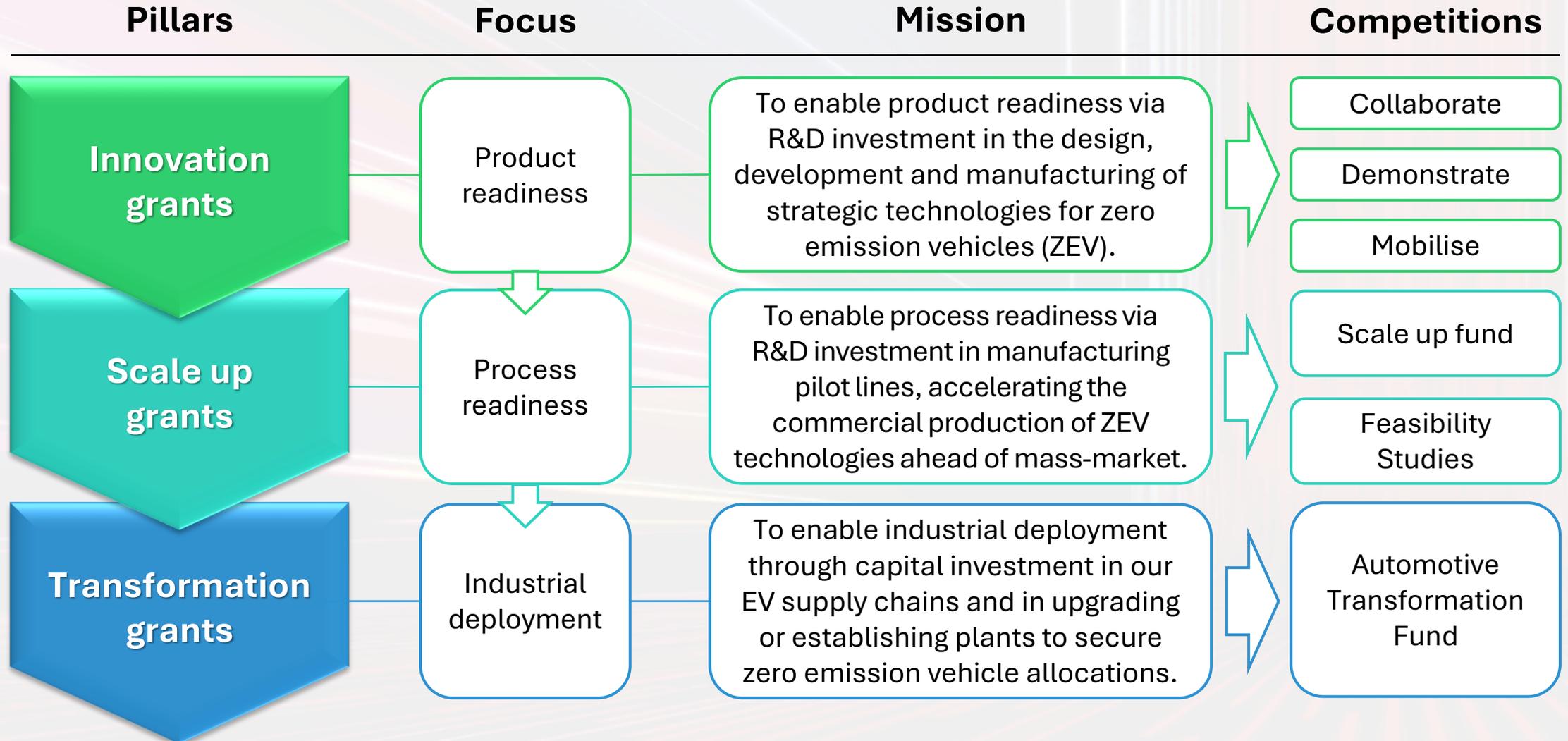
Our drivers and ambitions as we move to DRIVE35

- We have streamlined the UK auto investment offer into three coherent pillars, each with a focused mission, providing a clear guide to investors.
- We have adopted an impact-oriented programme design, bringing funding together to target significant projects that move the dial in the transition.
- We set out multiple funding windows under each programme, each with a defined support offer, aligned to business requirements and investment cycles.
- We have introduced a new scale-up grants pillar, addressing a gap in our ecosystem and facilitating the innovation journey to commercialisation.
- We have brought vehicle assembly into the transformation grants element of our offer, providing comprehensive support to EV manufacturing.
- We have introduced a distinctive SME and startup element as part of the innovation pillar, with a single front door under the Mobilise programme.
- We have deployed funding as part of a whole-of-Government approach, aligned to a clear industrial policy developed in partnership with businesses.



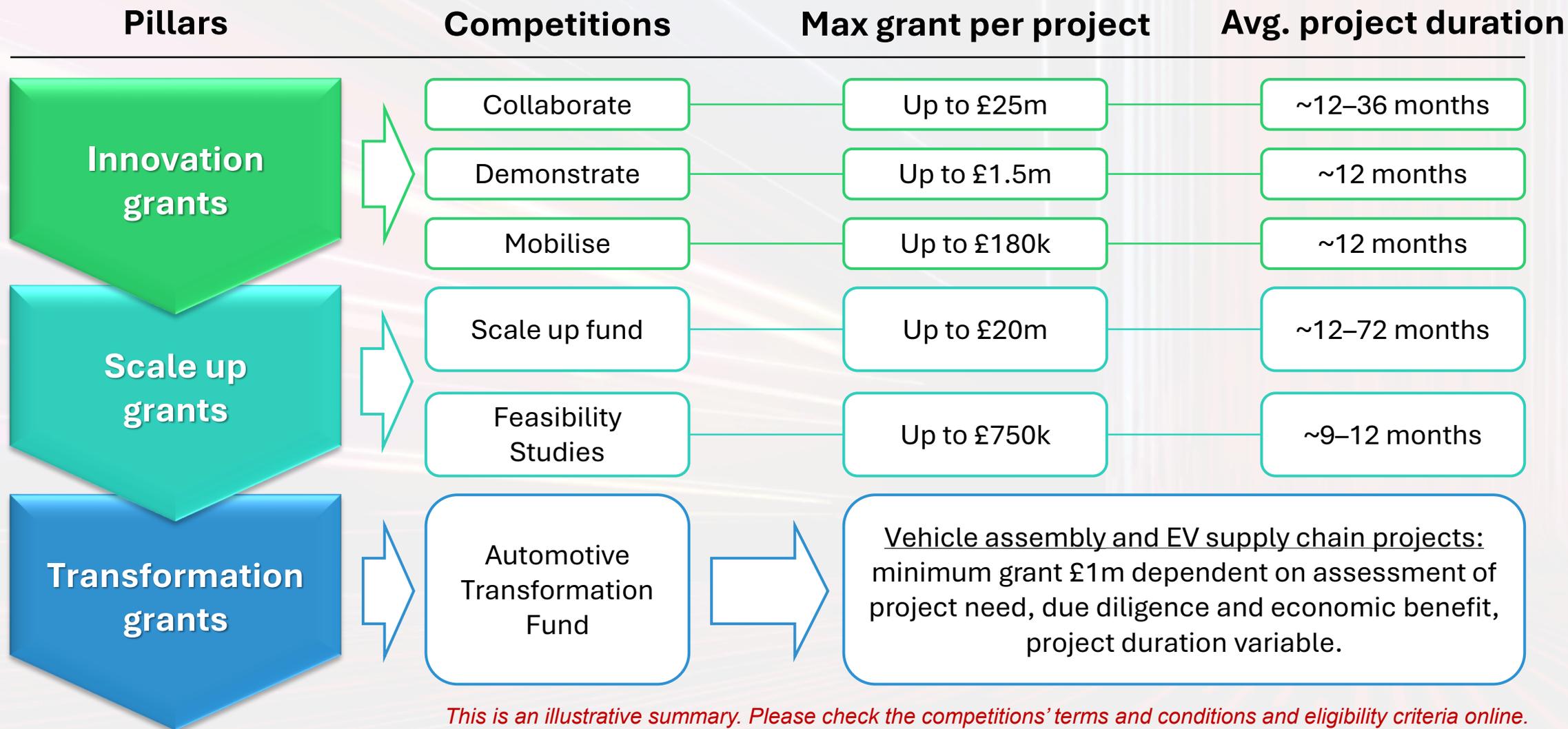
“Simpler, faster and more impactful”

DRIVE35 simplifies the UK funding offer for automotive investors, accelerate the provision of funding support, maximise its focus to deliver greater impact, and ensure longevity of the HMG offer, providing long-term certainty.



Competition details – illustrative

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This is an illustrative summary. Please check the competitions' terms and conditions and eligibility criteria online.

UK Funding Journey

ENABLING
TRANSFORMATION

Automotive Transformation Fund

ACCELERATING
SCALE-UP

Scale-up Fund

Feasibility Studies

SUPPORTING
INNOVATION

Collaborate

Demonstrate

Mobilise



GREAT
BRITAIN & NORTHERN IRELAND