

SMMT
DRIVING THE
MOTOR INDUSTRY

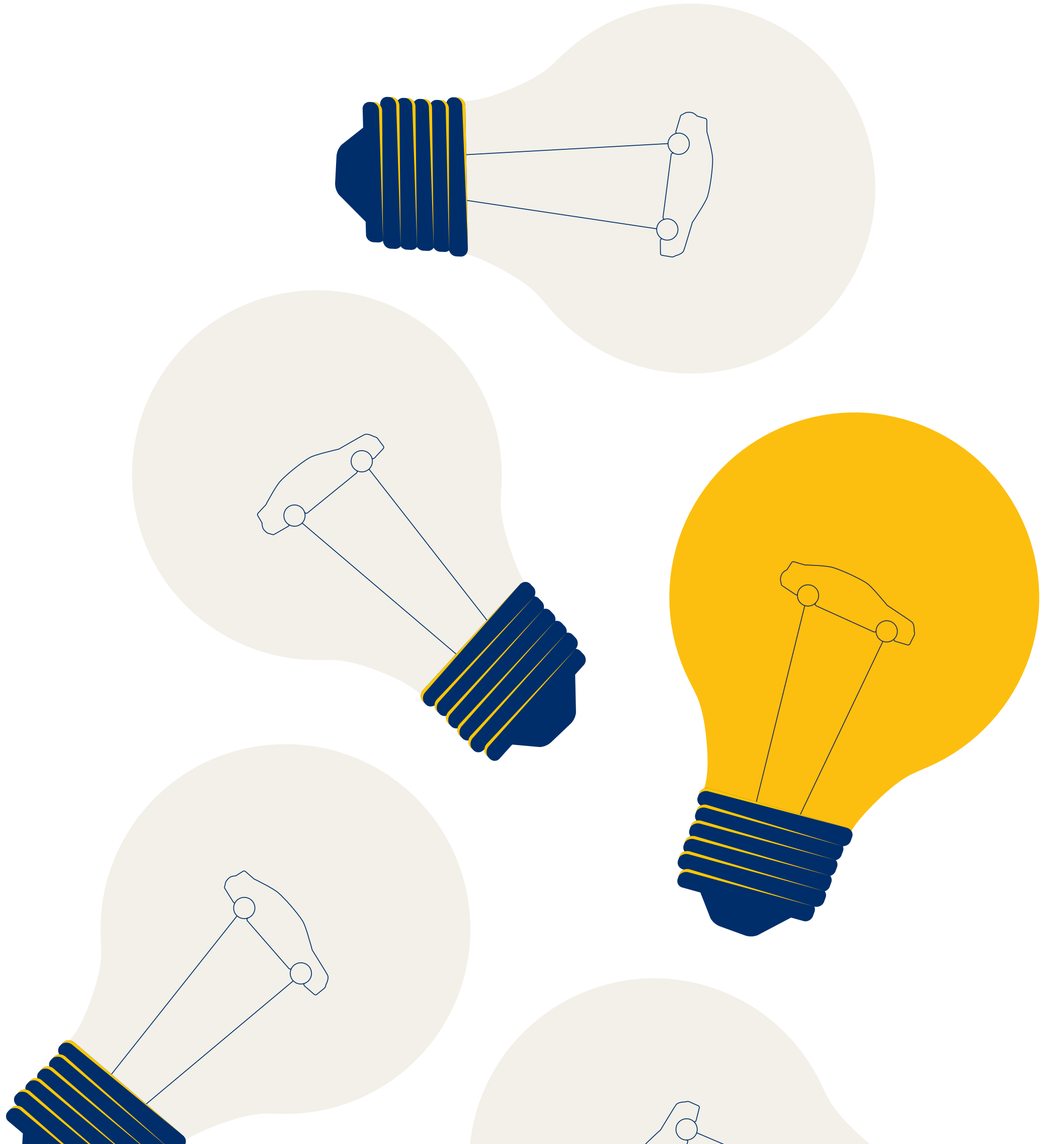
TURNING AUTOMOTIVE INNOVATION INTO UK INVESTMENT

Insights from Industry

Industry insights into how Britain can grow its £5.3 billion-a-year investment in automotive research, development and innovation (RD&I).

Automotive research, development and innovation (RD&I) is central to the UK's industrial competitiveness. The sector already invests nearly £5.3 billion a year in Britain, supporting high-value manufacturing, strengthening domestic supply chains and enabling the transition to next-generation vehicles: zero emission, connected, software-defined and automated. With globally renowned engineering, talent, research and academic capabilities, UK RD&I is in an advanced position globally – but with countries around the world vying for new investment, a supportive domestic environment is vital to secure Britain's growth.

The right approach will ensure the UK benefits from commercial scale-up and rollout that is based in the UK.



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The 2026 survey

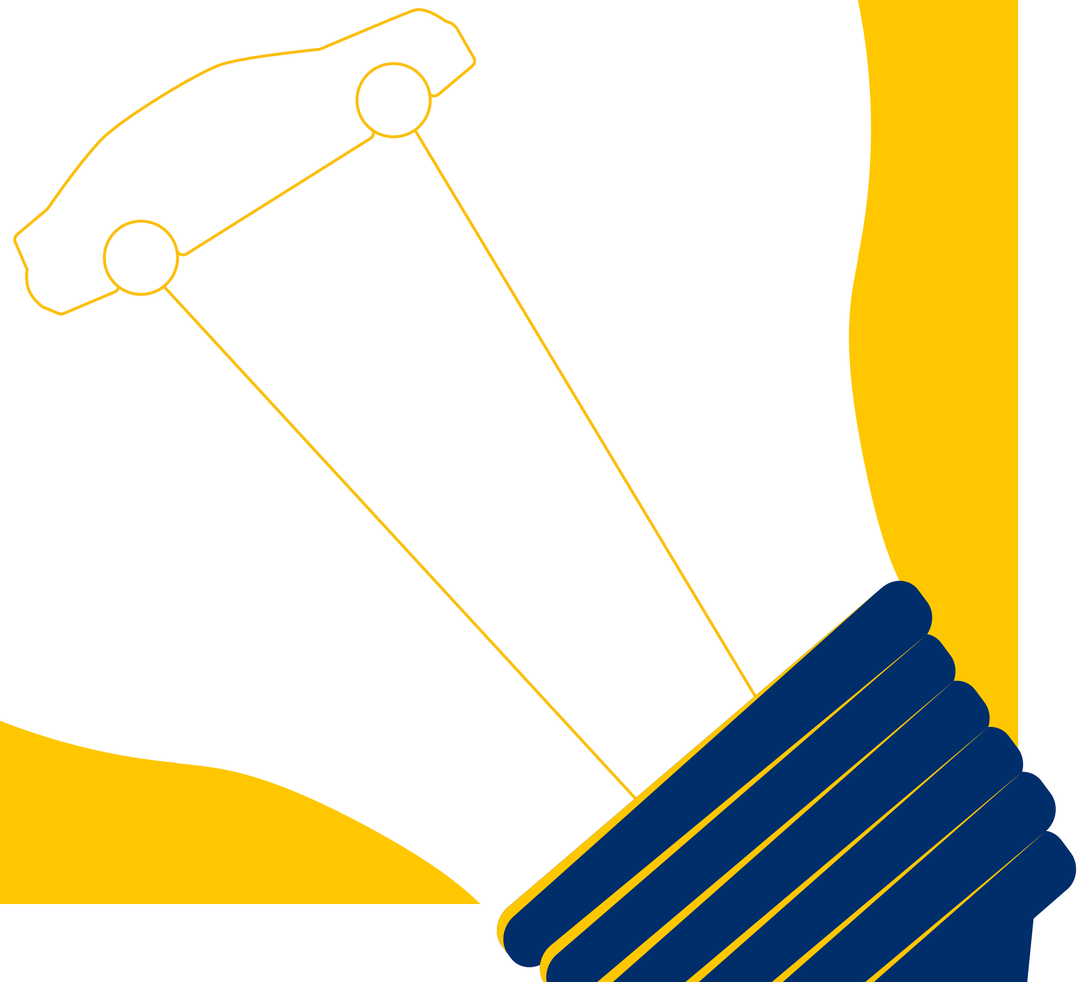
This report's industry survey was carried out between July and September 2026, updating results published in November 2025. This year, responses were provided by 31 SMMT member companies specialising in automotive RD&I including six high-volume vehicle OEMs; 14 advanced component and propulsion technology suppliers; seven software and services providers; and four luxury, performance or low-volume vehicle makers.

SINCE THE LAST SURVEY

The policy environment has moved materially over the past 12 months. The UK's Modern Industrial Strategy established a 10-year framework to increase business investment, while the Advanced Manufacturing Sector Plan positioned automotive, batteries and connected and automated vehicles among the UK's frontier manufacturing industries. DRIVE35 provides a long-term funding route spanning collaborative R&D, demonstration, scale-up and industrial deployment. In August 2026, government allocated more than £47 million to 33 projects across these stages, expected to leverage more than £90 million in total project investment.[1,2]

The wider UK automotive investment picture has also strengthened. Over a seven-day period in September 2026, UK-based manufacturers announced more than £1 billion in planned investment, including £350 million from Bentley, £500 million from McLaren and £170 million from Nissan.[3] The UK's highly skilled workforce and engineering excellence were important factors in each of these investments. At the same time, however, the industry continues to face intense pressures, including higher industrial energy costs, supply chain distress, global trade uncertainty, and unviable regulation of the new car and van markets.

These developments provide important context for the survey's outcome, showing cautious optimism yet continued concern over long-term policy, operating costs, and the prospects of commercialisation and scale-up.



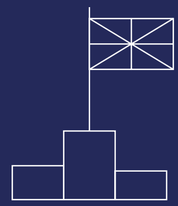
01 Advanced Propulsion Centre UK, more than £47 million invested in 33 automotive projects, 10 August 2026. https://www.apcuk.co.uk/news-events/news/47-million-drive35-funding-announcement-august-2026/

02 UK Government, Advanced Manufacturing Sector Plan. https://www.gov.uk/government/publications/advanced-manufacturing-sector-plan

03 UK Government, more than £1 billion of UK automotive investment announcements in seven days, 24 September 2026. https://www.gov.uk/government/news/bentley-announcement-sees-1bn-invested-in-uk-automotive-sector-in-just-7-days

UK AUTOMOTIVE R&D AND INNOVATION LANDSCAPE

The UK's global standing in automotive innovation



51.6% of industry respondents rate the UK as very good or **worldclass** for automotive R&D and innovation, with 32.30% seeing it as on par with other **major automotive nations**

Talent & collaboration



74.2%
of respondents cite the UK's accessible talent pool, **including skilled engineers,** as its greatest strength.



58%
highlight the **UK's world-class university** collaboration and culture of discovery and innovation. These assets are the backbone of the UK's RD&I success.

Investment in innovation

The UK automotive sector invested around **£5.3 billion in R&D in 2025.** Britain is home to 24 automotive research and development centres.



Government support & DRIVE35

£4 billion committed by the UK government over the next decade to support RD&I, scale-up manufacturing, and transform the UK into a global leader in zero-emission vehicle development.



52.2% of survey respondents say the **DRIVE35** "Innovation" pillar makes them more likely to conduct RD&I in the UK.



Key R&D growth areas for the next decade

64.5%
see next-generation **battery technology** as a top **growth area.**



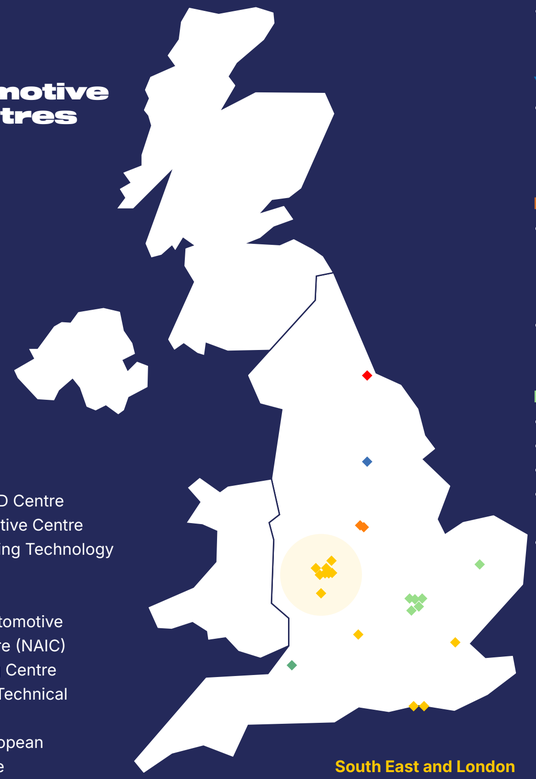
61.3%
highlight **artificial intelligence** as a key discipline for **future automotive** RD&I.



45.2%
see **circularity** (reusable and recyclable materials) as a **strategic opportunity.**



UK Automotive R&D Centres



North East
- Newcastle University (APC Electric Machines Spoke)

Yorkshire and the Humber
- University of Sheffield (Advanced Manufacturing Research Centre AMRC)

East Midlands
- University of Nottingham (EPSRC Centre Power Electronics; APC Power Electronics Spoke)
- Vestatec Automotive Engineering

East of England
- Cranfield University
- Hethel Engineering Centre
- Millbrook Proving Ground
- Nissan Technical Centre Europe
- Chery Automobile

West Midlands
- Changan UK R&D Centre
- Lotus Tech Creative Centre
- The Manufacturing Technology Centre (MTC)
- HORIBA MIRA .
- The National Automotive Innovation Centre (NAIC)
- REE Engineering Centre
- SAIC Motor UK Technical Centre Limited
- Tata Motors European Technical Centre
- WMG Warwick (APC Electrical Energy Storage Spoke)

South West
- University of Bath (APC ICE Systems Efficiency Spoke)

South East and London
- AVL Powertrain UK
- Ford Dunton Technical Centre
- NIO Performance Engineering
- Shoreham Technical Centre
- University Of Brighton (APC ICE Thermal Efficiency Spoke)

THE UK RD&I ENVIRONMENT

IS THE UK A GOOD PLACE TO PERFORM AUTOMOTIVE RD&I?

The 2026 results show a strengthening in industry perceptions of the UK as a location for automotive RD&I. A majority (51.5%) now rate the UK positively, including a notable 19% describing it as 'world-leading' and 32% as 'very good', compared with 50% rating the UK very good or world-class in 2025. A further 35% consider the UK on a par with other leading automotive nations. This points to growing recognition of the UK's RD&I strengths and provides a positive foundation for future investment.

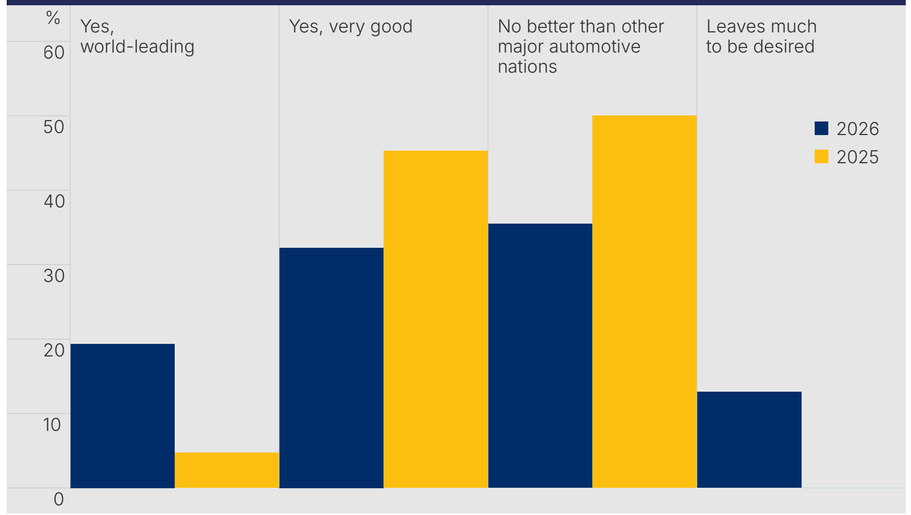
This improving sentiment reflects tangible strengths in the UK innovation ecosystem. Industry data highlights 24 dedicated automotive research centres, strong university and engineering capabilities, and government support through DRIVE35 and its various pillars, representing a combined £4 billion of support.[4] The latest Office for National Statistics (ONS) figures also show that the sector invests around £5.28 billion annually in R&D, underlining the scale of industry's continuing commitment to UK innovation.

However, 12.5% of respondents now believe the UK's RD&I offer falls short. Although this remains a minority view, it suggests that the overall improvement in sentiment is accompanied by a slightly more polarised assessment of UK competitiveness. The opportunity is, therefore, to translate the UK's increasingly recognised RD&I strengths into a consistently compelling proposition for commercialisation, scale-up and manufacturing investment. This is particularly timely given the growing policy focus on bridging innovation and industrialisation.

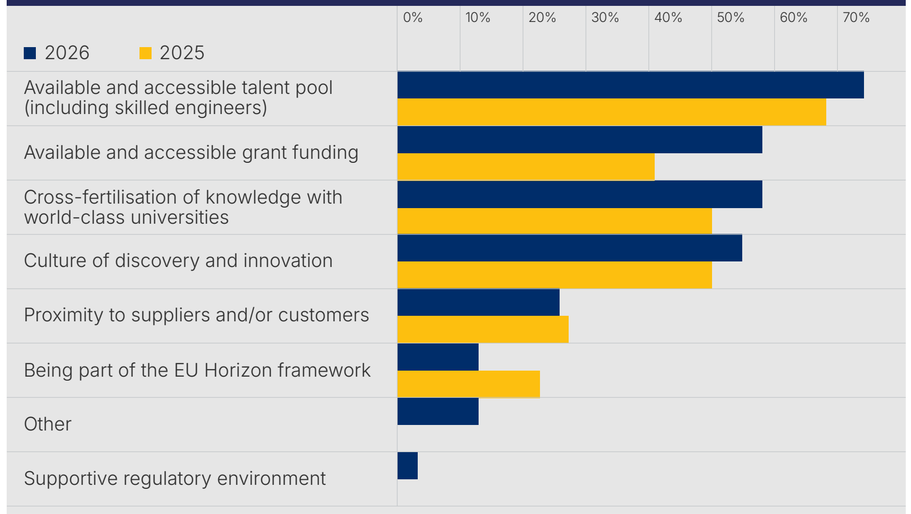
WHAT ARE THE UK'S KEY STRENGTHS?

Talent is the UK's clearest asset, according to 74% of respondents, followed by accessible grant funding and links with world-class universities, each selected by 58%. Perceptions of accessible grant funding have improved in the last 12 months, likely reflecting recognition of the Industrial Strategy funding programmes, especially DRIVE35. This was followed by the UK's culture of discovery and innovation at 54.8%. Only 3.2% identified the regulatory environment as a strength, while 12.9% selected Horizon Europe. The pattern suggests that the UK's advantage rests primarily on people, research institutions and innovation capability rather than regulation or the market framework.

GRAPH 01 **IN OVERALL TERMS, DO YOU CONSIDER THE UK TO BE A GOOD PLACE TO PERFORM RD&I IN AUTOMOTIVE?**



GRAPH 02 **IN YOUR VIEW, WHAT ARE THE UK'S KEY STRENGTHS IN AUTOMOTIVE RD&I? SELECT NO MORE THAN THREE.**



04 UK Government, DRIVE35 launch, 13 July 2025. https://www.gov.uk/government/news/backing-british-industry-government-launches-25bn-drive35-programme-to-power-uk-auto-investment-and-jobs

CASE STUDY

Anaphite: high-speed dry coating

Anaphite's technology platform combines the ingredients of a battery electrode – active materials, conductive additives and binders – into a single engineered material known as Dry Coating Precursor (DCP®). DCP® is formulated and designed for high-speed dry coating lines, eliminating the need for energy-intensive wet slurry processes that have traditionally been used in battery manufacturing. The approach, developed by Anaphite at its base in Bristol, addresses key technical challenges that limit successful and profitable industrial-scale dry coating, thereby unlocking the process for battery makers and OEMs globally.

Switching from slurry-cast electrode manufacturing to a dry process delivers transformational savings. Anaphite's technology eliminates the use of the highly toxic solvent NMP from electrode manufacturing, saves up to 80% of the energy needed to make an electrode, 60% of equipment capex, enables an electrode line that's 45% smaller and reduces manufacturing carbon emissions by 70%.

Removing NMP permitting restrictions and slashing the amount of power and space needed to manufacture electrodes, drastically increases the number of sites available to build gigafactories in the UK. When combined with the capex savings enabled by Anaphite's Technology, it could boost cost competitive, domestic supply of electrode into the UK's battery supply chain for EV manufacture.

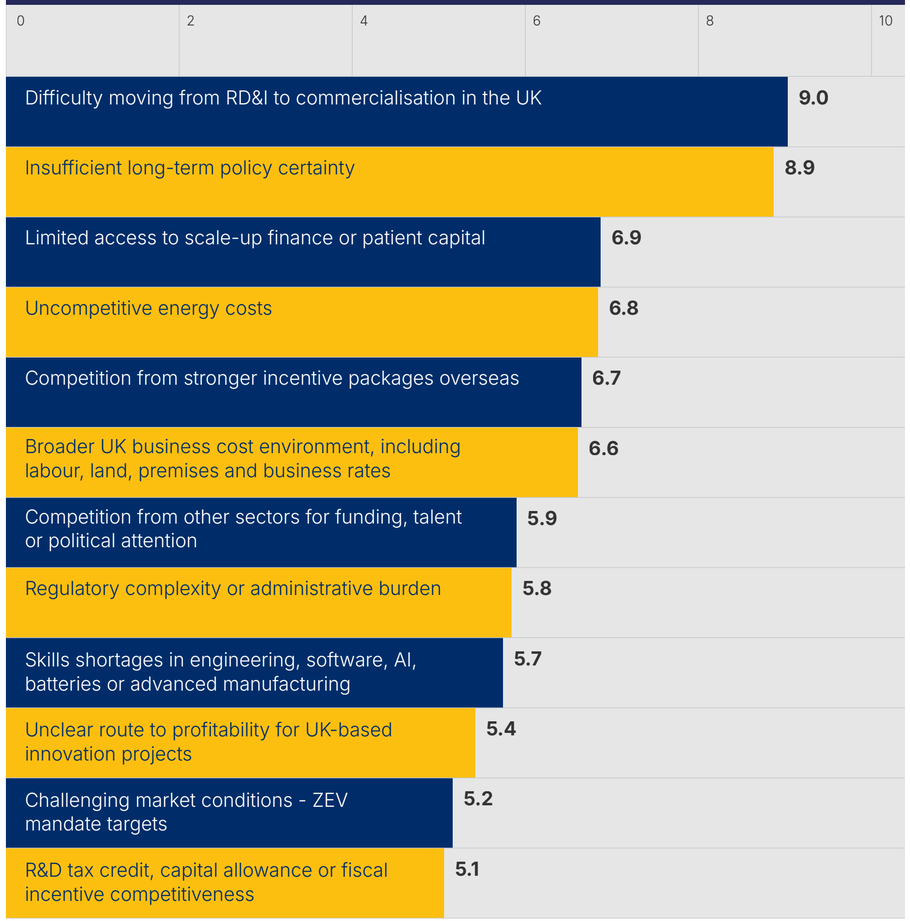
The opportunities presented by Anaphite's technology are significant.



As global demand for electric vehicles continues to grow, manufacturers are under increasing pressure to reduce costs, improve performance and lower environmental impact. By enabling faster industrial adoption of dry coating, the company could play a key role in the future of electrification.

BARRIERS TO INVESTMENT AND SCALE

GRAPH 03 **RANK THE TOP CHALLENGES YOUR BUSINESS FACES IN PERFORMING RD&I IN THE UK**



WHAT ARE THE TOP CHALLENGES TO PERFORMING RD&I IN THE UK?

When asked to rank their top three challenges to performing RD&I in the UK, SMMT members identified 'difficulty moving from RD&I to commercialisation' as the main barrier, followed closely by 'insufficient long-term policy certainty'. These two issues stand apart and show that businesses are concerned both about the predictability of the policy environment, and the ability to retain economic value in the UK after technologies have been developed.

Energy costs, access to scale-up finance, the wider business-cost environment and stronger overseas incentives formed the next group of barriers. Skills shortages, regulatory complexity, fiscal incentives and an unclear route to profitability remained material but were ranked lower. Despite much of the UK's RD&I relating to innovation for global markets, nearly a fifth (19.3%) of members ranked the ZEV Mandate as a top three challenge, underlining the importance of a viable regulatory environment and thriving domestic consumer market to maximise RD&I investment.

The response to the survey question supports a whole-system approach. Funding early-stage research alone will not resolve the commercialisation gap if energy, capital, demand and policy risks continue to prevent pilot production and scale-up in the UK.



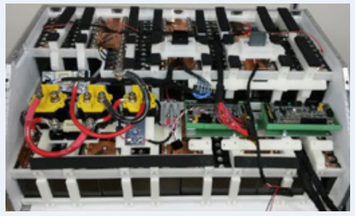
CASE STUDY

Riversimple: lightweight hydrogen mobility

The quest for zero emission cars has created a trilemma: 'lightweight, long range or zero emissions – pick any two'. Riversimple, currently based in Mid Wales, has shown all three challenges can be resolved with its highly efficient Network Electric hydrogen powertrain. Now, supported by the Advanced Propulsion Centre's Zero Emission Lightweight Long Range project, Riversimple is developing a production powertrain in an Audi A2 – targeting a 400-mile zero emission range at an unladen weight of 900kg.

The UK's strength in depth in highly innovative SMEs in the sector makes Riversimple's ambitions possible. It is collaborating with Nottingham-based power converter TTPi to integrate its latest generation of wide band gap (SiC and GaN) devices; with London-based Pi Engineering Consultancy to use its state-of-the-art machine learning toolset HIVE to accelerate the project's timeline; and with Amsterdam-headquartered GreenFlux to develop electric motors with class-leading specific torque and efficiency.

Riversimple's core challenge is to do more with less – less energy, less cost and less resource. Four motors maximise the efficiency of regen braking, using supercapacitors to decouple constant and transient demand. While a 20kW fuel cell is sufficient as a prime mover, inboard motors with single-stage epicyclic gearboxes help reduce magnetic content, while hydrogen eliminates the critical materials needed for batteries. The combination delivers less weight – half that of any equivalent range zero emission car on the market today.



CONFIDENCE AND POLICY SIGNALS

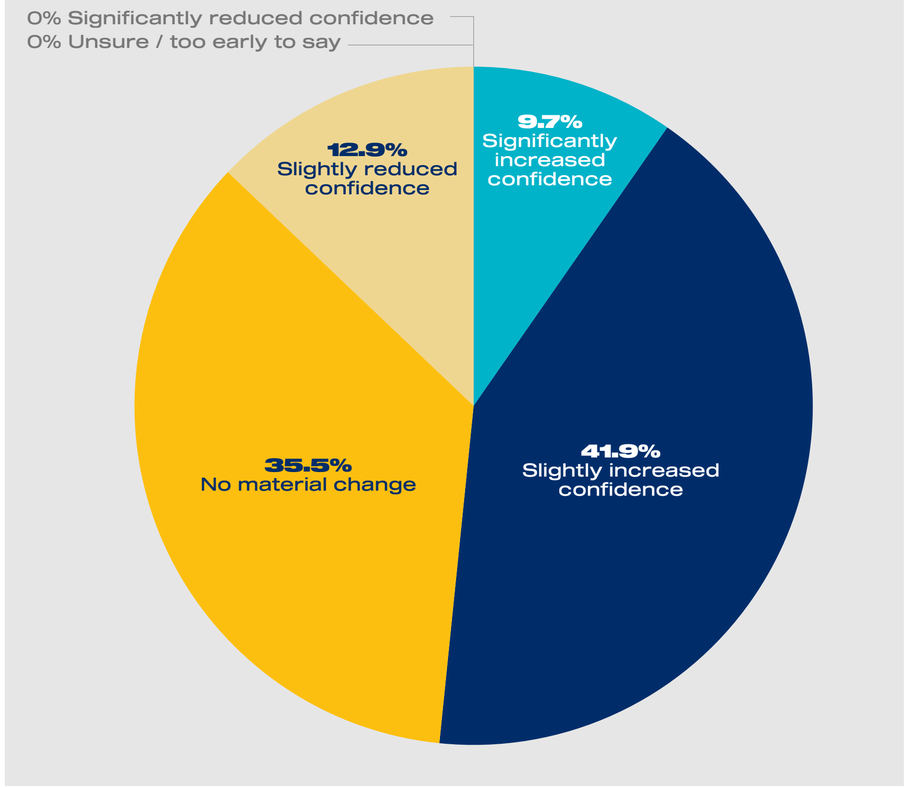
HAS CONFIDENCE CHANGED OVER THE LAST 12 MONTHS?

Just over half of respondents reported improved confidence, with 9.7% stating ‘significantly’ and 41.9% ‘slightly’. A further 35.4% reported no material change, while 12.9% recorded ‘slightly reduced confidence’. No respondent selected ‘significantly reduced confidence’ or ‘too early to say’. The direction is clearly positive, but the concentration in ‘slightly increased’ suggests delivery of the Industrial Strategy and associated programmes will matter more than their existence alone. Paired with market challenges, the next 12 months could be crucial.

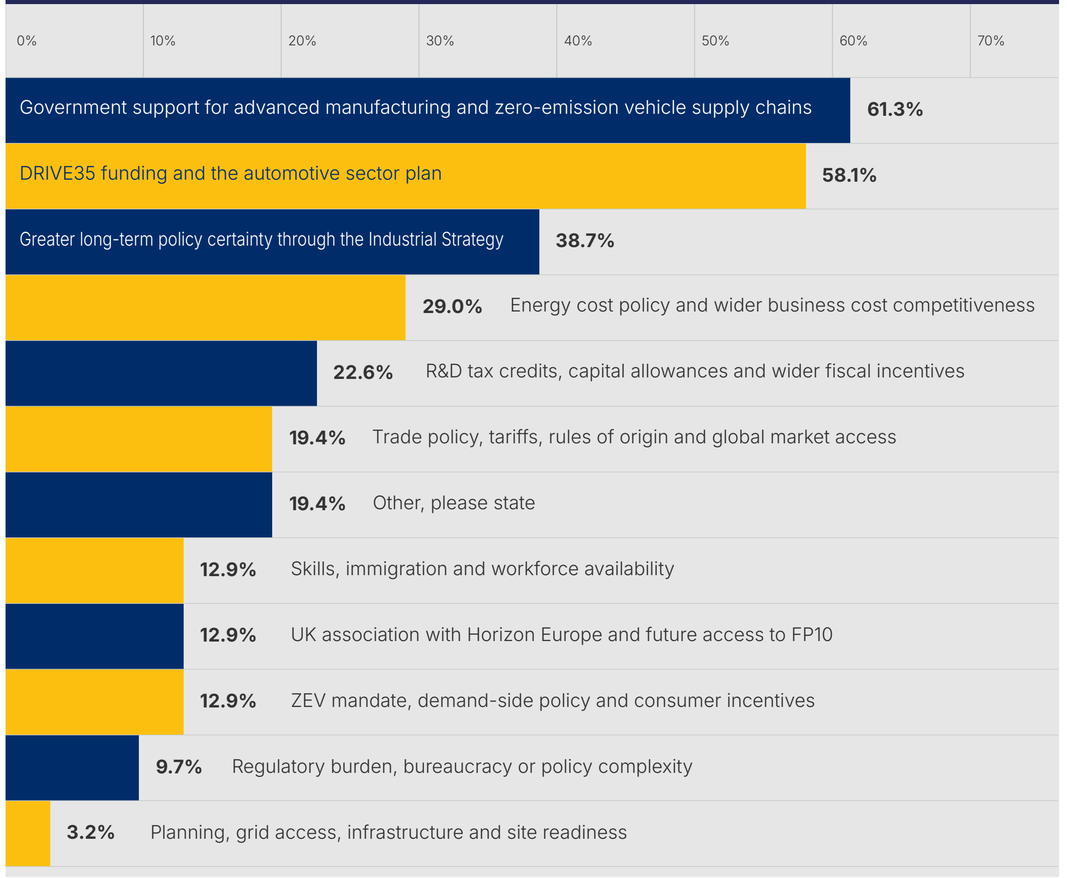
WHICH FACTORS MOST INFLUENCED CONFIDENCE?

Government support for advanced manufacturing and zero emission vehicle supply chains was deemed by respondents to most influence confidence at 61.2%, closely followed by DRIVE35 and the automotive sector plan at 58%. Greater long-term certainty through the Industrial Strategy was selected by 38.7%. Energy and wider business costs remained influential for 29%, while fiscal incentives were selected by 22.5%. The findings confirm that targeted industrial support is improving sentiment, but cost competitiveness and implementation remain important constraints, which, if not addressed, could lead to positive action being drowned out by larger issues.

GRAPH 04 **OVER THE LAST 12 MONTHS, THE UK GOVERNMENT HAS SET OUT A RENEWED INDUSTRIAL STRATEGY, LAUNCHED DRIVE35, AND PLACED GREATER EMPHASIS ON ADVANCED MANUFACTURING, CLEAN POWER, AI, INVESTMENT ATTRACTION AND ECONOMIC SECURITY. TAKING THESE DEVELOPMENTS TOGETHER, HAS YOUR ORGANISATION'S CONFIDENCE IN UNDERTAKING AUTOMOTIVE RD&I IN THE UK CHANGED?**



GRAPH 05 **PLEASE SELECT UP TO THREE FACTORS THAT HAVE MOST INFLUENCED YOUR ANSWER**



COMPETITIVENESS AND INVESTMENT RESPONSE

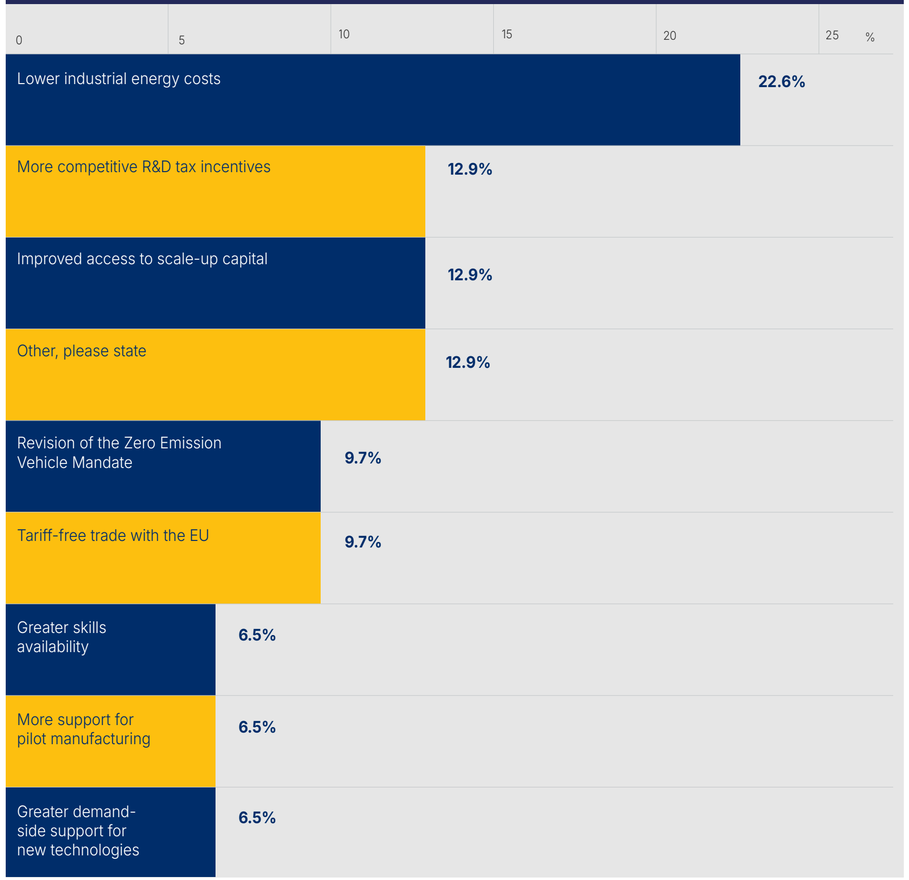
WHAT SINGLE INTERVENTION WOULD MOST IMPROVE COMPETITIVENESS?

This question sought to help us understand what interventions the government and other stakeholders could make to improve the competitiveness of the UK RD&I sector, which is related to, but distinct from, overall manufacturing and market competitiveness. However, ensuring a pathway from RD&I to successful commercialisation is key. As in last year's survey, respondents cited reducing industrial energy costs as the single most impactful way to improve competitiveness, demonstrating a clear imperative for further and rapid government action on this front. More competitive R&D tax incentives and improved access to scale-up capital came next, with support for pilot manufacturing, revision of the ZEV Mandate and tariff-free EU trade also ranked as important. The results show that, while energy costs are a major concern for businesses, respondents do not see any single reform as sufficient in isolation for improving competitiveness. This emphasises the importance of a holistic approach to supporting the UK automotive sector.

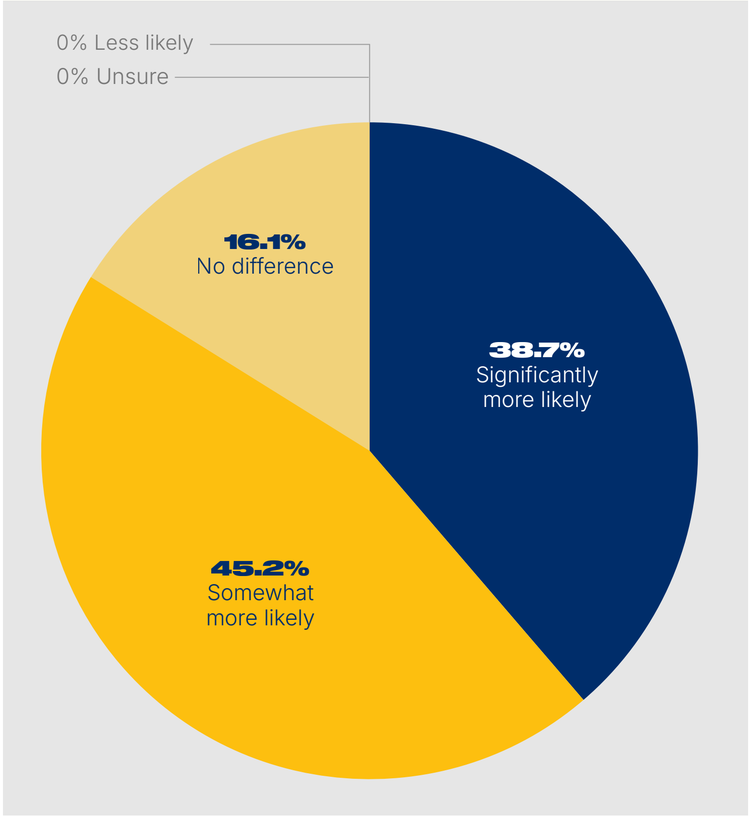
WOULD IMPROVED COMPETITIVENESS CHANGE UK INVESTMENT?

The potential response to improved UK competitiveness is substantial, with 38.7% of respondents saying they would be significantly more likely and 45.2% somewhat more likely to increase RD&I, engineering or innovation activity over the next five years. Only 16.1% reported that it would make no difference, and no respondent selected 'less likely' or 'unsure'. This indicates a large pool of potentially mobile capital that could respond positively to a stronger UK investment proposition. Automotive needs a relentless focus on competitiveness, with all government departments working in lockstep to holistically supercharge the Modern Industrial Strategy. This can deliver new growth and secure the technologies of the future here in the UK.

GRAPH 06 **WHAT WOULD BE THE MOST EFFECTIVE WAY TO IMPROVE THE UK'S INTERNATIONAL COMPETITIVENESS AS AN INNOVATION HUB?**



GRAPH 07 **IF THE UK'S COMPETITIVENESS FOR AUTOMOTIVE INNOVATION IMPROVED, HOW LIKELY WOULD YOUR ORGANISATION BE TO INCREASE AUTOMOTIVE RD&I, ENGINEERING OR INNOVATION ACTIVITY IN THE UK OVER THE NEXT FIVE YEARS?**



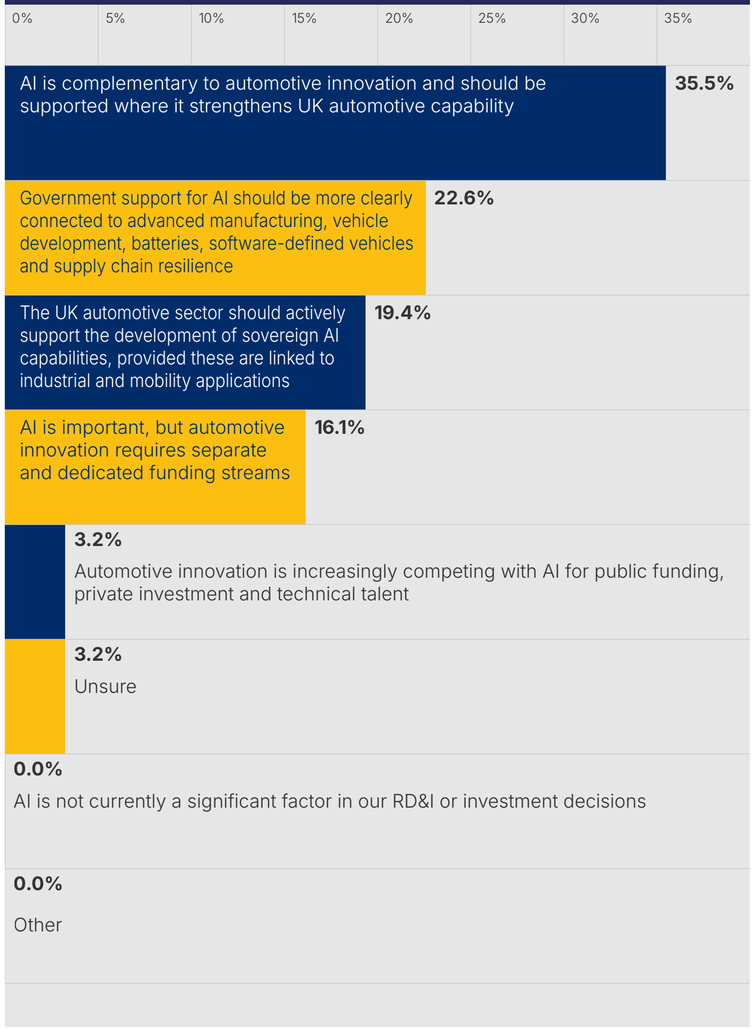
AI AS AN AUTOMOTIVE ENABLER

WHICH AI CAPABILITIES ARE MOST VALUABLE?

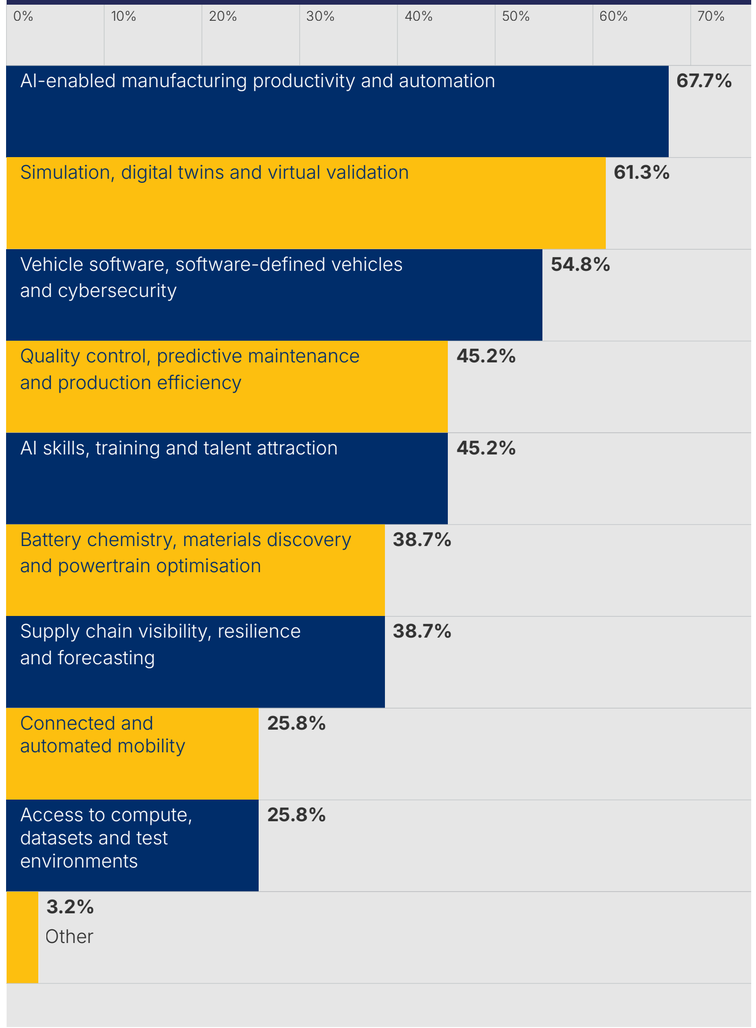
AI-enabled manufacturing productivity and automation led at 67.7%. Simulation, digital twins and virtual validation followed at 61.2%, with vehicle software, software-defined vehicles and cybersecurity at 54.8%. AI skills and talent were selected by 45.1%. The results favour applied industrial AI that reduces development time, increases production efficiency and improves product capability, rather than general-purpose AI detached from automotive use cases. This reinforces the point that the UK automotive industry is a leader in the adoption of AI technologies across different areas, including machine vision for quality control and supply chain management, according to recent research.[5,6]

The government and industry should continue to build on positive work already done, for example, the Advanced Manufacturing Upskilling and Reskilling Platform, created by the Automotive Council Skills Working Group.

GRAPH 08 **AS GOVERNMENT INCREASES ITS FOCUS ON AI AND SOVEREIGN AI CAPABILITIES, WHICH OF THE FOLLOWING BEST REFLECTS YOUR ORGANISATION'S VIEW OF AI IN RELATION TO AUTOMOTIVE INNOVATION FUNDING AND CAPABILITY DEVELOPMENT?**



GRAPH 09 **WHICH AI-RELATED CAPABILITIES WOULD BE MOST VALUABLE TO UK AUTOMOTIVE INNOVATION? SELECT ALL THAT APPLY.**



CASE STUDY

ELEVATION: lightweighting EV batteries

ELEVATION is a multi-year collaborative R&D project led by Aston Martin with five UK partners – Creative Composites, Expert Technologies Group, Fuzzy Logic, the Manufacturing Technology Centre and the University of Warwick's Warwick Manufacturing Group – backed with £9 million UK government grant-funding via the Advanced Propulsion Centre.

The project, based in Gaydon, aims to deliver light and sustainable technologies that support vehicle electrification while strengthening UK manufacturing capability. In particular, its work focuses on compression-moulded composite lightweighting, resulting in a composite high-voltage battery enclosure concept delivering a 39% mass saving. ELEVATION has also enhanced digital toolchains across R&D and manufacturing, with digital twins and connected digital threads for production planning and change control.

Elsewhere, the project has advanced traceability in net zero supply chains, with an electronic Vehicle Build History Log that integrates manufacturing, quality and enterprise data into a single, traceable vehicle record. It is also developing workforce training in electrification via augmented and virtual reality tech, which can help address emerging skills gaps and the need for upskilling.

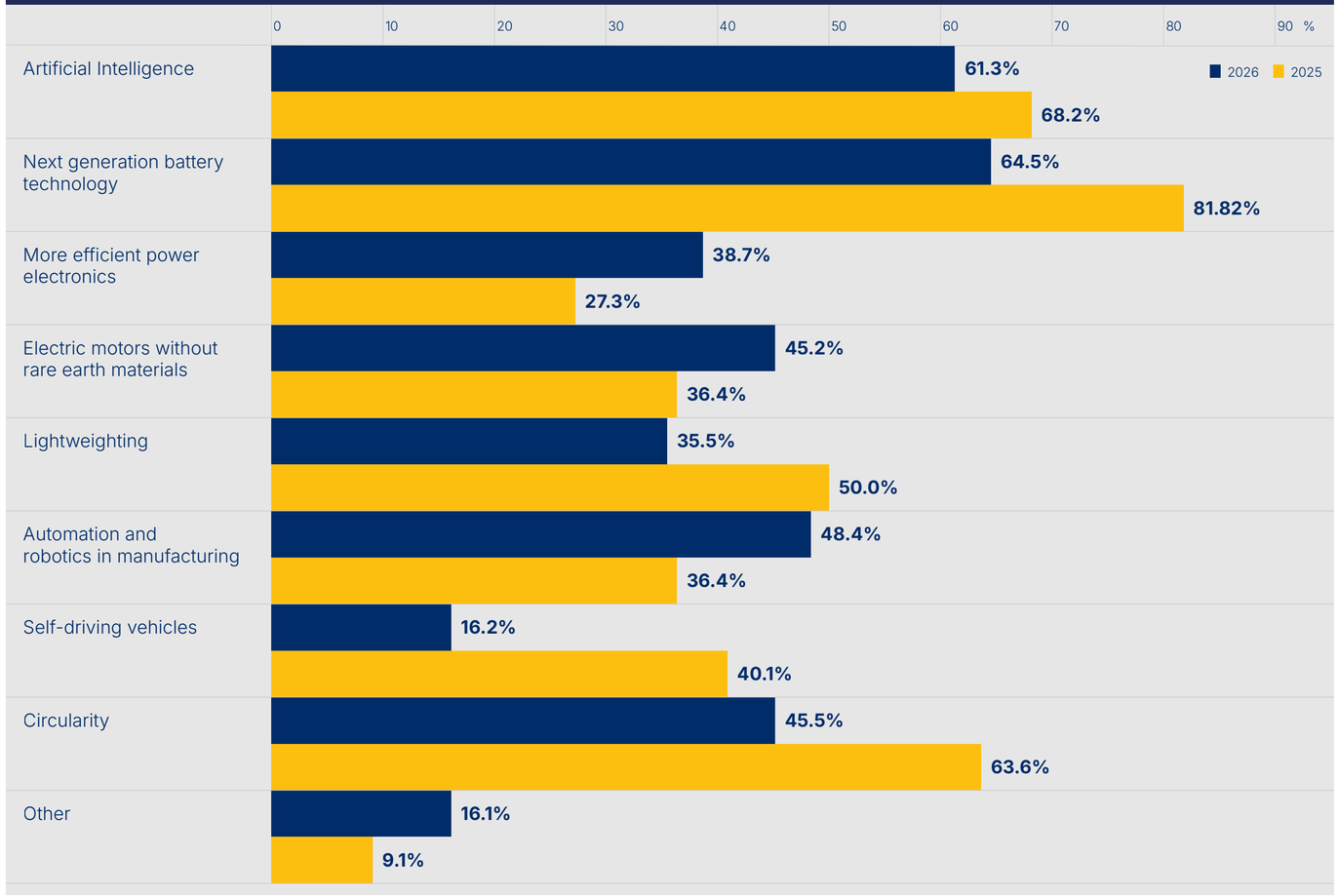
ELEVATION enables the partners, and the wider UK supply chain, to strengthen UK automotive competitiveness and resilience, improve manufacturing efficiency and transfer innovations into other sectors."



05 https://www.themanufacturer.com/articles/over-half-of-uk-automotive-industry-companies-now-using-ai-for-machine-vision/.
06 https://idsindata.co.uk/mapping-the-future-of-ai-in-uk-manufacturing/

PRIORITIES FOR THE NEXT DECADE

GRAPH 10 **WHAT ARE THE KEY GROWTH AREAS, OR DISCIPLINES, FOR AUTOMOTIVE RD&I IN THE NEXT 10 YEARS?**



WHAT ARE THE KEY GROWTH AREAS FOR AUTOMOTIVE RD&I?

Next-generation battery technology ranked top, selected by 64.5% of respondents, closely followed by artificial intelligence at 61.2% – the same ranking as reported in the 2025 survey. Automation and robotics in manufacturing were selected by 48.3%, up from 36.3% in 2025, reflecting their increased prominence among SMMT members. Rare-earth-free electric motors and circularity were each selected by 45.1%, while a further 45.1% selected more efficient power electronics. The findings point to a combined technology agenda: electrification, digitalisation, advanced manufacturing and resource resilience.

INDUSTRY IMPLICATIONS

The growth priorities correspond closely with the capabilities needed to secure future manufacturing. Battery innovation must connect chemistry and materials research to cells, packs, manufacturing equipment and recycling. AI and digital twins need trusted industrial data, compute and test environments. Rare-earth-free motors, power electronics and circular materials can reduce exposure to concentrated global supply chains. Policy should therefore support portfolios of complementary technologies rather than isolated projects. This calls for holistic policy delivery across different agendas and silos to optimise delivery and impact for UK businesses. This would also support businesses considering diversification into new markets and industries.

CASE STUDY

IndyCar: next-gen motorsport propulsion



IndyCar's new IR-28 chassis represents a comprehensive evolution in motorsport vehicle design, combining aesthetic aggression with cutting-edge British engineering. Partnering with Milton Keynes based Helix and Thatcham-based Xtrac, the project has delivered a bespoke hybrid power system that defines the next era of competitive racing.

The integrated solution delivers substantial performance gains through strategic mass reduction. Helix's motor and inverter technology saves 20 lbs, while Xtrac's optimised transmission shaves a further 25 lbs from the system. Crucially, the complete architecture operates at sub-60V, prioritising driver and team safety whilst unlocking performance previously impossible in the series.

At the system's heart lies a revolutionary lithium-ion energy storage solution, over 10 times more capable than its predecessor, enabling "push to pass" boosting and enhanced traction and braking performance. The technology is completely bespoke, leveraging decades of elite motorsport expertise to deliver world-class reliability and power density in mid-volume production.

The IR-28 chassis showcases Britain's engineering excellence: every component, from air jacks to rear impact structures, integrates seamlessly within precision-engineered tolerances. The result is an incredibly tight margin of performance standardisation.

RECOMMENDATIONS FOR GOVERNMENT

The survey points to a clear policy objective: turn the UK's strong research, talent and university base into more commercial production, investment and intellectual property retained in the UK. The following recommendations combine the survey evidence with recent sector and policy developments.

07 UK Government, Zero Emission Vehicle Mandate review, opened 14 August 2026. https://www.gov.uk/government/consultations/zero-emission-vehicle-mandate-review

01
Provide long-term certainty from RD&I to commercialisation

Provide a clear, long-term pathway from automotive RD&I through to commercialisation and UK manufacturing, underpinned by predictable multi-year funding across DRIVE35, Innovate UK, APC and related programmes. Support should span R&D, demonstration and pilot manufacturing through to large-scale investment, giving businesses confidence to develop, scale and commercialise innovative technologies in the UK. The government should continue to work with the automotive industry to deliver the Advanced Manufacturing Sector Plan and prioritise DRIVE35 funding.



02
Reduce industrial electricity costs and improve site readiness

Ensure automotive R&D, battery, component and advanced manufacturing facilities can benefit from competitive electricity-cost measures. Accelerate grid connections, planning and site preparation for laboratories, pilot plants and manufacturing. Energy was this survey's most selected single competitiveness intervention and a highly ranked challenge.



03
Mobilise 'patient' capital for scale-up

Use the British Business Bank, National Wealth Fund and UK Export Finance to crowd in private capital for growth-stage automotive technology businesses and strategically important manufacturing projects. Develop finance products suited to capital-intensive hardware, long validation cycles and first commercial deployments. Support start-ups with promising innovations to access the private capital needed to bridge the 'valley of death'.



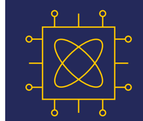
04
Make fiscal incentives internationally competitive and predictable

Maintain a stable R&D tax framework and review whether current incentives adequately support automotive engineering, software, prototypes, pilot production and capital equipment. Provide certainty over capital allowances and avoid frequent rule changes that increase investment risk.



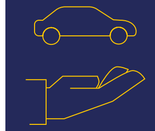
05
Connect the UK AI agenda to industrial outcomes

Build on the AI Adoption Plan for Advanced Manufacturing, AI Boost and Made Smarter to accelerate automotive AI adoption in automation, digital twins, software-defined vehicles, cybersecurity, batteries and supply chains. Improve access to industrial datasets, compute and test environments and specialist support, while retaining dedicated automotive funding where needed.



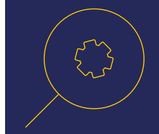
06
Agree and deliver an automotive skills package

Align technical training with automotive demand through an industry-led skills package focused on software, AI, batteries, power electronics, automation, cybersecurity and advanced manufacturing. Deliver the Advanced Manufacturing Upskilling and Reskilling Platform as planned, alongside portable skills standards, reskilling and targeted international talent routes.



07
Strengthen commercialisation, demand, trade and collaboration conditions

Create a clear pathway from RD&I to commercialisation and manufacturing at scale, supporting the UK to meet the Industrial Strategy's ambition of 1.3 million vehicles produced annually by 2035. Achieving manufacturing volume is essential for the industry, as is aligning a stable ZEV transition and demand measures with UK manufacturing capability, while preserving access to global markets, supply chains and research networks, including the successor to Horizon Europe.[7]



CONCLUSIONS

The 2026 survey presents a balanced picture. The UK remains well regarded for automotive RD&I, with talent, grant funding, universities, and a strong innovation culture at the centre of its proposition. Recent policy developments, particularly DRIVE35, the Industrial Strategy and support for zero-emission supply chains, have improved confidence for the majority of respondents.

However, respondents were equally clear that capability alone is not sufficient. Long-term policy certainty and the ability to move from RD&I to commercialisation are the two dominant barriers. Energy costs, scale-up finance, wider business costs and overseas incentive competition further weaken the investment case. The opportunity is material: 83.9% of respondents would be more likely to expand UK activity if competitiveness improved.

Government should therefore focus on delivery across the full innovation pathway. A stable policy framework, competitive operating environment, patient capital, applied AI capability and a skilled workforce would allow the UK to convert its research strengths into more manufacturing, exports and high-value employment.

51.6%
positive UK rating

51.6%
confidence increased

83.9%
greater investment potential



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