



UK Government

THE UK'S MODERN INDUSTRIAL STRATEGY

DRIVE35 – Driving Research and Investment in Vehicle Electrification





Department for
Business & Trade

The UK Industrial Strategy and our plans for the automotive industry

Paolo Enrico Favino

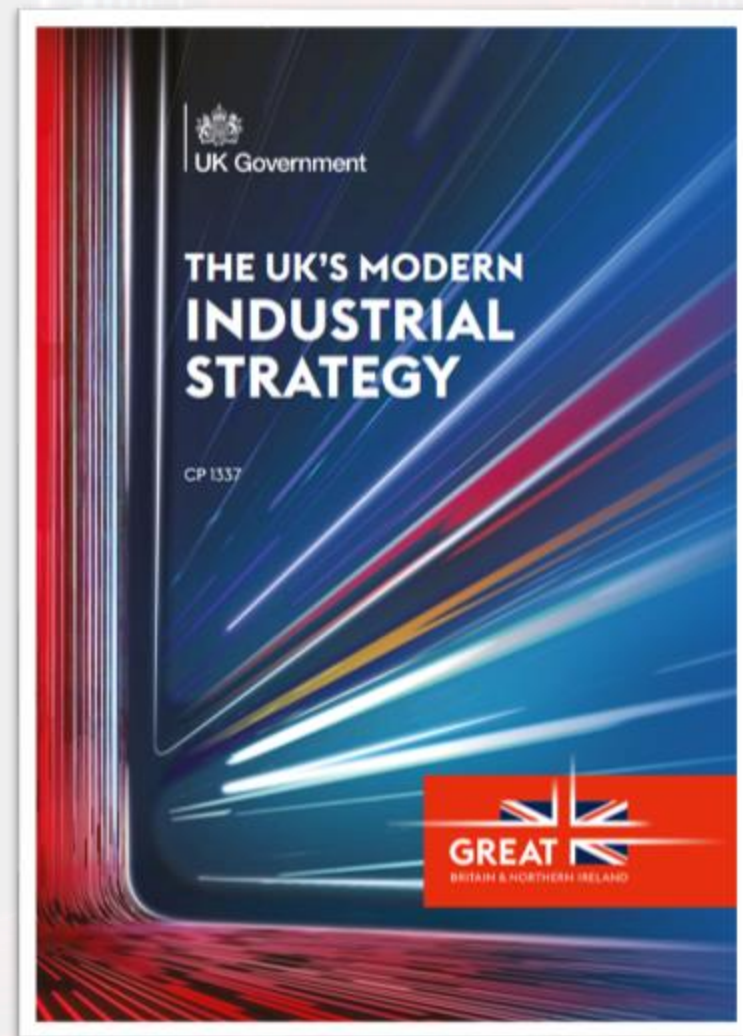
Deputy Head, Automotive Unit

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

Advanced
manufacturing



Creative
industries



Life sciences



Clean energy
industries



Defence



Digital and
technologies



Professional
and business
services



Financial
services

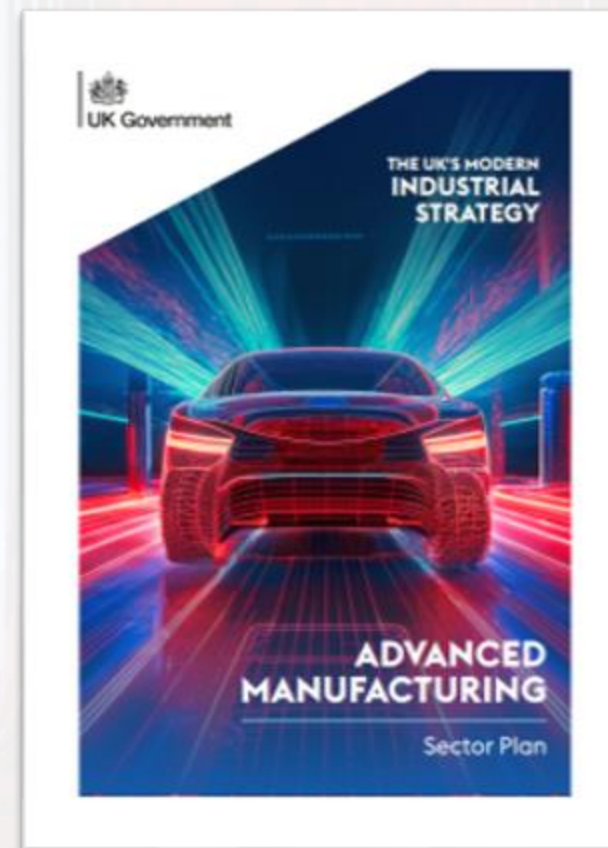
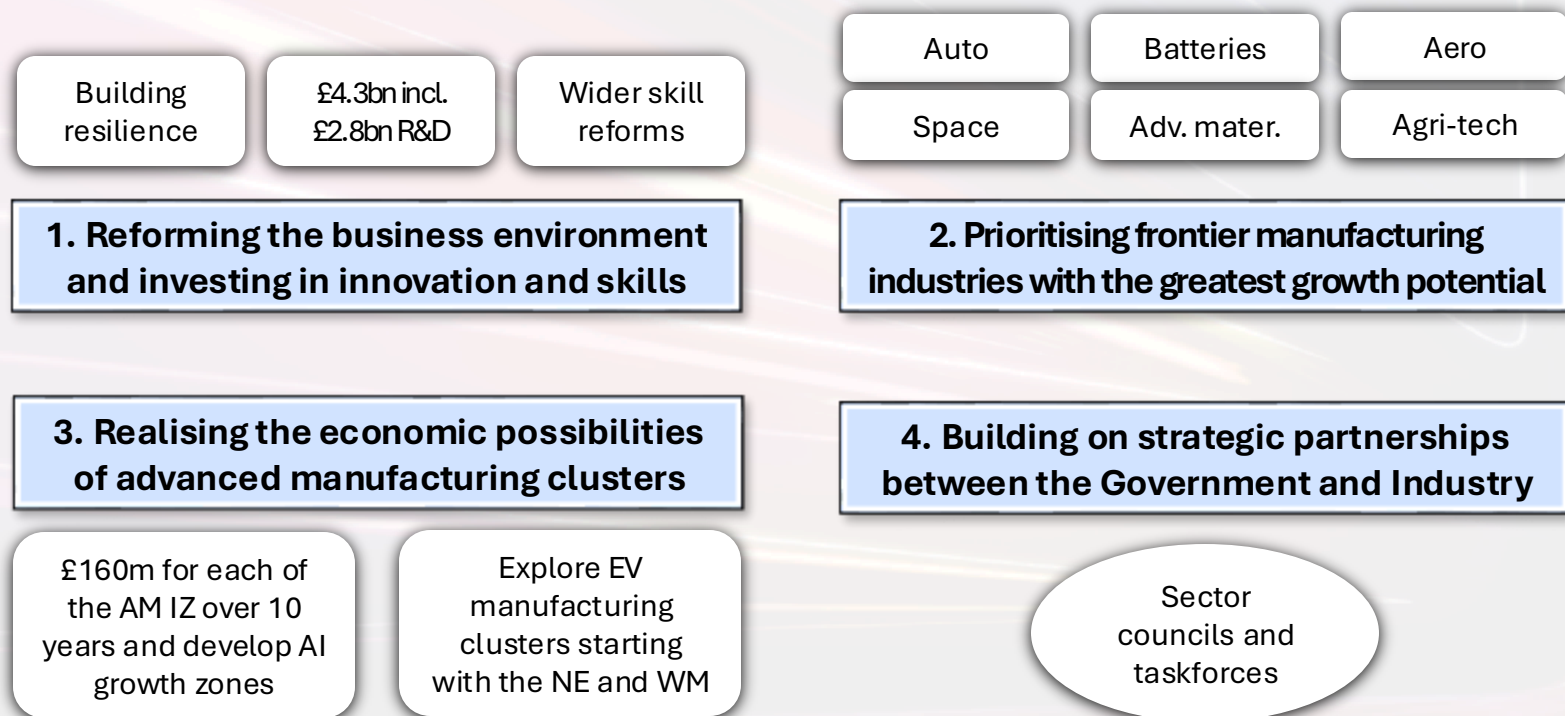


...and we have published a dedicated sector plan for each of them.

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.

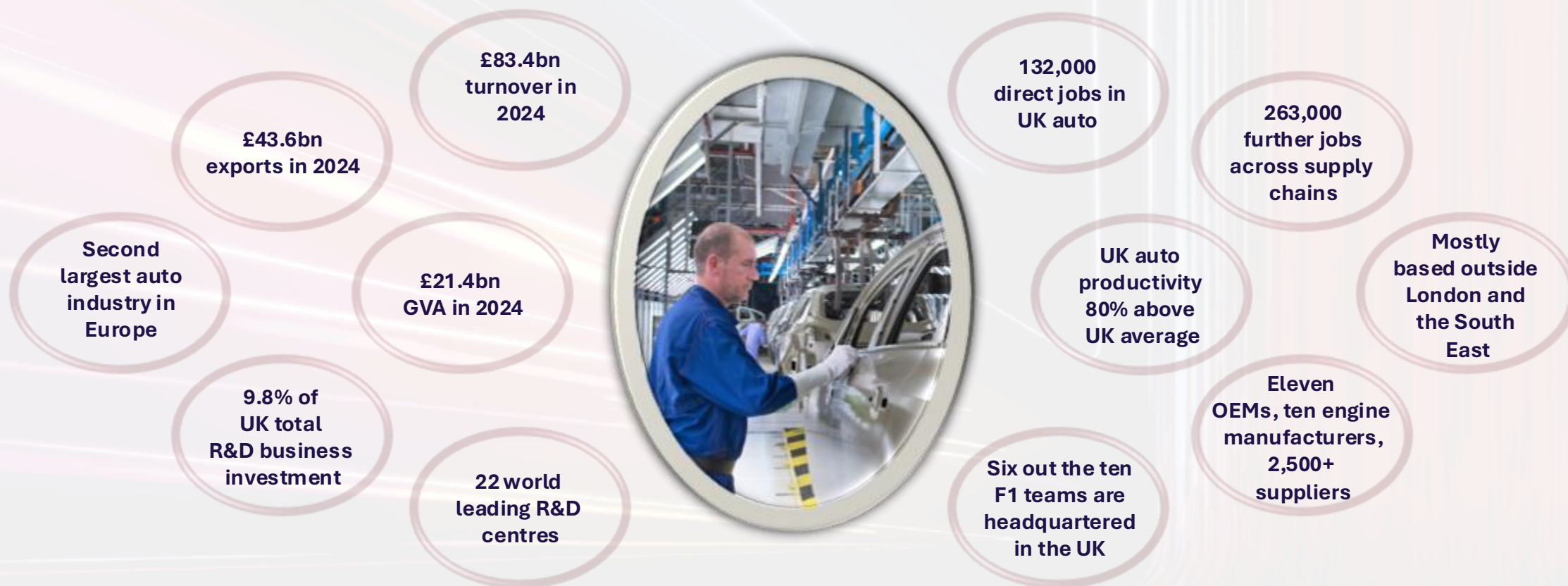
This vision requires a step change, which we will deliver in four ways:



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

UK automotive is a key driver of growth

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.



We will drive automotive growth to increase the volume of vehicle made in the UK to over 1.3 million cars and commercial vehicles by 2035

Our Sector Plan introduced a significant number of commitments to boost UK automotive growth...

“Taken together, these commitments represent the biggest set of automotive announcements in over a decade”.



*Business Secretary
Jonathan Reynolds MP*

The DRIVE35 grant funding initiative, £2bn to 2030 in capital and R&D funding, plus an additional £500m R&D to 2035

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

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

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

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

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

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

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

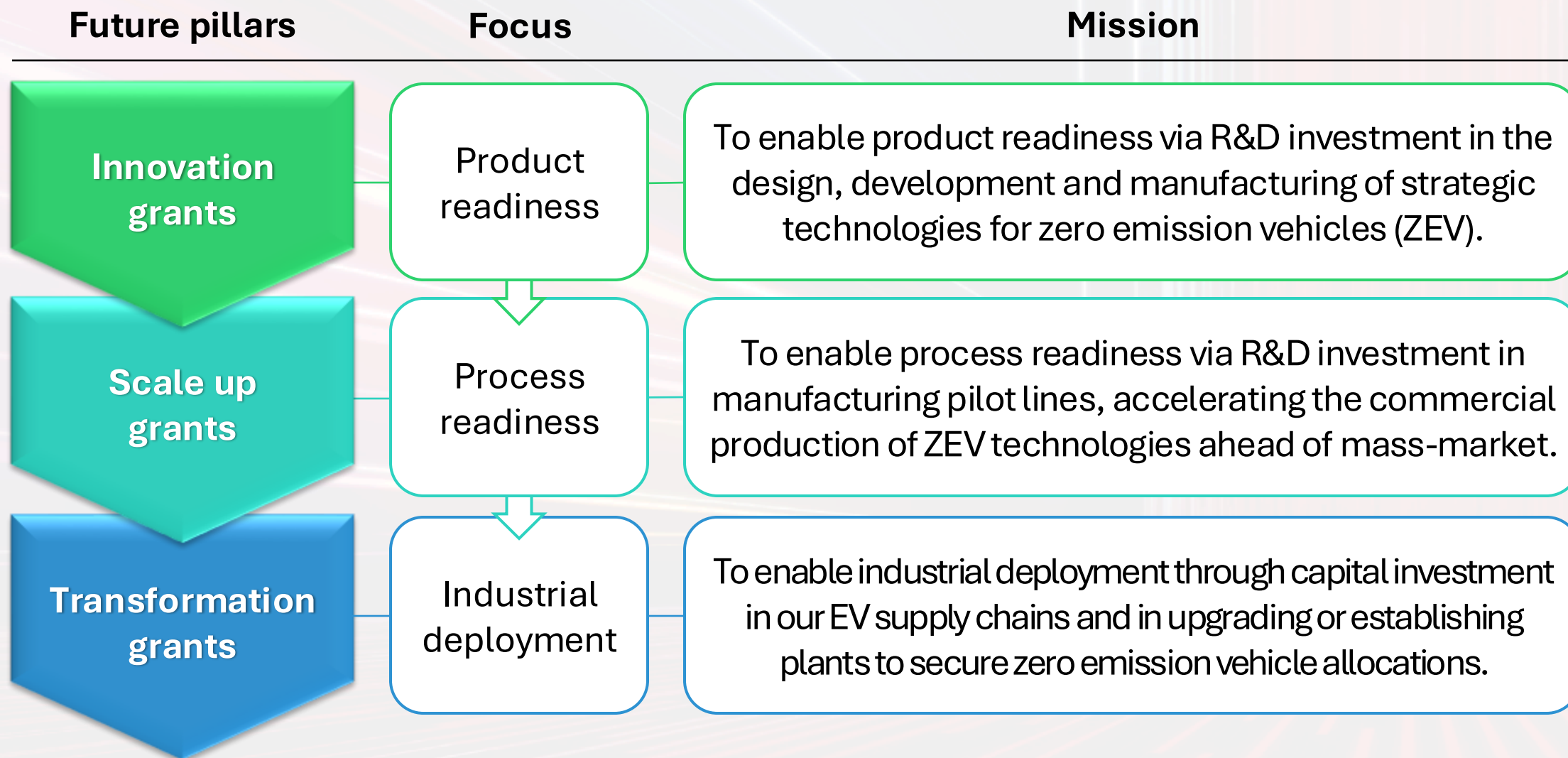
Clustering EV manufacturing, starting from a pilot with the NE and WM to generate a blueprint for other areas across the UK

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



DRIVE35 – simpler, faster and more impactful

Our aims are to simplify the 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.



Delivering growth and investment through partnership

Julian Hetherington MBE
Director, Automotive Transformation



1: The Foundations

Our purpose



Sustainable UK vehicle R&D and production

Supported by a
high-value and vibrant
UK supply chain



Zero harmful emissions by 2035 in all new passenger cars and light- duty vehicles

Zero-emission technology
for heavy-duty vehicles has
been industrialised



Full breadth and depth Life Cycle Assessment

En route to net-zero
lifecycle impact for 2050



UK is the go-to place for technology and innovation

Establishing an anchored
and growing mobility
industry, supporting UK
investment

Established 2013, together we've already delivered substantial benefits

Great foundations for a suite of new programmes that are fit for the next decade

Automotive Transformation Fund (ATF)

~£6bn

Private capital
investment attracted
across capital & R&D
programmes

>6,000+

Jobs created /
safeguarded

**Supply chain
focused**

From battery raw materials to
electric motor manufacturing

302

Low-carbon projects



59,000+

Jobs created /
safeguarded

1 million+

Vehicles use
APC-supported technology



529

Project Partners



425 million+

Tonnes of
CO2 savings



£1.65bn+

Investment
facilitated





DRIVE35: The new funding road ahead

DRIVE35: An ambitious new programme that is clear and will deliver transformational benefits quickly and effectively

- **Learns from Collaborative R&D, Technology Accelerator and ATF**
- **Built for the changed context of today and the coming years**
- **Recognises the emergent technologies identified in the roadmaps and the competitiveness challenges of the future**
- **Completes the funding ecosystem with a radical new approach to support the UK's valuable scale-up opportunity**



Substantial and long-term funding commitment



£2bn to 2030 for Automotive R&D, scale-up and transformation



Further £500m R&D to 2035 effectively securing a 10-year R&D programme



Complemented by £452m Battery Innovation Programme to build on the Faraday Battery Challenge foundations



Aligned with and aimed at delivering: 10-year Industrial Strategy, the Advanced Manufacturing Plan and the 2026 Automotive Technology strategy



Recognises the value and strategic importance of the sector to the UK economy and to our society



Formed from consultation with industry – *designed to unlock its potential*

DRIVE35 - start talking to us now

£2bn

To 2030 plus £500m to 2035 in partnership with the Department for Business and Trade, Innovate UK, and the Advanced Propulsion Centre

3 Strategic Funding Priorities

Supporting INNOVATION

Concept design to late-stage R&D

£0.5m up to £25m available, project duration from 12 to 36 months, depending on selected stream

Accelerating SCALE-UP

Validation and process delivery

£750k up to £20m available, project duration from 12 to 72 months, depending on selected stream

Enabling TRANSFORMATION

Industrial deployment at scale

Vehicle Assembly
Supply Chain Development



UK Funding Journey

ENABLING TRANSFORMATION

Automotive Transformation Fund

ACCELERATING SCALE-UP

Scale-up Fund

Feasibility Studies

SUPPORTING INNOVATION

Collaborate

Demonstrate

Mobilise

We play a unique role in supporting the automotive ecosystem



Offering expertise and cutting-edge knowledge

With a combined experience over many years



Identifying where investment will be most effective

Mapping the future development opportunities in zero-emission technologies



Leverage expertise

Bringing together government, industry and academia to deliver game-changing research and insight



Building project consortia

Combining the knowledge and innovation of manufacturers, SMEs and academia



Ensuring match-funding support is well spent

Using a comprehensive and competitive process to identify the strongest prospects



Supporting key low-carbon initiatives

Accelerating additional development in battery and autonomous vehicle technology



The APC's role as a delivery partner, supporting you every step of the way

Project Lifecycle Support

From application, to monitoring, quarterly review meetings and closeout, working closely with Innovate UK, your monitoring officer and consortium to successfully deliver your project.

Technology Insights

Our Tech Trends team provide insights and demand reports to support your business case and strategic projections.

Building Connections

Providing networking opportunities and assistance with industry and investor engagement.
Raising the profile of your project to funders and wider stakeholders.

Identifying Opportunities

Connecting your projects to other APC activities.





To discover more about the funding streams and future DRIVE35 opportunities contact us now:

info@apcuk.co.uk

You can also register for our free-to-attend DRIVE35 funding event,

16 July, 2025, IMC auditorium, University of Warwick campus.



Thank you