

INDUSTRIAL
STRATEGY:

ONE
YEAR
ON

MANUFACTURERS
BACK THE VISION.
NOW WE NEED RESULTS.

MAKEuk
The Manufacturers' Organisation

FOREWORD

One year on from its launch, the Industrial Strategy is falling short on delivery. While the ambition and direction remain strongly backed by manufacturers, there is a clear gap between policy announcements and business level impact. Most businesses have yet to feel the benefit, with a concerning 55% reporting no impact so far. Crucially, industry continues to support the Industrial Strategy itself, the issue is not the vision, but whether it is being delivered at the pace and scale required.

This matters more now than it did 12 months ago. It's been a tougher year for manufacturers. Costs are still high across the board, pressure is increasing at home, and global uncertainty hasn't gone away. That's left many businesses using capital to stay afloat instead of investing. And that changes what the Industrial Strategy needs to deliver. It can't just set long term direction anymore; it has to help businesses deal with immediate pressures and unlock investment now. Without that, the growth opportunity risks slipping away.

The priority for year two is clear: shift from policy design to delivery. Government needs to reduce the cost base, get capital flowing into businesses more quickly, and make sure reforms actually translate into real change on the ground. Industry is still behind the Strategy, it doesn't want a new plan, but it does need to see this one delivered. Otherwise, it risks becoming another well intentioned strategy that doesn't make a difference where it matters.



Stephen Phipson CBE
CEO, Make UK



Lord Richard Harrington
Chair, Make UK

THE DELIVERY GAP

THE AMBITION FROM THE SECTOR

Make UK worked with the sector to set out a clear ambition: increase manufacturing's share of GDP from around 10% to 15% - an additional £142bn in output.

Put simply, without a stronger manufacturing base, the UK won't shift the dial on productivity, resilience or competitiveness.

There remains broad support from manufacturers for this direction of travel. Businesses back the Strategy's core objectives and the focus on key enablers such as energy, skills, and investment. In that sense, the issue is not the vision itself, but whether it is being delivered at the pace and scale required.

In the context of potential political change, the manufacturing sector is clear: the Industrial Strategy is the right plan, with continued strong support from manufacturers for its ambition

and direction. Businesses do not want to see the Industrial Strategy paused or scrapped, nor a return to uncertainty and delay at a time when confidence is already fragile.

The real test of the Industrial Strategy is whether it survives political cycles. Manufacturers need certainty over decades, not 'stop-start' policy tied to parliamentary terms. Momentum is already slipping, with weaker ministerial ownership and growing risk it falls down the political agenda. Any change in leadership will only compound that: delaying delivery, diluting ambition, and fragmenting implementation.

If economic growth is to be achieved, the Government, regardless of who is at the helm, needs to get on with delivery of the Industrial Strategy.



Manufacturers do not want to see the Industrial Strategy paused or scrapped – just sped up

A MORE CHALLENGING OPERATING ENVIRONMENT

When the Industrial Strategy was launched, the focus was on long-term growth. One year on, manufacturers are operating in a much tougher environment:

- Continued high energy prices and rising input costs.
- Higher domestic costs from National Insurance changes, business rates increases and new employment regulation.
- Ongoing global uncertainty, including instability in the Middle East, driving further pressure on energy and material costs.

As a result, many manufacturers are using capital to manage immediate pressures rather than investing in growth.

This changes what the Industrial Strategy needs to deliver. Alongside long-term direction, businesses need practical support that reduces costs, unlocks investment and provides confidence to grow.

DELIVERY HAS YET TO REACH MOST MANUFACTURERS

Manufacturers continue to back the Industrial Strategy, but for most businesses it has yet to deliver tangible benefits.

55%

report no benefits so far

3%

report significant benefits

The gap between ambition and business-level impact remains substantial. For many manufacturers, the Strategy is still something they hear about in announcements rather than something that has influenced costs, investment or growth decisions.

This creates a challenge for year two: maintaining confidence in the Strategy will depend on demonstrating clear, measurable progress.



Without stronger delivery, the Industrial Strategy risks becoming yet another well intentioned plan that fails to make a difference where it matters: on the ground.

A GROWING CREDIBILITY GAP

For many manufacturers, the Industrial Strategy remains visible in commitments and funding announcements, but not yet in lower costs, improved skills access, or stronger investment conditions. This gap is beginning to affect business confidence and risks weakening support for the Strategy's direction.

Three factors are limiting impact:

- Delayed implementation: Key measures, particularly on energy, will not fully take effect until 2027, leaving firms exposed in the near term.

- Fragmented reforms: Changes in areas such as skills and finance are piecemeal and lack coordination, limiting business-level impact.
- Weak measurement: Aside from Make UK's own implementation tracker¹, there is no consistent framework to track progress, making it difficult to assess delivery or hold government to account.

Taken together, these issues point to a delivery system that lacks pace, coherence and accountability.

WHAT SUCCESS SHOULD LOOK LIKE

Government has begun publishing updates on the Industrial Strategy, but these do not yet clearly demonstrate delivery or impact. Reporting remains focused on announcements and activity, rather than outcomes.

To strengthen accountability, the Strategy should be underpinned by clear, measurable KPIs that are reported transparently and regularly.

At a minimum, these should include:

- Investment levels: Growth in private sector capital expenditure, particularly

in advanced manufacturing and net zero technologies.

- Job creation: Creation of high-quality manufacturing roles, including engineering and technical occupations.
- Productivity gains: Improvements in output per worker and business-level productivity.
- Innovation outputs: Increased R&D activity, commercialisation, and adoption of new technologies across manufacturing.

Without this shift, the Industrial Strategy risks remaining a well-articulated plan that does not translate into measurable improvements in competitiveness or growth.

¹<https://www.makeuk.org/insights/publications/industrial-strategy-tracker-monitoring-progress-uk-manufacturing>

WHERE THE INDUSTRIAL STRATEGY IS STALLING

ENERGY: COSTS STILL UNDERMINING COMPETITIVENESS

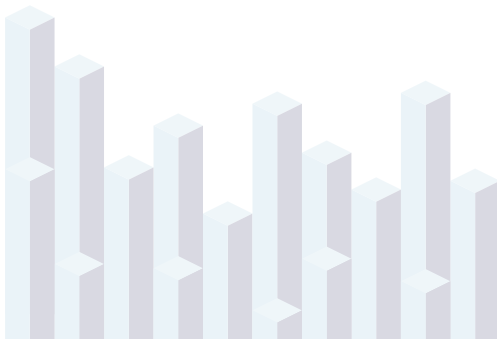
Energy policy is a clear example of strong intent not yet translating into immediate impact for manufacturers. The British Industrial Competitiveness Scheme (BICS) has the potential to reduce electricity costs and support investment, productivity and growth. However, concerns remain over its delivery.

Implementation is not expected until 2027, meaning support will come too late to influence current investment decisions and risks being offset by rising non-commodity costs. In the meantime, manufacturers continue to face electricity prices more than 60% higher than international competitors.

Coverage is also limited, with support directed at a relatively small group of firms (around just 10,000 manufacturing firms out of 130,000), leaving many manufacturers exposed to persistently high costs and ongoing uncertainty around funding and delivery.

THE MAKE_{uk} VIEW

The direction is right, but without earlier delivery, broader coverage and greater funding certainty, the policy will fall short of addressing immediate cost pressures facing UK manufacturers.



SKILLS: REFORM ISN'T LANDING WITH EMPLOYERS

Skills reform has yet to deliver tangible improvements for employers. There has been no progress on reviewing apprenticeship funding bands, despite widespread concern that they no longer reflect delivery costs. While commitments were made in the sector plan, expectations of change are now limited, with attention shifting towards reallocating existing funding to shorter, entry-level provision to address immediate labour market pressures.

This creates a growing challenge for the sector. Without properly funded full apprenticeships, employers cannot build the pipeline of skilled engineers and technicians needed for long-term productivity and growth. Shorter interventions may support quicker labour market entry, but they do not address

structural skills gaps in manufacturing, risking persistent shortages of higher-level skills, weaker productivity and constrained investment.

Progress on wider reforms has also been limited. The Skills Passport remains at pilot stage with no clear rollout timeline, limiting its value to industry, while changes to the Growth and Skills Levy, though welcome, are constrained by a delivery model that still lacks the flexibility employers need.

THE MAKE_{uk} VIEW

Reform is underway, but progress is too slow, too fragmented, and too narrow to meet the scale of industry need.

GOVERNANCE: STRUCTURES ARE IN PLACE, BUT IMPACT IS LIMITED

The Industrial Strategy Council has yet to demonstrate a clear role in driving delivery or accountability, while the Strategy itself remains vulnerable to political change without a statutory footing. In addition, the absence of clearly defined and published success metrics limits businesses' ability to assess progress or hold government to account.

THE MAKE_{uk} VIEW

Without clear accountability, proper metrics and a statutory footing, the Industrial Strategy risks being knocked off course by political change and failing to deliver.

ACCESS TO FINANCE: COMMITMENTS NOT YET REACHING BUSINESSES

There have been important announcements on industrial finance, but limited evidence of capital reaching businesses at scale. Significant funding, such as the £4bn allocated to the British Business Bank, remains largely undeployed, while the headline '£4.3bn manufacturing funding' largely repackages existing commitments rather than representing new resource.

At the same time, reforms to the grant system are still under review, with no concrete outcomes, creating ongoing uncertainty for businesses seeking to invest.

THE MAKE_{uk} VIEW

Early signals are positive, but the flow of capital into manufacturing investment has yet to materialise at the pace or scale required.

INFRASTRUCTURE, DIGITALISATION AND REGULATION: PROGRESS, BUT LIMITED IMPACT

There are early signs of movement on infrastructure and digitalisation, including grid connection reforms, the Connections Accelerator Service, and initiatives such as Made Smarter and robotics hubs. However, for most manufacturers, this has yet to translate into tangible day-to-day improvements.

Grid connection backlogs remain, and there is still little evidence of faster or more certain access. As a result, constraints on the grid continue to act as a barrier to investment and electrification. Uptake of digitalisation support also remains uneven across the sector.

Elsewhere, progress is mixed. Uncertainty persists around UK–EU ETS linkage and mobility arrangements, while wider regulatory reform is still in progress and has not yet delivered meaningful reductions in business burden.

THE MAKE_{uk} VIEW

Positive direction is not yet being matched by delivery at the pace, scale, or consistency manufacturers need.

MAKE UK PRIORITIES

The next phase of the Industrial Strategy must respond to a significantly more challenging operating environment for manufacturers. While the overall approach remains the right one, cost pressures have intensified and policy has not kept pace.

The priority now is delivery: reducing costs, getting capital into businesses more quickly, and ensuring policy changes translate into real-world impact.

DELIVER IMMEDIATE COST RELIEF

The most urgent priority for manufacturers is reducing the cost base, particularly energy. Government must accelerate delivery of energy cost support to bring forward relief wherever possible, rather than relying on measures due to take effect later in the decade. Support should also be broadened beyond the current narrow definition of energy-intensive industries to reflect the wider impact of high energy costs across the manufacturing base.

UNLOCK INVESTMENT NOW

Announced funding must translate into real, accessible capital for businesses. This requires:

- Accelerating the deployment of British Business Bank capital into the market
- Publishing clear outcomes from the grant system reform review
- Providing transparency on sector allocations, eligibility criteria, and delivery timelines

FIX SKILLS DELIVERY

Skills reform must move beyond design and pilots to large-scale delivery:

- Urgently review and update apprenticeship funding bands to reflect real delivery costs
- Strengthen modular and flexible training provision so it works for employers, building on recent changes but addressing current limitations in flexibility, quality and scale.
- Move from pilots to full rollout of skills passports with a clear national implementation plan

IMPROVE DELIVERY ACCOUNTABILITY

Stronger governance must be matched with clearer accountability mechanisms. Government should:

- Publish a defined set of KPIs and delivery milestones
- Commit to regular, public progress reporting against these metrics
- Strengthen the role and independence of the Industrial Strategy Council to provide external scrutiny

ENSURE REFORMS REACH BUSINESSES

Ultimately, success should be judged by whether businesses feel the difference. Government must shift focus from policy announcements to business level impact, including:

- Ensuring reforms are delivered in a way that works for businesses in practice, through providers, funding systems and local delivery bodies
- Testing effectiveness through regular, structured business feedback to ensure policies are working in practice

CONCLUSION

The Industrial Strategy remains the right plan, backed by strong industry support and a clear sense of direction. Delivery just isn't keeping up with ambition. Without faster, more consistent implementation, the core problems don't go away. Costs stay high, investment stalls, and productivity doesn't move at the pace it needs to.

The risk isn't that the Strategy is wrong. It's that it takes too long to make a difference on the ground, and business confidence starts to slip.

Year one was about setting direction. Year two must be about delivering results, and businesses need to feel the difference now.

Make UK will build on this work over the coming months, setting out further policy recommendations to help ease the cost of doing business and support investment and growth.



Make UK, The Manufacturers' Organisation, is the representative voice of UK manufacturing, with offices in London, every English region, and Wales. Collectively we represent 20,000 companies of all sizes, from start ups to multinationals, across engineering, manufacturing, technology, and the wider industrial sector. Everything we do – from providing essential business support and training to championing manufacturing industry in the UK and internationally – is designed to help British manufacturers compete, innovate, and grow. From HR and employment law, health and safety to environmental and productivity improvement, our advice, expertise and influence enable businesses to remain safe, compliant, and future focused.

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