MAKE uk
The Manufacturers' Organisation

In partnership with
RSM

INVESTMENT MONITOR 2026:

REINDUSTRIALISING THE UK BY BOOSTING INVESTMENT IN AI, MACHINES AND PEOPLE



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Executive Summary

UK manufacturers remain strongly committed to investment, innovation and growth. Following the recent change in Government, and stronger messaging for reindustrialising the UK, manufacturers are vying for the right business conditions to achieve their ambitions. The sector is a heavy hitter when it comes to investment, spending almost £60 billion a year on capital and innovation projects, fostering growth in productivity, and sharing wealth with the nation.

This year's *Investment Monitor* with RSM shows that manufacturers' ambitions, and their concerns, are evolving at pace. The survey findings reveal a story presented on two sides of the same coin, with many manufacturers cementing their intent to invest in growth, but also strongly making clear the difficult operating conditions that are dragging on their progress.

The first side of the coin reveals that investment in artificial intelligence (AI) technologies is now emerging as a central priority for future competitiveness. For the first time in the survey's history, AI is on equal footing with plant & machinery and labour & skills as an investment priority. Two in five manufacturers are now prioritising investment in AI, up from 27% last year. This marks a shift in how firms are thinking about productivity and long-term growth, showing that manufacturers are looking beyond traditional investment and exploring how new technologies can improve operations and strengthen their competitive edge.

However, on the other side, there are also growing concerns about the wider tax environment, which is now unexpectedly tied as the second most prominent influence for investment decision makers in the sector. This surge in businesses that are more intensively considering tax implications when choosing to invest indicates that the tax burden may have reached a tipping point for investors, in other words it is becoming more challenging to justify investment plans.

As a result, our survey finds that investment intensity levels have fallen since 2025 for both plant & machinery and R&D. There is a clear tension in our latest research, as manufacturers evidently want to invest, modernise and grow, with 62% saying they if they were to grow, they would prioritise expansion within the UK – backing domestic capacity. Yet at the same time, 56% believe the UK has become a less attractive place for investment.

If the UK is to realise its reindustrialisation ambitions, government policy choices must focus on removing barriers to growth. Easing the tax burden is one way of achieving this, but the balance must be right: matching the ambitions of businesses whilst also ensuring the state can access the benefits of the risks manufacturers want to take. Furthermore, the Industrial Strategy must remain a key tool to not only to encourage industrial growth but ensure it is fit for purpose, actionable and delivered in such a way that it unleashes business investment in capital, skills, and now AI.

Key Stats

MANUFACTURERS
SPENT 6.4%
OF THEIR TURNOVER
ON **PLANT & MACHINERY**
(DOWN FROM 6.8%)

MANUFACTURERS
SPENT 5.1%
OF THEIR TURNOVER
ON **R&D** (DOWN FROM 6.2%)

THE **NATIONAL TAX BURDEN**
IS EXPECTED TO EXCEED
37% OF GDP
BY **2027**, A POST WAR HIGH

41% **ARE PRIORITISING**
INVESTMENT IN **AI**
(UP FROM 27%)

56% **SAY**
THE **UK** HAS BECOME
LESS ATTRACTIVE
FOR INVESTMENT

£32BN
OF INVESTMENT
IN **PHYSICAL CAPITAL**
IN 2025

£27BN
IN R&D EXPENDITURE
ACCOUNTING FOR
49% OF TOTAL
R&D INVESTMENT

35% SAY
A **SUPPORTIVE TAX ENVIRONMENT**
WOULD INFLUENCE THEIR DECISION
TO INCREASE INVESTMENT
MAKING IT THE JOINT SECOND
MOST SELECTED FACTOR
(UP FROM 24%)



Introduction

The UK manufacturing sector invests more than £30 billion in physical assets a year, and approximately £27 billion in Research & Development (R&D), accounting for 10% and 49% of private sector expenditure respectively[1]. As a result, manufacturing is one of the most investment intensive sectors in the UK, helping propel the nation's prosperity through innovation and high-skill, high-wage jobs. At a time when improving productivity remains a key challenge for the UK economy, investment will be essential to achieving reindustrialisation and delivering good growth to every postcode in the UK.

The latest *Investment Monitor* Survey with RSM provides an update on UK manufacturers' priorities for growth, pointing to a substantial rise in the investment priority for AI technologies for the first time in the survey's history, whilst investment in plant & machinery and labour remain equally as important. As the capabilities of AI technologies evolve beyond simple generative applications, manufacturers are proactively exploring novel ways to take advantage of these opportunities to increase productivity. Maximising the potential of AI will require continued investment in both equipment and skills, and it is clear manufacturers are putting all three on equal footing for their growth ambitions.

Nevertheless, the findings also highlight shifting barriers to investment, with the tax environment now increasingly featuring as a major discussion point for decision makers. This is despite the positive sentiment to invest more in modern technologies.

Furthermore, the survey updates average investment intensity levels, and the factors that are influencing investment decisions today. Finally, the latest iteration of this survey explores manufacturers' location preferences for expanding their businesses, with most firms more likely to choose expansion in the UK. However, for those that might consider elsewhere, the United States leads as the preferred destination.

More than half of manufacturers indicate that they believe the UK has become a less attractive place for investment in the last five years. The findings highlight both the growing priority attached to modern technologies and the increasing importance of the tax environment in manufacturers' investment decision making.

[1] ONS

Part 1:
Investment trends

A rebalancing of priorities to match competitiveness

Business investment in 2026 will be driven by changing priorities as new technologies open doors to increase productivity and competitiveness. At the same time, a challenging business and political environment will ensure manufacturers also approach every investment choice with caution.

Investment Priorities: Increasing productivity with a balance of investment in capital, labour and AI

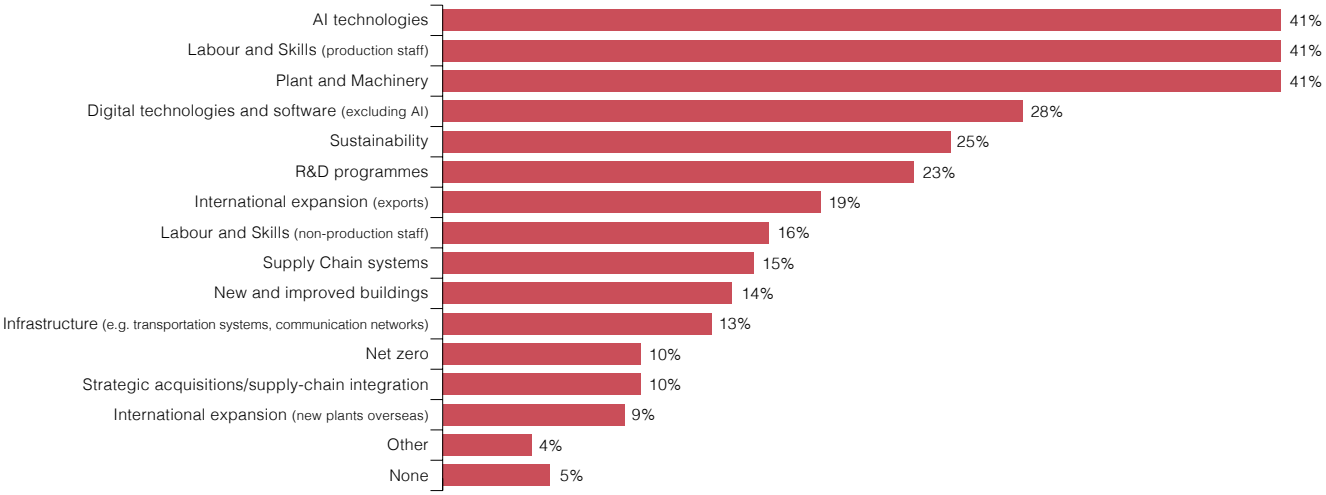
Historically, manufacturers have prioritised investment in both capital and labour for growth. For capital, this can refer to plant & machinery, such as CNCs, injection moulding, press machines or vehicles, which enable the business to produce its goods. For labour, this includes the skills and engineering knowledge needed to harness capital to its full potential, which can grow through recruitment or upskilling investment.

A typical manufacturer will invest in the optimal level of capital and labour to maximise productivity, producing the highest level of output at the lowest cost while maximising quality. This also encompasses investment in other areas of the business, such as R&D, which can lead to innovation and opportunities to commercialise new ideas. As the business environment grows more complex, manufacturers are increasingly expanding or diverting their investment budgets to focus on other areas, such as sustainability, exporting, supply chains, or digital technologies. Although capital and labour remain key priorities for manufacturers' investment plans, AI adoption has also been rising in priority as its diverse applications create novel opportunities to improve productivity.

Manufacturers
invested over
£30BN
on capital equipment in 2025

Chart 1 – Investment in AI now on par with capital and labour for priority

% share of responses



Source: Make UK /RSM, Investment Monitor Survey 2026

Integrating AI into every investment decision

Two in five manufacturers (41%) are prioritising investment in AI, alongside labour & skills, and plant & machinery. This places AI well ahead of R&D programmes, selected by 23% of manufacturers. For the first time in the *Investment Monitor survey*, AI ranks on equal footing alongside people and machines as an investment priority over the next 12 months.

This rebalancing of priorities presents a marked shift in the approach manufacturers are now taking to maintain their competitive edge. In the previous iteration of our survey, AI investment did not rank within the top five priorities for manufacturing investment, with only 27% of businesses prioritising it for 2025. This shift indicates that manufacturers may be re-evaluating their objectives and recognising the need to adapt their approach to growth.

Encouragingly, there are increasing examples of AI integration taking place, with businesses initially exploring its uses within back-office functions such as HR, finance, or IT. However, as businesses grow more familiar with AI applications, the next step is to incorporate these technologies seamlessly into the factory floor, as well as exploring opportunities in planning, procurement, and logistics. For example, Siemens announced its Industrial Copilot generative AI solution to increase productivity on the shop floor, such as helping engineers generate code in PLC machines, a type of plant & machinery. Another example includes Ford Motors, which embedded AI-based solutions in its Dunton plant to stop defects in production. In certain cases, even SMEs are taking the leap, such as Poeton Industries, which is trialling generative AI solutions to manage complex customer enquiries. Such use cases will continue to grow in prominence as more manufacturers seek innovative ways to grow.

41% of manufacturers are prioritising investment in AI

Investment Intensity in plant & machinery and R&D

All manufacturers must invest to maintain their competitive advantage; however, businesses must also ensure they preserve sufficient cash in the business for short-term continuity, such as working capital. Investment levels will vary from business to business depending on their ambitions and growth plans.

The majority of manufacturers (53%) across the UK invest 6% or less of their annual turnover on plant & machinery. This is similar for R&D investment, though a greater share of manufacturers sit in the 3% or less category compared to plant and machinery.

However, average investment intensity for both plant and machinery and R&D has dropped since 2025, with investment in plant and machinery falling to its lowest level since 2014.



The latest figures highlight a fall from 6.8% of turnover in 2025 to 6.4% in 2026 for plant & machinery investment. This means that, for every £1 million in sales turnover, a typical manufacturer spent approximately £64,000 on plant and machinery in 2026, down from £68,000 in 2025. In comparison, R&D expenditure has dropped from £62,000 in 2025 to £51,000 in 2026, representing a more significant decline of £11,000.

This evidence suggests that manufacturers are investing less relative to their turnover, though several explanations may account for this downward trend. Based on the experiences and challenges we continue to see across the manufacturing sector, two of the main reasons behind this trend are explored below.

Rising cost of business: In the last several years, businesses have experienced an unprecedented increase in operating costs. This includes the rising cost of labour resulting from higher National Insurance Contributions (NICs) and higher National Minimum Wages. In addition, there have been cost increases for energy, raw materials, and cyber security protection. The culmination of these cost increases has led to businesses requiring larger pools of working capital to pay for fundamental operations that ensure short-term business continuity. This can leave less capital available for long-term investment planning. As a result, we continue to observe a downward trend in both capital and innovation investment.

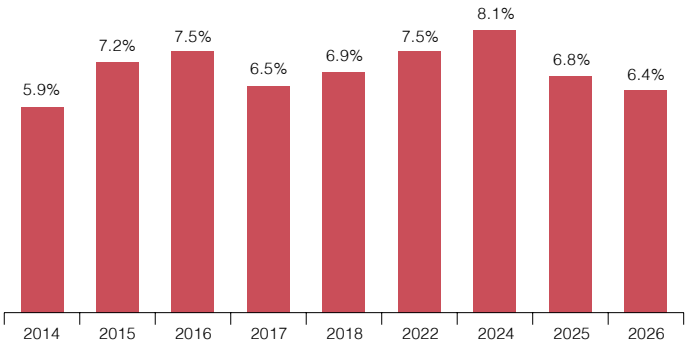
Investment diversion: As more manufacturers increase their investment in AI technologies, funds may be diverted away from either plant and machinery or R&D spending. While high-level AI technologies are often free at the point of use at a basic level, business use cases are more advanced. This can make AI expensive for manufacturers. For example, IBM's Institute for Business Value (IBV) estimates that the average cost of computing power rose by 80% between 2023 and 2025[2]. If a manufacturer has a limited budget for investment, it must make choices based on its business needs. As AI rises in priority within a limited budget, other investments may be compromised, unless investment is fuelled by growth. This may explain the downward trend observed in both plant and machinery and R&D investment starting from 2024, as AI technologies became more prominent for business use cases.

While both factors may help explain lower levels of investment in plant and machinery and R&D, they are fundamentally different in nature, with one being in the control of the manufacturer and the other largely not. Rising operating costs can reduce the funds available for long-term investment, whereas increased investment in AI reflects manufacturers adapting to new technologies and evolving their approach to productivity and competitiveness.

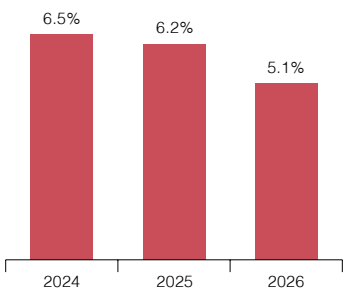
For every **£1MILLION** in turnover a typical manufacturer invests **£64,000** on plant & machinery and **£51,000** on R&D

Chart 2 – Investment intensity continues to trend down for both plant & machinery and R&D investment
Weighted average of sample

2a - Average Investment Intensity (investment as a share of turnover) for plant & machinery



2b - Average Investment Intensity (investment as a share of turnover) for Research & Development



Source: Make UK /RSM, Investment Monitor Survey 2026, Investment Monitor Survey 2014-2025

[2]The hidden costs of AI: How generative models are reshaping corporate budgets | IBM

WHAT SUPPORT IS AVAILABLE FOR INVESTMENT?

Despite growing concern about the wider tax environment, manufacturers remain broadly positive about the support available.

The UK tax system offers several reliefs that can reduce the cost of investing in plant and machinery, R&D, and intellectual property. Despite investment intensity falling, businesses should remain aware that support is available to help them increase the value of investment projects. A selection of the most relevant for UK manufacturers is summarised at a high level below:

Capital Allowances[3]:

- **Full expensing (FE):** Companies can deduct **100% of qualifying new main-rate plant and machinery investment** from taxable profits in the year the investment is made. This is most relevant for larger capital purchases, such as new production equipment, machinery, or IT systems.
- **Annual Investment Allowance (AIA):** Businesses can claim **100% tax relief on up to £1 million of qualifying plant and machinery expenditure each year.** Unlike full expensing, this is available to both incorporated and unincorporated businesses and can cover both new and second-hand assets.
- **Writing down allowances (WDA):** Where investment does not qualify for full immediate relief, businesses can still claim relief over time through capital allowance pools. Main-rate assets usually receive relief at **18% per year,** while special-rate assets receive relief at **6% per year.**
- **Structures and Buildings Allowance:** Businesses can claim relief on qualifying expenditure for new non-residential buildings and structures, such as factories, warehouses and premises improvements. Relief is spread over time rather than claimed upfront.

R&D Incentives[4]:

- **R&D tax relief:** For accounting periods beginning on or after 1 April 2024, most businesses claim through the **merged R&D expenditure credit scheme,** which provides a taxable credit worth **20% of qualifying R&D spend.** Loss-making, R&D-intensive SMEs may instead qualify for **Enhanced R&D Intensive Support,** which provides a more generous route for firms with high R&D intensity.

Intellectual Property:

- **Patent Box[5]:** Companies that own or exclusively license qualifying patents can apply a reduced **10% Corporation Tax** rate to profits generated from patented inventions. This can benefit manufacturers that develop and commercialise patented products or processes in the UK.

Other:

- **British Industrial Competitiveness Scheme (BICs)[6]:** For eligible manufacturers this essential subsidy will reduce electricity costs by up to £40 per megawatt. Eligibility will be determined by a business's standard industrial classification code (SIC) and its product codes based on the international Harmonised System (HS). Although the support initiates in 2027, the support will be backdated to April 2026 for eligible businesses. It is essential manufacturers check their eligibility as soon as possible.
- **Made Smarter[7]:** A government-backed initiative that supports SMEs to adopt industrial digital technologies (IDTs) to boost productivity. This includes technologies such as additive manufacturing, IoT, Data analytics and robotics. More recently, programmes have started offering support for adopting generative AI solutions too.
- **Freeports and Investment Zones[8]:** Businesses located in designated tax sites may be able to access enhanced reliefs, including accelerated capital allowances, enhanced structures and buildings allowances, business rates relief, Stamp Duty Land Tax relief and employer National Insurance relief.
- **Other targeted reliefs:** Some firms may also benefit from more niche support, such as creative industry tax reliefs[9], green investment incentives, or sector/location-specific grants – though eligibility may depend on the type of activity, asset and location.

While many of the UK's investment incentives are focused on physical capital, R&D, and intellectual property, the growing prominence of AI within manufacturers' investment plans raises wider questions about how policy can support technology adoption and the diffusion of digital skills across businesses of all sizes.

[3]UK Capital allowances - corporate tax | RSM UK
[4]Research and development tax relief - R&D tax credits | RSM UK
[5]Patent box relief | RSM UK
[6]Apply for BICs here: https://apply-for-bics.service.gov.uk/start
[7]Equipping UK manufacturing with digital tech – Made Smarter
[8]List of locations that are investment zones: Investment Zones in England - GOV.UK
[9]Creative sector reliefs | RSM UK

Part 2:

Influencing Factors: Confidence still leads investment decisions, but tax is rising up the agenda

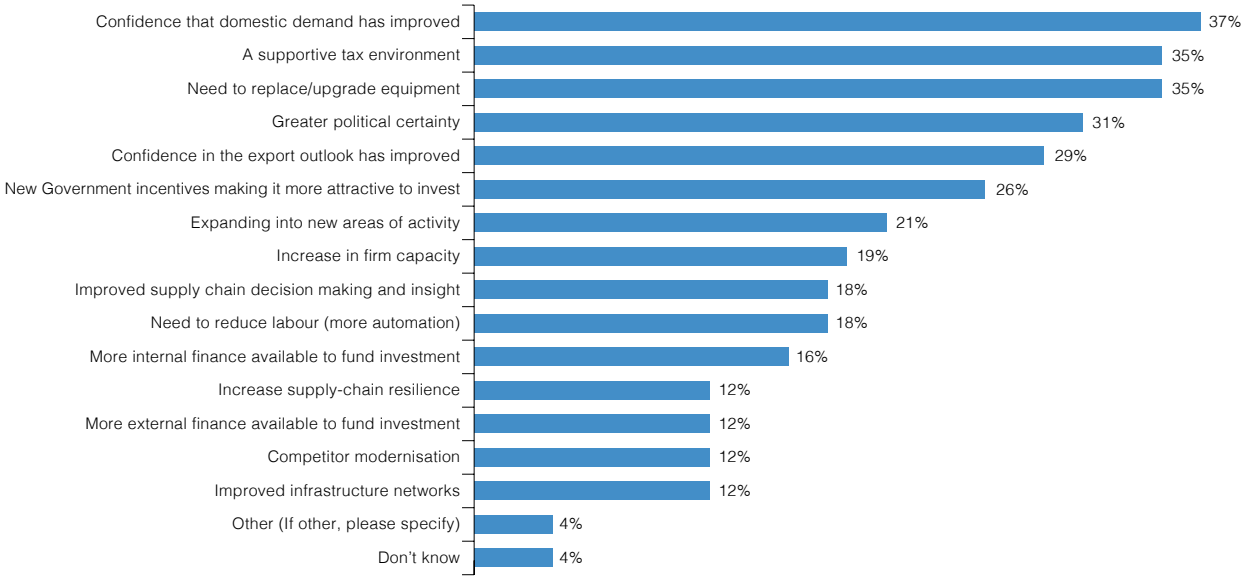
For the third year in a row, manufacturers continue to report that "confidence that domestic demand has improved" has improved is the most important factor influencing investment decisions. This is expected, as confidence relates directly to a business leader's expectation that investments should return growth, whether through higher profits, reduced costs or increased efficiencies. Investments inherently carry risk, as any decision to grow can lead to expected or unexpected outcomes. The greater the confidence in the economy, the more likely manufacturers are to invest for growth.

However, the share of companies selecting this as their top choice has dropped from 48% in 2025 to 37% this year. This could indicate that confidence is becoming a weaker determining factor for investment choices in favour of other reasons, or it may be a sign that, as confidence improves, business leaders naturally place higher relative importance on other factors, a trend that is consistent with recent manufacturing PMI data showing improving conditions across the sector.

The most surprising change is the surge in businesses selecting "a supportive tax environment" as a major influencing factor. Last year, across the same list of choices given to businesses, this ranked as the seventh most important influencer. Now it ranks as equally important as the need to replace equipment, which has historically always been the second most important factor.

Tax is understandably an important area of discussion for business activities, including investment in new technologies, recruitment plans, expansions and even, in some cases, selling businesses. However, it should not drive commercial decisions directly, and the implications of the survey's findings suggest manufacturers are considering taxation more strongly when making investment choices, alongside wider concerns around political certainty and the longer-term policy environment.

Chart 3 – Confidence in domestic demand remains the most important factor in manufacturing investment decisions, though tax implications are rising in importance



Source: Make UK /RSM, Investment Monitor Survey 2026



HAS THE UK TAX BURDEN REACHED A TIPPING POINT?

Tax is an important feature of any modern economy. It ensures that society contributes to the provision of public services and the building of infrastructure, such as road, rail, water, and energy networks.

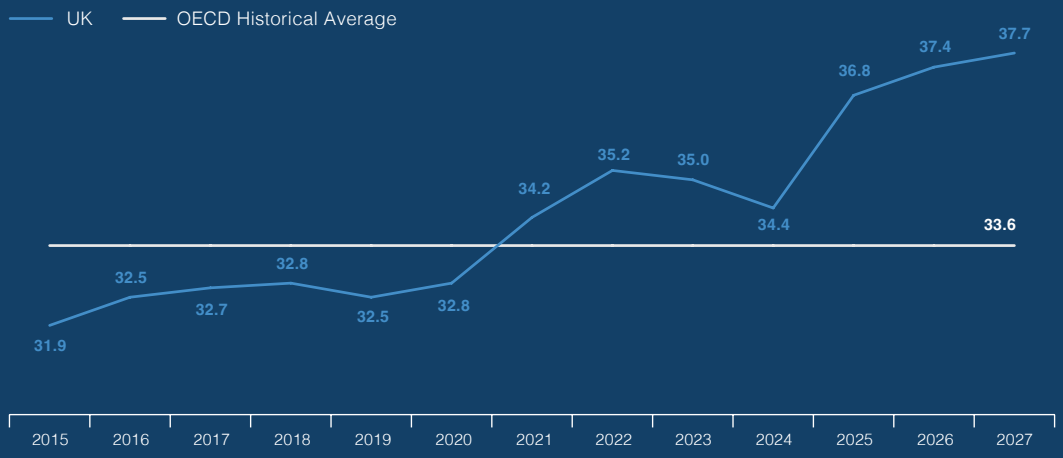
However, the challenge of "how much" to tax is often about finding a balance that ensures that, as the needs of society grow, the benefits of taxation encourage the economic pie (GDP) to grow as well. Since the global financial crisis, the UK has struggled to break away from persistently low growth, rarely exceeding 2% year-on-year, while inflation has eroded purchasing power for many individuals and businesses. The same investments no longer cost the same.

Today the UK has one of the highest tax burdens (tax revenue as a share of GDP) in the OECD, across all taxes. According to the OBR, the national tax burden is currently over 36% of GDP and is forecast to exceed 37.1% by the end of the year. Alarmingly, it is expected to reach 37.7% by the end of 2027, which is higher than it was in World War II[10].

This can affect both confidence and the willingness to invest, whether in expanding capacity, recruiting or innovating. Manufacturers now consider the tax environment sufficiently important that it is influencing investment decisions, which indicates that businesses may now consider taxation to have reached a point where it has become so restrictive to growth that its benefits no longer outweigh its costs.

It is critical that the Government continues to review its fiscal policies to assess the total direct and indirect impact of taxation on business.

Chart 4 – The UK tax burden has reached an all-time high surpassing the long-term OECD average, tax revenue as a percentage of GDP, 2015-2027*



*Figures between 2025-2027 for the UK are based on OBR estimates. The OECD Tax burden is represented as a long-term average due to the absence of data post 2024.

Source: OECD, OBR

[10]OBR

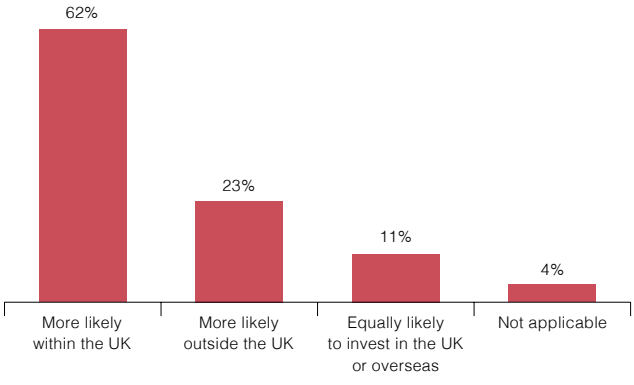
Part 3:
Expansions start at home

Growth can be achieved in many ways, including through investment in new capital equipment to improve productivity, innovation to create new revenue streams, or physical expansion so that the business can produce more output, which would require investment in both capital and labour, and potentially now AI too.

Manufacturers today say that, if they were to consider increasing their capacity in a major way in the next 12 to 24 months, most (62%) believe they would do so in the UK, while 23% say they would expand outside the UK. The larger proportion of manufacturers willing to expand in the UK provides strong backing for the Government's reindustrialisation agenda, highlighting that, with the right incentives, motivation and support, the policy environment could help rejuvenate domestic manufacturing capacity.

However, with nearly one quarter stating that expansion outside the UK would be considered, the reindustrialisation strategy cannot be seen as a "one size fits all". The fact that some UK businesses are looking to expand overseas is a positive indication of scale-up.

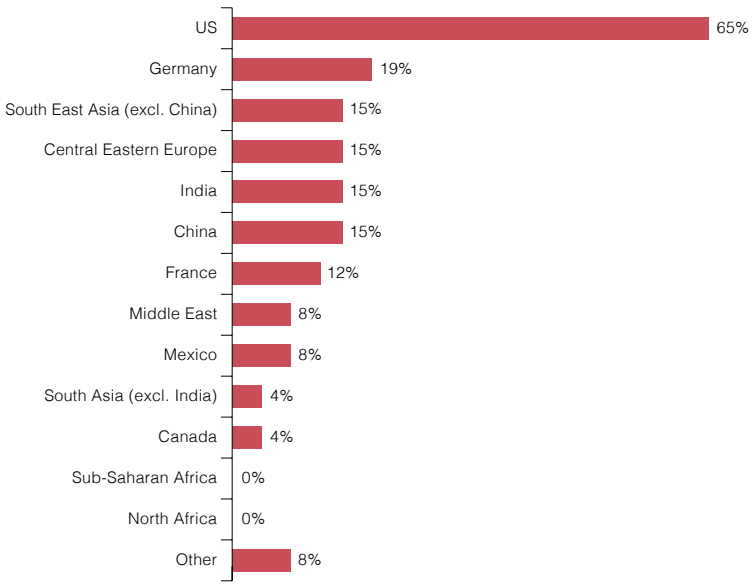
Chart 5a – More than 6/10 manufacturers would expand mainly within the UK if they were considering increasing capacity in the next 12 to 24 months
% share of responses



Source: Make UK /RSM, Investment Monitor Survey 2026

For those manufacturers that would consider expanding outside the UK, 65% highlighted the US as the most preferred destination. This partly reflects ongoing changes in the political environment in the States, including the use of tariffs, which may encourage some businesses to invest in US domestic capacity to avoid higher tax costs or red tape, such as JLR now working in partnership with Stellantis to produce Defenders in the US[11]. Equally so, the US is historically viewed as a reliable partner for trade due to common strengths in policy, rule of law and languages shared with the UK. This makes the US a sensible destination for UK manufacturers considering expansions.

Chart 5b – For those who would prefer to expand outside the UK, the US leads as a priority destination
% share of responses for those businesses that responded



[11] Stellantis and JLR to Explore Collaboration Synergies for Product Development in the U.S. | JLR Media Newsroom

IS THE UK AN ATTRACTIVE PLACE FOR INVESTMENT?

Despite nearly two-thirds of manufacturers indicating they would invest in the UK if they planned any major expansions, more than half of businesses also believe the UK has become a less attractive place for investment, while a quarter believe it has not changed.

This may indicate that those businesses that would only expand in the UK do not have any alternative options available to them and, therefore, that those that can expand elsewhere prefer going to the US. This is another interpretation of the findings presented in Chart 5.

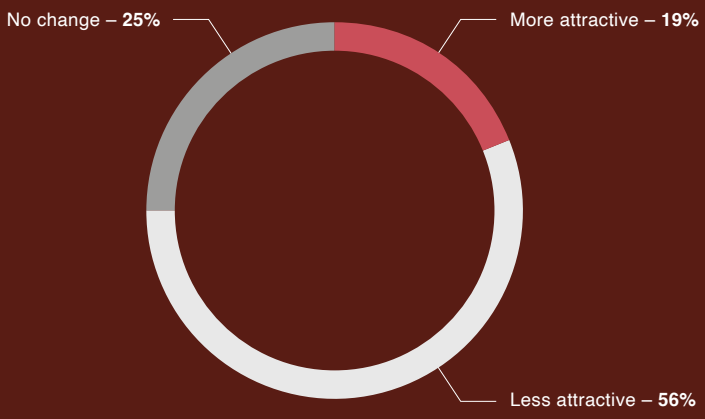
Nevertheless, it is concerning that a large proportion of manufacturers believe the UK has become less attractive for investment in the last three to five years, despite the publication of the long-awaited Industrial Strategy. Make UK data indicates that many manufacturers are yet to feel the benefits, with more than half claiming to have experienced no benefits since the 10-year plan's inception[12].

Furthermore, the attractiveness of a nation for investment is not just about its domestic policies or access to finance environment. Investors can choose to put their money in almost any market, so an alternative way to assess "investment attractiveness" is to consider how internationally competitive the UK is.

For example, the UK has one of the highest industrial energy prices in the world and ranks at the top among its G7 counterparts, which directly impact industrial growth in the UK. Furthermore, we have one of the highest commercial property tax burdens in the world, actively penalising physical space and expansions though our business rate system[13]. Today, approximately 3/4 of manufacturers say business rates are one of their top five biggest costs. This year, nearly 9/10 manufacturers have reported an increase in their rate bills following the April 2026 revaluation, which is estimated to have added an additional £939 million cost to the sector[14].

Manufacturers want to invest and grow in the UK, but they are increasingly facing an uphill battle to do so with the offerings available overseas looking increasingly attractive for opportunities. If the Government is serious about reindustrialising the UK, then it must tackle these challenges head on, using the Industrial Strategy as a tool to communicate its plans clearly.

Chart 6 – More than half of manufacturers believe the UK has become a less attractive place for investment in the last three to five years
% share of responses



Source: Make UK /RSM, Investment Monitor Survey 2026

[12]Make UK, Makers' Manifesto: Delivering the Industrial Strategy, Driving Reindustrialisation, Growing Britain, 2026
[13]Tax Foundation, International Tax Competitiveness Index, 2025
[14]Make UK, Business Rates Survey, 2026

Conclusion

Manufacturers remain committed to investing and expanding in the UK. The findings of this survey make clear that UK manufacturers still view plant & machinery and labour investments as critical to achieving their growth plans. However, the latest edition of Make UK and RSM's *Investment Monitor* also signifies that the industry's priorities are evolving, with artificial intelligence emerging as a leading priority alongside traditional investment in plant and machinery and labour and skills.

Nevertheless, falling investment intensity, rising tax pressures and concerns over competitiveness show that ambition alone will not deliver reindustrialisation. The survey evidence points to the current tax environment increasingly influencing business investment choices, as a higher overall tax burden starts to restrict opportunity despite a strong reward system, such as capital allowances and R&D tax credits, being in place for investment.

Government must visibly put the Industrial Strategy into action, showing genuine intent to grow industry, increase productivity, and support reindustrialisation. This should include actively supporting the adoption of new technologies and helping manufacturers embed productivity-enhancing innovations across their operations. This will encourage the business community to start taking more risks on the UK.





By Mike Thornton, Head of Manufacturing, RSM UK

Viewpoint

The changing equation of manufacturing investment

The manufacturing sector is crucial to the UK's future prosperity. It supports skilled employment, drives innovation and provides the production capacity that enables economic growth. And despite ongoing economic uncertainty, this year's Investment Monitor highlights how the sector is adapting its investment priorities to meet a rapidly changing manufacturing environment.

Where is manufacturing investment being focused?

Perhaps the most significant finding is not the rise of artificial intelligence as an investment priority, but what this tells us about changing investment behaviour. For the first time, AI sits alongside plant and machinery, and labour and skills, as an investment priority. Historically, manufacturers have focused investment on people and capital equipment to improve performance. Today, technology is increasingly becoming a third key pillar of investment.

This is a welcome opportunity as the UK faces long-standing productivity shortfalls compared with many other advanced economies. Manufacturers recognise that AI presents a major opportunity to overcome those challenges. AI can improve efficiency, enhance decision-making and strengthen competitiveness, and the manufacturing sector's growing focus on AI signals that it is actively looking for new ways to close the productivity gap and accelerate growth in an increasingly competitive global market.

Investment in plant and machinery, and research and development, is falling, but this trend should not be read too simplistically. It may indicate caution, but it may also reflect a more complex allocation of limited capital, as businesses balance people, machinery, technology and innovation. In that context, the emergence of AI should be seen not as a replacement for traditional investment, but part of a broader shift in how manufacturers are prioritising spend.

What is influencing investment decisions?

Investment decisions are becoming more complex. Confidence in domestic demand remains important, but manufacturers are increasingly influenced by a wider range of factors, including tax policy and the broader business environment. The growing importance of a supportive tax environment shows how much businesses value certainty and stability when making long-term investment decisions.

There is also a clear tension in the findings of this year's Investment Monitor. The report shows that most manufacturers who need to expand capacity would still choose to invest in the UK, demonstrating confidence in the country's industrial strengths. Yet more than half of manufacturers believe the UK has become a less attractive destination for investment in recent years. The message is clear: manufacturers remain committed to growing in the UK, but they need a more supportive environment to do so.

The appetite to invest remains strong. Manufacturers are adapting, embracing new technologies and preparing for the future, and the findings of this year's Investment Monitor show a sector ready to invest and grow. If the UK can provide the right environment for long-term investment, the sector has a real opportunity to boost productivity, strengthen global competitiveness and drive sustainable economic growth.

About



Make UK is backing manufacturing – helping our sector to engineer a digital, global and green future. From the First Industrial Revolution to the emergence of the Fourth, the manufacturing sector has been the UK's economic engine and the world's workshop. The 20,000 manufacturers we represent have created the new technologies of today and are designing the innovations of tomorrow. By investing in their people, they continue to compete on a global stage, providing the solutions to the world's biggest challenges. Together, manufacturing is changing, adapting and transforming to meet the future needs of the UK economy. A forward-thinking, bold and versatile sector, manufacturers are engineering their own future.

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#BackingManufacturing

For more information, please contact:

Fhaheen Khan
Senior Economist
Make UK
FKhan@makeuk.org

James Brougham
Senior Economist
Make UK
JBrougham@makeuk.org

Emma Griffiths
Policy Adviser
Make UK
EGriffiths@makeuk.org

RSM UK is a leading audit, tax and consulting firm to the UK's middle market with 5,300 partners and staff operating from 29 locations throughout the UK. For the year ending 31 March 2025, RSM generated revenues of £573m. RSM UK is a member firm of RSM International - the seventh largest global organisation of independent assurance, tax and consulting firms. RSM operates in 120 countries, across 500 offices, with more than 56,000 people internationally. The global organisation's revenues are US $7.7 billion.

As an integrated team, they share skills, insight and resources, as well as a client-centric, collaborative approach grounded in a deep understanding of clients' businesses. This is how they empower their clients to move forward with confidence and realise their full potential.

As one of RSM's key sectors, the firm provides services to more than 1,400 manufacturing businesses each year. Drawing on decades of experience in the sector, RSM provides proactive compliance, tax and business advisory services.

Manufacturers are facing a complex mix of challenges, from supply chain disruption and productivity pressures to labour shortages, sustainability demands and investment in new technologies. RSM helps businesses navigate these issues with practical advice, market insight and data-driven expertise.

RSM also focuses on specific sub-sectors within the manufacturing sector to enhance the support it provides to clients. These include aerospace and defence, automotive, and food and drink. Its national sub-sector groups regularly provide insights and events tailored to these areas.

Combining sector expertise, deep resources and personalised service, RSM provides practical solutions that help manufacturers achieve their strategic and commercial objectives.

For further information, please visit the RSM website or opt in for their manufacturing mailings.

To speak with RSM about the challenges and opportunities that your manufacturing business is currently facing, please contact:

Mike Thornton
Head of Manufacturing, RSM UK
+44 7725 258094
Mike.Thornton@rsmuk.com

Lorna Claridge
Senior Marketing Executive - Industrials, RSM UK
+44 115 964 4562
Lorna.Claridge@rsmuk.com









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