BUILDING BRITISH INDUSTRY · PAPER 01

Paper I: Missions and Regions

Four production missions, eleven production regions and one board judged by results.

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Britain still has the makings of an industrial nation. It has forges in Sheffield that can make the largest components of a nuclear reactor, a compound semiconductor cluster in South Wales, one of Europe's leading centres for building small satellites in Glasgow, biologics plants on Teesside and research institutes that industry across the world wants to work with. What it lacks is a strategy that treats these strengths as the foundations of a national production system rather than as isolated successes.

The present government's industrial strategy is better than what came before it. It accepts that the state has a role in shaping the economy, it has created sector plans with money attached and it has begun to address the price of electricity for manufacturers. But it names eight priority sectors that between them cover most of the economy Britain already has, including financial services, professional and business services and the creative industries. A strategy that prioritises almost everything changes very little about where capital and political attention go. It also leaves the conditions that matter most to every producer largely as they were. Industrial electricity remains among the most expensive in the developed world, taxes on employment have risen and the skills system still pushes young people towards degrees the economy does not need.

This series takes a different approach. It sets the general conditions for all businesses through the reforms in the energy, skills, land and build reform papers and in Capital for Britain, which addresses the shortage of patient capital for production, and then concentrates the state's direct effort on a small number of production missions in which Britain can own capabilities that others depend on. Each mission is built in the places where capability already exists, and each is paired with the technical institutions proposed in Building British Skills, so that the people a region's industry needs are trained in that region.

This first paper sets out the approach, the production regions and the arrangements common to every mission. The second covers advanced manufacturing and the production base on which every hard-technology industry depends. The third covers advanced materials, from discovery to production. The fourth covers life sciences and biomanufacturing. The fifth covers autonomy and robotics for defence and for hazardous civil work. The sixth sets out the conditions every mission depends on, from permission to build to the speed of regulators and access to specialist talent. Energy, sovereign artificial intelligence and space are set out in their own papers and are linked to the regions described here.

1 Why Britain under-builds

Britain invents more than it makes. Its universities and research institutes produce science of world standing, but too much of what they discover is scaled, manufactured and sold elsewhere. The reasons are well understood. They are the cost of energy, the shortage of patient capital for hardware, the thinness of domestic supply chains, the scarcity of technicians and the absence of a state that buys consistently enough to give producers a reason to invest.

MEASURE	FIGURE
Manufacturing as a share of UK output	Around 10%
UK industrial electricity prices compared with the United States	Around four times higher
Unfilled long-term vacancies in manufacturing	Around 55,000
UK rank for industrial robot density	24th
Venture investment in advanced manufacturing, US compared with UK, adjusted for GDP	Around twice as much

The loss of a single project shows how these failures combine. In 2025 the company that had planned Britain's first rare earth refinery at Saltend on the Humber, with planning consent in hand and a site in a major chemicals park, abandoned the plan and turned to the United States for funding. Rare earth magnets are essential to defence systems, electric motors and wind turbines, and their supply is dominated by China. Britain had the site, the consent and the customers. It did not have a state willing to act as anchor investor and customer, and so it lost the capability before it was built.

The government's own response to high energy costs illustrates the limits of the present approach. Its scheme for electricity-intensive manufacturers will reduce bills by up to £40 per megawatt hour, but only from April 2027, and eligibility is decided by sector codes that leave many advanced manufacturers outside it. A subsidy around a high price is not the same as a lower price, which is why the energy papers address the price itself.

Britain's industrial regions have also been treated as places to be compensated rather than built upon. Sheffield, Teesside, the Humber, South Wales, the Midlands and the Clyde retain firms, research institutes and skilled workforces that could anchor new industries, yet the institutions that train technicians, the centres that carry out applied research and the public bodies that buy equipment rarely plan together. A region's strength in one industry is seldom matched by a technical university, a college and a supply of apprentices trained for it.

2 Principles

Few missions, chosen by a clear test. The state should back a capability only where Britain already has firms, research institutions, a customer and a realistic route to export. Everything else should be left to the general conditions that apply to every business.

Own the layers that others depend on. Britain cannot lead whole industries against the United States and China, but it can own critical layers of production, such as the forging of reactor components, the separation of rare earths, power electronics and the testing and certification of new technologies, on which larger economies rely.

Build where capability exists. Missions should be located in regions that already have the firms, institutions and workforce to support them, so that public investment compounds existing strength rather than starting from nothing.

Train where the work is. Each production region should have a University of Technology, technical colleges and Master qualifications aligned with its industries, so that the skills system and the industrial strategy are planned together.

Private ownership, public anchor. The state should act as customer, anchor investor and provider of shared infrastructure, attaching conditions that keep capability in Britain. It should own a business outright only where a strategic capability cannot be built any other way.

Close what fails. Every programme should have published measures of success and rules for closure, so that money moves from what does not work to what does.

3 The missions

The four missions in this series were chosen against the test above. Each is described briefly here and set out in full in its own paper.

MISSION	WHAT BRITAIN WILL OWN	PAPER
Advanced manufacturing and the production base	Testing, certification and measurement, power electronics, compound semiconductors and related manufacturing and precision engineering, together with the adoption of robotics and automation across manufacturing	Paper II
Advanced materials	The discovery of new materials with artificial intelligence, faster qualification and approval, pilot-scale production and the manufacture of rare earth magnets, reactor forgings, composites and semiconductor and battery materials	Paper III
Life sciences and biomanufacturing	Advanced therapies and viral vectors, trials enabled by genomics and health data, the process engineering of RNA, oligonucleotides and complex biologics and high-compliance contract manufacturing	Paper IV
Autonomy and robotics	Uncrewed systems for air and maritime defence, common software and assurance standards for autonomous systems and robotics for nuclear, offshore and other hazardous environments	Paper V

These missions sit alongside the programmes set out elsewhere in the manifesto. The energy papers address the price and supply of power on which every mission depends. The sovereign artificial intelligence programme builds the models and computing capacity that autonomy, materials and life sciences will use, while the missions in this series own their integration, assurance and production. The space programme shares a common trunk of capability with the autonomy, materials and advanced manufacturing missions, from in-orbit servicing to space-qualified electronics and materials.

Equally important is what the series leaves out. There is no mission for financial services, professional services or the creative industries. These are among Britain's most successful sectors, and they will be served best by lower taxes on employment and investment, sound regulation and a skilled workforce rather than by sector plans.

Primary steel is not a mission either, although it is a strategic industry and the government took control of the Scunthorpe works in 2025. Its future turns above all on the cost of energy and the choice of production technology, which are matters for the energy papers rather than for the measures in this series. The materials mission covers the specialist steels and the largest forgings on which the other missions depend.

4 Ambition

The missions were chosen because the markets they serve will be among the largest and most valuable in the world economy. Leading in a market that grows faster than the world economy, rewards intellectual property and strengthens the industries around it is worth far more than leading in one that does not. Each mission therefore carries a goal for Britain's share of its global market within twenty years, set against a published forecast and reported on every year.

MARKET	PUBLISHED FORECAST	PROJECTION TO 2050	BRITAIN TODAY	MISSION GOAL WITHIN TWENTY YEARS
Medicines	Over $2.6 trillion by 2030 for all medicines (IQVIA), shown as context for the mission's four priority areas	About $12 trillion for all medicines	Eleventh among pharmaceutical exporters, with exports of £24.7 billion in 2024	15% of world production in the mission's four priority areas
Space	$630 billion in 2023, rising to $1.8 trillion by 2035, including space-enabled activity in other industries (World Economic Forum and McKinsey)	About $6.6 trillion	Space industry income of £18.6 billion a year, on the UK's narrower definition	10% of the global space economy, on the same definition as the forecast
Magnet rare earths	$10.8 billion in 2023, rising to $56.7 billion by 2040 (Adamas Intelligence)	About $150 billion	Small specialist producers only, after the loss of a planned refinery in 2025	10% of world production of separated magnet rare earths
Semiconductor materials	$73 billion in 2025 for the whole market (SEMI)	About $380 billion	A compound semiconductor cluster in South Wales	5% of the whole market, concentrated in compound semiconductor and specialist materials
Autonomy and robotics	No reliable published forecast for the mission's chosen segments	To be sized in the first year	Strength in maritime autonomy, open standards and nuclear robotics, with the starting share fixed in the first year	Among the three leading allied suppliers of maritime autonomy, autonomy standards and hazardous-environment robotics

Britain's share means revenue from production located in Britain, so that a foreign-owned plant here counts and a British-owned plant abroad does not. Projections to 2050 extend each published forecast at the rate of growth it implies, for medicines at the top of IQVIA's projected range of 5% to 8% a year and for semiconductor materials at the 6.8% growth SEMI reported for 2025, and are stated in the prices of the day. Where the published forecast covers a wider market than the mission's chosen segments, as for medicines, it is shown for context and the goal applies to the chosen segments alone. Each mission paper will size its chosen segments and fix Britain's starting share on the same definition in its first year, so that progress can be measured and published.

The goals are ambitious by design. Britain produces around 3% of the world's output, and a tenth of a global market means competing well above that weight in the areas it has chosen. For medicines Britain's science base, with around a tenth of the world's most cited research, shows what is possible, but it is not a measure of production, and the goal is to build a share of production that matches the science. The sovereign artificial intelligence programme carries goals of a different kind, measured by capability rather than market share, and the advanced manufacturing mission is measured mainly by capability, with a market-share goal only for compound semiconductors and power electronics. Both are set out in their own papers.

None of this will happen by itself. Each mission paper sets out the barriers that stand in the way, the measures that will remove them and the money that will be put behind them.

5 Production regions

P1 Designate a limited number of production regions

Designate a limited number of production regions, eleven to begin with, each with one or two specialisms drawn from the missions, against published criteria covering the presence of firms, research and technical institutions, anchor customers and export potential. A region will be designated only where those foundations already exist, and designation will be reviewed every ten years alongside the designation of universities in the second skills paper. The first regions are proposed below. Other places may be designated at review where they can show the same foundations.

REGION	SPECIALISM	EXISTING FOUNDATIONS
South Yorkshire	Nuclear and defence forgings, advanced machining and materials	AMRC, Nuclear AMRC, Sheffield Forgemasters, Defence Growth Deal, Investment Zone
North East England	Biologics, RNA and process chemistry, power electronics and electrification	CPI, FUJIFILM at Billingham, power electronics centre at Sunderland, Teesside and North East Investment Zones
Humber	Rare earth separation, permanent magnets and critical minerals	Saltend Chemicals Park, Humber Freeport, offshore wind supply chain
Midlands	Power electronics, precision engineering, automation and magnet manufacture and recycling	MTC, WMG, power electronics centre at Nottingham, magnet recycling plant at Tyseley, West Midlands Investment Zone, East Midlands Freeport
South Wales	Compound semiconductors, power electronics, uncrewed aircraft and in-space manufacturing	Compound semiconductor cluster around Newport, power electronics centre at Newport, National Microgravity Research Centre at Swansea, Cardiff and Newport Investment Zone, Defence Growth Deal for uncrewed aircraft
West of England	Composites, aerospace and space structures	National Composites Centre, regional space cluster, aerospace supply chain
Plymouth	Maritime autonomy and naval systems	Naval base, marine autonomy test facilities, Defence Growth Deal, Freeport
Cumbria	Robotics for nuclear and hazardous environments	Sellafield, RAICo

REGION	SPECIALISM	EXISTING FOUNDATIONS
West of Scotland	Small satellites, process manufacturing, marine engineering and power electronics	Glasgow satellite manufacturing cluster, NMIS, CPI at Paisley, power electronics centre at Strathclyde, Glasgow City Region Investment Zone, Defence Growth Deal
Greater Manchester and Liverpool	Advanced materials, graphene and the discovery of materials with artificial intelligence	Henry Royce Institute hub, National Graphene Institute, Materials Innovation Factory, Greater Manchester Investment Zone, Liverpool City Region Innovation Zone
Oxford, Cambridge and London	Advanced therapies, genomics, data-enabled trials, space systems and fusion robotics	Cell and Gene Therapy Catapult, Genomics England, UK Biobank, Harwell, UKAEA at Culham

P2 Pair each region with technical institutions

Each production region will have at least one University of Technology linked to the Catapult centres serving its specialism, as set out in measures S11 and S13 of the second skills paper, and technical colleges providing dual training for its firms under S12. The sector skills bodies established under S14 will give priority to the occupations on which each region's specialism depends, and British Master qualifications under S15 will be developed first in those trades, from forging and machining to bioprocessing and the maintenance of autonomous systems.

The National Skills Account remains portable and is not tied to any place. The additional units available for skills in short supply will be weighted towards the occupations the missions need, so that a young person in any part of the country can train for them, while the institutions that teach them are concentrated where the work is.

P3 Prepare sites, power and planning

Production regions will be the first priority for grid connections, the reforms to industrial power prices in the energy papers and the release of serviced industrial land. Designation will build on the existing Industrial Strategy Zones, Freeports, Investment Zones and Defence Growth Deals rather than replace them, and the site funding already committed to these areas will be directed towards the regions' specialisms. Facilities serving a region's specialism will benefit first from the production development orders, permit deadlines and single consents service set out in the sixth paper.

6 Common arrangements

P4 Build strategic capabilities that markets will not

Where a capability is critical to the missions, supplies customers who have few alternatives and cannot attract private capital on its own, the state will act to build it. The default will be private ownership, with the state acting as anchor customer and anchor investor, holding a special share that prevents the transfer of control or capability overseas and attaching conditions on retaining production in Britain. The state will own a business outright only where no private investor will build the capability at all.

Two capabilities within the materials mission meet this test now. The first is the forging of the largest components for civil and naval reactors, building on Sheffield Forgemasters, which the state already owns and has committed more than £1.3 billion to recapitalise. The second is the separation of rare

earths and the manufacture of permanent magnets on the Humber, where a private project was lost in 2025 for want of a domestic backer. Further candidates, including engines for merchant ships adapted to new fuels and specialist power electronics, will be assessed for feasibility before any commitment is made.

Public stakes in strategic capabilities will be held by a single holding body accountable to Parliament, which will appoint boards and protect British control but take no part in running the businesses. Capital for each capability will be placed in a ring-fenced fund and released against independent technical milestones rather than through annual negotiation with the Treasury, with progress reported to Parliament each year.

P5 Govern the missions through one board

Establish a single Production Missions Board, chaired by a Cabinet minister with the Treasury as co-chair, to oversee the four missions, the production regions and the strategic capabilities in P4. The board will set targets, allocate funding between missions according to results and resolve conflicts between departments. It will work through existing bodies, including the Catapult network, the National Physical Laboratory, the British Business Bank, UK Export Finance and the major public buyers, rather than creating new agencies. It will coordinate with the bodies leading the sovereign artificial intelligence and space programmes so that their boundaries are clear.

Responsibility for delivery will sit with a single mission director for each mission, appointed by and accountable to the board. Each director will have authority over the mission's shared facilities, its skills pipeline and the coordination of public procurement in its area, and will be answerable for its results. The board provides oversight, allocates funding between missions and arbitrates between departments, while the directors deliver. The board and the mission teams will have the freedoms over pay, recruitment and procurement set out in C8 of the sixth paper.

Each director will be hosted by the department closest to the mission's main customers and institutions, so that responsibility sits somewhere specific without splitting the mission between departments.

MISSION	MISSION DIRECTOR HOSTED BY	MAIN DELIVERY PARTNERS
Advanced manufacturing	Department for Business and Trade	High Value Manufacturing Catapult and the Compound Semiconductor Applications Catapult
Advanced materials	Department for Business and Trade, jointly with the Department for Science, Innovation and Technology	National Physical Laboratory, the Henry Royce Institute and the National Wealth Fund
Life sciences and biomanufacturing	Office for Life Sciences	NHS England, the MHRA, NICE and the Cell and Gene Therapy Catapult
Autonomy and robotics	Ministry of Defence, jointly with the Department for Science, Innovation and Technology	UK Defence Innovation and the regulators for aviation, maritime and nuclear safety

P6 Judge every mission by results and close what fails

Every mission and production region will be measured against a small set of outcomes, published each year. The tests differ according to what a programme is for. Programmes intended to build commercially competitive industries will be judged on commercial results. Strategic capabilities supported under P4, such as reactor forgings or defence magnets, exist to secure supply that Britain cannot do without, and a domestic defence supplier can fulfil its purpose without attracting substantial private capital or exports. They will be judged on assured supply, technical readiness and the cost of maintaining the capability.

PROGRAMME TYPE	OUTCOME	MEASURE
Commercial	Investment	Private capital invested for each pound of public support
Commercial	Scale	Firms and facilities moving from pilot production to repeat orders
Commercial	Trade	Exports in each mission's priority areas
Commercial	Retention	Share of supported firms still producing in Britain after five years
Strategic	Assured supply	Share of critical national demand that can be met from domestic or allied production
Strategic	Readiness	Technical readiness and the time needed to surge output in an emergency
Strategic	Cost	The annual public cost of maintaining the capability, compared with the alternatives
All	Skills	Apprenticeships, Master qualifications and technical degrees completed in each region's priority occupations

Outcomes will be assessed by an independent evaluator, appointed for the life of the programme and reporting to Parliament, rather than by the board or the departments that run the missions, so that the decision to continue or close a programme rests on evidence its sponsors do not control.

Programmes that fail several of their measures after a reasonable period will be narrowed, merged or closed, and their funding moved to those that succeed.

7 Cost

The state already spends heavily on supporting business and innovation, but it spreads that money thinly across hundreds of schemes, funds and reliefs, and it does not know the full total. The National Audit Office found in 2025 that the Department for Business and Trade does not have a complete overview of what it and wider government spend supporting industry. The missions should therefore be funded first by concentrating what is already spent, not by adding to it.

EXISTING SUPPORT	SCALE
Research and development tax relief	£8.2 billion in 2024-25, of which around a quarter went to manufacturers
Government spending on research and development	£20.4 billion in 2025-26, rising to £22.6 billion by 2029-30
Innovate UK grants	£1.2 billion in 2024-25

EXISTING SUPPORT	SCALE
Sector funding already announced for the missions' areas	Over £3 billion for advanced manufacturing over four years, up to £520 million for life sciences manufacturing and up to £600 million for the Health Data Research Service
UK Defence Innovation	£400 million a year
Defence procurement of novel technologies	A tenth of the equipment procurement budget each year
British Business Bank	Financial capacity of £25.6 billion, including £4 billion of industrial strategy growth capital
National Wealth Fund	Capitalisation of £27.8 billion
Strategic Sites Accelerator	Over £600 million

Funding for basic research will be protected, because broad scientific discovery is the foundation on which every mission draws and its returns cannot be predicted in advance. The money that supports business innovation, sector programmes, growth capital, industrial sites and defence procurement of new technologies is different. It is meant to build industries, and it should be concentrated on the industries the missions are building. A full review of business support across government, published early in the Parliament, will identify every scheme and relief, what each achieves and how much can be redirected to the missions without loss.

Each mission paper sets out its own cost as a single estimate built from the cost of each measure, with a contingency of a quarter added and the strategic capabilities in P4 included in the mission they serve. Together the four missions come to about £22.5 billion over ten years, of which around £5.5 billion is expected to be equity and loans rather than spending.

MISSION	TEN-YEAR PUBLIC COST
Advanced manufacturing and the production base	About £8.25bn
Advanced materials	About £3.5bn
Life sciences and biomanufacturing	About £7.5bn
Autonomy and robotics	About £3.3bn
Total	About £22.5bn

That is a little over £2 billion a year, and set against the existing support above, most of it can be met by redirection. The funding note brings the missions together with the artificial intelligence and space programmes, so that the whole programme is presented as one budget with one set of measures.

Much of the effect of the missions will come not from grants but from the state's behaviour as a customer. Defence, the NHS, the nuclear estate and the energy system are among the largest buyers of equipment in the country. Committing their existing spending to repeat orders in the mission areas, specified by performance, resilience and whole-life cost as set out in C5 of the sixth paper, will do more than any new fund.

8 Territorial application

Industrial strategy, trade and defence procurement operate across the United Kingdom, while education and skills are devolved. The production missions and the strategic capabilities in P4 will apply across the United Kingdom, and two of the first production regions lie in Scotland and Wales.

The technical institutions on which each region depends fall within devolved responsibility. The government will seek agreement with the Scottish Government, the Welsh Government and the Northern Ireland Executive to establish Universities of Technology, the credit framework and British Master qualifications in production regions in their nations, with funding to follow. Where a region's specialism forms part of a clear United Kingdom industrial strategy bringing investment and jobs to that region, it is difficult to see why agreement would be withheld.

FIELD	APPLICATION
Production missions and the Production Missions Board	United Kingdom
Strategic capabilities and the holding body	United Kingdom
Designation of production regions	United Kingdom, in agreement with the devolved administrations for regions in their nations
Technical institutions in production regions	England, and by agreement in Scotland, Wales and Northern Ireland

9 Legislation and delivery

The measures will be delivered through an Industrial Strategy Bill, together with changes to funding and procurement made by the Department for Business and Trade, the Treasury and the Ministry of Defence.

INSTRUMENT	MEASURES	CONTENT
Industrial Strategy Bill	P1, P4, P5 and P6	Designation of production regions, the holding body and ring-fenced funds for strategic capabilities, the Production Missions Board and the duty to report outcomes to Parliament
Skills and Higher Education Bill	P2	Universities of Technology, technical colleges and Master qualifications in production regions, as set out in the second skills paper
Funding, planning and procurement policy	P3	Grid priority, site funding and planning for production regions

A country that makes things in the places that know how to make them, and trains its people to do the work, will not need to choose between national strength and regional renewal. It will have both.