Press release: Government agrees landmark Sector Deal to establish UK as world leader in future of mobility

Greg clark with Ian Constance, CEO, Advance Propulsion Centre, Konstanze Scharring, Director of Policy, SMMT, Nigel Stein, CEO of the Auto Council.

- Business Secretary confirms first Automotive Sector Deal, growing the partnership between government and industry, boosting investment in emerging technology and establishing the UK's leadership in meeting the Future of Mobility and Clean Growth Grand Challenges
- Sector Deal includes up to £32 million of new joint funding for an industry-led supply chain competitiveness programme to help grow the UK supply chain and make it internationally competitive
- government also confirms latest £26.4 million investment, match-funded by industry, in 3 cutting-edge low carbon vehicle projects involving Ford, GKN and Jaguar Land Rover

A landmark Sector Deal between government and the automotive industry has today (Wednesday 10 January) been announced by the Business and Energy Secretary Greg Clark.

The deal aims to build on the unique strengths of the UK automotive sector and further develop the strong collaborative partnership established between government and industry.

The Sector Deal sets out a joint strategic vision for how both sides can continue to work together and is the first step towards establishing the UK's leadership in meeting the Future of Mobility and Clean Growth Grand Challenges.

The deal secures joint investment and long-term commitments between government and industry in areas including the design and development of connected and autonomous vehicles (CAV), the research and development of battery technology and accelerating the manufacture of ultra-low and zero emission vehicles.

As part of this, the government has announced £26.4 million of investment, match-funded by industry to total £52.8 million, to help develop the next generation of driverless and low-carbon vehicles, with flagship projects led by Ford, GKN and Jaguar Land Rover.

Announcing the deal, Business and Energy Secretary Greg Clark said:

> For decades, the UK's automotive industry has powered our economy forward. Today, automotive firms from around the world choose to set up shop here, citing our history of excellence, skilled

workforce and world-leading supply chains.

In the next 10 years, the sector will see more change than in the previous hundred. From the engines that power our cars, to the way we control them and our attitudes to owning them, technology is changing what the industry looks like and where money can be made.

The automotive sector will shape our response to the Grand Challenges articulated in our Industrial Strategy, such as Clean Growth and the Future of Mobility – transformations which will forever change how people live, work and travel.

As ever, partnership will be pivotal. As a result of the Sector Deal, both government and industry will invest about a quarter of a billion pounds to develop and manufacture electric vehicles, create a world-leading testing environment for connected and autonomous vehicles and invest in a new industry-led programme to raise the competiveness of UK suppliers to match the best in Europe.

As we open the automotive sector's next chapter, we will continue to work with industry to make sure the technologies of tomorrow are developed, tested and manufactured right here in the UK.

Commitments

The Sector Deal brings together a number of long-term joint commitments between government and industry that will help build and establish the UK's leadership in meeting the Future of Mobility and Clean Growth Grand Challenges, including:

Low-carbon automotive technologies

- through the Advanced Propulsion Centre government is investing £500 million over 10 years to 2023 to research, develop and industrialise new low-carbon automotive technologies in the UK, with industry providing £500 million match funding for collaborative R&D projects

Automotive research and development

- government is investing up to £225 million from 2023 to 2026 to support R&D in the sector, with industry providing equivalent match funding

Transitioning to ultra-low and zero emission vehicles

- through the Faraday Battery Challenge, government is investing £246 million to make the UK a world leader in the design, development and manufacture of batteries for the electrification of vehicles

Connected autonomous vehicle (CAV) technology

- £250 million of government investment to position the UK as a global leader in Connected and Autonomous Vehicles (CAVs) development and

deployment. This includes:
    - £150 million for collaborative R&D projects from which, to date, £100 million has been committed to 51 projects, with industry contributing a further £56 million
    - £100 million for CAV testing infrastructure, £51 million of which has so far been committed to 4 infrastructure projects; 2 ‘controlled’ testing facilities and 2 ‘live’ public testing facilities
- government will be launching a £15 million simulation and modelling R&D competition on the 16 January to accelerate the development of connected and autonomous vehicles

Supply chain competitiveness and productivity programme

- £16 million of government funding, subject to business case, for an industry-led match-funded national supplier competitiveness and productivity improvement programme to support a sustainable and internationally competitive UK supply chain for future volume vehicle production

Europe

- The deal acknowledges that the UK automotive industry has benefitted from the European market and as the UK leaves the EU, the industry welcomes the government’s ambition to achieve a new relationship that is free from tariffs and without friction to trade – factors that are fundamental to the competitiveness of the UK automotive sector
- through the deal, government and the auto sector will work together to seize opportunities to do far more to engage with the wider world beyond Europe where there is untapped emerging innovation and opportunity

Further proposals are being shaped for the next phase of the Automotive Sector Deal, with a focus on capitalising on the UK’s capabilities including in the digital design and testing space which will substantially reduce the time and cost of developing the next generation of vehicles.

Nigel Stein, industry chairman of the Automotive Council said:

> The long-term partnership developed between government and industry has played a key role in the automotive sector’s success. It has helped ensure that emerging technologies are developed in the UK and given companies the confidence to invest.
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> The government’s Industrial Strategy is a welcome renewed commitment to this partnership, helping to support the sector as we move into the third decade of this century and beyond.

Mike Hawes, SMMT Chief Executive:

> We welcome today’s automotive sector deal which will help this

> vital UK industry meet some of the many global challenges it faces. The deal strengthens our long-standing partnership with government, with a boost to supply chain competitiveness and investment, matched by industry, to keep the UK at the forefront of electric, connected and autonomous vehicles.
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> In its implementation, the deal must help the industry build on our success and seize the opportunities presented by such technological innovations. Given current uncertainties, it must also be complemented by ongoing efforts to maintain the right conditions for growth.

Advanced Propulsion Centre (APC)

Three innovative projects involving Ford, GKN and Jaguar Land Rover will share grants from the latest round of funding from the Advanced Propulsion Centre (APC), APC8, the joint industry-government programme to put the UK at the forefront of low carbon vehicle technology.

The APC8 winning projects are:

- E-Prime – a project led by Ford's UK based Global Manufacturing Engineering team working with machine tool supply chain partners to develop process and equipment for production of ultra-high volume next generation electrified powertrain systems
- ACe-Drive – development of GKN's future generation e-Drive system platforms, utilising high speed electric machines and advanced high speed power electronics; in conjunction with universities and businesses, this project aims to further grow UK capability in the design and manufacture of eMachines and power electronics
- VERBIUS – development of future state of the art electric hybrid vehicle systems for Jaguar Land Rover, in conjunction with universities and businesses across the UK; the project aims to significantly improve the vehicle system efficiency through utilisation of innovative electronic systems and componentry

Full details of the Sector Deal agreement between industry and government have been published today on GOV.UK.