



Major Government investment to drive innovation and scale-up in the automotive sector

- DRIVE35 programme and competitions set to open
- Successful applicants of new funding announced
- Investment in key automotive projects across the UK

The Advanced Propulsion Centre UK (APC) and the Department for Business and Trade have announced multi-million-pound grants for new zero-emission vehicle and mobility innovation projects.

Following the Advanced Manufacturing Sector Plan, and launch of DRIVE35, Business and Trade Secretary Jonathan Reynolds has revealed the successful applicants of the latest APC-facilitated funding to enable innovative zero-emission vehicle technologies in the UK.

They include large UK-based OEMs; Cummins, Mercedes AMG, JLR, and Ford.

A combined total of £138.1 million of investment, from both industry and government, will support innovation in the UK's automotive supply chain, generate growth, and drive the industry's transition to net zero forward.

For the first time, the funding will also support small businesses in connected and automated mobility (CAM) development.

The announcement also includes two major capital investments through the [Automotive Transformation Fund \(ATF\)](#).

It provides backing for Dana UK Axle, a global leader in drivetrain and e-Propulsion systems, to put full electrification products in their plant in Witton, Birmingham; and support for Astemo, providers of systems and products for the automotive industry, to manufacture electric inverters in the UK.

The Secretary of State also announced the next round of funding competitions under DRIVE35, with several opening for applications from today, Monday 14 July, and the Centre for Connected and Autonomous Vehicles (CCAV) CAM Pathfinder programme.

Ian Constance, CEO, Advanced Propulsion Centre UK and Zenzic said:

"This new investment underlines the commitment from Government to secure advanced manufacturing in the UK. I am pleased that the APC, Zenzic, and its delivery partners are here to facilitate a new wave of funding in the automotive industry, supporting innovation, driving scale-up, and enabling transformation.

Today, we have announced projects receiving four types of grants that boost the UK's leadership in automotive manufacturing. They will enable the rapid development of demonstrators featuring cutting-edge technology, accelerate ambitious SMEs, and support vital collaborative R&D innovation. This will encourage further investment in the UK's growing zero-emission supply chain, safeguarding skilled jobs, building on the country's reputation as a world-leader for technology."

Business and Trade Secretary Jonathan Reynolds said:

"We're helping British carmakers get to the front of the pack by working hand in hand with investors to build a globally competitive electric vehicle supply chain in the UK as we deliver our Plan for Change.

"We're taking action to back the industry for the future with the biggest set of announcements for the sector in the last decade. This includes securing a landmark trade deal with the US to bring down tariffs for British car manufacturers, measures in our modern Industrial Strategy to lower electricity prices and updating the ZEV mandate, supporting UK manufacturers to safeguard jobs, and secure the future of the sector."

"Economic growth is our number one priority, and by funding our world leading auto sector we are creating the right conditions for increased investment, bringing growth, jobs, and opportunities to every part of the UK."

The investments come under the UK government's DRIVE35 ['Driving Research and Investment in Vehicle Electrification'](#) initiative, that will ensure the UK remains at the forefront of zero-emission vehicle manufacturing.

The competition processes will open at regular intervals throughout the year, accessed through the APC and via the Innovate UK Innovation Funding Service (IFS).

Following its launch, the grants that are [opening for applications today](#), Monday 14 July are: Collaborate, Demonstrate, and Scale-up Feasibility Studies, as well as expressions of interest for the new and improved Automotive Transformation Fund (ATF).

The APC is [taking enquiries now](#) to help companies prepare a project pitch and align it with the most suitable funding stream available through the DRIVE35 initiative.

The successful project investments announced include:

Collaborate

Five leading automotive companies and the government have invested a combined total of £73.8 million towards envelope-pushing collaborative R&D projects.

JLR, Mercedes AMG, and Phinia Delphi are among the successful applicants which have built consortia to be guided by the APC's team of dedicated project delivery leads.

With £36.8 million in Collaborate grants provided through DRIVE35, by the Department for Business and Trade, and facilitated by the APC, the projects aim to develop high-performance electric drives, better battery technology, and more efficient fuel cell systems.

Mint Biomining and Belfast-based Ionic, are leading projects that will transform the supply chains for sustainable rare earth materials in batteries and in magnets.

[More details of the Collaborate projects](#)

Demonstrate

34 projects share a £61.1 million investment for fast-start projects aimed at rapidly developing automotive products with a clear route to market.

This includes £30.1 million of support from the Department for Business and Trade and DRIVE35, delivered through the APC, and matched by industry funding.

Projects have up to 12 months to demonstrate a product, system, or vehicle. These include the development of electric motorcycles, a mobility microcar for wheelchair users, an electric road sweeper, and the return of a classic brand name.

[More details of Demonstrate projects](#)

Mobilise

17 companies in the UK's innovative automotive and mobility sector have been awarded a share of over £3.2 million in government grant-funding.

These SMEs will take part in our accelerator programme, Mobilise, with companies in previous cohorts having gone on to raise over £350 million in private investment.

Each organisation will receive up to £180,000 in grant-funding with tailored business support delivered by the APC and Zenzic through the Mobilise programme.

For the first time, entrants include projects working on connected and automated mobility (CAM) solutions, as well as zero-emission vehicle development, including: improved battery performance, intelligent mobility, advanced motors and electronics, and sustainable manufacturing processes. Support is provided from both DRIVE35 and the new Centre for Connected and Automated Vehicles (CCAV) CAM Pathfinder programme.

[More details of the Mobilise projects](#)

Automotive Transformation Fund (ATF)

As part of this wider automotive investment package, the UK government has also today announced funding support for two companies via the ATF. It includes support for Astemo, providers of systems and products for the automotive industry, to manufacture inverters in the UK. With investment from both the company and government it, amounts to a total investment of £115 million for the Bolton-based facility.

As well as backing for Dana UK Axle, a global leader in drivetrain and e-propulsion systems, to put full electrification products in their plant in Witton, Birmingham, with a total investment of £15 million.

This displays a strong commitment to the government's vision to decarbonise the UK on the path to net zero by 2050 and securing the future of the automotive industry.

[More details about the Astemo investment](#)

[More details about the Dana UK Axle investment](#)

Ends

About the Advanced Propulsion Centre UK

The Advanced Propulsion Centre UK (APC) collaborates with UK government, the automotive industry, and academia to facilitate driving research and investment in zero emission vehicle manufacturing. Established in 2013 and jointly funded by the Department for Business and Trade (DBT), and the automotive industry, the APC accelerates the technologies that support the transition to zero-emission vehicle manufacturing and towards a net-zero automotive supply chain in the UK.

With a proven track record, the APC has facilitated funding for 354 low-carbon and zero-emission projects involving 614 partners. Working with companies of all sizes, this funding since 2013 is estimated to have helped create or safeguard over 59,000 jobs in

the UK. The technologies and products are projected to save over 425 million tonnes of CO₂.

The APC is committed to sustaining and enhancing the UK's long-term automotive capabilities and investments through knowledge-sharing, collaboration, and innovation. Focus in the following three key areas - Innovation, Scale-up, and Transformation - is driving innovation and investment in a globally competitive zero-emission vehicle supply chain, building a strong economy through the delivery of safer, smarter, more sustainable, and affordable mobility:

Innovation

Funding product and process innovation of strategic and disruptive technologies for zero-emission vehicles, including digital tools and AI-driven processes

Scale-up

Accelerating manufacturing by catalysing investment in advanced technologies for zero-emission vehicles, scaling-up sustainable production processes

Transformation

Driving capital investment in an internationally competitive EV supply chain and upgrading or establishing new plants, securing future zero-emission vehicle assembly in the UK

For more information go to apcuk.co.uk or follow us @theapcuk on X and 'Advanced Propulsion Centre UK' on LinkedIn.

NOTES TO EDITORS:

The term 'safeguarded jobs' means continued employment for existing roles that otherwise might be lost in some sectors rather than new jobs created.

All job and CO₂ figures are APC cumulative forecasts and cover a 10-year range from the start of the project. A percentage 'risk' calculation is applied to these forecast figures to account for unknown market forces that may change how a business operates. It also ensures that we are not overstating the benefits. We adjust this weighting periodically as more analysis becomes available. All figures are subject to monthly review and may change.

Throughout the lifetime of the project, we regularly reassess and adjust the figures and apply risk methodology to the metrics in line with Department for Business and Trade guidelines.