

## **Joint Parliamentary Briefing**

### **Energy Competitiveness, Industrial Resilience and the British Industrial Competitiveness Scheme (BICS)**

**Submitted by the Aluminium Federation (ALFED) and Cast Metals Federation (CMF)**

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#### **Executive Summary**

ALFED and the Cast Metals Federation welcomed the opportunity on Thursday 23<sup>rd</sup> June, 2026 to engage with Parliament and Government on the future competitiveness of UK manufacturing.

The discussion highlighted a growing concern across energy-intensive manufacturing sectors that industrial energy costs are no longer simply an operational challenge. They are increasingly influencing investment decisions, production levels, workforce planning and the long-term viability of strategically important manufacturing capability within the UK.

The aluminium and cast metals sectors underpin critical supply chains across automotive, aerospace, defence, construction, infrastructure, transport, engineering and low-carbon technologies. Together, they support thousands of highly skilled jobs and contribute billions of pounds in economic value to the UK economy. The aluminium sector alone contributes approximately £9.4 billion in Gross Value Added (GVA).

Whilst the expansion of the British Industrial Competitiveness Scheme (BICS) is welcomed, industry remains concerned that the scheme, whilst beneficial to some manufacturers, will not on its own address the broader competitiveness challenge facing UK industry.

There are estimated to be more than 250,000 manufacturing facilities operating across the UK. Even with the expansion of BICS from approximately 7,000 to 10,000 eligible businesses, the majority of UK manufacturers will remain outside the scheme.

The fundamental challenge remains that UK industrial electricity costs continue to exceed those faced by many international competitors. Unless this underlying issue is addressed, manufacturers will continue to face difficult decisions around investment, production, recruitment and growth.

This is not simply an energy policy issue. It is an industrial strategy issue, a competitiveness issue and increasingly a jobs and skills issue.

It is also a growth issue. Whilst targeted support mechanisms such as BICS are welcomed, businesses and investors inevitably view such schemes as temporary interventions rather than long-term foundations for investment. Sustainable reindustrialisation and manufacturing growth will ultimately depend upon creating a competitive operating environment, rather than relying on schemes designed to offset structural disadvantages.

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## **Energy Costs Are Impacting Jobs, Skills and Industrial Capability**

Across both the aluminium and cast metals sectors, businesses report a clear correlation between rising energy costs and reductions in operational activity, investment and employment.

Members have highlighted examples where increasing electricity costs have contributed to workforce reductions, recruitment freezes, reduced operating hours, deferred investment and the temporary idling of energy-intensive production assets.

For many businesses, the challenge is no longer whether they can absorb higher energy costs, but whether they can continue to operate competitively whilst maintaining employment and investing for the future.

This is particularly concerning within foundries, cast houses and energy-intensive manufacturing operations where specialist engineering skills take years to develop.

When production capacity is reduced, it is not simply output that disappears. Valuable technical expertise, apprenticeship opportunities, manufacturing skills and future industrial capability are also placed at risk.

Members also highlighted the potential impact on wider Government ambitions to increase employment opportunities for young people. As manufacturing businesses face increasing cost pressures, recruitment activity is often one of the first areas affected. Reduced hiring, apprenticeship intake and workforce development programmes risk undermining efforts to attract the next generation into manufacturing careers at precisely the time industry faces significant demographic and skills challenges.

Once these skills are lost, they are difficult, expensive and time-consuming to rebuild.

Government should therefore recognise industrial energy competitiveness not only as an economic issue, but also as a workforce, skills and industrial resilience issue.

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## **Manufacturing Competitiveness is Now a Strategic Issue**

Energy costs should no longer be viewed solely through the lens of utility bills and operational expenditure.

They are increasingly influencing where materials are processed, where investment is made and where manufacturing jobs are created.

Across both sectors, businesses report examples where economic conditions increasingly favour exporting materials for processing overseas rather than undertaking those activities within the UK.

Members have also highlighted examples where domestic furnaces have been turned down, production has been curtailed and investment opportunities have been delayed because UK energy costs undermine competitiveness relative to international markets.

This is not simply about the movement of materials.

It is about the movement of economic value, industrial capability and employment opportunities away from the UK.

Several participants also noted the growing policy emphasis on reindustrialisation and regional economic growth. Industry strongly supports these ambitions but cautions that reindustrialisation cannot be achieved solely through support schemes designed to mitigate uncompetitive operating conditions. Successful reindustrialisation requires the UK to become an attractive location for manufacturing investment in its own right, supported by internationally competitive energy costs, stable policy frameworks and confidence in long-term industrial strategy.

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## **BICS is Welcome, But Will Not Solve the Wider Competitiveness Challenge**

Industry welcomes the Government's recognition that industrial competitiveness requires intervention and acknowledges the expansion of BICS.

However, there remains concern that the scale of the scheme does not yet reflect the scale of the challenge.

With more than 250,000 manufacturing facilities operating across the UK, support reaching approximately 10,000 businesses will provide relief for some sectors but is unlikely to fundamentally alter the UK's overall competitiveness position.

The central issue remains that industrial electricity costs continue to place UK manufacturers at a disadvantage relative to international competitors.

Whilst support schemes can provide important short-term relief, businesses and investors generally view such mechanisms as temporary policy interventions rather than permanent features of the industrial landscape. As a result, support schemes alone rarely provide the certainty required to underpin major capital investment decisions.

Industry therefore believes that the long-term objective should be internationally competitive industrial energy pricing, reducing the need for compensatory support mechanisms and creating the conditions necessary for sustained investment, growth and reindustrialisation.

Industrial energy should be treated as a strategic economic input and considered separately from domestic energy policy.

Manufacturers do not consume electricity as an end product. They use electricity to create economic value, support skilled employment, generate exports, enable investment and strengthen domestic supply chains.

A competitive industrial energy framework should therefore form a central part of the UK's wider industrial strategy.

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## **Aluminium Castings and Non-Ferrous Manufacturing Matter**

Particular concern remains regarding the exclusion of SIC 2453 (Casting of Light Metals) and SIC 2454 (Casting of Other Non-Ferrous Metals) from current BICS eligibility proposals.

These sectors are highly energy intensive and provide critical inputs into automotive, aerospace, defence, transport, energy and engineering supply chains.

The concern is not simply about fairness between sectors.

It is about ensuring that strategically important manufacturing capability remains viable within the UK.

Foundries and casting operations require substantial capital investment, specialist equipment and highly skilled workforces. Once lost, these capabilities are difficult and expensive to replace.

Industrial policy should therefore focus on preserving strategic capability as well as supporting individual sectors.

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## **Continued Industry Engagement Will Be Critical**

Industry welcomes the ongoing engagement shown by Government to date and is keen to continue working constructively with Ministers and officials.

However, businesses require greater visibility regarding next steps, implementation plans and future policy development.

Manufacturers need confidence to invest.

This requires ongoing dialogue, regular updates and clear implementation pathways.

ALFED and CMF therefore recommend the establishment of a structured programme of industry engagement to support BICS implementation and future industrial competitiveness policy.

Businesses require clarity regarding:

- Implementation timelines.
- Eligibility criteria and future reviews.
- Measures of success.
- Potential expansion of support mechanisms.
- Interaction with wider industrial strategy and decarbonisation policy.
- Future opportunities for industry feedback and evidence gathering.

The success of BICS will depend not only on the policy itself, but on maintaining confidence amongst manufacturers throughout implementation.

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## **Key Questions for Ministers**

**1. What consideration is being given to including aluminium casting and other non-ferrous processing activities within BICS, and how will Government ensure that industrial competitiveness policies support complete manufacturing supply chains rather than selected sectors or SIC classifications?**

**2. How will Government ensure that the design and implementation of BICS reflects industry experience of previous Energy Intensive Industries (EII) schemes, avoiding unnecessary complexity and eligibility barriers whilst maintaining ongoing engagement with affected sectors throughout implementation and future review?**

**3. What assessment has Government made of the impact of industrial energy costs on manufacturing competitiveness, investment, employment, skills retention and workforce development, and how will the success of BICS be measured against these outcomes?**

**4. Beyond BICS, what is Government's long-term strategy for delivering internationally competitive industrial energy prices, supporting reindustrialisation and encouraging private sector investment, recognising that support for approximately 10,000 businesses alone is unlikely to address the wider competitiveness challenges facing a manufacturing base of more than 250,000 facilities?**

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## **Joint Industry Recommendations**

ALFED and CMF recommend that Government:

- Review the exclusion of non-ferrous casting activities from BICS eligibility and publish the evidence supporting current classifications.
- Recognise industrial energy competitiveness as a strategic economic issue linked directly to investment, employment, skills retention, workforce development and industrial resilience.
- Develop a long-term framework to improve UK industrial electricity competitiveness relative to international competitors.

- Treat industrial energy as a strategic economic input distinct from domestic energy policy.
  - Ensure industrial competitiveness policies support integrated manufacturing supply chains rather than isolated production activities.
  - Ensure industrial competitiveness policy supports the Government's wider objectives around reindustrialisation, workforce development and youth employment by creating the conditions necessary for long-term manufacturing investment.
  - Establish a formal programme of ongoing engagement with industry throughout implementation and future policy reviews.
  - Support domestic processing, manufacturing and value retention to strengthen UK economic resilience and supply chain security.
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## **Conclusion**

The aluminium and cast metals sectors are not seeking special treatment.

They are seeking a policy framework that recognises the realities of modern manufacturing and the strategic importance of industrial competitiveness to the UK's economic future.

Without internationally competitive industrial energy costs, the UK risks losing not only production capacity, but also investment, skilled employment, apprenticeships and long-term industrial capability.

The question is no longer whether energy costs matter.

The question is whether the UK can afford the industrial consequences of allowing them to remain uncompetitive.