

Reading the Signals

Smart Factories, The GAMBICA Industrial Automation Index, Skills, Investment, AI and Energy - What the sector may be missing?

Who are GAMBICA?

GAMBICA is the Trade Association for Instrumentation, Control, Automation and Laboratory Technology in the UK.

Our insight and influence help our members to be more competitive by increasing their knowledge and impact.

Together we remove barriers and maximise the market potential in our industry

KNOWLEDGE | INFLUENCE | COMMUNITY

GAMBICA

What makes a factory smart?

What makes a factory smart?

DECIDE

Analytics, Predictive Maintenance, AI that spot problems and optimise in real time

MODEL

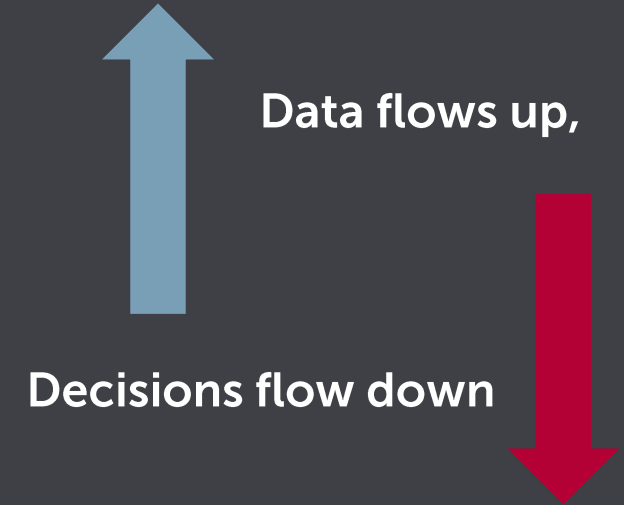
Data platforms, MES and digital twins that test a change before it is made



Data flows up,

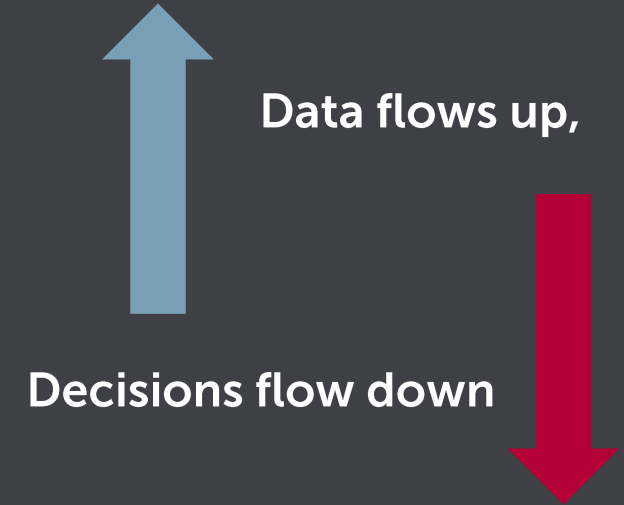
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CONTROL	PLCs, drives, motion control and safety systems
SENSE	Sensors, instrumentation and machine vision capturing what is happening



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WHERE GAMBICA MEMBERS SIT

In the All layers: the sensors, drives, controls, safety systems and connectivity that every smart factory is built on. Every headline sits on top of this kit.

59% of manufacturers now use smart manufacturing technology day to day (Rockwell Automation, 2026)

GAMBICA

120.7

IA Index, Q2 2026 (Q1 2019 = 100)

-7.3%

on Q1 2026 (130.2), down 9.5 points

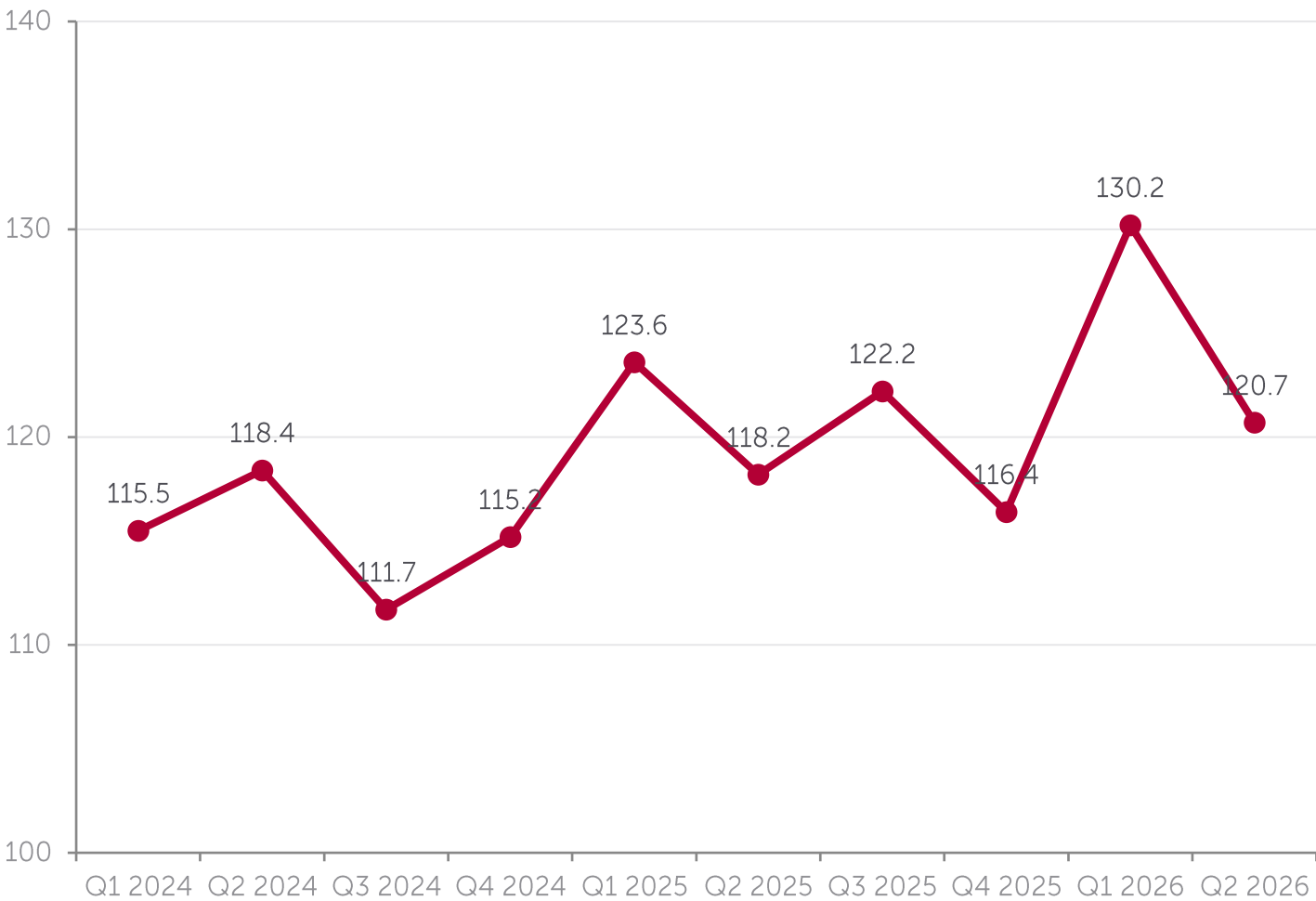
+2.2%

on Q2 2025: the strongest Q2 since 2023

7 of 8

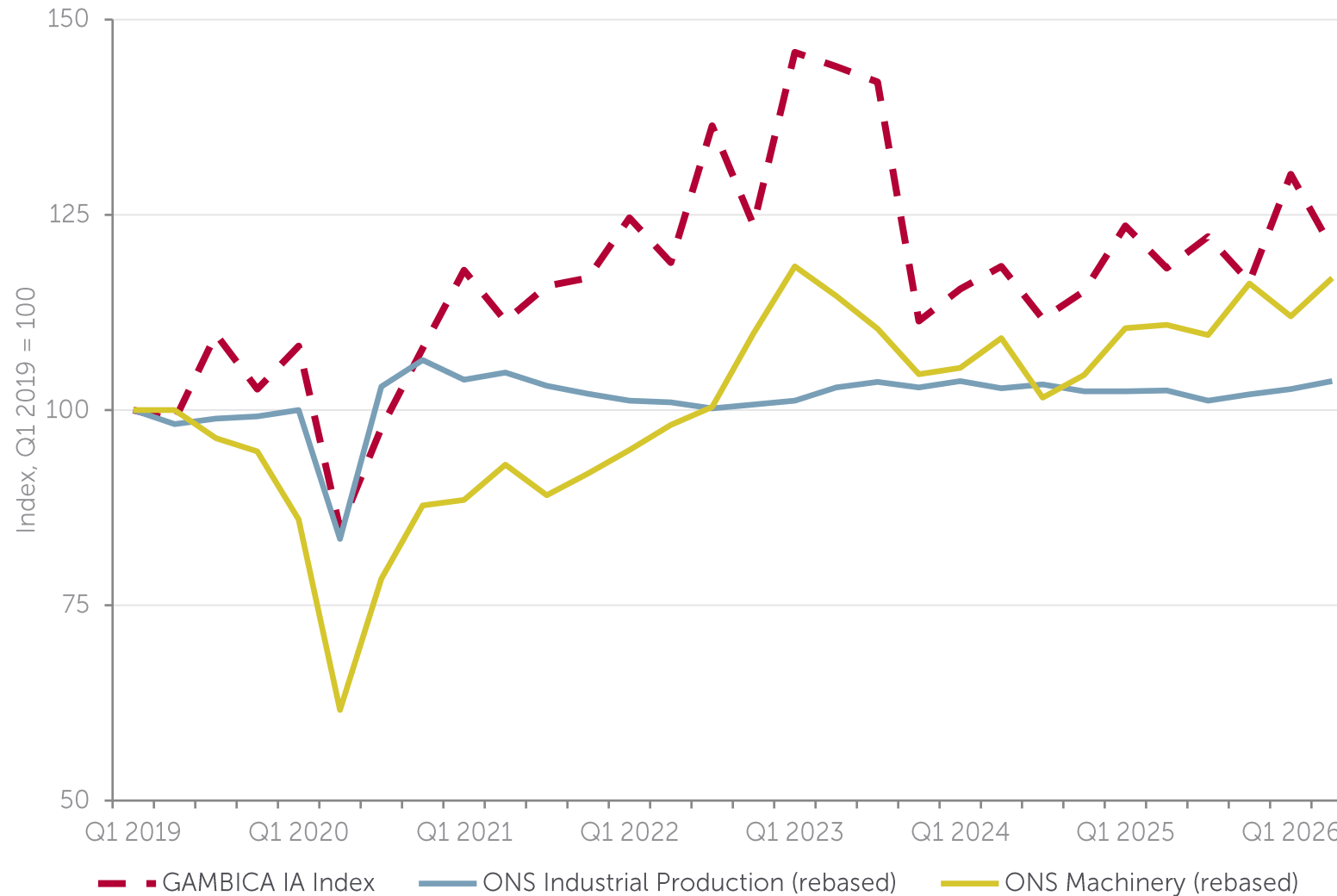
years in which Q2 has come in below Q1

IA Index, Q1 2024 to Q2 2026



Source: GAMBICA Sector Performance Report, Q2 2026; seasonal pattern calculated from GAMBICA index data, 2019 to 2026

GAMBICA: IA VS UK MANUFACTURING



Opposite directions in Q2

IA Index down 9.5 points, while Industrial Production rose 1.0% and Machinery 4.4%.

Five quarters apart

IA Index and Machinery have now moved in opposite directions for five quarters running.

Orders lead, output follows

The index measures capital committed; ONS measures what is produced. They need not move together.

What does the index mean for industry?

THE MESSAGE

1

THE EVIDENCE

WHAT IT MEANS FOR INDUSTRY

2

3

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THE MESSAGE

1

Demand is there, but it is uneven

THE EVIDENCE

First-half demand 3.8% up on 2025 and most of the market ahead of last year, but a wide gap between the strongest and weakest areas

WHAT IT MEANS FOR INDUSTRY

Recovery is selective: growth is following specific end markets and investment cycles, not lifting everyone

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Projects are being staged, not cancelled

Orders for new project work slowed in Q2, while installation-related demand kept growing

Delivery capacity, not appetite, is the constraint: skills, integrators and commissioning slots

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Investment is real, but cost-sensitive

Energy-saving upgrades are being deferred while energy prices cloud payback; Make UK: investment intentions up, hiring balance just +3%

Policy certainty on energy costs and capital allowances would unlock the next wave of orders

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Watch in the second half: OEM and machine-build orders | installation and panel-build volumes | energy prices and capital allowances | a second quarter to confirm Q2

Investing in digital: who is putting money in?

MAKE UK: INDUSTRY INTENT

60%

of manufacturers are increasing investment in digital technology, AI and automation

63%

say the Industrial Strategy will increase their investment plans

Make UK and PwC, Executive Survey 2026

GOVERNMENT: PUBLIC FUNDING

£4.3bn

for advanced manufacturing, including up to £2.8bn of R&D

£99m

for Made Smarter Adoption from 2026, helping 5,500 more SMEs

Advanced Manufacturing Sector Plan, June 2025

FORBES: THE REALITY CHECK

48%

of manufacturers are stuck in AI pilots, against 34% across all industries

0 of 100

manufacturing leaders reported a significant revenue gain from AI

Grant Thornton 2026 AI Impact Survey (US), reported by Forbes, July 2026

The regulation wave hitting automation products

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12 SEP 2025

EU Data Act

Users gain rights to the data
their connected products
generate



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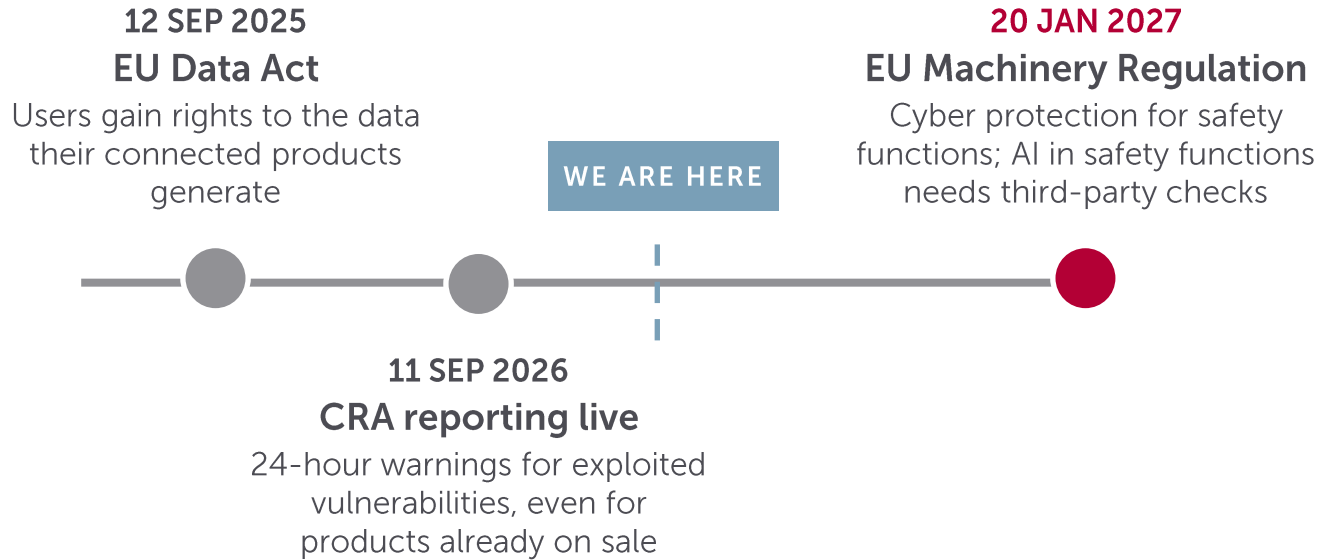
WE ARE HERE

11 SEP 2026

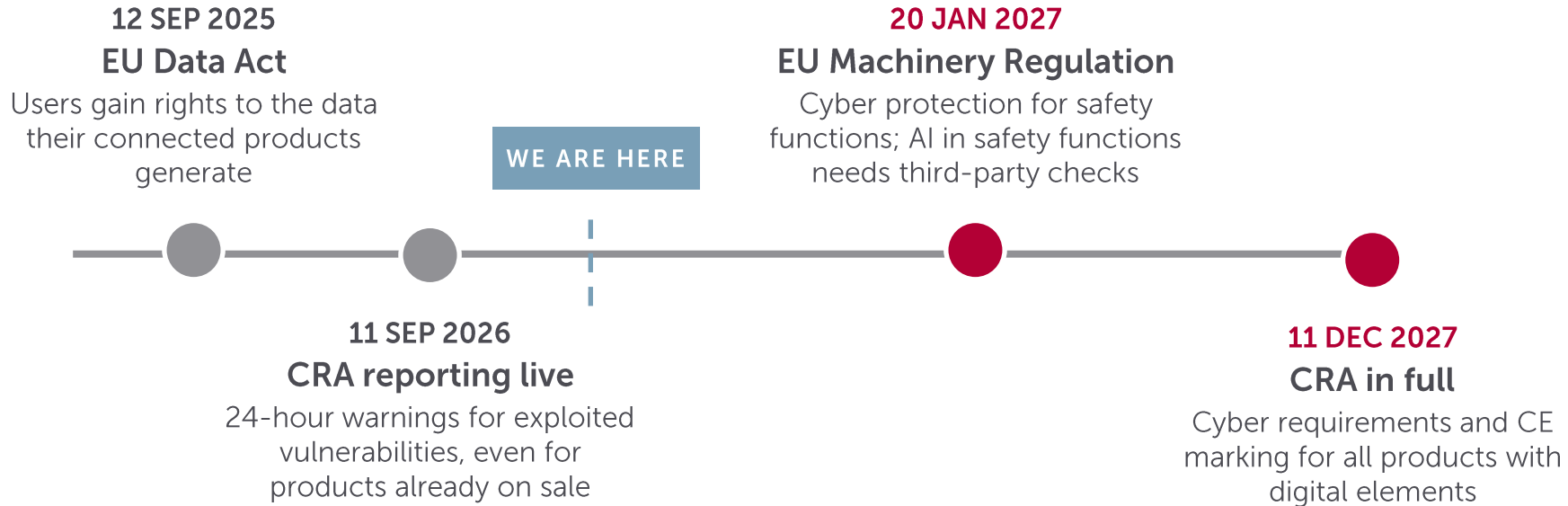
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THE UK ANGLE

The Machinery Regulation applies in Northern Ireland. The UK Government has not yet decided whether Great Britain will follow; exporters to the EU must comply either way.

WHAT MEMBERS ARE DOING

IA members are continuing to build guidance on compliance and standards from GAMBICA. Including upcoming white papers and position papers on Advanced Manufacturing and more...

Three issues the industry must tackle

Skills, AI adoption and energy costs sit underneath almost everything in today's data

1



SKILLS

80%

of IA Council members say skills shortages are a top recruitment challenge

Projects are waiting for people, not parts

2



AI ADOPTION

2%

of manufacturers say AI is widely embedded across their operations (Make UK)

Everyone is trying it; few are scaling it

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UK power prices are among the highest in Europe

Skills: closing the gap with NextGen

40%

fall in manufacturing and engineering apprenticeships since 2017

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£5.2bn

a year lost to engineering and manufacturing skills gaps

WHAT GAMBICA NEXTGEN IS DOING ABOUT IT



Into the classroom

STEM events, Big Bang Fair, GAMBICA signed up to the Tomorrow's Engineers Code



The upskilling pledge

Member firms pledge to back staff learning, and NextGen visits signatories to share what works



Visible pathways

Championing apprenticeships and employer-sponsored routes, not only university



Changing the language

Rethinking how we talk about engineering to young people, how the media portrays STEM, and who are the council. Videos, Social Media, Modern solutions.



NextGen turns concept into action.

Adam Bakewell, Weidmüller, NextGen Council member



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1 in 4

manufacturers have moved activity overseas or are considering it (Make UK)

UK power prices are among the highest in Europe



AI in manufacturing: where are we really?

Sources: Make UK, AI, Skills and the Future of the UK Manufacturing Sector (June 2026); UK Government, AI Adoption Plan: Advanced Manufacturing (June 2026); ONS, AI in UK businesses (July 2026)



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A**Not using it yet****1 in 5**

nearly one in five manufacturers have not adopted AI at all



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THE WIDER PICTURE

35%

of UK businesses with 10+ staff use at least one AI tool, up from 12% in late 2023 (ONS)

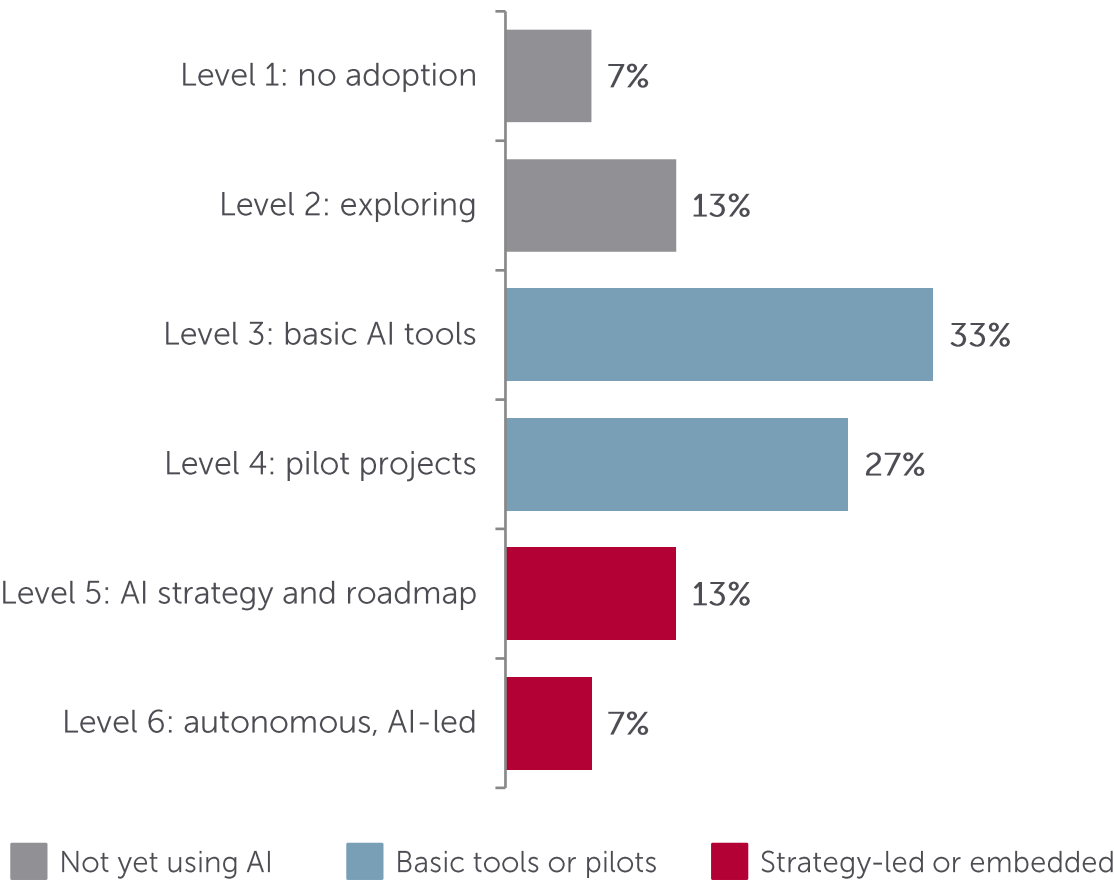
10%

of businesses using AI say they use it extensively (ONS)

£5bn to £6bn

a year in added value if industry adopts AI at scale (UK Government)

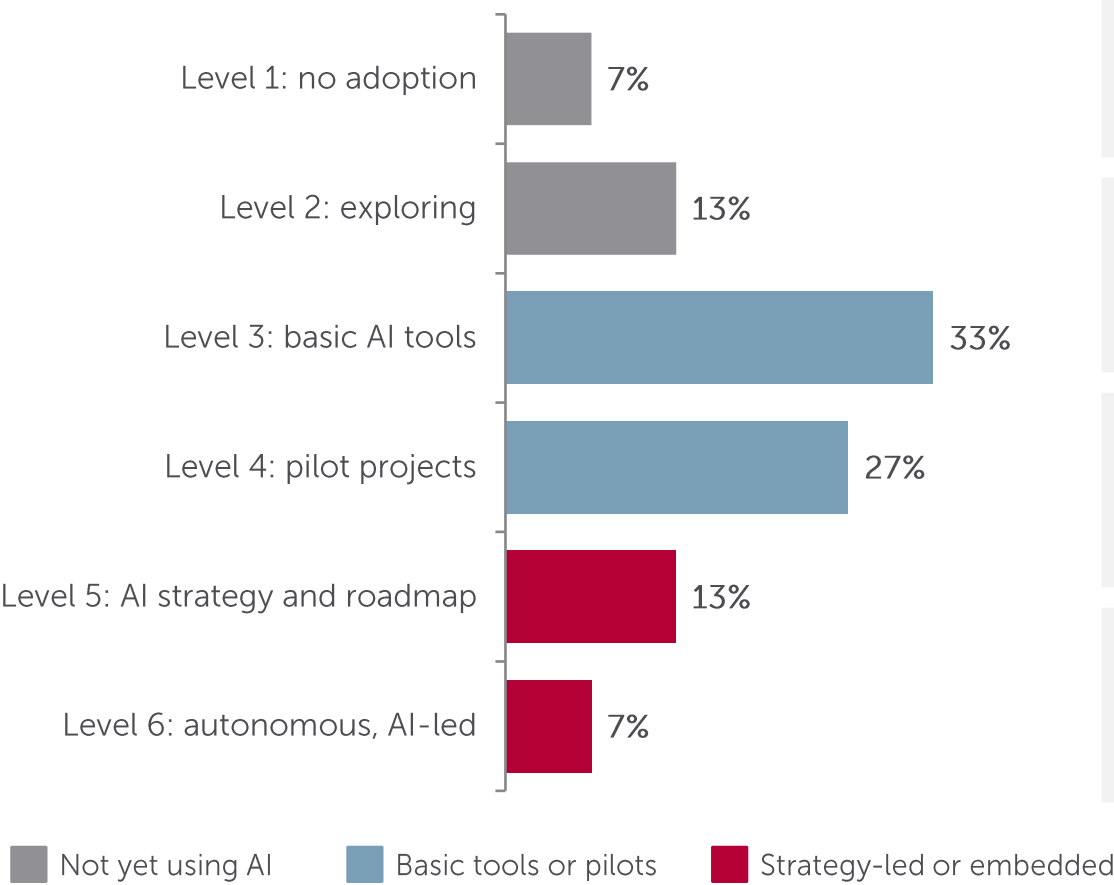
IA Council members by AI maturity level (% of 15)



Sources: GAMBICA IA Council Business Survey 2026, 15 member responses, February to April 2026; Make UK, June 2026; ONS, July 2026. The survey's levels and the national measures use different definitions, so treat comparisons as indicative.

HOW DO OUR MEMBERS COMPARE ON AI?

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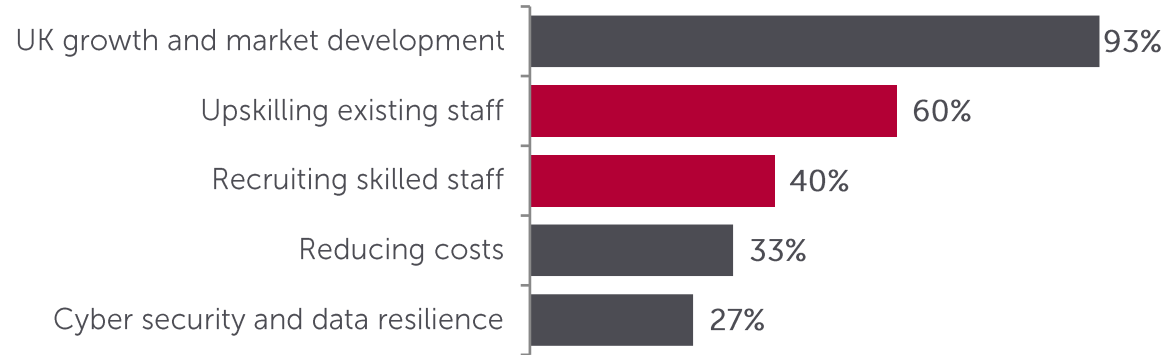


	IA COUNCIL	NATIONAL PICTURE	
Not yet using AI	20% Levels 1 and 2	Nearly 1 in 5 manufacturers (Make UK)	In line
Using AI in some form	80% Level 3 and above	35% UK businesses; 49% of large firms (ONS)	Well ahead
Stuck in the middle	60% Levels 3 and 4	Most at pilot or early stage (Make UK)	Same challenge
Strategy-led or embedded	20% Levels 5 and 6	2% widely embedded (Make UK)	Ahead

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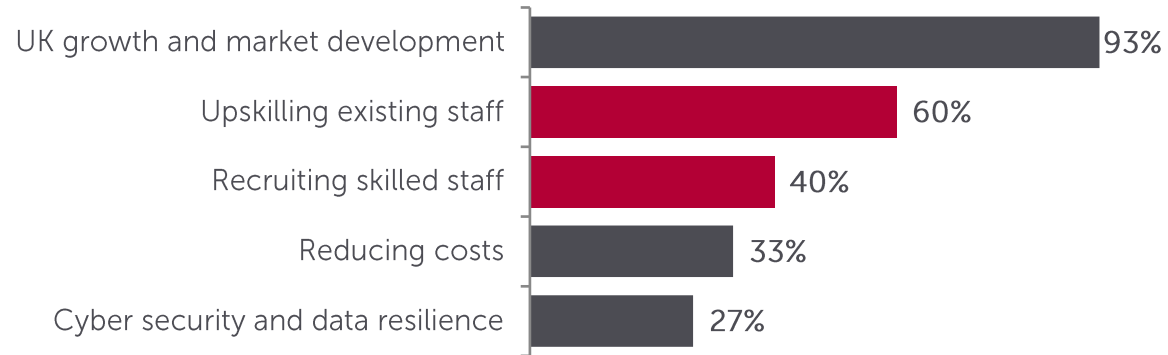
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Priorities: Growth + People

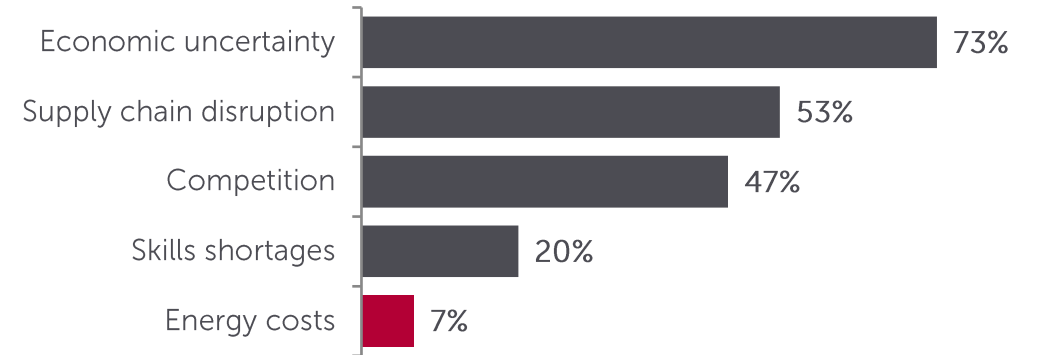


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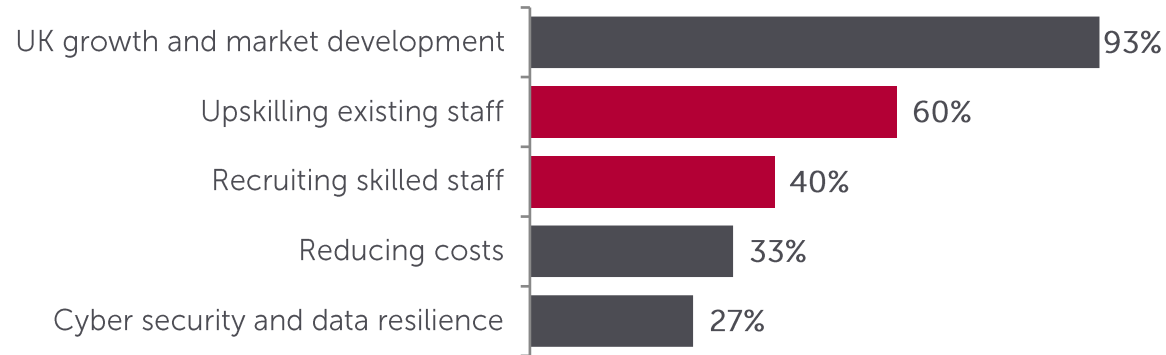


Risks: uncertainty leads, Energy not a risk but a barrier

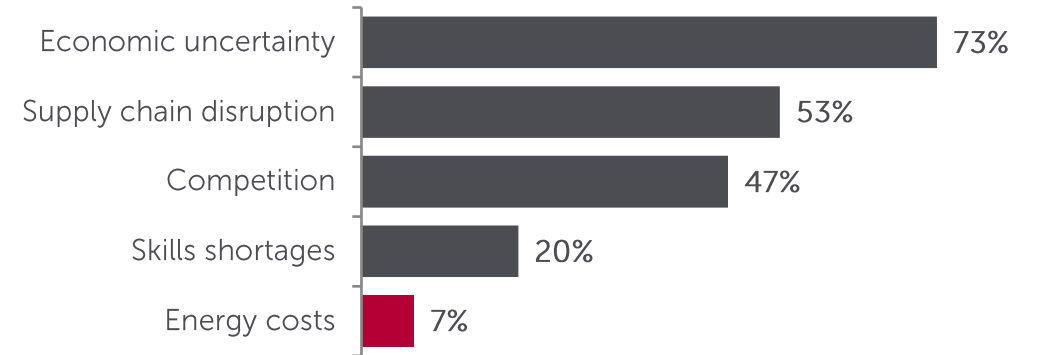


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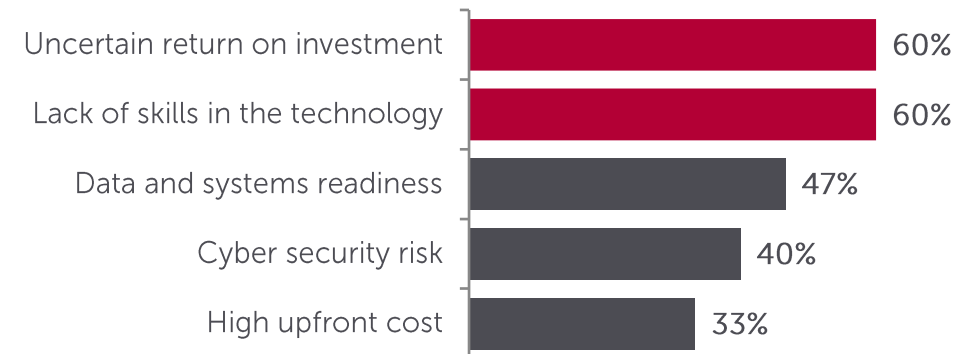
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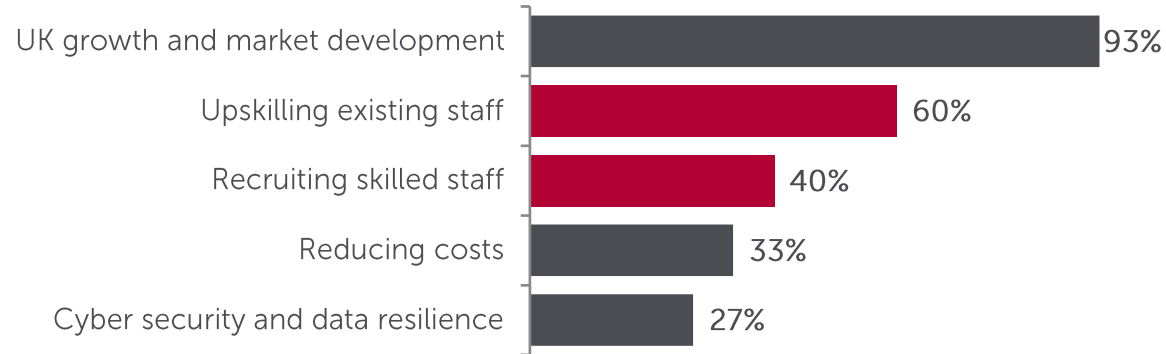


Digital barriers: uncertain returns and skills lead

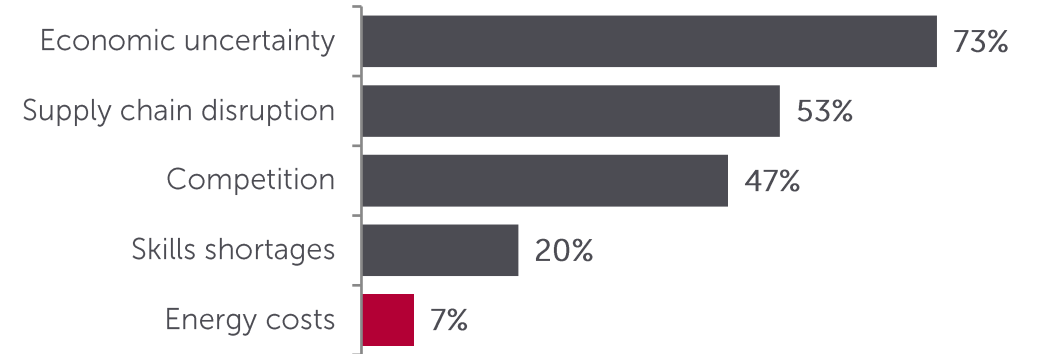


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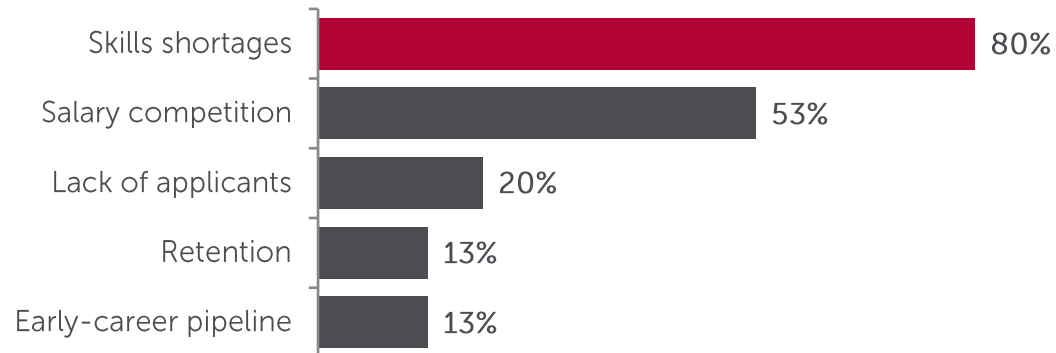
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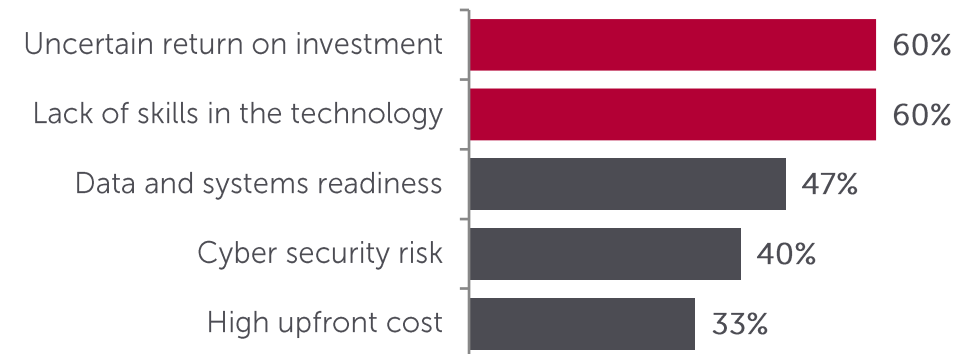
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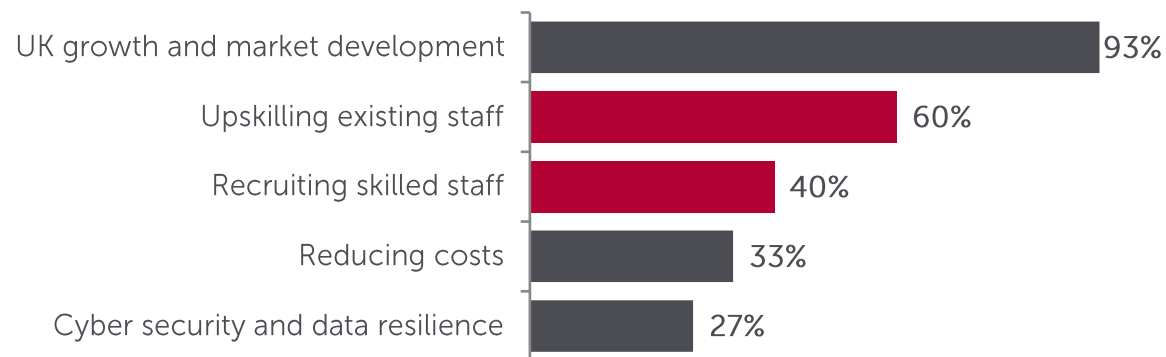


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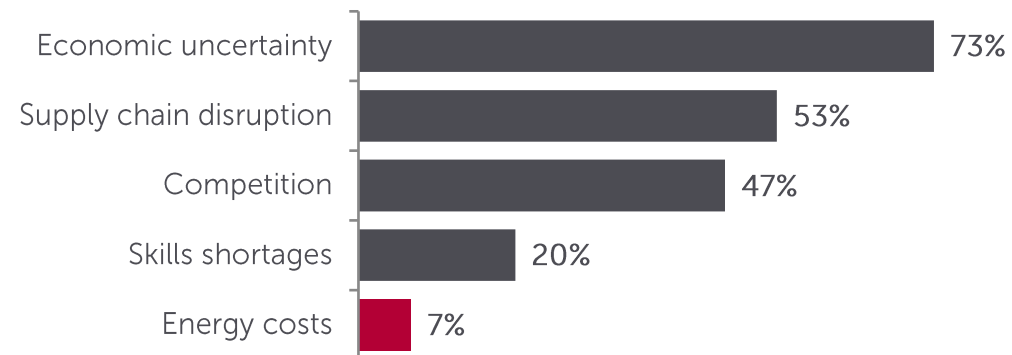


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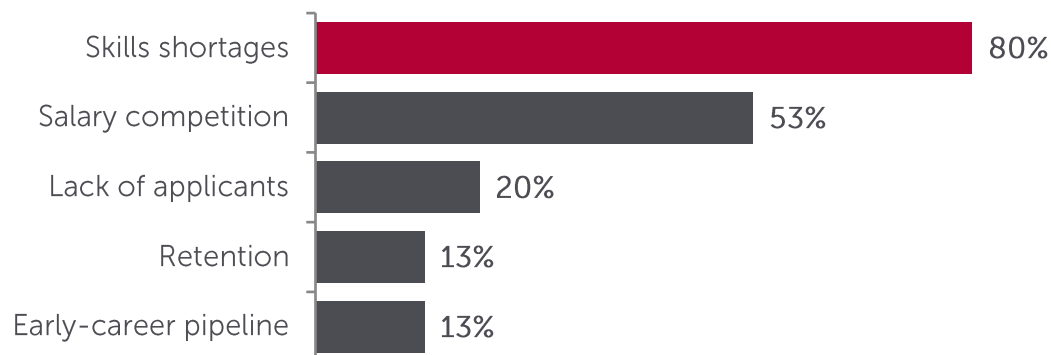
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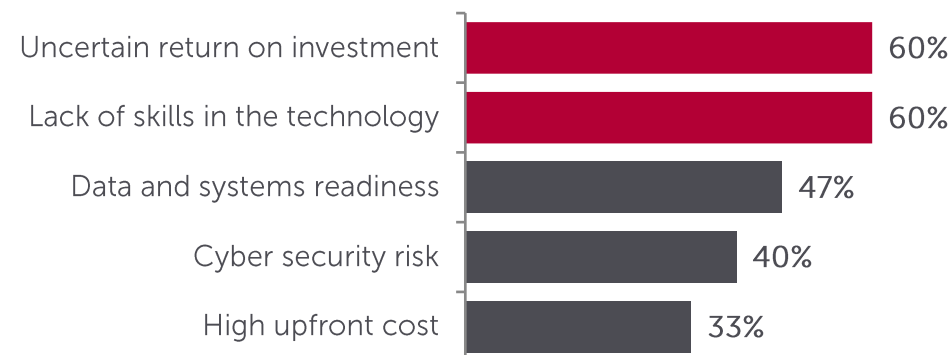
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What members want from GAMBICA: 87% sector benchmarking data | 80% policy and Industrial Strategy insight

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Energy costs

WHAT IS HAPPENING ACROSS INDUSTRY

94%

higher than the IEA median: UK industrial electricity prices (DESNZ, 2H 2024)

46%

of manufacturers saw energy bills rise again after the Middle East conflict began (Make UK)

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maximum cut to electricity bills for 10,000+ manufacturers from April 2027 under BICS



Energy costs

WHY MEMBERS MAY BE STRUGGLING



Their own bills

Production, test and calibration sites pay some of Europe's highest industrial power prices



Their customers' bills

Energy-intensive customers defer automation projects when their bills spike



Their suppliers' bills

Six in ten manufacturers have passed energy rises on to their customers



Gaps in support

New relief targets electricity-intensive sectors, so many members may not qualify

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HOW GAMBICA HELPS

The Environmental Impact Survey



Members log annual energy use, waste and travel, and get:

- a confidential report on where they emit most
- an anonymised industry benchmark
- year-on-year trends to track progress



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BICS applications close on 30 November 2026. Will the firms that need it most qualify?

What might the sector be missing?

Pick a card, six blind spots that rarely make the headlines



AI with no plan B

7%

of manufacturers have a tested plan for when AI gets something wrong

Grant Thornton 2026 (US), via Forbes



Rules that reach back in time

24h

to warn of an exploited vulnerability, even in products sold years ago

EU Cyber Resilience Act, since 11 September 2026



The supply chain is the target

5,000+

organisations hit by one attack on one carmaker, which reportedly had no cyber insurance

Cyber Monitoring Centre, 2025



Technology without training

11%

of firms have trained more than half their staff in AI

ONS, July 2026



Incentives that switch off

-35%

UK robot installations in 2024, after the super-deduction ended

IFR World Robotics 2025



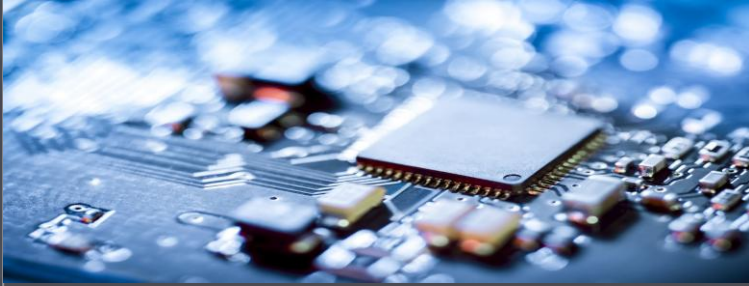
Your customer's energy bill

1 in 15

members named energy a top risk, yet their customers call it a major barrier

GAMBICA IA Council survey 2026; Make UK

How can these obstacles be tackled?



Industry

- Give every AI pilot a costed problem, owner and stop date
- Book integrator and commissioning slots before orders land
- Train your people: only 11% have trained most staff in AI



Government

- More investment incentives and innovation funding
- Give certainty on energy costs and capital allowances
- Spend every pound of the Growth and Skills Levy on skills



Wider ecosystem

- Made Smarter, Catapult testbeds sharing what works
- University, Industry and Academic partnerships
- Pooling market intelligence, as members do through this index

GAMBICA



KNOWLEDGE



INFLUENCE



COMMUNITY

Thank you

Any Questions?

Get in touch to get involved!

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