



West Midlands  
Combined Authority

## Economic Growth Board

<b>Date</b>	<i>25 January 2024</i>
<b>Report title</b>	<i>West Midlands Plan for Growth: Aerospace (including manufacturing alternative fuels)</i>
<b>Portfolio Lead</b>	<i>Councillor Stephen Simpkins</i>
<b>Accountable Chief Executive</b>	<i>Laura Shoaf, Chief Executive, West Midlands Combined Authority Email: <a href="mailto:Laura.Shoaf@wmca.org.uk">Laura.Shoaf@wmca.org.uk</a></i>
<b>Accountable Employee</b>	<i>Ed Cox, Executive Director Strategy, Economy &amp; Net Zero, West Midlands Combined Authority Email: <a href="mailto:Ed.Cox@wmca.org.uk">Ed.Cox@wmca.org.uk</a></i>
<b>Report has been considered by</b>	<i>n/a</i>

### Recommendation(s) for action or decision:

#### The Economic Growth Board is recommended to:

(1) Note the progress in support of the aerospace cluster for the West Midlands Plan for Growth.

#### 1 Purpose of Report

1.1 The purpose of this report is to provide an overview of the activity surrounding the “Aerospace” cluster (the “Aerospace cluster”) identified in the West Midlands Plan for Growth (“the Plan”).

1.2 The report also intends to serve as a cover note for a presentation that will be shared by Dr Andrew Mair, Chief Executive of Midlands Aerospace Alliance (MAA), the body appointed by the West Midlands Combined Authority (WMCA) to lead the Aerospace cluster. The presentation will cover topics such as an overview of the Aerospace cluster at present, the importance of the cluster to the region and priorities for the future.

## 2 Background

- 2.1 After forging a position as the fastest-growing region outside London in the decade to 2019 and breaking through the £100 billion economic output mark, the region's industrial mix and demography meant that the West Midlands was hit particularly hard by the economic impact of the Covid pandemic and new trade frictions with the EU. The West Midlands Plan for Growth sets the path to returning to that trajectory, spreading opportunity and jobs across the region and helping level-up the UK.
- 2.2 The West Midlands Plan for Growth pinpoints eight economic clusters where the region can ignite above-forecast levels of growth. These are clusters where the West Midlands has comparative advantage and businesses are confident to invest. Combining the power of private and public sectors around these opportunities gives the region a credible path to returning to being the fastest growing region in the country outside London.
- 2.3 Modelling by Oxford Economics in 2022 concluded that without further intervention, the West Midlands would experience below average growth over the next decade with a negative impact on employment and earnings across the region. Likewise, the same modelling concluded that the region's GVA would need to grow by £3.9bn to be the leading region outside of London by 2030. Clearly since the publication of this forecast, several shocks to the market have changed the economic environment in which the region operates, which just compounds the need to mobilise our limited resources to support the clusters in the Plan.
- 2.3 To that effect, the Plan identified "Aerospace" as one of the eight primary clusters which could beat the average growth profile of the UK and help the West Midlands on its journey to being the leading region outside of London by 2030
- 2.4 To define aerospace, this cluster's activity includes factories in supply chains that are 'designing, making and maintaining aircraft'. In contrast, aviation, with which aerospace is often confused, includes airlines and airports aligned with air travel, therefore 'using aircraft'.
- 2.5 The Plan predicted that a further £80-£90m of output and 900-1,000 additional jobs could be created by 2030.
- 2.6 However, research currently being undertaken by MAA and Midlands Engine Observatory may indicate that the size of the aerospace sector in terms of number of companies and people currently employed is larger than initially identified, which in turn may positively impact the size of the potential economic growth if the region mobilises to support the Aerospace cluster. The data for this has not been released yet but will be reported back to the Economic Growth Board in due course.

- 2.7 The MAA was formed in 2003 to support and represent the aerospace industry across the Midlands region. The alliance works closely with the UK's other regional aerospace alliances and the national body ADS, as well as with other European and world-wide aerospace clusters.
- 2.8 Membership is open to all companies and organisations that are part of the aerospace industry or desire to become part of the industry. The MAA currently has 300+ members. 60% of its members make “flying parts” and the other 40% make equipment for design, testing, manufacturing or provide specialist services.
- 2.9 The MAA is one of the largest regional aerospace alliances in the world, comparable with global competitors in France and Canada.
- 2.10 Given the MAA's presence, it is well placed strategically to develop the aerospace cluster from the Plan.
- 2.11 On the 26 November 2023, HM Government launched their “Advanced Manufacturing Plan” which promised to make £4.5 billion of funding available to support strategic manufacturing sectors over five years from 2025. This includes £975 million confirmed for the aerospace sector specifically. The WMCA will work with Midlands Aerospace Alliance to explore how to best utilise this funding to support the aerospace cluster, once it becomes available.

### **3. Cluster specific support through the West Midlands Combined Authority**

#### **3.1 Cluster Development**

- 3.1.1 The MAA has been commissioned by WMCA to undertake several activities to deepen and broaden the private sector underpinnings of the cluster. To support delivery of the West Midlands Plan for Growth, this work will:
- Enable valuable “infrastructure-building” activities to be undertaken that could not be justified on short-term commercial terms when they target organisations that are not members of the MAA.
  - Strengthen the MAA's networking foundations across the wider WMCA aerospace cluster data and infrastructure.
  - Build additional private sector support and leadership for the cluster.
  - Exploit the Midlands Engine Observatory and MAA innovation funding data project work which is currently in progress.
- 3.1.2 The funding for this activity will come through the UK Shared Prosperity Fund via the Department for Levelling Up, Housing and Communities.

#### **3.2 Innovation - Aerospace Suppliers Innovation Support Trial (ASSIST)**

- 3.2.1 The West Midlands aerospace cluster is strong in the number, breadth and depth of its lower-tier Aerospace suppliers who are place-based and recognised primarily as having manufacturing or make-to-print expertise. For the purpose of this project, these companies have been labelled as “Group X”. Group X

companies tend to hold the 'gold standard' AS9100 aerospace qualification for the manufacture of aircraft flying parts.

- 3.2.2 Notwithstanding their specialist technology expertise, most Group X companies do not participate in the national aerospace innovation ecosystem and so unlike the large aerospace companies they receive no R&D grants; some do not recognise that what they do involves innovation or R&D.
- 3.2.3 The ASSIST programme intends to explore why Group X companies do not participate in innovation activities today. It will in parallel research the current UK innovation funding and activities landscape to understand what funds are available, and any limitations in terms of applicants, timescales and technologies which might apply. It will then develop a process and run a trial to maximise the opportunities for Group X companies to make use of the national innovation ecosystem and receive R&D funding.
- 3.2.4 It is hoped that this programme will help companies understand their innovation potential and be matched with national funding opportunities across the public and private sectors.
- 3.2.5 The funding for this activity will come through the DSIT/Innovate UK funded WM Innovation Accelerator project, the West Midlands Innovation Programme.
- 3.2.6 At the time of writing of this report, the contract for this programme is making its way through the WMCA Single Assurance Framework. However, the MAA have begun some elements of this programme already, which will be provided in more detail in the presentation.

#### **4. Next steps**

- 4.1 In conjunction with the MAA, the priorities for supporting this cluster include embedding the needs of the cluster in the likes of the West Midlands Internationalisation Strategy, our regional skills programmes and supporting the decarbonisation of the industry.

#### **5 Financial Implications**

- 5.1 There are no direct financial implications arising from this report. Any future investment in the "Aerospace cluster" would need to follow the WMCA governance routes to ensure alignment with strategic direction and represent value for money.

#### **6 Legal Implications**

- 6.1 There are no direct legal implications.

#### **7 Equalities Implications**

- 7.1 There are no direct equalities implications.

## **8 Inclusive Growth Implications**

- 8.1 The regional level activities set out in this paper aimed at moving the West Midlands economy towards one that is more productive, growing and sustainable aligns will likely have a positive impact on supporting the West Midlands Combined Authority definition of [Inclusive Growth](#).
- 8.2 Working towards a more sustainable economy directly supports the Climate Resilience fundamental, particularly in regard to the desire to support the decarbonisation of the cluster.

## **9 Geographical Area of Report's Implications**

- 9.1 The report refers to the West Midlands core economic area comprising Coventry and Warwickshire, Sandwell, Dudley, Walsall, Wolverhampton, Birmingham and Solihull.