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<b>Meeting &amp; Date:</b>	Midlands Engine Executive Board 17 June 2019		
<b>Subject:</b>	Midlands Connect update		
<b>Attachments:</b>	Annex A: Spending Review 2-Pager Annex B: Draft Aviation 2050 response		
<b>Report of:</b>	Maria Machancoses	<b>Total no of sheets:</b> (inc cover sheet)	13

<b>Papers are provided for:</b>	Approval	Discussion	<input checked="" type="checkbox"/> Information
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<b>Summary &amp; Recommendation:</b>
<p><b>Summary</b></p> <p>This report provides the Board with an update on two main work-streams:</p> <ol style="list-style-type: none"> <li>1) Midlands Connects Spending Review proposals to be submitted to the Department and HMT in July 2019. It sets out the high level asks focused on progressing and securing the delivery our first tranche of programmes and ensuring the Midlands Connect Partnership can continue its work beyond March 2020 to develop a long-term investment pipeline for the Midlands.</li> <li>2) The emerging Midlands Engine/Connect joint response to the Aviation 2050: The Future of UK Aviation Green Paper currently under consultation until June 20<sup>th</sup>.</li> </ol> <p><b>Recommendations;</b></p> <ol style="list-style-type: none"> <li>1. Note the update on long-term funding asks Midlands Connect aim to submit to Government by end of July (see Annex A);</li> <li>2. Agree for the Chair to submit the joint response to Government’s Aviation 2050 strategy consultation (see Annex B);</li> </ol>

## Midlands Connect Update

### I. Midlands Connect CSR Funding Asks

#### 1. Purpose

1.1. This paper sets out the long-term funding asks Midlands Connect seek to submit for Spending Review by July 2019. It sets out the high level asks focused on progressing and securing the delivery our first tranche of programmes and ensuring the Midlands Connect Partnership can continue its work beyond March 2020 to develop a long-term investment pipeline for the Midlands.

#### 2. Background

2.1. The Chancellor announced that Government will commence a Spending Review by July 2019 to be completed by end of 2019. The Spending Review is expected to set out funding envelopes and Departmental budgets up to 2022/23. Regardless of whether there is a Spending Review this year or next, the Midlands will still need to ensure our calls for long-term investment is heard across Whitehall.

#### 3. Spending Review asks

3.1. Midlands Connects Spending Review submission is an opportunity to reiterate the vision partners have for the Midlands' strategic transport infrastructure and call for long term investment to the region. Midlands Connect is not asking for any capital funding to come to the organisation but there are national capital programmes of significance the Midlands Engine and Midlands Connect are :

- Deliver HS2 in full;
- Deliver the Midlands Strategic Roads investment priorities – as set out in Midlands Connect RIS Priorities<sup>1</sup>
- Commit to the Midlands Connect Major Roads pipeline, to be submitted to Government in July 2019 (worth at least £600m over the next 5 years).
- Capital allocation to start delivering the Midlands Rail Hub in CP6.

3.2. Continuation of the work of Midlands Connect and investment in Midlands Connect as the Sub-National Transport Body for the Midlands. Core funding for the organisation is currently available until March 2020. Our funding asks at Spending Review would maintain the team's current capability and mean we are prepared to accelerate further the development of our transport priorities whilst supporting any future directions from partners (including Local Industrial Strategies) and from Government (the Midlands Engine strategy).

3.3. £52m over 5 years would enable the team to support the wider partnership including:

- Co-client the OBC for the Midlands Rail Hub;
- Further develop our economic corridors, building from the A46 (Trans-Midlands Trade Corridor);
- Support the LHAs develop a long term MRN pipeline;

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<sup>1</sup> <https://www.midlandsconnect.uk/publications/ris2-priorities/>

- Roll-out smart/integrated ticketing;
  - Manage the Midlands Connect partnership efficiently and effectively.
- 3.4. In securing this core funding, Midlands Connect would also have the capability to support the development of future national road and rail programmes, namely RIS3 and CP7. We would confirm budgets on an annual basis so that partners and DfT can ensure funding is spent effectively and targeted at the right activities.
- 3.5. By agreeing our Spending Review asks clearly and early, Midlands Connect can feed and align with wider economic narratives being developed across the partnership.
- 3.6. The latest summary of the Midlands Connect CSR proposals can be found in Annex A of this report which has been developed with oversight, steer and input from the Midlands Connect partnership.
- 3.7. The Spending Review asks will be submitted to the Midlands Connect Strategic Board on 20 June for final approval, empowering the Chair to submit them to Government and commence engagement with DfT and HMT colleagues.

## **II. Aviation 2050: The future of UK Aviation (Green Paper)**

### **4. Background**

- 4.1 Government published its Aviation 2050 strategy in December 2018 and aims to publish a White Paper with specific policy proposals later this year.
- 4.2 Midlands Connect, alongside TfWM, TfEM and our two international airports are responding to the consultation (deadline 20th June), and have drafted a joint response (see annex B) based on our common aspirations for aviation growth and greater influence in national decision-making structures. Our two airports, which facilitate over 10m passenger journeys, including 2m business journeys, and handling over £10bn goods with non-EU countries, are vital to achieving the Midlands Engine Internationalisation ambitions.
- 4.3 The joint response (see *Annex B* for draft) calls for:
- i. The role of International Gateways to feature within the emerging Midlands Engine strategy as our region seeks to strengthen our exports base through our Internationalisation strategy.
  - ii. Greater integration between the proposed negotiation strategy for air services and the work of DIT/Midlands Engine.
  - iii. More assurances from Government that CAA and other bodies have the capacity and structures to support the Midlands Engine Partnership in embracing new opportunities.
  - iv. Representatives from across the Midlands should be actively involved in the work of National Infrastructure Commission (regarding runway capacity beyond 2030).

- v. Midlands is already constrained by airspace capacity over the south-east so seek direct and appropriate involvement of Midlands airports in proposed Governance structures to modernise UK Airspace.
- vi. Government support for integrated approaches to invest in the Midlands economy, including ensuring access to ports and airports is effectively considered across transport programmes.
- vii. Extend Government support for the Future of Urban Mobility to wider areas, including integrating services like smart ticketing to airports by 2022.
- viii. Embrace the opportunities from Local Industrial Strategies in delivering the aspirations of the future Aviation 2050 White Paper.
- ix. Calls for Government to acknowledge and support the work of our Airport's Surface Access Transport Forums and indeed of the Sub-national Transport Bodies in shaping future strategic road and rail programs aimed at improving airport surface access.

## **5. Next Steps**

- 5.1. Any further comments on the Aviation 2050 response are required by Wednesday 19 June.

## **MIDLANDS CONNECT Spending Review 2019: Turning Evidence into Investment**

*By backing Midlands Connect, Government would be turning our evidence into investment. Boosting business potential across the whole of the Midlands Engine, improving access to new international markets and supporting local industrial growth.*

### **Bringing the region together:**

- Midlands Connect **researches, develops and recommends** transport investments that will improve the Midlands and UK economy. Our 2017 transport strategy would **add £5bn GVA pa and 300k jobs by 2030 to the UK economy**.
- Midlands Connect is the Sub-National Transport Body for the Midlands, acting as a single voice for the Midlands, a bridge between national and local government, civic and business leaders.

### **Invest in the Midlands:**

1. **Fund Midlands Connect £52m over 5 years** to deliver a long term pipeline of strategic transport infrastructure that will grow the Midlands Engine economy, back business in a post-Brexit world and support growth and innovation through Local Industrial Strategies.
  - a. Refresh the **Midlands Connect Transport Strategy** in line with Government's new emerging Midlands Engine Strategy, including:
    - i. Develop and prioritise a long term pipeline of **Major Roads improvements**;
    - ii. Continue to invest in the Midlands Connect Partnership, including as **client partners to national bodies** to deliver our priorities on time and budget.
  - b. Roll out **smart/integrated ticketing** (£6m), including technology solutions along our Major Roads Network;
  - c. Economic masterplan for the **Trans-Midlands Trade Corridor**, delivering improvements on the A46 from Lincolnshire to Gloucestershire;
  - d. **Extending our economic corridor studies** for all parts of the Midlands Engine like Derby-Stoke-Crewe and Wolverhampton-Shrewsbury;
  - e. Aviation and Maritime 2050 strategies – providing one Midlands vision to drive growth;
  - f. Wales/Marches Freight strategy;
  - g. Rail sector deal and Rail Review – including pilots with businesses in the Midlands;
2. **Commit to implement the Midlands Engine Rail programme:**
  - a. **Deliver the Midlands Rail Hub:** to deliver quick wins and act as client partner with OBC funding to deliver a £2bn pipeline by 2033, including reinstate Coventry-Leicester-Nottingham services;
  - b. **TVAM:** finalising the FBC to improve services including to Birmingham Airport;

- c. **Leicester-Leeds:** deliver compatible services on the HS2 2B route providing integrated services through the East Midlands HS2 Gateway (Toton).

**3. Confirm investment from national programmes:**

- a. Deliver HS2 in full and support the implementation of Growth Strategies;
- b. Deliver strategic road improvements, like the Newark bypass, in Road Investment Strategy 2 as set out in Midlands Connect RIS Priorities.<sup>2</sup>
- c. Commit to a £600m Major Roads pipeline for the Midlands to be delivered between 2020-2025.
- d. Capital allocation to start delivering the Midlands Rail Hub in CP6.

**£100m now would deliver improved economic outcomes now and in the future:**

	<b>Delivery Ready</b>	<b>10 Year Pipeline</b>
<b>Strengthened Strategy – Economic Corridors and Hubs</b>	Early schemes – including A46, A50/500, Hereford bypass, A5 upgrades between M42 and M69.	Supporting Local Industrial Strategies
<b>Midlands Rail Hub</b>	Phase 1 and OBC – submitted in July 2019	15 year delivery plan adding 24 trains per day and £649m GVA pa
<b>Trans-Midlands Trade Corridor</b>	RIS asks like Newark bypass; and M6 J15-16; HIF schemes like A46 Link Road (Cov); Future High Streets like Evesham	Corridor investments – Tewkesbury, Coventry, Leicester, Lincoln
<b>Midlands Engine Rail</b>	Thames Valley-Airport-East Midlands services; Reintroduce direct Coventry-Leicester services	North Midlands Growth Corridor (Derby-Stoke-Crewe); Wolverhampton-Shrewsbury (W3)...
<b>Major Roads programme</b>	£600m investment pipeline – submitted in July 2019	10 year investment pipeline
<b>Innovation - Smart/integrated ticketing</b>	Broker solution, platform for smart ticketing for all areas – submitted in August 2018	Major Roads technology strategy
<b>HS2</b>	Commit to deliver in full	Support growth strategy implementation

Our programmes are business-led, starting with economic analysis, like our A46 business surveys. We continue to back wider initiatives to back the UK economy, including:

<sup>2</sup> <https://www.midlandsconnect.uk/publications/ris2-priorities/>

## Annex B - Draft Response: Aviation 2050

### Background

- Government is consulting on its Aviation 2050 Green Paper<sup>3</sup>, a broad strategy that will lead to a set of specific national proposals later in 2019. Partners have **until 20 June to respond**.
- Having committed to the second runway at Heathrow, the Aviation 2050 strategy seeks to build on **Government's commitment to 'make best use' of regional airport capacity**. Our mutual ambition is to ensure our two airports are maximising their economic potential for the Midlands Engine.
- This paper builds on discussions between both Midlands airports, TfWM and TfEM, the WM Growth Company and Midlands Connect about **ensuring the economic opportunities of the Midlands are recognised and supported as a driving force within the national aviation strategy**.

### Brief Overview of the Document:

The UK Aviation Framework 2050 aims to set out a long-term plan for sustainable growth to ensure the industry's continued success particularly considering the global challenges faced – rising demand coupled with changing customer expectations, technological change and tight profit margins in a fiercely competitive market.

The objectives of the Government's strategy are to:

- help the aviation industry work for its customers
- ensure a safe and secure way to travel
- build a global and connected Britain
- encourage competitive markets
- support growth while tackling environmental impacts
- develop innovation, technology and skills

The Midlands Engine response is framed around six key themes:

1. Testing the Regulatory Environment;
2. Extending global connectivity;
3. Airport Capacity;
4. Airspace Modernisation;
5. Gateways to Economic Growth;
6. Technology & Innovation.

**The response sets out a series of recommendations for Government to amend its Aviation 2050 strategy to support the Midlands Engine economy.**

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<sup>3</sup> See DfT (2017):

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/769695/aviation-2050-web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/769695/aviation-2050-web.pdf)

## Key Themes & Proposals

- I. **Testing the Regulatory Environment:** The UK's regulatory environment will be tested in the coming years and will require civic and business leaders to work together to embrace new global opportunities. The UK's economic future relies on the opportunities all parts of the country can embrace, in securing investment, increasing productivity and embracing new global markets. We will support national Government in ensuring the UK's interests are effectively secured from global regulatory regimes and will work with Government to ensure its national framework is appropriate to enable the potential of our aviation sector.

The document acknowledges the importance of regional growth but does not go far enough to enable the structure and capacity of the aviation sector to respond to opportunities in the Midlands. We have made similar representations, for instance to the Rail Review and Maritime 2050 strategy, which could each be strengthened by recognising the importance of supporting economic growth across the country and empowering decisions to be driven closer to the area they matter to.

### Implications for the Midlands:

- a) Aviation should not be regarded in isolation to the wider economic potential of our region. **We expect the role of International Gateways to feature within the emerging Midlands Engine strategy as our region seeks to strengthen our exports base through our Internationalisation strategy.**
  - b) The document does not acknowledge the existing local partnerships and initiatives to boost economic growth around our two airports. Both airports already have Local Transport Forums, are partners in Midlands Connect and are working with local areas to maximise the benefits from HS2 (at UK Central and East Midlands Gateway). The Aviation strategy should recognise and support the local collaboration and leadership which is driving economic growth, avoiding airports working in isolation.
  - c) **The Aviation 2050 strategy should recognise and support the long-term and multi-modal plans being driven across the country, including in the Midlands Engine by Midlands Connect, TfWM and TfEM, as important mechanisms to secure cross-Government support to growth in our areas.**
- II. **Extending global connectivity:** The UK is one of the best-connected countries in the world with over 370 direct connections in over 100 countries. To date, the UK has updated its air services agreements by identifying opportunities that may arise, or in response to specific requests from industry.

These include recently signed Air Service Agreements with China, India (since 2017) and Brazil (2018) allowing UK airlines to access more East Asian destinations, more frequently than before. In preparation for its departure from the EU, the UK has successfully concluded new, bilateral, air services arrangements (to replace existing EU negotiated agreements) with a number of countries, including the US and Canada.

In regard to the UK-EU connectivity – the green paper refers to a number of publications that make clear that both sides will bring forward measures that will allow UK and EU operators to continue flying to each other’s territories on a reciprocal basis, regardless of the outcome of the wider negotiations (including no-deal scenario).

Implications for the Midlands (based on the ME Internationalisation Strategy):

- a) The Midlands is contributing £90bn to the national economy through its international activities and is in a strong position to achieve even more.
- b) The economic prize for the Midlands economy on the global stage is huge. Midlands business continue to export more than £55bn per annum and growing. Businesses have been clear that they would rather use airports closer to them, if they offer the relevant destinations<sup>4</sup>. Currently around 35% air travellers to/from the Midlands use airports outside our region, adding to the pressure on national road and rail networks.

**Figure 17: Airport choice trends**



Source: Mott MacDonald analysis of Jan-Nov 2015 CAA survey data

- c) We have come together under the Midlands Engine Partnership and have developed a ME Internationalisation Strategy which supports Government’s Export Strategy (Aug 2018) to increase exports as a % of GDP from 30 to 35%. For the Midlands, this means setting ourselves an ambition to grow exports by £20bn. Our common ambitions include to increase long haul services to US, India and China alongside other emerging markets. **The Midlands seeks greater integration between the proposed negotiation strategy for air services and the work of DIT/Midlands Engine.**
- d) The Green Paper proposes Government’s negotiation strategy for air services is to continue to seek more liberalised arrangements, both for new agreements and to exploit opportunities to press for the same when an opportunity arises with respect to existing agreements.

<sup>4</sup> See Midlands Connect study (2017): <https://www.midlandsconnect.uk/publications/international-gateways-narrative-report/>

- e) Our partners are calling for a more positive and proactive approach to negotiating air service agreements, to act as an enabler for growth in long-haul markets to/from Airports beyond just London and the South East. **We expect more assurances from Government that CAA and other bodies have the capacity and structures to support the Midlands Engine Partnership in embracing new opportunities.**

III. **Airport Capacity:** It is estimated that UK passenger traffic could soar from 284 million last year to 435 million by 2050. Globally, air freight grew more than twice as fast as overall global trade during 2017. We are continuing to see record numbers of passengers arriving at and departing from UK airports, with 284 million terminal passengers at UK airports in 2017.

The document acknowledges the development of a third runway at Heathrow Airport as the key solution to the London airport system (to be full by 2030), retaining the UK as a global aviation gateway and potentially delivering up to £74 billion worth of benefits to passengers and the wider economy.

It is also supportive of airports throughout the UK making best use of their existing runways, subject to environmental issues being addressed. Government has tasked the National Infrastructure Commission (NIC) to include airport capacity in future national infrastructure assessments to determine whether there is a needs case for further runways beyond 2030.

Implications for the Midlands:

- a) **Representatives from across the Midlands should be actively involved in the work of NIC (regarding runway capacity beyond 2030).**
- b) The document does not acknowledge the role of our Midlands' airports "outside the London airport system" to help meet "short term" demand and resilience whilst we await completion of the 3<sup>rd</sup> runway at Heathrow. Both our airports have the capacity to cater for growth now;
  - a. In Birmingham the runway has the physical capacity to handle at least 25 to 30 million passengers per annum, compared with the 13 million passengers a year that use it today and the 18 million passengers we are forecasting for 2033.
  - b. East Midlands (EMA/EGNX) Midlands is the largest freight handler outside of Heathrow handling over 328,000 tonnes of cargo each year. EMA is the UK hub for DHL, TNT and UPS, and is the UK's main air hub for Royal Mail and benefits from 24-hour operations with no slot restrictions.

IV. **Airspace Modernisation:** The UK's airspace is an essential, but invisible, part of our national transport infrastructure, and is also some of the most complex in the world. It has not undergone significant change since the 1950s, and this outdated infrastructure is struggling to keep pace with the growing demand for aviation, which can lead to

delays. The overall objective for airspace modernisation is to deliver quicker, quieter and cleaner journeys and more capacity for the benefit of those who use and are affected by UK airspace.

On governance, DfT and CAA have asked NATS to work with key stakeholders to develop a coordinated implementation plan and timeline for airspace changes (or airspace change masterplan) that will be required in the future in the south of the UK. Future masterplans will identify where airspace changes are needed to deliver improvements to: safety, capacity, noise, air quality, fuel efficiency, access to airspace for users including where controlled airspace is no longer justified or should be a different classification, military access, or to introduce new technology.

Implications for the Midlands:

- a) **The Midlands is already constrained by airspace capacity over the south-east.** This has already been flagged up by both Birmingham Airport and East Midlands Airports as a key area of concern<sup>5</sup>. Any changes to airspace will no doubt have an impact on the Midlands's airports operations and growth.
  - b) We support the principle of DfT's commitment to airspace modernisation and proposed new legislation to be able to direct the co-ordination of Airspace Masterplans, but we are concerned that governance/engagement will only take place with industry and stakeholders in the South.
  - c) **We therefore seek direct and appropriate involvement of Midlands airports in proposed Governance structures to modernise UK Airspace.** This should include assurances that both Midlands airports are consulted on changes to masterplans in both the northern and southern areas of the UK.
- V. **Surface Access, acting as Gateways to Economic Growth:** The government recognises the importance of rebalancing the UK economy through economic growth of the regions and ensuring that the UK remains competitive after we leave the European Union. Government confirms that 'Regional' Airports have a crucial role to play as hubs for growth within and beyond the region in which they are situated. Our airports contribute to economic growth, both through the services provided at the airport, wider supply chains and the economic growth from the services they facilitate. By 2033, we anticipate Birmingham Airport to add £2.1bn to the UK economy.

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<sup>5</sup> See draft Birmingham Airport Masterplan (2018): <https://www.birminghamairport.co.uk/about-us/planning-and-development/airport-strategy/draft-master-plan/draft-master-plan-2018/>

## Economic Impact of Birmingham Airport (Draft Master Plan, November 2018)

Area	2016/2017		2033	
	GVA (£m)	Employment	GVA (£m)	Employment
Greater Birmingham and Solihull	792	16,000	1,140	18,100
Coventry and Warwickshire	296	6,200	408	6,600
Black Country	421	8,800	591	9,700
<b>West Midlands (Total)</b>	<b>1,509</b>	<b>30,900</b>	<b>2,139</b>	<b>34,400</b>

Note that some of these figures may not sum due to rounding.

### Estimated economic impact

Area	2016/2017		2033	
	GVA (£m)	Employment	GVA (£m)	Employment
West Midlands Service Sector	1,509	30,900	2,139	34,400
West Midlands Service & Man.	1,754	36,100	2,387	38,600

East Midlands airport is already adding £500m to the UK economy annually, including as the largest single employment site in Leicestershire. In 2017, 7,954 people were employed on the Airport site in 87 companies, with 41.1% living in Derbyshire, 27.3% living in Leicestershire and 24% living in Nottinghamshire. Surface access is therefore a vital consideration for both wider business movements and for employment around the airports sites.

As the largest freight handling airport outside Heathrow, the benefit of East Midlands airport is also estimated to add c£1bn per annum to the region and UK's productivity, enabling over £10bn cargo to be handled per year with non-EU countries.

The Green Paper consultation focuses on supporting regional connectivity, the creation of regional transport hubs, supporting freight, regional employment, training and skills. Stakeholders across the Midlands will have a local view on expectations/requirements from current and future Airport Surface Access Strategies, employment/skills, links to their own industrial strategies etc.

As per the findings of the Eddington Transport Study, optimal use and development of airport capacity should not be considered in isolation from options to improve surface access to international gateways through greater coordination of transport strategies (be they national, regional or local).

Government's Aviation 2050 strategy should be aligned with wider national objectives, including to relieve capacity issues in the south-east, rebalance the economy and boost economic growth through support Local Industrial Strategies<sup>6</sup>.

<sup>6</sup> See DfT's 'Rebalancing Toolkit' (2018): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/669043/supplementary-guidance-rebalancing-toolkit.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669043/supplementary-guidance-rebalancing-toolkit.pdf)

We are calling for Government to back long-term integrated transport strategies by committing through the Spending Review to 'single pot' funding streams, like it has done previously through Growth Deals, Challenge Funds etc.

Implications for the Midlands:

- i. Long-term investment plans boost business certainty, enabling private investment in innovation and skills. Surface access plans are already in place and embedded within local transport plans and yet funding streams remain separate. It is vital that Aviation is properly considered within wider transport programmes such as the Road Investment Strategy and Rail Control Period programmes<sup>7</sup>. **Our long-term transport strategy offers Government an integrated approach to invest in the Midlands economy, including ensuring access to ports and airports is effectively considered across transport programmes.** We will be submitting a number of business case proposals to Government to back as part of the Spending Review.
  - ii. National investment like HS2 is a game-changer for the region and needs to be delivered in full by 2033. It will link our two airports closer together and open up demand from the North West, North East and South East. Both Midlands airports are closer linked with HS2 Growth Strategies in their areas, engaging with the wider local growth potential and embracing new opportunities for modal shift to access their airports. **There is no reference in the Green paper to HS2's role in creating a more accessible and connected network of airports across the UK.**
  - iii. By providing long term support to the Midlands Rail Hub, proposals in TfWM Movement for Growth and emerging connectivity proposals for the East Midlands Development Corporation, residents and businesses from across the Midlands can look forward to having unparalleled access to their region's two airports. **It is vital that Government properly considers the opportunities of the Midlands Engine across all separate national funding programmes.**
- VI. **Technology & Innovation:** There is potential for design-led sectors such as aerospace to be at the forefront of global economic growth for the rest of the 21st century. We could see significant changes in the design and types of aircraft occupying our skies. Now is the time to embrace new technology, like smart ticketing and driverless cars, **to transform the Future of Mobility.**

The Midlands hosts one of the world's major aerospace clusters representing over one quarter of the UK aerospace industry, 7% per cent of Europe's and 3% of the world's, with over 45,000 full-time-equivalent jobs due wholly to revenues from manufacturing for global aerospace markets -- without counting the region's airports and military bases.

Several major global aerospace players have important operations in the region. The principal hub of the cluster is the heart of civil aerospace operations at Rolls-Royce, the world's second largest manufacturer of aircraft engines, in Derby. A second

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<sup>7</sup> Including DfT's new Rail Network Enhancement Pipeline: <https://www.gov.uk/government/publications/rail-network-enhancements-pipeline>

cluster hub is organised around the companies Collins Aerospace, Rolls-Royce Control Systems, Meggitt and Moog, in Birmingham, Wolverhampton and Coventry, which supply electro-mechanical systems to control aircraft moving parts — wing flaps and slats, landing gear, wheels and brakes — to aircraft makers like Airbus, BAE Systems and Boeing, and (as above) similar control systems to Rolls-Royce and engine makers across the globe.

At the base of the supply chain, the Midlands hosts the UK's specialist aerospace materials producers including Alcoa (aluminium) and Timet (titanium) in Birmingham, Special Metals Wiggin (specialised alloys) in Hereford as well as Cyttec (carbon fibre materials) in Derbyshire.

Implications for the Midlands:

- i. The Midlands is pioneering innovation in areas like autonomous vehicles, 5G testbeds, and Mobility as a Service (MaaS). Our business and academia are involved in pioneering the aerospace and rail sector deals, amongst others. **We expect Government to extend its support for the Future of Urban Mobility to wider areas, including integrating services like smart ticketing to airports by 2022.**
- ii. We believe the Midlands is well placed to support Government's aspiration to retain and grow UK's prominent role in aviation on the world stage. Through Midlands Innovation and Midlands Enterprise universities, the Midlands has the comprehensive expertise to develop and test new ideas across multiple transport sectors. **It is vital that Government embrace the opportunities from Local Industrial Strategies in delivering the aspirations of the future Aviation 2050 White Paper.**
- iii. Given the importance of the future plans for the aviation industry in the UK set out in the Green Paper, Industrial Strategy and Exports Strategy, **Government should consider updating the "Aerospace" and "Rail" Sector Deals to ensure they work together to share and integrate technologies across sectors.**

**The Midlands Aviation sector will remain an important component of the Midlands' long-term ambitions.** We will continue to research, develop and recommend proposals to support jobs and growth by maximising the potential from accessing international markets.