

Demystifying the UK Government's Industrial Strategy through a South West Aerospace and Advanced Manufacturing lens

- *Invest 2035: the UK's Modern Industrial Strategy* is a green paper seeking feedback from industry and bodies on key sectors that will drive long-term growth through investment.
- A core objective of the Strategy is unleashing the full potential of the UK's cities and regions 'by attracting investment and creating the best environment for businesses to thrive'.
- HM Government has created a new Industrial Strategy Advisory Council, which will hold the Strategy to account by providing an influential voice for organisations.

Overview

WEAF has reviewed the 66-page green paper *Invest 2035: the UK's Modern Industrial Strategy* and the following is a summary of key areas for action and review.

In the first instance, WEAF was buoyed by the mention of the supply chain 13 times recognising its strength, potential, and future challenges. Advanced manufacturing appeared ten times, and growth was highlighted 276 times.

WEAF also welcomed the prioritisation of **place** and the significance of unlocking potential outside of London and the South East. The overall tone of the Strategy is to encourage long-term investment for growth from 2035 and beyond. This prosperity will be achieved through Government collaborating with organisations through an independent council.

Businesses will have until Sunday 24 November (11:59) to respond to this [paper](#).

The invitation will help shape the Industrial Strategy through a collegiate approach which will ensure long-term industrial growth. The final Industrial Strategy will be published in spring 2025. The last plan of this kind was delivered in 2017 under Theresa May's Conservative Government, so this is long overdue and heavily needed.

In parallel, a new Industrial Strategy Advisory Council was announced. This will be led by Clare Barclay, CEO of Microsoft UK. According to Clare, the Council will communicate on behalf of business, nations, regions, and trade unions. The council will be an integral actor when it comes to the delivery of the plan which will underpin industry's outlook for the next ten years.

Growth sectors

The eight areas of growth are **advanced manufacturing; clean energy industries**, creative industries; **defence; digital and technologies**; financial services; life sciences; and professional and business services. The Strategy will ensure growth in these areas is **sustainable** and resilient throughout the UK.

The Government's Strategy intends to return the country to the global stage by attracting investment into 'the most productive parts of the UK economy'. These sectors will be unlocked to encourage growth, prosperity, and increase employment – all of which will have sustainability at the core.

John Harrison, Chair of Airbus UK, said: *“Airbus welcomes the inclusion of advanced manufacturing in the Government's Industrial Strategy as a vital opportunity to build on the successful partnership between government and the aerospace sector. As one of the most technologically advanced businesses in the UK, we also welcome the strong focus on innovation, which is crucial to driving future growth and maintaining the UK's global competitiveness in aerospace and defence.”*

Stephen Phipson, CEO of Make UK, commented: *“We live in a world which is massively different to a decade ago and simply leaving the economy and industrial strategy to the free market is an ideology which is long past its sell by date. This is a welcome first step in addressing the Achilles heel of the economy which has left the UK an outlier among advanced countries. It sets out a clarity of vision for how the resources of Government and, in particular, each department can be convened towards a single objective of long-term growth across all regions.”*

Colin Turner, CEO of WEA, added: *“WEAF welcomes the UK Government's announcement on a modern Industrial Strategy, which we hope will provide exciting opportunities for the aerospace industrial heartland here in the South West. Many of WEA's members are at the forefront of cutting-edge aerospace and advanced manufacturing technologies. Therefore, we must seek to boost economic growth and investment to ensure the West of England remains a global aerospace and advanced manufacturing powerhouse. WEA will ensure that our members, and our region is actively part of the future of Britain's industrial capabilities.”*

Advanced Manufacturing

The Strategy recognises the opportunity Advanced Manufacturing provides the country. This is through higher wages, as an innovation driver, and a leading agent in Net Zero – which are all contributory factors to its role in national economic resilience.

It noted: **“The South West and Wales has one of the largest aerospace clusters in the world, producing around half of the world’s large civil aircraft wings. The UK manufacturing supply chain is world renowned for its specialist strengths in high quality and innovative products.”**

Regarding innovation, and of note for Gravity and its future supply chain, the Strategy stated up to 56GWh of electric vehicle battery capacity is planned for the UK so far, and the country is close to reaching the 2030 capacity requirements expected by the sector, thus sustaining it as a globally competitive investment destination.

This is an area WEAFF sees as strategically important for the region with the untapped potential of a Battery Technology Cluster, which could involve R&D companies as satellite offices exploring innovative future systems – a Hub for next generation battery technologies here in the South West.

One challenge the Strategy is aware of is the cost of electricity being a hindrance to progress for this sector, and digital technologies.

Defence

With many of the major primes situated in the South West region, WEAFF acknowledges the Strategy stating the Government’s intent to spend 2.5% of GDP on defence. In these turbulent times, the role of defence and national security has never been so important. A high proportion of UK defence capability is manufactured within the region from aerospace (Somerset) to marine (Portsmouth).

“Defence drives innovation through investment in research and development – including developing and applying new technologies such as AI, quantum, and space capabilities, which drive positive spillovers across the economy.”

How much of the 2.5% GDP will be marked for current or future defence programmes? This will be interesting to learn in time. Perhaps something to listen out for at the end of the month with the Chancellor’s Budget.

Digital and technologies

It was reported that digital and technological commercialisation is central to the growth Strategy. The focus on this sector is through future disruptive technologies whether it’s an

SME or corporation; the Strategy will explore investment opportunities further to support these businesses. The South West through Bristol was cited as a digital technology leader.

It noted: “With its world-leading research, strong culture of innovation, and thriving start-up ecosystem, backed by a deep talent pool and the investment required to grow and scale sustainable businesses globally, **the UK is well positioned to build on its success and develop the next wave of groundbreaking digital and technology companies.**”

Place

The positioning of place within the Industrial Strategy to unlock the potential investment for regions and cities’ businesses was welcomed by WEAf. Furthermore, WEAf was also pleased to see the honesty of the bias towards the capital and surrounding region when it comes to industrial successes.

The elevation of the South West and its contributing role to national prosperity must be made clear to Government, whilst not directly referenced, the region must use the Strategy’s words and be positioned as “**enormous untapped potential**”.

The Strategy will look towards growth in high-potential clusters, strategic industrial sites, as well as urban areas and regions. It stated: “**There is huge potential in our cities, regions, and nations, with sector strengths spread across the country. While Advanced Manufacturing is thriving in South Yorkshire, the West of England, and beyond.**”

The objectives of the Strategy for regional growth are:

- a. Unleash the potential of UK cities and regions, taking into account regional growth when considering growth-driving sectors.*
- b. Consider where sectors and relevant capabilities are located to identify clusters that can drive growth.*

How will these objectives be met? WEAf will make sure that our Membership’s voice is heard. Additionally, the region – which encompasses all counties in the South West and broader Advanced Manufacturing community - will be prominently represented on the funding map.

It still needs to be clarified whether this will be achieved through a quango or quasi-regional agency that will take the lead in this area through to the Strategy Advisory Council.

Supply Chain

Acknowledging the geopolitical scenario which has caused challenges for the supply chain, see **Defence** above and [WEAF's latest CEO update](#). The Strategy commented that business needs confidence in their respective supply chains to prosper. Therefore, there will be the establishment of a new governmental **supply chain task force**. The task force will analyse those within the supply chain that could be impacted by disruptions and understand how the risks can be tackled to mitigate impact.

Summary

The call to action is that we must be propositional and use this opportunity to put our region at the forefront of investment, this strategy is not just about aerospace, defence, and advanced manufacturing; therefore, the South West must unite across sectors and industry. We must highlight our collective voice to achieve prosperity, skills, and investment into the region.

The real value of this green paper for those in the regions will be the agency into Government, which will ensure future funding is received and delivered across the West of England's for its future industries and capabilities.

We welcome your feedback on this strategic vision, please do reach out to WEAF directly for support and advice on how we can use this Strategy to ensure government funding is directed to the South West for our high-end technologies and skills.

For further information, please see the following sources:

<https://www.gov.uk/government/news/industrial-strategy-launch-to-hardwire-stability-for-investors>

<https://www.gov.uk/government/consultations/invest-2035-the-uks-modern-industrial-strategy>

About WEAF:

WEAF is the trade association for all companies operating in the Aerospace & Defence sector in the South West.

As one of the largest aerospace and advanced engineering clusters in Europe, we can provide a strong voice for our members, as well as representation and access to prominent regional, national and international decision makers in industry and government.

By providing support and new opportunities for our members, we strive to improve efficiency and effectiveness in the supply chain and bring stakeholders together to create one cohesive community.