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AEROSPACE RESPONSE GROUP 21 July 2020 – 14:30 - 16:30

Attendees:

Scottish Government / Scottish Enterprise / Skills Development Scotland	
Jamie Hepburn MSP	Minister for Business, Fair Work and Skills
Richard Rollison	Deputy Director, SG
Linda Hanna	Managing Director, SE
Jim Hannigan	NMIS-MSA , SDS
Gordon McGuinness	Director, Industry and Enterprise, SDS
Billy Scott	Sector Lead, Engineering, SDS
Employers	
GE Caledonian	Iain Rodger, Managing Director
Woodward	Andy Marshall, Site Manager
Wyman Gordon	Anthony Dimmer, Managing Director
Belcan	Steve Kilpatrick, Managing Director
Standard Aero	Graeme Hughes, Operations Manager
Glenalmond Group	Jamie Mincher, Managing Director
Collins Aerospace	Andy Hodge, General Manager
Chevron	Neil Morris, Managing Director
Rolls Royce	Pat Ruddy, Chief of Manufacturing Engineering
Trade Associations	
Scottish Engineering	Paul Sheerin, Chief Executive Officer
ADS Scotland	Warrick Malcolm, Director ADS Scotland Stuart Gallacher, Chair, ADS Scotland
Academia / National Manufacturing Institute	
University of Strathclyde	Matt Maynard, Director Strategic Projects
NMIS	Sarah Jardine, Chief Operating Officer
Trades Unions	
STUC	Scot MacQueen, PCS
Unite	Kenny Jordan
Prospect	David Avery
GMB	Alan Ritchie
Local Government	
South Ayrshire Council	Theo Leijser, Service Lead for Economy and Regeneration
Renfrewshire Council	Alasdair Morrison, Head of Regeneration

Apologies – Nicola Spence; Cat Boyd; Sandra Black

AGENDA

Welcome, Opening Remarks, Recap of last meeting – Jamie Hepburn MSP, Minister for Business, Fair Work and Skills

The Minister welcomed and thanked everyone for joining the 3rd meeting of the Aerospace Response Group (ARG), including representation from Rolls-Royce. Over the last few meetings we have had a wide discussion and identified a number of common concerns around aerospace. We have identified 5 high level work themes and the purpose of today's meeting is to get an update on these themes from the respective leads and to have an open discussion.

2.1 Pan – UK level activity

The Minister set out SG actions to date. The Transport Secretary, Mr Matheson, is leading on a number of discussions with the aviation sector on route recovery to help rebuild connectivity for business and tourism industrial relations and the transition to zero emission

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aviation. The devolved nations pushed for acceleration of defence procurement during the joint economy ministers quad call with UKG last week and a letter was issued from the three devolved economy ministers that called for a UK-wide Aerospace Task Force.

A response to Mr Hepburn's 16 June letter to Minister Zahawi was also received. This confirmed the UK commitment of £103m on the Ayrshire Growth Deal. Minister Zahawi also confirmed that UKG would not participate directly in the ARG - suggesting that existing official level engagement plus the regular discussions around aerospace with Ms Hyslop provided the best mechanism for feeding in updates on ARG activity.

ADS Scotland reported that ADS are continuing to push the 5 priorities they had identified for Restart and Recovery with UKG, including the acceleration of defence projects. Additionally, ADS were also heavily involved with the UK Aerospace Supply Chain Taskforce, chaired by Tom Williams. It was generally felt across the group that it would benefit from UKG participation, and that UKG should be pushed on a joint approach for the sector. ADS Scotland suggested that resourcing at BEIS may be an issue, and that a possible alternative could be a senior representative from the Scotland Office. Mr Hepburn committed to exploring this option, acknowledging that everyone was experiencing the issue of resourcing in the current circumstances, but that he would continue to keep the invitation for BEIS representation open.

Action: SG to explore possibility of Scottish Office representation being invited onto the group.

2.2 People and Skills

The leads updated the group on the outcomes of the first sub-group meeting. Simon Foster from Spirit AeroSystems had joined the sub-group to bolster industry representation.

The sub-group are exploring 6 topics:

- job loss mitigation;
- apprenticeships;
- optimising support for employees leaving the sector;
- skills enhancement & preservation;
- skills and employee mapping for future demand; and
- promoting future career prospects.

Apprenticeships and job loss mitigation were identified as the immediate priorities. On apprenticeships there is concern that apprentices were being made redundant without completing their qualifications and that it could be possible to match talent with opportunities across the network. The Adopt-an-Apprentice scheme was raised and suggested that enhancements that supported the Oil & Gas sector could be replicated across aerospace.

The sub-group were due to have a further discussion on aircraft decommissioning and saw this as a good opportunity to maintain skills capability. There was a call for further representation from industry on the sub-group to enable a better view of future requirements

Action: Group members wishing to volunteer to join the sub-group are to let theme leads know

2.3 R&D and Innovation Activity

Theme leads gave an update on the activities of the sub-group, which has now met twice and were exploring options for short, medium and long term impacts. Some immediate recommendations had been identified including how to develop Scotland's USP for aircraft decommissioning and 100% recyclability, ensuring a more joined up approach to link

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capability to support mechanisms, and to increase the amount of funding through the Aerospace Technology Institute (ATI).

2.4 Stronger Supply Chains

Theme leads set out the early activity of the sub-group, which has been holding sessions with businesses to develop an understanding on the respective supply chains. The sub-group have also been looking at continuous improvement and supplier development programmes for example SC21, Scottish Enterprise tailored programmes and Sharing in Growth. The sub-group identified that uptake of these programmes appears to be low and greater uptake could support the competitiveness of the sector in Scotland going forward. It was also identified that UKG may use such mechanism to support the delivery of funding into businesses and the sector and as such there was a risk that Scottish business could miss out through low uptake if this is materialised. Further work is required to understand the reasons for low uptake and whether this relates to a lack of awareness.

2.5 Market Opportunities and Diversifications

Theme leads outlined a number of potential opportunities that were being explored, these included aircraft decommissioning; diversification into space, energy & defence sectors; re-shoring of global supply chain activity, and opportunities within the progression towards sustainable aviation.

Further discussion was held on aircraft decommissioning and it was highlighted that this was not about creating a scrapyard for planes, but about re-manufacturing and re-using components. There was further potential to create a global centre of expertise and that work was now required to develop a full business case to progress this opportunity at pace.

Diversification is also seen as a very positive opportunity for Scotland. On defence, ADS Scotland are seeing opportunities shared on a weekly basis and Scotland has a strong foundation to build upon. The Tempest programme offers an excellent opportunity for the sector but new entrants to the sector will require support, and sharing of case studies within the Group could support this.

On diversification into other sectors, the group identified a gap in membership to explore the potential for businesses to diversify into the energy and renewables sectors. It was also highlighted that the latest RIIO-2 documentation from Ofgem may impact upon the potential for diversification into the energy sector.

Re-shoring is another opportunity being explored and the real-life example of Spirit AeroSystems successfully re-shoring work from Malaysia was highlighted. A request was made to the Group members for further pilot opportunities to build an evidence base, establish best practice and identify further opportunities that could be supported.

Sustainable aviation was the direction of travel for the 2030-2050 timescale. There are a number of activities happening to support this movement including composite materials, additive manufacturing, changing aero structures and more effective manufacturing techniques etc. SE has held a number of conversations with companies including through the Boeing Alliance and around inward investment and will look to identify potential supply chain opportunities. It was also noted that there were a number of proposals submitted through the Future Flight challenge.

Action: Theme leads and SG to identify suitable representatives from energy to join the sub-group.

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The Minister reflected that a lot of work is being progressed in the priority areas and recognised that all Group members are under increasing pressure to balance the demands of leading their organisations with those of participating fully within the ARG and sub-groups. Members were reminded that additional members for the ARG meeting or for specific sub-groups are welcome, and that includes additional individuals from their respective organisations to help increase capacity within the sub-groups. ADS Scotland raised the idea of obtaining secondments from industry and that highlighting publically the work of the Group may help to secure additional input from industry similar to what has been undertaken through the Aerospace Growth Partnership input.

Action: Group members to consider mechanisms for securing additional capacity within the Group.

The next meeting has been scheduled for 14.30-16.30 Monday 3rd August.