FROM INITIATION TO IMPACT: EVALUATING WEST MIDLANDS CLUSTER DEVELOPMENT ACTIVITIES AND THE TRANSITION TO THE EDV

SUMMARY REPORT

Report researched and written for West Midlands Combined Authority by Mylocaleconomy – the trading name of Athey Consulting Limited.

Lead author: Glenn Athey, Director, Mylocaleconomy, glenn@mylocaleconomy.org

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Executive Summary

From Initiation to Impact: Evaluating West Midlands Cluster Development Activities and the Transition to the EDV

This report presents the key findings and recommendations from an independent evaluation of the West Midlands Combined Authority's (WMCA) cluster development activities across ten industry clusters. The evaluation draws on extensive stakeholder consultations, background research, and international best practice to support the transition to the new Economic Development Vehicle (EDV), expected to be operational by April 2026.

The West Midlands Growth Plan (2025) positions clusters as central to the region's growth ambitions, targeting up to £17.45 billion of additional growth and 100,000 jobs by 2035. The cluster programme sits within a wider landscape of economic development activity - including capital investment, inward investment promotion, and enterprise support - all of which serve the region's industrial base.

What has been achieved

Despite operating with modest resources - typically around £100,000 per annum per cluster - the cluster organisations have delivered a range of genuine results that provide a strong foundation on which to build:

- **Membership and engagement:** The Logistics and Distribution cluster exceeded its membership target by 50 per cent, reaching approximately 90 organisations. The Smart Energy Systems cluster has engaged around 90 organisations within its first year of operation.
- **National and international recognition:** SuperTech WM secured EU Critical Cluster Excellence accreditation - the first of its kind in the UK. TechWM delivers Birmingham Tech Week, one of the largest technology events outside London, entirely without public funding.
- **Commercial value identification:** The Advanced Construction cluster identified £14.5 billion in investment opportunities within its first five months. Health Tech provided specialist expertise that directly informed Investment Zone strategy.
- **Maturing practice:** The Midlands Aerospace Alliance, with over 20 years of business-led operation, represents a gold-standard model of cluster management by any international benchmark.

These results compare favourably with what could reasonably be expected at the current level of investment and demonstrate that the cluster activities have established credible foundations.

The opportunity ahead

The transition to the EDV presents a genuine opportunity to reset governance, clarify roles, and establish a more sustainable operating model. The UK Modern Industrial Strategy, with its eight priority sectors (IS-8), creates a major opportunity for the West Midlands. There has already been success in securing funding, including £50 million for the Supplier Readiness and Transformation Fund (SRTF) to accelerate the automotive sector's shift to electric vehicles

(EVs), and £25 million from the Creative Places Growth Fund. New funding opportunities will continue to arise.

Achieving transformative change in the West Midlands regional economy to deliver £17.4bn GVA and 100,000 jobs by 2035 will require improvements to productivity rates, business performance and profitability which leads to higher-skilled and higher paid jobs. The types of dynamic changes that will need to occur include:

- A sectoral composition shift
- Firm-level upgrading
- Labour market deepening
- Agglomeration and density
- Knowledge economy anchoring
- Infrastructure and connectivity
- Institutional coordination

What genuinely transformative looks like is a high-value sectoral mix, with productive firms, served by a skilled and active workforce, clustering in well-connected places, supported by stable institutions with real economic powers.

The recommendations in this report are designed to build on the progress already made, strengthen the programme for the future, and support a successful transition.

1. Origins and Rationale of the WM Cluster Activities

Cluster policy in the West Midlands originated in the 2022 Plan for Growth, which identified the need to close a significant economic growth gap. The region required an additional £3.9 billion in output to become the fastest-growing region outside London by 2030. WMCA cluster policy has focused on areas where the West Midlands already possesses a comparative advantage and where there is demonstrable private sector confidence and market investment.

The 2025 West Midlands Growth Plan continued this approach, consolidating eight primary clusters into five high-growth clusters and setting out a vision for clusters as “the vanguard of our drive for growth.” The plan targets up to £17.4 billion of additional growth and 100,000 jobs by 2035, with clusters representing over 20 per cent of the regional economy. The West Midlands is one of only two places recognised in the UK Modern Industrial Strategy as having nationally notable strengths across all eight priority sectors.

As of March 2026, ten cluster initiatives are funded by WMCA: Aerospace; Advanced Construction; Create Central; Digital Economy; Electric Light Vehicles and Battery; Health Tech and Med Tech; Industrial Cluster (Manufacturing); Logistics and Distribution; Smart Energy Systems; and Supertech: Next Generation Services. Defence has recently been added as a cluster priority through the Midlands Defence and Security Blueprint.

The central rationale for cluster policy is that targeted, sustained support for industries with genuine competitive strengths can drive economic growth, attract investment, and create high-value employment. International evidence consistently shows that effective cluster development requires long-term commitment - measured in decades, not years - with professional management teams and mixed funding models. Research Triangle Park took twenty-five years to reach critical mass; the Basque cluster programme is over thirty years old; Oxfordshire’s Motorsport Valley emerged over four decades. The West Midlands cluster programme is, by these standards, in its early stages.

Achieving transformative change in the West Midlands regional economy to deliver £17.4bn GVA and 100,000 jobs by 2035 will require improvements to productivity rates, business performance and profitability which leads to higher-skilled and higher paid jobs. The types of dynamic changes that will need to occur include:

- Sectoral composition shift - moving up the value chain – shifting from low value added, low productivity activities, to high value-added, high productivity activities.
- Firm-level upgrading - productivity within sectors, lifting the distribution of firm performance, which means management capability improvements at scale, technology adoption (automation, AI, digitalisation) diffusing beyond large firms into the SME base, and access to growth finance for scale-ups.
- Labour market deepening - skills, participation, and matching. Transformation means reducing economic inactivity through health, childcare, and support interventions; levelling up skills attainment; and improving the matching of roles to skills.

- Agglomeration and density to achieve the spatial concentration of high-value activity. This means building the conditions for high-value clusters to deepen in existing geographical concentrations.
- Knowledge economy anchoring - R&D, universities, and IP retention, to develop much stronger knowledge exchange pipelines, spinout ecosystems, and the retention of IP and economic value within the region.
- Infrastructure and connectivity – transport investment, digital infrastructure, and energy grid capacity that enables better functioning labour markets, and supply chains, and addresses the energy transition.
- Institutional coordination – to achieve the kind of sustained, coherent industrial strategy that places like the Basque Country or Emilia-Romagna have managed over decades.

The £17.4bn GVA / 100,000 jobs target is achievable if several of these dynamics shift simultaneously and in a reinforcing way. What genuinely transformative looks like is a high-value sectoral mix, with productive firms, served by a skilled and active workforce, clustering in well-connected places, supported by stable institutions with real economic powers.

A core purpose of this evaluation has been to build on progress in cluster activities and articulate how these activities can be strengthened, managed within the EDV, and connected to the wider role and services of the EDV. The evaluation framework was built around twelve features of world-class cluster development drawn from international evidence, benchmarking the West Midlands programme against established best practice from the UK and abroad.

The evaluation found that the foundations are in place; the task now is to build on them with the strategic commitment and sustained investment that the ambition demands.

2. Good Progress Has Been Made

The cluster organisations have performed well given the constraints under which they operate. They have built networks, delivered events, facilitated connections between firms and between industry and academia, and built engagement during a period of significant institutional disruption. They have also worked with industry to develop priorities and plans. The more mature clusters have demonstrated that sustained investment in cluster infrastructure generates compounding returns over time.

Highlights of delivery

- **Advanced Construction:** WMACC Cluster Charter developed, Independent Advisory Board Terms of Reference established, and the official launch event held. Initial scoping work has identified a number of priorities and transformational projects.
- **Creative:** Strong delivery track record: £18m Creative Content Hub at The Bond (Digbeth), Digbeth Loc Studios, and BBC Tea Factory secured or facilitated.
- **Electric Light Vehicles and Batteries:** shaping the DRIVE 35 regional pilot, co-ordination of an expert Advisory Board, and support for the WM Investment Zone.
- **Health Tech and Med Tech:** Provided critical specialist expertise on wet lab market viability that directly informed Investment Zone strategy. Innovation Accelerator pathfinder with 275+ enterprises registered and Venture Readiness Canvas piloted.
- **Industrial:** Over £50m secured in capital grants for manufacturing decarbonisation; BEAS expansion targeting 1,300+ additional firms.
- **Logistics and Distribution:** Built a membership base of over ninety organisations, exceeding its target by 50 per cent, and established itself as a recognised convenor for the sector in the West Midlands. Delivered £50,000 innovation project.
- **Midlands Aerospace Alliance:** With over twenty years of business-led operation, granular analytical knowledge of its business base, and established services including peer-to-peer support, trade missions, and shared exhibition stands, it operates as a fully functioning cluster organisation by any international standard. Repeatedly cited as the gold-standard model.
- **Smart Energy Systems:** Early progress in establishing an industry-led advisory board with a private sector chair, engaging approximately 90 organisations, and generating collaborative project opportunities within its first year of operation.
- **SuperTech WM:** Achieved national accreditation as the UK's first SuperTech cluster covering FinTech, LawTech, PropTech, and InsurTech simultaneously. EU Cluster Accreditation obtained, providing international benchmarking and validation
- **Tech WM:** Tech WM runs Birmingham Tech Week entirely on independent sponsorship. Europe's largest pitch competition (140 applicants, £1.35m to Inicio AI), the JLR x Plug and Play Innovation Challenge, and the AI Adoption Accelerator with AND Digital training 12 manufacturing companies.

Innovation in delivery

Several clusters have developed innovative models of delivery that go beyond conventional networking. The Aerospace Alliance’s sustained engagement with Tier 1 supply chain requirements, its work on digital transformation readiness, and its role as a trusted intermediary between primes and the regional supply base represent the kind of deep, sector-specific facilitation that international evidence identifies as the hallmark of effective cluster organisations. Health Tech and Smart Energy clusters have begun to develop collaborative project pipelines that bring together firms, universities, and public sector commissioners around specific innovation challenges - an approach consistent with the “active matchmaking” model that Denmark’s cluster system explicitly prioritises over passive networking.

These achievements should be assessed in the context of the resources available. Cluster organisations operating on budgets of approximately £100,000 per year, often with a single full-time equivalent member of staff, have delivered outputs that compare favourably with what might reasonably be expected at this level of investment. The question is not whether the clusters have been productive - they clearly have - but whether the current level of resourcing is sufficient to move from useful networking, convening, and priority planning to the kind of transformational activity that the West Midlands Growth Plan’s ambitions require.

3. Significant Variation in Clusters, Maturity and Challenges

The ten WMCA-supported clusters span a wide spectrum of maturity, from well-established organisations with over twenty years of operation to newly formed bodies still in their foundational phase. This diversity is a natural consequence of the evolution of WMCA's clusters approach and broad scope, but it has important implications for how clusters are managed, resourced, and evaluated.

The maturity spectrum

The ten industrial clusters span a wide spectrum of maturity and form, from the well-established Aerospace industrial cluster and Financial and business services industrial cluster to newer and emerging industrial clusters such as Advanced construction, and Smart energy systems.

Similarly, the cluster organisations themselves vary in maturity in form – from the Midlands Aerospace Alliance which has been established for over 20 years, to the Advanced Construction Cluster organisation which his formative and is only five months old.

Not all industrial clusters defined by WMCA are clusters in the 'classic sense' of interconnected value chains; some are better understood as strategic industry sectors or horizontal enablers. This is not inherently a problem, provided it is recognised and managed accordingly. Different clusters require different forms of support, different timescales, and different performance expectations.

International best practice favours depth over breadth: Denmark concentrates support on fourteen priority areas where competitive advantage is already established; the Basque Country's approach covers near-complete value chains with relatively focused membership. A rigorous asset audit for each cluster - confirming genuine competitive strengths and realistic growth potential - would be a valuable exercise where it has not already been undertaken.

Given that cluster development is spread across the other functions in the EDV (including inward investment, capital attraction, business support, regional promotion), there is a need to define the role of Cluster organisations working with these functions. This could take the form of:

- Cluster organisations providing insights on business growth and development needs, particular for high value and internationally tradeable opportunities
- Cluster organisations providing referral of businesses from their industry cluster with high growth potential to the EDV
- Cluster organisations referring businesses into EDV support relevant to business growth needs such as finance readiness, access to finance, growth advice, business accelerator services
- Cluster organisations joining with initial calls and site visits from inward investment enquirers

Cluster organisations themselves could also be the originators or enablers of ideas for support initiatives to drive forward transformational change. Perhaps there is scope for the EDV to collaborate and co-produce solutions, advise and help with external funding sources and applications.

Key challenges

Resources and ambition gap

The West Midlands Growth Plan positions clusters as the vanguard for growth, implying a step-change in regional economic performance. Currently WMCA funds a range of capital projects, investment promotion and attraction and enterprise support functions that service some industry clusters; and it funds cluster organisations in addition. On the ground, cluster organisations receive approximately £100,000 per year - broadly equivalent to a single FTE. This creates some mismatch between ambition and delivery capacity.

The theory of change at the strategic level is brought into question: clusters are identified as central to growth, but without commensurate resources or delivery programmes identified or hypothecated to contribute to the growth ambitions. It is not clear how the cluster organisations themselves relate to or influence mainstream WMCA spending on related activities in infrastructure, skills, business growth or inward investment promotion.

At around £100,000 per annum, cluster organisations can maintain valuable networking, convening, and leadership functions. Some have developed industry-led priorities and ideas for delivery. Whilst cluster organisations would not be expected to undertake delivery at scale, there is a question of how picks up priorities and plans, and works up fundable propositions, then seeks and attains funding for delivery.

To date, cluster organisations have been given annual funding allocations. This creates challenges in creating the stable, long term institutions which characterise international best practice, which tend to operate on multi-year funding settlements.

Transformative activities yet to emerge

Cluster activities are predominantly networking and convening, with some delivering some useful innovation-related pilot programmes. The commercially-oriented transformative activities that drive economic growth - supply chain development, inward investment attraction, innovation commercialisation, internationalisation, and enterprise scale-up – are not visible at scale for individual industry clusters or provided within regional-level programmes for businesses.

These are structural observations, not criticisms of the cluster organisations themselves, which are largely delivering what their resources allow. International comparators operate at fundamentally different scales: Toulouse Aerospace Valley operates on a 70:30 private-to-public funding ratio with 850+ fee-paying members; the North East Automotive Alliance has eight executive staff. The decisions taken now about resourcing and governance will determine whether the programme achieves its potential.

4. Different Operating Models and Approaches

The West Midlands clusters operate under a range of hosting arrangements: several are hosted within universities, two are hosted within Catapults, and others sit within trade or membership bodies. At least one - the Aerospace Alliance - operates as an independent entity with its own governance and board. International evidence is unambiguous that the quality and independence of the cluster management organisation is one of the strongest predictors of cluster performance.

How organisational form shapes delivery

When we examine international practice in cluster organisations and institutions, there are 6 typologies of cluster support institutions:

- Type A: Industry-Led Membership Body
- Type B: University/Research-Anchored Body
- Type C: Commissioned Programme Delivery Body
- Type D: Independent Intermediary (CIC/CLG/CIO)
- Type E: Consortium/Alliance Model
- Type F: Government-Led/Coordinated Programme

The credibility of the cluster convener - as perceived by industry - emerged as a critical success factor across the consultations. Where cluster managers are recognised as knowledgeable about their sector, well-connected within the business community, and genuinely responsive to industry priorities, engagement and trust are high. The North East Automotive Alliance’s success is widely attributed to its chief executive’s deep sector knowledge and two decades of cluster management experience - a model of the professional, dedicated leadership that international evidence consistently identifies as indispensable.

University hosting brings genuine advantages - access to research, facilities, and graduate talent - but also structural tensions. University incentive frameworks prioritise research outputs and student recruitment, which do not always align with industry-facing cluster objectives. Denmark’s national cluster system explicitly requires professional, dedicated management organisations with industry-led governance, supported by a national body (Cluster Excellence Denmark) that benchmarks and professionalises cluster managers across the system. The Basque model addresses this directly by requiring cluster organisations to operate as independent legal entities with industry-majority boards, even where universities participate actively in research.

For clusters currently operating as Type C (commissioned delivery), the central strategic question is whether and how to transition towards a more sustainable organisational form. The typology suggests two primary transition pathways:

Pathway 1: Towards an industry-led membership body (Type A). This is the pathway followed by the Midlands Aerospace Alliance and North East Automotive Alliance and represents the gold standard in the cluster management literature. However, it requires a sector with sufficient scale, identifiable firms willing to pay, and years of patient relationship-building. It is realistic for clusters with genuine concentrations of firms (Aerospace, potentially Defence, potentially Industrial Manufacturing) but may be unrealistic for nascent or highly fragmented clusters.

Pathway 2: Towards an independent intermediary (Type D). This may be more appropriate for clusters where the firm base is too small or fragmented to sustain a membership model, but where an independent body with its own legal standing, board and strategic autonomy could serve as a neutral convener and capability builder. Create Central's planned transition to a CIC is an example of this pathway.

Deep subject-matter expertise: an under-utilised asset

Cluster leaders and their communities have very deep, specialist knowledge of their industries. If the Combined Authority and the EDV wish to maximise investment via industrial strategy and related funding, they could benefit from further drawing on this expertise. Subject-matter experts and the cluster community could be convened to inform major investments and plans that have significant impacts on commercial opportunities; and to inform major areas of public policy and expenditure which impact cluster performance - for example, skills provision, infrastructure investment, and energy strategy.

Currently this intelligence function is desired but unfunded by WMCA. At present, clusters can't consistently provide high-level strategic input as they prioritise commercial and business growth and development, and work on developing transformational priorities and delivery ideas. If the Combined Authority wants ongoing, high-quality intelligence on skills, investment priorities, and strategic opportunities, it must find a way to structure and fund this intelligence.

Mixed funding models

Some cluster organisations are already adept at revenue generation from memberships, events, and involvement in R&D programmes. TechWM's corporate sponsorship model and SuperTechWM's commercial income generation demonstrate that private revenue is achievable. International best practice - such as Toulouse Aerospace Valley's 70:30 private-to-public funding ratio with over 850 fee-paying members - shows that mature clusters develop diversified income streams. Supporting cluster organisations to develop mixed funding models - combining membership fees, public investment, and earned income - with a clear trajectory towards financial sustainability, is an important priority for the programme going forward.

5. Best Practice Lessons from Beyond the West Midlands

The evaluation drew on extensive international and UK best practice evidence to benchmark the West Midlands cluster programme. This section summarises twelve features of successful cluster development and highlights transformative examples from elsewhere that offer practical lessons for the region.

Twelve features of world-class cluster development

International evidence identifies twelve features that characterise successful cluster programmes. These provide a framework against which the West Midlands clusters can benchmark their progress and plan for future development:

1. **Genuine competitive strengths** - built on real assets and comparative advantage, not aspiration. Recognises latent complementarities across adjacent industries.
2. **Significant public investment** - strategic, sustained, and structural investment. Small investments are most effective when embryonic or in decline. Must build pathways to self-sufficiency.
3. **Professional cluster management** - industry-led, expert team, neutral convener, institutionally durable. Quality of the management body is a major differentiator.
4. **Innovation intermediaries** - dense ecosystem of knowledge brokers. Boundary-spanning intermediaries are particularly important in convergent or nascent clusters.
5. **Mixed funding model** - private-public income mix reduces dependency. Approximately 70:30 private-public (e.g. Aerospace Valley) as a benchmark for mature clusters.
6. **Strategic intelligence** - cluster organisations as sectoral intelligence hubs. Two-way flow between industry insight and public policy. Links to international networks.
7. **Triple/quadruple helix collaboration** - industry, universities, government, and civil society. Knowledge networks function beyond formal cluster boundaries.
8. **Workforce and skills alignment** - cluster body as intermediary between industry demand and education system. Skills gaps exist at all levels. Retention and quality of place also matter.
9. **International orientation** - external knowledge access is as important as local. Most innovation collaboration occurs at distances greater than 100km. Systematic connection to global networks, not ad hoc.
10. **Long-term adaptive governance** - development measured in decades, not years. Governance designed to outlast political cycles. Adaptive capacity to branch and renew, not just sustain.
11. **Net zero as opportunity** - active repositioning around the green economy. First-mover advantages in net zero technologies and supply chains are real and compounding.
12. **Self-discovery** - this process of continuous collaboration is essential because the information required to drive growth - specific commercial drivers, cost structures, and market failures - is

often within the private sector and cannot be fully understood by a government agency operating in isolation.

13. **Strong self-identity** - businesses and institutions recognise the cluster, recognise their place in it, and form trusted relationships within it.

Transformative examples from elsewhere

The evaluation identified five themes of transformative cluster practice with practical lessons for the West Midlands:

- **Anchor-led industrial transformation:** Belfast used the Game of Thrones production to deliberately build long-term studio capacity and skills pipelines, creating a sustainable screen production ecosystem. South Australia transformed its civil manufacturing base into a credible defence cluster by attaching supply chain development to major procurement programmes. The Mayo Clinic in Minnesota acts as a globally credible clinical validation partner, attracting medtech inward investment that would otherwise not locate in the region.
- **Demand aggregation and collective services:** The Energiesprong model and London's Retrofit Accelerator aggregated social housing retrofit demand to give manufacturers the volume needed for modular solutions. Emilia-Romagna in Italy provided collective energy auditing and shared technology adoption for SMEs, demonstrating how clusters can reduce the cost and risk of industrial modernisation for smaller firms.
- **Managed industrial transition:** Zwickau in Germany managed the conversion of a legacy VW plant to 100 per cent electric vehicle production, retraining 8,000 workers and restructuring the supplier base simultaneously. Pittsburgh channelled university AI research into its existing industrial base, creating a "Robotics Factory" that enables regional SMEs to access advanced automation technologies.
- **Regulatory and financial innovation:** Singapore's regulatory sandboxes removed the biggest barrier to FinTech innovation by allowing firms to test new products in a controlled environment. Screen Yorkshire operates a revolving fund for production finance, reinvesting returns from successful shows into future projects - a model of sustainable cluster-level financial innovation.
- **Strategic niche positioning:** Hamburg built a global identity around aerospace Maintenance, Repair, and Overhaul (MRO), becoming a world-recognised centre of excellence. Galway in Ireland built a cluster identity around producing medical devices at scale. Venlo in the Netherlands moved beyond generic warehousing to build a brand around sustainable logistics. Each demonstrates how a focused, distinctive positioning can attract investment and talent.

Key comparators

Several international and UK comparators offer particularly relevant lessons for the West Midlands:

- **North East Automotive Alliance (UK):** Widely regarded as one of the best-managed cluster organisations in England, with eight executive staff, deep sector knowledge, and two decades of cluster management experience. Its chief executive's industry credibility is repeatedly cited as a critical differentiator.
- **Denmark's national cluster system:** Concentrates support on fourteen priority areas where competitive advantage is already established, explicitly requires professional management

organisations with industry-led governance, and benchmarks cluster managers across the system through Cluster Excellence Denmark.

- **Basque Country (Spain):** SPRI supports sixteen clusters with a dedicated central coordinating team of ten people, requiring cluster organisations to operate as independent legal entities with industry-majority boards. The programme has been running for over thirty years.
- **Toulouse Aerospace Valley (France):** Operates on approximately 70:30 private-to-public funding with over 850 fee-paying members, over 30 staff in its cluster management team, and a track record of facilitating major collaborative R&D projects.
- **ClimateTech SuperCluster:** Operates across five European nations with the explicit objective of creating market scale necessary to commercialise climate technologies. Has created an investors group managing funds exceeding US $10 billion and was recently awarded £1.2 million by Crown Estates Group to deliver a UK business accelerator programme.

6. Clusters and Economic Transformation

Clusters are fundamentally about economic transformation - which is the central thrust of the West Midlands Growth Plan. The Growth Plan's ambitious targets of £17.4 billion additional GVA and 100,000 jobs by 2035 require that cluster activities move beyond networking and convening into the territory of genuine industrial transformation: attracting and anchoring major investment, facilitating the development and commercialisation of new technologies, building globally competitive supply chains, and ensuring the regional skills base keeps pace with rapidly evolving industry requirements.

Industrial policy (including clusters) is most effective when viewed not as a top-down list of "winners" to be picked, but as a continuous process of strategic collaboration between the public and private sectors to identify where the most significant bottlenecks and opportunities lie. This process of "self-discovery" is essential because the information required to drive growth - specific commercial drivers, cost structures, and market failures - is often within the private sector and cannot be fully understood by a government agency operating in isolation.

Three missions for cluster policy going forward

The evaluation recommends that cluster policy be organised around three clear missions:

- **Mission 1 - Transformative Growth:** The prime objective for WMCA cluster policy is transformative growth of the economy. WMCA funding should be primarily aimed at cluster organisations helping to enable, shape, and mobilise transformational change. This includes scaling up SMEs and high-growth businesses; securing inward investment and follow-on investment; commercialising R&D into significant benefits for West Midlands firms and the economy; enhancing international competitiveness and enlarging the tradeable economy; improving productivity through technology adoption and diffusion; and building globally competitive supply chains.
- **Mission 2 - IS-8 and Funding Propositions:** Building on progress and funds won to date, mobilise credible propositions for IS-8-related programmes and national funding. The UK Modern Industrial Strategy represents the primary government policy and funding programme for industrial transformation and growth, with significant resources available including £4 billion via the British Business Bank, £27.8 billion National Wealth Fund, £600 million Strategic Sites Accelerator, £500 million Local Innovation Partnership Fund, and £500 million Mayoral Recyclable Growth Fund, alongside billions in UKRI allocations targeted at IS-8 frontier technologies.
- **Mission 3 - Cluster Intelligence and Expertise:** Formalise the role of cluster organisations as convenors of deep subject-matter expertise to inform strategic investments and policies. If the Combined Authority wants ongoing, high-quality intelligence on skills, investment priorities, and strategic opportunities, it should fund and structure that role, not simply ask for views on an ad hoc basis.

Clarifying the role of cluster organisations

Cluster organisations are facilitators and industry leaders, not the sole delivery agent. They are originators of innovative ideas for economic growth, and co-producers of transformational programmes. Their primary function is to facilitate the development of transformational propositions, convene fundraising activities, and provide governance and quality assurance on delivery. They bring industry perspectives to the work of WMCA/EDV where it adds value - particularly commercial intelligence, R&D insight, and expert validation. They should build direct business relationships, develop credible return-on-investment narratives, and plan for financial sustainability from the outset.

The strong work already being delivered by some cluster organisations needs to be surfaced, recognised, and shared more systematically across the programme.

Defining how clusters relate to the EDV

The main role of cluster organisations is leading transformative change and enabling solutions development. They are not expected to be a delivery arm of the EDV. Cluster organisations can help facilitate member access to EDV support as appropriate, and can help strategically review and validate EDV delivery. The EDV can provide support on programme design, funding sources, and eligibility. The EDV's account management approach with prominent regional employers can draw on cluster intelligence and relationships.

How and where cluster organisations get involved in delivery will depend on their capacity, credibility, and willingness. For programme design, business case development, and co-authoring funding bids, they may be well-positioned; for business support delivery or investor concierge functions, they may not be. Clear guidance, use cases, and a playbook will help build confidence during the transition.

7. Main Recommendations

The recommendations are organised around five themes and are designed to build on the progress already made, strengthen the programme for the future, and support the transition to the EDV.

Theme 1: Vision, definition and positioning

1.1 Reposition clusters as "industries, industrial clusters and industry transitions of strategic importance to the West Midlands economy", rather than implying that they are all high-growth cluster vehicles. Recognise the diversity of forms and purposes across the portfolio.

1.2 Ensure (if not already provided) that for each cluster a rigorous asset audit, value chain mapping and market opportunities research has been completed to confirm genuine competitive strengths, value chain completeness, and realistic growth potential.

1.3 Calibrate expectations honestly: for some clusters the prize is technology adoption and productivity enhancement rather than large-scale job growth. This is a legitimate and valuable objective.

1.4 Adopt a "genuine competitive strength" criterion as the primary test for any future cluster designation or continuation.

Theme 2: Resources, funding and delivery capacity

2.1 Move to multi-year funding settlements for cluster organisations with a reasonable notice period for changes, to enable strategic planning and staff retention.

2.2 Acknowledge explicitly that WMCA funding for cluster organisations is pump-priming, not delivery funding. Set clear expectations that cluster organisations will develop transformative propositions and work with partners to secure delivery funding from other sources.

2.3 Support cluster organisations to develop mixed funding models - combining membership fees, public investment, and earned income - with a clear trajectory towards financial sustainability.

2.4 WMCA/EDV should articulate clearly what it is buying with its funding and what outcomes it seeks, recognising that transformational change will require collaboration, co-production from cluster organisations, WMCA, WMGC, Universities, Catapults and other institutions and stakeholders.

Theme 3: Cluster roles, activities and best practice

3.1 Adopt a differentiated, tiered approach to cluster support. Nascent clusters need investment in network-building and governance; mature clusters need support to scale, deepen international connectivity, and facilitate complex multi-partner projects.

3.2 Each cluster should develop up to three transformative priorities with relevant actions, co-designed with industry. These should be framed against the activities that drive growth: supply chain development, innovation commercialisation, inward investment, internationalisation, and enterprise scale-up.

3.3 Cluster organisations should have a meaningful role in shaping research funding priorities and allocations.

3.4 Consider whether the total cluster portfolio is sustainable at current resourcing levels. Concentrating investment in fewer clusters with greater depth may deliver more impact than spreading thinly across ten.

3.5 Communicate to cluster organisations the full range of best practice activities as a starting point for developing their propositions.

3.6 Formalise an intelligence role for cluster organisations and provide a specification and framework for WMCA to provide additional funding and steer.

3.7 Regularly review cluster organisational priorities, goals, and if institutional arrangements need to adapt or change to better support them.

Theme 4: Governance, trust and the EDV transition

4.1 WMCA and EDV must provide strong, consistent messaging: "We continue to support cluster organisations, and we are clarifying their role and how they will work with the EDV."

4.2 The primary role of WMCA support for cluster organisations should be leading transformative change and facilitating solutions development.

4.3 Develop guidance, use cases and a playbook for how the EDV will work with cluster organisations.

4.4 Build confidence through collaboration, mutual respect and a track record of achievements.

Theme 5: National policy alignment and the Industrial Strategy

5.1 Clearly articulate the IS-8 relationship to the Plan for Growth and to each cluster. Map each cluster organisation's activities against IS-8 sector plans and frontier industries.

5.2 Establish a second mission for cluster organisations: to mobilise propositions for IS-8-related programmes and funding. This should contribute to the primary mission of transformative economic growth.

5.3 WMCA/EDV should consider providing practical support to cluster organisations in identifying funding opportunities, developing propositions, and navigating application processes - recognising that most cluster organisations lack the capacity to do this alone.

Looking ahead

The West Midlands cluster activities have established credible foundations during a challenging period of institutional change and constrained resources. Cluster organisations have demonstrated commitment, capability, and tangible results. The opportunity now is to build on this progress by clarifying roles, strengthening resources, and aligning cluster activities with the transition to the EDV and the opportunities presented by the UK Industrial Strategy.

International experience shows that successful cluster development is measured in decades, not years. The foundations are in place; the task now is to build on them with the strategic commitment and sustained investment that the ambition demands.

INSIGHT AND INTELLIGENCE TO PROVIDE SOLUTIONS FOR TRANSFORMATION

Mylocaleconomy - the trading name of Athey Consulting Limited