AEROSPACE TECHNOLOGY INSTITUTE

ATI IMPACT REPORT 2026

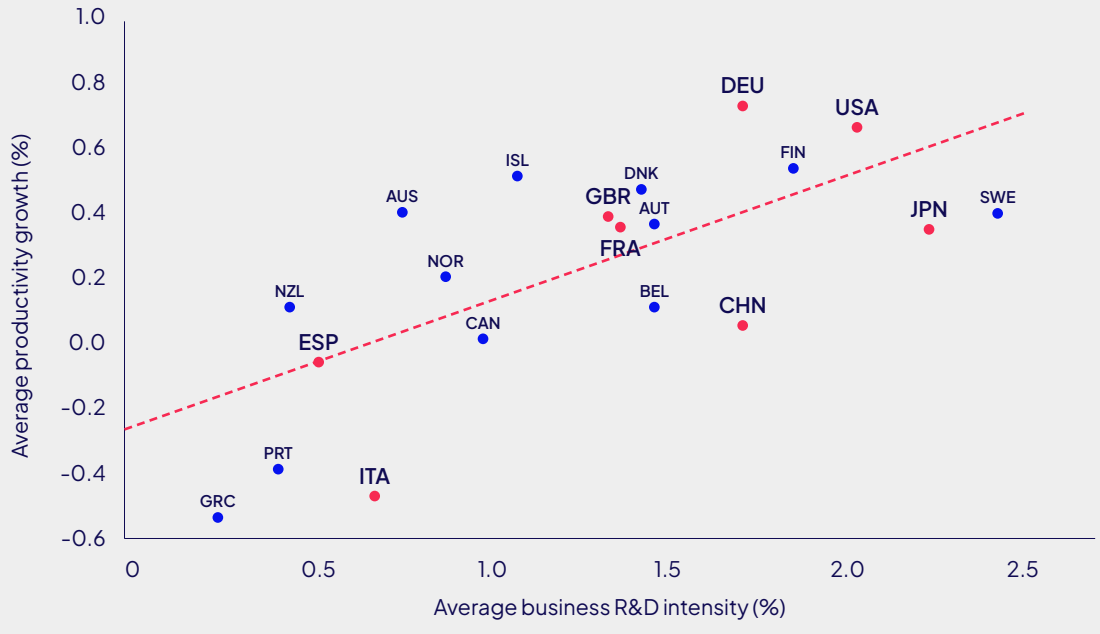
RESEARCH & DEVELOPMENT BOOSTS PRODUCTIVITY

The Aerospace Technology Institute (ATI) is delivering significant and measurable value to the UK economy, including through the ATI Programme. Since 2014, £4.2bn of joint government-industry investment through the ATI Programme has supported the development of technologies, capability and supply chains.

Aerospace and the ATI Programme are critical to strengthening UK competitiveness and driving long-term growth. ATI Programme funding is also catalysing private investment, reducing risk for industry and accelerating commercialisation.

> **"ATI's support has been instrumental in helping iCOMAT bridge the gap between breakthrough research and industrial reality. It gave both us and our investors the confidence to accelerate manufacturing scale-up and build a globally competitive capability in the UK."**
>
> – Dr Evangelos Zympeloudis, Founder & CEO, iCOMAT

Figure 1: R&D and productivity growth 1981 – 2023



Source: Fathom Consulting, LSEG Datastream, OECD

Analysis by Fathom Consulting shows that every £1 invested in aerospace R&D can generate up to £14 in whole economy output over time. This reflects a fundamental driver of economic performance: countries that invest more in R&D achieve higher productivity growth.

This report brings the impact of ATI activity to life through the investments made, the independent advice and research produced, and the organisations supported. It covers the period 1st October 2024 to 31st March 2026, with analysis of programme data from 1st April 2025 to 31st March 2026 to bring our annual impact reporting into line with the government and ATI Programme financial year.

A VISION FOR GROWTH

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In 2024, government and industry set out an ambitious plan to double the value of the UK aerospace market to US$18bn by 2035 and quadruple it by 2050. Achieving this ambition creates growth, exports and high-value jobs across the UK, demonstrates our global leadership in technology development and contributes towards our decarbonisation commitments.

The UK aerospace sector is already on a trajectory to grow significantly, supported by sustained investment in technology and capability through the ATI Programme. The sector is also building on a position of global strength: aerospace is one of the UK's most internationally competitive industries with a global leadership position in key aircraft technologies.

This long-term trend is supported by a commitment to the future vision for the sector, and underpinned by the government's 10-year ATI funding settlement of up to £2.3bn to 2035. It is also reinforced by the recognition of aerospace as a frontier industry in the Modern Industrial Strategy and Advanced Manufacturing Plan.

In recognition of the scale of the growth opportunity, the ATI set out three strategic objectives to guide ATI activity and support for the sector over the next decade:

- **Strengthen UK competitiveness**
- **Increase UK content on next generation platforms**
- **Reduce environmental impact through innovation**

These objectives informed the development of Engineering Growth, the UK national aerospace technology strategy, launched in May 2026. The strategy provides an independent assessment of the investment priorities that will accelerate technology and industrial readiness to meet the requirements of next generation aircraft programmes. It also recognises that additional investment will be needed, beyond the ATI Programme.

The following sections show how ATI Programme investment is supporting these objectives by strengthening industrial capability, accelerating technology development and positioning the UK to compete in future global markets.

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INVESTING IN A SUSTAINABLE FUTURE FOR AEROSPACE

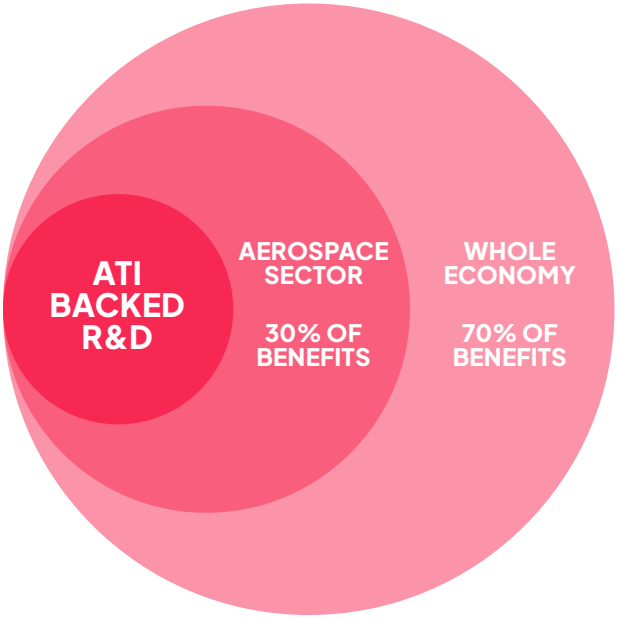
WHY AEROSPACE R&D MATTERS

To achieve our market potential on the next generation single-aisle and future widebody programmes, the UK must be ready to deliver mature, competitive technology at the rate, cost and quality required by the end of the decade. ATI Programme-supported R&D is essential to the development and deployment of these technologies.

Net Zero in aviation by 2050 similarly relies on technological innovation alongside improved operations, policy support and coordinated sector action including the scale-up of sustainable aviation fuels and carbon capture and storage. Each aircraft that enters into service today is up to 30 percent more efficient than the fleet they replace and next generation aircraft will target a further 30 percent improvement on today's modern aircraft. This will only be possible through continued R&D into more efficient aircraft technologies with the biggest efficiency gains, and economic value, in UK strengths across engines, wings, and systems.

Aerospace R&D impact extends across the wider economy. ATI analysis shows around 70% of the long-term benefits of ATI Programme investments come from productivity gains across the wider economy. This is largely driven by the value innovation drives across different sectors; very few technology developments stay only in the sector from which they originate. These investments create value beyond individual projects by building the knowledge, skills and industrial capability that increase national productivityIn aerospace, these multi-sector exploitation paths can help to accelerate technology development and advance capabilities in adjacent sectors such as defence, energy, automotive and even healthcare.

Figure 2: How aerospace R&D ripples through the economy



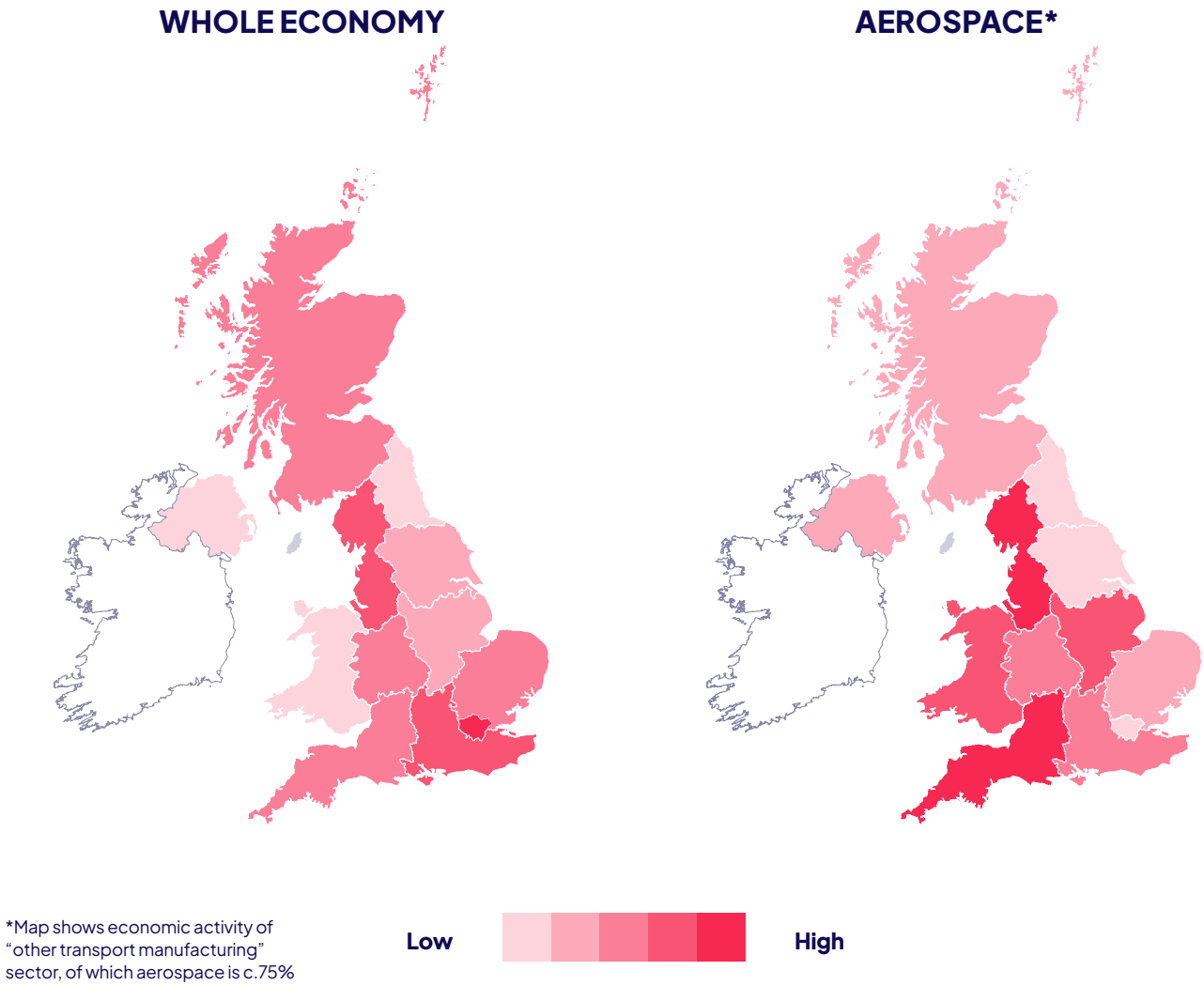
HIGHER PRODUCTIVITY

STRONGER GROWTH

BETTER-PAID JOBS

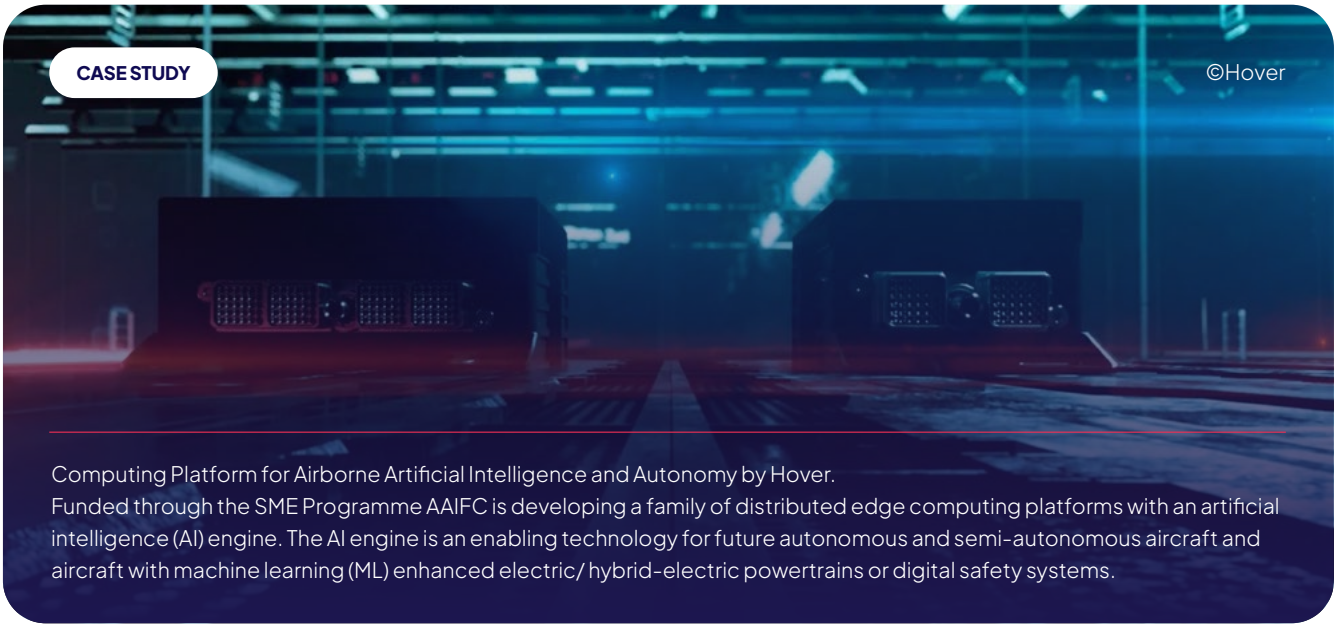
Source: Fathom Consulting

Figure 3: Economic activity by UK nations and regions (% of total)



*Map shows economic activity of "other transport manufacturing" sector, of which aerospace is c.75%

Source: Fathom Consulting, ONS



Computing Platform for Airborne Artificial Intelligence and Autonomy by Hover.
Funded through the SME Programme AAIFC is developing a family of distributed edge computing platforms with an artificial intelligence (AI) engine. The AI engine is an enabling technology for future autonomous and semi-autonomous aircraft and aircraft with machine learning (ML) enhanced electric/ hybrid-electric powertrains or digital safety systems.

ATI PROGRAMME INVESTMENT

In financial year 2025/26, the ATI supported the sector through three grant funding programmes: the Strategic Programme, the SME Programme and, for the first time, the Non-CO_2 Programme. Total ATI Programme joint investment in 2025/26 was £313m, of which £177.3m was government grant funding.

In 2025/26, ATI Programme investments were made across the UK and into organisations of all sizes including 38 SMEs as both project leads and consortium members. The SME Programme provided £22.4m of investment including £15.6m of grant funding reflecting the SME-targeted funding ratios of this programme.

SME funding awarded over the past year includes research innovations to deliver practical improvements to manufacturing productivity such as: masking compound for coating process from Hardide Coatings; sub-assembly automation from True Robotics Ltd; reduced cost, energy efficient superplastic forming equipment from Aerospace Cutting Tool Ltd; novel non-destructive testing techniques for additive manufacture from Theta Technologies and automated weld inspection integrating AI from Baclor Ltd.

THE ATI PROGRAMME PORTFOLIO

The ATI Programme portfolio is strongly aligned with future market opportunities, ensuring UK industry is positioned to compete for next-generation aircraft programmes.

The breakdown of investment over the reporting period aligns with the four technology roadmaps in the previous strategy, Destination Zero. 69% of the ATI Programme investment in FY2025/26 was directed towards ultra-efficient technologies, reflecting the ramp-up of activity in this area ahead of the launch of the next generation single-aisle programme anticipated towards the end of the decade. This alignment is already delivering tangible outcomes, including major technology milestones and strengthened industrial capability.

TECHNOLOGY ROADMAP	TOTAL INVESTMENT	PERCENTAGE
ULTRA-EFFICIENT	£217.6m	69%
ZERO-CARBON	£27m	9%
CROSS-CUTTING	£55.2m	18%
NON-CO2	£13.2m	4%

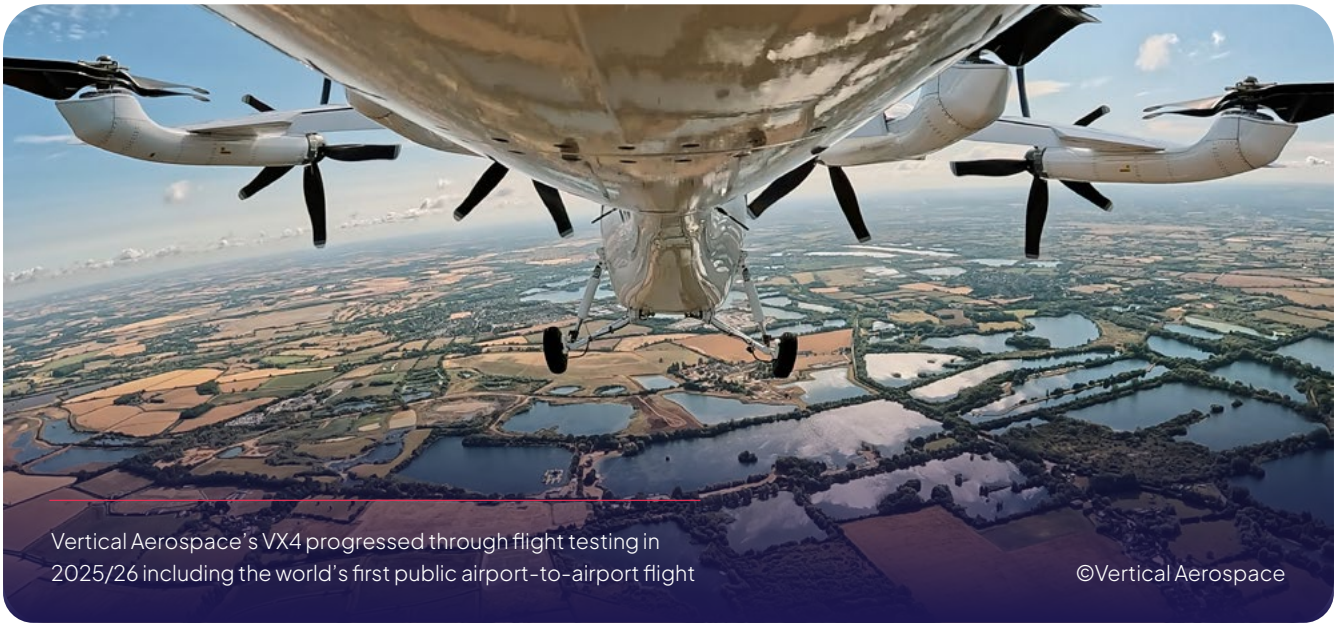
Value and percentage breakdown of ATI Programme joint government–industry investment by technology roadmap in financial year 2025/26 (1st April 2025 – 31st March 2026)

In the six months between annual reporting periods (1st October 2024 and 31st March 2025), total ATI Programme joint government-industry investment was £79m, of which £49.1m was grant funding.

TECHNOLOGY ROADMAP	TOTAL INVESTMENT	PERCENTAGE
ULTRA-EFFICIENT	£50.7m	64%
ZERO-CARBON	£13.9m	18%
CROSS-CUTTING	£14.4m	18%

Value and percentage breakdown of ATI Programme joint government–industry investment by technology roadmap (1st October 2024 and 31st March 2025)

These investments continue to support industry to develop and demonstrate the technologies that will define the next generation of aircraft. ATI Programme investment has enabled high-profile milestones including Vertical Aerospace's VX4 first airport-to-airport flight and Safran's ENGINeUS™ certification. Major strategic projects commenced to support Airbus' Wing of Tomorrow industrial assembly technologies and flight-test of their high-aspect ratio wing shape, Rolls-Royce's scalable Ultrafan® engine, plus digital and engine noise advanced design technologies. Safran Electrical & Power were funded to develop hybrid electrical machines for propulsion and power generator technologies in projects targeting next generation single-aisle architectures. Hexcel's pilot facility to develop narrow, unidirectional, carbon fibre prepreg materials important to reinforce the UK supply of future materials was also supported.



Vertical Aerospace's VX4 progressed through flight testing in 2025/26 including the world's first public airport-to-airport flight

©Vertical Aerospace

The ATI's ambition remains high in improving understanding of the technology advancements required to mitigate harmful aircraft emissions. Disruptive zero-carbon emission aircraft technology areas were funded through ZeroAvia's hydrogen-electric systems control project and Eaton who are researching cryogenic pumping technology. In addition, the first four projects were awarded funding through the Non-CO_2 Programme in 2025/26, building on the UK's leadership in this area.

These investments support high-value aerospace jobs throughout the UK, particularly in regions beyond London and the South East. With productivity levels well above the national average and wages around twice the UK average, aerospace drives regional growth ensuring the impact of ATI Programme innovation is felt across the country.

CASE STUDY

Project MIST, led by Honeywell in collaboration with Boeing and the University of Reading, aims to advance in-flight sensing capabilities to improve the accuracy of contrail forecasting through the development of on-aircraft humidity sensors. Advanced sensors not only create 'airborne laboratories' but can also fill other data gaps, creating spillover benefits for other applications.

DELIVERING ECONOMIC AND INDUSTRIAL IMPACT

Since 2024, the value of the UK aerospace sector has grown by US$1bn, in line with ATI market projections and on track to hit the target of doubling by 2035. Industry investments were made across the UK including Safran Tech UK, the Group's first Research & Technology centre outside of France. In Northern Ireland and Scotland, the Spirit AeroSystems sites were acquired by Boeing and Airbus.

ATI Programme investment also acts as a catalyst for private finance. Around 30% of SMEs awarded ATI Programme funding went on to raise more than £65 million in equity capital, demonstrating the programme's ability to attract follow-on investment.

> **"Having spoken to a lot of investors now, they find government funding going into some of the work that companies are doing really, really attractive… it's a way of minimising the amount of money they have to put in to get to a certain key milestone… So it's really great if you can go to investors and say we want £2m in investment, but we've already secured £2m in government grant funding."**
>
> – Jack Nicholas, CTO & Co founder, Qdot Technology

Ultima Forma and Dowty, a GE Aerospace Company announce partnership at ATI Conference 2025.

The ATI's ability to bring the sector together on equal terms helps create a collaborative environment that encourages partnerships and knowledge-sharing. This is demonstrated by newly announced partnerships between Dowty and Ultima Forma, and between Vertical Aerospace and Evolito. Identifying gaps, convening opportunities for partnership and encouraging collaborative applications to the programme are key ways in which the ATI works to strengthen the sector.

MARKET-LED INSIGHT

The ATI's insight and convening role accelerates innovation by aligning industry capability, identifying opportunities and connecting organisations across the ecosystem. This activity is supporting the development of new partnerships, unlocking commercial opportunities and strengthening UK supply chains.

Our 2025 Market Spotlight: Growing UK Composite Capability and associated working group have helped to align capability, identify barriers and catalyse collaboration, complemented by a showcase that connected innovators with partners, customers and investors. On the back of the opportunity identified by the ATI, GKN Aerospace has partnered with Axillium Research and Composites UK to launch a grand challenge for UK composites and tooling specialists.

TARGETING SUCCESS

Throughout Engineering Growth market and technology targets help guide UK aerospace investment, partnerships and aspirations. Over the coming year, the ATI will define and embed the measures of success needed to track progress against the goal of doubling UK market value by 2035. These measures will focus on increasing UK content on next generation platforms, strengthening UK competitiveness and reducing environmental impact through innovation. While not all of these targets will be directly within the ATI's remit to deliver, measuring the sector's progress against the strategy will provide a robust basis for demonstrating outcomes, informing future choices and ensuring that public and private investment delivers the greatest possible benefit for the investors and the UK. Working closely with industry and government, the ATI will prioritise the actions that deliver the greatest returns and keep the sector on track to achieve its ambition.

ABOUT THE ATI

The Aerospace Technology Institute (ATI) is an independent not-for-profit organisation working in partnership with the UK government and industry to enhance the competitiveness of the UK aerospace sector through technology leadership and funding. Since 2014, the ATI Programme has invested over £4.2 billion of joint government-industry funding in a balanced portfolio of research and technology projects. The ATI Programme is delivered in partnership with the Department for Business, Innovation, Science and Trade and Innovate UK.

AEROSPACE TECHNOLOGY INSTITUTE

Figures provided are rounded to the nearest single decimal point and include projects on contract on dates stated. As a result figures may not reflect full ATI Programme batches.