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Improving Business Productivity - Yorkshire and Humber Made Smarter Programme

Purpose of Report

This report outlines to the proposed approach to the delivery of the Yorkshire and Humber Made Smarter programme which is being led by the Sheffield City Region Mayoral Combined Authority.

Thematic Priority

The Made Smarter programme will facilitate and proactively support growth amongst existing firms in the Sheffield City Region.

Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper will be available under the MCA Publication Scheme.

Recommendations

Members are invited to discuss the content and approach to the proposals for the Yorkshire and Humber Made Smarter programme.

1. Introduction

- 1.1** Made Smarter is the UK's key national industrial digitalisation programme. It aims to drive innovation, rapid adoption and stronger leadership in industrial digitalisation, to support the UK's ambition of becoming a world leader in the Fourth Industrial Revolution by 2030.
- 1.2** The programme came out of the industry-led Made Smarter Review which identified the opportunity to transform the UK's manufacturing sector through the development and adoption of Industrial Digital Technology (IDT). The review stated that over a 10 year period, industrial digitalisation could boost UK manufacturing by £455bn; boost productivity by up to 30%; and create a net gain of 175,000 jobs whilst reducing CO2 emissions by 4.5%. The Made Smarter Review found that there were a number of barriers to digitalisation:
- An ineffective and confused support landscape for manufacturers does not provide a clear route to accessing trusted support or a sense of what 'good' looks like;
 - Firms have only a limited understanding of industrial digital technologies or awareness of the opportunities they create, and that this is combined with a perception that adopting these technologies is high risk and high cost;
 - SMEs lack key skills, including leadership and management, needed to exploit technology in their businesses and to make the case for investment;

Key concerns about cybersecurity, loss of IP and challenges around standards and interoperability also prevent firms from investing in IDT.

- 1.3** In response, the £20m North West Made Smarter Adoption Pilot was launched in January 2019. This 30-month pilot aimed to increase adoption of IDTs by manufacturing SMEs and realise £115m GVA boost over 4 years.

The support model centred on intensive 1:1 advice and support delivered through the 5 NW Growth Hubs (Greater Manchester, Liverpool City Region, Lancashire, Cumbria and Cheshire & Warrington) with the Greater Manchester Combined Authority as financial accountable body.

Business advisers deliver advice and support for manufacturing businesses that includes an initial diagnostic, production line walks, digital road-mapping workshops. The most intensive support offers L&M training, student placements and matched grants.

Delivered through local and regional delivery partners to ensure reach into a wide range of manufacturing SME businesses as well as coordination with existing local priorities and support offers. The pilot works with key partners in the region including Catapults, trade associations, and other national programmes, such as Be the Business and Business Basics.

Initial results state that 84% of participants in the pilot have self-reported an increase in productivity as a result of programme and 51% have self-reported a significant positive impact (yet to be quantified). Evidence at this stage is limited due to the stage of the project and the longer timeframe required to realise outputs such as impacts on exports and emissions.

- 1.4** BEIS would like to replicate the pilot for 21/22 from the North West across other regions of the country that have a large manufacturing presence – Yorkshire & Humber, West Midlands and North East.

Limited provision in the budget has meant the funds available for this scheme are significantly less than those provided to the North West with only £1.5m identified for the Yorkshire and Humber region for the financial year 2021/22 only. However, BEIS would like the pilot scale up schemes to include as many of the programme deliverables from the North West model as possible; this is to allow a meaningful evaluation of the pilots to take place and inform requests for future funding of the programme.

BEIS confirmed this is an offer to the region and there is no appetite to run the scheme at a sub-regional level and that at this stage there is no guarantee of any future funding.

2. Proposal and justification

- 2.1** SCRMCMA will be acting as the lead organisation and accountable body for the regional Y&H programme.

Initial proposals for the Y&H Made Smarter programme are to utilise local delivery partners to deliver the required MS outputs. Initial light touch diagnostics to assess suitability for the programme will be undertaken by each LEP's Gateway/Growth Hub and where a business is not suited to the MS programme they will be referred onto more suitable support schemes.

Where a business is identified as being likely to benefit from the MS programme they will be offered an opportunity to engage in a digital roadmapping exercise; this exercise

identifies the elements of the MS programme that will support the business to move forward on the digital agenda.

Deliverables	Output	Delivered by
1:1 engagements with businesses, where the minimum levels of data are collected (light touch diagnostic undertaken through Gateway/Growth Hub)	500 SMEs	Gateway Service/ Growth Hub
Digital roadmapping sessions delivered (fully funded for participants)	100	Procured partner
Funded projects delivered: Intensive Technical Support (fully funded for participants)	60 SMEs	Procured partner
Funded projects delivered: Cap Ex Grant awarded (£10k at 50% intervention rate)	20 grants	Procured partner
Students placed in Digital Internships (£6k per business, fully funded)	15 internships	Procured partner
Leadership and Management training places filled (max of 3 month programme, fully funded for participants)	50 participants	Procured partner
Referral to other relevant support/interventions that sit outside of the Made Smarter programme	200 referrals	Gateway Service/ Growth Hub

Within the Sheffield City Region Renewal Action Plan there is a priority to support businesses in digital adoption and adaptation. Aligning the delivery of the RAP and Made Smarter programmes along with other business support offers will enable the BEIS funding to be maximised and enhance the support opportunities offered to our businesses.

2.2 As the accountable body for the Y&H Made Smarter programme, the SCRMCAs will have a formal governance oversight and it is proposed that this sits with the Business Recovery and Growth Board as the most appropriate constituted thematic Board of the MCA.

More regular oversight of the programme would be provided by the Y&H Made Smarter Steering group, commissioned by the BRGB and to include a broader regional membership. It is proposed that the Steering Group will be made up from 3 representatives each from SCR and LCR (as the larger bodies within the region) the other regional LEP areas will provide 2 representatives; as representatives from the LEP body it is envisaged that there will be a diverse mix of stakeholders from industry and academia. The terms of reference for this group are being developed and are based upon the ToR already in place for the Leeds City Region Made Smarter Board.

The Y&H Made Smarter Working Group will be responsible for the operational implementation and delivery of the programme and will report to the Y&H Made Smarter Steering Group on a regular basis, providing the data and narrative on performance that is required for the steering group to fully undertake its role in testing, challenging and guiding the delivery of the Made Smarter support and interventions. This group is comprised of officer representation from each of the regional LEP areas including: Sheffield City Region, Leeds City Region, York and North Yorkshire, Hull & East Yorkshire and Greater Lincolnshire (for businesses in North and North East Lincolnshire) .

The Sheffield City Region MCA will provide the co-ordination for the Y&H programme, acting as the conduit between the national and local area programmes and will have responsibility for the procurement and financial management aspects of the programme as well as providing secretariat support.

3. Consideration of alternative approaches

- 3.1 Do nothing – this would mean the loss of opportunity for Sheffield City Region businesses to benefit from this scale up programme and reduce the input that the region can have in shaping any potential future delivery of the Made Smarter programme.
- 3.2 Do more – this programme has limited funding which must be delivered upon within the 2021/22 financial year, the proposed deliverables in this paper are ambitious and any further stretch on these targets is considered to be unrealistic.

4. Implications

4.1 Financial

Funding for this programme is being provided from BEIS for the 2021/22 financial year as part of a national pilot extension with Sheffield City Region being the accountable body for the Yorkshire and Humber region. Approval to accept the grant will be sought from the MCA Board in accordance with governance.

4.2 Legal

Funding for this programme is to be provided using section 31 powers and for this purpose a memorandum of understanding is being developed.

4.3 Risk Management

The programme will operate a risk register.

4.4 Equality, Diversity and Social Inclusion

The design of the programme delivery is based around utilising local delivery partners who have an understanding of the Y&H context and can support businesses to commit to the social value that the programme can engender in taking on student internships for example.

5. Communications

- 5.1 Marketing and communications for the programme is primarily defined within the national Made Smarter programme, with a regional focus on building awareness and engagement of the programme with businesses and networks.

6. Appendices/Annexes

- 6.1 None

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: