

Mayoral Combined Authority Board

07 June 2021

Made Smarter Grant Acceptance

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Funding Decision
Funding Stream:	Not applicable
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:
Gareth Sutton, Chief Finance Officer/s73 Officer

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Executive Summary:

This paper requests approval to accept a Department of Business, Energy and Industrial Strategy (BEIS) grant for the Yorkshire and Humber Made Smarter Programme

What does this mean for businesses, people and places in South Yorkshire?

The Made Smarter programme will facilitate and proactively support growth amongst existing firms in the Sheffield City Region, whilst supporting the region's recovery and renewal from the pandemic.

Recommendations:

1. Approve acceptance of the BEIS Made Smarter programme grant for £1.5m
2. Delegate Authority to the S73 Officer in conjunction with the Head of Paid Service and Monitoring Officer to accept the grant subject to their acceptance of the terms of the agreement and enter into subsequent legal agreements.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Business Recovery and Growth Board

28 April 2021

1. Background

1.1 BEIS Made Smarter Programme

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%.

- 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.

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.

2. Key Issues

- 2.1 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

3. Options Considered and Recommended Proposal

3.1 Option 1

SCRMCA will act 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 road mapping 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

3.2 **Option 1 Risks and Mitigations:**

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 will enable the BEIS funding to be maximised and enhance the support opportunities offered to our businesses.

3.3 **Option 2**

Do more

3.4 **Option 2 Risks and Mitigations**

The 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.

3.5 **Option 3**

Do Nothing

3.6 **Option 3 Risks and Mitigations**

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.

3.7 **Recommended Option**

Option 1

4. **Consultation on Proposal**

4.1 The Yorkshire and Humber Made Smarter programme is supported by the LEPs across the region, the MCA Business Recovery and Growth Board and West Yorkshire Combined Authority and a working group is established directly through the Growth Hub cluster. Early discussions have taken place with existing local partners across the region, including the HVM catapult/AMRC (Sheffield University) in the Sheffield City Region and the University of Huddersfield and numerous discussions held to explore what input they could have to the programme, particularly as potential delivery agents.

5. Timetable and Accountability for Implementing this Decision:

5.1 It is expected that delivery of the programme will be achieved by March 2022.

6. Financial and Procurement Implications and Advice

6.1 The total cost of the Made Smarter programme is £1.5m, all of which is funded by BEIS. The delivery plan is fully costed and has been accepted in principle by BEIS. Further information on the terms and conditions of the grant is awaited, however it is understood that the arrangements between BEIS and the MCA will be formalised via a memorandum of understanding (MOU) rather than a detailed funding agreement

7. Legal Implications and Advice

7.1 Funding for the Made Smarter programme is to be provided using section 31 powers, which allow Central government to provide grants to Local Authorities including combined authorities. As the funding is in excess of £100,000 the Constitution requires the approval of the Mayoral Combined Authority Board for it to be accepted

7.2 A Memorandum of Understanding will be agreed between the Authority and BEIS detailing the terms and conditions of the funding

8. Human Resources Implications and Advice

8.1 N/A

9. Equality and Diversity Implications and Advice

9.1 The design of the Made Smarter 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

10. Climate Change Implications and Advice

10.1 Climate change impact will be assessed as part of the assurance process for proposed activity.

11. Information and Communication Technology Implications and Advice

11.1 Existing IT solutions will be used by the MCA Executive to support the delivery of activity related to the Made Smarter Grant. Therefore, there are no implications.

12. Communications and Marketing Implications and Advice.

12.1 The grant provides an opportunity to demonstrate the leadership role the MCA and its partners are playing in supporting the region's recovery and renewal from the pandemic, in line with the RAP communications and marketing strategy, as well as promoting the region's innovation potential.

12.2 A targeted marketing plan will be developed to support the referral process and promote case studies emerging from the programme. The MCA Executive Communications and Marketing team will work closely with BEIS, Local Authority, LEP, business representation groups and universities to develop and deliver the strategy.

List of Appendices Included

None

Background Papers

None