

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

Ref PH/YW

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Advancing Manufacturing Challenge Fund Bid

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Executive Summary

This report seeks approval to bid for funding to the Scottish Government's Advancing Manufacturing Challenge Fund (AMCF) to develop a North Lanarkshire Manufacturing Innovation Hub based at New College Lanarkshire. The Hub will have a focus on robotics whilst providing a focal point to support North Lanarkshire's small to medium sized manufacturing companies to grow their business, generate efficiencies in their operations and create jobs.

Recommendations

It is recommended that the Enterprise and Growth Committee:

- 1) Note the contents of the Report
- 2) Approve submission of a full application to Stage 2 of the Advancing Manufacturing Challenge Fund.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (5) Grow and improve the sustainability and diversity of North Lanarkshire's economy

Priority Improve North Lanarkshire's resource base

Ambition statement (21) Continue to identify and access opportunities to leverage additional resources to support our ambitions

1. Background

- 1.1 Manufacturing is a key industry sector in North Lanarkshire. According to the Office for National Statistics, North Lanarkshire has 550 registered manufacturing businesses, employing 11,710 people who generate £2.1 billion of turnover in the local economy. Compared to other industry sectors in North Lanarkshire manufacturing ranks as the second highest for both employment and turnover in the local economy. However, in Scotland, the sector contributes only 10% of national GVA.
 - 1.2 Both at a local and national level it has been recognised that there is a need to help and encourage Scottish manufacturing businesses to modernise, digitise and automate to improve efficiency, boost productivity, grow exports and close Scotland's productivity gap. The manufacturing industry also needs to attract, develop and retain employees with the right skills and qualification to meet current and future demands.
 - 1.3 At a national level, this has also been recognised within both the Scottish Government's Scotland's Manufacturing Action Plan – A Manufacturing Future for Scotland (2016) and the Skills Investment Plan for Scotland's Engineering and Advanced Manufacturing Sector (Skills Development Scotland).
 - 1.4 In response to this need, the Scottish Government has created the Advancing Manufacturing Challenge Fund (AMCF) to invite innovative bids to address the challenges faced by the sector.
 - 1.5 The AMCF aims to create a national network of regionally-based initiatives designed to stimulate and improve the innovation performance of small to medium sized manufacturing enterprises in Scotland. Scottish Enterprise is acting as the lead project and fund manager for the fund on behalf of the Scottish Government.
 - 1.6 In addition, the AMCF will complement the new £65m National Manufacturing Institute for Scotland (NMIS) being built at Inchinnan in Renfrewshire, by providing regional access to complementary support and services. NMIS, led by the Scottish Government and supported by enterprise agency partners, will be built and operational by 2021.
 - 1.7 The AMCF will distribute up to £18m of European Regional Development Fund (ERDF) funding, on a competitive basis, to projects delivered in Scotland. AMCF offers public sector applicant organisations a 50% match contribution towards direct staff costs (via a +15% Flat Rate) and through procurement of equipment. The AMCF was first announced in October 2018 as part of a response to the business-led Enterprise and Skills Strategic Board through their Economic Action Plan.
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2. Report

- 2.1 This report outlines details of a funding bid being led by North Lanarkshire Council's Enterprise Team, in partnership with New College Lanarkshire's Faculty of Engineering and Automotive and the University of Strathclyde to the Advancing Manufacturing Challenge Fund (AMCF).

- 2.2 A first stage submission to the fund has been made by the Council to the AMCF and was approved on 19th July 2019. The first stage determined project eligibility so as to proceed to the second full application stage. The second stage submission deadline is Friday 13th September 2019.
- 2.3 North Lanarkshire Council's (NLC) Enterprise Team and New College Lanarkshire's (NCL) Faculty of Engineering and Automotive have identified a demand from industry and academia to develop an integrated regional Manufacturing Innovation Hub in North Lanarkshire.
- 2.4 The Hub will provide practical and industry-specific business support to help advance North Lanarkshire's Manufacturing Small to Medium Enterprise (SME) base and be located at New College Lanarkshire's Motherwell campus, within the faculty of Engineering and Automotive. The Manufacturing Innovation Hub will provide holistic support to the sector, including:
- A state-of-the art training facility with universal collaborative robots; six-axis robotic arms with adaptive grippers, controllers and polyscope software.
 - 'Go to' dedicated space for manufacturing SME's to meet, learn, access industry-specific business support and academic / partner agency expertise. The space will comprise hot desk, 121 meeting space / pods, tech and media enabled meeting facilities. A programme of workshops will deliver on identified NMIS work stream topics including Leadership, Jobs & Skills, Circular Economy, Energy Efficiency / Decarbonisation, Investment in Smart Manufacturing, Supply Chain Capabilities, Competitive Infrastructure, Technology & Innovation and R&D and Innovation.
- 2.5 The Hub will also act as a regional satellite for NMIS, linking closely with the University of Strathclyde (a key NMIS partner). The Hub fits well with the University's plans to commence User Engagement / Outreach activities across sectors and regions and builds on work already underway by NLC's Enterprise team to provide sector-specific support to North Lanarkshire's manufacturers.
- 2.6 As well as providing support to local manufacturing SMEs, the project will also link to local schools providing the opportunity for visits and learning experiences for young people linked to the wider Science, Technology, Engineering and Mathematics (STEM) agenda.
- 2.7 If successful, the project must commence before 1st April 2020 and end on 31st December 2022 as part of AMCF eligibility conditions.

3. Equality and Diversity

3.1 Fairer Scotland

Full consideration of Fairer Scotland will be undertaken in relation to the delivery of this project

3.2 Equality Impact Assessment

None has been undertaken for the purposes of this report.

4. Implications

4.1 Financial Impact

Match funding for the project will be met from existing capital and revenue budgets and supported by revenue and in-kind funding from New College Lanarkshire to leverage funds from the Advancing Manufacturing Challenge Fund (AMCF). The project will make a measurable contribution to identified Council strategic objectives and existing work streams. Full contributions from each project partner and the leveraged funding is outlined below:

Organisation & Budget	Project Cost / Contribution (£)
North Lanarkshire Council Capital (existing Ambition ERDP budget)	250,000.00
Revenue (existing Revenue Leverage Fund budget)	49,187.50
New College Lanarkshire (inc. in-kind contributions)	260,138.28
Advanced Manufacturing Challenge Fund (AMCF)	299,187.50
Total	858,513.28

4.2 HR/Policy/Legislative Impact

Project Management resource will be identified in line with NLC Recruitment processes and procedures with resource recruited either through procurement or via a fixed-term contract. There are no legislative impacts.

4.3 Environmental Impact

The project will have no detrimental environmental impacts. Local businesses will benefit from help to operate more efficiently and sustainably.

4.4 Risk Impact

The proposed project has identified risks, understood and negated as a result of experience of managing and delivering similar ERDF funded projects.

5. Measures of success

5.1 It is proposed the North Lanarkshire Manufacturing Innovation Hub will deliver the following targets in Year 1 with an ambition to grow these annual figures in years 2 and 3 of the project funding:

Outputs:

- 22 Robotics training sessions for SMEs per year

- 30 NL School visits per year, linked to STEM focus (future SME workforce)
- 12 NMIS workstream workshop sessions per year
- 120 NMIS workstream workshop attendees per year
- 12 other manufacturing related workshop sessions per year
- 12 Intermediary visits to promote the Hub to their clients
- 60 1-2-1 manufacturing SME business engagements per year
- 90 introductions and / or referrals to academic and agency partners per year
- 250 'sign ins' of Hub space for hot desk, meetings, project planning sessions per year.

Outcomes

- 15 SMEs engaged in new R&D activity per year
- 25 new products, services, processes introduced per year
- 25 new investments in plant, equipment, software or machinery (includes robotics) per year
- 20 SMEs engaged in carbon reduction / energy efficiency projects per year.

6. Supporting documents

- 6.1 A full copy of the North Lanarkshire Manufacturing Innovation Hub: Stage 1 Project & Partners' Cost Breakdown is available on request.



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