

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

Ref PH/YW

Date 27/08/20

Advancing Manufacturing Challenge Fund Bid Update

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Executive Summary

Following committee approval in August 2019 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, this report updates members on the outcome of the bidding process and the North Lanarkshire Manufacturing Innovation Hub project.

Recommendations

It is recommended that the Committee:

- 1) Note the successful outcome of the bid to the Advancing Manufacturing Challenge Fund and the plans to develop a manufacturing innovation hub in partnership with New College Lanarkshire.

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, prior to the pandemic, North Lanarkshire has 585 registered manufacturing businesses, employing 11,200 people who generate £2.0 billion of turnover in the local economy. Compared to other industry sectors in North Lanarkshire manufacturing ranks as the third highest for both employment and turnover in the local economy. However, in Scotland, the sector contributes only 14% 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 in 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 the procurement of equipment and direct staff costs with an additional 15% flat rate provided to cover indirect staff costs. 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.

2. Report

- 2.1 This report outlines details and the outcome of the funding bid that was 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 was 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. Following approval by Committee in August 2019, a bid was submitted in September 2019 and in November 2019 two members of the bid team attended an assessment panel interview to present the North Lanarkshire Manufacturing Innovation Hub project.
- 2.3 As lead bidder, North Lanarkshire Council was notified on 9th April 2020 that its bid to the AMCF was successful. Due to coronavirus the awards process was delayed but as per the AMCF Guidelines, the project is deemed to have commenced in April 2020 and ends on 31st December 2022 to remain eligible for funding. Due to the impact of coronavirus there is the possibility the project may be awarded an additional years' extension to December 2023 but this is not guaranteed and any notification from either the European Commission or the Scottish Government is not anticipated on an extension until at least the end of 2020.
- 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 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.
- 2.6 Due to the impact of coronavirus, progress with implantation of the project has been delayed. However a revised project plan is currently being developed with New College Lanarkshire to ensure that the outcomes from the project can still be delivered. Immediate priorities in the coming months will be to commence a procurement exercise for the robotics equipment; the College will be undertaking the fit out of an interim robotics workshop; and an online series of webinars will be developed to promote the facility and the robotics equipment to businesses.
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3. Equality and Diversity

3.1 Fairer Scotland

Full consideration of Fairer Scotland will be undertaken in relation to the delivery of this project. The Manufacturing Innovation Hub will see investment into the Ravenscraig area, a key regeneration site in North Lanarkshire, that itself is surrounded by areas experiencing multiple deprivation. Once the Hub is operational, local schools will also be encouraged to engage with the facilities to stimulate pupils' interest in Science, Technology, Engineering, and Mathematics (STEM) subjects through training and demonstration sessions of the robotics equipment. To ensure fairness and accessibility, the equipment can also be taken on roadshows to schools throughout North Lanarkshire.

3.2 Equality Impact Assessment

An Equality Impact Assessment Stage One Initial Screening Impact has been completed and no adverse impacts were identified.

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 budgets)	153,975
Revenue (existing budget)	39,675
New College Lanarkshire	150,000
Advanced Manufacturing Challenge Fund (AMCF)	290,475
Total	634,125

4.2 HR/Policy/Legislative Impact

Project Management resource will be identified in line with North Lanarkshire Council 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

Advice has been sought from the Scottish Government's Strategic Environmental Assessment (SEA) Gateway Team and the project was deemed to not require an SEA as the Ravenscraig site has already been through an SEA via North Lanarkshire Council's Local Development Plan process. In addition, the project will not change any external aspects of New College Lanarkshire's existing buildings. As part of the design, the project will seek to utilise materials that minimise environmental impact.

4.4 Risk Impact

As part of North Lanarkshire Council's Project Management and the AMCF process a range of potential risks have been identified and mitigating measures developed to minimise any impact on project delivery and objectives.

5. Measures of success

5.1 It is proposed the North Lanarkshire Manufacturing Innovation Hub will deliver the following targets over the duration of the project:

Output and Outcomes	Target
Number of SMEs attending events	345
Number of SMEs supported	173
Number of Projects with SMEs (one to one support)	86
Number of collaborations between SMEs and research institutes	43
Business expenditure on research and development (BERD)	£287,688
Number of SMEs supported to introduce new to the market products	14
Number of SMEs supported to introduce new to the firm products	43
Additional Project Indicators	Target
Number of SME Robotic Training (1-2-many)	63
Number of School Visits (STEM / Future Workforce focus)	87

6. Supporting documents

6.1 A full copy of the North Lanarkshire Manufacturing Innovation Hub: Stage 2 Application & Appendices is available on request.



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