

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>Cabinet</b>
2.	<b>Date:</b>	<b>8<sup>th</sup> September, 2010</b>
3.	<b>Title:</b>	<b>Evaluation of the Invest South Yorkshire (ISY) Programme</b>
4.	<b>Directorate:</b>	<b>Environment &amp; Development Services - RiDO</b>

### 5. Summary

A report advising members of the outcome of an external evaluation of a key account management and inward investment programme delivered by Rotherham Investment and Development Office and highlighting the recommendations made in the report.

### 6. Recommendations

- i) **Members note the contents and recommendations of the Interim Evaluation of Yorkshire Forward's Investment in the Programme 'Invest South Yorkshire' and support implementation of the recommendations detailed in the report.**
- ii) **Continuation of the activity delivered by the 'Invest South Yorkshire' programme should be highlighted as a priority intervention to be addressed by the emerging Local Enterprise Partnership.**
- iii) **A further report is brought to members in October 2010 detailing progress in implementing the recommendations of the evaluation report.**

## 7. Proposals and Details

The Invest South Yorkshire (ISY) Programme aims to attract new investment in key business sectors and provide support to the largest and most strategically important companies in Rotherham.

This is achieved by building on (and simplifying) the earlier Renaissance South Yorkshire approach and bringing together Key Account Management, Human Resource support and Inward Investment functions. The programme is part of a South Yorkshire wide approach. Rotherham Investment and Development Office (RiDO) delivers the programme in Rotherham with Barnsley Development Agency, Invest in Doncaster and Creative Sheffield covering the rest of South Yorkshire. The Inward Investment functions are delivered as a shared South Yorkshire service. Rotherham leads for the Advanced Manufacturing and Materials (AMM) sector.

The onset of the recession has meant the programme has been established through some of the most difficult trading conditions in recent history.

The ISY Programme has recently undergone an external evaluation commissioned by Yorkshire Forward and carried out by Ekosgen. The evaluation suggests that it is a fit for purpose approach which should be continued.

The evaluation concludes that the ISY Programme generates considerable Strategic Added Value (SAV) in raising its profile with the largest and most significant employers in the region.

The report suggests a number of recommendations to enhance the strategic direction of the programme. There is an immediate need to look at future funding and make a case for an 'ISY2'. The ISY Forum could focus more on strategy and strategic direction rather than operation in this phase of its development and initiate an over-arching strategy. This would provide an opportunity to refresh the inward investment dimension of the programme and the quality of lead generation.

The report recommends the ISY Programme should raise its profile and that there is scope to transfer some of the good practice to other areas of the region through proactive dissemination. The report concludes by suggesting there are clear areas where the ISY model offers learning for others.

In total the evaluation makes twenty recommendations which are prioritised for action. A full list of recommendations is reproduced at appendix 1.

The **main recommendation of the evaluation** is that ISY needs to look at future funding and to continue **making the case for continuation** of ISY post- the current funding period and to keep all staff fully aware of any changes.

### Delivery in Rotherham

The programme was established in Rotherham 2008. Two Key Account Managers (KAM's) were appointed to work on the programme, along with an HR Business

Consultant and an Advanced Manufacturing & Materials (AMM) Sector Specialist. The Sector Specialist is part of an AMM team based at the Advanced Manufacturing Park that includes a Marketing Manager and a project Co-ordinator and three staff from Creative Sheffield (two Business Development staff and a part time HR Business Consultant).

The 65 Key Account businesses in Rotherham have been assisted in accessing a wide range of business assistance including the Manufacturing Advisory Service, Carbon Trust, Centres of Industrial Collaboration (CIC's), CO2Sense, and various Rotherham MBC Services. KAM's have also had a central role in companies drawing down financial assistance for capital projects, linked them to local supply chains, assisted on PR, helped to find new premises and even solved local issues such as parking, fly tipping and gritting.

Regular contact is maintained with our Rotherham Key Accounts in a variety of ways, from face to face meetings to regular newsletters, as well as highlighting events that may be of interest to them.

The HR Business Consultancy service is a vital part of the programme. It is used to help companies recruit new employees and in cases where companies have had to make redundancies, the HR Consultants have worked with partner organisations, including Jobcentre Plus, to provide support. This approach has made it possible to introduce redundant employees to other jobs being advertised across South Yorkshire.

The AMM Sector Specialist performs a lead role in a joint Rotherham/Sheffield AMM Investment Team. This is a key business sector where Rotherham and the sub region have a genuine world class offer to inward investors. The sector has growth potential particularly through the emerging civil nuclear renaissance (a market worth over three thousand one hundred billion dollars) and strategic links have now been developed with some of the industry's leading national and international firms.

The Table below shows how RiDO has performed in relation to programme output targets:

**Period 2008 - 2009**

<b>Output</b>	<b>Target</b>	<b>Actual</b>
Jobs Created / safeguarded	228	1071
Businesses supported	47	121
Investment projects	10	16
Businesses created	6	2
Private sector investment	£1.9m	£19.8m

## Case Studies

### Corus

Steel production is an important part of Rotherham's identity and consequently Corus has relationships with the Council at a number of levels. Throughout the recent redundancies, RMBC has worked closely with the company and partners to retain the company in the borough, along with many hundreds of jobs. Through the ISY Programme the team has been able to add value to this. RMBC's Employment Solutions team provided advice to 181 Corus employees (July-Dec2009) and helped get 25 of them back into employment, 3 back into training/education plus a number were taken back by Corus. RiDO's Business Community Coaches received 36 referrals from June 2009 – March 2010 from ex-Corus employees wanting to set up their own business – 5 have already set up in business (as at March 2010).

The Council continue to support and meet regularly with Corus. Corus' Training Manager has been linked, via our HR Business Consultant, to activity currently taking place in relation to raising the skill levels of engineering apprenticeships and work to tackle skills shortages in the manufacturing sector in the Sheffield City Region.

### MTL Group

MTL is an engineering company currently located in Sheffield, and a Key Account there. RiDO KAM was introduced to the company by our Sheffield colleagues, and worked closely with the company to ensure their project to relocate in to Rotherham went ahead successfully. The company is transferring 250 jobs into the borough, and creating a further 50 over the next 3 years with this £5 million investment. The company have been advised of the HR Business Consultancy support and we will work with them on recruitment..

### AMM Team

Since April 2009 the AMM team have attracted eight inward investments, creating and safeguarding 138 jobs. The team have intensively assisted 150 advanced manufacturing companies and leveraged £2.3 million of private sector investment.

Key investments have included;

- Struers – the world's leading supplier of materialographic preparation equipment and with this investment have moved their 6000 sq ft UK headquarters to the AMP from the West Midlands creating nearly 20 jobs in Rotherham.
- Xeros – a spin-out company from the University of Leeds who have developed a virtually waterless cleaning product for clothes. In order to refine the process and move to commercialisation, Xeros moved to Unit 14 Evolution @ the AMP (2,455 sq ft) in November 2009.
- Albar Precious Metals – This American company have now created over 90 jobs in Rotherham, having initially located in Sheffield. The company reprocess precious metals and have made the Foers industrial estate neighbouring the

AMP their European Headquarters. Albar have plans for rapid expansion over the next year, creating more jobs.

- EoSemi – This company design and manufacture semiconductors. They located their head office and design function to the AMP from the North West and Midlands and created four jobs.
- Exova – This Czech owned business have now located at the AMP Technology Centre from several disparate UK locations to create a new UK Headquarters. Five jobs have been created in Rotherham.

And one near miss;

- Hitachi Trains –Prior to the Government postponement of the project in February South Yorkshire had two of the three shortlisted sites for this project. This investment would have created up to 1500 jobs and lead to a £100m investment.

## 8. Finance

The programme is wholly supported through Yorkshire Forward single pot funding.

	<b>Key Account Management</b>	<b>AMM Inward Investment Team</b>	<b>Total</b>
Period	August 2008 to July 2011	April, 2009 to March, 2011	
Salaries	£535,000	£150,000	£685,000
Marketing	0	£100,000	£100,000
<b>Total</b>	£535,000	£250,000	£785,000

The AMM Team is a partnership with Creative Sheffield, who also has three people as part of the team. Their costs have not been included above.

## 9. Risks and Uncertainties

The changes to sub-national economic development proposed by the government and abolition of Regional Development Agencies (RDA's) will take time to implement. In the interim there is no appropriate funding body with whom a discussion on continuation of the programme can be meaningfully progressed beyond in principle support.

This is a major risk for continuation of the programme as current funding ends in August, 2011.

If alternative funding is not found, then this successful programme will cease.

Within Rotherham the programme funds two Key Account Managers, a HR Business Consultant, an AMM Sector Specialist, an AMM Marketing Manager and an AMM Project Co-ordinator.

## **10. Policy and Performance Agenda Implications**

It is now clear that the government intends to make major changes to the architecture for regional development and sub-national governance.

The changes so far take the form of the demise of the RDA's and the establishment of Local Enterprise Partnerships (LEPs). Funding that has in the past been channelled through the RDA's will now come from the Regional Growth Fund, albeit significantly reduced. It appears that few other national funding streams will be available in the short term.

These developments need to be seen in the context of major cuts in public spending and the stated government policy objective of 're-balancing' the economy away from the public to the private sector. The ISY Programme has a central role to play in this through its core objectives of: -

- Supporting growth of the indigenous business base
- Attracting new investment primarily focused around key business strengths (advanced manufacturing)
- Encouraging innovation between businesses, universities and research institutions to conduct research and development

The activity delivered by RiDO through this programme is the primary intervention that the council delivers to meet the Corporate Plan objective of more, higher paid jobs. It is integral to Theme 1 of the Economic Plan; Productive and competitive businesses as evidenced by outputs from the programme to date. Ceasing this activity will require the council to identify other methods or other partners to deliver these Corporate Plan and Economic Plan objectives.

As highlighted in the evaluation report ISY is a "fit for purpose" and "credible" delivery model of cross border collaboration and shared resourcing that could be applied to other city regions or sub-regions. The model values each of its constituent parts, set within a regional agenda yet locally distinctive and meaningful. It is delivered by local councils working on behalf of the region as a whole without the need for a formal and costly structure to deliver co-ordination. It is recommended that the model is proposed for continued application through the city region LEP, and put forward as a model for other services.

## **11. Background Papers and Consultation**

### **Interim Evaluation of Yorkshire Forward's Investment in the Programme 'Invest South Yorkshire' – Ekosgen, June 2010**

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## Appendix 1 – Full List of Evaluation Recommendations

**Recommendation 1:** ISY needs to look at future funding and to continue making the **case for continuation** of ISY post- the current funding period and to keep all staff fully aware of any changes. Partners and staff need some certainty on the future of the Programme (staff will consider alternative positions within the final 12 months of the Programme and this is around now for the majority of staff) and it would be detrimental for the Programme to see the (currently) strong team dismantled over the coming year. This process should begin as soon as is practically possible.

**Recommendation 2:** The next phase of the programme should ensure that the ISY Forum **focuses on strategy and strategic direction** rather than operation. This could perhaps be achieved through passing some operational accountability to the KAM Practitioners' Forum wherever feasible (monthly expenditure, management information and performance data for instance) and offering it support where required.

**Recommendation 3:** Aligned to the above, the ISY Forum could take a more proactive stance in **developing an over-arching SY strategy** (around relocation for instance) and a stronger lead around the Inward Investment function and the SY offer.

**Recommendation 4:** Consideration should be given to **refreshing the inward investment** dimension of the programme in strategy and delivery terms. The former (strategy) may require new membership and regular updates at the partners' group along with clarity of leadership and the latter (delivery) will need to review the scope and coverage of the sector specialists (the AMM model appears fit for purpose).

**Recommendation 5:** The **quality of lead generation** with respect to the inward investment function needs to be enhanced, with a more proactive focus on this (as we move out of recession) and with SY partners adopting a more outward-facing approach.

**Recommendation 6:** There should be more **leadership** offered to the HR and sector specialists to ensure they are an integral part of the offer and not too tangential to the Programme. There should be consideration given to building and expanding on existing links between the specialists and the sector and skill leads within YF.

**Recommendation 7:** That the KAM list of **target companies** and their allocation is reviewed. YF should clearly convey which of the companies are the regionally significant companies it is retaining. There is scope to increase the number of companies to 36-40 per KAM practitioner and to review the list to replace those companies where no contact is realistically going to be made and to replace those that have moved, gone out of business or significantly downsized. A number of the organisations already operate a reserve list and this would be a good starting point for reviewing lists. Local authorities should continue to refresh their **KAM lists** to include significant companies and/or those with demonstrable growth potential.

**Recommendation 8:** How KAM managers should be **kept up to date** with new projects, programmes and funding sources are an important issue for the KAM practitioners (and also for the HR consultants and sector specialists). This could be through a variety of formal and informal means, however **pre-arranged visits to Yorkshire Forward to meet complementary fund and programme managers would be welcomed**.

**Recommendation 9:** The KAM managers should be offered further **training and development** in account management techniques, where examples might include multiple relationship management, networking and strategic planning. A number of companies really valued high quality networking support where the KAM provides excellent contacts and introductions and this particular core skill could be developed across the team.

**Recommendation 10:** The current CDI and BPFS specialists are severely restricted in their role by not having **marketing resources/support** available to them, for example for attending events in their sector either inside or outside region. How the CDI and BPFS specialists can be supported through marketing resources/support to carry out their role more effectively should be considered since the current arrangements are not really working effectively.

**Recommendation 11:** There are more Key Account companies in Sheffield and this places a strain on the number of Accounts that can be sustained with a quality relationship. There may be a legitimate case for **additional KAM support** in Sheffield given the scale of the local economy.

**Recommendation 12:** The HR activity is currently under-reported and how the **HR benefits** and activities can be reported should be considered. There are suggestions made in Chapter 7 (of the evaluation). Some of these may already have been included in the move to reporting under RKS.

**Recommendation 13:** How **communication channels** between YF and local authorities can be enhanced should be considered. This includes formal routes (periodic YF attendance at the Practitioners Forum for example) or through informal contact (through bilateral contact with the local authorities for instance). A designated communications representative would be advantageous and create a fixed, visible channel into – and out of – YF.

**Recommendation 14:** The HR and sector specialists can sometimes feel more isolated within the ISY Programme. Consideration should be given to regular (or at least periodic) **HR and sector specialist representation** at the KAM practitioner's Forum.

**Recommendation 15:** The **sector specialists could be co-located** to engender mutual/support/best practice/competition. Further the scope of the role should be re-examined by the ISY steering group.

**Recommendation 15: Influence:** The ISY Programme could reasonably raise its profile within Yorkshire Forward Policy Product Areas (Enterprise, Innovation, Access to Finance and Skills) and relevant teams (Inward Investment, UKTI) through



awareness raising and networking sessions with delivery partners. This would allow expertise within the agency (e.g. sector specialists, inward investment capabilities or the overseas office network) to be exploited more routinely.

**Recommendation 16: Influence:** Transferring some of the good practice from South Yorkshire to other areas of Yorkshire and the Humber through the strong engagement with local authorities for instance achieved via a simple but effective governance structure.

**Recommendation 17: Information and Intelligence:** Through identifying a mechanism through which the co-ordination of disseminating information and intelligence on new products, programmes and funding information is best achieved.

**Recommendation 18: Information and Intelligence:** To continue to proactively disseminate the key lessons and benefits of the programme across the region in suitable formats to relevant internal and external stakeholders. There is more that could be done to exploit the benefits of the programme to increase its on-line and wider profile.

**Recommendation 19: Synergy:** Exploiting the links between the KAM programme and substantial regional investments such as the CDI facilities, incubation facilities of major property investment. In some areas such as the AMRC/AMP this appears to be fairly well advanced but in others it is less obvious.

**Recommendation 20:** In terms of **co-ordination** it offers credible delivery model that could be applied to other city regions or sub-regions valuing each of its constituent parts, set within a regional agenda yet locally distinctive and meaningful. It is recommended that the model is considered for wider application in other sub-regions.