

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1. Meeting:	Regeneration Scrutiny Panel
2. Date:	6th October, 2010
3. Title:	Advanced Manufacturing & Materials Sector, The Advanced Manufacturing Park and the opportunity for the region in the emerging civil nuclear industry
4. Programme Area:	Environment & Development Services - RiDO

5. Summary

This report outlines the success of the Advanced Manufacturing & Materials (AMM) Team in attracting inward investment, developments at the Advanced Manufacturing Park (AMP) and the opportunities for the region in the emerging civil nuclear sector.

6. Recommendations

- i) That the Panel note the importance of the advanced manufacturing & materials sector to the Rotherham economy and the opportunities for the region as a result of the emerging civil nuclear sector.**
 - ii) The advanced manufacturing and materials sector should continue to be a priority target sector for Rotherham Investment and Development Office (RiDO)**
 - iii) Members note the important role of the Advanced Manufacturing Park in developing a UK manufacturing growth hub in Rotherham and support continuation of the AMP vision after the UK Coal and Yorkshire Forward joint venture ends.**
 - iv) That, following the wind down and closure of the Regional Development Agencies members support the retention and continued use of Yorkshire Forward's AMP assets in Rotherham to deliver the AMP vision and attract new investment into the AMM sector.**
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7. Proposals and Details:

The Advanced Manufacturing & Materials Team (AMM)

The AMM Team is funded through the Invest in South Yorkshire (ISY) Programme and is responsible for attracting advanced manufacturing and materials inward investment opportunities into the South Yorkshire area. The team has proved highly successful, attracting **nine** inward investments from outside the region. Including investments at the Advanced Manufacturing Park, this amounts to **173 jobs created**, with **£6.79million** of private sector investment.

The Team has developed a proactive approach to securing inward investment into the region. Direct contact with companies in the relevant AMM sectors has proved hugely successful along with networking with intermediaries such as banks, accountants, solicitors and property agents, all of whom potentially hear of opportunities for expansion within companies. The goal of the AMM team has been to promote the region and secure investment where the opportunity exists.

An independent review on the ISY Programme by Ekosgen, carried out in June 2010, recognised the AMM Team as being the most successful inward investment element of the programme.

The Advanced Manufacturing Park (AMP)

The AMP in Rotherham is a joint venture between UK Coal and Yorkshire Forward. The Park is home to world class engineering and manufacturing firms such as Rolls Royce, Boeing and Castings Technology International, and space on the Park is reserved for firms involved in advanced manufacturing, materials or engineering.

The AMP is being positioned to become the UK's first Manufacturing Growth Hub. The Park already has a world wide reputation for innovation and excellence in manufacturing and if the growth hub status is achieved, it will position Rotherham as the UK's centre for manufacturing excellence and growth.

The AMP Technology Centre on the Park provides managed workshop and office space for start-up and early stage AMM companies. The Centre is currently owned by Yorkshire Forward, and following the announcement that Yorkshire Forward is due to close in March 2012, consideration should be given as to what happens with this key Rotherham based asset after the closure of Yorkshire Forward.

The Opportunities for the Region in the Emerging Civil Nuclear Sector

South Yorkshire has been an early beneficiary in the civil nuclear renaissance, with the announcement of the new Nuclear Advanced Manufacturing Research Centre (NAMRC), based at the Advanced Manufacturing Park. Rolls Royce is acting as lead industrial partner with the NAMRC. Rolls Royce is also proposing a purpose built civil nuclear manufacturing facility in South Yorkshire, with the Advanced Manufacturing Park nominated as one of the possible sites.

The emergence in the civil nuclear sector is worth circa £40billion to the UK economy over the next 15 years. South Yorkshire, particularly Rotherham and Sheffield, are expected to be major beneficiaries in the demand for precision forged, machined and engineered components. The AMP will also host the UK's only Knowledge Transfer Academy for Nuclear Engineering. To date, £25 million has been invested by Yorkshire Forward and The Department for Business, Innovation & Skills in the Nuclear AMRC, with a further £6.2 million of ERDF funding towards the Knowledge Transfer Centre.

The AMM Team has seen an increase in interest from engineering companies throughout the UK who recognise the Advanced Manufacturing Park, Rotherham, and the wider city region, as the key location for expanding their business in the civil nuclear sector. Companies who successfully penetrate the industry will also supply on a global scale. Rolls Royce estimates the global maintenance industry to be worth £36billion per year with the nuclear new build industry worth approximately £60billion per year.

The renaissance in the nuclear industry presents Rotherham and the wider community with probably the largest new industrial opportunity in living memory.

8. Finance

The AMM Team is wholly supported through Yorkshire Forward single pot funding.

	April, 2009 to March, 2011
Salaries	£190,308
Marketing	£100,000
Total	£290,308

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.

Advanced Manufacturing Park and Nuclear AMRC

Costs as outlined in the text above

9. Risks and Uncertainties

The AMM Team and The ISY Programme

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 for the AMM Team in March 2011.

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

Advanced Manufacturing Park and Nuclear AMRC

Funding for the Nuclear AMRC has been secured and therefore any risk or uncertainty is considered minimal.

The current AMP joint venture and vision agreement between UK Coal and Yorkshire Forward ends in April 2011. There is no formal agreement in place to extend the vision beyond that date. The situation is further complicated by potential effects relating to the closure of Yorkshire Forward in 2012. Positive discussions have taken place with UK Coal and it remains vital that the Council continue to work in close partnership with UK Coal and Yorkshire Forward to secure the long term future of the AMP.

The immediate short term risk is what happens to the AMP Technology Centre after the closure of Yorkshire Forward. Presently, space in the Technology Centre has been reserved for companies only engaged in advanced forms of manufacturing. This approach has proved successful in assisting the growth of a cluster of advanced manufacturing companies and supporting the concept of the AMP at the heart of advanced manufacturing growth hub. The council is continuing to press the case that in transferring the assets of Yorkshire Forward to a successor there is a need to retain the focus of the AMP technology centre on this key sector and on delivering economic growth in the region..

10. Policy and Performance Agenda Implications

The government has a stated policy objective of re-balancing the economy away from the public to the private sector. This will require strong, competitive business base

The AMM sector has growth potential and is a sector in which Rotherham is genuinely strong and internationally competitive. It is also a sector where gross value added (GVA) and wages rates are above average. Consequently growing the AMM sector is an essential element in meeting the Corporate Plan objective of more, higher paid jobs and is integral to Theme 1 of the Economic Plan; Productive and competitive businesses.

However, this presents challenges. Central to the competitiveness of the sector is the use of materials and techniques in new ways to produce better products at less cost. This means that the AMM sector is not a sector that creates large numbers of jobs and if it is to play a part in replacing some of the expected job losses in the public sector it will be necessary to significantly grow the size of the sector and its share of global markets. This will require not only improvements in innovation and productivity but continued focus and success in attracting inward investment..

The current approach to attracting inward investment in this sector has been a successful model highlighted in an external evaluation as a “fit for purpose” and “credible” delivery model of cross border collaboration and shared resourcing .

11. Background Papers and Consultation

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

Nuclear Industry Research Report – A report on the opportunities for inward investment in South Yorkshire – Anthony Cundall, April 2010

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