



Department
for Business
Innovation & Skills

AMSCI EVALUATION ACTION PLAN

NOVEMBER 2015

Contents

AMSCI EVALUATION ACTION PLAN	1
Contents	2
AMSCI Evaluation Action Plan.....	3
1. Introduction	3
2. Recommendations already implemented.....	3
Process Evaluation report:	3
3. Ongoing Monitoring	4
Process Evaluation report:	4
Scoping report:.....	4
4. Future programmes and adoption of recommendations	4
Process Evaluation report:	4
Early Additionality Report:	5
5. Next stage evaluation.....	5
Annex: Overview of AMSCI program.....	5

AMSCI Evaluation Action Plan

1. Introduction

In June 2014 BIS commissioned Ipsos MORI, Ecorys and George Barrett to undertake an evaluation study of government investment provided to private sector companies under the 'Advanced Manufacturing Supply Chain Initiative'. Government investment under this scheme is match funded with private sector contributions from the participating companies.

The following three reports from this study are now being published:

- Process Evaluation
- Scoping Impact and Economic Evaluation Options,
- Early Additionality Assessment.

This action plan sets out BIS's response to the findings and recommendations in these reports. Further details of the AMSCI program together with a summary of the funding allocated during 2012-14 is given in the Annex.

2. Recommendations already implemented

AMSCI was announced by HMG in December 2011 and has been available through five national and one local round of funding. This approach has enabled processes and systems to evolve in response to feedback and best practice guidance through each round. In addition early indicators from the draft evaluation work have been able to be adopted within the operating parameters of the latest round, AMSCI 2014.

AMSCI 2014 was launched in June 2014 and was open for applications until December 2014. A number of recommendations are made in the interim evaluation of AMSCI that have been actioned already through the continuous improvement approach possible in a five stage programming period such as this. Those of note are;

Process Evaluation report:

- Improved guidance on the vfm and due diligence process provided for applicants
- More detailed feedback provided to unsuccessful applicants which has enabled some projects to reapply successfully accounting for the feedback received
- A broader range of publicity events were delivered across all regions alongside existing RGF programmes prior to launch of the latest round of funding. This led to the highest number of pre application registrations experienced by an AMSCI programme
- A help desk and pre checking service were provided by Finance Birmingham and named case officers for each project were assigned
- Applicants who narrowly failed the initial vfm assessment were invited to participate in ongoing dialogue with assessors to ensure all aspects of the projects delivery were understood and had been appropriately accounted for

3. Ongoing Monitoring

AMSCI is currently supporting 69 active supply chain projects at various stages of delivery across all rounds (local and national). These projects will complete delivery between March 2017 and March 2019 and are being actively managed and monitored during this time by Finance Birmingham. BIS have a role in overseeing the monitoring of the programmes via the programme board and the associated workgroups. Many of the recommendations from the interim evaluation of AMSCI can be usefully adopted to assist with the monitoring of the programmes as they move into delivery. The following recommendations should be adopted if practical and resource allows;

Process Evaluation report:

- The Programme Monitoring Board have an increasingly clearer focus on the delivery of outcomes through enhanced reporting on programme level achievement and end of programme deadlines.

Scoping report:

- Consideration should be given to collecting additional annual monitoring data to ease the future evaluation requirements of participant firms. Data that should be considered for annual collection is;
 - Employment
 - Turnover
 - Capital expenditure
 - Value of capital assets (i.e. capital stock)
 - R&D expenditure
 - Training expenditure
 - Profits
 - Wage expenditure
 - Expenditure on finished goods and services

4. Future programmes and adoption of recommendations

AMSCI funds are not currently open for applications with the latest round completing investment decisions in February 2015. Future funding availability for AMSCI type investments will be decided in the upcoming spending review (SR2015).

Should future funding become available for similar types of activity there are a number of recommendations made throughout the three constituent parts of the interim evaluation that should be considered and we would recommend should be implemented.

Process Evaluation report:

- Efforts should be concentrated on ensuring that industrial support programmes are publicised effectively through private sector channels, including industry associations, LEPs and private finance institutions

- A range of BCRs should be presented to the decision making board to reflect the range and impact of potential uncertainties instead of the current single figure BCR used
- More stringent evidence is needed at the appraisal stage to ensure that only projects that would/could not otherwise be funded privately are recommended for selection
- Additional information should be sent to applicants setting out the requirements of the due diligence process more clearly and managing expectations of the time this process can take and the impact this may have on starting delivery

Early Additionality Report:

- Continuing consideration should be given to the role of loans when financial constraints are the only reason for the need for HMG investment
- Applicants should be encouraged to demonstrate the collaborative benefits of the proposal more strongly than is currently the case

5. Next stage evaluation

These three evaluation reports include an early assessment of additionality. This was always intended to be interim as full benefits realisation is not possible at this time. Looking forwards BIS are intending to commission a further interim evaluation in 2017/18 which will more closely examine the business level impact of AMSCI interventions, with a possible focus on rounds 1 to 4. There will also be a final full evaluation post March 2020 covering all rounds. The Scoping and Early additionality reports will provide the basis of commissioning these future evaluation studies.

Annex: Overview of AMSCI program

AMSCI is a competitive fund that provides subsidies for capital investment, research and development expenditure and training for industrial projects involving collaborations across supply chains (including projects involving the re-shoring of manufacturing operations to the UK). The 2011 Business Case states the following aims:

- To increase manufacturing sector growth potential by addressing market failures to improve the competitiveness of England-based Supply Chains to globally competitive levels;
- Create more competitive supply chains that anchor high value-added work in England;
- Increase levels of purchasing from UK supply chains by Primes/Tier 1s;

- Attract new customers to existing supply chain companies and sustain or create new employment opportunities;
- Create better synergies and sustained collaborative relationships throughout targeted supply chains;
- Prime / Tier 1 involvement and grant competition targets public resource on greatest sector growth opportunities and levers in significant private investment;
- Enhanced Government reputation for promoting growth and rebalancing the economy.

Between 2012 and 2014, 251 applications were received. Out of these, 168 were subject to a Value for Money assessment which requires that on average for every £1 of government support, at least £2 of benefits to the UK economy will be expected to be achieved. Of these, 106 projects passed both the Technical and Value for Money assessment and were submitted to the independent Investment board. As of September 2015, 71 projects were approved by the board to receive funding, as summarised below.

Round	Year	Number projects	Average number of partners	Total Grant (million)	Total Loan (million)	Total Government funding (million)	Total Project costs (million)	% Government funding	Jobs Created (FORECAST)	Jobs Safeguarded (FORECAST)
All		71	5	£237.6	£39.3	£276.9	£692.3	40%	5,094	5,459
Regional	2012	24	0	£7.7	£14.2	£21.9	£78.4	28%	798	613
1-5	2012-14	47	7	£230.0	£25.1	£255.0	£613.9	42%	4,296	4,846
1-2	2012	12	9	£68.7	£6.7	£75.4	£152.4	49%	754	232
3-4	2013	12	9	£69.5	£7.4	£76.9	£166.2	46%	1,454	2,376
5	2014	23	5	£91.8	£11.0	£102.7	£295.3	35%	2,088	2,238

This is expected to create over 5,000 new jobs, which for each project are a contractual requirement of receiving government funding. A further 5,549 jobs are expected to be safeguarded, including in the wider supply chain as a result of the scheme funding.

Overall, £277 million out of £345 million available government funding has been allocated with private sector businesses providing an additional £415 million of funding, on average 60% of the total project costs of £692 million.

Sectors where projects have been funded include:

- Pharmaceuticals
- Electronics
- Refrigeration
- 3d Printing
- Automotive
- Aerospace
- Transport of nuclear fuel
- Satellite navigation

- Tidal power
- Lighting
- Composite materials
- Sub-sea oil & gas



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication available from www.gov.uk/bis

Contacts us if you have any enquiries about this publication, including requests for alternative formats, at:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000
Email: enquiries@bis.gsi.gov.uk

BIS/15/620