

Title: Made Smarter Adoption One-Year Extension 2025/2026
Report of: Rob Hamilton, Interim Strategic Lead for Economy and Regeneration.
Portfolio: Economy

Report Summary

The purpose of this report is to provide details of the Made Smarter Adoption programme, to enable the Chief Executive, in consultation with the Finance and Investment Board, the Mayor, the portfolio holder, the Director of Finance and Investment and the Monitoring Officer to accept the funding from Department of Business and Trade [DBT] to extend the programme for the 2025/26 financial year.

Subject to approval, the Made Smarter programme will form an important component of the Combined Authority's approach to supporting businesses, alongside the Growth Hub and projects which will be funded from the Shared Prosperity Fund and Investment Fund (including Rural Business Growth). Made Smarter Adoption is a regionally delivered DBT programme which supports digital adoption in SME manufacturing businesses. It includes training and knowledge transfer programmes, peer to peer support and a grant element to implement adoption of the appropriate smart technology. Made Smarter Adoption North East supports businesses in the wider north east region, covering both the North East Combined Authority and the Tees Valley Combined Authority (TVCA) geographies. The North East Combined Authority (North East CA) is the Lead Authority.

In the past three years, the programme has engaged with 371 Manufacturers, helping them to develop digital roadmaps and supporting 85 companies with £924k of grant funding, with interventions 50% matched by the business. The Ipsos interim evaluation in 2024 found participating companies on average grew their turnover by 10%, exports by 2% and employment levels by 7% more than non-participating companies.

The report was considered and recommended for approval by the North East CA Technical Officers Group on 19 December 2024 and the North East CA Finance and Investment Board on 13 January 2025. Subject to approval, £1.2m will be received by the North East CA from central government to deliver the Made Smarter Adoption Programme. In 25/26, the programme will engage with 148 companies, deliver 77 roadmaps supported by £585k grant funding and 13 internships over the North East CA and TVCA regions. All staff costs will be met by the programme.

Recommendations

In line with the Cabinet approved delegated authority, the Chief Executive in agreement with the Monitoring Officer and the Chief Finance Officer and in consultation with the Mayor and the relevant Cabinet Member is asked to:

- i. Approve £1.2m of Made Smarter Funding to extend the Made Smarter Adoption Programme for the 2025/26 financial year; and
- ii. Ask the Director of Finance and Investment to enter into the necessary agreements with Government and Tees Valley Combined Authority to deliver this programme.

A. Summary of Investment Proposal (Context)

1. Background

- 1.1 The Made Smarter Programme supports digital adoption in SME manufacturing businesses and is part of the wider Combined Authority's programme of support for business – part of the wider offer supported by the Growth Hub. Later this year, the Combined Authority will set out further details of its refreshed Business Support offer, taking into account guidance which we expect to receive from

Government following the publication of the Small Business Strategy in December 2024. The Combined Authority's programme will include information by sector and geography.

- 1.2 The Made Smarter Adoption Programme has been in delivery in the North East for 3 years, with the former North East Local Enterprise Partnership/North East CA acting as the accountable body for the geography which also covers Tees Valley. Currently there are five parts of England delivering Made Smarter; the North West, Yorkshire and Humber, East Midlands, West Midlands and the North East.
- 1.3 Government has now confirmed funding for the programme and has increased the North East allocation by 50% from £0.8 to £1.2 Million. This national programme funding was announced in the Autumn statement and has now been approved by Government. The North East Combined Authority has received the Section 31 confirming the funding is in place.
- 1.4 The activity to be delivered through Made Smarter Adoption Programme was included within the Economy Strategic Portfolio Plan, agreed by Cabinet in July 2024. That Cabinet report delegates authority to the Chief Executive to progress business cases and make investment decisions associated with the activity described within the Strategic Portfolio Plans in consultation with the Mayor and relevant Portfolio Holder subject to the following thresholds which are included within the adopted Single Assurance Framework:
 - Investment approvals up to £500k are to be approved by the Chief Executive in consultation with the S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
 - Investment approvals over £500k and up to £1m are to be approved by the Chief Executive in consultation with Technical Officers Group, the S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
 - Investment approvals over £1m and up to £5m are to be approved by the Chief Executive in consultation with the Finance and Investment Board, the S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.

2. Project Outline

- 2.1 Acceptance of the £1.2m grant award for the Made Smarter Programme will progress to the Chief Executive for final consideration through delegated authority. This can be used to support businesses through workshops, production of roadmap delivery plans, funding to support them taking on interns (three month student placement to support digital adoption) and through grant funding. In addition, it can support marketing the programme, internal salary costs for delivery (TVCA and North East CA), and administration.
- 2.2 The proposed outputs are:

| Outputs | 25/26 |
|--|--------------|
| Manufacturing Business Engagements | 148 |
| Intensive 12 hour (or more) support | 55 |
| Digital Road Maps | 77 |
| Digital interns (3 month summer placement) | 13 |
| Grant support (Max £23.5k per business) | 55 |

This is expected to lead to £0.5m of private match funding and an average increase in the participants' Digital Readiness Level (DRL) from 2-4 to 4-6. (Scale 1 [Start Up] to 10 [Google]).

- 2.3 Timetable for Implementation is:

| Milestone | Forecast Date |
|--------------------------------|----------------------|
| Procurement contracts in place | 1/4/25 |
| Additional Staff in place | 1/4/25 |

| | |
|-------------------|---------|
| Delivery Start | 1/4/25 |
| Delivery Complete | 31/3/26 |
| Project close | 30/5/26 |

2.4 The evaluation is completed centrally funded by the Department of Business and Trade for all regions. The outcome of the review is expected next spring.

B. Potential Impact on North East Combined Authority Objectives

Made Smarter Supports the business growth in the manufacturing sector.

C. Key risks

Delaying approval and delaying the start of programme delivery is the only programme risk.

D. Financial and other resources implications

The financial profile for the project/programme is included below:

| Funding source | 2025/26 |
|---|----------------|
| <i>Made Smarter Programme Budget from DBT</i> | £1.2 M |
| Total (£) | £1.2 M |

| Made Smarter Adoption Spend Budget | 2025/26 |
|---|----------------|
| Grant Funding (Private match expected (500k) | £630k |
| Road Map Development and external business support | £150k |
| Funding for Intern Student Placements within businesses | £75k |
| Internally-provided business support (via Growth Hub) and costs of delivering programme | £345k |
| Total (£) | £1.2 M |

E. Legal implications

All procurement over £25k will be via open tender through Bloom. The comments of the Monitoring Officer are included in this report.

F. Equalities implications

The North East CA follows the [Public Sector Equality duty](#) and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader.

G. Consultation and engagement

Programme extension is business as usual.

H. Contact officers

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I. Consultee

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|-----------------|---------------------------|-------------------------------------|---------------------|
| Cabinet Member: | Director/Head of Service: | Director of Finance and Investment: | Monitoring Officer: |
| Yes | Yes | Yes | Yes |