



## **Advanced Manufacturing Supply Chain Initiative (AMSCI)**

### **What is AMSCI?**

In recent months the business news has covered some exciting announcements from the advanced manufacturing sector. These stories include the Jaguar Land-Rover decision to locate a brand new £355m engine plant near Wolverhampton, Nissan's decision to build a new hatchback in Sunderland, JCB's decision to build a new engine plant in the UK and SAIC's commitment to invest £50m in production facilities at the MG Motor facility at Longbridge.

Whilst all of this is great news for UK based Original Equipment Manufacturers (OEM's) it has not escaped the attention of the Government that this is also a great opportunity for the UK's supply chain to that sector. AMSCI is a new Government backed initiative, launched in March 2012, which is designed to support the expansion of the UK's supply chain capacity and capability. At the centre of the initiative is £125m of Government (Regional Growth Fund) funding that has been allocated to help manufacturing based supply chains to grow and to achieve world class standards.

### **What form will the AMSCI intervention take?**

The fund has been designed to be flexible and funding can be available in the form of loans or grants subject to the requirements of European State Aid regulations. The general rule is that AMSCI interventions are not intended to compete with the private sector. Applicants will be expected to provide the rationale for the size and type of funding that they are seeking from this initiative.

### **What is all this talk of there being two Streams?**

There are two different funding streams, stream 1 is a national scheme – covering England and all advanced manufacturing sectors but with a minimum level of support of £2m. However, to encourage consortia involving small and medium sized businesses, we will consider projects below this level where they can provide strong evidence that they can meet the aims and objectives for this initiative.

Stream 2 covers applicants based in the 4 LEP areas (Black Country, Coventry & Warwickshire, Greater Birmingham and Solihull and Liverpool City Region), operating as part of the automotive and aerospace supply chain, with a minimum level of support of £200,000. Applicants in the 4 LEP areas can apply for stream 2 but all applicants can only apply for one of the two streams.

### **What types of project and expenditure is AMSCI designed to cover?**

Funding will support project in the following areas; the purchase of capital equipment, R&D activity which improves manufacturing efficiency, equipment, systems or processes, specific training and skills programmes developed to support the project and working capital (for stream 2 applicants only).

### **What proportion of the project costs is AMSCI likely to cover?**

Intervention rates are not fixed in stone, applicants will need to provide a justification for the level of funding being requested.

### **What other factors are likely to determine the success of my application?**

All applications will be judged against a variety of factors but perhaps the most important of these will be the creation of sustainable skilled jobs, the value for money that the application provides, the R&D and/or skills benefits that will accrue to the applicant and the environmental impact of the project.

### **How do I choose the appropriate nature of the intervention?**

It is anticipated that in most cases the nature of the appropriate intervention (loan or grant funding) will be obvious to the applicant. The nature of the appropriate intervention may be governed by European State Aid rules (the size of the company making the application may influence the choice of funding stream or the nature of the appropriate intervention). At the national AMSCI briefing event being held in Birmingham on 27th April 2012, sector specialists will be at hand to help you to consider your project ideas. It is highly recommended that potential applicants attend this event by registering through the following web site:

<https://connect.innovateuk.org/web/27th-april-12-advanced-manufacturing-supply-chain-briefing-event>

### **What is all of this talk of collaborative bids?**

Both streams of the AMSCI fund operate minimum application limits (£2m for stream 1 and £200k for stream 2). These limits are NOT intended to prevent smaller organisations or smaller projects from applying for funding. Applicants for funding below the stream 2 minimum thresholds will be encouraged to take part in collaborative bids where projects are grouped together by type, geography, supply chain or other factors.

In some cases the OEM's or large Tier 1 suppliers will take a lead role in coordinating collaborative bids. In other cases this role may be performed by industry trade bodies such as the Society of Motor Manufacturers (SMMT) or certain private sector finance specialists. The important issue here is that a prospective applicant should NOT be concerned about the administration or logistics of their project being part of a collaborative bid. If you feel that you have a worthy project, but fear that it may be too small to apply for assistance on its own merits, then please seek the help or assistance of one of the industry trade bodies that can help you to take part in a collaborative bid.

### **What do I need to do to prepare a bid?**

Applicants need to complete an application form which is downloadable from the following web site:

<http://www.innovateuk.org/content/competition/advanced-manufacturing-supply-chain-initiative.ashx>

If this sounds daunting then you may wish to consider seeking the support of your trade organisation, your own professional advisors or one of the expert private sector finance specialists to help you with this process. In some cases there may even be local public funding schemes available to help you with the cost of preparing your application form.

### **What are the timescales?**

There is an early round of funding for both funding streams with the final date for registration being 6th June 2012 (noon) and the submission of the full application by 13th June 2012 (noon). A further round is available for stream 2 applications with the final date for registration being 5th September 2012 (noon) and the submission of the full application by 12th September 2012 (noon). For further information on the funding timetables please refer to the above web site. Should all of the £125 Government funding for AMSCI not be able to be committed following the completion of these rounds, consideration will be given as to further rounds of funding.

### **What if I decide that I don't need the money?**

It is anticipated that some applicants will seek assistance for projects that are uncertain at the time the application is made. For example, some applicants will be in the process of tendering for the supply of new components and they may need to seek the support of AMSCI before they know for certain that they have been selected to supply the component concerned. In such cases the offer of funding from AMSCI is likely to be conditional upon the project going ahead and there will be no obligation (or AMSCI penalty) for you to draw down the funding that has been offered at any time up to the point of the supply contract being signed.

### **What costs am I likely to incur?**

Apart from the cost of time/effort there is no need for you to incur any external costs for taking part in the application process. If you do seek the assistance of the support of an external professional during the application process then costs may apply but in some cases it may be possible to seek public sector funding support towards these costs. If your application to AMSCI has been approved you may be asked to undertake external due diligence work, you will be asked to fund the costs of this due diligence process yourself. There will be more than one independent third party that is authorised to carry out this due diligence and you will be invited to consider fee quotes from all or some of these third parties. As part of the offer of funding from AMSCI there may also be interest charges and/or arrangements fees. These will be clearly set out in any offer documentation from AMSCI.

### **How do I apply?**

AMSCI application forms may be downloaded from the above web site.

### **How do I get further help/advice?**

Help and advice on this intervention is available from a number of sources. If you are unsure where to seek help/advice please feel free to contact the Greater Birmingham & Solihull Local Enterprise Partnership:-

**Email:** [gbslep@birmingham.gov.uk](mailto:gbslep@birmingham.gov.uk)

**Telephone:** +44 (0) 121 303 4369

**Address:** Greater Birmingham & Solihull LEP Executive, Birmingham, B2 2JE

Other useful contacts include:-

MAS: <http://www.mymas.org/news/am-supply-chain-guidance-notes>;

SMMT: <http://www.smmt.co.uk/members-lounge/member-services/support-services/webinars/125m-advanced-manufacturing-supply-chain-initiative/>