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**Report to:** Business, Innovation and Growth Panel

**Date:** 27 November 2018

**Subject:** **Supply Chains**

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## **1. Purpose of this report**

1.1 To seek Panel Members' input to shape emerging activity that better harnesses the power of supply chains to meet the City Region's priorities of boosting productivity and enabling inclusive growth. The report provides Panel Members with an overview of the University of Huddersfield-led supply chains support programme and outlines an emerging research piece from the NP11 consortium of northern Local Enterprise Partnerships (LEPs).

## **2. Information**

2.1 Supply chains are the commercial glue that bring businesses together, with power to:

- Manage costs, drive efficiency and profitability
- Stimulate innovation and research and development (R&D) in new products and processes
- Share business good practice in terms of business leadership
- Help companies gain exposure to new and growing markets.

2.2 Firm level improvement is increasingly data-led, capitalising on the development of big data and digital technologies. The key to making data meaningful often comes from wider insight derived from elsewhere in the supply chain or from other businesses. This means the sharing of business data is increasingly important, but brings with it major issues of risk and reward that can radically re-orientate each business' commercial relationships and supply chains.

2.3 However, supply chains can be opaque, with SMEs having limited understanding of the full breadth of opportunities to improve performance. This report describes two projects that can help unlock their potential and

shape emerging thinking with business and academic partners about how future support can build on the capacity of technology, and assets like new data marketplaces, to accelerate the pace of transformation. Private sector insight is particularly invited on:

- i. What makes a supply chain effective for stimulating innovation and R&D in new products and processes?
- ii. What are the major opportunities (technological, regulatory, consumer behaviour) to influence the design of supply chains?

#### SME supply chain support programme

- 2.4 The University of Huddersfield is leading a new project to support SMEs to improve their supply chain performance. This £4 million programme is part-funded by the European Regional Development Fund (ERDF) and will operate across the City Region upon till the end of 2021. The programme can provide SMEs with:
- A diagnostic to assess its current supply chain performance
  - A map of its supply chain and associated opportunities
  - A three-year supply chain strategy, detailed action plan and grant for any improvement project identified
  - Referral to other relevant support.
- 2.5 The programme outcome is to strengthen and improve resilience of the firms by helping them to, for example, move up a tier in their supply chain or enter a new supply chain. It can also support larger employers to improve the quality of their suppliers and to reduce their carbon footprints.
- 2.6 Steve Gregory, Head of Regional Engagement at the Huddersfield University and project lead, will present to the Panel an illustration of how the project works and of how its learning can be shared to shape more strategic activity.

#### NP11 – mapping supply chains in the Northern Powerhouse

- 2.7 As covered in the Chair's update to the previous Panel meeting, the eleven Local Enterprise Partnerships (LEPs) in the north of England have come together through the Northern Powerhouse (NP11) to tackle mutual issues. Chaired by Roger Marsh, the LEPs have identified three collective priorities: energy, health innovation/aging and supply chains.
- 2.8 The aim of the supply chain piece is to explore how northern business increases its share in northern supply chains. The Leeds City Region is the lead LEP on supply chains and will commission research to map the presence, profile, and distribution of integrated supply chains and their Northern companies, focused on the North's prime capabilities<sup>1</sup>. The project will operate in two phases:
- Jan 19 – Oct 19: Quantitative mapping of supply chains

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<sup>1</sup> Identified in the Northern Powerhouse Independent Economic Review, these are: Energy; Health Innovation; Advanced Manufacturing & Materials; and Digital.

- Nov 19 – Mar 20: Qualitative assessment for increasing domestic suppliers

2.9 It is also vital that the project brings together wider intelligence held across Government on the nature of supply chains. For example, the Departments of International Trade (DIT) and Business, Energy and Industrial Strategy (BEIS) have significant intelligence about the structure of some national sectors (e.g. automotive). In addition, the Government itself is also the lead procurer on several large infrastructure schemes with significant supply chain opportunities for SMEs across the City Region e.g. HS2.

2.10 The outputs from the project will be:

- Evidence to target advocacy by the NP11 LEPs and inform national initiatives.
- Informing the design of Northern Growth Hubs and their support for integrated supply chains, including potential supply chain disruption, e.g. due to Brexit and other factors affecting international trade in goods and services.

### **3. Financial Implications**

3.1 There are no financial implications directly arising from this report. Activity described in this report is already funded, but new or associated activity is not.

### **4. Legal Implications**

4.1 There are no legal implications arising directly from this report.

### **5. Staffing Implications**

5.1 There are no direct staffing implications arising from this report.

### **6. External Consultees**

6.1 No external consultations have been undertaken.

### **7. Recommendations**

7.1 That the Panel notes the research and project delivery activity set out in the report and provides private sector insight about the potential for transformed supply chains to drive business performance.

### **8. Background Documents**

None.

### **9. Appendices**

None.