

News Release



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Objective 1's Cluster Action Plans Lay the Foundations For Transformation of South Yorkshire's Economy

- Cluster Action Plans encompass £150 million investment including £50 million from European Union
- Plans target **Advanced Manufacturing & Metals, Bioscience, Creative & Digital Industries, Environmental and Energy Technologies and Business, Professional and Financial Services**
- Plans will make a significant contribution to 21,000 new jobs that are projected to be created through Objective 1s support for new high tech and high growth business sectors

Objective 1 has today launched its cluster Action Plans that will guide the multi-million pound investment programme to support business and enterprise in South Yorkshire over the next few years.

The European Union has allocated over £700 million to invest in South Yorkshire by 2006 through the Objective 1 Programme. As part of that Programme, around £50 million from Europe will be invested to develop business clusters that can drive the economic regeneration of South Yorkshire forward.

The South Yorkshire Objective 1 Programme, in collaboration with its key partners including the regional development agency Yorkshire Forward, has adopted a cluster development approach to economic regeneration as the best way to make the step change necessary to deliver the transformation of the local economy.

"These plans contain around £150 million of activity of which some £50 million is being supplied by Europe through the Objective 1 Programme" said Objective 1's Tony Newson. "These plans will make a significant contribution to the overall target of 21,000 new jobs to be created by 2008 through the Programme's Priority 1 - support for high tech and high growth businesses."

"The priority investments outlined in the cluster plans will bring about the shift in South Yorkshire's economy and put the sub-region firmly on track for the future. These action plans will help those companies which are well-

Richard Holmes, Communications Manager
Objective 1 Programme Directorate
Silkstone House, Pioneer Close, Manvers Way
Wath Upon Dearne ROTHERHAM S63 7JZ
Tel: 01709 763 618

EUROPEAN UNION
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positioned to take advantage of high value-added activities and exploit new innovative markets." said Susan Johnson of Yorkshire Forward and chair of the Priority 1 Driver Partnership.

South Yorkshire has strengths in a number of key industries. Concentrations of skills and knowledge are developing around them, creating real potential for economic growth. The Action Plans contain the activity that Objective 1 and its partners will bring forward to lay the foundations for the creation of new businesses, the development of the existing business base as well as creating the right environment for inward investors in high value-added businesses.

Clusters are groups of organisations that buy or sell from each other, have customers in common, or use the same infrastructure or skills. Each one usually spans a number of business sectors and includes universities, research institutions, finance providers, suppliers as well as businesses. Silicon Valley in California is probably the most famous cluster – a co-operative, collaborative and competitive environment where related businesses grow together, spark off each other and prosper. Strategic alliances that work together by pooling resources and sharing knowledge are a key feature of the world's most competitive economies.

The clusters that have been targeted for development in South Yorkshire are:

- Advanced Manufacturing and Metals
- Bioscience
- Creative and Digital Industries
- Environmental and Energy Technologies

Business, Professional and Financial Services is the subject of a separate Action Plan to service the needs of the other four clusters.

ADVANCED MANUFACTURING & METALS

The focus of this cluster Action Plan is on areas such as knowledge and technology transfer, innovation, supply chain, access to finance and market intelligence. Activity will include development of the National Metals Technology Centre, an Aerospace Manufacturing Research Centre and programmes to improve access to knowledge and new technology for improved product and process development. There will be support for increased internationalisation, and enhanced collaboration and networking. Supply chain capacity and performance will be improved through a specific programme of support and a database will be established to promote contract opportunities for local businesses. The Advanced Manufacturing Park at Waverley will be a flagship investment for this cluster.

BIOSCIENCE

The vision for Bioscience is to develop a bio-incubation process together with a range of property and skills development programmes. The focus will be predominantly in areas such as drug design which includes data



generation techniques to identify new candidate therapeutic agents. Activities will include supporting incubator facilities close to the academic base and grow-on space for expanding companies and inward investors. Access to finance will be improved to address the gaps in the commercialisation of research.

CREATIVE AND DIGITAL INDUSTRIES

The vision for a high growth business cluster is built on foundations already established in areas of specialist creative and digital enterprises notably in e-Learning, knowledge management and creative content development. The focus for activity is largely on intellectual property, hardware and software product creation, multimedia content and creative e-marketing solutions and e-Learning, including content exploitation, data warehousing, platforms and infrastructures. The cluster will selectively support the development of digital services that enable high value businesses to grow while stimulating inward investment and growth in technology jobs. E-Campus in the centre of Sheffield will act as a focus for inward investment in this cluster.

ENVIRONMENTAL AND ENERGY TECHNOLOGIES

The vision for this cluster is to promote the development of innovative environmental and energy technologies that match and enhance South Yorkshire's existing strengths in niche markets that are growing across the globe. Activity will focus on wastewater and potable water treatment, clean technologies and products, contaminated land remediation, energy technologies and environmental monitoring and analysis. Activity will include the development of environmental and energy technology parks, development of a bio-remediation programme to stimulate business growth and a future technologies fund to enable businesses to acquire and exploit advanced technologies.

BUSINESS, PROFESSIONAL AND FINANCIAL SERVICES

Research has revealed that there is real growth potential in the business, professional and financial services sector. South Yorkshire has the potential to develop 1,600 new businesses and nearly 30,000 jobs in this sector. This growth could accrue from establishing a local presence of national firms serving regional and national markets, attracting significant HQ decision-making functions and through marketing and development of South Yorkshire for the sector. The research concluded that there are certain niche areas where South Yorkshire could compete for focused investment and those are in the newer economy ancillary financial services areas of insurance, IT support services, outsourcing, customer contact centres and M-commerce. The vision is to move South Yorkshire up the value chain as a location of choice for these functions through a combination of proactive marketing and skills development programmes combined with appropriate property solutions.

ACTIVITY ACROSS ALL CLUSTERS

The Action Plans will provide an integrated approach in taking each cluster forward. This will focus investment strategically and enhance opportunities for synergy. However there are many activities that are common to the



development of each cluster and there is considerable activity already funded through the Objective 1 Programme that will be aligned with these cluster Action Plans.

The existing High-Growth Business Start Ups and the University Spin Out programmes will align on the niche areas of the clusters as will the South Yorkshire inward investment programme being led by Yorkshire Forward. Clusters will be supported to increase participation in international trade through extension of the existing South Yorkshire International Trade Centre activity to the cluster niche areas.

Packaged grant, equity and loan schemes will improve access to finance for innovative companies.

The skills development initiatives required to address the needs of the clusters are being brought forward by the Learning and Skills Council for South Yorkshire. These initiatives underpin most of the other activity in the Action Plans and are key to their successful delivery. The skills development initiatives are the subject of separate plans to be issued in the near future.

These Action Plans will be implemented through a strategic programme of interventions largely in the form of directly commissioned projects or targeted calls for proposals. "Resources will be directed towards organisations that have the greatest potential to be catalysts for change in effecting the transformation of the South Yorkshire economy" said Tony Newson.

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Issued by:

Richard Holmes, Communications Manager, Objective1 Programme Directorate

Silkstone House Pioneer Close Wath Upon Dearne ROTHERHAM S63 7JZ

Tel: 01709 763618

Fax: 01709 763679

