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## Executive Summary

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This Economic Overview identifies our key priorities for economic growth in the Sheffield City Region. Our *principles* for growth and operating at the City Region level are that we will:

1. Lead on issues of Sheffield City Region significance;
2. Have a true partnership between the public and private sectors;
3. Adopt a collaborative approach between sectors; and
4. Encourage innovation to promote growth and well-being.

Our *vision* for the future growth and development of the City Region is that:

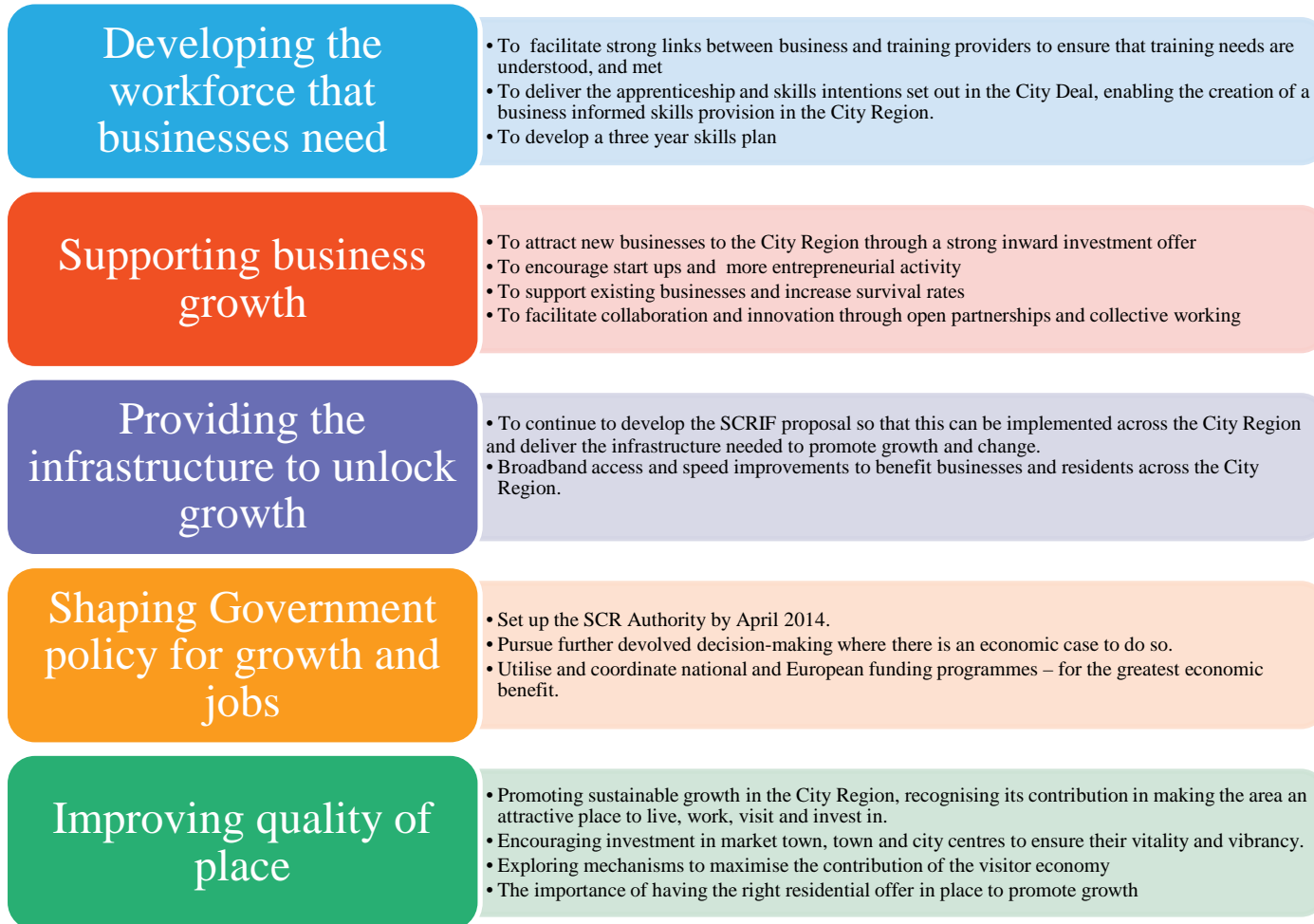
Sheffield City Region will be *the* best place to collaborate, to invest, to innovate and grow a business, and live, work, play and study. It will be supported by an unrivalled skills base and quality of life unrivalled quality of life.

Four central *objectives* arise from this vision; all Sheffield City Region work will seek to:

- Increase the Sheffield City Region's Gross Value Added (GVA);
- Increase the number of jobs in the Sheffield City Region;
- Rebalance the economic base of Sheffield City Region so that a greater proportion of the workforce are employed in the private sector; and
- Capitalise on the quality of life in the Sheffield City Region, to deliver sustainable growth.

This Overview is not a strategy for all aspects of economic growth; rather it sets overarching priorities and then sets workstreams to operate at a City Region level. Our overarching *priorities* to deliver on our vision in the Sheffield City Region fall into the two broad areas: 1- ensuring that we maximise the potential of our key sectors and 2 – ensure that a platform and structures are in place to grow these sectors and the economy more widely.

We have identified five *workstreams* that represents our 'foundations for growth', where we need to take actions to realise our vision for growth in the Sheffield City Region, these are set out on the following page

**Figure 1: Priority workstreams**

# 1 Introduction

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## 1.1 The Objective

The vision of making a greater contribution to the country's economy has been at the heart of the work undertaken by the partners in the Sheffield City Region and the Local Enterprise Partnership (LEP) over the course of the last two years. This Partnership has brought together the public and private sectors with the common purpose of facilitating and driving economic growth.

It is well understood that growing the private sector is at the centre of driving growth, and that a 'real' growth in Gross Value Added (GVA) and well-being can only be achieved by privately owned businesses. Therefore, this Overview has been developed in order to promote such growth in the Sheffield City Region.

## 1.2 Purpose of the refresh

The Sheffield City Region's proposal to Government in September 2010 set out the vision, objectives and approach to drive economic growth. Two years on and significant progress has been made by the LEP in delivering upon this agenda at a City Region level. However, Government policy has not stood still, and there have been a range of wider fiscal and policy changes, including 'deal' making and the impacts of fiscal austerity/deficit reduction that have impacted on our plans. Based on this changing context and achievements so far the City Region partners have reviewed their objectives and workstreams. This document presents the outcome of that work for the Sheffield City Region and LEP.

The refresh focuses on those priorities that are of significance at Sheffield City Region level only and where there is a need for partnership and collaborative working to realise their potential.



## 1.3 Key principles for the City Region

In determining the workstreams to promote growth in the Sheffield City Region, the following principles are applied:

1. **Leading on issues of Sheffield City Region significance:** with such limited resources, it is vital to work only on the key issues that are of strategic importance in driving economic growth in the Sheffield City Region.

2. ***The importance of a true partnership:*** a fundamental principle in establishing the LEP was bringing together the public and private sectors to deliver growth. It is of critical importance to maintain this partnership approach.
3. ***The need for a collaborative approach:*** there is a fundamental need for collaboration, working across sectors and with and through other organisations and bodies to utilise their skills, expertise and knowledge.
4. ***Encouraging innovation to promote growth and well-being:*** Innovation is a driving force for progress. We will harness the strengths of our universities, colleges and schools to drive innovation, knowledge transfer, best practice and efficiency gains.





## 2 The Sheffield City Region in Context

### 2.1 What is the Sheffield City Region?

The Sheffield City Region has a diverse economy comprising a dynamic core city, important towns and market towns, fabulous countryside and a significant rural economy. The City Region encompasses more than 1.8 million people and approximately 700,000 jobs.



The City Region is located at the strategic heart of the country. It is comprised of the nine local authority areas of Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield.

The City Region has a polycentric geography with a number of important employment centres located across the area (figure 1), the largest being Sheffield in the west and Doncaster in the east.

### 2.2 Key facts and figures

The Sheffield City Region's economy has an output of more than £24.7 billion pounds per year<sup>1</sup> and contains approximately 55,000 businesses<sup>2</sup>.

The Sheffield City Region is synonymous with high quality, innovative products that are exported around the globe, promoted by the 'Made in Sheffield' brand. The area's economic base has transformed over the last twenty years from being dominated by more traditional manufacturing to a wider range of knowledge economy sectors, including advanced manufacturing, healthcare technologies, creative and digital industries and a developing low carbon sector.

The Sheffield City Region has a broad and mixed economic base. The following sectors are important in driving future growth, jobs and success:

- Advanced manufacturing;
- Construction;
- Creative and digital;
- Financial and business services;
- Healthcare technologies;
- Low carbon;
- Logistics;
- Manufacturing;
- Retail; and
- Sport, leisure and tourism.

The City Region's strategic location at the heart of the UK, strong transport links, its diversity of offer, two Universities and a number of higher education colleges, competitive house prices, high quality of life and sense of place, including the Peak District National Park, and diverse cultural offer<sup>3</sup>, make it an attractive place in which to live, work, visit, study and invest.

<sup>1</sup> Experian, Regional Econometric Model

<sup>2</sup> ONS (2012) UK Business: Activity, Size And Location - 2012

<sup>3</sup> For example, Sheffield Theatres were recently named as regional theatre of the year by The Stage

**Figure 2: The Sheffield City Region<sup>4</sup>**

**Lower Don Valley and Waverley Advanced Manufacturing Park:** an important employment area, focused on advanced manufacturing, with sports and leisure complexes (including Meadowhall). The area includes Enterprise Zone sites.

**Sheffield:** the 4th largest city in England, and a major centre of engineering, creative and digital industries, with a wide variety of culture and retail facilities.

**Chesterfield:** One of the region's key market towns and the sub-regional economic centre for northern Derbyshire, with a high quality urban core and opportunities for further growth in the A61 and Staveley corridors.

**North East Derbyshire:** a rural area, with the population concentrated in the four towns, with the potential for growth along the A61.

**Peak District National Park:** an important tourist attraction with more than 10 million visitors a year, contributing to a significant visitor offer, within the SCR.

**Derbyshire Dales:** includes much of the Peak District National Park, providing the area with a high quality of life, thriving small businesses and attractive market towns with opportunities for growth

**Barnsley:** Growing economy; creating an M1 economic corridor, thriving town centre and outstanding cultural heritage

**Dearne Valley:** has undergone recent major transformation, providing jobs, training and education through its environmental vision. The area includes Enterprise Zone sites.

**Doncaster:** a high-quality urban centre, attractive retail opportunities and excellent rail links, that contribute to its multimodal logistics offer.

**Rotherham:** developing strengths in new economic sectors, as part of SCR's wider regeneration agenda, with a specialism in advanced manufacturing.

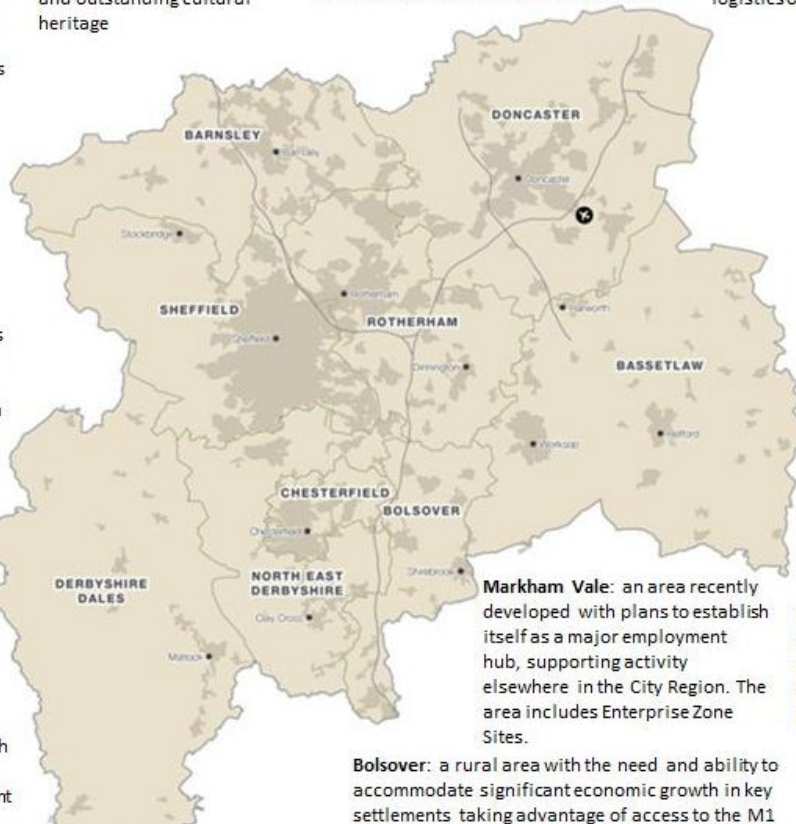
**Robin Hood Airport Doncaster Sheffield:** provides an international gateway and attracts aero related employment and training

**Retford:** benefits from access to the national railway network and strong economic links to Nottingham, Lincoln and Newark.

**Worksop:** a town developing a diverse economic base, with a number of key visitor attractions such as Clumber Park and Sherwood Forest.

**Markham Vale:** an area recently developed with plans to establish itself as a major employment hub, supporting activity elsewhere in the City Region. The area includes Enterprise Zone Sites.

**Bolsover:** a rural area with the need and ability to accommodate significant economic growth in key settlements taking advantage of access to the M1



<sup>4</sup> NOTE: RAIL LINES WILL BE ADDED ONTO THE GRAPHIC DESIGN VERSION OF THE DOCUMENT

## 3 Progress Made Since 2010

### 3.1 The story so far

The Sheffield City Region LEP was established in autumn 2010, following the submission of its proposal to Government. The LEP Board was formed in December 2010 and is private sector led, with each constituent district also represented by their respective Leader or Mayor.

The table below sets out progress made by partners against the workstreams identified within the proposal in the intervening period.

**Table 1: Progress made against key workstreams**

Key workstream in 2010 proposal	Progress made
<b>Establishing a national growth hub for advanced manufacturing and materials</b> at the AMP at Waverley to drive growth in key sectors in the City Region and rest of the UK.	As part of the <b>City Deal</b> <sup>5</sup> a number of asks were incorporated to facilitate the growth of this sector. Advanced manufacturing is also one of the targets sectors within the Enterprise Zone and we are seeking to maintain and enhance our reputation as a national leader in this sector.
<b>Delivering a new, employer-led approach to improving workforce skills focussing on key sectors.</b> The objective is to bring together employers, schools, colleges, academies and universities to simplify the training offer. An early initiative will be to roll out the Advanced Engineering and Manufacturing apprenticeship scheme across the whole of the City Region.	The <b>City Deal</b> will provide more local control over parts of the skills system to respond to local employer demand. This will place local employers in the driving seat on how a proportion of the skills budget is spent; meaning skills provision is business informed. Although in its early stages, strong partnerships have been and are being established between businesses and the supply side of the skills sector. Sheffield City Region has supported the development of the University Technical College in Sheffield and the AMRC Training Centre in Rotherham.
<b>Improving support for strategically important companies and potential inward investors.</b> Provide a City Region wide advice service to significant potential inward investors. First steps to set up a single enquiry point, a database of market ready sites, and of support services.	The <b>Sheffield City Region Inward Investment Team</b> has been established, which is responsible for working on detailed plans and activities to support new lead generation in the area, which can then be taken forward by the teams within the respective districts. This involves targeting companies across the UK and overseas in the identified priority sectors.
<b>Setting up a new simplified, private sector led business support service,</b> which focuses on improving innovation in high growth businesses and priority sectors.	At a small scale, the City Region is launching the dotforge accelerator, a technology start-up programme. This will support start-up companies to the City Region by offering businesses ‘bootcamp’ mentoring and assistance in the CDI sector.
<b>Securing new forms of finance for businesses and infrastructure projects.</b> Create a range of new financial instruments and a sustainable investment fund, including establishing a JESSICA programme from the ERDF, and	As set out in the <b>City Deal</b> the City Region is seeking to establish the <b>Sheffield City Region Investment Fund</b> (SCRIF) to bring forward infrastructure projects. The Deal also incorporated the <b>New Development Deal</b> for Sheffield City Centre that will use Tax Increment Financing to unlock development. A

<sup>5</sup> Sheffield City Region ‘City Deal’ is a deal with the Government to enable more decisions on how money is spent on skills and transport in the area to be made by local partners

Key workstream in 2010 proposal	Progress made
Accelerated Development Zone to allow prudential borrowing secured against future uplifts in business rates.	JESSICA fund has been established, which utilises the Growing Places Fund (GPF) as a recyclable investment fund.
<b>Developing a Digital Hub</b> to get the best out of existing assets, for the whole City Region by establishing a collaboration centre to foster innovation, a “boot camp” to help grow businesses, and a data storage centre.	The City Deal highlighted the importance of the CloudCity Initiative to the City Region. Work is currently underway on two main strands of work (1) the promotion of open innovation and collaboration eco-systems and (2) public sector transformation.

In summary, partners in the Sheffield City Region have made significant progress over the last two years, which has involved significant engagement with Government. This has included gaining greater local control over how money is spent on transport and skills in the City Region through the City Deal, having an improved range of incentives to attract businesses to the City Region through the Enterprise Zone and developed a number of mechanisms to support business growth including Regional Growth Fund money and business support through the dotforge accelerator. However, there remains an on-going need to build on these steps to promote growth.

## 3.2 On-going challenges

The macro economic climate within which the City Region is operating remains challenging in terms of achieving economic growth, change and jobs. This poses a number of issues for the area and it is important to consider how to address these issues in developing the vision and objectives for the Sheffield City Region:

- **Developing the sectors that will maximise the potential for growth in the City Region**, currently almost a third (32.7%<sup>6</sup>) of all jobs in the City Region are in public administration, health, and education and it is important to increase employment in the private sector to drive future growth and change.
- **Attracting more businesses into the City Region**: there are currently 55,000 businesses in the City Region and increasing this figure will create employment and growth opportunities<sup>7</sup>.
- **Supporting and encouraging a culture of enterprise and innovation**: the City Region has a lower proportion of small businesses than the national average, 95.9% compared to 96.7%<sup>8</sup>. The creation of more SMEs, including micro enterprises, will make the area more resilient, dynamic, and more able to respond to market trends, supporting the supply chains of larger businesses.
- **Ensuring that the skills are in place to enable the City Region’s priority sectors to grow in the future**. There are more than 420,000 jobs in these sectors and skills provision should be tailored to meet business needs. Improving skills at all levels will create a workforce with the ability to grow the economy and improve the resilience and competitiveness of the area.
- **Ensuring the City Region’s labour market can operate effectively**. Creating a broad range of opportunities across different sectors and skill levels to enable the 53,000<sup>9</sup> SCR residents currently seeking work to access employment.

<sup>6</sup> ONS (2012) BRES

<sup>7</sup> ONS (2012) UK Business: Activity, Size And Location - 2012

<sup>8</sup> ONS (2012) UK Business: Activity, Size And Location - 2012

<sup>9</sup> ONS (2012) Job Seekers Allowance Claimant Count

- ***Improving connectivity within and to the City Region:*** strong and efficient transport links are essential in supporting growth. Delivering more capacity and improved connectivity on rail services alone could generate benefits to Yorkshire of up to £12.2bn<sup>10</sup>. Fast and reliable fixed and wireless broadband connectivity will underpin our entire City Region's knowledge economy.

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<sup>10</sup> Steer Davies Gleave (2012) Yorkshire Rail Network Study, Conditional Output Statement

## 4 Vision and Strategic Priorities

### 4.1 Vision and Objectives

Sheffield City Region will be *the* best place to collaborate, to invest, to innovate and grow a business, and live, work, play and study. It will be supported by an unrivalled skills base and quality of life unrivalled quality of life.

Four central objectives arise from this vision and work by partners across the Sheffield City Region will be designed to:

- Increase the Sheffield City Region's Gross Value Added (GVA);
- Increase the number of jobs in the Sheffield City Region, particularly high value added jobs;
- Rebalance the economic base of Sheffield City Region, to (1) increase the proportion of the workforce employed in the private sector and (2) help address the economic performance gaps that exists between the City Region (as with other northern city regions) and the Greater South East; and
- Capitalise on the quality of life and environment in the Sheffield City Region, to ensure that growth is delivered in a sustainable manner.



### 4.2 Strategic priorities for growth

The remainder of this Overview document sets out the priorities for delivering the vision for growth and change in the Sheffield City Region. These priorities have been divided into two broad areas:

- Maximising the potential of our key growth sectors; and
- Putting in place the foundations for growth.

## 5 Maximising the Potential of our Priority Sectors

### 5.1 The Competitive Advantage of Sheffield City Region's Priority Sectors

There are common factors that drive growth in all our sectors. We believe that in Sheffield City Region these factors combine and interact in a way that differentiates us from many other places. It is a key role of the LEP to bring together these factors, encouraging and facilitating innovation and business ideas<sup>11</sup>. This is discussed in greater detail in section 6.3.3.

**Figure 3: The Sheffield City Region's competitive advantage**



### 5.2 The importance of our priority sectors to future growth and change

We identified priority sectors on the basis of reflecting the range of productivity and employment opportunities on offer in the City Region, combined with the business expertise of the LEP. This was based on identifying a range of sectors that fulfil different economic roles and functions across the Sheffield City Region<sup>12</sup>.

<sup>11</sup> This section will be expanded in later drafts.

<sup>12</sup> Some sectors and sub-sectors also have different significance spatially within the city region. Our full economic strategy will have a much more fine-grained analysis of and approach to this spatial and sectoral mix.

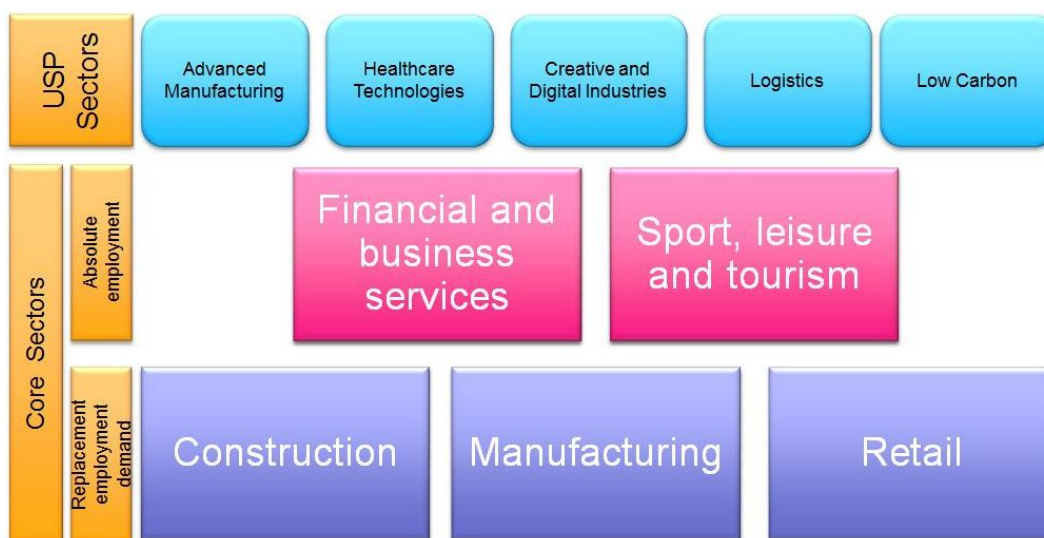
The identified sectors within the Sheffield City Region have a combined GVA of £13.2 billion and employ approximately 400,000 people<sup>13</sup>, which are divided between the following sectors:

- Advanced manufacturing;
- Construction;
- Creative and digital;
- Financial and business services;
- Healthcare technologies;
- Low carbon;
- Logistics;
- Manufacturing;
- Retail; and
- Sport, leisure and tourism.

Our analysis indicates that advanced manufacturing, creative and digital industries, healthcare technologies, logistics and low carbon are of importance to the Sheffield City Region, as they provide it with a competitive advantage when compared with other areas. Meanwhile, construction, financial and business services, manufacturing, retail and sport, leisure and tourism are core sectors in the economy as they generate a range of employment opportunities and make an important contribution to GVA. Furthermore, it is also important to recognise that some of these sectors have a greater direct contribution to growth, whilst others make a larger indirect contribution,

The priority sectors are shown in the figure below. However, at the centre of these sectors is the need to continue to drive innovation, collaboration and supply chain interactions within and between all sectors, as set out in section 5.1.

**Figure 4: Priority sectors in the City Region**



### 5.3 The visions for growing our priority sectors

It is of fundamental importance to grow GVA and jobs from our priority sectors to contribute to the success of the Sheffield City Region. In order to achieve growth in the each of these sectors objectives have been identified to promote their growth, as set out in the table below.

<sup>13</sup> Experian Limited



**Table 2: Vision and objectives for our priority sectors**

Sector	Vision and objectives
Advanced manufacturing and manufacturing	For the Sheffield City Region to be recognised as one of the top five premier high value manufacturing regions in Europe by 2020 and one of the top ten in the world by 2025. To be pivotal to the UK's manufacturing sector and host to the UK's "Manufacturing and Engineering Growth Hub".
Construction	To maximise opportunities in the City Region to promote the growth of the construction sector, including bringing forward key development sites across the area.
Creative and Digital Industries	To nurture the economic, cultural and social drivers of the creative and digital industries sector to deliver a triple bottom line of benefits: increased competitiveness, widespread creativity and a community of home grown talent.
Financial and business services	To capture the growth potential of the business, professional and financial service sector by focusing on the development and marketing of our distinctive strengths, backed by the quality of life and place the Sheffield City Region has to offer.
Healthcare technologies	To establish the Sheffield City Region as one of the premier locations for healthcare technologies, building on its world class capabilities and a global reputation for innovation, development, production and commercialisation of healthcare technology solutions to deliver improved patient care and experience
Logistics	To build on the Sheffield City Region strategic location at the heart of the UK and its multimodal access, including its dedicated Airport, excellent rail links to all ports and the rest of the UK, and direct access to the strategic highway network of the A1, M1 and M18 and further afield the M62.
Low carbon	To build a low carbon economy and reduce carbon emissions across Sheffield City Region by helping businesses to exploit opportunities to develop innovative, sustainable technologies that respond to market demand and meet future needs.
Retail	To develop the Sheffield City Region as the premier shopping area of choice in the North of England. This will be realised by the City Region developing a national reputation for diversity of offer, dynamism, and excellent customer service.
Sport, leisure and tourism	To further develop Sheffield City Region's reputation as a world-class destination for sport, leisure and tourism businesses and talent, whilst continuing to grow a significant visitor and tourism economy that will not only create jobs and wealth, but also provide a global platform for marketing the region.

Note: these visions will be further developed with the Sector Groups



## 5.4 How can we grow our priority sectors?

A number of key areas of change have been identified where there is significant potential for development, which will help to grow priority sectors in the Sheffield City Region<sup>14</sup>:

- **Lower Don Valley and the Advanced Manufacturing Park:** to build on and enhance the area's reputation as a centre of innovation particularly in advanced manufacturing and healthcare technologies. Establishment of a manufacturing and engineering growth hub will make the City Region the UK leader in this sector, with Enterprise Zone sites providing incentives to potential investors (see section 6.3.1).
- **Robin Hood Airport Doncaster Sheffield growth corridor:** the Airport fulfils a vital economic function as the international gateway to the Sheffield City Region. The delivery of the Finningley and Rossington Regeneration Route Scheme will help to promote the growth of the Airport and the airport's contribution to the growth of the City Region.
- **Sheffield New Retail Quarter:** this project will help to transform the retail offer of the city centre, complementing the diverse traditional and modern retail offer of the City Region as a whole.
- **The A61 Corridor to Clay Cross:** there is a strategic opportunity through the cluster of development sites here, including maximising the potential of and regenerating existing places such as Chesterfield and Clay Cross town centre. This also includes new home and employment opportunities at the Chesterfield Waterside, Silkstone and former Avenue coking works sites and in the Staveley corridor.
- **Don Valley Carbon Capture and Storage Project:** this represents one of the most advanced full chain carbon capture and storage projects in Europe and represents up to £5 billion of capital investment into UK infrastructure.
- **Dearne Valley:** the Dearne Valley Eco-Vision will be a place where everything is eco and transformation will touch every aspect of life in the area in a dynamic, low carbon and innovative way. The Enterprise Zone sites in the western area of the Dearne (see section 6.3.1), provide incentives to businesses to locate here.
- **Advanced Sport and Wellbeing Park:** this project seeks to redevelop the Don Valley Stadium site as part of the most comprehensive Olympic legacy project outside of London. This will develop existing linkages between the sports, leisure and related wellness sectors in the City Region.
- **Markham Vale and Meden Valley:** the range of brownfield sites here, including the Enterprise Zone sites (see section 6.3.1), provides significant investment opportunities.
- **Regenerating our key town centres:** there are plans to regenerate and redevelop a number of our centres across the City Region to create more vital and vibrant areas.

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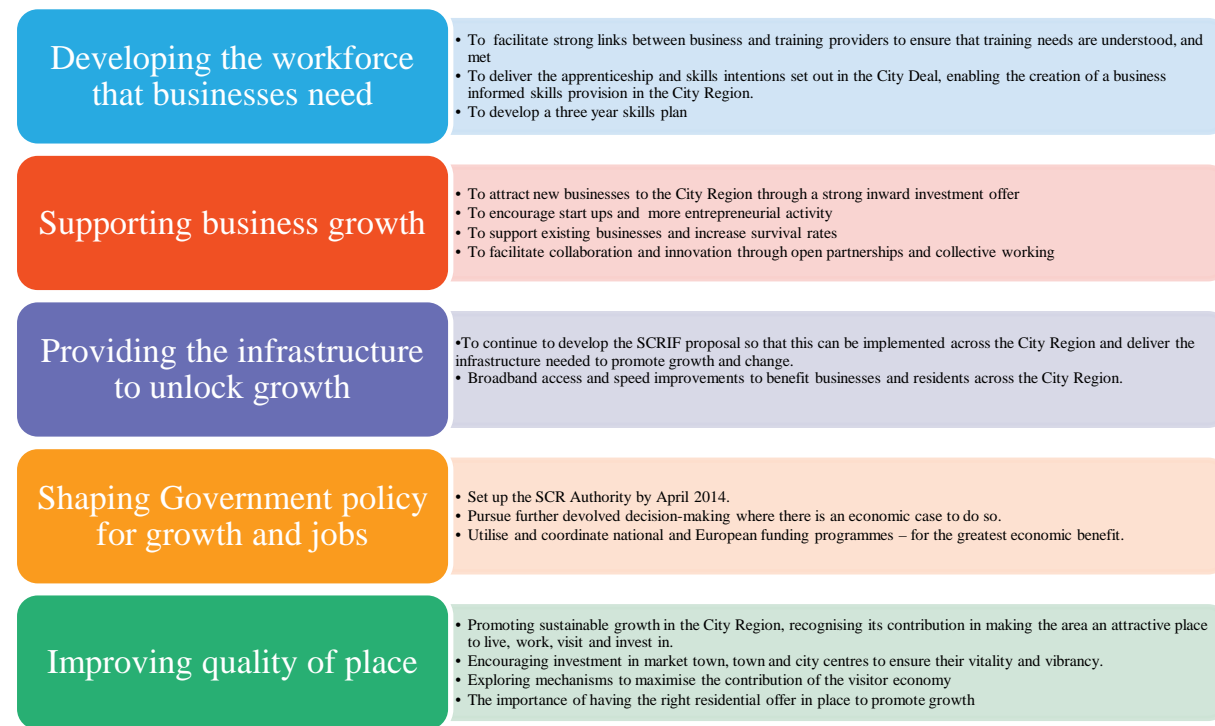
<sup>14</sup> These projects provide a flavour of the work being undertaken in the area. There are a host of other projects planned or underway in the City Region, some of City Region significance, some more local, all important but not quite as wide ranging in their impact. These will be picked up in the full economic strategy.

The range of projects set out above will each generate benefits for multiple priority sectors in the Sheffield City Region and thus help to achieve the vision and objectives for the area. This list will be refined as the work on the City Region Investment Fund takes place over the forthcoming six months.

## 6 Putting in Place the Foundations to Unlock Growth

### 6.1 Approach

Our priority sectors can only reach their potential if the necessary foundations for growth are in place. The critical factors for the Sheffield City Region are shown in the figure below. These factors are all interdependent in contributing to the success of the entire Sheffield City Region, irrespective of the geographic location. Whilst we recognise that there are differences between rural and urban areas, we have sought to develop an approach that promotes growth for all.



## 6.2 Developing the workforce that businesses need

Ensuring that the workforce has the right skills in the right place to meet business needs in the City Region is essential for a prosperous and innovative economy. Sheffield City Region's objective for skills is business-informed, demand led, provision. In the short term the priority is making a success of the £28m additional funding for training we have secured via the City Deal process.

In the longer term it will be important to build on the overall approach and benefits generated as a result of delivery of the City Deal, including the dialogue between the private sector and providers over how a proportion of the skills budget in the area is spent. A number of broad themes have been identified to achieve this longer term goal, which will be developed into a three year Sheffield City Region plan for skills:

- ***Ensuring labour market effectiveness:*** Creating jobs at a range of skill levels across all key growth and employment sectors and ensuring that residents have the skills to access appropriate employment opportunities, reducing out migration;
- ***Enabling the skills system to address mismatches between the supply and demand of specific sector-based skills:*** Working with the City Region's Sector Groups to identify opportunities to use skills to drive sector growth;
- ***Developing a business-informed, demand led, commissioning model for skills:*** Working with Government to secure commissioning powers and to develop associated City Region plans to ensure greater alignment between supply and demand; and
- ***Supporting Sheffield City Region businesses to maximise investment in skills:*** Maximising opportunities for new initiatives, including enabling businesses to access government funded skills schemes.

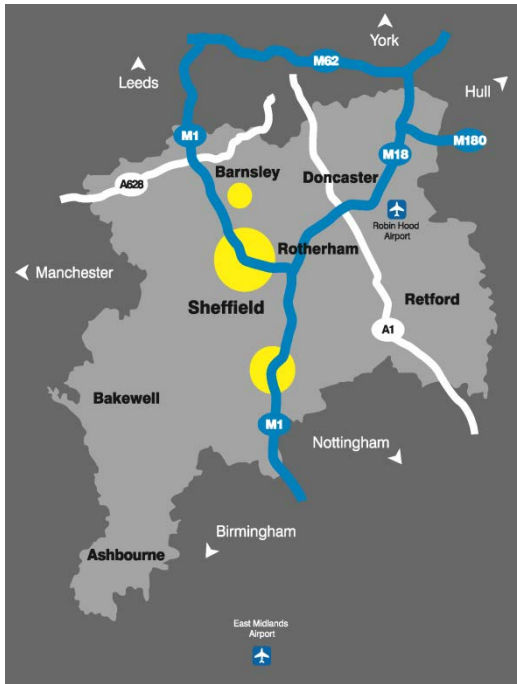
### Priority actions:

- To facilitate strong links between business and training providers to ensure that business skills training needs are understood, and these needs are met by providers.
- To deliver the apprenticeship and skills intentions set out in the City Deal, enabling the creation of a business informed skills provision in the City Region.
- To develop a three year skills plan

## 6.3 Supporting business growth

### 6.3.1 Attracting new businesses through a strong inward investment offer

**Attracting new businesses** to the Sheffield City Region will represent an integral component of its future economic success. The establishment of the City Region Investment team allows the area to be marketed as an entity, and targets



companies across the UK and overseas in the priority sectors, gaining ‘leads’ which are then ‘landed’ by local authority teams. An important mechanism in attracting new businesses to the area will involve ensuring that the right package of incentives and tools is in place, providing the City Region with a competitive advantage, for example, RGF opportunities.

The establishment of the **Enterprise Zone** in the City Region provides a range of additional incentives to attract new businesses and grow existing businesses, enhancing the area’s competitive advantage. It will be a priority for the City Region to maximise the potential of the Enterprise Zone.

Sheffield City Region has a diverse portfolio of assets which make it a very attractive location for inward investment activity. The diversity and strength of these assets will be promoted as a comprehensive package to attract investors to the City Region.

### 6.3.2 To encourage start ups and more entrepreneurial activity

Growing the number of **start up** businesses can help to increase the economic competitiveness of the area and realise the vision. It will be important to increase the number of start ups in the right innovative sectors to create additionality in the Sheffield City Region, thus increasing GVA and jobs.

We will seek to work with providers of finance at all levels to help increase business start ups in the City Region. We will also explore the potential for mentoring provision to start up businesses. Based on its success, we will look to expand the ‘dotforge’ entrepreneurial programme to all key sectors and potentially create “dotforge lite” to impact at college and university level.

### 6.3.3 Growing existing businesses and improving the survival rate

Whilst it will be important to attract new businesses to the City Region, growth of existing businesses within the City Region is larger source of growth. A key challenge is how to **help and facilitate business growth and improve the business survival rate**.

Providing business support to **small and medium enterprises** (SMEs) is an important component of this overall approach. There are more than 54,000 SMEs

in the Sheffield City Region, which at 99.4%<sup>15</sup> of all companies is a slightly lower proportion than the national average.



A barrier facing growth in many SMEs is being able to *access finance*. Delivering the £25 million Sheffield City Region *Regional Growth Fund* (RGF) will be an important mechanism to help address this issue in the short term. The potential to explore new funding sources, such as crowdsourcing, could be considered as a mechanism to improve access to finance in the City Region. We will seek to work with all providers of finance to create a joined up approach to information, access, leadership and skills.

The potential to provide a business support service to SMEs could also be considered to help provide these companies with the capability to grow. It would be important for this to consider issues such as:

- **Leadership capacity:** to ensure that those responsible for driving success in SMEs have the necessary skills themselves to enable change to occur and to be able to deliver their growth plans.
- **Supply chain:** understanding the breadth and depth of the supply chain within the City Region is important in identifying opportunities from the ways in which the City Regions' economy operates and the overlaps that exist between different sectors.
- **Procurement:** enabling SMEs to be able to access and participate more easily in tender opportunities in the public sector to expand and grow their markets. This may include working with local authorities to better understand their procurement processes, to be able to identify opportunities.
- **Export markets:** this could include providing support to companies that are seeking to export their products internationally for the first time to be able to do so. This could also include ensuring that existing exporter companies are able to tap into and harness new markets, to enable them to continue to grow.

It is recognised that these issues may manifest themselves differently in rural and urban areas of the City Region and it will be important to consider this in

<sup>15</sup> ONS (2012) UK Business: Activity, Size And Location - 2012

developing an appropriate approach. For example, this should consider challenges facing micro businesses, as part of this SME package.

At the heart of our City Region approach is the need to **foster collaboration and innovation**. Businesses in the City Region can maintain and increase their market share by developing **new and innovative products** and solutions, or by the early adoption of innovations developed elsewhere. We will seek to do this via:

- Strong partnerships with Universities and colleges, allowing business to access these partnerships. New ways need to be found outside of knowledge transfer partnerships etc to achieve this with the Universities.
- Enhanced and refined business incubator facilities to support sector and cross sector events and offer a new entry point of free co-working (shared) space to suitably vetted start-ups etc.
- Creating Sheffield City Region level access to procurement frameworks to help SMEs and start-ups access these opportunities effectively.

**Collaboration** to encourage innovation may take many forms, and details are being worked up. This includes private sector led collaboration on creative and digital industries as part of CloudCity, utilising the opportunities from our Universities and low carbon collaboration building on the work undertaken in the Dearne Valley.

We will continue with our successful **CloudCity** programme supporting business growth in the City Region by developing innovative technology based solutions, developed collaboratively with private sector and academic expertise. This includes solutions that improve the effectiveness and efficiency of public services. Maximising the potential of cloud-based technologies forms the initial focus activity.

#### Priority actions

- To attract new businesses to the City Region through a strong inward investment offer, including maximising the potential of the Enterprise Zone.
- To encourage start ups and more entrepreneurial activity
- To support existing businesses and increase survival rates by helping SMEs access finance through the RGF programme.
- To facilitate collaboration and innovation through open partnerships and collective working.

## 6.4 Providing the infrastructure to unlock growth

### 6.4.1 Improving our transport infrastructure

Connectivity allows the economy of the Sheffield City Region to function. It supports commuting to main business centres, is the channel for supply chain interaction, and underpins important economic linkages between different places. Sheffield City Region actively supports the following national infrastructure schemes:

- Ensuring that **high speed rail is delivered** to the City Region: this economic transformation project will deliver significant benefits to the area. We will ensure that the Sheffield City Region HS2 station is supported by a high



quality, integrated transport network to maximise the benefits of this transformational project;

- Reducing journey times and increasing capacity and reliability on the *East Coast* and *Midland Main Lines*; and
- *Devolving* powers for the governance and management of *rail* services in the north of England, to generate a railway managed by the north for the north.



Equally important will be to improve internal connectivity within the City Region to maximise the benefits of the national investments above, to enable people to access employment opportunities and providing businesses with a wider potential labour market<sup>16</sup>. For example, the tram train pilot will significantly improve connectivity between Rotherham and Sheffield and will be the first project of its kind in the country.

#### 6.4.2 Sheffield City Region Investment Fund

Improving internal connectivity will require significant investment. The City Deal set out proposals to establish an ambitious £700m *Sheffield City Region Investment Fund* (SCRIF), which will provide the financial freedoms to maximise potential investment in the City Region.

The SCRIF will bring together a range of funding sources to deliver economic benefits across the City Region. This will be used to provide the economic infrastructure needed to deliver GVA growth in the area. This will mean that the Fund can be used to bring forward key regeneration schemes and sites in the City Region.

In the short term it will be important to continue to develop the SCRIF proposal so that this can be implemented appropriately across the City Region. Once SCRIF is established, partners could explore the potential for engaging private sources of capital to support infrastructure projects with a profit potential.

#### 6.4.3 Physical and virtual connectivity

High quality and high speed internet access is an integral part of the process of doing business in the twenty-first century, particularly in a City Region with knowledge based priority sectors. The Digital Region project has provided 80% of homes and business in South Yorkshire with access to superfast fibre optic broadband. There is a need to increase this figure close to, or at, 100%.

<sup>16</sup> Sheffield City Region Transport Strategy 2011-2026

Beyond fixed connectivity, wireless is increasingly important, particularly for urban centres. A priority for the City Region will be identifying mechanisms for fixed and wireless broadband connectivity to be among the best in the country. This will require improved and more realistic business models to be achieved in an effective manner.

**Priority actions:**

- To continue to develop the SCRIF proposal so that this can be implemented across the City Region and deliver the infrastructure needed to promote growth and change.
- Broadband access and speed improvements to benefit businesses and residents across the City Region.

## 6.5 Shaping Government policy for growth and jobs

### 6.5.1 Devolving powers and reducing bureaucracy

Sheffield City Region will work closely with Government to help shape sub-regional economic policy. Part of this process, is to localise decision making in relation to a number of key drivers of economic growth and capitalise on the new relationships fostered as part of the ‘City Deal’ process.

We recognise our part of the ‘deal’ includes formalising our governance structures and arrangements. The establishment of the City Region Combined Authority ‘SCR Authority’ will take Sheffield City Region governance to the “next level” (i.e. from informal collaboration to joint decision making on some issues) and “put into legislation that which we have been doing by consent for some time”. The SCR Authority will also ‘hardwire’ the partnership that has been formed between the public and private sector in the Sheffield City Region.

We look forward to continuing to develop the opportunities surrounding rail devolution in the north and Major Scheme Transport Devolution, as set out in our City Region. Both proposals offer a significant for change in the way that decisions are made on transport in the Sheffield City Region.

We consider the City Deal to be just the beginning of a sustained dialogue with Government and we will pursue further devolved decision-making where there is a compelling economic case to do so.

### 6.5.2 Creating the right policy environment

In other areas, we will seek to influence national policy without pursuing the formal devolution of powers, funding or decision making. Where appropriate, we will put forward constructive, evidence-based arguments to support national policy development – this could relate to policies in relation to transport, skills, business growth or national infrastructure. A process will be maintained in order to identify key issues, and present a clear, consistent, evidence-based argument to Government.

### 6.5.3 Maximising and handling funding in the right way

With less public money available it is of even greater importance to ensure that the money available is used in the best possible way. The commencement of a new round of European Common Strategic funding<sup>17</sup> in January 2014 offers a strategic opportunity for growth. The City Region will continue to work with Government in determining how this will be deployed. We believe that the maximum impact will be achieved by this being managed at a City Region, rather than central, level to ensure local objectives are met.

The European state aids regime that conditions and constrains public support to private growth is currently under review. The EU's proposal to prohibit state aid to large companies in all circumstances would be damaging to Sheffield City Region and should be resisted. Government also needs to ensure that the new Assisted Area Map is drawn to encourage rather than restrict growth in the City Region.

Mechanisms such as the GPF and the RGF are vital in supporting business growth. We support the Government's position that, increasingly, such funds should be devolved according to LEP geography – to reduce the uncertainty associated with a prolonged bidding process.

The potential to create a 'single pot' of funding in the City Region, as recommended in the Heseltine Review, to provide greater longer term certainty and flexibility. This will better enable our area to bring forward key proposals to promote growth.

#### Priority Actions:

- Set up the SCR Authority by April 2014.
- Pursue further devolved decision-making where there is a compelling economic case to do so.
- Utilise and coordinate national and European funding programmes – for the greatest economic benefit to the SCR.

## 6.6 Maintaining and enhancing our quality of place

### 6.6.1 Environmental quality and contribution to growth

Sheffield City Region has a unique offer of a high quality of life combined with low cost of living and low cost of doing business with fantastic access to London. In delivering economic growth in the City Region it is of vital importance that this is sustainable growth, where this quality of place is maintained and enhanced. Achieving sustainable economic growth in the area could help to make a significant contribution to the area's competitive advantage in the future.

High quality, distinctive places fulfil an integral role in creating sustainable economic areas<sup>18</sup>. They can attract inward investment and facilitate the retention of the higher skilled higher wage residential population. From the Peak District National Park, the Dukeries, to the public realm in Sheffield City Centre and a

<sup>17</sup> European Regional Development Fund, Social Fund and Agricultural Fund for Rural Development

<sup>18</sup> South Yorkshire Forest Partnership (2011) Creating and Improving our Green Network, The South Yorkshire Green Infrastructure Strategy

diverse range of market towns the Sheffield City Region has a wide range of assets that combine to make it an attractive place to live, work, visit and invest in.



### 6.6.2 Vital and vibrant town and city centres



An area where quality of place is of vital importance is in the contribution that it makes to the vitality and vibrancy of market town, town and city centres. The high quality public space and realm that has been delivered in centres across Sheffield City Region, makes these areas more attractive places to live, work, visit and invest in. On-going plans to continue to develop market town, town and city centres across the City Region, such as Marketplace Barnsley and Sheffield New Retail Quarter remain a priority.

### 6.6.3 Maximising the contribution of the visitor economy

High quality of place is important to driving all the sectors in the City Region, but particularly to the sport, leisure, and tourism sector as this plays an integral part of the visitor offer. The Sheffield City Region contains a wide range of assets that attract visitors to the area. It is a City Region priority to maximise the contribution of the visitor economy to the area, to promote growth.

### 6.6.4 The right residential offer

A critical component of quality of place is the quality of the residential offer in an area. This includes having the right quantum and quality of housing in the right locations at the right prices, including affordable housing, to meet need.

Increasing levels of house building in the Sheffield City Region would generate employment in the construction sector, which has decreased by around 20,000 jobs between 2007 and 2011<sup>19</sup>. There is also potential to help adapt to and mitigate against the impacts of climate change by retrofitting existing homes across the City Region to<sup>20</sup>. Accelerating the delivery of the right types of

<sup>19</sup> ONS, BRES

<sup>20</sup> See The Centre for Low Carbon Futures (2012) the Economics of Low Carbon Cities, A Mini-Stern Review for the Sheffield City Region

housing, in the right locations, which is affordable, can contribute to the vision of promoting sustainable growth and change in the Sheffield City Region.

**Priority actions:**

- Promoting sustainable growth in the City Region, recognising its contribution in making the area an attractive place to live, work, visit and invest in.
- Encouraging investment in market town, town and city centres to ensure their vitality and vibrancy.
- Exploring mechanisms to maximise the contribution of the visitor economy.
- The importance of having the right residential offer in place to promote growth

## 7 Next Steps and Measuring Future Progress

### 7.1 How will the Strategy be taken forward in the future?

This Economic Overview sets out the priorities for economic growth in the Sheffield City Region. In order to be able to unlock the latent potential of the area and to realise our vision it will be important to develop a full economic strategy for the Sheffield City Region.

In 2013 the City Region and LEP will produce this strategy to set out more comprehensively the themes and areas that will drive future growth and change. This could include reflecting and building upon the steer provided in Lord Heseltine's Review<sup>21</sup> on the types of issues that should be considered in developing growth strategies. Fundamentally though, it will be of vital importance for the Strategy to be set by and for the City Region and the LEP to promote growth, providing an outcome focused approach.

The full economic strategy will provide greater detail on the opportunities to promote growth in the City Region and the outcomes that should be delivered as part of this. This will be developed in conjunction with other work underway on the European funding prospectus, single funding pot, City Deal round 2 and the SCRIF. This will also consider issues facing the City region's rural economy.

### 7.2 Measuring future success

Based on the priorities set out in the proceeding chapter a summary is provided of the baseline position on the work being undertaken in these areas.

**Table 3: Workstream priorities**

Priority	What this means in terms of actions	Current position
Developing the workforce that businesses need	<p>To facilitate strong links between business and training providers to ensure that business skills training needs are understood, and these needs are met by.</p> <p>To deliver the apprenticeship and skills intentions set out in the City Deal, enabling the creation of a business informed skills provision.</p> <p>To develop a three year skills strategy</p>	<p>Continuing to develop partnerships between providers and businesses to understand business and training needs and ensuring needs are met.</p> <p>Work underway to deliver the City Deal.</p> <p>Work is underway to produce a three years skills plan for the City Region.</p>
Supporting business growth	<p>To attract new businesses to the City Region through a strong inward investment offer</p> <p>To encourage start ups and more entrepreneurial activity</p> <p>To support existing businesses and increase survival rates by helping SMEs access finance</p> <p>To facilitate collaboration and innovation through open partnerships and collective working</p>	<p>The Inward Investment team has been established to generate leads.</p> <p>The Enterprise Zone has been created to incentivise businesses to locate here.</p> <p>Work underway to deliver Regional Growth Fund to SMEs to provide access to finance</p> <p>Work underway to deliver on the aspirations of the CloudCity Programme.</p>

<sup>21</sup> Lord Heseltine (2012) No stone unturned in pursuit of growth

Priority	What this means in terms of actions	Current position
Providing the infrastructure to unlock growth	Putting in place the Sheffield City Region Investment Fund (SCRIF) Improving digital infrastructure to enable growth and changing working patterns	Work is underway to identify the infrastructure projects that will benefit from the SCRIF. Work to be undertaken to understand digital infrastructure constraints.
Securing the right policy framework for growth and jobs	Set up the SCR Authority by April 2014. Pursue further devolved decision-making where there is an economic case to do so. Utilise and coordinate national and European funding programmes – for the greatest economic benefit.	Work being undertaken in terms of our European agenda Ongoing engagement on policy and funding issues
Improving quality of place	Promoting sustainable growth in the City Region, Encouraging investment in market town, town and city centres Exploring mechanisms to maximise the contribution of the visitor economy. The importance of having the right residential offer	Supporting the work of stakeholders in improving environmental quality Be informed by the spatial mapping work that has been undertaken.



In order to understand progress being made against the vision it will be important to consider the conditions in the economy and relative to the objectives set out in Chapter 4. We will therefore monitor our progress being made in the following four areas set out in the table below. We will also develop specific metrics for each of our workstreams.

**Table 4: Base indicators to measure progress against the City Region's objectives**

Objective	Indicator / Issue	Potential data source	Base position
Increasing GVA	If GVA in the City Region is increasing	The Regional Econometric Model or ONS data	The GVA for the City Region in 2012 is estimated to be £26.95 billion
Increasing employment	If employment in the City Region is increasing in both absolute and proportional terms	BRES data on total employment in the City Region	There were approximately 696,500 jobs in the City Region in 2011. The employment rate for the City Region is currently 66.4% of people those aged 16 – 64.
Rebalancing the economy	The proportion of people employed in the public sector	BRES employment data by sector	In 2011 there were 227,500 jobs in public administration, education and health in the City Region, equating to 32.7% of all employment.
Sustainable economic growth	That we are creating not just more jobs, but better jobs in the City Region	Annual Population Survey on employment by occupation in the City Region.	The proportion of resident based employment by occupations across the City Region in 2011 was: <ul style="list-style-type: none"> <li>Managers, directors and senior officials – 9.4%;</li> <li>Professional – 17.4%;</li> </ul>

			<ul style="list-style-type: none"> <li>• Associate prof &amp; tech– 11.2%;</li> <li>• Admin and secretarial - 10.1%;</li> <li>• Skilled trades– 11.7%;</li> <li>• Caring, leisure and other service– 9.1%;</li> <li>• Sales and customer service– 9.8%;</li> <li>• Process, plant and machine operatives – 9.4%; and</li> <li>• Elementary – 11.6%.</li> </ul>
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