STRATEGIC ECONOMIC PLAN

Sheffield City Region

CONTENTS

VISION

1. VISION

A growing, inclusive, and sustainable economy playing an ever-increasing role in future UK prosperity

- Focus on inclusion and people
  - Whilst productivity has increased through the delivery of the first SEP, not everyone has benefited with pockets of deprivation, high unemployment and low skills/pay. This SEP needs to bring everyone along together and avoid leaving any individuals or communities behind
- Growth
  - SCR is on track to meet many of the ambitions in the first SEP, but is performing less well then most other LEPs and the UK in economic performance. This SEP aims to achieve a step change in growth punching above its weight both nationally and globally through an innovation furnace that builds on its legacy and capitalises upon current and future opportunities
- Sustainability
  - Climate change is happening and requires a major change in how we live, work and play. This SEP will help SCR transform to a low carbon economy, build its resilience to climate change and create sustainable places that improve the quality of place whilst maintaining local distinctiveness

PROGRESS TO DATE

2. SUCCESSES

- Exceeding performance anticipated in previous SEP
  - GVA growth has been twice as fast as planned, hitting the target of £35bn six years ahead of schedule, progress towards the job creation target is four years ahead of schedule, number of new businesses created has almost hit its 2024 target already
- Strong manufacturing industry and growing business base
  - More businesses since 2011 and a higher proportion of high growth businesses in SCR compared to other areas.
  - Manufacturing makes up a bigger proportion of the economy (12.1% of employment base) and is growing at a faster rate than the UK average
  - Global reputation for high precision engineering and high quality design - world-leading manufacturing and engineering companies: Rolls-Royce, Tata Steel, Siemens VAI, MCLaren
- Academic research and R&D strengths
  - Several areas of academic specialisation (e.g. health, metal and materials-related, engineering)
  - Industry-leading examples of technical education delivery (e.g. UTCs); and private sector engagement with universities driving innovation.
- Strengths in nationally supported sectors including digital
  - High growth sectors (e.g. professional services, scientific & technical activities) becoming more embedded with almost 1,5000 more firms in professional, scientific and technical sub-sector between 2011-2017.
  - The digital sector contains a group of high productivity, relatively high growth businesses with growth in productivity of 150% between 1997 and 2015
- Local, national and international connectivity
  - Geographically well-connected with recent local upgrades
  - Doncaster Sheffield airport integrated logistics hub
- Availability of affordable housing and valuable natural capital
  - Standard of living higher for middle-high earners than other northern cities

3. LESSONS

- Absolute GVA has increased since the first SEP was launched but UK gap remains the same. Productivity gap has widened.
- SCR needs economic not just productivity growth i.e. more jobs and more high skilled jobs
- Skills requirements of Industry 4.0 – need to respond, quickly;
  - Mismatch in workforce supply and demand exacerbated by decreasing levels of age population participating in learning and training, and lack of progress in addressing education progression
  - Levels of digital exclusion exceed the UK averages with Barnsley, Doncaster and Bolsover amongst the worst in the country
- Increasing recognition of the importance of places
  - Access to skilled workers, supply chain networks and supporting institutions crucial for investment. SCR's strength of place and its locational economic advantages can be packaged into a compelling proposition.

4. CHALLENGES AND OPPORTUNITIES

Challenges	Opportunities
• Low levels of productivity, innovation, entrepreneurship and R&D investment compared to other areas. • Several low productivity sectors are strong and dominating industries are predicted to decline. • Higher proportion than England average with no qualifications, lower proportion with higher skills and lower educational attainment • Low wage/skills industry dominates (1/3 of all employees, average wage 11% lower than England average) with the potential for employment to be replaced by automation • Hotspots of deprivation with poor health outcomes and high unemployment • Certain population groups remain disengaged from the labour market, for example ethnic minorities and female employees. • International trade and challenges with existing markets • Graduate retention issues. • Varied quality of living environment with polarised housing market • Digital and transport connectivity issues. • Poor air quality. • Climate change and potential for more frequent extreme weather events	• Move into emerging industries (e.g. digital) • Better locally embed some sectors e.g. construction, transport, professional services and health • Build on academic excellence and links between academia and industry • Opportunities for new international markets • Potential for integrated logistics hub • Potential to build a higher standard of living for middle earners • Climate change and potential opportunities from transforming to a low carbon economy

STRATEGIC AMBITIONS

5. STRATEGIC AMBITIONS - 2040

- **GROWTH**
  - GVA and productivity growth will have increased to exceed the UK average with SCR's strengths achieving global excellence and recognition providing improved prosperity for people.
- **INCLUSION**
  - All of SCR's people will have the opportunity to benefit from economic growth and access to education, training, jobs and services.
- **SUSTAINABILITY**
  - SCR will be recognised and celebrated for its high quality, low carbon environment and distinctive quality places including access to green space, connectivity, housing and resilience to current and future climate threats

6. FOCUS UPON PEOPLE

- **People** start businesses, make decisions, research, up-skill, innovate, care and create opportunities.
- An increasing number of economic strategies are focused on “**People**”, showing a recognition of the most important driver of economic transformation:
  - Medellin in Colombia - Participation
  - Greater Manchester - GM’s public services.
- People will **be able to access more opportunities, be more prosperous, and enjoy the places they live, work and play in and interact with**.

7. DELIVERING TRANSFORMATIONAL CHANGE

Innovation

- **A shared pervading ethos:** all stakeholders working together to identify and exploit opportunities to innovate across SCR's economy, places and communities
- **Combined with disciplined approaches:** using, refining and continuously improving best practice for driving forward innovation, so innovation becomes our 'first nature'

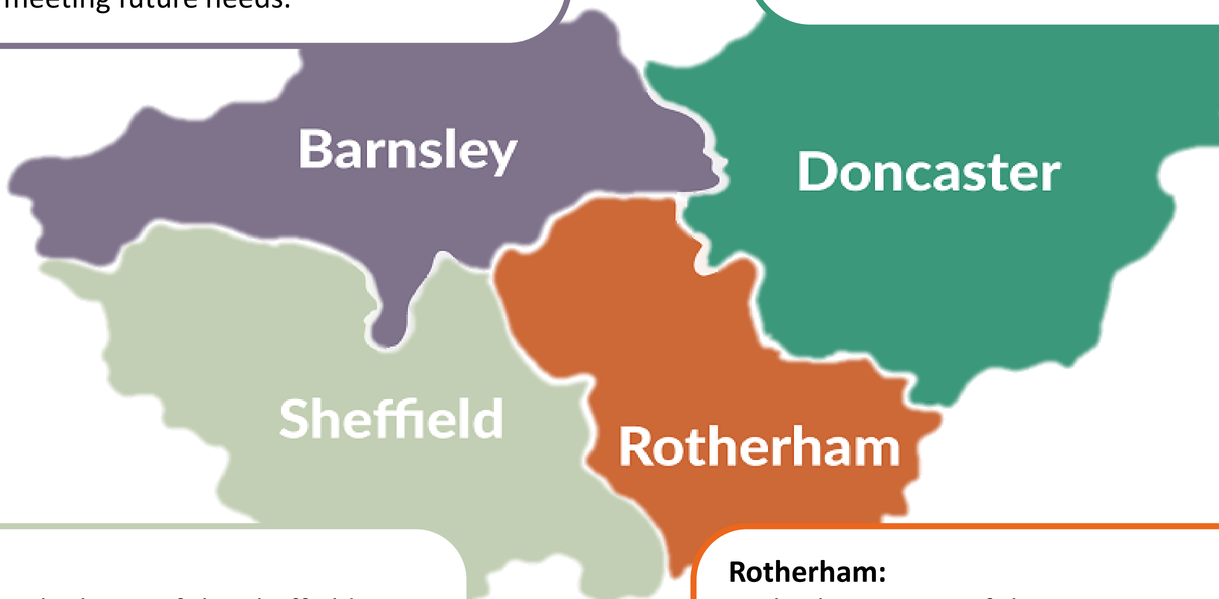
Creativity

- **Daring to be different:** effective creative relationships generating new and novel opportunities via knowledge 'fusion' and cross-agency/sector/place collaboration, creating a broad and powerful culture
- **Active cross-overs:** increased creativity will create pervasive benefits both for innovation by business and social enterprises/non-profit activities contributing to a powerful local ecosystem

7.1 SPATIAL CONTEXT *(CURRENTLY BEING WORKED UP WITH LAs)*

Barnsley:
Barnsley’s local distinctiveness stems from its historical character and culture, including its settlements and architecture. Barnsley's location means it is ideally placed to support sustainable economic growth and the sectors which will drive forward the regional economy. Barnsley future economy is evolving from the industrial past, adapting to economic change and meeting future needs.

Doncaster:
Doncaster is a metropolitan borough located in the heart of England. We have innovative businesses across a range of sectors, hard-working employees, an expanding skills sector, world class connectivity and a growing cultural scene. We have a great platform of success to build upon, and we are ready to go further and faster.



Sheffield:
Sheffield is the core city at the heart of the Sheffield City Region and is a creative, inventive and energetic city. It is one of the UK’s major city economies with internationally recognised, leading edge talents in manufacturing, engineering and design. The city will be known for its distinctive and high performing sectors.

Rotherham:
Rotherham is one of the most enterprising places in Britain and we will make Rotherham the go to place to start or grow a business, where entrepreneurs will flourish. world class businesses are already located in Rotherham alongside many home grown firms with world class reputations.

STRATEGIC PRIORITIES FOR DELIVERY

8. PRIORITIES FOR DELIVERY

Priority areas through which the identified challenges and opportunities will be address to achieve the overall vision:

- Business Growth
  - Driving innovation and creativity to create the enabling conditions which will grow productivity, R&D investment, scale-ups, trade and exports to grow the economy and improve the well being of people.
- Skills and Employment
  - Transforming the skills base at all levels, increasing employment particularly skilled, well-paid employment to deliver prosperity
- Connectivity and Infrastructure
  - Digital and sustainable transport infrastructure and clean energy to transform to a low carbon economy
- Quality of place
  - Quality built and natural environments in distinctive places, local culture and sport, access to green space and services supporting positive health and wellbeing outcomes

8.1 BUSINESS GROWTH

- Objective
  - Business-driven investment in innovation, combined with academic-business R&D partnerships and open innovation consortia for key supply chains, will significantly increase R&D investment - assisting the transition to a highly productive economy by 2030
- Outcomes
  - Economic and productivity growth
  - Increased investment in R&D
  - Skilled worker retention
  - Increased exports
  - Improved business and employment density

8.2 SKILLS AND EMPLOYMENT

- Objective
  - By 2030 education and skill levels will lead to increased and higher paid employment, through focused interventions from school age through to adult education, leading to an increase in economic activity at all skill levels across SCR
- Outcomes
  - Improvement in qualification levels in population
  - Improved wage levels
  - Higher share of higher-level occupations in labour market
  - Better education progression and attainment rates
  - Reduction in benefit claimant rates

8.3 CONNECTIVITY AND INFRASTRUCTURE

- Objective
  - Transform connectivity and transition to a low carbon economy by improving sustainable transport, digital coverage and sustainable energy ensuring that everyone can access education, employment, leisure, health and other services and amenities within a clean energy environment by 2030
- Outcomes
  - Reduction in car travel
  - Increase active and public travel
  - 5G and full fibre coverage
  - Reduction in emissions

8.4 QUALITY OF PLACE

- Objective
  - By 2030 SCR’s cities, towns and rural areas will be recognised for their quality built and natural environments in distinctive places, with access to local culture and sport, green space and services supporting positive health and wellbeing outcomes
- Outcomes
  - Reduced fuel poverty and homelessness rates
  - Improved housing energy efficiency
  - Improved urban centre vitality
  - Improved air quality
  - Enhanced natural capital
  - Higher cultural and sport participation
  - Improved visitor numbers

HOW OUR PRIORITIES INTERRELATE

Inputs ⬇ / Outputs ➡	Business growth	Skills and employment	Connectivity and Infrastructure	Quality of place
Business growth		Growing businesses employ more people and provide demand for skills	Business growth in these areas enhances connectivity	Increases local buying power that helps to sustain local places
Skills and employment	Improved skills enable business growth		Improved skills enable growth in digital, energy and transport sectors	Increases local buying power that helps to sustain local places
Connectivity	Digital and transport connectivity and transformation to low carbon economy supports business growth	Connectivity provides opportunities to access skills and employment and growth in this area provides skills and employment opportunities		Improved connectivity enhances local places and facilitates more balanced housing markets
Quality of place	Quality places provide business advantage and attract high skilled workers, resilient business premises support growth	Growth in this area provides skills and employment opportunities, resilient skills institutions employment premises sustain skills and employment growth	Low carbon energy developments facilitate new transport opportunities, green infrastructure contributes to active travel, resilient infrastructure keeps SCR running	

METRICS

METRICS (1/2)

Theme	Indicator / aim	Data source
Overall	Productivity & GVA Growth	ONS GVA & Productivity Estimates
	Earnings Growth	ONS ASHE
	Carbon Emissions	TBC (ONS)
Connectivity and Infrastructure	Public transport usage	Annual cordon counts
	Car usage is falling	DfT car miles data
	Active travel mode share	Census
	5g and FF Broadband coverage	DCMS & Ofcom
Skills & employment	Employment growth	ONS
	Proportion of employees on low earnings	Annual Population Survey
	Proportion of employees in managerial professional occupations	Annual Population Survey
	Proportion of working-age population at NVQ3 and above	DfE admin data
	'Attainment 8' scores	DfE admin data
	Proportion of workless households	Annual Population Survey
	Out-of-work benefits claimant rate	DWP Longitudinal Study

METRICS (2/2)

Theme	Indicator / aim	Data source
Quality of place	Domestic energy efficiency: proportion of EPC C rated homes	MHCLG domestic EPC register
	Air quality: no. designated Air Quality Management Areas (AQMAs)	Defra
	Participation in cultural activity	Active Lives Survey
	CO2 emissions	(tbc)
	Neighbourhood deprivation	Index of Multiple Deprivation
	Fuel poverty rate	BEIS sub-regional fuel poverty statistics
	Index of private rental costs	VOA admin data
	House price to earnings ratio	ONS combined data
	Statutory homelessness	Local Authority admin data
Business Growth	Labour productivity	ONS
	GVA growth per capita	ONS National Accounts
	Business birth and survival	HMRC admin data
	Highly Skilled People in Labour Market (& Graduate retention)	Annual Population Survey (& DLHE survey)
	R&D investment	BERD Survey (tbc)

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