Strategic Economic Plan
A focused 10 Year Plan for Private Sector Growth 2015 - 2025
The Growth Plan has been developed in collaboration with a wide range of organisations from across the private, public and third sectors in the Sheffield City Region, some of which are shown above.
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Our City Region has a proud history of being at the forefront of the UK's industrial and entrepreneurial development over many centuries, starting with the Industrial Revolution and continuing up to the present time.

Its strong reputation as a world leader in the technology, manufacturing, engineering and materials sectors is reflected in the 'Made in Sheffield' brand, which is recognised as a sign of quality and excellence around the world.

The area also has a strong cultural heritage and many areas of outstanding natural beauty, giving it not only a very attractive tourism offer but a reason why the area has one of the highest post University retention rates in the UK.

The City Region has continually had to reinvent itself following the decline of its manufacturing, steel and coal industries. It has not only managed to retain many of its inherited skills and technologies, but has been able to attract and develop, from scratch, many new 21st century industries into the area.

The ambition and quality of this Plan is testament to the shared vision of leaders from local authorities and businesses who are passionate about the Sheffield City Region and its success. With this motivation and collaboration, this Plan will succeed. Over the past three years, through the Local Enterprise Partnership, the private sector has taken on a more influential role in local economic decision-making, collaborating with the City Region Leaders, who have been working together since 2008.

Together, the LEP and its partners have created this Plan to grow both business activity and jobs. This plan contains a number of important initiatives, which focus on getting our existing strong supply chain of businesses to grow, as well as encouraging new businesses to start up in the City Region. This approach will have practical implications for all businesses and the lives of tens of thousands of people. The Plan also includes a strong emphasis on attracting new companies and new investments to the Sheffield City Region, building on recent successes in this area.

This Plan, combined with our European Structural and Investment Funds Strategy (ESIF), presents our vision for accelerating business growth and job creation in the City Region. Our vision reflects the ambitions of hundreds of businesses from across the City Region, who helped to build this Plan. We hope that Government will join their number and support our initiatives.

Above all, this is an offer to Government for the Sheffield City Region to play a more significant part in the growth ambitions of UK plc. The Sheffield City Region has the leadership, ambition and potential to become one of the UK’s economic powerhouses and, with Government support, this can become a reality.
Endorsements

This SCR Strategic Economic Plan has been developed and signed off by the SCR Local Enterprise Partnership and the SCR Shadow Combined Authority which includes the nine local authorities in the City Region. There has also been close working to ensure alignment with the D2N2 LEP Plan, and joint working on specific topics with Leeds City Region and several other LEPs.

The plan has been developed with inputs from over 400 companies, plus joint work with business representative organisations including the Sheffield City Region Chambers and Federation of Small Businesses. Both City Region Universities and Further Education Colleges have been heavily involved.

City Region MPs and MEPs have also been kept informed and have contributed to the development process. Over a dozen MPs have attended face to face workshops and were supportive of the plan. They included:

- David Blunkett MP
- Angela Smith MP
- Toby Perkins MP
- Paul Blomfield MP
- John Healey MP
- Clive Betts MP
- Sir Kevin Barron MP
- Nick Clegg MP
- Rosie Winterton MP
- Sarah Champion MP
- Caroline Flint MP
- Meg Munn MP
- Sir Timothy Kirkhope MEP
Executive Summary

Our opportunity
In this plan we set out how the Sheffield City Region (SCR) Local Enterprise Partnership (LEP) will help structurally transform our City Region economy – to deliver growth and jobs, and in so doing drive up UK exports, expertise and productivity.

Our plan is ambitious, but it is also highly credible. Our initiatives are about building on existing successes and scaling them up, or about taking transformational ideas from one sector and applying them to others. Our ask of Government to help deliver this plan is carefully targeted to help drive greater growth through the application of local expertise. We are not seeking flexibility or devolution of funds without a convincing rationale.

Our plan is ambitious because it has to be. At its heart our economy is still recovering from decades of industrial job losses. Although our economy has grown from the mid-1990s until 2008 like other city regions, somewhat uniquely our private sector did not grow during this period – as industrial sector losses offset growth in service and other sectors. Our plan will finally lay this legacy to rest – using our industrial expertise in new ways, and restructuring the skills base and business base to fully contribute to UK plc. We have set targets to narrow our economic gap over the next 10 years through the creation of 70,000 jobs, increase Gross Value Added (GVA) by 10% (or £3bn) and create 6,000 additional businesses beyond our baseline growth rates. The benefits this will bring will be felt by UK plc through higher levels of productivity, innovation and exports in key sectors such as digital technologies, engineering, manufacturing and low carbon. The benefits will also come in the form of a reduced cost of the SCR on public finances by addressing the area’s legacy of unemployment.

The scale of the economic challenge in the SCR can be summarised as the City Region being required to generate:

More jobs

70,000

70,000 jobs to narrow the gap with other parts of the country

More businesses

An additional 6,000 businesses are required to reduce the enterprise deficit

More highly skilled occupations

Approximately 30,000 highly skilled occupations to create a more prosperous economy

Higher productivity

An increase in GVA in excess of £3 billion to close the productivity gap
Core activities for growing the private sector

We need more new businesses. Our start up rate is two thirds of the national average – over the last 5 years this has equated to around 5700 new start-ups per year. In recent years national programmes have had little impact on accelerating this position. So we will increase this rate by 600 additional start-ups per year – focused on knowledge intensive sectors with export potential – in particular Creative and Digital Industries (CDI). This reflects its role as a key enabling sector for success in other sectors where digital capabilities are required, for example advanced manufacturing and engineering, healthcare technologies and business services. To do this we will:

— Make SCR the best ‘start-up zone’ in the country by ensuring that there is a low cost property offer in our urban centres where experts can meet, share knowledge and develop ventures.
— Via the Growth Hub, create new start Growth Deals targeted at companies who have high growth potential or whose survival would fill fundamental gaps in the market.

We need our existing businesses to grow faster. Our productivity is only 83% of the UK average. We want our companies to continue to innovate and increase their productivity. We want them to recruit people from our City Region labour market and buy from local firms. Therefore we will align our skills programme and supply chain work to ensure they are private sector led and hence support firms to make the right decisions. Our target is for our support measures to help firms create over £1bn of additional GVA over the 10 years of the plan, creating c15,000 jobs in the process. Core to this is the Growth Hub toolkit:

— Ability for the Growth Hub to provide tailored support for firms in terms of, business advice, business planning, innovation assistance, access to finance, supportive infrastructure (where needed), skills development and grant. We will incentivise long term success – as with our Regional Growth Fund (RGF) programme – using loan to grant mechanisms once sustainable jobs are delivered.

We will attract more businesses into the City Region. While we are building on the success of our shared inward investment team created by the LEP, we will transform this activity by:

— Creating and investing in a much stronger promotional strategy for the City Region. Critically, this will build not just on marketing, but on focused major cultural, business and sporting events that will themselves have economic worth and contribute to the wider objectives of the plan.
— Use the flexibility of the tools in the Growth Hub to create tailored packages for inward investors and foreign owned companies based in the City Region.
— Create a ‘high impacts projects’ team to hunt and land significant foreign direct investment focused on our sector specialisms. We will also actively seek firms for our supply chains to locate locally, in a search model co-designed and operated with UKTI.

We will export more, with a target to get 2,150 more firms exporting by 2023. To do so we will radically change our approach to exports and trade – building on the solid work undertaken by our Chambers of Commerce, and will implement an incentives package (called the ‘Exports Challenge’) to encourage companies, with wrap around support from the Growth Hub.

Supporting activities for private sector growth

It is vital business has the skilled workforce it needs to grow, and yet our City Region employment rate is 5% below the national average. Building on our successful City Region Deal ‘Skills Made Easy’ programme, we will transform the opportunity to help people become the skilled workforce of tomorrow. We will:

— Create a single skills fund (The Skills Bank), co-designed with the Skills Funding Agency to give maximum flexibility for business to obtain the skills they need – this is a natural succession to Skills Made Easy;
— Extend our Youth Contract programme to a holistic initial ‘Progress to Work’ programme to help maximise the pool of young people available to take on up-skilling or apprenticeship roles;
— And divert resources into education to ensure, via an SCR Challenge called ‘Learn to Work’ that helps young people into work as part of the curriculum.

These programmes will structurally address the cycle of worklessness that has afflicted many communities in the City Region, and hence reduce dependency on welfare and the state.

Our plan will also deliver businesses the right infrastructure they need to thrive. Core to this will be:

— Public transport connectivity to join up our key urban centres and prepare them to maximise the economic benefits from high speed rail;
— Bring forward our infrastructure investment programme (SCRIF) to fund and finance our infrastructure plan and start on the ground on 8 prioritised City Region schemes in 2015/16;
— A housing development strategy co-designed and managed by the Homes and Community Agency, which flexes the national programme to suit the market failure and site issues within the City Region.
— The development of a long term integrated infrastructure investment plan, providing a holistic approach to future funding
— Local sustainable transport programmes that, when aggregated, make a significant impact in helping people access jobs and training.
What is our ask of, and offer to, government?

Our plan is deliberately ambitious but it is also credible. Cumulatively our asks of Government will generate 53,000 gross direct jobs or 46,000 net additional jobs, on top of the 25,000 jobs that are forecast to occur by 2024. This will realise of ambition of creating 70,000 jobs and will increase GVA by £7.6 billion. We have only included interventions that offer a strong benefit to cost ratio and strong employment, GVA and social equity gains. These were the principles initially applied in our SCRIF approach, and we have now applied them to the revenue programmes in our plan.

We believe that some interventions are better applied locally than via national programmes. However, we are not asking Government for a share of national funds without a strong offer that we can deliver more for less. Our detailed asks are presented in the plan, but the principles are:

— We ask for co-design but local determination of programmes. In general national funding bodies should co-manage and deliver our programmes.
— We ask for a freeing up of artificially constrained national funding streams. We can deliver more for less if we have local control over funds such as RGF.
— We ask for stability and certainty in funding profiles – essential for private sector investor confidence and for the structural changes that are at the heart of the plan.
— We need some regulatory change to enable our combined authority to maximise its impact.

We offer:

— A plan truly developed by collaboration between the private and public sector;
— Joined up prioritisation and decision making at a City Region level;
— City Region planning and coordinated delivery structures for the Growth Hub, inward investment, exports, City Region promotion, infrastructure decision making;
— Pan LEP decision making on key subnational priorities such as rail devolution, access to finance, some sector priorities such as energy and health-tech.
— Higher output programmes, such our ‘business growth deals’ led by the private sector, but designed for the specific needs of the City Region.
— Full public sector buy-in, including matching of local authority assets.

Within this plan are some truly bold and innovative initiatives that build on our strengths but take them to new levels. Key amongst these are:

— Extending our global lead in advanced manufacturing, machining, engineering and prototyping through developing additional world leading facilities in data and digital in Sheffield, aero-engineering in the Doncaster FARRRS corridor, and a supply chain efficiency centre in the Dearne Valley;
— A series of energy focused low carbon projects, including the TATA proving factory; and
— A series of investments to extract maximum value from the coming of High Speed Rail – including a connected transport system fit for the 21st century, and economic masterplanning to exploit the game changing connectivity that high speed will bring.

Our headline asks are summarised below we believe that if Government agrees to these asks, we can contribute more to the overall growth of UK plc, and fundamentally transform our economy.

In summary, our core asks are as follows:

Skills: devolution to develop a skills bank and implement specific tailored SCR programmes:

— Skills capital bid for specific initiatives (£12.5m 2015/16) – but in addition asking for £6.4m from the mainstream skills budget for our skills programme to be more responsive to business need, to allow us a focus on getting people ready to work, and to input into the education system.

Growth Hub and business support (RGF)

— £10m pa RGF from mainstream programme plus £2m LGF to increase the number of our businesses exporting (15/16). Includes a further ask of £2.7m for City Region start-up and innovation programmes and focus on FDI in our core markets of manufacturing and engineering. Plus commitment to better partnership working with UKTI and Chambers overseas from Government.

Infrastructure capital 15/16

— We are seeking £40m for 2015/16 for HS2 local connectivity scheme development, bringing forward our SCRIF priority schemes and Local Sustainable Transport Fund. Plus commitment to continue funding projects after 15/16, and, critically, local flexibility to determine how we spend our allocation if Government is unable to fund our full ask.

And… to continue the core funding of our SCR LEP beyond 2015/16 with funding of £400k per annum to allow us, when matched with local authority contributions, and additional support from the private sector, to resource the effective implementation of this joint plan.
1. Introduction

1.1 Ambition
The Sheffield City Region is ambitious. Over the next 10 years the City Region’s ambition is to deliver 70,000 net additional jobs, increase GVA by 10% or £3bn and create 6,000 new businesses. Realising these aspirations will enable its transformation. Our Strategic Economic Plan (SEP) identifies how we will make this happen.

The Sheffield City Region’s (SCR’s) SEP puts local stakeholders, from the private and public sectors, in control of the area’s destiny. These stakeholders fundamentally understand where the City Region needs to be and how we get there. This understanding is predicated on the knowledge that it is our role to realise the area’s transformation and not that of Government. Without decentralisation this ambition cannot be delivered. This will be essential in achieving export-led, sustainable growth, based on increased productivity. The fundamental result of this will be a more successful SCR, which makes a greater contribution to UK plc at a reduced cost to the state. Without radical change the SCR will not close the GVA gap of £3 billion between it and other peer LEP areas.

The need for growth alongside economic transformation is well understood by SCR partners. This has been a driving principle of our Local Enterprise Partnership; but this can only be achieved by co-ordinated and collective action between all partners. This must include a joined up and integrated approach between and within the public, private and third sectors.

Our SEP sets out our 10 year vision for this transformation. It is not constrained to the resources of the Local Growth Fund (LGF) or EU Structural and Investment Funds (ESIF). Instead it identifies the mechanisms, actions and collaboration required to deliver a bigger and stronger private sector and 70,000 net additional jobs in the next 10 years. This is focused on rebalancing and restructuring the SCR from its over-reliance on the public sector and a low skill-low productivity economy. The duration of this 10 year Plan is significant in helping to address these issues, as it will provide a stable policy framework to provide the private sector with certainty and allow a focus on delivery.

1.2 Importance
The Sheffield City Region’s SEP is of critical importance. This represents the Local Enterprise Partnership’s (LEP’s) vision for the transformation of the SCR’s economy over the next ten years. The crux of this will be the Growth Deal that the City Region makes with Government, which will enable us to accelerate the delivery of our proposals. Such additional investment will be essential in delivering an additional 70,000 jobs in SCR.

The SCR’s economy needs radical structural change. Fundamentally, this must include significantly growing the number and productivity of business in the area by internationalising our economy. This will be essential in increasing the range and type of employment opportunities available.

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1.3 The Role of this Document
The SCR’s SEP comprises a suite of documents, which have been developed in response to Government guidance. Our SEP comprises the:

— Growth Plan: (this document) which sets out our 10 year plan for growth, including the strategic objectives and opportunities and challenges to growth, supported by appropriate evidence and highlighting our key asks of 2015/16;

— 2015/16 Bid to Government, Implementation and Delivery Plan: that summarises our key offers and asks to Government, based on our proposed interventions and how these will be designed, in addition to key milestones and funding package. Whilst the focus in this document is on 2015/16 this represents the starting point for our wider 10 year Plan and the longer term change that we ultimately want to deliver; and

— Implementation and Delivery Plan Technical Annex: that provides the additional and more detailed proposals that will be delivered as part of our Plan. This includes the wider proposals that we will look to deliver beyond just 2015/16 priorities.

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2. Context

2.1 Distinctive

The SCR SEP builds on the successes of our LEP since its inception in 2010, including our ambitious City Region Deal. It identifies our key priorities for the future success of our area, to maximise its potential. This is founded upon SCR’s fundamental strength in making quality products used around the world by combining a strategic location with advanced business to business supply chains and 3600 multi-modal connectivity.

There are a range of factors that combine to make our plan distinctive from those being produced by other areas. These are all predicated on our fundamental belief that our plan forms the foundations of a decentralised UK economy that is balanced, resilient and sustainable. This will necessitate the SCR being more productive and contributing more to UK plc, whilst costing less by reducing welfare dependency, unemployment and under-productive business.

The top-down, nationally-led approach to economic success in the UK has failed to deliver by inadequately understanding or harnessing the capacity of distinct local economies. This national model has historically undervalued the greater socioeconomic strength and cohesion which can be achieved through a more balanced, shared responsibility for the UK’s economic success. It is now time for the mantle to be passed to local public/private leadership, with the required tools to redress this balance and for the UK’s institutions to design-in greater regard for the contributions of City Region economies.

The factors that contribute to making our Plan distinctive are:

- It builds on unique facilities, data and knowledge, partnerships and skills developed in manufacturing.
- It aims to take an integrated approach to achieving economic growth at the same time delivering economic development contributing to national socioeconomic polices that will reduce public spending.
- Through an understanding of the business base, will take a twin track approach to business development.

Large scale focused development projects will be delivered alongside programmes of support aimed at more widespread incremental growth and development of businesses.

- It is totally focused on creating a bigger and stronger private sector, in light of the net decrease in private sector employment experienced between 1998 and 2008.
- The inclusion of measures to create more balanced and sustainable growth in the City Region, reflects our economic and population scale. These are designed to reduce the burden that the SCR currently place on UK plc through public spending, by delivering socioeconomic policies that will promote growth.
- The SCR’s economy is characterised by a large number of SMEs, which are focused on the business to business, data driven, supply chain. It is the potential of these flexible and adaptable firms that our Plan seeks to unleash over and above specific sectors.
- The City Region has specific sector specialisms, particularly around our underpinning capabilities in materials and digital and our cross cutting ability to design, develop and distribute products and services, reflecting our business to business economy.
- The ability of our SME business base to be able to deliver export-led, sustainable growth around innovative solutions is clearly aligned to Government’s Budget 2014 and industrial strategy, including its aspiration to double exports by 2020. The SCR is not dependent upon consumer driven growth, with many of our most productive and high-growth firms operating in the business-to-business sector and in ‘foundation industries’. This allows us to benefit from the trends towards a more integrated view of the value chain rather than the supply chain.
- We are targeting specific stages of the value chain. For example, in high value manufacturing we will help businesses take a more strategic and targeted approach to identifying where value is created in manufacturing and identifying and capitalising on new innovative technologies and data. Using the high value manufacturing base together with and our sectoral base and key assets such as the Advanced Manufacturing Research Centre (AMRC) means that the SCR can clearly help Government deliver on its important ambition for export-led sustainable growth.
- We are making a concerted effort to end the cycle of youth unemployment in SCR. The persistent challenge of jobless young adults threatens to create a pathway, not to opportunity and success, but to long-term unemployment and life chances suppressed by low skills, poor health and intergenerational poverty. This necessitates an increase in “work based” skills and apprentices to end this cycle. We plan to create a legacy for the SCR which lasts beyond this Plan. Our City Region Deal proves that we can deliver local results on this issue and our Ambition SCR programme seeks to build on this.
- That it is honest about the starting point where the City Region is coming from and the scale of change and transformation required for the area to achieve its potential.
Section 2 – Context

2.2 Decentralisation: a different future for the UK

The UK needs a different future based on sustainable growth, high productivity and public services which are affordable for the long term. In response to the scale and impact of the global financial crisis in 2008, Government have taken the first critical steps to a more rebalanced UK economy where growth and jobs are distributed across the country, where places are recognised for the strong and distinct roles they play in the national economy, and the major City Regions pull their weight in delivering economic success for the UK.

Sheffield City Region is a critical part of the renaissance of city and City Region economic growth. We agreed a groundbreaking City Region Deal with Government which drew a line in the sand and saw the decentralisation of power and resource over skills, finance and transport away from Whitehall and to the City Region level where public and private leaders are best placed to deliver results. And we have delivered: hundreds of new apprentices and newly trained staff for the Small and Medium Enterprises (SMEs) who have never previously sought to use the skills system to enhance their capacity; a single investment fund focused on growth and jobs to prioritise our resources on economically critical projects; and a £280m first phase of investments that could add £5.3bn to the SCR’s economic contribution to UK plc.

Most importantly, SCR’s private and public leaders have agreed a new model of Combined Authority which pragmatically overcomes the complexity of arbitrary boundaries and installs the joint, democratically accountable structures needed for further devolution. This puts the LEP at the heart of a private sector led strategy.

Despite this progression, the UK remains one of the most centralised countries in the world, with cities and City Regions controlling only small amounts of money locally, directed to deliver services set by national policy priorities which treat all places the same. Internationally, there is strong evidence to suggest that those countries with the most local control perform better economically. Further, countries which better harness the economic capacity of their major cities and metropolitan areas rather than just relying on their capital city, have stronger, cohesive and more resilient economies. English City Regions compete with other global cities but not on a level playing field. To secure the recovery and a sustainable future, the UK needs SCR to produce more and cost less. Alongside the ambitions in this plan, the Core City Regions are developing the following reforms:

— Local control of reform through place-based budgeting; and
— Invest in growth at scale with greater control of locally-raised finance.

We will pick these up in the Implementation and Delivery Plan Technical Appendix, see section 13.

This Strategic Economic Plan is the next critical step towards levelling up the international playing field, enabling SCR to increasingly punch its weight in a UK economy that capitalises on the unique economic strengths of its City Regions.

3. SCR: the Place and its Assets

3.1 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.
3.2 Assets
SCR has a number of significant assets and strengths to build upon. Continuing to develop and promote these assets will represent an integral component of our offer to inward investors.

Has a central location at the heart of the UK, with 360°, multi-modal connectivity to other key markets, including international markets from the Airport.

Home to two Universities with world class research capabilities, with the country’s largest engineering department by 2015, and a significant Further Education presence, covering a range of different specialisms.

Has a central location at the heart of the UK, with 360°, multi-modal connectivity to other key markets, including international markets from the Airport.

Home to the world renowned Advanced Manufacturing Park, as a centre of collaboration between business and Universities, which will be home to the most advanced manufacturing factory in the world.

Has a flexible and adaptable base of SME companies, focused on business to business supply chain.

Not a traditional monocentric city region, including Sheffield the 4th largest city in the country.

The City Region will have a HS2 station - we are working to ensure that we maximise the major economic and regeneration opportunity this represents.

Has a significant visitor economy including the Peak District National Park, which attracts more than 10 million visitors a year.

Potential workforce of 1.1m and more than 120,000 jobs in the knowledge and data driven economy.

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Figure 3: The Sheffield City Region is at the heart of the country
The Sheffield City Region is at the heart of the country. Its strategic location means that it has 360° connectivity. The SCR is able to capitalise on its proximity and economic linkages with other key markets, including Greater Manchester, Leeds City Region, Hull and Humber, Birmingham and Nottingham.

The historical legacy of manufacturing can be seen to continue to impact upon the area. The SCR is transforming to high value manu-services economy. The ability to produce innovative, high value and data-led product solutions be it in relation to creative and digital industries or the aerospace and low carbon sectors, can be seen to characterise the knowledge based economy that is continuing to emerge.

Sheffield City Region does not have a single dominant sector; instead it has a much more diverse economic base. What differentiate the SCR in terms of its sector performance are the business to business linkages that comprise our City Region’s supply chain. These data driven, supply chain linkages and opportunities are important to all sectors within our economy, particularly our specialism in advanced manufacturing, engineering and materials which is of national significance and our growing CDI sector.

Geographically, Sheffield City Region is not a traditional mono-centric conurbation in the manner of Greater Manchester, Bristol or Glasgow. Sheffield as the Core City is the single largest driver of growth in the area, but the other major towns are key contributors, especially Doncaster, sitting on the key East Coast rail, M18 and A1 routes. However, all of the constituent places and districts, be they urban or rural, make an important and different contribution to the City Region’s GVA. The different economic roles of places in the SCR are shown in the figure overleaf.

As the world changes to take a more integrated view of the value chain rather than the concept of the supply chain, manufacturing will increasingly take a wider definition and will be about much more than producing a component and selling it. The value chain recognises the importance of the pre and post-production processes. Examples are the increased use of servitisation and “Power by the Hour” developed by Rolls-Royce. In the future the benefits of mass customisation will encourage the customer to become involved in the design process. There will be greater opportunities for servitisation, maintenance, remanufacturing and recycling. Our diverse industry base, including its healthcare, creative and digital sectors, as well as the more traditional manufacturers, will be in a strong position to benefit from these changes. To achieve these benefits will require cooperation and a sustained effort to assimilate new innovations and new skills.

What differentiates the SCR in terms of its sector performance are the business to business linkages that comprise our City Region’s supply chain

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4 TBR and University of Sheffield (2014) Priority Specialisms for Growth, draft report
Figure 4: Roles of places in the Sheffield City Region

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

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

North East Derbyshire
Rural area with the population concentrated in four towns, with the potential for growth along the A61.

Dee Valley
Has undergone recent major transformation, providing jobs, training and education through its environmental vision. The area includes Enterprise Zone sites.

Robin Hood Airport Doncaster Sheffield
Provides an international gateway and attracts aero related employment and training. The area includes an Enterprise Zone site.

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.

Doncaster
A high quality urban centre, attractive retail opportunities and excellent rail links that contribute to its multimodal logistics and advanced engineering offer.

Rotherham
Developing strengths in new economic sectors, as part of SCR’s wider regeneration agenda, with a specialism in manufacturing.

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

Bolsover
A rural area with the need and ability to accommodate significant economic growth in key settlements, taking advantage of access to the M1.
Section 3 – SCR: the Place and its Assets
3.3 Building on our existing successes

The Sheffield City Region LEP Board was formed in December 2010. Private sector led, the role and significance of the LEP’s role has changed significantly over the last three years.

Summarised below are some of the LEPs notable achievements to date. Through this Strategic Economic Plan “Growth Plan”, it will be vital to build on these notable early achievements and translate them to a tangible improvement in the City Region’s economic performance.

Table 1: The LEP’s achievements since its formation in 2010

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<th>City Region Deal</th>
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**Inward Investment**

**What the LEP did?**
The LEP worked with LAs to create a small inward investment team part of the SCR Executive Team. Focused on new lead generation / FDI.

**Impact**
160 ‘live’ projects currently in SCR Pipeline – being managed by either SCR LEP or LA Team.
82 successful projects – including both SCR LEP or LA Teams

**City Region Deal**
The first stage in the radical decentralisation of the powers and resources.
See: www.sheffieldcityregion.org.uk/city-deal

**What the LEP did?**
Private sector board members critical during the negotiation phase. LEP Board members helped overturn the burden of proof against devolution / decentralisation.

**Impact**
Deal leading to unprecedented devolution in relation to skills, transport and financial tools for growth.
Skills Made Easy programme now in delivery phase.
Devolved major scheme transport funding has capitalised the Sheffield City Region Investment Fund (SCRIF).

**Enterprise Zone**

**What the LEP did?**
Leadership through EZ Governance Board.
Success in negotiations with Government for a more flexible EZ, following the impact of the HSR proposals on existing sites.

**Impact**
One of only 7 EZs able to offer both Business Rate Relief and Enhanced Capital Allowances.
Ranked “Number 1 EZ” by the Financial Times.
345 new jobs on EZ sites to date and a further 300 committed for the coming months. 18 new companies on EZ sites.
Support to two successful landowner-led Local Infrastructure Fund bids (totaling c£9m) and led a successful bid of over £14m to the EZ Capital Grant Fund to support investment activity at Markham Vale.
**Funding secured**

**Regional Growth Fund “Unlocking Business Investment” Programme**

**What the LEP did?**
Private sector leadership of bid, project appraisal assessment and programme management.

**Impact**
- £32 million of funding secured (Autumn 2012 and July 2013) from a national fund several times oversubscribed.
- £30 million of funding allocated to 108 companies (vast majority of which SMEs).
- Latest estimate of over £440 million private sector investment and 3,000 new and 675 safeguarded private sector jobs by March 2016.

**Funding secured**

**£32m**

**£5m**

**Negotiated a Youth Contract programme**

**Enterprise Zone Expansion**

**What the LEP did?**
Agreed an expansion of our Enterprise Zone with Government, of an additional 70 ha of key employment land.

**Youth Contract**

**What the LEP did?**
Negotiated a £5m Youth Contract programme Ambition SCR with Government to get 1,690 young people into work.

**SCR Combined Authority**

The SCR Combined Authority was approved by both houses of parliament in March 2014 ahead of an implementation date of 1st April. The CA will hardwire the partnership in the SCR, putting in place strong, stable, accountable and transparent decision making.
4. A Significant Challenge

4.1 Summary

The SCR is not achieving its economic potential. During the growth cycle of 1998 – 2008 the SCR was the only City Region to experience a net decrease in private sector employment. The recession and downturn has not helped the City Region achieve the transformation that it needs.

The scale of the economic challenge in the SCR can be summarised as the City Region being required to generate:

**More jobs**

70,000

70,000 jobs to narrow the gap with other parts of the country

**More highly skilled occupations**

Approximately 30,000 highly skilled occupations to create a more prosperous economy

**More businesses**

An additional 6,000 businesses are required to reduce the enterprise deficit

**Higher productivity**

An increase in GVA in excess of £3 billion to narrow the productivity gap

4.2 Introduction

The Sheffield City Region faces a number of fundamental challenges. However, addressing these challenges will generate significant ‘wins’ for UK plc by transforming the export, trade and GVA contribution that the City Region makes to the national economy. An integral element of this will also involve reducing the costs associated with SCR plc, for example the number of people currently claiming Job Seeker Allowance. The best way to reduce the welfare burden is to help people access employment.

In developing our Plan the SCR has sought to identify the opportunities for its transformation. To be able to do this the City Region needed a strong and compelling evidence base. The LEP commissioned Independent Economic Review (IER) of the SCR produced in summer 2013 used some of the best economic advisors in the country and highlighted the stark nature of these challenges. The report said we need to transform the inherent structural and fundamental weaknesses in our economy. These can be seen to directly link to our industrial legacy and the area’s on-going transition from an economic base dominated by coal and steel to a competitive 21st century, high value manufacturing, knowledge and service led, economy.

A central component of the IER was its focus on the need to close the gap between the SCR and the national average (as summarised in section 3.1). Realising these ambitions will transform the performance and thus the contribution of the area to UK plc.

The completion of the IER provides a baseline position on which this Plan is based. The IER evidenced the following issues to be addressed within our SEP, which are integral in realising the potential of the SCR.

4.3 Small private sector

— During the last growth cycle (1998 – 2008) the SCR experienced a net decrease in employment in the private sector.

— This was primarily as a result of the more than 45,000 jobs that were lost in manufacturing, which occurred as a result of the adoption of new technologies and cheaper labour costs abroad.

— The 9% increase in total employment in the SCR was largely attributable to growth in the public sector between 1998 and 2008. But, some private sectors grew as well including CDI, Business, Professional and Financial Services (BPFS), logistics and sport, leisure and tourism.

— However, the ability of the public sector to create a similar pattern of growth moving forward is untenable given the fiscal climate in the short to medium term.

— This heightens the importance of increasing the private sector in the SCR due to the anticipated reduction of public sector jobs.

The performance of our private sector can be seen to be reflected in the other challenges set out below, which all relate to the need to create a bigger and stronger private sector.

4.4 Enterprise deficit

— The SCR has too few businesses relative to the size of its economy and working age population.

— The SCR has low levels of businesses in some of the most important high value added service sectors, with business density levels equivalent to 70% or less of the national average.

— The number of new starts is two thirds of the equivalent national figure; with 4.4 births per 1,000 working age residents in the SCR compared to 6.8 in England.

— Halving this gap over ten years could create an additional 6,000 enterprises and circa 9,000 jobs, equating to an additional 600 net new businesses per year.

— The number of businesses in the SCR means that it will be vital to attract more existing businesses from outside the area to locate here, as the existing business base will not generate the scale of growth required. Attracting these businesses will require an appropriate supply of land and premises.
4.5 The ‘productivity challenge’

- GVA growth between 1998 and 2008 lagged behind the national average (57% compared to 63%).
- GVA per FTE was only 83% of the national average in 2011.
- To meet the national average (excluding London) the SCR would need to increase GVA by £3 billion or 11%.
- This productivity challenge is affecting all sectors in the SCR and reflects the low proportion of people employed in higher skills occupations in the City Region.

4.6 More jobs and highly skilled occupations

- This productivity challenge is caused by two fundamental issues:
  - The need for more jobs; and
  - A shortfall in the number of highly skilled occupations.
- The SCR currently has a shortfall of around 65,000 private service sector jobs, when compared with the employment density in other LEP areas.
- Additionally 70,000 jobs are required to reach the pre-recession peak employment level in the City Region.
- To demonstrate the scale of the challenge in meeting this shortfall, trend based forecasts show that the SCR will generate 27,000 FTE jobs over the next 10 years, this includes the expected decline in some sectors. Addressing this shortfall of 65,000 jobs will necessitate the SCR increasing its expected level of employment growth by more than 60%.
- However, it is important to view this challenge in the context that other comparator areas will also grow. Based on the forecast growth in other parts of the country the SCR would need to create c.120,000 jobs to have closed the gap with the national average in 2024. This would require GDP growth of almost 5% and nowhere in the UK grows at this rate for such a sustained period of time.
- Of the shortfall of 65,000 jobs, over 60% need to be in activities not dependent upon local expenditure – business, professional and financial services (and support) and ICT.
- Furthermore, the SCR has a shortfall of 30,000 jobs in the number of highly skilled occupations relative to the size of the employment base; and
- The shortfall in these occupations plays a critical role in impacting on our productivity levels. In tandem with this the low wage economy in many of parts of the City Region, particularly the rural areas, impacts upon our productivity levels.
4.7 Sectors

— The SCR is diverse economy that does not have a single dominant sector that is forecast to drive our future growth.

— Different sectors in our economy fulfil fundamentally different economic roles (as shown in the figure above). Some sectors generate GVA, others jobs and some do both. Achieving sustainable growth requires a mix of these types of sectors to generate both wealth and employment.

— The City Region has a lower proportion of jobs in the more knowledge intensive sectors such as financial services. 

— In percentage terms the highest levels of forecast employment growth is expected to occur in transport and logistics; sport, leisure and tourism; and business, professional and financial services.

— Other sectors such as Creative and Digital Industries (CDI), low carbon, healthcare technologies and advanced manufacturing are forecast to experience lower levels of employment growth, but generate high levels of GVA per job.  

— The medium and low tech manufacturing is expected to continue to lose jobs. It will be important to future growth to stabilise these losses, so that the experience of the last growth cycle is not repeated.

— The IER concluded that the City Region needs to strengthen those key sectors which operate in national and international markets, and where the City Region has a combination of expertise, facilities and assets, a strong business base, and access to growth markets. It stated that these sectors were:
  • Financial, professional and business services;
  • Creative and digital industries;
  • Advanced manufacturing and engineering and healthcare technologies;
  • Low carbon; and
  • Logistics.
The SCR is a diverse economy that does not have a single dominant sector that is forecast to drive our future growth.

In percentage terms the highest levels of forecast employment growth is expected to occur in transport and logistics; sport, leisure and tourism; and business, professional and financial services.

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Different sectors in our economy fulfil fundamentally different economic roles (as shown in the figure on the previous page). Some sectors generate GVA, others jobs and some do both. Achieving sustainable growth requires a mix of these types of sectors to generate both wealth and employment.

The medium and low tech manufacturing is expected to continue to lose jobs. It will be important to future growth to stabilise these losses, so that the experience of the last growth cycle is not repeated.

Other sectors such as Creative and Digital Industries (CDI), low carbon, healthcare technologies and advanced manufacturing are forecast to experience lower levels of employment growth, but generate high levels of GVA per job.
We have undertaken detailed research into our sector specialisms from experts TBR and the University of Sheffield, which has demonstrated that:

— Sectors dependent on market demand such as business and professional services, advanced manufacturing, healthcare technologies, CDI, and low carbon are particularly important to the future of the SCR’s economy.

— Increasing the levels of trade from these companies outside of the SCR, both domestically and internationally, will be integral to the area’s future economic success. The market in the SCR is not sufficient alone to deliver the scale of growth required.

— The sectoral mix shown in the figure above reflects that of many other economies in the north of England, although when analysed at a subsector level we have a cross cutting specialism in advanced manufacturing, engineering and materials which is of national significance.

— The factor that differentiates the SCR from other areas is the business-to-business interactions within our supply chains that transcend traditional sector boundaries. Analysis has shown that SCR’s strengths are in creating and engineering parts and components or equipment and machinery that support other more specialised sectors in other locations.

— This builds upon two underlying competencies that span multiple sectors of materials and digital that provides a competitive and comparative advantage of the City Region.

— The importance of these underlying competencies is particularly significant to sectors such as advanced manufacturing, CDI and healthcare technologies, as the three key market demand led sectors.

— The value chain of the SCR economy and its business to business nature can be summarised by ‘design, develop and distribute’. This is summarised in the figure below.

— As such the potential for growth is strongest in the SCR where cross sectorial competencies (materials and digital) intersect with the key market demand led sectors.

Figure 10: The design, develop and distribute approach in the SCR

<table>
<thead>
<tr>
<th>Design</th>
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<tr>
<td>Develop</td>
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The logistics sector, itself a key strength of the City Region economy, facilitates the wider value that the SCR contributes through its design and development capabilities, ensuring that locally made products are integrated into other supply and value chains further afield.

Section 4 – A Significant Challenge

Artist’s impression of the Glass Academy that we are proposing through our FE capital investment
4.8 The SCR performance Gap

— The SCR currently has 65,000 too few private sector jobs. Analysis by Oxford Economic indicated that returning to pre-recession peak employment requires 70,000 net jobs in the City Region. This requires a gross target of 96,000 due to the forecast decrease in manufacturing and public administration.

— Trend based forecasts indicate that employment in SCR the economy will grow by approximately 27,000 jobs in the next ten years. This means that the City Region needs to exceed this forecast by more than 60% to achieve a step change in its economic performance.

— Productivity in the SCR has been declining since 2000, and is circa 84% of the national average.

— As a result the SCR needs to increase its GVA by in excess of £3 billion to reduce the productivity gap.

— Poor productivity affects all sectors of the our economy.

— The key determinant of this low productivity appears to be the high proportion of the workforce in low skilled occupations and the low proportions of the workforce in higher skilled occupations in each sector. This represents an estimated shortfall of 30,000 jobs in highly skilled occupations.

— This is a function of products, services and markets which SCR companies are currently operating in and reflects that the SCR has a higher proportion of people employed in low wage low skill occupations.

— The SCR has a much less substantive business base than our LEP peer group.

— The SCR has an enterprise deficit with 6,000 fewer companies than the LEP economy should be able to support.

The SCR has a fundamental economic performance gap. The scale of the City Region’s ambition to narrow and reduce this gap is shown in the figure below. However, it is important to note that this will not close the gap with the expected national average (excluding London) in 2024, as this would require c.120,000 jobs. Creating 70,000 jobs is therefore a more realistic target, whilst still being incredibly ambitious given that this will treble our baseline forecast.

Ultimately this evidence demonstrates that the SCR needs to transform, rather than just grow, its economy. The City Region needs a restructured, twenty-first century, manufacturing, materials and knowledge economy that is outward looking, contains a greater number of businesses and which generates more exports and better employment opportunities.

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10Ekosgen (2013) SCR IER
5. Vision and Objectives for Transformation

5.1 A Focused 10 Year Plan for Growth

The Sheffield City Region’s vision for growth is clear, simple and focused. This is predicated on the conclusion of the IER that the SCR needs a bigger and stronger private sector, which represents the golden thread throughout our Plan. This will lead to a growth in the number of jobs in the area, a higher level of GVA and a restructured economy.

Achieving these results will mean a fundamental shift in the economic performance of the area. The aspiration to create 70,000 jobs over the next ten years is ambitious and will increase by more than 60% the number of jobs that we would create if we followed the current growth trajectory. In addition to creating more jobs we also need to improve output per worker to address our productivity challenge.

The scale of change required will mean that the SCR must be externally focused; bringing more investment into the area and strengthening trading relationships. The area’s economy must also restructure to create a more innovative and knowledge intensive economic base.

Success means that by 2024 we will have:

- Created 70,000 net new jobs (more in gross terms to offset losses), with 30,000 in highly skilled occupations
- Increased our GVA by £3.1 billion
- Generated 6,000 new start-up businesses
- Ensure SCR businesses have the support they need to realise their full growth potential
- Become more outward looking
- Provide the conditions that businesses need to prosper and become more resilient
- Ensure new businesses receive the support they need to flourish
- Facilitate and proactively support growth amongst existing firms
- Attract investment from other parts of the UK and overseas, and improve our brand
- Increase sales of SCR’s goods and services to other parts of the UK and abroad
- Develop the SCR skills base, labour mobility and education performance
- Secure investment in infrastructure where it will do most to support growth

The aspiration to create 70,000 jobs over the next ten years is ambitious and will treble the number of jobs that we would create if we followed the current growth trajectory.
5.2 A Simple Story

5.2.1 Strategic Objectives

In order to achieve this vision for the SCR we need to deliver against three strategic objectives:

A. Ensure SCR businesses, urban and rural, and from any sector, have the support they need to realise their full growth potential by increasing the number of start-ups (entrepreneurship) and facilitating existing businesses growth – especially in firms not dependant on the local economy.

B. Ensure that the City Region is outward looking to attract inward investment (both foreign and domestic) and to grow exports and trade. Integral to our success will be our ability to leverage in more opportunities from outside of the area, including some internationally significant inward investments by major original equipment manufacturers attracted by our strengths in high value manufacturing and our innovation and skills offers.

C. Provide the conditions that businesses need to prosper and become more resilient; particularly ensuring that we have the right skills and digital, transport and housing infrastructure in place to grow our private sector.

The first of these two objectives reflect that we can only create direct growth by:

— Increasing the start-up rate of new businesses;
— Growing our existing businesses and reducing the failure rate; and
— Attracting more businesses and investment into the area.

5.2.2 Thematic Priorities

Our strategic objectives are reflected in the six themes below, where action needs to be undertaken. Thematic priorities 1-4 reflect our need for creating growth by increasing the start-up rate of new businesses; growing our existing businesses and reducing the failure rate; and attracting more businesses and investment into the area. The final two themes of skills and infrastructure need to be in place to enable companies to operate successfully but will indirectly lead to growth.

Actions need to be undertaken in the following six thematic areas in the City Region:

1. Ensure new businesses receive the support they need to flourish, to increase the number of start-ups in the City Region by encouraging a culture of enterprise and collaboration.

2. Facilitate and proactively support growth amongst existing firms in the SCR (including those that are foreign owned), by promoting skills, innovation and creativity, providing appropriate business support and access to finance for businesses with high growth potential.

3. Attract investment from other parts of the UK and overseas and improve our brand to increase the levels of investment and businesses coming into the City Region, both foreign and domestic. This will require a competitive and flexible offer that meets investor needs and which is clearly articulated and promoted to capitalises on our strengths.

4. Increase sales of SCR’s goods and services to other parts of the UK and abroad, by promoting opportunities for global trade for businesses in the City Region by identifying clear markets and ensuring that businesses are able to access these markets.

5. Develop the City Region’s skills base, labour mobility and education performance to create the workforce that businesses need to grow; and

6. Secure investment in infrastructure where it will do most to support growth, including providing access to key markets outside of the City Region, unlocking key development opportunities and ensuring that local actions contribute to the overarching goals of the SEP.

The detailed propositions for each theme are outlined in Chapter 6 of the Growth Plan.

Innovation has a central role in creating sustainable economic growth and therefore, to reflect this central position, it is integrated within all central components of our plan.
5.2.3 Spatial Priorities

The 70,000 net additional jobs to be created in the SCR will impact on spatial development patterns. The City Region has initially identified seven long term spatial areas of growth and change where a significant proportion of growth is expected to occur. These seven areas contain our Enterprise Zone, in addition to both urban and rural parts of SCR and the Core City centre.

In order to achieve the scale of growth required in the SCR in the long term it will be of vital importance to ensure that they are market ready. This will mean providing appropriate incentives, such as the Enterprise Zone, and infrastructure investment, including in the provision of commercial property, needed to unlock development opportunity.

These seven areas are shown in the adjacent figure. As we showed in figure 4, these priorities are in addition to our key growth areas, rural areas, towns and development sites, such as the A57 Corridor. Mechanisms to accelerate their delivery are identified within the Infrastructure theme of the SEP.

Dearne Valley and Junction 36 - A major, mixed use, employment growth cluster, linking a number of development sites (including a number of EZ sites). The area has a number of low carbon businesses and an overall Eco-Vision vision – all of which align to support a low carbon vision for this area.

Robin Hood Airport Doncaster Sheffield corridor - This and surrounding areas to be recognised as a catalyst for business development, inward investment and job creation with regard to logistics, engineering and associated aviation activities.

Markham Vale - A key part of the advanced manufacturing hub in collaboration with the D2N2 LEP.

The A61 Corridor represents a strategic growth opportunity, linking a number of major mixed-use development sites with significant regeneration and job creating potential.

Sheffield City Centre - acting as the largest hub for Knowledge, Creative and Digital Industries, Leisure, Higher Education, Culture and Financial and Professional Services sectors to be a key engine for growth in the City Region.

The Sheffield Rotherham Don Valley Corridor represents largest cluster of modern manufacturing in the SCR and also includes a major retail centre, first class sporting facilities and popular cultural attractions.

DN7 Initiative - This mixed-use growth corridor will include a cluster of green businesses (including research and development opportunities) and hi-tech companies with new direct access to ports and the motorway network using low carbon technologies which will contribute to UK power needs and become one of the most advanced energy parks in the SCR with impact across the wider northern economy.
5.2.4 Optimising our Strengths

Understanding and focusing on our target markets is vital in growing our private sector. Operating without this focus, particularly in the current fiscal climate, means that the SCR will not achieve its potential.

Focusing on target markets will be vital in all themes of SEP. In particular, this will be an integral element of our tailored approach to inward investment and exports and trade.

As part of this Plan the SCR is seeking to fully exploit the City Region’s existing and emerging research and knowledge assets, securing a national and international competitive advantage for the area and its firms. This will in part be achieved by maximising the economic impact of the SCR’s core strengths in design, development and distribution, enhancing the City Region’s national and international reputation for excellence in key sectors. For example, this will include seeking to further develop links between the Nuclear Advanced Manufacturing Research Centre and our local business to business supply chain to maximise the opportunity that this presents. Furthermore, this will seek to develop emerging opportunities surrounding carbon, capture and storage and shale gas extraction.

The SCR has a general specialism in advanced manufacturing and engineering and materials of national significance. The University of Sheffield has developed the ‘Manufacturing Strategy for the Sheffield City Region’ and its delivery strongly aligns with the Government’s Industrial Strategy. By maximising the potential of this specialism in the City Region, the SCR can make a significant contribution to UK plc.

A number of key initiatives have been identified within the SCR, where the scale of intervention makes them vital to our future growth, based upon our underlying and cross-cutting capabilities and specifically the SCR’s ability to design, develop and distribute innovative product solutions. This is at the heart of the strategic position that the SCR occupies in the value chain as a business to business economy, in what can be considered the foundation sectors to our economy. The key initiatives in the SCR are summarised in the table below. The detail behind these projects is included within the Technical Appendix to our Implementation and Delivery Plan.

<table>
<thead>
<tr>
<th>Design</th>
<th>Develop</th>
<th>Distribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Manufacturing Research Campus</td>
<td>The Advanced Computing Research Centre</td>
<td>Logistics Hub UK</td>
</tr>
<tr>
<td>Nuclear Advanced Manufacturing Research Centre</td>
<td>The International Documentary and Media Institute</td>
<td></td>
</tr>
<tr>
<td>National Centre of Excellence for HIPIMS</td>
<td>Tata Proving Factory</td>
<td></td>
</tr>
<tr>
<td>National Centre of Excellence for Food Engineering</td>
<td>AMRC NAMTEC Powder Metallurgy Facility</td>
<td></td>
</tr>
<tr>
<td>Medical Advanced Manufacturing Research Centre</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The University of Sheffield’s Centre for Assistive Technologies and Connected Healthcare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Resource Efficiency Centre</td>
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</tbody>
</table>

An example initiative of those discussed in the table above is the proposed AMRC National Advanced Metals Technology Centre (NAMTEC) in Powder Metallurgy. This will build on the strength of the AMRC, and be undertaken by the University of Sheffield and Tata Steel. Whilst not a specific ask for 15/16 SLG this centre will be a major national asset and we wish to have a dialogue with Government around the development of the centre. It will have a remit to assist metals and related engineering companies to improve their competitiveness and sustainability.

The project will see Tata integrated into the city’s Universities and broader economic networks to harness their expertise and further their production and innovative capacity. The centre will be part of the Advanced Manufacturing Park and use innovative techniques in the manufacture of primary supply chain components.
5.3 Measuring success

Our framework for Growth identified three key ambitions or measures of success against which our progress can be considered over the next 10 years. These are discussed in greater detail below:

Table 3: Measuring the success of the Strategic Economic Plan, headline indicators

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>70,000 net additional jobs, with 30,000 in highly skilled occupations</td>
<td>This will mean that the SCR is half way towards the average employment rate for the UK (excluding London) and has returned to pre-recession peak employment. The creation of 30,000 highly skilled jobs will reduce the City Region’s productivity gap. This figure is significant as it would meet the national average, excluding London.</td>
</tr>
<tr>
<td>GVA Increase of £3.1 bn</td>
<td>Achieving this growth in GVA will mean that the SCR is meeting the national average, excluding London.</td>
</tr>
<tr>
<td>6,000 additional businesses</td>
<td>This will halve the gap in the start-up rate in the SCR. It was considered unrealistic to be able to fully close this gap within the 10 year period of the Plan.</td>
</tr>
</tbody>
</table>

Focusing on target markets will be vital in all themes of SEP. In particular, this will be an integral element of our tailored approach to inward investment and exports and trade.
6. Key Themes

6.1 Overview
This chapter identifies the focus areas for each of the six themes that comprise the SCR SEP. This includes identifying our ambition for each of these themes and the outcomes that we want to deliver through our interventions. We are focused on 2015/16 in the following sections, and in our accompanying ‘Implementation and Delivery plan’. This approach has sought to ensure that our Plan is outcome led. At the heart of this is the need to deliver a bigger and stronger private sector.

The following pages provide an overview of each of the six themes / actions areas identified in the figure below. This includes both the strategic, long term actions that need to be undertaken in the SCR in addition to the specific interventions proposed for 2015/16, including associated asks and offers of Government for this time period. It should be noted that innovation has been embedded within each of these themes to ensure that this is driving the development of a bigger and stronger private sector in the SCR.

Figure 14: The areas in which the SCR will focus to deliver its vision
6.2 Delivering first class business support

6.2.1 The SCR Growth Hub

The overarching objective of the Growth Plan is to grow private sector firms and employment. The SCR’s economy is characterised by a large number of adaptable SMEs, focused on the design, manufacturing and engineering business to business supply chain. The SCR has sought to establish a bespoke approach to provide the right support to these firms that are ready to grow and export12.

At the heart of this is the concept of the ‘Growth Hub’, which will provide a world class business support offer in the City Region and comprise our Enterprise SCR programme. The Growth Hub will act as a single point of expert contact and provide brokerage to growth services, ensuring that all businesses within the region have access to consistently excellent support.

The Growth Hub will offer products and services in relation to: access to finance; exports and international trade skills; innovation and new product development; start-up support; and other Growth Hub products and services. The objective of these products and services will be to:

- drive ambition in the local business base, encouraging owners and managers to think differently about their business and what can be achieved;
- help local businesses identify and exploit market opportunity; and
- help create the capacity in finance, management, and production to deliver sustained growth.

The SCR Growth Hub will provide a high quality offer to all companies in the SCR, complemented by more intensive and bespoke support to our highest growth potential businesses. This approach will mean that:

- All businesses will be able to access advice and information to help them to survive and sustain, reflecting that ‘every business matters’ in the SCR.
- All businesses with the ambition to grow and add value in the economy will be supported through a holistic offer that draws on best practice from the SCR and beyond.
- The SCR will prioritise the most intensive support based on economic impact, focusing on the companies with the greatest growth potential. We will do this by establishing bespoke ‘growth deals’ with these businesses, on a ‘something-for-something’ basis, on all issues of relevance a firm’s future growth.

6.2.2 Ask for 2015/16

Whilst there is no specific ask of Government to deliver the SCR Growth Hub, there are a number of asks in relation to the support that will be provided through the centres of expertise that cumulatively comprise our Hub. These are discussed in more detail in the remainder of this chapter and are summarised collectively as part of Growth Hub proposals in the table below.

---

**Table: SCR Growth Hub Proposals**

<table>
<thead>
<tr>
<th>Offer</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>• To develop an SCR Growth Hub in line with Government guidance (in particular, that of the Department for Business, Innovation and Skills).</td>
<td>• £15 million over 2015/16 to enable full implementation of our Growth Hub centres of expertise (CE), specifically:</td>
</tr>
<tr>
<td>• To break down traditional geographic boundaries and silos across the public and private sectors – including local authorities, Chambers of Commerce, and LEPs – and work at an SCR-level from April 2015.</td>
<td>- £10m p.a. to continue our “Unlocking Business Investment” programme</td>
</tr>
<tr>
<td>• To invest £286m in our Growth Hub and associated centres of expertise over the lifetime of our Plan, leveraging £780m of private sector investment through our RGF programme alone.</td>
<td>- £2m from LGF for our Exports and International Trade Centre of Expertise.</td>
</tr>
<tr>
<td>• As part of this, to invest £16.5m of our ESIF allocation plus match to fund the Growth Hub itself and a further £16.1m of our ESIF plus match to fund Growth Deals.</td>
<td>- £2.74m from BIS - £2m for our New Businesses CE, £500,000 for Innovation Boost and £240,000 for our Inward Investment offer.</td>
</tr>
</tbody>
</table>

12This is bespoke to the SCR but reflects the ethos of HM Government (2013) Small Business: GREAT Ambition
6.3 More New Businesses

Our Ambition

— To create on average 600 additional businesses per year for the next 10 years in the SCR.
— To create a culture of enterprise, collaboration and innovation throughout the SCR.
— Ensure that the SCR’s extensive and significant existing assets are maximised, particularly the Universities.

The Challenge

Figure 16: Closing the business gap

On average 5,700 new businesses are created per year in the SCR;
However, the SCR has an enterprise/business density gap;
This is because our start up rate is 2/3 of the national average; and
This means that there are only 4.4 births per 1,000 working age population in the SCR compared to 6.8 in England.

Options Assessment

— Our IER highlighted clearly the need for SCR to have a restructured economy, increasing the number of businesses reliant on higher skilled occupations and with high export potential.
— Previous initiatives have often developed a range of offers but with fairly standard products and limited resources, and often targets based around outputs (numbers of companies helped), rather than outcomes (jobs created or GVA uplift). The City Region has often fared poorly in terms of national programmes designed to meet all circumstances and business sectors.
— We have also found from our ‘Skills Made Easy’ programme that businesses want a range of support that often crosses traditional business support boundaries.
— We have considered a range of options to address the existing market failure of low levels of enterprise, whilst also accelerating the growth of businesses most likely to deliver growth and jobs.
— To accelerate growth we will deliver a more targeted and advanced support package to start an increasing number of high impact businesses. New businesses require a range of products and financial offers. Our programme brings together these offers whilst enabling us to co-design with entrepreneurs bespoke products and packages. We will utilise the experience of existing entrepreneurs to decide which business should receive this advanced support, reflecting national and local best practice from Growth Accelerator and the current SCR RGF programme. Previous evaluations studying the impact of start-up activity, suggest a minimum rate of return should be in excess of £8-£14 for every £1 invested by the public sector (including access to finance). The evaluation of Business Link start-up support pointed to a ratio of c£35 of economic benefit for each £1 invested.
Action Areas
This will be an area of transformational change as part of the Growth Plan.
— Information, advice and support for start-ups: The SCR through its Growth Hub, will offer targeted business support for start-ups, providing a tiered approach that differentiates support depending on need and potential, including:
  • A comprehensive package of ‘first principles’ guidance, available to all firms through the Growth Hub that provides essential advice on how to set up and sustain a company.
  • A business in a box – that will provide the self-employed in the City Region will the toolkit that they need to become VAT / PAYE businesses.
  • A City Region-wide brokerage service for business-to-business mentoring that links new firms - of all sizes and at all stages of development – with an existing business; and
  • New start-up ‘Growth Deals’ targeted towards start-ups whose survival and growth would fundamentally fill gaps or increase capacity in the market, particularly in key sectors.
— Establishing the SCR as a start-up zone by providing flexible leases, affordable rent and rates for start-up and early stage tenants, as well as access to appropriate business support. This will include the creation of a collaboration centre, to grow the critical mass in the CDI sector.
— Continue to embed a culture of enterprise within our education system to ensure that the SCR is creating the entrepreneurs of tomorrow.
— The SCR will work in partnership with its universities and FE colleges to ensure all student-led businesses receive the support they require to continue their development on joining the wider business community.

Ask for 2015/16

<table>
<thead>
<tr>
<th>Offer</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>The SCR will invest £30.5m between 2015/16 and 2020/21 in the SCR start-up programme. This will comprise:</td>
<td>In order to achieve the scale of this investment and to provide relevant and appropriate match funding to our ESIF, the SCR has an ask of Government of £2m per annum between 2015/16 and 2020/2021.</td>
</tr>
<tr>
<td>• £18.5m from our ESIF allocation;</td>
<td></td>
</tr>
<tr>
<td>• £9m from local authority resources; and</td>
<td></td>
</tr>
<tr>
<td>• £3m from the private sector, including FE / HE.</td>
<td></td>
</tr>
<tr>
<td>This will create 3,700 net additional jobs and increase GVA by £250m by 2023. The programme will include business support, the provision of appropriate accommodation, and measures to embed entrepreneurial thinking amongst SCR’s young people.</td>
<td></td>
</tr>
</tbody>
</table>

Benefits by 2023

<table>
<thead>
<tr>
<th>Benefits by 2023</th>
<th>Gross direct jobs</th>
<th>Net additional jobs (FTEs)</th>
<th>GVA Increase (£m)</th>
<th>Number of new start-ups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up programme</td>
<td>3,000</td>
<td>3,700</td>
<td>£250m</td>
<td>6,000</td>
</tr>
</tbody>
</table>

*House of Commons Science and Technology Committee (2013) Bridging the valley of death: improving the commercialisation of research, Eighth Report of Session 2012–13*
6.4 More Existing Business Growth

Our Ambition
Provide a world-class business support ‘offer’ in the Sheffield City Region that will:

— Drive ambition in business leaders to think differently about their businesses and what they can achieve through them;
— Help them to identify and exploit opportunity, grounded in an understanding of return on investment; and
— Help to create the capacity, in finance, management, production to deliver sustained growth.

The Challenge
Figure 17: Number of businesses needed to close the gap

— SCR’s productivity is 84% of the national average.
— The business density of the SCR is one of the lowest of all LEP areas.
— This will be vital in achieving a bigger and stronger private sector.
— Access to finance is a barrier for business growth.
— Innovation needs to be more embedded within our SMEs.

Options Assessment
The evidence of the IER illustrates clearly the lower GVA associated with the SCR business mix, the requirement to grow the number of businesses and jobs and the need to restructure the economy towards higher level occupations.

Previous programmes of business support have provided a global offer to all businesses and in most situations have offered pre-designed programmes and solutions. This approach has not delivered the scale of growth nor supported the growth in high GVA sectors that SCR requires. We have considered a range of approaches, including the maintenance of a highly localised offer to businesses. However, whilst this model has produced examples of best practice across the region it risks a ‘postcode lottery’ of support, where the package available to businesses is dictated by location rather than need. Consideration was also given to concentrating support entirely at the ‘top end’ of business development, targeting all interventions to high growth firms. This approach may have generated ‘quick wins’ for the City Region but on its own would not have supported longer term, sustainable culture change within the wider SME business base. As such we recognised that a blended approach was required, melding a high performing offer to all firms in the SCR with more intensive support for our most promising businesses.

To deliver the scale of growth within this programme we require flexibility to more closely align national products to our businesses and sectors, increase access and availability of these products and services and we will require additional resource to deliver our growth deals.

Analysis of the average cost per job of the SCR RGF programme highlights that this performs significantly better than the average for the national programme (£11,600 compared to £34,700), unlocking £13 of private investment per £1 of public money. On this basis we believe that government will get a better return from RGF by investing in our programme.

Evaluations of products currently available to businesses to promote innovation have been reviewed in addition to products currently available. This highlighted the success that innovation voucher products can have, but highlighted:

— That the Technology Strategy Board’s (TSB) innovation scheme is only available to specific sub sectors that the SCR does not have significant concentrations in, meaning the majority of our business base are ineligible for this product.
— That greater benefits are achieved when there is a wider range of knowledge providers engaged in the programme.

Thus the SCR has developed Innovation Boost in response to this that targets a broader range of sectors and engages more providers.
Section 6 – Key Themes

Action Areas

— Prioritise business support where it will have the greatest impact and where it will support the transformation of the SCR Economy. This will focus on providing tailored and flexible support to high growth potential companies and will benefit rural and urban companies.

— Establishing the Access to Finance Centre of Expertise within the Growth Hub. This would be:
  • The place to go for impartial advice for businesses seeking to raise finance.
  • The gateway to publicly backed finance and investment products and solutions; and
  • The place in which it becomes possible to blend and package public/private loan and grant products in order to achieve effective co-ordination and tailored packages for business.

— Extend the existing SCR RGF programme recognising that this represents one of the most successful LEP led programmes in the country. This programme has demonstrable results and to date the current programme has unlocked £13 of private investment per £1 of public money from businesses in the SCR.

— Develop a more flexible, local ‘Innovation Boost’ product that funds innovation in its broadest terms in the SCR. This will build on TSB’s Innovation Vouchers by targeting a broader and less restrictive range of sectors and will provide vouchers with a value of between £6,000 and £10,000.

Ask for 2015/16

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Offer</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extending the SCR RGF programme</td>
<td>To coordinate and integrate access to finance through the Growth Hub.</td>
<td>£10m p.a. RGF funding over the next three years devoted as a “s.31” grant to expand our “Unlocking Business Investment” programme. An extension to 10 years of guaranteed RGF funding, subject to agreed performance targets being achieved at the three year review point.</td>
</tr>
<tr>
<td>The SCR Innovation Boost</td>
<td>To support 160 companies a year through the SCR Innovation Boost utilising £6m of the SCR ESIF allocation.</td>
<td>To be allocated an additional £0.5m p.a. to fund Innovation Boost in the SCR.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Gross direct jobs</th>
<th>Net additional jobs (FTEs)</th>
<th>GVA Increase (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to finance centre of expertise (by 2023)</td>
<td>3,230</td>
<td>4,000</td>
<td>£270m</td>
</tr>
<tr>
<td>Extending the SCR RGF programme (by 2024)</td>
<td>8,860</td>
<td>10,700</td>
<td>£736m</td>
</tr>
<tr>
<td>Innovation Boost (by 2023)</td>
<td>280</td>
<td>350</td>
<td>£23.5m</td>
</tr>
</tbody>
</table>
6.5 More Companies Moving In

Our Ambition

— Through Inward Investment activities, the Sheffield City Region aim to attract 10,000 jobs over the next 10 years from organisations based (owned) outside of the City Region, including at least one internationally significant investment by a major original equipment manufacturer.

— This will be based on having a compelling offer for investors based on the vitality of the SCR and include access to skills, property and innovation. It will be vital to market and brand this offer in the optimum way.

The Challenge

Figure 18: UKTI data – jobs created through FDI, 2012-13

— The SCR has had lower levels of investment from companies outside of the area over the last decade.

— In 2012/13 630 jobs were created through FDI in the SCR.

— If the SCR achieved its per capita share of employment created across the country from FDI this would have equated to 3,000 jobs.

— The SCR needs the right commercial property offer in place, particularly on our Enterprise Zone.

Options Assessment

— The market to attract inward investment is incredibly competitive between City Regions, and often appears somewhat arbitrarily influenced by UKTI in terms of where they direct enquiries.

— Historically the SCR has underperformed in attracting new investment into the area and not uniformly devoted sufficient resource into this area.

— The old regional boundaries impact on the offer available to an investor in different parts of the City Region. This needs to be simplified to provide a single range of incentives that can be used across the area.

— We have considered a range of inward investment options – but core is that our model is a scaling up of the model the LEP implemented two years ago, to build upon its success. The availability of financial incentives in some local authorities in the SCR makes these places more attractive to a significant number of investors. It would provide an improved offer in the SCR if this was a universal offer. The success of this is illustrated by the Soft Landings package in Rotherham, which as an authority experienced the greatest increase in employment in the private sector between 1998 and 2008.

— Evidence from our Enterprise Zone demonstrates the importance of having a property offer. Currently all business investment on Enterprise Zones sites has been in existing business units. This reflects the importance of creating the right property offer in the SCR to attract such investment.

— The SCR does not do enough to market itself as a single entity to investors and there is a need for more attractions and events to act as a focal point for the cultural offer of the area. This will also be beneficial to the City Region’s visitor economy.

Action Areas

— Work with UKTI Key Account Management to better co-ordinate, manage and prioritise resources and business engagement to generate more internationally significant investment. This should also include joint working, with material specialists in UKTI to target the attraction of manufacturing investment.

— Establish a high impacts project team to attract an original equipment manufacturer to the SCR.

— Expand Key Account Management activities to include high growth companies, more multinationals, and large organisations.

— Increase the commercial property offer on the SCR Enterprise Zone by developing a proposition for a capital grant fund to provide gap finance for property development.

— Develop bespoke ‘Inward Investor Deals’ from a full package of incentives tailored to individual companies, including land and premises, financial incentives and delivering a readily available workforce.

— We will promote the SCR as a vital and vibrant City Region with and attractive cultural offer and quality of life.

— Produce a marketing strategy for the SCR to sell the area to potential investors, which should include a Major Events Programme for the SCR and build on the Made in Sheffield brand.
### Ask for 2015/16

#### Integrated Inward Investment Team

<table>
<thead>
<tr>
<th>Offer</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>To offer a one-stop shop for investors to receive support and long</td>
<td>For UKTI to proactively market our inward investment propositions</td>
</tr>
<tr>
<td>term investment services which will be delivered across the nine</td>
<td>across multiple sectors with the largest focusing on advanced</td>
</tr>
<tr>
<td>authorities.</td>
<td>materials.</td>
</tr>
</tbody>
</table>

#### Maximising the potential of our EZ

| Continue innovative approaches to the management of the Enterprise    | Work with SCR and other EZ to explore a specific State Aid Scheme     |
| Zone, ensure alignment of relevant initiatives across the various     | for Enterprise Zones which enables us to accelerate activity and        |
| themes of the SEP are focussed/piloted on EZ sites.                   | attract further private sector investment.                             |
| Following certainty on the allocation of additional EZ sites (following| Prioritise and promote our EZ via UKTI and Foreign Office given        |
| the impact of the proposed route for HSR on a number of our EZ sites | strong potential and its close links to a number of nationally         |
| local partners will agree an EZ investment/delivery plan which         | significant assets and collaborations (e.g. AMP).                      |
| will ensure that we make use of all the tools available (including    | Future rounds of grant or loan funding made available by National      |
| Business Rate growth generated from business activity on EZ sites)    | Government to address market failures at key strategic sites, including |
| to accelerate activity on EZ sites and elsewhere in City Region in    | EZ (the specific market failures which impact on development in SCR    |
| line with our economic ambitions set out in the SEP.                  | are set out in the ‘Economic Infrastructure’ section) are aligned to   |
| Provide gap funding (through ERDF) for speculative development on     | and ideally deployed as part of the wider SCRIF.                      |
| sites with evidenced market failure, initially focused on our EZ, to  |                                                                      |
| improve property offer to investors.                                 |                                                                      |

#### Improve service and product to Inward Investors

| Increase the number of jobs from foreign owned companies by 20%       | UKTI and SCR to co-design a team of 4 Key Account Managers of        |
| through a one stop shop investment service which will include:        | Foreign Owned Companies already located in Sheffield City Region to   |
| A new key account management programme to support top 100 foreign     | increase their growth and job creation rate (£240,000 p.a.).          |
| owned companies already in the City Region, to increase their        | Allocate dedicated support from UKTI materials specialists to target  |
| investment in SCR through job creation.                              | manufacturing investment.                                            |
| £700k funding from business rate uplift for LEP Inward Investment    | Research support for OEM identification and engagement with senior    |
| lead generation including 5 FTE Inward Investment Specialists.        | decision makers.                                                    |
| 10 x FTE Inward Investment specialists from Local Authorities.      | Reallocate Tech City resources to identify growth opportunities and   |
| Alignment of City Region targets and investment services into single | skills linkages outside of London.                                   |
| delivery system with shared performance management.                  | Allocate overseas-based UKTI resource to focus on advanced materials  |
| Creation of High Impact project team to attract new Original        | capabilities and opportunities within the Sheffield City Region (with  |
| Equipment Manufacturer to the region.                                | agreed City Region delivery targets).                                |
| Creation of a single property database for premises over 5 000 sq    | UKTI to proactively promote EZ sites to all potential investors with  |
| ft to reduce duplication and speed up response time.                 | projects including capital expenditure of more than £10M.            |
| Explore the use of more Local Development Orders to unlock           |                                                                      |
| development.                                                        |                                                                      |
| Target niche opportunities in supply chain openings including HS2,   |                                                                      |
| offshore developments in Hull and Humber and the UK nuclear         |                                                                      |
| programme.                                                          |                                                                      |
| Align international promotion activity to trade activities to        |                                                                      |
| maximise impact.                                                    |                                                                      |
| Improve skills in region, please see section 6.7.                   |                                                                      |

#### Benefits by 2024

<table>
<thead>
<tr>
<th>Benefits by 2024</th>
<th>Gross direct jobs</th>
<th>Net additional jobs (FTEs)</th>
<th>GVA Increase (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More companies moving in</td>
<td>10,000</td>
<td>12,100</td>
<td>£865m</td>
</tr>
</tbody>
</table>
6.6 More Exports and Trade

**Our Ambition**

— SCR will increase the number of new exporters by 2,150 by 2020 (its ‘share’ of national targets), and work with existing exporters to gain entry into new, fast-growing markets to contribute £650 million to the SCR and national economy in additional GVA. This reflects the City Region’s commitment to delivering Government 2020 export targets.

— SCR will work with 900 existing exporters in the SCR to enable them to access new and bigger international markets to enable them to reach their potential.

**The Challenge**

**Figure 19: Destination of exports from South Yorkshire, 2010**

<table>
<thead>
<tr>
<th>Destination of outputs</th>
<th>Other UK %</th>
<th>Other EU %</th>
<th>Rest of the World %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total production</td>
<td>89</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Metals and metal products</td>
<td>47</td>
<td>8</td>
<td>45</td>
</tr>
<tr>
<td>Financial and business services</td>
<td>94</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>High Knowledge Intensive Manufacturing</td>
<td>77</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Medium-High Knowledge Intensive Manufacturing</td>
<td>69</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>Medium-Low Knowledge Intensive Manufacturing</td>
<td>70</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Agriculture</td>
<td>89</td>
<td>9</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Dutch Environmental Assistance Agency 2013

— The SCR has at least 1,000 businesses with a high propensity to export, but which are not currently doing so.

— 35% of SCR businesses surveyed cite a lack of information and access to contacts as key barriers to exporting.

— 60% of businesses surveyed said they do not export as their product unsuitable for international markets, indicating an underestimation of the propensity to export

**Options Assessment**

— Like the majority of existing business support, programmes to increase exports in the SCR are too reactive at present and there is a need for more proactivity in identifying companies that have the potential to export. Such an approach should tackle head-on the risks and barriers that can prevent or deter businesses from venturing into foreign markets.

— We have considered the following options, and concluded:

  - That whilst generic support can be provided to raise awareness of the benefits of exporting, this does not provide the level of engagement needed to achieve a step change in exports from the SCR.

  - The provision of tailored support to companies with high export growth potential is more beneficial in delivering greater returns from these companies, than generic support available to all. This is because more intensive support is required to understand a particular company’s requirements.

— As such as there is a need for stratified support to businesses – this must reflect that firms’ previous experience in exporting will impact on the type of support that is required. Whilst generic support needs to be available so that all businesses are able to benefit, there is a need to provide more tailored support as well.
Action Areas

— To establish the SCR Export and International Trade Centre of Expertise, integrated into the Growth Hub.
— This programme will be overseen by the SCR International Partnership for Trade (SCRIPT) between the LEP, local authorities, local trade organisations, Chambers of Commerce, UKTI, and the private sector, which is already operating as a shadow body.
— SCRIPT to be responsible for the single SCR operational export programme, which will:
  • Deliver the ‘Developing Export Programme’ which will increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential.
  • Implementing the ‘SCR Export Challenge’ to incentivise exports and provide support to help 2,150 SCR businesses to begin exporting.
  • Providing the ‘Harnessing Export Growth’ programme for our experienced exporters so that they are able to gain entry into new, growing markets across the globe.
— We will proactively targeting high growth markets by working through the British Chambers abroad to establish overseas SCR satellite offices in key markets; clustering companies and key institutions, sharing overseas bases for both trade, research and investment purposes.

Ask for 2015/16

<table>
<thead>
<tr>
<th>Offer</th>
<th>Ask</th>
</tr>
</thead>
</table>
| • Delivering a single £27m SCR operational export programme from 2015 to deliver an integrated package of export activity across the SCR and unlock 4000 jobs, £270million additional GVA. | From the Department for Business, Innovation and Skills we need:  
• A commitment from UKTI and UK Export Finance to work in partnership with and be accountable to SCRIPT to 2015 including a £2m ask p.a.  
• An agreement that from 2015 UKTI and UK Export Finance will co-commission with SCRIPT to deliver the single operational export programme for 2015-18 which combines local, national and European resources into a more proactive, efficient and focused export package of support.  
• Based on performance, from 2018 UKTI resources to be devolved into SCRIPT as part of the SCR Growth Hub. |
| • Creating an SCR International Centre of Expertise to be embedded within the SCR Growth Hub. | From the Foreign and Commonwealth Office we need:  
• SCR to develop a strategic relationship with British Chambers of Commerce, to agree SCR operational presence and management of up to 5 British Chambers abroad, aligned to SCR sub sector strengths and target overseas markets. |
| • Establish SCRIPT between the SCR Local Enterprise Partnership, local authorities, local trade organisations, Chambers of Commerce, UKTI, UK Export Finance and the private sector. | From Her Majesty’s Revenue and Customs we need:  
• Export intelligence data for the SCR. Without intelligence and comprehensive export data analysis at LEP level we cannot accurately identify emerging opportunities in geographic and sector markets. |
| • A tax credit for an export pilot programme for SCR companies, to be designed and tested with the SCR Local Enterprise Partnership, HM Treasury, UKTI and the private sector. | From HM Treasury we need:  
• A tax credit for an export pilot programme for SCR companies, to be designed and tested with the SCR Local Enterprise Partnership, HM Treasury, UKTI and the private sector. |

Benefits by 2023

<table>
<thead>
<tr>
<th>Benefits by 2023</th>
<th>Gross direct jobs</th>
<th>Net additional jobs (FTEs)</th>
<th>GVA Increase (£m)</th>
<th>Turnover increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>New or accidental exporters</td>
<td>540</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working with existing exporters to access new and bigger markets</td>
<td>2,700</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total SCR Export Programme</td>
<td>3,240</td>
<td>4,000</td>
<td>£32.3m</td>
<td>£107.5m</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>£165m</td>
<td>£545m</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>£270m</td>
<td></td>
</tr>
</tbody>
</table>
6.7 Better Skills

Our Ambition
— To build on our City Region Deal by further placing businesses ‘in the driving seat’ so they can address their training needs, unlock jobs and opportunities and improve their productivity and competitiveness.
— To ensure that the SCR has a supply job ready young people and adults to access the opportunities that are created.
— To achieve long term sustainable economic growth in the SCR by improving educational attainment.
— To improve our further education (FE) offer by investing in the capital facilities required to unlock growth in the SCR.

The Challenge
Figure 20: Closing the jobs gap in highly skilled occupations
— GVA per employee is 18% and mean earnings are 17% below the national average.
— The employment rate is nearly 2.6% points below the national average.
— 44% of young people leave school without five good GCSEs (including English and Maths).
— SCR has a shortfall of 30,000 jobs in higher skilled occupations, with skill levels below the national average.
— SCR has a supply and demand mismatch with 27% of establishments with vacancies experiencing skill shortages.

Options Assessment
— The IER provided a strong rationale for skills, employment and education to be a priority in our SEP. At all levels of attainment, skills, employment and economic activity the SCR has to rapidly increase the rate and pace of improvement. Data from existing employment programmes do not consistently point to an approach that delivers job outcomes, nor has the relative high levels of training activity translated into higher levels of business finance or the requisite rate of economic return.
— We set out a programme that has four interlocking and mutually dependent parts. We have outlined a model where we integrate the growth of jobs with targeted actions to get people into work and secure the workforce of the future. We are modelling Progress to Work and The Skills Bank to deliver higher rates of economic return and financial contribution that places purchasing power for skills firmly in the hands of employers whilst reducing costs to the public purse associated with the direct costs of benefits and the indirect costs associated with providing services liked to poor health, for example.
— Our programme will clearly demonstrate the increased savings and benefits of our local approach.

Action Areas
— Establishing the SCR Skills Bank as a single training fund for skills complementary to mainstream funding, supported by expert brokerage, offering a range of flexible training packages and targeted to deliver training deals in support of businesses.
— Improving the supply of job-ready and suitably skilled labour as a pre-condition for growth through Progress to Work; a City Region employability programme offering early intervention to prevent long-term unemployment.
— Securing our future workforce through implementing Learn to Work (SCR Education Challenge). This will be a co-designed programme between together schools, colleges, academy chains, universities and local businesses to create a curriculum that better prepares young people for the world of work in the twenty-first century.
— We will create the infrastructure for a world class training system through investment in centres of excellence. This will comprise of two strands:
  • Strand 1: strategic capital projects, clearly linked to SCR and national sector growth – initially focused on three projects relating to glass, rail and nuclear.
  • Strand 2: developing a Capital Investment Fund for SCR FE and learning institutions to work with businesses to bid for investment in capital equipment and facilities.
### Skills Bank
- £30.6m ESF and £26.3m local authority funding
- £51.23m in employer contributions for workforce training
- Co-design of the Skills Bank and its training products between SCR and BIS/SFA.
- Devolution £3.62m p.a. of Adult Skills Budget (LGF ESF skills match) funding in support of this.
- Support for a SCR business led Employer Ownership Fund submission to deliver our training deals and continue to make the market, increasing the number of apprentices in SCR.

### Local Growth Fund (FE Capital)
- Match funding of £56m to deliver the capital programmes.
- A commitment to provide revenue support, through the Skills Bank and Progress to Work to deliver programmes to maximise the benefits of the investment.
- £25m of LGF (FE Capital) to support the British Glass Academy, Rail engineering Academy, Nuclear elite College and the SCR Capital Investment Fund (£12.5m in 2015/16).

### Progress to Work
- £22.3m ESF invested to deliver a SCR labour market capable of quickly filling the SCR vacancies created. Focusing on employment support and training programme and social inclusion programmes that prioritise employment.
- Devolution of £2.75m p.a. Adult Skills Budget funding
- A joint venture partnership between the LEP and the Work Services Directorate.
- Dual key arrangements between DWP and the LEP on commissioning and spend for resources allocated to the programme as a revision to the Opt In MoU.
- DWP pilot status for Progress to Work and designation as a training programme.
- DWP agreement to a ‘savings premium’ with a disregard applied to both JSA and Housing Benefit.
- EFA/SFA agreement to combine the 16-18 Youth Contract and the AGE grant with Progress to Work.
- DWP commitment to work with the SCR to build on this programme and develop a local employment offer for target groups including ESA WRAG claimants.

### Learn to Work
- £6.3m ESF.
- £21.4m other local public and private match.
- A commitment from DfE, SFA and Ofsted to work with SCR in the development of the programme.
- A similar commitment from BIS and DfE to work with SCR in the design of the ‘UCAS-style clearing system’ announced by the Deputy Prime Minister.
- Engagement of the LEP by Ofsted in any further review or proposals for the strengthening of careers guidance.

### Ask for 2015/16

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Offer</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
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<td>• Devolution of £2.75m p.a. Adult Skills Budget funding</td>
</tr>
<tr>
<td></td>
<td>• £29.3 Local Authority commitment and leverage of £69.6m additional private spend.</td>
<td>• A joint venture partnership between the LEP and the Work Services Directorate.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dual key arrangements between DWP and the LEP on commissioning and spend for resources allocated to the programme as a revision to the Opt In MoU.</td>
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<td>• DWP commitment to work with the SCR to build on this programme and develop a local employment offer for target groups including ESA WRAG claimants.</td>
</tr>
<tr>
<td>Learn to Work</td>
<td>• £6.3m ESF.</td>
<td>• A commitment from DfE, SFA and Ofsted to work with SCR in the development of the programme.</td>
</tr>
<tr>
<td></td>
<td>• £21.4m other local public and private match.</td>
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<td>• Engagement of the LEP by Ofsted in any further review or proposals for the strengthening of careers guidance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Qualifications or beneficiaries supported</th>
<th>People into Jobs</th>
<th>Estimate of annual change in earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Bank</td>
<td>42,000</td>
<td></td>
<td>£9,800,000</td>
</tr>
<tr>
<td>Skills Capital</td>
<td>An additional:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 1,400 apprenticeships places (2015-2017)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 900 traineeships</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• 2,650 training programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 300 new business starts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress to Work</td>
<td>45,830 beneficiaries supported</td>
<td>15,000</td>
<td>£26,340,000</td>
</tr>
<tr>
<td>Learn to Work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eliminate the gap between the City Region and national GCSE English and Maths average</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Eliminate the gap between the City Region and national Level 3 average at 19</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Increase the 16-18 participation rate by three percentage points across the City Region</td>
<td></td>
<td></td>
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</tbody>
</table>
6.8 Economic Infrastructure

Our Ambition
— To improve SCR’s external connectivity, nationally and internationally, by air, road and rail, including maximising the benefits of high speed rail.
— To unlock key employment sites across the SCR, improving the commercial property offer and creating a high quality business environment that further investment in the City Region.
— To ensure that infrastructure supports the efficient movement of goods, people and ideas across the SCR, enabling residents, businesses, employees and visitors to access the range of opportunities available.
— To deliver a residential offer that meets the needs of our economic growth.

The Challenge
Figure 21: SCR Forecast population and employment growth

Options Assessment
— Economic infrastructure supports and underpins a number of economic objectives, including inward investment, accessibility and business growth.
— Our established, robust Technical Assurance Framework ensures only the highest value for money projects will form part of our infrastructure plan.
— Our mechanism is the Sheffield City Region Investment Fund (SCRIF) for major capital projects that brings together a range of funding streams into a single assessment approach that prioritises investment on the basis of GVA and jobs growth benefits per £ of SCRIF.
— The SCR is currently seeking to develop a similar approach to prioritising investment in housing and revenue projects.
— We are also focused on developing financial instruments which have clear investment criteria underpinned by key evidence including our proposed infrastructure investment plan.

— The SCR faces a range of market failures the most acute is marginal land values, which undermines the commercial viability of investment particularly in site infrastructure.
— SCR has a poor supply of accessible employment ready land in locations attractive to the development market.
— At a number of key locations, across the SCR, economic growth is constrained by a lack of appropriate infrastructure, which makes develop unviable both physically and financially.
— With demand and congestion rising ongoing investment in the transport network is needed to enable the SCR’s economy to prosper and grow.
Section 6 – Key Themes

Action Areas

Infrastructure investment will be prioritised using an economic rationale and supported by greater freedoms and flexibilities to enable accelerated delivery of our priority infrastructure.

— External Connectivity: Includes both national and international connectivity by air, rail and road, which in most cases is delivered by other agencies:
  • Acceleration of investment in nationally important infrastructure in line with our growth priorities, including the delivery of HS2 and investment in the existing rail network, ensuring that the City Region’s businesses and supply chain benefit from the scale of this investment.

— Transformational City Region Schemes: Includes schemes and interventions that are strategically significant on a City Region scale and where SCR partners have control, influence and responsibilities for ensuring that projects and programmes are delivered.
  • The SCR Investment Fund (SCRIF) and associated programme management provides a clear example of how infrastructure investment can be prioritised and effectively delivered to enable and accelerate employment and economic growth. Our SCRIF Package is valued at £596m, we are asking for a 36% match from government of £217m with £29.2m in 2015/2016.
  • The SCR is working to secure and accelerate the delivery of this package of investment comprising 15 schemes, which are focused on the locations that are attractive and viable for inward investment, FDI and the growth of the indigenous business base. The SCRIF Programme is forecast to yield impressive benefits with 24,000 associated jobs, 14,000 houses and £5.3bn GVA.
  • Developing the City Region’s financial tools for growth including expanding the scope and coverage of the SCR JESSICA and to establish an appropriate Earn Back / Gain Share model for the SCR economy with Government.

— Enabling Infrastructure: Packages of investment that support an attractive environment for people to live, work, visit and invest.
  • Investment in sustainable transport (linked to the Local Sustainable Transport Fund) as part of the wider solution to create an attractive business environment.
  • A co-designed and co-managed fund with the HCA, focussed on accelerating the delivery of new homes.
  • Local partners to develop a comprehensive and co-ordinated SCR Integrated Infrastructure Investment Plan, which will set out the more medium to long term interventions required to transform the City Region by creating the conditions for future economic growth.
  • Continued investment in digital connectivity focused on providing the capacity and speed needed by the private sector.
Ask for 2015/16

External Connectivity

<table>
<thead>
<tr>
<th>Our Offer</th>
<th>Formal Ask to Government</th>
<th>Bid to Local Growth Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximising the agglomeration benefits of high speed rail</td>
<td></td>
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<tr>
<td>• To develop a bold masterplan which will seek to maximise job growth in</td>
<td>• Beyond 2015/16, that Government supports us in accessing the funding required to deliver</td>
<td>• Matches our local partner investment in the SCR HSR connectivity package (collective</td>
</tr>
<tr>
<td>the immediate vicinity of the new HSR station and form an important</td>
<td>the comprehensive connectivity solution that is critical to the sustained success of HS2</td>
<td>resources up to a value of £500,000 in 2014/15) through financial support of £500,000</td>
</tr>
<tr>
<td>part of the SCR Integrated Infrastructure Investment Plan.</td>
<td>and the SCR economy, as well as to meet any costs increases on those SCR Transformational</td>
<td>in 2015/16 via the LGF.</td>
</tr>
<tr>
<td>• Local partners have committed to investing collective resources up</td>
<td>Schemes (the 15 SCRIF schemes) should the final route of HS2 require any changes to the</td>
<td></td>
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<tr>
<td>to a value of c£500,000 in 2014/15 in the development of a targeted</td>
<td>design of these interventions.</td>
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<tr>
<td>and co-ordinated intervention package which will underpin our plans for</td>
<td>• Begin construction in the north much earlier than the existing programme suggests.</td>
<td></td>
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<tr>
<td>a world class connectivity to the HS2 network from across SCR, as well</td>
<td>• Deliver the eastern and western legs of phase 2 of the HS2 network at the same time.</td>
<td></td>
</tr>
<tr>
<td>as support our vision to connect key urban centres and employment sites to a range of sustainable transport options.</td>
<td>• To explore the potential for relocating a Government department / function to the SCR to help rebalance the national economy, recognising that the majority of the wider economic benefits generated by HS2 will occur in London.</td>
<td></td>
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<tr>
<td>• Commitment to maximising the readiness of our workforce for the</td>
<td></td>
<td></td>
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<tr>
<td>opportunities presented by HS2.</td>
<td></td>
<td></td>
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<tr>
<td>The existing rail network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• The SCR will continue to work as part of Rail North to develop the case</td>
<td>• That Government continues to deliver the interventions it has already committed to and that</td>
<td>• No formal bid to the LGF.</td>
</tr>
<tr>
<td>for the devolution of the next Northern and Transpennine Franchises.</td>
<td>as a minimum these are delivered to time.</td>
<td></td>
</tr>
<tr>
<td>• Implementation of the Long Term Rail Strategy, developed by Rail North.</td>
<td>• That through the Growth Deal process rail reform is progressed more quickly and that from July 2014 SCR partners are more actively involved in investment decisions which relate to the rail network.</td>
<td></td>
</tr>
<tr>
<td>• To enshrine the Rail North partnership in a series of Northern Growth Deals, to ensure that decisions are taken on a clear understanding of their impact on shared growth objectives.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• To commit to providing revenue funding for all ongoing and additional services unlocked by the Northern Hub.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• In support of a shared priority for SCR, D2N2, LLEP and the Northamptonshire Economic Partnership, an up to £5m contribution from Government for line speed improvements on the MML to build resilience into the proposed electrification work.</td>
<td></td>
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</tr>
</tbody>
</table>
Section 6 – Key Themes

The Strategic Road Network

- Continued proactive input in to the Route Based Strategy work in order to ensure that the planned local investment into the highways network (e.g. through the SCRIF) is taken in to account.

- A continued proactive dialogue with the Highways Agency (HA) during the development of the Route Based Strategies.

- A formal protocol with the HA to commence by July 2014, focussed on addressing network constraints particularly those that are holding back growth.

- We request that the HA develops, in conjunction with SCR partners, a realistic, long term solution for road access across the Pennines to Manchester and that this forms the pilot project for our formal protocol.

- No formal bid to the LGF.

Improving International Connectivity

- The Sheffield City Region is committed to working with the RHADS to maximise its potential as one of our key spatial and economic priorities.

- The airport and Peel are a key private sector in the development and funding for the Gateway to the SCR and we continue to work to complete the direct route from the strategic road network to the airport through the committed investment through RGF and future SCRIF Schemes.

- Support the development of air freight services at RHADS.

- Assist in the acceleration of local plans to bring rail connectivity to RHADS and its associated business parks building on the SCR proposal to the Davies Commission.

- Enter in to an early dialogue with SCR in relation to how the recently announced Regional Air Connectivity Fund (announced in March 2014) could be designed, delivered and piloted to support the start-up of new routes from RHADS.

- Commence discussions, in collaboration with a number of other northern LEP areas, to address or find alternatives to address the constraint on commercial viability through APD.

- No formal bid to the LGF.

Benefits

- HS2 is forecast to generate £4.2bn in wider economic benefits along the eastern leg of the route and that the SCR will experience productivity benefits of £13m per annum.

- Capacity released on existing lines is expected to generate benefits totalling £800m, as this additional capacity enables workers to access more productive jobs.

- HS2 acts as a catalyst for physical regeneration in the areas around stations. The ‘regeneration effect’ of HS1 unlocked almost £20bn worth of investment and the SCR is seeking to have a similar impact.
Transformational City Region Schemes

<table>
<thead>
<tr>
<th>What we are doing locally</th>
<th>Formal Ask to Government</th>
<th>Bid to LGF</th>
</tr>
</thead>
<tbody>
<tr>
<td>• SCR has a Single Assessment Framework offering a prioritisation process that prioritises GVA and jobs linked to transformational development projects.</td>
<td>• Government to offer a minimum certainty of funding for SCRIF schemes up-to 2021 in line with the profile set out for this period.</td>
<td>• To allocate through local growth fund, capital funding for 2015/2016 of £28.3m for SCRIF.</td>
</tr>
<tr>
<td>• Our local governance model is exemplary, as is our delivery track record of schemes and funding. We will deliver 24,000 jobs through SCRIF.</td>
<td>• We are asking for the funding to land with the SCR as ‘un-ring fenced’.</td>
<td>• To ensure the delivery of the infrastructure investments and resulting investment in jobs and property for government to commit a minimum total £217m for the period 2015-2021.</td>
</tr>
<tr>
<td>• SCR are offering a detailed spend profile for 2015/2016, that is both competitive and deliverable.</td>
<td>• In parallel with our work on the SEP we are commencing work on a long term infrastructure plan that will cover the main sectors and this will form the basis of negotiations that SCR would have with Government on future rounds of LGF.</td>
<td>• To ensure our accelerated programme to advance in 2014 as required to ERDF match or agree to reimburse local districts to the required amount.</td>
</tr>
<tr>
<td>• We will deliver 14,000 houses through SCRIF.</td>
<td>• Support a more flexible use of SCR JESSICA including for energy projects.</td>
<td>• To commit to new negotiations for future LGF.</td>
</tr>
<tr>
<td>• SCR will deliver £378m private sector leverage to SCRIF.</td>
<td>• To work with SCR to develop a payment by results mechanism.</td>
<td></td>
</tr>
<tr>
<td>• SCR will deliver further significant private sector leverage through the next round of investments around SCRIP and HS2.</td>
<td>• We are asking government to ensuring local priorities are reflected in the delivery of national programmes.</td>
<td></td>
</tr>
<tr>
<td>• We will see a £5bn GVA uplift as a result of SCRIF.</td>
<td>• Accelerate the infrastructure required for all EZ sites.</td>
<td></td>
</tr>
<tr>
<td>• We will enter into discussions around payment by results (Earn-Back).</td>
<td>• Should government not be able to allocate our full competitive amount, we formally ask government that the decision on how to prioritise the devolved LGF allocated will be a local decision.</td>
<td></td>
</tr>
<tr>
<td>• To lock in the early year benefits our medium – long term Infrastructure Investment plan will be targeted to deliver a wide range of infrastructure to support commercial needs and capitalise and deliver aggregated benefits from HS2. This will deliver a significant second phase of jobs and growth and enhance the capacity for strategic economic repositioning for SCR.</td>
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</table>

Benefits

• Our SCRIF programme is worth £596.2m in infrastructure investment with £378.3m private sector leverage.
• This Deal generates a level of jobs that are transformational in scale and opportunity with a forecast 24,000 jobs directly associated with the delivery of SCRIF.
• This Deal creates high levels of GVA £5.3bn.
• This package contributes to the delivery of over 14,000 houses, strategic repositioning and the correction of several capital, network and labour market failures.
## The Enabling Infrastructure

<table>
<thead>
<tr>
<th>What we are doing locally</th>
<th>Formal Ask to Government</th>
<th>Bid to LGF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Sustainable Transport</strong></td>
<td><strong>We are requesting a minimum certainty on LSTF funding for 10 years, to align with our devolved major scheme transport funding.</strong></td>
<td><strong>We are requesting £11m per annum to deliver our capital LSTF activity.</strong></td>
</tr>
</tbody>
</table>

- A programme of revenue investment that draws in over 20% of local contribution from partners, including the private sector. We will support the further investment in this type of activity by leading a robust monitoring and evaluation programme to be shared across the UK as best practise.
- In terms of supporting match, we will continue to target LTP funding and identify other contributions, for example from Health and Wellbeing Boards and the Technology Strategy Board.
- The identification and selection of sustainable transport schemes will be undertaken through the established LTP processes. Through the ‘Future Integrated Transport Schemes’ work we already have a strong evidence base that identifies over 300 potential schemes across all modes. We will use this, and other inputs, to determine our future programme.
- We have strong governance arrangement for our Local Transport Plan activity that this investment will be delivered through. This governance is aligned to our revenue bid and will ensure that the two separate bids are brought together to maximise their effectiveness.

### Increasing housing delivery

- The identification of housing schemes for delivery in 2014/15 and 2015/16 which fit with the HCAs current range of investment products (loans or equity funds), contributing to both local and national targets.
- The provision of a central SCR resource which will support the delivery of the identified schemes in the short-term.
- Continued delivery of SCRIF schemes which will unlock the development land to support 14,000 new dwellings.
- Building on the success of SCRIF, the development of a SCR prioritised approach to housing investment which will inform the development to a SCR Housing Investment Plan in 2014/15.
- As part of discussions with Government around the development of the JIF, local partners will consider the use of funds and assets under local control in support of our aspiration to move towards a more locally managed and flexible fund which works for housing markets in SCR.
- A commitment to work with Government to pilot Housing Growth Zones and achieve the most attractive balance of incentives.
- In support of the wider priorities of the SEP:
  - A commitment to the local supply chain and workforce (via training and job opportunities) through procurement frameworks (e.g. procurement enorth and yorbuild and HCA DPP2).
  - Our commitment to the climate change agenda and the use of modern methods of construction when economically advantageous to do so.

### Benefits

- A programme of revenue investment that draws in over 20% of local contribution from partners, including the private sector.
- The current SCR LSTF programme is forecast to deliver £10 of benefit for every pound invested. We expect a similar benefit cost ratio as we look to continue our successful programme, taking forward the best performing aspects.
6.9 Cross Cutting Themes

There are a number of important cross-cutting themes that need to be taken into consideration within our Strategic Economic Plan. These include:

Social inclusion and utilising our social capital

Our ambition is to ensure that all residents of the SCR are able to benefit from our vision for the future of the City Region. This will be vital in (a) maximising the growth potential of the City Region and (b) creating cohesive growth. Sustainable growth will be achieved if we ensure that all areas, communities or groups benefit and grow as opposed to some growing at the expense of others. Therefore our programme has retained the flexibility to address this and maximise the input of all of our population to deliver and realise the benefits of growth.

The SCR ESIF has focused in more detail on interventions in support of this ambition as part of the social inclusion programme we have laid out. In the context of this SEP specific interventions to develop and enhance our social capital include skills and recruitment support (our Progress to Work programme), and transport (ensuring that people are able to access opportunity).

Progress to work is a flexible programme designed to respond to the specific support needs of different communities or groups of individuals. Through this programme we can prioritise support to meet these needs and bring individuals closer to presenting for employment. Programmes will be targeted to the specific requirements of care leavers, loan parents, BAME communities, those with disabilities, migrant communities for example. As part of this programme we will support individuals pre and post recruitment. Our sustainable transport programme will focus on ensuring we minimise transport barriers to work and enable greater access to employment.

Low carbon

Ensuring that the SCR moves towards and maximises the economic opportunities presented by a low carbon economy. This is of particular significance for the City Region due to our business to business economy’s position in the value chain and our capabilities in designing, developing and distributing product solutions in this growth market.

Pan-LEP initiatives

The SCR has very close working relationships with D2N2, due to the overlap between the two areas, particularly in terms of our Growth Hub. We are working with LEPs across the north of England on rail devolution and the Core City LEPs on a number of growth and reform initiatives. We are also collaborating with other LEP areas where we have a shared opportunity for example with Leeds City Region on healthcare technologies.
7. Ambitions and Funding

7.1 Introduction
This section of the Plan summarises our ambitions for growth and how we envisage delivering the additional 70,000 jobs in the SCR. It also identifies the mechanisms for how we will fund these interventions, which cumulatively represents an investment programme of £375m, in 2015/16 alone in the City Region’s future success.

7.2 Metrics and Targets
This section indicates where the 70,000 net additional jobs in the SCR will come from. This is broken down by the six thematic areas of our plan (set out in chapter 5).

These figures represent ambitions for growth in the SCR and should be treated as indicative of the broad number of jobs that could arise through the proposed interventions. The numbers ascribed to different elements of the Plan have been developed through a number of mechanisms, including utilising existing SCR delivery experience (e.g. our RGF programme) and independent evaluation data on other national programmes (e.g. our trade and export programme). The rationale for how each of these figures has been produced is set out within our Implementation and Delivery Plan, with the summary figures set out in the table below.

Table 4: Ambitions by the six thematic strands of the SEP to 2023

<table>
<thead>
<tr>
<th></th>
<th>More start-ups</th>
<th>More existing business growth</th>
<th>More companies moving in</th>
<th>More exports and trade</th>
<th>More skills</th>
<th>Economic infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross direct jobs</td>
<td>3,000</td>
<td>12,100</td>
<td>10,000</td>
<td>3,250</td>
<td></td>
<td>24,000</td>
</tr>
<tr>
<td>Net Additional FTE Jobs</td>
<td>3,740</td>
<td>15,080</td>
<td>12,100</td>
<td>4,050</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>GVA</td>
<td>£257m</td>
<td>£1,040m</td>
<td>£865m</td>
<td>£280m</td>
<td></td>
<td>£5,300m</td>
</tr>
<tr>
<td>Average earnings increase</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£36.1m</td>
</tr>
<tr>
<td>New start-up companies</td>
<td>6,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualifications and additional training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42,000</td>
</tr>
</tbody>
</table>
7.3 Costing and Funding our Plan

A range of funding sources will be required to realise our Plan. This includes funding from both the public and private sectors. The SCR is seeking to deploy all available resources in an integrated way to create a bigger and stronger private sector, e.g. wherever possible utilising capital funds. Leveraging the Sheffield City Region Investment Fund to attract new forms of private sector investment will represent an important component of this process, including attracting venture capital to the City Region.

In addition to the Local Growth Fund and the wider freedom and flexibilities being requested from Government, the City Region’s EU Structural and Investment Fund (ESIF) allocation will be utilised to deliver our vision for growth and represents a key source of funding. Cumulatively, in 2015/16 we estimate that our programme will equate to a £390m investment in the SCR. The breakdown of this investment by source is shown in the figure below. It is critical to note that investment being sought from Government for this programme equates to only 21.4% of the total costs, which will lever in £232m of investment from the private sector alone. However, without this ‘pump-priming’ investment from Government it will not be possible to deliver this programme in the SCR.

A more detailed breakdown by each of the six themes of our Plan is set out within the respective chapters of the Implementation and Delivery Plan. A more detailed breakdown of both our bids to the LGF and our wider freedom and flexibility asks of Government for 2015/16 are shown in the figure below. This equates to a total bid to the LGF of £60.7m and wider asks of £22.8m for 2015/16.

In developing this document partners in the SCR have sought to identify and utilise all potential funding sources to make our vision deliverable. This has comprised the use of private equity, including venture capital and pension fund investment into the City Region. The SCR will focus on developing vehicles that are attractive to pension funds; alongside local assets to use money at low risk to facilitate growth and jobs.
8. Governance

8.1 Governance Arrangements for the SEP

The Sheffield City Region shares the Government’s commitment to putting in place strong, stable, accountable and transparent decision making in relation to the SEP. We believe that this is an essential precursor to the devolution of resources. For the SCR, this means a strong, high performing private sector-led LEP underpinned by a Combined Authority, which will be in place in April 2014.

This SCR model combines the best of private sector commerciality and expertise and public sector capacity, transparency and accountability. It greatly exceeds the minimum requirements set out in the Growth Plan guidance of (a) some form of collective decision making – at a level that mirrors the geography of the LEP (b) a nominal accountable body (c) genuine engagement of the business community and (d) democratic / financial accountability.

Under this model – the SCR CA and Local Transport Board (LTB) will have the same core membership (i.e. the nine local authority members) plus members from the neighbouring LEPs and County Councils. This will ensure both continuity of decision making between the CA and the LEP – and alignment with neighbouring City Regions.

8.2 Decision Making Structures

The SEP will be managed within the existing well-established structures of the Sheffield City Region. As has been the case during the development of the plan to date:

— The SCR LEP Board will be responsible for the strategic leadership of the SEP;
— Where this translates into the use of public powers or assets, the SCR Combined Authority will be the statutory decision making body;
— Four thematic Board will be established, mirroring the three strategic objectives of the plan of business growth and being outward looking (inward investment and international trade) with two separate Boards for skills and infrastructure respectively reflecting the breadth of these issues. Public and private representatives from the LEP Board, in addition to a wider membership would comprise the membership of each Board, which would build on existing structures where they exist such as the Skills for Growth Partnership; and
— Beneath each Thematic Board will be delivery boards related to specific areas e.g. beneath the Business Growth Thematic Board will be an Access to Finance Board.

8.3 Governance Offer and Ask

It is the view of the Partnership that, in establishing a Combined Authority and in hardwiring a partnership between the public and private sector, the SCR has delivered on the commitments (“offer”) made as part of the City Deal process.

By contrast, there is a need for a clearer pan-Government narrative on City Region-level Governance, including the relationship between LEP and regional footprints to enable CAs to work more efficiently. Accordingly, our CA-related ‘asks’ of Government are:

— For legal restrictions to be removed so that CAs are able to borrow for non-transport purposes.
— For government to progress the already drafted Legislative Reform Order (LRO) to include provisions to (a) make the current CA legislation work better in two tier areas (b) make the process of amending and updating CAs more efficient.
— When progressing this LRO, we would like the Government to be more creative when considering two-tier areas to reflect that authorities belong to more than one functional economic area.
— We would like this legislative reform to be overseen by a cross-Government panel.

The SCR LEP has achieved its considerable successes to date through the use of a small, lean and focused central delivery team. This central team draws on the constituent local authorities for the detailed local work and the private sector for leadership and business specific focus. The SCR has a final ask of Government to continue to provide revenue funding for this central team by:

— Providing £400,000 of funding for the SCR Executive in 2014/15 and 2015/16, effectively continuing the “core funding” that the team has received since 2012.

The role of this team plays a vital part in facilitating the successful operation of our private sector led LEP and will also support the CA from April 2014. Ensuring that these Partnerships continue to operate effectively will be vital in building on our existing achievements, to maximise the potential of the area and deliver our vision of creating 70,000 jobs in the SCR by 2024.