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Report of: Diana Buckley (Director of Economic Development and Culture)
Report to: Eugene Walker (Executive Director of Resources)
Date of Decision: 4th May 2022
Subject: Advanced Manufacturing Innovation District (AMID) – Development of strategic spatial & economic strategy, business cases for investable propositions, and exploration of suitable mechanisms to accelerate delivery

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>(Insert title of Portfolio)</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>(Insert name of Committee)</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>		

Purpose of Report:

This report seeks approval for SCC to spend the monies recently secured through a successful bid to the Department for Levelling Up Homes and Communities (DLUHC).

The funding provides critical dedicated capacity to develop a strategy, cohesive spatial plan, and explore options for bespoke delivery mechanisms; harnessing the region's distinctive innovation assets to achieve transformational economic development.

Recommendations:

1. Note that the Council has accepted S31 grant funding of £763,000 from DLUHC.
2. Delegate authority to the Director of Economic Development and Culture, in consultation with the Executive Director of Resources and the Executive Director of Finance and Commercial Services, to take such steps to meet the aims and objectives of this report, where no existing authority exists.

Background Papers:

Successful funding bid submitted by SCC on behalf of AMID partners.

Letter from MHCLG confirming award of sections 31 grant revenue monies.

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Mark Wassel</i>
		Legal: <i>Henry Watmough-Cownie</i>
		Equalities: <i>Annemarie Johnston</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Cllr Mazher Iqbal</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Diana Buckley</i>	Job Title: <i>Director of Economic Development and Culture</i>
	Date: <i>Wednesday 4th May 2022</i>	

1. PROPOSAL

(Explain the proposal, current position and need for change, including any evidence considered, and indicate whether this is something the Council is legally required to do, or whether it is something it is choosing to do)

Purpose of this proposal

- 1.1 The £763k funding secured through MHCLG provides the dedicated capacity to develop a clear overarching spatial and economic strategy, and a road map for coordinated delivery.
- 1.2 AMID presents the region's greatest opportunity to deliver transformational economic development. Our vision will change the trajectory of weak economic growth, to a more inclusive, resilient, integrated, and dynamic economy where people, places and businesses all play a complementary role in creating and sharing prosperity.
- 1.3 A cohesive spatial and economic strategy for the next phase of AMID supported by a clear implementation plan will enable partners to translate collective priorities into coordinated delivery that creates the foundations for a more productive and inclusive economy.

Background and Current Position

- 1.4 The Advanced Manufacturing Innovation District (the AMID) initiative has been developed to build on South Yorkshire's unique innovation assets and competitive advantages, creating a global centre of innovation excellence.

- 1.5 Over the last seven years the AMID concept has evolved and developed through a range of cross-organisational stakeholder groups. These have seen progress on several fronts, but the pace, scale and coordination of change has been constrained by physical barriers, organisational complexities, and a lack of dedicated capacity.

- 1.6 Innovation strengths and activities connected to AMID have diversified beyond those connected directly to advanced manufacturing and the University of Sheffield's Advanced Manufacturing Research Centre.

- 1.7 Focus on other engineering specialisms, energy generation, energy storage, exploration of biomedical strengths, and the emerging innovation cluster at the Sheffield Olympic Legacy Park developing capabilities in life sciences, health & wellbeing are creating new opportunities for inclusive growth in growing global markets.

Need for change

- 1.8 A new approach is needed to improve access to economic opportunities; integrating innovation activity with place-based regeneration that connects local people, communities and businesses to training, jobs, emerging technology, and growing markets.

There is a collective recognition, appetite, and commitment amongst AMID partners to explore opportunities for new ways of working and options for new

- 1.9 models of delivery to maximise the sum of collective efforts.

The aim is to create the conditions for investment and generate a critical mass of activity within and connected to AMID, that builds momentum faster and in a more coordinated way than individual organisations can achieve on their own.

1.10

Requirements

There is no legal requirement for Sheffield City Council to deliver this project. There is, however, a compelling rationale to organise with clear intent to realise the full economic potential of our distinctive innovation strengths and assets to ensure more people, places and businesses can play a complementary role in creating and sharing prosperity.

1.11

2. HOW DOES THIS DECISION CONTRIBUTE?

(Explain how this proposal will contribute to the ambitions within the Corporate Plan and what it will mean for people who live, work, learn in or visit the City. For example, does it increase or reduce inequalities and is the decision inclusive?; does it have an impact on climate change?; does it improve the customer experience?; is there an economic impact?)

Contributions so far

- 2.1 Significant progress has been made to date, developing, and expanding a critical mass of 30 nationally recognised cutting-edge translational research facilities spanning Rotherham and Sheffield local authority boundaries, securing investment from world-leading businesses including Boeing, Rolls Royce, McLaren, and Canon who now all call AMID home.
- 2.2 AMID continues to attract a growing cluster of advanced manufacturing and technology firms, now more than 120 companies directly employing over 2,300 people and indirectly a further 6,330 regional jobs.
- 2.3 AMID is estimated to be worth £351m annually in GVA to the South Yorkshire economy.

Approach and Strategic Alignment

- 2.4 AMID's ethos is about developing a culture of collaboration, open-innovation and creating a supportive environment that connects people, businesses, and academia to ensure good ideas and research translate into economic benefits and regional prosperity.
- 2.5 The SY MCA Strategic Economic Plan (SEP) recognises AMID's potential to become a catalyst for addressing the region's chronic productivity-gap and rebalancing towards a technology-driven economy. AMID's overarching purpose is to create a platform for innovation that will supercharge the South Yorkshire economy and be a major force in 'levelling up' the north with the south.
- 2.6 AMID is already having a positive influence on UK government perceptions of the region's innovation-led economic development plans. Innovate UK have cited the collective activity as an exemplar emerging 'place-based innovation

ecosystem’.

Outputs

2.7 DLUHC funding will enable delivery of four primary outputs;

2.7.1 **1. Vision.** Curating a dynamic innovation-led ecosystem that amplifies the commercial and economic benefits of innovation.

This includes 4 strategic aims;

- Develop and leverage AMID’s unique translational research capabilities.
- Create the front door to business support & finance for Innovation driven enterprises (IDEs) and start-ups
- Nurture a pipeline of talent connected to innovation-based opportunities
- Create sustainable and connected places supporting clusters of innovation activity

2.7.2 **2. Spatial and Economic Strategy (SES).** The SES will develop the strategic aims and link each to a set of targeted investable propositions which form a coherent and integrated delivery plan.

Economic Investments will focus on creating an ecosystem of support for innovation-driven enterprises covering:

- Skills and Training.
- Business Support, Finance and Growth.
- Business networks and intermediaries.

Physical Investments will include a masterplan and development framework setting out the range of capital projects including:

- R&D facilities to support the growth of key innovation capabilities.
- Placemaking
- Transport & Infrastructure
- Housing

2.7.3 **3. AMID Delivery Models.** Project success will be to explore and identify practical delivery mechanisms, or new business models, that accelerate delivery of the SES in ways that could not be achieved by business-as-usual methods.

2.7.4 **4. The AMID Offer.** This will be the external market-facing articulation of the AMID Vision, including value propositions to attract and retain investors, businesses, and talent; case studies demonstrating benefits to date; a website to communicate these to a wider audience across multiple channels; and a plan to address the AMID name and brand.

Alignment to SCC’s corporate objectives

2.8 AMID’s vision delivers against multiple objectives set out in SCC’s Our Sheffield: One Year Plan, namely;

2.8.1 Supporting Sheffield businesses to recover and grow, by;

- Support more people to start new businesses in Sheffield
- Continue to support the development of the Advanced Manufacturing Innovation District (AMID)
- Encourage businesses to share innovation and knowledge
- Support the city’s SMEs to recruit local talent, connecting people to business needs.

- 2.8.2 Investing in our sport and leisure facilities to support better health and wellbeing
- Locally Sheffield Olympic Legacy Park (SOLP) will be home to community and corporate facilities used by elite athletes through to local young people to redefine physical activity and healthy lifestyles.
 - Regionally the SOLP will become living laboratory that will act as a catalyst for regeneration and high-value private sector growth at the heart of the next phase of the AMID.

2.9 Delivery of AMID's vision will make a significant contribution to the people of Sheffield in the following way;

Strong economy

- 2.9.1 AMID will act as a catalyst for regeneration by bringing underutilised or brownfield land back into use for productive economic development, creating vibrant and connected communities, linked to centres of innovation excellence and a supportive, enabling environment.

AMID will deliver integrated training and skills pathways, new jobs, new business start-ups and spin-outs, and innovation-led business growth.

AMID supports SCC's desire to create a fairer, more sustainable local economy where everyone has access to good jobs, training, and economic opportunity.

- 2.9.2 **Thriving neighbourhoods and communities**

By converting low quality land into international standard community and commercial space with high quality public realm, AMID has already started to transform the image and perception of its immediate surrounding area.

A fully developed AMID will directly benefit adjoining neighbourhoods, offering members of the community new positive activities in line with SCC policies to encourage people to have a good quality of life and feel proud of where they live, with increased access to local amenities and facilities.

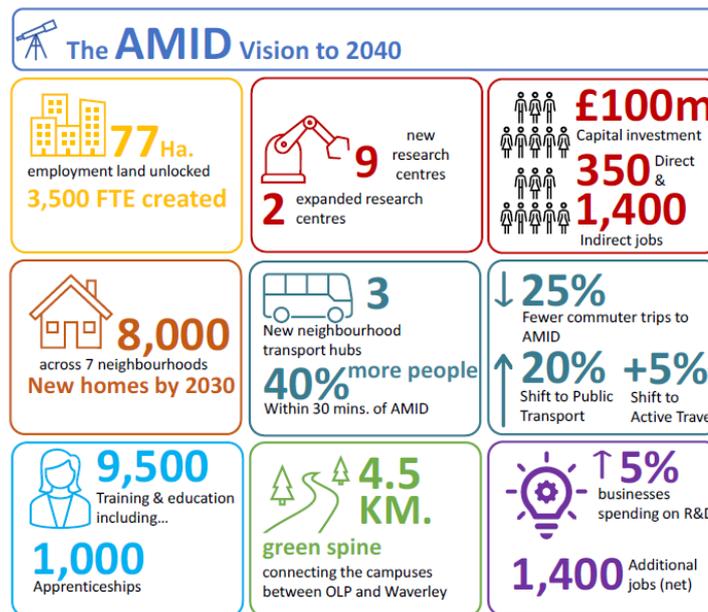
- 2.9.3 **Tackling inequalities**

Located between communities with high levels of deprivation, AMID provides new ways to bring people of different backgrounds together through innovation, health and wellbeing, education, and employment opportunities, supporting SCC policies to make it easier to overcome obstacles by investing in the most deprived communities and supporting individuals to help themselves and achieve their full potential.

Outcomes

- 2.10 We have taken research from a range of reports to forecast and compile our best estimates of the outcomes that AMID can achieve by 2040;
- Boost annual businesses spending on R&D overall from 3.5% of sales to circa 5% resulting in circa 1,400 additional jobs.
 - Create 4,000 new FTE jobs
 - Reduce the productivity gap to the UK average by approximately 35%. The scale of GVA growth required to achieve this by 2040 totals approximately £4.8 billion.

- Improve journey times to AMID employment sites – increasing the number of people within a 30-minute commute via public transport by 32,000 – a 40% improvement by 2030 from 81,000 people to 113,000 commuting with 30 minutes.
- Reduce car commuting trips to AMID by 25%. This equates to fewer cars travelling to AMID for work with a modal shift to Public Transport (+20%) and Active Travel (+5%).
- Improve air quality in AMP / SBP Air Quality Management Zone to achieve EU threshold levels of NO2.
- Deliver circa 8,000 new additional homes by 2030 – 8 years earlier than current plans.
- Help SY MCA deliver 16,000 apprenticeships by 2040, approximately 9,600 more people into training and education, and 100 internships by 2040



Benefits and Impacts

- 2.11 AMID will deliver the following impacts;
- Increase regional prosperity reflected in real wages and improved standards of living
 - Sustainable and vibrant communities – great places to live, study, work and socialise.
 - Inclusive growth through connecting people to opportunities linked to growing regional, national, and international markets.
 - Transform health outcomes by delivering innovative interventions and infrastructure.
 - Diversified, dynamic and resilient local economy

3. HAS THERE BEEN ANY CONSULTATION?

(Refer to the Consultation Principles and Involvement Guide. Indicate whether the Council is required to consult on the proposal, and provide details of any consultation activities undertaken and their outcomes.)

- 3.1 There is no legal requirement to consult on these proposals.

- 3.2 Collaboration is central to the ethos of AMID.
- 3.3 The successful MHCLG/DLUHC funding bid, guiding vision for the next phase, and the proposed programme of work referred to in this proposal have all been collectively developed and agreed by primary partners including Sheffield City Council (SCC), Rotherham Metropolitan Borough Council (RMBC), SY MCA, University of Sheffield, Sheffield Hallam University and Legacy Park Limited.
- 3.4 A series of cross organisational meetings have been held with Housing, Planning, Transport, Regeneration and Economic Development departments within Rotherham and Sheffield Councils to examine the issues and opportunities.
- 3.5 The scope of requirements for the spatial and economic strategy will be shaped through active consultation with private and public partners in workshops, working groups and 1-1s. The voice and requirements of the beneficiaries will shape the strategic plans being developed.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 AMID is intended to promote inclusive economic growth, access to opportunities and improved health, wealth, and wellbeing outcomes. The 4 AMID campuses are surrounded by wards that have high levels of economic deprivation; therefore, it is an explicit objective of the project that it will have positive equality implications.
- 4.1.2 There are not anticipated to be any negative equality impacts.
- 4.1.3 Throughout the development of the spatial and economic strategy, an equality impact assessment will be carried out to identify any potential positive or negative impacts and mitigating actions required.

4.2 Financial and Commercial Implications

- 4.2.1 SCC has received an unconditional S31 revenue grant of £763,000 to support the AMID project of which £28,000 has already been spent.
- 4.2.2 The funding award is to progress the exploration of innovative delivery vehicles connected to the AMID, spanning across both Sheffield and Rotherham.
- 4.2.3 DLUHC are providing SCC with flexibility to spend the revenue monies in the most appropriate way to achieve the aims and objectives set out in this report. Indicatively the proposed 12-month high level budget estimates are summarised in Table 1 below (more detailed budgets will be produced and reported as and when they are developed):

Dedicated Staff Team		£225,000
Workstreams		£435,000
	Vision	
	Land Supply Issues and Options	
	Innovation Capabilities	
	Understanding Needs	
	Spatial & Economic Strategy	
	Delivery Model Exploration	
	AMID Offer	
Engagement, consultation, and events		£103,000
TOTAL		£763,000

4.2.4 The report seeks approval to spend the revenue monies secured through DLUHC for the purposes they were awarded, and to delegate authority to the Director of Economic Development and Culture, in consultation with the Executive Director of Resources, to take any further decisions necessary to meet the aims, objectives and outcomes of this report.

4.3 Commercial Implications

4.3.1 All public sector procurement is governed by and must be compliant with the Grant Agreement and UK National Law. In addition, all procurement in SCC must comply with its own Procurement Policy, and internal regulations known as 'Contracts Standing Orders' (CSOs)

4.3.2 CSO requirements will apply in full to the procurement of services, goods or works utilising grants. All grant monies must be treated in the same way as any other Council monies and any requirement to purchase / acquire services, goods or works must go via a competitive process.

4.3.3 The grant manager will need to read, understand and comply with all of the grant terms and conditions and ensure that there are no ongoing unfunded costs once the grant has ended.

4.4 Legal Implications

4.4.1 This funding was granted under S31 of the Local Government Act 2003 and it is to support Sheffield City Council towards expenditure lawfully incurred or to be incurred.

5. **ALTERNATIVE OPTIONS CONSIDERED**

(Outline any alternative options which were considered but rejected in the course of developing the proposal.)

5.1 **Option1: Do Nothing**

Central government would expect the grant monies awarded to be returned and there would be significant implications for reputation and relationships with government departments, limiting access to future funding opportunities.

AMID development would be severely constrained and opportunities for accelerated inclusive economic growth would remain unrealised.

5.2 Option 2: **Do Less**

The scale, pace and remit of the proposals would be reduced resulting in limited impacts and outcomes.

6. REASONS FOR RECOMMENDATIONS

(Explain why this is the preferred option and outline the intended outcomes.)

6.1 Significant support and momentum have been generated behind proposals to realise AMID's economic and regeneration potential.

6.2 Dedicated resources will shape and drive the next critical phase of AMID development securing longer term benefits for local people and businesses.