

Sheffield Economic Overview:

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A Presentation for the Economic Development and Skills Policy Committee

Monday the 20th of June



Agenda Item 10





Introduction

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- The Brief was to provide
 - (a) an Economic Baseline and
 - (b) an Economic Narrative
- A summary of the most relevant existing data and research relating to Sheffield's economy and the impacts of COVID.
- Worked closely with a multi-agency Steering Group and a multi-agency Data Working Group.
- An evidence base to support the development of the next city strategy being developed by the City Partnership Board.
- The aim is to refine and agree the story of Sheffield, not to explore policy recommendations.



Approach

- Collation, analysis and discussion of data in worksheets under agreed headline themes (1) Business Resilience (2) Skills & Employment (3) Inclusion, Health & Wellbeing (d) Sustainable & Connected Places.
- Tested findings with stakeholders and individuals.

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- Added qualitative insights.
- The evidence base tells the story of Sheffield through three interrelated chapters which reflect the key issues revealed by the data. These are:
 - 1) The Productivity Challenge and Opportunities,
 - 2) The Unequal City and
 - 3) A Just Transition.
- Outputs - Full Report, Worksheet and Summary Narrative Report.
- Purpose of this session: Present emerging headlines and test whether you recognise the story we have told about Sheffield, including the impact of COVID?



Themes and research questions

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Themes	Headline research question(s)
Economic & Business Resilience	<ul style="list-style-type: none"> • What is the extent, nature, and location of business activity and how has it changed since 2019. • How does the business profile position Sheffield for a post-Covid economy and what are areas of risk.
Skills & Employment	<ul style="list-style-type: none"> • What is the level, quality and distribution of employment and how has it changed since 2019. • How does the employment profile position Sheffield for a post-Covid economy.
Inclusion, Health & Wellbeing	<ul style="list-style-type: none"> • Have trends in spatial inequalities changed during Covid-19. • Have the priority areas of focus of inequality changed.
Sustainable & Connected Places	<ul style="list-style-type: none"> • Has the way people move around Sheffield changed and what impact has this made on emissions. • Are different places and communities in the city well positioned for remote working and a digital economy.



Global and UK Context

- A series of unprecedented shocks
- Observable impacts on Sheffield's residents and businesses
- IMF forecast that global growth will slow from 6.1% (2021) to 3.6% in 2022 and 2023
- Economic growth will also be limited by labour shortages
- Plus changes to consumer spending patterns, shifting patterns of global trade, continuing technological advancements, and the shift to green and carbon neutral economies.....

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Considerable further change and myriad of opportunities and challenges for Sheffield's businesses and residents. How can Sheffield best position itself to seize opportunities to improve the economic and social wellbeing of its residents, while supporting the resilience of those most at risk of global headwinds?



Productivity challenge and opportunities



Sheffield has a relatively stable and resilient business base, with high rates of business survival, but fewer start-ups.

If business density and start up rates were at the Core City average Sheffield would have **3,400** more businesses, **30** more high growth businesses, and **950** more business starts every year.

Low productivity means that Sheffield underperforms relative to the Core Cities and the gap is growing.

The Sheffield economy was worth **£13 billion** in 2019.

Sheffield's economic output gap relative to other Core Cities is £1.4 billion, up from £0.5 billion in 2015.



Productivity is low across all broad sectors and the industrial profile of Sheffield will not explain the worsening gap.

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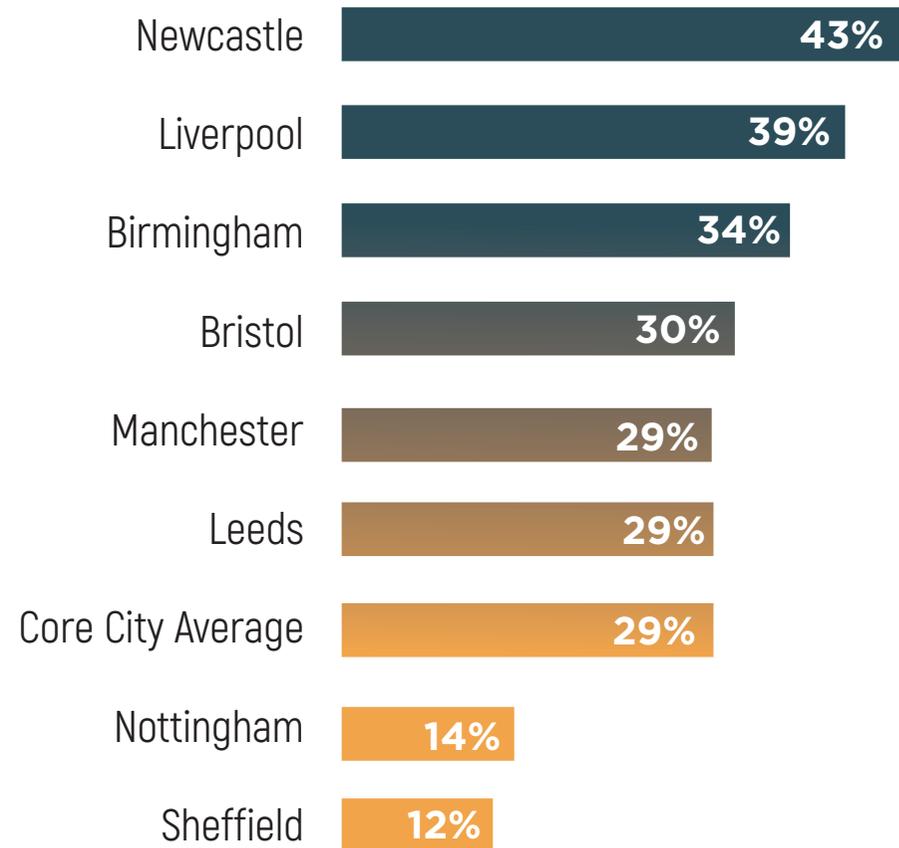
Also a historical reliance on large family businesses, the lack of Original Equipment Manufacturers (OEMs) and the position of many firms within their supply chains. The city has many branches and secondary functions and few unicorns.

Sectoral opportunities for Sheffield include: advanced manufacturing; health and wellbeing; digital technology and creative industries; construction technologies; business and professional services and sustainable energy production. Some strong/well-known sectors and emerging growth sectors, but less fast-growing firms or original equipment manufacturers than other cities.

SCR businesses have been good at engaging with and implementing innovative practices but are potentially weaker at translating these into viable commercial propositions to take to market.

Sheffield's proportion of Grade A office space (12%) is the lowest of all the Core Cities (17% below the average).

Share of Grade A Office Space by Core City



Source: LSH (2022)

Sheffield is home to some dynamic independent companies, household names and headquarters of homegrown, UK, international and foreign owned companies.

Exporting businesses as a percentage of all businesses

City	% of exporters in business base
Sheffield	6.1%
Leeds	5.3%
Manchester	5.0%
Nottingham	5.0%
Birmingham	5.0%
Bristol	4.5%
Liverpool	4.5%
Newcastle	3.9%
Core City average	4.9%

Foreign owned businesses as a percentage of all businesses

Area	% of business base foreign owned
Liverpool	7.0%
Leeds	6.3%
Sheffield	6.1%
Manchester	5.9%
Bristol	5.9%
Newcastle	5.8%
Nottingham	5.6%
Birmingham	5.6%
Core City Average	6.0%

Source: Databubble (Databroker)

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A Technical rather than a Managerial Workforce

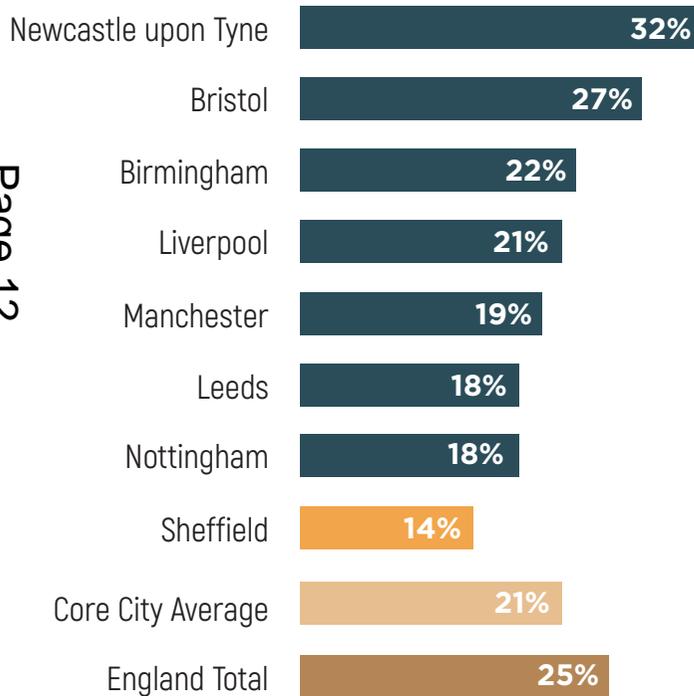
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Broad Employment Group	Sheffield	Birmingham	Bristol	Leeds	Liverpool	Manchester	Newcastle upon Tyne	Nottingham	Core city average	Difference
1: Managers, directors and senior officials	6.9%	7.4%	7.6%	9.6%	8.2%	6.2%	6.2%	7.6%	7.5%	-0.6%
2: Professional Occupations	30.8%	26.1%	36.8%	32.9%	27.5%	33.6%	24.1%	24.8%	29.6%	1.3%
3: Associate Prof & Tech Occupations	13.0%	12.2%	13.8%	15.0%	13.1%	17.4%	11.2%	10.6%	13.3%	-0.3%
4: Administrative and Secretarial Occupations	8.1%	12.4%	10.8%	10.9%	12.8%	9.4%	9.5%	11.8%	10.7%	-2.6%
5: Skilled trades occupations	8.4%	6.7%	5.3%	6.3%	6.9%	6.0%	6.9%	8.9%	6.9%	1.5%
6: Caring, Leisure and Other Service Occupations	7.8%	10.0%	6.1%	5.0%	8.2%	5.2%	7.6%	12.2%	7.8%	0.1%
7: Sales and Customer Service Occupations	6.5%	7.7%	7.0%	6.3%	5.5%	7.1%	11.8%	5.5%	7.2%	-0.6%
8: Process, Plant and Machine Operatives	5.9%	7.0%	5.8%	4.2%	7.1%	4.5%	7.6%	6.3%	6.1%	-0.1%
9: Elementary Occupations	12.4%	10.6%	6.8%	9.8%	10.7%	10.7%	15.1%	12.3%	11.1%	1.4%



% of all vacancies which are Skills Shortage Vacancies

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There are **29,800** more residents with NVQ4+ qualifications than employees within Sheffield.

Qualification	Working Age Population	People Employed in Sheffield	
	2020	2020	Difference
None	28,300	10,500	17,800
NVQ1	32,500	18,100	14,400
NVQ2	53,200	30,800	22,400
NVQ3	55,500	40,600	14,900
NVQ4+	180,900	151,100	29,800
Trade Apprenticeships	11,300	8,400	2,900
Other Qualifications	20,000	9,800	10,200



Unequal city

*“When a society is flourishing health tends to flourish.
When a society has large social and economic
inequalities there are large inequalities in health”*

Marmot, M. (2020). Health Equity in England:
The Marmot Review ten years on. Available here. Pg 5.



Above average healthy life expectancy masks deep inequalities across the city, with more deprived areas lagging behind.

- Within the city, life expectancy ranges from 75.0 for men and 77.8 for women in Burngreave ward (North East LAC) compared to 83.8 for men and 89.2 for women in Ecclesall (South East LAC).
- Inequality in healthy life expectancy plays out in health and disability related deprivation.



Within Sheffield there is a gap in average life expectancy of 8.8 years for men and 11.4 years for women. Sheffield has the highest average healthy life expectancy of any of the Core Cities.



Sheffield performs well relative to the Core Cities on health measures, but the wide disparity within the city is a pressing concern.

- Sheffield has higher rates of deaths compared to the national average for Coronary Heart Disease, Circulatory Disease, Stroke and Cancer but lower rates for Respiratory disease.



Women are increasingly impacted by work limiting disabilities, and a higher proportion of people suffer from mental health problems than the national average.

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Sickness and disability are the main drivers of economic inactivity with gender inequality more stark than between ethnic groups.

- Economic inactivity and unemployment has fallen for the work-limiting disabled population in Sheffield over the past five years, however this is not the case for women where the situation has worsened.
- A higher proportion of those with depression, learning difficulties, mental health problems or nervous disorders are economically inactive and unemployed in Sheffield compared to the national average some parts of Sheffield, rates of depression are 40% higher than the national and city averages.
- **Key Fact:** The proportions of economically inactive on long term sick in our sub-region range from 23% in Sheffield to 39% in Doncaster.

.....

5.3% of Sheffield's residents claim incapacity benefits compared to **4.4%** nationally.

.....

- Sickness and disability are the main reasons for a Sheffield resident being economically inactive (27%). Inactivity varies between ethnic groups however the biggest gap remains between men and women. Intersectional inequalities are prevalent with ethnic minority women having the highest levels of economic inactivity.
- **Key Fact:** In 2021 23% of ethnic minority individuals aged 16-64 are economically inactive (11,000).



Fuel and food poverty has increased faster than the national average in deprived areas of Sheffield.

- Fuel Poverty in Sheffield has increased at a faster rate over the five year period 2014 to 2019 than nationally and remains above the national average, with concentrations of fuel poverty among households in the North East and East LACs.
- **Key Fact:** More than one in six householder is in fuel poverty (nearly 43,000 households) and nearly 25% of LSOAs in Sheffield are within the 10% most deprived nationally.
- In Sheffield food bank usage has risen significantly between 2019/20 and 2020/21, with a particularly steep rise in the number of parcels distributed to children. The % increase has been greater than the national uplift.

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Key Fact: 35.3% of women who work part time in Sheffield earn less than the living wage compared to 31.7% in England

Deprivation and poverty is linked to lower educational outcomes.



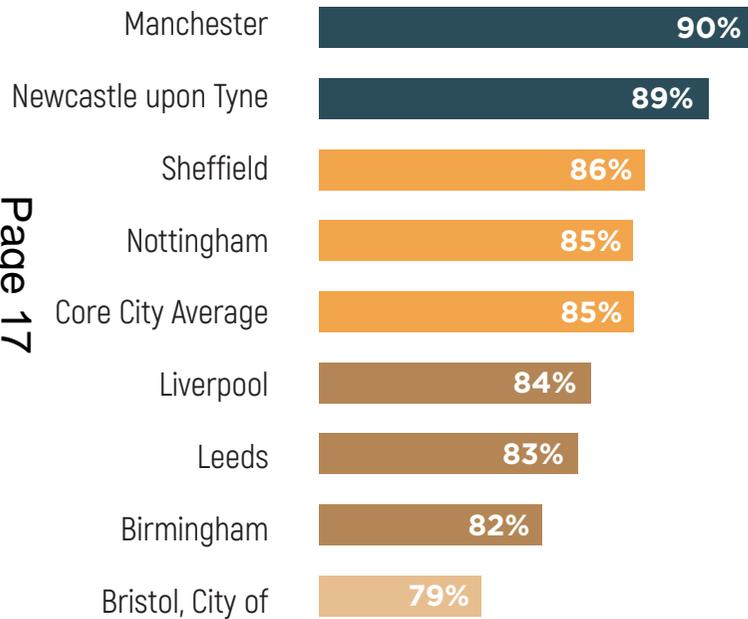
The KS4 attainment gap between pupils in receipt of free school meals and other pupils has **grown to 17.2** points in 2021 from 12 points in 2017

- Rates of 16-17 year olds not in education, employment or training vary widely by ethnicity, but the highest rates are among white and mixed-race young people.



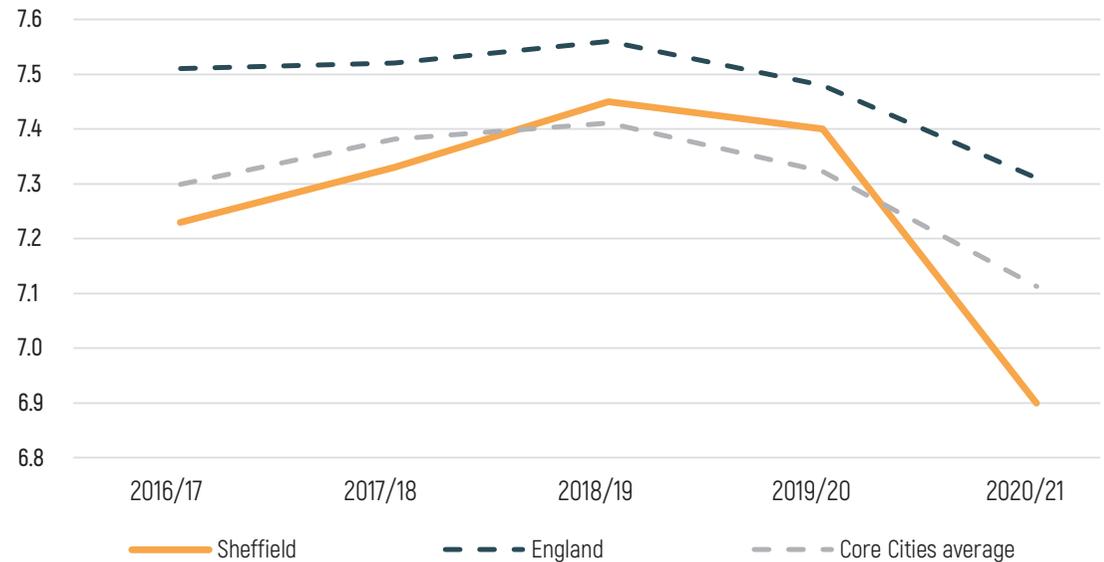
Schools and nurseries rated good or outstanding by OFSTED

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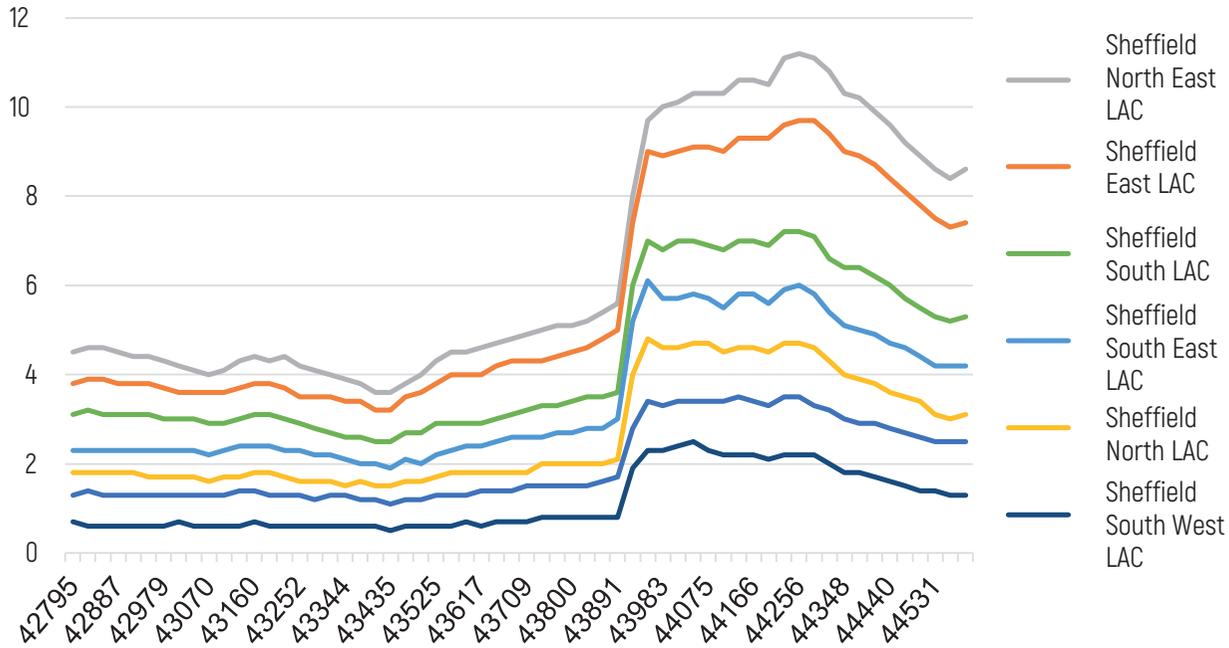
Percentage of schools and nurseries rated good or outstanding by OFSTED. Source: DfE (2021)

Average Happiness Score



Average happiness score for Sheffield, Core Cities and England. Source: ONS Personal Wellbeing in the UK 2021)

Claimant Count as a proportion of the population 16- 64, March 2017- February 2022



Source: ONS Claimant Count

Young people claimant count rate and LAC.



Just Transition



Reducing energy and fuel use, adopting new energy and fuel sources, and retrofitting buildings will be difficult but also provide considerable innovation and job opportunities.

- Business emissions have been decreasing but still contribute around 35% of the city's carbon emissions (household emissions form around 33%).



The LGA forecast nearly **8,000** green jobs are needed within Sheffield to support net zero targets. Business emissions are decreasing but still contribute around 35% of the city's carbon emissions.

Emissions are unequal across the city, reflecting the spatial nature of Sheffield's economy and population.

- Industrial emissions, poor air quality and fuel poverty are affecting the east of the city more, looking at household emissions, the carbon footprint per person is larger in more rural areas of Sheffield in the West and South West. Climate change requires action on many fronts.



Personal and commercial transport emissions reflect the spatial nature of Sheffield's economy.

- Emissions from cars are greater in rural areas, however emissions from vans are largest in the east of the city where economic activity is concentrated.
- Rates of commuting by bike are above average in much of the South and South West LACs but below average everywhere else.

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Key Fact: Our air quality exceeds legal limits which affects the young and old and those with pre-existing heart and lung conditions. It can reduce life expectancy by 9 years and there are 500 premature deaths per year.

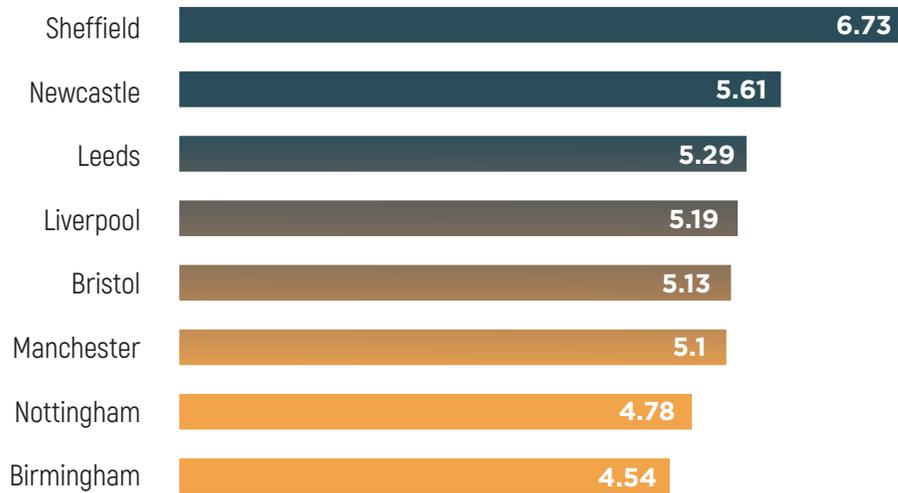
Air quality inequality will exacerbate health and economic disparities.

- Road traffic volume has increased in some non-central geographies since the pandemic, creating worse air quality in areas where people are driving more.



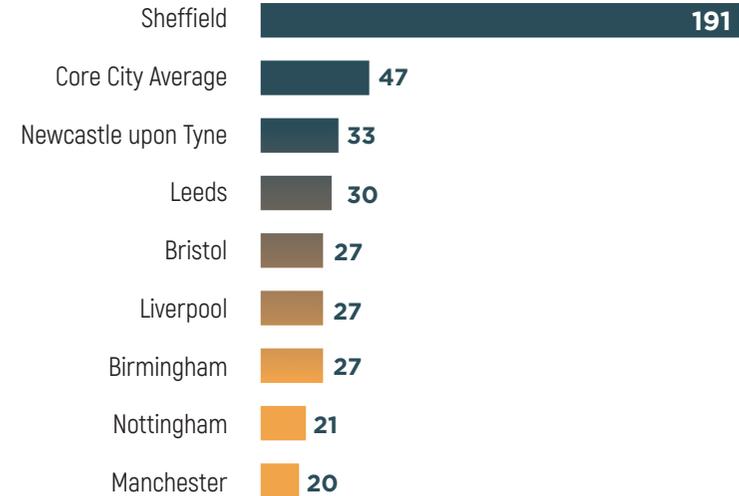
Access to this quality green space and environment can provide a resource for helping address wellbeing and mental health challenges.

'Local Environment' Score (2021)



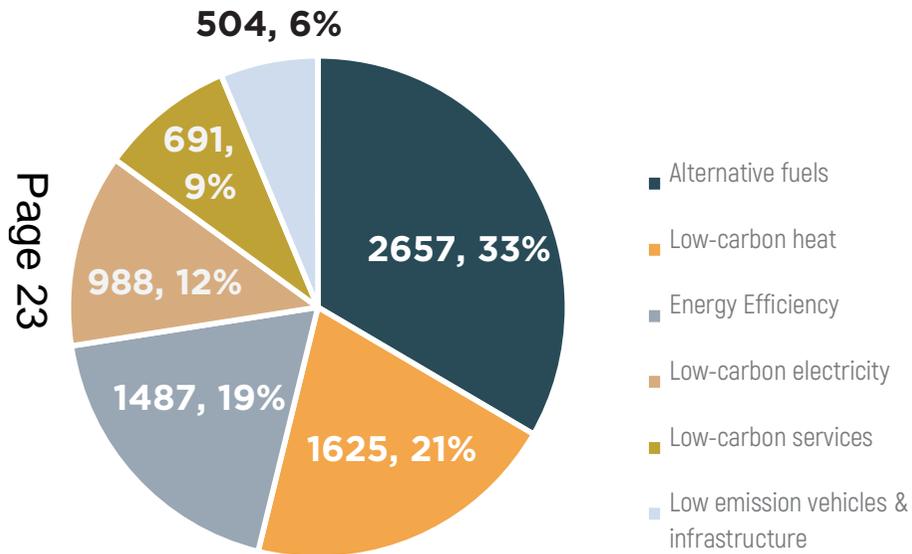
Thriving Cities Index 2021 'Local Environment' Score.

Public Green Space: Area (m²) Per Person



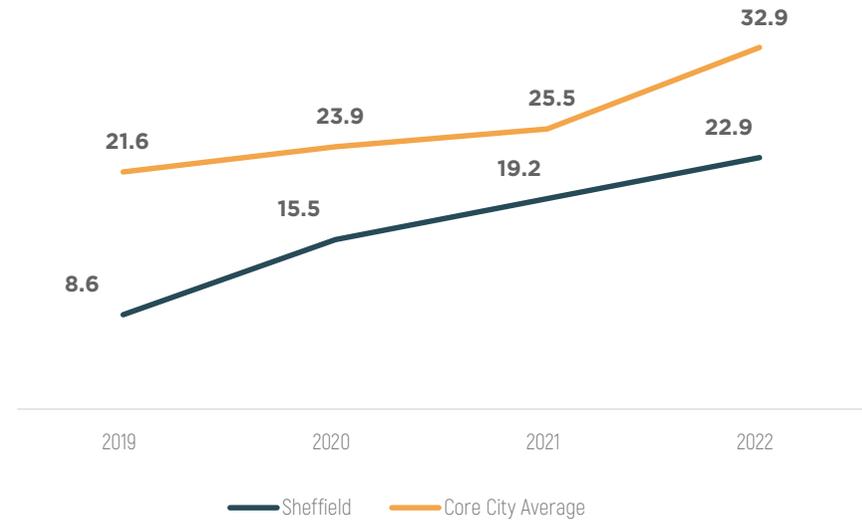
Area (m²) of green space per person in Core Cities

Estimated Jobs by market segment

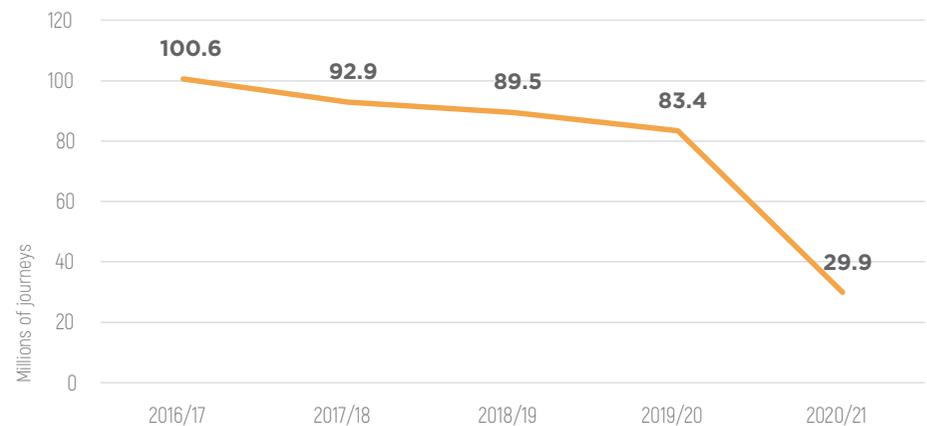


Breakdown of future green jobs by market segment. Source: Local Government Association (2019)

Electric Vehicle Charging Points per 100,000 Residents



Annual Bus Journeys Originating in South Yorkshire ITA



Bus patronage in South Yorkshire ITA



Emerging messages/discussion points

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- Occupational deficits and the make up and structure of the economy means we aren't creating enough and the right jobs to match the skills and requirements of the workforce.
- We are losing ground with core cities. How can we build on our relative strengths? How do we promote social and environmental value as well as economic gains?
- A longer-term and place-based approach to inclusive growth should increase focus on key causes of inequality at earlier life stages. For example, investing in understanding and addressing the factors behind growing inequality in educational outcomes to prevent life-long disparities and to ensure Sheffield's future economic growth is inclusive.
- Unless we address widening disparities, we will reinforce existing trends. Health and wellbeing disparity is constraining some of communities' access to suitable opportunities more than others. Similarly, economic inequality can have negative impacts on people's health.
- We have made progress at reducing emissions created by the energy used by businesses and households in Sheffield. However, we need to do more to reach our ambitious 2030 target for net zero in way that delivers just transition across Sheffield's economy and communities and places our industry at the heart of the green economy.