

B6 ECONOMIC DEVELOPMENT & SKILLS

We will seize opportunities to rebuild and renew our economy whilst becoming a cleaner and more sustainable city. Supporting our city centre and district centres to adapt to the changing economic circumstances to build future resilience and growth.

Director: Diana Buckley | Director of Economy, Skills and Culture

Head of Service: Ben Morley | Head of Programmes and Accountable Body

1 Background and context

Our ambition is for Sheffield to be a flourishing, sustainable and inclusive City economy which creates opportunity, good jobs and better jobs for Sheffielders. As a strong partner alongside businesses, we want a City with a dynamic environment for development and enterprise with a culture of businesses able to start-up, scale up and innovate here in Sheffield.

The last 3 years have been challenging for Sheffield businesses and the City's economy in general. The Covid pandemic and more recently the cost-of-living crisis have had a significant impact on jobs, businesses and livelihoods. Structural changes in the global and national economy continue to be felt locally, such as the shift to digital in work and in retail, and increased automation. The trend of home working appears to have become a permanent feature for some sectors of the economy with knock effects such as reduced footfall numbers in the City Centre. These developments create new opportunities, but also have the potential to exacerbate existing inequalities and bring significant uncertainty to different sectors in our economy.

The process of addressing some of these trends continues, with major innovation assets focused on advanced manufacturing and life sciences. Work is underway to reinvigorate the City centre and diversify its offer by focusing on culture and entertainment as well as retail and work.

Whilst this activity must accelerate, the ability to do so has been seriously impacted upon by the cost of living crisis. Businesses are facing very significant increases in energy and other overhead costs at the same time as consumers are facing net reductions in their disposable income. Inflation is impacting on investment choices and public funding is constrained - it has never been more important for Local Authorities to invest wisely and back winners.

The Council declared a climate emergency in 2019 and a nature emergency in 2021. We have published an independent assessment of the steps needed to get to Net Zero by 2030, much of which is concerned with the fundamentals of our economy. Responding to the climate emergency gives new and unique opportunities for innovation – in manufacturing businesses, in energy

generation, in quality of housing and transformation of our transport systems – on a city scale. By creating a more sustainable economy we will support our City and its businesses to thrive. We can create community wealth by accelerating the business and economic opportunities that will arise from the move towards a low carbon future, including renewable energy, sustainable transport, smart technologies, research, and development.

Sheffield has significant assets that will continue to provide opportunities for development, investment, and growth to produce sustainable economic activity to support the City and wider region. We will be working with partners to create investable propositions around these assets:

- The developing innovation assets in the Advanced Manufacturing Innovation District (AMID), including The University of Sheffield's Advanced Manufacturing Research Centre (AMRC) and Sheffield Hallam University's Advanced Wellbeing Research Centre (AWRC). In July 2023, South Yorkshire was awarded Investment Zone status with a focus on Advanced Manufacturing. This will only enhance Sheffield's innovation assets and encourage investment into the City
- The developing City Centre Strategy, to create a thriving City centre, with a strong focus on housing-led growth in the City centre, alongside catalytic employment projects like West Bar and Castlegate, and the ongoing development of Heart of the City II
- The City's burgeoning digital and tech sectors
- The vibrancy of the City's culture sector
- District centres and communities
- Our Universities and Colleges
- Sheffield's unique offer as 'The Outdoor City', sitting within the Peak District National Park.

These assets will become the cornerstone of a City Investment Plan setting out our ambitions for the short and medium term within the context of a new City strategy – 'City Goals'. The City Goals were commissioned by the City Partnership Board and is a genuinely collaborative process to identify the City's priorities through extensive stakeholder and community engagement. Once agreed, the Goals will be collectively owned by the City and create a framework through which to align resources and expertise.

We will work alongside the South Yorkshire Mayoral Combined Authority (SYMCA) in delivering their Strategic Economic Plan, and make use of 'Gainshare' funding to deliver our priorities. The Gainshare Programme will be overseen by the Economic Development and Skills Committee, who will monitor progress of both capital and revenue activity.

We will also seek to partner with the public and private sector partners, including the Sheffield Property Association, Chamber of Commerce, University of Sheffield, Sheffield Hallam University and Homes England. This will maximise our effectiveness and ability to unlock funding opportunities.

A significant amount of the activity under the Economic Development and Skills area is revenue investment, rather than capital. However, as we move forward with ambition on AMID, Business Support, Decarbonisation, Skills and Culture we expect there will

be an increase in capital requirements and opportunities for capital bids, to add to the City's assets and underpin the capital infrastructure in these areas.

2 How do these activities contribute to 'net zero'?

Reducing the impacts of climate change will help stabilise and mitigate significant impacts on our local economy. Supporting efforts that recognise the valuable contribution the natural environment makes will help our local economy.

Analysis shows that in 2017 the emissions from the City's commercial and industry sector contributed 801ktCO₂ - equivalent to 35% of Sheffield's emissions. Commercial buildings accounted for 54% of these emissions, whilst industrial buildings accounted for 46%. 92% of EPCs for non-domestic buildings in the city are below level B, with 57% at D or below.

To address this the following actions are in delivery:

- Continuation of Economic Renewal Fund that has previously looked to support 'green' projects in district centres.
- Continuation of a low carbon business support project support capital investment in businesses. European Regional Development Fund funding being replaced with United Kingdom Shared Prosperity Fund (UKSPF).
- Continuation of the South Yorkshire 'JESSICA' investment fund to promote low carbon development with an expectation of Excellent BREEAM rating and EPC ratings of 'A'.
- A grants programme for energy efficiency measures in community and cultural buildings.
- Implementation of the Project Feasibility Fund to develop Council-led concepts and projects in the low carbon.

There are opportunities to create a growing green sector. By embracing sustainable development, we create demand for businesses and skills in the green economy, as well as making our developments and businesses more attractive and resilient.

3 Projects completed in 2023/24

None.

4 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Tinsley Art Project	£0.9m	2022-2025	Art installation at Tinsley Marina
2	Sustainable Community & Cultural Assets	£2.2m	2023-2025	Grant regime to improve the energy efficiency and environmental performance of public facing buildings and spaces in across the City Region
3	Low Carbon Project	£1.1m	2023-25	Grant regime to improve the energy efficiency of Small & Medium Enterprises

5 Potential investment pipeline over the next 10 years

	Priority / Project	Impacts	Potential funding source(s)
1	Sustainable Community/Cultural Spaces	<ul style="list-style-type: none"> • Reduced running costs for community and cultural buildings. • Reduced CO2 emissions 	UK Shared Prosperity Fund (UKSPF)
2	Improved Growth Facilities across South Yorkshire	<ul style="list-style-type: none"> • Increased start up numbers • Growth potential for existing firms • Increased R&D • Increased GDP • Job creation 	UKSPF
3	Low Carbon and Productivity Grant programmes	<ul style="list-style-type: none"> • Reduced CO2 emissions • Job creation • Increased GDP • Firm survival rates improved 	UKSPF

6 Our forward look to the 2050s

With a population set to increase to over 600,000 by 2043, it is important that the City fulfils its role as an economic driver for the City Region, presenting opportunities for growth and renewal. We will need to be flexible and responsive to emerging funding pots to enable the continued investment in our City.

Moving to a more resilient economy will be critical for future success, ensuring that growth is both sustainable and improves the health and living standards of the people within the City. Looking forward, we want to focus on inclusive growth and ensure that the benefits of growth are shared across the City.

To aid the future vision for Sheffield, we have embarked on a new long-term goal setting process, called 'Sheffield City Goals'. This is led by the Sheffield City Partnership Board, and bring together public, private and third sector partners to work collective on a new long-term vision and set of priority actions to underpin future collaboration and investment. This will also inform the City Investment Plan which will be the bedrock of future projects for this Strategy.

7 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of long-term vision	Development of City Goals and City Investment Plan Application to the Feasibility Fund
2	Capacity to develop projects	Application to the Feasibility Fund
3	Economic performance of the region	Implement and support others to implement the City Investment Plan
4	Access to funding	Develop funding strategy alongside City Investment Plan

This page is intentionally left blank