

# **SHEFFIELD CITY REGION DEVELOPMENT PROGRAMME**

**A Submission to the Northern Way**

**September 2006**

# SHEFFIELD CITY REGION DEVELOPMENT PROGRAMME

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# 1 Our Vision

For many decades the Sheffield City Region was a major economic force in the north of England, based on the outputs of two of the country's most important industries – coal and steel. The key stakeholders believe that the City Region can again play a pre-eminent role in the national economy, and this is our long term objective. Given the way in which local and regional economies have changed, with the irreversible move to a knowledge-based economy now well underway, the City Region will only realise this objective within the context of a modern and prosperous northern economy. In particular it is by building on its pivotal location in relation to the economic hubs of Leeds, Manchester and the South that the City Region can transform its economy.

By 2025 the Sheffield City Region will be:

***A pivotal international business location, closely connected to the major economic hubs of Leeds, Manchester and the South, recognised as one of the most successful city regions in Europe, sustained through the strengths of its distinctive urban and rural economies.***

The Sheffield City Region has a vision which requires the transformation of the economy, a cultural change across all sections of society, including both the public and private sector. This requires addressing the most persistent legacy of the traditional industries which provided employment over many generations – an embedded culture of dependence on external forces to provide the enterprise and employment for local residents. In addressing and changing this culture, the Sheffield City Region will become a region characterised by its:

- **Innovative and creative economy** – still famous for designing and producing high value products, and with a broader based economy with a focus on international trade, including logistics and distribution. Innovation and creativity will be apparent across all sectors driven by a highly skilled local workforce supported by excellent Higher Education Institutions. Working closely with Leeds and Manchester it will have a creative and digital cluster with a world wide reputation.
- **Strong connections at every level** – to national and international markets, between the major cities and towns with more frequent rail and bus services, and between communities, with access to the many job markets in the city region. It will have improved access to the third largest airport in England – Manchester – and be home to the fastest growing regional airport in England – Robin Hood Airport Doncaster Sheffield; its public transport system will be the best in England.
- **Unrivalled quality of life** – offering a place to live at every stage of working and family life, from city and urban living, to market towns and villages in an outstanding countryside. The poorest quality housing stock will have been long demolished, and home ownership will have increased to the national average. The City Region will have the safest neighbourhoods in England and will have significantly reduced the proportion of its population living in the worst areas of multiple deprivation.
- **Vibrant and cosmopolitan community** – with high achieving young people, benefiting from a wider range of quality opportunities - academic, vocational and employment - in communities with a strong identity where newcomers are welcomed; high levels of self employment, new business formation and enterprise spirit, in an adult population where learning has taken root and is valued.

The Sheffield City Region vision seeks to re-establish the economic contribution which the area once made to the national economy. It is based on a new economic geography which builds on the strengths of the significant new investment which has already been secured, and seeks to take advantage of the pivotal position of the key centres with regard to the national economy. Underlying this vision is a belief that the City Region can develop high quality jobs – both in productive industries and in high value added logistics and services.

This vision of the City Region takes account of the visions which a number of local authorities have already developed for their areas. The City Region Development Programme will help progress the other frameworks and masterplans already in place.

## Sheffield City Region Development Programme - Second Iteration

This second iteration of the Sheffield City Region Development Programme (CRDP) provides a further refinement of the initial submission (June 2005), and takes account of recent policy developments both nationally and within the north of England. Since the submission the Chief Executives and Leaders of the City Region Authorities have met on a number of occasions to clarify the priorities for the City Region and to map out more effective delivery arrangements. These have now been incorporated into this second iteration of the CRDP. It presents both proposals for accelerating economic growth and actions which address the underlying weaknesses in the economy, including transport and housing.

Since the publication of the Northern Way Growth Strategy in September 2004 there have been a number of key milestones in its delivery. These include the publication and ongoing development of the City Region Development Programmes, the reviews of the three Regional Economic Strategies, and the development of the draft Regional Spatial Strategies. The Sheffield CRDP now takes account of the revised Regional Economic Strategies for both Yorkshire and Humber and the East Midlands and the emerging Regional Spatial Strategies agreed by key partners.

These policy developments have provided a much clearer framework for the City Region Development Programmes and also reinforce the importance of the City Regions in reducing the productivity gap of £30bn which provides the underlying rationale for the Northern Way. This second iteration provides further clarity on how the Sheffield City Region can make a contribution to the national agenda of improving competitiveness.

The second iteration more clearly identifies:

1. The **distinctiveness** of the Sheffield City Region, and the assets, strengths and opportunities which will contribute to accelerated economic growth.
2. The **economic connections** with other City Regions, notably the economic hubs of Leeds and Manchester which drive the northern economy and links to Hull and the Humber Ports, the East Midlands and the South.
3. **Key factors** which need to be addressed to both increase productivity and develop sustainable communities.
4. **The role of cities and towns and major initiatives, activities, programmes and opportunities** which will drive accelerated sustainable economic growth within the City Region.
5. **More effective delivery and partnership arrangements** by which interventions will be developed and taken forward at the most appropriate level.

## The Policy and Strategic Context

The Sheffield City Region Development Programme sits within the context of the Northern Way growth agenda. The Northern Way vision seeks to transform the North to become “an area of exceptional opportunity, combining a world-class economy with a superb quality of life”<sup>1</sup>. The Northern Way Growth Strategy set out how the £30bn output gap between the North and the average for England will be bridged over the next twenty-five years. The Sheffield CRDP outlines how the Sheffield City Region will contribute to closing this gap and sets out the actions partners are committed to taking, and the support sought from government and regional agencies.

**It is estimated that the Sheffield City Region could increase its total output by 12.2% by 2016, making a potential £3.8 billion contribution to the £30 billion output gap and thus helping to raise the output of the North closer to levels seen elsewhere in England.**

This second iteration of the CRDP has been prepared during a time of policy development at national level, with the new Department for Communities and Local Government overseeing the preparation of the White Paper on Local Government due to be published shortly. At regional level, Sheffield City Region is unique in bridging the government regional planning boundary between Yorkshire and the Humber and the East Midlands. The CRDP has therefore been developed in the context of two sets of regional economic, spatial and transport strategies.

The two Regional Development Agencies have recently published revised Regional Economic Strategies. The EMDA RES highlights the focus on economic renewal, enterprise and business support, employment, learning and skills and land and development in north Nottinghamshire and north-east Derbyshire whilst in the Derbyshire Dales there is additional focus on environmental protection and transport and logistics. The Regional Economic Strategy for Yorkshire and Humber highlights the major economic opportunity the Sheffield City Region has to complement the Leeds and Manchester city regions and become a renowned centre for advanced production of high value goods and services.

The Regional Spatial Strategies will have a key influence on the location and scale of development within the City Region. The Yorkshire and Humber Plan is currently subject to Examination in Public. The approach to South Yorkshire set out in the draft Yorkshire and Humber Plan is to continue the transformation of the area's economic, environmental and social conditions, with a key emphasis on the main urban centres. The draft East Midlands Regional Plan is due to be launched for public consultation later this month, with the Examination in Public to be held in Spring 2007. The March 2005 RSS identifies the economic, social and environmental regeneration of the Northern Sub-Area as a key priority through the provision of employment, the strengthening of Worksop, Mansfield and Chesterfield, environmental enhancement and the protection and enhancement of natural and cultural assets. A sub-regional spatial strategy for the Northern Sub-Area will be developed as part of the draft Regional Plan.

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<sup>1</sup> Annual Report 2005/06, The Northern Way

Each region has also developed a Transport Strategy as part of the RSS, and these have influenced the development of Local Transport Plans. Regional Housing Strategies have also been incorporated in the regional spatial plans. The CRDP has been developed within the context set by these existing regional and local strategies. However, the CRDP presents a twenty year vision for the City Region and incorporates a number of more aspirational proposals to achieve this vision, not all of which are currently reflected in existing strategies and plans.

## Building on Solid Foundations

The Sheffield City Region Development Programme is set within the context of a number of notable successes over the past five years and a substantial long term investment by key stakeholders in addressing the effects and now the legacy of the decline of the coal and steel industries which for many decades under-pinned the local economy. In recent years, plans have moved from addressing the problems of economic decline, to creating a platform for opportunity and growth, although it is fair to say that it is only in the past five years that the City Region has seen the benefits of fifteen years of economic growth at the national level.

There are a number of well-established partnerships and these serve as a good base for the acceleration of economic growth. A feature of the City Region is the establishment of partnerships at the appropriate level – ensuring that those involved have a role to play in delivering change, not merely representing a third party interest. Key partnerships have included:

- The South Yorkshire Partnership, which was responsible for developing the seven year Objective One Programme covering infrastructure, enterprise, business development and innovation, skills and learning and addressing social exclusion, investing over £800m of Structural Funds, matched by significant public and private sector investment, including £320m of Single Programme support from Yorkshire Forward.
- The Alliance Sub-Regional Strategic Partnership, covering the East Midlands part of the City Region, has overseen sub-regional development strategies supported by investment funds from the East Midlands Development Agency and the Objective 2 Programme.
- Sheffield First (the LSP) and Sheffield One (the URC), which have played the leading roles in the transformation of Sheffield City Centre.

In addition, there are now well-established plans driving the renaissance of the other key centres – Doncaster, Rotherham, Barnsley and Chesterfield – with substantial new investment already secured. The Barnsley plan has already attracted national attention, and key early actions are now underway. These plans are based on strong Local Strategic Partnerships, with local authorities and the two Regional Development Agencies leading the way in developing long term vision, economic frameworks and masterplan work.

Doncaster in particular is already benefiting from significant investment in the town centre, as well as considerable growth in high value logistics, reflecting its central location in the national road and rail network which provides a key strength on which the City Region can build. Rotherham is another successful example, having recently been named the most enterprising place in Yorkshire and the Humber. It is the regional winner of the DTI's 'Enterprising Britain 2006' competition, an annual national contest to reward towns, cities or areas of any size across the country that are best improving economic prospects and encouraging enterprise in their regions.

These long term plans and well established partnerships will take forward many of the actions which are addressing the underlying weaknesses in the City Region economy, as well as contributing to the new economic drivers which will increase the pace and scale of economic growth.

## Four Elements of the City Region Development Programme

Consideration has been given to the need to identify medium and long term investments which will accelerate economic growth, while at the same time continuing to address some of the long term challenges which face the City Region. This is not an either / or situation, more a recognition that there are long term factors involved which have inhibited economic growth, and these need to be addressed by the combined action of all of the stakeholders.

There are **four elements of the Sheffield City Region Development Programme**. These are:

1. Capitalising on the City Region's pivotal position in relation to the economic hubs of Leeds and Manchester, and the south through East Midlands to London, and Hull and the Humber Ports.
2. Accelerating sustainable economic growth through a number of key economic drivers.
3. Re-establishing the main cities and towns as retail, commercial and business centres.
4. Addressing the underlying weaknesses with regard to enterprise, skills, participation, connectivity and the provision of housing for growth.

Whilst the first and second elements listed above are at the forefront of this Programme, the successful economic renaissance of the City Region requires all four elements to be addressed. The major stakeholders are committed to a City Region based on a number of fast growing centres, capitalising on the different strengths across the City Region and the advantage of the pivotal location between north and south.

The third and fourth elements are priorities for local, regional and national stakeholders, including those agencies involved in supporting mixed communities and the competitiveness agenda. There remain significant benefits to be realised through both freedoms and flexibilities and more effective delivery. In the latter case, many of the CRDP stakeholders have already advanced plans to increase the effectiveness of existing interventions.

In considering the implementation of the Programme, the key stakeholders have identified a number of **principles** that will underpin the work going forward. These are:

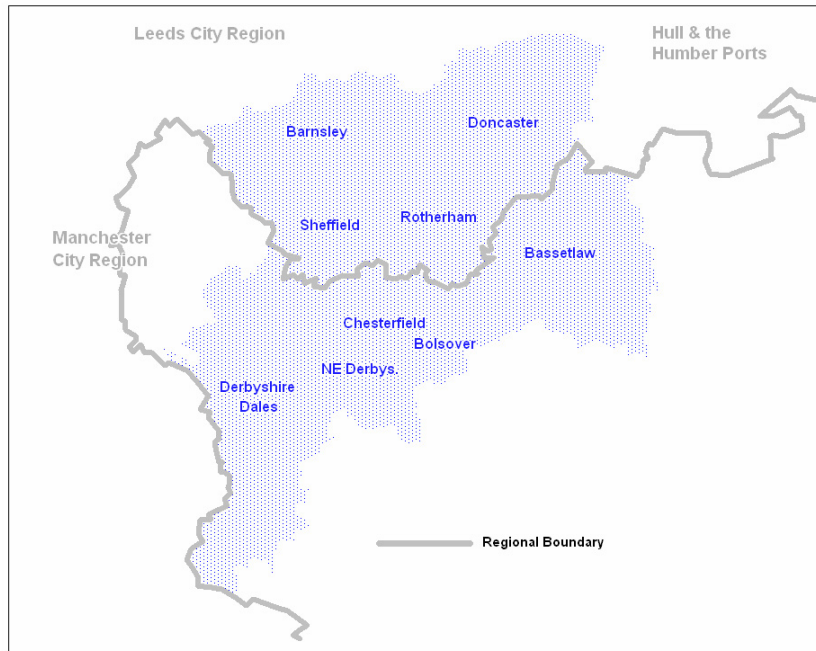
- A long-term commitment is needed to secure real progress, although there is an expectation that real and measurable benefits will be realised in the short term.
- Some of the elements are already well advanced and do not require new governance or delivery arrangements, although continued investment is required to maintain momentum.
- A number of new bilateral and other partnerships are required for some of the proposals, and there is a willingness to commit time and resources to these new arrangements.
- There are some freedoms and flexibilities required from Government as well as a commitment by key regional agencies and National Departments to working through the detail of the proposals to accelerate progress.

These principles reflect a determination that the City Region Development Programme is not a passing initiative, rather it indicates a long term approach to investment in the City Region, and that the Partnership will see decisions being influenced by the priorities set out in this document.

## 2 The Distinctiveness of the Sheffield City Region

### Introduction

Sheffield City Region comprises eleven local authority areas, including two County Councils<sup>2</sup>, with a population of approximately 1.7 million people, and is located at the cross point of the East West axis of the Northern Cities. The City Region contains the major urban areas of Sheffield (with a population of over 500,000), Doncaster, Rotherham, Chesterfield and Barnsley. While historically the City Region was a major centre for coal, steel and manufacturing, key stakeholders have successfully begun the process of re-shaping its economy, although the external image of the region still reflects the industrial heritage.



Sheffield and Doncaster **provide two powerful growth poles**, Sheffield as one of England's Core Cities with a revitalised City Centre and home to two Universities, and Doncaster as a fast growing logistics interchange, at the heart of the road and rail network including links to the East and South, and now benefiting from the international connectivity provided by the recently opened Robin Hood Airport. There is strong growth across South Yorkshire with Rotherham recording the fastest growth rate in the Yorkshire and the Humber region – a 29% increase in jobs between 1998-2004.

A distinguishing feature of the City Region is that the urban areas are embedded in a network of market towns and villages of exceptional quality with easy access to transport networks providing ideal locations for establishing new businesses as well as attractive residential areas.

The City Region is based on economic boundaries, with a blurring of the administrative boundaries which cover two Government Office areas, and consequently two Regional Development Agencies. The encompassing of the northern end of the East Midlands has been widely accepted by local stakeholders, with recognition of the key benefits of city region collaboration in terms of the economy, transport, housing offer, and leisure / retail opportunities.

### Defining Features

There are three distinctive features of the Sheffield City Region. These are:

- With Sheffield as the 'Core City' currently undergoing major economic regeneration, the Sheffield City Region also ***benefits from a number of urban centres*** allowing it to make a significant contribution to economic growth, including Doncaster, Barnsley, Rotherham and Chesterfield, all of which have clear visions for resurgent economies.
- The City Region is also ***defined as much by its outstanding environment and rural areas***, as its larger centres (many of which are in the process of transition), with the Peak District National Park contributing to a quality of life that other City Regions aspire to; and

<sup>2</sup> Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire County Council, Derbyshire Dales, Doncaster, North East Derbyshire, Nottinghamshire County Council, Rotherham and Sheffield

- In Sheffield, the *City Region has a world renowned centre* for advanced and high quality manufacturing, and importantly a brand name which has global recognition.

As such the City Region is not based upon a metropolitan / urban heart into which everything flows; instead there are a number of large centres, close to market towns and villages, benefiting from close proximity to outstanding rural countryside – it is this ‘something for everyone’ at each stage of their life which acts as the foundation for a sustainable, modern and prosperous economy providing a high quality of life for all.

The City Region faces a number of challenges across its towns and communities, but crucially benefits from the distribution of opportunities across its geography, based upon strong assets such as:

- the advanced manufacturing base in Sheffield-Rotherham,
- Robin Hood Airport Doncaster Sheffield and fast growing logistics industries benefiting Doncaster, Bassetlaw and Bolsover, amongst others,
- the proximity to the motorway network benefiting the larger towns such as Barnsley, Doncaster and Chesterfield,
- the creative and digital industries which have a very strong base in Sheffield, and considerable potential in other centres, and
- the outstanding natural environment which benefits the whole City Region.

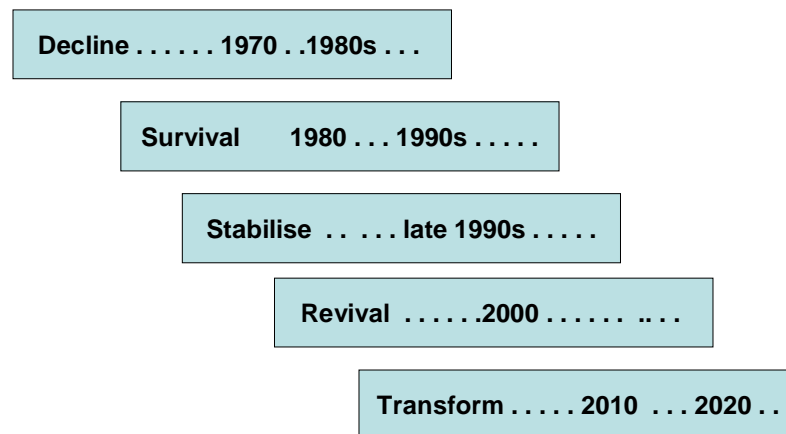
The plans for the Sheffield City Region are not predicated upon appealing to a narrow part of the population or the business base, or on building up one single employment centre at the expense of the surrounding towns. Instead it identifies real growth opportunities, many arising from the City Region’s central location, while at the same time addressing some of the underlying weaknesses which have held back the City Region for many years.

### 3 Building on Achievements: How the Platform For Growth Has Been Developed

The Sheffield City Region has now been dealing with the effects of the re-structuring of the coal and steel industries for many years. This legacy has driven a number of policies and strategies. The focus of the CRDP is on developing a prosperous future, and less on the immediate aftermath of closures and redundancies.

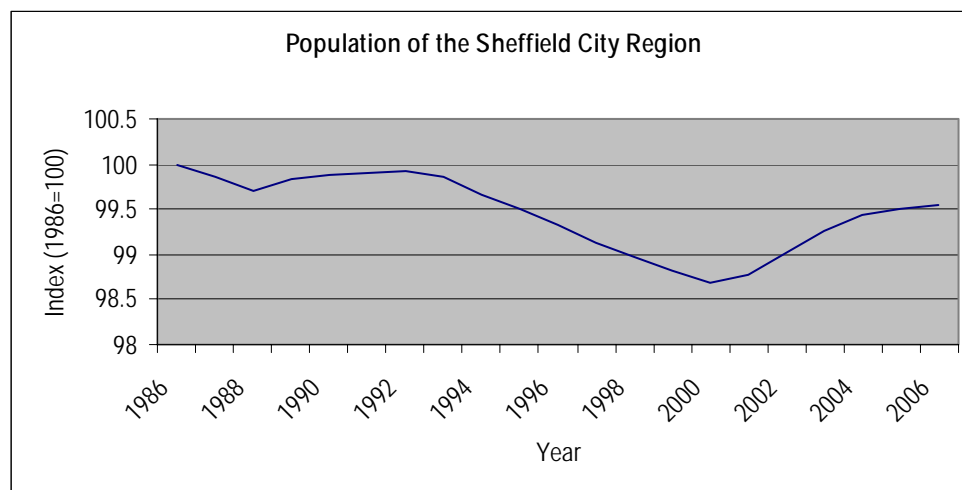
The economy of the City Region stabilised in the late 1990s, since when there has been a sustained revival, a result of national economic growth and significant investment in business and economic infrastructure. While this revival is likely to continue, the journey to a truly transformed, modern economy requires sustained investment over a fifteen to twenty year period.

#### Stages of Turnaround



#### Population

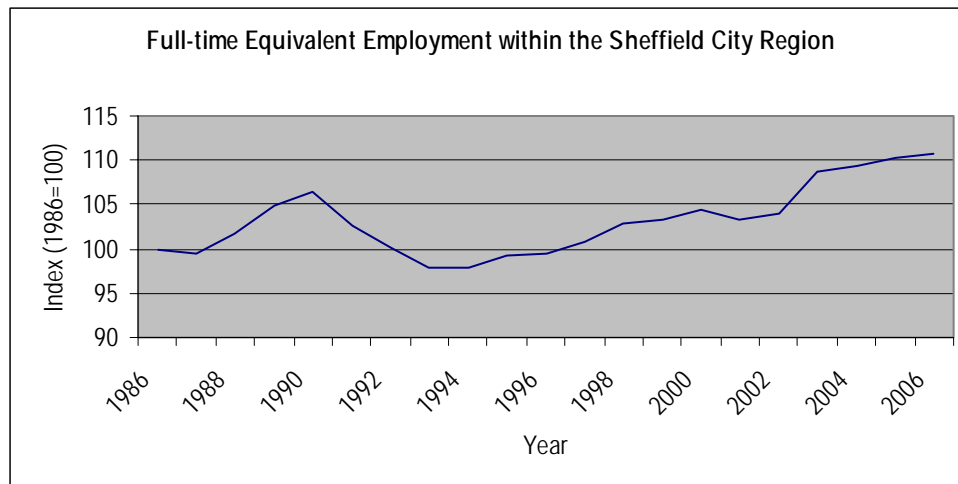
Sheffield City Region has a population of nearly 1.7m – only slightly lower than it was twenty years ago in 1986, although this disguises some significant variations over the period. The population fell for a number of years, reaching a low of 1,638,000 in 2000, since when it has recovered somewhat. Sheffield, the main urban centre, has seen its population fall by over 3% over the past twenty years, much lower than the population losses in other major cities such as Manchester and Newcastle. The poor economic performance in the 1980s and 1990s resulted in the effective population standstill, in contrast to areas in the south and predominantly rural areas which experienced significant population growth. More recently inward migration has increased as new job opportunities attract people to the region.



Source: Experian

## Employment

There are estimated to be over 675,000 full time equivalent jobs in the City Region, an increase of over 10% since 1986. Employment has been rising since 1993, and has jumped substantially over the past five years - **over 40,000 full time equivalent jobs have been created since 2002**. Over one-third of employment is located in Sheffield, with Doncaster and Rotherham each also accounting for over 100,000 FTE jobs.



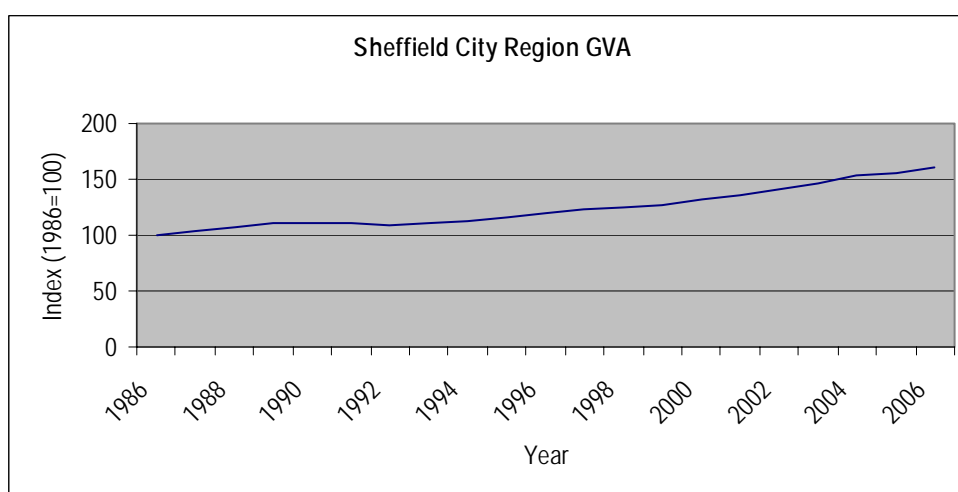
Source: Experian

Although total employment has risen above the 1990 peak, there has been considerable change in terms of economic structure. In broad terms manufacturing employment has fallen, although it retains a significant base, while the service sector has grown, although at a lower rate than elsewhere. The public sector remains a major employer. Going forward, the City Region needs to increase the high value added service sector and ensure that the manufacturing sector focuses on high value added activities where there is a competitive advantage through knowledge and innovation.

## Long Term Economic Growth

Total GVA within the City Region grew by 60% over the twenty year period from 1986, which includes a decline in GVA of 2% between 1990 and 1992. Between 1993 and 1999 total GVA grew at an average annual rate of 2.5% per annum, increasing to an annual average rate of 3.7% between 2000 and 2006. This increase in growth from 2000 onwards is reflected in the employment figures.

Over the whole period, the fastest GVA growth was in North East Derbyshire, where the GVA increased at the average annual rate of 4.9%. The figure for Rotherham is also high, standing at 4.1%. Overall the local authorities within South Yorkshire accounted for 75% of the total GVA growth within the City Region, despite Sheffield and Barnsley witnessing relatively low levels of annual GVA growth (of 2.5 and 2.3% respectively) over the whole period 1986 to 2006.



Source: Experian

## Recent Economic Growth – Amongst the Best of the City Regions

The improvement in the City Region's economic performance is rapid when compared to other City Regions. While over the last 20 years, Sheffield is toward the bottom half when compared to ten other City Regions, it is ranked second over the past five years. Only Bristol has a higher average growth rate over the past five years, while Sheffield City Region is above both Leeds and Manchester.

City Region Growth Comparisons		
City Region	Total Growth, 1986 - 2006	Average Annual Growth Rate 2000-2006
Bristol	80.9%	3.5%
<b>Sheffield</b>	<b>60.0%</b>	<b>3.3%</b>
Leeds	63.3%	3.2%
Hull and Humber Ports	63.3%	3.2%
Tyne and Wear	51.7%	2.9%
Central Lancashire	61.0%	2.8%
Manchester	60.5%	2.6%
Birmingham	62.4%	2.6%
Tees Valley	53.7%	2.5%
Liverpool Merseyside	45.1%	2.3%

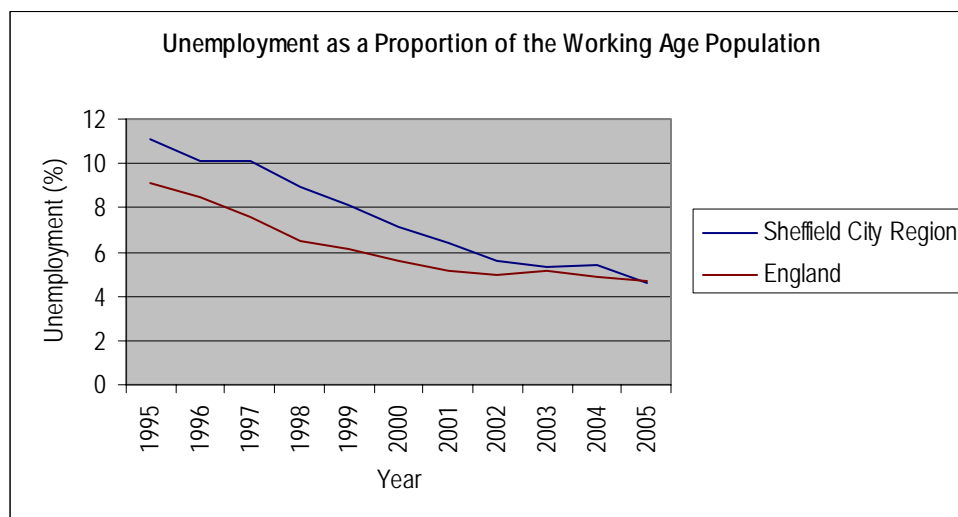
Source: Experian

The high rate of economic growth reflects what is happening across the geography of the City Region. The success of the Heart of the City scheme in Sheffield has led to significant new investment in retail, residential and commercial development, and this has been mirrored in the other major centres. The scale of new investment has also been captured in the increasing employment levels, noted earlier, and the fall in the unemployment rate to close to / below the national average.

## Unemployment: Now Below The National Average

Total unemployment as a proportion of the working age population has decreased from 11% to 4.6% within the City Region between 1995 and 2005. While unemployment in 1995 was higher than the national figure, the decrease within the City Region has been faster than that seen nationally, and in 2005 unemployment within the City Region was in line with the national figure (4.6% within the City Region, compared to 4.7% nationally).

**This narrowing of the gap to take the unemployment figure below the national average, is a remarkable achievement.** However, a challenge remains in the City Region – the numbers of people now on Incapacity Benefit, addressed later in this section under participation.

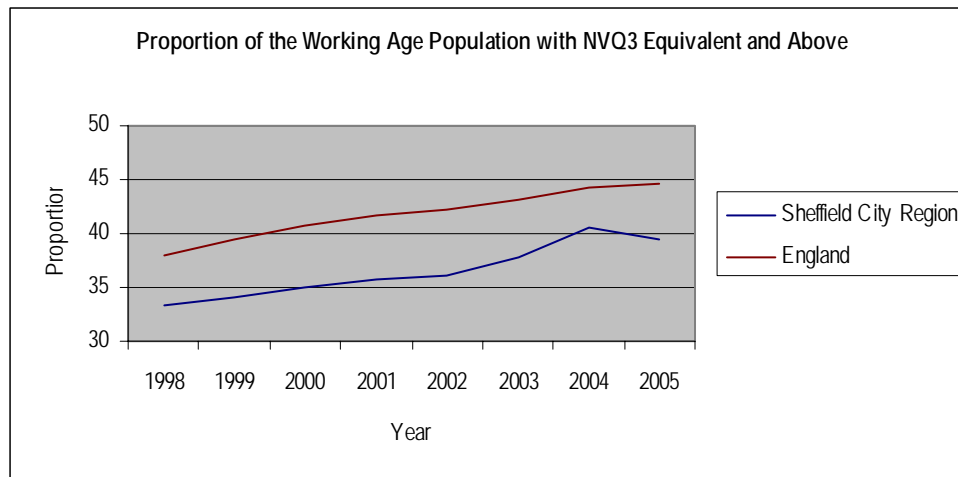


Source: Annual Population Survey / Labour Force Survey

## Skills: Improving, but More Improvement Needed

The total proportion of the working age population with NVQ3 equivalent and above steadily increased by 6 percentage points, to reach 40% within the City Region, between 1998 and 2005. This compares to a 6.7 percentage point increase across England. The City Region proportion has remained consistently below the English figure throughout the period, standing at 90% of the English figure in 2005. However, GCSE and A-Level attainment rates are rising.

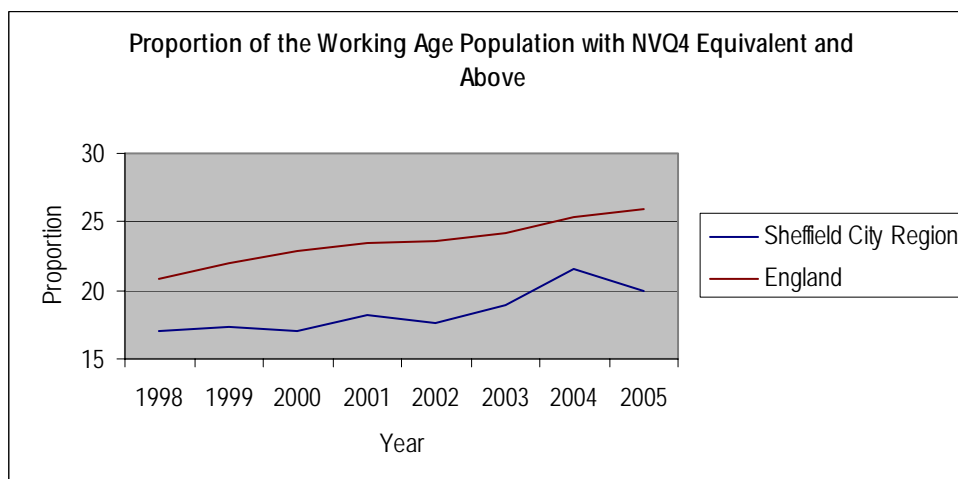
The five percentage point difference is a major gap and translates into a figure of circa 40,000 individuals.



Source: Annual Population Survey / Labour Force Survey

The skills gap between the City Region and England as a whole is more apparent for the proportion of the working age population with NVQ4 equivalent and above. The total increase between 1998 and 2005 was 2.8 percentage points, compared to 5.1 percent nationally. In 2005 the proportion in the City Region qualified to NVQ4 and above stood at only 77% of the English average.

The five percentage point difference is a major gap at the most highly qualified end of the labour market and translates into a figure of circa 40,000 individuals, and this is considerable in the context of a more limited number of graduate level jobs.

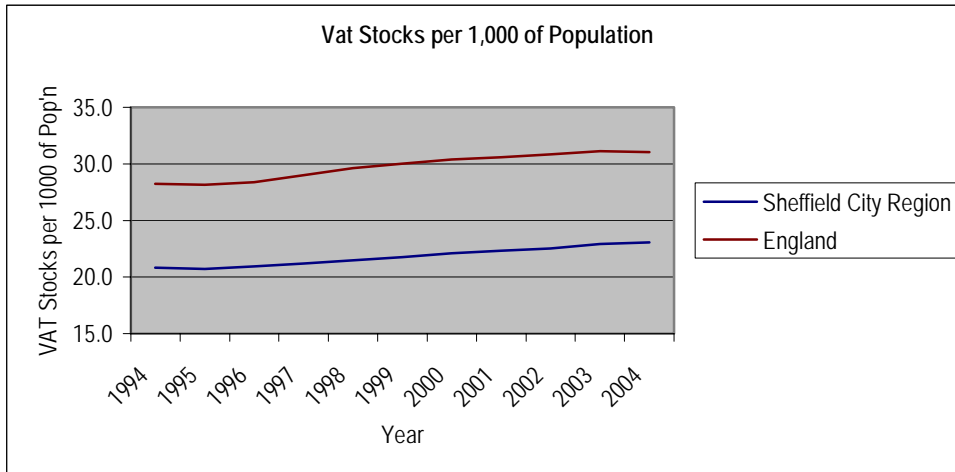


Source: Annual Population Survey / Labour Force Survey

The skills gap between the City Region and the national averages appeared to widen at the end of the 1990s and then close for a short period, before widening again. If accurate this presents a worrying scenario which needs to be addressed if progress is to be made toward a transformed economy, rather than one which can produce lower paid and lower skilled jobs.

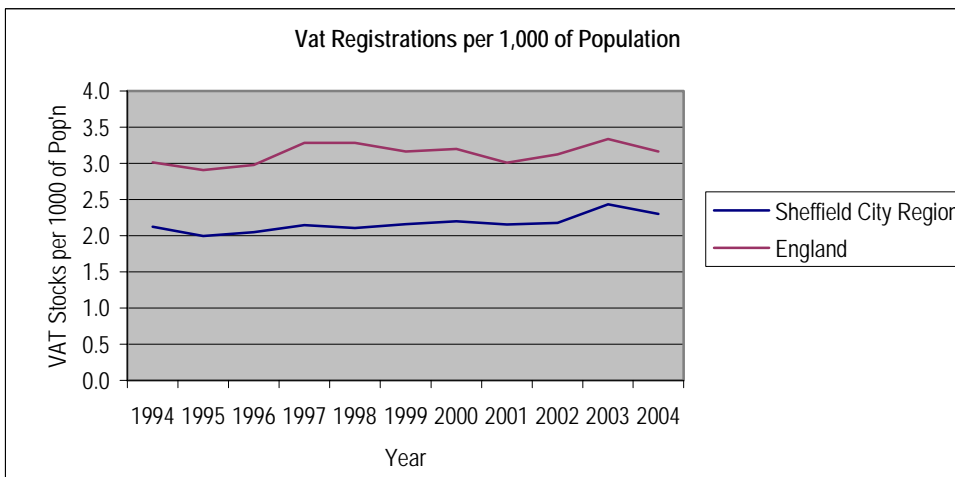
## Enterprise: An Area Where We Need To Do Better

VAT stocks per 1,000 of the population have increased steadily between 1995 and 2004, following a very small decline (of 0.5%) between 1994 and 1995. Between 1995 and 2004 VAT stocks per 1,000 of the population increased by 11% to 23.1. This pattern mirrors the English growth, and consequently there has been no reduction in the enterprise gap – **the City Region has a shortfall of over 13,000 businesses**, although the number of businesses has increased to 39,000, and there is strong employment growth across the City Region.



Source: Nomis VAT Registrations and Stocks, Experian, and Mid Year Population Estimates

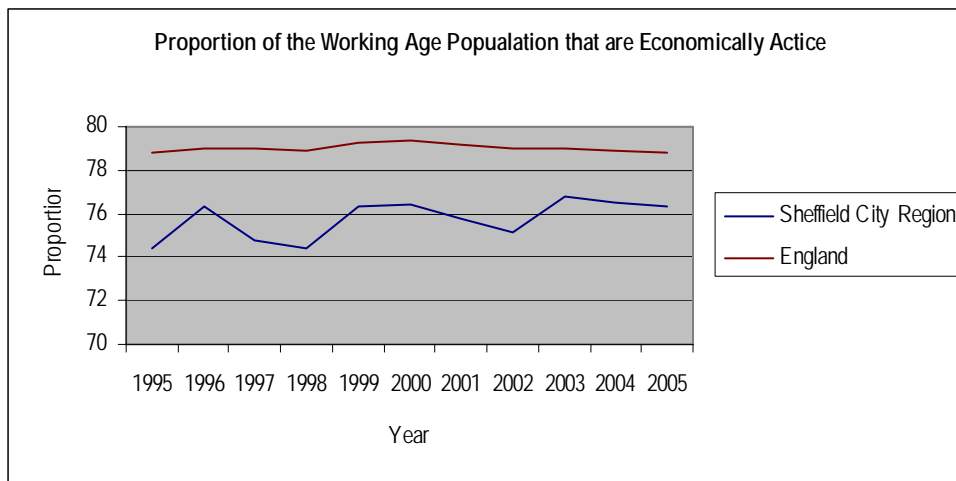
The VAT Registrations show a similar pattern to the VAT stocks, with the figures increasing steadily between 1995 and 2002, following a slight decline between 1994 and 1995. The step up in the numbers of registrations since 2002 has been significant and is likely to reflect more positive economic conditions and the resources being targeted at new business starts ups (including Objective One support). While the total VAT registrations per 1,000 of the population in the City Region remain consistently below the national figure, there are signs that the gap may be narrowing. Between 1994 and 2004, total VAT registrations per 1,000 of the population increased by 11.1% which compared to an increase of only 9.9% across England.



Source: Nomis VAT Registrations and Stocks, Experian, and Mid Year Population Estimates

## Participation: Our Most Difficult Challenge

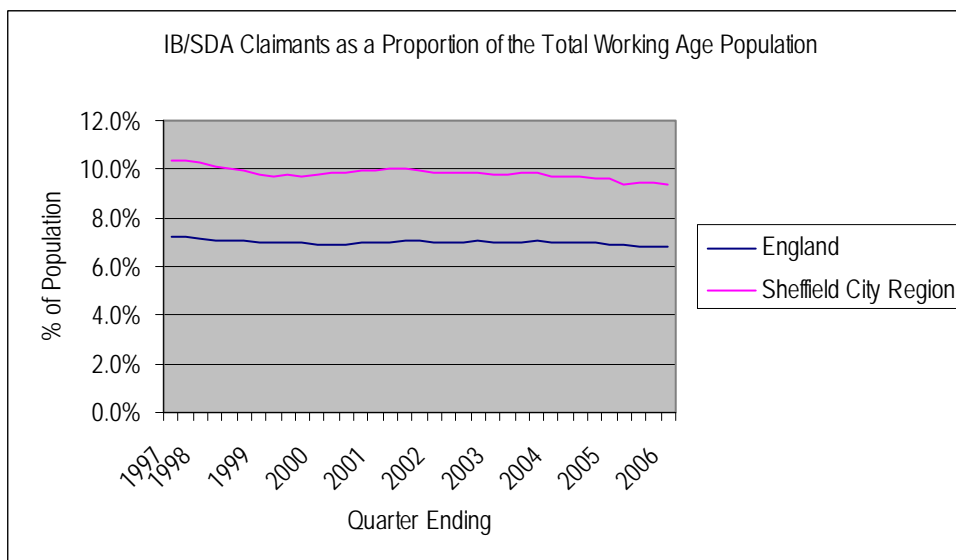
The proportion of the working age population classified as active has increased over the period 1995 to 2005 from 74% to 76%. These figures have remained consistently below the figures for England, however the relatively stable position of the English figure has allowed the gap between the Sheffield City Region and the national picture to decrease from 4.4 percentage points, to 2.5.



Source: Annual Population Survey / Labour Force Survey

The proportion of working age people claiming Incapacity Benefit and Severe Disability Allowance (IB and SDA) in the Sheffield City Region remained above the national average over the period August 1997 to February 2006. This is despite a faster decline in the proportion of claimants across the City Region over this period.

In February 2006, IB/SDA Claimants as a proportion of the working age population stood at 9.3%, compared to the national figure of 6.8%. The scale of the issue is not only illustrated by the gap between the City Region and national averages, but in the absolute numbers involved. **Almost 100,000 people are in receipt of Incapacity Benefit in the City Region.**



Source: Annual Population Survey / Labour Force Survey

Assisting people currently on Incapacity Benefit to return to the labour market is an important objective for key stakeholders. The very high numbers involved helps to explain the numbers of households on very low incomes.

## 4 Future Prospects and the Growth Proposition

Over the next ten years, the population of the City Region will grow by 1.5% and the employment base by 3.0%. This will present an opportunity to increase the economic activity rate and reduce worklessness. In total some 20,000 full time equivalent additional jobs will be created, although this translates into 35,000 jobs when part time employment is taken into account. The City Region will also see the GVA figure increase by 26.0%; another substantial increase, building upon the success of the past five years. This is the policy off scenario i.e. it takes no account of the plans of the Sheffield CR Partnership to accelerate economic growth and address underlying economic weaknesses.

Sheffield City Region 2006-2016				
	2006	2011	2016	2006 – 2016
GVA (£m)	24,326	27,660	31,451	29.3%
Full Time Employment (000s)	678	687	698	3.0%

Source: Experian

While GVA will increase across most sectors, there are a number of broad sectors in which growth will be substantial<sup>3</sup>. The most notable is Communications, where GVA will double in ten years. In the majority of the high growth sectors, there is a need for higher skilled personnel, notably in electrical and optical equipment, business services and banking and insurance. Another feature of the growth sectors is the proportion of higher value service sector employment. This suggests that there is the potential to continue the transition to a knowledge-based service sector economy. The section on key sectors highlights three areas of the economy which will be particularly important to the future of the Sheffield City Region – advanced manufacturing, cultural, creative and digital industries, and business and financial services.

Sheffield City Region: Key Sectors Growth,				
	2006 £m	2011 £m	2016 £m	2006 – 2016 %
Communications	991	1,469	2,024	104
Electrical & Optical Equipment	345	427	558	62
Health	2,262	2,706	3,308	46
Business Services	2,297	2,779	3,334	45
Other Services	948	1,134	1,353	43
Banking & Insurance	1,204	1,429	1,628	35
Construction	2,254	2,585	3,026	34
Retailing	1,564	1,811	2,053	31

Source: Experian

With the exception of Chesterfield, the highest levels of (policy off) economic growth over the next ten years will be in the rural parts of the City Region, although the largest contributions will be realised in Sheffield, with significant contributions from Doncaster and Rotherham. Increasing the growth rates in the major centres would have a significant impact on the overall growth rate.

Sheffield City Region: Growth Across The City Region				
	2006 £m	2011 £m	2016 £m	2006 – 2016 %
Chesterfield	1,588	1,854	2,171	37
Bolsover	764	888	1,030	35
Bassetlaw	1,469	1,694	1,942	32
NE Derbyshire	1,024	1,179	1,348	32
Derbyshire Dales	1,153	1,320	1,483	29
Sheffield	8,365	10,344	12,515	28
Doncaster	3,818	4,315	4,895	28
Rotherham	3,756	4,225	4,799	28
Barnsley	2,551	2,881	3,247	27

Source: Experian

The economic forecasts indicate the potential for the City Region both to grow and change its economy over the next ten years. These forecasts present the base case scenario and do not take account of interventions which can accelerate the pace of change. There are a number of economic drivers, such as Robin Hood Airport, which could add a further impetus to these projections.

Set beside the very positive developments of the past five years, and with the new investment already underway in Sheffield, Doncaster and elsewhere, there is a real opportunity to accelerate economic growth in the Sheffield City Region.

<sup>3</sup> The sector definitions used in the forecasting model mean projections for more highly defined sub-sectors cannot be produced.

## The Growth Proposition: The Policy On Scenario

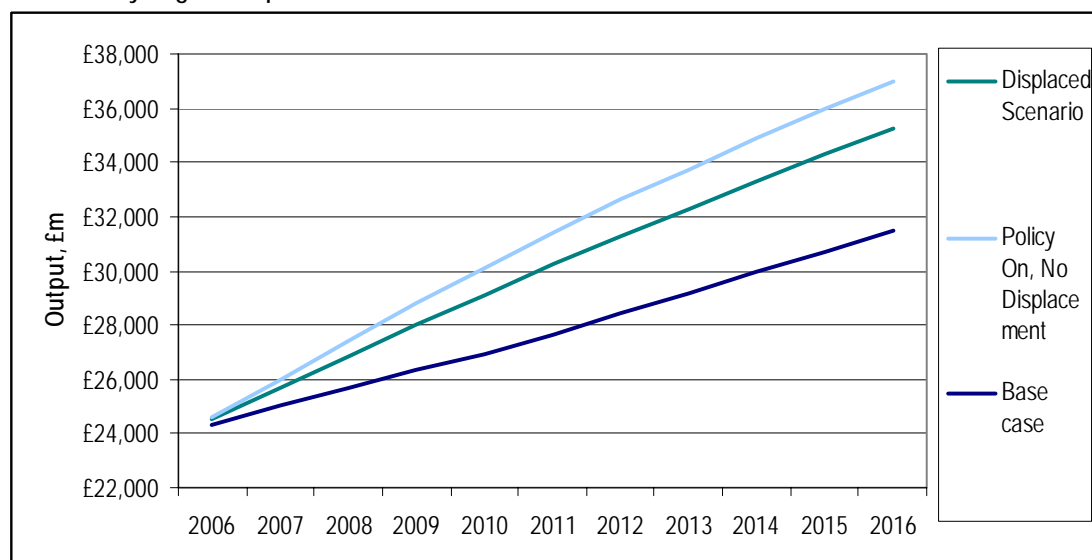
The Sheffield City Region Partnership is putting forward a number of proposals which will accelerate economic growth over the medium and long term. These are based on significant investment in transport infrastructure, the release in the medium term of major new development sites close to the major centres and the road network, and the continuing growth of the main centres. The effect of the recent re-invigoration of key centres is already resulting in rates of growth equal to or in excess of the national average. The City Region seeks to maintain these high growth rates over the medium and long term.

The graph below outlines the forecast growth without the City Region Development Programme, and the “policy on” scenario if the City Region Development Programme is taken forward. The current forecasts for the City Region suggest an annual average growth rate of 2.6%.

The Sheffield City Region Partnership believes that a growth rate averaging 3.7% per annum (taking account of displacement) can be maintained over the next ten years if the plans outlined in this submission are fully supported. This will maintain the high levels of growth seen over the past few years, by developing new opportunities which continue to accelerate economic growth. These include the development of Robin Hood Airport, the growth of key centres, continued development of the advanced manufacturing and creative sectors and innovation-related opportunities building on the strengths of the universities.

The achievement of this growth rate will enable the Sheffield City Region to raise its output from a base position of £31.5bn in 2016 to £35.3bn, making a £3.8bn contribution to closing the output gap with the rest of England, and would generate an additional 75,000 full time equivalent jobs in the City Region compared with the “policy off” scenario. By 2016, the Sheffield City Region GVA per head figure will have risen to £45,600 per full time equivalent employee.

### Sheffield City Region Output – Potential Growth



The high level growth forecast is linked to both new opportunities being developed and some underlying structural weaknesses being addressed. The Partnership has a successful track record in addressing some of the long term issues facing the business and wider community. Critically, the higher level of growth is dependent upon the continuing economic renaissance of the key centres, for which plans are already well advanced.

In the longer term, post 2016, the full impact of the major airport related, road and public transport improvements proposed as part of the Sheffield CRDP will further accelerate growth.

### What does this mean for accelerating economic growth?

The Sheffield City Region has a modernising economic base and considerable unrealised potential given its pivotal location and key assets. There are a number of important developments that have changed the perception of the City Region as continually lagging behind other regions. These are:

- Both GVA and employment have increased significantly over the past five years, and the Sheffield City Region is now one of the best performing in the north.
- Unemployment has fallen below the national average, a remarkable achievement given the scale of job losses in the late 1980s and early 1990s.
- There has been a marked fall in the numbers on Incapacity Benefit, although further progress is required.
- The economically active number is only two percentage points behind the national average.

In summary, there has been a marked increase in the pace of change in the past five years, and the City Region has successfully addressed some of the legacy issues of the re-structuring of the coal and steel industries.

There remain a number of challenges, notably the skill levels of the workforce, the enterprise base and the very high number of people on Incapacity Benefit. Nevertheless, the recent performance suggests there is a platform from which to address these issues.

### What will the Sheffield CR Partnership do?

The key stakeholders in the City Region Partnership are already taking forward strategies and interventions to address weakness and accelerate economic growth. This work will continue, and some new interventions are outlined later in this document. The major actions which stakeholders are committed to can be summarised as:

1. Accelerating plans for the renewal of the major centres as key employment locations.
2. Agreeing a set of economic drivers to help increase the pace of economic growth.
3. Continuing to develop local enterprise and inclusion strategies to address underlying weaknesses in the economy.
4. Identifying the economic infrastructure needed to support high levels of economic growth and producing a long term strategic transport plan which identifies the contribution of transport to realising economic potential.
5. Setting out freedoms and flexibilities across all public sector funding streams to remove barriers to effective intervention.
6. Developing new delivery arrangements which increase efficiency and channel resources to front line services and key client groups.

### What can Government and Regional Agencies do?

Later sections of this Programme outline the resources, freedom and flexibilities required to ensure that the rate of economic growth increases over the coming years. Both Government and Regional Agencies need to understand the Programme in its totality, not in individual silos, and to recognise that accelerating economic growth and developing successful mixed communities are two parts of one agenda for the Sheffield City Region.

Specific proposals for Government and Regional Agencies are itemised throughout this document. At the macro level, there are a number of proposals which relate to how the CRDP should be taken forward. These are:

#### Government Departments

1. Sponsoring Department to brief all Departments on the Sheffield City Region Development Programme.
2. Early agreement on constraints to growth which require to be considered by Government Departments and arrangements put in place for a dialogue to maintain and monitor progress.
3. Early consideration of increasing resources and flexibilities designed to address worklessness and economic exclusion and support for the Employment Consortium operating in part of the City Region.

#### Yorkshire Forward and the East Midlands Development Agency:

1. Ensure that the CRDP is a priority in the EU Competitiveness and Employment Programmes for both the East Midlands and Yorkshire and the Humber.
2. Continue to provide information and intelligence in relation to macro and national trends relevant to accelerated economic growth.
3. Take the lead in disseminating best practice in terms of interventions designed to accelerate growth and address economic exclusion.
4. Simplify funding and delivery arrangements to support the work of key CRDP stakeholders.
5. Ensure adequate management, research and intelligence functions are in place to support the CRDP.
6. Help develop links with adjacent City Regions, critically Leeds and Manchester, and also Hull and the Three Cities of the East Midlands.

## 5 The Pivotal Role of the Sheffield City Region

The Sheffield City Region occupies a pivotal location in relation to the economic hubs of Manchester and Leeds, to the global gateway through Hull and the Humber Ports, and to the south through the East Midlands to London and the South East.

### The Manchester and Leeds City Regions

The City Region is the southern part of the central core of the northern economy, along with the economic hubs of Manchester and Leeds, with a population in excess of 7 million and a workforce of a workforce over 3.2 million (full time equivalents). The three City Regions are the lynchpin of the whole of the northern economy, with an influence extending into both the East and West Midlands, as well as to the west and the Liverpool City Region and the east to Hull and the Humber Ports and Teesside. In size terms the three City Regions combined are equivalent in terms of population to London, although the GVA generated is significantly less, illustrating the un-realised potential at the heart of the northern economy.

Combined Leeds-Manchester-Sheffield Economies: Key Facts 2006				
	Population, 000s	Workforce, 000s	GVA, £m	GVA per head
Leeds	2,804	1,197	45,490	16,220
Manchester	3,199	1,361	50,941	15,920
Sheffield	1,653	658	24,230	14,660
<b>LMS</b>	<b>7,656</b>	<b>3,216</b>	<b>120,661</b>	<b>15,760</b>
London	7,542		211,512	28,040
South East	8,173		167,239	20,460

Source: Experian

Despite their proximity, links between Sheffield, Leeds and Manchester City Regions are in many ways under-developed, and there remains a perception of both distance and separateness. From the post war until very recently, there has been only a limited economic imperative for the City Regions to strengthen linkages.

As independent entities, each has a powerful sub-regional influence (particularly Manchester), and a number of assets of national significance. In international terms, the scale of each is modest, and in comparative terms it is at a combined level that some of the key drivers reach a scale of international significance.

Leeds-Manchester-Sheffield Combined : Some Key Comparisons				
	Population	Workforce	GVA	GVA per head
Leeds Manchester Sheffield	7,655	3,178	119,370	15,760
Dublin	3,047	1,317	109,509	35,940
Barcelona	5,130	2,170	125,221	24,410
Milan	3,876	2,052	139,494	35,990

Source: Experian

Only when the three City Regions are combined does the GVA pass that of Dublin, although it still lags behind both Barcelona and Milan. The gap between these two top performing European City Regions and Manchester, Leeds or Sheffield individually is considerable, and of a scale which would take literally decades to bridge. The GVA per capita figures illustrate the degree to which the northern City Regions are lagging behind. One simple example - Manchester has a similar sized population and workforce to Dublin, yet it has less than half of its GVA. The growth projections for the three City Regions over the next ten years are very positive, although this is also true of some of the major European City Regions. This suggests that there is a need to accelerate growth levels above the forecasts if the three City Regions are to markedly improve competitiveness and ultimately the GVA per capita figures.

Leeds-Manchester-Sheffield: Some Key Comparisons				
	GVA Growth, %		Employment Growth (FTE), %	
	2006-2011	2011-2016	2006-2011	2011-2016
Leeds	14.1	15.0	2.6	2.5
Manchester	14.5	15.7	1.0	1.7
Sheffield	12.5	13.3	1.4	1.5
Dublin	22.4	19.6	5.2	3.1
Barcelona	13.4	11.9	6.1	1.7
Milan	9.0	8.7	2.9	2.0

Source: Experian

The comparison with the successful south of England and the major European City Regions vividly illustrates the extent to which the northern City Regions have fallen behind. In terms of economic scale, the individual City Regions are much smaller than the major European competitors, and the need for inter-regional collaboration in areas such as knowledge and innovation and research and development is compelling. Given the distances between the three Cities there is a powerful incentive to increase economic linkages as a means of further increasing the pace of economic growth.

## Hull and the Humber Ports

The Hull and Humber Ports economy generated output worth nearly £12bn in 2003 and supports some 380,000 jobs. Sheffield City Region is closely connected to the economy of the Hull and Humber Ports City Region, with road and rail links stretching from Hull and the ports on the eastern side of the country, through Doncaster and Sheffield to Manchester, Manchester Airport and Liverpool in the west, and key connections to the south and north (the M1, A1 and East Coast Mainline) accessed from the Sheffield City Region.

The Humber Ports are at the heart of the North European Trade Axis and provide a Gateway to global markets for the City Region's businesses and, in particular, the logistics base being developed in Doncaster, Bassetlaw and Bolsover. Strengthening the Humber Ports will help to increase levels of trade across the North, driving increased investment, productivity, innovation and competition in the Sheffield City Region and the wider northern economy. Doncaster in particular has a key role to play in developing links with the Humber Ports, located on the East Coast Mainline and with the Doncaster Rail Port another asset to help capitalise on the pivotal position of the City Region.

## East Midlands, London and the South East

The East Midlands (including the East Midlands part of the Sheffield City Region) has a population of 4.3m people, 7% of the UK total. In 2004, regional GVA was £65.8bn, over one-fifth of which was generated through exports. The region's employment rate is above the national average whilst GVA per head is 91.5% of the UK average. The regional economy is forecast to grow by some 2.8% per annum over the next ten years. The Sheffield City Region is closely linked to the East Midlands region with key transport links including the M1 and Midland Mainline rail link to London and the South East, and Nottingham East Midlands airport continues to provide international connectivity for the City Region. The East Midlands is a major economy and there are strong links between the Sheffield City Region and Derby, Leicester and Nottingham. Further strengthening these linkages will generate significant economic gains for both the East Midlands region and the Sheffield City Region.

Research has shown that two of the most important features of a city for the private sector relate to transport and connectivity: "easy access to markets" and "external transport links".<sup>4</sup> Other reports demonstrate the contribution of large scale infrastructure, such as rail mainlines and airports, to the regional and sub regional economy. Connectivity to London is also particularly important, as research indicates that there is a direct link between a region's productivity and the speed of transport links to London.<sup>5</sup> Whilst parts of the City Region are well served by rail access to the capital, in other areas journey times and frequencies are poorer.

There are three principal inter regional priorities which will take advantage of the pivotal location of the Sheffield City Region and contribute to accelerated economic growth. These are:

- strengthened linkages between the major Cities and to London and the South East (see section on Connectivity)
- increased collaboration between universities and the business base to increase knowledge transfer and innovation (see section on the Universities and Innovation).
- the development of a northern creative and digital industries sector, on a par with London (see section on Key Sectors).

### What does this mean for accelerating economic growth?

The forecast economic growth for the northern City Regions is considerable, particularly for the economic hubs of Manchester and Leeds. The combined economies running from Liverpool in the west to Hull in the East are a substantial force, and there is logic in seeking to further accelerate economic growth through increasing the economic linkages between the major economies, with the Sheffield City Region occupying a pivotal location. Given the short distances involved, this is a challenge which can be addressed over the next five to ten years.

There are already a number of strong linkages, with Manchester Airport serving as the gateway to international markets for all the northern economies. There are also emerging linkages in relation to new opportunities, including the relocation of the BBC to Manchester. The key stakeholders can initiate a process of working across the boundaries in those areas where there is common and shared interest and where joint working can bring a quality and scale which will increase competitiveness.

<sup>4</sup> Regional Economic Strategy for the Yorkshire and the Humber 2006–2015. Companion Document

<sup>5</sup> ODPM (2004) Competitive European Cities – Where do Core Cities Stand: DfT (2004) Smarter Choices

## 6 Accelerating Economic Growth: Key Economic Drivers

The Sheffield City Region has a very positive economic growth profile, as outlined earlier. However, in comparative terms it lags behind a number of other City Regions, and the rate of economic growth is insufficient to close the gap with more successful regions. A core objective of the CRDP is to support economic drivers with the potential to contribute to a consistently higher rate of economic growth. This focuses on long term growth, rather than on immediate or short term returns.

The key economic drivers identified will have an impact over the next 10-15 years. They include capitalising on new assets such as the airport, linking some of the existing assets such as the Universities and innovation centres to business networks, making greater use of the existing transport network and planned investment to develop high quality sites for new investment, and building upon emerging opportunities such as the relocation of the BBC to Manchester. These drivers are relevant across the geography and to a number of sectors. Crucially, they will make a major contribution to moving the City Region to a knowledge based economy. The drivers are:

- **Robin Hood Airport Doncaster Sheffield.** A new commercial airport near Doncaster, in the same ownership as the successful Liverpool John Lennon Airport. The growth potential for the Airport is considerable, located near the national road and rail network, though there is a need to further develop key linkages including the FARRS link road. The airport offers the opportunity to reduce the number of people travelling to the southern airports, provide a significant number of jobs on and off site, and will make business and tourist visitor access more straightforward. The economic benefits to the City Region will be considerable and accelerating the growth of the Airport has the full support of all of the stakeholders.
- **Growth Centres.** The City Region benefits from a number of key locations for growth. The growth centres benefit from good transport connections and links to the strategic road and rail network, with easy access to both the north and the south of the country and to the Humber ports in the east. There is considerable potential to develop the investment potential of sites within the growth centres, meeting the twin objectives of linking jobs and communities while providing companies with high quality locations to suit their business needs. There is considerable scope to secure major high quality logistics investment as well as further investment in manufacturing production.
- **Key Sectors.** The City Region has a number of key growth sectors, including Advanced Manufacturing, Cultural, Creative and Digital Industries and Business and Financial Services. The City Region retains a significant and highly competitive advanced manufacturing sector, with forecast growth over the next ten years above the national average. The City Region also has a fast growing cultural, creative and digital industries base, with Sheffield home to a number of independent media companies. The relocation of commissioning Departments of the BBC to Manchester and the location of two ITV companies in Manchester and Leeds provides an opportunity to accelerate the growth of key companies and sub sectors. The City Region has significant potential to increase the employment and income generated by its Business Services sector.
- **Universities and Innovation.** In the longer term, for higher value added sectors, competitiveness will be influenced by the degree of innovation and commercialisation. The City Region benefits from the presence of two Universities as well as a number of innovation centres and incubation facilities. There is the potential to bring these assets together to provide an innovation service which is the best in the country, and addresses all barriers which inhibit innovation and commercialisation. The Universities will also contribute to the growth of the Sheffield City Region economy through the provision of high quality teaching and learning for businesses and individuals and the promotion of enterprise.
- **Destination.** The City Region benefits from its accessibility to the Peak District National Park, a part of which falls within the City Region boundary, and has established itself as a destination for events, a result of investment in sports, music and drama facilities in Sheffield, and other attractions including the YES Project and Magna. In spite of these assets, the visitor market remains under-developed in the City Region, and recent investments in the product have been of a modest nature. There is an opportunity to accelerate economic growth through more effective marketing and the further development of infrastructure such as hotels, visitor accommodation and the urban renaissance of towns and cities across the City Region.

These economic drivers are not the only sources of economic growth. In the case of the Sheffield City Region, the significant investment in the city and town centres is making them more attractive as locations for further commercial, retail and residential investment. This renewal of the centres will also contribute to accelerated economic growth, and the scale of recent investment is in stark contrast to the 1990s, when very little investment took place.

## Robin Hood Airport Doncaster Sheffield

Robin Hood Airport Doncaster Sheffield (RHADS) opened for commercial flights on 28 April 2005; the first new full service commercial airport in the UK for more than forty years. The airport's opening constituted a step change in the City Region's asset base and economic potential.

The airport and associated business park will be a major employment generator in its own right, and will bring forward significant indirect employment across adjacent areas of the City Region. Together with Manchester and East Midlands Airports it offers a wide ranging global connectivity, acting as a catalyst for inbound tourism and forming a key element in the city regional propositional offer to business. The airport potentially could be linked with Manchester in a Heathrow-Gatwick type relationship as demand for travel in the northern economy builds and inter-city transport connections are upgraded. The airport offers a national resource with an inter-continental standard runway and considerable space for expansion. It is one of only two airports currently capable of handling the Airbus 380, and the adjacent land offers development potential.

Renaissance South Yorkshire (RSY) is already working to maximise the economic impact of the development of the airport and business park through working with the airport operator (Doncaster Sheffield Airport Ltd), and the full range of public and private sector partners, to put in place a package of measures to identify, capture, and grow the economic opportunities which will flow from the airport's operation. This work is at an early stage, but already significant stakeholder buy in has been secured and the airport has widespread support within the City Region Partnership.

RSY has set up a number of workstreams to ensure the maximum benefits of the new Airport. They include Business Development, Surface Access, Training & Employment, Expansion of Airline Operations, and Inbound Tourism.

Doncaster is located at a transport interchange, on the East Coast Mainline, close to the M1, M18, the A1(M), M180 and the M62, with good links to the Humber Ports and the South. Building on this connectivity is a key aspect of realising the potential of RHADS, with the development of improved surface access to the airport, including the FARRS link road, a direct rail link and connections to the rest of the City Region, crucial to the success of this aim.

### What does this mean for accelerating economic growth?

This new airport is one of the most important new developments in the City Region. It has the capacity to expand considerably to meet growing market demand, and the economic impact both on and off site will be considerable. As a rule of thumb, there are normally 1,000 on site jobs for every 1 million passengers. There is long term potential to enhance Doncaster's role as a key logistics centre, and the on site business park offers further development opportunities. The airport is now being linked to efforts to develop the City Region's tourism potential. Research conducted by the Core Cities identified airports as a key regional asset, and the Sheffield City Region now has the opportunity to accelerate the development of this new facility.

### What will the Sheffield CR Partnership do?

1. Market RHADS Business Park to businesses and embed investing companies in the City Region economy through development of supply chain activity.
2. Working jointly with the South Yorkshire and Peak District and Derbyshire Destination Management Partnerships, incorporate the airport into marketing and promotional material.
3. Establish an Airport Academy and Centre of Vocational Excellence.
4. Develop training and employability initiatives based around future employment growth at the Airport and the Business Park.
5. Promote airport employment opportunities to local communities, schools and colleges.

### What can Government and Regional Agencies do?

1. Prioritise a direct rail link to the airport.
2. Yorkshire Forward to prioritise the airport for freight, logistics, commercial and industrial development.
3. Support the development of the FARRS link road to the airport from the M18 to enable the full potential to be realised, including better linkages to the Humber Ports.
4. Improve surface access to the airport from other parts of the City Region, including transport interchange facilities at RHADS.
5. Ensure the RSS provides a land use framework which maximises the economic opportunities from future airport and business park growth.

## Releasing the Potential of Growth Centres

The City Region has a number of major urban centres which will provide key locations for future economic and employment growth. Sheffield City Centre, Doncaster, Rotherham, Barnsley and Chesterfield are already receiving significant investment and their resurgence has made an important contribution to the revitalisation of the City Region's economy in recent years. In order to maintain growth, there is a need to reduce capacity constraints resulting from key congestion points on the major road network and provide new and strengthened access routes to high growth locations.

The eastern motorway network comes together in Sheffield City Region. There is good North-South access by road via the M1 and A1, and East via the M18/M180. The Dearne Valley and coalfield communities have benefited from new dual carriageway and other links. The A61 dual carriageway from Chesterfield to Sheffield supports development opportunities in the two centres as well as providing transport linkages. These assets and the geographical position of the City Region present opportunities to exploit the growing logistics sector, and offer a competitive location for headquarters and high-tech operations that require a skilled workforce. Sheffield City Region is ideally placed to complete the logistical map of the UK by providing links along the East-West corridor connecting the Mersey and Humber Estuaries.

While the existing major road network is a major asset, there are emerging capacity constraints which will undermine the City Region's ability to capitalise on the infrastructure investment and bring forward significant new development sites for both commercial and residential development. There are currently a number of areas which offer considerable development opportunities. Some of these are well advanced and have already secured new investment. In addition to the five urban centres, these include:

The M18 Corridor (an Objective 1 Strategic Economic Zone)	Advanced Manufacturing Park, Waverley
Markham Vale Business Park (M1 Junction 29A)	Chesterfield Canal Side Growth Zone (A61)
Robin Hood Airport Business Park	Dearne Valley
M1 Corridor (including junctions J36 and J37)	

These priority locations are based on carefully considered criteria, capable of securing new investment and accessible to a wider workforce. This focused approach will avoid ribbon type development along the motorway network in unsustainable locations. It is important to remove any road capacity constraints in and around these key locations and the urban centres.

While there are sufficient proposed developments for the short term, there is considerable uncertainty over medium and long term developments. Given the planning time needed around transport related investment there is now a need to undertake a long term and fundamental review of development potential and capacity to take advantage of the central location of the City Region. Further work on releasing the potential of the growth centres will occur within the framework of the Regional Spatial Strategies. In commercial and industrial investment, the focus will be on growth sectors, higher paid and higher skilled employment, and quality development.

### What does this mean for accelerating economic growth?

There is now a need to look to the medium term and begin to anticipate where capacity constraints will restrict development in five, seven and ten year's time. Allied to the potential capacity constraints is the issue of the remediation of major development sites. Although the City Region has significant brownfield land for re-development there are major issues around land assembly and site remediation. This is an issue which also needs a medium term perspective if high quality development-ready sites are to be available in the future. There is a need to consider the scale of resources involved in some of the potential developments, and to take a long term investor view when proposals are brought forward.

### What will the Sheffield CR Partnership do?

1. Consider the early establishment a Joint Issue Board made up of key stakeholders, including Government Departments, to consider the constraints to the growth of key centres.
2. Implement traffic capacity studies such as SWYMMS and SWYMBUS and review the availability of development ready land, including residential land.
3. Undertake an assessment of remediation costs of key strategic sites.
4. Seek long term private sector partners to develop major sites.

### What can Government and Regional Agencies do?

1. Ensure high level collaboration in the Capacity Study.
2. Resource efficient interfaces between road-rail-air at key nodes, particularly at the junction of the M18, A1, East Coast Mainline and Robin Hood Airport.
3. Ensure that the M1 North-South Corridor, along which many logistics developments are moving from the South Midlands and South East, can support increasing volumes of traffic.

## Key Sectors

The Sheffield City Region is characterised by a number of strong and competitive sectors with considerable potential to contribute to the long term wealth of the City Region. Key stakeholders will be working across the business base to improve the competitiveness of all businesses. In addition to this, the Sheffield City Region Development Programme will focus on three specific sectors, where the potential to contribute to regional output is considerable. The key sectors are:

- Advanced Manufacturing
- Cultural, Creative and Digital Industries
- Business and Financial Services

### Advanced Manufacturing

Sheffield City Region has a long history of winning market share in advanced manufacturing in all parts of the world, and has a critical mass of businesses now operating successfully in certain niche markets. For example, the DTI 2001 study *Business Clusters in the UK – A First Assessment* identified the area as one where forging and casting was genuinely world class:

*'...Not only do the companies export directly but innovations and development in metals processing feed into the competitive position of front line industries such as aerospace and medical devices.'*

The City Region has one of the UK's most significant concentrations of advanced manufacturing industries. Its location offers advantages to support the needs of high-level companies that rely on their capacity to innovate and design and it is a global player in sub-sectors including specialist metals, aerospace, pharmaceuticals and medical equipment. The ten year sectoral GVA forecasts indicate that many of the City Region's manufacturing sectors are forecast to continue growing in output terms, including metals, electrical and optical, and machinery and equipment. Some of these sectors will benefit from a number of specialist facilities, including those listed below:

Business Parks and Research Centres Located in Sheffield City Region	
Advanced Manufacturing Park, Waverley	Partnership between Sheffield University, Boeing, Castings Technology International, and the Welding Institute
Corus Research Centre	World leader in special steels with strong links to local universities
Environmental Technologies Incubator Centre	New development at Markham Vale Industrial Park
National Metals Technology Centre (NAMTEC)	Provides leading edge technology and training to firms across Yorkshire, the UK, and Europe

Nearly 40% of the region's GDP in manufacturing comes from companies within the Advanced Engineering and Materials cluster, much of which is based in South Yorkshire. There are strong university links to industry including Sheffield Hallam University's Materials Research Institute. The region is home to Castings Technology International (CTI): a ferrous and non-ferrous castings technology specialist with CAD, CAM and rapid prototyping capabilities. In addition, CTI has a unique vacuum melting system at their facility, available nowhere else in the country, allowing titanium, super alloys, cobalt alloys and stainless steels, to be manufactured in the UK for the first time.

The Advanced Manufacturing sector is strongly represented in the City Region, and trend and projection data indicate that although employment has been falling, it still accounts for over 40,000 jobs in the South Yorkshire part of the City Region. Given the long term trend in manufacturing, whilst employment numbers will decline modestly over the next ten years, output levels will be maintained suggesting that productivity will improve.

### Cultural, Creative and Digital Industries

The Cultural, Creative and Digital Industries, using a broad definition, employ around 60,000 across the City Region with a high concentration in Sheffield, Barnsley and Doncaster. Barnsley has seen rapid growth since 1998, with some 3,500 people now employed in the Creative and Digital Industries. There is a strong business base in many of the key sub sectors, with over 2,700 involved in Visual Arts, over 1,300 in Audio Visual and 600 in Books and Press.

This sector is characterised by new starts and rapid growth, and a comprehensive programme of creative and digital flagship projects with the ability to catalyse the growth more widely are being developed in the City Region including:

- E-Campus, Sheffield;
- Digital Media Centre, Barnsley;
- Digital Knowledge Exchange element of Doncaster Education City;
- A range of digital SME initiatives around CENT@Magna, Rotherham; and
- Business Innovation Centres in Barnsley, Doncaster, North East Derbyshire, Bassetlaw, and Chesterfield.

The Digital Media Centre in Barnsley and the *Centre 4 Creativity* strategy demonstrate the importance of this sector to regeneration. Both of these initiatives are central to South Yorkshire's incubation and acceleration strategy for digital and creative businesses. Other parts of the City Region, notably Sheffield, demonstrate a wide range of digital expertise not only in creative and digital industries but also throughout the rest of the economy. There is now an increasing demand for ICT and creative skills at both a technician and user level in nearly all business sectors. Looking to the future, the City Region is well placed to build on the current strengths and to capitalise on the developments in digital technology as the sectors begin to see greater convergence. Although the City Region is not known as a centre for more traditional television production it does have the opportunity to capitalise on the decentralisation of the BBC through the technology being developed in Sheffield. Innovations such as IPTV (Internet Protocol TV), the web-streaming of various media content and the use of alternative platforms such as mobile devices are all areas where the City Region can capitalise on new opportunities.

In a wider sense, the cultural industries and culture in general will play a vital role in the regeneration and transformation of the City Region. This role for culture is recognised in the European Commission's recent guidance on cohesion policy and cities<sup>6</sup> which identifies the importance of a vibrant culture in attracting citizens, businesses, workers and visitors. Many of the regeneration projects already underway across the City Region are using culture to transform the key centres.

The City Region is in a strong position to benefit from the economic, social, environmental, sporting and cultural opportunities offered by the London 2012 Olympic and Paralympic Games. A steering group has been established to ensure these opportunities are captured and this work can potentially help to deliver the objectives of the City Region Development Programme. Six strands of opportunity have been identified, including raising levels of participation in sport, hosting and delivering major sporting and cultural events, developing sport businesses, using 2012 to raise the profile, awareness and number of visitors to the area, establishing Sheffield as a location for international training and holding camps and providing a structure to support athlete development from participation to elite performance. There has already been notable progress, with a number of sports governing bodies choosing to locate their pre-2012 training camps in the City Region.

## Business and Financial Services

Employment in banking, finance and insurance increased from some 60,000 in 1996 to almost 100,000 by 2004. This rapid increase in employment has meant that this broad sector now employs more people than manufacturing, emphasising its growing importance to the City Region economy.

Key service sectors in the City Region include Customer Contact Centres, Financial Services and Business Processing. Parts of the City Region have successfully competed for focused investment in the new economy, including in the ancillary financial services areas of insurance, IT support services outsourcing, customer contact centres and M-Commerce.

The financial services sub-sector has been an important driver of economic growth nationally over the last twenty years. Modern competitive economies typically have a buoyant financial services sector although rationalisation and consolidation in the sector has led to an increasing number of large employers with the potential for major shifts in employment in or out of the City Region. Further, the move to out-sourcing some financial services functions to call or contact centres has also led to some employment instability in the sector. Nonetheless, a strong financial services sector is required to facilitate and advise on business growth across all sectors of the economy. There are more than 18,000 employed in the sector in the sub region.

### What does this mean for accelerating economic growth?

**Advanced Manufacturing:** with a substantial business and employment base, and some very strong sub-sectors and companies, there is considerable potential to increase the contribution of advanced manufacturing to the economy, through focussing on higher value added activities and moving away from low value added production.

**Cultural, Creative and Digital industries:** the relocation of a number of BBC functions to Manchester has provided an added impetus to media related enterprises. There is, in addition, the presence of two major ITV companies in Leeds and Manchester. There is therefore an opportunity for businesses in the City Region to increase the range and quality of their work. While a significant number of creative industries are one person businesses, there is a substantive pool of highly skilled, ambitious businesses with the potential to grow.

**Business and Financial Services:** the re-establishment of the urban centres as attractive locations for office development, along with the successful establishment of some key sub sectors, offers a platform for further growth in employment and outputs over the next ten years.

<sup>6</sup> Cohesion Policies and Cities: The Urban Contribution to Growth and Jobs in the Region, European Commission, July 2006

#### What will the Sheffield CR Partnership do?

1. Continue to develop the Advanced Manufacturing Park.
  2. Develop closer ties between manufacturing and University expertise.
  3. Support advanced manufacturing companies in promoting products and services in to new international markets.
  4. Establish formal links with the creative and digital industries sector in Leeds and Manchester.
  5. Develop a collaborative programme between employers, Higher Education and Further Education sectors to ensure adequate development of skills to match employer needs.
  6. Undertake research to support the creation of a comprehensive City Region creative and digital sector framework.
  7. Ensure that a range of high quality business accommodation is available to support the further development of the financial and business services sectors.
  8. Work with key skills and learning agencies to ensure an adequate pool of highly skilled workers are available, to all three sectors.
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#### What can Government and Regional Agencies do?

1. Ensure that the Yorkshire and Humber and East Midlands Competitiveness and Employment European Programmes prioritise innovation, including incubation facilities, aimed at supporting companies in the key sectors.
  2. Align Single Programme and ERDF Competitiveness funding to focus on identified key sectors and minimise application and appraisal processes.
  3. Further develop financial instruments to invest in innovative ideas.
  4. Provide long term funding to key initiatives which have a major role to play in accelerating economic growth.
  5. Provide a BBC ambassador to brief businesses on a twice yearly basis.
  6. Work with other northern RDAs to market the northern cultural and creative offer to businesses and leisure users.
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## Universities and Innovation

Sheffield City Region has a long history of innovation, ranging from cutting-edge R&D, to applied research and knowledge transfer, and the successful exploitation of new ideas. It has an established track record in a number of manufacturing sectors, based on the development of new products and processes. There have been strong linkages between the business base and the two Universities, both of which have been active across a number of fronts – including graduate and post graduate teaching, enterprise, innovation and support to business. Whilst only a small proportion of the business base is active in cutting edge research and technology, applied, commercially oriented research is relevant to a much wider range of companies and is an area where the two Universities excel.

The City Region has one of the UK's most significant concentrations of advanced manufacturing industries and the two Universities have extensive higher education offerings in Advanced Manufacturing disciplines – University of Sheffield is graded as excellent and internationally recognised with leading research centres for mechanical, aeronautical and manufacturing engineering. Sheffield Hallam is involved in a number of initiatives including Knowledge Transfer Partnerships, Centres of Industrial Collaboration, the Proof of Concept Fund and the South Yorkshire Bioscience Enterprise Network. Sheffield Hallam re-organised its platforms of applied research into the following areas of excellence: The Materials and Engineering Institute; Cultural, Communication, and Computing Research Institute; the Biomedical Research Centre; and the Centre for Sport and Exercise Science.

In addition to the two Universities there is an extensive network of innovation centres (including Barnsley, Doncaster, North East Derbyshire, Bassetlaw, and Chesterfield) and incubation centres throughout the City Region, including the rural areas. These play an important role in both nurturing innovative business and supporting knowledge based businesses.

In addition to innovation, the Universities offer a number of other services to businesses, including applied research and technology transfer, promoting enterprise and the provision of professionally relevant learning and teaching and higher level skills training for employees. Since developing its enterprise strategy, Sheffield Hallam has seen registered patents increase from 2 to 40, licences from 5 to 25, 18 companies have been incorporated and over 400 SMEs has been provided with assistance. This highlights the potential benefits of increasing the ability of the Universities to work on innovation with enterprising communities. The University expertise within the City Region provides an internationally competitive research base in a number of subject areas and specialisms, enhanced CPD capacity and subject coverage and expertise in applied, commercially orientated research of direct benefit to the City Region's economy.

### What does this mean for accelerating economic growth?

There is an opportunity to significantly increase innovation and product development linking businesses from all sectors to University expertise and the advanced services provided by innovation centres and incubation units. This would bring together a range of agencies, focusing support on some of the leading small and large companies in the City Region, with a view to taking innovation to a new level. The potential for this strand of work is enormous, and the City Region is one of the few with the substantive business base with the knowledge and enterprise to develop leading edge products and processes. There are significant benefits to be realised from some rationalisation of the plethora of services available, and at the same time ensure that services are business led, with the appropriate type of support depending on each company's needs. Considerable potential also exists to increase the number of University spin outs and joint ventures, for example, through the Knowledge Starts in South Yorkshire programme.

### What will the Sheffield CR Partnership do?

1. Establish the Advanced Manufacturing Park as a leading business location for high tech growth companies, with strong University links.
2. Encourage key delivery agencies to establish an Innovation Network.
3. Develop a single business plan for the funding and delivery of the most comprehensive innovation support in the country.
4. Identify new products needed to support innovation and company growth.
5. Work with the Universities to develop business cases for new Centres of Excellence / Innovation Facilities.

### What can Government and Regional Agencies do?

1. Ensure cross Department and Regional Agency support for a single City Region wide business plan for innovation.
2. Rationalise the funding schemes available for University / Industry collaboration.
3. Ensure that the Yorkshire and Humber and East Midlands Competitiveness and Employment European Programmes prioritise innovation, including incubation facilities.
4. Align Single Programme and ERDF Competitiveness funding to focus on identified key priorities and minimise application and appraisal processes.
5. Further develop financial instruments to invest in innovative ideas.
6. Prioritise the Sheffield City Region Universities for R&D funding.

## An Outstanding Destination

Sheffield City Region is distinctive in terms of the proximity and accessibility of its urban centres to a National Park and prime rural locations. There is an ambition to develop and augment these natural attractions to raise the profile of the City Region as a world-class business and leisure tourist destination. The development of Robin Hood Airport is one of the keys to realising this ambition and provides a stimulus to promote joined up tourism in the City Region.

The outstanding green infrastructure of the City Region is a key economic asset, making it an attractive business, tourism and residential proposition. The Peak District National Park, an internationally important centre for outdoor pursuits, is less than one hour's drive from all parts of the City Region. With 22 million visits annually, six million day trips from South Yorkshire residents alone, it is the world's second most visited National Park. East Midlands Development Agency has identified the Peak District as the strongest brand in the City Region supporting a tourist industry with an annual revenue value of £450 million and sustaining over 14,000 jobs. Sheffield City Region offers a range of national cultural and heritage assets, including Bolsover and Conisbrough Castles, Hardwick Hall and Creswell Crags, and Chatsworth House and Haddon Hall in the Peak District. Part of the historic Sherwood Forest is covered by the south eastern part of the City Region. Uniquely, one third of the City Region lies inside the Peak District National Park and the Derbyshire Dales, and Sheffield is dubbed *'the greenest city in England'*.

As well as the climbing and outdoor facilities offered by the Peak District National Park, Rother Valley Country Park has one of the most versatile and accessible inland sailing and waters sports venues in England. The City Region's network of market towns and smaller settlements are linked by country parks, canals, and the Don and Dearne rivers ensuring that all have easy direct access to countryside amenities. There will be a need to ensure on-going sustainable access to these areas if the quality of the visitor offer is not to be compromised.

The comprehensive choice of entertainment and sports event facilities offer the potential to build the City Region as a competitive option for major sporting and cultural events: Ice Sheffield (the National Ice Centre), Ponds Forge International Sports Complex, and the Don Valley Stadium in Sheffield, the first UK 'City of Sport'; music venues including the Hallam FM Arena, one of a small group of leading UK venues that regularly attract major international stars; Doncaster Race Course is renowned for producing racing of the highest order and home to the famous St Leger Race and the Magna Centre in Rotherham has a national profile.

### What does this mean for accelerating economic growth?

The establishment of two Destination Management Partnerships – one for South Yorkshire and one for the Peak District and Derbyshire – is a major step forward in terms of the coordination of tourism promotion and marketing. Both Partnerships have complementary products to market – with the natural environment of the Peak District complemented by the events based activities and heritage offer of South Yorkshire. There is an opportunity to significantly increase the scale of the tourism industry and to distribute visitors throughout the region.

At the same time the increased expenditure on tourism and leisure also presents an opportunity to develop very high quality new facilities to attract visitors and address some of the key issues for the sector in the City Region including the number of hotel beds. The City Region lacks the very high quality facilities expected by many foreign tourists. There is scope to engage significant new investment by the private sector, to take advantage of what is a gap in the market.

### What will the Sheffield CR Partnership do?

1. Ensure coordination and collaboration to develop a shared message between the two Destination Management Partnerships.
2. Explore the possibility of developing Peak Parcs, an all weather, all year spa golf and leisure resort adjacent to the A61 north of Chesterfield.
3. Encourage major private sector led investment in high quality leisure and accommodation facilities, including a 5 star hotel development of the edge of Sheffield and the Peak District and development of the YES! Project to further enhance Rother Valley Country Park.
4. Make the case for locating a super casino in the City Region.
5. Continue the process of urban renaissance in the towns and cities across the City Region.

### What can Government and Regional Agencies do?

1. Ensure sufficient resources are available to manage the Peak District National Park including visitor infrastructure and public transport.
2. Recognise the role that major cities play as centres of cultural and sporting excellence to the benefit of the whole City Region and prioritise the City Region for national events.
3. Award the City Region a super casino.

## 7 Dynamic Urban Centres, Thriving Market Towns

### Vibrant Cities, Towns and Rural Areas

The Sheffield City Region has a diverse range of settlements, from one of the largest cities in England, to other major urban centres, smaller market towns and rural villages and hamlets. The City Region has an outstanding countryside environment which matches the best in England. An objective for the CRDP is to ensure that the major centres can match the quality of the surrounding countryside. This challenge is already being taken forward by public and private sector partnerships investing in the major centres. These new developments are creating higher quality commercial and office premises as well as an enhanced retail offer. These are being taken forward within clear long term visions for each of the major towns, and within the context of urban renaissance being a key to economic revival and higher levels of economic growth.

#### Sheffield

Sheffield is a Core English City with population of over 500,000. It retains a significant and competitive productive sector, and the presence of two major universities (with a student population of over 50,000) and a thriving commercial sector has contributed to a period of sustained high growth. The City is combining renewal of the commercial centre with massive redevelopment of its historical eastern manufacturing quarter. Sheffield's mixture of metropolitan working, leisure and commerce will stretch out along the Lower Don Valley towards Rotherham with living areas extending into the valley on brownfield sites, where sustainable.

Since 1996, employment has increased from 207,000 to 246,000, an increase of 19%. Sheffield is home to two universities, generating over 12,000 graduates each year, and to a diverse balance of manufacturing and service industries. The city centre has benefited from significant public and private sector investment, including residential development. Development of a new retail quarter is underway and will open in 2009. Achieving the vision for Sheffield will require building on the potential of the city centre with high quality commercial sites, developing clusters of market-leading businesses seeking competitive advantage, in those sectors in which the city has distinctive skills, and enhancing the city's strategic transport connections to international air services, major cities, and other part of the City Region. Key priorities are:

1. Support the establishment of Creative Sheffield as a prototype 'City Development Company' to lead the economic transformation of the city and deliver higher levels of economic growth.
2. Enable RDA budgets for land purchase to be deployed through the local authority to avoid the difficulties associated with RDA resource accounting mechanisms.
3. Prioritise CPO processes for the delivery of major schemes.

#### Barnsley

With a population of 220,000 Barnsley provides a link between the Sheffield and Leeds City Regions. Barnsley is building on its central location between South and West Yorkshire, playing an important role in both the Sheffield and Leeds City Regions. Through the Remaking Barnsley programme, the 21<sup>st</sup> Century Market Town will seek to ensure that its settlement pattern provides an attractive and distinctive set of living options for people who want to work throughout South and West Yorkshire. The town's amenities, including the nearby rural areas and heritage assets, are particularly important to the attractiveness of the town.

The key priority is the implementation of the first phase of the Remaking Barnsley programme, including the Digital Media Centre, Barnsley Markets, Gateway Plaza, Barnsley Interchange and the Civic. The revitalisation of the Town Centre will transform the economic potential of Barnsley by providing quality office space, business incubation units and new retail opportunities.

Employment in Barnsley has increased steadily since 1996, and the new plans will accelerate employment growth over the next 10 years. The key priorities are:

1. Building on the location of Barnsley and its link to the M1.
2. Making available resources for public realm improvements to support the wider investment in the urban centre.
3. Linking Barnsley better to Sheffield, Leeds and Manchester.

#### Doncaster

Doncaster has a population of some 289,000 and has been recognised as a key growth pole for the Sheffield City Region. Doncaster's excellent access to the road and rail network and the role of the Airport means that Doncaster now has a pivotal position as a transport hub for the City Region and beyond. Doncaster aspires to be a city of European significance by 2025 and is undergoing a transformation from a town developed through heavy manufacturing and coal mining into the most important logistics interchange in both the Yorkshire and Humber and Northern East Midlands regions. Its urban centre has the

potential to attract investment in high value urban living and its rural expanse provides quality residential opportunities and a high quality of life.

Through the renewal of Doncaster's transport interchange and the refurbishment and extension of its retail facilities Doncaster can now offer the retail and commercial variety and convenience appropriate to its new economic base. Further investment in the town centre and considerable recent development along arterial roads have increased the provision of high quality office space. High profile investment in Doncaster such as the current re-development of Doncaster Racecourse into an international class leisure and business tourism destination reflect the regeneration work underway in Doncaster.

The continued marketing of Doncaster as a premier business location will take advantage of key flagship projects including Robin Hood Airport, the development of the Waterfront, Lakeside, the Civic and Cultural Quarter and Doncaster Education City. Employment has increased from 97,000 in 1996 to 111,000 in 2004. Key priorities include:

1. Further investment on the basis of the renewal of transport interchange and the refurbishment and extension of its retail facilities.
2. Marketing Doncaster as an investment location, with its fast rail connection to London making it an ideal and very competitive location.
3. Explore more creative use of funding streams to unlock Doncaster's development potential.

## Rotherham

Rotherham has a population of some 252,000 and has one of the faster growing economies in England. Between 1996 and 2004 employment increased from 75,000 to 105,000, helped by significant investment in the Dearne Valley. Rotherham will maintain and enhance its distinct identity through the creative regeneration of its centre through the Town Centre Renaissance programme, which seeks to re-establish it as a residential as well as commercial centre, and the economic activity generated by the Advanced Manufacturing Park in Waverley.

Key activities include the further re-development of its centre, the development of a convenient and high quality public transport system linking Parkgate with the town centre and HMR Pathfinder investment to provide a range and quality of housing to meet both local and regional need, and new economic developments such as Enterprise Park and further developments at Magna and Rother Valley Country Park. Rotherham is well linked to all areas of the country by its proximity to the M1, M18 and Robin Hood Airport.

Key priorities include:

1. Taking forward the Advanced Manufacturing Park, seeking to secure £650m of investment from both the public and private sectors by 2007.
2. Support the implementation of Rotherham Town Centre Renaissance programme to improve the retail offer and footfall in the Town Centre.
3. Ensure the planning system provides support for the Rotherham objective of linking deprived communities to economic opportunities.

## Dearne Valley

Elsewhere in South Yorkshire, there has been significant employment growth (10,000 jobs) in the Dearne Valley, through the Enterprise Zone, which ran from 1995-2005. There have been wider economic, environmental and social gains as a result of the regeneration activity in the Dearne over the past twenty years. There is now a need to build on the achievements in the Dearne Valley, and develop its role in a way that complements the focus on economic growth in the main urban centres. It has been agreed by the South Yorkshire local authorities to develop a new vision for the Dearne Valley, setting out its distinctive contribution to the success of the Sheffield City Region. The Vision will take into account the immediate labour market difficulties including skill levels and mobility, as well as the medium / long term economic focus, connectivity, sustainable communities / housing market renewal, image and environment.

## Chesterfield

With a population of 100,000 Chesterfield is the sub-regional service centre for northern Derbyshire. An historic market town, Chesterfield is well situated on the edge of the Peak District National Park, with good access to the strategic road and rail network. A Town Centre Masterplan was completed in 2004 and this sets out a 10 year vision to build on the unique image and attractiveness of the town. Actions in support of the vision include the strengthening of the retail offer, enhancing the public realm and developing the town's leisure and cultural facilities.

Chesterfield and the surrounding area is increasingly seen as a location for knowledge based activities with a number of companies successfully expanding out of the local innovation centre network. Further diversification of the economic base will be secured through the regeneration of a number of brownfield sites in the A61 Corridor for a mix of employment, residential and leisure uses. The construction of a new motorway junction on the M1 will act as the catalyst to the development of the Markham Vale Business Park, a major employment and logistics opportunity based on the former Markham colliery site.

Key priorities include:

1. The implementation of the Town Centre Masterplan, including the development of the Northern Gateway site and delivery of the Townscape Heritage Initiative.
2. Securing opportunities for major employment and housing growth in the A61 Corridor.
3. Promoting the tourism potential of the area in conjunction with the Peak District and Derbyshire Destination Management Partnership.

## Market Towns

The Sheffield City Region benefits from the presence of a number of market towns, including Bolsover, Retford and Worksop. The market towns make a vital contribution to the GDP and GVA of the City Region, and their relationship with the urban core settlements is essential to their success and future development. They play an important link role between the urban and rural parts of the City Region, providing vital local services to the rural hinterland. From their roots in traditional industries such as coal, engineering and textiles, market towns within the Sheffield City Region are re-inventing themselves as catalysts for growth in the 21st Century economy. Capitalising on the assets they offer in terms of quality of life, central location, skills base and the availability of land, premises and labour, market towns have attracted significant new investment. Plans are well advanced to enhance the role that business innovation and incubation centres can play in making a step change within the local economies of these market towns.

Market towns within the Sheffield City Region are also significant retail destinations and the intention is to maintain and further their position. Worksop, for example, has undertaken a Town Centre Masterplan funded by EMDA and established a Town Centre Renaissance Partnership to lead on public realm improvements, the co-ordination of public and private sector investment, and heritage improvements. Proposals have already been submitted for significant retail developments in Worksop Town Centre.

Within the catchment areas of market towns, there are also strong commitments to improving the tourism offer, the development of office markets, as well as developing growth sectors such as logistics and food industries. The City Region's market towns add value to the Sheffield City Region, reducing pressures in relation to land supply and enhancing cultural and business infrastructure. There remain, however, significant issues which could be addressed through the City Region collaboration, relating to improving transport links from market towns to the urban core settlements and ensuring that market towns also benefit from initiatives such as extended broadband coverage across the Sheffield City Region.

Key priorities include:

1. Continuation of the Yorkshire Forward rural renaissance programme focused on key market towns.
2. Introduction of a similar market towns programme in the East Midlands part of the City Region to help exploit the economic potential of rural service centres.
3. Funding aimed at the rural economy and market towns to be aligned into a single pot.

## Green Infrastructure

The Sheffield City Region benefits from the Peak District National Park and other surrounding countryside including the South Yorkshire Forest and Sherwood Forest to the south east. These assets provide economic benefits, particularly for rural communities, and enhance the quality of life for residents in the urban centres. The Sheffield City Region Partnership intends to further develop these assets in an environmentally sustainable manner, and believes that there is considerable potential to use the green infrastructure to underpin a destination offer which incorporates both urban and rural strengths. This will include exploring the extent to which there is a need for another regional / national park to further strengthen the environmental assets of the City Region.

## 8 Addressing Factors Which Support Higher Growth Rates

### Introduction

There are a number of underlying weaknesses which constrain economic growth and need to be addressed over the long term. These issues are a result of under-investment by both the public and private sector over many decades, as well as the cultural legacy of an economy reliant on one or two industries and large employers.

There is a danger that unless these factors are tackled robustly, the City Region will stall at the revival stage, with an improved economy, but one unable to reach its full potential, make a significant contribution to the national economy and benefit all local residents. These weaknesses relate to both the business base and to where people choose to live and work. The effect of these weaknesses is to **seriously undermine the dynamism of the economy**. They are:

- **A lack of enterprise**, typical of the north of the country, reflecting a large company / single industry employment base which for many decades disguised the need for a flourishing enterprise base.
- **A skills profile** still influenced by the legacy of an employment base with a large proportion of lower skilled, although sometimes, better paid employment.
- **A participation rate** which is far too low, and continues to be affected by the legacy of large scale redundancies and a now inter-generational problem of worklessness in some communities.
- **Connectivity** which reflects the former employment patterns, with poor access between the major towns, reinforcing perceptions of distance.

Addressing these underlying weaknesses is as important to long term competitiveness and economic growth as the key economic drivers identified by the City Region Partnership. The Vision set out earlier requires a much higher level of economic dynamism characterised by a broader based economy, with many more businesses and a highly skilled workforce. This requires both investment in people (human capital) and in the towns and communities in which people live.

### How Key Factors Are Being Addressed

The City Region is not duplicating existing work or arrangements, and where appropriate actions are already being taken forward, the role of the City Region is limited to the exchange of information, and where necessary, increased co-ordination. The main delivery arrangements are outlined below.

<b>Enterprise</b>	Business Links in South Yorkshire, Derbyshire and Nottinghamshire are working with other local stakeholders to deliver the enterprise agenda, whilst Rotherham has enjoyed success with enterprising schools.
<b>Skills</b>	The Sub Regional Skills Partnership covering South Yorkshire includes the Learning and Skills Council, Local Authorities, FE Colleges, HEIs and the private sector.
<b>Participation and Inclusion</b>	Local Area Agreements, involving broad based partnerships, led by the Local Authorities, and with clear plans to reduce levels of worklessness, and increase the enterprise base. Includes close collaboration with the Learning and Skills Councils, JobCentre Plus and Connexions.
<b>Local Transport</b>	Local Transport Plans have been developed and the City Region Leaders have agreed a long term transport vision.
<b>Town and City Centres</b>	A range of public and private sector partnerships, including a URC in Sheffield, are taking forward masterplans developed by key stakeholders including Yorkshire Forward and the Local Authorities.
<b>Housing</b>	Transform South Yorkshire, the Housing Market Renewal Pathfinder covers 120,000 homes in Sheffield, Barnsley, Doncaster and Rotherham. North West Doncaster and North East Barnsley are also part of the Green Corridor project to restructure the housing market in former coalfield communities. South Yorkshire Partnership has been involved in the negotiations of the Regional Spatial Strategy with Alliance SSP leading in the East Midlands.

## Enterprise

Sheffield City Region faces a number of enterprise challenges, most of which have been recognised for many years, and are common in most of the northern conurbations – in simple terms there is an enterprise deficit of some 13,000 companies which in large part accounts for the lack of economic dynamism in the regional economy.

- The business base is small, with fewer than 40,000 enterprises (VAT registered) of which a substantial proportion are in retail. There are 25% fewer businesses in the City Region than would be expected given the size of the population.
- The business start-up rate is only 72% of the England rate, and although the gap is narrowing this is occurring very slowly.
- In general, firms in the City Region have a lower level of investment in R&D, research and new product development than elsewhere, leading to a lack of competitiveness. Although the level of patents is improving, innovation in general is significantly behind the South East and dominated by a small number of firms and sectors.

While the start up numbers have been increasing, and numbers are higher in the rural areas, there remains a need to encourage higher growth new starts with the potential to provide higher skilled employment. This objective sits alongside a need to increase the absolute numbers of new starts as part of a cultural change where starting a business becomes more typical, rather than the exception. This approach will be supported by innovative initiatives such as Rotherham Ready.

Although the business base is dominated by very small companies, the City Region has a cohort of substantive companies, employing between 10 and 100 people, often in growth sectors, with the potential to grow. Rotherham has shown the way by winning the regional DTI Enterprise Britain Award this year. Addressing the business needs of this group, whose requirements will be very specific, is a major opportunity to accelerate economic growth.

### What does this mean for accelerating economic growth

The overall lack of businesses in the Sheffield City Region contributes to a lack of economic dynamism. The smaller business base creates fewer jobs, provides a less competitive environment and generates lower levels of wealth than would be seen in a more enterprising area. In order to accelerate economic growth, the City Region needs to generate additional local businesses, both through indigenous growth and attracting mobile entrepreneurs. In the longer term, cultural change to create a more enterprising City Region will result in faster economic growth.

An increase of business start up rates to the national average would create an additional 2,000 business in five years.

### What will the Sheffield CR Partnership do?

1. Target support on businesses with the highest growth potential, through links to external markets, supply chains, potential productivity gains or innovation in product and process.
2. Use new market segmentation techniques to target start-up business support according to cultural and motivational factors and to the young, women and the socially excluded.
3. Undertake longer term Enterprise in Education activity to tackle underlying cultural issues which reduce enterprising attitudes.
4. Improve the coherence of services and programmes delivery through initiatives such as Better Deal for Business and Customer First.
5. Put in place measures to increase the attractiveness of the City Region to encourage mobile entrepreneurs to invest.
6. Ensure both start up and existing businesses in the City Region are able to access business finance, particularly those undertaking research and development activity.

### What can Government and Regional Agencies do?

1. Allow flexibility to combine national products with local initiatives to target start-up businesses to provide a differentiated product for higher value-added start-ups.
2. Ensure stability and continuity in government-funded programmes for business support throughout the novation of Business Link contracts to RDAs
3. Provide flexibility to target mainstream resources available through DTI and LSC, amongst others, on those clusters which have the potential to support the new economic vision for the City Region.
4. Subject to a satisfactory proposal, prioritise the City Region for at least one LEGL programme.
5. Ensure the 2007-2013 Competitiveness and Employment EU programmes continue to provide support to target start-up businesses.

## Skills

To achieve the vision of becoming a pivotal international business location and one of the most successful City Regions in the North of England, Sheffield City Region will need to provide the skills required by competitive businesses. Currently, educational attainment and the skills levels of the workforce are low, with only 45% of adults holding a level 2 qualification, and fewer than 50% of 16 year olds achieving five or more good GCSEs in 2005. Only one in five of the working age population hold qualifications at level 4 or equivalent, and graduate retention rates are also low.

Across the economy the move into higher value added production will require a workforce with higher level skills. The existing workforce's skills need to be updated to satisfy the economy's present and future demand for skilled labour, particularly in key sectors such as advanced manufacturing, culture, creative and digital industries and business and financial services. Four challenges have been identified for the City Region, two of which are generic and two of which have particular relevance for the key sectors identified as priorities in the CRDP:

- Developing a sustainable critical mass of knowledge and skills.
- Developing an educated and skilled labour pool willing and able to take advantages of the range of skills training and higher education facilities in the City Region.
- Developing a sustainable critical mass of knowledge and a skills pool to meet advanced manufacturing needs.
- Developing and raising skill levels in the major growth areas of healthcare, the creative and digital industries and the professional and financial sectors.

### What does this mean for accelerating economic growth

A skilled and knowledgeable labour pool is crucial to the aim of raising economic growth in the City Region and will provide growing companies with the human capital they require to raise output and productivity and thrive in the knowledge economy of the 21<sup>st</sup> century. Releasing the economic growth potential of the City Region will depend on the extent to which existing skills and knowledge constraints can be overcome, both through increasing the skills of the existing labour force and indigenous new entrants, and attracting and retaining highly skilled graduates and workers to the City Region in the shorter term. Higher level skills will also make the City Region more attractive to businesses thinking of expanding and will help to attract external and retain indigenous investment. It is vital that the City Region's businesses are engaged in identifying skills needs and designing flexible approaches to education and training to ensure these are met.

### What will the Sheffield CR Partnership do?

1. Establish a network of learning centres supporting employers and employees in growth sectors and develop specialist provision to support the key sectors.
2. Work to stimulate employer demand in level 3 qualifications, including through continued European funding.
3. Encourage greater outreach work by the Universities across the City Region.
4. Raise attainment levels amongst young people yet to join the workforce, and encourage more local young people into Higher and Further Education.
5. Focus local investment on raising, replacing and updating workforce skills, particularly focussing on technicians, craftspeople and managers.
6. Ensure adequate provision is in place for low skilled adults and young people around basic and employability skills.

### What can Government and Regional Agencies do?

1. Ensure that the new ESF Programme incorporates the flexibility to support skills development at levels 3, 4 and 5.
2. Increase the flexibility of Local LSCs to invest in higher level skills.
3. Enable support to be targeted directly at employers where this is the most appropriate means of intervention.
4. Support the establishment of the Sheffield Skills and Work Board to deliver an integrated approach to employment and skills at the heart of the City Region.
5. Provide on-going support for Aimhigher and other initiatives to encourage more young people into Higher Education.

## Participation and Inclusion

Nearly 1.7 million people live in the Sheffield City Region and they are a key asset to the economy. However, low levels of participation mean that the City Region is not fully benefiting from the labour and skills of the local population. Whilst unemployment has fallen across the City Region in recent years, the area still has a higher than average level of people who are economically inactive. In terms of numbers:

- Just under 250,000 people of working age are currently not part of the labour force.
- 37,000 are unemployed.
- Nearly 100,000 people are on Incapacity Benefit across the City Region.

As well as the numbers involved, there are high concentrations of excluded people in some communities throughout the City Region. This includes a number of highly deprived neighbourhoods in the major towns and cities, as well as high concentrations in some of the former mining communities. There is also evidence that some groups face particular challenges in entering or re-entering the labour market. Those who are inactive have lower levels of income, and are more likely to suffer from poor health, poor housing and social exclusion, and poor educational skills.

### What does this mean for accelerating economic growth?

The effect of this high level of inactivity is to reduce the effective size of the workforce available to businesses in the City Region, constraining potential growth. There are also serious consequences for social inclusion, with a significant minority of the City Region's population failing to benefit from the economic recovery of recent years and areas of concentrated deprivation, persisting unemployment and an ingrained culture of worklessness which, if left unchallenged, will require increasing levels of public sector resources to address. The increased number of economic migrants in the City Region has increased competition for entry level jobs and risks further undermining the ability of local people with no / low skills to access appropriate and attractive employment.

Accelerating economic growth provides an opportunity to increase levels of participation and spread the benefits of economic success to a larger number of City Region residents. While many of those currently inactive face a number of challenges in returning to the labour market, there remains a significant number who wish to work, but need some assistance to overcome particular barriers. Increasing participation needs to be accompanied by an increase in the quality of labour available to local employers, not just the quantity. It is important that people are supported to take up not only entry level jobs, but also to progress through the labour market into jobs where the pay and conditions or prospects may be better.

### What will the Sheffield CR Partnership do?

Considerable activity is already underway to increase levels of participation across the City Region, with tackling worklessness and improving employability a priority for economic development strategies and LAA agreements.

1. Improve local delivery arrangements to ensure the effectiveness of the various funding streams.
2. Provide support based around the needs of the individuals.
3. Ensure that Children and Young People strategies focus on the most vulnerable young people, particularly those most likely to become NEET (not in education, training or employment).
4. Work with other stakeholders, such as health providers, JobCentre Plus and the community and voluntary sector to support those in the most disadvantaged neighbourhoods access formal and informal learning opportunities.
5. Ensure deprived communities are connected to employment sites through public transport and IT facilities and that this is considered during the planning phase of new employment investment.

### What can Government and Regional Agencies do?

1. Provide stakeholders with information on the freedom and flexibilities requested by other LAAs to promote the exchange of ideas.
2. Allow local decision making in converting capital funding to revenue and vice versa.
3. Re-consider the 16 hour rule and other benefit restrictions which inhibit people from taking up training and volunteering opportunities.
4. Avoid short term support to initiatives (less than three years).
5. Ensure that funders are not driven by qualifications or outcome driven targets which act as disincentive for providers to provide support for the most difficult to reach groups.
6. Ensure that the 2007-2013 ESF Programme has both sufficient resources and flexibility to target social exclusion.
7. Allow greater flexibility in the use and targeting of NRF resources.
8. Re-invest savings in Incapacity Benefit to sustain the reduction in worklessness.
9. Encourage key delivery agencies to share data to enable the tracking of client progress.

## Connectivity: Inter Regional

The Sheffield City Region occupies a pivotal position in relation to both eastern links to Hull and the Humber, western links to Leeds, Manchester and Liverpool and southern links through the East Midlands to London. There is a need to improve transport connectivity which supports economic growth, not only for the Sheffield City Region, but for those other City Region economies which also require improved connectivity.

The strengthening of services and competition in **air travel** – with the further development of Manchester Airport as the inter continental gateway to and from the north of England, connectivity with new and emerging markets (including tourism markets) will significantly improve. Additionally, domestic, European and North American routes will benefit from increased competition from carriers using Leeds Bradford and Robin Hood Airport. The combined effect will be to significantly reduce the number of people having to travel to the major southern airports.

Improved road and **rail connectivity** between the Cities – in spite of their proximity road and rail connections are poor and the standard of service is variable. There is a need to establish public transport services on a fifteen minute service between Sheffield and Manchester and Sheffield and Leeds. This will greatly increase flows between the Cities. Rail connections to London also need to be improved. Although parts of the City Region benefit from the East Coast Main Line, the main rail route is the Midland Mainline to St Pancras. Journey times are long, making London more distant, and there is a need to upgrade the line and improve the frequency and journey times of services.

More critically, **improved inter regional road connections** are essential, although this is a medium to long term aspiration. It is clear that the current road connections cannot support the type of modern and dynamic economy envisaged by the City Regions. Improved road connections are particularly important, although it will be important to minimise any effects on the environment, in developing a solution to the current issues of capacity and congestion.

### What does this mean for accelerating economic growth?

The forecast economic growth requires increased connectivity between the major centres, both in terms of business trading and people accessing job markets. The combined economies of a number of City Regions, given the short distances involved, will inevitably increase road and rail traffic. Some services are already poor or limited and some road connections are at capacity at peak and some non peak times.

There is a real danger that over the next ten years, economic growth will be constrained unless inter regional transport links are improved. This applies to all types of connections, although there are now major weaknesses between Sheffield and Leeds and Manchester with regard to train services; and Sheffield and Manchester road connections. These developments are in addition to the need to continue to upgrade those stretches of the national motorway network passing through the City Region, where there are capacity constraints.

### What will the Sheffield CR Partnership do?

1. Support the call for 5<sup>th</sup> Freedom Rights for Manchester Airport and investment in public transport access.
2. Accelerate the development of Robin Hood Airport and associated road and public transport infrastructure.
3. Establish a Joint Transport Planning Group to focus on inter-regional road and rail transport links including links to the east of the City Region, the East Coast Mainline and bringing Midland Mainline services to London up to east / west coast standards.

### What can Government and Regional Agencies do?

1. Lead the process of developing a marked improvement in road connections between Sheffield and Manchester including the inter-continental business hub airport, recognising the challenges in the environmentally sensitive nature of any solution. This will involve establishing options for improving TransPennine highway access between Manchester and South Yorkshire.
2. Prioritise rail infrastructure improvements which support a 15 minute frequency combined service between Sheffield and Leeds and Sheffield and Manchester.

## Connectivity: Local Connections

Local connections are crucial to the efficient operation of the City Region's economy, ensuring the easy movement of goods, services and people around the City Region and providing access to employment opportunities for all local people.

Within the City Region, car ownership levels have been historically fairly low and public transport has been in high demand; the net effect has produced generally strong bus and rail networks mainly focused on each of the main centres and Sheffield's Supertram, a significant asset of international profile. Inter-centre public transport links are generally good here too, with the exception of the Barnsley-Deerne-Doncaster-RHADS corridor where Barnsley's linkages with the region's newest airport need strengthening as do the Deerne Valley's linkages with the centres. In Derbyshire, the north eastern part of the county has a wide network of relatively frequent bus routes. The Hope Valley, Bakewell and the Derwent Valley as far south as Baslow have strong public transport linkages to Sheffield but have much higher car ownership levels. The remainder of Derbyshire Dales has only scant public transport and economic ties to the City Region, though services between Matlock and Chesterfield are good.

The Sheffield City Region therefore has a number of existing high frequency / capacity public transport corridors making good use of existing road and rail capacity and providing one of the area's existing strengths that must be retained and built upon. The Yorkshire and Humber part of the City Region also benefits from 95% of its rural households being able to access an hourly or better public transport service. In Derbyshire, the county wide figure is 45%, but this is heavily influenced by deep rural areas in the south of the county. 80% of Derbyshire's rural parishes have hourly services during the daytime. Development sites in the City Region are already being assessed against accessibility criteria to ensure local people, especially those in deprived communities, are able to access employment opportunities in a sustainable manner. To maximise these benefits Derbyshire and South Yorkshire are committed to a public transport growth strategy, prioritising and driving forward improvements increasing the attractiveness of public transport from the customer and potential customer viewpoint, built upon a clear definition of what constitutes a good public transport offer and supported by complementary general traffic management measures.

Real time information, Quality Bus corridors, a multi-area / operator smartcard and strategic Park & Ride are all large scale projects currently being brought forward in South Yorkshire. Similarly Derbyshire has its county-wide Gold Card (for over 60's) and b\_line card for 11-16 year olds. Another developing theme will be on applying the benefits of Supertram or similar high quality offers to a larger catchment area. A range of delivery options to maximise the impact of this strategy are all being considered, including the potential for instituting Quality Contracts (similar to area franchising) if necessary.

To ensure the existing strengths are maximised the City Region has identified a number of areas where public transport improvements are required, notably the strengthening of the public transport links of the five main urban centres to each other and RHADS; improving bus networks and operations feeding into the five main urban centres, the Deerne Valley and the National Park. A failure to deliver public transport growth will exacerbate social exclusion, start adding additional pressure and congestion to the road systems and contribute to worsening air quality.

In addition to transport connectivity, the City Region needs an ICT infrastructure which will support its plans for growth. **Digital Region** is a next generation broadband project aiming to bring a wholesale network that enables advanced IP-based services to be provided to citizens, businesses and the public sector throughout South Yorkshire. The project will offer Service Providers a unique opportunity to provide a next generation broadband infrastructure. The Digital Region project was launched in June 2005 recognising the opportunity to transform the economic and social landscape of the region through next generation broadband. It is anticipated that the creation of an open-access, super-high-speed internet service – accessible across the entirety of South Yorkshire – will transform communications, entertainment, and business activities for citizens living and working in the region.

As an initiative that is being embraced by the region's key stakeholders, including Local Strategic Partnerships, policymakers, funding bodies, businesses and public sector organisations such as health authorities and education providers, Digital Region is being firmly embedded within the future plans for the whole of South Yorkshire. Consideration will be given to extending Digital Region to all parts of the City Region.

### What does this mean for accelerating economic growth?

The many high frequency/capacity corridors and urban centres in the City Region provide a clear framework around which future development should largely be based, offering a head start in sustainability, accessibility and efficient use of existing networks. In comparison with locating development away from main public transport corridors this approach will generate lower infrastructure and supported service demands, spread the benefits of economic growth more widely across its residents and offer employers a larger potential workforce pool.

There needs to be put in place a progressive, funded development programme that unlocks the identified constraints, focused largely on strengthening the City Region's inter-centre connections and improving the local networks into those centres.

#### **What will the Sheffield CR Partnership do?**

1. Adopt common approaches to identifying and assessing the location of development, relating to accessibility.
  2. Adopt common approaches to general traffic demand measures.
  3. Adopt common approaches to developer contributions towards public transport.
  4. Joint working to ensure successful cross boundary schemes.
  5. Common agreement and support across key stakeholders on the City Region's top public transport priorities.
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#### **What can Government and Regional Agencies do?**

1. Support schemes allocated a high City Regional importance.
  2. Minimise barriers to the quick implementation of the most appropriate public transport growth delivery mechanism.
  3. Ensure availability of funds for relevant rail improvements.
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## 9 Housing for Growth

### Our Vision for the Residential Offer

Housing is a fundamental part of people's lives, and people are fundamental to creating and maintaining a thriving economy for the City Region. The right kind of home gives people a sense of belonging and security and enables them to pursue the educational, social and employment opportunities they plan for themselves. The quality of the places to live offered by the City Region is therefore a crucial factor in determining the success of the programme of economic transformation set out in this document. This means ensuring the provision of the right type, numbers and quality of homes in the right locations and at the right price to meet the needs and aspirations of people who already live in the City Region and those we seek to attract into the area, bringing with them essential skills for our workforce to fuel the growth of our 21<sup>st</sup> century economy.

By 2021 our goal is to have better balanced housing markets with an improved range and quality of property on offer, which is attractive to people across the full spectrum of employment sectors. We will have increased the supply and quality of affordable housing and have in place effective mechanisms to enable people to access affordable home ownership. Our targeted interventions in the housing market will have eradicated the problem of low demand, funding tools will be in place to maintain homes to a decent standard in both the public and private sector, and our planning policies will be delivering the right types and quality of new homes to support both the sustainability and cohesiveness of our settlements, and to locate people in the right places to access employment opportunities.

Reaching this goal will require housing, planning and economic strategies to be integrated effectively, and effective partnership working between local authorities, registered social landlords, private developers and other stakeholders including English Partnerships to achieve the scale of housing change envisaged.

### How Our Current Residential Offer Has Developed

The Sheffield City Region's economic history is formerly one of coalmining, heavy industry and agriculture. Although the economic landscape has changed substantially in recent years to a more service-led economy, historical factors have influenced the housing type and location that the city region offers.

The historic settlement pattern of the Sheffield City Region has been one of a number of major urban areas; Barnsley, Doncaster, Rotherham, Sheffield and Chesterfield supplemented by a large number of smaller settlements related to the historic development of the South Yorkshire and Nottinghamshire Coalfields. This has resulted in a relatively dispersed settlement pattern with a limited focus on the key urban areas for employment and services.

Like all areas there are a number of housing markets within the City Region, some of which are more vibrant than others. These markets have been chiefly influenced by employment locations, the transport infrastructure and the housing stock on offer. There are significant areas of housing market weakness, focused on the Housing Market Renewal Pathfinder area in South Yorkshire, which are currently not contributing to economic regeneration.

### Residential Offer

In considering how far the quality of the residential offer in the City Region supports the vision for economic growth Llewelyn Davis Yeang (LDY) for the Northern Way defined the quality of the residential offer as a composite of housing factors – including range, quality and value for money<sup>7</sup> – as the issues that inform people's housing choices.

These factors are influenced by:

- the quality of the residential environment which is intrinsically linked to wider quality of place
- the quality of the residential housing stock.

The Quality of Residential Offer research by LDY assesses the residential offer in the Sheffield City Region **in general** as diverse and attractive. An exceptional range of different types of residential environment and housing type is on offer, from city and town centre living to popular market towns and suburbs to pretty rural villages in outstanding countryside. Importantly most settlements are within 30 minutes travelling time of urban economic centres, providing excellent access to employment and minimising commuting, and offering leisure and cultural facilities to enhance the attractiveness of the housing offer. However, within this wider positive context there are areas in the City Region where the housing offer does not reflect this positive image. For example, in the Housing Market Renewal areas where the four South Yorkshire local authorities are working to turn round and improve areas of under performing housing, the choice of homes on offer is poor and the quality of housing and the environment is unattractive and unsuitable for modern aspirations.

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<sup>7</sup> LDY – 2006

To further build on the current strength of the residential offer and address areas of weakness, and to ensure that the City Region can attract and retain economically active residents at all levels of the job market in the future, the following issues will need to be addressed:

- Improving the quality of some of our places, particularly in those locations that are key to supporting economic growth.
- Improving the quality and range of the housing offer.
- Addressing the affordability issue.

## City and Town Centres

### Quality of Place

Quality of place factors in city and town centres include the cultural offer, higher education, leisure and retail facilities and transport connectivity. Across the City Region this offer is improving through established urban renaissance programmes such as The Heart of the City project in Sheffield and Remaking Barnsley. These renewal programmes build on the individual strengths and visions for each town, reflecting the individuality of the area and dealing with their own restructuring issues and priorities.

The quality of place offer in city and town centres is currently assessed by LDY as strong and competitive, for younger people, particularly graduates, with Sheffield and Chesterfield identified as popular areas for living.

There is a need, however, to expand the offer of attractive urban suburbs in close proximity to city and town centre amenities, to attract and retain high earning families and knowledge sector workers who prefer easy access to urban amenities. There are some areas on the periphery of urban centres currently suffering from poor quality of place, which are located in exactly the right places to fulfil this role, for example Burngreave in Sheffield. The urban terraced areas have a new role to play in offering popular neighbourhoods attractive to working young people, couples and small families. This new role could be facilitated by the use of grant funding to allow the City Region to make the best use of existing stock, through the remodelling of housing in these areas, which would increase the mix and diversity of offer available to residents and breathe new life into the adjoining urban centres.

To appeal to highly mobile knowledge and creative sector workers new housing will also need to have the distinctive design quality and environmental sustainability aspects which appeal to certain types of professional households. There is a danger that the thousands of flats currently being built in city and town centres will fail in the long term to meet these aspirations – consideration of the diversity and design quality in new developments is needed.

The creation of better urban suburbs would also help to reduce the flight from the city to the country, relieving the extreme pressures on rural housing markets and affordability in places such as Grindleford in the Derbyshire Dales, the western side of Chesterfield, the west of Sheffield and the west of Barnsley.

### Quality of Residential Offer

There has been huge growth in the residential offer in city and town centres in recent years. Much of the property being built is small 1 and 2 bedroom flats, which meet density requirements and provide an excellent return on investment for developers. It is essential, however, that a strong link is maintained between the real demand from households for new homes and the supply being provided, in order that the new homes being built remain fully occupied and well maintained in the long term. There is also an emerging need to introduce diversity into the types of homes on offer, with the LDY case study report warning against the dangers of over provision of one type of property. In order to facilitate the diversification of this residential offer flexibility in the density guidelines will be required, with the focus moving away from numbers built to the type and quality of new homes provided.

Moving city and town centre housing markets forward in a balanced way will see more families accommodated in town houses and larger flats with gardens. The new urban suburbs mentioned above would offer houses in a range of sizes to accommodate differing family make-up and home working on the edge of urban centres, located between and linking the inner urban areas with more suburban neighbourhoods and widening the choice of housing and neighbourhood on offer.

This essential evolutionary development of city and town centre living will also require investment in improving the services available, including doctors surgeries, schools and community facilities and the creation / enhancement of neighbourhood centres as community focal points.

## Neighbourhoods

### Quality of Place

Key aspects of quality of place at a neighbourhood level include liveability issues such as safety, access to good quality open space, environmental quality, local schools and thriving retail and service focal points in local neighbourhood centres. Again, across the City Region the vast majority of neighbourhoods present these qualities. Some locations, however, are hindered from playing a necessary contributory role to economic growth by a poor quality of place offer.

The relative unpopularity of these areas increases the housing market pressure in other areas, worsening affordability problems and making access to housing more difficult.

Integrated and cohesive neighbourhoods offer access to a range of homes and facilities for a range of people including young people, the elderly, growing families and those with care needs. This mix of people, housing and facilities improves people's perceptions of a place and improves the overall attractiveness of the area. There is a need to ensure that the housing offer contains a range of properties in all areas that allow for integrated and cohesive communities, if we are to ensure that the housing offer doesn't hamper the economic performance of certain parts of the City Region. This cohesiveness is particularly important when viewed with the demographic trends for the City Region, which show an ageing population.

Significant social and physical regeneration has taken place over the last decade, to remedy the social and infrastructure legacy of industrial decline and restructuring, e.g. in former mining settlements in the Dearne Valley and Bassetlaw. This regeneration must continue, complemented by locally based economic regeneration equipping neighbourhoods with suitable workspace and opportunities for new businesses and providing new jobs.

It is essential that these programmes continue to finish the work that has been started. It is also essential that investment is enabled in aspects of quality of place for which very limited funding is currently available e.g. improving neighbourhood centres and driving up green space and environmental quality to improve attractiveness and ensure neighbourhoods remain sustainable in the long term.

### Quality of Residential Offer

There are a wide range of property types on offer in most neighbourhoods across the City Region with no niche gaps in the types of homes available. However, the same locations with the sternest quality of place challenges tend also to be locations where there is a poorer range and quality of homes on offer. In these neighbourhoods, where regeneration programmes are underway, property prices are depressed and local housing markets do not function effectively. In general the issues in these areas are a preponderance of either poor quality social rented homes on largely mono-tenure estates with little variety in property type or poor quality privately owned or private rented terraced property.

Quality of residential offer issues also vary between small rural villages and more urban small settlements, with affordability a major issue in the former and quality a major issue in the latter.

Sustained investment towards meeting the public and private sector housing decency targets is essential, as is the development of future financing models for maintaining decency in the long term. Flexibility in the way Decent Homes funds can be invested would be extremely helpful in ensuring that in each neighbourhood the right housing of the right quality is on offer.

At the high value end of the housing market, new aspirational quality homes are needed in the right types of locations to attract mobile, professional workers, and planning policies and housing redevelopment strategies must reflect this aspect of the market.

The transformational change in neighbourhoods and housing being driven forward in some of the poorest neighbourhoods in the City Region by area based regeneration projects such as the Green Corridor and Transform South Yorkshire, the Housing Market Renewal Pathfinder, must continue to enable these neighbourhoods to both participate in and support economic regeneration.

### Affordability

The affordability of housing has clear implications for the economic performance of the City Region. The economy needs a range of employment sectors to be well served with workers if it is to function effectively. For example, high-end employment sectors such as the creative and knowledge industries need to be supported by people working in services, facilities management and utilities. Health services need orderlies and nurses as well as consultants and doctors. The housing offer in the City Region must reflect this layering of the workforce, by ensuring there is sufficient good quality affordable housing of all types.

In their case study report LDY calculated the average house price currently at £136,356 for the City Region<sup>8</sup>, whilst the average City Region household income is £30,716<sup>9</sup>. Average individual earnings in the City Region are £17,300<sup>10</sup>, which means that there is a clear affordability issue for single person households. However, affordability is about more than just being able to meet mortgage or rent costs; sustainable households are those which can also in the long term afford other housing costs such as repair and maintenance, insurances and Council Tax without incurring other debts.

In our view the LDY work underestimates the affordability problems already being experienced across what is a low wage City Region, with particular hotspots in the Derbyshire Dales, Chesterfield and the west of Barnsley and the west of Sheffield.

<sup>8</sup> Q2 2006 – Land Registry

<sup>9</sup> 2005 – Wilcox JRF Study (mean average)

<sup>10</sup> 2005

Property prices continue to rise more quickly than incomes, and demand levels for social rented housing are currently extremely high across the City Region.

There is an issue of quality in the lower (affordable) end of the market that needs to be addressed. Some of the affordable housing is of poor quality. This is notable in the HMR areas where the programmes have concentrated on improvements to the environment and housing quality e.g. Conisbrough (Doncaster).

The supply of good quality affordable housing must be increased to help relieve pressure in both the owner occupied and social rented housing markets, and enable workers on lower incomes to relocate to and remain in the City Region. The economic forecasting work completed to date for the CRDP indicates the most rapid job growth sectors to 2016 to be those of health and other service occupations, which are not well paid, further emphasising the importance of getting the affordable housing offer right if the economy is to thrive.

## The Location of Housing Growth

As preparatory work for both the Yorkshire and Humber and East Midlands Regional Spatial Strategies, the need for housing growth has been assessed. For South Yorkshire it is currently anticipated that there will need to be 66,725 new homes by 2021, a build rate of 3,925 per annum. For the northern sub area of the East Midlands, which includes the districts which are part of the Sheffield City Region, the currently anticipated housing growth over the same period is 23,460, or 1,380 per annum.

Planning and Housing Strategies across the City Region demonstrate an adherence to a concentration approach to the location of new homes. This encompasses the reinforcement of existing settlements, and locates new homes close to existing infrastructure. Housing growth will be larger around the city and towns, with lower levels of new provision at smaller settlements.

Modest housing growth has been identified in most local authority areas for settlements requiring regeneration, often former mining villages, where new homes are helping to drive up the quality and range of the housing available, replace obsolete housing which has been demolished and create more mixed sustainable communities. These new homes will attract new people into these communities and help to re-establish the link between these areas and the wider economy.

In South Yorkshire housing growth will be targeted at settlements in the east of Barnsley and the town centre, Rotherham town centre, Wath, Brampton, Kilner / Swinton / Mexborough, Dinnington and Maltby, Sheffield city centre and the Sheffield parts of the HMR Pathfinder area. In the East Midlands housing growth will be focussed around Chesterfield town, Brimington and Staveley, Shirebrook in Bolsover and Worksop, Tuxford, Retford and Harworth in Bassetlaw.

Across the City Region there is also a clear synergy between the identified locations for economic growth and those for housing growth, an approach which seeks to minimize the need to travel to work and focus development on brownfield sites. In South Yorkshire, Sheffield and Doncaster, which have been identified as two growth poles for the economy, should also see the largest number of new homes built. In the East Midlands a smaller scale of economic growth is envisaged due to constraints on land availability, infrastructure capacity of the existing settlements and a strong desire to protect the natural environmental assets of the area. This growth will be encouraged in the northern sub area of the East Midlands, focused around Staveley and Markham Vale west of Bolsover, the A61 corridor from Chesterfield to Clay Cross, around Barlborough and eastwards towards Clowne, Whitwell and Creswell and north of Worksop towards Robin Hood Airport concentrating on former mining communities and sites.

The City Region commissioned research from the Centre for Urban and Regional Studies (CURS) at the University of Birmingham into the likely impacts on household growth arising from the ambitious "Policy On" economic growth scenario set out in section 4 of the CRDP. For comparison purposes, CURS also modeled a baseline scenario based on economic growth trends over the 15 years prior to 2004. CURS used data on forecast economic growth which has been compiled by Yorkshire Forward.

The scenarios indicate a need to grow housing numbers by between 20,000 (baseline scenario) to 77,000 (policy on growth scenario) to serve the needs of the growing economy. The more successful the City Region is in achieving growth at the higher end of the Policy On scenario, the more focus for new housing falls on Sheffield and the other South Yorkshire parts of the area. Indicative of the challenges that the City Region faces in continuing the re-shaping of its economy, in the short and medium term the new jobs forecast to be created are in the low and medium skill ranges, and in employment sectors where there are high levels of part time work and jobs taken as a second income. Over time the higher skilled employment sectors will play a larger role in the economy, with growth in advanced manufacturing, professional and knowledge based industries.

On-going work is required to further analyse the CURS research, but initially the impacts for housing identified by the research are:

- The need to plan for the increased provision of housing to support higher levels of economic growth
- A clear on-going need for good quality affordable housing for both rent and ownership to provide homes for increasing numbers of workers in the low and medium skilled employment sectors
- The need for further investment in housing and neighbourhood quality to attract highly skilled and mobile workers

- A continuing role for the Housing Market Renewal programme in order to ensure that all neighbourhoods can benefit from and contribute to improved economic conditions

## Rural Areas

The City Region has a number of outstanding rural villages that form a very desirable element of the residential offer e.g. Cawthorne near Barnsley and Penistone. So desirable in fact that homes in many rural locations have become unaffordable to local people, who are out-competed for properties by people working in urban areas who are buying second homes. The increasing presence of second / holiday homes in small settlements threatens their long term sustainability, as holiday home owners often shop and send their children to school elsewhere.

In order to maintain the viability of these villages more affordable housing must be provided to enable local people to continue to live and work in the area. Any new housing must be of a suitable scale and type not to threaten the character of the settlement, and must be enabled by suitable planning policies.

## Summary

There has been a perception that in the City Region's residential offer there is under-supply at the aspirational end of the property market and underperformance at the lower end. The stock profile for the City Region, however, contradicts this perception, with comparable proportions of different types of homes to the national average. There are locations, however, where the range of homes on offer is very limited and more diversity is required to attract a range of households. A relatively high percentage of the housing stock is in the lower Council Tax bands, but this is as much to do with the historically low property prices in the City Region as it is a reflection of the quality of homes on offer, and in recent years the prices of homes in the City Region have dramatically increased.

There are outdated views of the City Region, based on its period of industrial decline in the 1980s, when poor quality terraced housing in mining villages or industrial suburbs became the stereotype for housing across the area. The popularity of many parts of the City Region as places to live directly contradicts this stereotype, with aspirational suburbs, modern city centre apartments and stunning rural villages where people aspire to live.

There are, however, quality of place and housing issues to address in specific locations, where targeted investment is required to transform neighbourhoods into areas of choice for current and future households, the transformation of which will alter commonly held but inaccurate perceptions about what it would be like to live in the City Region.

An on-going action plan of work to drive up the quality of the residential and place offer in the City Region has been developed to support the City Region Development Programme.

### What does this mean for accelerating economic growth

- Investment in the quality of place aspects of targeted neighbourhoods.
- Continued investment in targeted area based social and physical regeneration including the Housing Market Renewal programme.
- Sustained investment in public sector decency to meet the 2010 Government target and financing models to maintain decency in the future.
- Increased investment and new tools to enable the achievement of the private sector decency target.
- Flexibility in the way current funding can be spent to create the right changes in neighbourhoods.
- Increased provision of new affordable housing in all tenures.
- Diversification of the housing stock base to expand the offer of distinctive high value aspirational quality homes in the right locations.

### What will the Sheffield CR Partnership do?

1. Complete a suite of housing market assessments.
2. Continue to work with the Northern Way to develop an assessment methodology for quality of place.
3. Deliver on regeneration schemes including the HMR Pathfinder area, Green Corridor, A61 / River Rother Corridor in Chesterfield.
4. Build the outcomes from the LDY and CURS research into Housing Strategies and LDFs.
5. Continue to deliver Decent Homes investment in the public and private sector.
6. Make best use of Affordable Housing Policies and planning gain to lever in private sector resources for new affordable housing.

#### What can Government and Regional Agencies do?

1. Introduce flexibilities on the use of existing funds to allow for more efficient use of investment streams.
  2. Continue to support essential regeneration programmes including the HMR Pathfinder and Green Corridor.
  3. Support regeneration of older terraced housing adjacent to urban centres.
  4. Address affordability in market towns and rural areas.
  5. Examine funding levels for the City Region via the National Affordable Housing Programme.
  6. Support the development of new mechanisms for the delivery of new affordable housing.
  7. Support innovative funding models for continued investment in public sector stock.
  8. Review density guidelines to enable greater flexibility in the types of new homes built.
  9. Fund strategic transport improvements to ensure capacity for housing growth in key regeneration areas e.g. A61 corridor.
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## 10 Organising for a Growth Agenda

There has been a growing acknowledgement from both central and local government, as well as independent commentators, that the City Region is the most appropriate level to approach a range of issues such as “implementing economic development initiatives, effective planning, and developing the capacity to enable growth”<sup>11</sup>, and that giving cities greater financial power and influence is a key way to improve their competitiveness<sup>12</sup>.

The aim of this City Region Development Programme has been to set out the major opportunities to accelerate economic growth in the Sheffield City Region, and how it can contribute to closing the productivity gap between London and the South East, and the North of England. Our approach specifically focuses on those activities that would benefit from a joint approach across the City Region. This section describes the proposed delivery and partnership arrangements required in the Sheffield City Region to make these a reality.

As well as the CRDP, Sheffield along with the other English Core Cities has produced a business case outlining progress made in the city and the City Region, proposals for realising key ambitions and the freedoms and flexibilities needed to achieve this.

In dialogue with Government it has become clear that strong co-ordination and leadership are key to taking the proposals set out in both documents forward. Whilst recognising that all city regions are different and that one size does not necessarily fit all, a governance structure that is coherent with clear lines of accountability is necessary to provide the capacity and capability for city regions to deliver on their potential.

### Features of the Sheffield City Region

Sheffield City Region has some unique features which provide opportunities not available to other areas. Most striking among these is the fact that the City Region crosses the government regional planning boundary between Yorkshire and the Humber (YH) and the East Midlands (EM) comprising as it does the following local authorities:

Barnsley Metropolitan Borough Council (YH)	Bassetlaw District Council (EM)
Doncaster Metropolitan Borough Council (YH)	Bolsover District Council (EM)
Rotherham Metropolitan Borough Council (YH)	Chesterfield Borough Council (EM)
Sheffield City Council (YH)	Derbyshire Dales District Council (EM)
Derbyshire County Council	North East Derbyshire District Council (EM)
Nottinghamshire County Council	Peak District National Park Authority

All of the East Midlands authorities are in two-tier areas - this contrasts with the single tier status of the Yorkshire and Humber authorities.

This cross-border collaboration is a real opportunity as it enables local authorities to work with other areas with which they have much in common but for historical reasons have had very little interaction with. For example, being part of the former South Yorkshire County Council, Sheffield has always had strong relationships with Doncaster and Barnsley, but not with Chesterfield despite the economies of the two being closely linked.

Sheffield City Region is distinctive in that it is not a continuous built-up area with a single metropolis at its core, such as Manchester. Instead, it is a network of inter-connected but distinct places, ranging from large urban centres to market towns to rural villages. It contains large swathes of the Peak District National Park, making it probably the greenest city region in the UK.

### New Arrangements

A new model, taking account of the unique nature of the Sheffield City Region, and of the wider context, is being considered. These governance arrangements have been developed to take into account the differentiating features of the Sheffield City Region described above.

The over-riding principle in developing the model has been one of **subsidiarity** – issues should be addressed at the lowest practical level. This would mean, for example, that each district would continue to be responsible for its own economic and social regeneration and for the delivery of projects towards achieving this. However, the local programmes would be taken forward within a much stronger strategic context for the City Region, and those priority infrastructure projects that cross districts could be taken forward with greater confidence. It is important to bear in mind that strong structures can only ever be enabling measures: for the City Region to be effective in practice will also require excellent working relationships.

The City Region arrangements we are developing build upon the successful partnership that has been in place for the last 18 months as we have developed our CRDP. Three new elements underpin the proposals:

- Sheffield City Region Forum

<sup>11</sup> City Leadership: Giving cities the power to grow, IPPR Centre for Cities, 2006

<sup>12</sup> State of the English Cities, ODP, 2006

- Joint Issue Boards
- City Region Support Unit

## Sheffield City Region Forum

The Sheffield City Region Forum (SCRF) will be the over-arching body responsible for setting the strategic direction for the City Region and over-seeing the development and delivery of the City Region Development Programme. It is proposed that the SCRF meets six times a year and the Chair will be elected from among the voting members.

The Forum will act as an effective and accountable form of leadership for the City Region, and will “drive decisions and overcome blockages”<sup>13</sup>. However, it will not have an executive role, rather it will work through partnership and influence to get things done. The Forum will be a partnership arrangement consisting of a range of stakeholders in the City Region with membership as follows:

- Forum members
  - Leaders / Mayors of each of the local authorities including the two County Councils
- Key Stakeholders (observers)
  - Chief Executives / Managing Directors of each of the local authorities including the two County Councils
  - Peak District National Park Authority
  - Representatives from Yorkshire Forward and East Midlands Development Agency
  - Representatives from the Government Office for Yorkshire and the Humber, and the Government Office for the East Midlands
  - Representatives from the Yorkshire and Humber Regional Assembly and the East Midlands Regional Assembly

Its role will be broadly to:

- Develop City Region economic strategy
- Develop solutions to cross-boundary transport issues
- Encourage investment in the City Region
- Co-ordinate the skills and training agenda
- Address environmental and quality-of-life issues
- Promote the city region as a destination
- Build relationships with other City Regions

## Joint Issue Boards

The SCRF will establish Joint Issue Boards (JIBs) to progress specific workstreams of City Region significance, and where a joint approach would add value. The JIBs will have a defined lifespan with a remit to undertake a specific piece of work to advise the SCRF on strategy for the particular workstream.

Membership of the JIBs will be at the discretion of the SCRF but would be expected to include Forum members and co-opted members from relevant partners organisations or stakeholders groups, e.g. the private sector.

For example, it might be advantageous to have a Joint Issue Board for the Peak District National Park involving those authorities that border the park (including the Manchester City Region), a Joint Issue Board for the Midland Mainline, involving those authorities that constitute the catchment area for Midland Mainline stations, and a Joint Issue Board for Robin Hood Airport Doncaster Sheffield.

## City Region Support Unit

To facilitate the work of the Sheffield City Region Forum and the Joint Issue Boards, it is proposed that a City Region Support Unit is established. This small unit would focus on core policy development and strategic support. It is envisaged that it would have a number of functions, for example:

- Providing objective policy advice to the SCRF/JIBs
- Drafting reports on issues of significance to Sheffield City Region
- Developing strategies in line with the CRDP and vision for Sheffield City Region
- Co-ordinating partnership working across Sheffield City Region

<sup>13</sup> Seeing the Light: Next steps for City Regions, NLGN, 2005

- Providing the secretariat function for the SCRF and JIBs

Financial support for the City Region Support Unit will need to be identified, possibly from the local authorities that make up the City Region and the two regional development agencies.

In the short-term in order to progress activities arising from the CRDP, including establishing the necessary partnership arrangements, a temporary City Region Co-ordinator has been appointed with the support from the Northern Way City Region Development Fund.

## **Relationships With Other Agencies and City Regions**

The relationship the SCRF has with other agencies and City Regions will be crucial to its success. Specifically, it will need to work closely with the various regional bodies to ensure that city region strategies are consistent and deliverable within wider frameworks such as the Regional Spatial, Economic and Housing Strategies. However, it will also be crucially important that these regional strategies reflect the priorities of the City Region, because it is the City Regions that are the drivers of growth in the region as a whole. Therefore, the SCRF will provide the key link between the strategies of individual local authorities and those of the regional bodies.

## **Moving Forward**

We know that city regions have the potential to make a real difference to the future of our major cities and surrounding areas. It is clear from our discussions with Government that we need to establish City Region governance arrangements that are clear, effective and accountable. In moving forward, we would seek continued support from Government and the confidence to delegate the necessary powers.

To achieve this, we need a continuous, constructive dialogue with Government about how we make our proposals a reality over the next few years, in order to deliver tangible benefits to the residents of our City Region, and that begin to close the productivity gap.

At the time of writing, we are expecting a White Paper on local government which we hope will provide real incentives to continue collaborating at City Region level.