



Sheffield
Economic
Overview:

**The impacts
of COVID and
economic recovery**





Introduction

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

Key Objective: Sheffield and its partners want to raise the profile of the city nationally and internationally, capitalising on the city's assets to attract new business and investment to the city. **The inclusive, health and sustainability elements of this work represent a marked shift from previous approaches that have adopted a narrower economic lens.**



Approach

- Collation, analysis and discussion of data in worksheets under agreed headline themes (1) Business Resilience (2) Skills & Employment (3) Inclusion, Health & Wellbeing (d) Sustainable & Connected Places.
- Tested findings with stakeholders and individuals.
- Added qualitative insights (and there is more work to do deepen our understanding of the data with partners).
- The evidence base tells the story of Sheffield through three interrelated chapters which reflect the key issues revealed by the data. These are:
1) The Productivity Challenge and Opportunities, 2) The Unequal City and
3) A Just Transition.
- Full evidence report underway.
- Purpose of this session: Present emerging headlines and test whether you recognise the story we have told about Sheffield, including the impact of COVID?



Themes and research questions

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



Productivity challenge and opportunities



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

Low rates of business starts, low business density and fewer high growth businesses than stronger performing core cities, will impact on Sheffield's resilience and its ability to seize new opportunities for growth.

Key Fact: Sheffield would need to be home to 3,400 more businesses and 950 more business starts per year for business density and start up rates to match the Core City average.

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

The economic output gap relative to the Core Cities is £1.4 billion, up from £0.5 billion in 2015. This represents a lost opportunity for residents and those that travel to Sheffield for work.



Sheffield's population is more highly qualified than its workforce. This creates an opportunity.

There are 29,800 more residents with NVQ4+ qualifications than employees. This suggests highly qualified people are working outside of the city, or in roles below their qualification level. This could be a driver of why average wages of people working in Sheffield are lower than those living in Sheffield but working elsewhere.

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

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

This could be due to the types of job within sectors. For example, in Sheffield's financial sector, 34% of jobs are in the managerial or professional occupations compared to a Core City average of 43%.



Mixed fortunes in commercial, innovation and inward investment

- Good recent growth of Foreign Direct Investment (+38% since 2015), which is the fastest rate among the core city regions but stock of FDI is still low and value per employee.
- Sheffield has some dynamic independent companies, household names and headquarters of homegrown, UK and international and foreign owned companies but few OEMs and Unicorns.
- SCR businesses have been good at engaging with and implementing innovative practices but are potentially weaker at translating these into viable commercial propositions to take to market.
- Sheffield's proportion of Grade A office space (12%) is the lowest of all the Core Cities (17% below the average). Sheffield has the highest Core City retail vacancy rate (15%).



Unequal city



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

- Within the city, life expectancy ranges from 75.0 for men and 77.8 for women in Burngreave ward (North East LAC) compared to 83.8 for men and 89.2 for women in Ecclesall (South East LAC).
- In the most deprived areas, health and wellbeing challenges can prevent people from working as much as they would like to and from fulfilling their potential resulting in years of potential life lost for some individuals and communities.

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

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



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

- Economic inactivity and unemployment has fallen for the work-limiting disabled population in Sheffield over the past five years, however this is not the case for women where the situation has worsened.
- A higher proportion of those with depression, learning difficulties, mental health problems or nervous disorders are economically inactive and unemployed in Sheffield compared to the national average some parts of Sheffield, rates of depression are 40% higher than the national and city averages.
- The city's happiness levels are worse than its peers and declining.

Key Fact: The proportions of economically inactive on long term sick in our sub-region range from 23% in Sheffield to 39% in Doncaster.

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

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



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

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

Deprivation and poverty is linked to lower educational outcomes.

- Those on free school meals are falling behind in terms of GCSE / KS4 attainment. They are also less likely to be in education or employment beyond this level.
- Rates of 16-17 year olds not in education, employment or training vary widely by ethnicity, but the highest rates are among white and mixed-race young people.
- **Key Fact:** There is a 17.2% gap in attainment for those on free school meals at GCSE/KS4.



Just Transition



Business emissions are significant and need to be reduced, but green jobs provide an economic opportunity.

- Business emissions have been decreasing but still contribute around 35% of the city's carbon emissions (household emissions form around 33%).
- The LGA forecast nearly 8,000 green economy jobs are needed in Sheffield by 2030, with half of these in alternative fuels and low-carbon heat.

Key Message: Carbon emissions have been reducing but there is some way to go to reach the 2030 net zero target.

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

- Homes in the east, centre and south of Sheffield have the lowest prevalence of insulation, but this is not correlated to concentration of emissions.
- Emissions from gas are greatest in the South West and North LACs which are worse than the national average. Central and East LACs have below average emissions.
- Household emissions come primarily from burning gas, which is difficult to replace.



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

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

Key Fact: Our air quality exceeds legal limits which affects the young and old and those with pre-existing heart and lung conditions. It can reduce life expectancy by 9 years and there are 500 premature deaths per year. Premature mortality is causing a persistent health risk and a drag on productivity.

Air quality inequality will exacerbate health and economic disparities.

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



The Sheffield economy was worth
£13 billion
in 2019.

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



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



Within Sheffield there is a gap in average life expectancy of 8.8 years for men and 11.4 years for women.

Sheffield has the highest average healthy life expectancy of any of the Core Cities.

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

If the share of Category 1 jobs was at the Core City average, Sheffield would have **2,400** more managers and senior officials.

Fuel poverty within Sheffield increased at a faster rate between 2014 and 2019 than the national average.



5.3%

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



The LGA forecast nearly

8,000

green jobs are needed within Sheffield to support net zero targets.

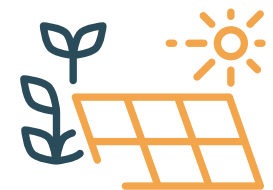
Business emissions are decreasing but still contribute around 35% of the city's carbon emissions.



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



Sectoral opportunities for Sheffield include: advanced manufacturing; health and wellbeing; digital technology and creative industries; construction technologies; business and professional services and sustainable energy production.





Emerging messages

- The 'devolution revolution' combined with a green stimulus for economic growth offers a potentially powerful mix for change.
- This 'provides the impetus for a move away from business-as-usual models of economic growth'.
- We aren't creating enough and the right jobs to match the skills and requirements of the workforce.
- A longer-term and place-based approach to inclusive growth should increase focus on key causes of inequality at earlier life stages.
- Unless we address widening disparities, we will reinforce existing trends.
- We need to do more to reach our ambitious 2030 target for net zero in way that delivers just transition across Sheffield's economy and communities and places our industry at the heart of the green economy.



Summary Policy Implications

The potential **productivity policy implications** emerging from the data are that:

- Investment is needed in the next generation of leaders and managers and key sectors with growth prospects.
- The skills profile and city's innovation assets offer an attractive proposition for inward investment.
- A more concerted effort is needed on start-ups (especially tech start-ups).
- Potential commercial development sites need to be stimulated and city centre resilience bolstered.
- There is scope to boost the innovation and enterprise ecosystem.

To **reduce city inequalities** a range of measures is required to combat the disproportionate effect that Covid has had on key groups:

- Measures to tackle poverty (including fuel poverty) and support good mental health.
- Acton to help mitigate the effects of the cost-of-living crisis.

There are some far reaching **carbon reduction policy implications** to ensure that emissions are cut to meet the required zero carbon targets to 2030:

- Tackling air pollution and decarbonisation in energy, transport, industry and businesses and the built environment.
- Active travel to reduce transport emissions / improve health and wellbeing.
- A transition plan identifying new jobs and skills across the green jobs' life cycle.