

SHEFFIELD CITY COUNCIL

**Economic and Environmental Wellbeing Scrutiny and Policy Development
Committee**

Meeting held 20 December 2017

PRESENT: Councillors Denise Fox (Chair), Ian Auckland (Deputy Chair), Mike Chaplin, Neale Gibson, Abdul Khayum, Ben Miskell, Robert Murphy, Colin Ross, Ian Saunders, Martin Smith, Paul Wood and Andrew Sangar (Substitute Member)

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Mark Jones, Jackie Satur and Gail Smith (with Councillor Andrew Sangar attending as her substitute).

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 In relation to Agenda Item 7 (Support for Small Businesses in Sheffield), Councillors Neale Gibson, Abdul Khayum, Rob Murphy, Martin Smith and Paul Wood declared personal interests as owners, and/or directors, of small businesses in the City.

4. PUBLIC QUESTIONS AND PETITIONS

4.1 There were no questions raised or petitions submitted by members of the public.

5. CHINA ECONOMIC AND CIVIC PROGRAMME - PROGRESS UPDATE

5.1 The Committee received a report of the Director of City Growth, Place Portfolio, containing an update on the programme of activities that had been developed between Sheffield and Chinese partner organisations, in connection with investment, trade and education and civic activity in the City.

5.2 In attendance for this item were Councillor Mazher Iqbal (Cabinet Member for Business and Investment), Edward Highfield (Director of City Growth) and Howard Varns (Programme Manager, City Growth).

5.3 Councillor Mazher Iqbal introduced the report, referring briefly to the present position, and circulating information relating specifically to Sheffield's links with Chengdu.

5.4 Members of the Committee raised questions, and the following responses were provided:-

- It was very difficult to provide a figure in terms of the level of investment made by China in Sheffield over the last two to three years. As highlighted in the additional information circulated at the meeting, Sheffield's relationship with Chengdu held massive potential for both the City's citizens and businesses, and which included plans for a Sheffield-Northern Powerhouse Business and Trade 'Incubator' Office, to open in Chengdu's High-Tech Zone in early 2018. This would provide all partners in the City with a base and resource to assist with developing business and trade opportunities. The two main developments in the City Centre comprised approximately £60 million of Chinese investment in new retail space, apartments and offices. In addition to this, a number of smaller businesses had located to the City, primarily for the benefit of the Chinese community. There had also been major investment in terms of the development of 'sister' schools by Sheffield and Chengdu, within each other's high technology and innovation parks, with Oasis Don Valley Academy at the Olympic Legacy Park to be replicated in Chengdu and, with funding from the Chengdu Government, a programme of teaching and student exchanges between the two schools then developed.
- It would be very difficult to assess whether the City had benefited financially, as a result of the work undertaken in terms of attracting the Chinese investment. The only way this could be assessed was by commissioning a qualitative piece of research, which would be at a considerable cost to the Council. Officers could contact colleagues in the Core Cities to obtain comparative data in terms of how Sheffield had attracted investment as compared with the other Cities. Officers would look at the possibility of asking a University student to undertake this qualitative research on behalf of the Council, as part of their course.
- Despite being unable to progress a viable scheme involving the Central Library building, Guodong had expressed a willingness to continue to work with Sheffield in terms of future investment in the City. The Council would continue working with Guodong in terms of promoting other possible development opportunities in the City. The Council received numerous enquiries in terms of investment opportunities in the City, and would treat any further offers from Guodong the same as from any other companies.
- It was accepted that it was rare for the Council to agree a Memorandum of Understanding with a company in terms of future investment in the City, and that such an arrangement with Guodong had been agreed simply on the basis that it had been deemed as good practice by the Chinese. If any investors requested a similar arrangement in the future, the Council would give consideration to this.
- The proposals in respect of the 'sister' schools had come about as a result of an approach from Chengdu, who wanted to improve the links between the two cities by establishing a school in Chengdu, which would be the first English-style school established within the Chinese state education system. The Council was also looking at further and broader partnerships between

Chengdu and other schools in the City.

- In terms of major investment schemes, following the press release issued in July 2016, the Council had looked at a number of investment projects. The only project which had been identified as viable, and able to bring benefits to the City, was the refurbishment of the Central Library building in order to establish a commercially viable hotel but, as a result of the significant structural issues with the building, this project had no longer been deemed viable. There were no firm plans in respect of any future projects at this stage.
- A Sheffield-based architect firm had been engaged by Chengdu directly to design the 'Sheffield' school in Chengdu. Oasis Don Valley Academy at the Olympic Legacy Park would be replicated in Chengdu, and it was hoped that the Academy in Sheffield would become a centre of excellence in terms of Mandarin teaching, with teachers travelling from China to work in the school. It was hoped that the 'sister' school would open in Chengdu in March 2019. The school in Chengdu would adhere to the Chinese national curriculum.
- In terms of the current position with regard to potential Chinese investment in the City, only as and when any deals had been agreed, would Councillor Mazher Iqbal, or any future relevant Cabinet Member, visit China. It was considered that Sheffield was ahead of a number of other cities in terms of working with Chinese partners and securing investment.
- As the majority of the negotiations had been held with Chengdu, it had been considered that Sheffield would focus on strengthening its links with that City. Whilst the Council had, and would continue to, track the various different investment possibilities available, it had not got either the resources or capacity to deal with all investment enquiries.
- The Council was very mindful of the position with regard to Brexit in relation to future discussions with Guodong. Whilst there was a level of uncertainty, the Chinese viewed Brexit as a positive in terms of future trading opportunities. Work would continue to help Sheffield businesses export more to China, as well as to other countries.
- Guodong had a considerable amount of money that they wished to invest in the City, and wanted to know what the Council's plans were in terms of future development in the City, prior to any agreements being made. A considerable amount of work had been done in terms of preliminary discussions and negotiations, which the Council was confident would result in investment in the near future.
- Officers would be happy drafting a paper setting out details in terms of the preparatory work undertaken to date, including a rough estimate of the costs of such work. It had been considered that the costs involved in terms of the preliminary negotiations and discussions had been justified, given the potential for major investment in the future.

5.5 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, together with the additional information set out in the paper now circulated and the responses to the questions raised;
- (b) thanks Councillor Mazher Iqbal, Edward Highfield and Howard Varns for attending the meeting and responding to the questions raised; and
- (c) requests the Director of Creative Sheffield to:-
 - (i) assess the possibility of a University student undertaking a qualitative piece of research in terms of assessing how the Council was performing;
 - (ii) explore with Silverdale School, the School's current contact with China; and
 - (iii) provide a written response in respect of the preliminary work undertaken.

6. SUPPORT FOR SMALL BUSINESSES IN SHEFFIELD

- 6.1 The Committee received a report of the Director of City Growth, Place Portfolio, on the support provided by the Council for small businesses in Sheffield. The report contained information on what support was on offer for small firms in the City, what the impact of that support was and also, whether or not the Council was providing the correct support. The report also provided an overview of the issues faced by the City in relation to its business population and economy more generally, outlined the overall support available to small firms generally and, specifically, considered the support provided by the Council's City Growth Department, through the 'Business Sheffield' brand. The report also contained, as an appendix, a list of the upcoming expert delivered business information sessions, from October to December 2017, available for small firms in the City.
- 6.2 In attendance for this item were Councillor George Lindars-Hammond (Cabinet Adviser for Business and Investment), Edward Highfield (Director of City Growth), Yvonne Asquith (Business Growth Manager, City Growth) and Kevin Bennett (Head of Business Growth and Investment, City Growth).
- 6.3 Kevin Bennett introduced the report, indicating that the vast majority of businesses in the City were either small or medium-sized enterprises (SMEs), and that in relation to most business start-up or density indicators, Sheffield was towards the bottom of the Core Cities group. He also stated that Sheffield was very strong in terms of advanced manufacturing and technology generally, but had insufficient business in knowledge-based sectors.
- 6.4 Councillor George Lindars-Hammond stated that the Council, through its 'Business Sheffield' brand provided a considerable level of support for SMEs, and that the

Council was examining how it could look further at how such businesses performed, and what it could do to help businesses continue to thrive in the City. He stated that there were plans for further developments in the City's District Centres and other areas within the City Centre within the next few years. Councillor Lindars-Hammond stated that the Council had acknowledged that there was a need to look at how more Council services could become involved in building up the business environment, and that as part of this work, there was a need to look at what businesses wanted, and not just what the Council wanted.

6.5 Members of the Committee raised questions, and the following responses were provided:-

- The Council held very active dialogue with SMEs, specifically at the pre-start-up stage. A high level of assistance was also provided at the early stage, with two very experienced officers within Business Sheffield assisting with this work. The Council received and reviewed feedback on the advisors on a regular basis. There was also a Growth Adviser Team of seven, which had a considerable level of experience, and based its approach on getting to understand the business and its growth support needs, rather than trying to promote specific actions or services.
- In terms of the Council's interaction with businesses, the Sheffield Business Gateway (formerly First Point for Business) had improved communications with Council Services such as Environmental Health. However, some businesses were still having issues with the Housing and Council Tax Services in relation to dealing with employee issues. It was suggested that the Authority ought to be able to improve this area.
- A considerable amount of work was undertaken to promote the contact telephone number for First Point for Business, which was operated by the Business Gateway Team.
- Information in terms of how Sheffield was performing with regard to the provision of business rate relief, as compared with the other Core Cities, was not available at the meeting, but could be provided to Members. Work was undertaken to promote performance in terms of start-up businesses, and there was a considerable level of free information on both the Council's and the Chamber of Commerce's websites for businesses wanting to start-up in the City. Whilst there was a number of good examples in terms of how the Council worked with businesses, it was accepted that there was a need for further improvement, particularly regarding the promotion of the Council as being 'easy to work with'.
- The cost of providing support for SMEs equated to approximately £270,000 a year. It was difficult to compare this amount with the amounts spent by the other Core Cities as there was a number of variances in terms of the offer, whereby some Authorities offered a generic service and others operating in the form of arms-length companies. As an estimate, it was considered that Sheffield was around the middle in terms of how much it spent on supporting

SMEs.

- With regard to examples of good practice in terms of the Core Cities, Bristol was very effective at attracting businesses to the City, mainly due to it having more drivers in the underlying economy. All the Core Cities had very different arrangements in terms of attracting businesses.
- It was acknowledged that Sheffield had two few businesses in the knowledge-based sectors and Business Sheffield, in acknowledgement of this, was continuing to look at how the imbalance could be addressed. One such piece of work involved looking at how more such businesses could be attracted to the Advanced Manufacturing Park. In order to do this, businesses needed to be confident that there was a broad base of activity, as well as other benefits, to encourage them to locate in, or relocate to, the City. In addition, Business Sheffield was also working on developing more managed work spaces in the City, and providing 'wrap around' support for any businesses expressing an interest in locating in, or relocating to, the City. The changes in the number of knowledge-based businesses was a generational trend, therefore it could take some time for the City to see an increase in such businesses. It was accepted that some cities were well ahead of Sheffield in terms of the number of businesses, but it was hoped that, through continued hard work, as well as the introduction of new ideas and initiatives, Sheffield would see an increase in the number of businesses locating in, or relocating to, the City.
- It was acknowledged that a high number of skilled employees from the City were attracted to work in other major cities, including Leeds, on the basis that Sheffield simply did not have a sufficient number of businesses. In order to change this trend, it had been acknowledged that there was a need for a better connection and communication between the City's businesses and the Universities, specifically with regard to asking businesses to look at the content of University courses in terms of the courses' relevance to them.
- There had, however, been a number of businesses coming to Sheffield because of competition for digital jobs in the sector in places like Leeds and Manchester, but the Authority needed to avoid getting into the same position in Sheffield.

6.6 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, together with the information now reported and the responses to the questions now raised;
- (b) thanks Councillor George Lindars-Hammond, Edward Highfield, Yvonne Asquith and Kevin Bennett for attending the meeting and responding to the questions raised; and
- (c) recommends that a conversation on policy direction takes place, including changing how businesses view the Council, as well as practical measures such as the sending of Business Rate relief forms with the Business Rate

statements, and making Housing and Council Tax Benefit application forms more appropriate for employees of SMEs.

7. WORK PROGRAMME 2017/18

- 7.1 The Committee received a report of the Policy and Improvement Officer which set out its Work Programme for 2017/18.
- 7.2 In response to questions raised by Members of the Committee, the Policy and Improvement Officer (Alice Nicholson) stated that the item “Growing Sustainably” on the agenda for the meeting on 31st January 2018, would encompass a look at the Clean Air Strategy and developing the Sheffield Transport Vision. She added that whilst it was not likely that the update on the Sheffield Retail Quarter would be ready for the meeting to be held on 31st January, 2018, the formal response in respect of the Western Road First World War Memorial Committee recommendations would be ready for this meeting. It was also likely that the reports on the updated current position regarding implications for Sheffield of the vote to leave the European Union (Brexit) would be ready for this date.
- 7.3 RESOLVED: That the Committee, in noting the comments now made, approves its Work Programme for 2017/18.

8. DATE OF NEXT MEETING

- 8.1 It was noted that the next meeting of the Committee would be held on Wednesday, 31st January 2018, at 5.00 pm, in the Town Hall.

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