



FDi

SUPPLEMENT

WWW.FDIINTELLIGENCE.COM

Sheffield City Region

FROM STEEL BASHING TO
ADVANCED MANUFACTURING

PRODUCED BY

fDiMagazine
THE BUSINESS OF GLOBALISATION

SPONSORED BY

**Sheffield
City Region**
INWARD INVESTMENT

SHEFFIELD

A revival made in Sheffield

ONCE THE POSTER CHILD OF THE UK'S INDUSTRIAL DECLINE, SHEFFIELD'S RECESSION-DEFYING GROWTH IN RECENT YEARS HAS BEEN BASED AROUND THE CITY AND SURROUNDING REGION USING ITS PAST AS A STEELMAKING AND MINING CENTRE TO EMBRACE MORE MODERN TECHNOLOGY, ALL BACKED UP BY TRAINING PROGRAMMES SUPPLYING A STEADY STREAM OF ENGINEERING TALENT.

MICHAL KACZMARSKI REPORTS

Sheffield City Region is all about relevance. Local businesses and politicians seem fixated with it. A look at the history of the region – which centres on the city of Sheffield and its neighbours such as Rotherham, Doncaster, Barnsley, Chesterfield and Bassetlaw – suggests why that might be the case.

More than three decades ago, after years of growth as an industrial hub specialising in steelmaking and coal mining, competition from abroad took its toll, causing steel mills and coal mines to close their doors. The region found itself economically irrelevant, slipping into a depression so deep that many locals still get emotional recounting that time.

Made of steel

Today, one look at the region shows anything but a post-industrial wasteland. With investment from globally renowned brands such as Boeing, Rolls-Royce, Virgin Media and insurance group Aviva, the region's economic output in 2012 of \$36.5bn was roughly the size of Latvia's and twice that of Iceland. Since 2002, Sheffield has seen the completion of more than 500,000 square metres of commercial development and, fittingly for the birthplace of stainless steel, its centre is dotted by modern steel and glass buildings.

"The main thing that underpins the change is that we went from feeling sorry about our-

selves to looking at where we need to be in the future. Now we are focused on what we should become in the next five, 10, 15 years. There is no point in solving yesterday's problems," says Richard Wright, director of Sheffield's Chamber of Commerce and Industry.

Such an approach is certainly made easier by Sheffield's academic institutions. Every year more than 18,000 students, including 1500 engineers, graduate from Sheffield Hallam University and the University of Sheffield, and the region boasts one of the highest student retention rates in the UK. These institutions can be seen as one of the major forces driving the region's economic turnaround. "Our expertise remains in manufacturing, but in a different realm. Innovative manufacturing demands grey matter and that comes from universities," says Nigel Brewster, a partner at Doncaster-based Brewster Pratap Recruitment Group.

That grey matter, together with the fact that advanced manufacturing is currently undergoing a revival in the UK, certainly boosts the economy and, consequently, local morale. But there is more to the region's economic revival. Local academic institutions are working with the private and public sectors through the Sheffield City Region Local Enterprise Partnership (LEP) to shape the strategy of the region's economic development. And although such a partnership is not uncommon – there are 38 similar entities in England – its efficiency and results are.

In 2012, the LEP ranked highly in both

[SHEFFIELD CITY] REGION'S ECONOMIC OUTPUT IN 2012 OF \$36.5BN WAS ROUGHLY THE SIZE OF LATVIA'S





Sparking innovation: Sheffield has used its reputation as a steelmaking hub to encourage businesses in other, more modern sectors to form specialist clusters in the region

fDi Magazine's LEPs ranking in August 2012. "It is one of the few LEPs that is not defined by the political boundaries," says Mr Wright. "We just work and try to make things work," adds Mr Brewster, who is also the partnership's board member responsible for workforce-related issues.

Small but strong

Characteristically, 95% of all people employed in the region work in one of the region's 54,000 small and medium-sized enterprises (SMEs). Over the years, the economy has evolved from being heavily based on manufacturing and mining to a diverse mix of knowledge-based sectors, such as healthcare technologies, creative media, low carbon and advanced manufacturing. UK retailers such as Next, Asos and Maplin keep their logistics centres around Rotherham, Doncaster and Barnsley.

"Our economy is dominated by SMEs and mixed in terms of industrial activity. That is one of our biggest assets, because not only do we have a strong supply chain for companies, but we can evolve quicker than places dominated by one sector or one big employer," says Lee Strafford, a local entrepreneur and board member of the Sheffield City Region LEP.

Mr Strafford provides an example of the success that can be achieved by putting faith in Sheffield's high-tech environment. After years spent in London, he was looking for a place to start his telecoms company. It was the mid-

1990s and London was the most obvious place to be for tech start-ups, yet Sheffield-born Mr Strafford decided to return to his home town.

"I realised that there was an opportunity to bring graduates from local universities with people from the industry to build an innovative business in a low-cost location," says Mr Strafford. Plusnet, the company he co-founded, went on to become one of the UK's most popular internet providers and in 2007 was acquired by BT Group, the UK's biggest telecoms company, in a deal worth about \$103m.

It's good up north

Although a lot has changed since Mr Strafford started his company, he insists that Sheffield remains an attractive and low-cost location for tech companies. "You can still find lots of land for development and graduates from world-class universities here," he says. Moreover, according to the Office for National Statistics, salaries in Sheffield are on average 29% lower than in London, while grade A-office space in the city is 40% cheaper than in the UK capital.

Mr Strafford adds to that mix the good quality of life, an aspect not commonly associated with the region, given its image as a centre for heavy industry. "We are located right by the Peak District National Park, which is one of the finest national parks in the country. To come to this interview [in the centre of Sheffield] I drove through the Peak District, enjoying the environment. Where else I could do this?" ■

REGION PROFILE

SHEFFIELD CITY REGION

Population:	1.77 million
Pop. growth rate:	0.61%
Area:	3,517 sq km
GVA* growth:	2.6%
GVA per capita:	£15,539
Unemployment rate:	4%

*Gross value added
Source: Sheffield City Region's Economic Bulletin, 2011





Cutting edge location: the Advanced Manufacturing Research Centre's aerospace hub (left) and hydrogen energy systems manufacturer ITM Power (right), which is located in the Sheffield City Region

An AMP-powered success

THE ADVANCED MANUFACTURING PARK, OR AMP, LOCATED JUST OUTSIDE SHEFFIELD, HAS ATTRACTED MYRIAD LEADING NAMES IN THE METALS INDUSTRY SINCE ITS OPENING IN THE MID-1990S, MAINTAINING THE REGION'S REPUTATION AS A GLOBAL LEADER IN THIS SECTOR. MICHAL KACZMARSKI TAKES A VISIT

In 1984, at a coking plant in Orgreave near Sheffield, headlines were made as miners and police clashed violently in what became known as the 'Battle of Orgreave'. It was a long and bloody feud that marked the end of the UK's post-war industrial age, and for a long time was synonymous with the region.

A decade on, however, at the location widely considered to represent the deathbed of the country's steel and mining industry, the sector was revived. Orgreave was reborn as a place of collaboration rather than conflict. The site of the former coking plant was transformed into the Advanced Manufacturing Park (AMP), a project that symbolised a burgeoning new era for the UK's manufacturing sector.

Steely resolve

Labels such as 'cutting-edge' and 'innovative' are often bandied about by local authorities where parks such as AMP are concerned. However, in AMP's case, these labels ring true. The 400,000-square-metre high-tech cluster counts among its partners numerous international names, including companies such

as multinational aerospace and defence corporation Boeing, aero-engine manufacturer Rolls-Royce and car manufacturer Volvo.

"Orgreave used to symbolise internal and external conflict. Now it is the complete opposite [and] AMP symbolises this," says Neil MacDonald, master cutler at the Company of Cutlers, a trade guild of metalworkers established in 1624 to maintain the standards and quality of Sheffield manufactured cutlery and steel products.

Historically, the master cutler served as the gatekeeper of the cutlery guild but, in recent years, this prestigious title has been awarded to individuals willing to champion the local manufacturing industry. This is because, contrary to popular belief, Sheffield's steel industry is still going strong. "Steel production is not gone. Steel-bashing is. The cheap commodity has been replaced by high-end production," says Mr MacDonald.

One of the major players in the region's steel sector is Tata Steel Speciality, a division of Indian multinational steel producer Tata Steel. Tata Steel Speciality in Rotherham is



A DECADE ON, AMP IS A THRIVING COMMUNITY OF WORLD-CLASS COMPANIES

one of only four such sub-divisions worldwide in the Indian steel conglomerate, which is one of the largest steel producers globally, and one of its most important.

Mind and matter

“Steel production employs much fewer people than in the past, but the output is pretty much the same thanks to the new processes,” says Paul Woodcock, director of planning and regeneration at Rotherham Council, the borough that houses AMP.

New processes would not be possible without brainpower and Sheffield, with two major universities, has no shortage of that. But it was the move, in 2004, by the University of Sheffield to partner with Boeing and create the Advanced Manufacturing Research Centre (AMRC) in AMP that really marked a turning point for the industry.

Over the years the centre has expanded from aerospace research, its initial field of expertise, into nuclear and metals. Soon, the model will be also applied to the healthcare and digital sectors, thanks to a \$75.8m government grant.

“A decade on, AMP is a thriving community of world-class companies, and has been designated as having strategic national importance. It has attracted more than 60,000 visitors, who come to witness this showcase model of academic, industrial and governmental collaboration. By 2016, it is estimated that AMP will employ more than 2000 skilled work-

ers,” says Adrian Allen, a co-founder of AMP and the commercial director of AMRC.

Big pull

“AMP has an absolutely fantastic reputation. A lot of places around the country build technology parks, hoping that companies will come. This one is demand driven,” says Barry Cunliffe, chief financial officer at ITM Power, a hydrogen energy systems manufacturer.

The region’s reputation was one of the reasons why, five years ago, Mr Cunliffe’s company considered relocating here from its previous home in Cambridge in the south of the UK. But reputation was not the deciding factor for Mr Cunliffe. Nor was the \$1.5m grant offered by Yorkshire Forward, the predecessor to Sheffield City Region Local Enterprise Partnership, as other locations offered similar incentives at that time. It was another factor that proved instrumental in ITM’s decision to move to Sheffield.

“This region, thanks to its centuries of expertise in manufacturing, is quality oriented. In our business, small amounts of contamination can have a huge impact on the performance of the product. We have to be sure that what we get here is very precise and clean,” says Mr Cunliffe.

He adds that the region’s supply chain was also a major draw. “The majority of things that we need, we can find within one mile of the office,” he says.

The same points were cited by Metalysis, a metals manufac- ▶



Adrian Allen, co-founder of AMP



Talking shop: managing director William Beckett (right) with the UK's deputy prime minister Nick Clegg

**IN FOCUS
RESHAPING
THE MOULD**

Research and development in Sheffield is not confined to high-tech labs or rich and powerful multinationals. William Beckett Plastics, a local plastic packaging manufacturer, is a case in point. For more than four decades, the company has been run by William Beckett, a local entrepreneur and a candid ambassador for manufacturing in the region. According to Mr Beckett, Sheffield wins over other locations not only because its residents “can tell one end of the moulding machine from the other”, but also because its research centres work closely with local businesses.

After being invited by the University of Sheffield to participate in a Knowledge Transfer Partnership, a programme launched by the UK government to foster co-operation between universities and business, Mr Beckett's company decided to venture into metal injection moulding, a process that uses powdered metal to create solid objects.

“We are very excited about the future, now it is the question of how quickly we can be commercially successful,” says Mr Beckett. He is planning to construct a new metal injection moulding plant within the next 12 months.



Suspend disbelief: wire joiner manufacturer Gripple has a model cow suspended from the ceiling to showcase the company's capabilities

turer, as deciding factors in its decision to establish its base in the region. According to Kartik Rao, the company's director of business development, being based in Rotherham allows the company to be around people who “understand what we do”. He says that it “gives the company access to people and companies that know how to move small-scale activity into mass production”.

High flyers

Metalysis is currently looking to commercialise its business and is planning to open a tantalum powder production facility by the end of the year. Its future ambitions are big and, according to its website, it aims to “transform the world of metals”. Such a statement could sound overly ambitious elsewhere, but in Sheffield such aspiration resonates well. The city has already seen local companies transforming their respective markets.

Gripple, a wire joiner manufacturer is one such success story. The company was founded by local entrepreneur, Hugh Facey, in 1988. It now employs nearly 400 people and has an annual turnover in excess of

\$60m. The company has assisted with the building of major landmarks, including London's Shard, Chicago's Trump Tower and New York's Yankee Stadium.

“What we have here is people. They are tremendous,” says Andrew Davies, business development director at Gripple. According to Mr Davies, the local workforce has a tradition of innovation, and given the right conditions and treatment, can push the business forward.

But what is the right treatment? In a bid to nurture its enterprising employees, the company provides training programmes and, as an incentive, issues every employee with shares.

It has also taken special care to develop a working environment that stimulates its employees. The company has incorporated pool tables and a study into its office space and, in a more radical move, has suspended a model cow and cannon to the ceiling. Why? Because it can. Rigging up these models not only provides a visual application of the company's products, but it encourages the sort of off-the-wall thinking that can inspire a revolutionary new idea. ■



How green is Don Valley: the sites for Sheffield City Region Enterprise Zone are spacious but lie within close proximity to the M1 motorway

Zoning in

SHEFFIELD CITY REGION ENTERPRISE ZONE COVERS THREE SITES ALONG THE M1 MOTORWAY, WITH EACH SITE CATERING FOR DIFFERENT BUSINESS TYPES. THIS, THE CHAIRMAN OF SHEFFIELD CITY REGION'S LEP TELLS fDi, GIVES THE ZONE AN EDGE OVER ITS UK COUNTERPARTS

Given that economic growth in many countries in the developed world is still far from robust, it is unsurprising that investors are so insistent on getting the best value for their money. That is one of the reasons why investing in enterprise zones, entities run by local enterprise partnerships (LEPs) in the UK that come with a vast array of pro-business incentives, are so popular, provided that investors can find the right one. In the UK alone there are 24 such zones designated by the country's government.

"Some zones created by LEPs are not ready for investments. If an investor wants to invest [immediately], there are no utilities there, no roads and no planning permission," says James Newman, chairman of Sheffield City Region LEP. "We did our homework when choosing sites [in Sheffield City Region] and we make sure investors find what they are looking for when they come here."

Such talk may sound bullish, but the figures back it up. In the past 12 months, Sheffield City Region Enterprise Zone (SCR EZ) has attracted 15 new companies, creating more than 200 new jobs. SCR EZ has also been recognised as the top free zone in the UK, and 37th worldwide, in **fDi** Magazine's Global Free Zones of the Future 2012/13 ranking.

Added incentives

Companies that move to SCR EZ enjoy numerous benefits, from simplified planning procedures to

government grants to install super-fast internet connections. SCR EZ is also one of only seven enterprise zones in the UK that offers both business rate discounts and capital allowances. Investors can receive a business rate discount worth about £275,000 (\$418,700) over a five-year period, provided they invest before March 2015 and do so in sectors such as advanced manufacturing, creative and digital industries, healthcare technologies or environmental goods and services.

Additionally, under the UK's Enhanced Capital Allowance Scheme, selected companies settling in SCR EZ can receive a 100% first-year capital allowance if they invest heavily in plants and machinery before 2017.

SCR EZ is made up of a network of sites, which is unusual for the UK, where such zones tend to occupy just one plot of land. All of SCR EZ's sites are linked by the M1 motorway, a north-south corridor that connects

London with the north of the UK. Such proximity to the M1 means that the SCR EZ sites have fast and easy access to other major UK cities such as Birmingham, Edinburgh, Leeds and Manchester. The sites are based in three main hubs: Barnsley, Sheffield/Rotherham and Markham Vale.

Taking into consideration the size and availability of space and the types of businesses already present in these hubs, Barnsley caters best for the needs of small and medium-sized enterprises in the manufacturing sector, Sheffield/Rotherham is a better fit for bigger companies that want to be part of an advanced manufacturing supply chain, as well as R&D projects, and Markham Vale is more targeted at companies that need larger plots of land.

"When investors come to the region we give them a choice and they can pick a place that makes the most strategic sense for them," says Mr Newman. ■

WE MAKE SURE INVESTORS FIND
WHAT THEY ARE LOOKING FOR

The Sheffield connection

SHEFFIELD IS FAMOUS FOR A NUMBER OF REASONS, BUT ANOTHER MAY SOON NEED TO BE ADDED TO THE LIST AS THE CITY CONTINUES TO MAKE A NAME FOR ITSELF IN DIGITAL MEDIA AND THE CREATIVE INDUSTRIES. BY MICHAL KACZMARSKI

The city of Sheffield has come to be synonymous with a variety of things over the past couple of centuries. Steel may be an obvious one, but it is also home to the world's oldest football club, and in more creative fields the city punches above its weight when it comes to providing musicians – from renowned vocalist Joe Cocker, through 1980s legends Human League, Def Leppard and ABC, to more contemporary acts such as Pulp and the Arctic Monkeys – and it has been the setting for various films, including the Full Monty and the History Boys.

Another string, however, that the city is adding to its considerable bows is its growing reputation as a hub for digital media and information and communications technology (ICT).

A big plus

One person who exemplifies Sheffield's ICT excellence is Lee Strafford, the co-founder of internet

services provider Plusnet. After selling the company to BT in January 2007 in a deal worth a reported £67m (\$103m), Mr Strafford has been putting his energies into what he describes as "helping young people outdo me". While working with the Sheffield City Region Local Enterprise Partnership, local councils and universities, Mr Strafford co-created CloudCity Programme, a scheme designed to attract more tech-related jobs to the region. The initiative, which was launched in November 2012, has a particular focus on supporting green data centres and cloud providers.

"CloudCity is all about our recognition of what works in the area. We have immense potential, and where we have failed until now is in identifying what assets we really have, and what we can offer," says Mr Strafford.

Home comforts

One of the first to recognise these assets was David Richards, the co-founder of Wandisco, a company that creates specialised software for distributed computing. Soon after founding the company in Silicon Valley in 2005, Wandisco's founders started looking for a cheaper location to outsource part of its operations.

Mr Richards is originally from Sheffield, but he says that his decision to locate in the city was not based on sentiment. "We actually tried London first, but we could not find the right candidates for the

remuneration we offered at that time," he says. Then, in 2009, Wandisco approached Sheffield's city council to ask about potential incentives should the company move part of its operation to the city and create 10 jobs.

Fast-forward four years, and Wandisco's Sheffield office employs 70 people (nearly twice the headcount of its US office), with Mr Richards stating that the company, which in April 2012 floated on the London Stock Exchange, owes much of its success to its Sheffield connection.

Film stars

Sheffield's creativity is celebrated with its annual documentary and media festival Sheffield Doc/Fest, which this year celebrates its 20th anniversary. One of Doc/Fest's more innovative ideas is MeetMarket, a matchmaking service between film-makers and sponsors.

"When I was appointed in 2006 the festival was losing visitors. I thought that we needed something to bring together busy people from the movie industry in Sheffield. MeetMarket makes their time worthwhile, judging by the number of visitors, which is growing at an unbelievable rate," says Heather Croall, director of Doc/Fest. According to the festival organisers, between 2006 and 2012 more than \$41m was raised for 369 new productions thanks in no small part to MeetMarket. ■



WE HAVE IMMENSE POTENTIAL, AND WHERE WE HAVE FAILED IS IN IDENTIFYING WHAT ASSETS WE REALLY HAVE, AND WHAT WE CAN OFFER




DRIVING YOUR BUSINESS FORWARD?



Choose the UK's Centre of Excellence for Advanced Manufacturing

- 
- Exclusive UK Government tax incentives including 100% Enhanced Capital Allowance
 - Prime sites available immediately with hassle-free planning rules
 - Links with worldwide major cities by road, air, rail and sea
 - Bespoke investor support; HR advice, routes to finance, access to networks

Contact us now at [SCRinvest.com](https://www.scrinvest.com)

+44 (0)114 254 1313
enquiries@scrinvest.com
 @SCRinvest

**Sheffield
City Region**
INWARD INVESTMENT