Mixed Use Urban Regeneration at Brindleyplace, Birmingham and Gunwharf Quays, Portsmouth:
An Assessment of the Impact on Local and National Economies

Research Report for British Property Federation
May 2003
Executive summary

Key themes

- Recent government policy and guidance has highlighted the resonance of the New Urbanism theme in UK regeneration. Neighbourhood renewal is at the heart of current government policy, underpinned by Local Strategic Partnerships.

- Mixed use regeneration schemes, driven by the private sector, can deliver strong economic benefits to local and national economies. For example, we estimate that the Brindleyplace (Birmingham) development may have created some 3,368 in direct, indirect and induced jobs (full-time equivalent (FTE)) and Gunwharf Quays (Portsmouth), 2,475 jobs (FTE).

- The key to understanding the economic benefits of such schemes lies in the multiplier effect, which impacts on jobs and household spending in local economies.

- Further indirect national and local benefits include an increased Income and Corporation Tax revenue from households and businesses moving into the area, and increased business rates and council tax revenue.

- Critical success factors for such mixed use regeneration schemes include tying the scheme into an integrated regeneration strategy; involving all local stakeholders in the development process; promoting design excellence; marketing a strong brand; adequate transport provision and car parking; and planning for a sustainable future.

- Affordability and social exclusion issues remain as points of contention in such schemes, despite their economic success.

- The nature of jobs creation may also be questioned. Are jobs simply based on business relocations? What is the full-time/part-time mix? How can local economies best retain jobs and spending and avoid ‘leakage’ of economic benefits to other areas?
Background and policy context

Between 1992 and 2001, on average £1.5bn of public money was spent annually on urban regeneration. In 2001/02 the figure was £1.8bn out of total spending on public services of £106bn. Although past spending has brought about major improvements, the UK Government now recognises that, to be sustainable, regeneration initiatives must be long term and recognise the links between neighbourhoods, cities and regions. The role of the private sector in such schemes is now also widely recognised. For example, in the Single Regeneration Budget (SRB) from 1995 to 2001 some £9bn of private investment is estimated to have been generated out of a total of £38bn. During the current lifetime of the Urban Development Corporations, £6.87bn of private investment is estimated to have been generated out of a total of £8.87bn.

The well-documented problems of the UK’s inner city areas can be traced back to industrial decline and shifts in housing policy and social attitudes going back over a hundred years. Similarly, over the last 30 years the raft of urban regeneration initiatives and policy and funding programmes have tried to restore housing, employment, communities and better standards of living to arrest the spiral of decline. Concerns over the failures of successive policy initiatives in reversing the long-term decline of cities led to the publication in January 2001 of the Government’s document, A New Commitment to Neighbourhood Renewal: the National Strategy Action Plan, which takes forward the National Strategy for Neighbourhood Renewal. This builds directly on the work of the Social Exclusion Unit (SEU) which was set up in 1997 to examine past policies and put in place better co-ordinated ones. The vision of the new scheme is that ‘within 10–20 years, no-one should be seriously disadvantaged by where they live’.

In the new strategy, Local Strategic Partnerships (LSPs) are seen as the vehicle for implementing and leading neighbourhood renewal. An LSP is a single non-statutory, non-executive body aligned with local authority boundaries that:

- brings together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together; and
- operates at a level which enables strategic decisions to be taken and is close enough to individual neighbourhoods to allow actions to be determined at community level.

In short, the current Government stresses that the older approaches focused on ‘bricks and mortar’ subsidies and benefits-style hand-outs are no longer appropriate. What are needed are measures to encourage and foster indigenous skills, talents and the potential of local people and communities. This will be underpinned by two thousand new enterprise areas announced in Gordon Brown’s recent speech to the Urban Summit conference. In these areas, which are the most deprived wards in the country, measures will include:

- Abolition of stamp duty for all business property purchase;
- Planning authorities to be given powers to create business planning zones to reduce the need for planning permission;
- Special investment help through community investment tax credit and risk capital from the community venture capital fund;
- Increased funding for the Phoenix Fund (by £50mn) with support to small businesses and increased support from the Small Business Service.
The ODPM’s (2002) report, *Towns and Cities: Partners in Urban Renaissance*, identified five steps to success in urban renaissance:

- Developing the vision – facing up to reality and seeing the potential.
- Building a concordat – local authorities may need to take the lead in getting the different parts of the public sector to work together. Urban renaissance is a long term process.
- Carrying out a phased strategy – setting spatial priorities, working out timing and devising projects should follow on from the vision and the concordat.
- Orchestrating investment – the private sector needs to be directly engaged and confidence stimulated.
- Maintaining the momentum – property occupiers and investors need to have confidence in long-term demand, and this must be ongoing.

These initiatives should be viewed in the context of integrating a variety of land uses (including retail) within mixed-use developments, which has also become a ‘material’ planning consideration within new schemes. Clearly, diversity of uses also adds to the vitality and interest of town centres. Different but complementary uses during the day and in the evening can reinforce each other, making town centres more attractive to residents, businesses, shoppers and visitors. Mixed-use development can be defined as:

- buildings with a mix of uses within them;
- schemes, sites or continuous street frontage with different uses; but not
- very large developments where there is one particularly significant use and a token volume of other uses.

Government also uses Planning Policy Guidance (PPG) notes to define the main goals of town and country planning policies and how to achieve them. In recent years, Government policy has been modified so as to positively encourage mixed use developments and urban villages. PPG1 (General Policy and Principles) places prime emphasis on three themes:

- sustainable development and the contribution the planning system can make towards achieving it;
- mixed uses: the Government believes that mixed use development can help create vitality and diversity, reduce the need to travel, and be more sustainable than development consisting of a single use; and
- design, particularly in the light of the Quality in Town and Country Initiative.

PPG1 also endorses the benefits of high-quality mixed-use developments such as urban villages. PPG1 defines urban villages as large sites in urban areas which can be developed in a compact manner, with a mix of uses and dwelling types, including affordable housing, and a range of employment and community facilities. Development must achieve high standards of urban design and be readily accessed by public transport.

**The multiplier effect**

Current policy places mixed use schemes at the very heart of revitalising town centres and other neighbourhood areas that are socially deprived. Schemes incorporating retail or office uses offer the potential for regenerating deprived areas through the multiplier or ‘knock on’ effect. In economic literature, multiplier effects are recognised as comprising two types of impact:
- Indirect effects: particular industries purchase goods and services from other sectors to support their own activity and thus stimulate those industries as well. These supplying industries make purchases from other suppliers in order to fulfil the orders, and they also make purchases, so there is a ‘ripple’ effect.

- Induced effects: industries pay wages and salaries to their employees who spend income on consumer goods and services. This creates wage income for employees in other industries, who spend their income, again causing a ripple effect.

At a national level estimates can be produced of these multiplier effects using operational models of the UK economy. These use the concept of input–output models developed by Wassily Leontief. In Scotland measures of these outputs were derived for 123 industries in 1998\(^1\). For the UK as a whole only limited analysis is available for 1995. Using the available figures for the UK as whole in 1995, we are able to calculate appropriate results for retail output and for a range of multipliers.

Multipliers can be used to examine the impact of a specific event in the UK economy – for example, a shopping centre opening. To illustrate this, consider a hypothetical opening of a shopping centre employing 400 people on a full-time basis in retailing.

In considering the impact on the economy we can use multipliers to estimate:

- effects on suppliers of the shopping centre; and
- effects on the economy due to an increase in spending by the new employees.

**Effect on suppliers (indirect employment effect)**

Total FTE jobs 400 x 1.2 = 480 direct and indirect new FTE jobs. This is equivalent to 400 direct FTE retail jobs and 80 new indirect FTE jobs.

**Effect of increased household expenditure (Induced employment effect)**

We would also expect to see an increase in household expenditure among those who have gained employment through direct and indirect employment effects. This is the induced effect and is estimated using Type II multipliers (i.e. 1.5).

Our example gives us:

\[
\text{Total FTE Jobs} = 400 \times 1.5 = 600 \text{ direct, indirect and induced jobs. As we have already calculated a direct and indirect increase in employment of 80 (FTE) it is estimated that a further 120 jobs (FTE) are created as a result of induced demand.}
\]

Multipliers can be used to examine the impact of development schemes at a local level. However, there are particular issues associated with data from official statistics which require highlighting.

The multiplier effects of spending money in local economies has received recent scrutiny from the New Economics Foundation. Their ‘Plugging the Leaks’ programme on money flows shows the benefits of keeping local spending within the local economy, and making sure regeneration benefits are focused on local people and local employment. For example, one study has suggested that in a community of 4,000 households with a total weekly spend of £275,000 (£66 per week) only 10\% of this would be needed to be spent at the local shop, and its turnover would be £27,500 per week, a healthy business.

\(^1\) See [http://195.92.250.59/about/FCSD/OCEA/00014713/index.aspx](http://195.92.250.59/about/FCSD/OCEA/00014713/index.aspx)
The money flows argument starts from the assumption that if more of the money circulating in an economy can be retained for longer (see figure above), it will help increase growth. In disadvantaged areas, money does not circulate around the local economy enough to contribute towards regeneration and tends to flow quickly towards other areas. In turn, poor local shopping services means that local people tend to use services in other neighbourhoods.

As an example of the multiplier impact at a local level, Tesco has made a conscious decision to develop new stores in deprived areas, working in partnership with public authorities and voluntary organisations to offer training and employment to local people\(^2\). Two stores have already opened in Seacroft, Leeds, and in Durham, with other stores to follow. The Seacroft store, for example, has provided 320 local jobs, with 243 going to people who were previously unemployed. Such stores are also frequently built on brownfield land, thus improving sustainability.

Indeed, the practice of retail developers being involved in urban regeneration schemes is nothing new. Many previous redevelopment schemes have been kick-started by retail on brownfield sites – the case of many of the early Urban Development Corporations is a case in point. Indeed, during the 1990s some 40% of Safeway’s new stores were on brownfield sites. Data for Scotland also suggests that 22 out of 26 out-of-centre retail developments were on brownfield sites in 1998, although no comparable data is available for the rest of the UK. What is new is an increased emphasis on regenerating district centres, as it offers one of a reduced number of opportunities available in the ‘post-PPG6/sequential test’ era.

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\(^2\) Business in the Community has also examined the impact of business investment in under-served markets from both the USA and UK. See [www.bitc.org.uk](http://www.bitc.org.uk). This shares ideals with the Corporate Social Responsibility school of thought.
Case studies
In this report we cover two mixed-use case studies in detail: Brindleyplace, Birmingham, and Gunwharf Quays, Portsmouth.

<table>
<thead>
<tr>
<th>BRINDLEYPLACE, BIRMINGHAM</th>
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<tbody>
<tr>
<td><strong>Construction:</strong> 1993 onwards</td>
</tr>
<tr>
<td><strong>Floorspace:</strong> Offices: 1.1mn sq.ft. (approx 102,300 sq.m.). Retail and restaurants: 170,000 sq.ft. (approx 15,740 sq.m.).</td>
</tr>
<tr>
<td><strong>Total area of site:</strong> 6.9 ha.</td>
</tr>
<tr>
<td><strong>Uses:</strong> Offices, leisure, hotel, residential (in separate location within site), café/restaurant/bar and retail units.</td>
</tr>
<tr>
<td><strong>Owners:</strong> Birmingham City Council are freeholders with several long leaseholders, including Argent (undeveloped plots and completed office space), British Airways Pension Trustees (Water’s Edge and No 1), Post Office Pension Scheme (No 3), BT Pension Scheme (No 5), Vardon (Sealife Centre).</td>
</tr>
<tr>
<td><strong>Occupiers:</strong> BT (No 5) Lloyds TSB (No 2) and main buildings with other occupiers.</td>
</tr>
<tr>
<td><strong>Financing:</strong> Argent Group Plc developed various investment packages for the different stages of the development, and involved BA Pension Trustees, Berkeley (now Crosby) Homes, Greenalls, Institute of Electrical Engineers, Vardon, BT Pension Scheme, Citibank, UBK, Thames Valley Park, Governor’s House.</td>
</tr>
<tr>
<td><strong>Developer:</strong> Argent Group PLC.</td>
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<table>
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<tr>
<th>GUNWHARF QUAYS, PORTSMOUTH</th>
</tr>
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<tbody>
<tr>
<td><strong>Construction:</strong> 1998 onwards.</td>
</tr>
<tr>
<td><strong>Floorspace:</strong> Retail: 17, 039 sq.m. (183,410 sq.ft.). Leisure: 20,759 sq.m. (223,448 sq.ft.). Offices: 2,500 sq.m. (26,900 sq. ft.).</td>
</tr>
<tr>
<td><strong>Total Area of Site:</strong> 13.3 ha.</td>
</tr>
<tr>
<td><strong>Uses:</strong> ‘Factory outlet’ retail and leisure. Offices and 350 homes. Further retail, office and leisure space will follow.</td>
</tr>
<tr>
<td><strong>Owners:</strong> Berkeley Group Plc and Land Securities Plc by way of a limited partnership.</td>
</tr>
<tr>
<td><strong>Occupiers:</strong> 68 designer outlets: 20 bars and restaurants. Warner Village cinema and bowling/entertainment complex (including comedy club and nightclub).</td>
</tr>
<tr>
<td><strong>Financing:</strong> The development was 100% financed by the Berkeley Group Plc. Berkeley sold Land Securities a 50% interest in the commercial element of the development for an initial reported payment of £80mn in 2000. There is also a commitment for them to purchase 50% of the remaining commercial element. The joint interest is held by way of a limited partnership.</td>
</tr>
<tr>
<td><strong>Developer:</strong> The Berkeley Group Plc.</td>
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</tbody>
</table>
The regeneration balance sheet

In terms of the ‘balance sheet’ of regeneration, the table below shows the main impacts in terms of jobs creation, household spending, tax take, and the more qualitative ‘pluses’ and ‘minuses’ of each scheme. We should stress that the ‘key metrics’ are based on our best estimates, given access to NOMIS data, Valuation Office data, National Statistics data and other sources.

### Balance sheet

<table>
<thead>
<tr>
<th>Key Metrics</th>
<th>Brindleyplace</th>
<th>Gunwharf Quays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction jobs (FTE)</td>
<td>4,420</td>
<td>500</td>
</tr>
<tr>
<td>Direct jobs (heads)</td>
<td>1,849</td>
<td>2,000</td>
</tr>
<tr>
<td>Direct jobs (FTE)</td>
<td>1,684</td>
<td>1,650</td>
</tr>
<tr>
<td>Indirect jobs (FTE)</td>
<td>1,010</td>
<td>330</td>
</tr>
<tr>
<td>Induced jobs (FTE)</td>
<td>674</td>
<td>495</td>
</tr>
<tr>
<td>Total (FTE)</td>
<td>3,368</td>
<td>2,475</td>
</tr>
<tr>
<td>Direct household income</td>
<td>£36.7mn pa$^3$</td>
<td>£31.5mn pa</td>
</tr>
<tr>
<td>Indirect household income</td>
<td>£36.7mn pa</td>
<td>£28.35mn pa</td>
</tr>
<tr>
<td>Total income tax</td>
<td>£12.76mn pa</td>
<td>£10.45mn pa</td>
</tr>
<tr>
<td>Total rates</td>
<td>£4.72mn pa</td>
<td>£2.8mn pa</td>
</tr>
<tr>
<td>Total council tax</td>
<td>£211,926 pa</td>
<td>£130,000 pa</td>
</tr>
</tbody>
</table>

#### Qualitative

<table>
<thead>
<tr>
<th>Pluses</th>
<th>Benefits to Birmingham</th>
<th>Tangible multiplier effects</th>
<th>Integrated within regeneration strategy</th>
<th>Excellence in design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minuses</td>
<td>Affordability / social inclusion</td>
<td>Multiple deprivation remains in wider area</td>
<td>Nature of jobs</td>
<td>Residents ‘gated off’</td>
</tr>
</tbody>
</table>

#### Note

1. All multiplier calculations assume that jobs created are new jobs.
2. Full Time Equivalent (at peak of construction). These are excluded from the ‘direct’ jobs total.
3. Additionally, construction jobs have generated more than £27mn of Income Tax / National Insurance at Brindleyplace.
4. These are taxes on Direct and Indirect Jobs (excluding construction, costed separately at Brindleyplace)

The common themes to emerge from the balance sheet review of these two case studies are:

**Pluses**

- Benefits to their city economies as a whole;
- Tangible multiplier effects;
- Integrated within an overall regeneration strategy; and
- Focus on excellence in design.

On the downside there is evidence to show that minuses also appear:

**Minuses**

- Affordability issues in housing remain unresolved, although at Gunwharf Quays the intention is to provide key worker housing within the continuing phases of residential development subject to planning consent. However, at Brindleyplace residents remain gated off with perhaps a perception that the development is not integrated with adjoining neighbourhoods, despite the best intentions of Argent to involve local community groups.

- Multiple deprivation continues to exist in the respective wards as a whole, although jobs have been brought into the local area.

- The nature of the jobs created is in some doubt: many are part-time in retail-based schemes, and it is doubtful as to the number that are really new jobs as opposed to relocations.

- Initially there was some concern that retail trade has also been adversely affected in other areas of Portsmouth, although it is uncertain whether this is a direct consequence of Gunwharf Quays, or is more closely related to continuing decline of the City Centre. Moreover, there is evidence to suggest that the wider catchment served by Gunwharf and the factory outlet nature of the shopping has subsequently brought increased custom for these other areas.

- Initial concerns over landscaping and design issues by some interest groups at Gunwharf also appear to have been addressed by the recent unveiling of new statues and artwork.

The Brindleyplace scheme also shows the importance of mixed use schemes in terms of Corporation Tax revenue and Income Tax/NI revenue on construction. Data kindly supplied by Argent for this project shows that the base build construction of Brindleyplace was £181.5mn, with additional fit-out works of £93.8mn. This had corporation tax implications of over £6mn. The total Income Tax and National Insurance revenue was more than £31mn. In addition, the development phase produced a further £1.37 mn of Income Tax and National Insurance revenue, with taxable profits from the scheme of £65.8 mn spread over 10 years of the development. Finally, it is estimated that some 28% of the materials for the base build construction and 15% of the fit out materials were locally sourced.

**Conclusions**

From our review of both case studies we can also draw up a list of ‘critical success factors’ which have underpinned both schemes.

- **Regeneration strategy.** In both Brindleyplace and Gunwharf Quays the development was part of a wider, city centre based strategy. In the case of Brindleyplace, a ‘flexi-strategy’ has been adopted which has evolved and adapted to changing circumstances without losing the original vision. In Gunwharf Quays the strategy was part of the wider Portsmouth Harbour regeneration scheme and is viewed as one of a set of pieces in the regeneration jigsaw. Both schemes are large, and there is also a need to think in terms of the big picture when it comes to regeneration. Piecemeal development would not have transformed these areas in the same way. In the case of Brindleyplace, the master plan was seminal in instilling a framework and structure to the process.
Integration. Both developments have anchored their schemes within the wider regeneration of the City centre. Both Birmingham and Portsmouth have long-term visions about their role in the wider region and nationally, and their long-term holistic approach to planning the regeneration of their urban areas reflect this.

Stakeholders. The local authorities in each case study took a strong and effective lead in the regeneration of each area. This involved stakeholders from the public and private sectors. In Brindleyplace the relatively low cost of purchase was a bonus for the developers and for the city, which has benefited from a generally successful scheme. In Portsmouth, similar involvement of stakeholders was also promoted within the wider context of Portsmouth Harbour’s regeneration. Certainly the market cannot be ignored, and occupiers and financial institutions have to be confident in a scheme.

Design excellence. Despite some of the initial concerns expressed by some interest groups at Gunwharf Quays, both designs have engendered confidence in the scheme. Indeed, Argent attribute part of the success of the Brindleyplace scheme to investing in a ‘quality public realm’ from the outset. This meant excellence in design and landscaping to create a high quality environment. Gunwharf has also recently integrated fresh art and landscaping in its continuing strategy for regeneration.

Strong brand. The concept of brand is relatively new for buildings and property, yet both schemes bear the hallmark of brand promotion. Marketing sells the ‘experience’ of each scheme with concepts that structure the sense of place and brand: ‘Brindleyplace … the place’ and ‘Gunwharf: Destination Unmissable’, for example.

Transport/car parking. Each scheme has also co-ordinated and pre-planned the transportation network. In Birmingham much initial investment was undertaken in removing the ‘concrete collar’ that restricted the town centre renewal. In Portsmouth good use has been made of existing transport links. Similarly both schemes enjoy sufficient amounts of car parking. At Gunwharf, a waterbus operates from 2003 and a light rail system is due to operate from 2007.

Sustainability. If such schemes are to succeed environmentally, the developments need to include provision for sustainable futures. Integrating transport within a mixed use scheme is one way of helping achieve this, but it is interesting to note that both schemes also involved the remediation of contaminated brownfield sites. The Portsmouth scheme makes clever use of existing transport links to position itself as a retail outlet offer at a regional level. At Gunwharf Quays another example of planning for a sustainable future is the use of local materials in the scheme.

Lessons learned and policy implications

The two schemes have important lessons to teach us about regeneration. Recent ‘best practice’ guidance from the government stresses the importance of involving all stakeholders at a local level – and this includes those in adjoining neighbourhoods, as well as local businesses – at an early stage in the process.

The issue of ‘affordable’ housing is also an important one. If schemes are not to engender social exclusion, then the residential mix needs to cater for a variety of income groups and tenures. Schemes such as Joseph Rowntree Foundation’s CASPAR development near Charlotte Street, Birmingham, can help. But a challenge here is to maintain viability and investor confidence, although this should be possible given a broad mix of property types. According to ODPM:
‘Affordable housing is housing of an adequate standard which is cheaper than that which is generally available in the local housing market. This can comprise a combination of subsidised rented housing, subsidised low cost home ownership including shared ownership, and in some market situations cheap housing for sale. Local planning policies can provide for the provision of appropriate quantities of affordable housing in this sense.’

However, local authorities identify a lack of clarity in government policy as the greatest single constraint on their capacity to use planning powers to secure affordable housing. But there are also big differences between local authorities in the way that ‘affordable housing’ is defined and in the number of low-cost homes they have been able to achieve through ‘Section 106’ agreements with developers.

However, if mixed use schemes are to succeed, many argue that planning guidance needs strengthening. This is also related to the issue of gated communities – fencing off higher income groups – which many believe runs contrary to the grain of social inclusion. But developers seek to maximise profits and deliver shareholder value. Under those circumstances the temptation is to minimise affordable housing. The concept of corporate social responsibility (CSR) is growing, however, underpinned by changes to the Pension Act 2000, and a growing number of developers are realising that strengthening community links by building schemes that are sustainable and integrated within the local community can give first mover advantage.

Despite these issues, both schemes are prime examples of how local and national economies can benefit from property-led, mixed use regeneration. The challenge will be to learn from the lessons and build stronger links with local communities as the Government’s policy continues to evolve.

About the research

This research was conducted by the College of Estate Management during the latter part of 2002. The research comprised:

- Literature review;
- Case studies of Brindleyplace and Gunwharf Quays;
- Interviews with key stakeholders; and
- Empirical analysis of jobs, spending, taxation and other impacts created by the schemes.

Multiplier analysis is used to estimate the jobs and spending impact of the schemes. Such analysis can provide only an estimate of the ‘indirect’ effects of any scheme.
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The views expressed in the report are also the authors' own.
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1 Introduction

‘Cities are at the centre of a delicate equilibrium between population, resources and the environment…. we have the opportunity to choose a different route for our towns and cities; to realise an urban vision founded on principles of design excellence, social well-being and environmental responsibility…’

(Lord Rogers, Urban Task Force Prospectus, 1998)

‘This is an exciting time, with a big agenda and a big challenge for us all. That challenge is about developing sustainable communities – a new type of urban development … it’s about driving forward the urban renaissance and defining a new vision of what we mean by sustainable communities – what the Americans call ‘new urbanism’.’

(John Prescott, Speech to Urban Summit, 31 October 2002)

‘The start of a sustainable urban renaissance is underway across England. It is no longer necessary to go as far as Barcelona to be inspired by the potential of urban areas to meet the demands of 21st century living…’

(Towns and Cities: Partners in Urban Renaissance, ODPM (2002))

1.1 Background

This independent report was commissioned by the British Property Federation and aims to critically review two case studies of urban regeneration to:

- provide quantitative and qualitative evidence of the impact of mixed use schemes on the local and national economies in terms of jobs, spending and taxation revenue; and

- draw wider lessons from the experience of urban regeneration.

The research comes at a time when government policy has been increasingly focused on neighbourhood renewal policies. The framework for this is contained within the National Strategy Action Plan (Cabinet Office, 2001). Philosophically and in practical terms, the policy is designed to underpin local regeneration within a regional framework through local strategic partnerships (LSPs), bringing together public, private and voluntary and community sectors in order to ‘join up’ policies at a local level.

This initiative occurs when business itself is starting to address its Corporate Social Responsibility (CSR)\(^3\). This has found favour in many circles, with a new-found optimism that business can use the profit ethic in a sustainable and ethical way, and has engendered other related strands of thinking such as ‘socially responsible investment’. However, part of the challenge is to reconcile the short-term profit motive with longer term partnerships needed to tie developments into the local community which really benefit local economies in tangible ways.

In the USA there is also a strong body of growing literature and policy action that emphasises the business benefits of investing in the redevelopment of weaker inner city economies. ‘Act locally’ has become a mantra in arguing the case for the competitive advantages of ‘under-served markets’, which can offer untapped

\(^3\) Defined as ‘companies’ responsibility to improve all their impacts on society. In this respect it equates to the corporate element of sustainable development’ (Cowe and Porritt, 2002).
demand, available labour and location benefits. In the UK, recent initiatives to help businesses to identify such opportunities are:

- Business Brokers Scheme. This underpins the LSP scheme and is designed to engage the private sector in helping in neighbourhood renewal.
- Phoenix Fund. This is worth £96mn over four years and is administered by the Small Business Service to help encourage business support for disadvantaged areas.
- City Growth Strategies – to help towns and cities devise inner city strategies which put business and enterprise at the centre of regeneration.
- Index of Inner City Businesses. This is based on the US equivalent and is an index of the 100 fastest growing companies in deprived areas in the UK initiated by the New Economics Foundation.
- Community Investment Tax Credit. Currently under consultation, this aims to stimulate investment by giving a tax credit to investors in intermediaries, such as Community Development Finance Initiatives.
- New Deal for Communities, This was launched to deal with deprivation in crime-ridden communities and is delivered to between 1000 and 4000 at a neighbourhood level.

As John Prescott stated in his speech to the Urban Summit, the ‘new urbanism’ is a strong theme running through current policy. This has been defined by the Congress for the New Urbanism\(^4\) as ‘a set of principles for building walkable, mixed use neighbourhoods’. Such principles range from regional policies, such as balancing housing with jobs in each town, to micro-scale neighbourhood principles of mixed use and mixed income and tenures. This theme, which underpinned the Urban Task Force report, has also been prominent in the recent Partners in Urban Renaissance research (ODPM, 2002) which examines 24 towns and cities across England and Wales and analyses the key opportunities and barriers to urban renaissance in a holistic way. A new Sustainable Residential Communities Plan is also due to be announced in January 2003.

It is against this canvas of policy that the current report highlights the case of two high profile commercial developments, or, more accurately, mixed use schemes, at Brindleyplace, Birmingham, and Gunwharf Quays, Portsmouth. The schemes are described in detail in the report and an analysis provided of the lessons learned, together with a ‘balance sheet’ of the ‘pluses’ and ‘minuses’ of each scheme.

### 1.2 Format of report

The format of the report is as follows:

- **Section 2** – Background and context to the research
- **Section 3** – Brindleyplace case study
- **Section 4** – Gunwharf Quays case study
- **Section 5** – Conclusions.

A list of useful organisations and their websites is given in Appendix A.

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\(^4\) [www.cnu.org](http://www.cnu.org) (see Appendix A)
2 Background and Context

2.1 Introduction

This chapter provides an overview of the background and context to the research. It sets the scene for the two case studies by outlining:

- Policy context in relation to urban regeneration, including new governmental policies such as neighbourhood renewal and local strategic partnerships;
- Mixed use regeneration initiatives and the impact of retail in such schemes; and
- The multiplier effect in urban regeneration and how to quantify the impact of new development schemes.

2.2 Policy context

Between 1992 and 2001 on average £1.5bn of public money was spent annually on urban regeneration (Environment Agency, 2002). In 2001/02 the figure was £1.8bn out of a total of spending on public services of £106bn. Although past spending has brought about major improvements, the Government now recognises that, to be sustainable, regeneration initiatives must be long term and recognise the links between neighbourhoods, cities and regions.

The well documented problems of the UK’s inner city areas can be traced back to industrial decline and shifts in housing policy and social attitudes going back over a hundred years. Similarly, over the last 30 years a raft of urban regeneration initiatives and policy and funding programmes have tried to restore housing, employment, communities and better standards of living to arrest the spiral of decline (Table 2.1).

Table 2.1 The spiral of urban decline (after Power and Mumford, 1999)

<table>
<thead>
<tr>
<th>Wider social changes</th>
<th>Urban neighbourhood changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term manufacturing decline, job losses</td>
<td>Unemployment, declining population, dereliction</td>
</tr>
<tr>
<td>Slum clearances, inappropriate new estates, spread</td>
<td>Growing poverty, those remaining lack new skills</td>
</tr>
<tr>
<td>Transport and wealth give greater mobility</td>
<td>Decaying housing, low value and empty properties</td>
</tr>
<tr>
<td>Urban exodus, suburban sprawl</td>
<td>Increasing social breakdown, rising crime</td>
</tr>
<tr>
<td>Loss of greenfield sites</td>
<td>Poor schools and services, poor health</td>
</tr>
<tr>
<td></td>
<td>Degraded environment, continued abandonment</td>
</tr>
</tbody>
</table>
Major regeneration programmes have included Action for Cities, Urban Development Corporations (UDCs), City Challenge and the Single Regeneration Budget. For example:

- Twelve UDCs invested primarily in physical and economic regeneration between the 1980s and 1998.
- Between 1992 and 1998 there were 31 City Challenge partnerships in deprived areas.
- In 1993 English Partnerships was established as the lead agency for physical regeneration in England.
- In 1994 the Single Regeneration Budget (SRB) programme was established to bring together funding from various Government programmes. This was in fact the main regeneration fund from 1995 to 2001 and from 2002/03 was combined with other funds as a single programme to be run by the Regional Development Agencies.

A summary of the output from such schemes is shown in Table 2.2.

As Carley et al (2000) point out, ‘partnership’ has become a defining characteristic of British urban regeneration. This recognises that economic decline, social exclusion and area dereliction are too complex and extensive to be solved by any single body. Partnerships are also critical to securing central government funding. In a typical local authority there may be as many as 20 to 25 Single Regeneration Budget partnerships based around such schemes as City Pride, Education and Health Action Zones and Employment, Community Planning and other ‘pathfinder’ initiatives. Combined with other partnership schemes based around European funding, this could mean 20–80 partnerships operating in total in a single local authority. Carley et al also suggest this may cause ‘partnership fatigue’ in some cases.

Table 2.2 Selected outputs of UDCs, City Challenge partnerships, English Partnerships and SRBs (after Environment Agency, 2002)

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Total public spend (£ million)</th>
<th>Reclaimed land (ha)</th>
<th>Commercial floorspace (000m)$^2$</th>
<th>Dwellings</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Development Corporations</td>
<td>2,600</td>
<td>2,600</td>
<td>5,400</td>
<td>15,300</td>
<td>157,000</td>
</tr>
<tr>
<td>City Challenge</td>
<td>1,140</td>
<td>4,000</td>
<td>3,600</td>
<td>110,000</td>
<td>170,000</td>
</tr>
<tr>
<td>English Partnerships$^3,4$</td>
<td>1,223</td>
<td>2,500</td>
<td>3,800</td>
<td>12,000</td>
<td>90,000</td>
</tr>
<tr>
<td>SRB$^5$</td>
<td>3,852</td>
<td>15,000</td>
<td>10,100</td>
<td>260,000</td>
<td>670,000</td>
</tr>
</tbody>
</table>

Sources: $^3$The Partnership Investment Programme ran from 1993 to 1999; figures are the forecast outputs to the completion of projects. $^4$English Partnerships, 2001. $^5$Achieved and forecast outputs from projects started up to 1998/99. expenditure data for 1995/95 to 2001/02.
The importance of private sector involvement in such schemes should not be underestimated. For example, in the SRB from 1995 to 2001 some £9bn of private investment is estimated to have been generated out of a total of £38bn. During the current lifetime of the Urban Development Corporations, £6.87bn of private investment is estimated to have been generated out of a total of £8.87bn.

However, the success of a number of such schemes has been patchy and regeneration areas have frequently required further injections of funding, whilst deprivation continues to dominate. Lessons learned (see, for example, Carley and Kirk (1998) and Rogers and Power (2000)) from such experiences include:

- Regeneration is difficult to sustain because the factors causing depopulation and deprivation in inner cities are deep-seated and frequently structural in nature. Symptomatically, for example, developers inherently prefer greenfield to brownfield sites.

### Table 2.3 Sustainability evaluation for five developments

<table>
<thead>
<tr>
<th>Sustainability criteria</th>
<th>Allerton Bywater, Leeds¹</th>
<th>Greenwich¹</th>
<th>Poundbury, Dorset</th>
<th>Waltham Forest, London</th>
<th>West Silverton, London</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource consumption</td>
<td>✓?</td>
<td>✓ X?</td>
<td>X</td>
<td>–</td>
<td>✓ X</td>
</tr>
<tr>
<td>Environmental capital (land)</td>
<td>✓ ?</td>
<td>✓ ✓?</td>
<td>✓ X</td>
<td>✓ X</td>
<td>✓</td>
</tr>
<tr>
<td>Urban design quality</td>
<td>✓ ?</td>
<td>✓ ?</td>
<td>✓ ✓</td>
<td>–</td>
<td>✓</td>
</tr>
<tr>
<td>Quality of life</td>
<td>✓ ?</td>
<td>✓ X?</td>
<td>✓</td>
<td>✓</td>
<td>✓ X</td>
</tr>
<tr>
<td>Equity/social inclusion</td>
<td>✓ ?</td>
<td>–?</td>
<td>✓ X</td>
<td>✓ ✓</td>
<td>✓ X</td>
</tr>
<tr>
<td>Participation</td>
<td>✓ ?</td>
<td>✓ ?</td>
<td>✓ X</td>
<td>✓ ✓</td>
<td>✓</td>
</tr>
<tr>
<td>Commercial viability</td>
<td>✓ ?</td>
<td>✓ ?</td>
<td>✓</td>
<td>X</td>
<td>–</td>
</tr>
<tr>
<td>Integration of environment and quality of life</td>
<td>✓ ?</td>
<td>✓ ?</td>
<td>✓</td>
<td>–</td>
<td>X</td>
</tr>
</tbody>
</table>

Key: ✓ ✓ exemplary; ✓ better than average; – average; X worse than average; ✓ X mixed; ? under development

Note: ¹Millennium Village initiative

Source: DTLR, 2000
Environmental, economic and social objectives have frequently been out of balance and lacked ‘joined up’ thinking. For example, environmental improvements have been overlooked, yet they can remove barriers to development, including poor access and contamination (Table 2.3).

Regeneration has often destroyed the physical and social fabric of people’s lives through wholesale demolition. VAT issues have discouraged renovation (which carries VAT) at the expense of new-build (which is free of VAT), although targeted VAT reductions for property renovation were introduced in 2001.

Local stakeholder involvement is needed so that schemes have their support and match their needs.

Regeneration schemes have frequently been short term so improvements are not sustained.

There is no doubt that the task for regeneration is immense. In cities such as Glasgow and Manchester, for example, 60% of residents may live in designated regeneration areas.

Structural employment shifts have created immense changes in local economies. For example, recent research by the Joseph Rowntree Foundation (Turok and Edge, 2000) showed that Britain’s 20 major cities have lost half a million male manufacturing jobs since 1981. This has been accompanied by declining economic activity and outmigration, but masks the true extent of unemployment, which in headline figures remains relatively small.

Concerns over such issues and their impact on local economies led to the publication in January 2001 of the Government’s document, A New Commitment to Neighbourhood Renewal: the National Strategy Action Plan (Cabinet Office, 2001), which takes forward the National Strategy for Neighbourhood Renewal. This builds directly on the work of the Social Exclusion Unit (SEU) which was set up in 1997 to examine past policies and put in place better co-ordinated ones. The vision of the new scheme is that ‘within 10-20 years, no-one should be seriously disadvantaged by where they live’.

In the new strategy, Local Strategic Partnerships (LSPs) are seen as the vehicle for implementing and leading neighbourhood renewal. An LSP is a single non-statutory, non-executive body aligned with local authority boundaries that:

- brings together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together; and
- operates at a level which enables strategic decisions to be taken and is close enough to individual neighbourhoods to allow actions to be determined at community level.

LSPs are therefore intended to:

- Identify priority neighbourhoods;
- Identify and understand the problems of such neighbourhoods;
- Map resources going into priority neighbourhoods;
- Agree what needs to be done; and
- Implement and monitor agreed action.

Action plans set out the new policies, funding and targets driving neighbourhood renewal in key areas such as education, jobs, health, housing, and crime. To do this, LSPs should involve local authorities, businesses and community organisations with
RDA providing the regional perspective. To integrate actions on sustainable development, LSPs will be linked with the Local Agenda 21 Strategies that have now been completed by 93% of local authorities in England. It is then intended that small projects will be locally run, with larger city centre schemes undertaken by Urban Regeneration Companies (URCs), of which 16 more are planned for England with the first in Wales for Newport. The government is also supporting renewal in the 88 most deprived local authority districts with the Neighbourhood Renewal Fund (NRF) grant for better public services.

Table 2.4 The major urban regeneration funds

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Funds (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighbourhood Renewal Fund (NRF)</td>
<td>To improve services in the 88 most deprived authorities in England</td>
<td>900 (2001/02–2003/04)</td>
</tr>
<tr>
<td>Community Empowerment Fund</td>
<td>To support community and voluntary sector involvement in local strategic partnerships</td>
<td>36 over three years</td>
</tr>
<tr>
<td>Neighbourhood Renewal Community Chests</td>
<td>To support community groups in NRF areas</td>
<td>50 over three years</td>
</tr>
<tr>
<td>Neighbourhood management</td>
<td>To improve and co-ordinate local services</td>
<td>45 over three years</td>
</tr>
<tr>
<td>New Deal for Communities</td>
<td>Tackling multiple deprivation in 39 of the most deprived neighbourhoods in England, by bringing together communities, service providers and others</td>
<td>1,900 over 10 years</td>
</tr>
<tr>
<td>Communities First</td>
<td>A minimum 10-year programme to regenerate the most deprived areas in Wales – 88 communities are eligible</td>
<td>83 over first three years (2001–2004)</td>
</tr>
<tr>
<td>English Cities Fund</td>
<td>Public–private partnership for mixed use or commercial regeneration in three or four areas</td>
<td>100</td>
</tr>
<tr>
<td>European Regional Development Funds – Objective 1, Objective 2</td>
<td>Developing most disadvantaged regions and those with structural difficulties; a large proportion of funding related to urban problems</td>
<td>3,000 (1994–1999) 10,000 (2000–2006)</td>
</tr>
</tbody>
</table>

Sources: DTLR; EC

In short, the current Government stresses that the older approaches, focused on ‘bricks and mortar’ subsidies and benefits-style hand-outs, are no longer appropriate...
(Table 2.4). What is needed are measures to encourage and foster indigenous skills, talents and the potential of local people and communities. This will be underpinned by 2000 new enterprise areas announced in Gordon Brown’s recent speech (and pre-budget report) to the Urban Summit conference. In these areas, which are the most deprived wards in the country, measures will include:

- Abolition of stamp duty for all business property purchase;
- Planning authorities to be given powers to create business planning zones to reduce the need for planning permission;
- Special investment help through community investment tax credit and risk capital from the community venture capital fund;
- Increased funding for the Phoenix Fund (by £50mn) with support to small businesses and increased support form Small Business Service.

The regional focus of the Government’s policy has also been underpinned by the Core Cities report on Cities, Regions and Competitiveness to the same Conference. The group (which comprises Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield) has sought to identify a set of urban renaissance success factors which, if achieved, would provide a regional city with a strong base to compete internationally:

- Strategic transport and IT connections to markets, and good internal connectivity;
- A city centre of European distinctiveness;
- Nationally and internationally recognised facilities for events;
- A reputation for advanced research, development and innovation;
- A highly qualified workforce;
- A reputation for effective governance and efficient services;
- Sophisticated cultural infrastructure and services;
- A wide range of high quality residential choices;
- A reputation for environmental excellence and responsibility; and
- An inclusive and diverse society.

Finally the ODPM’s (2002) report, *Towns and Cities: Partners in Urban Renaissance*, identified five steps to success in urban renaissance:

- Developing the vision – facing up to reality and seeing the potential together.
- Building a concordat – local authority may need to take the lead in getting the different parts of the public sector to work together. Urban renaissance is a long term process.
- Carrying out a phased strategy – setting spatial priorities, working out timing and devising projects should follow on from the vision and the concordat.
- Orchestrating investment – the private sector needs to be directly engaged and confidence stimulated.
- Maintaining the momentum – property occupiers and investors need to have confidence in long-term demand and this must be ongoing.

Similarly, the building blocks of urban renaissance are identified in Figure 2.1.

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5 For further information see [www.corecities.com](http://www.corecities.com)
2.3 Mixed use regeneration

The policy initiatives in the previous section have taken place against the backdrop of increasing decentralisation of commercial land use from city centres. For example, town centre regeneration is an increasingly important part of regeneration, but concerns have been expressed about the vitality and economic well-being of a number of centres (DETR, 2000). Town and city centres form major transport hubs, jobs and employment and much of the UK’s historic and cultural heritage. There are over 900 centres in England alone that support a Boots store, and most councils will have at least 3–5 centres within their district. Smaller towns (with a population of between 2000 and 20000, of which there are over 1000 in England and Wales) also provide a focus for dispersed communities. However, as the manufacturing base has declined in many cities and towns, giving rise to areas ripe for regeneration, service and office uses are no longer necessarily drawn to town and city centre locations.

Figure 2.1 Eight dimensions of urban renaissance (after ODPM, 2002)

<table>
<thead>
<tr>
<th>Community Engagement</th>
<th>Integrated Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pride of Place</td>
<td>Thriving Centres</td>
</tr>
<tr>
<td>Harmonious Communities</td>
<td>Quality Services</td>
</tr>
<tr>
<td>Networks of Enterprise</td>
<td>Valued Neighbourhoods</td>
</tr>
</tbody>
</table>

On the one hand, the sequential planning regime promoted by PPG6 (and related policy guidance such as PPG13 on transport and PPG3 on housing), underpinned by the ‘sequential test’, has encouraged development within walking distance of town centres, but discouraged the out-of-town drift to a large degree.

Yet consumer-driven trends have also led to many people shopping in superstores rather than the High Street. An extensive range of new types of shopping experience have been added to the retail environment of Britain since the mid-1960s (Thomas and Bromley, 2002). Superstores now dominate convenience shopping and retail warehouses and parks have increased non-food sales formerly dominated by middle order and large shopping centres. Moreover, the growth in regional and sub-regional centres have also threatened the livelihoods of larger central shopping areas. In recent times, outlet shopping villages, limited line discounters and Internet shopping have all further broadened the shopping experience. As a result, large city centres, small town centres and district and neighbourhood centres have all come under increasing pressure.

Retail change in Britain since the mid-1960s therefore reflects a complex interaction between, on the one hand, changes in consumer demand, and, on the other, supply forces, underpinned by the regulatory environment. A car culture, longer opening hours and attractive shopping environments have all played their part in creating a sophisticated shopping culture for sophisticated consumers. In older centres, however, suffering congestion, deterioration in shopping environment and fears over
crime, a culture of decline and neglect has frequently been engendered. These changes, combined with the growing dominance of multiples and the complex set of retail experience on offer, have created what some have referred to as a retail revolution. The changing face of retail has been neatly summarised by Stathers (2002) in Figure 2.2.

**Figure 2.2 Changing face of British retail (after Stathers, 2002)**

<table>
<thead>
<tr>
<th>1960’s</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>All retail sales took place in the town centre</td>
<td>42% of retail sales takes place outside of town centres</td>
</tr>
<tr>
<td>Retail hierarchy was defined</td>
<td>More off-centre retail locations than town centres</td>
</tr>
<tr>
<td>Shopping patterns and behaviours predictable</td>
<td>Over supply of retail space</td>
</tr>
<tr>
<td>Retail was profitable</td>
<td>Property under-utilised</td>
</tr>
<tr>
<td>High inflation</td>
<td>Customer is KING</td>
</tr>
<tr>
<td>Predictable growth</td>
<td>Globalisation</td>
</tr>
<tr>
<td>Main retail brands and specialisms</td>
<td>Consolidation of retail brands</td>
</tr>
<tr>
<td>High level of confidence</td>
<td>Increasing pressure on price and margin</td>
</tr>
<tr>
<td>Retailer led</td>
<td>Increasing dominance of retail monopolies</td>
</tr>
<tr>
<td>Shortage of retail space</td>
<td>E-tail the threat</td>
</tr>
</tbody>
</table>

To give an indication of this, between 1986 and 1998 new retail floorspace was dominated by out-of-town shopping centres and retail park developments. Almost twice as much new floorspace was created outside towns than in town centres over this period. However, the data for 1998–2000 shows strong evidence that, for the first time since 1984 (with the exception of the recession years of 1991 and 1992), the new floorspace opened in town centre schemes exceeded the combined floorspace in non-town-centre shopping centres and retail warehouse parks combined (Figure 2.3). This probably reflects the impact of PPG6.

Previous policy guidance and related research has made little or no reference to the role of retail-led regeneration. However, two recent research reports commissioned by the British Council of Shopping Centres (Building Design Partnership, 2002; Henley Centre, 2002) attempt to highlight the importance of retail development on urban design and the need for integrated urban management to engage stakeholders in retail-led regeneration.

The BDP report builds on previous work by Carmona et al (2001) for CABE in highlighting how retail-led development should seek to achieve:

- Character – a place with its own identity;
- Continuity and enclosure – a place where public and private spaces are clearly distinguished;
- Quality of the public realm – a place with attractive and successful outdoor areas;
- Ease of movement – a place that is easy to get to and move through;
- Legibility – a place that has a clear image and is easy to understand;
- Adaptability – a place that can change easily;
- Diversity and mix of uses – a place with variety and choice;
- Sustainability and balance with nature – a place that has achieved a balance between the natural and built environment;
- Value – a place where appropriate values can be attained to sustain the desired mix of uses; and
- Inclusivity – a place which has something for everyone.

Although the goals of retail design and urban design are perceived as being mutually exclusive, the report suggests that this need not be the case if better engagement between the key stakeholders in the design and development process occurs.

This gap between stakeholders has been identified as a key problem in the second report for BCSC by the Henley Management Centre (2002). For example, integrated urban management is difficult to achieve because, whilst retailers seek to build ‘brand’ equity, creating a promise about their values and their offer to drive sales, property owners/developers seek to build ‘place’ equity or growth in rental value. For both there is also a mismatch between their shareholder-driven business models and the longer-term stakeholder engagement practices required of them within the new urban agenda. Although it is not possible to provide a single best practice model for integrated urban management, basic principles of funding, tracking and measuring activity, the calibre of the management personnel and the ability to marry short and long-term needs can be highlighted.

The report goes on to suggest a starting point to consider the type and scale of management needed in the ‘pan centre’ (management operates in a wide area in the town) versus ‘mini state’ (small and tightly defined area of town) model. A Business Improvement District (BID) model has advantages, but the report suggest that, to succeed, property owners/investors should ‘match fund’ retailers in financing such schemes, supported by Government ‘cash’ injections.

**Figure 2.3 Town centre and out-of-town floorspace (source: Oxford Institute of Retail Management)**

Integrating a variety of land uses (including retail) within mixed-use developments has also become a ‘material’ planning consideration. Clearly, diversity of uses also adds to the vitality and interest of town centres. Different but complementary uses...
during the day and in the evening can reinforce each other, making town centres more attractive to residents, businesses, shoppers and visitors (DoE, 1995a). Mixed-use development can be defined as:

- buildings with a mix of uses within them;
- schemes, sites or continuous street frontage with different uses; but not
- very large developments where there is one particularly significant use and a token volume of other uses.

**Figure 2.4 Basis of government support for mixed used development**

<table>
<thead>
<tr>
<th>Concentration and diversity of activities</th>
<th>Vitality</th>
<th>Less need to travel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A more secure environment</td>
<td>Less reliance on the car</td>
</tr>
<tr>
<td></td>
<td>More attractive and better quality town centres</td>
<td>More use of and opportunity for public transport</td>
</tr>
<tr>
<td></td>
<td>Economic, social, and environmental benefits</td>
<td></td>
</tr>
</tbody>
</table>

Source: DoE (1995a)

The effect of promoting mixed used development and higher density urban development would, if successful, put greater numbers of people in cities by making more efficient use of space and without increasing the overall surface area of land covered. In effect, government policy is encouraging greater urbanisation and higher density cities. The European Community green paper explicitly supports this approach by promoting the concept of the ‘compact city’ (CEC, 1990).

The UK government has explained (see, for example, DoE, 1995b) the basis on which it increasingly supports mixed-use development in planning policy statements. Fundamentally, the need to create sustainable residential communities in the UK stems directly from the current crisis in housing provision, in particular the provision of affordable housing, and from the environmental issues outlined in Figure 2.4. A renewed strategic approach is needed to address the current shortfall in housing provision, and mixed-use development is seen as a viable option as well as a device for achieving environmental goals. A brief overview of the possible advantages and disadvantages of planning for sustainable development in a mixed-use context is outlined in Table 2.5.
Table 2.5 Advantages and disadvantages of mixed use for sustainable development

<table>
<thead>
<tr>
<th><strong>Definite advantages</strong></th>
<th><strong>Definite disadvantages</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness and vitality – diversity; up to 24 hour city</td>
<td>Harder to dispose of property asset quickly</td>
</tr>
<tr>
<td>Uses unwanted or obsolete property, including listed buildings</td>
<td>Requires active management of property</td>
</tr>
<tr>
<td>Range of uses means greater likelihood of some parts letting</td>
<td>Therefore harder to raise finance and may put possible tenants off</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Possible advantages</strong></th>
<th><strong>Possible disadvantages</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in travel (shorter trips, more multi-function) so reduced emissions</td>
<td>Lower rents achieved</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Problems of separate access needed for each use</td>
</tr>
<tr>
<td>Reduction in crime; more activity; greater uses; observation of street</td>
<td>Conflict between activities; noise, traffic etc. (e.g. housing over wine bar)</td>
</tr>
</tbody>
</table>

Source: Coupland (1997)

Government uses Planning Policy Guidance (PPG) notes to define the main goals of town and country planning policies and how to achieve them. In recent years, Government policy has been modified so as positively to encourage mixed use developments and urban villages. A revised version of PPG1 (General Policy and Principles) places prime emphasis on three themes:

- Sustainable development, and the contribution that the planning system can make towards achieving it;
- Mixed uses: the Government believes that mixed use development can help create vitality and diversity, reduce the need to travel, and be more sustainable than development consisting of a single use; and
- Design, particularly in the light of the Quality in Town and Country Initiative.

PPG1 endorses the benefits of high-quality mixed use developments such as urban villages. PPG1 defines urban villages as large sites in urban areas which can be developed in a compact manner, with a mix of uses and dwelling types including affordable housing, and a range of employment and community facilities. Development must achieve high standards of urban design and be readily accessed by public transport.

2.4 The multiplier effect in urban regeneration

If mixed use schemes that include a retail element are to provide the foundation for revitalising town centres and other neighbourhood areas that are socially deprived, there are two important related questions to address:

- What are the processes by which this can occur?
- What quantifiable impact can commercial property developments have on local economies?
2.4.1 The processes

In 2000 it was announced, by the Small Business Service Unit of DTI, that City Growth Strategies were to be set up in the most economically depressed cities and large towns in the UK. The intention was to promote enterprise in disadvantaged communities through a Community Investment Tax Credit Scheme. City Growth Strategies draw heavily on the experience of a US project run by the Initiative for a Competitive Inner City (ICIC), an independent organisation founded by Michael Porter. Porter’s work suggested that, despite the disadvantages of crime, poverty and capital shortages, inner city areas retain four strategic advantages:

- Location;
- Untapped local market demand;
- Clustering;
- Human resources.

The latent demand, and in particular retail demand, of inner cities was the subject of a separate and ongoing research programme at ICIC. A survey by ICIC (1998) found, for example, that US inner cities have some $85bn of retail spending power (or 7% of US retail spending), of which some $21bn is unmet locally by inner city retailers. Indeed, retail demand per inner city square mile is often 2–6 times greater than each metro square mile, and inner city shoppers are surprisingly well connected to the Internet, although they are half as likely to have online access as the general US population.

Further research by Boston Consulting Group (BCG) and ICIC (1998) analysed six inner city markets in the USA (Atlanta, Boston, Chicago, Houston, Miami and Oakland). The study critically examined the benefits of inner city retailing. Some critics, for example, argue that retail provides only low-level jobs in such areas and results in the transfer of wealth out of the community by non-local businesses. However, the report argued that:

- Profit as a percentage of sales for US retail businesses is low (2–3% for grocery, for example) and any profits taken out are dwarfed by the wages paid to employees, which account for 20% of sales. The greatest export in the inner city comprises unmet local retail demand.
- Although retail jobs are not high paying, they provide an entry into the job market, an opportunity to learn basic work skills and access training.

In short, the study suggested (Figure 2.5) that:

‘providing a competitive offering and filling unmet retail demand in the inner city creates a virtuous cycle that leads to increased disposable income, consumer demand, local jobs, business sales, consumer traffic, security and local spending.’

However, research by International Council of Shopping Centers and Business for Social Responsibility (2002) shows that despite the advantages on investing in under-served urban markets, 80% of retailers in a US survey viewed such factors as crime, insufficient demand and potential shrinkage as major obstacles or barriers to investment.

Parallel work in the UK has led to the development of the Inner City 100*, which lists one hundred of the fastest growing businesses located in the UK’s inner cities. These have an average 5 years sales growth rate of over 500% and have created 4,559

* See [http://www.theinnercity100.org/](http://www.theinnercity100.org/)
jobs since 1997 (MacGillivray, Potts and Raymond, 2002). However, this should not disguise the clear ‘enterprise gap’ reported in the same research. Tellingly, if the inner city could be as successful at generating enterprise as the rest of England, then there would be nearly 90,000 more businesses trading there than there currently are (the equivalent of £4.75bn in foregone turnover from these ‘ghost’ enterprises).

Figure 2.5 The virtuous circle of consumer spending in urban regeneration areas (after BCG)

![Diagram showing the virtuous circle of consumer spending]  

The multiplier effects of spending money in local economies has also received recent scrutiny from the New Economics Foundation. Their ‘Plugging the Leaks’ programme (Ward and Lewis, 2002) on money flows shows the benefits of keeping local spending within the local economy, and making sure regeneration benefits are focused on local people and local employment. For example, the PAT13 Study (1999) suggested that in a community of 4,000 households with a total weekly spend of £275,000 (£66 per week) only 10% of this would need to be spent at the local shop for its turnover to be £27,500 per week, a healthy business.

Figure 2.6 ‘Plugging the leaks’ (adapted from New Economics Foundation)

![Diagram showing the local multiplier effect]  

The money flows argument starts from the assumption that if more of the money circulating in an economy can be retained for longer (Figure 2.6) it will help increase growth. In disadvantaged areas, money does not circulate around the local economy enough to contribute towards regeneration and tends to flow quickly towards other...
areas. In turn, poor local shopping services mean that local people tend to use services in other neighbourhoods.

Similarly, entrepreneurship at a macroeconomic level provides a key to economic dynamism and job creation. Increasing rates of enterprise creation as a means of generating jobs and raising incomes is a universal concern for local authorities. Although there is little empirical evidence of the relationship between the creation of new firms and local economic development, research by Westall, Ramsden and Foley (2000) found that there was a broad tendency for disadvantaged areas (assessed on a multiple index of deprivation) to have low levels of enterprise births. But the relationship is not straightforward, with areas of high deprivation also experiencing high rates of firm creation. This feature was also highlighted in recent research from the New Economics Foundation (Ramsden et al, 2001) which found that many London boroughs have high start-up rates but also high levels of deprivation. Also, co-existing growth and unemployment in local and regional economies exemplifies the fact that businesses frequently operate with few links to the local product and labour markets, with salaries spent outside the local economy leading to ‘leaks’.

Nolan (2001) reviews the impact of new firms on local economies. He suggests that new business can impact through the creation of employment for owner-managers and employers and increase in tax revenues and incomes, with subsequent income multiplier effects for the surrounding community. Other research (see, for example, Joseph (2000) and Blanchflower (1998)) has suggested that:

- Small firms tend to stay in their original locality or region and others sell outside the locality, and help inject income into the area;
- Small firms employ local staff;
- Improved local provision of services which can help retain incomes in the locality;
- Social capital benefits may be created, which involve economic benefits derived from role models, social ties, secure of purpose and social cohesion.

Displacement occurs when competition from start-up firms causes closures or reduction of market share among existing businesses. The UK Enterprise Allowance Scheme was abandoned in 1994 for this very reason. Displacement can occur in local economies, particularly in mature/low-growth easy entry markets with low profit margins, such as retail. However, the situation is complex because retail and services have local markets, which may or may not be displaced by competition having a larger sphere of influence.

As the Better Regulation Task Force on Shops (2001) report points out, any small enterprise offers employment and economic benefits to the area in which it is located, but small shops also give a social ‘value added’ to poorer or isolated locations. Small shops make up some 15% of small businesses in the UK and the vast majority of small shops (95%) employ less than 10 people.

Generally small shops tend to be different from other smaller businesses because they have comparatively high overheads – employment costs may be as much as 12.5% of turnover – and a higher ratio of part-time to full-time staff, usually about 3:1 in the small retail sector. A number of recent Government reports have highlighted the fact that good local shops in poorer communities act in a social provision capacity as well as amenity value. In particular, a report under the Neighbourhood Renewal Strategy (Department of Health, 2000) noted:

\[\text{Porter's (1995) analysis of US inner cities has also added to the view that urban regeneration can be fostered by pro-business strategies.}\]
‘Thriving local shops can provide employment for local residents and a pathway into new skills and training opportunities, can reduce crime and can improve health by providing a range of quality goods including food, at affordable prices.’

Between 1986 and 1997 the number of small independent shops declined by almost 40% (the equivalent of 8 every day), whereas the number of superstores almost tripled. This trend is common across many countries in Western Europe, reflecting changes in lifestyle and consumption patterns. In the UK three main factors have caused the decline of independent retailers, particularly in deprived areas:

- Falling and low local demand;
- Crime and threat of crime; and
- Competition.

Other factors may also be important:

- Weight of EU and UK legislation;
- Business rates;
- Family run business with no successor;
- Local road and traffic changes;
- Bank lending policies;
- Leasehold arrangements favouring landlords;
- Relocation of population to new housing estates;
- Superstore becoming the local shop;
- Increased operational costs;
- Consumer preference for large stores; and
- In ability to compete on range of goods.

As an example of the multiplier impact at a local level, Tesco has made a conscious decision to develop new stores in deprived areas, working in partnership with public authorities and voluntary organisations to offer training and employment to local people. Two stores have already opened in Seacroft, Leeds, and in Durham, with other stores to follow. The Seacroft store, for example, has provided 320 local jobs, with 243 going to people who were previously unemployed. Such stores are also frequently built on brownfield land, thus improving sustainability.

Indeed, as Wrigley, Guy and Lowe (2002) point out, the practice of retail developers being involved in urban regeneration schemes is nothing new. Many previous redevelopment schemes have been kick-started by retail on brownfield sites: the case of many of the early Urban Development Corporations is a case in point. Indeed, during the 1990s some 40% of Safeway’s new stores were on brownfield sites. Data for Scotland also suggests that 22 out of 26 out-of-centre retail developments were on brownfield sites in 1998, although no comparable data is available for the rest of the UK. What is new is an increased emphasis on regenerating district centres, as it offers one of a reduced number of opportunities available in the ‘post-PPG6/sequential test’ era.

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8 Business in the Community has also examined the impact of business investment in under-served markets from both the USA and UK. See [www.bitc.org.uk](http://www.bitc.org.uk)
2.4.2 Quantifying the impact

Previous research (College of Estate Management, 2002a) has shown that nationally the retail industry is a very important contributor to economic growth:

- Retailing is one of the UK’s top service sectors in terms of gross value output added (over 5% in 2000).
- Between 1980 and 1999 the real output of retail services in the UK economy increased at a faster rate than the growth of the whole economy (3.4% compared with 2.4%).
- In 2000 retail employed 2.7 million (in head terms) which represented 10.8% of the British workforce. Strong growth in retail from 1981 to 2000 has been underpinned by rapid female part-time employment growth (up from 34% of jobs to 45%).

In the same research, the multiplier effect of retailing at a national level was assessed. Knock-on or multiplier effects are generally recognised as comprising two types of economic interaction (Kelly et al, 2002):

- Indirect effects. Particular industries purchase goods and services from other sectors to support their own activity and thus stimulate those industries as well. These supplying industries make purchases from other suppliers in order to fulfil the orders, and they also make purchases, so there is a ‘ripple’ effect.
- Induced effects. Industries pay wages and salaries to their employees who spend income on consumer goods and services. This creates wage income for employees in other industries, who spend their income, again causing a ripple effect.

At a national level estimates can be produced of these multiplier effects using operational models of the UK economy. These use the concept of input–output models developed by Wassily Leontief. In Scotland measures of these outputs were derived for 123 industries in 1998 by the Scottish Executive. For the UK as a whole, only limited analysis is available for 1995. Using the available figures for the UK as whole in 1995 from National Statistics, we are able to calculate appropriate results for retail output and for a range of multipliers. For further information see Appendix B.

2.4.3 Total output

As Table 2.6 reveals, in 1995 the retail trade spent £56.7bn, of which £21.1bn was estimated to have been expended on UK goods and services. This generated some £113.4bn in other sectors. The retail trade is a major contributor to output, making up 4.1% of total intermediate demand, although manufacturing and financial intermediation together, in comparison, made up 47% of the total in 1995.

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9 See www.scotland.gov.uk/input-output
Table 2.6 Retail output in the UK economy, 1995

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure</td>
<td>£56.7 mn</td>
</tr>
<tr>
<td>Expenditure on UK goods and services</td>
<td>£21.1 bn</td>
</tr>
<tr>
<td>Direct effect</td>
<td>£56.7 bn</td>
</tr>
<tr>
<td>Secondary effects in other sectors</td>
<td>£113.4 bn (Multiplier 2.2)</td>
</tr>
<tr>
<td>Total output (direct plus secondary)</td>
<td>£170.1 bn</td>
</tr>
</tbody>
</table>

2.4.4 Household income

In 1995 the retail trade paid £19.3bn (Table 2.7) in wages, which represents household income for retail employees. This is then spent on goods and services which contributes to spending in other sectors.

Table 2.7 Retail household income in the UK economy, 1995

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct income paid through wages</td>
<td>£19.3bn</td>
</tr>
<tr>
<td>Household income paid through other sectors</td>
<td>£15.65bn (Multiplier 1.9)</td>
</tr>
<tr>
<td>Total household income generated (direct plus secondary)</td>
<td>£34.95bn</td>
</tr>
</tbody>
</table>

2.4.5 Employment multiplier

In 1995 the retail trade in the UK employed 2.5mn which equates to 1.78mn full-time equivalent employees. The 1995 retail employment multiplier for the UK was 1.50 (see note11), indicating that for every 100 full-time equivalent (FTE) jobs, 50 are generated elsewhere in the economy (Table 2.8).

Table 2.8 Retail employment in the UK economy, 1995

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail jobs (FTE)</td>
<td>1,785,816</td>
</tr>
<tr>
<td>Other jobs generated outside retail (FTE)</td>
<td>892,908 (Multiplier 1.5)</td>
</tr>
<tr>
<td>Total (FTE)</td>
<td>2,678,724</td>
</tr>
</tbody>
</table>

2.4.6 An example of the use of multipliers

Multipliers can be used to examine the impact of a specific event in the UK economy – for example a shopping centre opening. To illustrate this, consider a hypothetical opening of a shopping centre employing 400 people on a full-time basis in retailing.

In considering the impact on the economy we can use multipliers to estimate:

- Effects on suppliers of the shopping centre; and,

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10 This is based on our analysis of 1995 UK national accounts (see Table B1 in Appendix B of this report and also CEM (2002a)).
11 In 1996 the corresponding Type II multipliers in Scotland were 1.76 (output); 1.49 (income) and 1.48 (employment) (Scottish Executive, 2000). In 1998 in Scotland the figures were 1.59, 1.47 and 1.30 respectively. Retail ranked 73rd, 99th and 120th respectively in terms of these multipliers. Industries in energy and manufacturing tend to head the rankings.
12 This is the Type II employment multiplier derived from our analysis for this research. The Type I multiplier for UK retail is 1.2, which was also derived from our analysis of the 1995 UK accounts (Appendix B).
• Effects on the economy due to an increase in the spending of the new employees.

**Effect on suppliers (Indirect employment effect)**

- Total FTE Jobs $400 \times 1.2$ \(^{13}\) = 480 direct and indirect new FTE jobs. This is equivalent to 400 direct FTE retail jobs and 80 new indirect FTE jobs.

**Effect of increased household expenditure (Induced employment effect)**

We would also expect to see an increase in household expenditure among those who have gained employment through direct and indirect employment effects. This is the induced effect and is estimated using Type II multipliers (i.e. 1.5).

Our example gives us:

- Total FTE Jobs $400 \times 1.5 = 600$ direct, indirect and induced jobs. As we have already calculated a direct and indirect increase in employment of 80 (FTE) it is estimated that a further 120 jobs (FTE) are created as a result of induced demand.

Multipliers can be used to examine the impact of development schemes at a local level. However, there are particular issues associated with data from official statistics which require highlighting (see Appendix B). Multipliers can also only estimate the indirect effects of schemes on jobs and spending, and more detailed company level analysis would be required to assess the extent to which local economies really benefited without 'leakage' to other areas.

### 2.5 Conclusions

This chapter has shown the growing importance of neighbourhood renewal within urban areas as part of what many now refer to as the 'new urbanism' (Prescott (2002)) which sets the regeneration of local areas within an urban and regional context. This includes elements of self-help for local communities and borrows heavily from similar policy initiatives in the USA. At its heart are local strategic partnerships, which are designed to include a variety of stakeholders in the community. Business and enterprise is seen as playing a vital role in the process of regeneration, especially in inner city areas, in order to promote and secure sustainable economic development. Such a model or framework for regeneration is also based on the premise that commercial development will also create multiplier or knock-on effects in the wider local economy through additional spending and jobs growth.

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\(^{13}\) The indirect employment multiplier
SUMMARY OF SCHEME

Floorspace: Offices: 1.1 million sq.ft. (approx. 102,300 sq.m.). Retail and restaurants: 170,000 sq.ft. (approx. 15,740 sq.m.).

Total area of site: 6.9 ha.

Uses: Offices, leisure, hotel, residential (in separate location within site), café/restaurant/bar and retail units.

Owners: Birmingham City Council are freeholders with several long leaseholders, including Argent (undeveloped plots and completed office space), British Airways Pension Trustees (Water's Edge and No. 1), Post Office Pension Scheme (No 3), BT Pension Scheme (No 5), Vardon (Sealife Centre).

Occupiers: BT (No. 5) Lloyds TSB (No. 2) and main buildings with other occupiers.

Financing: Argent Group Plc developed various investment packages for the different stages of the development, and involved BA Pension Trustees, Berkeley (now Crosby) Homes, Greenalls, Institute of Electrical Engineers, Vardon, BT Pension Scheme, Citibank, UBK, Thames Valley Park, Governor's House.

Developer: Argent Group PLC.

Further details: Appendix C.
3.1 Background and Context

There has been an increasing call for mixed use development projects based on brownfield sites to revitalise UK urban areas and make them more sustainable. In many respects the well-publicised flagship schemes in London are atypical of the UK as a whole. Set in this context, Brindleyplace, Birmingham, offers a valuable example of how towns and cities outside the capital can provide lessons for the rest of the UK. As Barber (2002) argues:

‘Brindleyplace in Birmingham city centre is a rarity among regeneration schemes. It is a commercial success in its own right while reaping widespread acclaim from the professional, policy making and academic communities.’

In fact much of the acclaim focuses on the urban design aspects of the scheme which combines, in the eyes of many, excellence in design with a well-judged mix of uses. For example, the development shared the highest urban design score (with Castle Wharf Nottingham) in Carmona et al’s (2001) report for CABE, *The Value of Urban Design*. However, it is important to stress that Brindleyplace’s contribution to the economy of Birmingham came after the City Council’s enormous investment in the city centre during the early 1990s. Some years ago Birmingham was held up as a disaster in terms of modern planning, and it is a measure of its recent success that this is no longer the case. This was the result of a legacy of large, elevated ring roads, pedestrian subways and poor urban development over the previous 20–30 years. Added to this, Birmingham’s local economy was being hit by the collapse of its manufacturing base over the period 1971–1989, when over 149,000 jobs in the sector were lost during a time of weak service sector growth. This led to outmigration which further weakened the city centre’s vitality.

Birmingham is the largest local authority in the UK and sees itself as the UK’s second city after London (ODPM, 2002). The economy of Birmingham came under severe pressure in the 1970s and early 1980s, with economic decline, job losses and low property values. Birmingham was also faced with a small and constrained city centre that had been redeveloped during the 1980s but along the lines of inward-looking shopping malls and maximum access by motor car. Following wartime destruction, much of the fabric of Birmingham was demolished to be replaced by (Birmingham City Council, 2001):

‘Poor quality, unappealing, single use buildings dominated by highway infrastructure. Birmingham became synonymous as motor city, a city that not only manufactured cars but with an Inner Ring Road and Spaghetti Junction as the foremost icons of its very essence.’

The continued lack of investment in the 1970s and early 1980s was further exacerbated by the expansion of out-of-town retailing in such areas as Merry Hill and Solihull, so much so that Birmingham’s regional capital role was being undermined. These problems led the City Council to focus its attention on the city centre and setting up the Highbury Initiative, the UK’s first City Centre Symposium, in 1987. This brought together people from all sectors of the community, with international professional experts generating an action plan to help remedy the problems of the city centre. Key principles which were established included:

- Breaking of the concrete collar and reduction of the influence of the inner ring road and the promotion of greater pedestrian priority.

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Development of a ‘Quarter philosophy’ to promote and encourage a unique sense of place and niche marketing/implementation for areas surrounding the city centre core.

- Development of a strong east–west pedestrian spine route.
- Utilisation of the canal network as a focus for regeneration.
- Encouragement of greater architectural quality and urban design.
- Development of streets and squares approach to regeneration.
- Development of the US-Downtown Association concept of quarter associations and city centre management.
- Elimination of the traditional land use zoning approach and support for mixed uses.

From this initiative, a shared vision was developed embodying the City Centre Strategy, and subsequently the Birmingham Unitary Development Plan, which included an emphasis on mixed use development and the concept of planning for Quarters. Each Quarter plan or action plan has been subject to formal public consultation, carried out with partners from all sectors, so that Supplementary Planning Guidance status can be achieved. This has also enabled subsequent weight to be given to any future planning appeal and to justify future bids for resources, particularly European and lottery funding.
3.2 The strategy

As Latham and Swenarton (1999) report, it is now possible to walk from New Street station along pedestrianised streets and through a series of public spaces to the International Convention Centre. From here the route continues over the canal to Brindleyplace, where a dense mix of office buildings, houses, shops, restaurants, cafes, art gallery and theatre co-exist. The Brindleyplace model is not one of post-war zoned planning but very much one of a European city, where living, working and recreation all take place in close proximity. Public spaces were also built into the overall scheme. But Brindleyplace would not have happened were it not for the vision encapsulated in Birmingham’s City Centre Strategy. This strategy sought to remove the barrier of the inner ring road and allow the spread of city centre activities into adjacent quarters linked by pedestrian routes.

Two main tools were used to implement the strategy:

- Prestige projects around Broad Street in the Convention Quarter: International Convention Centre and Symphony Hall; National Indoor Arena; and Hyatt Hotel, which were all funded mainly through European and City Council funds. The intention with these projects was to provide a new engine for economic growth and employment in the rapidly growing business tourism sector and generally to boost the image of Birmingham.

- The opening of these projects in 1991 was accompanied by major environmental improvements in the vicinity over the next three years, such as public squares, new pedestrian routes and the downgrading of the inner ring road. The decision to develop the ICC was taken in 1984, and the 30-acre site was promoted by the City Council through a Comprehensive Redevelopment Area and by means of land assembly using CPO powers. The City Council was the major funder of the ICC (total cost £180mn), although further support was gained through the EEC.

However, the successful regeneration of the city centre has also relied upon partnerships working in a variety of ways, although initially it was the City Council that took the lead role in starting the transformation and establishing the conditions for growth. More recently this has taken the form of the Birmingham Alliance, which has engaged in a major partnership with Hammerson and Land Securities to create a single development company to deliver the largest retail development in Europe. Over the years the city has also worked in partnership with other stakeholders such as Birmingham Forward, Birmingham Marketing Partnership and City Watch.

Another factor played an important role in the genesis of Brindleyplace, and that was the massive slump in land and property prices in the early 1990s. Land that had been selling for £2mn per ha changed hands later for 20% of this amount. At this time Rosehaugh, which had originally bought the site, went into liquidation and Argent acquired the 17 ha site from the receivers for £3mn in 1993. This was the end result of a fairly tortuous history (see Box 1).

As there was a s.106 planning obligation, this required the owner of the long leasehold of the site to build the first 5600 sq.m. of retail/restaurants speculatively, refurbish a derelict grade 2 listed school, and lay out the main square. In total this required some £8mn of expenditure.

Using its own funds to finance the development, Argent therefore agreed a more flexible masterplan that enabled a step-by-step approach to development, allowing the development to match market trends. The project was therefore able to commence in mid-1993. The chronology of the scheme is shown in Table 3.1.
In 1987 Birmingham City Council invited tenders for the Brindleyplace site. Merlin Shearwater Laing was selected and bought a 150-year lease for £23mn. Argent purchased the site for £3 mn. Outline planning permission was granted in 1988 with the Percy Thomas Partnership and Fitch Benoy as masterplanners. Shortly after, Laing bid successfully for the National Indoor Arena contract and withdrew from the consortium, which led to the formation of Brindleyplace plc, a joint venture company between Merlin and Shearwater (a subsidiary of Rosehaugh). However, Shearwater went into liquidation in 1990 and ownership of the site reverted to Rosehaugh. Then in 1993, after Rosehaugh went into receivership, Argent purchased the site for £3mn with a revised 150-year lease.

This helped Argent to cover the remediation costs of £500,000 for the site, together with marketing costs of more than £3mn and infrastructure spend of £12mn. Argent estimated that the design cost was 11% of the total investment.

The first phase of the scheme (Water’s Edge) was entirely funded by Argent and built speculatively as part of the headlease obligation imposed by Birmingham City Council. In 1994, after some of the units at the Water’s Edge were let, the end investment was sold to the British Airways pension fund trustees on the basis that they would forward fund the speculative construction on No 1 Brindleyplace. Later phases included site sales to Berkeley Homes, Greenalls and the Institute of Electrical Engineers. These deals financed the construction of the central square and the main part of the infrastructure of the site. The latest phase includes Oozells Square and the surrounding offices at Nos 6 -10 Brindleyplace.

### Table 3.1 Chronological table of Brindleyplace development

<table>
<thead>
<tr>
<th>Date</th>
<th>Development Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1995</td>
<td>The Water’s Edge</td>
</tr>
<tr>
<td></td>
<td>60,000 sq.ft. leisure/retail/offices</td>
</tr>
<tr>
<td>April 1995</td>
<td>Central Square</td>
</tr>
<tr>
<td>September 1995</td>
<td>Symphony Court</td>
</tr>
<tr>
<td></td>
<td>143 residential units</td>
</tr>
<tr>
<td>October 1995</td>
<td>One Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>68,500 sq.ft. offices</td>
</tr>
<tr>
<td>July 1996</td>
<td>National Sea Life Centre</td>
</tr>
<tr>
<td>January 1997</td>
<td>Five Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>120,000 sq.ft. offices</td>
</tr>
<tr>
<td>May 1997</td>
<td>Costa Coffee café</td>
</tr>
<tr>
<td>June 1997</td>
<td>Two Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>75,000 sq.ft. offices</td>
</tr>
<tr>
<td>September 1997</td>
<td>Multi-storey car park including retail</td>
</tr>
<tr>
<td>March 1998</td>
<td>Ikon Gallery including café</td>
</tr>
<tr>
<td>April 1998</td>
<td>Three Brindley Place</td>
</tr>
<tr>
<td></td>
<td>91,500 sq.ft. offices</td>
</tr>
<tr>
<td>June 1998</td>
<td>Crescent Theatre</td>
</tr>
<tr>
<td>August 1998</td>
<td>Living Well Health Club</td>
</tr>
<tr>
<td>November 1998</td>
<td>Oozells Square</td>
</tr>
<tr>
<td>June 1999</td>
<td>Four Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>112,000 sq.ft. offices, leisure</td>
</tr>
<tr>
<td>July 1999</td>
<td>Nine Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>65,000 sq.ft. offices, leisure</td>
</tr>
<tr>
<td>April 2000</td>
<td>Six Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>92,000 sq.ft. offices, retail, leisure</td>
</tr>
<tr>
<td>February 2001</td>
<td>City Inn</td>
</tr>
<tr>
<td>January 2002</td>
<td>Eight Brindleyplace</td>
</tr>
<tr>
<td></td>
<td>92,000 sq.ft. offices, serviced apartments</td>
</tr>
</tbody>
</table>

*Source: Argent*
The successful pre-letting of two office buildings to BT and Lloyds Bank in 1995 created confidence in the scheme, and subsequent speculative offices were funded by a consortium of Argent, Citibank, United Bank of Kuwait and BT Pension Scheme. This vehicle has been used by Argent since then to develop further office buildings, a multi-storey car park, replacement theatre and more public spaces. The latter stages of the scheme have encompassed a more mixed use feel, and the final stage of construction is now under way, with a prelet of four office blocks to the Royal Bank of Scotland (RBS), the largest ever office deal in Birmingham. The RBS is to take 370,000 sq.ft. of space, with full occupancy scheduled for the end of 2004.

3.3 The Impact of Brindleyplace

3.3.1 Employment and the multiplier effect

The period from 1993 to the present is remarkable for its sustained economic growth. In Birmingham as a whole employment rose from a low point of 430,000 in 1993 to 476,000 in 2000, which approached the level of the early 1980s. By 2000 the service sector employed 373,200, almost 80% of total employment in the City, with the largest marketable service sub-sectors being Distribution and Retail, Professional Services and Other Business Services.

By 2000 the proportion of men and women in employment in the city was almost equal, with men accounting for 51% of the total. Moreover, full-time working still accounts for around 75% of employment and has fallen by only a few percentage points. There has been a correspondingly small increase in the share of part-time employment. Also there has been no greater move towards part-time working amongst men.

Table 3.2 Schedule of firms and employment at Brindleyplace (after Barber, 2002)

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>FIRMS</th>
<th>EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Office-based</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial services</td>
<td>5</td>
<td>3,960</td>
</tr>
<tr>
<td>Media</td>
<td>1</td>
<td>56</td>
</tr>
<tr>
<td>Professional/business services</td>
<td>10</td>
<td>1,296</td>
</tr>
<tr>
<td>Property/estate management</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Telecoms</td>
<td>2</td>
<td>1,900</td>
</tr>
<tr>
<td>Serviced offices</td>
<td>1</td>
<td>286 (35 occupiers)</td>
</tr>
<tr>
<td>Software</td>
<td>1</td>
<td>87</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>25</td>
<td>7,610</td>
</tr>
<tr>
<td><strong>Leisure/retail/entertainment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food and drink</td>
<td>14</td>
<td>464</td>
</tr>
<tr>
<td>Retail</td>
<td>7</td>
<td>71</td>
</tr>
<tr>
<td>Cultural/visitor attraction</td>
<td>4</td>
<td>67</td>
</tr>
<tr>
<td>Health</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Hotel</td>
<td>1</td>
<td>87</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>27</td>
<td>739</td>
</tr>
<tr>
<td><strong>Overall Total</strong></td>
<td>52</td>
<td>8,349</td>
</tr>
</tbody>
</table>

Source: Brindleyplace tenants survey
Barber (2002) suggests that, whilst it is difficult to prove a direct causal effect, the Brindleyplace ‘ripple effect’ does appear to have benefited adjoining areas. For example, he suggests that some 12,000 jobs have been associated with Brindleyplace and associated developments, of which 8,349 are at Brindleyplace itself (see Table 3.2). These jobs include start-ups and company expansions, but also relocations within the city region across a wide range of sectors. In terms of new jobs, this is estimated to be 3600 in total, with 1849 at Brindleyplace, although there would also be an impact through new and expanding firms taking over the premises of businesses vacating to relocate within Brindleyplace. Details of the companies involved are shown in Table 3.3.

Table 3.3 Brindleyplace office tenants (in order of employment)

<table>
<thead>
<tr>
<th>FIRM</th>
<th>SECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Bank of Scotland (2003-4)</td>
<td>Financial services</td>
</tr>
<tr>
<td>British Telecom</td>
<td>Telecoms</td>
</tr>
<tr>
<td>Vodafone</td>
<td>Telecoms</td>
</tr>
<tr>
<td>Lloyds TSB</td>
<td>Banking</td>
</tr>
<tr>
<td>Deloitte &amp; Touche</td>
<td>Accountancy</td>
</tr>
<tr>
<td>GVA Grimley</td>
<td>Property consultancy</td>
</tr>
<tr>
<td>Regus</td>
<td>Serviced Offices</td>
</tr>
<tr>
<td>Mercer Human Resource Consulting</td>
<td>Human resources</td>
</tr>
<tr>
<td>Beachcroft and Wansboroughs</td>
<td>Solicitors</td>
</tr>
<tr>
<td>FW Pharma Systems</td>
<td>Software</td>
</tr>
<tr>
<td>Unity Trust Bank</td>
<td>Banking</td>
</tr>
<tr>
<td>BRMB Radio Group</td>
<td>Media</td>
</tr>
<tr>
<td>Watsons Wyatt</td>
<td>Actuaries</td>
</tr>
<tr>
<td>Michael Page International</td>
<td>Recruitment</td>
</tr>
<tr>
<td>Scottish Equitable</td>
<td>Pensions and Investment</td>
</tr>
<tr>
<td>Inscapex</td>
<td>Financial services</td>
</tr>
<tr>
<td>Odgers, Ray and Berndston</td>
<td>Recruitment</td>
</tr>
<tr>
<td>Quantrum PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>Argent Group</td>
<td>Property Developer</td>
</tr>
<tr>
<td>Accord Lettings</td>
<td>Residential agency</td>
</tr>
<tr>
<td>Canalside Car Park</td>
<td>Property management</td>
</tr>
<tr>
<td>Brindleyplace Management</td>
<td>Estate management</td>
</tr>
<tr>
<td>Core Marketing</td>
<td>Public Relations</td>
</tr>
</tbody>
</table>

Source: Brindleyplace tenants survey

Official statistics enable us to give some context to this survey. For example, using NOMIS data it is possible to see how the Brindleyplace postal sector has performed in relation to B1 postal district, Ladywood ward and Birmingham local authority as a whole. The data shows a number of trends:

- The Brindleyplace postal sector has seen strong growth in employment over the periods 1993–98 and 1995–2000 (see Figure 3.1 and Figure 3.2). For example between 1995 and 2000 the total number of jobs in B1 2* increased by 16% (from 7632 to 8871). Jobs fell in B1 and Ladywood as a whole over this period (17% and 11% respectively) and jobs in Birmingham local authority as a whole increased by 2%. Both charts show that in 1996–1997 there was a very large surge in jobs in B1 2*. This was due to the large increase in construction employment during this period: some 85% of the increase of 5,200 jobs from 1996-97 was made up of construction jobs. During this time there would also
have been relocation and start up of new businesses in Birmingham which were contributing to the final mix of employment.

Figure 3.1 Employment trends in Brindleyplace locality (1993–1998) (source, NOMIS)

Figure 3.2 Employment trends in Brindleyplace locality (1995–2000) (source, NOMIS)
The balance of employment in different categories has also changed over the period 1995–2000. In the Brindleyplace postal sector there are greater shares of construction employment in 2000 (the most recent year for which we have data) and banking than in Birmingham as a whole. The loss of transport and communications jobs throughout all areas of Birmingham is also clearly shown. Figure 3.3 shows the picture of percentage change more clearly, with strong growth in the Brindleyplace locality in manufacturing (surprisingly), construction and distribution (see Figure 3.4).

**Figure 3.3 Changes in Balance of employment at Brindleyplace, 1995–2000** *(source, NOMIS)*

![Graph showing percentage change in employment categories at Brindleyplace, 1995–2000](image)

- The data also shows a greater consolidation of employment in Brindleyplace locality over the period 1995–2000. For example in 2000 1.86% of all jobs in Birmingham were in this location, compared with 1.64% in 1995. Again 27% of the share of B1 jobs was in the Brindleyplace locality. By 2000 the figure was 43%. As far as Ladywood is concerned, the respective figures are 5.6% in 1995 and 7.3% in 1995.

- The jobs are also predominantly full time. In 2000, for example, 17% of B1 2* jobs were part time, compared with 27% in Birmingham as a whole.
Barber (2002) estimates that the Brindleyplace scheme alone has created 1,849 jobs\textsuperscript{15}. This can be used as starting point to estimate the multiplier effect of the development on the local economy.

We estimate that £36.7mn\textsuperscript{16} pa is paid in wages, which represents household income for Brindleyplace employees. This is then spent on goods and services, which contributes to spending in other sectors.

<table>
<thead>
<tr>
<th>Direct household income</th>
<th>£36.7mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household income generated through wages in other sectors as a result of secondary effects</td>
<td>£36.7mn</td>
</tr>
<tr>
<td>Total household income generated (direct plus secondary)</td>
<td>£73.4mn (income multiplier = 2.0)\textsuperscript{17}</td>
</tr>
</tbody>
</table>

In turn this would lead to direct household taxes of £6.38mn pa or £12.76mn pa including secondary effects.

Similarly the 1,849 additional jobs (or 1,684 FTE) would be expected to create additional jobs elsewhere in the economy. This is divided into two effects:

\textsuperscript{15} These are assumed to be new jobs, although it is likely that some will also be relocations of existing companies.

\textsuperscript{16} This is on the basis of 1,684 FTE with average annual salary at £21,788 pa (based on National Statistics data for West Midlands). Average tax is 17\% of this, again based on National Statistics data.

\textsuperscript{17} This is an estimated ‘global’ multiplier derived from UK national accounts data for ‘services’ (see Appendix B)
Indirect employment
Total 1684 x 1.6 (see note18) =2,694
This comprises 1,684 new service jobs at Brindleyplace and 1,010 new indirect jobs.

Induced employment effect
We would also expect to see an increase in household expenditure among those who gained employment through direct and indirect employment effects. This is the induced effect and is estimated using a Type II employment multiplier (i.e. 2).
This gives us:
Total 1,684 x 2 = 3,368, direct, indirect and induced jobs.
As 1,010 indirect jobs have been created, this means a further 674 jobs (FTE) are created as a result of induced demand (see Figure 3.5).

Figure 3.5 Brindleyplace: Estimated Multiplier Effect (Jobs (FTE) and Income/Tax (£ mn pa))

3.3.2 Other development and tax issues
Data kindly supplied by Argent for this project shows that the base build construction of Brindleyplace was £181.5 mn, with additional fit-out works of £93.8mn (Table 3.4). This had corporation tax implications of more than £6 mn, which are also shown in the Table. The total Income Tax and National Insurance revenue was more than £31 mn. In addition, the development phase produced a further £1.37 mn of Income Tax and National Insurance revenue, with taxable profits from the scheme of £65.8 mn spread over 10 years of the development. Finally, it is estimated that some 28% of

18 Estimated Type I Output Multiplier for services
the materials for the base build construction and 15% of the fit out materials were locally sourced.

Table 3.4 Brindleyplace: construction and fit out: cost and tax implications (source: Argent)

<table>
<thead>
<tr>
<th></th>
<th>£ Million</th>
<th>Main contractor</th>
<th>Sub-contractor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE BUILD</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base build construction</td>
<td>£36.3</td>
<td>£145.2</td>
<td>£181.5</td>
<td></td>
</tr>
<tr>
<td>Corporation tax (@31% profit)</td>
<td>£1.41</td>
<td>£2.25</td>
<td>£3.66</td>
<td></td>
</tr>
<tr>
<td>Unrecovered VAT on base build</td>
<td>£1.51</td>
<td>-</td>
<td>£1.51</td>
<td></td>
</tr>
<tr>
<td><strong>FIT OUT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fit out works</td>
<td>£41.27</td>
<td>£52.57</td>
<td>£93.8</td>
<td></td>
</tr>
<tr>
<td>Corporation tax (@31% profit)</td>
<td>£1.63</td>
<td>£0.81</td>
<td>£2.44</td>
<td></td>
</tr>
<tr>
<td>Unrecovered VAT on fit out</td>
<td>£5.69</td>
<td>-</td>
<td>£5.69</td>
<td></td>
</tr>
<tr>
<td><strong>INCOME TAX / NATIONAL INSURANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Build, Design and Construction</td>
<td>-</td>
<td>-</td>
<td>£20.58</td>
<td></td>
</tr>
<tr>
<td>Fit Out, Design and Construction</td>
<td>-</td>
<td>-</td>
<td>£10.58</td>
<td></td>
</tr>
</tbody>
</table>

3.3.3 Rateable Values

Data from the Valuation Office website for the 2000 rating list enables a picture of rateable values and rates paid to be estimated for Brindleyplace. For example, we calculate that the total RV for Brindleyplace is £10,796,200 as at October 2001, which provides some £4,716,366 of rates income (current rate in the pound, £0.437). This represents 1.4% of the total RV (and rates) of Birmingham: the total RV of Birmingham in 2001 was £771,356,086.

The majority of rates and RV at Brindleyplace are based on offices (75% of total) and leisure/other uses (20%). Car parking, 4%, and retail, 1%, make up the balance. This is shown in absolute terms in Figure 3.6.

Figure 3.6 Rateable values (RV) and rates payable at Brindleyplace, 2001
3.3.4 Council tax

Some 143 flats (at Symphony Court) have been built at the site\textsuperscript{19}. During April–June 2002 the average sales price of a flat at Brindleyplace was £164,206, compared with £96,720 for Birmingham, and £140,254 for England and Wales as a whole (see Figure 3.7). We estimate that the majority of the units currently listed in the council tax register are in Band F. This gives an estimated total income to Birmingham City Council currently of about £211,926 pa from Brindleyplace.

Figure 3.7 Average flat prices, Brindleyplace compared with England and Wales (source www.upmystreet.com and Land registry)

3.3.5 The property dimension

Although it is difficult to tie in the Brindleyplace scheme with changes in rental values city-wide, it is clear that Birmingham and the West Midlands as a whole experienced a late 1980s boom followed by a steep fall in the early 1990s. In recent years the Birmingham office market has been markedly more stable than the national average (see Figure 3.8 and Figure 3.9). Rents in Brindleyplace reached £21–24 per sq.ft. in the latter part of 2001, rising to £25 per sq.ft. after the letting to Royal Bank of Scotland. According to the ODPM (2002) report, this buoyancy in property markets is an indication of a regenerating city.

\textsuperscript{19} A total of 1800 units have been built across the three areas of Brindleyplace, Broad Street and Mailbox/Canal (Barber, 2002)
3.4 Summary

Brindleyplace’s phased expansion has been paralleled by other city centre developments, particularly during the period since 1998. For example, the Convention Quarter has expanded rapidly, fuelled by the growth of Brindleyplace with particular sectors of strong investment activity focused in Broad Street, Mail Box/Canal Area and Brindley Loop.
Barber suggest that the ‘ripple effect’ has therefore led to:

- Substantial new employment growth across a wide range of occupations and sectors.
- Intensive re-use of prime brownfield land bringing significant net gains for the city in terms of economic activity and sustainable development.
- Major contributions to the realisation of the city’s strategic objectives for financial and professional services, business and leisure tourism, and city living.
- Significant improvements to perceptions of the city and confidence in its restructuring prospects in the years ahead.

However, success does have its price, and there are some acknowledged problems which need to be addressed. One example is that the booming nightlife culture on Broad Street has led to concerns over public order, congestion and a deterrent to growth in other areas.

Another issue relates to housing. More than 1,800 new private homes have been developed in the quarter, but these are expensive flats, taking the prices beyond what many people are able to afford (see section 3.3.3 above). The ‘affordability’ issue is an important one to address, therefore. As Barber (2002) states:

‘The new housing developed in the Convention Quarter is the most expensive in Birmingham city centre and very popular with investors purchasing for subsequent lettings. In part this reflects the attractiveness of the area, the canal network and the appeal of lifestyle and amenities at Brindleyplace and the Mailbox. However, this commercial success has led to concerns about the long-term sustainability of residential growth in the area, the difficulty in building a balanced community and the development of a full range of supporting community services.’

Also, when the scheme was first built, some neighbouring residents complained about being ‘gated off’ from the rest of the development. This was necessary in the eyes of the developer, however, to maintain security, privacy and car parking. This issue has also received further prominence recently, with Brindleyplace cited as an example of a ‘gated community’ which increases social exclusion (Minton, 2002 and Financial Times, 2002). There is a perception, therefore, that the development is perhaps not as well integrated in the local community as it might have been. Against this, it must be said that the ODPM report (2002) on progress towards urban renaissance cited the Jewellery Quarter, which adjoins Brindleyplace, as an example of promotion of a mixed use urban village which will include 2000 new homes.

However, it also doubtful whether Brindleyplace has had any real impact on the multiple deprivation in Ladywood or Lee Bank. For example, in 1999 the unemployment rate in Ladywood as a whole was 17.6% and in autumn 2002 it was 16.2%. Many of the jobs ‘created’ at Brindleyplace are relocations within the city and would tend to go to relatively higher earners. A key doubt therefore remains over the access to jobs and homes in the Brindleyplace development. But Argent recognises the role that businesses can and should play in helping regenerate the local economy, and is working with Business in the Community (see Appendix A) to seek ways to address this issue.
4 Case Study: Gunwharf Quays, Portsmouth

Summary of Scheme

**Floorspace:** Retail: 17,039 sq.m. (183,410 sq.ft.). Leisure: 20,759 sq.m. (223,448 sq.ft.). Offices: 2,500 sq. m. (26,900 sq.ft.)

**Total area of site:** 13.3 ha.

**Uses:** 'Factory outlet' retail and leisure. Offices and 350 homes. Further retail, office and leisure space will follow.

**Owners:** Gunwharf Quays G.P. Ltd (limited partnership owned by Berkeley Group Plc and Land Securities Plc).

**Occupiers:** 68 designer outlets: 20 bars and restaurants. Warner Village cinema, and bowling/entertainment complex (including comedy club and nightclub).

**Financing:** The development was 100% financed by the Berkeley Group Plc. Berkeley sold Land Securities a 50% interest in the commercial element of the development for an initial reported payment of £80mn in 2000. There is also a commitment for them to purchase 50% of the remaining commercial element. The joint interest is held by way of a limited partnership.

**Developer:** Berkeley Group Plc.

**Further details:** Appendix C.

4.1 Background and Context

Gunwharf Quays is located at the western side of Portsea Island, about 1 mile from Portsmouth City Centre, and was built on land previously occupied for several hundred years by the Royal Navy. The site housed two important ancillary functions:
a training establishment based around HMS Vernon, and the gunwharf itself for training, testing and commissioning weapons.

Gunwharf Quays is what many perceive as a prime, and perhaps unique, example of inner city waterfront regeneration, providing a £200mn mixed use scheme comprising retail, restaurant and leisure facilities. Built on a formerly derelict brownfield site, the design is seen as being sympathetic to its historic maritime heritage, which includes, close by, HMS Victory, HMS Warrior (1860) and the Mary Rose. Currently the development features:

- 68 designer retail units;
- 223,448 sq.ft. of leisure, including 20 restaurants and bars and 350 town houses;
- 27,000 sq.ft. of offices; and,
- 1700 ft of berths.

Future phases will include;

- 45,000 sq.ft. of retail and restaurant use;
- 25,000 sq.ft. of offices;
- further residential units, conference facilities and nursery; and,
- 130 bedroom hotel prelet to Holiday Inn Express.

Architects Geoffrey Reid Associates have used stone, stainless steel and brick in their design to create a natural and pleasant shopping environment (BCSC New Shopping Centre Commendation 2001). The scheme is an integral part of Portsmouth Harbour’s wider regeneration. It aims to return the waterfront to public use after many years of neglect and to create an integrated development which combines modern and traditional architecture within Portsmouth’s urban and
maritime landscape. Inspired by the Victoria and Alfred Waterfront in Cape Town\textsuperscript{20}, the development has won plaudits from DTLR, BURA, BCSC and Property Week in various award schemes.

Prior to redevelopment the site was contaminated with a range of substances, including asbestos, lead, mercury and explosive residues. Indeed, to make the land fit for alternative use some 2m of topsoil were removed and fresh topsoil brought on to site to a depth of 1m. Reclamation also included a stretch of foreshore (some 7 acres), and deep piling was sunk into the reclaimed land, making it now the largest marine deck in Europe. The developers (Berkeley Group Plc) maximised the original potential of the site from its original estimate of 390,000 sq.ft. to 574,000 sq.ft. through re-use of historic buildings and railway arches.

4.2 The Strategy

The White Paper \textit{The UK Defence Programme – The Way Forward}, announced in June 1981, suggested the closure of a number of sites in Portsmouth and Gosport, including Gunwharf (HMS Vernon). Portsmouth’s role in the Falklands conflict in 1982 led to a review of this strategy, but the Royal Navy considered options to prolong the naval life of HMS Vernon by relocating other units to Gunwharf. However, these were never pursued and it was eventually decided that the site be put on the open market. Many sites in Gosport, such as Priddy’s Hard and Royal Clarence Yard, also followed this trend of having their life extended before finally being closed and put on the market.

It is important to see Gunwharf Quays in the wider context of Portsmouth Harbour’s regeneration strategy. Gunwharf Quays is part of the Renaissance of Portsmouth Harbour Project. The main proposals for the harbour project centre on former MoD sites, all of which have become available for development as part of the defence review.

This gave a platform to create business opportunities whilst adding to the tourism potential that is currently being tapped by the respective local authorities. It also enabled the regeneration of key areas where the employment basis has traditionally been linked to defence, but where the ‘peace dividend’ has resulted in closures, rationalisation and subsequent loss of jobs. The regeneration strategy is intended to build upon this, allowing access around the majority of the city by opening up a vital piece of coastline, much of which has previously been inaccessible to the public.

The main themes for the Portsmouth Harbour project were to reflect the great seafaring role of the harbour, and to obtain greater public access to the harbour waterfront. The ideas were based around using both sides of the Harbour entrance to provide a ‘gateway’ theme, as Portsmouth has a thriving Continental ferry port and tourism industry, and acts as the entry point for many overseas visitors. This was to be a flagship project for the Millennium at the Gateway to Britain, celebrating the achievements of the past thousand years while embracing the next millennium.

The bid for funding from the Millennium Commission for this project was prepared by the South East Hampshire Business Partnership (SEHBP), a major consortium of public and private sector organisations which also has the backing of the Royal Navy and various Heritage Trusts in the area. The local authorities involved in this project were Portsmouth City Council and Gosport Borough Council, as the project was centred around the entrance to Portsmouth Harbour within their administrative boundaries.

\textsuperscript{20} See \url{www.waterfront.co.za}. In 1998 and 1999 Victoria and Alfred Waterfront Ltd acted as consultant to the Gunwharf Quays project in terms of design review and project planning.
In essence the key aims of the strategy are:

- To transform Portsmouth Harbour into an international heritage arena;
- To create a world class attraction;
- To accelerate the economic regeneration of both Portsmouth and Gosport;
- To create new, highly accessible amenities (e.g. public open space/performance areas);
- To create five kilometres of new promenade to form a trail around the Harbour mouth and open up land closed off for centuries;
- To link new/enhanced attractions on both sides of the harbour reflecting the area’s maritime history;
- To look forward to the future with new facilities, including the landmark harbour observation tower; and
- To mark the renaissance of the Harbour from one dominated by the defence industries to one in which leisure, commerce and defence are all important elements.

The scheme relates to a number of sites located adjacent to the entrance to Portsmouth Harbour both in Gosport and Portsmouth. It will lead to the regeneration of 80 ha (approx. 200 acres) of waterfront sites both in Gosport and Portsmouth. The main sites are shown in Table 4.1.

**Table 4.1 Main sites in Portsmouth Harbour Regeneration Strategy**

<table>
<thead>
<tr>
<th></th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Portsmouth</strong></td>
<td></td>
</tr>
<tr>
<td>Gunwharf</td>
<td>16.00</td>
</tr>
<tr>
<td>Heritage Area</td>
<td>No exact details</td>
</tr>
<tr>
<td>Portsmouth Sub Total</td>
<td>16.00+</td>
</tr>
<tr>
<td><strong>Gosport</strong></td>
<td></td>
</tr>
<tr>
<td>Priddy’s Hard Development Area</td>
<td>32.50</td>
</tr>
<tr>
<td>Priddy’s Hard Heritage Area</td>
<td>8.00</td>
</tr>
<tr>
<td>Royal Clarence Yard &amp; St George Barracks (North)</td>
<td>16.77</td>
</tr>
<tr>
<td>Mumby Road</td>
<td>10.50</td>
</tr>
<tr>
<td>Gosport Sub-Total</td>
<td>67.77</td>
</tr>
<tr>
<td><strong>Project Total</strong></td>
<td><strong>All Sites In Harbour Area</strong></td>
</tr>
</tbody>
</table>

The adopted local plans for Gosport and Portsmouth, along with approved planning briefs, set the constructive planning framework for the bid to the Commission. The Portsmouth City Local Plan identifies the Gunwharf site for comprehensive mixed use development, and a planning brief for the site was approved by the City Council, in consultation with the MoD, in November 1995. The Spinnaker Tower Brief was also approved at the same time.

The Portsmouth Harbour project is expected to have an overall budget of approximately £100mn. Of this, around £45mn will be raised through two linked bids to the Commission and the National Heritage Memorial Fund. A positive decision was made by the Commission in October 1995 towards £40mn. The balance of the £62mn is likely to come from a variety of public and private sources. However, the Government’s Challenge Fund has promised a further £9mn for regeneration initiatives away from the Harbour edge.
In April 1982 a report by the City Planning Officer highlighted the opportunities Gunwharf offered for the regeneration of this area. A number of uses were proposed, including commercial uses requiring waterfront (e.g. ferry port), expansion of the fish quay facilities, and a mixed use of mainly residential and commercial office/workshop uses. The site was identified in the consultation draft of the City Local Plan in 1990 as one available for future disposal. The uses proposed at this early stage were a mix of housing, employment uses (including offices, shops, restaurants, etc.) and waterfront hotel. The general principle of mixed use was carried forward to the adopted City Local Plan in 1995.

In 1995 Portsmouth City Council prepared a development brief to provide detailed guidance, supplementary to the Local Plan, for the redevelopment of the site. This gave prospective purchasers a clear indication of what was expected in their bid to the MOD and in the subsequent planning application.

The development brief envisaged an attractive waterfront development incorporating a maritime theme. The provision of public open spaces and good public access with linkages to, from and within the site were strongly encouraged. A mixed-use development with residential, retail, leisure and office uses was required, in order to promote activity and diversity, attracting a wide range of people and making the development successful.

The elements to mark the Millennium are a key feature of this development. The development brief makes it a requirement to allow for the incorporation of the following elements into the design of the scheme:

- 150m Tower (for which a separate development brief was also prepared);
- The Millennium Promenade;
- The Millennium Boulevard (to link with the City Centre);
- The City Quay.

The developer was also required to restore the site’s listed buildings for appropriate uses, as well as to retain the original gateway and the 1870s boundary wall. The development brief sought a high standard of design throughout the development, particularly in relation to the historical buildings and on the waterfront. The developer would have to overcome a variety of problems associated with the site, such as the run-down nature of the dock area and contamination from its previous use. The tall ships and waterbus berths were to require a Harbour Revision Order. Access to the site was also an important consideration, complicated by the need to retain the listed boundary walls.

**BOX 2 FINANCING GUNWHARF QUAYS**

The development was 100% financed by the Berkeley Group Plc. Berkeley sold Land Securities a 50% interest in the commercial element of the development for an initial reported payment of £80mn in 2000 (reported in Land Securities’ annual reports and accounts as an effective minimum yield of 7%). There is also a commitment for them to purchase 50% of the remaining commercial element. The joint interest is held by way of a limited partnership.

The MoD sold the site to the Berkeley Group in 1996 (see Box 2), who submitted an outline planning application in January 1997 to establish the principle of development. Matters such as the layout of the development, the siting and design of all buildings, spaces and structures and landscaping, were to be the subject of future reserved matters submissions. The submission also included retail, traffic and environmental impact studies. The main features of the scheme included:
- Retail; speciality shopping, craft and antiques market (17,000 sq.m.).
- Leisure; restaurants, taverns and a multiplex cinema (17,000 sq.m.).
- Up to 310 residential units; new build and conversions.
- Ariadne building retained for University of Portsmouth, linked with conference facilities (2100 sq.m.).
- Two new hotels.
- 2,340 car parking spaces (1,475 related to the retail/leisure centre).
- Bars, cafes & restaurants (8,300 sq.m.).
- Offices (1,000 sq.m.).
- Common areas, Tower access etc.
- Open air theatre & City Quay, etc. (1,100 sq.m.).
- Tourist Information centre.

Berkeley had commissioned an investigation into the retail market, which concluded that a mixture of speciality shopping, designer outlets and bars/restaurants would be popular in this location. This mixture also corresponded to the type of operators who had followed up initial publicity of the project.

As required by PPG6\(^{21}\) for retail development over 2500 sq.m. gross floorspace, a retail impact study accompanied the planning application. Specialist retail consultants Littman & Robeson produced a report (Gunwharf, Portsmouth – An assessment of the likely effect on the vitality and viability of surrounding shopping centres, 1996). Amongst its other findings, the study concluded that the nature of the centre would limit its competition with existing centres, particularly Portsmouth City Centre. Although the analysis was based on a worst case scenario assumption (that all turnover would be drawn from existing retailers), it was estimated that total diversion of expenditure on comparison and durable goods would be no more than 6% of the total anticipated growth of expenditure to 2001. Finally, it was concluded that Gunwharf Quays would meet part of the need for new floorspace over that period and would substantially enhance the quality of retailing in Portsmouth by improving the specialist retail offer and drawing in retailers who might not otherwise be attracted to the city.

The application was presented to a special City Council Planning Committee meeting on 4th June 1997, where it was resolved to grant conditional outline permission subject to the developer entering into two legal agreements with the City Council. One was a s.106 agreement on details such as pedestrian/vehicular access, parking provision, siting of the Millennium Tower, provision of Millennium Promenade and Boulevard (within the site). The other was a s.278 Highways Agreement for off-site highway works to a number of junctions (including the Park Road/Anglesea Road junction).

On 20 May 1998 the City Council’s Planning Committee determined nine applications for planning permission linked to the reserved matters required by the outline permission of June 1997. These permissions were for:
- Construction of buildings in the northern area for retail/food and drink/office/leisure/cinema with underground parking;
- Construction in the southern area of 3/4/5-storey blocks to provide flats, with restaurant/public house/office use in part of ground floor, three-storey dwelling-houses/integral garages and underground parking;

\(^{21}\) Gunwharf Quays is defined as part of the ‘existing town centre’ in the Local Plan.
In central, western and southern areas, construction of quays, promenades and boulevards with associated structures;

Construction of two-storey extension to Vulcan building with rooms in the roof forming new wing for restaurant/bar and 12 flats; new clock tower;

Re-form openings in boundary wall and Nelson gate, new cycle store adjacent to old main gate;

Conservation Area Consent for demolition of part of wall south of Nelson Gate; demolition of Battery Room and Generator House (Building 26);

Demolition of Actaeon and Defiance Buildings.

Part of the housing area on the waterfront had been excluded from these approvals due to concerns about the relationship of the proposed scheme to the Vulcan building to the east. A design brief was subsequently prepared by the applicant and a limited architectural competition held. Consequently, a further reserved matters approval was granted on this part of the site in June 1999 for the construction of two 4, 5 and 6 storey blocks to provide 126 flats, plus a ground floor restaurant and basement parking for 254 cars (architects John Thompson & Partners).

Adjacent to the bars on the waterfront and the Wightlink Pier is the site of the Spinnaker Tower, which is now under construction. The tower, designed as a prominent landmark and the centrepiece of the Renaissance of Harbour project, will provide superb views of Portsmouth Harbour and beyond from its 100m high viewing platforms when it opens in 2004.

Berkeley have also unveiled their plans for the future development of the site, which includes plans for mixed use schemes on the East Side Plaza and Ariadne sites with the provision of 465 new homes, including 120 key worker homes, retail conference facilities and hotel (see section 4.1 above). Portsmouth Hospitals NHS Trust have confirmed initial interest in the latter.

4.3 The Impact of Gunwharf Quays

4.3.1 Sustainability

A sustainability report was prepared for Land Securities, which highlights a number of features of the scheme.

- **Construction.** The entire site was designed to minimise construction impact and non-sustainable materials were not used. Demolition waste was also salvaged or recycled on site. Local materials were used: local bricks from Sussex, Micklemarsh and the New Forest to build Gunwharf Quays, totalling 600,000. This not only integrated the development into its surroundings but also contributed to sustaining the local economy.

- **Building Conservation.** The scheme has also tried to integrate heritage buildings. An exception, however, is the Ariadne building. This building was formerly listed due largely to its internal fittings, which included elements from frigates stationed in Portsmouth in the 1870s. The building was in fact de-listed in 1996. Originally it had been intended to retain this building (possibly for use as offices or by the University of Portsmouth), but subsequent examination showed it to be in a poor state of repair with some significant structural problems. Therefore approval was granted by the city council planning committee on 5 April 2000 to demolish the Ariadne building, and construct a four-storey office building with basement and ground level car parking/landscaping. Although this proposal meant the loss of a tangible part of the site’s history, it was felt that the design of the replacement building was of sufficiently high quality to ensure it would make a
positive contribution to the conservation area in which it would sit. Other buildings on site have been restored, a prime example being the Vulcan building, which will form the basis for a new office and residential scheme.

- **Transport.** The local authorities required an Environmental Impact Assessment, which included a traffic impact assessment, prior to the start of development, and under the s106 agreement a Green Plan was drawn up. However, the site does benefit from good public transport links:
  - Easy access from A3, the main arterial road for Portsmouth.
  - Ample, secure car parking on site (1470 spaces in largest underground car park in Europe) protected by lighting and 44 CCTV cameras.
  - Range of public transport: railway links to London and elsewhere and extensive access over water, including the Isle of Wight ferry, Gosport passenger ferry, Continental ferries and water bus/taxi due to open in 2003, with a light rail system planned for 2007.
  - Since the centre opened, the Gosport ferry company has revealed that passenger footfall has increased by more than 50%, mainly shoppers.
  - The availability of the range of transport has led to lower than average use of the car. Some 48% of shoppers arrive at Gunwharf Quays by private car, a below average figure, and on average each car has 2.6 people, a higher than average figure.

### 4.3.2 Employment and the multiplier effect

The overall Portsmouth Harbour scheme is expected to create more than 3,500 jobs in the area and boost the number of visitors by 1.6 million to 6 million a year, with potential for an extra £50mn a year to be pumped into the local economy.

![Figure 4.1 Employment trends at Gunwharf Quays, 1995–2000 (source, NOMIS)](image)

A Local Labour in Construction (Llic) scheme has been in operation to provide training in construction for Portsmouth and Gosport residents. This will lead to the
regeneration of key areas where the employment basis has traditionally been linked to defence, as the commercial draw of major schemes such as Gunwharf is likely to have the ‘knock-on’ effect of drawing considerable additional investment into the wider area.

The Gunwharf site is located in an area of falling employment and relatively high unemployment. As Figure 4.1 shows, before the building of the scheme (from 1995 to 2000) total jobs fell by some 18% in the PO1 3* district, in contrast to rises of 2% and 26% in PO1 as a whole and Portsmouth respectively. Data from 2000 to the present is not available, so we are not able to compare directly in terms of the ‘after’ effect of the scheme.

Site preparation and construction at Gunwharf provided a large number of jobs, with more than 500 in construction at its peak, much of the work going to local companies. In the early part of the project, seminars were held for local businesses to make the local community aware of available job opportunities once construction was under way. An apprentice training centre and employment job shop was also set up with Portsmouth City Council, the Employment Services and Highbury College. Gunwharf Quays also supported training courses in local colleges in catering and related trades. Berkeley Group Plc also sponsored training in local colleges. As a result local people have found full-time jobs or received training in new construction skills.

There are now also approximately 2000 permanent jobs in retail, leisure and offices on the site. Other major employers are:

- Gunwharf Quays Management (45 jobs).
- Chubb Security (50 jobs).
- Carisway (50 jobs).
- Bowlplex bowling alley (50 jobs).

More jobs are set to follow, with the development of 35,000 sq.ft. of offices, 16,000 sq.ft. of retail and a 120-bedroom hotel in the next phases of development.

Evidence from Portsmouth City Council and elsewhere therefore suggests that the Gunwharf Quays scheme alone has created some 2000 jobs. Data from NOMIS suggest that some 35% of jobs are part time in Portsmouth as a whole: applying this ratio to Gunwharf Quays gives 1,650 FTE jobs\(^22\).

We estimate that some £31.5mn\(^23\) is paid in wages which represents household income for Gunwharf employees. This is then spent on goods and services which contributes to spending in other sectors (see Appendix B).

<table>
<thead>
<tr>
<th>Direct household income</th>
<th>£31.5mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household income generated through wages in other sectors as a result of secondary effects</td>
<td>£28.35mn</td>
</tr>
<tr>
<td>Total household income generated</td>
<td>£59.35 (Income multiplier = 1.9(^24))</td>
</tr>
</tbody>
</table>

\(^{22}\) These are assumed to be new jobs, although the total may well include some relocation of existing businesses.

\(^{23}\) Based on average income of £19,100 pa for Portsmouth (National Statistics and Portsmouth City Council) and average tax at 17% (National Statistics).

\(^{24}\) Derived from our analysis of UK accounts data from 1995 for retail.
In turn this would lead to £5.5mn pa in taxes or £10.45mn pa including secondary effects.

Similarly the 1,650 jobs (FTE terms) would be expected to create additional jobs elsewhere in the economy. This is divided into two effects:

*Indirect employment*

\[1650 \times 1.2^{(\text{see note 25})} = 1,980 \text{ direct and indirect new jobs (1,650 direct and 330 indirect jobs)}\]

*Induced employment effect*

\[1,650 \times 1.5^{(\text{see note 26})} = 2,475 \text{ direct, indirect and induced jobs}. \text{ This means a further 495 jobs are created as a result of induced demand elsewhere in the local economy.}\]

### 4.3.3 Other development and tax issues

Confidentiality prevents detailed discussion of commercial tax issues arising from the scheme. However, data from the company accounts of Berkeley Festival Waterfront Company Ltd, the principal development company involved in the commercial side of the scheme, reveals turnover and tax take as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>£8.67mn</td>
<td>£88.3mn</td>
</tr>
<tr>
<td>Tax (30% Corporation Tax)</td>
<td>£0.76mn</td>
<td>£1.74mn</td>
</tr>
</tbody>
</table>

[^25]: Type I employment multiplier for retail.
[^26]: Type II employment multiplier for retail.
4.3.4 Retail trade

Since its opening in March 2001, some 5.2 million people have visited Gunwharf Quays in its first year, which equates to an average of 100,000 visitors per week. Some 90% of visitors spend, and over 25% spend between £50 and £100 per week. Historic data shows that the projected trade in the new centre was estimated to be some £61mn per annum in 2001. This was on the basis that the current retail units had a return of £330 per sq.ft., with bars and restaurants £256 per sq.ft. Since then, trade has increased further, but up-to-date trade figures are not in the public domain, although footfall is reported as increasing 16% from 2002-2003.

The Local Plan Review acknowledges that Gunwharf Quays has made a major contribution in arresting the loss of retail trade to West Sussex and underpinning Portsmouth’s role as a sub-regional centre. However, it is acknowledged that some local establishments have suffered a downturn in trade.

4.3.5 Rateable values

Data from the Valuation Office website for the 2000 rating list enables us to build a picture of the rateable values and rates paid to be estimated for Gunwharf Quays. For example, we calculate that the total RV for Gunwharf Quays is £6,398,115 as at October 2001, which provides some £2,795,976 of rates income. This represents 4.7% of the total RV (and rates) of Portsmouth: the total RV of Portsmouth for the current list is £137,218,681.

The majority of rates and RV at Gunwharf Quays is based on retail (52% of total) and leisure and other uses (40%). This is shown in absolute terms in Figure 4.3. We also understand that during the period 1997–2002 Berkeley Festival Waterfront Company (BFWC) Ltd, the main development company paid some £300,000 additional rates for temporary accommodation, site offices and so on.

**Figure 4.3 Rateable values (RV) and rates payable at Gunwharf Quays, 2001**
4.3.6 Council tax

Some 465 homes (mainly apartments) are to be built at the site. During the period April–June 2002 the average sales price of a flat was £203,118, compared with £98,875 for Portsmouth and £140,254 for England and Wales as a whole (see Figure 4.4). We estimate that the majority of the 136 units currently listed in the council tax register are in Bands D and E, with the remainder in Bands F and G. This gives a total income to Portsmouth City Council currently of about £130,000 pa, which we estimate would rise to £296,000 pa when the remainder of the first phase of units are built (at current levels of council tax), with more to follow.

4.3.7 The property dimension

Since the development of Gunwharf Quays, Portsmouth, which has traditionally not been a recognised office centre, has seen an increase in demand, and office rents have responded accordingly. At Gunwharf Quays up to 2,500 sq.m. (27,000 sq ft) of speculative offices start at rents of £17.50 per sq.ft.. In retail current prime headline rents in Portsmouth are £1,885 per sq.m. (£175 per sq.ft.). This provides a topping off of rental increase after an upward trend in retail rents, which had been continuing for several years (see Figure 4.5). There is a lack of clear evidence to say that Gunwharf has affected either retail rents or vacancy levels directly, however.

Figure 4.4 Average flat prices: Gunwharf Quays and England and Wales (source www.upmystreet.com and Land Registry)
4.4 Summary

The Gunwharf development demonstrates the complexity and level of commitment needed to bring large ‘brownfield’ sites back into productive use, and shows how careful planning of such redevelopment can result in good quality successful places. Attracting over 5 million visitors in the first year of opening, Gunwharf has created a stimulating new environment on a site closed to the public for over 300 years, providing an important facility for both residents and visitors alike. As Bernie Topham, head of Economic Development and Tourism, Portsmouth City Council stated (quoted at the DTLR Regeneration Awards):

‘There is no doubt that the Gunwharf Quays development has had a major impact on the economy and profile of the City of Portsmouth. The quality and variety of the development has been widely praised, and its popularity has attracted many new visitors here. It has also helped raise investor confidence in the City as a whole.’

It is too early in the scheme’s history to give a definitive view of its overall success across all indicators, yet the evidence points to the fact that there are three main issues which will require careful monitoring:

- Retail trade. Initial observations suggested that the new retail development had perhaps led to loss of trade in other areas of the local retail network. However, it should be noted that the retail offer at Gunwharf is outlet space and so does not compete directly with the traditional centre. Gunwharf is also regional in its attraction and so many believe it has benefited Portsmouth as a whole. Moreover, although footfall measures show some decline in the centre, this may be due to the long term decline of the centre around an increasingly aged Tricorn centre. There also seems to have been a blossoming of boutique style shops in the
Southsea area, stimulated by the influx of higher income groups into the
Gunwharf residential complex. The Marks & Spencer full price store in
Commercial Road is also showing signs of good growth despite its location close
to the Marks & Spencer discount outlet at Gunwharf Quays.

- Affordability. The development has a large number of residential units, which
  have sold at prices that would place them beyond the reach of many of local
  residents in the St Thomas ward, for example. When the scheme was first
developed the brief was to provide a ‘high quality festival environment’, and at
that time there was no requirement for social housing. Only now is provision
being made in the next phase of residential development for 120 key worker
housing units (subject to planning permission).

- Design. There was some initial criticism from some interest groups about the lack
  of landscaping and soft features as well as the lack of art. As the Portsmouth
  Society stated\footnote{27}

  ‘Gunwharf Quays housing successfully provided privacy but was sterile and
  insular, and the square in the shopping centre was a disappointment, not an
  appealing space; more seats, different trees and some public art would
  encourage diversity and interest.’

However, it can also be argued that the cultural heritage of maritime Portsmouth
has been sympathetically integrated wherever possible and, more recently,
several statues have been incorporated into quayside landscaping. This forms
part of fresh efforts to increase the scope and quality of art, with maritime artifacts
along the quayside, and additional art/leisure activities in the square.

Although these are important issues to address, they should not detract from what
many consider to be a prime example of a retail-led, mixed use scheme.

\footnote{27}{See \url{http://www.portsmouthsociety.org.uk/docs2002/nlsep02.pdf}}
5 Conclusions

5.1 A regeneration balance sheet

Our research enables us to draw up a comparison between the two schemes and produce a ‘balance sheet’ of pluses and minuses from the schemes.

Table 5.1 Characteristics of schemes

<table>
<thead>
<tr>
<th></th>
<th>Brindleyplace</th>
<th>Gunwharf Quays</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction date</strong></td>
<td>1993 onwards</td>
<td>1998 onwards</td>
</tr>
<tr>
<td><strong>Construction cost</strong></td>
<td>£186.5mn</td>
<td>£200mn (estimated)</td>
</tr>
<tr>
<td><strong>Floorspace:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offices</td>
<td>102,300 sq.m.</td>
<td>2,500 sq.m. (further schemes to follow)</td>
</tr>
<tr>
<td>Retail</td>
<td>15,740 sq.m. (incl restaurants)</td>
<td>17,039 sq.m.</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>20,759 sq.m. (leisure)</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td>143 units</td>
<td>136 units</td>
</tr>
<tr>
<td></td>
<td>More than 300 others to follow with 120 additional key worker units</td>
<td></td>
</tr>
<tr>
<td><strong>Total area</strong></td>
<td>6.9 ha</td>
<td>13.3 ha</td>
</tr>
<tr>
<td><strong>Owners</strong></td>
<td>Birmingham City Council as freeholders with Argent and others on long leases</td>
<td>Gunwharf Quays G.P. Ltd (limited partnership owned by Berkeley Group Plc and Land Securities Plc).</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td>Joint venture</td>
<td>Limited partnership (Current)</td>
</tr>
<tr>
<td><strong>Developer</strong></td>
<td>Argent</td>
<td>Berkeley Group Plc</td>
</tr>
</tbody>
</table>

The characteristics of each scheme are shown in Table 5.1. Both have received many plaudits as successful examples of ‘mixed use’ schemes, not only in the property press but also in independent research and in government-funded awards for regeneration.

In terms of the ‘balance sheet’ of regeneration, Affordability issues in housing remain unresolved, although at Gunwharf Quays the intention is to provide key worker housing within the continuing phases of residential development subject to planning consent. However, at Brindleyplace residents remain gated off with perhaps a perception that the development is not integrated with adjoining neighbourhoods, despite the best intentions of Argent to involve local community groups.

Table 5.2 shows the main impacts in terms of jobs creation, household spending, tax take, and the more qualitative ‘pluses’ and ‘minuses’ of each scheme. We should stress that the ‘key metrics’ are based on our best estimates, given access to NOMIS data, Valuation Office data, National Statistics data and other sources.

The common themes to emerge from the balance sheet review of these two case studies are:

**Pluses**
- Benefits to their city economies as a whole;
- Tangible multiplier effects;
- Integrated within an overall regeneration strategy; and
- Focus on excellence in design.

On the downside there is evidence to show that minuses also appear:

**Minuses**
- Affordability issues in housing remain unresolved, although at Gunwharf Quays the intention is to provide key worker housing within the continuing phases of residential development subject to planning consent. However, at Brindleyplace residents remain gated off with perhaps a perception that the development is not integrated with adjoining neighbourhoods, despite the best intentions of Argent to involve local community groups.

### Table 5.2 Balance sheet

<table>
<thead>
<tr>
<th>Key Metrics</th>
<th>Brindleyplace</th>
<th>Gunwharf Quays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction jobs (FTE)</td>
<td>4,420</td>
<td>500</td>
</tr>
<tr>
<td>Direct jobs (heads)</td>
<td>1,849</td>
<td>2000</td>
</tr>
<tr>
<td>Direct jobs (FTE)</td>
<td>1,684</td>
<td>1,650</td>
</tr>
<tr>
<td>Indirect jobs (FTE)</td>
<td>1,010</td>
<td>330</td>
</tr>
<tr>
<td>Induced jobs (FTE)</td>
<td>674</td>
<td>495</td>
</tr>
<tr>
<td>Total (FTE)</td>
<td>3,368</td>
<td>2,475</td>
</tr>
<tr>
<td>Direct household income</td>
<td>£36.7mn pa</td>
<td>£31.5mn pa</td>
</tr>
<tr>
<td>Indirect household income</td>
<td>£36.7mn pa</td>
<td>£28.35mn pa</td>
</tr>
<tr>
<td>Total income tax</td>
<td>£12.76mn pa</td>
<td>£10.45mn pa</td>
</tr>
<tr>
<td>Total rates</td>
<td>£4.72mn pa</td>
<td>£2.8mn pa</td>
</tr>
<tr>
<td>Total council tax</td>
<td>£211,926 pa</td>
<td>£130,000 pa</td>
</tr>
</tbody>
</table>

### Qualitative

**Pluses**
- Benefits to Birmingham
- Tangible multiplier effects
- Integrated within regeneration strategy
- Excellence in design

**Minuses**
- Affordability/social inclusion
- Multiple deprivation remains in wider area
- Nature of jobs
- Residents ‘gated off’

**Benefits to Portsmouth**
- Tangible multiplier effects
- Integrated within regeneration strategy
- Excellence in design

**Affordability/social inclusion**
- Multiple deprivation remains in wider area
- Initial concerns over:
  - Landscaping and art
  - Retail trade

**Note**
1. All multiplier calculations assume that jobs created are new jobs.
2. Full Time Equivalent (at peak of construction). These are excluded from the ‘Direct’ jobs total.
3. Additionally, construction jobs generated more than £27mn of Income Tax / NI at Brindleyplace.
4. These are taxes on Direct and Indirect Jobs (excluding construction, costed separately at Brindleyplace).

- Multiple deprivation continues to exist in the respective wards as a whole, although jobs have been brought into the local area.
The nature of the jobs created is in some doubt: many are part-time in retail-based schemes, and it is doubtful as to the number that are really new jobs as opposed to relocations.

Initially there was some concern that retail trade has also been adversely affected in other areas of Portsmouth, although it is uncertain whether this is a direct consequence of Gunwharf Quays, or is more closely related to continuing decline of the City Centre. Moreover, there is evidence to suggest that the wider catchment served by Gunwharf and the factory outlet nature of the shopping has subsequently brought increased custom for these other areas.

Initial concerns over landscaping and design issues by some interest groups at Gunwharf also appear to have been addressed by the recent unveiling of new statues and artwork.

The Brindleyplace scheme also shows the importance of mixed use schemes in terms of Corporation Tax take and Income Tax/NI take on construction. Data kindly supplied by Argent for this project shows that the base build construction of Brindleyplace was £181.5mn, with additional fit-out works of £93.8mn. This had corporation tax implications of over £6 mn. The total Income Tax and National Insurance revenue was more than £31mn. In addition, the development phase produced a further £1.37 mn of Income Tax and National Insurance revenue, with taxable profits from the scheme of £65.8 mn spread over 10 years of development. Finally, it is estimated that some 28% of the materials for the base build construction and 15% of the fit out materials were locally sourced.

5.2 Critical success factors

From our review of both case studies we can also draw up a list of ‘critical success factors’ which appear to have underpinned both schemes. These bear close comparison with the five ‘steps to success’ cited in the recent ODPM research (2002) (see section 2 of this report).

- **Regeneration strategy.** In both Brindleyplace and Gunwharf Quays the development was part of a wider, city centre based strategy. In the case of Brindleyplace this has adopted a ‘flexi-strategy’ which has evolved and adapted to changing circumstances without losing the original vision. In Gunwharf Quays the strategy was part of the wider Portsmouth Harbour regeneration scheme and is viewed as one of a set of pieces in the regeneration jigsaw. Both schemes are large, and there is also a need to think in terms of the big picture when it comes to regeneration. Piecemeal development would not have transformed these areas in the same way. In the case of Brindleyplace the master plan was seminal in instilling a framework and structure to the process.

- **Integration.** Both developments have anchored their schemes within the wider regeneration of the city centre. Both Birmingham and Portsmouth have long-term visions about their role in the wider region and nationally, and their long-term holistic approach to planning the regeneration of their urban areas reflect this.

- **Stakeholders.** The local authorities in each case study took a strong and effective lead in the regeneration of each area. This involved stakeholders from the public and private sectors. In Brindleyplace the relatively low cost of purchase was a bonus for the developers and for the city, which has benefited from a generally successful scheme. In Portsmouth similar involvement of stakeholders was also promoted. Certainly the market cannot be ignored, and occupiers and financial institutions have to be confident in a scheme.

- **Design excellence.** Despite some of the initial concerns alluded to at Gunwharf Quays, both designs have engendered confidence in the scheme. Indeed, Argent
attribute part of the success of the Brindleyplace scheme to investing in a ‘quality public realm’ from the outset. This meant excellence in design and landscaping to create a high quality environment. Coincidentally, both schemes have made very clever use of water: Brindleyplace through the existing canal system, and Gunwharf Quays through the harbour front, and also the canals at City Quay.

- **Strong brand.** The concept of a brand is relatively new for buildings and property, yet both schemes bear the hallmark of brand promotion. Marketing sells the ‘experience’ of each scheme with concepts that structure the sense of place and brand: ‘Brindleyplace … the place,’ and ‘Gunwharf: Destination Unmissable’, for example.

- **Transport/car parking.** Each scheme has also co-ordinated and pre-planned the transportation network. In Birmingham much initial investment was undertaken in removing the ‘concrete collar’ that restricted the town centre renewal. In Portsmouth good use has been made of existing transport links. Similarly both schemes enjoy sufficient amounts of car parking.

- **Sustainability.** If such schemes are to succeed environmentally, then the developments need to include provision for sustainable futures. Integrating transport within a mixed use scheme is one way of helping achieve this, but it is interesting to note that both schemes also involved the remediation of contaminated brownfield sites. The Portsmouth scheme makes clever use of existing transport links to position itself as a retail outlet offer at a regional level. At Gunwharf Quays another example of planning for a sustainable future is the use of local materials in the scheme.

### 5.3 Lessons learned and policy implications

The two schemes have important lessons to teach us about regeneration. In the case of Brindleyplace, Patsy Healey (in Latham and Swenerton (eds) (1999)) sums up the dilemma of city centre mixed use very succinctly:

‘The way forward for our cities is surely to build positive connections into the fabric of the city, not reinforce barriers. But fostering the inclusive city co-exists uneasily with creating market niches for city centre living and working.’

Recent ‘best practice’ guidance from the government stresses the importance of involving all stakeholders at a local level – and this includes those in adjoining neighbourhoods, as well as local businesses – at an early stage in the process. This issue of integration has also been taken up by Campbell and Cowan (2002), who suggest:

‘We need to discover the lost art of subdivision. Areas where significant change is expected, and large sites are due for development, should be planned with public infrastructure as integrated extensions or repairs of the city’s physical fabric. Such a planning framework will treat those areas and sites as parts of the town or city, not stand-alone sites, allowing them to be developed in smaller increments than is usual. We must make a city of a thousand designers.’

The issue of ‘affordable’ housing is also an important one. If schemes are not to engender social exclusion, then the residential mix needs to cater for a variety of income groups and tenures. Schemes such as the Joseph Rowntree Foundation’s CASPAR development near Charlotte Street, Birmingham, can help. But a challenge here is to maintain viability and investor confidence (College of Estate Management,
2002b), although this should be possible given a broad mix of property types. According to ODPM\textsuperscript{28},

‘Affordable housing is housing of an adequate standard which is cheaper than that which is generally available in the local housing market. This can comprise a combination of subsidised rented housing, subsidised low cost home ownership including shared ownership, and in some market situations cheap housing for sale. Local planning policies can provide for the provision of appropriate quantities of affordable housing in this sense.’

However, local authorities identify a lack of clarity in government policy as the greatest single constraint on their capacity to use planning powers to secure affordable housing, according to research commissioned by Joseph Rowntree Foundation (Crook et al, 2002, and Whitehead, 2000). But there are also big differences between local authorities in the way that ‘affordable housing’ is defined and in the number of low-cost homes they have been able to achieve through Section 106 agreements with developers. Part of the problem is that PPG3 states that local authorities should merely ‘encourage’ the development of mixed and balanced communities, although the Planning green paper suggests that the allocation of sites solely for affordable housing where there is a demonstrable need should also be examined.

However, if mixed use schemes are to succeed, many argue that planning guidance needs strengthening (Minton, 2002). This is also related to the issue of gated communities, which many believe, by fencing off higher income groups, run contrary to the grain of social inclusion. But developers seek to maximise profits and deliver shareholder value: under those circumstances the temptation is to minimise affordable housing. The concept of corporate social responsibility (CSR) is growing, however, underpinned by changes to the Pension Act 2000, and a growing number of developers are realising that strengthening community links by building schemes that are sustainable and integrated within the local community can give first mover advantage.

Finally, although multiplier analysis can be used to assess the indirect effects of schemes on jobs and spending locally, this can only provide estimates, and it is also important to make sure that such benefits really are retained in the local economy. This was a point stressed by the Social Exclusion Unit (2000):

‘The problem is not necessarily that too little money flows into a neighbourhood. Rather it is what consumers, public services and businesses do with that money. Too often it is spent on services with no local presence, and so immediately leaves the area.’

Only if inward investment is embedded with a thick web of local linkages and ties can benefits flow to the local community (Ward and Lewis, 2002).

Despite these issues, both schemes are prime examples of how local and national economies can benefit from property-led, mixed use regeneration. The challenge will be to learn from the lessons and build stronger links with local communities as the Government’s policy continues to evolve.

\textsuperscript{28} General definitions at http://www.housing.odpm.gov.uk/statistics/help/housingterms/general.htm
References


College of Estate Management (2002a) *The Role of UK Retailing in Urban Regeneration*, College of Estate Management, Reading.

College of Estate Management (2002b) *Residential Investment and Sustainable Communities*, College of Estate Management, Reading.


## Appendices

### Appendix A Key organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Function</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business for Social Responsibility</strong></td>
<td>Based in USA, this body is a global organisation that helps member companies achieve success in ways that respect ethical values, people, communities and the environment.</td>
<td><a href="http://www.bsr.org/">http://www.bsr.org/</a></td>
</tr>
<tr>
<td><strong>Business in the Community</strong></td>
<td>An organisation including 700 businesses across the UK designed to promote the positive aspects of business investment in the community</td>
<td><a href="http://www.bitc.org.uk/">http://www.bitc.org.uk/</a></td>
</tr>
<tr>
<td><strong>Core Cities</strong></td>
<td>The Core Cities Group comprises Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield and was established to promote the crucial and distinctive role that major cities play in regional and national economies</td>
<td><a href="http://www.corecities.com/">http://www.corecities.com/</a></td>
</tr>
<tr>
<td><strong>Inner City 100</strong></td>
<td>Launched in 2001, the Inner City 100 is a yearly business index which locates and celebrates the 100 fastest-growth inner city enterprises in the UK.</td>
<td><a href="http://www.theinnercity100.org/">http://www.theinnercity100.org/</a></td>
</tr>
<tr>
<td><strong>Neighbourhood Statistics</strong></td>
<td>Downloadable statistics on crime, health, employment and the population by ward or local authority area. Select areas with clickable maps, postcode and text searches.</td>
<td><a href="http://www.statistics.gov.uk/neighbourhood.asp">http://www.statistics.gov.uk/neighbourhood.asp</a></td>
</tr>
<tr>
<td><strong>New Economics Foundation</strong></td>
<td>The New Economics Foundation is a radical think tank. It is designed to provide practical and enterprising solutions to the social, environmental and economic challenges facing the local, regional, national and global economies.</td>
<td><a href="http://www.neweconomics.org/">http://www.neweconomics.org/</a></td>
</tr>
<tr>
<td><strong>Congress for New Urbanism</strong></td>
<td>The Congress for New Urbanism was founded in 1993 in USA by a group of enthusiastic architects. They had each worked for years to</td>
<td><a href="http://www.cnu.org/index.cfm">http://www.cnu.org/index.cfm</a></td>
</tr>
<tr>
<td><strong>Renewal.net</strong></td>
<td>An on-line guide to neighbourhood renewal, renewal.net is designed for anyone already involved in neighbourhood renewal or wanting to get involved.</td>
<td><a href="http://www.renewal.net/">http://www.renewal.net/</a></td>
</tr>
</tbody>
</table>
Appendix B Input-Output Tables and Multipliers

The following is based on information in the ‘Scottish Input–Output Tables and Multipliers for 1996’ published on 27 October 1999. The purpose of this Appendix is to provide an overview of the derivation and use of multipliers from the input–output tables. Our analysis of the UK input–output tables for 1995 enables us to draw similar conclusions.

Input–output tables provide a complete picture of the flows of products and services in the economy for the year in question. They illustrate the flows between various industries and also between industries and the Final Demand sectors; namely consumers, government, investment, stocks, tourists and exports. These linkages allow estimates to be made of the extent to which UK industries contribute both directly and indirectly to the various Final Demand sectors within UK.

For example, if there is an increase in Final Demand for a particular commodity, there will be an increase in the output of that commodity as producers react to meet the increased demand; this is the direct impact. As these producers increase their output, there will also be an increase in demand on their suppliers and so on down the supply chain; this is the indirect impact. As a result of the direct and indirect impacts, the level of income throughout the economy will increase, and a proportion of this increased income will be re-spent on final goods and services: this is the induced effect. The ability to quantify these multiplier effects is important, as it allows economic impact analyses to be carried out on the UK economy. Input–output models enable us to derive sets of disaggregated multipliers, recognising that the total impact on output (income or employment) will vary according to the sector which experiences the initial increase in demand. It should be noted that, when discussing the direct, indirect and induced effects calculated within the input–output framework, full displacement and crowding-out have not been assumed. Taking these issues into account is beyond the scope of the analysis in this paper.

Derivation of Multipliers

The main concept of the multiplier is based on the recognition that the various sectors that make up the economy are interdependent. This means that in addition to purchasing primary inputs, such as labour and imports, each sector will also purchase intermediate goods and services produced by other companies within the local economy, in this case the UK. Manipulation of the input–output tables allows estimation of different types of multipliers depending on whether there is an interest in output, employment or income effects.

Leontief Inverse

The main building block for calculating multipliers is the Leontief Inverse matrix. This is derived from the symmetric industry-by-industry use matrix and shows how much of each industry’s output is required, in terms of direct and indirect requirements, to produce one unit of a given industry’s output.

Output Multipliers

Type I

The Type I output multiplier for an industry is expressed as the ratio of direct and indirect output changes to the direct output change due to a unit increase in final demand. Multipliers therefore represent marginal changes and cannot strictly be
applied to large changes. The multiplier is derived by summing the entries in the relevant column of the Leontief Inverse matrix.

Type II

It is also possible to calculate a Type II output multiplier. The Type II output multipliers are expressed as the ratio of direct, indirect and induced output changes to the direct output change due to a unit increase in final demand. These multipliers take into account increased consumption and therefore output which will be generated from higher personal incomes. Consumers’ spending is included in the calculation of the Type II multipliers by expanding the industry-by-industry matrix to include the income from employment row and the consumers’ expenditure column.

Although the output multiplier represents total requirements per unit of final output, it is not a particularly useful concept except as an indicator of the degree of structural interdependence between each sector and the rest of the economy. Consequently, when undertaking economic impact studies we are more interested in income and employment generating effects, and for this we require income and employment multipliers, which are calculated as follows.

Employment Multipliers

The employment multipliers tend to be the most commonly used of the multipliers made available through extensions to the input–output tables. This is due to their use in economic impact analysis, which is often preoccupied with the employment effects of either industrial expansion or company closure.

The employment multiplier which is analogous to the Type I output multiplier is the ratio of direct plus indirect employment change to the direct employment change. Similarly, there is a Type II multiplier which measures the ratio of direct, indirect and induced employment change to the direct employment change.

Income Multipliers

It is also possible to calculate both Type I and Type II income multipliers. These measure the change in income (wages, salaries, profits etc.) which occur throughout the economy as a result of a change in Final Demand.

The Use of UK Multipliers

The input–output tables provide a wealth of information on the interactions between industries and Final Demand. Their structure allows us to analyse the effect on the economy of different types of changes in Final Demand, for example:

- the closure of a company;
- the opening of a new company;
- an increase in consumer spending due to a change in, for example, disposable income;
- an increase in exports, due to perhaps a drop in the value of sterling.

Multipliers derived from analysis

In Scotland Type I and Type II multipliers have been derived from national accounts for 1998. For the UK as a whole, only 1995 data is available. Table B1 gives

examples of multipliers from our analysis of 1995 UK accounts (see also CEM (2002a)).

Table B1 Multipliers from 1995 UK national accounts

<table>
<thead>
<tr>
<th>Sector</th>
<th>Type I</th>
<th>Type II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Output</td>
<td>Income</td>
</tr>
<tr>
<td>Retail</td>
<td>1.6 (1.39)</td>
<td>-</td>
</tr>
<tr>
<td>Financial</td>
<td>1.6</td>
<td>-</td>
</tr>
<tr>
<td>Other services</td>
<td>1.7</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: Figures in brackets are 1998 Scotland equivalents.

Using employment data

As Thorpe (1999) pointed out in relation to the use of employment data from the Census of Employment, various inaccuracies can exist even in official statistics. These inaccuracies could operate at three levels:

- Data errors in returns to the Census. For example, temporary or part-time jobs may have been excluded from the returns made by firms.
- Data errors from the estimating procedures used by the Census authorities, especially in local areas statistics.
- Geo-coding errors, including unit postcode definition, unreferenced post codes and incorrect returns from multiple retailers.

Since September 1995 the Annual Employment Survey (AES) replaced the periodic Census of Employment which had been conducted biennially as a sample census from 1987 to 1993 when a final and full census was conducted. The AES was annual and contains a smaller sample size than the sample censuses. The AES was also drawn from Interdepartmental Business Register (IDBR), which is based on both the PAYE register and the VAT registers, and this led to a larger business population being created between 1993 and 1995. The AES was therefore a survey of employees in employment, providing detailed employment counts for local areas down to ward level. In NOMIS breakdowns are available by male/female, full/part-time and 1992 standard industrial classification (SIC) codes down to class level.

The Annual Business Inquiry (ABI) was introduced in April 2001 to replace the Annual Employment Survey (AES). ABI data are available from 1998 onwards. AES data are available for 1995, 1996 and 1997 on a basis that is consistent with the ABI data for the subsequent years. The AES itself replaced the biennial Census of Employment in Great Britain which was last held in 1993.

Both these surveys have certain characteristics in common. They are surveys of employers in Great Britain whose aim is to measure employee jobs by detailed industry and detailed region. Although the mechanics of the surveys are different, they tend to cover roughly similar numbers of businesses, accounting for between a quarter and a third of all workplaces in GB.

In this report we used NOMIS (National Online Labour Market Statistics) to map employment changes during the period of analysis for the research. Because of differences in sampling and the conduct of surveys it is important not to ‘mix’ AES and ABI data.
Appendix C Further information on the case studies

Ward Profile for: Ladywood (Brindleyplace)

Population
The resident population of Ladywood in mid-1998 was 27,100 people, 3 percent of the population of Birmingham local authority. 19 percent of Ladywood’s population in mid-1998 were aged under 16, 67 percent were aged between 16 and 59, and 14 percent were aged 60 and over. This compares with 23, 58 and 19 percent respectively for Birmingham as a whole.

Vital Statistics
A total of 404 live births to mothers usually resident in Ladywood and 269 deaths of residents of this ward were registered in 1998. These represented crude rates of 15 births and 10 deaths per thousand residents, compared with 15 and 10 respectively across the whole of Birmingham local authority.

Employee Jobs
There were 105,000 employee jobs in Ladywood at September 1998, 23 percent of the Birmingham total.

Income Support
In August 1998 there were 3,730 Income Support claimants in Ladywood. This represents 17 percent of the resident population aged 16 or over. For Birmingham the proportion was 13 percent compared with an average of 8 percent for Great Britain overall.

Indices of Deprivation
The Indices of Deprivation 2000 (with rank 1 being the most deprived ward in England) gave Ladywood the rank of 346 out of a total of 8,414 English wards.

Ward Profile for: St. Thomas (Gunwharf Quays)

Population
The resident population of St Thomas in mid-1998 was 16,900 people, 9 percent of the population of Portsmouth local authority. 14 percent of St Thomas’s population in mid-1998 were aged under 16, 66 percent were aged between 16 and 59, and 20 percent were aged 60 and over. This compares with 19, 61 and 19 percent respectively for Portsmouth as a whole.

Vital Statistics
A total of 160 live births to mothers usually resident in St. Thomas and 257 deaths of residents of this ward were registered in 1998. These represented crude rates of 9 births and 15 deaths per thousand residents, compared with 12 and 11 respectively across the whole of Portsmouth local authority.

Employee Jobs
There were 6800 employee jobs in St. Thomas at September 1998, 7 percent of the Portsmouth total.
Income Support

In August 1998 there were 1545 income support claimants in St Thomas. This represents 11 percent of the resident population aged 16 or over. For Portsmouth the proportion was 8 percent compared with an average of 8 percent for Great Britain overall.

Indices of Deprivation

The Indices of Deprivation 2000 (with rank 1 being the most deprived ward in England) gave St Thomas the rank of 1,715 out of a total of 8,414 English wards.