

SPRINGVALE CAMPUS - LOCAL ECONOMIC IMPACT STUDY

A report to the University of Ulster

Main report

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EXECUTIVE SUMMARY

- 1 In March 1993, the Vice-Chancellor of UU approached the Northern Ireland Office with a proposal to develop a new inner-city campus in the heart of North and West Belfast.
- 2 In December 1993, consultants were appointed by UU to assess the feasibility of the 'Springvale proposal'. As part of this work, an analysis was made of the likely scale of economic impact likely to be conferred on the Greater Belfast area by a new campus at Springvale. The findings of this research were that:
 - there would be some 450 permanent full-time equivalent jobs created at the campus, catering for 3800 full-time equivalent students
 - spending arising from the campus' operation would create a further 410 full-time equivalent jobs in the Greater Belfast economy.
- 3 Given the pressing need for economic regeneration in the locality, UU was additionally keen to understand the particular economic and social impacts that the new campus would confer on the immediate community in North and West Belfast. It was with a view to assessing the likely scale of these local impacts in the 19 wards surrounding the Springvale site that SQW was commissioned in October 1994 to undertake this study. As would be expected from an academic institution, UU was concerned that SQW's work looked closely at what could realistically be achieved in the study area.
- 4 The principal findings of SQW's analysis were that:
 - of the 444 permanent full-time equivalent jobs to be created at the campus, 138 could be filled by residents from the study area
 - campus purchases and personal spending by campus employees, students and visitors would create a further 90 permanent full-time equivalent jobs in the study area
 - construction of the campus would provide the equivalent of 200 man years of employment for local people in each of the five years of the campus' construction.

- 5 Whilst the employment impacts of the new campus would be clearly important, it is vital to recognise that a new campus' interactions with the surrounding area would be richer and more complex than for most other types of major project. In particular, there would be a bustle and activity generated by substantial numbers of young people living and studying in the area. More widely, other economic benefits would arise from:
- the campus' role in adding value to the activities of existing local businesses
 - the campus acting as a focus around which new business activity might cluster (as has been trailed recently by Fujitsu's announcement to invest at Springvale).
- 6 There would also be wider community benefits arising from, for example:
- better access to education, making it easier for local residents to develop and upgrade their individual skills and potentials
 - enhanced opportunities for leisure learning and cultural development, and better access to sports and recreational facilities.

Chapter 1

INTRODUCTION

- 1.1 This report presents the findings of a study by Segal Quince Wicksteed Limited (SQW) into the local economic impact of a new university campus at Springvale in West Belfast. The study was commissioned by the University of Ulster (UU) in October 1994, and undertaken during the following month.

Background to the study

- 1.2 In March 1993, some 18 months before the announcement of the Peace Initiative, UU's Vice-Chancellor approached the Northern Ireland Office with a proposal to develop a new inner-city campus at Springvale. Planned to straddle the 'peaceline' in North and West Belfast, the case for a new campus was argued from four perspectives:

- first, it would help address the projected demand for higher education places in Northern Ireland
- second, it would provide a major stimulus to economic regeneration in North and West Belfast
- third, it would improve local access to education, so developing capacity and competence in one of Belfast's most deprived areas
- finally, a new campus would play a pivotal role in enriching the area's community, social, cultural and recreational infrastructures.

- 1.3 In December 1993, consultants were appointed by UU to assess the feasibility of the 'Springvale proposal'. Their report, produced in June 1994, concluded that the proposal represented a complex but feasible development opportunity, offering the potential for extensive economic and social regeneration. For example, it was estimated that at the level of Greater Belfast the new campus would generate upwards of 1000 new full-time job equivalents.

- 1.4 This earlier report did not, however, attempt to identify the employment impacts that a new campus might confer on the immediate community in North and West Belfast. It was with a view to assessing the likely scale of these local impacts that SQW was commissioned to undertake this study.
- 1.5 In order to ensure the assignment's local focus, the geographic area covered by the study was, by necessity, small and tightly defined. As a result, it is likely that the study's findings are more conservative than have would been the case had a larger study area been taken.

Report structure

- 1.6 The remainder of this report is organised as follows:
- Chapter 2 discusses the ways in which universities effect economic development
 - Chapter 3 describes the local context in North and West Belfast within which the Springvale campus proposal is set
 - Chapter 4 summarises the main elements of the proposal, and presents our analysis of the local impacts which the campus could generate
 - Chapter 5 highlights ways in which these local impacts could be maximised
 - finally, in Chapter 6, we present our concluding comments.
- 1.7 By its nature, much of the work undertaken during the course of the study was detailed. To maintain the conciseness of this main report, the majority of this technical material is presented in a separate technical appendix.

Acknowledgements

- 1.8 We wish to express our gratitude to all who assisted during the course of the study. In particular, we would like to thank the Planning Department at UU, the Department of Economic Development, the Census Office, and the Making Belfast Work Initiative for their help in providing data, statistics and expert local knowledge.

Chapter 2

THE ROLE OF UNIVERSITIES IN ECONOMIC DEVELOPMENT

The context

- 2.1 Over the last three decades, there has been a developing recognition of the role of universities in economic development. In the last 15 years in particular, this has been stimulated by a growing appreciation that, in terms of both their operational scale and scope, many universities now rank as large, complex enterprises. As such, they are increasingly seen as important agents for economic growth and regeneration.

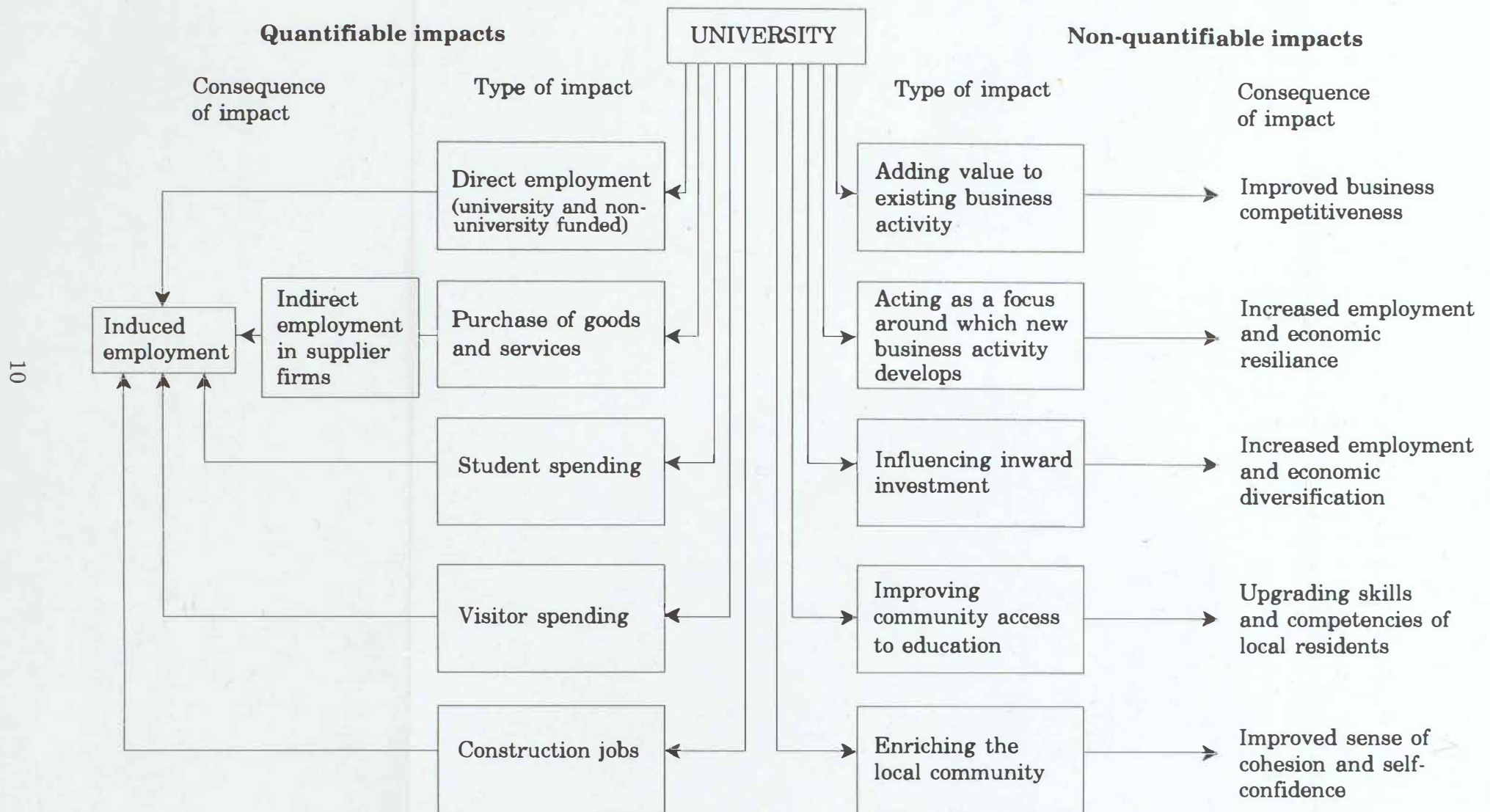
The economic impacts of universities

- 2.2 The economic impacts that universities have are varied and wide-ranging. Figure 2.1 overleaf summarises these in terms of those impacts which are quantifiable and those which are not. We discuss these more fully below.

Quantifiable impacts

- 2.3 The main quantifiable impacts that universities have on their local areas are of four types. These are:
- first, and most obviously, the creation and maintenance of *direct* employment within the university. Most of the posts will be funded by the University itself. A proportion however (such as research posts) will be resourced by external earnings from, for example, industrial contracts, or European Community or Research Council grants. Personal spending by these individuals on goods and services in turn supports *induced* employment more widely in the economy
 - second, the purchase of goods and services by the university. As large, modern businesses, universities buy a wide range of goods and services. As a consequence of these purchases, the university supports *indirect* employment in supplier firms. Personal spending by employees of these supplier firms then *induces* further employment more widely in the economy

Figure 2.1: The economic impact of universities



- third, personal spending by students studying at the university. This too generates *induced* employment impacts
- finally, spending by visitors to the university. Increasingly, universities are making their facilities available to host conferences, providing vacation lettings and the like. Personal spending by these visitors also leads to *induced* employment impacts

2.4 Additional impacts also arise from construction. This includes both new-build activity, as will be the case at Springvale, or modification and extension to existing facilities. In addition to the materials and plant used, construction activity provides employment opportunities for construction workers who then add further to *induced* employment through their personal spending.

Non-quantifiable impacts

2.5 The above are all effects which, with varying degrees of difficulty and approximation, can be quantified. There are, however, other impacts which, while often of greater importance, take much longer to develop and often only become demonstrably evident after a number of years. These *non-quantifiable impacts* are discussed in paragraphs 2.6 to 2.13.

Adding value to existing business activity

2.6 In the last 15 years or so, many universities have taken positive action to engage more closely with their industrial and commercial communities. This has resulted in value being added to the existing business base, through activities such as:

- collaborative research and development links, such as those developed by York University with Smith Kline Beecham (who are building a major new research building on the university's science park). Similarly, UU's collaborative research links with a number of US companies were important in the development of the Northern Ireland Bioengineering Centre at Jordanstown
- access to education and training. Warwick University, for example, has developed a highly integrated series of training and development programmes for the motor industry in the Midlands
- access to technical and information services, such as analysis/testing facilities, specialist equipment, libraries, specialist databases and consultancy services. These are particularly important for small and

medium sized firms, many of which cannot justify their own in-house facilities

- the provision of expert consultancy, such as that provided by, for example, Cranfield University or Salford University Business Services

2.7 For universities, industry links are an important means of keeping close to the needs and expectations of their external market. For business, they are often valuable in maintaining a competitive edge, so helping to preserve jobs that might otherwise have been lost.

Acting as a focus around which new business activity develops

2.8 As well as adding value to the existing business base, universities can help to stimulate new business activity. Activities include:

- the commercialisation of university know-how through, for example, patenting and licensing. This can result in the spinning-out of new micro-businesses as demonstrated by, for example, University of Leeds Innovations Limited and its subsidiaries
- science, technology and innovation park models. These have been widely used by universities throughout the UK and western Europe to attract and stimulate the growth of technology-based firms. Developments such as those at Herriot Watt Research Park and the University of Surrey have not only helped generate new employment, but also had a positive effect on diversifying and broadening the local economy.

2.9 More widely, the presence of a university can often act as a helpful influence on an area's attractiveness to potential inward investors. This can be particularly significant either:

- when competing areas are equally matched in terms of the major determinants of inward investment - available workforce skills, communication infrastructures, and access to markets
- when (which is true of fewer cases) inward investors specifically demand proximity to a university as part of their locational specification. Proximity to UU facilities, for example, was a factor in the decisions by both Seagate International and ABC Laboratories to locate, respectively, in Londonderry and Coleraine. Similarly, UU's proposed campus at Springvale was given by Fujitsu as one of the influences behind its decision to locate in the area

Improving community access to education

2.10 Universities, especially those in urban locations, often play a vital role in upgrading the skills and competencies of their more local community. Activities commonly involved include:

- the provision of 'access' courses, specifically tailored for those lacking conventional qualifications. Luton University, for example, has used this approach with considerable success to encourage the local Asian population into higher education
- the delivery of vocational and returnees courses
- educational outreach initiatives with local schools.

2.11 As an inner city campus, these and other similar initiatives are likely to be particularly important at Springvale where the needs of the local community are, for historic reasons, especially pronounced. UU already has considerable experience of access course design and delivery throughout the Province, and would be well placed to apply this knowledge to the particular challenges that present in North and West Belfast.

Enriching the local community

2.12 As well as having hard economic impacts, universities also play an important role in enriching the local community. They offer an increasingly wide range of social, cultural and leisure services to local residents which can have positive effects on the community's sense of cohesion and self confidence. Sussex University's Arts Centre, the Sainsbury Art Collection at Norwich University, and Lampeter University's sporting complex are but three such examples.

2.13 At the same time, student presence and activity frequently provides a zest and liveliness to community life and activity. Providing accommodation for students in the community helps to underpin this process by encouraging students to recreate and spend locally. Additionally, the fact that many graduates tend initially to live and work in the same geographic area where they studied helps to enrich the local skills base.

Choice of study area boundaries

2.14 Clearly, the first step in any analysis of the economic impact of a university is to identify the geographic area within which its impacts are to be measured and assessed. Ideally, the area will be defined after consideration of what constitutes the 'local economy'. In practice, however, study areas are more likely to be selected on the basis of:

- the audiences and uses at which the impact assessment is directed
- data availability. The fact that much of the data needed to assess economic impact is only available for existing administrative areas, such as standard economic regions, counties and districts, often forces adjustment to boundary choices.

2.15 Pitching the study area at an appropriate level is therefore a critically important consideration. Whilst studies, such as this, which define the 'local economy' as a relatively small geographic area capture only a proportion of the total impacts, those that are identified are highly specific to the locality. Conversely, when the 'local economy' is taken to cover a larger area, such as a county or standard economic region, the size of overall impacts is much greater but the effects on particular groups are far harder to assess.

Chapter 3

THE LOCAL CONTEXT

The context

- 3.1 Like most parts of the Belfast conurbation, North and West Belfast has experienced significant industrial change in recent years. Throughout the 1970s and 1980s in particular, the vicinity experienced a steady decline in the size and diversity of its business base. At the same time, the area's association with the 'troubles' has not only discouraged significant new investment into the locality, but acted as a powerful brake on the development and attainment of individuals within the community.
- 3.2 The consequences for the local economy have been:
- high levels of unemployment, much of it long-term and concentrated in particular blackspots
 - a poor physical environment, with significant pockets of industrial dereliction
 - an inadequate infrastructure of local services and amenities
 - long-standing housing pressures.

The Response

- 3.3 The Government's response was to come forward in the late 1980s with a number of local and wider area regeneration initiatives designed to tackle economic, social and environmental constraints. Two of these in particular are impacting on North and West Belfast:
- the Making Belfast Work Initiative (MBW). Launched in July 1988, MBW is working to underpin the efforts being made by the community, private sector and the Government in tackling deprivation in the most disadvantaged areas of Belfast. Its activities focus in particular on supporting community-led projects which tackle local economic, educational, social, health and environmental constraints

- the Springvale Initiative. Launched in 1990 with resources of £20 million, and drawn-up after extensive community consultations, this involves a multi-faceted redevelopment scheme targeted on the Springfield, Woodvale and Glencairn areas of West Belfast. The key elements of the scheme are:
 - ⇒ the construction of a new business park (on the former Mackie's site) which will provide 20 acres of serviced sites. The park's first advanced factory of 15000 sq. ft has recently been taken by Fujitsu
 - ⇒ a new training facility for the Training and Employment Agency
 - ⇒ substantial improvements to the West Circular Road and other arterial links serving the area.

The Current Position

- 3.4 Despite the emerging success of interventions such as MBW and the Springvale Initiative, much of North and West Belfast still continues to experience pronounced economic and social pressure. Unemployment remains at stubbornly high levels with much of the area experiencing rates in excess of 30%. This compares with 11.4% for the Belfast Travel to Work Area as a whole. Unemployment among 18-24 year olds is a particular problem and accounts for almost 8% of the entire economically active population of the area. Long-term unemployment too is a major challenge - as at October 1994, there were 6850 claimants who had been unemployed for more than one year. This represents 20% of the economically active population, or almost two thirds of those currently on the unemployment register.
- 3.5 In terms of educational attainment, the study area is equally disadvantaged. Data for the Making Belfast Work area, 19 of whose 32 wards are covered by the study area, shows that 15% of school leavers left secondary education with no educational qualifications whatsoever. This compares with 11% for Northern Ireland as a whole.
- 3.6 Finally, in terms of crime, the rate (per 10,000 population) in North and West Belfast in 1992 was almost 660, compared with a figure of 424 for Northern Ireland more generally.

Chapter 4

THE SPRINGVALE CAMPUS AND ITS IMPACTS

The proposal's genesis

4.1 In March 1993, the Vice-Chancellor of UU approached the Northern Ireland Office with a proposal to develop a new inner-city campus in the heart of North and West Belfast. Envisaged as part of the Springvale redevelopment scheme, the proposal was argued from four separate perspectives:

- first, a new campus would help anticipate the growth in demand for higher education places in the Province which is forecast by the end of the decade.
- second, as a large and successful enterprise, a campus at Springvale could act as major force for economic regeneration - as a direct employer, a major buyer of goods and services, and, in the longer term, as a focus round which new industrial and commercial developments might cluster
- third, by providing improved local access to education, the campus would play a lead role in maximising the potential of local residents
- finally, a new campus would play a pivotal role in enriching and developing the area's community, social, cultural and recreational infrastructures.

The vision

4.2 The proposal envisages a purpose-built facility of 33 hectares straddling the peaceline which separates the Protestant and Catholic communities in North and West Belfast. Built at an estimated cost of £94 million, the campus would cater for almost 3800 full-time equivalent students by 2004/05. It would be a multi-disciplinary facility and accommodate the following faculties:

- Art and Design (currently located at UU's York Street site)

- Medical Sciences (Physiotherapy, occupational therapy, speech therapy, and nursing would transfer from UU's Jordanstown campus to benefit from closer proximity to those teaching hospitals where already students undertake clinical placement).

4.3 Additionally, the new campus would deliver a new range of interdisciplinary courses involving Business and Management, Social and Community Sciences, Education, Technology, and the Humanities. Foundation and access courses would be specifically catered for, and local out-centres would act as the key mechanisms for delivering education and training directly into the community. Partnerships with local industry, colleges, schools and community groups are already a central feature in the design and delivery of UU courses and would be developed still further.

Context of SQW's work

4.4 In the original feasibility study commissioned by UU in December 1993, some consideration was given to the economic impacts that a new campus would confer on Greater Belfast as a whole. No specific attention was, however, given at that stage to the local impacts that might accrue specifically to the North and West Belfast communities. It was with a view to quantifying these local impacts that SQW was commissioned to undertake this analytical study.

The study area

4.5 In the absence of any consistent administrative definition, North and West Belfast was taken to comprise 19 wards to the north and west of the city centre. These wards, based on their 1984 boundaries, were:

| | | |
|---------------|------------|-------------------|
| Andersonstown | Crumlin | Shankill |
| Ardoyne | Falls | St Anne's |
| Ballysillan | Falls Park | Upper Springfield |
| Beechmount | Glen Road | Whiterock |
| Cliftonville | Glencolin | Woodvale |
| Clonard | Highfield | |
| Glencairn | Legoniel | |

4.6 This list was prepared with the guidance of development agencies which are active in the area and familiar with its social and economic infrastructure. The advice provided by the Making Belfast Work Initiative and the Forth River and Foundry Regeneration Trusts was particularly helpful in ensuring that the selected study area reflected, as closely as possible, local labour market realities.

4.7 Figure 4.1 overleaf presents the study area.

Approach and work done

4.8 The approach often taken in calculating economic impact is to measure initial impacts and then factor these by a multiplier which sums up subsequent 'rounds' of impact in the wider economy. Multiplier analyses involve the concept of 'leakage', whereby account is taken of the spending on goods and services from outside the study area. For very small areas, such as the one in this study, these leakages are inevitably very large. The application, therefore, to this assignment of multipliers from other impact studies (which invariably have considered larger areas) was not considered valid.

4.9 Clearly, whilst first round employment impacts can be identified with relative ease, it becomes increasingly difficult to measure subsequent rounds of impact occurring more deeply within the economy. This is because that with each round, impacts become smaller and more diffuse. For the purposes of this study, therefore, we concentrated on identifying the:

- direct employment impacts resulting from employment within the campus
- indirect employment impacts arising from the purchase of goods and services by the campus.
- first-round induced employment effects generated by the spending of campus employees, students and visitors
- construction employment arising from building the facility. Whilst this is essentially a further form of indirect employment impact, it is conventionally treated separately given the shorter-term nature of the jobs involved.

4.10 A full description of the methodology used to estimate these impacts is given separately in the technical appendix to this main report.

**Figure 4.1: Springvale Campus Local Impact Study - Study Area
(1984 wards)**



Research findings

4.11 The main findings of our research are given below.

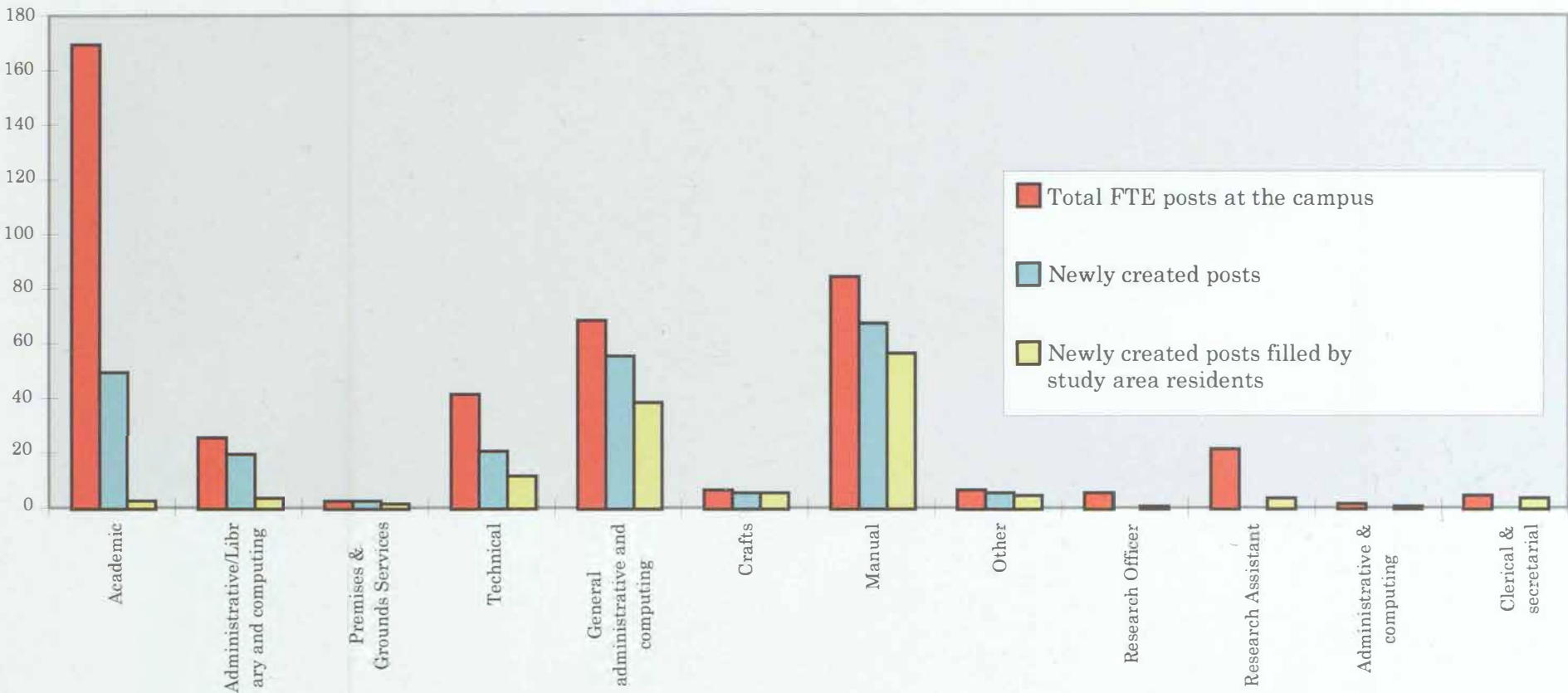
the number of direct jobs at the campus for study area residents

- the new campus will directly employ a total of 409 full-time equivalents
- of these, 179 will be transferred jobs from existing UU campuses; 230 will be newly created positions
- initially, residents in the study area are unlikely to be able to compete for transferred jobs, because these posts will have existing job-holders. Of the 230 new positions however, we estimate that just under 130 could be filled by study area residents. Over time, as the staff in both transferred and newly created posts turn over, study area residents might take more jobs. In the short term, the relatively slow rate of staff turnover, especially in the academic and professional disciplines, means any favourable impact is likely to be gradual. But by the middle of the next decade, it is possible that impacts could be more significant as a large cohort of UU staff approaches retirement
- in addition to the 409 UU-funded posts, it is likely that a further 35 non-UU funded positions will be created at the campus. These will be primarily research-related posts funded by external earnings from, for example, industrial contracts, or European Community or Research Council grants. Of these 35 posts, we estimate that 10 could be filled by study area residents
- these estimates assume sensitive recruitment practices and skill requirements on the part of UU, together with goodwill on the part of the local community and its residents towards UU as an employer
- figure 4.2 charts these findings.

the number of indirect jobs created in firms in the study area as a result of goods and services purchased by the campus

- 4.5% by value of the non-staff goods and services which UU currently purchases are bought from firms in the study area

Figure 4.2: estimated number of direct full-time equivalent (FTE) jobs at the Springvale campus



- the new campus is likely to buy a total of £4.6 million of goods and services each year which will support 74 jobs in total
- on the basis of UU's existing purchasing profile, £210,000 (4.5%) of this sum will be spent with firms in the study area.
- this level of spending will create 3 permanent indirect jobs in supplier businesses in the study area
- this estimate does not take account of more localised purchasing policies which might be adopted by the new campus. Neither does it attempt to anticipate the arrival of new potential supplier businesses in the study area as a result of the campus or other local regeneration initiatives. Both these effects would increase the local indirect employment impact.

the number of induced jobs created in the study area as a result of personal spending by campus employees, individuals in non-UU funded posts, students and visitors

- campus employees are likely to spend £710,000 in the study area on personal goods and services each year
- individuals in non-UU funded posts at the campus are likely to spend £76,000 in the study area on personal goods and services each year
- spending by students in the study area on personal goods and services will be £2.6 million each year, with full-time students living in the study area accounting for the greater proportion of this
- spending by visitors to the campus will spend, indicatively, an estimated £150,000 each year in the study area on personal goods and services
- the total spending by campus employees, students and campus visitors on personal goods and services in the study area will therefore be over £3.5 million each year. This is likely to create 87 permanent induced jobs in firms in the study area
- these estimates assume that a significant increase in the extent and quality of the retail and leisure infrastructure will be apparent as the campus comes into being in 1999. The assumption is also made that the study area will over time become an attractive area in which to live and study

N/B

Assumption
Optimistic

$$130 + 3 + 87$$

number of construction jobs for study area residents during the building of the facility

- construction of the campus will cost £94 million. This would be equivalent to 1980 construction job years
- of these, 1020 could potentially be filled by residents in the study area. Assuming that construction were to last five years, this would equate to 200 construction jobs for study area residents over the construction period.

Total employment impact in the study area

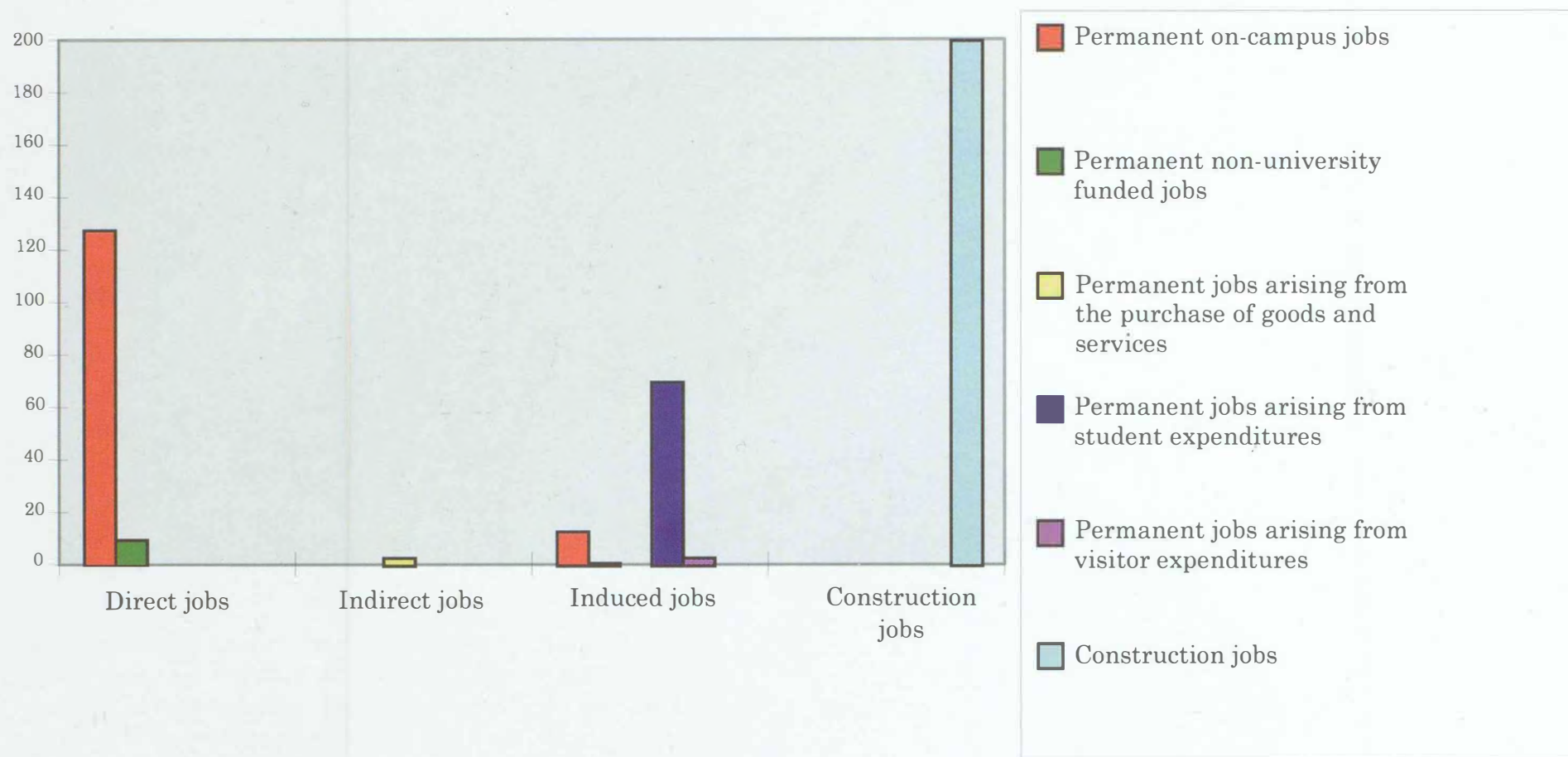
- Table 4.2 overleaf summarises the total employment impact in the study area arising from the construction and operation of the Springvale campus
- Figure 4.3 charts these findings.

Table 4.2: total employment impact in the study area arising from the Springvale Campus

| | Direct jobs | Indirect jobs | Induced jobs | Total direct, indirect & induced jobs | Construction jobs |
|--|-------------|---------------|--------------|---------------------------------------|-------------------|
| Permanent on-campus jobs | 128 | | 13 | 141 | |
| Permanent non-university funded jobs | 10 | | 1 | 11 | |
| Permanent jobs arising from the purchase of goods and services | | 3 | | 3 | |
| Permanent jobs arising from student expenditures | | | 70 | 70 | |
| Permanent jobs arising from visitor expenditures | | | 3 | 3 | |
| Construction jobs | | | | | 200 |
| Total | 138 | 3 | 87 | 228 | 200 |

228 jobs
200 jobs

Figure 4.3: total employment impact in the study area arising from the Springvale Campus



Chapter 6

CONCLUDING COMMENTS

- 6.1 The Springvale campus proposal represents a bold and imaginative vision of further and higher education provision as Northern Ireland approaches the next millennium. At the same time, it offers the real prospect of making a substantive contribution to Northern Ireland's economic and social regeneration as the Province takes the opportunities offered by the Peace Initiative.
- 6.2 This report has focused on assessing the economic impacts that would accrue to the North and West Belfast area from a new campus at Springvale. Particular emphasis has been given to analysing the scope and scale of those quantifiable impacts which a new campus might give rise to. But the report also gives due attention to the types of non-quantifiable impacts which, in the longer term, are likely to be of greater significance.
- 6.3 In terms of quantifiable impacts, our analysis shows that the campus will directly create 228 permanent full-time jobs for residents living in the study area, 141 of which will be at the campus itself. A further 200 construction jobs are likely to be available to study area residents during the course of the campus' construction. These figures estimate the likely employment impact in the study area. Had a wider area of study been selected, they would of course have been significantly higher.
- 6.4 The nature of these employment impacts is unlikely to be homogenous. Some will probably occur quickly, and in the absence of specific policy interventions. Others, however, will only be achieved, optimised and maintained as a result of deliberate and co-ordinated actions by UU and the local community.
- 6.5 Whereas the quantifiable impacts can, with confidence, be expected to be apparent over a five to ten year timeframe, it is likely that non-quantifiable benefits will only become demonstrably evident in the longer term. Because of this, there is a danger that the importance of non-quantifiable benefits may be overlooked and the commitment to their achievement lessened. This needs to be guarded against, for, in the final analysis, it is those non-quantifiable impacts conferred by the Springvale campus which may well contribute most strongly to ensuring the economic health, wealth and potential of North and West Belfast and its residents.