

From: Grace McGuinness

Date: 13.9.95

To: Springvale steering group members

cc. Mr Watkins

Mr Cowan

Mr Quinn

Mr Gibson

Mr Harbison

**PIEDA FINAL REPORT.**

1. Enclosed is a copy of the PIEDA final report.
2. Clarification is currently being sought of the process whereby the draft will be made available to QUB, UU. and BIFHE.

*J. Harris - pp.*

GRACE McGUINNESS

*cc Secretary  
 Mr P Holmes  
 Mrs Foley  
 Dr Mc Cormick  
 Mr Bradley  
 Mr Coste.*

*No ~~re~~ ~~data~~*

*Opportunity costs*

*Paras 7.16 + 7.17*

*PG nos*

*TR for effect of new campus premises related costs.  
 (lower than average rather than higher than average).*

Making Belfast Work  
Department of Environment (NI)  
Department of Education in Northern Ireland  
Department of Finance and Personnel

H

**Higher Education in Northern Ireland,  
Springvale Campus & Urban Regeneration**  
*Economic Appraisal*

Final Draft Report

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## EXECUTIVE SUMMARY

### STUDY AIMS AND CONCLUSIONS

- 1 The principal aims of this study are:
  - (i) to appraise the options for accommodating growth in higher education (HE) provision in Northern Ireland; and
  - (ii) to appraise the options for urban regeneration (UR) in the area around the Springvale site in North and West Belfast.
  
- 2 Of particular interest is the proposal of the University of Ulster (UU) to construct a new campus on the Springvale site. The proposed campus would provide additional capacity in the HE system in Northern Ireland and would generate employment in the area as well as contributing towards the achievement of other urban regeneration objectives.
  
- 3 The study team's principal conclusions are:
  - (i) HE options which include the proposed Springvale Campus provide additional capacity in the HE system at a markedly higher net present cost (NPC) than the least cost and practicable options and cannot be considered to represent good value for money;
  - (ii) HE options which include the proposed Springvale Campus perform poorly against the Department of Education Northern Ireland's (DENI's) aims;
  - (iii) as an urban regeneration measure, the proposed campus would generate a significant number of jobs on and in the area around the site but at a high 'unit' cost. The public sector cost per job of the other urban regeneration options is lower; and
  - (iv) the proposed Springvale Campus performs reasonably well against government's other urban regeneration objectives and offers the prospect of long-term educational and other benefits to the community.

### HIGHER EDUCATION CONTEXT

- 4 DENI's HE aims are set out in *Strategic Analysis*. This provides a framework for the development of the sector as well as criteria against which to appraise options for achieving growth.

- 5 Demand for HE from Northern Ireland residents has grown strongly in the recent past as it has in Great Britain. Continuing demand growth will be set against severe public sector resource constraints. As well as increases in the level of student demand, the HE sector is experiencing significant changes in the nature of demand in terms of levels and modes of delivery. Together, growing demand, resource constraints and the changing characteristics of demand require the sector to respond to prospective growth with a **high degree of flexibility**. *British? HE - DE*
- 6 Northern Ireland residents enjoy a participation rate in HE which is higher than the UK average. Relative to GB, expenditure per pupil in nursery, primary and secondary schools in Northern Ireland is lower than in England and further education has been identified by DENI as an area for further development. **There are clearly strong competing demands for public sector resources in education in a context in which Northern Ireland's HE sector is already well resourced in UK terms and as compared with other parts of the education system in the Province.**
- 7 A significant proportion of Northern Ireland students leave to study in GB and the Republic of Ireland. The majority of leavers study at the former polytechnics in GB. These institutions require lower A-level scores of entrants than the universities in Northern Ireland or GB. It is unlikely that these leavers would be accommodated in the Northern Ireland universities simply by the addition of new capacity. Accommodating such students would require a reduction in the universities' entrance standards to an extent which is not likely.
- 8 The development of research is of growing significance in the HE sector as a source of income and as an indicator of institutional quality. Northern Ireland's universities have lost ground in a UK context in terms of research income and, specifically, in the area of competitive research from Research Councils, the voluntary sector and industry. The current arrangements for sharing NIDevR between the two universities may not be in the interests of both universities and the local economy.
- 9 It is proposed that nursing education be integrated fully with HE. This will give rise to significant accommodation costs in the Belfast area.
- 10 **By the standards of HE institutions in GB and in comparison with government space standards, most Northern Ireland institutions have large estates relative to their student populations.** This is especially true of The Queen's University of Belfast (QUB) and Stranmillis College.

## URBAN REGENERATION CONTEXT

- 11 Government's priorities in Northern Ireland include Targeting Social Need and this provides part of the basis for its UR activities. Making Belfast Work (MBW) is the lead agency for the regeneration of the city. Its mission is *"to strengthen and better target the efforts being made by the community, the private sector and the Government to tackle, in partnership, the economic and social problems which affect people in the most disadvantaged areas of Belfast."*
- 12 In conjunction with MBW, the study team has defined the Springvale Impact Area as 12 wards in North and West Belfast surrounding the Springvale site. These are among the most deprived parts of Belfast and of Northern Ireland. The unemployment rate is more than twice the average for the city. The area is one which experienced severe difficulties during the Troubles. **There is an evident need for regeneration in the area.**
- 13 MBW supports a range of projects and programmes in North and West Belfast but the largest economic and physical regeneration measure in the area is the Springvale Initiative which is administered by the Belfast Development Office (BDO). Its aim is to redevelop the 700 acres of the Springvale site. It is guided by CDA 110 which was adopted in 1992 following extensive public consultation. CDA 110 specifies the uses to which parcels of land on the site may be put and the Springvale Initiative team is charged with securing the implementation of this plan.
- 14 If completed, the Springvale Initiative will include a business park, housing, recreational facilities and public open space. Among other things, the successful completion of the Initiative would provide employment opportunities for local residents both during the construction phase and in businesses which locate on the site, assuming that there is further demand from firms. At a budget of £2.5 million per annum, the Springvale Initiative would be completed around 2002.
- 15 None of the Springvale Initiative work which will have been completed by 1998 is on land which UU seeks to use for the proposed campus and none of the committed infrastructure work would have to be 'undone' to accommodate the campus.

## HIGHER EDUCATION OPTIONS

- 16 **Very great uncertainty attaches to any forecasts of the level of demand for HE places in Northern Ireland. For this reason it is critical that policy and estate strategy are sufficiently flexible to allow adaption to unforeseen circumstances.**

- 17 In conjunction with the Steering Group, the study team has identified three levels of demand which the Northern Ireland HE universities may have to accommodate by 2004. It would be wrong for planning to focus on any one target. The three forecast levels are:
- (i) **low forecast:** approximately 1,300 ftes;
  - (ii) **medium forecast:** approximately 6,700 ftes; and
  - (iii) **high forecast:** approximately 9,200 ftes.
- 18 A total of eight options have been devised for meeting demand. Each option consists of a number of "schemes". A scheme is a capital project involving the refurbishment of existing buildings to achieve space efficiencies and/or the construction of new buildings on or adjacent to the existing HE estate and/or new build projects on greenfield or brownfield sites, including the proposed Springvale Campus. There are no institution-specific options.
- 19 At the **low forecast** level of demand, capacity can be provided wholly through space efficiencies and these represent the least capital cost solution.
- 20 At the **medium forecast** level of demand, capacity could be provided wholly through space efficiencies at a NPC of £467 million (this figure including all additional costs associated with meeting the additional demand for HE under this forecast), or £300 per additional place in capital and premises related cost terms. This solution would lead to an imbalance between the universities in their shares of additional capacity since there is more scope for space efficiencies at QUB. While the way in which additional demand will divide between the universities cannot be predicted, it is not sensible to assume that one institution will attract the overwhelming majority of students. For that reason, a least cost and practicable option has been defined. It provides roughly equal amounts of additional capacity at each university. This option yields a NPC of £482 million, or £2,100 per additional place in capital and premises cost terms. If the proposed Springvale Campus is part of an option for meeting this level of demand, the NPC is £542 million, or £11,600 per additional place in capital and premises related costs. If additional capacity at the Belfast Institute of Further and Higher Education (BIFHE) forms part of an option at this level of demand, the NPC is £486 million, £3,100 per additional place.
- 21 At the **high forecast** level of demand, the least cost and practicable option offers additional capacity at a NPC of £620 million, or £3,200 per additional place. If the proposed Springvale Campus forms part of an option for meeting this level of demand, the NPC is £662 million, or £8,500 per additional place. If additional capacity at BIFHE forms part of an option, the NPC is £620 million, or £4,500 per additional place.



- 22 **Options which include the proposed Springvale Campus offer additional capacity at a NPC per place which is markedly higher than that of the other options.** In aggregate, the NPC of the options which include the proposed Springvale Campus exceed the NPC of the least cost and practicable options by between £41.5 million and £60.3 million. These amounts can be described as the "urban regeneration premium" associated with meeting HE demand through options which include a campus at Springvale.
- 23 In the absence of a commitment to the project from government it is difficult for UU to secure commitment of funding to the project from other sources. In the absence of funding from non-UK government sources, options which include the Springvale Campus have a public sector funding requirement which exceeds those of the least cost and practicable options by between £41 million and £55 million.
- 24 Options which include the proposed Springvale Campus perform poorly against DENI's other aims, mainly because the proposed Campus represents a large and inflexible addition to the capacity of the system in the face of uncertain levels and patterns of demand. The options which perform best in these terms are those which include additional provision at BIFHE and which meet demand in a flexible manner.

#### URBAN REGENERATION OPTIONS

- 25 Three options have been devised for the regeneration of the area around the Springvale site. A fourth option has also been considered to illustrate the range of UR measures which could be undertaken in the area which need not be either physical in nature or specific to the Springvale site.
- 26 There are elements which are common to all three site-specific options: the completion of work which is programmed to take place at Springvale until 1998 and the development of an industrial area at Glenbank. In addition, each option has elements which are unique to it and it is the comparison of these which is the focus of the appraisal. The options are:
- (i) the proposed Springvale Campus;
  - (ii) the completion of the Springvale Initiative; and
  - (iii) other "hard" end uses for the site not envisaged in CDA 110, particularly the construction of housing and industrial space.
- 27 The main quantifiable outputs of Options 2 and 3 are jobs, housing, recreational facilities and public open space. Option 1 yields these outputs **and** additional HE capacity.

- 28 The urban regeneration options have been compared on the basis of their public sector NPCs per job or per house. The public sector cost per job is greatest in Option 1 (at £154,400). The public sector costs per job in each of the site-specific options is considerably greater than is the case with conventional public sector economic development programmes.
- 29 UU is in the process of developing a Community Outreach Programme which it would implement if the Campus proposal proceeds. The aim of the Programme is to raise educational attainment levels in North and West Belfast to at least the Northern Ireland average. If successful, the Programme would provide considerable support to the wider UR effort in the area and afford the community the prospect of long-term benefits in terms of enhanced competitiveness in the labour market and quality of life.
- 30 The Campus proposal would represent a major commitment to the North and West of the city by government and the wider community, as well as by UU. It would assist in better integrating these communities with the wider city.
- 31 **Should the Campus proposal not proceed, there will remain a pressing need for UR action in the communities around the Springvale site.**