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# Ex Ante Appraisal of the Rotherham Urban Centre IDP (Part B)

A Report to the South Yorkshire Objective 1 Secretariat

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## **1. EXECUTIVE SUMMARY**

The IDP sets out clearly and concisely a range of projects that seem to be feasible and appropriate for the regeneration of Rotherham town centre. The projects also seem to represent good value for money given the limitations on the economic opportunities open to Rotherham.

The main concern is:

- The need for more quantitative data with regard to the impact of the plan on overall Programme Complement/SPD targets at the priority and thematic level with (an estimated) full breakdown of project contributions to measure level targets, Priority 5 and other. That is, detail of what the plan will deliver in overall terms against the Programme Complement targets within and beyond the SPD programming period.

There are several other aspects that would significantly enhance the breadth of the Part B plan. Briefly these comprise of the following (though the full text needs to be read for detailed suggestions):

- The need for monitoring and evaluation systems and the arrangements for updating the plan;
- More measure 30 detail, particularly in relation to supply chain aspects;
- More explicit links where the IDP relies on activities within other Objective One priorities;
- Further exploration of the degree of targeting on Priority One/Two sectors or key clusters; higher level skills and demand issues;
- Consideration of how overlaps with the SEZ will be addressed and spend will be co-ordinated.

## **2. INTRODUCTION AND APPROACH**

ECOTEC Research and Consulting Limited in association with Weatherall, Green and Smith were appointed to conduct an independent appraisal of the Objective 1 IDPs. This report involves an appraisal of the quality of the key elements outlined in the IDP template for Part B (Part A was reviewed in February 2001) for Rotherham Urban Centre. Briefly the two parts comprise of:

- An assessment of the strategic context, objectives, impacts and links to other parts of the programme (Part A)
- A more detailed appraisal of delivery aspects (Part B).

The report contains the following:

- An economic appraisal of delivery aspects, funding and outputs (Section 3);
- A thematic review covering, equality and inclusion, ICT and sustainability and transport issues (Section 4); and,
- Comments on property aspects (Section 5.0).

We have set out our key recommendations in *Italics* throughout the text. Appendix 1 sets out the minimum requirements for Part B plans. Broadly speaking the plan provides a detailed schedule of projects. Other requirements have been met at this stage including a plan of the IDP area, and project site plans. Sketch schemes and illustrations, photographs and publicity material have not been provided.

### **3. OVERALL PLAN AND ECONOMIC APPRAISAL - GENERAL POINTS**

This part of the appraisal will focus upon the economic (employment and business creation) impact of the Plan. It will also assess how financial and output estimates for the IDP corresponds to Priority targets highlighting any variances or areas of concern.

The Plan has significant strengths, in particular:

- A systematic analysis of the property market context;
- The detailed assessment of issues in the delivery of the three of the four priority projects, including funding requirements, potential outputs and risks;
- The systematic taking forward of a range of cross cutting aspects in Section E;
- The recognition of the need for a flexible, pragmatic approach to delivery which puts the engagement of the private sector ‘centre stage;’

Whilst the plan covers aspects such as public realm and marketing, *further consideration should be given to a systematic consideration of the role of business support activity, either in relation to new or existing activities. We believe that there is a particular need to develop the role of supply chain aspects, covering the proposed use of Measure 30 resources.*

The plan represents a bid for approaching 40 per cent of the Measure 29 resources at current exchange rates, assuming, although this is not made clear, that all Objective 1 funding will come through this Measure 29. *Thus the three IDPs together represent a substantial overbid which will need to be resolved by the Driver Partnership.*

The three main development projects for which appraisals have been undertaken involve provision of some 42,500 m<sup>2</sup> of floorspace and 1,410 gross jobs (in the latter case excluding the hotel and leisure elements). *However, it needs to be made clear what the plan will deliver in overall terms against the Programme Complement targets within and beyond the SPD programme period. The implementation proposals as outlined seem clear and reasonable. However, a discussion of arrangements for taking forward, updating/reviewing and monitoring/evaluation would be helpful.*

At present the linkage with other priorities is largely ‘one way’. The tables within the development briefs highlight where projects can contribute to the objectives of other priorities but tend not to say much about where actions under other priorities are required to help deliver the urban centre strategy. *This could usefully be further developed.*

### **3.1. *Types of Activity and Critical Mass***

The plan is fairly specific in terms of the type of property that is to be developed but much more general in relation to the types of activity likely to be drawn in. *The degree of targeting on the P1/P2 sectors or key clusters is very limited, unless this is to be achieved by complementary actions under other priorities and should be further explored.*

The plan as a whole, and even the priority projects, clearly has the potential to create a substantial impact, helping to extend and diversify the urban centre economic base. However, this is clearly dependent on the existence, or more likely creation of the necessary level of demand. *The issues involved here warrant discussion.*

### **3.2. *Links to the Overall Economic Policy Context***

Aspects of these links were dealt with in the Part A. This element is not really taken forward in the current plan, except for issues such as links to the UDP and other local policies. *There is a reference to the SEZs but the interrelationships, for example, between the target markets for the development, are not really drawn out and could be further explored.*

### **3.3. *Specificity and Appropriateness of the Activities Targeted***

As noted, the *extent of the targeting could usefully be extended.* The attraction and development of a more substantial base of office employment within the town centre may not be at all easy given the competition from Sheffield and the SEZs on the one hand and the characteristics of the local skills base on the other.

### **3.4. *Potential for ESF/ERDF Integration***

This aspect is covered, but only in the form of relatively brief cross-references *which could usefully be developed.* *As with the other IDPs there are issues about whether adequate stress is placed on the issue of higher level skills.*

### **3.5. *Links to Other Priorities***

See general comments

### **3.6. *Specificity of Objectives***

The zone level objectives seem clear and appropriate and there are clear target outputs for the key projects. *However, there are no overall outputs or impact targets and these should be included.*

### **3.7. Supply Chain Issues**

As indicated in the general comments, we believe that *this is a key wider aspect of an integrated plan that needs to be developed*. Section G of the Plan includes a table detailing the consultation process. Judging from that, there has so far been little consultation of SMEs. *This needs to be further developed to ensure supply chain issues are addressed*.

### **3.8. Financial Appraisal**

*We would recommend that the IDP distinguish between EU and other sources of funding at the level of the Plan as a whole*. There is, however, an analysis of the balance of funding for particular projects and, the balance struck for those projects appears to be reasonable. As noted, the financial table apparently represents a bid for around 40 per cent of the Measure level resources. It is also implied that further bids may come forward in relation to the other 15 sites that are identified. This seems unrealistic and, unless ways can be found of reducing the inputs required to the three projects with detailed appraisals, the implication is that *it may be difficult to deliver even what is in the plan*.

The leverage ratio of Objective 1 to other spend is apparently around 1:4.3, better than the ration of 1: 1.5 implied by the Programme Complement. This clearly reflects, inter alia, the substantial level of private investment involved in the three initial key development projects. At this stage the sources of public sector match funding are not identified in detail. *This could be usefully developed for future revisions of Part B*. There are also clearly significant uncertainties about the timescale over which the key projects can be delivered but these are identified.

### **3.9. Outputs, Impacts and Value for Money**

*Overall analysis of outputs and impacts is necessary within the Plan*. Two points are noteworthy, however, at this stage based on some initial calculations.

- The cost per job accommodated (excluding the hotel and leisure elements) appears to be around £7,300 – compared with the implicit Programme Complement figure of £4,250. To put it another way the three projects would absorb some 28% of the Measure 29 resources but deliver only 16% of the jobs accommodated output target. This clearly raises issues for discussion;
- On some quick calculations, the costs of developing floorspace are significantly above the Programme Complement targets, which clearly contributes to the above issue. *It would be helpful to make clear how far this is the result of the specific ‘abnormals’ on these sites*.

Part A indicated that the critical outcomes from the IDP would be 106200 square metres of property constructed or refurbished and accommodating between 3800 and 6000 jobs. Part B (Page 66) goes into greater detail on the public sector costs of projects ('early win' projects). The Objective One contribution to these projects is put at £14.4m and other public sector contributions at £9.7m. These figures exclude contributions from the Objective One programme for projects identified, but not costed, within the IDP. An indication of outcomes from early projects is provided in sections C and D of Part B, but the outcomes are not summarised and are usually expressed as ranges or as maximum figures.

In short, Part B needs to develop usable information (a) on outcomes from the IDP as a whole and (b) on the overall financial commitment sought from Objective One [though it provides good information on certain projects]. Table One demonstrates progress towards measure level targets. It is currently impossible to assess value for money or the achievability of the IDP as a whole. We have already noted, however, that the resource allocations to the specific projects described in Part B appear reasonable.

**Table 1**

<i>Measure 5.29</i>						
<i>SPD Indicator Estimates</i>	<i>SPD Total</i>	<i>IDPs</i>				<i>Variance (%)</i>
		<i>B</i>	<i>D</i>	<i>R</i>	<i>Total</i>	
<b>Key Outputs</b>						
Hectares of Land reclaimed	44	13	25		38	
Sq m of Floorspace Constructed	55942	16800	32000		48800	
Sq m of Floorspace refurbished	122374	36700	70000		106700	
<b>Results</b>						
Sq. m of Floorspace Created	134611	41000	100000	106200	247200	+83%
Gross Jobs Safeguarded	3426	1000	2300		3300	
Gross Jobs Created	5140	1600	3350		4950	
<b>Impacts</b>						
Net Jobs Safeguarded	1612	500	1000		1500	
Jobs Accommodated	8566	2600	4900	4881	12381	+45%
Net Jobs Created	2418	700	1500		2200	
Net GDP Added	£65.3m	£20.0m	£37.0m		£57.0m	
Net GDP Safeguarded	£43.5m	£13.0m	£25.0m			

Notes:

- (1) for completeness and comparative purposes, outputs from Barnsley and Doncaster IDP Part A's are shown as well as Rotherham's
- (2) SPD Indicator Estimates are from Page 135 of the Programme Complement.
- (3) the definitions of jobs and floorspace in the Rotherham IDP are unclear. Their allocation to 'jobs accommodated' and 'floorspace created' may be incorrect. The jobs figure is the average of the range 3794-5968 quoted in the IDP
- (4) Variances are calculated only for the two indicators where figures for all three IDPs are available.

#### **4. THEMATIC REVIEW**

Overall thematic considerations have been effectively and thoroughly dealt with within the Plan in Section E. We take each of the three main thematic areas in turn, highlighting any areas for improvement.

##### **4.1. *Equal Opportunities, Social Inclusion and Employability –Overall Urban Centre Comments***

The Part Bs for the Urban Centres, in the main, take a ‘pepper potting’ approach towards equal opportunities, social inclusion and employability. All the plans mention communities, highlighting the need for involvement and specific projects that will benefit local residents, particularly in relation to accessing jobs and training. *However, the majority of the plans could do more to demonstrate an integrated approach to ensuring that equal opportunities, gender mainstreaming and employability are considered in all Urban Centre activities, whether project or management related.*

Integrated Implementation Plans (IIPs) for sites, as suggested for the SEZs, and sustainability profiling as mentioned in the Barnsley plan, could be usefully developed for the Urban Centres, particularly in relation to cross cutting themes. Provided that projects are required to develop and provide IIP type documents, this would seem to be an effective way to ensure that sustainability issues are taken forward. The piloting of community access plans for some areas in the SEZs would also appear to be an appropriate way to ensure community involvement. It could be useful to explore the capacity of communities to get involved in ‘planning for real’ activities to ensure projects reflect issues of sustainability as suggested in the Rotherham plan. The Rotherham IDP provides a useful approach to communities and equal opportunities through specific activities within the sites such as advertising jobs in local newspapers. The Plan also considers cross cutting themes within a matrix and identifies measure indicators. This approach could be usefully replicated.

One plan requests that the Programme Executive provides advice about how cross cutting themes could be integrated into Part B. Guidance about what the plans are expected to produce, and to what level of detail, is important here. It would also be useful to have within the Part Bs information about how specific equal opportunities targets will be met, and monitored, through the projects and how sustainability issues will be/have been integrated into project selection criteria. Some plan areas such as Barnsley and Rotherham are more advanced in relation to these issues. However, the above remain the main challenges facing plan teams attempting to integrate equal opportunities.

#### *4.1.1. Rotherham Comments*

The Rotherham IDP clearly considers sustainability impacts and rates projects against criteria. It is good to see that some baseline data is also provided in relation to deprivation and equal opportunities. The next stage would be for the plan to usefully consider:

- *Quantified targets in relation to the indicators*
- *Consideration of **how** indicator targets will then be achieved within each project*

#### **4.2. ICT**

ICT is integrated more fully than equal opportunities into the Part Bs and is frequently mentioned in relation to specific sites within the plans, for example in relation to ICT infrastructure provision and strategies. As with equal opportunities, ICT could usefully be developed within IIPs. The SEZ Part Bs state that connectivity is not an issue. *The Urban Centres could usefully explore whether or not this is the case.* The plans could also be enhanced with further details about how advanced the sites are in relation to ICT and specific ICT activities to be developed within the site profiles.

Other Rotherham specific points are as follows:

The Rotherham IDP clearly considers sustainability impacts and rates projects against criteria. With regard to ICT, projects are scored against ICT criteria. The next stage would be for the plan to usefully consider:

- *Quantified targets in relation to the indicators*
- *Consideration of **how** indicator targets will then be achieved within each project.*

#### **4.3. Transport, Labour Mobility, Environmental Sustainability and Sustainable Development**

The appraisal of Part A highlighted the following issues in relation to Transport, Labour Mobility, Environmental Sustainability and Sustainable Development, these areas are summarised at Annex Two. It is appropriate for many of these issues to be addressed within Part A, however, support for specific actions or site specific issues should be included in Part B.

#### *General Coverage of Sustainable Development in Part B*

The draft Part B document makes a much more explicit and concerted attempt to take on board the cross cutting themes of the Objective1 SPD, and demonstrate how the actions it supports will contribute towards them.

It does this both by summarising what are seen as the key issues in the plan area in relation to each of the themes, and by summarising how important they are to each of

the ‘early win’ projects. It also covers generally how the plan as a whole will contribute to a wide range of sustainability criteria.

### *Environmental Sustainability*

The plan identifies 3 key environmental issues for the South Yorkshire region (amount of derelict land, river quality, and amount of waste to landfill). The plan then logically goes on to discuss the key environmental issues in relation to site development:

- limiting pollution, improving air quality and reducing global warming
- improving and reducing green spaces and protecting wildlife and countryside

The first of the above contains a general discussion of the issues and how they are currently being addressed in Rotherham and by whom. *It would be useful if the IDP could highlight how it will seek to prevent future pollution and promote the reduction of CO2 emissions (such as through the promotion of energy efficient transportation, building technologies).*

The discussion in relation to green space and derelict land also sets out current public policy and suggests a set of monitoring indicators. *Clarification could be provided as to whether these are for assessing the performance of the IDP itself as they would not appear to be appropriate for this purpose.* We would welcome explanation of how the IDP will promote, or otherwise affect, wildlife and open space provision.

Despite its inclusion as one of the three key environmental issues, waste to landfill does not receive any further inclusion. *The plan could usefully note the potentially influential role new developments could have in promoting more sustainable methods of waste management.*

### *Transport*

Public transport is included as an element in the strategy for addressing social inclusion, through promotion of green travel plans and ‘building on the success of the centralised transport interchange.’ *With regard to the latter, in particular, further explanation of communities/areas to be assisted, and how, would be beneficial.*

### *Sustainable Development*

The sustainability profile is a useful addition to the plan as it explains how the actions supported will promote a wide range of sustainability criteria. These should correspond to the criteria in the Regional Sustainable Development Framework. *The plan could usefully identify that the appraisal is not an end in itself but the starting point for the identification of additional actions that could be promoted as integral components of relevant projects being supported.* For example, where a neutral impact is identified (such as encouraging the prudent use of energy and natural

resources and minimising waste) the plan should then seek to incorporate actions which will promote positive results against this objective. Waste minimisation schemes, use of recyclable materials, energy efficient building design and use of renewable energy sources could all be encouraged in this respect.

The profile also provides a sustainability indicator in relation to each of the appraisal criteria. Many of these suggested indicators would benefit from better definition. *The plan should also set out who will be responsible for monitoring these.*

The part of the profile that sets out the contribution of the plan to each of the cross cutting themes could be modified to provide a comprehensive summary list of actions that projects will be encouraged to take to promote each cross cutting theme. *The focus here should be in relation to added value activities rather than adherence to regulations and existing policies.*

The inclusion of a single reference to re-use of derelict land under the sustainable development aim is a limited interpretation of the particular theme, which undermines the effort in the previous table to demonstrate the wide range of ways in which the plan will contribute to this objective. *The plan could additionally set out how project promoters will be encouraged and provided with advice on how to incorporate identified actions that will ensure that relevant cross-cutting themes are supported by their projects.*

## **5. PROPERTY COMMENTS**

### **5.1. Property Strategy**

The Part B Delivery Plan substantially addresses most, if not all, of the issues highlighted in our Part A appraisal such as detail about property market activity (supply and demand), values (rentals and yields), deliverability programmes, and partnership proposals. It is a property-focused strategy with a clear recognition of the need for property activity to satisfy Objective One criteria, including linkage with SEZ strategies and other Priorities and activities.

The plan provides outline development frameworks for key projects and “early wins”, to act as a benchmark against which potential projects can be assessed. The identification of four key “early win” projects which are said to satisfy criteria for Objective One funding (for example, use of brownfield sites and creation of sustainable forms of development) demonstrates that the IDP is advancing towards implementation.

We have specific site related comments in relation to the following site:

#### *Centenary Riverside Site*

- Reference could be made to the Babbie Report in relation to the Centenary Riverside Site with regard to Junction 34 limitations that restrict development output within the M1 SEZ.
- This site is overlapped by the M1 SEZ. Careful co-ordination of spend and outputs will be required to comply with Objective 1 requirements.

### **5.2. Property Supply & Demand Issues**

Appendix A of the Delivery Plan provides development appraisal assumptions relating to issues such as rental values and yields for various property types and states the basic parameters used in the relevant development appraisals. This would be very useful.

### **5.3. Delivery Issues**

We were pleased to see that marketing the concept and products appears to have been clearly thought out, involving the continued actions of RiDO which will be responsible for all marketing associated with the IDP and act as main contact point for investor enquiries. The overall effect of Objective One is expected to grow market profile / demand within South Yorkshire. The sub-region is expected to be the most heavily supported state-aid regime in Europe until 2006 and, in the intermediate period, could therefore be of significant interest to overseas companies (FDI). However, whilst it is important to ensure that marketing of selected projects is

undertaken in the most effective ways possible, there is a danger that the overall effect of Objective One supported projects will lead to an over supply of opportunities, particularly where urban centres and SEZs are in close proximity. *Rotherham IDP and RiDO should therefore ensure that master planning of sites, deliverability and marketing is co-ordinated and integrated within the overall Objective One Programme, at least within the Urban Centre IDP itself.*

It is anticipated that the physical regenerative activity will need to be led by public sector (Rotherham MBC and Yorkshire Forward) utilising an ‘exit strategy’ to lever in private sector investment later on. To realise this full potential, landowners, investors, developers and the public sector will need to work closely together, to ensure that development is delivered in a cohesive, comprehensive and integrated manner. Most importantly of all, it is important to ensure that market demand is developed and satisfied, without being swamped with choice, which could lead to depressed values and subsequent market failure.

**ANNEX 1:**  
**PART B DELIVERY PLAN TEMPLATE**

## **Part B – Delivery Plan**

Actions to deliver the objectives of the IDP

Early public sector improvements/actions required

Identification of projects with key characteristics set out

Schedule of projects containing the following:

- Methodology and delivery vehicles
- Public sector partners
- Private sector partners
- Collaborative partners
- Activities
- Site identification
- Ownership issues
- Constraints
- ERDF funding required
- Public funding
- Private funding
- Phasing
- Relevant deliverability criteria e.g. requirement for planning consent
- Linkages for other priorities for grant
- Sustainability profile – economic and environmental
- Risk analysis

Other Requirements:

Plan of IDP area

Project site plans

Sketch schemes and illustrations

Photographs

Publicity material e.g. posters

Capability to utilise software and electronic facilities

**ANNEX 2:**

**TRANSPORT, LABOUR MOBILITY,  
ENVIRONMENTAL SUSTAINABILITY AND  
SUSTAINABLE DEVELOPMENT – INITIAL PART  
A CONCERNS**

**Transport, Labour Mobility, Environmental Sustainability and Sustainable Development – initial Part A Concerns**

a) Transport and Labour Mobility

- Lack of clearly set out information in relation to key transport issues in relation to sustainable economic development in Rotherham
- Unclear as to level of investment or infrastructure enhancements needed

b) Environment

- No explanation of how the environmental cross cutting theme is to be incorporated into any of the actions supported.
- Absence of any identified actions to promote resource efficiency or encourage activities which use less environmental resources

c) Sustainable Development

- No attempt to demonstrate how the plan (or the actions it supports) will contribute towards more sustainable forms of development.