

*I wrote this paper prior to the 2010 general election. Eric Pickles moratorium and subsequent demise of the regional urban regeneration companies followed shortly.*

## **Executive summary**

- Either despite or due to the economic climate we find ourselves with several master planning projects on the go.
- The clients are utilising government money delivered through Urban Regeneration Companies to part fund these schemes.
- The Practice could do more now to benefit from this work in the future.
- Thus begins an Urban Regeneration Business Plan

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## **Introduction**

All the economic indicators point to a severe downturn in the construction business for several years ahead. We need to position ourselves in the strongest possible place to benefit as a practice when a stronger market returns.

Our team are currently involved in five master-planning projects at various stages of development. The clients of these projects have shifted their efforts from constructing buildings into land acquisitions and planning applications. These master planning projects all come under the banner of 'mixed use schemes'.

Our clients are developing business strategies that utilise the funding stream generated by the mechanisms employed by the recently formed Urban Regenerations Companies.

This paper sets out to explain some detail information about what URC's are and how they are crucial to the next phase of development in our towns and cities. It also suggests how we can develop a business plan that gains directly or indirectly from the funding provided from URC's in the short, medium and long term.

Its conclusion proposes that by focusing on this type of development now, we can benefit as a practice when the market does return.

## What are URC's

Urban Regeneration Companies (URCs) have been established, following approval by Government, to work with a range of private and public sector partners to provide a unified approach to physical development and attract investment to areas within a number of designated cities and towns where there are significant challenges and opportunities. A principal aim is to engage the private sector in a sustainable regeneration strategy working within the context of a Vision and Regeneration Framework agreed with key stakeholders.

Initially three pilot URC's were formed namely Liverpool Vision, Sheffield One and New East Manchester. The success of these pilots led to the formation of URC's across the country. These include

- Advantage West Midlands
- Liverpool Vision
- Sheffield One
- Yorkshire Forward
- Central Salford URC
- Hull City Build

These well established Urban Regeneration Companies funded by the Government and in collaboration with established local partners, are focused on the next phase of regeneration strategies for key towns and cities. They are becoming powerful organisations directing the vision for the future of entire areas with the ability to co-ordinate its implementation.

## Economic Development Companies

Three URCs, have changed their status to Economic Development Companies (EDC) or City Development Companies (CDC):

- Sheffield One is now Creative Sheffield CDC
- Liverpool Vision is now an EDC
- Hull Citybuild is now Hull Forward EDC.

The concept is for these vehicles to drive economic growth and regeneration within a determined urban, rural or coastal area or sub-region, focusing on areas of deprivation. URCs and EDCs fit closely within the Government's devolution agenda and policy on local economic development following the review of sub-national economic development and regeneration (SNR).

There are two main areas we need to focus on with respect to URC's and EDC's.

1. These organisations should know who we are, what we do, how we do it and who we work for. In this way the private sector, who are competing for these projects will feel confident in using us as a lead or masterplanning consultant during the bid process.
2. Competitors, such as Urban Initiatives and Glenn Howells Architects are commissioned to carry out Development Framework Studies. We should be touting for this type of business.

## English Partnerships' role

English Partnerships (now HCA) offers practical support and assistance for all URCs and is a funding partner and board member of the majority. English Partnerships was also responsible for developing the original URCs model.

Support and assistance is provided in a number of ways, including:

- **Helping the URCs to deliver their strategic priorities** by participating in joint venture agreements, making acquisitions for development schemes, acting as a catalyst for regeneration projects and encouraging private-sector investment.
- **Working with new and emerging URCs to assist with their establishment** and, where appropriate, providing support for master planning, running costs and research to help them deliver their strategic priorities.
- **Providing best practice support and guidance**, the organisation of a conference, and the undertaking of specific items of research.

The role of English Partnerships in URCs is evolving, with the development of new and innovative funding arrangements. This includes advising on the acquisition of problematic or empty property in residential neighbourhoods suffering from market decline and working with URC partners to purchase and remediate land in need of environmental improvement.

Our practice needs to establish stronger relationships with EP. EP carried out an exercise some years ago to develop partnering agreements with practices and consultants. Although we made an application onto this partnering frame work we were unsuccessful. We need to understand why this happened. They must feel that we are capable of carrying out design and delivery to the standards they aspire to.

## **Current work load.**

This plan acknowledges that we, across all the teams, have always worked on masterplanning projects. The ambition of this exercise is to try to show that we will benefit from this fact and by combining the skills and recognition the practice has, gain more work and more profit.

That said this document focuses on the Urban Studio which began its involvement in Masterplanning when it inherited the St Paul's Sq project from the Arts Team in 2002/2003.

## **St Paul's Square**

St Paul's Square was the first of several major development projects for English Cities Fund (ECF). ECF's business model was aimed to show that high quality, mixed-use area-based regeneration schemes provided viable, attractive and worthwhile opportunities for institutional investors in the medium and long term.

At the turn of the Century, major UK funds and investment companies were under invested in the urban regeneration area. However, as the focus of government policy on urban renaissance was starting to intensify and by taking urban regeneration into the mainstream, the prospects for a reasonable return on institutional investment were anticipated to increase. ECF's rationale was therefore to work in Assisted Areas, in town and city centres and their fringes. All of ECF's projects are mixed-use and are required to have the quality, scale and critical mass to ensure that they achieve a step-change in the areas concerned.

The current climate has changed this thinking and the Funds are no longer investing. Despite this ECF continue to believe that this business strategy is viable and are continuing to invest.

ECF's challenge is to deliver quality mixed-use developments in run down Cities. The budgets available to fund urban mixed-use regeneration are directly related to office rental value. However, the quality of accommodation required to achieve the necessary step-change is for the same as office buildings with higher costing. The short fall or gap is funded from the URC's.

Phase three St Paul's Sq is a typical example. ECF have all but secured a £8.5million grant from NWDA/ERDF to build out the final phase. The large area of land adjacent to St Paul's Sq, known as Pall Mall is part owned by NCP and NWDA. ECF were appointed preferred developers to continue the central business district. LV and NWDA are keen to progress this development and are proposing a grant to kick start the development with further money to maintain this regeneration. Liverpool Vision has been a key stakeholder in the development at St Paul's Sq Liverpool.

## **Central Salford**

Salford Central Business District is another ECF project on the banks of the River Irwell, opposite Spinning Fields, connecting a transport hub with Salford High St and Chapel St. Glenn Howells is working on the residential component. We are working on the commercial areas. Central Salford URC was established by EP, NWDA and Salford City Council and is designated as a not for profit, private limited company.

## **York Central**

Muse are the developing arm of ECF. Muse is the rebranded name of AMEC. It stands for Mixed Use. Owned by Morgan Sindal they are working independently on several mixed use schemes across the country. Muse are working in York. Here we are involved with a team of consultants including Glenn Howells on Residential, Benoy as retail architects. UI pulling together the initial urban master plan and RHWL looking at 1 million sq ft of commercial development.

## **Doncaster**

Doncaster in which the Arts Team are working with ECF of a mixed use scheme

## **Stoke on Trent**

When Muse were bought three senior personnel broke away from the organisation and set up a rival company called GenR8. GenR8 are in competitive dialogue on a scheme in Stoke. Our competitors are St Modwin who have employed Glenn Howells as their architect and Kier Developments. We have assembled a strong consultant team and will complete this work by Christmas.

## **Vaux Sunderland**

We have also been asked to work with GenR8 on a scheme known as Vaux Sunderland which is a mixed use scheme of a similar size to Stoke. RHWL must carry out these projects to their best ability. This is a given in the team but the practice can support.

## **Future Workload and Future Clients. Cost Plan.**

Simple spread sheet showing time against fees of previous work.

- What is needed to put together a good business plan. Typical resource plan and programme.
- Graphics, how do we do it and can it improve.
- Cad tools. are there skills or tools we need.
- Work flow. do we do things in the right order
- Reportwriting and feed back
- Sustainability. This agenda is become more imortant by the minute.
- Mixed use skills, do we make the most of other teams
- Marketing Press and Publicity, when do we start
- Short and Long term goals
- Researching oportunities

## **Core Team**

- Plugins
- Early success is important
- Backing the right horse
- Regonal areas
- Strategic action plan
- Operational action plan
- Networking
- Training and Education
- Research and Development
- Operational

## Conclusions and further Research

Urban regeneration is crucial to inclusive economic growth and sustainable development. We have both breadth and depth of expertise in relation to urban regeneration. We often take a lead role in projects which require integrated solutions; hence taking responsibility for knitting together inputs from different specialists into a coherent and comprehensive approach to area regeneration.

However, we could also bring to urban regeneration work our own distinctive specialisms, including business formation and development, labour market analysis and skills upgrading, project appraisal (using the Government's 'Green Book' methodology), and the use of under-used assets, such as universities and hospitals, to drive business growth and local wealth creation.

Take a look at MUSE's positioning and their long term strategy and compare it with ours.

## MUSE.

Muse Developments is one of the country's leading names in commercial development and urban regeneration. They deliver complex mixed-use schemes - with the accent on quality and sustainability - and create vibrant new places within towns and cities. Founded on the extensive experience of their management and delivery teams, and backed by the financial strength of shareholders, they are driven by a desire to bring a fresh and innovative approach to property development.

They were established as AMEC Developments around a quarter of a century ago, and have a past which is rich in achievement and commercial success. Now, as part of the Morgan Sindall Group, they have secure business in place and a development pipeline unfolding to underscore a successful and exciting future

## Quote August 2008

Property development and urban regeneration company Muse Developments has contributed to another record set of interim results released today by parent construction and regeneration group Morgan Sindall plc. Morgan Sindall, which operates through five specialist divisions of fit out, construction, infrastructure services, affordable housing and urban regeneration, has today announced record results for the six months to 30 June 2008. Profit before tax and amortisation of intangible assets rose by 31 per cent to £33.1 million (2007: £25.2 million) on an increased revenue of £1.24 billion up 48 per cent from £836 million for the corresponding period last year. The Group's forward order book stands at £4.2 billion (2007: £4.1 billion). Adjusted earnings per share for the period grew by 48 per cent to 60.9p per share (2007: 41.1p).

The Board has declared an increased interim dividend of 12.0p up 20 per cent from 10.0p in 2007 solid performance has contributed to this result with the company currently delivering a number of large mixed-use urban regeneration schemes. Reading, the company is working in partnership with Reading Borough Council on Chatham Place, a landmark £250 million scheme which will transform the western side of Reading town centre, providing housing as well as high quality commercial and leisure space. This year has seen the successful completion and sale of a new multi-storey car park and 96 affordable housing units to QPark and Catalyst Housing Association respectively. Work is also at an advanced stage on 211 private residential units of which over half are already sold. Muse has also made good progress this year on its £300 million mixed-use Lewisham Gateway scheme where it has secured planning permission for 800 new homes, shops, bars and a new town square as part of the redevelopment of central Lewisham.

The company is also working on six major schemes as part of English Cities Fund. In Plymouth, Muse is carrying out the £335 million Plymouth Millbay regeneration in conjunction with SWERDA, Plymouth City Council and English Partnerships to transform a 15-acre harbour-side area into a vibrant new waterfront community. In Liverpool, Muse is working with Liverpool Vision, Liverpool City Council, NWDA and GoNW at St Paul's Square, a £300 million mixed-use development which will provide office accommodation, apartments, retail space, a restaurant and car parking at the gateway to the city's new Central Business District. Muse has also been selected as preferred developer for a £350 million office-led redevelopment of Manchester Victoria Station which Muse is undertaking with Network Rail and Manchester City Council; a £300 million scheme to create a new civic and cultural quarter in Doncaster in partnership with Doncaster Metropolitan Borough Council; a £300 million mixed-use development at Union Square in Swindon alongside The New Swindon Company, Swindon Borough Council, SWERDA and English Partnerships; the £285 million Talbot Gateway scheme which will see Muse working with Blackpool City Council and ReBlackpool to rejuvenate the famous seaside town's centre and, with Urban Splash in conjunction with Tees Valley Regeneration, Stockton Council and English Partnerships, the £300 Northshore development which will extend Stockton-on-Tees town centre."

The business is currently involved in 30 long-term regeneration projects with the company's share of the project pipeline valued at £5 billion," says Matt Crompton, joint managing director for Muse Developments. "Our business model and extensive track record in creating high quality mixed-use developments means that we are well-positioned to take full advantage of the major opportunities presented by the ongoing regeneration of the UK's urban communities."

**From this can we begin to formulate strategies that grow our practice inline with the emergent and regenerated cities of the future?**

The global economy is facing significant challenges, driven by the impact of tighter credit conditions and increases in the costs of inputs and commodities, in particular, energy.

This will affect regions in different ways, as each regional economy is different.

Deviod of a solid period of sustained growth, the current urban regions will need to prepare themselves for tougher business conditions and a more challenging global market.

Whilst conditions may be harder over the coming months and probably years, there is no doubt that some areas ie the Northwest, has important strengths that can help them through this difficult period.

We need to join with them to continue to contribute to the regeneration process.