

This evaluation report is based on the Scottish Enterprise contribution to Riverside Inverclyde URC and relates only to Physical Business Infrastructure (PBI) projects. It does not cover investment by other public/private funders, nor does it cover project activity outwith PBI.



Riverside Inverclyde URC PBI Evaluation

Report for Scottish Enterprise

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1. Introduction

In July 2009, EKOS Economic and Social Development was appointed by Scottish Enterprise (SE) to carry out an evaluation of the Riverside Inverclyde URC (ri) over the period 2006 to 2010. Whilst taking account of wider project activity delivered by ri, the evaluation focuses on project activity funded by SE, largely relating to physical business infrastructure (PBI).

The timescale set for the evaluation was extremely tight, with four weeks from inception to submission of draft report. This report should therefore be considered a high level or outline evaluation rather than an in-depth review of all past activity.

1.1 Riverside Inverclyde URC

Riverside Inverclyde (ri) was incorporated in 2006 as one of six Urban Regeneration Companies (URCs) in Scotland. It was established in a second round of three URCs that included Irvine Bay and Clyde Gateway.

ri is tasked with the economic, social, physical and community regeneration of Inverclyde with detailed objectives and targets presented in a formal Business Plan covering the 2006-2016 period.

The Business Plan identifies the direct physical outputs and estimated economic outcomes that will be generated through ri activity over the 10 year regeneration period.

Physical Development Outputs	Estimated Economic Outcomes
77 hectares of development land for sustainable economic after-uses, accommodating: <ul style="list-style-type: none"> • 35,000 sqm of business space configured in line with occupier demands • 7,000 sqm of retail and leisure space uses • 22,500 sqm of education and training space • 2,285 housing units • 500 berths for leisure craft 	Over the 10 years the physical development outputs are estimated to generate: <ul style="list-style-type: none"> • gross employment of 2,600 FTE jobs • accommodation for 4,570 residents • annual GVA of £90m • 110 FTE construction jobs

Funding to support project development activity comes from three key partners:

- Scottish Enterprise has allocated £10m over the 2007/10 period;
- Inverclyde Council has allocated £10m over the 2007/11 period; and
- Scottish Government has allocated £22m over the 2007/11 period.

1.2 Study Objectives

The study brief issued by SE identified four core objectives and four key questions that were to be addressed through the study process. The objectives are:

- to assess performance outputs and outcomes – both generally for the URC performance against Business Plan, and specific to SE-funded projects;
- to assess outputs against targets, for example area of land developed, including work-in-progress;
- to report on the project performance against budget and timescale goals; and
- conduct an economic appraisal to estimate the forward-looking economic outcomes that would be likely to arise – this should include quantitative and qualitative benefits including net additional GVA, gross and net employment and value for money to SE at year 4¹.

The key questions to be answered flow directly from these objectives:

- what outputs and outcomes have been achieved to date in terms of land, employment and GVA?
- have the URC and SE-funded projects met their expected outputs?
- are economic outcomes likely to be met looking to the near future?
and
- were the physical works completed within budget, in accordance with the approved specification and on time?

¹ This is a change from the original study brief which required the values annualised at years 3 and 5.

The current SE approval for ri is now coming to an end (2007-2010) but there is an in-principle commitment to support ri project activity till 2017. SE is therefore seeking approval for a second phase of investment covering the 2010-2014 period.

Taking account of the objectives and key questions, it is clear that the purpose of evaluation is two-fold:

- to undertake an ex-post evaluation, based on a review of those projects that have already been completed by ri, focusing on PBI activity funded by SE – this identifies activity, impacts and progress toward targets. The findings from this review will inform a Gate 5 evaluation paper, presenting past and potential future impacts of completed project activity; and
- to prepare an ex-ante impact appraisal of proposed future project delivery over the next four years, again focusing on SE funded PBI activity. The findings of this review will inform a Gate 3 funding approval paper for Phase 2 SE investment in ri.

This evaluation specifically focuses on the physical business infrastructure (PBI) element of ri activity, and the contribution that SE has made toward PBI projects.

As part of the study method interviews were conducted with two groups of stakeholders – businesses located in ri owned business property at Ladyburn Business Centre, and stakeholder consultees that have been involved with ri (Board Members, funding organisations, etc).

These interviews informed our views of progress toward targets, overall performance and levels of economic additionality achieved. We would like to record our thanks to those that participated in this process for giving their time input to inform the study.

1.3 Report Structure

This report provides an outline review of past investment, together with impact appraisal of proposed future development activity. The remainder of the report is structured as follows:

- Section 2 provides background information on Riverside Inverclyde URC;
- Section 3 outlines the description and targets of projects already completed and also those proposed over the next five years;

- Section 4 reviews progress toward established targets for those projects already completed;
- Section 5 considers the estimated impacts and benefits that will be generated through those projects proposed to be delivered over the next 4 years; and
- Section 6 presents our final study conclusions and recommendations, based on the detailed study objectives set by the client in the study brief, and highlighted above.

2. Background

2.1 Operating Model and Company Objectives

Formally incorporated in 2006, ri is one of six Urban Regeneration Companies (URC) in Scotland. It is formally incorporated as a company limited by guarantee, with charitable status and two member organisations, Inverclyde Council and Scottish Enterprise.

ri was established following completion of an initial economic masterplan study led by EKOS and subsequent development of the Business Case for an integrated delivery framework to lead the regeneration of Inverclyde. The Business Case developed the detailed framework and identified project activity – the output of this was identification of the URC option as the preferred delivery model.

Approval for participation in ri was given by SE in November 2005, with funding approval of £10m secured in January 2007, covering the January 2007 to March 2010 period. To date, approximately £9m of this budget has been expended, largely on a small number of high value PBI developments, with £1m to be allocated over the next nine months (Aug 09-Mar 10).

As a public/private partnership, ri is designed to secure the long-term economic growth of Inverclyde. It has a twin-track approach of ‘going for growth’ through the exploitation of existing and new opportunities, and also ‘spreading the benefits of growth’ to the local resident and business communities.

The overarching strategic objective of ri is:

“To advance economic growth through the exploitation of opportunity for the benefit of the business and residential community of Inverclyde”

In adopting a holistic approach to regeneration, ri builds on the previous activities of public sector agencies over many years, which sought to address the significant and long-term decline of the area. Past investment was, however, relatively piecemeal with little joining-up between physical improvements and social/economic/community project delivery.

SE funding has largely supported a small number of high value PBI projects, but wider ri activity (both direct and through partnerships) has sought to address these broader issues through an integrated delivery model.

Whilst this review specifically considers SE funded project activity, it should be considered within the context of ri's wider regeneration aspirations.

The primary focus of its physical interventions is the waterfront areas of Greenock and Port Glasgow, but its sphere of influence extends to the whole of Inverclyde. Activity is focused around seven priority areas, themed around three specific objectives, with a fourth wider objective:

- objective 1 – accelerating the pace of physical regeneration to provide regionally competitive locations for new businesses and homes:
 - area 1 – the Harbours/Cathcart Street project is designed to promote residential, marina, retail and business space development on the waterfront, and improve the physical connection with the town centre. Total cost is estimated at £68m with URC investment of £23m and target completion date of 2016
 - area 2 – Cartsburn/Cartsdyke comprises a mixed-use development proposal of residential and commercial space. Total development cost is estimated at £32m with £0.3m URC input, scheduled for completion in 2015
 - area 4 – James Watt Dock is a JV partnership development proposal between ri and Peel Holdings that will create a site with mixed residential, commercial, retail and leisure space. Total cost is estimated at £181m, with URC investment of £10m and target completion date of 2016
 - area 7 – Kelburn comprises industrial/commercial property development to attract business occupiers. Total cost is estimated at £5.7m with URC investment of £1.8m, scheduled for completion in 2015;
- objective 2 – facilitating economic restructuring:
 - area 3 – Riverside Business Park is an established business location with further development potential to upgrade existing and provide new office space. Total development costs are estimated at £18m with URC input of £8m and a completion date scheduled for 2016
 - area 5 – development investment in Greenock and Port Glasgow town centres to enhance the physical environment and shopping experience. Total cost is estimated at £6m with £5m provided by the URC and a target completion date of 2015;

- objective 3 – providing widespread access to the opportunities created:
 - area 6 – Riverview/Castlebank comprises residential development activity led by ri partner, River Clyde Homes. Total development cost is estimated at £30m with £1.4m URC contribution, the target completion date is 2016; and
- objective 4 – **integrating Inverclyde with the regional economy** covers delivery of wider partnership projects including cycling routes, car parking, infrastructure improvements and development of a Green Network.

In addition to these specific objectives and development areas, ri also works in partnership with local agencies and organisations to maximise social and community benefits associated with the regeneration of Inverclyde. This includes development of a construction opportunities database, promotion of the area for major events and working with a wide range of social, voluntary and charitable organisations.

2.2 Governance and Partnership Structures

ri is a joint initiative between Scottish Enterprise, Inverclyde Council (IC), Scottish Government (SG), Clydeport and the wider private and voluntary sector in Inverclyde.

As a formal company, ri has two member organisations – Scottish Enterprise and Inverclyde Council (IC) – who provide both financial and in-kind contributions (staff resource, strategic support, etc). Both SE and IC have formal Board positions. Additional financial and in-kind support is provided by Scottish Government, although it does not have formal membership status.

ri is managed by a Board of 15 Directors – the two members of the company each have three Directors with two further public sector members drawn from James Watt College and the Scottish Government. Other Board Members are drawn from the private, community and voluntary sectors and include the Community Planning Partnership and Chamber of Commerce. The Board governs the strategic direction, coordination, implementation and further development of the regeneration plans for ri.

ri has also developed wider partnership structures, in particular with local delivery partners – SE, IC, Clydeport and River Clyde Homes – and a range of private and voluntary sector partners.

PBI related projects are largely delivered through a property holding company – Riverside Inverclyde (Property Holdings) Ltd (RIPH). The objective of RIPH is to create new and improve existing facilities for business use, education, employment, training, housing, leisure and recreation, public amenity, and civic functions.

RIPH activities are governed by a Board of seven Directors, four from the ri parent company and three from the private sector. The specific activities of the company are to acquire property, undertake development, obtain planning permissions/consents, secure development funding, manage construction activities, secure occupiers, and manage completed developments.

2.3 Strategic Fit and Contribution

This section briefly outlines how the work of ri fits with and contributes to the Government Economic Strategy (GES), SE Business Plan and Inverclyde Local Plan. Overall, ri has a good level of fit with key local and national strategies and makes a good contribution toward their aims and objectives.

The **GES** has five strategic priorities, one of which is ‘Infrastructure, Development and Place’. One of the key strategic approaches identified in relation to this is *‘a planning and development regime which is joined up, and combines greater certainty and speed of decision making within a framework geared towards achieving good quality sustainable places and sustainable economic growth’*.

The activities of ri will contribute to this strategic objective as the business plan clearly articulates that ‘ri is about working with partners on multiple agendas to contribute to the absolute performance of Inverclyde’, and the work of ri focuses on developing land for sustainable economic purposes.

Equity is another of the five strategic priorities identified in the GES and one of the key strategic approaches in relation to this is *‘to promote economic growth’*. The work of ri will directly support and contribute to this priority as the business plan states the single strategic objective of ri is *‘to advance the economic growth through the exploitation of opportunity for the benefit of the business and residential community of Inverclyde’*.

One of the cross-cutting themes identified in the **SE Business Plan 2008-2011** is ‘sustainable economic growth’. The work of ri contributes to this as its principle remit is to develop 77 hectares of land for sustainable economic purposes which will create social benefits as well as jobs and GVA for the local economy.

The regeneration of Inverclyde has also been identified within the SE as an example of how Scotland's metropolitan regions are competing on the international stage.

One of the key actions contained within the **Inverclyde Local Plan** is the development of an Integrated Development Framework for 'Inverclyde Waterfront/A8 Corridor'. The work of ri will support and have a major influence in achieving this objective through its approach to regeneration which clearly states that *'the focus of their work will be on changing perceptions of the area and physical, place making redevelopment along the waterfront'*.

The summary of place making objectives in the Local Plan indicates that there must be a concern for *'Making Attractive Places'* with more attention given to the quality of business areas to assist the creation of a *'competitive place'*. The development of modern business space will support this place-making objective and enhance the overall competitiveness of the local area.

3. Project Description and Targets

3.1 Projects Completed 2007-2010

This section provides a brief description of the projects completed over the 2007 to 2010 period, that have physical and/or economic targets i.e. PBI project activity. Total SE funding contribution, split by individual project activity area is presented in **Table 3.1**.

Table 3.1 SE Contribution to URC Project Activity

	Pre 2007/08	2007/08	2008/09	2009/10	Total
Summary of claims		£k	£k	£k	
Riverside Business Park (site investigation, landscaping, office devt/ refurb and junction improvements) includes cafe and nursery?		528	2,137	774	£3,439
James Watt Dock (Contribution to setting up LLP)			1,007		£1,007
James Watt Dock Infrastructure Works *				700	£700
Cartsburn (Site Enabling Works - 1.44 ha)		342	111	154	£606
The Harbours/Cathcart Street (repairs to quay walls and feasibility of waterfront link)		123			£123
Greenock Town Centre (1,400sqm office)		102			£102
Works at Port Glasgow Town Hall (265 sqm conversion to office space for CMAL)		125			£125
Kelburn (3.03 ha site investigation and masterplanning)			119	3	£122
Communications and Marketing		144	152	32	£328
Development Infrastructure and Placemaking (planning consultants, feasibility studies)		80	107	162	£349
URC Annual Running Costs	174	200	200	200	£774
People and Business Intervention			9	85	£94
LLP Working Capital Loan			372		£372
Capital Acquisitions (Estates portfolio from IC)			1,821		£1,821
Total	174	1,644	6,036	2,110	£9,964

Note: Sums may not add due to rounding

* Projects not approved/completed but forecast for completion by Apr 2010 and therefore included in this evaluation report

It should be noted that not all projects outlined below received SE funding (e.g. cafe/nursery at Ladyburn), only those included in **Table 3.1** above were part-funded by SE. This section does, however, provide a full record of ri activity relating to physical property development and infrastructure works.

3.1.1 Riverside Business Park

RIBP is located on the outskirts of Greenock and in 2007 comprised the established Ladyburn Business Centre, former Janitors building and vacant development land.

Over the 2007-2010 SE funding period, five projects were approved at Riverside Business Park.

Pottery Street Junction Improvements

Activities	The provision of a signalised junction at Pottery Street.
Targets	<ul style="list-style-type: none"> • Create capacity for up to 8,361 sqm of modern office space • Support ri's aspirations to establish a first phase 2,415 sqm office pavilion

Project complete, but no relevant physical outputs or economic outcomes secured.

Refurbishment of Ladyburn Business Centre

Activities	A series of refurbishment works to improve Ladyburn Business Centre and the subsequent marketing of the building for social enterprise activity and affordable workspace for artists.
Targets	<ul style="list-style-type: none"> • 1,440 sqm office accommodation

Project complete, physical outputs and economic outcomes included in economic impact appraisal.

Speculative Office Development Phase 1

Activities	Development of office space forming the first phase of development at RBP
Targets	<ul style="list-style-type: none"> • 2,416 sqm of office space split into a variety of suite sizes ranging from 93 sqm to 465 sqm • Up to 142 (gross) new jobs • Total annual GVA for Inverclyde economy of up to £3,810,479 • 26 construction jobs (MYE) • Total construction GVA of £1,143,634

Project complete, physical outputs and economic outcomes included in economic impact appraisal.

Nursery Development

Activities	The development of a nursery to be run by a private sector operator
Targets	<ul style="list-style-type: none"> • Net jobs: 25 per annum • GVA: £210,000 per annum • Net salaries: £370,000 per annum • Additional childcare capacity for a minimum of 63 children aged between 2 months and 5 years old

Project due to complete by March 2010, physical outputs and economic outcomes included in economic impact appraisal.

Cafe/Restaurant

Activities	Development of a cafe in the former janitor's house at RBP which is currently used by the CVS
Targets	<ul style="list-style-type: none"> GVA for the cafe/restaurant: £200,000; £50,000 for the cafe phase1 and an additional £150,000 for the complete cafe/restaurant net employment: 10 jobs at the local level: 5 for the cafe phase 1 and 5 for the restaurant phase 2. Construction jobs: 10 gross; 5 for the cafe phase 1 and 5 for the restaurant phase 2

Cafe due to complete by March 2010, physical outputs and economic outcomes included in economic impact appraisal. Restaurant scheduled for 2010-2014 Business Plan period.

3.1.2 Cartsburn/Cartsdyke

The Cartsburn/Cartsdyke site is located on the edge of Greenock town centre. There had been considerable development on this site over the previous 15 years and in 2007 there was only one vacant development plot.

Over the 2007-2010, two PBI projects were approved.

Strategic Site Acquisition

Activities	Purchase of land to the northern side of Main Street in the Cartsburn district of Greenock
Targets	<ul style="list-style-type: none"> Acquisition of 1.44 ha (3.57 acres) of land 1,740 sqm office accommodation 36 residential units for the social sector Capacity for up to 102 (gross) new jobs

Site acquisition complete, but no physical outputs or economic outcomes secured. The project, as described will support the physical outcomes, but will not directly produce them, or the gross jobs. These will require additional project funding, scheduled over the next seven years.

Site Enabling Works

Activities	The provision of a new access road; pedestrian crossing across the A8, significant earthworks and demolition of the Turnberry Marketing Suite.
Targets	<ul style="list-style-type: none"> 1.44 ha gross (3.57 acres) of brownfield land remediated New access road Up to 1,740 sqm office accommodation 38 residential units for the social sector

Project complete, physical output (1.44 hectares of land remediated) claimed against targets, but no economic outcomes secured. The project, as described will support the physical outcomes, but will not directly produce them. These will require additional project funding, scheduled over the next seven years.

3.1.3 Kelburn

The Kelburn site lies to the east of Port Glasgow and is a key gateway site into the Inverclyde area. In 2007 the original site was fully developed, but potential to extent through acquisition of a Phase 1 site was identified.

Over the 2007-2010, one PBI project was approved.

Phase 1: Infrastructure and Site Preparation

Activities	To render the site as an attractive development proposition
Targets	<ul style="list-style-type: none"> • Prepare 3.09 hectares of a brownfield site for beneficial economic use • Potential for industrial floorspace of 11,000 sqm (based on use of the site for seven industrial units)

No physical project activity to date and therefore no physical outputs or economic outcomes secured. The project, as described will support the physical outcomes, but will not directly produce them. These will require additional project funding, scheduled over the next seven years.

3.1.4 Port Glasgow and Greenock Town Centres

The strategic importance of Port Glasgow and Greenock town centres is outlined in the ri Business Plan, but with a recognised need for investment to improve physical appearance and economic viability.

Over the 2007-2010 two PBI projects were approved.

Crown House Office Development, King Street, Greenock

Activities	Conversion of the former CO-OP building at King Street to provide office accommodation
Targets	<ul style="list-style-type: none"> • 1,400 sqm office accommodation • 124 gross on site FTE's supported • 12 temporary construction jobs • GVA office jobs £3,437,404 • GVA construction jobs £462,888

ri provided a financial contribution to a private sector developer who completed the project – physical outputs and economic outcomes included in impact appraisal.

Port Glasgow Town Hall

Activities	Refurbishment of building to provide office space for CMAL.
Targets	<ul style="list-style-type: none"> • 265 sqm converted to office space

Project complete, physical outputs and economic outcomes included in the impact appraisal.

3.1.5 James Watt Dock

In 2007 the James Watt Dock site comprised the derelict Sugar Warehouse sheds, operational port activity and ancillary industrial uses. There had been no recent major investment in the site.

Over the 2007-2010 period three projects were approved by ri.

Sugar Warehouse

Activities	Redevelopment of sugar sheds and wind and watertight works to secure the building for future development.
Targets	<ul style="list-style-type: none"> • 140 residential units • 4,180 sqm retail • 1,850 sqm business units • Construction: <ul style="list-style-type: none"> • 186 MYE construction jobs; £8,050,000 GVA • Development: <ul style="list-style-type: none"> • 156 net employees; £5,260,000 GVA

The physical restoration works to make the building wind and watertight are ongoing, but will not produce the physical outputs or economic outcomes identified – these will require additional project funding, scheduled for the 2010-14 funding period.

Replacement of 800 metres of wall fronting the A8

Activities	Replacement of the wall in front of James Watt Dock.
Targets	<ul style="list-style-type: none"> • 800m of wall reconstructed

Project complete but no relevant physical outputs or economic outcomes generated.

Proposed Limited Liability Partnership with Peel Northwest

Activities	Formation of a Limited Liability Partnership (LLP) between RiPH and Peel Northwest to take forward the development of the James Watt Dock site; investment of £11.45m in the LLP.
Targets	<ul style="list-style-type: none"> • 480m of enhanced waterfront • 13,526 sqm commercial space • 4,180 sqm retail • £10m of social housing (85 units) • 1,352 residential units • 400+ berth marina development • 1,700 jobs (including construction)

The LLP is now incorporated, but no physical outputs or economic outcomes will be generated from the investment – these will require additional project funding, scheduled over the next seven years.

One additional project is scheduled for approval and completion over the 2009/10 period – infrastructure works at James Watt Dock.

James Watt Dock – Infrastructure Works

Activities	Provision of road/utilities/services infrastructure at James Watt Dock to support future development.
Targets	<ul style="list-style-type: none"> • 1,266 m roads • 21.2 hectares land remediated

The project will be funded in the 2009/10 financial year and is scheduled for completion by March 2009. It will not generate any relevant physical outputs or economic outcomes, but will support the creation of these in the future, based on the need for additional funding support for individual project delivery.

3.1.6 The Harbours/Cathcart Street

The Harbours (East India and Victoria) are located on the waterfront at the bottom on Cathcart Street, just outwith the town centre. In 2007 there had been limited investment in the area.

Over the 2007-2010 period two projects were approved.

East India Harbour

Activities	Repairs to the north facing Quay Walls at East India Harbour
Targets	<ul style="list-style-type: none"> • 8 flats • 510 sqm of leisure space • 1,630 sqm of marina facilities • 212 marina berths

Project complete but no relevant physical outputs or economic outcomes generated. The project, as described will support the physical outcomes, but will not directly produce them. These will require additional project funding, scheduled over the next seven years

New Greenock Arts Centre and Theatre

Activities	Construction of a new Arts Centre and Theatre in Greenock to be used by the Arts Guild
Targets	<ul style="list-style-type: none"> • A main theatre with an auditorium seating up to 500 and retaining a fly tower • A studio theatre seating up to 150 • 229 sqm of rehearsal/rental space in 4 rooms • 300 sqm multi-use foyer/exhibition/performance space with capacity for 500 people, with café/bar facilities capable of providing drinks and pre-theatre and light meals for up to 60 covers

Project scheduled for completion by 2010 but no relevant physical outputs or economic outcomes will be generated.

3.2 Projects Proposed 2010-2014

Following a review of project activity and discussion with ri, a list of potential projects for delivery over the 2010-2014 funding period is presented below. This is based on current/forecast economic performance and market demand and will therefore be subject to considerable variation.

3.2.1 Riverside Business Park

Two projects are anticipated for completion over the 2010-2014 period:

- development of the 300 sqm restaurant facility; and
- development of around one-quarter of capacity to provide 930 sqm of office accommodation.

Future capacity for 2,800 sqm of office accommodation.

3.2.2 Carttsyke

Activity is likely to comprise development of part of the remediated 1.44 hectare site. The site has total capacity for 6,500 sqm of office accommodation, forecasts suggest that around one third of this capacity (2,150 sqm) will be developed over the 2010-2014 period.

Future capacity for 4,350 sqm of office accommodation.

3.2.3 Kelburn Business Park

The Phase 2 site at Kelburn is scheduled for development of small office and workshop units. There is total capacity for around 11,000 sqm of floorspace, with around one-third scheduled for completion over the 2010-2014 funding period:

- 920 sqm office units; and
- 2,750 sqm small workshop units.

Future capacity for 1,840 sqm offices and 5,500 sqm workshop floorspace.

3.2.4 James Watt Dock

The LLP for James Watt Dock is now incorporated and a significant proportion of the site is scheduled for development over the next five years. This will comprise a mixed use scheme of office, residential, retail, leisure and marina uses.

The total capacity for offices extends to 13,500 sqm, of which half (6,750 sqm) is forecast for completion over the 2010-2014 funding period.

3.2.5 Summary of Future Project Activity

Table 3.2 presents a summary of the projects outlined above.

Table 3.2: Sqm Business Space Proposed

	Total Potential (Sqm)	Forecast 2010-2014 (Sqm)	Proportion
Riverside Business Park			
Restaurant	300	300	100%
Offices	3,730	930	25%
Cartsdyke			
Offices	6,500	2,150	33%
Kelburn			
Offices	2,760	920	33%
Workshops	8,250	2,750	33%
James Watt Dock			
Offices	13,500	6,750	50%
Total	35,040	13,800	39%

4. Progress Toward Targets 2006-2009

This section of the report presents progress toward targets based on SE funded physical business infrastructure (PBI) investment activity over the 2006-2010 funding period. In line with SE requirements, economic outcomes are presented at the Scottish level and therefore may vary from those predicted in approval papers.

Targets for individual projects may not therefore accord with the ri approval papers due to spatial differences. Approval papers consider economic impacts at the Inverclyde level, whilst this report considers impacts at the Scottish level. Different factors will therefore be applicable in relation to displacement, leakage and multipliers.

4.1 Quantitative Impacts

The June 2007 ri Business Plan outlines physical outputs and economic outcomes over the ten year URC operating period, but does not provide separate targets on an annual basis or for the period under review (2007-10). The physical output targets are:

- provision of 77 hectares of development land for sustainable economic after-uses;
- 35,000 sqm of business space:
 - 1,000 sqm at the Harbours
 - 7,000 sqm at Cartsburn/Cartsdyke
 - 10,000 sqm at Riverside Business Park
 - 10,000 sqm at James Watt Dock
 - 7,000 sqm at Kelburn;
- 7,000 sqm of retail and leisure space;
- 22,500 sqm of education and training space;
- 2,285 housing units; and
- 500 marina berths.

These physical outputs are estimated to generate the following economic outcomes:

- 2,600 gross FTEs, of which 2,453 are generated from PBI activity:
 - 185 from the office development at the Harbours
 - 467 from the office development at Cartsburn/Cartsdyke
 - 667 from the office development at Riverside Business Park
 - 667 from the office development at James Watt Dock
 - 467 from the office/workspace development at Kelburn;
- accommodation for 4,570 residents;
- annual GVA of £90m, of which £85m is generated from PBI activity:
 - £6.4m from the Harbours
 - £16.1m from Cartsburn/Cartsdyke
 - £23m from Riverside Business Park
 - £23m from James Watt Dock
 - £16.1m from Kelburn; and
- 110 FTE construction jobs.

As an economic development agency, SE intervention is limited to investment in physical infrastructure that supports business growth and diversification i.e. PBI activities. **Table 4.1** below summarises the physical output and economic outcome targets that were originally attributed to specific PBI activity areas.

Table 4.1 Output and Outcome Targets

	Sqm Business Space	Hectares Development Land	Gross Jobs	Gross Annual GVA
Harbours/Cathcart St	1,000	15	185	£6.4m
Cartsdyke/Cartsburn	7,000	5	467	£16.1m
Riverside Business Park	10,000	6	667	£23.0m
James Watt Dock	10,000	19	667	£23.0m
Kelburn	7,000	3	467	£16.1m
The Town Centres	-	-	-	-
Total	35,000	48	2,453	£84.6m

4.2 Physical Impacts

Our review of SE contribution toward PBI project development activity undertaken by ri is presented in **Table 4.2**.

Table 4.2: ri Project Activity Areas (to March 2010)

Project Activity Areas	Total Cost	SE Contribution	% SE Contribution
The Harbours	£0.36m	£0.12m	35%
Cartsburn/Cartsdyke	£1.53m	£0.61m	40%
Riverside Business Park	£7.89m	£3.44m	44%
James Watt Dock	£5.00m	£1.71m	34%
Kelburn	£1.78m	£0.12m	7%
The Town Centres ²	£2.48m	£0.23m	9%
Total	£19.05	£6.22m	33%

Table 4.2 shows that SE contributed 33% of total ri activity against PBI projects, amounting to some £6.22m against total costs of £19m. Excluding the Greenock town centre office development (private sector project) the total SE contribution toward ri activity increases to 36%.

Total SE contribution toward ri over the Jan 2007 – March 2010 period is estimated at £9.96m. In addition to the £6.22m invested in PBI project development activity, SE provided additional funds to cover:

- £0.17m toward pre-start operational costs (2006/07 financial year);
- £0.6m toward operational costs (2007-2010)
- £1.8m toward the cost of acquiring strategic portfolio sites from Inverclyde Council; and
- £0.77 toward communications and marketing, development infrastructure, and placemaking; and
- £0.4m working capital loan funds for the James Watt Dock LLP.

Based on the project activity areas presented in **Table 4.1** above, **Table 4.3** extracts the physical impacts associated with individual project activities and approval papers. This is based on consultation from July 2009 with SE and ri.

² One of the two TC office developments (King Street, Greenock) was a private sector development, to which ri made a financial contribution of £0.2m. The SE cost is presented against total project costs, and not against total ri contribution.

Table 4.3: Physical Impacts

	Project Target	Achieved by Mar 2010	% of Target Achieved
Riverside Business Park			
	1,440 sqm	1,440 sqm	100%
Ladyburn Business Centre Refurb	0.7 hectares	0.7 hectares	100%
Spec Office Development	2,400 sqm	2,400 sqm	100%
Cafe *	60 sqm	60 sqm	100%
Nursery *	370 sqm	370 sqm	100%
James Watt Dock			
Sugar Warehouse Wind/Watertight	-	-	-
Quay Walls	-	-	-
LLP	-	-	-
Cartsburn			
Site Acquisition and Enabling Works	1.44 hectares	1.44 hectares	100%
The Harbours			
Quay Walls	-	-	-
Contribution to Arts Guild Design	-	-	-
The Town Centres			
Crown House, Greenock	1,400 sqm	1,400 sqm	100%
Port Glasgow Town Hall	265 sqm	265 sqm	100%
Kelburn			
Site Investigation and Remediation	-	-	-
	5,935 sqm	5,935 sqm	100%
Total	2.14 hectares	2.14 hectares	100%

* Projects ongoing, scheduled for completion Spring 2010

It should be noted that the past investment in some projects, whilst ultimately supporting future PBI outputs and outcomes, has not delivered physical impacts e.g. James Watt Dock (Sugar Warehouse wind and watertight works, quay walls and establishment of the LLP).

4.3 Economic Outcomes

This section considers the economic impacts estimated to be generated for the Scottish economy based on completion of the PBI funded projects outlined in **Table 4.2** above. It should be noted that this assessment is based on completion of projects as specified by ri project managers and assumptions on occupancy. More robust economic impact appraisal will be possible in the future once projects are complete and partially/fully occupied.

We have estimated the economic impacts likely to be generated within the current funding period (2007-2010) and also reported the progress towards overall project targets.

Further, as a number of projects will not be fully complete within the funding period, and full impacts are likely to take longer to be generated – due to the time lag between physical completion and fully occupancy i.e. letting voids – the appraisal includes a further five year period (2010-2015) beyond the current SE funding approval period to fully capture the economic impacts of the projects.

The gross impacts have been estimated using English Partnership employment densities guidance³ and based on floorspace details provided by Scottish Enterprise and ri.

It is important that the gross employment impacts are analysed to take account of leakage, displacement and multiplier effects – these factors need to be taken into account to estimate the net, or actual, impact that the development proposal could have on the Scottish economy.

This appraisal has been conducted based on HM Treasury Green Book guidance, using the Scottish Enterprise Additionality Calculator. For ease of reference we have outlined the detailed method by which we have undertaken our appraisal, including a review of the gross to net impact analysis (deadweight, leakage, displacement, substitution and multipliers) at **Appendix B**.

All impacts have been rounded in the report to allow for an element of sensitivity and avoid “spurious accuracy” as highlighted within the Green Book.

Factors for GVA and salaries are taken from the latest available data source (ABI 2005), up rated to 2009 and also to account for employment impacts in terms of Full Time Equivalent jobs (FTEs).

Based on occupancy assumptions for the completed and ongoing PBI development projects, we have estimated the economic impacts that could be generated.

Table 4.4 presents the estimated economic impacts likely to be achieved within the current funding period for all PBI activity. As discussed above, the assessment has also extended this to three, four and five years after the current SE funding period.

³ Employment Densities: A Full Guide, English Partnerships and the Regional Development Agencies, July 2001.

Table 4.4: Economic Outcomes

All Operational PBI Impacts	2009/10	2012/13	2013/14	2014/15
Gross Jobs	190	280	280	300
Net Jobs	30	70	70	80
Net Additional GVA (per annum)	£1.66m	£2.82m	£2.82m	£3.12m
Net Additional Salaries (per annum)	£1.00m	£2.11m	£2.11m	£2.29m

Note: Jobs rounded to nearest 10; Impacts are total and not cumulative

As outlined in **Table 4.2**, SE has incurred PBI construction project spend of £6.22m. Based on these costs, it is estimated that SE will have supported one-off construction employment⁴ of 50 gross MYEs, 30 net MYEs at the Scottish level over the period 2007/08 – 2010/11.

These are one-off construction jobs occurring only over the period of construction development activity and relate to the wider PBI construction activity – site remediation, building restoration, consultancy fees, etc).

4.4 Progress Toward Targets

This section compares the overall targets for ri with the estimated outcomes generated by the PBI projects outlined above. This is presented for the end of the current SE funding period, but is also extended for a further five year period, to allow for letting voids on project completion and generation of full economic impacts.

Table 4.5 reports the total cumulative results for completed PBI projects against overall targets for PBI activity as outlined in **Table 4.1** above.

⁴ Construction employment is measured in Man Year Equivalent (MYEs) – derived from the average output per employee in the construction industry in Scotland. This method allows the number of people on site over the whole construction period (varying between full-time, part-time, permanent, temporary and seasonal) to be estimated as an annual equivalent post – MYE. The number of full-time equivalent jobs (FTEs) that the development will create can then be calculated assuming that 10 MYEs are equivalent to 1 FTE job.

Table 4.5: Progress Toward Overall ri Targets (June 2007 Business Plan)

	Business Space (Sqm)	Hectares of Development Land	Gross Jobs	(Gross) FTE Construction Jobs ⁵	(Gross) Annual GVA ⁶
Business Plan Target	35,000	48	2,453	110	£86.4m
By April 2010					
Total	5,935	2.14	190	5	£9.2m
Proportion	17%	4%	8%	4%	11%
By April 2015 (Y+5)					
Total	5,935	2.14	300	5	£14.4m
Proportion	17%	4%	12%	4%	17%

Note: Proportions may not equate due to rounding. All values rounded – sqm to nearest 10, hectares to nearest 0.1, gross jobs to nearest 10, construction jobs to nearest 5, GVA to nearest £0.1m.

Table 4.5 shows that five years after completion of its current funding period, SE investment in PBI project activity is estimated to contribute to 17% of the overall business space target, 12% of the gross jobs target and 17% of the GVA target. It is important to note that this estimated contribution reflects the overall URC 10 year targets for PBI activity.

ri has recently released its 2009 Annual Report which presents progress over the past operating year, together with cumulative impacts over the past three years. This takes a broader view of outputs and outcomes than this evaluation report and reports the following progress:

- 7.14 hectares of land developed/improved;
- 5,565 sqm of business space created;
- 121 housing units provided;
- 94 FTE jobs created;
- accommodation for 290 residents created;
- 17 FTE construction jobs created;
- 10 businesses assisted;
- 5 SIMD residents employed; and
- 70 new residents attracted.

⁵ Note: Construction jobs are measured against total investment by URC and not specifically for PBI activity as no comparable data was available.

⁶ The Business Plan does not state whether GVA targets are gross or net, but based on Gross job targets, GVA is also assumed to be a gross target.

4.5 Discounted Benefit Flow

Our review of economic impacts, as presented above, shows that the projects generate economic benefits that deliver additional value to the local area. It is important that these are quantified and considered as part of the wider economic appraisal. The benefits reported below i.e. GVA generated per annum are based on the SE contribution to the project.

The economic benefits (i.e. net additional GVA generated as a direct result of the projects) are presented over a Discounted Benefit Flow (DBF) period. Applying the standard HM Treasury discount rate of 3.5%, **Table 4.6** reports the GVA generated per annum and shows that after five years, the estimated benefit return is £9m cumulative.

Table 4.6: Discounted Benefit Flow

	GVA Per annum	GVA Cumulative
Benefit flow NPV@3.5% at April 2010	£1.2m	£3.0m
Benefit flow NPV@3.5% at April 2013	£1.3m	£6.3m
Benefit flow NPV@3.5% at April 2014	£1.3m	£7.6m
Benefit flow NPV@3.5% at April 2015	£1.4m	£9.0m

4.6 Cost Benefit Analysis

Considering the financial costs and quantified economic benefits, a discounted cost benefit flow was completed for the identified PBI projects. The first column shows a snapshot in time of the cost-benefit flow but takes no account of the significant up-front cost to SE (over Jan 07 – Mar 10 period), this is however, covered in the cumulative impact column.

Applying the 3.5% discount level, **Table 4.7** shows that after five years, the cumulative cost-benefit flow is -£10.1m. This is due to the £19m costs incurred over the past three years which will be offset by the GVA benefits that will continue to accrue beyond this initial 5 year post-completion appraisal period⁷.

⁷ Please note that the benefits of the project are based on the SE contribution and set against the total costs of the project. This ensures a conservative approach and does not overestimate the impacts or outline unrealistic progress towards targets and achievements.

Table 4.7: Discounted Cost-Benefit Flow

	Per annum	Cumulative
Benefit flow NPV@3.5% after current funding period	-£1.0m	-£16.0m
Benefit flow NPV@3.5% after 3 years	£1.3m	-£12.8m
Benefit flow NPV@3.5% after 4 years	£1.3m	-£11.5m
Benefit flow NPV@3.5% after 5 years	£1.4m	-£10.1m

4.7 Value for Money

It is too early to assess the value for money of ri's PBI project activity as much of it has only recently, or is in the immediate process of, completing. The potential for economic benefits (in the form of GVA) will need some time to be realised.

The other key concern about assessing value for money against the outputs and outcomes presented above is that they take no account of the wider ri activity in terms of people and skills, place-making and community capacity building. These are key areas of interest for ri.

4.8 Qualitative Impacts and Benefits

In addition to the quantifiable impacts and benefits generated through ri project activity, a range of qualitative benefits have been created that will specifically support the long-term regeneration of Inverclyde.

The main qualitative benefit relates to the place-making activities of ri, particularly the high profile and highly visible developments along the A8 corridor i.e. James Watt Dock and Riverside Business Park. These will have had a double impact in terms of removing areas of blight and neglected/derelict land and buildings, but will also have generated an element of confidence amongst local residents and businesses.

The second key qualitative impact relates to the catalytic effect that physical regeneration can have on surrounding sites by way of encouraging new investment in property development and upgrade. It will also improve the desirability (either for sale or lease) of adjacent property, thereby attracting more business activity into the area.

5. Estimated Targets 2010-2014

This chapter presents a review of the physical outputs and economic outcomes that are estimated to be generated by ri over the next SE funding period – April 2009 to March 2013. It is based on discussion with ri about potential project activity, but in practice will be subject to considerable variation based on economic circumstances and local demand.

Based on the projects forecast for delivery over the 2010-2014 period, as presented at Section 3.2 above, the physical outputs and economic outcomes will comprise:

- Riverside Business Park:
 - completion of 930 sqm offices and 300 sqm restaurant
 - development of 0.1 hectare site
 - 60 gross jobs generating £2.7m GVA per annum
 - 20 net jobs generating £1m GVA per annum
- Cartsydyke:
 - completion of 2,150 sqm offices
 - (development of 0.4 hectare site, but not included in target as already claimed in 2007-2010 period for remediation)
 - 110 gross jobs generating £5.5m GVA per annum
 - 60 net jobs generating £3.2m GVA per annum
- Kelburn Business Park:
 - completion of 920 sqm office and 2,750 sqm industrial
 - development of 0.7 hectare site
 - 130 gross jobs generating £6.1m GVA per annum
 - 40 net jobs generating £2.1m GVA per annum
- James Watt Dock:
 - completion of 6,750 sqm offices
 - development of 1.4 hectare site
 - 350 gross jobs generating £17.3m GVA per annum
 - 130 net jobs generating £6.2m GVA per annum

Based on total estimated construction costs of £13m, generate 100 MYE construction posts, equating to 10 FTEs. These developments will generate one-off construction GVA of £5.4m.

It is important to note that these outputs and outcomes represent total impacts and are not specifically attributable to the SE investment contribution. It is also important to note that new development projects will arise over the next few years that may be additional to, or possibly replace, the activity described above.

Taking account of the projects completed in the 2007-2010 period and activity forecast in the 2010-2014 period, **Table 5.1** presents the total contribution that could be generated to overall URC targets.

Table 5.1: 2007-2014 Project Activity and Contribution to URC Targets

	Business Space (Sqm)	Hectares of Development Land	Gross Jobs	(Gross) FTE Construction Jobs ⁸	(Gross) Annual GVA ⁹
PBI Targets	35,000	48	2,453	110	£84.6m
2007-2010 PBI Projects By April 2015 (BP +5)					
Total	5,935	2.14	300	5	£14.4m
Proportion	17%	4%	12%	4%	17%
2010-2014 PBI Projects	13,500	2.3	650	10	
Total Outputs/Outcomes Contribution to URC Targets	19,435 56%	4.44 9%	950 39%	15 14%	31.6 37%
			Net Jobs	Net Construction Jobs	Net Annual GVA
Net Outputs Outcomes BP+5					
2007-2010 BP Projects (2015)	-	-	80	3	£3.1m
2010-2014 BP Projects	-	-	260	6	£12.5m

⁸ Note: Construction jobs are measured against total investment by URC and not specifically for PBI activity as no comparable data was available.

⁹ The Business Plan does not state whether GVA targets are gross or net, but based on Gross job targets, GVA is also assumed to be a gross target.

6. Conclusions and Recommendations

This chapter pulls together the study analysis and presents our final study conclusions before identifying key recommendations relating to future project delivery and target setting.

6.1 Final Study Conclusions

This section of the report presents our final conclusions, set against the objectives as outlined in the study brief.

The specific objectives of the evaluation were to:

- assess performance outputs and outcomes – both generally for URC performance against Business Plan, and specific to SE-funded projects;
- assess outputs against targets, for example area of land developed, including work-in-progress;
- report on the project performance against budget and timescale goals; and
- conduct an economic appraisal to estimate the forward-looking economic outcomes that would be likely to arise – this should include quantitative and qualitative benefits including net additional GVA, gross and net employment and value for money to SE, annualised at year 4.

Key questions to be answered are:

- what outputs and outcomes have been achieved to date in terms of land, employment and GVA?
- Over the January 2007 – March 2010 period some 5,935 sqm of business space has been/will be created by ri, delivered in part with SE funding. This equates to 17% of overall URC business space targets. Table 4.5 shows that by April 2010 completed developments will have secured the following outputs and outcomes:
 - 2.14 hectares of land remediated, 4% of total URC targets
 - 190 gross jobs created, equating to 8% of total URC targets
 - 5 construction FTEs created, equating to 4% of URC targets
 - £9.2m annual GVA created, equating to 11% of URC targets
- have the URC and SE-funded projects met their expected outputs?

- No specific targets are identified separately for the total SE contribution as an attributable portion of the total URC project targets. It is not therefore possible to identify whether the SE contribution has met its target.
- **Table 4.3** identifies physical outputs in relation to overall URC project activity in PBI set against individual project approvals. This shows that developments have secured 100% of all physical output targets set within relevant approval papers. There is, however, an issue relating to target setting of outputs and outcomes in some approval papers where these cannot be generated through the proposed development activity described in the paper (see Recommendation 6).
 - Excluding the contribution to strategic site acquisitions (£1.8m) and working capital loan for the LLP, SE has incurred a further £0.9m project spend on non-PBI related activity. This includes contribution toward communications and marketing (£0.33m), infrastructure and placemaking (£0.35m), URC annual running costs (£0.77m) and people and business interventions (£0.1m). These projects do not have any direct PBI outputs and outcomes.
- are economic outcomes likely to be met looking to the near future?
- **Table 4.5** presents a review of economic outcomes for March 2010, representing the evaluation date and the end of the current SE funding period. This table also provides a review for year 5 after the current funding period (2015) and identifies the economic outcomes that could be generated by these dates through the developments completed between 2007-2010.
- The table considers the longer term contribution that these projects could make to overall URC targets, and shows that by 2015 (BP+5), projects could generate the following economic outcomes:
 - 300 gross jobs, equating to 12% of overall URC targets
 - £14.4m annual GVA equating to 17% of overall URC targets
- **Table 5.1** considers the combined impact that SE investment in PBI project activity could have based on the projects completed and ongoing over the 2007-2010 period and the forecast activity for the 2010-2014 period.

- **Table 5.1** shows that the projects supported by SE funding (over the 2007-2014 period) could generate the following economic outcomes:
 - 950 gross jobs, equating to 39% of overall URC targets
 - 15 construction jobs, equating to 14% of overall URC targets
 - £32m annual GVA, equating to 37% of overall URC targets
- Given that PBI activity makes up only part of overall URC activity, and that additional economic outcomes will be generated through wider project activity (including leisure, residential, place-making, etc) it is clear that PBI activity is making a significant contribution toward two of the three relevant economic outcomes – gross jobs and GVA.
- There is, however, some concern that with recent and forecast economic conditions it may become difficult to achieve the economic outputs that were forecast in 2007, at a more optimistic economic time. It would therefore be appropriate for ri to reconsider the target physical outputs and economic outcomes (see Recommendation 1).
- were the physical works completed within budget, in accordance with the approved specification and on time?
- A detailed review of project activity is outwith the scope and scale of study resources, but based on an outline review of URC funded activity and taking account of feedback provided by stakeholder partners, no issues were identified. We would therefore conclude that projects are likely to have been completed within budget, to specification and on time.
- Feedback from consultees (including Board Representatives) confirms that the URC is run effectively and efficiently with high quality and experienced staff, good governance procedures and the use of external professional project monitoring services where appropriate.
- In response to queries for this evaluation ri staff provided prompt and relevant data relating to the financial spend and physical outputs generated by project activity.

Overall, SE funded PBI activity has been a vital element in the physical and economic regeneration of Inverclyde and has formed a key activity for the URC. Consultation with key stakeholders has confirmed good overall support for the URC from partners and stakeholders.

Feedback from consultations has revealed that ri is perceived to have a strong and experienced delivery team, with good strategic fit and rationale for intervention.

Consultees felt that ri has developed strong partnerships with key partners (both local and national) and that it is taking the lead in delivering regeneration projects for Inverclyde (with little or no duplication).

Consultees unanimously reported that ri activity has been wholly, or largely, additional to what would have happened in its absence. Some consultees felt that in the absence of ri the key partners (SE and IC) would have continued to deliver some regeneration project activity, but that it would have been significantly restricted due to limited project funding.

The main benefit identified by consultees is that ri provides a dedicated, enthusiastic and experienced team focused on the physical, social, economic and community regeneration of Inverclyde.

6.2 Key Recommendations for Future Activity

While no major issues were identified through our review in relation to ri project activity, management, partnerships or communications, a small number of minor recommendations are apparent:

1. given the recent economic changes and current performance, it would be appropriate for ri to consider the potential to meet the physical output and economic outcome targets, which were set in more optimistic economic times. The letting profile of some key business space developments (particularly Riverside Business Park) may have longer void periods than originally envisaged and it may be more difficult to attract private sector investors than originally envisaged;
2. whilst this review provides an outline evaluation of PBI project activity, it would be appropriate to build on this work in the future through a full and formal interim programme evaluation. This should consider the wide range of activities undertaken by the URC and will provide valuable lessons for future project activity. We understand that this is likely to occur around January 2011;
3. an improved internal project management system (Monitoring and Evaluation Framework) for ri would provide a clearer method of monitoring project activity and measuring progress toward physical outputs and economic outcomes. This does not need to be a complicated or bespoke designed IT solution but could take the form of a basic Excel model that links physical outputs with economic outcomes. Completing this element of work now will support future evaluation activity – this report reviews progress for PBI funded activity, but does not consider wider URC project activity;

4. it has not been possible to reconcile overall URC targets for physical outputs and economic outcomes within the current Business Plan period or specifically for SE funded PBI activity. Clarity around the apportioned share of targets for each Business Plan period would assist in the monitoring of URC activity to ensure it delivery on track to meet targets (as revised);
5. through discussion with the URC and key stakeholder partners, it was identified that ri could become involved in the future management and delivery of a range of projects that were not envisaged in the original Investment Framework e.g. Gourock Waterfront. Whilst it is not unusual for activity to extend outwith the original remit, there is a need for strategic Board discussion to confirm the rationale for ri involvement, and the specific role that it should have; and
6. review ri funding approval papers to include:
 - proportionate contribution from each individual funding partner – whilst this is provided for some papers, it is not universally identified
 - clear allocation of physical outputs and economic outcomes that are directly related to the specific activity being funded. A number of papers that we reviewed attributed outputs and outcomes that could not be achieved with the project as described, for example the Kelburn Phase 1 Infrastructure and Site Remediation Works paper, the Cartsburn Site Acquisition and Enabling Works papers, and the James Watt Dock Sugar Warehouse and LLP papers. These papers all cover requests for physical upgrade, acquisition and/or infrastructure works but do not include any element of physical business space development. It is therefore appropriate to claim hectares of land remediated but the papers also claim gross operational jobs and GVA based on future development of floorspace. It is clear that the projects can not generate these physical outputs and should not therefore claim the consequent economic outcomes.

It is important to note that this evaluation is based on an outline review of the PBI element of ri activity, and does not constitute in-depth analysis. A more detailed review of all ri project activity is required to confirm the conclusions and recommendations presented above.

Appendices

Appendix A: Project Approvals, 2007-2009

Appendix B: Economic Impact Appraisal

Appendix C: List of Consultees and Questionnaire

Appendix A: Projects Approvals 2007-2009

Cartsburn and Cartsdyke Strategic Site Acquisition

Project Description	The Jan 07 ri Business Plan sets out 7 key areas for priority investment. Acquisition of the site at Cartsburn will contribute to Priority Area 2: Cartsburn/Cartsdyke. Acquisition will allow ri to deliver projects that address the key objective of capitalising on opportunities to improve the economic performance of some of Scotland's most disadvantaged communities.
Date	Dec 2007
Total Cost	£1,488,000
Physical outputs	<ul style="list-style-type: none"> • 1.44 ha gross (3.57 acres) of brownfield land remediated • 1,740 sqm of high quality office accommodation • 36 residential units for the social sector
Economic Outputs	<ul style="list-style-type: none"> • capacity for up to 102 (gross) new jobs

Cartsburn and Cartsdyke Site Enabling Works

Project Description	Programme of site enabling works including: provision of new access road; new pedestrian crossing across the A8, significant earthworks (including removal of over 20,000m ³ of soil, much of which is contaminated) and the demolition of the Turnberry marketing suite.
Date	Sept 2008
Total Cost	£927,000 (excl VAT)
Physical outputs	<p>If Cigna project is secured for the site, it will be capable of accommodating up to 6,500 sqm of office accommodation. If Cigna choose to locate in another site, the site enabling works will contribute to the following outputs:</p> <ul style="list-style-type: none"> • 1.44 ha gross (3.57 acres) of brownfield land remediated • up to 1,740 sqm of high quality office accommodation • 38 residential units for the social sector
Economic Outputs	<p>If Cigna project is secured, the development would support the retention of 465 good quality jobs within Inverclyde with the possible creation of a further 90 jobs. If Cigna chose to relocate to another site, then the site enabling works would contribute to: capacity for up to 102 (gross) new jobs</p>

Pottery Street Junction Improvements

Project Description	The Pottery St/A8 junction forms the only entrance for traffic accessing RBP south. The junction limits development: no appropriate lane structure or traffic lights. Junction unable to cope with increased traffic demands without generating congestion/compromising safety. Project involves provision of a signalised junction which is crucial in advancing the development of the RBP site.
Date	Sept 2008
Total Cost	£340,000 (excl VAT)

Physical outputs	<ul style="list-style-type: none"> • up to 8,360 sqm of modern office space will be developable • support ri's aspirations to establish Ph1 2,415 sqm office pavilion
Economic Outputs	none

Refurbishment of Ladyburn Business Centre

Project Description	Project involves a series of refurbishment works to improve Ladyburn Business Centre and the subsequent marketing of the building for social enterprise activity as well as affordable workspace for artists.
Date	Sept 2008
Total Cost	£720,000 (excl VAT)
Physical outputs	<ul style="list-style-type: none"> • three quarters of the total lettable area (1,440 sqm) will be retained as good quality but affordable office accommodation
Economic Outputs	<ul style="list-style-type: none"> • capacity for up to 200 FTEs

Speculative Office Development Phase 1

Project Description	Project involves provision of 2,416 sqm. of modern office space. The building will provide a variety of flexible suite sizes to accommodate a range of requirements from 93 sqm to 465 sqm.
Date	Oct 2007
Total Cost	£5,536,000 (excl VAT)
Physical outputs	<ul style="list-style-type: none"> • 2,416 sqm. of high quality office accommodation • bring 0.7 hectare brownfield site back into beneficial economic use
Economic Outputs	<ul style="list-style-type: none"> • assist in the creation of 26 construction jobs (Man Year Equivalents, for phase 1 only) • provide capacity for up to 142 new jobs (gross, for phase 1 only) • total annual GVA for the Inverclyde economy of up to £3,810,479 • total construction GVA of £1,143,634

Nursery Development

Project Description	Development of a nursery to be run by a private nursery company. The nursery will initially provide space for 63 children with capacity to be extended further in the future.
Date	May 2009
Total Cost	£608,000 (excl VAT)
Physical outputs	<ul style="list-style-type: none"> • facilitate the further development of RBP in a manner that is consistent with the high standards of architecture already established by ri • provide wider support services for other local businesses within RBP and the wider Inverclyde area • provide ri with a valuable rental income that can be re-invested in future ri activity
Economic Outputs	<ul style="list-style-type: none"> • net jobs: 25 per annum • GVA: £210,000 per annum • net salaries: £370,000 per annum

	<ul style="list-style-type: none"> • additional childcare capacity for a minimum of 63 children aged between 2 months and 5 years old
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New cafe/restaurant

Project Description	The cafe/restaurant will be located in the former janitor's house at RBP which is currently used by the CVS, who will relocate to the adjacent Ladyburn Business Centre and potentially help manage the centre for social enterprise. The project can be carried out in two phases. Phase 1 is the development of the cafe which will host a sitting in and take away facility/sandwich bar. The second phase of the development includes a full restaurant facility, wi-fi eating/working area which could also be used for formal functions.
Date	May 2009
Total Cost	£1,031,294
Physical Outputs	<ul style="list-style-type: none"> • improve the overall competitive location of RBP as an attractive business location to new occupiers • enhance profile of the business park • redevelop a highly visible site
Economic Outputs	GVA for the cafe/restaurant: £200,000; £50,000 for the cafe phase 1 and an additional £150,000 for the complete cafe/restaurant net employment: 10 jobs at the local level: 5 for the cafe phase 1 and 5 for the restaurant phase 2. Construction jobs: 10 gross; 5 for the cafe phase 1 and 5 for the restaurant phase 2

Riverside Business Park and Priority Area 7: Kelburn Strategic Site Acquisitions

Project Description	The acquisition of 6 key regeneration sites. Five of the sites are owned by Inverclyde Council and one site is owned by Scottish Enterprise Renfrewshire.
Date	Oct 2007
Total Cost	n/a
Physical outputs (first phase only)	<ul style="list-style-type: none"> • 2,416 sqm of high quality office accommodation • 40,000 sqm of production space
Economic Outputs (first phase only)	<ul style="list-style-type: none"> • up to 184 (gross) new jobs • total annual GVA for the Inverclyde economy of up to £8,550,476 • 56 construction jobs (Man Year Equivalent) • total construction GVA of £2,463,634

Strategic Site Acquisitions

Project Description	Acquisition of 4 key regeneration sites at Lynedoch Industrial Estate, Drumfrochar Industrial Estate, Victoria House and Pottery St North.
Date	Dec 2008
Total Cost	£4,386,357(exc VAT)
Physical outputs	<ul style="list-style-type: none"> • 10,000 sqm of commercial space
Economic Outputs	<ul style="list-style-type: none"> • 174 net jobs

	<ul style="list-style-type: none"> • £5,950,289 of GVA per annum • 12 MYE construction jobs • net additional 42 jobs locally.
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Kelburn Phase 1: Infrastructure and Site Remediation

Project Description	Aulds urgently needs a new location and the preferred option is to build a bespoke production facility at Kelburn Business Park and remain within Inverclyde. However, Kelburn Business Park suffers from contamination and in addition, the presence of reclaimed ground along with a culverted burn presents a combination of environmental challenges that must be overcome to ensure the successful development of the site. By constructing an additional access road, ri will be able to harness the momentum of the Aulds development and open up the remainder of the site for complementary development, considering possible food park uses or relocations from the waterfront area.
Date	Oct 2007
Total Cost	£1,080,000 (excl VAT)
Physical outputs	<ul style="list-style-type: none"> • 3,250-3,700 sqm of indigenous company expansion; • remediate 2.02 hectares of a brownfield for economic use
Economic Outputs	<ul style="list-style-type: none"> • generate 36 Construction MYEs (30 in construction of building, 6 in remediation of site) • assist in the retention of 114 jobs (FTEs)(net) • generate £4.7m net additional GVA per annum • support the creation of 5 new jobs

Kelburn Phase 1: Infrastructure and Site Preparation

Project Description	The purpose of proposed project is to render the site as an attractive development proposition to either speculative developers or to the owner-occupier sector of businesses seeking to invest their pension funds in bricks and mortar. These investors require level serviced development plots free from development constraints.
Date	Sept 2008
Total Cost	£1.781m
Physical outputs	<ul style="list-style-type: none"> • prepare 3.09 hectare brownfield site for beneficial economic use • 11,500 sqm floorspace (based on use of site for 7 industrial units)
Economic Outputs	<ul style="list-style-type: none"> • the development proposed for the site has a gross FTE employment potential of between 325 and 345 jobs when completed • net additional FTE employment of the fully occupied site is most likely to be within a range of 130-192 jobs • gross annual GVA generated from the fully occupied site will be in the range £12M - £13M • net additional annual GVA generated from the fully occupied site is likely to be in the range £5M - £7M • based on a cost to Riverside Inverclyde of £1.781m, the likely policy

	cost will be within the range £9,276 - £13,700/net additional FTE job. The best-case cost (222 jobs) would be £8,022/net additional FTE job and in the worst-case (99 jobs) would be £18,000
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Greenock Town Centre Crown House Office Development, King Street, Greenock

Project Description	Baronial Properties propose to convert the CoOp building at King St to provide office accommodation in Greenock town centre. Exterior of the building will be re clad, providing a high quality building. All windows will be replaced, with the side wall facing onto King Street comprising an entirely glass and modern frontage. An upgrading of the existing service yard will be undertaken to provide dedicated car parking. The car parking provision will be limited to 7 spaces.
Date	June 2007
Total Cost	£200,000 (no VAT applicable)
Physical outputs	<ul style="list-style-type: none"> • floor space: 1,400 sqm office accommodation
Economic Outputs	<ul style="list-style-type: none"> • gross on site FTE's supported: 124 jobs • RI cost per FTE: £1,61 • temporary construction jobs: 12 • GVA office jobs: £3,437,404 • GVA construction jobs: £462,888

Greenock Parking and Access Strategy

Project Description	The study objectives are to review current parking policy/provision, identify improvements to enhance town centre operational efficiency and address quality of place and sustainable transport requirements to generate positive economic, place building and user benefits.
Date	Sept 2006
Total Cost	up to £50,000 (net of VAT)
Physical outputs	none
Economic Outputs	none

Sugar Warehouse

Project Description	Redevelopment of Sugar Warehouse: undertaking a series of works to render the building at James Watt Dock wind and watertight in order to ensure its' full development can be achieved in the next few years.
Date	Oct 2007
Total Cost	£1.85m
Physical outputs	<ul style="list-style-type: none"> • 140 residential units • 4,180 sqm retail • 1,850 sqm business units
Economic Outputs	<ul style="list-style-type: none"> • Construction: <ul style="list-style-type: none"> • employment MYE construction:186; GVA £8,050,000 • Development: <ul style="list-style-type: none"> • net employment: 156; GVA £5,260,000

Replacement of 800 metres of wall fronting along the A8

Project Description	Replacement of the wall in front of James Watt Dock. The project proposes to reduce the height of the wall and at regular intervals cut into the wall gaps which will be filled with wrought iron work.
Date	Aug 2006
Total Cost	£390,000 (excl VAT)
Physical outputs	<ul style="list-style-type: none"> • 800 metres wall reconstructed
Economic Outputs	<ul style="list-style-type: none"> • training places offered to an agreed number of trainees

Former Arriva Site, A8 at Pottery Street – Environmental Improvement Project

Project Description	Visual improvements at the former Arriva site on the north of the A8 and on the corner of Pottery Street.
Date	Oct 2006
Total Cost	£100,000
Physical outputs	<ul style="list-style-type: none"> • environmental improvement to the A8 corridor • changed perceptions and confidence raised of both ri and its partners in terms of commitment and action
Economic Outputs	none

Sugar Warehouse Refit

Project Description	ri want to refit and occupy an area within the Sugar Warehouse and become the first tenant in the wind and watertight building.
Date	May 2009
Total Cost	unknown
Physical outputs	-
Economic Outputs	-

Proposed Limited Liability Partnership (LLP) with Peel Northwest

Project Description	Set up a LLP with Peel Northwest for comprehensive redevelopment of James Watt Dock. LLP will secure outputs for the area and advance objectives of the ri Business Plan by returning the 50 redundant site to beneficial economic after use for the wider Inverclyde community.
Date	June 2008
Total Cost	Investment of £11.45m
Physical outputs	<ul style="list-style-type: none"> • 480 metres of enhanced waterfront • 13,500 sqm commercial space • 4,180 sqm retail • £10m of social housing (85 units) to be built by Riverclyde Homes • 1,352 residential units • 400+ berth marina development
Economic Outputs	<ul style="list-style-type: none"> • 1,700 jobs (including construction jobs)

A new Greenock Arts Centre & Theatre

Project Description	GAG Arts Centre/Theatre is key to the Inverclyde social infrastructure. The centre will have an extended range of activities and be a focal point to promote, develop and enrich cultural/social life across Inverclyde. Project will be an icon for regeneration of the waterfront, and flagship example of the innovative work of ri and its partners.
Date	Dec 2007
Total Cost	£2,200,000
Physical outputs	<ul style="list-style-type: none"> • a studio theatre seating up to 150 • 229 sqm of rehearsal/rental space in 4 rooms • 300 sqm multi-use foyer/exhibition/performance space with capacity for 500 people, with cafe/bar facilities capable of providing drinks and pre-theatre and light meals for up to 60 covers • main theatre with auditorium seating up to 500; retain fly tower
Economic Outputs	none

East India Harbour

Project Description	Repairs to the East India Harbour walls including: fitting and welding steel plates to the sheet piles in over stressed areas; design and installation of an appropriate cathodic protection system to all piles; and 3. Additional cleaning of steelwork and repairing as directed by the engineer on site.
Date	June 2007
Total Cost	£314,273
Physical outputs	<ul style="list-style-type: none"> • 288 flats; • 50 sqm of leisure space; • 1,630 sqm of marina facilities; • 212 marina berths.
Economic Outputs	none

Appendix B: Economic Impact Appraisal

Introduction

Below we present the detailed method adopted for our economic impact appraisal (EIA). Based on the completed developments and the future development proposals, as described in Section 3, we prepared bespoke ex ante and post EIA using the Scottish Enterprise physical infrastructure model. The appraisal has been undertaken based on HM Treasury Green Book guidance.

Based on information provided by ri and Scottish Enterprise, initial assessment of the potential impacts likely to be generated through the development proposals, and based on Scottish Enterprise guidance, we have considered the economic impacts at the Scottish level.

It is important to note, that given the relatively short time that has elapsed since the URC was established, the projects within the current funding period (2007-10) are not all complete.

From this, the full impacts are likely to take longer to be generated – due to the time lag between physical completion and full occupancy i.e. letting voids – the appraisal includes a further five year period (2010-2015) beyond the current SE funding approval period to fully capture the economic impacts of the projects. The future developments have been estimated within the next funding period (2010-2014).

The gross impacts have been estimated using English Partnership employment densities guidance¹⁰ and based on floorspace details provided by Scottish Enterprise and ri.

These gross impacts, however, take no account of deadweight, leakage, displacement, and multiplier effects. These need to be taken into account to estimate the true, or actual, impact that the development proposal could have on the West of Scotland and Scottish economies.

Further, we have provided a summary of the occupancy assumptions we have applied to calculate time lag between project completion and full occupancy.

¹⁰ Employment Densities: A Full Guide, English Partnerships and the Regional Development Agencies, July 2001.

Gross Impacts

Our analysis of gross employment has used employment densities as outlined in the English Partnerships guidance. **Table B1** and **B2** report the employment densities used for the various development projects and accommodation type. Floorspace assumptions are based on information provided by ri.

Table B1: Completed Projects (2007-10) Employment Densities

	Emp per Sqft	Emp per Sqm
Riverside Business park		
Refurb Ladyburn business centre	205	19
Spec office development ph 1	205	19
Cafe Ph 1	140	13
Nursery	*	*
Greenock & PG TCs		
Office units	205	19

Note: * Gross employment figures provided by ri

Table B2: Proposed Projects (2010-14) Employment Densities

	Emp per Sqft	Emp per Sqm
Cartsdyke		
Office units	205	19
Riverside Business Park		
Office units	140	13
Cafe Phase 2	280	26
Kelburn		
Office units	205	19
Industrial Units	365	34
James Watt Docks		
Business Units	205	19

Table B3 over, reports the occupancy assumptions/time lag used to help calculate the economic impacts and provide a more realistic view of the relationship of development completion and the generation of economic impacts.

Table B3: Completed Developments (2007-10) Occupancy Assumptions

	Year							
	07	08	09	10	11	12	13	14
Riverside Business park								
Refurb Ladyburn business centre	70%	75%	85%	90%	90%	90%	90%	90%
Spec office development ph 1	0%	0%	30%	30%	50%	75%	75%	90%
Cafe Ph 1	0%	0%	0%	100%	100%	100%	100%	100%
Nursery	0%	0%	0%	100%	100%	100%	100%	100%
Greenock & PG TCs								
Office units	0%	100%	100%	100%	100%	100%	100%	100%

Note: Occupancy Assumptions based on EKOS experience

Based on these employment densities and occupancy assumptions, **Table B4** reports the gross impacts of the completed projects for years 1, 3, 4 and 5. **Table B5** reports the estimated gross employment impacts of the future developments at the end of the next funding period – 2014.

Table B4: Completed Projects (2007-10) Gross Employment

	Gross employment			
	Yr 1	Yr 3	Yr 4	Yr 5
Riverside Business park				
Refurb Ladyburn business centre	60	70	70	70
Spec office development ph 1	40	90	90	110
Cafe Ph 1	0	*	*	*
Nursery	0	20	20	20
Greenock & PG TCs				
Office units	90	90	90	90
Total	190	280	280	300

Note: Jobs rounded to the nearest 10, numbers may not add due to rounding, * denotes total less than 10

Table B5: Future Developments (2010-2014) Gross Employment

	Gross employment
	Yr 1
Cartsdyke	
Office units	110
Riverside Business Park	
Office units	50
Cafe Phase 2	10
Kelburn	
Office units	50
Industrial Units	80
James Watt Docks	
Business Units	360
Total	650

Note: Jobs rounded to the nearest 10

In order to assess the true economic impact, the gross additional employment is considered in terms of deadweight, displacement, leakage and multiplier effects, as outlined below.

Deadweight

All public sector funded and supported projects should aim to generate the highest possible rate of return and value for money for the tax payers investment. In the context of this appraisal, deadweight is an assessment of the level of direct physical outputs that would have occurred in the absence of the public sector intervention in the project.

We have assessed deadweight at the Scottish level for the various completed and future projects.

Table B6 and **B7** report the levels of deadweight applied for individual project components.

Table B6: Completed Projects (2007-10) Deadweight

	Deadweight
Riverside Business park	
Refurb Ladyburn business centre	85%
Spec office development ph 1	50%
Cafe Ph 1	0%
Nursery	0%
Greenock & PG TCs	
Office units	80%

Table B7: Future Developments (2010-2014) Deadweight

	Deadweight
Cartsdyke	
Office units	25%
Riverside Business Park	
Office units	30%
Cafe Phase 2	0%
Kelburn	
Office units	50%
Industrial Units	50%
James Watt Docks	
Business Units	30%

Displacement

Displacement is an estimate of the proportion of gross additional impacts accounted for by reduced outputs elsewhere within the target area.

We have assessed displacement at both the Scottish level for the various completed and future projects.

Tables B8 and **B9** report the level of displacement applied for individual project components.

Table B8: Completed Projects (2007-10) Displacement

	Displacement
Riverside Business park	
Refurb Ladyburn business centre	40%
Spec office development ph 1	50%
Cafe Ph 1	70%
Nursery	50%
Greenock & PG TCs	
Office units	35%

Table B9: Future Developments (2010-2014) Displacement

	Displacement
Cartsdyke	
Office units	40%
Riverside Business Park	
Office units	60%
Cafe Phase 2	70%
Kelburn	
Office units	60%
Industrial Units	50%
James Watt Docks	
Business Units	60%

Leakage

Leakage assesses the proportion of the gross additional non-displaced jobs accommodated within the completed development that will be taken by residents from outwith the target area. In accordance with Scottish Enterprise guidance, the economic impact assessment has been conducted at the Scotland level, and has assumed that all new jobs created will be taken by residents within Scotland. Therefore, leakage is 0% across all the developments for the completed projects and also for future developments.

Multipliers

Economic multipliers refer to the indirect employment effects that will be generated by the purchase of goods and services by businesses and visitors to the completed development together, with, the induced employment generated by the consumption expenditures of those directly and indirectly employed by the on-site businesses.

Multipliers are calculated at the national level with the latest data provided in the Scottish Input-Output Tables 2005, which provides multiplier factors for a range of industry groups. We have used Type II employment multipliers (indirect and induced), but these do not identify local multiplier factors. We have therefore assumed that local effects (West of Scotland) would be equal to around half that of those generated at the national level. These reflect the scale and makeup of the local economy.

We have made assumptions on the type of activities and employment likely to be generated through the developments and applied a multiplier based on a 'best fit' scenario. These are reported below:

- Other business services – 1.3;
- Hotels and restaurants – 1.2;
- Industrial/production space – 1.6;
- Education – 1.8; and
- Construction – 1.9.

Gross Value Added

Gross Value Added (GVA) is a measure of the value of goods and services produced before allowing for depreciation or capital consumption¹¹. It measures the income generated by businesses after the subtraction of input costs but before costs such as wages and capital investment are paid prior to arriving at a figure for profit.

Our analysis uses data from ABI that identifies the average GVA per employee for industry sectors. Following SE guidance, we have used appropriate industry sectors to calculate GVA impacts as an average over the three latest years datasets (2004-2006) but have up-rated this data to current prices (2009) using RPI and for Full Time Equivalent (FTE) employees.

Table B10 reports the GVA figures used with the assessment.

¹¹ Gross Value Added (GVA) is equivalent to Gross Domestic Product (GDP) at basic prices.

Table B10: Average GVA per FTE Employee Updated

Average GVA per FTE employee	
Other business services	£48,564
Hotels and restaurants	£25,239
Industrial/production space	£46,268
Education	£11,071
Construction	£51,667

Net Impacts

Based on the analysis presented above, we undertook a gross to net economic impact appraisal. This analysis presents the **estimated net economic outcomes** that could be generated.

Table B11 and **B12** report the net economic impacts likely to be generated through both the completed projects and future developments.

Table B11: Completed Projects (2007-10) Net Employment

	Net employment			
	Yr 1	Yr 3	Yr 4	Yr 5
Riverside Business park				
Refurb Ladyburn business centre	5	10	10	10
Spec office development ph 1	10	30	30	35
Cafe Ph 1	*	*	*	*
Nursery	0	20	20	20
Greenock & PG TCs				
Office units	15	15	15	15
Total	30	70	70	80

Note: Jobs rounded to the nearest 5, numbers may not add due to rounding, * denotes total less than 5

After Year 5, the completed projects are estimated to have created 80 additional net jobs. Based on the total net employment reported above, the completed projects are estimated to generate the following additional GVA impacts within Scotland:

- Year 1 - £1.66m per annum;
- Year 3 - £2.82m per annum;
- Year 4 - £2.82m per annum; and

- Year 5 - £3.12m per annum.

Table B12: Future Developments (2010-2014) Gross Employment

Net employment	
	Yr 1
Cartsdyke	
Office units	65
Riverside Business Park	
Office units	20
Cafe Phase 2	5
Kelburn	
Office units	10
Industrial Units	30
James Watt Docks	
Business Units	130
Total	260

Note: Jobs rounded to the nearest 5, numbers may not add due to rounding.

After completion of the future developments, the estimated net additional jobs likely to be generated are 260. Based on the total net employment reported above, the future developments are estimated to generate an additional £12.5m GVA per annum within Scotland.

Construction Impacts

In addition to the operational impacts described above, the project will also generate construction related impacts and benefits.

Our analysis of construction industry employment impacts are based on Scottish Government data from the Annual Business Inquiry (ABI). Our analysis uses an employment factor of £125,645¹² construction industry spend required to sustain one full-time construction industry employee for a period of one year – a Man Year Equivalent post (MYE).

¹² ABI: 2004-6 Scottish level construction sector industrial output per worker, up-rated to 2009 (RPI).

Construction jobs are based on Man Year Equivalents (MYE). This method allows the number of people on site over the whole construction period (which will vary over the period between full-time, part-time, permanent, temporary and seasonal) to be estimated as an annual equivalent post – MYE.

For the completed projects and future developments, we have assumed that all construction activity, and thus impacts will occur over the initial three year period, (2007 - 2010) and (2010 - 2013).

The gross impact of the construction activity is estimated at:

- 50 gross MYEs relating to the completed projects based on SE contribution to construction costs of £6.22m. The construction activity is estimated to generate one-off gross GVA of £2.6m; and
- 100 gross MYEs relating to the future developments based on SE contribution to construction costs of £13m. The construction activity is estimated to generate one-off gross GVA of £5.4m

Construction employment is estimated at **150 gross additional MYEs**. MYEs are calculated as annual positions and would therefore need to be divided by a factor of 10 to translate them into FTEs.

Adopting the same process as that outlined above for the operational jobs we have estimated that the net impact of the construction activity will be:

- 30 net MYEs relating to the completed projects based on SE contribution to construction costs of £6.22m; and
- 60 net MYEs relating to the future developments based on SE contribution to construction costs of £13m.

Construction employment is estimated at **90 net additional MYEs**

Discounted Benefit Flow

Our review of economic impacts, as presented above, shows that the projects generate economic benefits that deliver additional value to the local area. It is important that these are quantified and considered as part of the wider economic appraisal.

The benefits reported below i.e. GVA generated per annum are based on the SE contribution to the project.

The economic benefits (i.e. net additional GVA generated as a direct result of the projects) are presented over a Discounted Benefit Flow (DBF) period.

Applying the standard HM Treasury discount rate of 3.5%, **Table B13** reports the GVA generated per annum for the completed projects and shows that after five years, the estimated benefit return is £9m cumulative.

Table B13: Discounted Benefit Flow

	GVA Per annum	GVA Cumulative
Benefit flow NPV@3.5% at April 2010	£1.2m	£3.0m
Benefit flow NPV@3.5% at April 2013	£1.3m	£6.3m
Benefit flow NPV@3.5% at April 2014	£1.3m	£7.6m
Benefit flow NPV@3.5% at April 2015	£1.4m	£9.0m

Cost Benefit Analysis

Considering the financial costs and quantified economic benefits, a discounted cost benefit flow was completed for the identified PBI projects. The first column shows a snapshot in time of the cost-benefit flow but takes no account of the significant up-front cost to SE (over Jan 07 – Mar 10 period), this is however, covered in the cumulative impact column.

Applying the 3.5% discount level, **Table B14** shows that after five years, the cumulative cost-benefit flow is -£10.1m. This is due to the £19m costs incurred over the past three years which will be offset by the GVA benefits that will continue to accrue beyond this initial 5 year post-completion appraisal period¹³.

Table B14: Discounted Cost-Benefit Flow

	Per annum	Cumulative
Benefit flow NPV@3.5% after current funding period	-£1.0m	-£16.0m
Benefit flow NPV@3.5% after 3 years	£1.3m	-£12.8m
Benefit flow NPV@3.5% after 4 years	£1.3m	-£11.5m
Benefit flow NPV@3.5% after 5 years	£1.4m	-£10.1m

¹³ Please note that the benefits of the project are based on the SE contribution and set against the total costs of the project. This ensures a conservative approach and does not overestimate the impacts or outline unrealistic progress towards targets and achievements.

Total Additional Cumulative Impacts

The prime objective of the appraisal is to assess the change in economic activity generated through SE and wider public sector investment towards PBI activity.

Based on the appraisal outlined above, **Table B15** presents the total estimated economic outcomes.

Table B15: 2007-2014 Project Activity and Contribution to URC Targets

	Business Space (Sqm)	Hectares of Development Land	Gross Jobs	(Gross) FTE Construction Jobs ¹⁴	(Gross) Annual GVA ¹⁵
PBI Targets	35,000	48	2,453	110	£84.6m
2007-2010 PBI Projects By April 2015 (BP +5)					
Total	5,935	2.14	300	5	£14.4m
Proportion	17%	4%	12%	4%	17%
2010-2014 PBI Projects					
	13,500	2.3	650	10	
Total Outputs/Outcomes					
	19,435	4.44	950	15	31.6
Contribution to URC Targets					
	56%	9%	39%	14%	37%
Net Outputs Outcomes BP+5					
			Net Jobs	Net Construction Jobs	Net Annual GVA
2007-2010 BP Projects (2015)	-	-	80	3	£3.1m
2010-2014 BP Projects	-	-	260	6	£12.5m

¹⁴ Note: Construction jobs are measured against total investment by URC and not specifically for PBI activity as no comparable data was available.

¹⁵ The Business Plan does not state whether GVA targets are gross or net, but based on Gross job targets, GVA is also assumed to be a gross target.

Appendix C: List of Consultees and Questionnaire

Organisation	Consultee
Chamber of Commerce	Donald McRae
Clydeport	Euan Jamieson
Inverclyde council	Aubrey Fawcett
Riverside Inverclyde	Bill Nicol Garry Williamson
RI Board	Steven McGarva
Scottish Enterprise	Adrian Brown Allan McQuade
Scottish Government	Robbie McGee
WH Kirkwood	Ian McNaughton

Riverside Inverclyde Evaluation – Consultation Pro Forma

Organisation

Contact

Date

Background

1. What has been your involvement with ri since its establishment in 2006?

Market Failure

2. How would you describe the strategic and market failure rationales for ri?

3. To what extent do you think these strategic and market failure rationales have been addressed successfully by ri to date?

Project Activity

4. To what extent has ri been successful in delivering project activity to date and do you think activity is on/ahead/behind target for the following?

- a. Physical
- b. Social
- c. Economic
- d. Community

5. What have you based this view on?

6. Please describe ri's fit with, and contribution toward, other social/economic/physical/community regeneration activities and aspirations delivered by partners in the Inverclyde area:

7. Is there any element of duplication of activity?

8. Overall, how successful do you think ri has been – does it satisfy local needs and opportunities?

9. What do you think has worked well/less well over the past three years:

- a. Project management/delivery
- b. Partnerships
- c. External communications – businesses/residents
- d. Other

10. Are there any specific activity or operational issues that you think could be addressed to improve the success of ri?

Strategic Added Value

11. To what extent has ri achieved Strategic Added Value (*strategic alignment/synergy, service delivery, leverage, leadership and influence and stakeholder engagement*)?

12. Has SAV been achieved across public/private/community organisations?

Impacts and Benefits

13. To what extent do you think ri activity has been additional, compared to what would have happened in its absence –the counterfactual or reference case?
14. Please provide rationale/justification for your assumption, particularly if 100%
15. Has ri activity generated net additional outputs for the local economy – jobs/GVA?
16. To what extent do you think ri activity will support long-term outcomes for the local economy – wealth generation/economic performance?
17. What are your views on the level, scale and impact of:
 - a. Displacement – the extent to which ri activity has stopped other public/private
 - b. Leakage – the extent to which ri activity has benefitted those outwith the area
 - c. Multipliers – the extent to which ri activity has supported the local supply chain
 - d. Optimism bias – the extent to which original financial/economic factors were over/under optimistic

Any other comments/views?