



**brierley hill**  
regeneration partnership

**BRIERLEY HILL REGENERATION PARTNERSHIP**

## **ECONOMIC IMPACT STUDY**

**Prepared by Hunt Dobson**

**Autumn 2002**

## **BRIERLEY HILL REGENERATION PARTNERSHIP: ECONOMIC IMPACT STUDY**

### **EXECUTIVE SUMMARY**

The Brierley Hill Regeneration Partnership commissioned Hunt Dobson to undertake an assessment of the socio-economic impact of the Brierley Hill Area Development Framework (ADF). This report sets out the initial broad findings of that review. Further work is being undertaken to refine and add detail to these forecasts as further information becomes available on the phasing of the development.

The first three sections of the report outline the methodology, current baseline and policy context for the study. Based on development scenarios built from the previous sections the socio economic impact section assesses the likely employment impact of the implementation of the ADF framework. It then compares forecast employment with local labour market fit and summarises the actions required to maximise opportunities for local people. The key findings are:

- That the development could provide a minimum of 10,100 new jobs in the area, in addition to the approximately 11,000 currently located in Waterfront and Merry Hill. This will further build on the area's role as one of the West Midlands' most significant employment areas
- That, assuming the current employment catchment area is replicated by the new developments, Brierley Hill will provide employment for residents of the Dudley area (approximately 60%) and across the West Midlands – with 20% of employees from Birmingham postcodes, 10% from Wolverhampton and a further 10% from others
- That the employment will cover a broad range of occupations and employment sectors, most notably office employment, retail and leisure
- That there is a broad fit between "intermediate" occupations (sales, clerical/secretarial and personal services) and the local labour market but a gap between the forecast employment demand for managerial and professional occupations compared to local skills and qualifications
- That active labour market interventions will be required to ensure the maximisation of benefits to local people, including education and training activity and employment brokerage services

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### **1. Methodology**

The methodology for the study has two components, firstly a baseline analysis of the current economic role of Brierley Hill and secondly a quantitative assessment of the job and wealth creation that could be created in the area, comparing the "fit" with the local labour supply.

#### **i) Baseline Analysis**

The baseline analysis has two parts.

The first quantifies in more detail current employment in the area, identifying total jobs, types of occupation (eg. managerial, professional, sales etc.), and the employment catchment area (where people who work in the area live). This involves an analysis of secondary information provided by employers and landlords.

The second component involves identifying the economic role of Brierley Hill, both in the immediate area and within the wider West Midlands conurbation. This identifies the significance of the area within the network of employment nodes in the West Midlands and its unique current role and potential to generate employment and wealth within the South-West quadrant of the conurbation.

#### **ii) Quantitative Impact Assessment of the ADF Proposals**

The second element of the study identifies in broad terms the potential economic impact of the proposals for an expanded mixed use urban centre as set out in the Brierley Hill Area Development Framework. This section uses the study area identified in the ADF and produces development scenarios, which identify the potential levels of floorspace and phasing of development within the area. These scenarios were used as inputs for the model, developed by Hunt Dobson, to assess the potential impact of development.

#### **Employment Impact**

This component utilises our employment impact model designed and used for the analysis of the economic impact of major property developments. The model identifies employment impact using floorspace figures as an input. Standard formulae are used for each sector. The model then breaks down jobs using the ONS Standard Occupational Classifications.

Figures generally used for employment assessment of retail and leisure are industry averages and are therefore less accurate because of the variety of formats and their consequent job creation impact. Our model uses "real" figures based on comparable retail, office and leisure developments. This has been further refined to take into account the findings of the baseline study.

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The model also identifies construction jobs using a formula based on construction costs by building type and the average cost per employee. This uses the same inputs as for end-user jobs – with the addition of housing development floorspace. The number of jobs that will be created is dependent on the construction methods employed and so these estimates are provisional pending further information.

We have used four catchment areas for assessing the fit of “end-user” jobs with the local labour market:

- The immediate Brierley Hill area
- Dudley MBC Area
- The wider Travel to Work Area (TTWA)
- Dudley and eight surrounding Local Authority Districts (LADs)

The final section highlights the key issues that need to be addressed if the economic benefits to local people are to be maximised.

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### **2. Current Baseline**

This section looks at the current baseline position regarding employment in Brierley Hill. This is considered with regard to the current employment on-site and the importance of Brierley Hill to the wider area.

Brierley Hill is already a significant economic driver for both the Dudley metropolitan area and the wider Black Country. Earlier estimates suggested that there were around 7,000 people employed at Brierley Hill, 4,000 at Merry Hill and 3,000 at the Waterfront.<sup>1</sup> The area is therefore already a major source of employment and wealth creation in an area that has seen significant industrial decline since the 1970s. Total employment at Merry Hill and Waterfront is in excess of 10,000 which is the equivalent of two-thirds of the increase in employment in Dudley since the early 1980s. Indeed recognition of these benefits, and the potential to extend them, has been central to local partners' desire to see further regeneration in the area.

Merry Hill comprises around 1.5million m<sup>2</sup> of retail floorspace including over 200 retail units. The most recent employment survey of tenants took place in the second quarter of 2002 and elicited responses from around 75% of occupiers. They reported a total of just over 5,000 people working at the centre. It is not possible to say whether the remaining 25% would employ people in the same ratio, but if they did, that would put employment at somewhere over 6,500. Some 65% of employees are drawn from the Dudley postal code area with 30% drawn from the Birmingham, Wolverhampton and Walsall postal code areas.

In terms of visitors, there are approximately 25,000 residents within one mile of the centre and nearly 70% of visitors travel less than 15 minutes to get there, with 60% of visitors travelling less than 5km to get there.

Waterfront comprises around 70,000m<sup>2</sup> of commercial floorspace including offices, bars, restaurants, a health club, hotel and a marina. Tenant companies were recently surveyed about employees and their commuting patterns. This found total employment of approximately 5,200 with 15% of employees in professional grades, 17% in management, 3% manual and 65% skilled non-manual. This reflects the service sector nature of employment at the Waterfront and contrasts with the rest of the Borough where there are fewer professional and skilled non-manual workers and more manual workers.

The workforce is predominantly local, with 67% of employees having an average commute of 10 miles or under and just under 90% having a commute of less than 16 miles. Around 60% of employees are drawn from the Dudley postal code area, with 31% drawn from the Birmingham, Wolverhampton and Walsall postal code areas.

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<sup>1</sup> Brierley Hill ADF Consultation Draft (July 1998), David Lock Associates for Dudley MBC

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### **Brierley Hill's Wider Role**

The combination of activities in Brierley Hill has created sufficient critical mass to become a major growth node for the Borough of Dudley and the wider south Black Country area. In reference to this, Brierley Hill was identified by Ecotec in their "Polycentric Framework for the West Midlands" as one of two regional centres for retailing and one of nine primary service centres and is seen as a key node in the "South-west Quadrant" of the region.

Brierley Hill is located within a dense conurbation which is why it draws much of its workforce and visitors from the local area. However, it remains a significant generator of activity for the wider area. Although 60% of employees are drawn from Dudley, around 2,000 are drawn from Sandwell and Birmingham and 1,000 from Wolverhampton. As set out above, employment at Merry Hill and Waterfront is the equivalent of over two-thirds of the employment growth in the Borough since the early 1980s.

Recognising this role, Brierley Hill is contained within one of Advantage West Midlands' "Regeneration Zones", the Arc of Opportunity, stretching from West Birmingham to Brierley Hill. The potential developments at Brierley Hill provide the opportunity to link areas of need with areas of opportunity.

### **3 The Policy Context and Development Scenarios**

This section sets out the main relevant planning and regeneration policies in place for the Brierley Hill area and makes an indicative estimate of possible development scenarios.

#### **Area Development Framework Proposals**

In July 1998 Dudley MBC published an Area Development Framework (ADF) for Brierley Hill, incorporating a masterplan to guide the redevelopment of the area. The ADF informed the development of the “Brierley Hill” chapter in the revised draft UDP. This splits Brierley Hill into a number of “Urban Quarters” and sets out guidance on the scope, scale and uses for each Quarter, in line with the ADF.

The current area has three main elements – Brierley Hill High Street, Merry Hill and Waterfront – lying to the west of Birmingham and the south of Wolverhampton in the south-west of the West Midlands conurbation. The area has a mix of uses and forms and includes an important transport hub. The ADF aims to physically integrate the three elements using a mix of new developments and thoroughfares, uniting the core area and making connections with its surrounds. The area will be made more pedestrian-friendly and will seek to accommodate private cars in a more flexible manner with a view to reducing car-dependence over time. The framework also seeks to retain the existing population and attract significant numbers of additional residents with the area.

The area has significant opportunities for new development, re-development and regeneration. The ADF is seeking to provide a comprehensive and flexible framework within which a number of development scenarios can be accommodated, as well as addressing the lack of connectivity (both pedestrian and vehicular) between different parts of the area.

The Masterplan supports the achievement of mixed-use development by encouraging flexibility, providing:

- New and varied development opportunities
- A high level of accessibility
- Scope to retain established buildings and patterns of development to maintain a variety of tenure and cost
- Flexible perimeter blocks in terms of sub-division and combination

#### **Regeneration Policy**

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### **Regional**

Advantage West Midlands (AWM) has produced a number of documents and strategies of relevance to Brierley Hill. The overarching framework for its activities is the regional economic strategy, "Creating Advantage," which has two interlinked themes – creating wealth through enterprise and providing access to opportunity through sustainable regeneration.

AWM has identified six regeneration zones, including one covering west Birmingham and the south Black Country, including eight wards in Dudley. The main aim of the zone is to link regeneration activity with the areas of greatest need and provide improved co-ordination of policies and resources. The zone has ten strategic objectives:

1. To create and foster an arc of wealth creation and employment opportunities from Birmingham City Centre to Brierley Hill
2. To ensure residents have the opportunity to access new jobs in Birmingham
3. To support local enterprise development
4. To provide the skills required in the manufacturing, service and construction sectors
5. To overcome the constraints on economic growth posed by infrastructure deficiencies
6. To bring derelict and vacant sites into productive use
7. To support the development of revitalised urban focal points as the focus for new investment, local jobs and environmental improvements
8. To strengthen the distinctive communities of place and interest
9. To achieve community regeneration so that local people want to stay
10. To ensure that protection and enhancement of the environment is core to the sustainable regeneration of the Zone.

The ADF proposals have a potentially significant role to play in achieving the objectives described above and a "Zone Implementation Plan" is currently being produced by partners to take forward the regeneration of the area.

### **Local**

Like many parts of the UK, Dudley has undergone a restructuring of its economy over the past 20 years as manufacturing employment has declined and service sector employment has risen. This has brought about changes in the type and tenure of employment and in the size of the workforce and participation rates.

Dudley MBC's Economic Strategy 2002/3 reviews the main strengths, weaknesses, opportunities and threats facing Dudley at the moment. Dudley is

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recognised as having an increasingly diversified economic and business structure. Partly as a result of this it has the lowest levels of unemployment and deprivation in the Black Country. However, there remain problems arising from the decline of manufacturing, including land remediation and environmental quality issues, and a perceived negative image of the area. Additionally there are problems with significant transport and accessibility issues.

The strategy sets out a 15 to 20 year vision for Dudley around four strategic aims:

- To improve the economic infrastructure in Dudley Borough
- To support new and existing businesses
- To optimise the opportunity for local people to obtain jobs
- To strengthen and diversify the economic base

The development of Brierley Hill, in line with the ADF, is identified as central to the achievement of these objectives.

### **Development Scenario**

Following the review of the policy context, interviews were undertaken with the local authority and with the main landowner (Chelsfield plc) to identify the broad parameters for development in Brierley Hill. At this point there are no definitive proposals, so we have identified a scenario to test its socio-economic impact. Making a precise forecast at this point is made more difficult by the likely timescale for development of ten to twenty years, depending on the planning framework and the extent of support received from other bodies, such as Advantage West Midlands.

The ADF sets out the objective of creating an integrated high-density mixed-use urban centre. The Merry Hill urban quarter will be the focus for retailing whilst at the same time being integrated with surrounding quarters by moving the existing surface car parking to create space for further mixed development. It is anticipated that the uses will continue to diversify and that redevelopment will change the nature of the built form and a network of improved pedestrian access will reduce the sense of the centre being a distinct entity. It is anticipated that the uses on Brierley Hill High Street will diversify over time, including the potential for specialised retail and possibly residential units.

The area between Merry Hill and Brierley Hill is identified as the focus for a concentration of buildings accommodating public activities and community amenities with shops, bars, restaurants and other commercial activities on the ground floor with offices and flats above. Public buildings, particularly event space would also be appropriate.

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It is envisaged that the Dudley Canal will become a focus for leisure and commercial uses along with high quality residential accommodation and new public spaces.

Taking into account this emerging framework and the likely achievable plot ratios we have estimated that future development could provide approximately an additional 300,000m<sup>2</sup> of floorspace, split between employment, residential and community uses. Drawing on the ADF we have estimated that the breakdown could be as follows:

- Housing – 100,000m<sup>2</sup>
- Commercial/office - 75,000m<sup>2</sup>
- Retail, food and drink – 60,000m<sup>2</sup>
- Leisure – 30,000m<sup>2</sup>
- Public services – 20,000m<sup>2</sup>
- Hotel – 10,000m<sup>2</sup>

It should be noted that this scenario has been developed to test the potential economic impact of the development and does not represent a statement of defined proposals or the views of either Chelsfield plc or Dudley MBC.

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### 5 Employment Impact

The employment impact of the development will come in two distinct phases – construction and “end-user/occupier”. The development of individual “quarters” will itself be phased although it is not at this stage possible to identify timescales for these phases. The numbers below are therefore given as global figures, but the next stage of this work will begin to give indications of phasing.

#### Construction Jobs

The precise number of jobs created on-site during the construction phase will critically depend on the construction method employed – for example, large amounts of pre-fabrication will reduce the number employed on-site. However, using a broad “cost-per-job” measure, we have estimated the total number of one-year Full-Time Equivalent (FTE) jobs. This should be treated with extreme caution as the results are very sensitive to changes in construction method.

To use the cost-per-job measure we have first estimated construction costs. Estimates have been taken from the “Cost Model Update” published in *Building Magazine* and are as follows:

	Offices	Education/ Community	Housing	Hotel	Retail	Leisure
Cost/sqm	£900	£810	£900	£1,170	£630	£990

A very conservative estimate of the basic cost of the development scenario - in very broad terms and not including any site specific costs, which are likely to be significant in Brierley Hill - is therefore approximately £250 million. On average for large developments such as Brierley Hill, it requires £75,000 of construction spending to support a construction job for one year. We therefore estimate that the development will create approximately 3,000 one-year Full Time Equivalent (FTE) construction jobs.

However, the averages discount significant variations in the number on site at any one time (the headcount). An average FTE employment of 3,000 is likely to produce a peak headcount of nearer 4,000. Of that headcount, around 44% are likely to be general labourers and 56% will be in skilled trades and crafts.

We would anticipate that construction employment will actually be significantly higher than this due to the major infrastructure and public realm works required and further estimates will be produced as phases of construction are confirmed.

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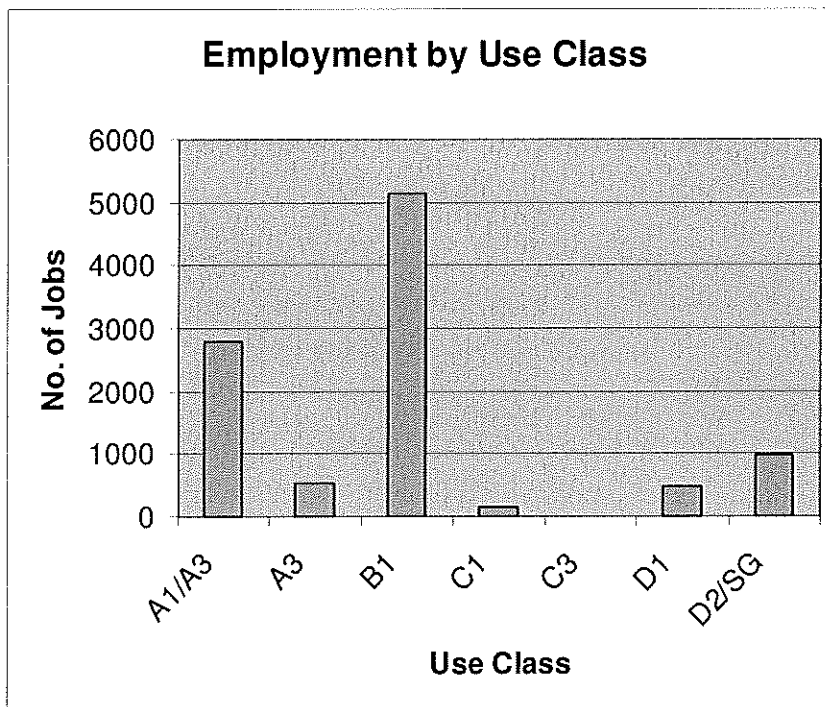
### End User Jobs

On the basis of the proposed use scenario described above, and previous research of employment generation both at Brierley Hill (Waterfront and Merry Hill) we predict that the implementation of the ADF framework would increase employment by a total of 10,100 jobs (headcount). We regard this as a relatively conservative scenario with employment yield from key land uses eg. offices, being below the maximum possible density and current densities.

Figure 1 below shows anticipated employment by planning "use class" with A1/A3 being retail, food and drink, B1 commercial in this case offices, C1 hotels, D1 public facilities, D2/Sui Generis – leisure. It should be noted that planning and occupational classifications do not directly correspond so we have used the best available proxies.

As can be seen from the diagram, approximately 50% of the employment will be in office uses with the other 50% being made up of retail, leisure and hospitality.

*Figure 1: End-User Jobs by Use Class*

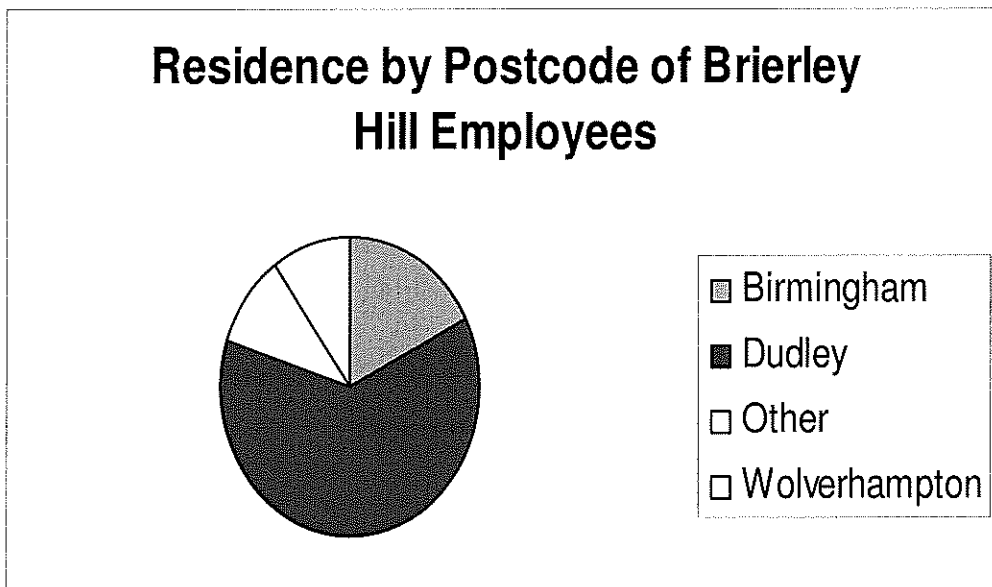


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### Employment Catchment Area

In terms of the employment catchment area we have analysed sample data on employees at both Merry Hill and Waterfront. Both show similar trends with approximately 60% of staff from Dudley postcodes, 20% from Birmingham, 10% from Wolverhampton and 10% from "other". If this were to be replicated in the new developments this would bring approximately 6,000 jobs to Dudley, 2,000 to Sandwell and Birmingham and 1,000 to Wolverhampton residents.

Figure 2: Brierley Hill: Current Employment Catchment

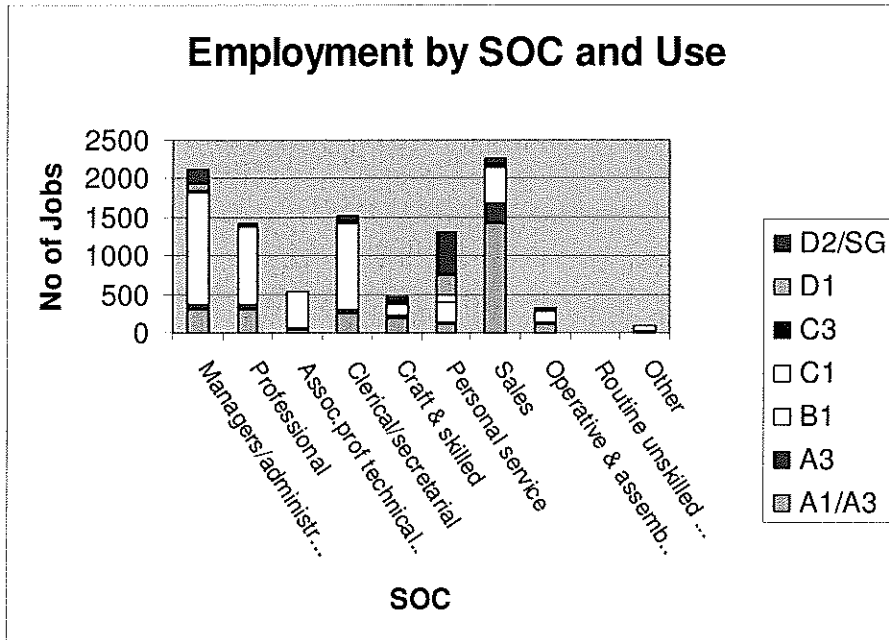


### Occupational Breakdown

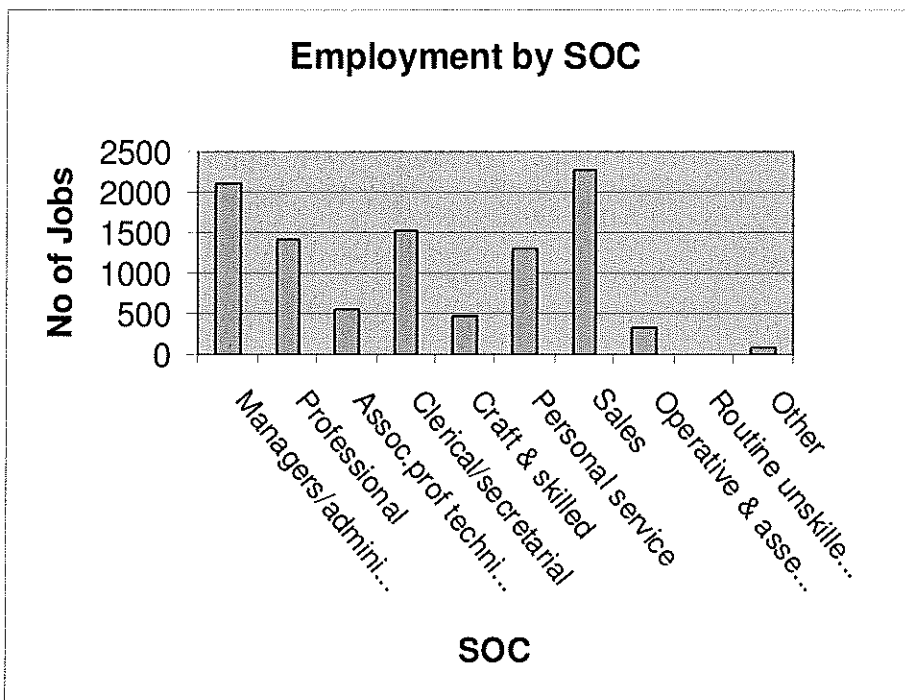
Figures 3 and 4 show the likely occupational breakdown of jobs, firstly by industry and then as a whole. They show a broad spread of jobs at a variety of skill levels, mostly at the middle and higher ends of the labour market.

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**Figure 3: Employment by Job Type and use**



**Figure 4: Total Employment by Occupation**

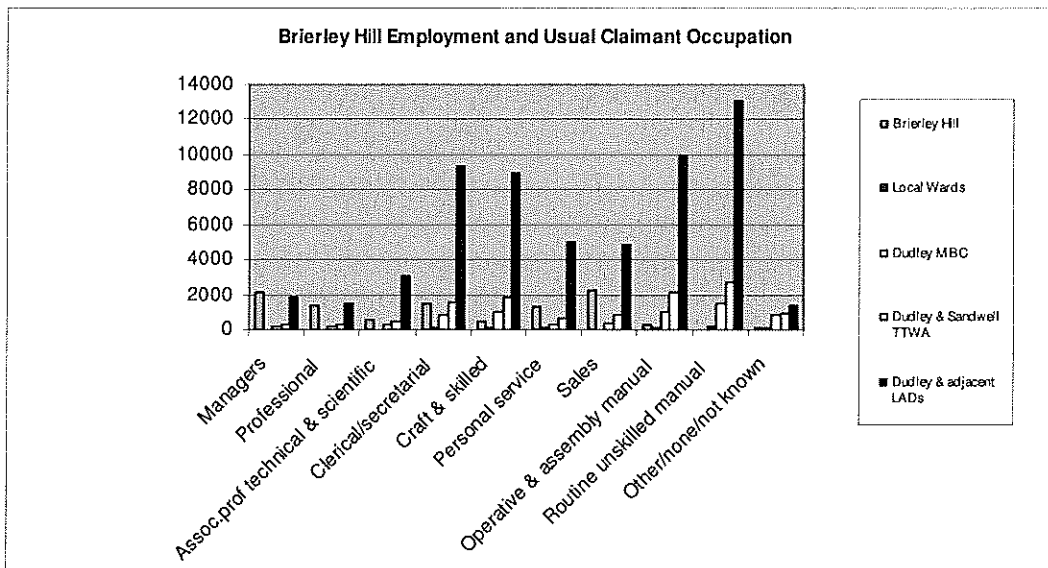


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**Labour Market Fit**

In order to compare the likely jobs created with the local labour market we have compared the total employment created with the sought occupations of unemployed residents in the immediate area, surrounding wards, Dudley MBC, the local Travel to Work area and in the surrounding local authority districts. Figure 5 shows this "labour market fit" with these areas. It demonstrates that while there is a reasonable fit in "intermediate" levels of the labour market – Clerical/Secretarial, Sales and Personal Services – there is a significant gap between jobs (at the top end of the labour market) and currently sought employment (at the bottom end of the labour market).

**Figure 5: Labour Market Fit**



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### **Conclusion and Next Steps**

The Area Development Framework proposals offer the potential for significant employment creation for Dudley and the Black Country. They contribute to the achievement of a range of local and regional policy objectives by consolidating the current service sector employment growth node at Brierley Hill. A range of employment will be provided across the intermediate and high skill occupational sectors as well as significant construction employment.

Further work will be undertaken to revise these forecasts as details of development packages and phasing are brought forward. In the meantime there are a number of key actions that local partners can undertake to ensure that when developments are brought forward local people are able to secure access to jobs. These include:

- Direct jobs brokerage/local recruitment, for both employed and unemployed residents
- Long term education and training activity to ensure changes in local skills offer, particularly for service/office employment
- Retention of employed residents in area – through improvements to the environment, improved local facilities and transport and a wider range of housing choice