

# **Regional emerging hubs - catalysts, drivers and constraints**

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## **Abstract**

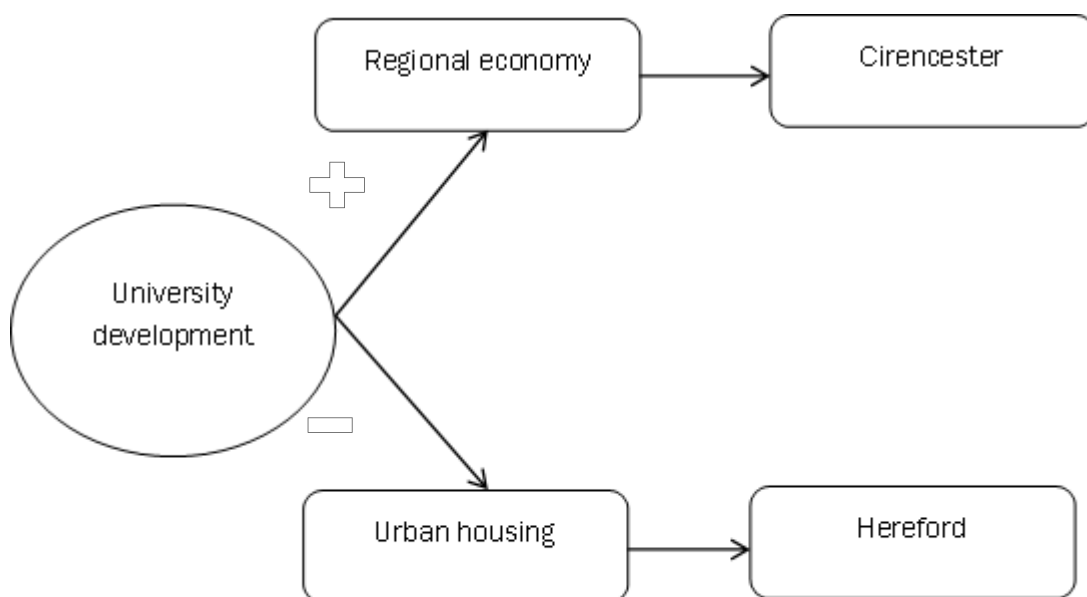
*Most economic development over the next fifty years is likely to be centered on regional towns. Many of regional conurbations are ill prepared to cope with growth pressures. Some regional settlements have aspirations to become 'knowledge hubs' via university expansion. However, the metamorphosis of conservative regional market towns into vibrant knowledge Arcadias confronts institutional, 'studentification' and funding constraints. The research investigates regional university expansion issues in two regional English conurbations - Hereford and Cirencester.*

## **Keywords**

Regional development, universities, talent, studentification

## Introduction

This paper outlines two pieces of exploratory research to investigate issues surrounding regional university expansion in Cirencester and Hereford, UK. In Cirencester, focus was on current and projected economic impact of planned expansion of the Royal Agricultural University. In Hereford, the research investigated college student accommodation issues which could constrain university aspirations. Figure 1 illustrates the twin research areas.



**Figure 1: Overview of Cirencester and Hereford research projects**

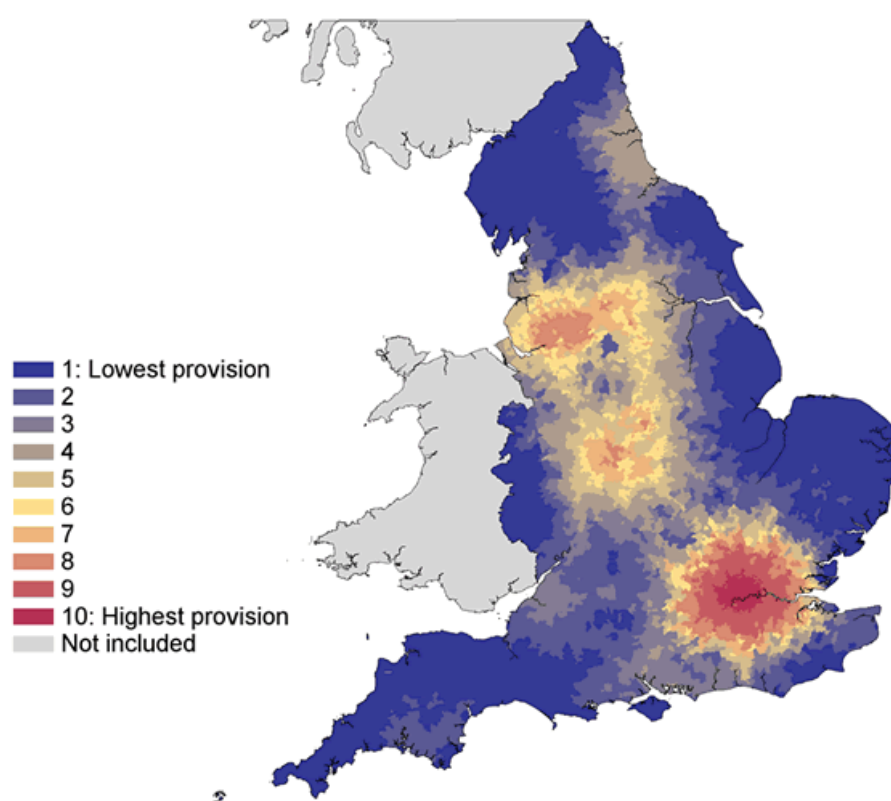
In recent years, university-driven growth have been propelled to the regional development fore but is there substance to the noise (Akerlof and Shiller 2010) and can regional towns digest their rapid expansion? Durham, whose university population has almost doubled over the past fifteen years is a typical. National media headlines like, ‘Gown town: Durham locals fear losing their city to *studentification*’ (Brown 2015) capture the conundrum. Explosive Private Rented Sector (PSR) growth, planning policy flux and the affordability crisis accentuate *studentification* contention (Rugg and Rhodes 2008). On the other hand, regional conurbations, deprived of without London or the South East’s agglomeration advantages, seek radical solutions to kick-start sluggish growth and reverse decade of relative deprivation. Table 1 and Fig. 2 illustrate education disparities (outcomes and pathways) across Britain. For the year to December 2012, the concentration of graduates in the West Midlands was 30%, compared to 60% in inner London.

**Table 1: Relative dearth of graduate in West Midlands**

January to December 2012	Percentage of graduates	Unemployment Rate	Average Age
	%	%	
North East	29	5	40
North West	33	4	41
Yorkshire and the Humber	32	5	40
East Midlands	31	3	41
West Midlands	30	4	41
East of England	36	3	41
Inner London	60	5	34
Outer London	45	6	38
South East	40	4	42
South West	37	3	42
Wales	33	4	42
Scotland <sup>2</sup>	41	4	41

Source: ONS (2013).

Figure 2: disparities in regional higher education provision.



Source: HESA and ILR data 2012/13

**Figure 2: Map illustrating the relative deprivation of higher education provision in Hereford 2012-13.**

Key: Areas with low HE concentrations are shaded blue.

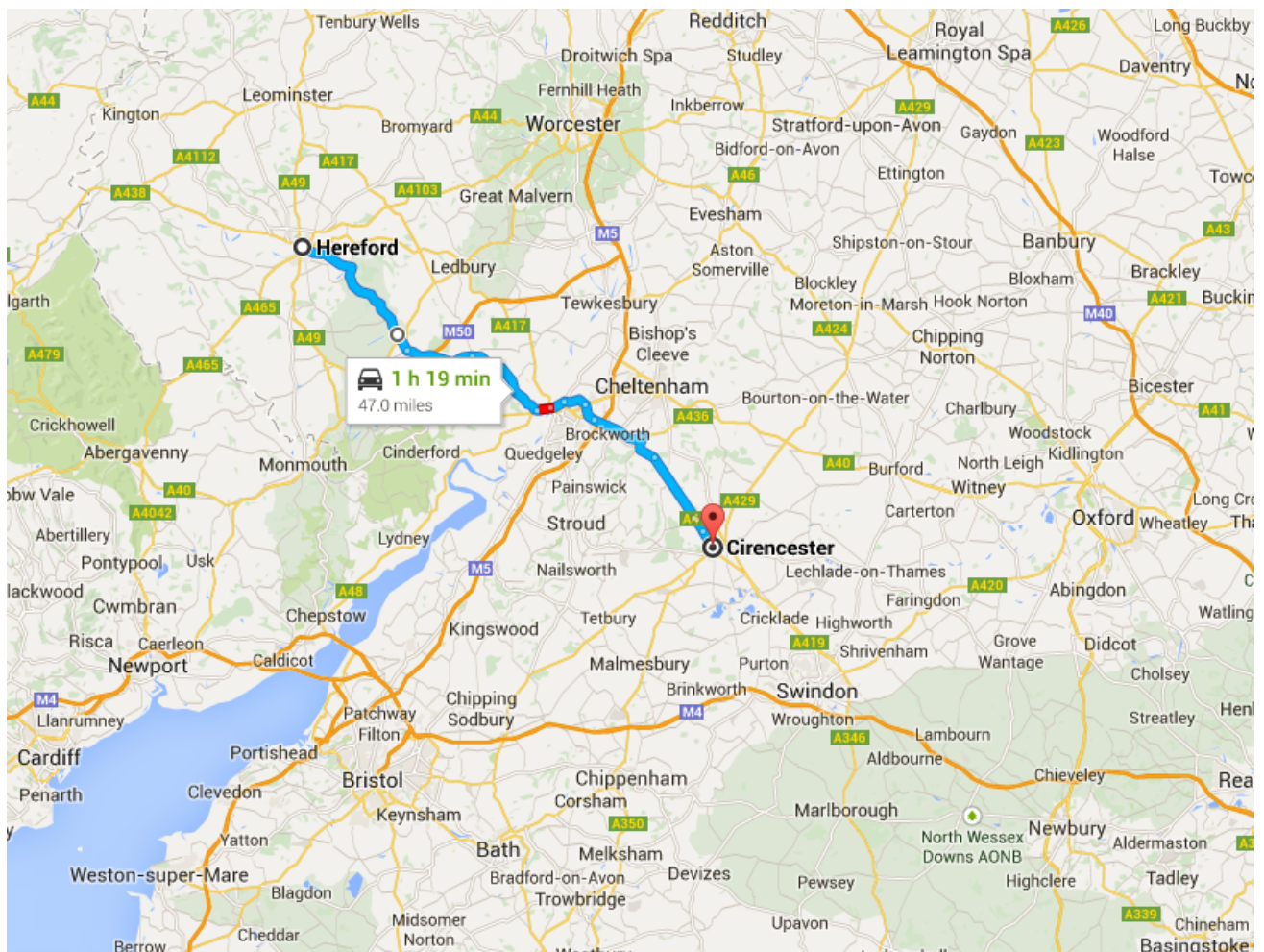
Source: <http://www.hefce.ac.uk/whatwedo/crosscutting/coldspots/heprovision/> (accessed: Dec 2014)

Hereford and Cirencester are about fifty miles apart but have very different demographic and retail characteristics. Rents are higher in Hereford; presumably due to its isolation. Cirencester is overweight in coffee shops and estate agents but for ordinary consumer goods struggles to retail compete with nearby Swindon's discounted variety offerings.

**Table 2: Comparison of Cirencester and Hereford retail environments**

Town	1987	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cirencester		70	70	70	70	60	60	65	65	80
Hereford	55	115	120	125	120	100	100	100	95	95

Source: Colliers International 2013 data, accessed via Estates Gazette (2015).



**Figure 3: Map of Cirencester and Hereford study locales**

Source: Google Maps 2015

### Literature review

The persistence of spatial imbalances has undermined Armstrong's (2001) view that regional per capita incomes will slowly converge. Globalisation and economic re-structuring, as technology is substituted for labour, have exacerbated regional inequalities. English housing markets are characterised by a chronic imbalance between London and its national hinterland (Cadman and Giles 2014). Arguably, substantial and well-targeted regional investment could redress spatial disparities but London must still compete. Notwithstanding, regional growth drivers are diverse but include institutional capabilities, infrastructure and skills. Traditional primary industries like dairy and beef farming are vulnerable to volatile global commodities markets. In the contemporary information age, active measures (coordination of social and business networks and strategic alliances) can help to strengthen regional resilience. Locales which fail to enhance Information and Communication Technologies ('ICT') risk increasing marginalization. Increasingly local authorities incorporate ICT initiatives into their economic development strategies but, according to Gibbs and Tanner (1997) require a supportive national ICT. Aside from ICT, other development pathways involve job creation, urban beautification to attract talent and university expansion (Pelikan, 1992; Bramwell and Wolfe, 2008; Wright et al., 2008; Youtie and Shapira, 2008; Bathelt et al., 2010; Kelly et al., 2010; Perkmann et al., 2013; Oxford Economics, 2013). For Castells and Hall (1994), a progressive education system is a critical regional economic driver. Education develops local skills, enables the 'creative/knowledge' economy and mitigates inequity (Gorard and Smith 2004; OECD 2013). Quality property development serves the education sector. Paradoxically, student PRS dissatisfaction is chronic. The National Union of Students (2014) called attention to the plight of student renters and pressed the government and universities to act. With skills at a premium, student housing constraints could deter regional talent and jeopardise urban futures. On the other hand, rash or uninformed development bequeaths long-term problems.

University-driven expansion can stoke regional development but it provokes:

*'profound cultural, social, physical and economic transformations. These have been experienced differently by local communities and other stakeholders. For some individuals and groups the added dynamism, and other positive effects which students can bring (including the impact on the local economy), appear to have*

*outweighed any disadvantages. For others, changes to the characteristics of local neighbourhoods have been interpreted as largely detrimental.* ' (Universities UK 2006).

Flints (2008) raised HMO issue of, 'ghost towns following the summer student exodus'. The term 'studentification' captures negative connotations surrounding student-driven urban transformation (Smith 2002). Negative financial and spatial externalities of rapid university expansion include:

- House price and rental inflation (exacerbating housing affordability issue)
- Community displacement by young, transient populations (ghost precincts)
- Cultural and consumptive shifts (noise, crime)
- Street intensification (densification, bins, aesthetic adulteration)
- Proliferation of Housing of Multiple Occupancy (HMOs) in the Private Rented Sector (PRS).

To explore the positive and negative aspects of university expansion further, we conducted two regional studies.

## Study 1 - University expansion in Cirencester

### Overview

The first university development investigation was conducted at Cirencester during the first semester of 2014. The RAU study investigated the current (2012/2013) and future likely impact of expanding the Royal Agricultural University ('RAU'). Cirencester is growing rapidly. In 2014, the town registered 269 new businesses (23 % up on a year-to-year basis). A master-planned science hub for Agri-tech business would accelerate its expansion.

### Methodology

An Input-Output model (Leontief, W. 1986; Kelly et al., 2014) captured RAU's local and regional economic impact. Direct injections include:

- Staff wages
- Student disbursements
- Visitor's expenditure

Indirect economic injections for 2012/2013 were estimated using multipliers, sourced from the UK Input-Output Tables (ONS 2014). The multiplier effect assumes that an initial expenditure feeds back into successive subsequent rounds of expenditure. The input-output economic study estimated current and projected long-term impacts. The quantitative research was supplemented by qualitative analysis of selective face to face interviews with key Cirencester stakeholders. A focus group meeting checked that the findings were sensible and robust.

### Economic impact and future impact

Official UK data and RAU's financial information were input into *Universities UK* input-output model which captures known sector inter-linkages. The model suggests that RAU's total impact is £43.03m (£16.35m is RAU's own income and £26.68m consisted of 'knock-on' regional impacts). Assuming a standard university sector multiplier (2.63), RAU sustains 284 jobs, 178 of which in the region and 106 in the UK.

**Table 3: Secondary regional output impacts of HEI**

SIC (1)	Sector	Output (£mill)		
		Region	UK	Total
01-05	Agriculture, Forestry and Fishing	0.43	0.00	0.43
10-14	Mining and Quarrying	0.00	0.44	0.44
15.1-37	Manufacturing	3.15	3.35	6.5
40.1-41	Electricity, Gas and Water Supply	1.07	0.00	1.07
45	Construction	1.84	0.00	1.84
50-52	Wholesale and Retail Trade	1.77	1.02	2.79
55	Hotels and Restaurants	0.67	0.00	0.67
60.1-64.2	Transport Storage and Communication	0.92	1.43	2.35
65-67	Financial Intermediation	2.47	0.00	2.47
70.1-74.8	Business Activities	0.54	4.77	5.31
75	Public Administration	1.65	0.13	1.78
80-95	Other Services	0.42	0.59	1.01
Total		14.94	11.74	26.68
Output Multiplier				2.63

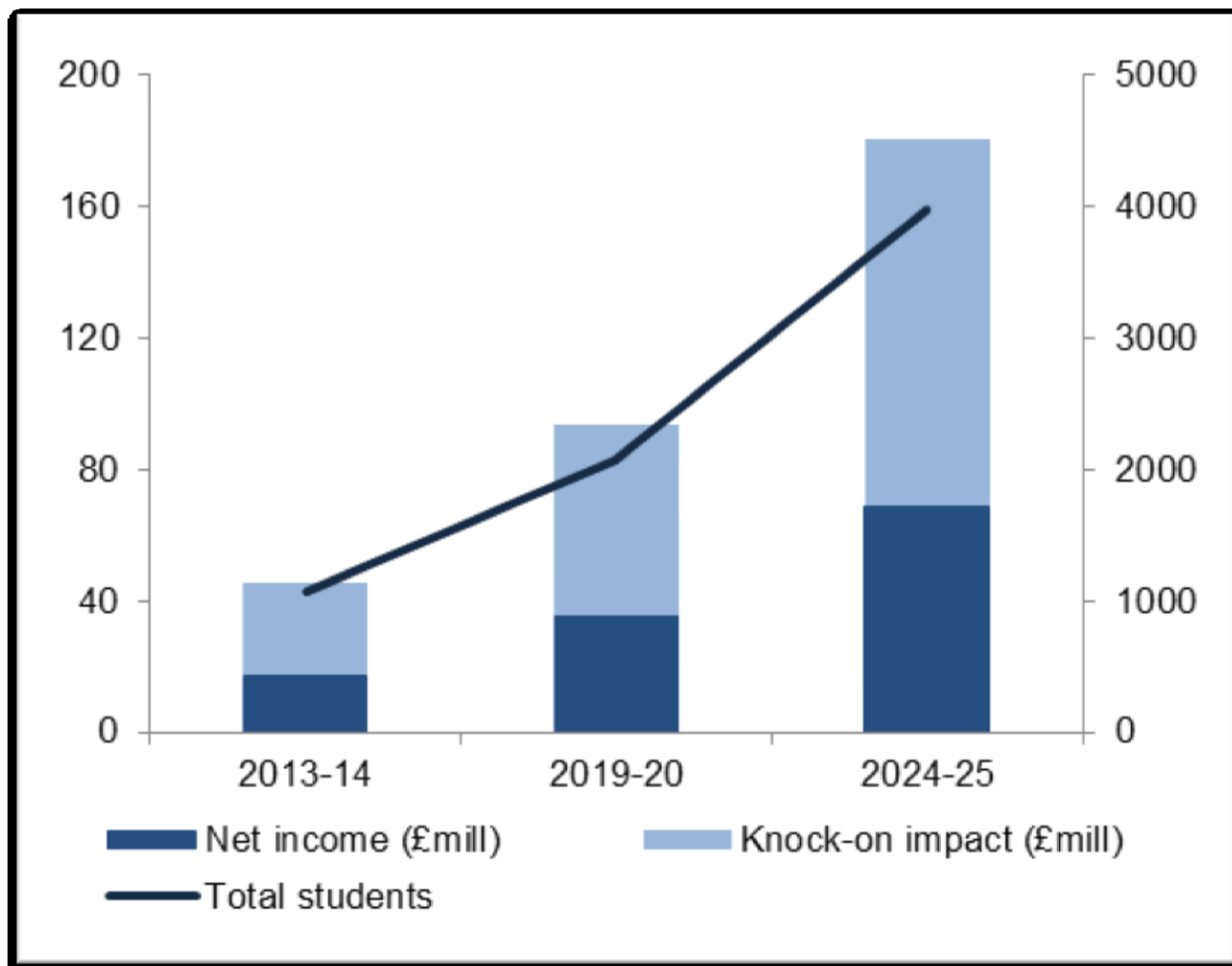


Figure 4: Input-Output economic analytics: current and projected impact of RAU expansion

Source: Authors 2014.

### Stakeholder views

Qualitative research enhanced and refined the quantitative Input-Output analysis. Its focus was the stated views of key Cirencester stakeholders on proposed university expansion. Stakeholders were selected on an *ad hoc* basis of local prominence. The instrument covered four key areas:

- Vision and challenges for Cirencester,
- Institutional coordination,
- Cirencester and the RAU,
- Future vision and investment priorities.

The survey indicated that residents were broadly content with Town Council and Cotswold District Council routine services (trash collection, preservation listed buildings, green areas, interaction with the local community, promotions of Cirencester to outer population, support for tourism. Concerns centred on coordination between Town and District Councils. Respondents struggled to identify responsibilities and felt communication needed improvement.

Over the longer term (10 - 20 years) respondents thought that Cirencester should aim to become a leading market town and 'boutique destination'. A typical view about the university was, 'RAU should drive Cirencester's economy' but it was felt that 'town' and 'gown' should nurture a closer relationship. One interviewee noted, the RAU is seen as 'being there and the town being here'. Suggestions to achieve town and gown integration included, for example, direct involvement with the farmers' market in town. Evidence cited for the lack of university engagement included the point that its mission statement omitted any references to Cirencester. Skeptics queried the contribution of the town to the university which sustains itself by recruiting students, providing research and consultancy services. From a narrow and short-term commercial perspective, Cirencester town doesn't add much to the RAU. Skeptics also dismissed suggestions

that the university source locally – this would simply inflate costs, hit profitability and undermine financial position. Commentators all agreed that middle income families can struggle to find quality affordable homes in Cirencester. Cirencester needs to provide the right type good quality houses with an adequate infrastructure. Interviewees agreed that the unique selling points for Cirencester were:

- Roman heritage
- Good retail mix
- RAU.

Issues included

- Stronger marketing which stressed inter-linkages between RAU and Cirencester for self promotion,
- Cooperation between town and university to offset retail competition from Swindon, Cheltenham and Gloucester,
- Technology and high tech science park (Catapult) to attract entrepreneurs.



## Study 2 - Hereford Talent Retention ('HTR')

### Overview

The second university expansion investigation looked at student accommodation issues in Hereford. The HTR study involved desk-top analysis, a survey and telephone interviews. It found:

- Universities and vibrant cultural scenes can catalyse regional development in the post-industrial knowledge economies.
- Herefordshire is a remote rural county with relatively low productivity and confronts a number of structural challenges. By 2032, almost 45% of the county's residents will be over 55 compared to 34% nationally.
- Despite a cluster of local colleges, Herefordshire's higher education needs are under-served.
- Currently, 61.1% of Hereford students are happy with the PRS administration process but 5.56% found it 'complex' or 'very complex'.
- All students sampled considered study facilities in their home, college or PRS digs satisfactory.
- 63.16% of students plan to leave Herefordshire for jobs or further study.
- Investors and developers confront a relatively subdued market but if HCA gained university status and expanded, there are numerous private funding precedents for student accommodation.

### Research objectives and methodology

Whilst PRS and university accommodation meet current Hereford student needs, the concern is that rapid expansion of the sector could over-stimulate student accommodation demand beyond PRS capabilities and stoke 'studentification' problems. The Herefordshire talent retention ('HTR') research project investigated the Student PRS in Hereford, looking for significant student accommodation issues which could potentially hinder development. Formally, the HTR research question is:

*Is the SPRS responsive to the needs of Hereford university students?*

The Hereford PRS research investigated whether student talent retention is a significant issue for Herefordshire. The project involved six steps. The first one problematized housing issues and outlined a systematic methodology to answer them (Section 1). The HTR conceptual framework developed from a review of key literature around the role of universities and talent as catalysts for development (Section 2). We analyzed Hereford's context and the strategic significance of students for the local economy (Section 3). During the Operational Phases, HTR investigated student (end-user) perceptions (Section 5) and considered PRS supply-side issues (Section 5). Section 6 summarized the research findings and drew out policy implications. The combination of secondary analytics, current student interviews and PRS telephone enquiries enabled HTR to form a balanced perspective, which incorporates end-users and accommodation provider considerations. The methodology involved two exploratory, two operational and one final, synthetic step, each seeking answers:

### Exploratory

1. How can we systematically investigate the PRS (*problematism*)
2. What is the significance of student accommodation (*literature review*)
3. What is the Hereford context? (*analytical review of local economy*)

### Operational

4. Are Hereford college students satisfied with the local PRS? (*operational phase student survey*)
5. What are the constraints affecting accommodation providers? (*operational phase - landlord interviews*)
6. What are the strategic and policy implications? (*synthesis, discussion and conclusion*).

### Herefordshire backdrop

Herefordshire is a large, predominately rural, landlocked county of 217,973 hectares, situated in the south western corner of the West Midlands (Herefordshire Council 2013). Its population of around 186,000 is sparsely distributed (only 212 people per square mile) which is a significant geographical barrier to service delivery. The county borders Shropshire to the north, Worcestershire to the east, Gloucestershire to the south-east, and Wales to the south-west and west. Herefordshire contains parts of two protected landscapes of national importance: the Wye Valley and Malvern Hills Areas of Outstanding Natural Beauty (AONB) (see

Fig. 2). The county's largest settlement is the cathedral city of Hereford which is an 85 minute drive from Birmingham International Airport. The nearest major conurbations are Bristol, Cardiff and Birmingham, all accessible by car within an hour and a half hour. The population within the administrative boundaries of the town is approximately 55,800 (Hereford Council 2014) but the 20 minute gravity model retail catchment is 96,915 (Experian 2014). Hereford hosts various festivals, including:

- Borderlines Film Festival
- The Hereford Photography Festival

## Demographics

The county's resident population of 186,100 has an older profile compared with England & Wales. By 2032, almost 45% will be over 55 compared to 34% nationally (see Table 2). Almost one quarter (23%) are aged 65 years (17% nationally). Over a twenty year period from 1991 to 2011, the county's population grew by 14.4% but, in decade 2001 and 2013, growth slowed to 6% (9% for England and Wales). This growth has been entirely due to net in-migration (largely immigration). Short-term household growth of 6.7% is expected over the period 2012-2017 (CoStar 2015). Over the longer term to 2031, forecasts estimate population will grow to 205,300 likely driven by net in-migration mainly from Eastern Europe. These demographics imply local home construction needs till 2031 of between 11, 294<sup>1</sup> - 16,500 new dwellings (Hereford Council 2014: ONS 2013).

Land is not in short supply in the county but is predominantly agricultural. Hereford is well known for its cattle, fruit and cider.

**Table 4: Hereford demographic profile**

	area	for area	for base	av=100
<b>All People Aged 16 - 74</b>	77,082	100.0	100.0	100
1. Higher managerial, administrative and professional	5,750	7.5	8.8	85
2. Lower managerial, administrative and professional	14,626	19.0	18.1	<b>105</b>
3. Intermediate occupations	8,209	10.6	11.1	96
4. Small employers and own account worker	8,191	10.6	8.1	<b>132</b>
5. Lower supervisory and technical occupations	5,389	7.0	6.2	<b>114</b>
6. Semi-routine occupations	12,308	16.0	12.4	<b>129</b>
7. Routine occupations	8,403	10.9	9.9	<b>110</b>
8. Never worked and long-term unemployed	2,728	3.5	4.9	73
L14.1 Never worked	1,811	2.3	3.4	70
L14.2 Long-term unemployed	917	1.2	1.5	78
L15 Full-time students	4,375	5.7	7.9	72
NS-SeC: Not classified	4,375	5.7	7.9	72

Source: Experian (2014), based on 2011 Census NS Socio Economic Profile.

**Table 5: Population projections to 2032**

				Data for area	Data as % for area	Data as % for base	Index av=100
Total Resident Population				104,566	100.0	100.0	100
Aged	0 - 14	% Female	49.0	15,412	14.7	16.9	87
	15 - 19		48.8	5,187	5.0	5.6	88
	20 - 24		48.0	4,048	3.9	6.0	64
	25 - 34		47.9	8,933	8.5	12.2	70
	35 - 44		49.8	12,064	11.5	13.4	86
	45 - 54		50.6	12,289	11.8	12.1	97
	55 - 64		52.2	13,708	13.1	11.2	117
	65+		53.7	32,925	31.5	22.6	139

Source: Experian (2014), based on 2011 Census NS Socio Economic Profile.

<sup>1</sup> Based on population growth, divided by ONS average English family size: (205,300-186,100)/1.7.

### ***Development and planning***

In recent years, national and local planning regimes have fluctuated in line with politics. In 2011 Herefordshire cut its planning links with Midlands. *Enterprising County* (2011) focused on innovation, entrepreneurship and productivity to boost wages. The identified investment enablers were infrastructure (logistics and ICT) and education. In September 2014, submitted its Local Plan (Herefordshire 2015). Its *Core Strategy* has transport, economic and investment elements. The Local Investment Plan provides a 'Total Place' strategic framework for investment partnership and institutional collaboration for targeted spatial and thematic regeneration priorities in:

- Transport
- Health
- Housing
- Education
- ICT

Herefordshire's main ICT initiative is its collaborative Broadband Project with Gloucestershire County Council which taps public and private investment for faster broadband. Sustainable growth with jobs, leisure, and cultural opportunities could reduce cross boundary leakage of talent and investment. To this end, Herefordshire formed a Local Enterprise Partnership (LEP) with Shropshire and Telford (Herefordshire Council 2013) and the Hereford Enterprise Zone at Rotherwas (defence and security sector, advanced environmental technologies and food).

The county's main conurbation is Hereford which is a compact historical city. Development of the central iconic Butter Market into new 20,000 sq ft retail centre will add needed retail space (vacancy rate 2.5%) but, arguably, to detriment of traditional local traders (CoStar 2015). In Hereford, 2-4 star retail sale prices are £108/SF with yields at around 8.6% higher than for Worcester (8.1%), which presumably benefits from its closer proximity to Birmingham (*ibid.* 2015).

### **Higher education provision**

Hereford is a vibrant market town but its workforce is relatively unskilled (see Table 3). Whilst the county lacks its own university, the Hereford College of Arts ('HCA') is internationally recognised and plays regularly hosts a range of film and other festivals. 'Art' and 'bohemia' are regarded by some as potential catalysts for urban transformation in some situations (Wadley *et al.* 2015).

Hereford's students disperse across the country. Nearby, there are three established universities:

- The University of Worcester (27 miles)
- The University of Gloucestershire (35 miles)
- The Royal Agricultural University at Cirencester (50 miles)
- The University of Cardiff (58 miles)
- Harper Adams University (65 miles)

### ***Key challenges***

In line with many attractive regional locales, Herefordshire confronts serious economic and social challenges due to spatial imbalances in national housing markets, a polarized employment and investment landscape, austerity and benefit reform. Depleted local governments struggle to pay a variety of deferred and concealed social imposts.

The key issues identified by Hereford Council (2014) include:

- Sparse, scattered population impacts on transport and service delivery (health, education) which ICT broadband upgrades could partially mitigate.
- Ageing demographic profile which associated social care and housing imposts.
- Low wages and productivity. Skill levels are a key economic driver but in Herefordshire only 20% had NVQ4 & above (compared with 36% nationwide and 65.9% in Cambridge). 15% of the county's workers lack any formal qualifications (Campbell *et al.* 2012; Centre for Cities 2014).
- Affordable housing. The paradox is that at the bottom end, homes cost lowest earners 8.6 times their annual wages yet, at the top end, properties are relatively cheap compared to London and the Home Counties.
- Preservation of local environment (River Wye water quality).

## ***Analytics***

The transformation of Hereford towards a more value-added economy requires significant human capital investment. As already outlined in Section 3.2, Hereford's workforce is relatively unskilled compared with the rest of the UK. Despite relative higher education deprivation, Hereford is home to:

- Hereford College of Arts which has two campuses.
- The Royal National College for the Blind (RNC)
- Herefordshire and Ludlow College
- Holme Lacy College
- Hereford Sixth Form College.

To transform its economy, Hereford faces a number of major challenges. Significant investment in education is one element of the development strategy, already been identified in the Local Plan (Herefordshire 2013).

## **Student survey**

Telephone and email contact was made with HCA from 20th November for site visit on 10th December 2014. It was stressed to HCA Student Support Officer that the research was not commercial but academics. HCA did not respond to *ex-ante* communication and, on site, refused permission for student interviews. In lieu of campus-based interviews, a pilot study was carried out in the Hereford city center on the 10th December 2014. The target population for the study was the population of student renters. Unfortunately, most college students in Hereford are not renters and live at home with their parents. Questionnaires were conducted using *quicksurvey* on tablets or via hardcopy forms. Respondents were screened to ensure they were a) over 17 years old and b) renters. The Purpose of the study was explained and respondents were informed that participation was a) voluntary and b) anonymous and c) confidential. Where necessary, assistance was provided to complete the questionnaire. In all, 21 respondents were recorded (see Appendix 2 for survey results). Questionnaire sheets were destroyed once after data transcription into a securely stored anonymous statistical database.

## **Results**

Approximately half of those who were approached by researchers met the research criteria of being over 17 and student at the time in one of the Hereford colleges. Twenty one students completed the survey and one had an interview. The average age of participants was 18 with the mode of 17. Of those, 57.1% were male and the rest were female. 28% of the sample has been identified as talented or gifted students at some point and received some sort of funding for their studies. 57% of participants said they would not stay in Herefordshire in future and just 26% said they would.

The frequency and types of different accommodations participants Table 1 below gives the summary descriptive statistics (average figures/scores or percentages) for the 21 survey responses. The survey was conducted from 10am - 4pm in Hereford town (market square and adjoining streets) by 3 researchers from the Royal Agricultural University on 14<sup>th</sup> December 2014.

**Table 6: RTH Phase 2 survey summary descriptive statistics**

<b>Indicator</b>	<b>Descriptive stat.</b>
Female	42.86%
Male	57.14%
Average age	19 years 4 months
Education 'A' levels	66.67%
Graduates	14.3%
GCSE or below	14.3%
Marital Status single, none with children	90.48
Employed	28.57%
Residence in HR postcode	76.19%
Talented/innovative	28.57%
Accommodation private house or flat	52.38%
Room in a group house with shared areas	23.81%
University accommodation	4.76%
Monthly rent	£388.2
Paying bills	23.8%
Estimated bills	£18.4

Tenancy formal contract	28.57%
Lease administration process OK or simple	61.1%
Not involved directly with the leasing process	27.78%
Leasing process 'complex' or 'very complex'	5.56%
Distance to college	29.1 km
Travel mode walked to college	66.67%
Estimated travel costs	£ 36.1
Adequate facilities for study	100%
Non response re study facilities	31.25%
Plan to stay in Hereford	26.32%
Plan to relocate	63.16%
Undecided	10.53%

**Source:** Phase 1 survey results 10th December 2014.

Notes: 1 respondents were considered as 'talented' or entrepreneurial is either a) designated as talented/gifted, b) received a university bursary, c) ran a business or d) contemplated starting one (see survey instrument Appendix 4, questions 11-13).

Survey question (Q12) elicited a variety of positive and negative accommodation factors which either attracted or repelled students:

#### Positive

- Closeness
- Reasonable price
- Nice location
- Warm and easy to tidy
- Size, lived there for a long time
- Location, close to the town
- Privacy
- I enjoy it
- Bathrooms

#### Negative

- Quiet (boring)
- No extractor in kitchen
- Cramped
- Lack of restaurants
- Distance

State reasons for planning to leave Herefordshire (Q13) were:

- *It's Boring*
- *Plan to live in North America*
- *Joining the dad's business in London*
- *Plan to move away from Hereford and travel*
- *Hope to move away when go to university*
- *Nothing is here, I like Birmingham*

The second, operational phase, of the HTR involved a preliminary survey of students conducted on 10<sup>th</sup> December in Hereford town centre. Without the cooperation of the HCA the response rate was somewhat disappointing as the target population of registered rented sector students over seventeen proved elusive. Many international or non-local college students had already departed for the Christmas vacation and most of the remaining ones reside at home with their parents. If full cooperation from the HCA is forthcoming, it may be worthwhile conducting further surveys. Nevertheless, the available secondary sources and the available empirical evidence from an, admittedly somewhat limited sample, suggests that student accommodation issues are not the major constraint hampering talent retention in Hereford. Hereford college students are satisfied with the local PRS but leave because of diminished job and entertainment opportunities or the pull of metropolitan job markets compared.

#### **Accommodation providers**

Analytical commercial reviews (CoStar and EGI) reviews of Hereford property markets suggest that market performance is relatively muted. The expectation of only modest capital gains could deter some investors. However, recently there has been a string of industry announcements (Table 7) which suggest that, should HCA expand, there is a reasonable prospect of attracting private sector funding for be-spoke student accommodation.

**Table 7: Pipeline university accommodation developments**

Completion date	Sponsor /Target		Developer		Details
2016	Bath university	Spa	Berkeley Homes		461 student homes alongside a new café and management suite.
2015	Bristol and Newcastle		Victus Accommodation Fund	European Student	Macquarie Lending to finance £35m (2/3 buildings completed and leased).
2017	Plymouth University		Knightsbridge Student Housing		22-storey tower with 507 flats
2015	Bristol university		Urban Creation		Conversion (80-bed) and 23,000 sq ft Centregate redevelopment (100 beds)

**Source:** Author, using EGI and CoStar data (2015)

Dialogue with HCA accommodatrion officers on site (10<sup>th</sup> December 2014) and subsequent telephone conversations (20<sup>th</sup> Janaury 2015) raised no significant *current* student accommodation issues. Lack of planning or univeristy strategic clarity and low rental incomes and lack-lustre capital gains are likely the main constraints hampering investment in student accommodation. Nevertheless, it would be prudent for Herefordshire to put in place a partnership mechanism to ensure any moves to expand university provision are properly considered, adequately funded and well-planned.

## Conclusion

The two studies investigated the potential benefits and pitfalls of regional university expansion. For both conurbations, growth-driven growth presents opportunities but also challenges. The challenges identified include:

- Studentification and shortage of affordable housing
- Lack of infrastructure (ICT and built environment)
- Human capital constraints

In Cirencester, respondents viewed university expansion positively but noted that students exacerbate the housing shortage, can misbehave and likely take up car parking. Clearly, local authorities need to pro-actively manage spatial externalities (nuisance, HMOs or parking). Relatively slow Internet speed and weak mobile signals hamper the town's digital connectivity. Strong ICT leadership by Cirencester and CDC is a condition for innovative technological employers/enterprises. Respondents were also concerned about the condition of physical infrastructure like cycle-ways, parking and public transport provision. Regarding public transport, interviewees complained about bus timings and routes. One commentator noted, transportation and mobility especially during rush-hours 'is always a challenge in rural areas'. However, subsidising public transport imposes a significant financial burden on Cotswold District Council. Other challenges, related to human capital, include demographics (aging population), absence of diverse employment opportunities, as well as skills shortage and a limited nightlife.

In Hereford, the research established that, currently, college student's accommodation needs are adequately provided for by the current mix of PRS and university halls. Table 7 summarises the HTR findings.

**Table 8: RTH sections and summary answers**

Section	Issue	Answer
1	Can we systematically investigate the PRS	Yes
2	What is the significance of student accommodation	Significant
3	What is the Hereford context?	Challenging
4	Are Hereford college students satisfied with the local PRS?	Yes
5	What are the constraints affecting accommodation providers?	Risk-returns
6	What are the strategic and policy implications?	Strategic foresight, partnership and governance

Source: authors 2015

However, were HCA to attain university status and expand rapidly, the PRS would struggle to respond adequately. University expansion could catalyse innovation, diversify the economy and increase productivity but requires careful planning and management to mitigate downside *studentification* risks. One solution is the construction of dedicated student accommodation, involving private sector partners. Herefordshire, in liaison with relevant stakeholders, such as HCA, should carefully consider this option merits. If a consensus emerges for private-sector financed university-driven growth, this impels:

- Commercial due diligence
- Solid business case
- Due planning process under the Hereford Local Plan.

It is also advisable that studentification management is embedded into local planning administration.

## Acknowledgement

Living Villages, Kielder Trust, Royal Agricultural University, School of Land Management (RELM).

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