

THE ROYAL BANK LEADS THE WAY!

When scholars reflect on the reasons major financial institutions have become equity investors in regeneration, 8 October 1997 might well stand out as a “red letter” day.

Until then, regeneration and “institutional investors” were not obvious bedfellows. Regeneration was seen as high risk and low return - exactly the opposite of the aims and aspirations of the large corporate equity risk-takers.

One investor saw things differently: The Royal Bank of Scotland (RBS) responded enthusiastically to a call from English Partnerships (EP) to invest in a new type of property vehicle - one that would speculatively develop industrial and commercial property in regeneration areas.

“RBS was not the only party to whom EP spoke” stresses Barbara Turnbull, Senior Director at RBS Property Ventures, “but having assessed the approach and type of commitments offered by a variety of types of financial bodies, they chose to proceed with us”.

The fledgling joint venture company was named Priority Sites and was officially launched by the Deputy Prime Minister in October 1997. Priority Sites has since grown into perhaps the most active speculative developer of business space in England.

“The Bank recognised the variety and scale of opportunities a venture like Priority Sites could offer”, says Barbara. “It had access to a significant pipeline of development opportunities with a good geographical spread which helped to mitigate risk. We also believed that the creation of a true public/private sector joint venture of a type which no other major bank had tried before would open other doors to allied opportunities for the RBS Group. It would also act as a clear demonstration that investing in regeneration really can work” she adds.

So far, The Royal Bank of Scotland has committed over £90 million to Priority Sites, a mixture of equity and debt finance, and is delighted with the returns on its investment. “The company has exceeded all the financial and other targets its shareholders set for it. RBS certainly has a desire to assist in Priority Sites’ further expansion and development,” states Barbara.



L-R: Barbara Turnbull and Margaret Ford (Chairman of English Partnerships)



“Delivery, delivery, delivery. It’s all about delivery.”

Bill Kirk, Chief Executive of Sheffield One, leaves you in no doubt as to his priorities for the next couple of years.



Sheffield One was one of the first urban regeneration companies and is spearheading the renaissance of a city once best known for its steel production. “Steel is still made in Sheffield in large quantities,” stresses Bill.

“It now employs far fewer people than it once did and Sheffield no longer relies on just one industry. After the decline in traditional manufacturing in the late 1980s, Sheffield had to look for ways to diversify its economy and create new jobs, and that’s really the driving force behind Sheffield One - to transform the city centre into an engine for economic growth for the region.”

Bill sees his role as implementing the ideas formulated during the early years of the company’s life, embodied in the City Centre Masterplan.

“Sheffield has made tremendous progress since Sheffield One was launched in 2000. As well as improved public spaces and amenities, such as the Peace Gardens, Winter Garden and Millennium Galleries, the city has become extremely business-friendly,” says Bill. “There is a clear plan for the future and a determination in public and private sectors to deliver that plan. I’m delighted that Priority Sites is playing its part in that process,” he adds.

A major part of that plan is the £130 million Heart of the City scheme, which will also include a four-star Macdonald Hotel, a new office development (St Paul’s Place), around 200 residential units and Millennium Square.

It is ironic that Bill, a self-confessed invader from the “Red Rose county”, is in charge of regenerating this major Yorkshire city. “I’m happy to accept that the Battle of Bosworth settled which is the top county,” he says. “And now my task is to make Sheffield one of the top cities, not just in the UK but in Europe.”