

University of Peterborough – Delivery Update and Future Combined Authority Role

To:	Business Board
Meeting Date:	14 November 2022
Public report:	<p>This report contains an appendix which is exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendix.</p>
Lead Member:	Chair of the Business Board, Alex Plant
From:	Senior Responsible Officer for Higher Education, Rachael Holliday
Key decision:	No
Recommendations:	<p>The Business Board it recommended to:</p> <ul style="list-style-type: none">a) Note the progress of the development of the University of Peterborough, the opening and operation of the phase 1 building to students by ARU Peterborough and its initial and potential performance against the original business plan objectives; andb) Note the future role of the Combined Authority in the next few months in the further evolution and development of the University through the following:<ul style="list-style-type: none">(i) Preparation and submission for approval of the Phase 3 full business case including a review of the University's original quantitative objectives set at the Phase 1 full business case, with further recommendations about how to reset these for effective monitoring of the new University;(ii) Update and preparation of the University Programme Business Case including partners strategy for delivery;

- (iii) Supporting and managing the preparation and submission of an outline planning application for a scheme to articulate the vision to potentially expand the University campus beyond the phase 3; and
- (iv) To review the business plan and approach to lettings for the phase 2 building to achieve the best outcome.

1. Purpose

- 1.1 The University of Peterborough is a key project of the Combined Authority, and since 2019 the university has progressed rapidly from being on a drawing board to a now open and operating university. With ARU Peterborough now teaching its first students, and with the delivery of the second teaching building in the pipeline, it is an appropriate time to update members on progress to date. It is proposed that the Combined Authority should continue to have a key role in helping to shape the delivery of the university as part of a programme business case review process during 2023.
- 1.2 Now that phase 1 of the university is open and operational, a review of the business case and associated key performance indicators is required. This report sets out a strategy for reviewing the initial outputs of the university in line with the approval of the Phase 3 full business case, which is due to be considered by the Skills Committee, Business Board and Combined Authority Board in January 2023. It considers what the Combined Authority's role could be over the next two years and offers a proposed way forward in realising the opportunities available to ensure the success of the university and its campus.

2. Background and Progress to Date

2.1 Full Business Case – Phase 1

- 2.1.1 The original intention of the University of Peterborough was to focus on the skills gaps within Peterborough, Fenland and Huntingdon. As part of a wider skills recovery programme in higher education, the new university's aims are to widen participation and improve social mobility as well as to grow and retain local talent.
- 2.1.2 On 5 August 2020, the Combined Authority Board approved and adopted the Full Business Case and approved delegated authority to mobilise the creation of Phase 1 of the new University of Peterborough project. Subsequently, a special purpose vehicle, the Peterborough HE Property Company Ltd (PropCo1), was formed between the Combined Authority, Peterborough City Council (PCC) and Anglia Ruskin University (ARU) which included Articles of Association, Collaboration Agreement, Cambridgeshire and Peterborough Combined Authority Services Agreement and Shareholder's Agreement.
- 2.1.3 At the Full Business Case approval stage, the quantitative objectives for the new university included:
 - Registration of new higher education provision with the Office for Students in the 2022/23 academic year.
 - Subject to the conclusions of an independent review, securing Unlimited Degree Awarding Powers following the 2028/29 academic year and securing university title (as the 'University of Peterborough') following the 2029/30 academic year.
 - 2,000 students on roll in 2022, rising to 5,000 by 2025 (in the scope of Phase 1) and potentially to 12,500 by 2030 (the latter was not in the scope of Phase 1, and subject to further engagement with UniCo (ARU Peterborough)).

- The proportion of local students progressing to higher education to increase to 2% in 2022, rising to 5% by 2025 and 10% by 2030.
- An increase of 1200 graduates employed in appropriate professional / graduate level jobs in the local economy by 2025, with a further 13,000 by 2030 and 30,000 by 2035.

2.1.4 The Full Business Case comprised the Strategic, Economic, Commercial, Financial and Management cases modelling the Green Book, in line with the Treasury's guidance on appraisal and evaluation. It was agreed that the property would be leased to a new special purpose vehicle (UniCo) established as a wholly owned subsidiary of the ARU, now known to be ARU Peterborough. ARU Peterborough will provide the skills, knowledge, experience and resources to make a practical reality of the new higher education provider. The curriculum model at the time was based on addressing the skills gaps within Peterborough, Fenland and Huntingdon, and was completed in consultation with ARU Peterborough. ARU Peterborough are overseen by a Governing Body, made up of representatives from ARU, the Combined Authority and PCC. An independent review, expected to take place in 2028, will evaluate the benefits and feasibility of the university becoming independent from ARU, with University Title and its own degree awarding powers.

2.1.5 To support the objectives of the university, the Combined Authority Board approved commitment to invest the £12.3m capital, plus a further £12.5m of Local Growth Fund into the Phase 1 build, and draw down the funding to mobilise the activities and milestones identified within the Outline Business Case. In addition, PCC provided £1.6m in land investment on the Embankment site towards the proposed university. ARU Peterborough welcomed their first students with teaching starting in September 2022.

2.1.6 Phase 1, the first university teaching building, was handed over to ARU Peterborough in early August 2022 and construction was completed on time and within budget. ARU Peterborough received over 1,600 applications to start courses in autumn 2022, and will be supporting more than 950 learners. This includes over 650 undergraduate students based at University House, with other provision including support for small business owners as part of the Small Business Britain's Small and Mighty Enterprise Programme. This is one of a range of industry-linked short courses being delivered across the academic year, including a number of Institute of Environmental Management and Assessment (IEMA) accredited short courses.

2.1.7 A large number of courses at ARU Peterborough have two main start dates, in September and January, providing greater flexibility for students. A wide range of courses are available to students starting in January 2023, as well as its first postgraduate course. An additional entry point is planned in May 2023 for a smaller number of specialist apprenticeship courses. The build-up of overall student numbers is an ongoing activity to be monitored throughout the academic year and beyond.

2.2 University of Peterborough Manufacturing & Materials R&D Centre – Phase 2

2.2.1 The second phase of the University site's development, now known as the Peterborough Innovation & Research Centre, seeks to strengthen links between academia and industry, establish skills and learning in the very heart of the city, and provide a platform for an innovation eco-system with a university at its core. The intention is to achieve significant sector-cluster growth, improve services and increase the number of jobs, to help reset

Peterborough's potential rate of recovery. The centre has an ambition to focus on contributing towards the development of a low carbon economy, and seeks to align with the government's net zero aspirations.

2.2.2 On 25 November 2020, the Combined Authority Board approved the award of £13.78m from the Get Building Fund to the University of Peterborough Phase 2 Manufacturing & Materials R&D Centre project. After the decision, £827k was ring-fenced for the associated car park and £300k was top sliced to cover staff costs, as per the Department for Levelling Up Housing and Communities (DLUHC) funding agreement, leaving £13.47m for the build itself.

2.2.3 Following the identification of a further £3m funding from a private investor, Photocentric Ltd, the Combined Authority Board approved the business case on 27 January 2021, and provided delegated approval to develop the necessary legal documentation for a special purpose vehicle, Peterborough R&D Property Company (PropCo2). An update regarding the position of the company since its establishment is attached in the exempt Appendix 1.

2.2.4 At the Business Case approval stage, the quantitative objectives for the new centre included:

- (i) Increased employment as a direct result of the creation of the Manufacturing and Materials Research & Development Centre as staff are recruited.
- (ii) Employment created in the wider economy as an indirect result.

2.2.5 The building is due for practical completion in December 2022. Savills has been appointed to oversee the marketing of the lettable spaces in the building, where it is anticipated that established and start-up companies will start to take occupancy later in 2023.

2.3 University Living Lab – Phase 3

2.3.1 The proposed third phase, and second teaching building of the university, includes a Living Lab public science facility. The third phase will feature mainly science, technology, engineering and mathematics (STEM) based teaching activities. The Living Lab part of the building will enable the public to enjoy events and exhibits to inspire generations in STEM, the net zero economy and careers of the future. The Living Lab received funding approval from DLUHC in October 2021.

2.3.2 On 26 January 2022, the Combined Authority Board approved the Phase 3 Business Case and to use the existing special purpose vehicle, Prop Co 1, for the delivery of Phase 3, as the owner and developer of the second teaching building. Investment for the new building will come in the form of £20m from the Levelling Up Fund (LUF), £4m from ARU, and £2m from the Combined Authority via the Local Growth Fund.

2.3.3 The Business Case comprised the Strategic, Economic, Commercial, Financial and Management cases modelling the Green Book, in line with the Treasury's guidance on appraisal and evaluation. The quantitative objectives were set based upon those included in Phase 1 full business case, and will be reviewed in line with current student intake and alongside the Full Business Case approval process, scheduled to be presented to the Skills Committee, Business Board and Combined Authority Board in January 2023.

2.3.4 The planning application for the second teaching building has been submitted. Based on the current programme, building works should commence in Spring 2023, with a proposed completion, handover to ARU Peterborough, and teaching for students in autumn 2024.

2.4 Campus Outline Planning Application (OPA)

2.4.1 The longer-term ambition of the university partners is to add more phases to the campus over future years and the decade beyond. An outline planning application is being prepared to cover the wider expansion of the university campus in line with the proposals being prepared by PCC to regenerate the Embankment site. Approval of outline planning would enable further phases to be more deliverable and improve the potential to attract future funding and investment. To meet the LUF deadlines for the second teaching building, the full planning application for the Phase 3 development should be secured in advance of the outline planning application for the future ambition for the campus in early 2023.

3. Look Ahead and Next Steps for the Combined Authority

3.1 The University of Peterborough has seen significant, rapid evolution and development since 2020. It is now starting to deliver the benefits. There has been huge success along the way, including, but not limited to:

- The creation of two separate special purpose vehicles to deliver the infrastructure for two teaching buildings and a research and development centre.
- A first teaching building built on time and on budget.
- Employer co-created courses, designed with employability in mind, which aim to provide businesses with a pipeline of talented, highly skilled graduates to help grow the local economy.
- Sector-leading facilities, including cutting-edge computer science, nursing and midwifery, and biomedical science labs.
- Active development and re-generation of the Peterborough Embankment.
- 950 learners engaging in courses, with further additions hoped for in January and May 2023.

3.2 Whilst a huge success, it should also be the acknowledgement that in hindsight the monitoring and reviewing of the original projections and quantitative objectives was not sufficiently developed enough to adequately assess the development and impact of the new university. The challenges in establishing a new university are setting a means by which to compare outcomes. The success of a new university, for example, cannot be based on just the intake of students, but needs to consider other factors, such as the number of graduates employed in appropriate professional / graduate level jobs in the local economy. Some of this data cannot reasonably be provided until 2025 at the earliest, which is when the first students will be emerging, having completed the first undergraduate courses that commenced in September 2022. It is therefore proposed that in developing the full business case for the Phase 3 Living Lab, a review is carried out of the metrics used to determine

performance indicators, which would lead to further recommendations to the Combined Authority Board about how to reset these for effective monitoring of the new university.

- 3.3 The Combined Authority has an ongoing role through services in acting as a development manager to PropCo1 and PropCo2 to deliver Phase 3 and the OPA. As part of this role, the Combined Authority is well placed to continue to work with the partners to develop and define a programme business case. It is acknowledged by the partners that further capital and infrastructure investment should be sought through targeted approaches to investors, including, but not limited to, government departments, institutional investors, pension schemes, equity-based crowd funding platforms, larger local and regional businesses, housing developers, and ARU.
- 3.4 The proposed timeline for Phase 3, campus outline planning application, and programme business case is as follows:
- (i) January 2023 – Phase 3 Full Business Case, plus a re-visit of the original quantitative objectives set at the Phase 1 Full Business Case, with further recommendations about how to reset these for effective monitoring of the new university.
 - (ii) Early 2023 (subject to town planning approval of the phase 3 building) – preparation of the Campus Outline Planning Application for the potential future ambition.
 - (iii) Summer 2023 – Further update including partners strategy for the University of Peterborough Programme Business Case.
- 3.5 It is proposed that the Combined Authority continues to support the objectives of the university through staff time and support from the SRO Higher Education and University of Peterborough Support Officer continuing to offer services as development manager.

Significant Implications

4. Financial Implications

- 4.1 The budget for Phases 1 to 3 sits with, and is managed by, the special purpose vehicle (PropCo1 & PropCo2). Combined Authority staffing costs to support the Development Management Agreement, included as part of the Shareholders Agreement, are in place until December 2024. A review of any additional or long-term resources and costs will be included as part of the further update to the Business Board in summer 2023.
- 4.2 A review of the cost implications relating to Phase 2 are included in the exempt Appendix 1.

5. Legal Implications

- 5.1 Governance arrangements are in place and are managed by the special purpose vehicle. Further legal support and implications will be considered as part of the further update to the Business Board in summer 2023.
- 5.2 A review of legal implications relating to Phase 2 are included in the exempt Appendix 1.

- 5.3 In accordance with clause 1.2 (m) of Chapter 4 (Combined Authority Board Functions, Shareholder Agreement matters are reserved to the Combined Authority Board.
- 5.4 Following an internal audit, a report was taken to the Audit and Governance Committee on 30 September 2022, which included recommendations to strengthen the governance of the companies. Officers have proceeded to act in line with the recommendations set out in paragraph 2.6 of [the report](#).

6. Public Health implications

- 6.1 ARU Peterborough and the Peterborough Innovation & Research Centre will, through local employment, training and education opportunities, encourage healthy lifestyles and behaviours in all actions and activities, while respecting people's personal choices.

7. Environmental and Climate Change Implications

- 7.1 ARU Peterborough and the Peterborough Research & Innovation Centre will, through local employment, training and education opportunities, support local and environmentally sustainable choices regarding travel and transport. The design of the teaching buildings will meet Building Research Establishment Environmental Assessment Method (BREEAM) Excellent standards, and all planning applications will meet national and local standards regarding the preservation and further advancement of biodiversity in the local area.
- 7.2 As the university campus develops over time, there are further strategies in place to work with the university partners, as well as the tenants of the Research & Innovation Centre, for the site and buildings to have net carbon zero impact by 2030.

8. Appendices

- 8.1 Appendix 1 (Exempt) – University of Peterborough Update

9. Background Papers

[Combined Authority Board reports 5th August 2020](#)

[Combined Authority Board reports 25th November 2020](#)

[Combined Authority Board reports 26th January 2022](#)