

# **A new University for Peterborough**

## **Outline Business Case**

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## Executive summary

### Strategic Case

Peterborough is a recognised cold spot for Higher Education. To address this, Cambridgeshire and Peterborough Combined Authority (CPCA) and Peterborough City Council (PCC) are committed to securing a new University for the City in readiness for the Academic Year 2022/23.

This Outline Business Case is concerned only with the Phase 1 development of the new University:

1. Development of a Phase 1 university building on the Embankment site in Peterborough.
2. Procurement of an Academic Delivery Partner (ADP) to provide the skills, knowledge, experience and resources to make a practical reality of the new higher education provision.

The intention is for the new University be fast-growing between 2020 and 2028 (supported by subsequent phases of infrastructure development), at which point there will be an independent review to evaluate the benefits and feasibility of the University becoming independent from the ADP.

The strategic policy framework within which CPCA works and the rationale for the University for Peterborough project flows from the Cambridgeshire and Peterborough Independent Economic Review and related documentation including in the CPCA skills strategy and Local Industrial Strategy. The project supports national policy as expressed in the Augar Review of Post-18 Education funding, the review of Higher Technical Education and the Government's Industrial Strategy.

A new University will make a substantial positive economic impact in Peterborough and the wider sub-region, enabling the region and the UK to compete in an ever more dynamic global economy through innovation and creating knowledge-intensive businesses. It will deliver significant cultural and social benefits. It is a Mayoral priority within CPCA's Business Plan and a key intervention within the Local Industrial Strategy and Skills Strategy, to address the current disconnect between work and qualifications. Expanded HE provision will be an essential component in realising ambitions to: establish the foundations for raising aspirations and attainment; support business skills needs; improve productivity; stimulate structural economic change; and enhance well-being.

The top-line objectives for the new University are:

- Accelerating economic growth in the local economy.
- Increasing productivity by job-ready degrees that support the local economy.
- Increasing GVA through meeting business, student and employer aspirational needs.
- Creating an effective progression route for technical learning.
- Re-skilling and up-skilling the workforce to meet technical skills market needs.

Peterborough and the wider region are under-served by current providers and there is a net-outflow of students from the East of England. Current HE provision consists of Peterborough Regional College (around 500 qualifications per annum) and Anglia Ruskin University (bespoke provision of around 400 qualifications per annum). There is no HE provision in Fenland or North Huntingdonshire, largely due to their dispersed rural character and poor transport networks.

Addressing provision to under-represented and under-employed groups will be critical in meeting local labour market demand and provides an uncontested HE market space (unemployment rates in the sub-region are higher than the national average, the local population has grown at a faster rate than the national average and a lower proportion of 18-24-year olds are in full-time education).

The University, therefore, has the opportunity to provide a unique offer to serve the cold spot, attract under-represented groups and redress the imbalance with the rest of the CPCA region.

Various efforts over the last 20 years to produce a commercially viable HE provision of sufficient scale and quality have failed and a different approach is required. The intention of the new University is to address the cold spot through an increase in the number of HE entrants from the sub-region by attracting and retaining students locally, in particular people who do not currently participate in HE but who would participate and remain locally if suitable provision was available. Based on the CPIER and related analyses it is clear that the first tier of University strategy must be to craft a sustainable portfolio of taught courses that addresses the characteristics of the cold spot before building research expertise.

CPCA is determined to make these investments, to encourage others to make such investments and to bring the positive benefits of HE to the people of the sub-region. This will not only address the labour market needs of the sub-region, it will give the area an opportunity to reinvent its economy; raising aspirations locally and supporting business skills needs.

The main benefits of the new University stem from establishing a Phase 1 University Campus in Peterborough, for 2,000 students by September 2022 and include:

1. 10,000 new learners assisted (Levels 5 and 6 over five years).
2. 50 temporary construction jobs, 170 university jobs initially (rising to 467), 300 initial supply chain jobs (rising to 900), 14,000 indirect jobs and 1800 apprenticeships over 3 years.

#### Economic Case

Four options have been identified for consideration in the economic case as follows:

1. **Business as Usual:** continuation of the current local provision described above.
2. **Do Minimum:** investment in capability building of Peterborough Regional College to achieve Taught Degree Awarding Powers (and perhaps University Title for the current University Centre Peterborough in due course).
3. **Recommended Option:** investment to tackle the characteristics of the addressable component of the current market failures in HE provision in Peterborough, targeted at infrastructure provision and capacity building.
4. **Do Maximum:** investment scaled to found, *ab initio*, a new University on a model similar to those founded in the 1960s (the so-called Robbins Institutions).

Do Maximum can be ruled out on the grounds it is unaffordable and unachievable within the constraints of the project. Quantitative economic appraisals of the remaining three options show that the Recommended option has by far the highest Benefit Cost Ratio (46, compared with 3 for the Do minimum option and zero for the Business as Usual). When coupled with the qualitative analysis of each option against the project objectives, this confirms the Recommended option as the preferred option and this conclusion easily survives sensitivity testing of assumptions on the scale of the costs and benefits of the Recommended option

#### Commercial Case

This is a complex project that requires careful sequencing and coordination if the objectives are to be met. Given the need to proceed with the development of the site and procurement of the ADP in parallel (to meet the overall programme) a Shadow Curriculum Model has been developed, which has informed the Strategic Brief for the Phase 1 building development.

CPCA and PCC will form a special purpose vehicle, (PropCo) under a Subscription Agreement, to build the new campus on the Embankment site. Conditions Precedent in the Subscription Agreement state that the completion of the overall project is conditional on: agreement of the ownership structure for delivery of the project; LGF funding being awarded; planning permission being obtained; and the Building Contract being successfully procured.

Procurement (following approval of this Outline Business case) of the infrastructure will involve selection of a Main Contractor to deliver the physical capital works via a Design & Build procurement route utilising a competitive tender and an industry standard form of contract (JCT or NEC). There is a wealth of potential main contractors and subcontractors who operate in the region and therefore interest in this scheme is expected to be high, which will typically result in competitive pricing.

The property will be leased to a new special purpose vehicle (UniCo). The ADP will provide the skills, knowledge, experience and resources to make a practical reality of UniCo as the new higher education provider and ultimately a university with degree awarding powers.

The preferred procurement strategy for the ADP involves publication of a Prior Information Notice (PIN) and Advert as a call for competition followed by either negotiation with a single provider or a Competitive Procedure with Negotiation.

The PIN elicited responses from 11 parties. Three prospective bidders submitted Expressions of Interest, one of which was disqualified early in the process but two remain in contention. At the time of writing this procurement has progressed to negotiations with two bidders, expected to conclude in January 2020. At the point of signing Heads of Terms, the ADP will assume responsibility for operation of the University, pending securing ultimate independence.

#### Financial Case

A key project objective is to create a sustainable operating model for the University such that, after initial start-up costs, it will operate on a self-sufficient basis. The financial model developed for the project, in line with the SCM, shows that the key risks to achieving this are: timing of repayment of the LGF investment; the impact of the anticipated increase in specialist teaching and research activities over phases 2 and 3; and how the ADP will bridge the working capital gap in the start-up phase. It is anticipated that these will be overcome during the current negotiations with the prospective ADPs.

Based on the funding position set out in the table, given CPCA funding is in place (subject to final approval), project affordability is critically dependent on: securing the LGF investment; and agreeing with the prospective ADP how the working capital gap will be funded. Therefore, at this stage of development, the project is affordable within the assumptions made in this Outline Business Case.

<b>Funding Source</b>	<b>Amount (£)</b>
CPCA	12,300,000
LGF investment Funding	12,500,000
Land Acquisition (gifted)	1,600,000
<b>Total Budget</b>	<b>26,400,000</b>
Construction Works (Phase 1 building)	20,000,000
Financial deal secured with ADP and/or contingency for changes in the Phase 1 building specification	4,800,000
<b>Total Expenditure</b>	<b>24,800,000</b>
Balance (Land acquisition – to be donated by PCC)	1,600,000

### Management Case

The project has a number of stakeholders including: planning consultees; neighbours; Members of Parliament; and PCC and CPCA. These key internal and external stakeholders will be managed under a strategy agreed between PCC and CPCA, outlined in the established communications strategy and underpinned by the Subscription Agreement.

The project is led by CPCA in partnership with PCC and this relationship will be formalised through the Subscription Agreement. CPCA will agree Heads of Terms for operation of the University with PCC and the ADP. CPCA will provide funding to support development of the university through existing capital monies and grants. PCC is working with CPCA to support the delivery and in particular is providing the land for phase one.

CPCA and PCC have put in place the resources needed to manage the work streams required to deliver the project, based on an understanding of the shared goals (set out in the Subscription Agreement). CPCA have appointed external consultants to ensure the necessary capacity and capability is available for successful implementation of the project.

Project governance (set out the Subscription Agreement) has been established to reflect the current arrangements within each organisation and specific terms of reference for the project will be mandated by each organisation as part of the sign off of the Outline Business Case and Subscription Agreement. Responsibility for the project will be mandated to the Transition Board and Project Management Board, up to completion of the Conditions Precedent within the Subscription Agreement and Heads of Terms. The strategy, framework and plan for dealing with change is embedded within the project governance arrangements.

Satisfaction of the Conditions Precedent will enable completion of the Full Business Case, which will then be presented for agreement by PCC and CPCA. This will include terms of reference for the project and its governance from that point onwards.

The project plan has been developed around the following key dates: spade in the ground (commencement of phase one) Q4 2020; and completion of phase 1 (for occupation) September 2022. To achieve these milestones there are two key work streams: develop brief and procure the ADP; and develop, design and procure a Main Contractor to deliver phase 1 infrastructure. To meet the key dates, it is necessary to parallel track these workstreams, which come together into one unified workstream at the end of Q1 2020, after which the project will be progressed under the agreed Heads of Terms and associated requirements.

Responsibility for benefits realisation under the Subscription Agreement will sit with CPCA and PCC. Once the Heads of Terms are signed then responsibility will be transferred to PropCo and UniCo to realise the project objectives. The agreed infrastructure milestones and targets will be reported against at monthly project board meetings until execution of the Heads of Terms, after which this will be reported to PropCo. Milestones, targets and KPIs will be agreed with the ADP as part of the procurement. These will be audited under the terms of the UniCo agreement and will be independently reviewed at key milestones.

A detailed project risk register (including control strategies) has been developed based on the following risk categories: surveys and site constraints; commercial; design; legal; procurement; operational; and governance. The project team holds quarterly risk workshops and the risk register is reviewed monthly at the Project Management Board.

Project assurance will initially be conducted under the Subscription Agreement and, once the Conditions Precedent are satisfied, responsibility for project assurance will transfer to PropCo and UniCo for the building and HE operations respectively.

The project will adopt the BSRIA Soft Landings framework and follow the five Stages of the Soft Landings process. Stage 1: Inception and Briefing, Stage 2: Design Development is predicated on Stage one; while Stage 3: Pre-handover requires follow-through with Stage 4: Initial Aftercare. This will help solve any performance gap between design intentions and operational outcomes.



# 1 Strategic Case

## 1.1 Introduction

Peterborough has been recognised for many years as a cold spot for Higher Education. Cambridgeshire and Peterborough Combined Authority (CPCA), working with Peterborough City Council (PCC), is committed to securing a new University for the City in readiness for the Academic Year 2022/23. The project is defined as follows:

*“The University of Peterborough will be a high-quality employment-focused University for the city and region. It will acquire an international reputation for innovative technological approaches to face to face learning and in applied technology and science. It will be characterised by outstanding student satisfaction and response to local needs. The curriculum will be led by student and employer demand as well as developing opportunities in the technological, scientific and business areas. Its buildings will be architecturally leading, flexible and environmentally friendly. The curriculum, academic community and buildings will reflect a desire to be the greenest university possible”.*

This document provides the Outline Business Case for Phase 1 of the proposed approach to secure a viable, new University for Peterborough, prior to the main procurement phases of the project. A Full Business Case will be produced following the conclusion of those procurements. Phase 1 comprises:

1. Development of the first university building on the Embankment site in Peterborough.
2. Procurement of an Academic Delivery Partner (ADP) to provide the skills, knowledge, experience and resources to make a practical reality of the new higher education provision.

The intention is for the new University be fast-growing between 2020 and 2028 (supported by further infrastructure development phases). An independent review expected to take place in 2028 will evaluate the benefits and feasibility of the University becoming independent from the ADP with University Title and its own degree awarding powers.

## 1.2 Strategic context

### 1.2.1 About CPCA

CPCA was established in 2017 under a Devolution Deal with central Government. Its purpose is to ensure Cambridgeshire and Peterborough is **a leading place in the world to live, learn and work**.

It brings together the area’s councils and is chaired by a directly elected Mayor. The Mayor and Combined Authority have statutory powers and a budget for transport, affordable housing, skills and economic development, made up of funding devolved from central Government. The Mayor also has powers to raise monies through local taxes, although these have not been used to date. CPCA’s 2017/18 accounts are available at [cambridgeshirepeterborough-ca.gov.uk/news/combined-authority-draft/](https://cambridgeshirepeterborough-ca.gov.uk/news/combined-authority-draft/).

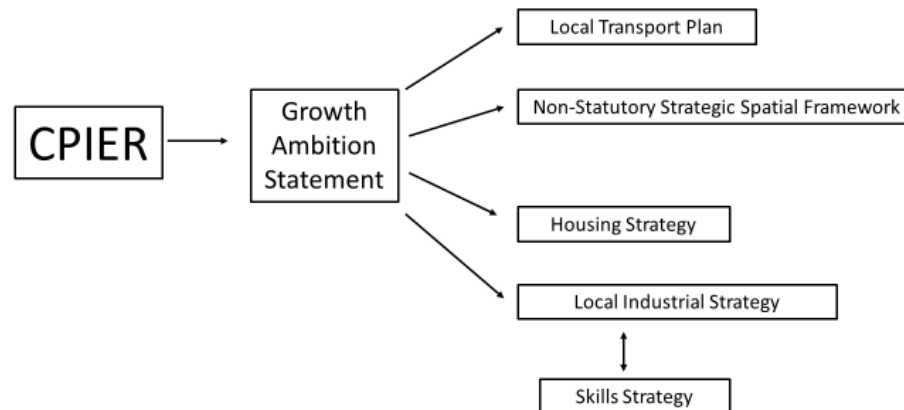
The Devolution Deal for Cambridgeshire and Peterborough sets out key ambitions for the Combined Authority; CPCA’s mission statement is **“to deliver a leading place to live, learn & work by 2030”**.

The Deal, which runs for 30 years, also sets out a list of specific projects which CPCA and its member councils will support over that period. CPCA is publicly accountable for how it uses its devolved funding to meet the Devolution Deal commitments.

CPCAs’ business plan can be found at [cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Business-Plan-2019-20-dps.pdf](https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Business-Plan-2019-20-dps.pdf) and includes the following strategic goals and business aims:

- Doubling the size of the local economy.
- Accelerating house building rates to meet local and UK need.
- Delivering outstanding and much needed connectivity in terms of transport and digital links.
- Providing the UK's most technically skilled workforce.
- Transforming public service delivery to be much more seamless and responsive to local need.
- Growing international recognition for our knowledge-based economy.
- Improving the quality of life by tackling areas suffering from deprivation.

The strategic policy framework within which CPCA works is summarised below (CPIER is the Cambridgeshire and Peterborough Independent Economic Review).



CPCA's Board brings together the Leaders of the councils in the area under the chairmanship of the Mayor and is also attended by the Police and Crime Commissioner, Chairman of the Fire Authority, Chairman of the Business Board and a representative of the NHS. Further details of CPCA's formation, structure, partners and ambitions can be found at [cambridgeshirepeterborough-ca.gov.uk/about-us](https://cambridgeshirepeterborough-ca.gov.uk/about-us) and [cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Constitution-2019-10-24.pdf](https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Constitution-2019-10-24.pdf). CPCA's governance includes a number of Committees and the Business Board:

- **Overview and Scrutiny Committee:** to scrutinise decisions by the Combined Authority or the Mayor.
- **Audit and Governance Committee:** to review the Combined Authority's financial affairs, internal control, corporate governance arrangements and risk management.
- **Employment Committee:** formed following September 2017's Combined Authority Board meeting to provide a focus on employment initiatives in the region.
- **Housing and Committees Committee:** to make recommendations to the Combined Authority Board on: Housing Strategy; the Housing Investment Fund; and the programme of housing projects.
- **Skills Committee:** to make recommendations to the Combined Authority Board on the Skills Strategy and the skills budget, innovation fund and Adult Education Fund.
- **Transport and Infrastructure Committee:** to make recommendations to the Combined Authority Board on: the Local Transport Plan; Bus Strategy; the transport revenue budget, including any transport levy; the annual programme of strategic transport projects and the associated capital investment budget; borrowing powers exercised as the Local Transport Authority; and creation of the key route network

- **Business Board:** constituted in September 2018, the Business Board is the Local Enterprise Partnership (LEP) for the region. It gives commerce a stronger voice in developing CPCA's plans and decision making, particularly the Local Industrial Strategy (LIS) and advising CPCA on achieving its growth ambition.

### 1.2.2 Policy alignment

#### National Policy

The UK needs a dual training system where vocational education and training is well known and highly recognised worldwide due to its combination of theory and applied training, embedded within real-life work environments. Central Government has outlined in its Industrial Strategy the need to see more people equipped to acquire intermediate and higher-level technical skills that the economy needs now and in the future. A simplified qualifications system is needed that everyone understands and has confidence in is key to this reform.

The Government's proposed Post 16 reforms aim to streamline qualifications for students through the Post 16 Review of qualifications at level 3 and below in England ([www.gov.uk/government/consultations/review-of-post-16-qualifications-at-level-3-and-below-in-england](http://www.gov.uk/government/consultations/review-of-post-16-qualifications-at-level-3-and-below-in-england)) to create a coherent system with clear, high quality progression routes for students of all ages, including the National Retraining Scheme. These need to support the recommendations of the Augar Review into Post-18 Education funding and the review of Higher Technical Education. The Government's Level 4 and 5 reforms ([www.gov.uk/government/publications/review-of-level-4-and-5-education-interim-evidence-overview](http://www.gov.uk/government/publications/review-of-level-4-and-5-education-interim-evidence-overview)) present an opportunity to ensure that technical/vocational learning is available in Peterborough.

It is clear that Government HE policy is concerned with increasing the supply of higher-level technical skills, ensuring genuine inclusiveness in higher education provision and participation and supporting the expansion of agile modes of learning including distance and virtual learning approaches to enable increased participation. All of these are strong drivers for the approach to be adopted for the development of a new University for Peterborough.

This in turn supports the UK Government's Industrial Strategy ([www.gov.uk/government/topical-events/the-uks-industrial-strategy](http://www.gov.uk/government/topical-events/the-uks-industrial-strategy)) which articulates the national strategy to achieve a vision of:

- The UK having the world's most innovative economy.
- Good jobs and greater earning power for all.
- A major upgrade to the UK's infrastructure.
- The UK being the best place to start and grow a business.
- Prosperous communities across the UK

A new University will make a substantial positive economic impact not only in the City but in the wider sub-region supporting these national policy frameworks, enabling the region and the UK to compete in an ever more dynamic global economy through innovation and creating knowledge-intensive businesses. At the same time it will deliver significant cultural and social benefits that are inherent in the aims of these national policies.

#### CPCA Skills Strategy

The CPCA Skills Strategy provides a framework for expenditure against strategic priorities focused on learning that delivers sustained job outcomes, productivity and economic growth. Devolution of skills budgets provides scope to embed an approach that coordinates local resources and establishes priorities.

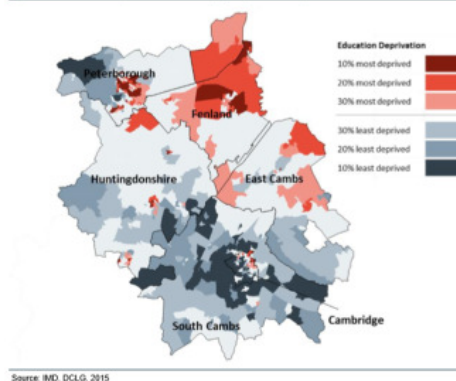
The Cambridgeshire and Peterborough region plays an important role in the UK economy. Although the area is home to large and globally significant businesses, small/medium businesses dominate the local landscape. The region comprises three distinct economies with differing sector specialisms and differing social and economic skills needs:

- Peterborough and surroundings (including north Huntingdonshire).
- The Fens (including Fenland, some of East Cambridgeshire and part of Huntingdonshire).
- Greater Cambridge (Cambridge and South Cambridgeshire, including southern parts of Huntingdonshire and East Cambridgeshire)

Broadly speaking, Greater Cambridge has the highest levels of skills and the best educational outcomes; Greater Peterborough and the surrounding area experiences lower levels of employment and greater economic inactivity (suggesting an economy marked by longer term issues relating to engagement and long-term alienation ) and the Fens has lower labour market performance, related to the accessibility of both jobs and training. Levels of education deprivation are shown in the figure below and are concentrated in the north and north-east of the region in particular.

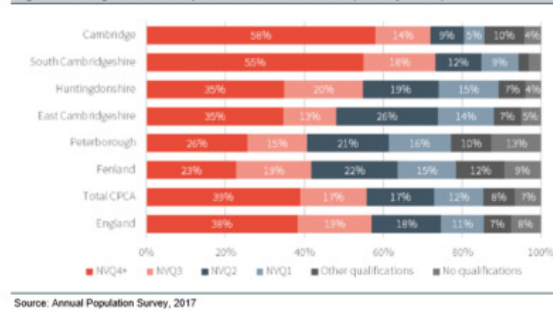
Education deprivation is concentrated in the north-eastern areas of the CPCA. Peterborough and Fenland in particular although there are small clusters in Huntingdon and Cambridge. By contrast significant areas of Huntingdonshire, South Cambridgeshire and Cambridge are lowest in education deprivation.

Figure 4.17 Education, Skills and Training Deprivation Map



Distribution of qualification outcomes

Figure 4.14 Highest level of qualification across CPCA (16-64 yr. olds)



Peterborough is a recognised cold spot for HE provision in the region, which results a higher level skills gap amongst the working population (see section 1.2.5 below):

It is imperative that, to achieve inclusive growth, CPCA concentrates efforts on closing the skills gaps, and overcomes the barriers and challenges to progression by developing bespoke life-long learning for all ages through a tailored approach. Key to success will be growing local talent (alongside attracting new talent to the area). The CPCA Skills Strategy, therefore, sets a strategic direction to enable sustainable futures by creating a culture of positive change within the skills arena following three key themes:

1. Achieve a high-quality offer tailored to the needs of the three sub-economies.
2. Empower local people to access education and skills to participate fully in society, to raise aspirations and enhance progress into further learning or work.
3. Develop a dynamic skills market that responds to the changing needs of local business.

The University will be catalyst for action under all three themes. It is a Mayoral priority within CPCA's 2019-20 Business Plan as well as a key intervention within the Local Industrial Strategy and the Skills Strategy, to address the current disconnect between work and qualifications. Furthermore, expanded higher education provision will be an essential component in realising the ambitions set out in the Cambridgeshire and Peterborough Independent Economic Review (CPIER [www.cpiir.org.uk/final-report/](http://www.cpiir.org.uk/final-report/)) to: establish the foundations for raising aspirations and attainment in Peterborough and the surrounding region; support business skills needs; improve productivity; stimulate structural change in the sub-regional economy; and enhance the well-being of the local population.

Moreover, young people in Peterborough and surrounding areas often leave school/college/university without possessing some of the practical skills to function in the modern workplace. There is concern also that the teachers/academics lack knowledge of vocational career pathways and technical curriculums and that there is currently a disconnect there is between schools/colleges and employers/businesses. CPCA's strategies focus on activity-based transitions that are outcome based and business-focussed within the key sectors of Construction, Logistics, Agriculture/Food, Life Sciences, ICT/Digital, Health and Social Care to create pathways to further study in either FE or HE.

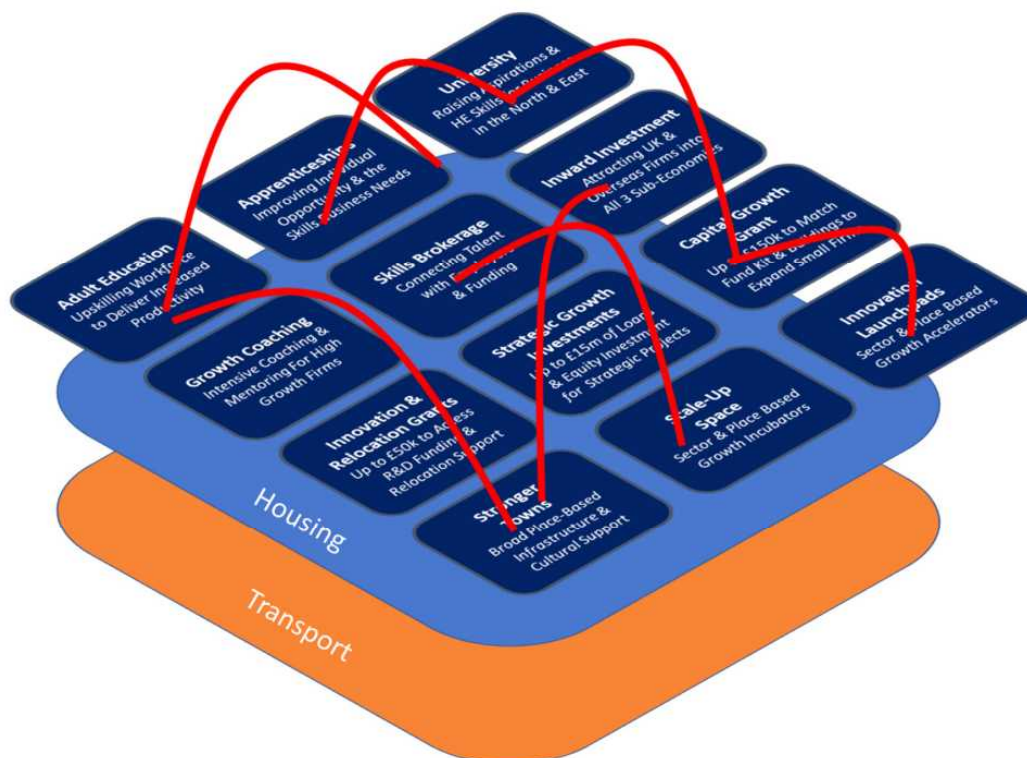
Based on recent economic data/evidence collected from the CPIER and the Hatch Regeneris' Skills Strategy Evidence Base Report ([www.cambridgeshirepeterborough-ca.gov.uk/assets/Employment-and-Skills/Cambridgeshire-and-Peterborough-Combined-Authority-FINAL-DEC-2018-Appendix-A.pdf](http://www.cambridgeshirepeterborough-ca.gov.uk/assets/Employment-and-Skills/Cambridgeshire-and-Peterborough-Combined-Authority-FINAL-DEC-2018-Appendix-A.pdf)), CPCA's Skills Strategy ([www.cambridgeshirepeterborough-ca.gov.uk/assets/Employment-and-Skills/Skills-Strategy-Final-Version-5.6.19.pdf](http://www.cambridgeshirepeterborough-ca.gov.uk/assets/Employment-and-Skills/Skills-Strategy-Final-Version-5.6.19.pdf)) has identified a need for a University for Peterborough. CPCA is committed (as a devolution priority) to supporting the establishment of expanded HE provision in Peterborough, with a course mix driven by the requirements of local residents and businesses.

The University curriculum offer needs to support raising aspirations to grow the student numbers from the local area, meet student expectations and meet the needs of the local economy. CPCA's policy is to prioritise skills interventions, including supporting the establishment of a new University for Peterborough with provision driven by local employer demand for skills in both public and private sectors, encouraging apprenticeships. Through the LIS, CPCA is also working to activate employer demand and motivate learners and their families to raise their aspirations.

The establishment of a new University is, therefore, an integral element of the wider CPCA Skills Strategy and Local Industrial Strategy implementation, as illustrated in the diagrams below.



The new University project has no direct delivery dependencies on the CPCA's other skills and economy interventions, although a number of these other programmes will support the University curriculum offer; e.g. Skills Brokerage (linking) business with schools, the CEC contract (linking careers advice in schools with Enterprise Advisors in schools), delivery of the Adult Education Budget linked to the National Retraining Scheme and the DWP Health and Care Sector Work Academy.





### 1.2.3 Objectives

CPCA's ambition is to create a new University for Peterborough that will deliver a step-change in life-chances for young people in Peterborough and beyond. Key to the success of the new University will be its ability to grow and retain local talent alongside attracting and retaining new talent to the area. Through this project, CPCA is committed to raising personal and community aspirations along with improving social-mobility and contributing to inclusive social and economic growth. CPCA will continue to promote and support skills provision that meets employer demand and motivates learners and their families to aspire to building prosperous futures for themselves and their communities, harnessing lifelong learning.

The top-line objectives for the new University are:

- Accelerating economic growth through an increase in student numbers educated for higher value jobs which CPCA intends to stimulate and grow in the local economy.
- Increasing productivity by job-ready degrees that support growth in the local economy.
- Increasing GVA through meeting business, student and employer aspirational needs.
- Creating an effective progression route for technical learning maximising the variety of providers and funding sources.
- Re-skilling and up-skilling the workforce to meet technical skills market needs.

Specific quantitative objectives for the new University include:

- Registration of new HE 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 by 2022, rising to 5,000 by 2025 (in the scope of Phase 1) and potentially to 12,500 by 2030 (the latter is not in scope of phase 1 and subject to negotiation with the ADP during procurement).
- The proportion of local students progressing to HE to increase to 2% by 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.

CPCA further anticipates that the new University will have:

- a substantial positive economic impact on Peterborough City and the surrounding region such that investment in the new University will generate direct, indirect and induced impacts across a wide range of industries, supply chains and the wider consumer economy;
- a positive regenerative effect to support the transformation of Peterborough itself into a regional centre improving the experience of all citizens and visitors to the area, including generating new opportunities for graduate-level employment and encouraging both local participation in HE and the local retention of graduates to benefit the wider economy;
- a transformational effect on the life-chances and well-being of its students and raise aspiration more broadly within Peterborough and the surrounding region. We anticipate that this will include:
  - Improving life-chances, health and well-being outcomes of students and, over time, the wider community;

- building confidence and capability among the graduates of the new university and potentially encouraging innovation and entrepreneurship;
- enhancing the capabilities of those graduates who continue to live and work in and around Peterborough to improve their productivity and earning potential; and
- attracting and retaining investment locally to create more opportunities for the people of Peterborough and the surrounding region to benefit from higher education and contribute to the on-going success of the region.

#### 1.2.4 Current position

While the CPCA region has an enviable HE profile thanks in part to the presence of institutions and universities that have a world-class reputation, Peterborough has been recognised for many years as a cold spot for Higher Education (e.g. Peterborough and Fenland have around a quarter of the number of HE entrants of South Cambridgeshire)<sup>1</sup>.

Current HE provision in Peterborough consists of:

1. **Peterborough Regional College:** has around 4,500 students and a broad course offering with particular HE teaching specialisms in engineering and construction, primarily at the Park Crescent campus, including **University Centre Peterborough (UCP)**, a 100% owned subsidiary of Peterborough Regional College, providing around 500 qualifications per annum across business, engineering, digital, finance, construction management and accounting disciplines. The curriculum is modelled on education pathways and not sufficiently linked to employment or business needs, despite there being a number of applied degrees on offer. UCP does not have degree awarding powers and currently degrees are validated by Anglia Ruskin University.
2. **Anglia Ruskin University:** a satellite campus located in Guild House, Peterborough, with bespoke provision of around 400 qualifications per annum in health, social care and education.

There is no HE provision in Fenland or North Huntingdonshire. The dispersed rural character of, and poor transport networks in, Fenland in particular make it challenging to establish HE operations in these areas. The sparsity of population and travel to learn times (rather than distances) have tended to inhibit the creation of viable provision, in the absence of flexible modes of delivery to compensate for these characteristics of the region.

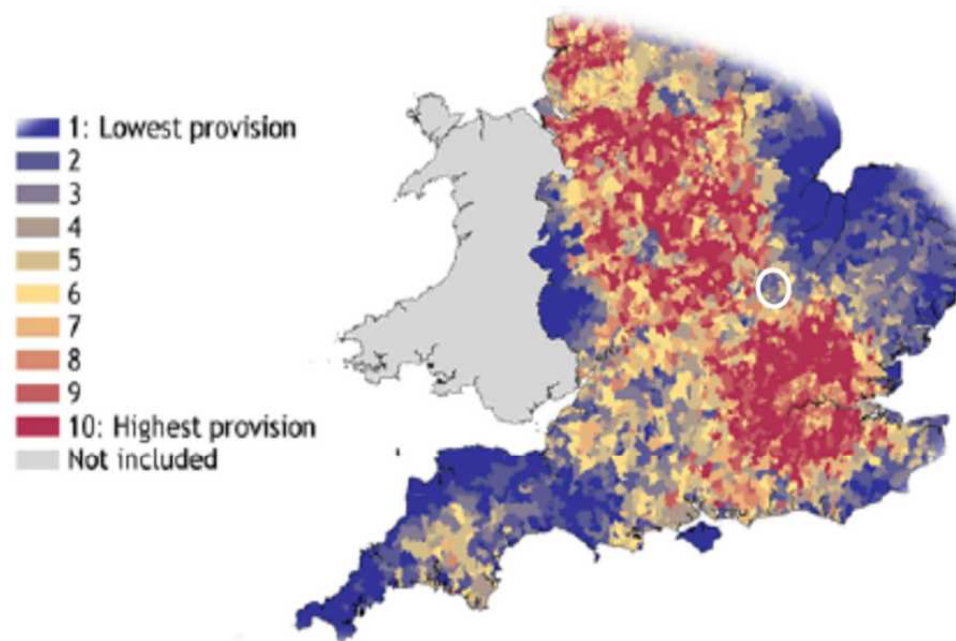
#### 1.2.5 Case for change

##### A Higher Education “cold spot”

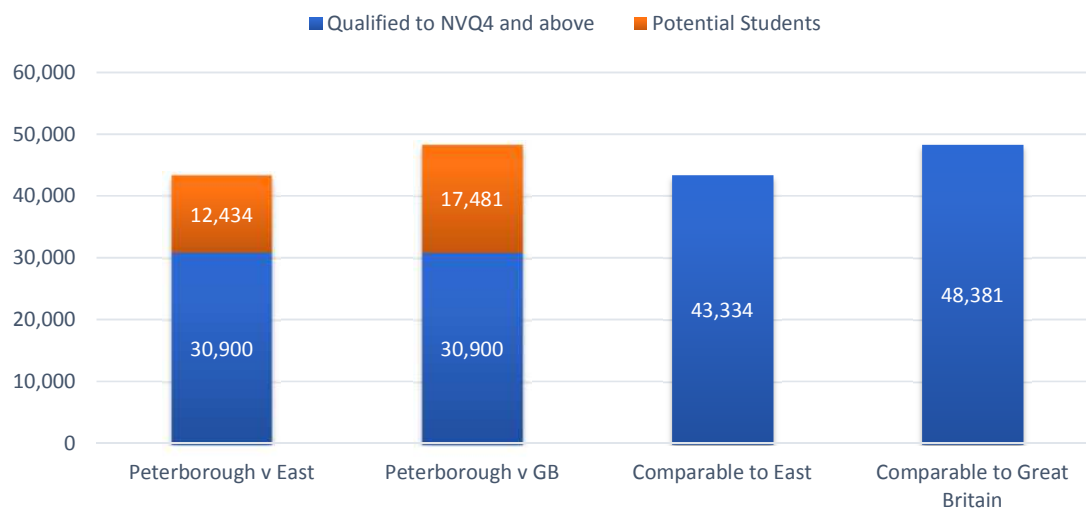
To be effective the University must address the characteristics of the higher education cold spot in the region (see figure below, sources: HESA and ILR 2012/13).

<sup>1</sup> Hatch Regeneris CPCA Skills Strategy Evidence Base, December 2018





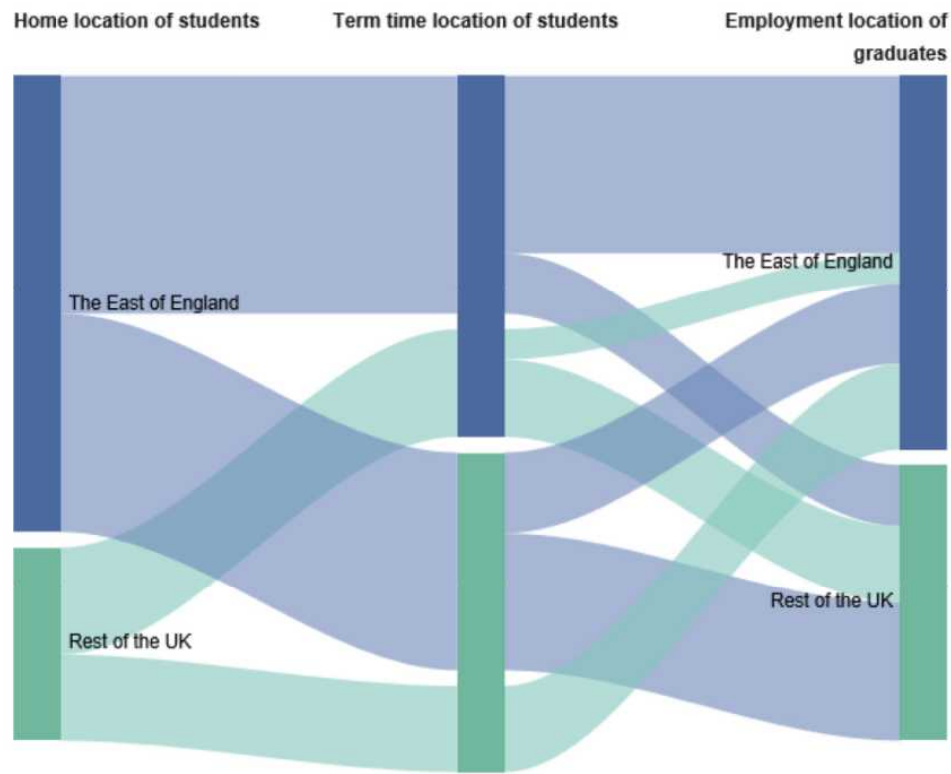
If Peterborough matched the East of England an additional 12,000 people aged 16-64 would have an NVQ Level 4 qualification or above and if Peterborough matched the UK, 17,000 more people would have such a qualification (see chart below).



There is no doubt, therefore, that, as a higher education cold spot, Peterborough and the wider CPCA region north of Cambridge is under-served by current providers. Furthermore, there is a net-outflow of students from the East of England with many fewer local students returning to the region after graduation; and, equally, many fewer students who study in the East settling in the region after studying here, effectively denuding the region of graduate talent (see HESA Destination of Leavers Survey figure below with additional interpretation in the footnote<sup>2</sup>).

<sup>2</sup> The groupings from top to bottom on destination:

1. East of England (EE) students, who study in the East and stay after graduation
2. UK students (out of EE region) who study in the East and stay after graduation
3. EE students who study out of region but return after graduation



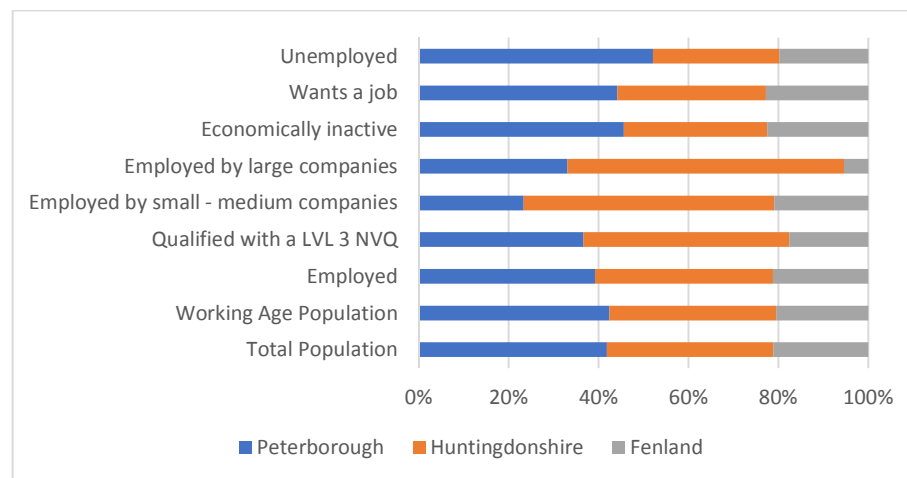
Source: HESA Destination of Leavers Survey, 2014/15

Note: Populations cover those HE graduates in employment who have had a postcode in the selected region during their time in HE. This includes their home address, term-time address and employment location.

Peterborough has a working age population of c 125,000 of whom 95,300 are employed. Unemployment rates in Peterborough are 4.7%, which is higher than the national average of 3.5%; approximately 5,000 people are unemployed and approximately 24,400 are economically inactive, of whom approximately 6,500 would want a job. These proportions are broadly mirrored in Huntingdonshire and Fenland; the chart below gives more detail on the labour market position across the sub-region.

4. UK students (out of EE region) who study out of region but move into region after graduation
5. EE students who study in the East and leave the region after graduation [Net Loss]
6. UK students (out of EE region) who study in the East and leave after graduation
7. EE students who study out of region and do not return to the region after graduation [Net Loss]

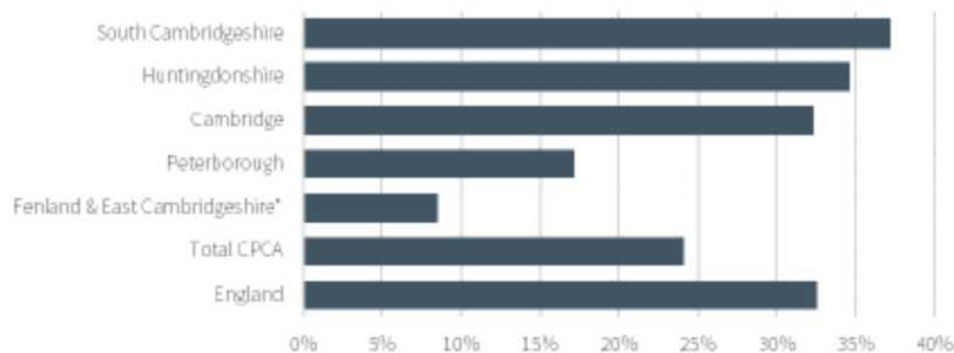
Categories 5 and 7 outweigh categories 2 and 4. The net effect is a drain on the region. However, these groups are not the target market for the University– these students are already travelling in/out of region for a specific higher education experience which is already available. To compete directly for these students with their current institutions of choice would be fool-hardy given the imbalance in resources, infrastructure and brand equity. This route would lead to a “Red Ocean” of brutal competition.



**Peterborough/Huntingdonshire/Fenland labour market demographics [Source: Official Labour Market Statistics]**

**NB the population with NVQ level 3 qualifications will overlap with several other sub-sets.**

The local population has grown at a faster rate than the national average, which will in due course translate to a bigger local market for students. Moreover, the CPCA area has only 24% of 18-24-year olds in full-time education, compared to 33% nationally and in Peterborough the proportion is very much lower than any other part of the region except Fenland and East Cambridgeshire.



**Proportion of Young People aged 18-24 in full-time education**

**Source: Hatch Regeneris CPCA Skills Strategy Evidence Base**

Addressing provision to under-represented and under-employed groups is critical as there may already be unfilled vacancies and employment opportunities within the region for which there is a dearth of suitably qualified applicants. This is uncontested market space where competition in HE (which is burgeoning) is largely irrelevant. The University has the opportunity to provide a unique offering to serve the cold spot, to attract under-represented groups and to redress the balance between Peterborough and the rest of the region. The economic impact of developing a strategy to serve this need would in turn be very considerable.

During the last four decades, Peterborough's population has doubled, and with it, the level of employment available. However, due to the much lower than average (nationally) supply of Level 4-6 skills, it has proved impossible to grow or attract in, sufficient high-value firms to maintain the city's productivity levels. This has created a degradation in the average value of jobs, wages and health outcomes that has significantly retarded the north of the CPCA region's economic growth potential, and its ability to contribute to region-wide productive growth.

The need for a new approach

After failed efforts over the last 20 years, to produce a commercially viable HE provision, of sufficient scale and quality, to attract sufficient volumes of students to meet demand for higher value skills to enable productive growth, a different approach is required.

***University Centre Peterborough/Peterborough Regional College***

In June 2016 UCP/PRC was awarded £720,000 of Greater Cambridge and Greater Peterborough LEP funding to support the development of the University; £120,000 to support project management and £600,000 to develop Taught Degree Awarding Powers (TDAP). In September 2017 CPCA awarded UCP/PRC a further £668,604 to support project management, curriculum development and marketing. In March 2018 a further £9.7 million was approved towards validation of the UCP/PRC Business Case bringing the total funding approved by March 2018 to £13.53 million.

The project then entered a period of considerable turbulence and challenging relationships between key stakeholders. By July 2019 £1.1 million had been invested without good evidence of progress and significant concerns arising that the goal of increasing student numbers to 2,000 by 2022 would not be achieved. CPCA, therefore, commissioned independent reviews commissioned to look at the progress made. While significant progress had been achieved<sup>3</sup>, there were significant risks and implications of continuing with the programme without a review of progress and strategy (further reinforced by changes in the HE landscape and the need to future-proof on-going investment and ambitions for the University).

Gleeds were commissioned to perform a Technical Review as to whether the Strategic Outline Business Case submitted to the CPCA in 2018 was fit for purpose and whether a sufficiently robust assessment could be produced, detailing the options for establishing a new University, to allow the commitment of CPCA funds into a procurement of new buildings and facilities on the Embankment site.

The Gleeds Review suggested the project set out in this Outline Business Case as a credible way forward to deliver CPCA and PCC aims, highlighting the following in particular:

- A robust plan in place to deliver the University on time on the Embankment site with 2,000 students by 2022 in an iconic building.
- The plan will allow the delivery of a curriculum that meets the needs of both students and employers, and with new and progressive delivery models, such as degree apprenticeships and 2 year degree programmes.
- The plan includes strategies to raise the amount of revenue and capital funding currently available for the project (£13.83 million from the CPCA) to as much as £20 million.

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<sup>3</sup> Progress identified included:

- Registration to Office for Students to apply for Degree Awarding Powers.
- An agreed high-level vision across all stakeholders providing an underpinning for the new university, and a definition for the new University.
- CPCA has instituted very rigorous and robust monitoring and evaluation of UCP's programme delivery.
- CPCA has instituted rigorous and robust accountability systems for financial awards made to UCP.
- Shadow University governance arrangements were in place (chaired by Sir Les Ebdon).
- Restoration of positive working relationships with between CPCA and UCP, PRC and PCC.
- The development of 28 curriculum courses that have been validated by ARU.
- A draft joint (CPCA/UCP/PCC) Communications Strategy developed.
- Three credible strategic reviews of the project by independent 3rd Parties.

To achieve these goals the plan includes a market comparison of potential academic partners to work with the CPCA and PCC to deliver the University by September 2022 and on to 2030.

Accordingly, the conclusion drawn was that UCP/PRC cannot continue to be considered the preferred or exclusive Academic Delivery Partner without challenge and comparison with the market due to:

- The challenges of the FE Sector, which have deepened in recent years, may put a strain on any FE partner, and PRC in particular, given their need to invest to strengthen their recent FE performance.
- Significant investment in the development of the HE offer and associated IT and business systems will be required between now and 2025.
- PRC's mix of financial priorities may create pressure to offer a HE curriculum which may not optimally match CPCA's Skills Strategy & Local Industrial Strategy, due to the prohibitive cost of developing some new specialist courses designed to meet the needs of employers.
- Student growth has been impacted by a competitive marketplace and without degree awarding powers PRC's ability to develop curriculum has been restricted.
- PRC's current curriculum offer may need to be strengthened - illustrated by 65,000 website hits translating to 227 actual students, suggesting that while the marketing strategy is strong the curriculum offer needs to be developed further.
- Currently as a smaller provider operating in an area of low HE participation, UCP receives a high proportion of students through UCAS Extra/Clearing.

### ***Institute of Technology***

There has been previous discussion about the option of an Institute of Technology (IoT) to fill the gaps in technical provision, particularly to develop STEM (science, technology, engineering and mathematics) skills. Successful IoTs are built on successful FE/Technical Colleges and successful school provision of vocational learning and these conditions are not currently present in Peterborough. Peterborough already has the Greater Peterborough University Technical College (14-19) and IMET (Innovation, Manufacturing, Engineering and Technology) at Alconbury. The UTC specialising in Engineering and with strong business engagement recently received a "Requires Improvement" rating from Ofsted at its first inspection with lack of pedagogy and teaching specialism in technical delivery cited as a key factor. IMET opened in September 2019 to 15 students and is operated by Peterborough Regional College and Cambridge Regional College. PRC was also rated "Requires Improvement" by Ofsted in June 2019 and student numbers in vocational learning have fallen significantly.

### ***The way forward***

The only viable solution to the cold spot, therefore, is to increase HE provision in Peterborough and the intention of the new University for Peterborough is, accordingly, to increase the number of HE entrants from the north and north-east of the CPCA region by attracting and retaining students locally (after graduation). In particular, it will need to engage people who do not currently participate in HE but who would participate and remain locally if suitable provision was available (i.e. not compete for students who migrate out of region and do not return, nor for students who already migrate into the region but do not stay). Furthermore, flexible modes of HE delivery will be necessary to compensate for the characteristics of the region (particularly sparsely populated rural areas) and this is a critical reason why the University must establish itself on an agile basis and not be entirely concentrated in Peterborough.

The Cambridgeshire and Peterborough Independent Economic Review (CPIER), makes direct reference to the development and scale of investment required in the new University.

*“...the purpose of the University in Peterborough ought to be strongly rooted in the local and sub regional economy. This should mean drawing on existing strengths in manufacturing and engineering... local economic benefits of university research tend to be magnified when local firms are technologically close to the university.”*

Such effects inevitably develop over time and are not to be expected from an institution in its first phase of development, although the long-term vision, mission and growth trajectory must be lay the foundations for this critical link between research and business (current and future). CPIER continues:

*“As the UK moves towards the digitalisation of industry, new types of jobs are being created at the interface between manufacturing and IT. Artificial intelligence is also likely to revolutionise manufacturing. There are niches to be found here, [that] local businesses ... would be keen to support. Water management is another area where Peterborough has specialisms, and is particularly relevant for fen areas. We warn those planning for the university to resist the temptation to try to develop an outstanding university on a shoestring – any such institution will require high-levels of investment in advanced machinery to be credible. Putting clear financial heft behind the proposal and hiring excellent people from successful universities will be needed to prevent the university from languishing in mediocrity, or failing given the present apparent increased supply of university places relative to demand.”*

It is important to be realistic about the early phases of development of the new University. In particular, research strength has been concentrated selectively in fewer universities over the last 20 years (in reality, the top 6 institutions account for the vast majority of research funding and activity). The creation of an *ab initio* research strategy for the new University must recognise this fundamental dynamic. The scale of research activity will, therefore, initially be modest and flow from the investment of time by the new University in developing the necessary human capital, infrastructure and resources to address this longer-term strategic ambition. Staff recruitment is correctly identified in the CPIER analysis as a critical success factor. However, both time and investment will be needed to recruit and engage those staff. Most critically, such development must flow from an established sustainable model of provision that can underpin the recruitment of researchers and address the demographic challenges that make Peterborough a cold spot in the first place.

It is, therefore, necessary to be clear that the first tier of University strategy must be to craft a sustainable portfolio of taught courses that addresses the characteristics of the cold spot and then to recruit and build the human capital, infrastructure and research expertise. The University's future graduates may be among those who fundamentally re-shape the business landscape of the region and collaborate on exactly the type of research/industry challenges which CPIER recognises. To reach that point, the University itself will need visionary leadership to attract top academic talent and a sustainable business model to attract and underpin substantial levels of future investment. The critical challenge facing the new University for Peterborough will be to provide a firm foundation for an ambitious longer-term strategy and investment programme.

Research by Opportunity Peterborough has helped identify a broad scope of discipline areas that the new University will need to consider, including:

- Agri-tech;
- Business
- Education and Professional Services;
- Construction;
- Engineering
- IT and Digital;
- Life Sciences
- Science
- Mathematics
- Sustainability
- Arts and Creative
- Health and Social Care
- Law
- Manufacturing and Advanced Materials
- Logistics and Distribution;
- Travel, Leisure and Hospitality.

It is clear from the scale and scope of these sectors that the new University has a range of opportunities to consider (without spreading itself too thinly during the initial phases of its development).

#### Wider impacts

A higher education experience is one of the most powerful and transformational investments which can be made both by individual students and by civil society more broadly. CPCA is determined to make these investments, to encourage others to make such investments and to bring the positive benefits of higher education to the people of Peterborough and the surrounding region.

A new University will, therefore, offer much more to the people of Peterborough and the region. It will give Peterborough and surrounding areas an opportunity to reinvent its economy as the city continues to grow in population, creating a virtuous circle for continued growth of the economy and the new University, raising aspirations locally and supporting business needs for skills.

### **1.3 About the project**

#### **1.3.1 Scope**

Recognising the resource and timescale constraints and the very high risks that would accompany any attempt to found a new University of Peterborough on a model similar to those founded in the 1960s (the so-called Robbins Institutions), the core strategy for the University is based on directly tackling the characteristics of the addressable component of the current market failures (the “cold spot”) without unnecessary direct competition with existing providers. The hallmarks of this strategy, based on a clear understanding of the market needs in and around Peterborough and by balancing resource constraints, include:

- A clear focus on under-represented groups and those “left behind” i.e. those who cannot or will not travel to existing providers.
- A solution based on a limited physical experience i.e. the capital available will support only a modest campus development (at least) initially.
- A phased approach which evolves with the needs of the region and is facilitated by successive successful phases of development i.e. a model in which viable provision is established early and becomes the foundation for reinvesting in later phases.
- The development of highly effective, collaborative and cooperative relationships between education providers to build a clear pipeline of opportunities, to raise aspiration, to identify and promote role models and to create a source of competitive advantage.

This Outline Business Case is concerned only with the phase 1 development of the new University for Peterborough comprising:

1. Development of a phase 1 university building on the Embankment site in Peterborough city centre (this site will be built in phases as the University establishes and grows).
2. Procurement of an Academic Delivery Partner to provide the skills, knowledge, experience and resources to make a practical reality of the new higher education provision and ultimately a university with degree awarding powers.

CPCA and PCC will form a special purpose vehicle, (PropCo) under a Subscription Agreement to be submitted for approval alongside this Outline Business Case (see Annex 6.1), to build the new campus on the Embankment site. This property will be leased to a new special purpose vehicle (UniCo), which will be the higher education provider (see section 3.1 below for more detail).

This is a complex project that requires careful sequencing and coordination if the objectives are to be met (see section 1.2.3 above). The critical elements are:

- The formal process for developing a new University with all its attendant functions and services – the complexity of such a development requires that CPCA procures a suitably capable Academic Delivery Partner (ADP) with the know-how and capabilities to join with CPCA to realise its objectives (the procurement process for the ADP is a complex and substantive undertaking in its own right).
- The scoping, design and construction of the new HE building on the Embankment site; while this is a relatively small scale construction project, there are two fundamental challenges:
  - the site is largely undeveloped with potential infrastructure issues (and costs) to resolve; and
  - to maintain the overall programme, the physical development must precede ADP appointment, leaving design and development risks with CPCA for a period.
- The development of a Masterplan for the Embankment Site is essential to underpin future phases of development to support the development and growth of the new University. Future phases (not in scope for this Outline Business Case) are expected (subject to available capacity on the Embankment site) to be:
  - Phase 2.1: possible commercial R&D expansion either within the University or via a commercial/third party with associated increased campus capacity.
  - Phase 2.2: growth of the University beyond 5,000 students on roll with associated additional campus capacity with increased specialisation (built by September 2025 to facilitate student growth to at least 8,600 students by 2028).
  - Phase 3: potential further growth of the University beyond 8,600 students on roll with associated increased campus capacity (built by September 2028 to facilitate potential student growth up to 12,500 students on roll by September 2030 subject to demand and growth in student numbers).
- The contractual and commercial relationships necessary to assemble resources between the public authorities partnering to develop the University and between those public authorities and the ADP (see section 3 below).

Given the need to proceed with the development of the site and procurement of the ADP in parallel (to meet the overall programme) a Shadow Curriculum Model (SCM) has been developed (see Annex 6.2) focused on broad discipline groupings, delivery models and forecasts of student numbers. The output of the SCM has in turn informed a preliminary Space Model (also included at Annex 6.2 together with a theoretical model for the ultimate research-led university of potentially 12,500



students, subject to progress and demand for growth in student numbers) and the Strategic Brief for the Phase 1 Embankment site development (see Annex 6.3).

### 1.3.2 Benefits

The main Benefits of the project stem from establishing a Phase 1 University Campus in Peterborough, for 2,000 students by September 2022, with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will generate. The plan for the courses to be provided, space required and staffing levels has been developed in the Shadow Curriculum Model referred to above to support Greater Peterborough and the Fen's key sectors. The key benefits to be delivered by the project include:

1. New learners assisted (on courses to full qualification) 10,000 (Levels 5 and 6 over five years).
2. Employment
  - a. Number of temporary jobs created: 50 in construction
  - b. Number of jobs created: 170 University staff initially.
  - c. Number of indirect jobs created: 300 in the University supply chain rising to 900.
  - d. A further 297 directly employed staff as the University Faculties grow.
  - e. Number of indirect jobs to be created: 14,000<sup>4</sup>
  - f. Number of Apprenticeships to be established:
    - i. Level 4 (over 3 years) – 1200.
    - ii. Level 5 (over 3 years) – 600.
    - iii. Level 6 (over 3 years) – 300

Sections 2.2 and 5.5 describe how these benefits will be assessed and (where applicable) quantified.

### 1.3.3 Risks, constraints and dependencies

The main risks associated with achieving the project outcomes are set out in the risk register at Annex 6.4 together with measures to mitigation and manage them. The top 5 risks are summarised in the tables below for each of the phase 1 infrastructure works and the Academic Delivery Partner procurement and delivery.

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<sup>4</sup> Comprising jobs created in;

- Businesses supplying the University, its staff and students.
- Spin-out/start-up businesses created by University staff and students.
- Inward Investors re-locating/starting business in the CPCA area due to the enhanced attractiveness of the talent pool and improved availability of required skills.
- Indigenous businesses achieving faster and more sustained growth resulting from the lowering of the highest barrier to growth reported by local businesses – poor availability and challenges in recruiting “out-of-area” suitably qualifies staff.

The employed population of Peterborough is 94,000, supplemented by a further 50,000 in its wider commutable catchment area. Current growth is at 3.3% in the city creating up to 15,510 new jobs over the coming five years. With at least 10,000 additional graduates being pumped into the workforce over the same period there is the potential to shift this growth towards higher-value jobs to raise productivity. To support this, the CPCA is launching its Growth Service to create a further 4,692 high-value jobs over the same 5 years, through access to growth coaching for higher-value indigenous companies as well as attracting-in new inward investing firms targeting:

- Advanced manufacturing firms from across the UK and Europe.
- Government departments and professional services firms from London, capitalising on the new 39 minute train journey time to Kings Cross.

## Infrastructure top five risks

Risk Register

Project: New University of Peterborough

Date: 10/10/2019

Version: 1

Risk Identification																Assessment						Mitigation			
ID	Title / Description (Cause)	Phase	CATEGORY Infrastructure or Higher Education Partner	Effect	Category	Risk Owner	Likelihood	Cost Effect	Time Effect	Quality	Assessment	Management Plan	Action Owner	Due Date	Status										
004	Contamination of land - Contamination / spend capital not recoverable from Land deal - impacting on the affordability of the phase one scheme.	Phase 1	Infrastructure	Additional works impacting time and cost from main building budget	7. Surveys & Site Conditions	CPCA	5	5	4	2	65	Site contamination survey is currently in progress. Result due Jan 2020 for preferred plot. Progression of the phase 2 survey in order to fully understand the contamination on site. Engagement with contractor during procurement phase	Mace	01 Jan 20	1 On Track										
007	Increased costs to site infrastructure - Service Infrastructure spend capital not recoverable from Land deal - impacting on the affordability of the phase one scheme.	Phase 1	Infrastructure	reduces available budget beyond minimum expectations	2. Commercial - Viability	CPCA	3	5	4	3	75		CPCAMace/Procurement Mace	01 Mar 20	1 On Track										
009	Comprehensive funding clarification and LGF grant approval.	Phase 1	Infrastructure	Lack of budget for the building expectations	3. Commercial - Funding	CPCA	4	4	4	4	84	CPCA to advise	CPCA	01 Jan 20	1 On Track										
039	Availability of the plot to allow Phase 1 and Future development (Reflected in HDT)	Phase 1	Infrastructure	Makes current and future phases not viable	2. Commercial - Viability	CPCA	2	2	5	2	50	The land has been provided by the FCC free of charge and the ability to obtain future phases through adequately dating HDT	CPCA	01 Mar 20	1 On Track										
030	Transport strategy: Highways require offsite improvements	Phase 1	Infrastructure	Potential extra time and cost from budget	6. Design	CPCA	2	5	3	2	50	Dialogue with planners to realign use of current capital access based on reduced car journey than current campus	CPCAMace	01 Mar 20	1 On Track										

## Higher Education Partner (HEP) top five risks

Risk Register

Project: New University of Peterborough

Date: 10/10/2019

Version: 1

Risk Identification				Assessment							Mitigation				
ID	Title / Description (Cause)	Phase	CATEGORY: Infrastructure or Higher Education Partner	Effect	Category	Risk Owner	Likelihood	Cost Effect	Time Effect	Quality	Assessment	Management Plan	Action Owner	Due Date	Status
002	HEP not signing up to the shadow curriculum model/prepared in line with CPCA policy, in terms of total head count and 5:0 on and off campus	Phase 1	HEP	Impacts on building design, cost and timescales to accommodate potential additional HEP requirements - might require re design.	8. Procurement	CPCA/HEP	5	4	3	2	60	Early engagement with HEP, agree revised accommodation schedule and financial model and economic case with HEP	CPCA/HEP	01 Mar 20	1 On Track
003	HEP not buying into the ICT strategy outlined	Phase 1	HEP	Impacts on building design, cost and timescales to accommodate potential additional HEP requirements	8. Procurement	CPCA/HEP	3	3	2	2	27	Early engagement with HEP	CPCA/HEP	01 Mar 20	1 On Track
010	Lack of staff recruitment in key areas.	Phase 1	HEP	Staff shortages - key personnel missing	15. Operational	HEP	2	3	2	3	16	Early engagement with HEP, advertisement of the necessary roles in advance.	AEP	01 Sep 22	1 On Track
013	HEP request large exam space to be accommodated into the design	Phase 1	HEP	Larger space requirements would have a knock affect to the design, but also may need additional acoustics and ventilation creating extra project costs.	6. Design	CPCA/HEP	3	3	3	2	27	Early engagement with HEP	CPCA/HEP	01 Mar 20	1 On Track
016	Marketing of the new university - Phase 1 new university and phase 2 site constraints fail to attract students	All phases	HEP	Not enough students will create difficulties in justifying the business case for future phases	15. Operational	CPCA	3	2	2	1	10	HEP to manage student recruitment	HEP	01 Sep 22	1 On Track

The table below summarises the key constraints that have been placed on the project and within which it must be delivered:

Constraints	
<b>Timing</b>	A requirement to start on site in Q4 2020 and deliver the scheme by September 2022. This has led to the need to find a site for phase 1 that can be secured and has few development constraints.
<b>Procurement</b>	Timing of the project requires overlap of Academic Delivery Partner procurement and development of the design for the phase 1 building.
<b>Capital funding</b>	Design of phase one assumed to be to budget of £20 million pending securing funding based on assumptions of CPCA funding and LGF bid approval.
<b>Outcomes</b>	initial intake of 2,000 rising to potentially 12,500 by 2030 etc
<b>Design</b>	Design has been based on an assumed accommodation strategy driven by the shadow curriculum and constrained by the available capital budget.

The table below summarises the key dependencies that are outside the scope of the project on which its ultimate success depends:

Dependencies	
<b>Adjacent development</b>	Local transport projects and third party development on land earmarked for future phases of the University.
<b>Heads of Terms (land)</b>	PCC ability to agree heads of terms (land) to allow future phases of the development to be procured on the embankment site. Sign off of the heads of terms to secure the land for phase one and ability to have future say in land for future phases
<b>Funding</b>	CPCA ability to secure funding for future phases to allow future growth of the campus

## 2 Economic Case

### 2.1 Option identification

#### 2.1.1 Critical success factors

Critical success factors (CSFs) for the project can be grouped into three broad headings:

- Factors relating to the selection of an Academic Delivery Partner (ADP) of appropriate standing.
- Factors relating to the development of the University (after appointment of an ADP)
- Factors relating to the design and delivery of the physical infrastructure.

#### ADP Selection CSFs

1. **Academic Standing:** The Academic Partner must be able to demonstrate means of compliance with the full requirements of “Securing Student Success: Regulatory Framework for Higher Education in England” published by the Office for Students ([www.officeforstudents.org.uk](http://www.officeforstudents.org.uk)).
2. **Commitment to CPCA Vision: scale, scope, reach, focus:** The aspirations of CPCA for the new University are extensive and include characteristics relating to:
  - a. the character of the provision (outward-looking and industry-focused);
  - b. scale (rising from an initial intake of 2,000 to potentially 12,500 by 2030, subject to demand and growth in student numbers);
  - c. the ability to achieve independence after 2028 should that be concluded as the preferred option in the planned independent review; and
  - d. the need to achieve University Title at the earliest opportunity.
3. **Achievement of a Viable Operating Model and Sustainable Funding Structure:** The new University will focus on a limited number of initial discipline choices to create a portfolio of courses which can achieve critical mass. This will ensure that:
  - a. Each discipline area is underpinned by a minimum scale staff team to avoid the challenge of having staff spread over too many disciplines and being too few in number in some disciplines to build a critical mass of teaching and research capability (the “minimally viable department size”).
  - b. Each discipline will be able to recruit a viable cohort of students such that the numbers of students recruited when all years of provision are running will be economically viable and capable of supporting an efficient staff to student ratio (the “minimally viable intake”).
  - c. Each discipline is supported by the physical resources necessary to maintain the quality of the experience and to enable the new University to establish a clear funding model to underpin investment in, and maintenance of, its facilities.
4. **Commitment to the Phase 1 Brief and Design:** CPCA leading on developing the University for Peterborough Building at the Embankment Site but the ability of the chosen ADP to work within a brief and a design solution which was substantively defined and frozen prior to its appointment will be significant to the overall usage of the building.

Factors relating to the development of the University

5. **Ability to Recruit Staff:** The quality of the University will be critically dependent on the calibre of its staff. Recruiting and retaining staff will be the first critical challenge for the ADP.
6. **Ability to Recruit Students:** Student recruitment, marketing and admissions processes and systems to include UCAS support, direct entry and employer-sponsored routes are vital to the success of the new venture. It is anticipated that the focus of these services will be positive, proactive, out-going and engaging to reach out to under-represented groups, to engage with their needs and win their active participation in the University
7. **Ability to engage with local businesses and industry:** Large corporates represent a significant group of stakeholders with which the new University will need to interact as a priority and will present an opportunity for both course development, industrial collaboration/placement opportunities and future employment destinations for graduates. Building effective networks with these large corporates will be a critical success factor for the University.
8. **Curriculum Development to Fit the Target Market:** The ADP will need to support fully the curriculum from inception to maturity and retirement/renewal of individual courses and the support required may also include learning technologists and materials production services to support blended and distance learning, enabling of virtual learning environments etc.
9. **Creation of the Academic Infrastructure:** Student and academic services and systems will need to be established to provide a full range of transactional, advisory, welfare and other student-facing services along with regulatory and academic policy support including assessment, examinations, graduation. Library and learning resources, operational and support functions all need to be provided.
10. **Establishment of systems and processes locally to achieve independence:** Strategic planning, finance and governance services and systems development – full Head Office/Vice-Chancellor's Office functions – need to be established to lead the new University through its start-up and establishment phases and to prepare the ground for independence.

Factors relating to the design and delivery of the physical infrastructure

11. **Meeting the Budget:** The Phase 1 building including the external landscape and supporting infrastructure must be delivered within the approved project budget of £20m. This will need to be achieved by balancing the quantum, time and quality aspects of the project to ensure that the size of the building is maximised to accommodate the necessary student and staff numbers with reasonable space standards; is of a good quality to attract students, academics and create a strong identity within the city and region; perform well sustainably and in-use minimise operational costs and can be built efficiently within the set programme.
12. **Meeting the Programme:** The Phase 1 building must to open for business to students in September 2022. This will need to be achieved by a detailed programme management that will correlate all key interdependencies, such as achieving planning consent, design freeze, tendering and procurement etc, in addition to delivering an efficient building form and utilising readily available components that will minimise the risk of construction over-runs.
13. **Delivering the Spatial Brief:** The Phase 1 building must deliver the spatial requirements and the student and staff capacities emerging from the shadow curriculum model ensuring that

the spatial standards used deliver a good quality student and staff experience and support pedagogic innovation.

14. **Ability to Expand:** The Phase 1 building must be designed and located to enable a clear strategy for future expansion as the campus grows to capacity by 2030. The project must deliver a clear logistics strategy that seeks to minimise impact on operational buildings during the building of future phases, and critically the experience of students and staff using these buildings.
15. **Respond Positively to Stakeholder Consultation:** The Phase 1 building, and wider masterplan, must respond to the output from a wider stakeholder consultation to ensure a project that can be delivered successfully and one that achieves a high-level of 'buy-in' within the city and region without detriment to budget, programme or operational aspects of the project. This will be critical both for the successful delivery of all phases of the project to 2030 and to ensure that partners in the city and region are supportive of the University as it develops.
16. **Obtaining Planning Consent:** The Phase 1 building must achieve planning consent by end of June 2020 to meet the inter-related requirements of the project programme and open for business in September 2022. This will need to be achieved through a close and collaborative working partnership with the local planning authority identifying issues early to inform the design process and minimise the risk of a refusal and pre-commencement conditions.
17. **Attract and Retain Students and Staff:** The Phase 1 building – including its external landscape and supporting infrastructure – must be designed to a good quality and have a strong identity or 'brand' that will attract and retain students and staff. This will be achieved through good quality architecture, building services, IT/AV systems and landscape and will be critical to ensure good feedback from the early student intake to support the growth of the University in the years ahead.
18. **Be Adaptable and Flexible:** The Phase 1 building, including its environmental systems, must be designed to be adaptable to respond the changing needs in the future, including the input of the HE provider, and changes in the spatial requirements as the University grows and develops. In addition, the building should be designed to be flexible providing 'generic' spaces that can accommodate a range of functions – from teaching and learning spaces to administrative spaces – and support a range of capacities, pedagogical styles and working environments with minimal alterations to the physical asset.

### 2.1.2 Options

#### Academic delivery options

Four options have been identified for consideration in the economic case in the Outline Business Case as follows:

5. **Business as Usual:** in this option the public sector stakeholders adopt a passive role in the development of university level education in Peterborough. The two current providers of Level 6 qualifications in Peterborough (see section 1.2.4 above) would continue to develop course provision and student numbers unassisted by local public sector stakeholders. These current local providers include: (i.e. UCP providing around 500 qualifications per annum and ARU providing around 400 qualifications per annum).

6. **Do Minimum:** in this option the public sector stakeholders would invest in capability building of Peterborough Regional College, to build both course content and delivery capability, as well as systems and processes to enable PRC to achieve Taught Degree Awarding Powers (and perhaps University Title in due course), but without any capital investment in new facilities on the Embankment site.
7. **Recommended Option:** in this option the public sector stakeholders' investment is targeted to tackle the characteristics of the addressable component of the current market failures in HE provision in Peterborough (the "cold spot"). That investment will be targeted at infrastructure provision and capacity building, by procuring an experienced Higher Education (HE) Provider, with the know-how to facilitate the development of an independent University for Peterborough, with capital investment focused on the provision of the premises from which to provide both direct and indirect curriculum delivery.
8. **Do Maximum:** in this option the public sector stakeholders' investment would be scaled to found, *ab initio*, a new University of Peterborough on a model similar to those founded in the 1960s (the so-called Robbins Institutions).

The following subsections present a summary analysis of these options against the project aims and objectives, including indicating:

- Any options likely to fail to deliver the project objectives or sufficient benefits.
- Any obvious impracticalities inherent in any of the options.
- Any options that are clearly unfeasible, unaffordable or too risky

### ***Business as Usual***

The economic analysis of this option includes no local public sector stakeholder investment and forecasts student number growth at levels commensurate with those observed in the two local providers over the last 5 years. However, it is considered highly unlikely that without any investment or wider strategic leadership, the incumbent and existing providers can change direction sufficiently to meet the needs of the City and region as set out in the strategy case above. It would continue the current disjointed provision and suffers from the limited local capability and capacity highlighted in the Ofsted finding that PRC "Requires Improvement". It would not therefore achieve the objectives adopted for the project and is included in the economic appraisal primarily as the baseline against which to assess other options. In reality there is no do-nothing option that has any credible possibility of achieving the desired economic and social impacts.

### ***Do Minimum***

This option is based on the previous strategy of investment in building the capability of UCP/PRC to develop Taught Degree Awarding Powers, without accompanying capital investment in new facilities. It includes support for project management, curriculum development and marketing. Based on the findings of the Gleeds review, it is considered likely to under-perform against the project objectives, thus perpetuating the HE "cold spot" and not addressing regional needs. As with the Business as Usual option it would continue the current disjointed provision and, given the Ofsted findings regarding PRC's capability and capacity issues it is questionable whether investment in PRC would be an acceptable use of public sector investment in HE provision in Peterborough. Nevertheless, this option must be included in the economic appraisal as the only available do minimum option.

The economic analysis of this option includes revenue investment from the CPCA in PRC capability building at a level of £1,000,000 per annum over the next three years. This is based on the levels of

investment previously committed to develop Taught Degree Awarding Powers for PRC, which had anticipated approximately £2.73 million further investment in PRC over the next 3 years (with an uplift for optimism bias and contingency). The quantifiable costs and benefits of this options are explained in further detail in the economic appraisal presented below.

### ***Recommended Option***

This option is as described in the strategic case sections above and includes both capital investment in new facilities on the Embankment site and potential revenue investment to mitigate commercial risks of the start-up and scale-up phase of a curriculum that meets local economic needs and local student demand. The focus of the strategy underpinning this option is to increase HE provision in Peterborough and increase the number of HE entrants from the north and north-east of the CPCA region by attracting and retaining students locally (after graduation). In particular, it aims to engage people who do not currently participate in HE but who would participate and remain locally if suitable provision was available and to use flexible modes of delivery to compensate for the characteristics of the region (particularly sparsely populated rural areas). As described above the key characteristics of the new University in this option include:

- A clear focus on under-represented groups and those who do not travel to existing providers.
- A limited physical experience on a modest initial campus development.
- A phased approach which evolves with the needs of the region.

This option does not target conventional markets.

In practice, serious resource constraints are not a barrier to success indeed most innovation is born in the balancing and breaking of constraints. This principle is fundamental to the design of the New University.

The approach is to secure the involvement of a new ADP to bring the know-how to create a new University experience, to invest modestly in a new University building on the Embankment site and to focus attention on engaging with the local businesses to design an offer that addresses the needs of the region. This option has arisen from the Gleeds review referred to above, which concludes that it is a credible and viable option for delivering the new University objectives within the required timeframes.

The economic analysis of this option includes new capital investment from all three local public sector stakeholders to the level of £24,800,000 over the next three years to fund the building of a university building and to support the early stages of the business plan. Revenue and working capital requirements will be matters for the ADP to finance based on anticipated revenues from tuition fees and other income. The intention is that the initial capital investment will fund the establishment of a financially sustainable new university without the need for on-going subsidy. The quantifiable costs and benefits of this options are explained in further detail in the economic appraisal presented below.

The capital costs associated with the provision of new teaching space and associated infrastructure is estimated to be £20m with the remaining £4.8m available to subsidise the ADP's start-up costs and/or provide additional building size and features identified in the procurement and negotiation with the prospective ADPs. The initial £24.8m will cover the bulk of the investment to enable the University to be functional by 2022/23, however there remains a working capital gap which CPCA will seek to close in negotiations with the bidders. If this should prove not to be negotiable with the bidders, alternative sources of finance will need to be sought and a proposed solution put forward

and tested in the Full Business Case. The underlying objective is to ensure fee income generated from the intake of students will be sufficient to sustain ongoing operations and will permit short-term financing of the working capital requirement.

### ***Do Maximum***

It is conceivable that the new University of Peterborough could be developed on a model similar to those founded in the 1960's, the so-called Robbins Institutions. The target markets for the University would include those students who already travel out of region (and potentially, a proportion of the national market which currently travels to study) and who would consider a new offer based in Peterborough; i.e. the conventional market for HE which has evolved over the last decade with increased participation rates, a focus on progression routes and a balance between local recruitment and, usually, a residential experience. Competition for these students is very intense and recruitment routes via UCAS and marketing methods are exceptionally well-developed. The new University would need to establish itself very rapidly to compete directly within this market.

The following factors in particular consideration rule this option out of further consideration in the economic appraisal:

1. The new University would need to have a prospectus ready by April 2021 to meet the timescales set out in the objectives for the project. Applications for entry in September 2022, will open in September 2021 and close around mid- January 2022. Any student seeking to attend a UK University will have been exploring options during 2021. The period from April to September 2021 is a critical marketing window for the 2022/3 intake. To be able to make a competitive offer, the new University would need to have its core provision established to a high level of detail. It is not considered possible that the development work on a new University of this scale could be completed in sufficient detail and with adequate rigour to have a credible prospectus ready during the early months of 2021.
2. To compete directly with established providers, the new University would have to offer a minimum level of staff and facilities to attract the attention of prospective applicants (this is not the same as attracting entrants given that there is considered to be over-supply in the sector now that student number controls have been removed). At the very least, there would be an expectation among prospective students about the range of facilities to be provided on campus including general and specialist spaces, social learning and library spaces, campus catering and retail outlets. A high standard of competitive residential accommodation would be necessary, and students are increasingly expecting a level of service from campus-based services both transactional/regulatory (Registry functions) and pastoral (counselling, well-being etc.). While many of these functions will be necessary in any institution, the critical challenge would be to establish a critical mass of such facilities to compete with established providers. The reference point is the “competitive set” and, for students already travelling, the “evoked set” will include a large number of institutions with a well-established, well-resourced and highly credible offer. It should also be noted that staff expectations of the new University will also be relevant here in that competing directly for staff with established providers will inevitably raise questions of providing from the outset the research infrastructure to support their work.
3. There are severe resource constraints that limit the strategic scope for developing a new University. While competing directly for students would reflect a trajectory recognisable to most Universities today, many established institutions and those formed in the 1960s



benefited from an ambition to raise participation rates. They did not directly compete but benefited from a general expansion of the market. Moreover, their development timescale was very much longer and it is only comparatively recently, and with the benefit of a legacy of generous funding, that Universities are experiencing challenging open market competitive dynamics. Space requirements is one example of this phenomenon. Many universities benefit from an academic estate which reflects a traditional model of higher education (more elite, less consumerist) and is a legacy of the associated funding model (generous public capital and revenue funding). A full-service institution serving c 2,000 students would likely need a campus area of c. 19,000 m<sup>2</sup> on opening to appear competitive with established providers (not including onsite residential provision which could easily reach a similar scale). The underlying capital required to invest on this scale would be at least need £94 million and, in all probability, a lead time of at least 5 years to ensure that all aspects of the provision were planned to a competitive and credible standard. To expand the new University to potentially 12,500, as envisaged in the medium-term vision for a new University of Peterborough, would therefore, likely require around £500 million of up-front investment.

Therefore, the Do Maximum option can be ruled out on the grounds of affordability (only a fraction of the required funding is available), inability to meet the required timescales and lack of credible strategy (the above strongly suggest that the initial strategy should not be designed with a view to importing students to Peterborough; the competitive dynamics and resource implications are far too severe).

#### Infrastructure (phase 1 building location)

An option appraisal has been undertaken to assess the best location for the Phase 1 building within the overall site boundary of 55 acres. Prior to undertaking the detailed assessment, it was agreed that all feasible options must:

- be deliverable within the title constraints of the site in the given timescales;
- be located with land zoned in the Local Development Framework as reserved for University;
- avoid substantive alterations to existing infrastructure or facilities;
- be able to accommodate 3,500m<sup>2</sup> of space (space driven by assumed budget referred to in financial case); and
- be deliverable within the assumed budget of £20 million.

The infrastructure options appraisal has been undertaken is only in relation to the cost of the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car parking and landscaping) on the basis that the other costs of the build will be the same in all options<sup>5</sup>.

All options considered deliver the desired outcomes of the project given that the use/scale of the building is the same for each option. A summary of the appraisal of the site options considered is provided below.

Given that the variable across all options is constrained by the available budget and only varied by the site infrastructure any option that might exceed the budget has not been considered.

Infrastructure options have, therefore, been assessed based on their ability to meet some or all of

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<sup>5</sup> given the structure of the Heads of Terms (see below) any saving on the land value purchase will not increase the available capital to spend on the building; however this does detract from the available capital to deliver phase one building.

the criteria described below. These requirements identified that four possible locations were feasible:



- A - Worrina Car Park;
- B – Bishops Road;
- C – NW corner
- D- Opposite the Regional pool

The assessment was informed by a full desk top analysis of the constraints and opportunities of the site and each option was assessed against several key criteria agreed by the project team as noted below:

1. Heritage impact
2. Title impact
3. Visibility / Identity
4. Access to city amenities
5. Cost impact (infrastructure + public realm)
6. Landscape impact
7. Geotechnical
8. Impact on residential
9. Campus growth
10. Logistics (Construction)

**Option A**

- Meets the spending objectives for the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car parking and landscaping) pending confirmation of assumptions on contamination and services infrastructure capacity (surveys currently underway).
- Meets or exceeds all other criteria over the other options.
- Good opportunity to allow expansion of future phases.
- Well served by existing infrastructure with services available within the site vicinity and an existing “bell mouth” road access in place. The site is serviced by an existing car park that provides the opportunity for re-use or repair thus reducing the financial impact.

**Option B**

- Meets the spending objectives for the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car

parking and landscaping) to reduce expenditure further site investigation not being tested for this option.

- Incoming services are available within the site curtilage but are currently located through the site and their existing easements, which restrict building zones, would not permit the building to be placed over the buried infrastructure. Therefore, this site is likely to require service diversions likely to raise costs by at least £360,000. A new vehicular "bell mouth" access would be required for access, which would also add costs.
- Greater impact on residential area which may impact on ability to determine planning in time available.
- Good opportunity to allow expansion of future phases.

### Option C



- Meets the spending objectives for the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car parking and landscaping) to reduce expenditure further site investigation not being tested for this option.
- Greater impact on residential area which may impact on ability to determine planning in time available.
- Limited ability for Future campus growth.
- The site provides adjacent services infrastructure that are generally located in the nearby road and do not run across the site thus reducing the risk of additional costs for diversions. It Extension to communications services may be required as would a new vehicular entrance and parking provision, both of which would add costs.



**Option D**

- Does not meet spending objectives for the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car parking and landscaping) mainly due to proximity from existing infrastructure.
- The site would require new vehicular access parking provision, both of which may not be feasible given the site constraints.
- Limited ability for Future campus growth.
- Construction logistics more complex reducing available capital for build.

**Infrastructure option selection**

The outcome of the assessment of each option against the above criteria is outlined below:



From this appraisal, Option A, the Werrina Car Park, has been selected as the preferred option, having the following clear benefits:

- 3,500m<sup>2</sup> building which achieves outcomes within the assumed budget of £20 Million.
- Maximises available capital for building.
- Good visibility (identity) and accessibility to/ from the city centre.
- Minimises expenditure on infrastructure and external works.
- Minimises impact on adjacent residences
- Supports a logical growth of the campus in future phases, minimising disruption to phase 1.

## 2.2 Value for money

### 2.2.1 Economic appraisal

There are broadly three direct quantifiable benefits from the proposed options:

1. Increased employment as a direct result of the creation of the University as staff are recruited by the new institution.
2. Employment created in the wider economy as an indirect result of the creation of the new University.
3. Graduate level employment that rises as new graduates enter the workforce and graduate level jobs are created or attracted to the region.

Economic appraisals of the Business as Usual, Do Minimum and Recommended options have, therefore, been conducted on the following basis:

- a. Direct staff employment follows the forecasts of the Shadow Curriculum Model and the scaling of the University to reflect student growth targets. For the purposes of the appraisal, all forecasts plateau at the end of Phase 1 although the scale of University operations is expected to continue and be sustainable at that point.
- b. Indirect employment is anticipated to be 200% of the direct employment reflecting the buying power of the institution, its staff and its students.
- c. Average GVA per employee for direct and indirect jobs created is estimated at £42,000.
- d. Average GVA per employee in a graduate role has been estimated at £25,000 inflating at 4% per annum over the period of the appraisal.
- e. Baseline graduates currently qualifying at UCP and ARU are assumed to continue in all options with a +2% growth factor applied to the baseline in the Business as Usual option.
- f. For the Do Minimum option, further growth is projected arising from the proposed intervention (+1%) making the combined growth factor +3% above the baseline.
- g. Growth in the Recommended option is in line with the Shadow Curriculum Model and combined growth in this option is substantially higher than in either of the other two options.
- h. The expectation is that 60%<sup>6</sup> of qualifying graduates will enter a graduate level job and thereby contribute the associated GVA (total cumulative GVA is forecast on this basis).
- i. Additional corporation tax revenues from enhanced GVA are forecast at 1.36% of the GVA generated.
- j. Tax from new jobs created has been estimated at £4,700 per graduate level job.
- k. National Insurance Contributions from new jobs has been estimated at £4,223 per graduate level job.

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<sup>6</sup> The 60% allowance is based on consideration of the October 2018 Report by Prospects (the graduate employment and careers experts) entitled “*What do graduates do? 2018/19*”. This report reflects a buoyant labour market for graduates and high levels of entry into the professions.

The key Inputs for each option are summarised in the table below:

Input Costs (Fiscal Costs)	Business as Usual	Do Minimum	Recommended
Capital Investment	£0.00	£0.00	£24,800,000
Revenue Investment	£0.00	£3,000,000	£0.00
Land Value	£0.00	£0.00	£1,600,000
<b>Total Fiscal Costs</b>	<b>£0.00</b>	<b>£3,000,000.00</b>	<b>£26,400,000.00</b>

The economic appraisal analyses and the outputs from each are provided at Annex 6.5. The key outputs from these appraisals are summarised in the table below:

Appraisal Outputs	Business as Usual	Do Minimum	Recommended
Total Net Present Benefits	0	£7,793,658	£1,179,156,494
Total Net Present Costs	0	£2,844,500	£25,702,319
Net Present Value	0	£4,949,158	£1,153,454,175
<b>Benefit Cost Ratio<sup>7</sup></b>	<b>N/A</b>	<b>3</b>	<b>46</b>

### 2.2.2 Risk appraisal

The key risks with respect the economic appraisal all lie in the ability of CPCA to procure an ADP able to meet the requirements of the project that is the subject of this Outline Business Case. Of particular concern will be acceptance of, and commitment to deliver, the intake targets by the ADP Partner.

The economic appraisal may, in particular, be vulnerable to fluctuations in the numbers of students recruited and graduated by the University. The ability to recruit staff may also be a factor that erodes the impact of the new University. A further concern could be the extent to which graduate level employment is available locally and whether the new University is able to generate the scale and quality of graduates required to meet local economic needs. These sensitivities have been tested and the net impacts reported below.

The risks associated with the preferred infrastructure option (which is common to all appraised options) are presented in the risk register at Annex 6.4 and summarised 1.3.3 above. As with all new build projects there is risk of overspend, although the cost estimates are in-line with benchmark data for similar academic facilities, providing confidence of budget. Unlike the investment from CPCA, payback of the LGF investment funding will be required, anticipated to commence in 2028 and span a three-year period.

### 2.2.3 Preferred option

The economic appraisal of the three options presented above shows that the BCR for the Recommended option far outstrips the alternatives. When coupled with the qualitative analysis of each option outlined in section 2.1.2, this confirms the recommended option as the preferred option based on the strategic and economic cases presented in this Outline Business Case.

### 2.2.4 Sensitivity analysis

In light of the risks outlined above, sensitivity testing has been carried out by adjusting key variables as follows:

<sup>7</sup> Given by Net Present Total Benefits/Net Total Costs

- 50% reduction in staff and student numbers (NB: as staffing levels are forecast on a student-staff ratio, a change in one variable inevitably affects the other). There are further consequences for indirect employment that are also a function of the scale of the University.
- Complete elimination of the effects of new graduates entering the market.

The economic appraisal analyses and the outputs from each of these analyses are provided at Annex 6.6. The key outputs from these appraisals are summarised in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to 50% drop in numbers	Sensitivity to failure to create graduate jobs
Total Net Present Benefits	£1,179,156,494	£598,651,393	£166,827,860
Total Net Present Costs	£25,702,319	£25,702,319	£25,702,319
Net Present Value	£1,153,454,175	£597,949,074	£141,125,541
<b>Benefit Cost Ratio<sup>8</sup></b>	<b>46</b>	<b>23</b>	<b>6</b>

Therefore, even allowing for these significant risks, the preferred option outperforms the other options and a strongly a positive net present value and BCR is sustained. Therefore, while CPCA would not wish to compromise on the scale of the new University before more in-depth marketing and needs analyses are completed by the ADP, there is a strong economic case for investing in the new University in line with the Recommended option to generate direct and indirect benefits for the region that will comfortably repay the investment.

Further testing has been carried out to determine the impact of a substantial cost over-run on the construction of the Phase 1 Building. The outcomes from this appraisal, which tested a doubling of the construction costs, are set out in the table below:

Sensitivity Tests	Recommended Baseline with Construction Costs Doubled	Sensitivity to 50% drop in numbers with Construction Costs Doubled	Sensitivity to failure to create graduate jobs with Construction Costs Doubled
Total Net Present Benefits	£1,179,156,494	£598,651,393	£166,827,860
Total Net Present Costs	£51,404,638	£51,404,638	£51,404,638
Net Present Value	£1,127,751,856	£547,246,755	£151,423,222
<b>Benefit Cost Ratio<sup>9</sup></b>	<b>23</b>	<b>12</b>	<b>3</b>

The benefits are not particularly sensitive to even very significant rises in the cost of the Phase 1 building (although naturally any cost over-runs will challenge the basic affordability of the scheme).

A critical point to note is that the proposed model for the University is not reliant on the Phase 1 building to such an extent that cost over-runs would be material (except to affordability). This is largely a function of the ambitious student growth projections (which reflect market needs) and the innovative nature and scale of the off-campus delivery model envisaged in Phase 1 in particular. These factors are expected to generate a significant supply of new graduates with a direct and positive economic impact. The critical sensitivity is therefore the extent to which a prospective bidder can commit to delivering the project objectives and bringing the know-how and capabilities necessary to deliver this ambitious agenda.

<sup>8</sup> Given by Net Present Total Benefits/Net Total Costs

<sup>9</sup> Given by Net Present Total Benefits/Net Total Costs



## 3 Commercial Case

### 3.1 Structure of the deal

#### 3.1.1 Procurement strategy

##### Academic Delivery Partner (ADP)

Procurement of the ADP is required for the new University. The ADP will provide the skills, knowledge, experience and resources to make a practical reality of UniCo as a new higher education provider and ultimately a university with degree awarding powers. The full scale and scope of the requirements will be shaped in negotiation and as a minimum are expected to include:

- **Staff recruitment:** an initial Development Team should be formed by the ADP to work with CPCA and key stakeholders. The Development Team should include senior leadership, academic subject specialists and professional service support. The ADP will be responsible for recruiting for UniCo a full complement of staff and procuring relevant services;
- **Curriculum design and development including development of a learning and teaching strategy with reference to the Shadow Curriculum Model and programme validation arrangements** (with the ADP expected to award its degrees to students of UniCo pending UniCo being awarded degree awarding powers): the ADP will need fully to support the curriculum from inception to maturity and retirement/renewal of individual courses and the support required may also include learning technologists and materials production services to support blended and distance learning, enabling of virtual learning environments etc.;
- **Staff workload planning, resource scheduling and timetabling:** linked to curriculum modelling and business model prototyping;
- **Student recruitment, marketing and admissions processes and systems:** to include UCAS support, direct entry and employer-sponsored routes to be developed. It is anticipated that the focus of these will be positive, proactive, out-going and engaging to reach out to under-represented groups, to engage with their needs and win their active participation in UniCo;
- **Student and academic services and systems development:** a full range of transactional, advisory, welfare and other student-facing services along with regulatory and academic policy support including assessment, examinations and graduation. It is anticipated that these will be fit for purpose to meet the diverse needs of the student population;
- **Library and learning resources services/systems:** physical and virtual resources and associated services including licensing;
- **Strategic planning, finance and governance services and systems development:** full Head Office/VCO functions;
- **Full range of 'soft' FM and ICT services and resources required to operate UniCo effectively** (see Annexes 6.7 and 6.8 respectively): to deliver an excellent student experience, taking into account the FM Strategy and ICT Strategy. Such soft FM/ICT services to include cleaning, security, catering and reception services, network connectivity and infrastructure (Janet), business and academic IT and AV systems and software. It is anticipated that PropCo will deliver 'hard' FM services.
- **Information technology (IT) scope of works to be agreed during negotiation with the ADP:** the project will require the procurement of a main contractor to construct the physical infrastructure for the phase 1) building, roads/ car park and services infrastructure. The ADP will operate the building and the ICT infrastructure will require input of the ADP during the negotiated procedure, the table below summarises the assumed that approach to

procurement and maintenance of physical infrastructure/software to ensure compliance with procurement rules/law.

IT Infrastructure	Main Contractor (phase 1)	Academic Delivery Partner (ADP)	UniCo
<b>Core ICT Infrastructure</b> ICT (data) cabling and ancillary items such as distribution frames and equipment racks			
<b>Ongoing Maintenance of core ICT Infrastructure</b>			
<b>Other ICT packages Network</b> Wireless 4G/5G mobile Phone enhancement Digital /Audio Visual systems Local Server and storage systems (Design input from ADP)			
<b>Ongoing maintenance of other ICT Packages</b>			
<b>Software</b> Business and academic software solutions and licences (Input from ADP)			
<b>End User Devices</b> laptops, printers and PCs (Input from ADP)			
<b>External Connectivity</b> Internet and HE network (JANET)			

Selection of the procurement strategy for the ADP followed consideration of the following procurement options:

1. **Open** – a procedure often used for the procurement of commodity products which do not require a complex tender process
2. **Restricted** – which has no opportunity to alter the specification or tenders through negotiation with tenderers. All interested parties may express an interest in tendering for the contract but only those meeting the selection criteria will actually be invited to do so. The Restricted procedure is always available for use. It should be selected where the procedure would benefit from the introduction of a separate qualification and/or shortlisting stage and an award stage involving a limited number of tenderers.

The use of any pre- and post-tender negotiation under the Open and Restricted procedures is strictly prohibited under the Regulations. As a result, it is considered that the Open and Restricted procedures are not an option for the procurement of the ADP

3. **Competitive Dialogue** – this procurement option can be used where:
  - a. a 'readymade' solution does not exist;
  - b. the Client requires design services or 'innovative' solutions;
  - c. the contract requires negotiation due to the specific nature, complexity or legal or financial make-up of the contract or the risks attaching to it;
  - d. a technical specification cannot be established with sufficient precision; or

- e. a prior tender process was operated under the Open or Restricted procedure, but only irregular or unacceptable tenders were submitted.

The scope of negotiations with the preferred bidder is limited in that this cannot involve changes to essential aspects of the tender, or of the needs and requirements set out in the OJEU notice or descriptive document.

4. **Competitive Procedure with Negotiation** – as with Competitive Dialogue, this procedure can only be used in the specific circumstances described above. It specifies the extent to which the Client can change its requirements during the process. The Regulations specifically preclude making changes to:

- a. the description of the procurement;
- b. the minimum requirements;
- c. the award criteria, which must be set out the procurement documents from the outset.

Other important points to note include:

- The minimum number of tenderers to be invited to negotiate is three, subject to the outcome of the call for competition.
- The ability to hold an accelerated procedure, currently limited to the Restricted Procedure, will be extended this procedure making its use possible in urgent cases.
- A tenderer's solution or other confidential information is not to be revealed to other tenderers without specific consent.

The first phase solutions under Competitive Dialogue are developed until the Client considers that it has identified one or more solutions capable of meeting its needs and then seeks to formalise positions in a tender. In the Competitive Procedure with Negotiation, tenders are submitted initially, are then subject to negotiation and then resubmitted to finalise positions.

The Regulations provide some limited scope for negotiations with the preferred tenderer in prior to entering into the contract, however, under the Competitive Procedure with Negotiation, once a preferred tenderer has been selected, no further negotiations with that tenderer can take place. Therefore, where it might be necessary to negotiate with tenderers after final tender submissions (e.g. to confirm financial commitments, particularly when third party funders are involved), the Competitive Procedure with Negotiation may be less suitable; and a prior information notice can be used as a 'call for competition' if applying the Competitive Procedure with Negotiation.

5. **Innovation partnership** - the purpose of this procedure is to establish long term partnerships which allow for both the development and subsequent purchase of new and innovative products, services or works. The idea appears to be that high level project proposals are submitted during the tender process and the solutions are developed after entering into the contract(s) with the successful tenderer(s).

The preferred strategy for the procurement of the ADP has been developed based on the following:

1. Timeframe, CPCA require the procurement of the ADP at the earliest opportunity to inform the design of the phase 1 building and for approval of Full Business Case.
2. Public procurement process in line with CPCA procurement guidelines.

3. Seeks formal feedback from the marketplace to ensure formal expression are received on which the procurement process can be progressed prior to end of Stage 1.
4. Provides the best opportunity to allow dialogue with the bidders on the final solution.
5. Allows sufficient time to prepare documentation to publish formal procurement process. (which includes details of the tender process at publication).
6. Establishes an option should only one tenderer be interested. As a general rule, the procurement of goods, services and works non-competitively directly from a sole provider must be avoided where at all possible. However, it is recognised that in some instances, a single source tender is appropriate and can be justified in the context of the Regulations. The Regulations permit Clients to negotiate contracts otherwise caught by those rules without placing a contract notice or running any form of competition in certain limited, very narrowly defined, circumstances in which it is considered not appropriate, or not practicable, to have a competition. This is referred to as “the Negotiated procedure without prior publication”. The specific exemptions are contained within Regulation 32 and permit Clients to negotiate the purchase with a single provider.
7. A procurement that allows negotiation due to the specific nature, complexity or legal or financial make-up of the contract or the risks attaching to it.

Of the five options Open, Restricted and Innovation partnership have been discounted due to their unsuitability for procurement of the ADP and the following procurement route for the procurement of the ADP has been adopted:

- **Publication of a Prior Information Notice (PIN)** and associated Advert in the Education press (see [cambridgeshirepeterborough-ca.gov.uk/news/hunt-for-higher-education-partner-to-support-development-of-new-trailblazer-university-of-peterborough/](http://cambridgeshirepeterborough-ca.gov.uk/news/hunt-for-higher-education-partner-to-support-development-of-new-trailblazer-university-of-peterborough/)) as a call for competition requiring all interested operators to inform the contracting authority of their interest in the Contract. Stating that the Contract will be awarded without publication of a further call for competition. CPCA also published the PIN notice.
- Following expiry of the PIN the Combined Authority will either progress with negotiation with a single provider under Regulation 32 or progress a **Competitive Procedure with Negotiation**.
- The Competitive Procedure with Negotiation is proposed for the selection of the ADP on the basis that:
  - Suppliers can be prequalified based on their financial standing and technical/ professional capability.
  - Ability to specify the entire requirement now such that the bidders will be able to tender and deliver the fully proceed bid without the need for negotiation.
  - Meets CPCA selection requirements

The benefits of this approach are:

- a. Use of a PIN notice ensures that the procurement process can be determined by likely number of bidders without abortive process based on a call for competition.
- b. It provides more time for CPCA to conclude actions/ decisions required to inform the procurement action.
- c. It provides time for PCC to review and approve tender documentation and procurement action prior to publication.

- d. It provides opportunity for CPCA to consider procurement with one provider if only one bidder expresses interest.
- e. It maintains publication of formal Expression of Interest within the Original CPCA 1 timeframe and subject to successful competitive dialogue procedure maintains award of the preferred ADP at the end of Q1 2020.
- f. It allows for requirements of the tender to be agreed as part of a negotiated procedure.
- g. It allows the timeline for procurement of the ADP procurement and the development of the design and planning submission for building one to be separated, to allow more time for the procurement of the ADP, accepting the low risk that the ADP seeks changes to the design of the building which requires redesign or delays submission of planning.

To date the following progress has been made in procurement of the ADP:

- CPCA published the Prior Information notice (call for competition) on 13<sup>th</sup> August 2019 and placed an Advertisement (3<sup>rd</sup> September 2019) to procure an ADP for the new University.
- Following the response from the call for competition, the Standard Selection Questionnaire (SSQ) was published on 17<sup>th</sup> September 2019 with responses received from three tenderers on 30<sup>th</sup> September 2019.
- In response to the SSQ three responses were received, CPCA carried out due diligence on the SSQ responses and on the 14<sup>th</sup> October 2019 concluded that one bidder would not be taken forward to tender stage (ITN1).
- CPCA published the Invitation to Negotiate 1 (ITN1) on 25<sup>th</sup> October 2019 and have carried out bidders' days with both bidders between 7<sup>th</sup> and 30<sup>th</sup> November 2019 to induct both bidders into the process.
- Bidders have provided initial responses to the ITN 1 and, at the time of writing, have commenced initial negotiation which is expected to be concluded in January 2020; after which a timetable will be published by CPCA to outline the next steps of negotiation process. A draft timetable of the procurement process is outlined below taken from (ITN1). Dates in grey may change during the procurement process.

Event/ Stage	Target date
Issue ITN 1	25 <sup>th</sup> October 2019
Initial Meeting to discuss process	7 <sup>th</sup> -30 <sup>th</sup> November 2019
Submission of Initial Tenders	26 <sup>th</sup> November 2019
<b>Review of tenders and preparation for meetings</b>	<b>Negotiation Meetings taking place between December 2019 and January 2020</b>
Negotiation Meeting 1 – legal & Governance	
Negotiation Meeting 2 - Finance	
Negotiation Meeting 3 – Academic Requirements	
<b>ITN 2</b>	<b>Dates Pending sign off of this Outline Business Case and conclusion of negotiation 1 with Bidders</b>
Issue ITN 2	
Submission of ITN 2	
Review of tenders and preparation for meetings	
Negotiation Meeting 2 – legal & Finance	
Negotiation Meeting 2 – Presentation & Academic	
Issue ITN Final	

Event/ Stage	Target date
Submission of ITN Final	
Issue of Standstill Letter	
Award to ADP	

### Infrastructure

The procurement of the infrastructure is split into two categories:

1. **Land:** the proposed development plot 'The Embankment, off Bishops Road Peterborough' forms part of the agreement between Cambridge and Peterborough Combined Authority (CPCA) and Peterborough City Council (PCC) where PCC will commit to providing land for use in the development of the new University. At the time of writing the Heads of Terms are being drafted with necessary due diligence and valuation for Phase 1 of the University. It is proposed that the agreement will also allow for future growth of the University beyond phase one on the Embankment site and that the Heads of Terms will reflect how this is achieved. The procurement of the land from PCC may require an Advertised Sale via a notice in the local press (public owned land for disposal under reg: 1972).
2. **Main Contractor:** procurement of the main contractor will be required to deliver the physical capital works, which will broadly include:
  - a. Off plot Utilities, highways works associated with Phase 1.
  - b. On plot infrastructure works, utilities, road, car parks, landscape and ancillary buildings.
  - c. Building and internal fit out (including IT and AV).
  - d. Procurement of infrastructure for use in operation of the building by the ADP.

Procurement of the main contractor will not commence until after the approval of this Outline Business Case. Following approval of this Outline Business Case it is intended to hold a supplier event to look at the market opportunity for developer led delivery and operation of the asset for phase one or delivery by the main contractor and operation by the academic partner. The opportunity for both routes has been allowed for in the ADP procurement.

### **3.1.2 Service streams and required outputs**

Annex 6.9 sets out the selection criteria for the ADP as published in the call for Expressions of Interest, which in turn reflect the project's required services and outputs. Other related matters such as required implementation timescales, the structure of the potential deals, procurement plan etc are set out elsewhere in this Outline Business Case. In summary the selection criteria are:

1. Formal definition of the ADP to meet the ultimate objective of establishing an independent University of Peterborough with degree awarding powers and University Title.
2. Commitment to the Vision for an Independent University in Peterborough including the growth trajectory set out in the project objectives.
3. Commitment to develop the operational capabilities of the University including staff and student recruitment and support, curriculum design and development and all support functions.
4. Commitment to the long-term success of the University including branding and performance requirements

5. Commitment to resourcing and addressing working capital requirements.
6. Commitment to the programme for establishing and growing the new University.

### **3.1.3 Potential risk apportionment**

#### Academic Delivery Partner

The risk register at Annex 6.4 provides details of the risk apportionment between CPCA/ PCC (PropCo) and the Academic Delivery Partner (ADP). The basis of this will be developed and agreed through negotiation during the procurement process as part of the Heads of Terms.

In summary:

- all risk associated with the procurement of the ADP; acquisition of the land; design procurement and delivery of phase one building; and hard facilities management will be the responsibility of CPCA/PCC; and
- the ADP, at the point of signing the Heads of Terms, will assume responsibility for operation of the University including soft facilities management services, pending securing the independence ultimate sought for the University.

#### Infrastructure

The apportionment of risk for the infrastructure construction phase will be agreed as part of the procurement strategy prior to the procurement of the main contract and sub-contract packages. The apportionment of risk (yet to be agreed) will allocate risk appropriately to mitigate risk to the client by whom the contractor is appointed (PropCo).

### **3.1.4 Potential payment mechanisms**

#### Academic Delivery Partner

The payment mechanism for the ADP will be a matter for negotiation with prospective ADPs as part of the competitive negotiation process adopted for this procurement. The current proposal is that CPCA/PCC will work together under a subscription agreement and payment will be made to parties involved in the project by CPCA.

On agreement of the Heads of Terms, CPCA and PCC will enter into a Joint Venture (PropCo) which will hold the property from PCC, LGF investment monies and CPCA funding contribution. Payment will be made to the ADP for start-up subsidy, the amount and cash flow of this which is currently under negotiation with the prospective ADPs as part of the procurement process.

A separate Special Purpose Vehicle will be established (UnicCo) from which the ADP will commit to delivery of the University and to which it will pay over all associated monies (subsidy including the LGF investment in full). The agreement of rent and rent-free period and the basis on which these will be paid by UniCo to PropCo will be agreed between parties through the ADP negotiated procurement.

#### Infrastructure

PropCo will appoint the main contractor and make payment under the agreed standard form of contract. PropCo will pay for the design procurement and delivery of the phase 1 building under contract to the consultant team and the Main Contractor.

The payment mechanism for the construction works associated with the provision of the new buildings will set out in the form of contract used, and subsequently in accordance with the payment terms dictated under the Housing Grants Construction and Regeneration Act 2011. It is typical for such payments to be based on monthly valuations of progress completed on site and applied for via

Interim Applications for Payment. These applications will be verified by CPCA's Quantity Surveyor's valuation/inspections on site and paid in monthly intervals.

### 3.1.5 Contractual issues and accountancy treatment

#### Academic Delivery Partner (ADP)

Procurement of the ADP is taking place in parallel with preparation of this Outline Business Case through a negotiated process that includes an Invitation To Negotiate (ITN1) with Draft Heads of Terms drafted by Pinsent Masons (CPCA legal advisers). A copy of the Heads of Terms is attached at Annex 6.10 and includes details of the proposed structure of the contractual arrangements.

The purpose of these Heads of Terms is to form the basis of negotiation between the ADP, CPCA and PCC up to contract award. The ownership structure of the new university will reflect the commitment of resources by CPCA, PCC and the ADP. The anticipated structure for delivery, to be agreed between the ADP, PCC and CPCA in negotiation is outlined below:

- CPCA and PCC will be joint venture partners in respect of a new special purpose vehicle ("**PropCo**") into which the Property will be transferred by PCC, together with the Local Growth Funding (LGF) and the CPCA PropCo Contribution (capital and revenue funding from CPCA). PropCo will develop on the Property the Building and campus intended to be used for the purpose of the Project.
- A separate new special purpose higher education vehicle ("**UniCo**") will be created, which it is intended will eventually be the University of Peterborough, subject to the outcomes of the independent review planned for 2028. Depending on the outcome of negotiations, this vehicle could either be a company limited by shares or a charitable company limited by guarantee. The current intention is that CPCA will provide the CPCA UniCo Contribution (operating subsidy) to UniCo.
- It is intended that PropCo will grant a lease of the Building to UniCo, the terms of which can include a rent-free element during the start-up phase.

The conditions precedent state that the completion of the overall project is conditional on:

- Agreement of the ownership structure for delivery of the project;
- The LGF funding being awarded;
- Planning permission being obtained.
- The Building Contract being successfully procured.

The ADP will provide the skills, knowledge, experience and resources to make a practical reality of UniCo as a new higher education provider and ultimately a university with degree awarding powers. The full scale and scope of the requirements will be shaped in negotiation and as a minimum are expected to include the requirements outlined in section 3.1.1 above.

#### Building/Infrastructure procurement

The construction works are proposed to be delivered via a Design & Build procurement route utilising a competitive tender and an industry standard form of contract (JCT or NEC). A design and build procurement route typically offers a fixed price lump sum offer for the construction of the works, which will reduce CPCA's exposure to potential overspend within the construction works and give comfort in financial certainty of the works.



### Accountancy Treatment

On agreement of the Heads of Terms, CPCA and PCC will enter into a Joint Venture (PropCo), which will hold the property from PCC, LGF investment monies and CPCA contribution. All the assets will sit within PropCo which will be a local authority-controlled company and therefore, be incorporated into the financial statements of the local authorities accordingly.

## **3.2 Market acceptability**

### **3.2.1 Market ability to provide**

#### Academic Delivery Partner

The procurement process described above elicited responses from 11 parties who showed interest in the ADP opportunity when first advertised. Owing to the extensive, complex and stringent requirements it was always likely that some of the smaller entities would be unable to submit even an Expression of Interest and, accordingly, many felt unable to submit formal expressions of interest and did not participate further in the procurement.

Three prospective bidders did submit Expressions of Interest, which demonstrated reasonable levels of engagement with the substantive requirements included in the Call for Competition Notices and associated documentation. Owing to technical short-comings, one bidder was disqualified early in the process but two remain in contention. CPCA, therefore, concludes that there is sufficient interest and competency in the market to secure an agreement with an ADP.

#### Infrastructure

The design proposals for the phase 1 building are based on a 3500m<sup>2</sup> Gross Internal Area multi-use educational facility suitable for a mixed use of working, learning, teaching, and eating with collaborative space. The building will include associated external landscaping and infrastructure, all delivered within the available cost envelope (currently assumed to be £20m). An elemental summary of how the £20m budget (Inc VAT) is built up is shown below, which has been benchmarked against known data for similar educational buildings.

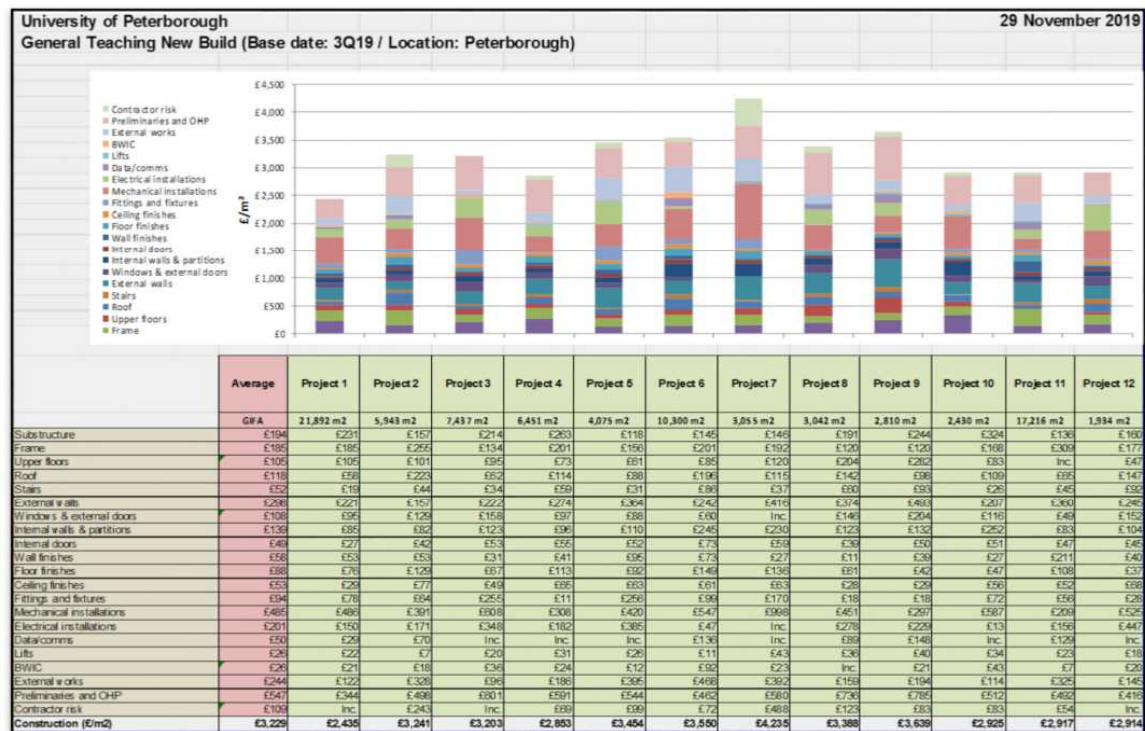
Order of Cost Estimate		University of Peterborough - Phase 1 Development	
Elemental Summary		27 November 2019	
		Cost Target £	£/m <sup>2</sup>
0	Facilitating Works	110,000	31
1	Substructure	536,030	153
2	Superstructure	3,517,346	1,005
3	Internal Finishes	699,573	200
4	Fittings, Furniture & Equipment	332,500	95
5	Services	2,835,840	810
6	Prefabricated Buildings & Building Units	N/A	-
7	Works to Existing Buildings	N/A	-
8	External Works	1,184,320	338
			-
	<b>Sub-Total</b>	<b>9,215,610</b>	<b>2,633</b>
9	Main Contractor's Prelims	13%	1,200,000
10a	Main Contractor's OH&P	5%	520,000
10b	Main Contractor's Risk	3%	330,000
10c	Detailed Design (RIBA Stages 3-7)	6%	680,000
	<b>Construction Total (Exc. Inflation)</b>	<b>11,945,610</b>	<b>3,413</b>
11a	Project / Design Team Fees - CPCA Stages 1-4		450,000
11b	Project / Design Team Fees - CPCA Stages 5-6 (monitoring role only)	3.4%	410,000
11c	Surveys, Statutory and Additional Services		300,000
12	Client Project Costs		1,543,400
13	Risk	9.7%	1,427,656
14	Inflation; to 4Q21 (applied to 0-10 and 12)	4.4%	590,000
	<b>Total (Exc. VAT)</b>	<b>16,666,666</b>	<b>4,762</b>

Classification - Restricted

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This benchmarking indicates an average build cost (£Nett/m<sup>2</sup>) of approximately £3,229/m<sup>2</sup> (excluding site facilitating costs), and the average cost of buildings under 5000m<sup>2</sup> GIFA is approximately £3390/m<sup>2</sup>. The initial elemental cost estimate is £3382/m<sup>2</sup> for the proposed Phase 1 building, which supports the conclusion that the proposed phase 1 building can be delivered to a suitable standard within the current budget, and within typical cost parameters for a HE building. The benchmarking exercise undertaken by Mace Cost Consultancy Ltd is shown below.



The procurement route proposed is typical for a project of this size and nature and there is appetite and a wealth of experience from the construction market for delivering similar schemes through this procurement model. The site location is well served by key transportation links and the site itself is generally unrestricted, which bodes well for acquisition of labour and materials. There is a wealth of main contractors, and subcontractors who operate in the region and therefore interest in this scheme is expected to be high, which will typically result in competitive pricing. We, therefore, expect a high level of interest for the project from a large number of suitable whom have a strong portfolio of construction projects in HE. An initial review of key Contractors with suitable experience of design and build Higher Education projects is identified below:

Contractor	Regional Office Location
Balfour Beatty	Manchester
BAM Construct	Birmingham
Bouygues (U.K.)	Birmingham
Bowmer & Kirkland	Derby
Galliford Try	Leicester
Interserve	Leicester
ISG Plc	Cambridge
John Sisk	St Albans
Kier	Corby
McAlee & Rushe	London
McLaren Construction	Birmingham
Morgan Sindall	Rugby
Multiplex Construction	London
Vinci Construction	Cambridge
Wates Group	Cambridge
Willmott Dixon	Milton Keynes

### **3.2.2 Attractiveness of the proposed deal**

#### Academic Partner

The attractiveness of the proposed deal with the ADP cannot be fully appraised until further on in the procurement process. However, CPCA considers it is reasonable to draw the following observations from progress to date:

- There is competition for the opportunity and the procurement is a live negotiation.
- While CPCA's requirements are demanding, both bidders are engaging with the substance.
- There is a risk that the 'ask' is too great and that a variety of alternative delivery options will need to be appraised to determine whether the benefits can be achieved by routes other than those anticipated to date.
- There is already clear evidence of eagerness of prospective ADPs to engage with CPCA and to begin work in earnest on the development.

In summary, the opportunity is, at this stage, attractive to the market as reflected in the competitiveness observed. Nonetheless, given the complex and specialised nature of the opportunity and, the limited number of appropriately qualified bidders, the response to date validates the choice to pursue a Competitive procedure with Negotiation route to ensure the optimal deal is secured that both delivers the project benefits and is attractive to the bidders.

#### Infrastructure

As indicated within section 3.2.1, construction projects of this nature are desirable to a Main Contractor within the current construction market, and a high level of competition is expected. The project construction timescales are achievable, and the works are generally viewed as low risk, which should be reflected in the Main Contractor's commercial offer. CPCA does not propose any novel structure for the construction deal (whether this will ultimately be developer led delivery and operation of the phase 1 asset or delivery by the Main Contractor and operation by the ADP – the opportunity for both has been allowed for in the ADP procurement).

## 4 Financial Case

### 4.1 Financial model and appraisal

#### 4.1.1 Project budget

The budget identified by CPCA and PCC for the Phase 1 of the new University has been described in previous sections and is £26,400,000, comprising the following:

Item	Amount (£)
Construction Works (Phase 1 building)	20,000,000
Financial deal secured with ADP and/or contingency for changes in the Phase 1 building specification	4,800,000
Land acquisition	1,600,000
<b>Total Budget</b>	<b>26,400,000</b>

All figures are inclusive of VAT and other tax requirements.

#### 4.1.2 Financial model

A key project objective is to create a sustainable operating model for the University such that, after initial start-up costs, the University will operate on a self-sufficient basis. The fundamental principles of a sustainable operating model include:

- Effective control of costs in relation to tuition fee income (this is at the core of the operating model).
- Recognition that estates/asset maintenance must be prioritised to avoid backlog maintenance liabilities that add to corporate risk profiles and undermine the core of the operating model.
- Generation of surpluses at a scale sufficient to underpin substantial reinvestment in new facilities to support further growth (creating a virtuous circle).

The operating model for the new University has been developed based on the Shadow Curriculum Model (SCM) forecasts of student and staff numbers and includes the following working assumptions:

- academic staff will be provided on a 20:1 student to staff ratio and professional services staff on a 30:1 ratio;
- tuition fee income will be on average £9,000 per student FTE (after allowing for both premium fee levels and bursaries/hardship grants and other fee discounting practices);
- staff costs will be on average £68,000 for academic staff (full cost) and £38,000 for professional services staff (full cost), allowing for staff at different grades and levels of seniority;
- operational non-pay costs will be limited to 30% of income and include allowance for planned IT/AV spend;
- facilities management and long-term maintenance costs have been included based on the assumptions described below; and
- a target surplus of 10-12% will be necessary to pay off capital provided by the LGF investment and to build up appropriate reserves.

The financial model attached at Annex 6.11 forecasts revenues and expenditure for the period to 2030/31 in line with the SCM and the longer-term ambitions of CPCA. Initial start-up costs are anticipated to exceed the budget and it is expected the prospective Academic Delivery Partner will

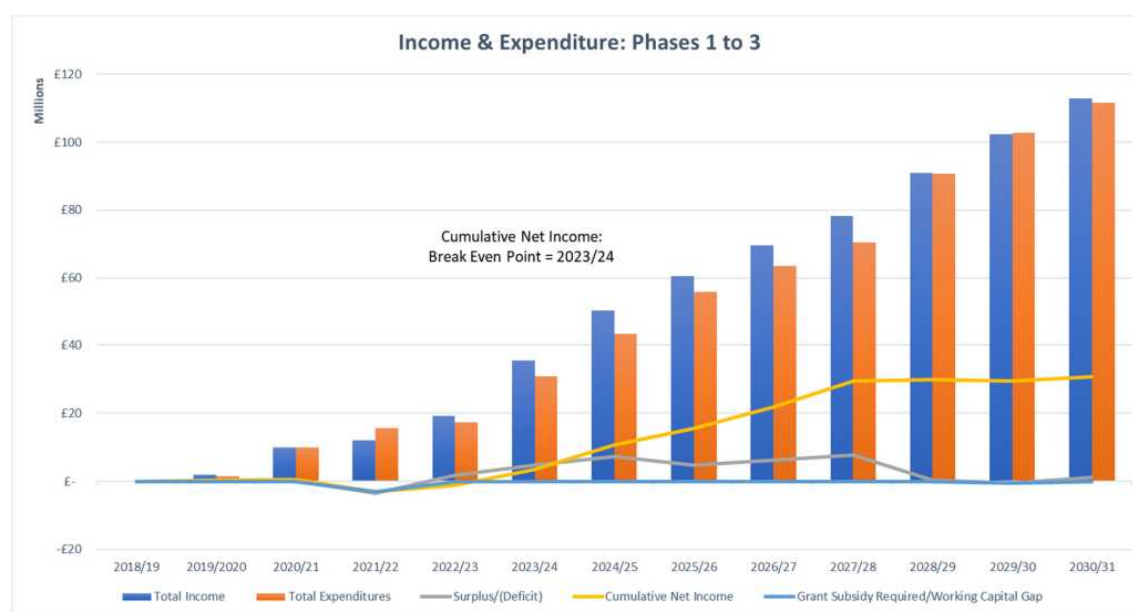
provide some working capital in advance of the receipt of fees. Provided that the broad scale of recruitment envisaged by the SCM is achieved and costs are controlled, this should simply be a matter of effective cashflow management and short-term financing. CPCA is working on the basis that its commitment is to be capital funding of the building plus a pump-priming investment and that it will not have any responsibility or obligation for underwriting operating cashflows.

The costs associated with facilities management have been provided by Mace FM Limited using internal cost data and benchmarked against reputable and well-established independent industry data, allowing the calculation of occupancy costs. The costs associated with facilities management include all aspects of facilities management, incorporating: insurances; routine maintenance; security; cleaning and waste management; energy usage; telephone communications; and general real estate management.

Mace FM Limited have advised that as a rule of thumb a cost of 1% of capital expenditure per has historically been applied to public sector projects under a design, develop, construct and operate contract to determine affordability prior to going into contract. This relates to major replacements only and is in addition to the routine maintenance costs incurred in preserving the assets so they reach their optimum life expectancy (covered by the facilities management costs). In this financial appraisal long term maintenance have been based on 5% of Insurance Replacement Value (IRV), which gives a more prudent and cautious prediction of cost and is more widely recognised as a benchmark across the HE Sector.

CPCA is currently in negotiations regarding the potential use of the building, which will need to be flexible to meet requirements of the ADP and the portfolio of courses they intend to offer. It is possible that there will be an opportunity to review the costs associated with long term maintenance that will result in an improvement on the current forecast figures.

Project expenditures include the capital costs of the Phase 1 building and an allocation to support the initial start-up costs of the ADP. The forecast breakeven point is reached in the year 2023/24 with a continual surplus thereafter as larger student numbers and incomes are realised (see figure).



### 4.1.3 Risk analysis

The operating model is adversely affected by the repayment of LGF investment and the anticipated increase in specialist teaching and research activities over phases 2 and 3 will tend to erode margins unless countervailing strategies are employed. The primary risk is that the operating model does not generate sufficient cash to build reserves and capital to fund Phases 2 and 3.

The model is also sensitive to the anticipated working capital to be provided by the ADP and which is necessary to off-set the associated start-up costs that are higher than the current budget allowance of £4.8m (set aside to subsidise the start-up costs and/or provide additional building size and features identified through negotiation with the prospective ADPs). This is to be addressed in negotiations to rectify the negative cash flow impact at 2021/22. There is scope to eliminate this deficit as negotiations develop with the prospective ADPs. There is also an opportunity to manage the repayment of the LGF investment over a period of several years. Where the initial LGF bid dictates repayment of the £12.5m grant in full in the year 2028/29, it is possible that some extension of these terms could be agreed with repayment phased over three years commencing 2028/29 (which will positively impact the financial model).

## 4.2 Affordability assessment

The current project funding position is outlined in the table below, with project funds generated from a combination of CPCA's own funding and Local Growth Fund grant (to be confirmed – a decision is expected from central government in early 2020). CPCA currently has approval to spend £800,000 (in pre-award costs) and will require approval for expenditure of the remaining £24 million should the recommended option and LGF funding be secured.

Funding Source	Amount (£)
CPCA	12,300,000
LGF investment Funding	12,500,000
Land Acquisition (gifted)	1,600,000
<b>Total Budget</b>	<b>26,400,000</b>
Construction Works (Phase 1 building)	20,000,000
Financial deal secured with ADP	4,800,000
<b>Total Expenditure</b>	<b>24,800,000</b>
Balance (Land acquisition)	1,600,000

All figures are inclusive of VAT and other tax requirements.

The land is expected to be donated by PCC with an approximate value of £400k per acre, totalling £1.6m. At the time of writing the value of the land is being determined, pending survey of contamination and site infrastructure costs.

The capital expenditure for the construction project is to be capped at £20m (inclusive of VAT) with the remaining funding utilised for negotiation of a deal with the ADP. The table below demonstrates how the Phase 1 £20m capital spend will be utilised. As described in section 3.2.1 above, benchmarking against other similar HE projects supports the conclusion that the proposed Phase 1 building can be delivered to a suitable standard within this budget, and within typical cost parameters for a HE building.

Order of Cost Estimate		University of Peterborough - Phase 1 Development	
Project Summary		27 November 2019	
Elem Ref		Cost Target £	£ / m <sup>2</sup> GIFA
0	Facilitating Works	110,000	31
1-10	Building Works	11,835,610	3,382
	<b>Works Cost Estimate</b>	<b>£ 11,945,610</b>	<b>3,413</b>
11	Fees & Surveys	1,160,000	331
12	Client Project Costs	1,543,400	441
13	Risk	10% 1,427,656	408
	<b>Cost Limit (Excluding Construction Inflation)</b>	<b>£ 16,076,666</b>	<b>4,593</b>
14	Inflation; to 4Q21 (applied to 0-10 and 12)	4.4% 590,000	169
	<b>Cost Limit (Including Construction Inflation)</b>	<b>£ 16,666,666</b>	<b>4,762</b>
	VAT Assessment (applied at the prevailing rate)	20% 3,330,000	951
	<b>Estimated Outturn Costs</b>	<b>£ 19,996,700</b>	<b>5,713</b>
	"Say"	<b>20,000,000</b>	
		<b>GIFA</b>	
		3,500 m <sup>2</sup>	

Classification - Restricted

Page 4



## Conclusions

Project affordability is, therefore, critically dependent on:

1. securing the LGF investment capital funding; and
2. agreeing with the prospective ADP (through the current negotiations) how the working capital cash-flow gap indicated in the financial model will be funded and identifying any alternative sources of funding to bridge the negative cashflows.

It should be noted that there is a cash deficit of approximately £3m in the financial year 2021-22 which needs to be addressed before the break-even point is reached in 2023-24. This short-term cashflow issue will need to be resolved to make the project viable. A potential solution to this could be a short-term loan, the interest charges and repayment profile are not included in the model and would reduce the overall return of the project. The eventual solution will be put forward and tested in the Full Business Case, including reworking of the economic and financial appraisals to explore any impacts of the revised financing on the Benefit Cost Ratio and affordability. Subject to these considerations, at this stage of project development and implementation, it is anticipated that funds will be available (as described above) to meet both the project budget and the requirements of new University operating model.

With respect to the infrastructure works, no cash-flow implications are anticipated for CPCA or PCC as all funding to be provided by them (including LGF grant) will be in place before the construction phase goes ahead (securing the LGF funding is a Condition Precedent in the Subscription Agreement and Heads of Terms). Any cashflow implications of resolving the working capital gap will be resolved during development of the Full Business Case.

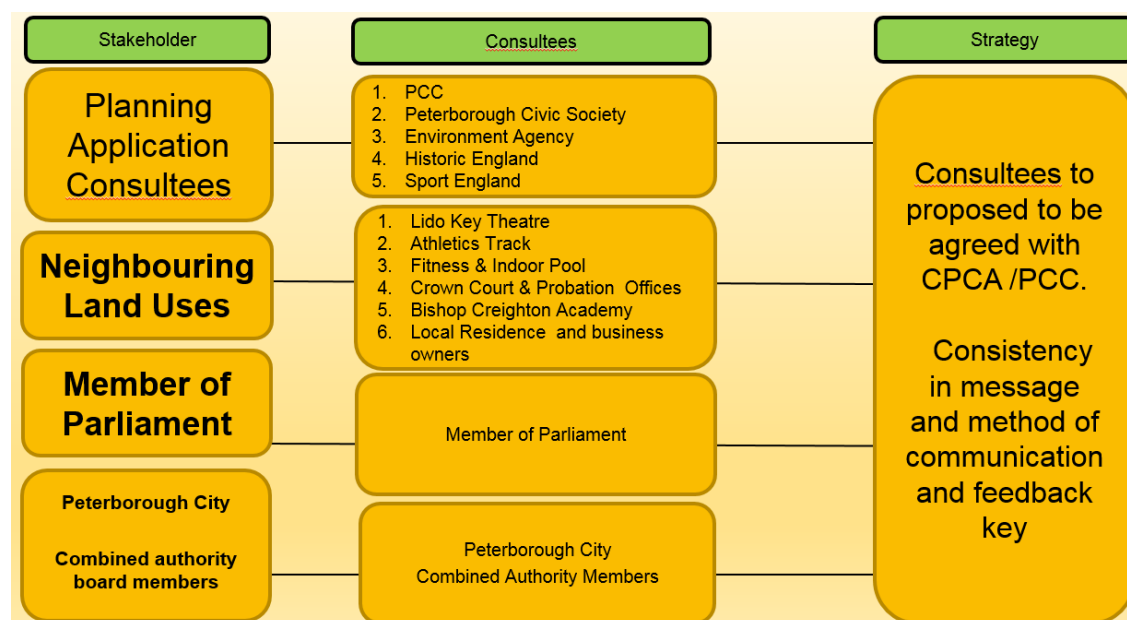


## 5 Management Case

### 5.1 Stakeholders

The project has a number of stakeholders, summarised in the table below with the following categories.

1. Planning Consultees
2. Neighbours
3. Members of Parliament
4. Peterborough City Council (PCC) & Cambridge and Peterborough Combined Authority (CPCA)



These key internal and external stakeholders will be managed under a strategy agreed between PCC and CPCA, outlined in the communications strategy and underpinned by the Subscription Agreement (which establishes how CPCA and PCC will work together). Internal stakeholders are consulted in line with the governance arrangements set out in this Management Case and will follow the communication strategy set out in the Subscription Agreement. A communications strategy has been agreed for the project and is attached at Annex 6.12.

At the time of writing the current status of consultation is as below. This will be further developed and built upon up to submission of the full planning application. On appointment of the Main Contractor and the Academic Delivery Partner, further communications will be required to support the management of the construction, delivery and occupation and operation of the physical asset. This will be developed and reflected in the Full Business Case.

	Consulted to date	To be Consulted
1	<b>Planning Consultees</b> PCC Planning meeting 12-12-2019 Peterborough Civic Society 23-11-2019 Sport England 14-11-2019 Environment Agency – no objections 14-11-2019 Historic England – no objections 14-11-2019	
2	<b>Neighbours and Land owners</b> Fitness & Indoor Pool 14-11-2019  Vivacity 14-11-2019 Lido Key Theatre (Vivacity) Athletics Track (Vivacity)	Crown Court & Probation Offices – Date to be agreed Bishop Creighton Academy - Date to be agreed Local Residence and business owners – February 2020 Public Consultation
3	<b>Members of Parliament</b>	Consultation planned in January 2020
4	<b>Peterborough City Council members</b>	Consultation planned in January 2020

## 5.2 Achievability

CPCA and PCC have put in place the resources needed to manage the work streams required to deliver the project, based on an understanding of the shared goals. Those goals and the resource requirements for CPCA and PCC are set out in the Subscription Agreement and both organisations have to date provided resources in line with those requirements. The two authorities are, therefore, confident that the project is achievable based on their readiness and the available resources

CPCA have appointed external consultants, where required, to ensure the necessary capacity and capability is available for successful implementation of the project including:

- Design, project and cost management and education specialists: as described with in the project management section below
- Legal support: Pinsent Masons.
- Fundraising: Dayton Bell who wrote LGF bid.

Further external support or internal resources will be secured and deployed should any capacity/capability shortfalls be identified, subject to governance approvals, to ensure the project is fully resourced for successful delivery. At the time of writing the only additional resource requirement identified is for post-project Evaluation.

PCC have provided resources to support the project, including through their Interim Development Director and internal legal support.

## 5.3 Project management

### 5.3.1 Structure and Governance

Project governance (outlined in the Subscription Agreement) has been established to reflect the current arrangements within each organisation and specific terms of reference for the project will be mandated by each organisation as part of the sign off of the Outline Business Case and Subscription Agreement:

- CPCA governance requires all decisions to be mandated by the CPCA Board. All decisions required for the project will be submitted to the CPCA Skills Committee and the Business Board and then taken to the CPCA Board for final approval.

- PCC governance arrangements require all decisions to be mandated by PCC Board in the same way that CPCA do.

Once project governance arrangements have been approved, responsibility for the project will be mandated to the Transition Board and Project Management Board, the terms of reference of which are outlined in the Subscription Agreement; this will remain in place up to completion of the Conditions Precedent within the Subscription Agreement and Heads of Terms.

Satisfaction of the Conditions Precedent will enable completion of the Full Business Case, which will then be presented for agreement by PCC and CPCA. This will include terms of reference for the project and its governance from that point onwards.

### 5.3.2 Subscription Agreement

The Subscription Agreement to be presented to CPCA and PCC for approval alongside this Outline Business Case describes the commitment between parties who will work together toward realisation of the new University. It will constitute the formal agreement between PCC and CPCA up to satisfaction of the Conditions Precedent.

After the Academic Delivery Partner is appointed and the Conditions Precedent have been satisfied, the structure of the project will change, triggered by signing of a Joint Venture (JV) agreement and the associated governance. The terms of the JV will be developed through negotiation between the Academic Delivery Partner, PCC and CPCA and, therefore, remain to be determined at the time of writing (these will be detailed in the Full Business Case). What follows, therefore, focuses on the project management structure put in place project up to the signing of the JV.

Prior to execution of the Subscription Agreement PCC and CPCA have been working together to share information and attend monthly project meetings to review project progress, under delegated authorities from each Authority. Where decisions are required outside those delegated authorities these have been made within the decision-making arrangements for each respective organisation.

Following execution of the Subscription Agreement the project structure will be as summarised in the following extracts from the Subscription Agreement:

#### **Extract from Subscription agreement:**

*CPCA and PCC have agreed to work together on a project (the "**Project**") to establish a new "University of Peterborough" and facilitate the delivery of its campus (the "**Campus**") on a site known as the Embankment lying to the north of the River Nene and south of Bishops Road, Peterborough (the "**Property**"). The key objectives of the Project are set out at Schedule 3. It is intended by the Parties that the Company will be the vehicle through which the Project is delivered, alongside a second new corporate entity ("**UniCo**") that will eventually become a new independent University of Peterborough.*

#### **Further extract from the Subscription agreement (Schedule 5 Part 1); PCC and CPCA will adhere to these governance arrangements:**

##### **OVERVIEW**

*The Project's governance will:*

- *provide strategic oversight and direction;*
- *be based on clearly defined roles and responsibilities at organisation, group and, where necessary, individual level;*

- *align decision-making authority with the criticality of the decisions required;*
- *be aligned with Project scope and each Project stage (and may therefore require changes over time);*
- *leverage existing organisational, group and user interfaces;*
- *provide coherent, timely and efficient decision-making; and*
- *correspond with the key features of the Project governance arrangements set out in this Schedule 5.*

## **REPORTING**

*Project reporting shall be undertaken at three two levels:*

- *Project Management Board: Minutes and actions will be recorded for each Project Management Board meeting and reports to Transition Board shall be monthly. Any additional reporting requirement shall be at the discretion of the Project Management Board or as required by the Transition Board.*
- *Subscribers' Transition Board: Reporting to principals (CPCA and PCC) shall be monthly, based on the minutes from the Project Management Board highlighting:*
  - *progress this period;*
  - *issues being managed;*
  - *issues requiring help (that is, escalations to the Subscribers' Transition Board); and*
  - *progress planned next period and/or aligned with the frequency of the Subscribers' Transition Board meetings.*
- *The Project Management Board members shall be responsible for drafting reports into their respective sponsoring organisation as required for review by the Project Management Transition Board before being issued.*

## **PART 2 TRANSITION BOARD**

### **OVERVIEW**

*The Transition Board provides overall strategic oversight and direction to the Project.*

*This group will consist of:*

- *PCC: Dave Anderson, Interim Development Director and Peter Carpenter, acting*
- *Corporate Director: Resources and S151 Officer, Peterborough City Council.*
- *CPCA: John T Hill, Director Business and Skills, Kim Cooke, Strategic Investment Programme Manager*

*The Transition Board shall be managed in accordance with the terms of reference set out below.*

### **TERMS OF REFERENCE OF SUBSCRIBERS' BOARD**

- *The Transition Board will meet [monthly] and at least [insert] days' notice of a meeting shall be given to members, together with an agenda and relevant papers identifying in reasonable detail the matters to be raised at the meeting.*
- *The quorum for meetings of the Transition Board will be [XXX], of which at least one must be a representative from CPCA and one from PCC.*
- *[insert name] shall be responsible to preparing and circulating agendas, papers and minutes for each meeting.*
- *The Transition Board will be chaired by John T Hill, who will have a second or casting vote.*

- *Meetings may take place in person or by telephone conference or other form of communication equipment provided that all parties participating in the meeting are able to speak to and hear each other.*

### **PART 3 PROJECT MANAGEMENT BOARD**

#### **OVERVIEW**

*The Project Management Board will provide management oversight at Project and workstream level. It will provide assurance to the Transition Board that the Key Objectives are being met and that the Project is performing within the boundaries set by the Transition Board. The Project Management Board shall be managed in accordance with the terms of reference set out below.*

#### **TERMS OF REFERENCE**

*The Project Management Board consists of representatives from each of the Subscribers and Mace. The Project Management Board shall have responsibility for the creation and execution of the Action Plan and deliverables, and therefore it can draw technical, commercial, legal and communications resources as appropriate into the Project Management Board. The core Project Management Parties are:*

- *[insert names and positions of members].*

*The Project Management Board; will report monthly to the Transition Board, such reports to be provided within [14] days of the date of the relevant meeting.*

*The Project Management Board will meet monthly and at least [insert] days' notice of a meeting shall be given to members, together with an agenda and relevant papers identifying in reasonable detail the matters to be raised at the meeting. [Insert details of standing agenda items]*

*The quorum for meetings of the Project Management Board will be [XXX], of which at least one must be a representative from CPCA, one from PCC and one from Mace.*

*[insert name] shall be responsible to preparing and circulating agendas, papers and minutes for each meeting and for providing reports to the Transition Board.*

*The Project Management Board will be chaired by [insert name], who will [not] have a second or casting vote.*

*Meetings may take place in person or by telephone conference or other form of communication equipment provided.*

The structure outlined within the Subscription Agreement can be summarised in the governance structure arrangements diagram below, which shows the ADP who will join PCC and CPCA in a Joint Venture following satisfaction of the Conditions Precedent. The Main Contractor to deliver the physical infrastructure will be procured by Mace who sit on the Project Management Board and will act based on the authority given to them in the terms of reference of the Project Management Board in respect of the management of the Main Contractor. The governance structure is summarised in the chart at Annex 6.13.

### 5.3.3 Roles and Responsibilities

#### Cambridge and Peterborough Combined Authority (CPCA)

The new University project is led by CPCA in partnership with PCC and this relationship will be formalised through the Subscription Agreement. CPCA will agree Heads of Terms with PCC and the ADP.

CPCA (led by Kim Cooke, Skills Strategy Manager/Lead for new University) is providing leadership for development of this project and to ensure a professional team is in place to support the procurement of the ADP and for delivery of the infrastructure for the new University.

CPCA will provide funding to support the development of the new university through existing capital monies and grants and further grant applications to be made to support future phases.

#### Peterborough City Council (PCC)

PCC is working with CPCA to support the delivery of the new university and in particular is providing the land for phase one of the project. The Heads of Terms include clauses regarding land opportunities for future phases of the project and will be agreed between PCC, CPCA and the ADP.

#### Consultant team

CPCA and PCC are supported by professional team of consultants, procured by CPCA to develop the master plan for the proposed site and support procurement of the Academic Delivery Partner and Main Contractor. The Consultant team consists of:

1. **Mace Limited** – project management, cost management and facilities management
2. **Moses Cameron Williams** – architecture
3. **Couch Perry Wilkes** – mechanical and electrical engineering, environmental
4. **Smith and Wallwork** – structural and civil engineering
5. **Land Use Consultant's** – landscape design
6. **CPB Projects** – education
7. **PTS Consulting** – IT consultancy
8. **Pegasus** – planning consultant

### 5.3.4 Project Plan

The project plan has been developed around the following key dates:

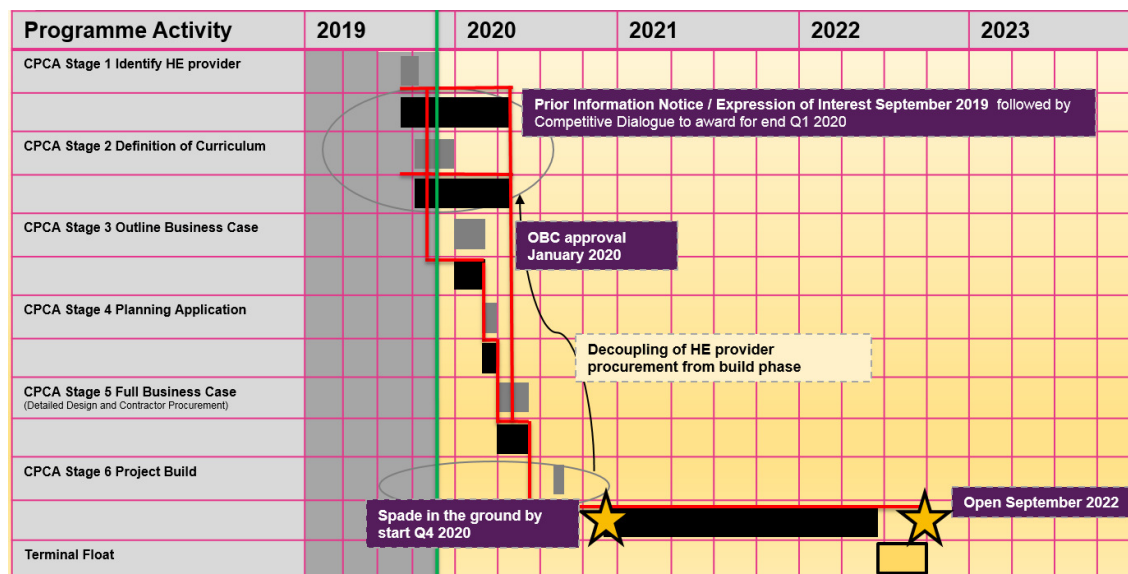
1. Spade in the ground (commencement of phase one) Q4 2020.
2. Completion of phase 1 (for occupation) September 2022.

To achieve these milestones there are two key work streams:

1. Develop brief and procure the Academic Delivery Partner.
2. Develop, design and procure a Main Contractor to deliver phase 1 infrastructure.

To meet the key dates it is necessary to twin track these workstreams, in particular development of the brief for, and procurement of, the Academic Delivery Partner and development of the design and planning determination for Phase 1. These two work streams come together into one unified workstream at the end of Q1 2020, after which the project will be progressed under the agreed Heads of Terms and associated requirements.

The Illustrative programme below shows the current work streams and critical path (in red) to achieve the key project milestones. The full project plan is attached at Annex 6.14.



## 5.4 Change management

The strategy, framework and plan for dealing with change is embedded within the project governance arrangements set out in the Subscription Agreement to be submitted for approval alongside this Outline Business Case. On agreement of the Subscription Agreement CPCA and PCC will manage change within their delegated authorities within those terms.

## 5.5 Benefits realisation

Various objectives/benefits of the project will be realised at certain of key milestones in the project as follows:

1. Completion of the subscription agreement, satisfaction of the conditions precedent and execution of the Heads of Terms with the ADP will result in the formation of PropCo and UniCo. At this point a strategy will be established for identifying, planning and tracking the detailed benefits (outlined in earlier sections of this Outline Business Case), including assigning responsibilities for the benefits realisation.
2. Meeting KPIs, milestones and targets alongside the operational plan as agreed with the ADP prior to opening in 2022.
3. Meeting the agreed milestones and targets for design and delivery of the physical Infrastructure.
4. Following opening, maintaining agreed KPIs, milestones and targets within the operational plan agreed with the ADP.

Responsibility for benefits realisation under the Subscription Agreement will sit with CPCA and PCC, Once the Heads of Terms are signed then responsibility will be transferred to PropCo and UniCo to realise the project objectives.

### Infrastructure

The agreed infrastructure milestones and targets will be reported against at monthly project board meetings until execution of the Heads of Terms, after which this will be reported to PropCo up to the point of handover and completion of the twelve month defects period.

### Academic Delivery Partner Benefits Realisation

Milestones, targets and KPIs will be agreed with the ADP as part of the procurement. These will be audited under the terms of the UniCo agreement and will be independently reviewed at key milestones (such as transition to independence).

## **5.6 Risk management**

A detailed project risk register (including risk control strategies) has been developed (attached at Annex 6.4) based on the following risk categories:

1. Surveys and Site Constraints
2. Commercial
3. Design
4. Legal
5. Procurement
6. Operational
7. Governance

The top-level risks and control measures are outline in preceding sections of this Outline Business Case. The project team, led by the Project Manager, holds quarterly risk workshops and the risk register is reviewed monthly at the Project Management Board.

## **5.7 Project assurance**

CPCA's Assurance Framework can be found at [cambridgeshirepeterborough-ca.gov.uk/assets/Combined-Authority/Cambridgeshire-and-Peterborough-Combined-Authority-Assurance-Frameworkv3final-002.pdf](https://cambridgeshirepeterborough-ca.gov.uk/assets/Combined-Authority/Cambridgeshire-and-Peterborough-Combined-Authority-Assurance-Frameworkv3final-002.pdf). It sets out how the seven principles of public life shape the culture, processes and practice within CPCA in discharging its responsibilities in the administration of the Cambridgeshire and Peterborough Investment, incorporating the Single Pot funding.

At project level, project assurance (phase 1 onwards) will initially be conducted under the Subscription Agreement and, once the Conditions Precedent are satisfied, responsibility for project assurance will transfer to PropCo and UniCo for the building and HE operations respectively.

## **5.8 Post-project evaluation**

The project will adopt the BSRIA Soft Landings framework and follow the five Stages of the Soft Landings process. Stage 1: Inception and Briefing, Stage 2: Design Development is predicated on Stage one; while Stage 3: Pre-handover requires follow-through with Stage 4: Initial Aftercare.

The benefit of this approach is that it will help solve any performance gap between design intentions and operational outcomes by appointing soft landing champions who will agree the roles and responsibility of the client, contractor and professional team.

This process will commence from Royal Institute of British Architect (RIBA) stage 2 and run through to completion of the construction of phase 1 and into the occupation and aftercare stages.

### Design

Workshops will be held with the project team to review learning from previous projects and develop a design that will work from the point of view of the manager and users. This will include agreement and review of an energy strategy and commissioning (for incorporation into relevant tenders) as well as review of proposed systems for usability and maintainability.



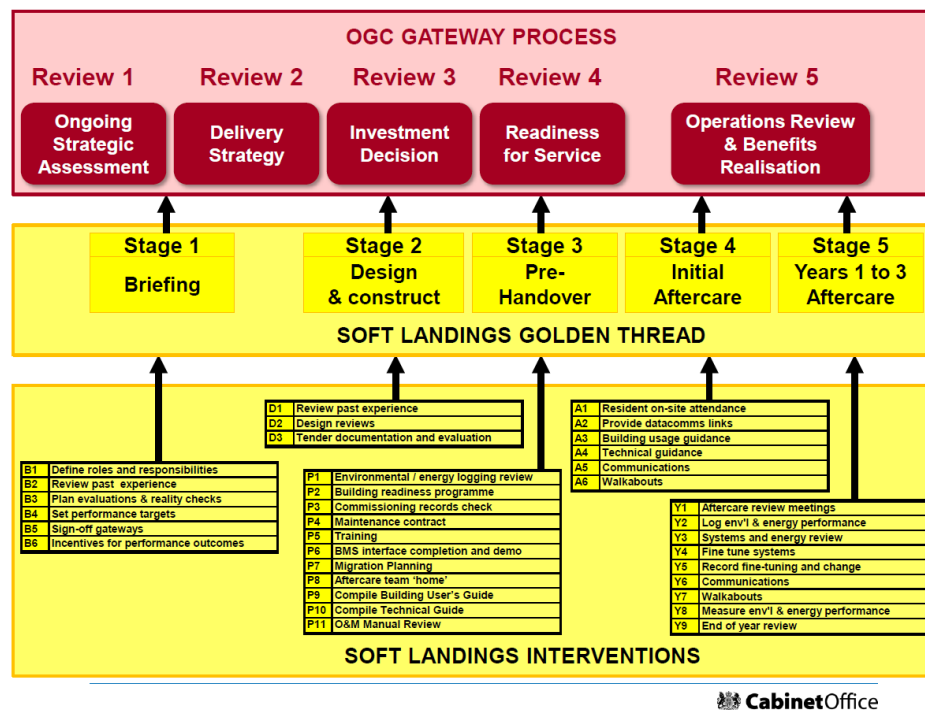
### Construction

Soft landings considerations will be incorporated into the project plan, employer's requirements and the role and responsibilities of the contractor's soft landing champion up to and following completion of the phase 1 building.

### Operation in use

The contractor will be required to provide: comprehensive operation and maintenance manuals; escorted tours of completed facilities to demonstrate functionality; Building Information Modelling models to assist with future maintenance; and aftercare for an agreed period post-handover. The contractor will carry out post occupancy evaluation.

### Key Milestones for Stage reviews of the Soft Landing Process



## **6 Annexes**

### **6.1 Subscription Agreement**

### **6.2 Shadow Curriculum Model**

### **6.3 Strategic Brief for Phase 1 Building**

### **6.4 Project Risk Register**

### **6.5 Baseline Economic Appraisals**

### **6.6 Economic Appraisals: Sensitivity Analyses**

### **6.7 Facilities Management Strategy**

Full strategy to be agreed during negotiation with Academic Delivery Partner through commercial dialogue procurement process.

### **6.8 ICT Procurement Strategy**

Full strategy to be agreed during negotiation with Academic Delivery Partner through negotiated procurement process.

### **6.9 Academic Delivery Partner Selection Criteria**

### **6.10 Academic Delivery Partner Heads of Terms**

### **6.11 Financial Model**

### **6.12 Communications strategy**

### **6.13 Governance Structure Arrangements**

### **6.14 Project Plan**