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MAYOR'S DECISION TITLE:
UNIVERSITY OF PETERBOROUGH – PHASE 2 BUSINESS CASE APPROVAL
NAME OF MAYOR EXERCISING DELEGATED POWERS:
JAMES PALMER, MAYOR
DATE OF OFFICER DECISION:
Date decision published - 21 February 2018
Date decision to be made –1 March 2018

Responsible Director:	<i>Martin Whiteley, Chief Executive, Stephen Rosevear, Interim Director of Skills</i>
Is this a public report? If a key decision, it will be a public report and will be published on the CA website.	YES
Does the report have any annex that contains exempt information?	YES

Decision taken	The Mayor agreed to endorse new arrangements for project management and associated expenditure of £298,625 over the next 30 months
Authorisation (<i>delete as appropriate</i>)	This decision has been taken under: General authorisation (<i>those decisions delegated to officers as per the Constitution</i>): The 2017 Order conferred on the Combined Authority and the Mayor, the General Power of Competence under Section 1 of the Localism Act 2011.
Background Information	1.1. The purpose of the report is to appraise the Combined Authority Board of current progress on the University of Peterborough; to consider proposals for future Programme

Management Structures.

- 1.2. There is a long-standing ambition between public sector partners, employers and the residents of Peterborough and surrounding areas, to have an independent university in the city with its own degree-awarding powers.
- 1.3. The University was a key feature of our devolution deal, demonstrating central government support to drive forward the proposal and help meet the demands for higher level skills and education provision in the area.
- 1.4. The development of the University will be a long-term undertaking by the Combined Authority and partners, building on the success of the University Centre Peterborough; a joint venture between Anglia Ruskin University and Peterborough Regional College, set up in 2007.
- 1.5. This is a fantastic opportunity to support the development of higher level skills in the local area, enabling us to meet employer needs, drive forward economic growth and instead of losing our talented young people to other areas of the country, we will be more likely to retain them locally.
- 1.6. The project is governed by the Higher Education Steering Group (HESG), which includes representation from five critical stakeholders – the Combined Authority, Peterborough Council, the LEP, Anglia Ruskin University and Peterborough Regional College. Other members of the HESG include representatives from Opportunity Peterborough, City College Peterborough, Cambridge Meridian Academies Trust, student bodies as well as several local employers.

Current Position

- 1.7. In June 2017, the Combined Authority Board agreed funding of £6.5m over the next three years, of which £3.83m was available for the drawdown of funds. To date only £390,000 has been authorised for release to the University. This is to cover the preparation of the initial business case, curriculum development and project management. The release of the remaining £2.7m is subject to Combined Authority Board approval of a supplementary (Stage Two) business case, covering interim teaching and student facilities.
- 1.8. Combined Authority Board Members were expecting a detailed paper in November dealing with recommendations concerning the location and form of the interim teaching and student facilities.

1.9. The expected paper was delayed because the HESG wished to explore the possibility of using the recently vacated Peterborough Council offices at Bayard Place as the site for the interim facilities. The HESG recognised that Bayard Place offered a good mix of location and facilities for the interim facilities, but that it was also the most expensive option. The purchase of Bayard Place has now been ruled out by the Combined Authority and Peterborough City Council, and the building has been placed on the open market.

Project Management Proposal

1.10. Following concerns over the level of project support available to the project team, new management structures and appointments have been agreed with the HESG and partners. These will ensure external scrutiny and provide assurances on project progress. Full details are provided in Appendix 1 (Programme Management Proposal).

1.11. Key aspects of the new approach are as follows:

- At the time of writing, a statement of Partnership Working is being agreed between UCP and the Combined Authority. This will be signed by end of February 2018.
- The recruitment of new team members to strengthen governance and delivery. This includes a new project director (replacing the current role of Project Team Leader), a procurement officer, and a high level (part-time) finance officer
- In March 2018, the HESG will procure external consultancy to provide a Full Business Case for the Stage Three funding decision by the Combined Authority. This will include Strategic, Economic, Financial Commercial and Management cases, outlining a clear investment profile and workplan. This business case will be completed in October 2018.
- In November, an external Gateway Review of the project will be commissioned. The review's recommendation will form the basis of a December 2018 CA Board paper.

1.12. The total additional cost of the project management support functions and consultancy would be £298,625 over a thirty-month period.

Financial Implications

Based on benchmarking data, the maximum cost of the new management support and consultancy over a thirty-month period is estimated to be £500,000. However, from this amount we can

	<p>deduct £120,000 already approved for various activity and a saving of £81,375 arising from the deletion of the Project Team Leader role in August 2018. This means that the total additional cost of the project management support functions would be £298,625.</p> <p>Legal Implications See appendix</p> <p>APPENDICES</p> <p>Appendix 1 – Project Management Proposal</p>				
Alternative options considered.	<p>March 2018 is the last safe moment to approve investment that will increase UCP student capacity by September 2019. Failure to approve this work would create a minimum of 12 month's delay in the overall project, undermine confidence in the growth plan, perpetuate the delay in student enhancements and defer economic benefits to the city and region.</p>				
Consultation	Cllr John Holdich, Portfolio Holder of Education and Skills				
Declarations / Conflicts of Interests (only if the decision falls under the 'Express Authorisation' category)	<p><i>List the names of any member who has been consulted on and declared an interest in relation to the decision.</i></p> <p><i>None</i></p>				
Supporting documentation	<table border="1" data-bbox="619 1346 1501 1711"> <thead> <tr> <th data-bbox="619 1346 1236 1420"><u>Source Documents</u></th> <th data-bbox="1236 1346 1501 1420"><u>Location</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="619 1420 1236 1711">University of Peterborough Phase 2 Business Case and Covering Report for the University of Peterborough Phase 2 Business Case considered by the Combined Authority Board on 28th June 2017 – Agenda item 2.1</td> <td data-bbox="1236 1420 1501 1711">http://cambridgesca.gov.uk/meetin</td> </tr> </tbody> </table>	<u>Source Documents</u>	<u>Location</u>	University of Peterborough Phase 2 Business Case and Covering Report for the University of Peterborough Phase 2 Business Case considered by the Combined Authority Board on 28th June 2017 – Agenda item 2.1	http://cambridgesca.gov.uk/meetin
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Mayor's signature		Date
<p><i>Once signed please file in the electronic file Documents/Governance/ office decision notice and enter details in the register.</i></p> <p><i>If a public report, pass to Democratic Services and we will arrange publication.</i></p>		

PROGRAMME MANAGEMENT PROPOSAL

1.0 Background

- 1.1 At the June 2017 meeting of the Combined Authority (CA) Board the University of Peterborough Project Phase 2 Business Case was awarded grant funding of £6.53 million in principle.
- 1.2 Since then, the CA have expressed concern about the paucity of programme management support in place to successfully deliver the University Project. The correct support structure needs to stand up before the programme gathers more pace and scale to ensure that governance and accountability are efficient, effective and auditable. As a pragmatic first step, the creation and funding of a Project Management Support Officer was agreed by the CA Chief Executive at a meeting with the Principal of Peterborough Regional College (PRC) on 22nd August 2017. This post, for which recruitment is already in hand and funded has been agreed, will provide robust management information and financial data pending the agreement of the more detailed proposals in this business case.

Requirements

- 1.3 **Characteristics of the Project.** The University Project is a major undertaking to deliver an independent, campus-based university of 12,500 students located at the heart of the city by 2035. This will be achieved by building on and transforming the existing University Centre Peterborough (UCP) operated by PRC and ARU. For the new University of Peterborough to be independent, ARU must ultimately detach itself from the programme before application for university title. PRC, with its fully formed corporation board, cash reserves and functioning infrastructure, will remain the ultimate governing body for UCP as it grows and develops. The long term role of PRC with respect to the University will be one of two options: it will either detach itself from the University when it has grown all the functions necessary to operate independently, or PRC will re-incorporate as a Higher Education Corporation when student numbers within HE and FE exceed the proportion 55% to 45% and therefore become the University of Peterborough. Both paths are viable but the one ultimately chosen will depend on which proves to be the quicker route to university title and financial self-sustainability.
- 1.4 **Leadership.** This project is a major infrastructure programme, an organizational transformation and a significant public investment. The requirement therefore is for a programme management support structure that will reflect the size, pace and complexity of the task in hand. This structure must be headed by a credible, experienced and well-qualified Programme Director. They will be required to direct the flow of public investment, manage and influence the myriad of internal and external stakeholders and to deliver the agreed and funded plan. At some point, it will become necessary to seek a Vice-Chancellor for the University but the transition process to a new leader, who will require very different qualities and discharge a distinct academic leadership function, will not be necessary before Phase 3 of the project commences in 2020. The Programme Director role is therefore a fixed term post of at least thirty months' duration. The current Project Team Leader, Dr Tony West, will be fundamental to achieving a smooth transition to the new Programme Director and will therefore be required until the new person is in post and for 2 months afterwards to effect a seamless transition (August 2018). The job description for the Programme Director is at Annex A.
- 1.5 **Other New Roles.** In August 2018, the accounting arrangements for UCP will transfer from ARU to PRC as the institution grows in autonomy and moves from the current franchise arrangement to a validation agreement. This will necessitate an additional part time high level financial officer. To provide general support for this phase of the project, an additional administrator will also be required. This role is presently discharged on a temporary basis by the Taught Degree Awarding Powers Project Administrator but the scale and complexity of the additional work will not be sustainable beyond July 2018 without impacting negatively on their core responsibilities. The project will also require a Procurement Officer to enable consultancy and infrastructure work to be defined, tendered

and contracted. This individual will be able to reach back to PRC for support but must have the capacity to ensure a frictionless delivery of the contracts necessary to deliver the project.

1.6 Consultancy. It would be inherently inefficient to create new roles for those decision-support requirements that could be delivered more cost-effectively by consultants. If used correctly, consultants can bring rapid focus to key issues quickly by employing experts who will not be distracted by day to day management tasks. It will also allow us to engage people whose full time services we would not be able to afford. The consultancy required for Phase 2 will be directed in three areas: the detailed infrastructure requirements of the interim student accommodation (March – July 2018); the detailed development of the Phase 3 business case (April – December 2018); and a short, sharp external gateway analysis of that business case to provide confidence in its viability (November 2018). We estimate the total cost envelope for this work to be £100,000 (ex VAT), some £30,000 more than originally budgeted for.

2.0 FINANCIAL IMPLICATIONS

Role	2018	2019	2020	Total
Programme Director	£70,000	£70,000	£35,000	£175,000
Project Management Support Officer	£40,000	£40,000	£20,000	£100,000
Project Team Administrator	£25,000	£25,000	£12,500	£62,500
Part Time Project Financial Officer	£17,500	£35,000	£17,500	£70,000
Procurement Officer	£25,000	£25,000	£12,500	£62,500
Total	£177,500	£195,000	£97,500	£470,000

Based on benchmarking data, the maximum cost of this support over a thirty month period is estimated to be £500,000 (£470,000 plus £30,000 extra consultancy). However, from this amount we can deduct £120,000 already approved for the Project Management Support Officer Role and a saving of £81,375 arising from the deletion of the Project Team Leader role in Aug 2018. This means that the total additional cost of the project management support functions would be £298,625.

3.0 LEGAL IMPLICATIONS

3.1 UCP seeks funding for additional project staff for Phase 2 of the project from the CA.

3.2 State aid can occur whenever state resources are used to provide assistance that gives organisations engaged in economic activity, an advantage over others. When making grant payments the CA is required to comply with state aid regulations which avoid negative effects on competition.

3.3 The provision of education is a non-economic activity and therefore would fall outside of the state aid regulations. Furthermore, the grant funding is not considered to distort competition on the basis that the provision being funded is for a public institution. The creation of the university will increase competition in the market and it is expected that the grant funding will enable the university to compete in the market on equal financial terms to other universities in the region and nationally.

3.4 However, this situation will also continue to be monitored to ensure that no state aid issues arise as commercial terms are finalised.

4.0 EQUALITIES IMPLICATION

4.1 It is envisaged that the establishment of the University of Peterborough will help to address current inequalities that exist in accessing Higher Education provision in the area, particularly for those in the more deprived parts of the CA area.

4.2 Given that many students do not apply for a university place on the basis of their current financial circumstances (avoiding student debt, needing to live at home or coming from a low-income background), it stands to reason that having a more locally-based institution would afford greater Higher Education opportunities, whilst enabling them to reside at home.

4.3 In addition, Higher Education and skills can lead to greater opportunity in the workplace; graduates on average earn £9,000 more per annum than those without degrees.

5.0 BACKGROUND PAPERS

5.1 University of Peterborough Phase 2 Business Case and Covering Report for the University of Peterborough Phase 2 Business Case considered by the Combined Authority Board on 28th June 2017.