

A new University for Peterborough (Phase 3)

**2020 CSR representation
Cambridgeshire & Peterborough Combined Authority**

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Executive summary

Scheme	Business case status	Fit with CSR objectives	VfM (Benefit Cost Ratio)	Capital cost	Timescale
A new University for Peterborough (phase 3)	Pre-OBC	<p>Strengthening the UK's economic recovery from COVID-19.</p> <p>Levelling up economic opportunity across all nations and regions of the country.</p> <p>Making the UK a scientific superpower.</p>	BCR: 53 (following completion of phases 3.1 & 3.2)	<p>Total cost: £42m (for buildings and associated infrastructure) (£29m public sector & £13m private sector)</p> <p>Phase 3.1: £24m (£17m public sector & £7m private sector)</p> <p>Phase 3.2: £18m (£12m public sector & £6m private sector)</p>	<p>Phase 3.1 opens Sept 2025.</p> <p>Phase 3.2 opens Sept 2028.</p>

Cambridgeshire and Peterborough Combined Authority (CPCA) is delighted to submit this CSR 2020 Representation to HM Treasury to support the case for allocation of £29m of central government capital funding to support completion of the new University and enable economic growth and a levelling up of prosperity and opportunity for the “left behind” region of Peterborough and the Fens, to support:

- **accelerated economic growth** to strengthen the UK's economic recovery from COVID-19 (Peterborough is one of the five worst hard hit and slowest recovering UK cities);
- **a levelling up of prosperity** and opportunity for the “left behind” region of Peterborough and the Fens, reversing 40 years of relative decline in economic, skill and health outcomes; and
- **strengthening of the UK's research and development** base, including contributing to the Government's ambition to reach net zero carbon emissions by 2050 (the new University will be a major driver of “green growth” regionally and nationally).

Phase 1 of the new University development is already underway and investment in phase 3 is required to enable the full economic and social impacts of the new University to be realised.

The new University

Peterborough has been recognised for many years as a cold spot for Higher Education and in turn this is recognised in the evidence base cited in the Budget representation as a significant constraint on economic and productivity growth in Peterborough and its surrounding sub-region. The new University curriculum offer, alongside growing demand from employers and CPCA's actions to stimulate learner motivation, will support raising aspirations to grow student numbers from the local area, meet student expectations and meet the needs of the local economy.

After failed efforts over the last 20 years to convert the town's local FE provider into a HE institution of excellence to meet demand for higher value skills to enable productive growth, the only viable solution identified to address the cold spot is to partner with an established and high quality existing HE provider from outside the city to step-change an increase in provision to engage people who do not currently participate but who would participate and remain locally if suitable provision was available. Flexible modes of delivery will be employed to compensate for the characteristics of the region (particularly sparsely populated rural areas). The strategy, therefore, centres on developing a sustainable portfolio of courses that addresses the characteristics of the cold spot and build the human capital, infrastructure and research expertise with a credible, procured HE Partner.

The new University will be fast-growing from 2022 to 2028 (with phased infrastructure investment):

1. Phase 1 (£26.4m): a first university building in Peterborough city centre and procurement of an Academic Delivery Partner to make a practical reality of the new higher education provision from September 2022 with capacity for around 4,000 students (fully funded and starts on site in Q4 2020).
2. Phase 2 (£12m): R&D, innovation and incubator expansion, which can proceed independently of phase 3 (the subject of a separate CSR Representation). This will centre on Advanced Manufacturing and Materials Research for educational research and development.
3. **Phase 3 (£42m): growth from 2025 up to around 6,500 students on roll by 2030/20331. It comprises two further teaching focussed buildings, opening in 2025 and 2028, with an associated student union building and infrastructure works to open in 2025 (the subject of this CSR Representation).**

The new University is a Mayoral devolution commitment and a key intervention within the Local Industrial Strategy and the Skills Strategy. CPCA has allocated £12.3m towards the project from devolution funding and used this to leverage almost twice as much further funding for phase 1 and substantial commitments towards a further £12m for phase 2.

Through the convening power of the Mayor, CPCA is confident that the University, supported by CPCA can raise considerable private sector match funding for further expansion. With the government funding requested in this CSR representation, early dialogue with a range of prospective private sector investors indicates that there is good potential to raise the funding required.

With finance for all three phases in place, CPCA will have succeeded in using £12.3m of devolution deal funding, to leverage a £90m finance package to produce a technical University with innovations in delivery model and curriculum, to enable Peterborough to forge a new personality and economy as one of the country's leading 21st Century Tech-cities.

Strengthening Covid-19 recovery

Under its devolution deal CPCA is tasked with the strategic goals of doubling the size of the regional economy over 25 years and achieving a skills base to enables that, which matches business needs. To achieve this requires an average a growth rate over 25 years of 2.81%, considerably higher than the historic annual growth rate of the region of around 2.5% (some models put it at 1.7%).

Historic economic growth in the region has relied on the high value, high tech clusters in the Greater Cambridge sub-region; an area now experiencing significant growth constraints due principally to

transport and housing starting to place significant constraints on Cambridge centric growth. While Peterborough is one of the fastest growing cities in the UK (in terms of population), this has not translated its industrial heritage and recent growth into shared prosperity, through high quality and knowledge intensive employment growth. Peterborough suffers from poorer skills outcomes and it is in the bottom ten cities in the UK for education deprivation. This is in large part due to the lack of a university in the city. The result is that wages are notably lower in the north of the CPCA region than in the south, with related challenges of higher levels of social deprivation, poorer health and poorer life outcomes.

New and ongoing econometric work to assess the extent of economic impacts of Covid-19 predicts that Peterborough and the Fens, will be one of the hardest hit economies in the UK (Centre for Cities puts Peterborough as the 5th most “at risk” city in the UK from the economic impacts of Covid-19). This is due to education deprivation, resulting in a less resilient and adaptable workforce and due to the region’s low-tech industrial base. These factors combine to increase risks of the region also being one of the slowest to recover. Therefore, a more inclusive recovery and regrowth strategy is needed for region’s economy. To recover the region’s growth ambitions requires action to be taken to increase higher value, more knowledge intense and more productive growth.

The new University will make a substantial positive economic impact in Peterborough and the wider sub-region, at the same time as delivering significant cultural and social benefits. An initial economic appraisal of the project shows that the key benefits to be delivered by the project include:

Phase 3 (this representation)

- £3.3 bn Net Present Benefits
- £62.2 m Net Present Costs
- £3.2 bn Net Present Value
- Benefit Cost Ratio of 53
- 45,000 additional graduates by 2034/35

A key project objective is to create a sustainable operating model for the University such that, after initial start-up, the University will operate on a self-sufficient basis. A financial and operating model for the new University has been developed, which shows that the operating model is viable for the foreseeable future.

Levelling up of prosperity

The evidence base clearly shows that Peterborough and the north of the region more generally, while not conventionally thought of as being “in the north”, has been “left behind”.

*“In many ways, the area is a microcosm of the UK as a whole. It has a prosperous south, based around one principal city, which receives the majority of foreign investment and attracts high value companies and talent from across the world. International evidence increasingly shows that this concentration of growth leads to both high living standards and significant inequality. Further north, there is much industry and innovation, but while there are many success stories, business investment, skill levels and wages are lower.” - **Cambridgeshire and Peterborough Local Industrial Strategy***

A more inclusive growth strategy is needed; delivering the region’s overall growth ambitions means that action must be taken to increase productivity in the north of the region, changing the spatial distribution of growth and supporting an increase in business growth and skills levels across the

whole of the local economy (particularly growth in higher value businesses). A new university in Peterborough will become the knowledge engine in the north of the region to drive this.

For the north to play its part in inclusive growth, it also needs significant investment in housing. CPCA and Peterborough City Council (PCC) have committed to increase significantly the rate of housing growth in Peterborough, reversing the trend of erosion of prosperity, opportunity, productivity and wages levels, in large part due to the absence of level 5 and 6 skills.

Without the underpinning infrastructure and social and educational fabric a new university for Peterborough will bring, PCC and CPCA cannot commit to this housing growth. To do so would result in further depression of incomes, inequality of prosperity and diminished opportunity. Therefore, achievement of the strategic goal to double the size of the economy, supported by accelerated housing growth, is critically dependent on securing a £29m investment from government for this project, to add to the £13m being raised locally.

Securing government investment will give local partners and the private sector the confidence to invest further funding required to enable the university expansion to go ahead as planned. This will generate just under 6,500 graduates into the local economy, leading to higher wages, greater prosperity and increased opportunity in a city that has seen these falling for the last four decades.

Due to the strategy adopted for the new University, it will provide a greater transformational benefit for people living in the Greater Peterborough and the Fens with lower to middle incomes, compared to those in other income groups. It will also incorporate a wide range of measures to minimise environmental impact and, in many cases, deliver environmental benefit/enhancement

Making the UK a scientific superpower Impact

The new will be a high-quality employment-focused University for the city and region. It will build capacity in, and therefore generate the most positive impact for key growth sectors in the sub-region including:

- Business - Leadership Practice, Accountancy & Finance, Computing, Business management.
- IT and Digital - Software development, Cybersecurity, Data Science, Artificial intelligence
- Science and Agri-tech - Environmental Science, Combined STEM, Geography, Environmental Science, Biochemistry, Microbiology, Ecology
- Mathematics - Data Analysis and Science, Statistics, Economics
- Sustainability - Sustainable Development, Renewables, Environmental Technology, Environmental Management
- Engineering – Software, Electronic & Electrical, Mechanical
- Arts and Creative - Media Studies, Design, Architecture
- Health and Social Care - Health and Social Care, Adult Nursing, Healthcare Practice
- Education and Professional Services - Education Studies
- Law - Commercial Law, Public Law, Family Law, Civil Law

Across all three mutually reinforcing phases, the new University will generate more level 5, 6, 7 & 8 skills, focused on key, higher value growth sectors such as high-value manufacturing and digital. Improving the higher-level skills and knowledge capacity within the of the local population will go hand in hand with parallel stimulation and supply of higher value jobs to provide opportunities for the increased number of higher-level skilled people.

*“...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.” - **Cambridgeshire and Peterborough Local Industrial Strategy***

1 A new University for Peterborough

Cambridgeshire and Peterborough Combined Authority (CPCA) is delighted to submit this CSR 2020 Representation to HM Treasury to support the case for allocation of £29m of central government capital funding to support completion of the new University and enable economic growth and a levelling up of prosperity and opportunity for the “left behind” region of Peterborough and the Fens, to support:

- **accelerated economic growth** to strengthen the UK’s economic recovery from COVID-19 (Peterborough is one of the five worst hard hit and slowest recovering cities);
- **a levelling up of prosperity** and opportunity for the “left behind” region of Peterborough and the Fens, reversing 40 years of relative decline in economic, skill and health outcomes; and
- **strengthening of the UK’s research and development** base, including contributing to the Government’s ambition to reach net zero carbon emissions by 2050 (the new University will be a major driver of “green growth” regionally and nationally).

This CSR Representation makes the case for such investment by presenting a compelling case (economic and social) for government investment in phase 3 of the development of a new University for Peterborough. The project is planned to proceed in three broad phases as follows:

1. **Phase 1:** facilities for around 4,000 students, which is fully funded and starts on site Q4 2020.
2. **Phase 2:** R&D and business incubation capacity for the university, planned to open in September 2022 (the subject of a separate CSR Representation).
3. **Phase 3:** growth in student numbers to around 6,500 students by 2030/31 (the subject of this CSR Representation)

Phase 1 of the new University development is already underway and investment in phase 3 is required to enable the full economic and social impacts of the new University to be realised.

1.1 Strategic context

Under its devolution deal CPCA is tasked with the strategic goals of doubling the size of the regional economy over 25 years and achieving a skills base that matches business needs. To achieve this required an average a growth rate over 25 years of 2.81%, considerably, significantly higher than the historic annual growth rate of the region of around 2.5%¹ reported in the [Cambridgeshire and Peterborough Independent Economic Review](#) (CPIER) (some models put it at 1.7%).

Historic economic growth in the region has relied on the high value, high tech clusters in the Greater Cambridge sub-region; an area now experiencing significant growth constraints due principally to transport and housing starting to place significant constraints on Cambridge centric growth.

While Peterborough is one of the fastest growing cities in the UK (in terms of population) and the largest in the region, this has not translated its industrial heritage and recent growth into shared prosperity. Peterborough is a city of potential, but it still attracts relatively low investment. It has suffered from poorer skills outcomes than the south of Cambridgeshire, with relatively low levels of degree-level qualifications, and it is in the bottom ten cities in the UK for people with no formal qualifications. This is in large part due to the lack of a university in the city.

The Fens also have some unique economic challenges; the distance of some of the market towns from local cities, combined with poor transport infrastructure, has meant that populations are ageing

¹ 1998 to 2016

as young people move away, and there can be a sense of economic isolation. There is a high rate of 'high employment, low productivity' business. There are few interactions between businesses, and a lack of open engagement between firms, which reduces the scope for innovation.

As described in the CPIER and the Cambridgeshire and Peterborough [Local Industrial Strategy](#), the result of this disparity in growth between the north and south of the region is that wages are notably lower in the northern districts of Peterborough and Fenland than the southern districts of Cambridge and South Cambridgeshire. There are related challenges of higher levels of deprivation, poorer health and poorer education outcomes, with healthy life expectancy falling below the retirement age in some parts of the north of the region.

"In many ways, the area is a microcosm of the UK as a whole. It has a prosperous south, based around one principal city, which receives the majority of foreign investment and attracts high value companies and talent from across the world. International evidence increasingly shows that this concentration of growth leads to both high living standards and significant inequality. Further north, there is much industry and innovation, but while there are many success stories, business investment, skill levels and wages are lower." - Cambridgeshire and Peterborough Local Industrial Strategy

A more inclusive growth strategy is needed; delivering the region's overall growth ambitions means that action must be taken to increase productivity², changing the spatial distribution of growth and supporting an increase in business growth and skills levels across the whole of the local economy (particularly growth in higher value businesses). The historical growth dynamic must be changed and raising educational outcomes and skills levels and improving connections between education and qualifications and skills and jobs across the whole area is essential to rebalancing the economy of Cambridgeshire and Peterborough and the delivery of the goals in the Local Industrial Strategy. A new university in Peterborough will, over time, become the knowledge engine in the north of the region to drive this rebalancing by developing the skills of the local population and attracting highly skilled, productive individuals to the city and its hinterland.

Data from the CPIER, updated by new, ongoing econometric work to assess the extent of economic scarring resulting from the Covid-19 crisis, predicts that Peterborough and the Fens, will be one of the hardest hit economies in the UK. This is supported by the recent Centre for Cities study putting Peterborough as the 5th most "at risk" city in the UK from the economic impacts of Covid-19.

This is partly due to education deprivation (Peterborough is in the bottom 10% of all UK cities), resulting in a less resilient and adaptable workforce. It is also partly due to the region's low-tech industrial base, characterised by increasing levels of administration and logistics employment, a waning high-value manufacturing sector and a reducing proportion of knowledge intense jobs. These factors combine to increase risks of the region also being one of the slowest to recover.

Therefore, a more inclusive recovery and regrowth strategy is needed for region's economy. To recover the region's growth ambitions requires action to be taken to increase higher value, more knowledge intense and more productive growth.

For the north to play its part in inclusive growth, it also needs significant investment in housing. While Peterborough's housing stock has doubled from 100,000 to 200,000 in the last four decades, employment growth has been consistently outpacing housing growth. Employment growth is closely linked to demand for housing, with much of the employment need being met by people moving to

² Productivity in the north of the region is almost half that in Greater Cambridge.

the area. The CPIER identifies both the need to increase the rate of housing delivery and the need to develop housing which meets a range of needs.

CPCA and Peterborough City Council (PCC) have committed to increase the rate of housing growth in Peterborough to 30,000 housing in the next decade providing this is matched with increased high value employment in the city, reversing the trend of the last four decades of erosion of prosperity, opportunity, productivity and wages levels, in large part due to the absence of skills (in particular level 5 and 6 skills).

Without the underpinning infrastructure and social and educational fabric a new university for Peterborough will bring, PCC and CPCA cannot commit to housing growth of 30,000 in the next decade. To do so would not generate the quality of economic growth required and would result in further depression of incomes, inequality of prosperity and diminished opportunity. Therefore, achievement of the strategic goal to double the size of the economy, supported by accelerated housing growth, is critically dependent on securing investment from government to match the funding being raised locally.

Securing government investment will give local partners (local government, higher education providers, institutional investors and local businesses) the necessary confidence to invest in the university development to go ahead as planned. This will generate around 6,500 graduates into the local economy, making a major contribution to closing the productivity gap between Peterborough and the rest of the economy. In turn, this will lead to higher wages, greater prosperity and increased opportunity in a city that has seen these falling for the last four decades.

1.2 Policy context

The new University project supports the vision in the **UK Government's Industrial Strategy** 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

Critically, it supports at least three of the Government's priorities for the 2020 Comprehensive Spending Review, namely:

- strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills;
- levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people – thus closing the gap with our competitors by spreading opportunity, maximising productivity and improving the value add of each hour worked; and
- making the UK a scientific superpower, including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050.

It further supports national UK economic and skills development policy including 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.

The new University is a critical component in CPCA’s strategy under the devolution deal **“to deliver a leading place to live, learn & work by 2030”**, the Local Industrial Strategy and the CPCA [business plan](#) strategic goals to double the size of the local economy and provide the UK’s most technically skilled workforce. The project is underpinned by a considerable economic evidence base including the CPIER and the [CPCA Skills Strategy Evidence Base Report](#).

Peterborough has been recognised for many years as a cold spot for Higher Education and in turn this is recognised in the evidence base cited above and below as a significant constraint on economic and productivity growth in Peterborough and its surrounding sub-region.

1.2.1 Sub-regional context

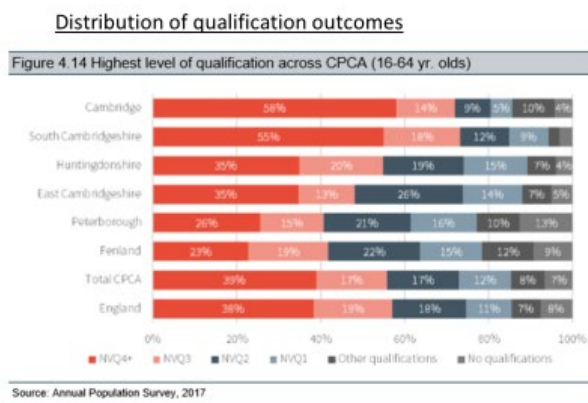
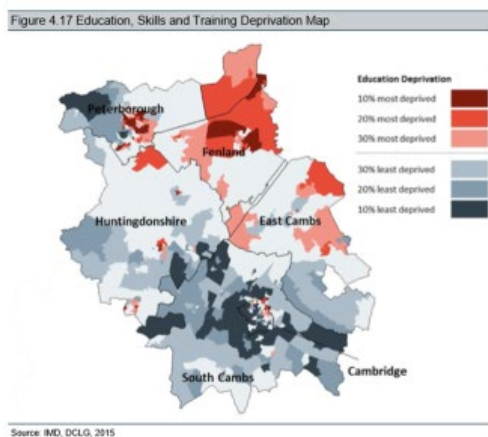
A new University will make a substantial positive economic impact not only in the City but in the wider sub-region supporting these national policy frameworks, enabling the region and the UK to compete in an ever more dynamic global economy through innovation and creating knowledge-intensive businesses.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

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.

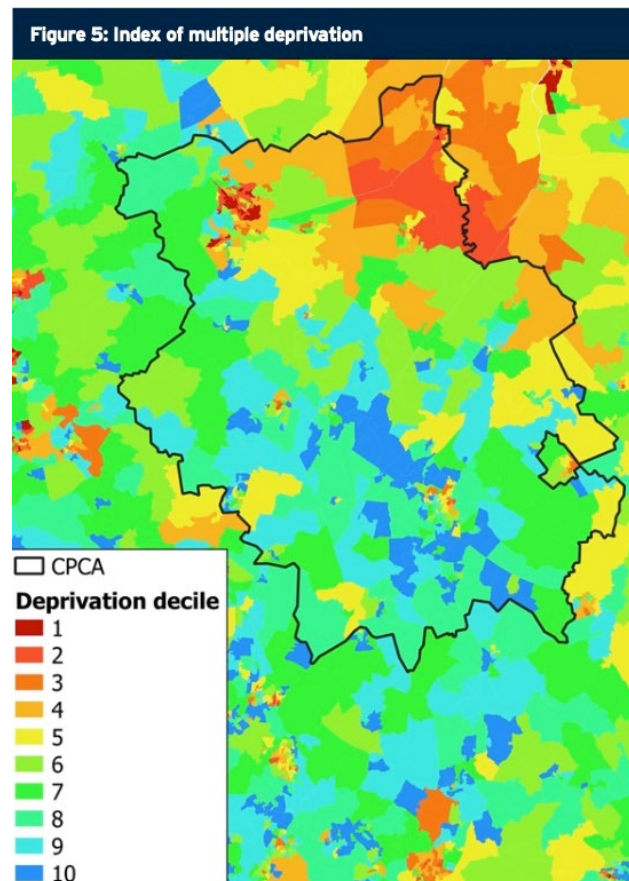
Education deprivation is concentrated in the north-eastern areas of the CPCA. Peterborough and Fenland in particular although there are small clusters in Huntingdon and Cambridge. By contrast significant areas of Huntingdonshire, South Cambridgeshire and Cambridge are lowest in education deprivation.



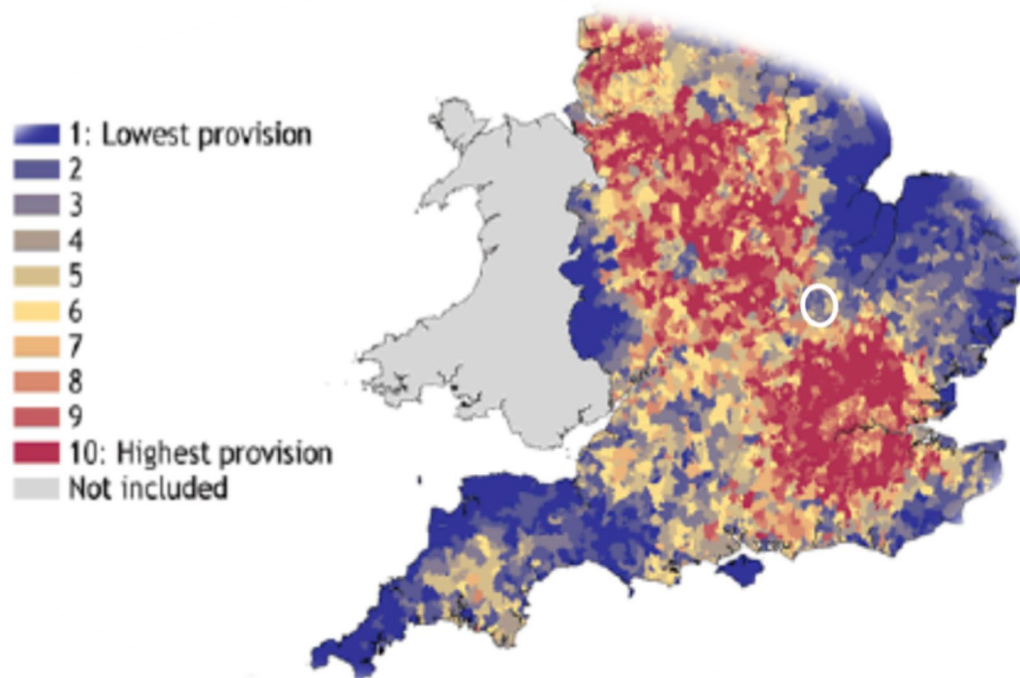
Furthermore, as outlined above, Peterborough and the north of the region contrast strongly with the south of Cambridgeshire in terms of levels of deprivation and poverty (see the Indices of Multiple Deprivation map below). For example:

- Levels of deprivation are particularly high near the centre of Peterborough and towards the south of the city.
- A high proportion of people (particularly children and young people) living in Peterborough are from minority ethnic backgrounds, where English may be a second language.
- Child poverty in Peterborough is higher than the national average; using the Income Deprivation Affecting Children Index (IDACI) analysis, 25% are living in poverty, compared to 17% nationally.
- The 2016 Social Mobility Index (SMI), which sets out the differences between where children grow up and the chances they have of doing well in adult life, ranked Fenland 319th out of 324 local authority districts nationally. This particularly manifests in the proportion of 19-year olds qualified to level 3, with only 42% achieving this level in Fenland compared to 57% nationally.
- Healthy life expectancy is falling below the retirement age in parts of the north of the region.
- Crime rates are higher in more disadvantaged areas; crime is both a social and economic burden. Increasing inequalities worsen crime and disorder, increasing economic burden and potentially impacting growth. Unemployment and poor quality jobs can be linked with offending, especially for young people.

The evidence base clearly shows that Peterborough and the north of the region more generally, while not conventionally thought of as being “in the north”, has been “left behind”.



Peterborough is a recognised cold spot for HE provision in the region, which results a higher level skills gap amongst the working population (see figure below, sources: HESA and ILR 2012/13).



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).

Based on the recent economic data/evidence collected from the CPIER and the Hatch Regeneris' Skills Strategy Evidence Base Report, CPCA's [Skills Strategy](#) has identified a need for a University for Peterborough, with a course mix driven by the requirements of local residents and businesses as a catalyst for action under all three Skills Strategy 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.

Changing the spatial distribution of economic growth and supporting an increase in innovation-based business growth across the whole of the CPCA economy, was a key recommendation from the CPEIR and formed the basis of the following three priority goals of the Local Industrial Strategy; this will be more important than ever in the recovery following the Covid-19 crisis:

- To improve the long-term capacity for growth in Greater Cambridge to support the expansion of this innovation powerhouse and, crucially, reduce the risk of any stalling in the long-term high growth rates that have been enjoyed for several decades.
- To increase sustainability and broaden the base of local economic growth, by identifying opportunities for high growth companies to accelerate business growth where there is greater absorptive capacity, beyond the current bottlenecks to growth in Greater Cambridge.

- To do this by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support and innovation eco-system to promote inclusive growth

In common with a number of cities in the UK, the establishment of a university and associated innovation eco-system could produce the knowledge engine to drive the increased worker skills to raise business productivity, innovation, and knowledge intensity, capable of accelerating the economic recovery rate, in these “left-behind” towns.

The University is a Mayoral devolution commitment and 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 CPIER 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.

The University curriculum offer, alongside growing demand from employers and CPCA’s actions to stimulate learner motivation, will support raising aspirations to grow student numbers from the local area, meet student expectations and meet the needs of the local economy.

1.2.2 Current HE provision

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)³. 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.

³ Hatch Regeneris CPCA Skills Strategy Evidence Base, December 2018

- 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.

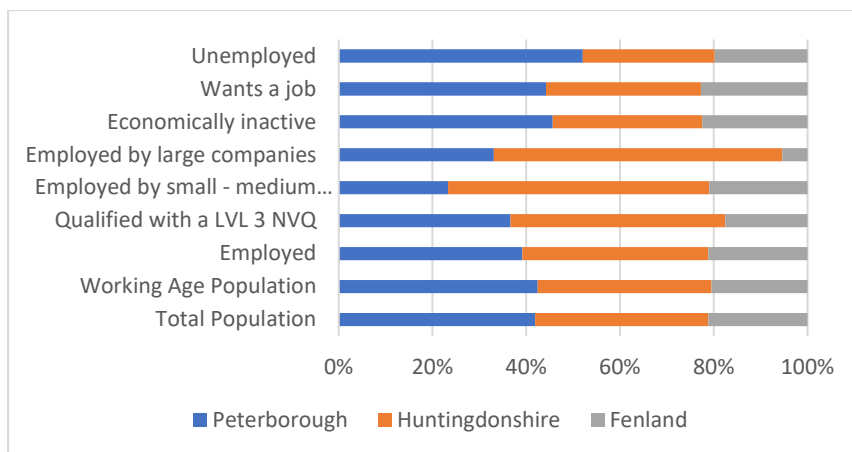
There is no HE provision in Fenland or North Huntingdonshire. The dispersed rural character of, and poor transport networks in, Fenland in particular make it challenging to establish HE operations in these areas. The sparsity of population and travel to learn times (rather than distances) have tended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

1.2.3 Case for change

To be effective the University must address the characteristics of the higher education cold spot in the region identified above. 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.

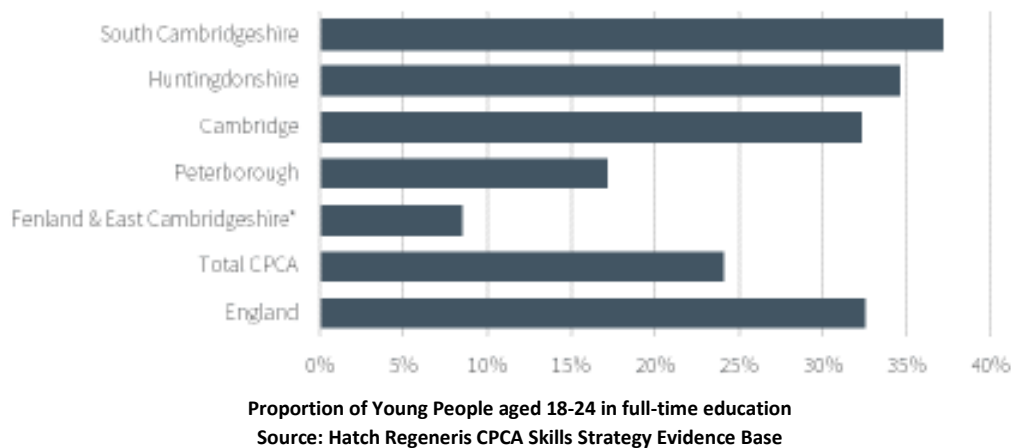
There is no doubt, therefore, that, as a higher education cold spot, Peterborough and the wider CPCA region north of Cambridge is under-served by current providers. Furthermore, there is a net-outflow of students from the East of England with many fewer local students returning to the region after graduation;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

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 (see chart).



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 (see chart).



During the last four decades, Peterborough's population has doubled, and with it, the level of employment available. Moreover, the City is due to grow through provision of a further 30,000 new homes in the next 10 years.

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.

Turning this situation around is critical to the success not only of the local economy but that of the wider CPCA region (and the UK); the new University is an essential and major component of the strategy to achieve that ambition). It is also the key underlying rationale for continued rapid housing growth in the sub-region; the main opportunity for such growth in the wider Cambridgeshire and Peterborough economy. Rebalancing growth in that economic area (with Peterborough joining Cambridge as an engine for economic growth) is essential to deliver a more inclusive overall economic growth model for the region.

Addressing provision to under-represented and under-employed groups is critical to fill 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. A new 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.

1.2.4 A new approach

After failed efforts over the last 20 years, to produce a commercially viable HE provision of the required scale and credibility, through an attempt to transform of a local FE provider, a different approach is required.

The only viable solution identified to address the cold spot and stimulate a more productive economy as the region recovers from the impacts of Covid-19 is to increase HE provision in Peterborough and the intention of the new University for Peterborough is, accordingly, to partner with a credible, capable and ambitious existing HE Provider 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 engage people who do not currently participate in HE but who

would participate and remain locally if suitable provision was available (i.e. it will generally 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 employed to compensate for the characteristics of the region (particularly sparsely populated rural areas) and this is a critical reason why the University will establish itself on an agile basis and not be entirely concentrated in Peterborough. The 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.”

“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.”

The new University strategy, therefore, centres on developing a sustainable portfolio of taught courses that addresses the characteristics of the cold spot and build the human capital, infrastructure and research expertise. The University’s future graduates will be among those who fundamentally re-shape the business landscape of the region.

1.3 Economic and social benefits

As described above, the new University aims to make a substantial positive economic impact in Peterborough and the wider sub-region, at the same time as delivering significant cultural and social benefits. The CPIER and Local Industrial Strategy for Cambridgeshire and Peterborough clearly identify the need to improve and grow the local skills base to support a successful globally competitive labour market and economy in high-skilled and better-paid jobs; driving up productivity and growing sustainable communities.

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 recovery and growth through an increase in student numbers educated for higher value jobs which CPCA intends to stimulate, attract into 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 thus providing the rationale and need for future housing growth in Peterborough.
- 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.

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.

The insights presented in the Newcastle University publication *Inclusive Future Growth in England's Cities and Regions – Realising the Transformational University Dividends* ring true with the vision of the new University for Peterborough, in that it will make a positive, transformational impact on the city, surrounding region and the communities it serves. The new University will be a proactive driver of inclusive growth and development in addressing the key challenges the region is facing, including:

- High levels of deprivation in Peterborough and Wisbech where levels are in the top 10% nationally.
- Low levels of young people (18 - 24 year olds) in full-time education in Fenland (27%) and Peterborough (31%).
- Low levels of NVQ 4+ level qualifications of those in employment (16 - 64 year olds) in Fenland (27%) and Peterborough (31%).
- Predicted population growth in Peterborough at a faster rate over the next 22 years (13%) than the national rate (10%).

- Persistently high skill-shortage vacancies in professional occupations in Manufacturing, Construction, Information and Communications, Business Services, and Health and Social Work.
- Lack of suitably qualified professional staff with digital skills, specialist IT skills managements and leadership skills.

1.4 Phasing and progress

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” referred to above) 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. a relatively modest campus development with significant off-campus and virtual teaching provision (approximately 75%).
- 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.

CPCA, working with Peterborough City Council (PCC), is committed, as a devolution commitment, to securing a new University for the City in readiness for the first student intake in the Academic Year 2022/23 with phased growth thereafter as the proposed campus develops.

The intention is for the new University to be fast-growing between 2022 and 2028 (supported by phased infrastructure development) at which point an independent review is expected to take place to evaluate the benefits and feasibility of the University becoming independent with University Title and its own degree awarding powers.

The new University will (at least initially) be operated by an Academic Delivery Partner to provide the skills, knowledge, experience and resources to make a practical reality of the new higher education provision. CPCA has selected Anglia Ruskin University (ARU) as the Academic Delivery Partner for the new University (see below) and final negotiations for setting up the joint venture between CPCA, PCC and ARU will be concluded by the end of September. The joint venture parties have agreed a road map to opening phase 1 of the new University in the new academic year 2022/3 and progress is on track to achieve this.

The project is planned to proceed in three broad phases as follows:

1. **Phase 1:** facilities (including off-campus provision) for around 4,000. It comprises development of a first university building on the Embankment site in Peterborough city centre (see the masterplan shown below) and procurement of the Academic Delivery Partner (ARU) to make a practical reality of the new higher education provision. Phase 1 is being

funded by CPCA capital investment (£12,300,000 allocated from within its £100m devolution funding). CPCA has been imaginative in using this devolution funding to leverage further funding for phase 1 of the project from other sources; a Local Growth Fund grant (£12,500,000), land provided by PCC (£1,600,000) and investment by ARU (up to £6,500,000). The revenue costs for phase 1 will be met from student fees income, with start-up investment to be funded by ARU. The phase 1 infrastructure is on target to meet the timetable in the agreed road map. The main contractor (Bowmer and Kirkland) has been selected following a competitive two-stage procurement process and is now working with the CPCA/PCC team to agree the fixed price with enabling works commencing in Q4 2020 and the main works starting in Q1 2021.

2. **Phase 2:** R&D and business incubation capacity for the university, further boosting local, regional and economic growth. It will comprise a £12m commercial research and development expansion with associated increased campus capacity (see the masterplan).
3. **Phase 3** (which can proceed independently of phase 2, i.e. in parallel with or after phase 2): growth of the University from 2025 onwards beyond 4,000 students with associated phased additional campus capacity and increased specialisation to facilitate student growth up to around 6,500 students by 2030/31. Phase 3 comprises two further teaching focussed buildings and a student union building (see the masterplan) to be constructed in two sub-phases. The teaching buildings will comprise general teaching and specialist space including: a multi-purpose arts studio, general and specialist computing rooms; a health and social care lab; a robotics lab; a super lab; and a multi-functional lab. They will be designed to reduce academic silos by developing inter-disciplinary and co-production operating models. The students' union will include social spaces (including refreshment and study areas) to allow students to socialise and enhance their experience. It will offer specialist advice to students, as well as providing lots of opportunities for students to have fun, make friends and get experience outside of the classroom. Taken together, these expansions will create spaces where people come together, explore new horizons, and push the boundaries of science, technology and creative practice. The first teaching building (phase 3.1) will enable expansion to around 5100 students and will open in 2025 together with a student union building. The second (phase 3.2) will open in 2028. These buildings are expected to require investment of £42m in total (approximately 30% of which will be secured through private sector investment).

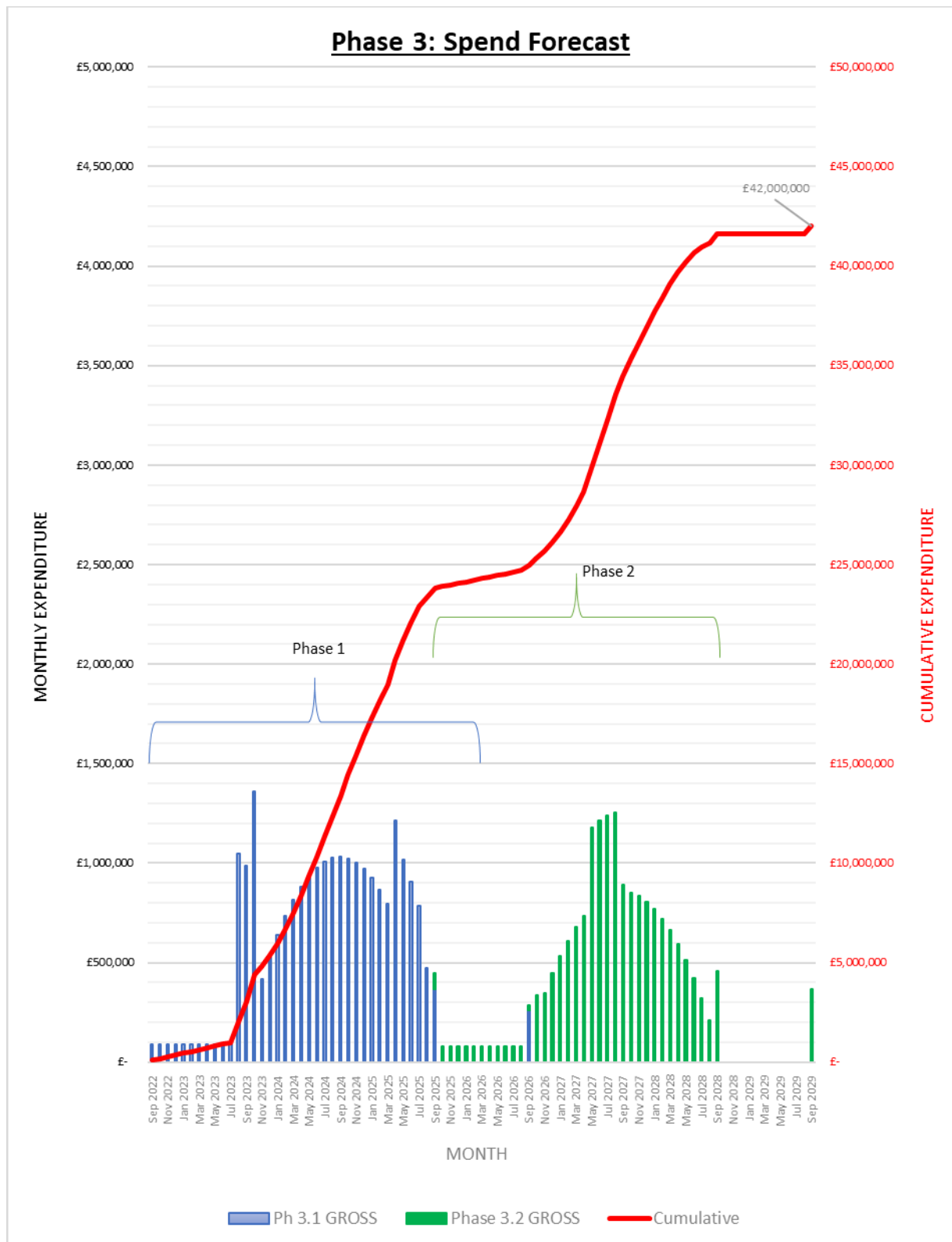
1.4.1 Costs and funding

This CSR representation is concerned with making the case for capital funding to enable phase 3 to go ahead (revenue costs for phase 3 will be met from student fees income, with start-up investment funded by ARU). A high-level breakdown of the estimated costs for phase 3 is shown in the table below, inclusive of VAT assumed at the standard rate.

Order of Cost Estimate		University of Peterborough - Phase 3 Development	
Project Summary			
Elem Ref		Cost Target £	£ / m ² GIFA
0	Facilitating Works	2,200,000	440
1-10	Building Works	18,053,397	3,611
	Works Cost Estimate	£ 20,253,397	4,051
11	Fees & Surveys	2,430,408	486
12	Client Project Costs	2,500,000	500
13a	Design development allowance	10% 2,025,340	405
13b	Client change risk	10% 2,518,380	504
	Cost Limit (Excluding Construction Inflation)	£ 29,727,525	5,946
14	Inflation from 1Q20 to 2Q27 (applied to 0-10 and 12)	17.5% 5,202,317	1,040
	Cost Limit (Including Construction Inflation)	£ 34,929,842	6,986
	VAT Assessment (applied at the prevailing rate)	20% 6,990,000	1,398
	Estimated Outturn Costs	£ 41,919,842	8,384
	"Say"	42,000,000	
		GIFA	
		5,000 m²	

Order of Cost Estimate		University of Peterborough - Phase 3 Development	
Elemental Summary			
		Cost Target £	£/m ²
0	Facilitating Works	2,200,000	440
1	Substructure	987,458	197
2	Superstructure	5,251,295	1,050
3	Internal Finishes	926,904	185
4	Fittings, Furniture & Equipment	492,222	98
5	Services	4,150,000	830
6	Prefabricated Buildings & Building Units	N/A	-
7	Works to Existing Buildings	N/A	-
8	External Works	2,250,000	450
	Sub-Total	16,257,880	3,252
9	Uplift for BREEAM Excellent	3% 487,736	98
10	Main Contractor's Prelims	12% 2,010,000	402
10a	Main Contractor's OH&P	5% 937,781	188
10b	Main Contractor's Risk	3% 560,000	112
	Construction Total (Exc. Inflation)	20,253,397	4,051
11a	Project / Design Team Fees	12.0% 2,430,408	486
11c	Surveys, Statutory and Additional Services	Inc. -	-
12	Client Project Costs	2,500,000	500
13a	Design development allowance	10% 2,025,340	405
13b	Client change risk	10% 2,518,380	504
14	Inflation from 1Q20 to 2Q27 (applied to 0-10 and 12)	17.5% 5,202,317	1,040
	Total (Exc. VAT)	34,929,842	6,986

An indicative project cash flow has been developed, identifying capital expenditure of both phase 3.1 and phase 3.2. A summary chart is presented below.



The phase 3 investment of £42m is expected to be 70% funded by public sector sources (i.e. approximately £29m in central government grant) and 30% from private sector investment (i.e. approximately £12m). The division of costs between sub-phases is summarised below:

	Phase 3.1	Phase 3.1
Public sector investment	£17m	£12m
Private sector investment	£7m	£6m
Total	£24m	£18m

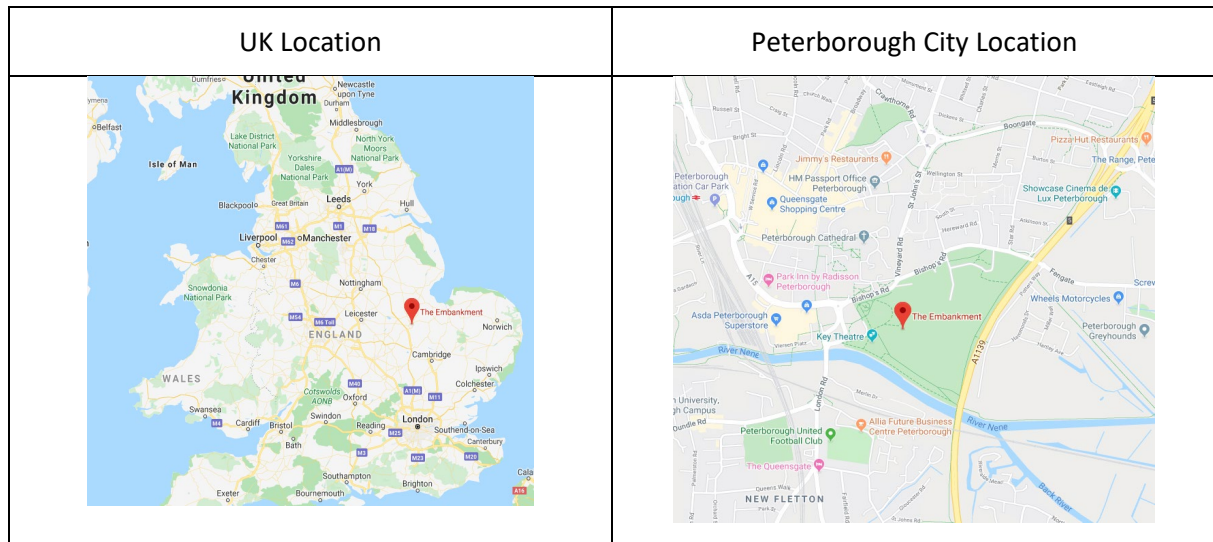
Through the convening power of the Mayor, CPCA is confident that the University, supported by CPCA can build on this platform and to raise private sector match funding for phase 3. With the cornerstone £29m government funding requested in this CSR representation, early dialogue with a range of prospective private sector investors indicates that there is good potential to raise the remaining £13m required for phase 3. This is likely to include partners such as:

- **Institutional investors** such as Legal & General who are already active in the region (e.g. in providing the finance for student accommodation in Cambridge).
- **International business angel networks**, including one of Canada’s most active angel investment groups with 125 investors and winner of the 2018 & 2019 Canada Angel of the Year.
- **Local pensions schemes** such as LGSS pensions Cambridgeshire and Northamptonshire, as well as internationally, using links into Canada’s largest pension funds, which are already among the biggest investors in UK property and infrastructure, and who are willing to take a long-term view.
- **Equity-based crowdfunding platforms** such as Crowdcube, Seedrs and SyndicateRoom that commonly raise funds of up to £4m (such as for Monzo and Revolut) and in a few cases have shown the capacity to raise up to £25m (such as for BrewDog). These platforms could suit the democratic idea of a concept like the University for Peterborough, where citizens and families could invest in relatively safe property returns whilst tangibly and meaningfully contributing to the future of their city and future generations of their families.
- **Larger local business** willing to provide forward commitments of revenue funding into the university in the form of sponsored, fee paid and apprenticeship levy funded student volumes. CPCA will look to securitise these commitments to raise equity and debt finance for elements of the build and student accommodation.

PCC will also contribute land towards phase 3, which will be subject to independent valuation at the time of transfer.

1.4.2 Location and Masterplan

The proposed location of the new University is at the edge of Peterborough city centre, benefiting from existing transport hubs including rail, bus and road and capitalising on other CPCA and PCC combined highway infrastructure investment.



Following a review of available sites in the city, the Embankment site was selected as the most appropriate due to its central location and access to existing transport links and connections. An illustrative Masterplan has been drawn up as part of the development phase 1 to establish the wider capacity of the Embankment site and inform the legal agreements between CPCA, PCC and ARU (see below). The Phase 2 development will be located immediately to the south of Phase 1 on a plot of land that will be carved out of the phase 1 plot under separate legal arrangements. The phase 3 development will sit within this Masterplan delivered over two phases of which phase 3.1 will consist of a teaching building and Student Union building to the South of Phase 2 and phase 3.2 will be a further teaching building south of phase 3.1.

The Masterplan is outlined below outlines shows the development opportunities for the plot, subject to planning approval, the likely massing constraints and interfaces as part of ongoing feasibility studies on the embankment site outside the land take of the new University which are being coordinated by PCC in conjunction with the new University team. The Masterplan is annotated to show the wider regenerative effects on the city centre arising further phases of development planned by CPCA and PCC.

The Masterplan and the current phase 1 academic building have been designed to ensure that both the wider infrastructure projects and the local constraints and the future phased development have been considered. To ensure value for money, the Masterplan takes into account how infrastructure can be expanded as each phase comes online. Key value for money considerations have, therefore, included:

- Scalable Infrastructure – roads and services
- Planned construction access to avoid digging up and re-provision of infrastructure where possible.
- Installation of sacrificial finishes in areas for future phases where required.
- Development of each phase on a just-in-time basis.
- Procurement at required time.



1.5 Covid-19 resilience

Moreover, ARU (the Academic Delivery Partner for the new University project – see below) has carefully assessed the impacts of Covid-19 on its operations and those planned for the new University and put in place a range of mitigations to ensure the project is a success.

ARU is a large university operating at scale across several campuses (including Peterborough) with a shared cost model and a long history of successful financial management. Its financial model is not heavily geared, consistently returns a surplus and the University has taken difficult decisions quickly when required. ARU's business model rests on quick decision taking and being a first mover in the market, for example:

- First new medical school for 12 years.
- First to invest heavily into Degree Apprenticeships (now largest UK provider of these and a thought leader in their development).
- Early mover into Policing degrees.

ARU delivers bespoke portfolios and delivery models for customers, for example:

- ARU London offers flexible courses (e.g. 2 days per week) and has grown from 1,500 to around 6,500 students in 4 years
- Offering employer focused courses

- Degree Apprenticeships that are in tune with the market and able to respond very quickly to opportunities and requests

Following the impact of Covid-19 ARU set up a Covid 19 task force (September 2020 Delivery Project) and made an immediate move to online delivery. Its business model is less exposed to the potential impacts of Covid-19 than other HEIs, for example:

- ARU is not heavily reliant on international students.
- It has dispersed campuses (with limited competition) and Covid-19 is likely to see more students staying in the region to reduce travel, allowing them to study from home.
- ARU has low building overheads (compared to other HEIs) as a result of its employer and employment-based curriculum.
- ARU's strong base in health and public services is in tune with growing interest.
- While ARU has taken significant one-off steps to respond to 'most likely scenario' it has not made redundancies and has not incurred any additional debt.
- ARU has long experience in distance learning and has already successfully blended delivery with a viable strategy for September 2020 across all campus activity, providing clear reasons to bring students onto campus to further enhance their experience of working in small groups, using specialist facilities and equipment etc. This learning will have matured and embedded into delivery well before the new University opens in Peterborough in 2022.
- ARU has heavily invested in learning technology, for example their learning management system (Canvas) is state of the art and able to support and deliver an outstanding educational experience.

Key strengths of ARU that help to mitigate the risk posed by Covid-19 include:

- its range of provision, not being reliant on one or two markets;
- employer engagement;
- flexibility, adaptability and agility in response to changing market conditions;
- ability to invest in short courses
- expertise and capacity in marketing and recruitment activity; and
- existing use of virtual Open Days, Virtual Applicant Days and Virtual Q+

ARU has committed to managing the new University to ensure it does not fail, managing risks in a variety of ways, outlined above and also to include

- Only recruiting staff as needed, including limiting senior staff costs.
- Flexible deployment of resources and management of costs within the operating model (see risk analysis in chapter 4 above).
- Using market intelligence to decide which courses to continue to develop; those that are not likely to be viable will not be taken forward. Equally, where interest from stakeholders has suggested new courses, ARU are receptive to moving quickly to create and meet demand
- Careful planning of future building on the Peterborough campus (both timing and configuration) in the light of actual growth in student numbers.
- Sharing costs across ARU will create economies of scale from which ARU-P will benefit.
- Prudent use of the contingency in the model.
- Monitoring and contingency planning around the journey to independence with clear milestones to check progress, monitor risk and provide accountability.

Agreements with ARU include flexibility (recognising the uncertain times), for example, if student numbers drop and income reduces, ARU will reduce the cost base accordingly. By operating a shared service model and only employing new staff when demand dictates, ARU is confident in its ability to manage a financially viable product.

Moreover, ARU's analysis of HE demand in the region, predicts an increase in the number of 18 year olds over the next 5 years leading to a 13% increase in students entering HE by 2025 (up to 6,105) with a static participation rate of 44%, and a 20% increase (up to 6,521) if the participation rate grows to the England average of 47%. Demographic analysis suggests also that this new demand is likely to be from groups who are more likely to stay in the region to study and then subsequently to work.

ARU will use its existing footprint to leverage demand. Its approach is to bring in a team quickly to create demand, build intelligence and assess local need and infrastructure. This will create the relationships in the schools/colleges and wider community. ARU's Student Recruitment Manager will be engaging with the community, adopting a marketing approach of 'think local, act local'. By 2021, ARU will have additional marketing staff e.g. student recruitment and outreach officers, events officers, etc.

2 Economic, financial and environmental impacts

2.1 Economic impact and value for money

The main Benefits of the project stem from establishing a University Campus in Peterborough, for 2,000 students from September 2022 growing to 6393 students by 2030 (see growth profile table below), with a curriculum and delivery model to meet the skills needs that growth in the Greater Peterborough business base will generate.

Year	Phase 1			Phase 3.1			Phase 3.2		
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Embankment	920	1533	2036	2305	2504	2702	2933	3166	3401
Off campus	1080	1477	1869	2052	2200	2354	2587	2770	2962
Total	2000	3010	3905	4357	4704	5056	5520	5963	6363
On campus %	46%	51%	52%	53%	53%	53%	53%	53%	53%

The plan for the courses to be provided, space and staffing levels required has been developed to support Greater Peterborough and the Fens' key sectors (see below). An initial economic appraisal of the teaching phases of the project (phases 1 and 3) has been developed based on the following parameters and assumptions:

- Phase 1 delivers 2,000 students from September 22 growing to 3905 students by August 2025 with a £24.8m grant contribution and an estimated £1.6m land contribution.
- Phase 3 requires an additional £29m of public sector monies (bringing total public expenditure up to £53.8) plus an estimated £5m land contribution with 4357 students starting in September 2025, rising to 6363 by August 2030, with 2962 on campus.

The full impacts and costs have been applied over a 15-year period, with the following main assumptions:

- Fiscal costs are incurred as draw down of government grant in line with the capital expenditure profile for the project.
- Benefits of operations of the University from year 1 to 15 – staff and supply chain expenditure.
- GVA and fiscal benefits are estimated on the basis of uplift to salary from gaining a degree (i.e. the difference between graduate and non-graduate salary).
- Assumed that 60% of graduates will work in Peterborough and surrounding areas.
- GVA benefits from expenditure of students in accommodation are included in Phase 3 impact estimates.
- Local student expenditure is not modelled – it is assumed this would occur anyway if the individuals were instead not to go to university and chose to stay and work in Peterborough in non-graduate jobs.

A summary of the impact and value for money over 15 years is provided in the table below:

Appraisal Outputs	Phase 1 maximum 3,905 students per annum reached in 2024/25	Phase 3 – maximum of 6,363 students reached in 2030/31
Total Net Present Benefits	£2,715,458,844	£3,283,447,630
Total Net Present Costs	£25,951,295	£62,210,333

Net Present Value	£2,689,507,549	£3,221,237,298
Benefit Cost Ratio	105	53
Additional graduates to 2034/35	35,300	45,500
Max FTE students	3,905 (by 2024/25)	6,363 (by 2030/31)

There are broadly four direct quantifiable benefits from the project:

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 along with the benefit to the local economy from having students living in campus accommodation.
3. Graduate level employment that rises as new graduates enter the workforce and graduate level jobs are created, attracted or retained within the region.
4. Benefits to the exchequer from increase wages, personal and corporation taxes.

The key benefits to be delivered by the project therefore include (in summary):

- **Phase 1**
 - £2.7 billion in Net Present Benefits over a 15-year period
 - £26.0 million in Net Present Costs over a 15-year period
 - £2.7 billion in Net Present Value over a 15-year period
 - Benefit Cost Ratio of 105 over a 15-year period
 - Total of 35,000 additional graduates by 2034/35
 - Maximum students in any one year – reached at 3,905 from 2023/24 onwards
- **Phase 3**
 - £3.3 billion in Net Present Benefits
 - £62.2 million in Net Present Costs
 - £3.2 billion in Net Present Value
 - Benefit Cost Ratio of 53
 - Total of 45,000 additional graduates by 2034/35
 - Maximum students in any one year – reached at 6,363 from 2030/31 onwards

2.1.1 Key risks

The key risks with respect the economic impact modelling lie in the ability of CPCA to procure an ADP able to meet the requirements of the project. Of particular concern will be acceptance by the ADP of, and commitment to deliver, the student intake targets.

This is a flagship project for CPCA within the Growth Deal and is, therefore, acutely aware of the reputational risk of associated with a failure to perform at the levels expected. As the largest project in CPCA's programme, senior management and Board are sharply focused on the need to keep both build costs and operating costs within budgets.

The impacts 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.

The impacts of Covid-19 on student numbers are, as yet, unclear, with factors that point simultaneously to both short term reduction in intakes and potential increases in demand for local provision if students are less willing/able to travel. ARU as conducted a detailed assessment of the potential impacts of Covid-19 impact on its proposed business model and put in place detailed mitigation measures to address those risks.

2.1.2 Sectoral impacts

The new University for Peterborough aims to be the first “hybrid” University in the UK to link traditional HE with technical HE via a curriculum underpinned by the local economy and its particular sectoral needs. The campus model adopted will be very different from traditional campus models, there will be fewer teaching buildings, more connectivity, more cohesion and more engagement with employers and employment contexts. The delivery model focuses on teaching the skills that current and new Peterborough businesses need, including specialist teaching in research and development in manufacturing working with world leading companies. Growing the local high level skills base is key to the regeneration of Peterborough and to attracting new businesses to the area, supported by the excellent infrastructure in the north of the region.

As outlined above Cambridgeshire and Peterborough has 3 sub-economies with varying demands for labour and skills. 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). The detailed needs of each sector are set out in the CPCA Local Industrial Strategy Sector Strategies, underpinned by the CPIER and the CPCA Skills Strategy Evidence Base.

The new University will build capacity in, and therefore generate the most positive impact for key growth sectors in the sub-region by:

- Creating a strong, responsive provider base that targets skills’ gaps and shortages in key sectors.
- Tailoring interventions to appropriate geographical areas, sectors and learners; e.g. using pilot projects and targeted initiatives to grow capacity and stimulate the local labour market linking to existing initiatives such as the Health & Care Sector Work Academy, Agri-tech Pilot, CITB Construction Hub, Digital and Technologies Launchpads and Manufacturing and Innovation Hubs.

The curriculum for the new University will be demand led and reflect the strengths of ARU as the Academic Delivery Partner (e.g. electric vehicles, transport/logistics, renewable energy to support the goal of zero carbon emissions by 2050, Artificial Intelligence, data security and analytics, air

quality, water management, Crop Science and Agri Food Technology, health and care, robotics and medical technology).

The new University will work with local business to develop courses (including Degree Apprenticeships) through co-creation of the curriculum. Modes of delivery will combine opportunities for blended learning with periods of more formal classroom or workshop/laboratory study and will implement a 'learn local' strategy. The curriculum design will promote active and inclusive learning, embedding a universal design approach that addresses the diverse needs of the different groups of students.

For planning purposes, the curriculum model on which the new University delivery model is based, anticipates that the new University will focus on a limited number of initial discipline choices to create a portfolio of courses which can achieve critical mass, expanding the range of its offer in the transition from phase 1 into phase 3 as student numbers grow with growing capacity.

In phase 1 there will be four faculties as follows:

- Business, Innovation and Entrepreneurship
- Creative and Digital Arts and Sciences
- Agriculture, Environment and Sustainability
- Health and Education

These faculties will deliver course in the following disciplines:

- Business - Leadership Practice, Accountancy & Finance, Computing.
- IT and Digital - Software development, Cybersecurity, Data Science
- Science - Environmental Science, Combined Stem, Geography and Environmental Science
- Mathematics - Data Analysis and Science, Statistics, Economics
- Sustainability - Sustainable Development, Renewables and Environmental Technology, Environmental Management

In phase 3, the offer will expand to include the following additional disciplines:

- Business – Business management
- IT and Digital – Artificial intelligence
- Engineering – Software, Electronic & Electrical, Mechanical
- Agr-tech and Life Sciences – Biochemistry, Microbiology, Ecology
- Arts and Creative - Media Studies, Design, Architecture
- Health and Social Care - Health and Social Care, Adult Nursing, Healthcare Practice
- Education and Professional Services - Education Studies
- Law - Commercial Law, Public Law, Family Law, Civil Law

2.1.3 Distributional 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.

The university will do this by engaging people who do not currently participate in HE but who would participate and remain locally if suitable provision was available and by using flexible modes of delivery to compensate for the characteristics of the region (including sparsely populated rural areas). A key characteristic of the new University, therefore, will be a clear focus on under-represented groups and those who do not travel to existing providers. Impact analysis for other universities that have prioritised reaching out and supporting local communities such as Newcastle University show 32% of local region entrants being drawn from lower socio-economic groups (and 20% from the very lowest participating neighbourhoods).

The new University will not target conventional higher education markets, its focus will be on overlapping provision with the future demands of the local labour market of Peterborough and the north and north-east of the region. Specifically, the evidence base and Skills Strategy forecast an increase in jobs requiring a level 4 qualification from 39.4% of the job market to 50.8%. At the very minimum (not including job growth and labour market turnover) this equates to a demand for an additional 14,700 graduates over a ten year period (2020 to 2030). The inverse of this is a reduction in demand for unskilled labour hence the importance of attracting local students and retaining students within the local labour market (after graduation).

ARU has started work on development of the portfolio of courses for the new University in Peterborough and their suitability post Covid-19, including engagement with key stakeholders (schools, colleges, businesses, community groups). Key strengths of ARU include:

- its range of provision, not being reliant on one or two markets;
- employer engagement;
- flexibility, adaptability and agility in response to changing market conditions;
- ability to invest in short courses
- expertise and capacity in marketing and recruitment activity; and
- existing use of virtual Open Days, Virtual Applicant Days and Virtual Q+

For the new University in Peterborough, ARU expects activity will focus on the different market segments identified below.

- 18-24 year olds from the local demographic
- First generation HE students of all ages
- People who are unemployed, retraining or upskilling (esp. post COVID-19)
- Large Corporates and bespoke apprenticeship programmes.

The new University will, therefore, provide a greater transformational benefit for people living in the Greater Peterborough and the Fens' with lower to middle incomes, compared to those in other income groups, particularly those in higher income groups who will continue to favour university choices that require relocation to another city in the UK. No negative impacts are anticipated on people of any income group.

2.2 Financial and operating model

The structure for delivery agreed between ARU, PCC and CPCA for Phase 1 (which is expected to be mirrored for phase 3) is outlined below:

- CPCA, PCC and ARU will be joint venture partners in respect of a new special purpose vehicle ("**PropCo**") into which the land will be transferred by PCC, together with the Local Growth Funding (LGF), the CPCA PropCo Contribution (capital and revenue funding from CPCA) and ARU financial continuation of between £3.8 and £6.5m (depending on final build costs). PropCo will develop on the land the building and campus intended to be used by the new University.
- A separate new special purpose higher education vehicle ("**UniCo**"), which is intended will eventually be the University of Peterborough subject to the outcomes of the independent review, will be established by ARU as a charitable company limited by guarantee. A Collaboration Agreement will include arrangements for a revised ownership structure for UniCo when it is capable of fully independent operation from ARU (if desired by the parties at that time).
- PropCo will grant a lease of the Building to UniCo, the terms of which include a 10 year rent-free element during the start-up phase (see above).

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:

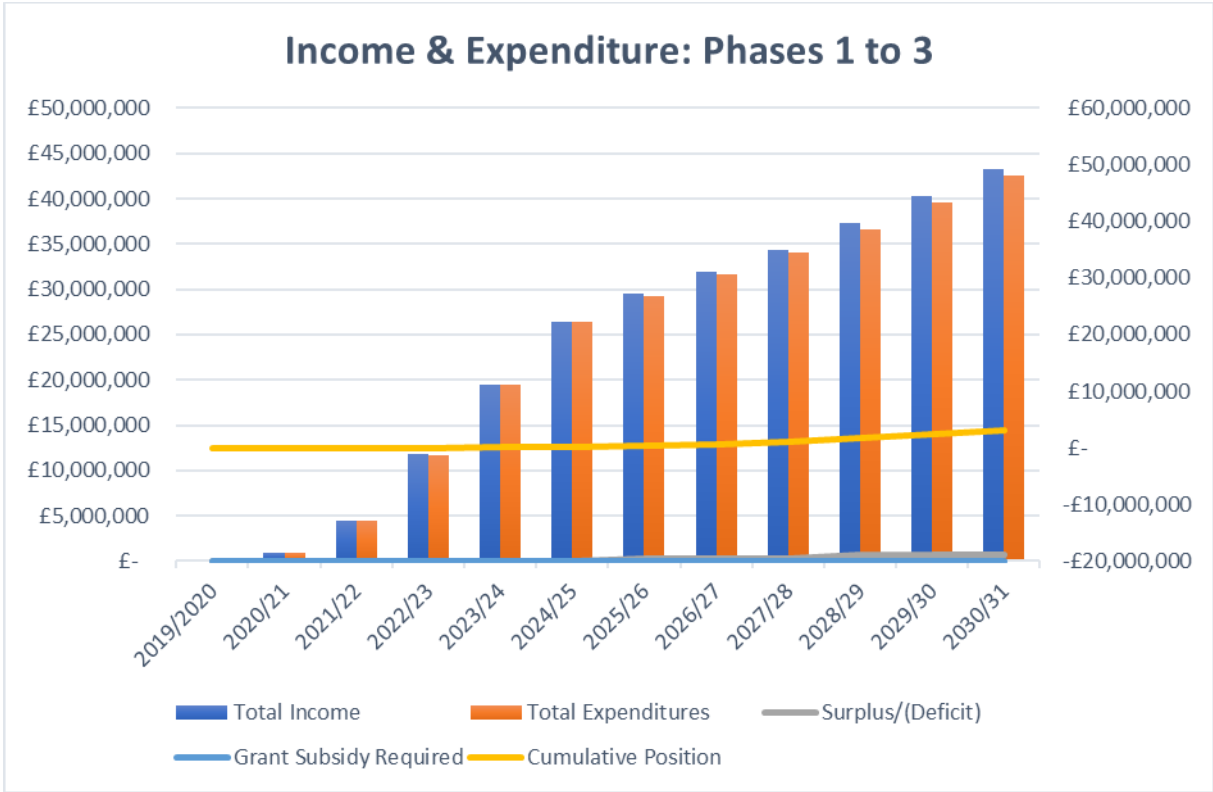
- Effective control of costs in relation to tuition fee income (this is at the core of the operating model).
- Recognition that estates/asset maintenance must be prioritised to avoid backlog maintenance liabilities that add to corporate risk profiles and undermine the core of the operating model.
- Generation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

The financial and operating model for the new University has been developed based on ARU's forecasts of student and staff numbers and includes the following key working assumptions:

- Income:
 - £42m funding for the construction of phase 3 buildings will be received from CPCA (through public and private sector investment) and is therefore accounted for in line with estimated construction spend.
 - Tuition fee income will be on average £9,000 per student FTE per annum (after allowing for both premium fee levels and bursaries/hardship grants and other fee discounting practices).
- Capital expenditure:
 - Allowance has been made for £24.8m spend associated with the phase 1 building for August 2022 completion.
 - Allowance has been made for the build period for phase 3 buildings assumed to be 3 years from September 2022 to August 2025 for the first teaching building and student union, and 2 years from September 2026 to August 2028 for the second teaching building.
 - Project fees for phase 3 buildings are based on a % of the construction total £16.7m (including uplifts for BREEAM accreditations and excluding uplifts for VAT and risk), spread over 5 years from 2022-2027).
- Staffing costs:

- Academic staff will be provided on a 26:1 student to staff ratio and professional services staff on a 30:1 ratio.
- The above ratio accounts for all Faculty Staff, Heads, Academic Directors, HR, Finance, Academic Registry, Student Services, ICT heads, Marketing, Vice Chancellor's Office, Marketing and Admissions.
- Staff provision is split between academic staff and faculty professional services staff on a 3:1 ratio.
- Additional staff for the development phase have been included (19 professional staff, 5 academic staff and 1 Project Manager).
- Staff costs will be on an average full time equivalent –£65,000 for Academic staff and –£35,000 for Professional services staff, allowing for a range in grades and levels of seniority.
- Estate operational expenditure:
 - Estates running costs have been calculated on a rate of –£200/m² of Gross Internal Floor Area (GIFA) (5300m² for phase 1), increasing in line with the proposed growth over subsequent phases to a; total GIFA of 10,300m² by 2028/29
 - This rate is to include all operational running expenditure such as cleaning, utilities, rates, and insurances
- Long-term maintenance:
 - Long-Term maintenance costs are assumed to be 1% of generated income on a rolling basis to maintain the estate. This figure has been generated based upon current ARU values of Long Term Maintenance as a percentage of income.
 - Rent & lease costs are assumed to be –£140/m², following an initial rent-free period of 10 years for Phase 1- future phases rent and lease costs will be agreed at the time
- Other costs
 - No allowance has been made for repayment of funding for the phase 3 buildings – i.e. grant funding to PropCo (which will be the public sector JV owner of the buildings) is assumed rather than loans.
- Start-up costs:
 - None have been included in the model as they will be covered by ARU.

The financial model forecasts revenues and operational expenditure for the period to 2030/31 in line with the ambitions of CPCA and ARU. CPCA will not have any responsibility or obligation for underwriting operating cashflows.



2.2.1 Key risks

The anticipated increase in specialist research and teaching activities over phases 2 and 3 (respectively) will severely erode margins unless countervailing strategies are employed. The operating model is not expected to generate sufficient cash to build reserves and capital to fund phase 3, therefore, it is inevitable that public sector investment will be required to make phase 3 viable. Phase 3 is the subject of this CSR Representation. At the time of writing the working assumption is that approximately £13m of the £42m capital investment required for phase 3 can be secured from private sector leaving a £29m funding gap that will require public sector backing.

Covid-19 continues to have a significant impact on businesses across the construction industry and a range of mitigation measures have been put in place to minimise these risks on the phase 1 and phase 3 construction programmes.

2.3 Environmental impacts

PCC has declared a Climate Emergency and has agreed to adopt far more challenging targets than those proposed by central Government; to make the Council’s activities net-zero carbon by 2030. In keeping with this the new University development will incorporate:

- Energy efficiency measures and best practice design to reduce the inherent energy demand and associated CO₂ emissions of the development. This will be realised by the adoption of a fabric first strategy, using computer modelling to engineer a building envelope that exceeds best practice and selection of materials with enhanced thermal insulation and air tightness.
- Low and Zero Carbon (LZC) technology solutions to decarbonise the energy supply and provide further CO₂ reduction with a roadmap to zero carbon, such as air source heat pump systems to transfer heat from outside to inside the building.

- Low temperature heating networks within the building and reserved plant space to facilitate the future connection of a low carbon district heating system anticipated from a local energy from waste plant in Peterborough.
- Flexible electrical infrastructure that could accept a low carbon private wire connection from the energy from waste plant.
- High efficiency mechanical and electrical plant and the provision of appliances with best in class energy efficiency.
- Enhanced daylight provision through responsible window and roof light design to allow natural light to penetrate deep into the building, enhancing occupancy satisfaction, with lighting controls that automatically respond, by dimming luminaires to reduce energy consumption.
- Roof space reserved for photovoltaics to reduce the building's carbon emissions.
- Recycled materials and materials with low embodied energy impact, locally sourced A and A+ rated construction materials (as defined by the Green Guide to Specification), wherever possible.
- Water efficiency measures and Sustainable Drainage Systems (SuDS), such as green roofs and swales for the disposal of surface water and low water capacity toilets and push button type taps.
- Measures to encourage sustainable transport, by:
 - promoting walking through the provision of attractive, safe and convenient routes that extend and enhance the existing network;
 - minimising car parking;
 - incorporating ample provision of secure cycle storage, shower and changing facilities and new cycleway connections to existing nearby routes;
 - provision of electric vehicle charging points to encourage staff to utilise electric vehicles.
- Measures to mitigate the effects of Climate Change, such as provision of solar shading and allowance for cross ventilation throughout the building to stop overheating and provision of attenuation and protection against overland flooding. Exposed thermal mass and night purge ventilation will provide a passive cooling to mitigate overheating.
- Measures to support the health and wellbeing of building users through attractive external space that promotes informal recreation.
- Significant biodiversity gains in support of local and national priorities through enhancement and extension of habitats and the promotion of management actions that favour protected species. This will include landscape proposals that have a high content of native species, prioritise local procurement, use low carbon materials, avoid the use of irrigation, are climate change adaptative and require low management resources.

As described above, the strategy for the new University will minimise the need for students and their families to travel by:

- focusing on recruitment of locally based students; and
- enabling approximately 50% of teaching and learning to take place off-campus (e.g. at students' homes and/or their places of work).

Furthermore, as outlined above, the campus will be located at a public transport nexus thus minimising the need for anyone (students, staff and other visitors) to travel to and from the campus by private car.

3 Administrative requirements

Phase 3 of the development of the new University will sit within the wider administrative arrangements for the new University for Peterborough, for which phase 1 is already well advanced.

The new University project is led by CPCA in partnership with PCC and this relationship has been formalised through a variety of agreements. PCC is working with CPCA to support the delivery of the new University and in particular is providing the land for all phases of the project. CPCA and PCC are investing funds and land assets in a special purpose property development vehicle (PropCo) to develop the land and buildings into a university campus which will be occupied by the new University.

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 agreements 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

PropCo will appoint 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.
- Legal support.
- Fundraising support.

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

3.1 Project management

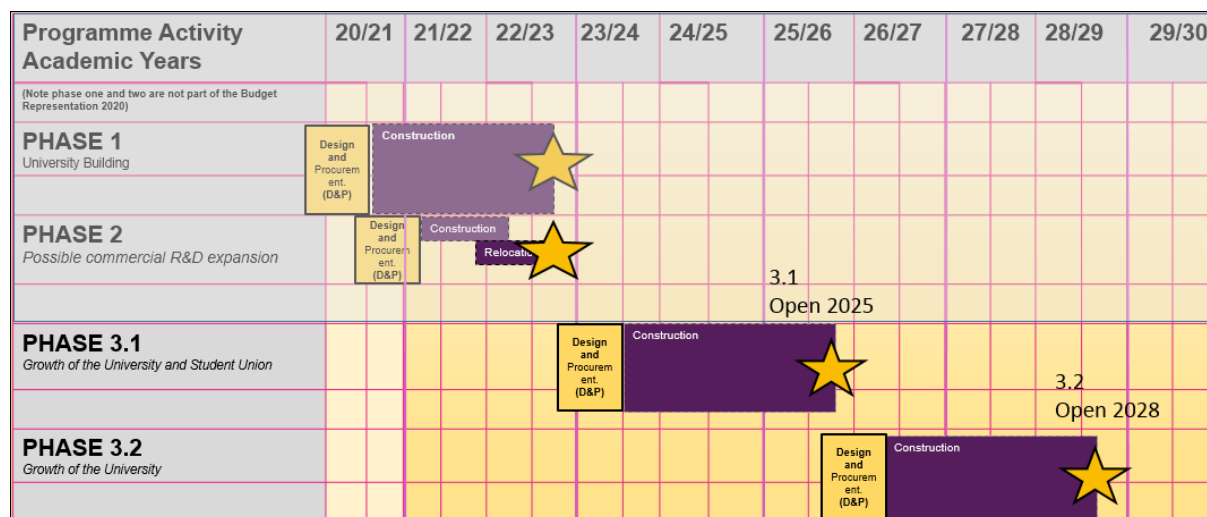
Project governance has been established to reflect the current arrangements within each organisation including specific terms of reference for the project mandated by each organisation:

- 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.
- Specific governance arrangements will be set up dependant on the ownership and operational arrangements for each phase.

CPCA's Assurance Framework can be found at 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.

A project plan for all phases (summarised in the graphic below) has been developed around the following key dates:

1. Phase 1: Spade in the ground (commencement of phase 1) Q4 2020.
2. Phase 2: Spade in the ground (commencement of phase 2) Q1 2021
3. Phase 1: Completion of phase 1 (for occupation) September 2022.
4. Phase 2: Completion of phase 2 Q3 2022 to align with the occupation of Phase 1.
5. Phase 3.1: Spade in the ground (commencement of phase 3) Q2 2023.
6. Phase 3.1: Completion of phase 3 (for occupation) September 2025.
7. Phase 3.2: Spade in the ground Q1 2026
8. Phase 3.2: Completion of phase 3 (for occupation) September 2028



A detailed project risk register (including risk control strategies) will be developed based on the following risk categories:

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

The project team, led by the Project Manager, holds quarterly risk workshops and the risk register is reviewed monthly at the Project Management Board.

3.2 Compliance and legislative issues

CPCA does not envisage that any legislative requirements arise from this CSR Representation and all compliance issues have been, or will be, addressed through rigorous procurement processes and discharging the day to day operational requirements of the new University to be operated by ARU.