

DECISION NOTICE - MAYORAL

To grant a permission or a licence, affect the rights of individuals, to award a contract or incur expenditure over £250k, to amend budgets, or apply a Key Decision over £500k.

| DECISION INFORMATION | | |
|-----------------------------|--|--|
| 1. DECISION TITLE | University of Peterborough phase 3 funding approval | |
| 2. DECISION No. | MDN36-2021 | |
| 3. DECISION DATE | 16 th June 2021 | |
| 4. FORM AUTHOR | Steve Clarke Steve.clarke@cambridgeshirepeterborough-ca.gov.uk | |
| 5. DESCRIPTION OF DECISION | 1. Pay a grant to other entities | |
| 6. AUTHORITY FOR DECISION | 1. Chapter 3 Paragraph 1.5 – General Power of Competence by the Mayor | |
| 7. DECISION TYPE | Mayoral | |
| 8. DECISION OWNER | The Mayor | |
| 9. KEY DECISION INFORMATION | FORWARD PLAN DATE | As this decision was not published with the Forward Plan, a General Exception notice was published and sent to chair of Overview and Scrutiny Committee on 10 th June 2021. |
| | FORWARD PLAN NUMBER | N/A |
| | DATE OF DECISION | The decision can be made on or after June 16 th 2021 |
| | DATE REPORT PUBLISHED | |
| | APPROVAL HYPERLINK | N/A |
| | IMPLEMENTATION DATE | 17 th June 2021 |

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| | EXEMPT INFO/ ANNEX | University of Peterborough Phase 3 Business Board paper Confidential Appendix 1 from 9 th June 2021 meeting |
| DECISION OVERVIEW | | |
| 10. SUMMARY OF REQUIREMENTS | <p>The Mayor is asked to:</p> <p>a) Approve variation of Local Growth Fund decision making processes set out in the Local Assurance Framework, to enable approval of the proposed project</p> <p>b) In consultation with the Combined Authority Board, approve the next £2m of unallocated recycled local growth funds to the University of Peterborough Phase 3 project, subject to that project securing full funding from partners Peterborough City Council via a successful Levelling Up Bid and investment from Anglia Ruskin University and subject to the conditional requirements identified in the external appraiser’s report being discharged.</p> <p>c) In consultation with the Combined Authority Board, to approve the allocation of £2m of Combined Authority single pot capital funds. This is required as the recycled LGF referred to in b) above is not immediately available. The £2million referred to in b) will then be used to repay the single pot capital funds when received. This decision is subject to the project securing full funding from partners Peterborough City Council via a successful Levelling Up Bid and investment from Anglia Ruskin University and subject to all the conditional requirements identified in the external appraiser’s report being met.</p> | |
| 11. PROJECT BACKGROUND | <p>The Business Board at its Business Board meeting on 19th May 2021 were updated on the process of bidding for Levelling Up Funding (LUF) through Peterborough City Council as the Lead Authority bidding to Ministry for Housing, Communities and Local Government (MHCLG) to secure £20million LUF investment into the Peterborough University Phase 3 Project having been selected as the primary project to be put forward to the first round of LUF by 18 June 2021.</p> <p>The criteria for the LUF are capital only projects, with ability to start spend and project delivery before end of March 2022 and deliver the project by end of March 2024 with outcomes related to Skills, Jobs, Growth and Green Recovery. There is no local open call being run by the Combined Authority, however, there has been a local open call run by PCC for LUF projects in Peterborough as per the national criteria issued by MHCLG to Local Authorities for projects to the new Levelling Up Fund. There was however, a clear steer that projects would have to comply with and proceed through the Local Assurance Framework in each Local Authority, Mayoral Combined Authority and/or Local Enterprise Partnership area. There were 6 projects submitted to PCC in response to their local call request for LUF first round shovel ready projects and PCC shortlisted the University Phase 3 Project to be put forward to MHCLG as a first round project for the allocation of the £20million maximum available.</p> <p>Peterborough City Council convened a panel made up of local MP’s, PCC Leader, Cambridgeshire & Peterborough Mayor, Chair of the Business Board and Community & Voluntary Representatives to help evaluate the 6 projects registered from the call. The Panel agreed at its meeting on 28th May 2021 that the Peterborough University Phase 3 Project was the preferred project application being formally put forward to Government</p> | |

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as the candidate covering Paul Bristow MP constituency to apply for LUF funding based on PCC and CPCA Officer evaluations and the Panel reviewed all projects and selected this project taking account of the Officers evaluation scores.

The project has followed all steps of the approvals process in the Combined Authority Local Assurance Framework apart from responding to a transparent open local call that was issued by the Business Board for projects to be considered by the Business Board. The local open publicised call was issued and conducted by PCC to find the preferred bid candidate for the LUF first round call. In light of this, the Business Board is asked to approve to the variation to the decision-making process, prior to making any other recommendation on the project.

The project would deliver the University of Peterborough phase 3 second teaching building by September 2024 and this would be delivered through the existing joint venture development company Peterborough HE Property Company Ltd. The proposal is the shareholders investing into the company in parallel with the £20million LUF, when secured, to provide the total £28million required to deliver the project. This would comprise of Peterborough City Council contributing the land for the project to an investment value of £2million, Anglia Ruskin University investing £4million and the Combined Authority £2million, if approved by the Board. Further details of the project, including the external appraisal report and further supporting documents can be found in confidential Appendix 1. The scoring assessment has been fully completed for this project including Entrepreneurs Assessment Panel, and an external evaluators' matrix score section.

The Business Board invited the Mayor and the Combined Authority to approve an award of £2million to the Peterborough University Phase 3 Project. This award would be conditional upon the LUF application to MHCLG for £20million being successfully approved and awarded through PCC, and the £2million award would also be subject to the conditions proposed by the external Appraiser's report included in Appendix 1.

The Business Board will not have sufficient unallocated recycled funds available in the timeframe required to fund this project, as repayment of all but one growth fund loan are spread over the next 6 years.

Given that the project must be delivered by April 2024 to qualify for the LUF offer from Government, the opportunity to leverage £20m of other funding into the area would be lost if the Business Board funding cannot be offered at this time. The LUF application guidance states that local contribution of at least 10% funding into LUF applications will be scored favourably in assessment. After consulting with Cities and Local Growth Unit (CLGU) on the 28th May 2021 they have advised that any Local Growth Fund that has been awarded out to projects and subsequently returned, as in the case of loans, then becomes what CLGU consider a local fund to managed through a Local Decision Process.

As such the Business Board are asked to invite the Mayor to approve funding from Combined Authority resources, which will be returned to the Combined Authority as the Business Board is also asked to allocate the next £2m of repaid, unallocated, growth funds to this project, reimbursing the Combined Authority. This as consulted with CLGU on 28th May 2021 confirms is acceptable use of recycled LGF as directed by the Combined Authority.

Application Assessment Summary Table

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| Projects | EoI % | FAF % | EAP % | Final averaged % assessment score | LGF Request | LGF Offer | RANK |
|---------------------------|-------|-------|-------|-----------------------------------|-------------|------------|------|
| UoP Phase 3 Match Funding | 94% | 83% | 86% | 88% | £2,000,000 | £2,000,000 | 1 |

| | | |
|-------------------------|-----------------------|--|
| 12. FINANCE INFORMATION | VALUE OF DECISION | £2,000,000 |
| | BUDGET CODE(S) | TBA |
| | BUDGET DESCRIPTION(S) | Capital Gainshare repaid by LGF Recycled Funds |
| | FUNDING TYPE | CAPITAL |
| | FUNDING APPROVAL | DATE 9 th June 2021 BOARD/ PROCESS Extraordinary Business Board |
| | FUNDS AVAILABLE | £2,000,000 |
| | OTHER COMMENTS | <p>The Business Board does not currently have the recycled capital funds to meet the needs of this project, but existing contracted loan repayments will return more than the required £2m over the next 7 years and there are two other potential returning investments in the next 12 months which could meet this need earlier. To address this timing issue, the Business Board have invited the Mayor to internally lend Capital Gainshare funding to fund this project in the short term, which would then be repaid with Recycled Growth funds in the medium term.</p> <p>Table 1 below, shows the forecast Recycled Growth fund levels based on existing contracted loan repayments and project commitments as well as the repayment profile this would imply.</p> <p>It should be noted that there is always the possibility that these loan repayments may not occur due to default, however, due diligence, including appraisals and financial data was undertaken before the loans were granted reducing this risk, which is further mitigated as the £2m investment is secured via further shares in the company which will own the resulting asset being created.</p> <p>As can be seen in the closing balance figures, the Business Board's existing portfolio allows for partial repayment in-year, with the full amount repaid by the end of 2027-28.</p> <p>Table 1 – Forecast balances of recycled capital and revenue growth funds</p> |

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| | | Combined | 21-22 | 22-23 | 23-24 | 24-25 | 25-26 | 26-27 | 27-28 | 28-29 | Later Years |
|---------------------------------------|--|---|------------|------------|----------|------------|------------|------------|------------|------------|-------------|
| | | Opening balance | -9,081,359 | -3,281,042 | -759,362 | -687,811 | -1,333,044 | -1,589,722 | -1,841,479 | -2,088,430 | -2,330,124 |
| | | Forecast Expenditure | 7,192,433 | 3,950,000 | 750,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Forecast Income | -1,392,117 | -1,428,319 | -678,450 | -645,233 | -256,678 | -251,757 | -246,951 | -241,694 | -2,345,371 |
| | | Closing Balance | -3,281,042 | -759,362 | -687,811 | -1,333,044 | -1,589,722 | -1,841,479 | -2,088,430 | -2,330,124 | -4,675,495 |
| | | Repayment | 687,811 | | | 645,233 | 256,678 | 251,757 | 158,521 | | |
| | | Revised closing balance | -2,593,231 | -71,550 | 0 | 0 | 0 | 0 | -88,430 | -330,124 | -2,675,495 |
| | | <p>This sort of internal borrowing is allowed for within the Combined Authority's financial strategies and is standard practice in Local Authority accounting, the need for it to be explicitly recognised in this instance is due to the differing governance arrangements between Business Board and Combined Authority Board investments.</p> | | | | | | | | | |
| 13. PROCUREMENT CONSIDERATIONS | DIRECT AWARD JUSTIFICATION | N/A | | | | | | | | | |
| | REGULATION RISKS | N/A | | | | | | | | | |
| | VFM JUSTIFICATION | N/A | | | | | | | | | |
| 14. LEGAL CONSIDERATIONS | LEGAL RISKS | | | | | | | | | | |
| | CONTRACT/ GRANT INFORMATION | <p>The funds are recycled Local growth Fund monies that have previously been granted as loans and are being repaid over the next 7 years.</p> <p>The allocation of these recycled funds is now a local decision, this is being confirmed with Cities and Local Growth Unit.</p> <p>The standard Grant Funding Agreement will be used for the LGF recycled monies. This GFA stipulates the outcomes required and the timeframe for delivery.</p> | | | | | | | | | |
| 15. CONFLICTS OF INTEREST/ MITIGATION | None | | | | | | | | | | |
| 16. SUPPORTING DOCUMENTATION | <p>Business Board paper from 9th June 2021 Extraordinary meeting – University of Peterborough phase 3 funding</p> <p>Combined Authority Accountable Body one page project summary</p> | | | | | | | | | | |
| 17. CONFIDENTIAL INFORMATION | Business Board paper Confidential Appendix 1 from 9th June 2021 Extraordinary meeting – University of Peterborough phase 3 funding | | | | | | | | | | |



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| DECISION APPROVAL/ CONSULTATION | | |
|---------------------------------|---------|---|
| PROCUREMENT | NAME | |
| | DATE | |
| | COMMENT | |
| FINANCE | NAME | Vanessa Ainsworth |
| | DATE | 16.06.2021 |
| | COMMENT | As per the Business Board paper submitted on 09.06.2021 this option has been fully reviewed and approved by the finance team. |
| LEGAL | NAME | |
| | DATE | |
| | COMMENT | |
| CHIEF LEGAL OFFICER | NAME | R Parkin |
| | DATE | 11.06.21 |
| | COMMENT | Agreed. |
| CHIEF FINANCE OFFICER | NAME | Jon Alsop |
| | DATE | 16/06/21 |
| | COMMENT | Agreed. |
| OVERALL APPROVAL | | |
| DECISION MAKER | NAME |  Mayor Dr Nik Johnson |
| | DATE | 18 th June 2021 |



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| | COMMENT | Agreed |
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TO BE COMPLETED BY LEGAL/ PROCUREMENT POST APPROVAL

| ACTION | DATE | COMPLETED BY |
|---|------|--------------|
| Reported to board | | |
| Published on Website | | |
| Contract award notice published on contracts finder | | |
| Contract award notice published FTS | | |
| Notification to Framework Owner | | |
| Decision added to Decision Register | | |
| Contract signed | | |
| Contract added to Contract Register | | |

Officer or Mayoral Decision Notice

Where an officer or the Mayor makes a decision, including under specific delegation from a meeting of a decision-making body, the effect of which is

- (a) to grant a permission or licence,
- (b) to affect the rights of an individual; or
- (c) to award a contract or incur expenditure, the decision-making officer must produce a written record of the decision as soon as reasonably practicable after the decision has been made.

Key Decisions

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1. A “key decision” means a decision, which in the view of the Overview and Scrutiny Committee is likely to:
 - (a) result in the Combined Authority **spending** or saving a significant amount, compared with the budget for the service or function the decision relates to;
 - or (b) have a significant effect on communities living or working in an area made up of two or more wards or electoral divisions in the area.
2. When assessing whether or not a decision is a key decision, Members must consider all the circumstances of the case. However, a decision which results in a significant amount spent or saved will not generally be considered to be a key decision if that amount is less than **£500,000**.
3. A key decision which is considered to have a ‘significant’ effect on communities should usually be of a strategic rather than operational nature and have an outcome which will have an effect upon a significant number of people living or working in the area and impact upon: (a) the amenity of the community or; (b) quality of service provided by the Authority
4. Subject as below, a key decision may not be taken by the decision maker unless: (a) it is in the Forward Plan on the Combined Authority’s website; (b) at least 28 clear days’ notice has been given, or if this is impracticable, the decision has complied with the provisions set out in paragraph 12 or 13 below as they may apply; and (c) notice of the meeting has been given in accordance with these rules.