

CABINET

MONDAY 16 JANUARY 2023
10.00 AM

Bourges/Viersen Rooms
Contact – Philippa.Turvey@peterborough.gov.uk, 01733 452460

AGENDA

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Circulation

Cabinet Members

Scrutiny Committee Representatives

Directors, Heads of Service

Press

*Any agenda item highlighted in bold and marked with an * is a 'key decision' involving the Council making expenditure or savings of over £500,000 or having a significant effect on two or more wards in Peterborough. These items have been advertised previously on the Council's Forward Plan (except where the issue is urgent in accordance with Section 15 of the Council's Access to Information rules).*

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**MINUTES OF THE CABINET MEETING
HELD AT 10:00AM, ON
MONDAY 19 DECEMBER 2022
COUNCIL CHAMBER, TOWN HALL, PETERBOROUGH**

Cabinet Members Present: Councillor Fitzgerald (Chair), Councillor Steve Allen (Vice-Chair), Councillor Ayres, Councillor Cereste, Councillor Coles, Councillor Simons

Cabinet Advisor Present: Councillor Bisby, Councillor Hussain, Councillor Moyo, Councillor Gul Nawaz, Councillor Sainsbury

60. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Howard.

61. DECLARATIONS OF INTEREST

There were no declarations interest received.

62. MINUTES OF THE MEETINGS HELD ON

(a) SHAREHOLDER CABINET COMMITTEE – 13 JUNE 2022

The minutes of the Shareholder Cabinet Committee meeting held on 13 June 2022 were agreed as a true and accurate record.

Members asked for written confirmation to be provided that the Council provided indemnity to Members representing the Council on outside bodies as referenced in the minutes.

(b) CABINET – 14 NOVEMBER 2022

The minutes of the Cabinet meeting held on 14 November 2022 were agreed as a true and accurate record.

(c) EXTRAORDINARY CABINET – 5 DECEMBER 2022

The minutes of the extraordinary Cabinet meeting held on 5 December 2022 were agreed as a true and accurate record.

63. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

64. JOINT SUICIDE PREVENTION STRATEGY FOR CAMBRIDGESHIRE AND PETERBOROUGH 2022-25

The Cabinet received a report in relation to the Joint Cambridgeshire and Peterborough Suicide Prevention Strategy for 2022 to 2025.

The purpose of this report was for Cabinet to initiate a proposed strategy.

Joseph Davies, the Suicide Prevention Manager, introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was advised that the priority areas for the strategy had been identified through the use of the National Strategy as a foundation, as well as the incorporation of the Lifespan Suicide Prevention Model and the COVID-19 Mental Health and Wellbeing Recovery Plan. Input from the multi-agency working group, people who had been affected by suicide, and front-line staff was also used.
- Implementation of the strategy would be co-ordinated by the Suicide Prevention Manager across Peterborough City Council and Cambridgeshire County Council, it was advised, with support in delivery from six multi-agency steering groups aligned to each priority.
- Members noted that funding for the delivery of the strategy came from the NHS, and would cover a period until March 2024. After this time, alternative funding sources would be sought, likely to come from Public Health or the NHS, as they had done prior.
- Comment was made that the strategy sat alongside those in relation to the mental health and wellbeing of children and young people, and if self-harm was apparent in a young person, these would be referred to.
- One recommendation in the strategy related specifically to children and young people and consideration of vulnerability when it came to self-harm was embedded throughout the strategy.
- In relation to community involvement, it was noted that this related to the provision of training, raising awareness, and the ability to signpost those in need. It was not to place any significant responsibility on individual people.

Cabinet considered the report and **RESOLVED** to:

1. Approved the Joint Cambridgeshire and Peterborough Suicide Prevention Strategy 2022-2025.

REASONS FOR THE DECISION

The National Suicide Prevention Strategy outlined that 'Local responsibility for coordinating and implementing work on suicide prevention will become, from April 2013, an integral part of local authorities' new responsibilities for leading on local public health and health improvement.'

ALTERNATIVE OPTIONS CONSIDERED

The option to not refresh the strategy was rejected as it was out of date and no longer accurately reflected the needs of the people of Cambridgeshire and Peterborough.

65. PASSENGER TRANSPORT CHANGES TO MILEAGE

The Cabinet received a report in relation to changes to Passenger Transport mileage payments.

The purpose of this report was to obtain views on a proposed development or review of a strategy, plan or policy.

The Cabinet Member for Children's Services, Education, Skills and the University introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was advised that there was currently a £1.1 million overspend in this area, with a number of challenges being presented, including the mileage afforded to voluntary drivers, the proposal of a staff scheme, and ability for parents to become involved in a transport scheme.
- It was felt that increasing the mileage payments would benefit the children using the transport, as this would enable greater stability and consistency in the service and would mean shorter routes, as well.
- It was acknowledged that, with an increase in mileage payments, also came the possibility of tax implications for volunteers, and these would be thoroughly investigated prior to any changes being introduced if appropriate.
- Confirmation was given that officers had worked with schools and families to determine what issues were currently being faced around transport to schools and that work would be undertaken with Family Voice to set up workshops with parents to establish what blocks were in place to stop parents engaging with the service.

Cabinet considered the report and **RESOLVED** to:

1. Authorise officers to explore and implement the increase in payment per mile for volunteer drivers from 45p per mile to 60p per mile.
2. Authorise officers to work with parents to co-produce a policy position in relation to payment for transportation of children to school alongside the use of personal transport budgets.

REASONS FOR THE DECISION

- 1) Improved resilience within service provision.
- 2) Improved efficiency and cost effectiveness to the Council.
- 3) Improved outcomes for children and young people travelling to school via council provision.

ALTERNATIVE OPTIONS CONSIDERED

It had been considered to maintain the current mileage rates for volunteer drivers. The impact of this would be an increasingly reduced volunteer driver group, which would require the Council to use an increased amount of taxi provision.

It had been considered whether to explore further with parents a better and more attractive personal transport budget offer. Feedback from parents suggested we need to do this in order to promote sustainable travel and provide parents and carers with a

sustainable financial mechanism should they wish to participate in their child's travel provision.

66. **A16 NORWOOD IMPROVEMENT SCHEME***

The Cabinet received a report in relation to the A16 Norwood Improvement Scheme.

The purpose of this report was to consider and approve the award of £1,200,000 to Milestone Infrastructure Limited to deliver a full business case and detailed design for A16 Norwood dualling improvement scheme

The Cabinet Member for Climate Change, Planning, Housing and Transport introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was advised that the design phase of the scheme could take up to 18 months.
- It was noted that the package of schemes was not finalised, but a great deal of work had already been undertaken in relation to modelling growth and traffic.
- Funding from the Cambridgeshire and Peterborough had been received for the design phase, though further work would be needed to secure funding for the construction.
- Members were reassured that developers had been involved in discussion up to this point and were supportive of proposals. As the project continued, their feedback would continue to be taken on board.
- It was noted that the Carbon Impact Assessment had identified that the construction work anticipated for the scheme did have a high impact level, though work was being done with developers to try to reduce this in the future.

Cabinet considered the report and **RESOLVED** to authorise the issue of a services request to Milestone Infrastructure Limited, under the existing highway services contract relating to the delivery of a full business case and detailed design for the A16 Norwood dualling improvement scheme, at a cost of £1,200,000.

REASONS FOR THE DECISION

The decision was made to ensure that the Council was able to effectively deliver grant funding awarded to it by the Cambridgeshire and Peterborough Combined Authority for A16 Norwood dualling improvement scheme. Successful delivery of the funding would help the Council to obtain further funding from the Cambridgeshire and Peterborough Combined Authority for the construction of the scheme. Delivery of the scheme would improve the capacity and operational performance of the highway network which was crucial to supporting future growth of Peterborough.

ALTERNATIVE OPTIONS CONSIDERED

Not to deliver the scheme: This had been discounted because the highway network around the Norwood and Paston Reserve area would suffer from heavy congestion at peak times once the development was fully occupied. This would have a negative impact on the local economy by deterring potential new businesses looking to invest in the city due to the long journey times in the area. Successful delivery of the scheme would provide significant benefits to the wider travelling public, resulting in improvements to; journey times, accessibility and the environment.

67. ACTIVE TRAVEL FUNDING AWARD FOR THORPE WOOD CYCLEWAY AND SCHOOL STREETS*

The Cabinet received a report in relation to the Active Travel funding award for Thorpe Wood Cycleway and school streets.

The purpose of this report was to consider and approve the award of £625,000 to Milestone Infrastructure Limited to deliver design and construction of Thorpe Wood cycleway and £10,000 for expanding the School Streets project.

The Cabinet Member for Climate Change, Planning, Housing and Transport introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was advised that £1 million of funding had been received for phase one of the scheme. The overall cost was estimates at up to £3.5 million, so further funding was still to be secured for the remaining phases.
- There was, it was confirmed, further active travel funding on the horizon from Government, including revenue funding for the planning of projects, with an application already having been submitted through the Combined Authority, and capital funding for walking and cycling schemes, for which an announcement was anticipated in the new year.
- Officers advised that they were happy to investigate other areas where the School Streets project may be of benefit, or where other initiatives such as Bikeability and Bike It may be appropriate.

Cabinet considered the report and **RESOLVED** to:

1. Authorise the issue of a services request to Milestone Infrastructure Limited, under the existing highway services contract relating to the design, delivery and construction of the Thorpe Wood cycleway, at a cost of £625,000; and
2. Authorise Milestone to develop a School Street Scheme, at a cost of £10,000.

REASONS FOR THE DECISION

The decision was made to ensure that the Council was able to effectively deliver grant funding awarded to it by the Cambridgeshire and Peterborough Combined Authority for the active travel improvement schemes. Successful delivery of the funding would help the Council to obtain further funding to complete construction of Thorpe Wood cycleway and also to further expand the Schools Streets project.

ALTERNATIVE OPTIONS CONSIDERED

Not to deliver the scheme: This had been discounted because the walking and cycling network to and from Thorpe Wood needed improving by making it better connected to routes that link to the wider network. Delivering the active travel improvements would provide residents and those working in the area with an alternative and more sustainable form of travel compared to the car. Successful delivery of the scheme would provide significant benefits to the wider travelling public, resulting in improvements to; journey times, accessibility and the environment.

68. TO AWARD A CONTRACT FOR THE DETAILED DESIGN OF RIVER NENE PEDESTRIAN BRIDGE*

The Cabinet received a report in relation to the award of contract for the detailed design of River Nene Pedestrian Bridge.

The purpose of this report was to provide additional information to Cabinet of the service request for the delivery of a full business case, detailed design and planning for the Nene Pedestrian Bridge, and the existing NEC3 Term Service Contract with Milestone Infrastructure Limited.

The Cabinet Member for Climate Change, Planning, Housing and Transport introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- This project was considered to be vital and Members were advised that that it was anticipated to take 9 months to complete, beginning in Spring 2024, with completion in Winter 2024.
- This would allow time for the completion of a business case and the procurement process.
- It was noted that the bridge would be 101 metres in length and 34 metres high, although this design may be developed on. Pictures would be released soon, with a public consultation to begin in early 2023.
- It was asked for local residents' associations to be included in this consultation process.
- Confirmation was provided that the bridge would adhere to all relevant accessibility standards.

Cabinet considered the report and **RESOLVED** to authorise the Council to issue a services request to Milestone Infrastructure Limited, under the existing highway services contract relating to a delivery of a full business case, detailed design and planning for the River Nene Pedestrian Bridge, at a cost of up to £702,000.

REASONS FOR THE DECISION

The key driver for this project was to create a new focal point in the City Centre that complemented the natural environment and established a key connection between two extensive redevelopment sites and the City Centre Core.

ALTERNATIVE OPTIONS CONSIDERED

To do nothing - This option was considered and rejected because the Council would lose £2.0m investment into Peterborough from the Towns Fund and £3.4m from the CPCA, and the benefits expected to be delivered through the scheme would not be realised.

Carry out a full procurement exercise to identify an alternative provider to complete the FBC, detailed design and Planning Application - This option was rejected because: the Council had a fully procured provider already in place; and the revenue costs and staff time required to complete such an exercise would be significant, were not budgeted for and this option would delay the project putting future funding at risk.

69. APPLICATION FOR MOVING TRAFFIC ENFORCEMENT POWERS*

The Cabinet received a report in relation to an application for moving traffic enforcement powers.

The purpose of this report was to advise Cabinet on an application for moving traffic enforcement powers for their consideration and to recommend delegating authority to the Executive Director for Place and Economy, for final sign off the application to the Department for Transport.

The Cabinet Member for Communication, Culture and Communities introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members were advised that enforcement would be undertaken using number plate recognition software via cameras certified for this type of use. This information would then be reviewed by an officer, with a penalty notice of £70 issued, reduced to £35 if paid within 13 days. There would be an appeals process in place similar to parking penalty notices.
- During this first six months, it was noted, offenders would be served with a first time warning instead of a penalty notice, in order to educate the public first.
- It was confirmed that expansion of the initial area was possible, though consultation would be required first, along with a separate 6 month 'warning' period.
- It was noted that the scheme should lead to a safer city centre for pedestrians and a vulnerable road users.
- In response to a query around the use of this technology near schools, it was advised that there were statutory restrictions around what offences could be enforced using existing cameras.
- Members were advised that, on average, the Council issued 20 to 22,000 penalty charge notices a year.
- It was felt that the new system would free up resources and allow parking attendants to deal with issues faced in neighbourhood spaces.

Cabinet considered the report and **RESOLVED** to:

1. Approve an application to be submitted to the Department for Transport for Peterborough City Council to apply for a Designation Order to enforce moving traffic offences.
2. Subject to that application being approved, delegate the implementation of that delegation to the Executive Director for Place and Economy in consultation with the relevant Cabinet Member.

REASONS FOR THE DECISION

To expand the Council's enforcement powers to create safer spaces for residents, visitors and businesses in the city.

Applications for these powers were being invited in tranches – the deadline for Tranche 2 applications was 13 January 2023 and so a decision needed to be taken to make this

deadline. Applications made in the 2 Tranche were likely to see designation orders granted by July 2023. A third tranche timeline had yet to be determined and therefore it was not clear how long we might have to wait if we miss the tranche 2 deadline.

ALTERNATIVE OPTIONS CONSIDERED

The following alternatives have been considered and rejected: Do not make an application for moving traffic powers and leave these offences for the police to deal with – there was no duty placed upon local authorities to use these powers. This had been rejected due to police priorities and resources making it unlikely they would be able to improve compliance in the locations considered.

70. COUNCIL TAXBASE 2023-24 AND COLLECTION FUND DECLARATION 2022-23

The Cabinet received a report in relation to Council Taxbase 2023-24 and Collection Fund Declaration 2022-23.

The purpose of this report was to ???

The Cabinet Member for Finance and Corporate Governance introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was noted that the report did not make any specific proposals around the figure for Council Tax. That proposal would come forward in the new year.
- Confirmation was provided that the collection fund deficit would not negatively impact the Council's 2023/24 budget, as this was held separately from the budget.

Cabinet considered the report and **RESOLVED** to:

1. Propose the calculation of the Council Tax Base for 2023/24 set at a level of 61,023.62 Band D equivalent properties based on the existing council tax support scheme.
2. Note the estimated position on the Collection Fund in respect of Council Tax as at 31 March 2023 being:

£2.601m Deficit

3. Note the estimated position on the Collection Fund in respect of Business Rates as at 31 March 2023 being:

£6.178m Surplus

4. Note these estimated positions with the Executive Director of Corporate Services reserving the right to amend the final estimated position on the Collection Fund balance as at 31 March 2023 in accordance with the statutory Determination legislation and timescales.

REASONS FOR THE DECISION

The Council Tax Base could be set at a higher or lower level. However, this could have the effect of either inflating unnecessarily the amount of Council Tax to be set or setting the tax at a level insufficient to meet the Council's budget requirements. A similar position could arise if the surplus or deficit were set at a higher or lower level.

The calculation and return of the information included in the NNDR1 was a statutory requirement which could be formally delegated to an officer. As with Council Tax if the amount of business rates estimated to be collected was increased or reduced or the surplus or deficit was set at a higher or lower level then the amount of income available to the Council would change with the consequent effect on service provision or Council tax levels.

ALTERNATIVE OPTIONS CONSIDERED

This report covered calculations that were all prescribed by regulations with the effect that no other options needed to be considered.

71. RURAL DISPOSALS*

The Cabinet received a report in relation to Rural Disposals.

The purpose of this report was to consider the individual disposals of four holdings as detailed in this report and exempt appendix.

The Cabinet Member for Finance and Corporate Governance introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was noted that tenants of the four holdings were given first refusal on the purchase of part or whole of the land on offer.
- Comment was made that the market for rural land was currently buoyant and, from the perspective of value, it was an appropriate time to sell. Work had been done to ensure that best value was being achieved. Without selling the land, it was noted that the Council would face additional challenges in setting its budget.
- Officers advised that they were confident the overall targets for the Asset Strategy would be achieved through a phased approach.

Cabinet resolved to exclude the press and public from the meeting for the discussion of Appendix 1 to the report by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contained information relating to the financial and business affairs of the Council. The public interest test had been applied to the information contained within this exempt appendix and it was considered that the need to retain the information as exempt outweighed the public interest in disclosing it.

Cabinet considered the report and **RESOLVED** to:

1. Agree conditionally, subject to final assessment as set out in paragraph 4.6 of the report, to the proposed disposals of four farm holdings as set out below and detailed in the confidential appendix with final decision about disposal and terms

to be delegated to the Executive Director of Resources and the Director of Legal in consultation with the Cabinet Member for Finance and Corporate Services.

2. Note the proposed marketing for disposal of the vacant Turves Farm.

REASONS FOR THE DECISION

The Council needed to secure capital receipts in this financial year and up to 24/25.

ALTERNATIVE OPTIONS CONSIDERED

The Council could continue to let the estate on the Farm Business Tenancies and Agricultural Holdings Act tenancy agreements that are currently in place. However, this will not enable PCC to fulfil its requirement for significant capital receipts and there is the continued liability of needing to supply grain stores and improve the infrastructure across the estate.

Chairman
10.00am to 11.24am
19 December 2022

CABINET	AGENDA ITEM No. 5
16 JANUARY 2023	PUBLIC REPORT

Report of:	Matt Gladstone, Chief Executive
Cabinet Member(s) responsible:	Councillor Wayne Fitzgerald, Leader of the council
Contact Officer(s):	Jens Gemmel von Döllinger, Sustainable Future City Council Director

SECOND INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL REPORT

RECOMMENDATIONS	
FROM: <i>Matt Gladstone – Chief Executive</i>	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Considers the second report of the Independent Improvement and Assurance Panel and agrees with the action to be taken as a result. 2. Requests that the Growth, Resources and Communities Scrutiny Community reviews the report, Cabinet's response to it and the progress being made with the delivery of the Improvement Plan. 	

1. ORIGIN, PURPOSE AND REASON FOR REPORT

1.1 This report is submitted to Cabinet following Full Council on 7 December 2022.

1.2 Improvement Panel Comments:

The Council established the Peterborough City Council Independent Improvement and Assurance Panel (PCC IIAP) on 16 December 2021, and updated the terms of reference of the panel to report to the Council on a six monthly basis. This report provides the Panel's second six monthly review of the work of the Council against the previously agreed Improvement Plan and the recommendations of the independent reports commissioned by the Department of Levelling Up, Housing and Communities.

PCC Response:

We accept and welcome the Improvement Panel's findings and will implement its recommendations in full. We will continue to use the panel as a sounding board for matters related to the future sustainability of our city and its administration.

2. BACKGROUND AND KEY ISSUES

2.1 Improvement Panel Comments:

On the 30 June 2021, the DLUHC announced an external assurance review of the Council's financial position and its wider governance arrangements. Government decisions on further exceptional financial support, and on any statutory interventions that might be necessary, would be informed by those reviews. The financial review was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the governance review was undertaken by Andrew Flockhart. The governance review reported in September 2021, and CIPFA reported on the finance review in November 2021. Both reviews set out detailed findings, including conclusions, evidence and methodology used, and included recommendations for the future.

Importantly, the governance review recommended non-statutory action. The then Minister of State for Equalities and Levelling up Communities then wrote to the Council when the reports were published saying that, although she still had concerns, she agreed with the findings and that with the right support the Council should be able to respond to the challenges it faced.

2.2 Improvement Panel Comments:

The PCC IIAP operates in the context of the statutory intervention framework of powers given to the Secretary of State in the Local Government Act 1999. The independent panel is at the lowest level of external intervention, it does not take any decision making away from the Council. The threat of some level of statutory intervention remains if there is any faltering in implementation of the improvement plan recommendations. Council officers and members of the Panel continue to meet monthly with DLUHC officials to discuss the City Councils progress.

3. **INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL**

3.1 Improvement Panel Comments:

The purpose of the Panel as approved by Council is to:

- Provide external advice, challenge and expertise to Peterborough City Council in driving forward the development and delivery of their Improvement Plan;
- Provide assurance to the Secretary of State of Peterborough City Council's progress on delivery of their Improvement Plan;
- Provide six monthly reports to the Council on the progress of the delivery of the Improvement Plan.

3.2 Improvement Panel Comments:

The Improvement Plan approved at Council on 21 December 2021 is a critical document, as the Panel will be holding the Council to account on the delivery of this plan, and on the extent to which the plan is meeting the recommendations, actions and outcomes envisaged in the finance and governance review reports.

3.3 Improvement Panel Comments:

The Councils Improvement Plan has three Improvement Themes as follows: -

- “Theme 1: Financial Sustainability. The recovery and improvement of Peterborough relies on us setting a balanced budget in 2022/23, delivering on our savings and transformation plans, delivering sharper focus on collective and individual fiscal responsibility and accountability ensuring that we deliver on our priorities. This will mean taking bold decisions to turn off the things that are no longer “core/can't afford” as we constantly challenge ourselves on how we spend every penny of the Council's money.
- Theme 2: Service Reviews. The Council has initiated a series of service deep dives starting in Adult's and Children's Services and Housing, we will continue this programme of review into mid-2023. The reviews will generate options and recommendations for doing things differently. We will manage these reviews using an agile approach so that we can agree and deliver changes as new opportunities and alternative ways of working present themselves. The Council has to have the ability to make change happen more rapidly.
- Theme 3: Governance and Culture: This section describes how we will manage the Improvement Plan with the support of the Improvement Panel and associated partners. We will refresh our Corporate Strategy and key policies. We will adopt stronger fiscal delivery disciplines where personal accountability will be at the heart of our new ethos. We will change the organisation if we are clear on what has to change, by when and to what standard.”

The IIAP operates as a collective body, bringing all of the expertise of the Panel to the challenges facing the Council. Four of the panel members lead on individual areas that are intertwined across the three themes of the Improvement Plan. In addition, the LGA member of the Panel leads on peer mentoring and support to the training and development of Members. This report covers

those four lead areas of Finance/ Transformation/ Assets, Contracts and Companies/ Governance including Member engagement and provides the Panels view on the progress in the last six months. In addition, an update on the progress of the Audit Committee is included from the independent chair. The latest position on the Improvement plan is attached at Appendix A.

4. CURRENT PCC IIAP VIEW ON THE CITY COUNCIL IMPROVEMENT PLAN PROGRESS

4.1 Financial Sustainability

Improvement Panel Comments:

There has been continuous good cooperation from Council staff with the Panels Finance lead since the panel was appointed in December 2021. There has been regular contact and the Senior Finance staff have sought and taken on board advice, comment and challenge on the Finance proposals and their draft reports. The Panel's Finance lead continues to be in regular contact with Senior Finance staff in the Council over and above attending the monthly panel meetings. This includes providing ad hoc advice and comment on the Finance proposals and a regular catch up outside of the panel meetings. The Leader of the Council and the opposition Group Leaders have worked together with real collaborative focus and energy.

4.1.1 CIPFA Recommendations

Improvement Panel Comments:

The CIPFA report to the Council in November 2021 contained a number of recommendations on which the Council had to implement immediate action. These were either substantially completed or were overtaken by events. The CIPFA recommendations were by definition short term and were reported on in our last report, including an officer commentary. The Council is now focussing on medium and long term issues in terms of service delivery remodelling and operating models to attain long term financial stability. A number of further reviews and deep dives have been completed by CIPFA and continue to be reported on through relevant workstreams.

4.1.2 2021/2022 Outturn, Current and Future Years Budgets

Improvement Panel Comments:

The Council approved a balanced budget for 2022/23 without the need for a capitalisation direction in either 2021/22 or 2022/23. The 2021/22 outturn position returned a revenue underspend which improved the Council's reserves position. The delivery of a balanced budget in the current financial year (2022/23) was obviously dependent upon the delivery of the agreed savings plan. At the time of our first report there was a high level of risk and uncertainty in the achievement of the agreed savings plan with some 28% of identified savings proposals being identified as at least high risk. The Panel's first report highlighted the significant risks that had to be managed.

The Council has an in year savings target of £16.674 million and has during the year moved to a position where none of that figure is now at high risk of deliverability, and for the areas where there is moderate risk some (£3.493 million) mitigating savings have been found from one off savings arising. Continued work will still be required with regard to 2023/24 where high-risk savings of £3 million have been identified from the current year's programme. This is a significant improvement on the position in the summer and reflects a huge amount of hard work across departments and by the finance team.

The much higher than anticipated level of in year inflation has been mitigated largely by the use of additional income arising from the Council's waste disposal arrangements where additional income generated from higher electricity prices has been set aside in a reserve to enable 2022/23 cost pressures to be managed and to maintain the reserve for 2023/24 at a similar level. It is likely that the facility will avoid the windfall tax regime announced in the Autumn statement due to its size. It is understood that the Council is taking a cautious and prudent approach to future benefits that may arise from this facility. The Panel will continue to take a keen interest in this area.

Work has proceeded on the 2023/24 budget and draft proposals have been prepared that are still being validated for delivery. This is somewhat later than in an ideal scenario (although many authorities are in a similar position due to the volatile financial climate) but does give the Council the ability to set a balanced budget for 2023/24. Public engagement has been through the web-based budget simulator tool which has had a significantly higher level of response than normal consultation arrangements. The Council should be commended on this initiative which has highlighted to the community the very real challenge in balancing a complicated budget.

Internal engagement has been through the Finance Strategy Working Group (FSWG) at member level, and there have been weekly officer level meetings to progress the budget. The members and officers are to be commended for their hard work, dedication and commitment to this work. The Leader of the Council continues to work closely with the Panel, and ensures that the FSWG has access to the same information as the Panel to ensure effective collaboration and knowledge sharing across all political groups. We commend him for his engagement and leadership. There is a clear timeline for the process of agreeing the budget involving public & member engagement between the end of November and budget setting in February 2023. A set of budget principles have been drafted which if agreed by Council will give a clear basis to future budget decisions and the budget process.

The 2023/24 budget and that for 2024/25 will need to move towards a more transformation-based process. The Council is moving towards this and has started to employ additional resource to assist in this process but this needs to maintain momentum if the Council is to be on a more sustainable footing going forward into 2024/25 and beyond. To aid this the speedy delivery of the in-year savings for 2023/24 is essential and the validation process of those savings should include deadlines for delivery. The dependency between the transformation work and the future financial sustainability of the Council cannot be overestimated. It is important that the collaborative model applied by the FSWG to the budget is replicated on the Council's transformation agenda.

PCC Response:

The Council achieved a balanced budget for 2022/23 without the need for a capitalisation direction. At the end of November 2022, the forecast outturn position was an overspend in the region of £1.2m, which was mainly due to in-year pressures relating to Clare Lodge. Clare Lodge is the only all-female secure welfare unit in England and Wales and as such, it provides a significant national resource for children, young people and placing authorities, because of the need to help girls and young women at the highest levels of risk who are increasing in number, complexity and severity. Due to an adverse Ofsted inspection outcome, we have been unable to increase occupancy to more than three young women, however, remedial action continues to be taken to improve this position, including a steep increase in fees to the three local authorities with placements. A follow up inspection provided an improved position, and plans are in place to increase occupancy to eight young women in early 2023. The plan is to start the 2023/24 financial year at least at a break even position. Everything else is on track within the budget.

4.1.3 Savings Board

Improvement Panel Comments:

The Council has set up a savings board to monitor the delivery of savings and to provide a level of challenge where delivery is either delayed or doubtful. This internal challenge has to continue to be extremely robust as the non-delivery of savings place in doubt the Council's ability to achieve its objective of being financially stable from 2024.

PCC Response:

The 2022/23 savings plan has been subject to robust challenge throughout the year, and is on target to be delivered in full. All red ragged savings have been delivered and only £400,000 of amber savings remain. It is anticipated the savings plan will be delivered by the end of the year.

4.1.4 Revenue Controls

Improvement Panel Comments:

The Council has maintained a high level of control on revenue expenditure, these controls will be required to be continued for the foreseeable future to enable non-essential spending to be identified (and further curtailed if necessary) and to enable a culture of budget responsibility to take root and grow within the Council. We are seeing early positive signs that this culture change is starting to happen. The review of the Finance function should assist in accountability and clearer reporting lines in the future and greater use of the functionality in the Council's financial software should also assist budget holders in undertaking their role in managing budgets.

PCC Response:

The Council maintains high levels of control on capital and revenue expenditure. As outlined above, the revenue budget is forecast to be delivered broadly in line with the budget, and significant slippage has been identified in the capital programme. Due to the effective controls in place, a spending moratorium will not be required in 2022/23.

4.1.5 **Medium Term Financial Strategy**

Improvement Panel Comments

The Council's medium term financial strategy (MTFS) will be published in January as part of the Joint Scrutiny agenda. The MTFS has required significant input from service heads across the whole Council, as it requires a view to be taken on the likely level of savings that can be achieved over the medium term in respect of service redesign. In common with all other Local Authorities, the Council faces a particular difficulty in establishing longer term views as at present it is difficult to predict with any degree of accuracy the likely budget gap for future years - due to uncertainty over rising inflation, the level of future government support and the changes to the referendum limit for council tax in 2023/24.

The Council has maintained progress towards the aim of financial sustainability, however there is a need to step up to the next level in terms of transforming services to ensure future sustainability. The MTFS is therefore a very important financial planning and policy document as it is an integral part of the service planning process essential to achieving the scale of service transformation required in the City Council.

PCC Response:

The first iteration of a three-year Medium Term Financial Strategy was produced at the end of June 2022, with quarterly updates thereafter. Significant consultation has been undertaken with the Corporate Leadership Team (CLT), budget holders and managers throughout the Council and members through the Financial Sustainability Working Group (FSWG), Cabinet Policy Group and Cabinet. Additional regular meetings have been held between the chief finance officer and opposition groups, and the opposition group's budget recommendations have now been incorporated into FSWG. The financial position presented to CLT on 21 December indicates a balanced budget will be presented to members in January, and the three-year position is also broadly in balance with only very small deficits (less than £1m) in years two and three.

The Chief Executive is committed to setting up an established Corporate Delivery Unit to act as the "engine room" for our corporate transformation and good programme governance. The Delivery Unit will act as a single source of truth and become the home for overseeing the Council's service re-designs and plans including detailed proposals with the aim to provide confidence in the timely delivery of a Medium-Term Financial Strategy.

The aim is to redesign the Council around our key four priorities which will enable us to decrease demand by helping and supporting people and families before they reach crisis point, effectively moving to a more preventative delivery model while maximising income, and facilitating the process of inclusive and sustainable economic growth to lift more people out of poverty so that the Council can continue to deliver services within a reduced financial envelope as articulated within our "Sustainable Future City Council Strategy 2022-25".



4.1.6 Capital Finance

Improvement Panel Comments:

The financing of the Capital programme has been an area of considerable concern for the Council. The need to service borrowing to fund the Capital programme reduces the Council's ability to spend on day to day services. The need to borrow to fund capital expenditure is therefore still being tightly controlled and the assumption remains that capital expenditure will normally only be funded from resources other than borrowing. Recent increases in interest rates mean that borrowing should remain as a last resort for funding capital expenditure. It is still the intention to set a Capital programme within the priorities set in the Capital Strategy which relies on none or minimal levels of borrowing.

PCC Response:

£16m was removed from the 2022/23 capital programme, reducing the programme to £82m. Up to 21 December 2022, only £26.6m has been spent, with a year-end forecast of £53.2m. The current position indicates slippage of at least 35%, but more likely 50 – 60% based on the YTD position. The overall programme is overseen by the Capital Programme Board, comprising mainly of executive directors. The board is supported by an operational group, comprising capital programme and project managers.

4.2 Medium to Long Term Transformation

Improvement Panel Comments:

Sound progress has been made since the first report of the Panel and there continues to be good contact and interaction with the Panels Transformation lead, including significant support and involvement outside of the monthly Panel meetings.

In our earlier report we highlighted the work CIPFA had undertaken to support several service reviews and we also noted that the Council was turning its attention to longer term financial and service delivery sustainability. This approach includes reviewing opportunities to deliver additional income, drive efficiency and in other ways reduce cost by adopting a longer-term transformation perspective. We noted the benefits not only in terms of balancing the books, but also for providing a vehicle for communicating a positive change to the organisation, to partners

and the community. We highlighted the importance of this work being encouraged, sustained, nurtured and appropriately governed.

We were encouraged that the Chief Executive had brought into his team an experienced transformation director who was setting about creating a Council wide-transformation team.

Over the last six months the Chief Executive has given a lot of thought to ensuring that the process of discerning and developing proposals is inclusive, bottom up and owned by the wider leadership team. He recognises that this needs to be balanced with clear leadership intent - unambiguous direction and a focus on results. Getting the balance right between these two imperatives will require on-going attention and focus. Too little buy in, or insufficient grip and leadership, and plans may fail to deliver. This would jeopardise the Improvement Plan.

Over the summer months a number of top team workshops were undertaken with a view to identifying key lines of enquiry and a consequent outline transformation programme. These sessions were well attended, there was good engagement and a lot of positive input and outputs. Capacity is now arriving in the Council to take forward the ideas that came from those sessions and build a suite of business cases and a delivery focused Programme Management Office. This work is essential if benefits arising from the emerging transformation are to be realised – including those pivotal to the MTFs. The Chief Executive and the wider leadership team are aware of this and are putting actions in place to shore up capacity. We will continue to support and challenge activity in this area.

Meanwhile, the workshops and follow up activity in the summer have been captured in a new City Strategy that has won the support of Members. This aims to set a compelling narrative, setting out where the City could and should be over the course of a reasonably foreseeable future. This is powerful, because the emerging vision is directly bound to the developing transformation programme, meaning it has substance and sense of purpose within the organisation.

PCC Response:

As a response to our “Sustainable Future City Council Strategy 2022-25” and “City Priorities”, we have started to onboard some additional capacity and expertise around our four key priorities, to help us with the design of our proposals and with the appropriate governance to be put in place from January 2023. We recognise the challenge of bringing in such additional capacity while balancing our budget and will need to find ways to balance the urgent with the important while acknowledging the need to invest in our programme delivery capabilities and do so at pace.

4.2.1 **Assets, Contracts and Companies**

Improvement Panel Comments:

It was originally envisaged that actions under these workstreams would be addressed in the first six months of the Improvement Plan however it was clear at the time of our first report they were dependent on the outcomes of the internal and CIPFA reviews that were concentrating on the more pressing issues of governance, bringing revenue and capital budgets under control and of service redesign. The Panel therefore understood and accepted that they were running behind issues that were of more immediate concern. Good progress is now being made under the new dedicated commercial lead who has demonstrated to the Panel lead on this workstream that she has a good understanding of the issues and is working to prioritise them based on value/risk. A commercial strategy is being developed and work is also underway on a proper governance framework. These are both important tools in the options appraisal process to be applied to all of the current arm’s length companies and commercial arrangements.

The procurement service is now in house (from 1 November 2022) and the final steps are underway to transition City College back in house.

PCC Response:

The property service is currently outsourced to Norfolk Property Services (NPS), and plans are in place to take the service in-house by 31st January 2023. A new Service Director for Assets is due to take up post from 11th January 2023, so a brand new team will be in place in the new year.

Disposals and capital receipts have been delivered to plan, and although significant service improvements are required, there have been no specific problems with the Asset Service.

4.2.2 External review reports

Improvement Panel Comments:

Reports had recently been issued by CIPFA on Norfolk Property Services Ltd (NPS) and the Peterborough Improvement Partnership (PIP) at the time of our last report. The exit and transition plan from the NPS joint venture is underway with a review of current structures in hand and a recognition of the need to build an effective property client function, and significant reform of the PIP has gained corporate support. In addition, the details of the Medesham Homes model are being finalised to ensure that the potential for housing growth is maximised.

Overall, management have put effort both into understanding the nature of these relationships and the risks that they pose to the Council as well as seeking to gain a degree of client control over strategy and operations of these companies. However, the Panel remain concerned that there is a significant workload associated with the burden of reform of these relationships given the complexity of decision making and the considerable work to bring functions in-house or deliver improved governance. In common with the transformation agenda this is an area of activity that will need to be properly resourced against a clear plan. Notwithstanding that view, it is noted that the procurement service transition from Serco was very well managed.

The Council has taken steps to embed good practice such as in limiting the role of members on companies and Joint Venture undertakings to reduce the likelihood and impacts of potential conflicts of interests and limitations on objectivity. The Panel will continue to keep a focus on this as an arena where the culture that had developed over time needs to change significantly.

PCC Response:

As above. The Procurement Service was insourced from Serco in November 2022, and the transition has been very good. There have been some delays in completing the CIPFA reports and sharing these with members. Six reports have been presented to members so far (Serco, NPS, City College, PIP, Northminster PIP and City College. Action plans to implement the recommendations have been drafted and most recommendations have already been delivered. The reports will also be shared with the key member of the Improvement Panel for contracts and companies.

4.2.3 Asset Management Strategy and Disposals Plan

Improvement Panel Comments:

Work is underway to complete the MTFs and the budget report for publication in January, consolidating with the other associated strategies including the Capital Strategy, the Asset Management Plan and Disposals Plan, which was approved by Cabinet in September. The Asset Management Plan and a Disposals and Acquisitions policy will be presented to Council in February as part of the budget strategy. The impact of these plans on asset utilisation, retention and disposal will continue to be monitored by the Panel lead.

PCC Response:

A three-year disposal plan is in place, and approved by members. Disposals are being progressed in line with the plan, and capital receipts allocated to the capital programme in accordance with the plan.

4.2.4 Capital Project management

Improvement Panel Comments:

The Council needed to improve capital monitoring to address serious concerns over slippage to ensure that resources are being effectively utilised to meet the Council's objectives in its Council and Service Plans. The Capital programme is now much better understood, managed and controlled. The 2022/23 capital programme was reduced and a detailed review of the following two years is underway.

PCC Response:

As above. Significant slippage has been identified for the 2022/23 capital programme, and steps are being taken to identify reasons for the high level of slippage. The up to date position will be reported to members in the Q3 Budgetary Control Report (BCR). There is often a surge in capital expenditure in the final quarter of the financial year, however, it seems unlikely to be the case in the current financial year. Future years' capital plans will be revised in line with historical slippage, and it would appear the Council's limit in delivering capital plans is in the region of £50m rather than the ambitious programmes set in the past.

There has been some major staffing changes in the capital team, which provides an opportunity to change current practice and working methods. We have engaged external consultants to provide training, simplify processes and make the whole capital and treasury management service more transparent and more in line with best practice.

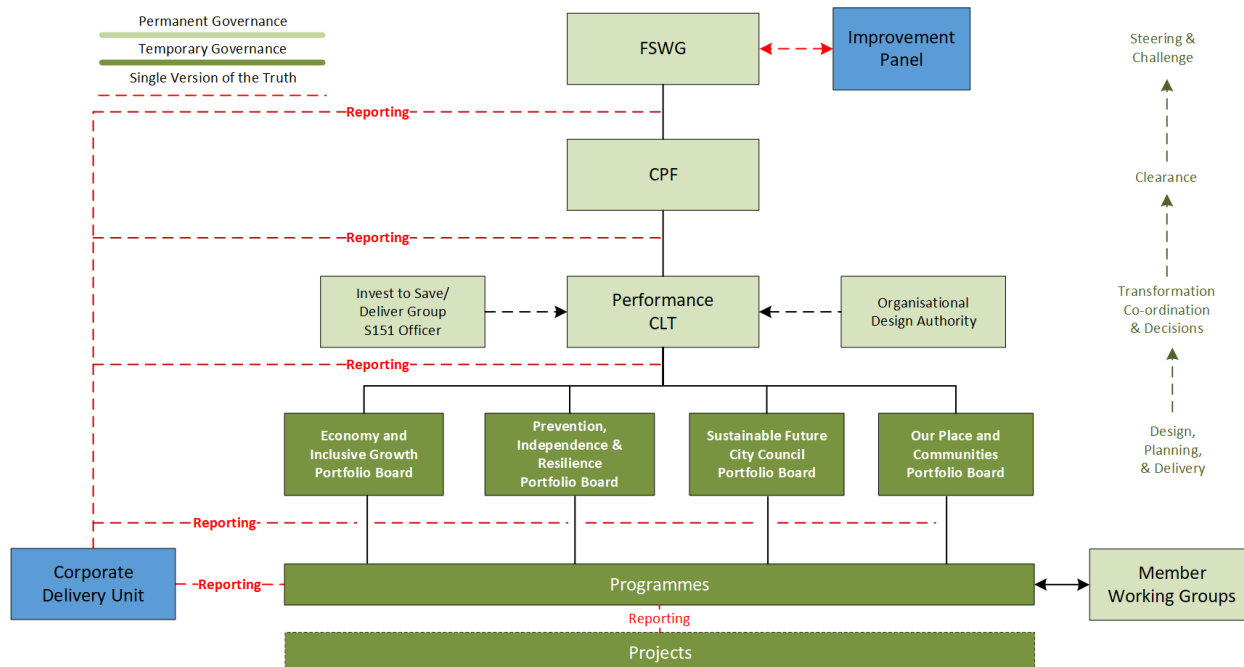
4.3 Governance

Improvement Panel Comments:

The overall governance of the City Council is a matter of concern to the Secretary of State as detailed in the letter to the Leader of the Council in 2021. The Council has accepted a series of recommendations which require change in its governance. The Council started to implement these changes earlier this year. The Panel's overall view is that the City Council is making progress with the actions on governance and cultural change. There has been a major shift in the mutual collaboration and joint engagement between the Leader and all the opposition Group Leaders, particularly through the work of the FSWG. However, there is more to do especially when it comes to putting these changes into practice so that the Council can operate on a sound and sustainable footing. Major challenges remain and the Council is not "out of the woods" yet. The Panel will continue to seek assurance that the progress underway will continue and we will watch the budget decision making process with particular interest as a measure of that change in culture and collective responsibility.

PCC Response:

We acknowledge the nervousness of the Improvement Panel around making governance stick. As a response, the Council has initiated a review of all officer governance arrangements, with the view to amalgamate, incorporate or stop existing boards and include this into a more streamlined governance arrangement around our four key priorities. We recognise the importance of members' engagement and their role in enabling effective decision making and accountability and our plans should enable this. Our revised governance arrangements are designed to be inclusive at lower and upper tier, consultative with members and the public while making sure that the culture of the organisation moves towards a relentless focus on delivery, collaboration, and innovation.



4.3.1 No overall control

Improvement Panel Comments

The results of the May 2022 local elections left the Council in an unchanged position of No Overall Control. Whilst there is a degree of continuity with the Conservative led minority administration still in place, a high degree of uncertainty remains about decision making in the Council chamber. Consequently, there are no guarantees that the administration’s policies will be accepted by Council or that there will be continuity in decision making in the best interests of the community. This reinforces the need for all party engagement in decision making processes especially in relation to the corporate strategy and budget setting.

The Panel has observed major efforts to engage all political groups in the corporate strategy and budget making processes. This includes the following:

- The Chief Executive has led a process including all political groups for the formulation and approval of the Council’s corporate strategy. This led to the unanimous approval of the strategy when it came to Full Council in October.
- The Leader of the Council, the Chief Executive and the Chief Finance Officer have led and supported frequent meetings of the cross-party Financial Strategy Working Group (FSWG) at which information on proposals and options for the budget are shared in a timely manner.
- At the same time opposition Group Leaders have been offered and have taken up briefings by the Chief Finance Officer about the budget and have been able to discuss options on their approach to the budget with her.
- A series of All Member briefings about the budget for 2023/2024 will take place both pre and post Christmas. This should ensure that every Member has the opportunity to inquire about and understand the budget.
- As would be expected, the budget will also be scrutinised by the Joint Scrutiny Committee before it comes to Full Council.

At the same time, the Panel has noted that following the local elections in May the chairs of all of the Overview and Scrutiny Committees are held by members of opposition groups. This has increased the formal engagement of opposition members in the scrutiny of the Executive’s decision making.

This work over the last six months reflects a positive commitment to shared governance of the authority in the context of No Overall Control. This is especially important at a time when so many difficult issues are to be addressed and decisions made; not least in the budget for 2023/24.

4.3.2 **Electoral arrangements**

Improvement Panel Comments:

During the last six months the Council consulted the public and gave proper consideration to the option of all out elections every four years. This process was carried out competently and with integrity. In the event the Council decided not to make the change. The Panel understands this decision. However, it wishes to remind the Council about the reason this matter was recommended by the Secretary of State. The coincidence of No Overall Control and annual elections by thirds in Peterborough has undermined commitment to long term, strategic planning which is in the best interests of the community and is concomitant with the leadership and governance of a major city. Now that the decision has been made by Council not to change the electoral arrangements the onus is on all Members and all political groups to demonstrate their commitment to proper strategic decision making in the best interests of the city whilst annual elections continue. The Panel will keep a close eye on this in the year ahead and will include references to the issue in future reports to the Council.

PCC Response:

The need for the Council to work strategically and focus on the longer term is recognised. The Council will be making decisions in line with the corporate city priorities plan and the MTFs, and service plans are critical to developing a more longer-term focus.

4.3.3 **Council Delegations**

Improvement Panel Comments:

The Chief Executive and the Director of Law & Governance brought forward proposals to update these and bring them into line with best practice in other unitary councils nationally. These were approved by the Council and are now improving corporate oversight and control of key decisions, particularly in relation to financial commitments over certain levels.

4.3.4 **Executive decision making**

Improvement Panel Comments:

Similarly, the Chief Executive and Director of Law & Governance brought forward proposals to increase the corporate oversight and transparency of decisions made by the Executive, especially those made by individual members of the Cabinet. Putting these new systems into practice is improving the quality of governance overall.

4.3.5 **Audit Committee**

Improvement Panel Comments:

Good progress is being made by the newly configured committee which is led by an independent chair. The fresh approach by the committee to its work is evident in the Chairs commentary within this report. This is positive and reflects the proper role for the Committee within the Council's constitution. All Members of the Council have a duty to review the Committee's reports.

PCC Response:

The Audit Committee provides effective challenge with the addition of three new independent audit committee members. Big changes have been implemented following audit committee challenge, e.g. risk management has now been moved away from internal audit and procurement exemptions are being scrutinised in detail, resulting in much fewer exemptions. Our treasury management advisors provided TM training during November 2022, which was very well received.

4.3.6 **LGA Training and Support for Members**

Improvement Panel Comments:

The plan developed by the LGA to support members in Peterborough is well underway. All Group Leaders have an independent peer mentor. The Panel has held meetings with the Peer Mentors and, separately, with the Group Leaders and their Peer Mentors. These meetings were held to

ensure there are shared understandings about the challenges facing the City Council, the Improvement Plan and our respective roles in supporting the Council to make the progress that is necessary. A key issue has been learning ways in which political groups can work together better for the benefit of the Council and the community whilst allowing room for political debate. The Panel has observed more cordial and mutually respectful behaviours in recent Council meetings. This is all to the good. The Panel will continue its dialogue with the Group Leaders and their mentors especially in relation to the consideration and approval by the Council of the 2023/24 budget.

4.3.7 Management Structures and Systems

Improvement Panel Comments:

The Chief Executive has continued to make progress in creating a corporate management team which has the capacity and capability focus on and deliver Peterborough's priorities. This is reflected in the further decoupling (by mutual consent) from Cambridgeshire's management structure and the appointment by the Council of Directors who are 100% dedicated to Peterborough. Directors of Place, Finance, and Law and Governance. An Interim Director of Children's Services is in place pending a permanent appointment. The Chief Executive understands that whilst these changes are likely to have an overall cost to the Council, the benefits to be derived from the new arrangements are very likely to outweigh the costs. The Panel supports this view as this is the approach most likely to enable the Council to realise the full benefits for the city of being a unitary authority.

The new management led boards (procurement, savings, capital programme, improvement), which have been operating for several months now, have increased the focus on and rigour with which programmes of work are planned, monitored, reviewed and controlled. This is reflected in the savings that have been and are being delivered.

In addition, as indicated above work is underway to increase control, clearer lines of accountability and transparency in relation to the arm's length companies supported by the Council. This activity is a clear example of how the three key themes are intertwined particularly as they relate to the overall proper governance of the authority.

PCC Response:

As mentioned under point 4.3 of this report, we recognise that effective governance arrangements must be inclusive, transparent and have clear lines of responsibilities and accountabilities. This is about making governance and change "stick" and do so in a way which is cross-cutting.

4.3.8 Resourcing Change

Improvement Panel Comments:

Progress has been made in putting the resources in place to support the delivery of change which can put the Council and its services on a sustainable footing for the long term. The Panel welcomes the work by the Chief Executive to establish dedicated transformation and programme management capability under his direct leadership. This work is beginning to show results in the form of transformation plans and business cases being produced by officers across the authority. It is important that this resource is sustained over the medium term (at least the next 12 months) given that it will take at least this amount of time to develop long term transformation proposals, develop the necessary business cases for change and then put in place the leadership and governance arrangements to oversee delivery.

PCC Response:

As mentioned under point 4.2 of this report, the challenge for us is to find the required investment for the Council's transformation programmes and which is required to support the organisation to redesign services around our four key priorities while balancing our budget. This is no easy task but we recognise that this investment is required to not only bring about real change but to do so at pace.

4.4 Progress report from the Independent Chair of Audit Committee

Comments from the Independent Chair of Audit Committee:

4.4.1 **Background**

The Audit Committee comprises an independent co-opted non-voting Chair, 7 voting councillors representing the parties within the council and 2 independent co-opted non-voting members. The independent members have been in place since February 2022 and are here to provide insight, knowledge and challenge to this committee from their varied and extensive experience. This committee is apolitical and has met 5 times (in March, June, July, August, and October) and discussed a varied and busy agenda.

4.4.2 **Main areas of discussion**

- Finalising the 2020/21 accounts – working with the external auditors E&Y to make use of the expected statutory instrument to enable PCC to have an unqualified set of accounts, working around a national issue on accounting for infrastructure assets affecting many councils.
- Strategic risk management and the processes around the refreshing and management of those risks
- Fraud including the annual report by Internal Audit and the National Fraud initiative
- Budget monitoring and the tracking of the financial outturn
- Council reserves policy – examining the logic and process by which reserves are made, accepting the challenging financial position of the council.
- The process and scope of Procurement

4.4.3 **Main areas of comfort**

The external audits have progressed well and any issues raised addressed by management. The Financial Statements have been produced on time and to a good quality. The Finance team have been excellent in supporting the process.

The quality of the audit work of E&Y has been independently checked by the AQR inspectors of the FRC and found to be good.

Internal audit has a comprehensive program of work and have made progress although they have had resource challenges which if not addressed could reduce the levels of future assurance.

4.4.4 **Areas of concern**

The governance and tracking of the realisation of the required savings for the Council to achieve its financial plans of a balanced budget will continue to be challenging and the committee is keen to keep abreast of the situation and any further risks that may emerge.

The ongoing identification and management of strategic risks in these times of economic uncertainty which could produce a range of outcomes. Transparency and continuous review are required to navigate these difficult times.

The risks and governance around Procurement, including the scope of the Procurement department, their systems and the exceptions that flow through those systems. PCC expenditure flows through different routes and the Audit Committee is concerned that the governance around all of those routes needs to be as effective as possible for good control and value for money. This risk is also an opportunity for PCC to achieve the savings it needs in this and subsequent financial years.

Summary

- 4.4.5 The Audit Committee is working effectively and continues (through a planned and responsive rolling agenda) to seek assurance that PCC is managing risk effectively in challenging times whilst delivering its plans.

The Council is continuing to improve its governance of risk and strengthen its internal control environment accepting the areas of concern noted above.

4.5 Conclusion

Improvement Panel Comments:

In conclusion on all of the above, it is the view of the PCCIIAP that the Council continues to show commitment to the delivery of the Improvement Plan, in recognition that it is essential for its long-term sustainability. The Panel recognise that the Council has made significant progress in the last six months towards the aim of financial sustainability, on transformation activity, on work around assets and contracting arrangements and on governance. The financial management of the Council has significantly improved and the high level of risk and uncertainty in achieving the current year savings targets has largely receded. The Members and officers are to be commended for their efforts to date. However, major risks remain and the scale of the challenge, particularly in the transformation agenda, must not be underestimated. Members and officers have continued to work effectively and with commitment, but this is still the early stages of the journey – setting the stage for the really hard work to come. It is vitally important that this work is planned and resourced appropriately. The Panel will continue to monitor, review and support the Council's work to deliver on the Plan.

5. CONSULTATION

The consultation strategy was approved by Council on 16 December 2021.

6. REASON FOR THE RECOMMENDATION

- 6.1 Reporting process in accordance with the governance review of September 2021.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 No alternative options considered.

8. IMPLICATIONS

Financial Implications

- 8.1 There is no change to the estimated financial implications presented to Council in December 2021.

Legal Implications

- 8.2 No change to previously reported.

Equalities Implications

- 8.3 No change to previously reported.

Carbon Impact Assessment

- 8.4 No change to previously reported.

Communications and Engagement

- 8.5 No change to previously reported.

9. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

9.1 Council report 'Financial Improvement Planning' 16 December 2021

9.2 'Governance Review: Peterborough City Council' Andrew Flockhart report 2021

10. APPENDICES

10.1 Appendix A – Improvement Plan

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Peterborough City Council

Improvement Plan

2021 - 2024

DRAFT V3.0 December 2021
www.peterborough.gov.uk

PETERBOROUGH

CITY COUNCIL

PETERBOROUGH CITY COUNCIL IMPROVEMENT PLAN

In August 2021, the Department for Levelling Up, Housing and Communities commissioned reviews of the Council's financial stability and its governance arrangements, and these reviews made a series of independent recommendations. This document describes our Improvement Plan, to confirm and provide assurance to the Government that Peterborough's response to the Non-Statutory Review (NSR) regarding Exceptional Financial Support is positive and being undertaken at pace.

This is our two-year Improvement Plan which is structured into six-month planning and delivery windows. Developing the plan using this approach allows us to plan in depth for the next six months, keeping focus on delivering the things that matter, whilst readying the organisation for the things that need to be delivered in the medium term.

As the Leader and Chief Executive, we recognise the seriousness of the financial, governance and operational challenges we face, and it is going to take a significant collective effort from all at the Council to address them and reach a sustainable position. The reviews raise serious issues which we must address and we remain determined and confident in our organisation's capacity and capability to change.

This will require the Council to be brave, innovative, and disciplined. We will refresh our Corporate Strategy and build on the vision for a safe, vibrant, and growing City. A place to live, work and visit where everyone can thrive and feel welcome. Our commitment to this long-term vision remains as strong as ever and our ambition for the City and its people is unchanged. We cannot afford to do everything today, so we will focus on a range of improvement themes that prioritise delivery of the right services for our citizens within the budget we can afford.

The size and scale of the challenge ahead of us is significant and will test us all, but working constructively with the Government, our partners, and the people of Peterborough, we are confident, that with the actions set out in this Improvement Plan, we will successfully deliver the fundamental changes needed for the Council.

We will be a well governed council which ensures delivery of the right services for those that need them in an efficient, cost effective and sustainable manner.



A handwritten signature in white ink, appearing to read 'Wayne Fitzgerald'.

Cllr Wayne Fitzgerald
Leader of Peterborough City
Council



A handwritten signature in white ink, appearing to read 'Gillian Beasley'.

Gillian Beasley OBE
Chief Executive,
Peterborough City Council



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Introduction

Peterborough City Council is one of the councils that requested Exceptional Financial Support (EFS) from Government during 2020. A condition of this support was that the Department for Levelling-Up, Housing Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) would undertake reviews of the Council's governance and finances during the summer of 2021. The DLUHC-commissioned reports on finance and governance matters were published in early November 2021 and the Council has acted swiftly in setting-up an Improvement Panel whose composition reflects a wide range of skills and experience from across the sector.

This is a critical juncture for the Council. We consider financial stability, through the Council's own resources, must be the number one priority for the new administration for the next twelve months supported by a new Chief Executive who will create additional senior management capacity and lead the work on improvement, driving forward a culture of the Council living within its means and focusing on its priorities.

We need to achieve a sustainable balanced budget, in the context of a refreshed Council Strategy that will set the direction for the Council with transparent, effective, and efficient decision making and with regard to the limited resources that are available to us to deliver this on behalf of the people of Peterborough. Being more fiscally resilient is a key tenet to this improvement journey and the Improvement Plan is closely aligned to our short- and medium-term financial priorities.

We are committed to ensuring that we continue to deliver the quality statutory and day-to-day local services that help keep the City safe and clean, and that we work in partnership with the communities we serve to build a prosperous City that offers residents the opportunity to realise their potential. To do this we will set a balanced budget plan for 2022/23 in the next two months and will publish a multi-period Medium-Term Financial Strategy during 2022/23.

Delivering improvement and changes within a well understood and pragmatic financial framework is a non-negotiable part of this plan and financial grip and holding individuals to account will form the cornerstone of our new culture. We will expect managers, staff and Members to be open to scrutiny and challenge around what we do, how we do it and what it costs to deliver at all times. We will empower and resource the organisation to deliver against the Improvement Plan and will hold people to account if commitments to deliver are not met. We will drive culture change through a set of simple and measurable indicators.

This two-year Improvement Plan is structured into six-month planning and delivery windows: keeping focus on delivering the things that matter whilst readying the organisation for the things that need to be delivered in the medium term. We will weigh up potential changes on the basis of whether they improve outcomes and at what cost. We will not make change for change's sake. Equally, we will not rule out any options for change that could help improve outcomes. We will keep an open mind even where options might be uncomfortable.

The plan is built on three key themes which will be monitored, measured and reported within a rigorous programme management framework with a clear focus on delivery:

THEME 1: FINANCIAL SUSTAINABILITY

Achieving financial sustainability relies on us setting a balanced budget for 2022/23, delivering on our savings and transformation plans, delivering sharper focus on collective and individual fiscal responsibility and accountability ensuring that we deliver on our priorities. This will mean taking bold decisions to turn off the things that are no longer "core/can't afford" as we constantly challenge ourselves on how we spend every penny of the Council's money.

THEME 2: SERVICE REVIEWS

We need to urgently review all our activities, including statutory & key services, our contracts and our assets. We have initiated a series of service deep dives starting in Adult's and Children's Services and will continue this

programme of review into mid-2023. The reviews are focused on identifying opportunities for efficiencies using external challenge and the outcome of the reviews will generate options and recommendations for doing things differently. We will manage these reviews using an agile approach so that we can agree and deliver changes as new opportunities and alternative ways of working present themselves. We have to have the ability to make change happen more rapidly.

THEME 3: GOVERNANCE AND CULTURE

This section describes how we will manage the Improvement Plan with the support of the Improvement Panel and associated partners. We will refresh our Corporate Strategy and key policies. We will adopt stronger fiscal and delivery disciplines where individual accountability will be at the heart of our new ethos. We will only change the organisation if we are clear on what has to change, by when and to what standard.

To deliver against these themes, leaders throughout the organisation will have to demonstrate a high level of fiscal self-awareness, emotional intelligence, and subject matter expertise. We must all continue to challenge each other and the status quo, call out things that we think are wrong and be pro-active, seeking out opportunities to innovate and improve.

Officers and Members of the Council are committed to remaining transparent and welcoming of external challenge and scrutiny. We have been open about our financial situation and have worked hard to try and address the significant financial challenges we face. However, we know we need to do more. **We recognise that the capitalisation directive from national Government should only be agreed once we have exhausted all alternative actions to provide a balanced budget for 2022/23.**



In 2019, the Council started an extensive Financial Improvement Programme and specialist consultants were engaged to provide rigorous challenge to the Council's baseline position and forecast, and to bring in best practice examples of service transformation and savings. From this, we identified £11m of potential savings for 2021/22 against a £14m budget gap. The COVID-19 pandemic has delayed some activity. We know that with the assistance of transformational funding, reduced capital spending and the enhancement to reserves from a release of its remaining non-service delivery assets, Peterborough has the potential to be sustainable in the short to medium term.

Next year's budget will need to be tactical, addressing the immediate financial structural issues that we need to rectify. External expertise and internal capacity have been increased to develop transformation and budget options to deliver savings in 2022/23. Our improvement programme will also be supported with capacity from CIPFA which has started to examine all major areas of spend across the Council.

Beyond 2023, we expect our budgets (and our MTFs) to become sustainable.

Councillors have ambitious plans, including support for the new University and a programme of housebuilding and other growth-based activities. But these initiatives need time to make an impact, particularly in light of the impacts of the pandemic on our City and citizens. They will not solve the immediate financial challenges that the Council faces. Following the May 2021 elections, a new administration has been formed with a new determination and willingness to resolve the short- and longer-term financial situation by taking difficult decisions now.

To support the cross-party collaboration that is necessary for hard decisions to be made and key priorities to be agreed, we have established a cross-party Financial Sustainability Working Group which meets on a regular basis to review improvement opportunities. This group will also hold officers to account for delivery of the Improvement Plan and will report directly to the Improvement Panel and Full Council.

The whole organisation has worked incredibly hard through the pandemic and there are, unsurprisingly, signs of change inertia. To address this, we urgently need to change our narrative and reframe it to harness the motivation of staff to ensure the whole organisation has a renewed focus on addressing the significant financial challenges that lie ahead. The improvement and transformation journey will require a huge effort from the whole organisation - Members, senior managers, our workforce, and our delivery partners.

We have responded quickly to recent reports into governance and financial matters and have adopted a spirit of partnership working and collaboration with DLUHC to date. This dialogue will continue during the improvement period over the next two years. We look forward to receiving additional support from the non-executives who will form the Improvement Panel and CIPFA and the insights on best practice they will bring. We will identify and allocate the necessary resources from our own teams to take on this best practice and deliver the required recovery and improvement.

The Improvement Plan is a live document with the two-year plan being split into six-month planning windows, with the immediate six months being set out in detail, while maintaining a view of the longer-term planning horizon. We have finite resources, and we need to target them to focus on making changes to our delivery model where we can deliver the best return while continuing to live within our means.

Delivering this plan will lead to real and positive change, with lessons learned being applied to make Peterborough City Council a stronger and financially sustainable organisation.





Corporate Strategy

The council needs to refresh its Corporate Strategy for the period 2022-2025. This work will be developed in two parts. Part one, which is described here, will be an 18-month tactical strategy for the period January 2022 to July 2023 with a focus on reaching financial sustainability. This will underpin the Improvement Plan which will capture activity to deliver.

Part two will be developed during the first three to six months of 2022 and will set the longer-term ambition and vision for the council and City. This refreshed Corporate Strategy 2022-25 will replace the draft Corporate Strategy which has been in consultation since the spring of this year. Both parts of the refreshed strategy will respond to reports from CIPFA, DLHUC and the Local Government Association and in consideration of the context in which the Council must now operate.

The 2022-2025 Corporate Strategy is an opportunity for the Council to set out a positive vision for the area, with a longer-term revised policy framework that clearly articulates our priorities and purpose to citizens, businesses, partners, and other stakeholders. To develop this vision, the Council will work alongside partners, business and the residents of Peterborough to consider the priorities for the City and the contribution that everyone is able to make.

Both parts of the strategy will focus on the core and statutory services that meet the needs of citizens, particularly in light of the impacts of the pandemic. All service plans will be reviewed to ensure that activity and performance measures are directly related to delivery of priority outcomes laid out in the Corporate Strategy. Activity that is not directly related to the new Corporate Strategy will be stopped.

The strategy will pay careful attention to identifying and meeting the needs of residents now and in the future, acknowledging that Council may not always be the solution. There are huge strengths, assets and resources across Peterborough many of which sit in partner organisations, business and communities. The Council must play its part in bringing people together and leveraging these resources around the key priorities for the City.

“It is clear that we are a council that can achieve what we set our mind to do. We have been highly successful in attracting external funding and have worked tirelessly to support residents throughout the pandemic.

There is an exciting future ahead for the City and this two-part corporate strategy will help us with the decisions we need to make in the short term, so that we can be ambitious in the longer term and have the funding and tools we need to make future investments.

I have already started to establish a more ‘listening’ and collaborative culture inside and outside the council which has been welcomed by partner organisations and, together, we are already driving the strong recovery of our City, from the Embankment redevelopment to delivery of a new University.

You will see that this Council remains committed to ensuring that Peterborough is a place where residents are proud to live, work and grow up. “

Cllr Wayne Fitzgerald, Leader of Peterborough City Council.

Corporate Strategy **Part One**

Years of austerity measures, reduced funding from Central Government and rising demand for Council services, coupled with recent the COVID-19 pandemic has accelerated our already stressed finances to the brink.

The previous strategy set out a vision for a safe, vibrant, and growing City. A place to live, work and visit where everyone can thrive and feel welcome. Our commitment to this long-term vision remains as strong as ever and our ambition for the city and its people is unchanged. But we must immediately address the serious issues raised in these recent reports and adjust our plans over the next 2 years to ensure future sustainability.

We have developed an Improvement Plan to drive the work we need to do and the decisions we need to make to reach sustainability. The plan will also provide assurance to the Government that Peterborough City Council's response to the Governance and Finance Reviews of the Council is positive and being undertaken at pace.

We have also established an Independent Improvement and Assurance Panel which will provide external advice, challenge, and expertise to Peterborough City Council and hold us to account for the delivery of our Improvement Plan.

We recognise that, if we are to achieve our aims and live up to our aspirations for a successful Peterborough in the future, we must rethink what we do and how we do it today. This document sets out our ambition and our revised priorities.

We will be a well governed council which ensures delivery of the right services for those that need them in an efficient, cost effective and sustainable manner.

We remain committed in ensuring that **Peterborough is a place where residents are proud to live, work and grow up in.** We will act now to ensure that in the longer term we are a financially and environmentally sustainable council which is well positioned to make Peterborough a place where:

- We have a greener, cleaner City with safe, friendly and healthy neighbourhoods.
- There are first rate futures for our children & young people, with quality support for adults, older and disabled people.
- We support and enable people to do more for themselves, for each other and for their communities
- Our City grows in a sustainable and fair way to create job opportunities and address poverty. As we grow, we will invest in the quality and availability of housing.

We will review all our delivery, budgeting, resourcing and performance activities and focus on the best quality core services we can afford.

This first 18-month tactical strategy for the period January 2022 to July 2023, is at the heart of our Improvement Plan and will focus on three key areas: reaching a sustainable financial model by 2023, how we will deliver services now and, in the future, and strengthening our governance and culture.

FINANCIAL SUSTAINABILITY PRIORITIES

- That we manage our finances in a sustainable way to help us reach a strong financial position in the medium term, and continue to deliver the well-planned, modern, effective and value for money public services that local people expect.
- That we develop a four-year MTFs for 2023-27, reflecting the outcome of a root and branch review of all of our services, and the forecast resources available to the Council.
- That our budget process links clearly to outcomes for residents in Peterborough, rather than being based on the Council's existing structure and services.
- That we carefully manage our capital and investment programme, reduce external borrowing, and generate more capital receipts through disposing of assets that are no longer needed or by using assets to generate income.
- That our council-owned companies, have appropriate financial, governance and management arrangements which drive up quality and provide value for money.

TO DELIVER THIS, WE WILL

- Robustly manage our Capital programme and Investment programme, reduce borrowing and generate more capital receipts through disposal of assets that are no longer needed.
- Optimise the use of our assets to support service delivery to meet the needs of our residents and businesses and support the delivery of our outcomes
- Review our council owned companies to ensure appropriate financial, governance and management arrangements are in place
- Align our outcomes for Peterborough and the ambition of the Council with the resources available to us.
- Establish a planned and sustainable budget framework to ensure that the activities within it are affordable within the resources available to us in the medium to long term.
- Increase our commercial activity to ensure we are maximising revenue and minimising the cost to the taxpayer.
- Ensure that all external contracts we commit to get the best value for taxpayers' money.

OUR SERVICE PRIORITIES

- That the council services local people rely on can continue to be well planned and effectively delivered.
- That the council works with its partners and communities to make the best use of its limited resources and avoids unnecessary interventions and duplication.
- That we effectively deliver quality statutory services to ensure that vulnerable children are protected, and all children have the conditions for the best start in life.
- That our older and vulnerable adults can have a good quality of life and grow old with dignity.
- That the city works together as one to address the climate emergency, getting us on the path to net zero emissions by 2030.
- That our local services that help keep the city safe and clean continue to be delivered well, and that we work in partnership with the communities we serve to build a prosperous city that offers people the opportunity to realise their potential.

TO DELIVER THIS, WE WILL

- Undertake a comprehensive review of our services, including how we manage current demand, encourage independence and intervene early where we need to.
- Model future demand pressures and costs alongside a forensic review of expenditure.
- Focus on providing the best quality core services we can afford whilst continuing to target provision effectively, so that the right services reach the right residents at the right time.
- Deliver on our commitment to make the council's activities net-zero carbon by 2030 and to support the city to achieve the same.
- Organise ourselves so that our available resources are used effectively to meet need in a cost effective and sustainable way that improves the quality of life and reduces inequalities.
- Continue to build strong relationships and work in partnership with local people, communities, businesses and partners to ensure we work together effectively in our commissioning and delivery of services.

GOVERNANCE PRIORITIES

- That there is shared commitment by all Members in Full Council, strong and decisive leadership by Cabinet, constructive and well-informed scrutiny, and inquisitive and challenging audit, enabling the Council to fulfil its ambitions for the city and its duties to the public.
- That public funds are managed responsibly and used to respond to current needs and invest for the future.

- That there is cross party, collaborative work to reach a sustainable future for the Council and City.
- That the principles of good governance are well understood, accepted and put into practice routinely by all Members.
- That our Performance Management Framework provides clear accountability for the delivery of the outcomes in the Corporate Strategy and is effective in managing performance across the organisation.

TO DELIVER THIS, WE WILL

- Establish and embed a strategy for Member development particularly in relation to their roles on audit and scrutiny
- Review existing governance structures to see if improvements can be made.
- Ensure that the principles of good governance are shared, discussed and adopted.
- Undertake a workforce development programme to help our officers and councillors build on their strengths whilst also developing the new skills and experience needed to support the city council, citizens and city over the long term.
- Scrutinise 'performance' in the broadest sense, rather than focusing only on traditional measures such as output indicators and progress on delivering service plans.
- Develop a longer-term revised policy framework that clearly articulates our priorities and purpose to citizens, businesses, partners, and other stakeholders.
- Use evidence and external expertise where needed to drive our decision making, ensuring the decisions we take are well-informed by a diverse range of views, with clear accountability for decisions, and made transparently and openly for the benefit of the public we serve.
- Strengthen good practices in transparency, reporting and audit to deliver effective accountability.

Focus and effort across these three areas will help us to address some of the biggest challenges the Council and the City faces, whilst continuing to deliver the modern, effective and value for money public services that local people need and deserve.



Improvement Plan - key deliverables in the first six months

Theme	Workstream	Key Deliverables	Milestone
Corporate Strategy	Part One	Short term, tactical Strategy informing development of two-year Improvement Plan, with a focus on reaching financial sustainability.	Consultation starts Dec '21
	Part Two	2022- 2025 Corporate Strategy, setting the longer-term ambition and vision for the Council and City	Consultation starts May '22
Financial Sustainability	Medium Term Financial Strategy	<p>Restrict expenditure in 2021/22.</p> <p>Set Revenue and Capital budgets for 2022/23</p> <p>Develop Medium Term Financial Strategy 2023-2027</p> <p>Develop and implement new Financial Operating Framework</p>	<p>Nov '21</p> <p>Nov '21 - Feb '22</p> <p>Dec '21 - Sep '22</p> <p>Mar '22 - Nov '22</p>
	Assets	<p>Assets Disposal</p> <p>Review of Assets Base</p> <p>Develop and implement refreshed Assets Strategy</p>	<p>Dec '21 - ongoing</p> <p>May '22 - ongoing</p> <p>Mar '22 - Jul'</p>
	Capital Programme	<p>Review of the existing Capital Programme</p> <p>Develop and implement refreshed Capital Strategy</p> <p>Balance Sheet management</p>	<p>Dec'21 - Mar'22</p> <p>Jan '22 - May '22</p> <p>Dec '21 - ongoing</p>
Service Reviews	Initial deep dives into areas identified by CIPFA benchmarking	<p>Adults</p> <p>Childrens</p> <p>Housing and Planning</p> <p>Communities</p>	<p>By Jan '22</p> <p>By Jan '22</p> <p>By Feb '22</p> <p>By Feb '22</p>
	Outcomes Based Service Reviews	Develop methodology and timeline for outcomes-based reviews	Feb '22
	Revised target operating model (TOM)	Create the structure for a new TOM, including assessment of the TOM design principles against revised/new service delivery options.	Feb '22
	Contract Reviews	<p>Complete the review of major contracts, bringing in subject matter experts where required.</p> <p>Ensure all contracts have a named contract holder, who is suitably trained in contract management</p>	<p>Dec '21 - Feb '22</p> <p>Dec '21 - Jan '22</p>

Service Reviews (continued)	Contract Reviews (continued)	Ensure a Commissioning Strategy exists for all services and sub-services the Council delivers, either through an external provider or in-house	Jan '22 – May '22
	Review of companies	<p>Review of existing Council companies</p> <p>Review and implementation of new group holding structure and Governance arrangements for company oversight</p> <p>New strategy for establishing service delivery arrangements and company creation</p>	<p>Dec '21 – Mar '22</p> <p>Jan '22 – Mar '22</p> <p>Feb '22 – May '22</p>
Governance and Culture	Governance and Assurance	Strengthening Audit committee including recruitment of independent members of the audit committee	Dec '21 – Jan '22
		Strengthen the skills and approaches of members of the Scrutiny Committees through additional training.	Dec '21 – Jan '22
		Make the necessary changes to our Constitution to incorporate the role of the Improvement and Assurance Panel in the Council's governance structures	Dec '21
		Develop proposal to change from elections by thirds to all-out elections every four year.	Dec '21 – Jan '22
		Review existing governance structures to see if improvements can be made.	Jan '22 – Mar '22
	Performance Management	<p>Develop and embed Business Assurance and Project Management Office function, with responsibility for monitoring, reporting and supporting deliver of this Improvement Plan</p> <p>Review performance management framework and embed individual accountability for delivery of this Improvement Plan.</p>	<p>Dec '21 – Jan '22</p> <p>Jan '22 – Mar '22</p>
Capacity and capability	<p>Review of organisational structure</p> <p>Six month delivery and resourcing plans delivered for all workstreams in this Improvement Plan</p> <p>Additional capacity to deliver first 6 months of plan secured</p>	<p>Feb '22 – May '22</p> <p>Dec '21 – Jan '22</p> <p>By Jan '22</p>	

THEME ONE Financial Sustainability

FINANCIAL SUSTAINABILITY WORKSTREAM 1 MEDIUM TERM FINANCIAL STRATEGY

The delivery of a realistic and robust Medium Term Financial Strategy (MTFS) is dependent upon a Council-wide commitment from Officers and Elected Members to a fundamental change in how we work, how services are provided, and how we engage with, and provide for, our residents. The status quo will not work and would inevitably lead to direct Government intervention given that the money will simply run out.

There are four key work streams in this section which are vital to the delivery of a sustainable financial future for the Council. These are:

1. RESTRICTING EXPENDITURE IN 2021/22

A moratorium has been introduced for the current year to ensure only essential expenditure is incurred in the remaining third of the year. This should produce an underspend which can either be used to roll forward as a one-off solution for 2022/23, or added to reserves, whichever is the greater assessed need.

2. REVENUE AND CAPITAL BUDGETS FOR 2022/23

Presenting a balanced budget for revenue that has a positive Section 25 assurance is a huge challenge. We will meet the challenge by:

- Fully establishing the unavoidable financial pressures our services will be facing, particularly as a result of the pandemic, and factoring those in the final budget
- Rigorously pursuing quick wins, including a review of our fees and charges
- Only including savings proposals that are rated Green or Amber for delivery on the traditional 'traffic-light' risk rating
- Using one-off monies as a last resort (e.g. capitalisation directive) unless for a very specific and one-off purpose (such as COVID-19 funding)
- Ensuring, wherever possible, that the need for short-term results for 2022/23 does not impede the opportunity for greater savings in future years
- The resulting proposals will be released for formal consultation on 21 January 2022, and will be considered by Cabinet on 21 February 2022, before being amended as appropriate and debated by full Council on 2 March 2022
- Financial Sustainability Workstream 3: Capital Programme, outlines the approach to the capital budget

3. MEDIUM TERM FINANCIAL STRATEGY 2023/24-2026/2027

Setting a genuine MTFS that will stand the test of time requires brave and innovative thinking. In our particular situation, it needs a root and branch review of everything we do, and how we do it. We will also need to consider how the fast-changing world of technology can play an increasing role in our engagement with residents, clients and customers. We accept that true and genuine transformation takes time, and money. Our MTFS will recognise that savings from transformation take several years to be fully realised, and so we may have to combine transformation savings with tactical savings in the shorter term. In order to arrive at a four-year strategy, by September 2022, we will:

- Learn from others; examine best practice in other local authorities across all service areas
- Follow-up on the forensic reviews that are already underway in service areas
- Set a range of financial health indicators across the four years, that will effectively set parameters for spending that optimises our use of resources

- Development of key lines of enquiry that will be the basis for the aforementioned 'root and branch review' of services. This will include capital and our company holdings
- Review our attitude to risk and investment. We need to be mindful of our affordability envelope as well as our insurance (mainly financial reserves) against any of our risks materialising

4. FINANCIAL OPERATING FRAMEWORK

We will review all of our financial and budget procedures for both revenue and capital, by September 2022. This will promote good financial management and ensure ownership and accountability for effectively managing the Councils budgets, is front and centre of the organisation's priorities. It is only with this attitude and approach that the Council's will achieve financial sustainability. This review will result in:

- Adoption of budget setting procedures, that will be built on the principle of a bottom-up approach
- Financial Sustainability Working Group (Cross-party member group) monthly briefings
- Appropriate, effective and efficient levels of control on spending
- Accountability being unambiguous, with clearly stated consequences of failure eg budget managers overspending their allocation
- Improved in-year monitoring and reporting, and agile decision making

KEY OBJECTIVES

- An underspend in 2021/22 in order to bolster reserves
- A realistic and achievable budget for 2022/23
- Reduced reliance on one-off funding solutions
- A brave, bold and ambitious MTFS for 2023/24-2026/27
- A greater focus on sustainability and the longer-term
- Greater engagement and accountability with budget managers across the Council
- An appropriate and affordable attitude to risk

KEY DELIVERABLES

- A revenue and capital budget for 2022/23
- A sustainable MTFS for 2023/24-2026/27
- A revised risk appetite
- New Financial Operating Framework and procedure

KEY RISKS

- An underspend in 2021/22 is not delivered
- The 2022/23 budget has an unacceptable reliance on one-off funding
- Genuine transformation in service delivery is not undertaken in a timely manner
- Government fails to fully fund changes in legislation, such as social care reform
- Mitigations against these risks include;
 - Real-time monitoring in 2021/22 of discretionary spend lines, with immediate actions taken
 - Working up for further budget savings that can be delivered in-year in 2022/23 that were not sufficiently worked-up for inclusion in the approved budget in March 2022
 - Issuing of a S114 notice

FINANCIAL SUSTAINABILITY WORKSTREAM 2 ASSETS STRATEGY

The CIPFA report recommended a review of assets to create a consolidated picture of all assets across the Council. At the moment, the Council holds a significant number of assets either on its own or through partners and a new and ambitious strategy is needed to drive inclusive growth and financial sustainability.

1. REVIEW OF THE ASSET BASE

Our updated Asset Management Strategy (AMS) will be based on asset rationalisation where there is no commercial, community or strategic case for retaining the property. In line with the MTFS theme the utilisation of assets will form part of the root and branch review of everything we do and how we do it. The changes to operating practices as a result of the pandemic have demonstrated the possibilities of reducing the use of physical assets while still providing services to residents, clients and customers. It is expected that the decision taken on changes to service delivery will make a number of operational assets redundant and this work will complement the Organisational Capacity and Delivery theme.

2. ASSET DISPOSALS

Receipts from asset disposals will be utilised to meet current commitments, provide additional cash flow into the Council to mitigate budget pressures of servicing past debts (in line with the key Financial Health Indicators referenced in the MTFS section), and if required to provide an alternative funding source for a transformational programme that delivers savings over the period of the MTFS subject to Government approval.

Any disposals must comply with the AMS and the Asset Management Plan. We cannot make short-term decisions that could harm future values. The sites which are recommended for sale will be disposed in accordance with Best Value to ensure the greatest value within the timescales set out in Workstream 1 – MTFS. This will ensure that only asset sales are ‘at the right price’ and will not be rushed into ‘fire sales’.

To achieve asset disposals we will:

- Complete a review of our Asset Management Strategy and Plan
- Bring in a subject matter expert to see how we can add value to the existing estate
- As a result of the above, compile a list of possible disposals, and consider and manage the implications of each potential disposal such as
 - revenue loss,
 - maintenance liabilities, and
 - current and potential future issues which may affect valuations
- Where option appraisals are required an external property advisor will be commissioned
- Set up an effective project management to manage all asset disposal activities in accordance with the timescales of this Plan and MTFS and reporting in accordance with the governance of the Plan
- Mitigate any risk in asset sale realisation by continually reviewing and expanding the list of assets recognised for disposals

KEY OBJECTIVES

- To have an asset strategy that ensures value is maximised over the short, medium and long term
- To commission a report that identifies how we can maximise the value of our existing estate
- Compile a list of assets for disposal between now and March 2023

KEY DELIVERABLES

- An asset strategy approved by Council in July 2022
- A target figure for asset disposals in 2022/23
- Reduced liabilities, both revenue and capital, as a consequence of the asset disposal programme

KEY RISKS

- Capital receipts are not realised in sufficient quantum for 2022/23
- Assets are sold before their values are maximised
- The wrong assets are sold
- Revenue income or potential income is lost and cannot be replaced
- Condition surveys adversely impact on purchase price

FINANCIAL SUSTAINABILITY WORKSTREAM 3 CAPITAL PROGRAMME

Peterborough Council has a high level of debt. The borrowing costs associated with that debt represent 16% of the 2021/22 revenue budget. This must and will be reduced over the medium term. The 2020/21 Statement of Accounts, including internal borrowing, shows total debt at £598m. Total realisable assets held by the Council are shown at £368m.

There are historic reasons for this position, such as investment in assets no longer on our balance sheet (academy schools) and investments in no-realizable assets (eg roads). This is not unusual, but it does mean that maximising our assets through service provision or disposals, is critical

Turning the debt to realisable assets ratio into a more positive and proportionate balance will take time. The following elements will be implemented:

1. REVIEW OF THE EXISTING CAPITAL PROGRAMME

This is already underway. The Section 151 officer has issued an instruction to the organisation that 'the Council must stop all capital expenditure that is not legally required that is funded by Council Resources'. Interim controls have also been introduced until this Improvement Plan is approved and will remain in place until a revised Capital Strategy, developed as appropriate with our partners and the voluntary sector, with associated controls, is approved.

2. CAPITAL STRATEGY

A new Capital Strategy will be presented to Council in March 2022 for approval. This will be based around six basic 'rules':

1. No new borrowing unless failure to do so would result in a breach of our statutory duties (see next bullet)
2. Borrowing for projects that will result in future savings with a payback period of five years or less
3. A two-stage approval process: approval to plan (which allows a project to be included in the capital programme) and approval to spend (required before a contract is entered into that commits the Council to expenditure)
4. A prioritisation process based on need and financial benefit.
5. A review of the current governance and control framework
6. A review of funding sources

3. BALANCE SHEET MANAGEMENT

The level of debt, the cost of debt repayment, and the negative equity shown in the balance sheet are a big concern. The Asset Review section sets out our objectives for asset disposals, which will be used in part to repay debt. Whilst any debt repayment from receipts will reduce the future debt repayment costs (which will be one of our key Financial Health Indicators referenced in the MTFs section) it is unlikely to improve the negative equity situation (unless assets are sold for more than their book valuation). We will therefore only sell assets 'at the right price' and will not be rushed into 'fire sales'. At this stage however, we cannot rule out needing to use some capital receipts to support the 2022/23 revenue spend, subject to Government approval.

KEY OBJECTIVES

- To review the existing capital programme to 'shrink to fit' affordability
- To reduce debt costs as an overall percentage of the revenue budget
- To have a Capital Strategy that reflects the perilous state of our balance sheet
- To have a capital programme that properly reflects the Capital Strategy
- To revisit the Asset Management Plan, to ensure we have the right assets in the right place, and that we have fully budgeted for lifecycle costs

KEY DELIVERABLES

- Propose a revised Capital Programme to Council in March 2022
- Propose a new Capital Strategy to Council in March 2022
- Ensure we have a fit for purpose process for agreeing and prioritising projects
- Present an updated Asset Management Plan to Council in March 2022, along with recommendations for an asset disposal programme (see Financial Sustainability Workstream 2 – Assets)

KEY RISKS

- Council does not adopt the March 2022 recommendations
- More debt is needed to meet our statutory obligations
- Inflation and supply adversely impacting on cost of materials and delivery of projects



THEME TWO Service Reviews

The purpose of this theme is to describe the Council's approach to examining its current service delivery and operating model.

SERVICE REVIEWS WORKSTREAM 1 DEEP DIVES

For the first six-month period of the plan, the focus will be on deep dives into the service areas which are highlighted through benchmarking in CIPFA's report. These deep dives will determine if there is scope to make savings quickly in these areas by applying best practice and learning from other councils. We have commissioned CIPFA to work with our service leads and practitioners to review these service areas.

The key driver for the deep dives, over the next six months, is to challenge the service areas to determine how we could do things differently and save money. We will only be able to make the really tough decisions if we have the right mindset. Where we can make the case for change, we must then have the will and determination to stop doing things that (a) don't meet our statutory duties (b) are not core to our corporate priorities or (c) we simply cannot afford to deliver.

We need to reconsider everything we do and focus only on our priorities and on what we can afford. We have to change our mindset to focus on the things that are essential and important.

Initially and between now and April 2022, we will carry out service deep dive reviews into five key areas:

- PHASE 1:** Children's Services and Adult's Services (start November 2021, ends December 2021).
- PHASE 2:** Housing and Planning (starts December 2021, ends January 2022).
- PHASE 3:** Community and Leisure Services (starts and ends February 2022).
- PHASE 4:** Companies and other commercial interests (starts Dec '21 ends May '22)
- PHASE 5:** Is a cross-cutting theme and comprises assets and contracts. These will be reviewed on a service-by service basis as we conduct each of the reviews in Phases 1-4.

We will review services using external expertise and challenge from CIPFA and other partners. We will also draw on the wide range of experience from our Improvement Panel and we will "borrow with pride" by challenging our current thinking and being open about adopting new ways of working.

We aim to have reviewed and have key options and recommendations for the first phase of services within the next six months. This work will be undertaken on an iterative basis. For Children's and Adults' we expect to be having conversations about what we could do differently during December 2021 with a view to rapid implementation in early 2022.

The approach to the deep dives will be focused, direct and have a quick turnaround. Our deep dive methodology will comprise a fact finding and diagnostic phase, where we will conduct interviews with service leaders and experts. Our analysis and solution development will be based on reliable data points. We will only move forward to mobilisation and implementation once we have agreed that the proposed changes will deliver better outcomes and maximise efficiencies.

Existing performance data along with sector benchmarking data provided by external partners will be used to review the performance of our services and to help us focus where improvements are required.

We will apply a set of criteria in order to inform the next phases. These criteria will include (a) those services showing a benchmarked high spend, (b) services with a known high spend, (c) statutory then non statutory

based on total service spend, (d) services with significant reliance on support services including business support, contracts and other assets including borrowing.

SERVICE REVIEWS WORKSTREAM 2

OUTCOMES BASED SERVICE REVIEWS AND TARGET OPERATING MODEL

After the first set of deep dive reviews, we will take a more cross cutting view of outcomes and services, looking for opportunities for transformation and innovation. There will be a clear line of sight from strategic objectives to service delivery supported by a common business planning and business prioritisation approach; allocation of financial and people resources where they are most needed.

Underlying this, we will ensure that the linkages between service demand and volumes are aligned to our performance reporting framework. Strategic planning and the allocation of money will be done by focusing on the outcomes rather than by where resources sit in the organisation. We will be smarter at linking up finance information and service activity data to help us do this.

For each service review we will apply a standard set of design principles including the following:

- Protect areas of expertise and professionalism that underpin the current service operating models while at the same time challenging if the operating model is still fit for purpose.
- Explore the scope for productivity increases while also looking at whether demand/service consumption can be reduced. Where elements of services should be no longer continued, we will call these out.
- Every individual counts towards the whole and there is a need to ensure that we have the right skills and competency focus for delivering our services including the structure of teams and the make-up of the teams themselves.
- Enable cross functional working wherever possible appreciating that services are rarely delivered in organisational silos.
- Relating to the points above, thinking outside of the box by considering more radical ideas for service delivery including increasing the scope of our existing partners where they are better placed to deliver.
- Ensuring that the assets and other underlying infrastructure (eg, support services, the corporate centre, ICT, applications, data and information) are fit for purpose.
- That commercial activity should happen in one place eg, where the professional accountability for contracts lies within the Procurement function.
- Spans and layers are reviewed to ensure that controls sit at the right level and that unnecessary layers are removed where they don't add value to the service chain.

The service reviews (and taking account of the design principles) will enable us to reframe our view of the services we deliver and how we deliver them. We will gain a better view of how we want to deliver services in the future accepting that some of our new proposals may require further work in the form of business cases and stakeholder consultation.

In order to help us draw a more composite picture of what the future might look like, we will create a high-level target operating model (TOM). A TOM sets out the desired future state for an organisation. Articulating our future vision will help us to understand the journey we need to go on to get there and this will include key considerations such as:

- What a new TOM would look like for the Council.
- What its implications might be for staff, managers, stakeholders, partners and customers.
- What it might cost to implement and what the financial and non-financial benefits might be.
- How it would improve and indeed further the outcomes we need to achieve at Council and service level.
- How we need to change the way we work together and act together.

Many public sector organisations face significant financial issues and their financial constraints only increase year-on-year. There comes a point where salami-slicing services to save money takes these organisations into the laws of diminishing returns.

The organisations that tend to recover and survive on a more sustainable footing are those that take the brave decisions about focusing on the “minimum viable product”, allowing them to channel their resources into delivering the outcomes that have the greatest impact on those that they serve. This is why the creation of a TOM will allow the Council to see the relationship between the services that it must continue to deliver against the outcomes, the performance regime, the skills, competences and resources that it needs to deliver them.

KEY OBJECTIVES

- To maximise our ability to achieve our priority outcomes by increasing the efficiency of service delivery.
- To rationalise and simplify our modes of delivery and influence under a coherent strategy.
- Review shared service arrangements to ensure that they remain fit for purpose and where they are not, propose alternative (costed) ways of delivering services.
- Deliver a set of service-based reviews against the Council’s priorities and against a backdrop of what it can afford over a two-year programme, with the criteria for the remainder of reviews not detailed in this Plan, to be agreed by the Council’s management team during Q4 of the current fiscal year.
- Ensure that the outcomes from the deep dives described in this Plan are consistent with setting a deliverable budget for 2022/23 and a sustainable budget beyond that.
- Review high priority services with the first six months. Agree alternative options for delivery, new ways of working, highlight investments that need to be made (drawing on the capital programme where appropriate to fund transformation).
- Develop business cases for change/transformation focused on changes that will give us the best return on our investment and ones where we can deliver an improved set of outcomes.
- Focus on changes that can be designed, tested and delivered using an agile approach.
- Ensure that the underpinning infrastructure (capital, assets, contracts, commercial arrangements, support services, assets) are challenged to ensure they are fit for purpose and aligned with the services.

The result of this programme, starting now, will be a prioritised, more modern and open Council that acts together to serve its customers and deliver its outcomes in the most efficient way possible with the resources it has available to it. Iterative deep dives will become a common feature of delivering our services so that we constantly review what we do.

KEY DELIVERABLES

- Clear line of sight for the immediate reviews as detailed in this Plan.
- Development of prioritisation criteria for the remaining services.
- Clear scope of each review with key personnel from each service identified along with achievable but demanding start and end dates.
- Key findings and options for change supported by evidence, analysis of performance and financial data including benchmarking and data analysis.
- As the reviews deliver conclusions, ensuring there is close alignment to existing discussions and plans regarding the 2022/23 budget and being cognisant of existing and planned savings plans and initiatives.

KEY RISKS

- Lack of resources from the Council to participate in the deep dives
- Resistance to change or change fatigue leading to lack of new ideas from service areas

- Insufficient engagement from the service areas.
- Lack of resources to deliver the proposed changes.
- Difficulty in unlocking savings and changes in support services (e.g., assets, contracts etc.)

SERVICE REVIEWS WORKSTREAM 3 CONTRACT REVIEWS

The contracts that we have in place are many and wide-ranging. Our contracts support a whole raft of service delivery functions and almost no contract is the same i.e., different terms and conditions, different contractual clauses, different exit arrangements and payment terms etc. Our contracts portfolio fulfils varying functions in our day-to-day service delivery with some contracts acting as additional and supplementary support whilst other contracts are integral to the work of the service and are part of the “fabric” of a given service.

The purpose of this work stream is to review our contracts with a view to getting a common understanding of what contracts are of vital importance to the running of our services and which contracts could (with careful transition planning and service re-design) be terminated.

1. PROPOSED SCOPE

It is vital that our commissioning, procurement and contract management arrangements are commercially driven and result in value for money services whilst providing support to our service delivery operations. By May 2022 we will:

- Have reviewed those existing contracts that give us most cause for concern
- Ensure every contract has an assigned contract manager
- Provide refresher training to all contract managers and reinforce the interfaces between the services and Procurement including a clear understanding of respective roles and responsibilities.
- Refresh the Contract Management Manual to ensure managers are clear what is expected of them
- Ensure a Commissioning Strategy exists for all services and sub-services the Council delivers, either through an external provider or in-house
- Ensure that those commissioning strategies are supported by a detailed market analysis
- Work with key providers and potential providers on shaping the market, to meet our needs
- Develop procurement plans in line with the commissioning strategies
- Review the need to strengthen the head of profession role for commissioning and contract management

2. UNDERSTANDING THE IMPACT AND THE KEY INTERDEPENDENCIES

We will approach the review of contracts in two ways acknowledging that with the first service reviews in Children’s and Adult’s Services, we will review the key contracts that support these services. As we progress with the service reviews, we will review the specific contracts for these services as appropriate. We will also undertake a fundamental review of all contracts across the Council to assess a range of factors including but not limited to the following:

- Is the contract still required?
- Is the contract performing as it needs to?
- Could the services delivered by the contract be delivered in a more efficient and cost-effective way including the termination of the contract and transferring the contracts functions in-house?
- Are any contracts inhibitors to the transformational changes we need to make?
- Would transferring the contracts functions to another provider (potentially through competition) better support out priorities?

- How does changing the contract arrangements affect other elements of delivery including the impact on business support functions?

Getting the right balance of contracts, being delivered in the most cost-effective way with the right levels of management and control is just as important as getting the right commercial arrangements from the contracts themselves. As we progress the service reviews and the review of contracts, we need to maintain the right balance between the needs of the centre (commercial and financial) with the needs of the services.

KEY OBJECTIVES

- Ensure existing contracts are being effectively monitored and managed
- Ensure that there is a well understood strategy and approach to reviewing all contracts in line with financial, commercial and service delivery objectives.
- Contract management skills and roles and responsibilities are clear between contract management and service functions
- A programme of commissioning strategies is a fundamental part of our MTFS
- Procurement Plans are approved prior to any engagement with possible providers

KEY DELIVERABLES

- A review of specific contracts in line with the service reviews being conducted by CIPFA starting in Children's and Adult's
- Each contract will have a set of KPIs that will be reported against
- Large spend contracts that have a major impact on service delivery will be taken through Scrutiny Committees.
- The Contracts Register will be reviewed to ensure it holds the appropriate level of information
- Providers of services will be engaged in order to inform our strategies and planning

KEY RISKS

- We are paying for services that are not being delivered, or not delivered to the required standard
- We have entered into poor contracts, resulting in poor value for money
- We may not have the required penalty clauses in the contract for poor performance
- We are perceived as uninformed purchasers
- We are prevented from existing contracts due to onerous exit terms and conditions

SERVICE REVIEWS WORKSTREAM 4 REVIEW OF COMPANIES

The Council has a plethora of arrangements for service delivery in pursuing its aims and objectives and this includes a number of subsidiaries, joint ventures and associated companies. Over the years, the Council's interests have grown in an ad-hoc manner, with little attention paid to an overarching structure or strategy.

It is important that appropriate governance arrangements are in place in order that the Council has visibility on performance and risk and that the synergies between our interests are maximised.

In order to achieve this, by May 2022 we will:

- Carry out a review of existing companies (supported by CIPFA).
- Run an in-housing /outsourcing process for selected companies, reviewing the process used to create the initial justification and the objective justification (Business Case) for future commercial arrangements.

- On completion of each company review, an evaluation of divestment and disposal options and alternative delivery arrangements where these considerations are appropriate.
- Review of governance arrangement for oversight of the Council's portfolio of companies, including options for a new group holding structure.
- Review of internal governance and oversight arrangements from an officer and elected member perspective, ensuring there are no conflicts of interest and that all members and officers are appropriately trained to carry out their role.
- Review the frequency and content of the reporting arrangements for each entity to the Council and develop a standard report framework for Cabinet decision making for any future proposals to transfer in-house services to a new or existing entity, or for any new activity aimed at growth and/or commercial opportunity for the Council.

1. PROPOSED SCOPE

Over a number of years the Council has secured delivery of its services through a number of different arrangements. These have ranged from wholly owned companies of the Council, joint venture partnerships, and charities through to private outsourced arrangements. The list of companies in scope for the review are as follows:

- Peterborough Limited
- Blue Sky Peterborough
- Empower Peterborough
- Opportunity Peterborough
- Peterborough Investment Partnership LLP
- Medesham Home LLP
- NPS Peterborough Ltd
- Peterborough Museum and Art Gallery Trust
- The Mayor's Charity
- Peterborough HE Property Company Ltd
- Smart Manufacturing Alliance Ltd

2. COUNCIL OWNED COMPANY REVIEW

As part of this work we have commissioned CIPFA to undertake a review of our company and wider commercial portfolio. CIPFA will review each of the companies in turn according to a pre-determined priority based on a range of factors including risk. They will provide an independent analysis of each company including performance, financials, strengths and weaknesses, and the Council's exposure to risk. Where appropriate and where the documentation exists, CIPFA will also review the original business case and commercial and financial justification for the companies to ensure that the original tenet for establishing each company is based on a sound set of principles.

This work will inform individual decisions on whether to maintain, revise focus, in-house or divest from Council companies. The companies under review will form part of a work package agreed between the Council and CIPFA.

3. COMPANY GOVERNANCE ARRANGEMENTS

The Companies theme will focus on the development of Council policy with regard to executive and non-executive directors, establishing a clear role for senior officers through a Shareholder Unit function, ensuring all forms of parental support to companies within the group are subject to effective controls and clear decision making.

4. COMMERCIAL STRATEGY AND COMPANY RULEBOOK

Where Council companies offer reasonable levels of assurance of future financial returns, the Council will seek to maximise this benefit through the development and application of an overarching Commercial Strategy. This will include an assessment of directly delivered charging activity and the treatment of surpluses generated by the companies. Existing and future requirements for Council funding and capital will be evaluated using a combination of risk profile, return on investment and prevailing market conditions.

We will formalise the work of companies and other commercial interests through the development of a Company Rulebook. The Company Rulebook will:

- Provide guidance on the key considerations when the Council is looking to establish new commercial ventures including the creation of new companies.

- Provide officers with a series of guiding principles including reference to existing professional body guidance (e.g. the CIPFA Code) as part of managing the oversight of the companies' portfolio.
- Provide the Shareholder Unit with a set of principles enabling it to provide the checks and balances required of good company oversight and sound commercial management principles.

KEY OBJECTIVES

- Provide greater visibility of company performance and risk profile of the wider Council group.
- To reduce overall complexity and simplify the management and oversight of all core Council activities by reducing the number or alternative delivery vehicles. (This needs to be undertaken with close alignment to the customer services strategy/model being deployed by the Council.)
- To strip out duplication of overhead and management costs by bringing core functions in-house where there is no imperative to maintain externalised delivery vehicles.
- To identify opportunities to generate capital receipts to the Capital Programme through divestment of interests in profitable activities.
- To establish robust shareholder controls and assurance mechanisms for those companies the Council maintains.

KEY DELIVERABLES

- Overarching Commercial Strategy.
- Establishment of a link between individual company performance and the Council's wider performance management system and production of corporate key performance indicators.
- Decisions on the direction for each company/commercial interest.
- Options appraisal and potential creation of a new Shareholder Unit.
- Review of the effectiveness of the Shareholder Cabinet Committee.
- Following the Public Interest Reports into the London Borough of Croydon and Nottingham City Council's EnviroEnergy, review the interface between each company's governance and decision making and the Audit Committee and the Scrutiny Committee for Growth, Environment and Resources.

KEY RISKS

- Loss of opportunity for financial returns as a result of decision-making delays.
- Over financial exposure where companies are struggling financially post-COVID.
- Lack of oversight and governance with regard to companies, resulting in the potential for financial and reputational damage to the Council.
- Medium to long term company performance (based on an independent review of each company's financials and up-to-date Business Strategy and business plans).



THEME THREE Governance and Culture

Delivery of the Improvement Plan is dependent upon a number of interrelating factors, not least of all is having an organisational culture and strong governance that supports the need for the change, understands what is required alongside an absolute determination to succeed. Whatever plans are put in place can only succeed when everybody is determined to adopt the behaviours required and to live the new culture. The most pressing need is a culture that is focused on performance, delivery and accountability. Immediate work will concentrate on enabling the organisation to focus on this.

There is a positive base to start from, the External Governance Review led by Andrew Flockhart paid tribute to the political will of the Leader and Cabinet to take ownership in resolving the financial challenges. The Review also recognised the positive and open relationship between Councillors and Officers and the willingness to learn. However, the review recognised the past lack of challenge and scrutiny from members and officers alike has contributed to the financial situation being allowed to deteriorate.

All parts of the Council's system of governance (including Full Council, Cabinet, Scrutiny, Audit and regulatory committees) must play their part effectively, enabling the Council to fulfil its ambitions for the city and its duties to the public.

This will require a shared commitment by all Members in Full Council, strong and decisive leadership by Cabinet, constructive and well-informed Scrutiny, and inquisitive and challenging Audit. All the right parts of the machinery of governance exist - they need to work together better to help the Council get through this very tough period

GOVERNANCE AND CULTURE WORKSTREAM 1 MEMBER GOVERNANCE AND ASSURANCE

The external assurance review report on Governance asked us to commission and support a development/support programme for councillors, particularly the new Leader and Cabinet, the Chairs of the Scrutiny Committees and the Audit Committee and for the leaders of all the political groups of the Council. The report also highlighted the need for us to strengthen the leadership of our Audit Committee and to elevate the role of the Audit Committee's annual report to Full Council so that a considered discussion could take place regarding any concerns raised and a robust response given.

We are committed to ensuring members have the structures, knowledge and skills needed to effectively scrutinise and challenge the Council's financial decisions, governance and procedures. We will review existing governance structures to see if improvements can be made and work with CIPFA to conduct a skills analysis assessment of both the Audit and Scrutiny Committees in order to deliver a targeted and appropriate training and development programme.

1.AUDIT & ACCOUNTS COMMITTEE

The governance assurance report found that our Audit Committee was not currently scrutinising the Council's financial challenges with sufficient urgency or focus or paying sufficient attention to the strategic risks and issues facing the Council or the Council's MTFS processes.

CIPFA has been provided with details of the training that was provided in-house by the S151 officer and his team and the Internal Auditor for the Audit Committee after the May elections in 2021. Committee members have also all received the CIPFA handbook "Audit committees - Practical Guidance for Local Authorities and Police (2018 Edition)" which sets out best practice and helpful checklists when reviewing the effectiveness of audit committees.

The DLUHC Finance Review report recommended that the membership of our Audit Committee should be strengthened by the appointment of external independent members in order to improve its expertise and independence and this is in line with industry best practice of every local authority audit committee having at least one independent member. A report recommending the recruitment of independent members of the audit committee, one of whom would chair the Audit Committee, will go to the Special Council meeting on 16 December for approval. This will include draft job advertisement and amended terms of reference for the Audit Committee. CIPFA will be supporting the Council on the recruitment process.

If approved by Council on the 16 December 2021, the roles will be advertised immediately with a view to interview in the second week of January 2022. The induction process will then commence immediately, subject to ratification of the appointment at end of January 2022 at Full Council.

2. SCRUTINY COMMITTEES

The Council has four Scrutiny Committees – Adult’s and Health Scrutiny Committee, Children and Education Scrutiny Committee, Communities Scrutiny Committee and Growth, Environment and Resources Scrutiny Committee - which also meet jointly to scrutinise budget proposals.

The Governance assurance report found that the checks and balances that should be offered by the scrutiny role were not strong enough and did not focus enough on the strategic dimensions of our challenges, in particular the MTFS and annual budget plans. There needed to be a stronger willingness to challenge the assumptions and information presented to them.

CIPFA has been asked to consider how best to strengthen the skills and approaches of members of the Scrutiny Committees and are considering this against the training that has already been delivered.

We will make the necessary changes to our Constitution to incorporate the role of the Improvement and Assurance Panel in the Council’s governance structures, including reporting to Full Council every six months and the Cabinet’s response to its recommendations. The Growth, Environment and Resources Scrutiny Committee will review the Cabinet’s actions and report on progress directly to Full Council every six months.

3. CONSIDERATION OF MOVING TO “ALL OUT ELECTIONS” EVERY FOUR YEARS TO ADD STABILITY

The Governance Assurance report recommended that the Council formally consider a report on moving to all out elections every four years instead of electing by thirds by March 2023, via an evaluation process. The Council is also required to discuss the outcome of the evaluation with DLUHC. The report recommended this change in order to bring stability to our decision-making and encourage the development of more strategic long-term solutions. The timetable set out the Governance Assurance report states that the formal evaluation of the option of a four-year electoral cycle should be initiated by July 2022 and Full Council should consider a report outlining the results of the evaluation process by March 2023. Any such decision would require a two-thirds majority of members voting in favour.

A report is therefore due to come back to Full Council in 2022 asking it to consider the recommendation to commence an evaluation process on the proposal to change from elections by thirds to all-out elections every four years.

3. RISK MANAGEMENT

A good foundation for risk management exists, although the organisation has been traditionally risk averse. In order to deliver the Improvement Plan, we may need to embrace a higher level of risk appetite.

RISK APPETITE	DESCRIPTION
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Our risk management approach and methodology is articulated within the Risk Management Policy and overseen by the Risk Management Board. Key risks are recorded using the Council’s online project management tool (POWA) and the Risk Management Board provides formal oversight and challenge of corporate and departmental risk registers. There is good risk management representation across all Directorates and management engagement in the risk management process.

To oversee the delivery of the Improvement Plan, each Theme will have a series of actions which will be risk assessed and regularly monitored against. Based upon a standard 5 x 5 risk matrix we will ensure consistent treatment and identification of risk at all levels of the organisation. Links will be included if there are clear synergies between a risk in a department and the Improvement Plan so that they are recorded only once to avoid duplication.

Senior Responsible Officers (SROs) and delivery teams will be accountable for ongoing reviews ensuring that risks are identified early, and mitigating actions are developed at pace to get projects back on track. By using POWA as the central repository for all risks this will enable greater coordination and ability to produce regular reports to Officers and Members.

GOVERNANCE AND CULTURE WORKSTREAM 2 PERFORMANCE MANAGEMENT

Monitoring performance at an organisational and individual level is a vital component of delivering the Improvement Plan.

There will be appropriate mechanisms to recognise, applaud and share success whilst also recognising that there has to be consequences for under performance. Every member of the workforce has a role to play and is responsible and accountable for the work they do. This will be supported by consistent process, systems and messaging across the organisation.

The Independent Assurance and Improvement Panel will provide external advice, challenge, and expertise to us in driving forward the development and delivery of our Improvement Plan and they will provide assurance to the Secretary of State on our progress on delivering the plan.

To provide assurance to the Improvement Panel and the Council, that the Improvement Plan is on track to deliver the agreed outcomes, we will implement a robust monitoring process. Monitoring will focus on the successful achievement of key milestones, monitoring of financial implications, and the identification and management of risks and issues across each theme.

1. BUSINESS ASSURANCE AND PROJECT MANAGEMENT OFFICE

A Business Assurance Function will be established which will work hand in hand with each of the theme and action leads and other corporate functions like finance, assets and communications to ensure the delivery of the Improvement plan. It will:

- Act with the authority of the Chief Executive, the Cabinet and the Improvement Panel.
- Bring together, in one place, a high level plan of all improvement activities with focus on improving the immediate financial stability of the Council within the next six months and consequently holding “one version of the truth”.
- Act as a ‘critical eye’ by providing scrutiny and proactively challenging risks, issues and variations from plans across Improvement Plan activity.
- Provide organisational wide support on governance, project portfolio management best practices, tools and standardised processes.
- Provide regular reports to Leadership team and Independent Improvement Panel.
- Work with senior responsible officers (SROs) to develop six monthly delivery and resourcing plans and the necessary support to secure appropriate resources required to deliver.
- Track benefits, ensuring that activity delivers to the intention of the Improvement Plan.

The Business Assurance Function will produce a report for each meeting of the Improvement Panel which will contain the following:

- Summary of the key deliverables and milestones against the plan.
- Things that have been achieved early – things that are late with explanation.
- Key risks and mitigating factors/status of risks etc.
- A financial summary explaining achievement of financial performance in the last period and a forecast outlook for the next period.
- Plans for the next period.
- Other matters arising to be brought to the attention of the Panel.

2. INDIVIDUAL PERFORMANCE AND ACCOUNTABILITY

In order to bring about the requisite culture change individual goal setting and performance management will be scrutinised and altered as necessary. This work will be underpinned by a cultural transformation programme, jointly delivered with partners. This will be designed around driving the behaviour change essential to delivering the Improvement Plan and foremost, making the Council more financially sustainable and will include:

- A clear set of organisational goals which hold the Chief Executive and senior officers to account for their delivery and which are embedded throughout the organisation, so everybody is clear what they are and their role in achieving them.
- A performance management framework has recently been introduced that focuses on outcomes. The governance of the framework will be reinforced to ensure that it is consistently applied and is focused on both outcome and delivery. The performance framework will focus on the key priorities and should be updated on an annual basis.

- On the appointment of the new CEO, developing a culture of individual accountability and a more forensic focus of what we do and why we do it. We need the whole organisation to have “change conversations” in order that we can progressively change the way we work.

GOVERNANCE AND CULTURE WORKSTREAM 3 CAPACITY AND CAPABILITY

The impact of this plan and the level of change on the organisation must not be underestimated and it will place capacity strains in areas of the Council that are already resource constrained. Such issues will have to be managed and additional skills and experience brought in if and as required. A key outcome from this stream of work will be to equip the Council’s officers with the experience and toolkit to deliver change within their teams, using external resources as and when required.

Delivery of the plan is heavily dependent on the organisation having the capacity and capability to both deliver it and to ensure it is sustainable. The Council will critically review its structure to ensure it is able to meet the demands of the plan, has the appropriate skills deployed in the right places and where skills are deficient has a plan to close the gap.

1. ORGANISATIONAL STRUCTURE

There has been significant change in leadership across the Council – for both Members and officers – which will continue into 2022. To ensure that the council is well equipped for the change and improvement it will undertake over the next two years, a review of senior roles and their portfolio of accountabilities has been agreed in phase one of the budget.

With the arrival of the new chief executive in February 2022, the organisational structure will be rigorously examined to ensure it is best suited to deliver the plan. Changes will be made where necessary and, in part, will be influenced by the outcomes of the service reviews.

The review will examine resources, spans of control and layers within departments to ensure that it can work in the most effective manner, be staffed at a level which allows for focus on the key deliverables, avoids duplication and ensures that accountability is clear and understood.

The structure must be continually evaluated against the Improvement Plan and assurance given that it will deliver the plan, whilst balancing this with the resource consumed by continuous structural change. As with other areas of the plan, change will only be made where it has a positive impact on outcomes and delivery of the Improvement Plan.

2. SKILLS AND CAPABILITY

The skills requirement falls into two groups, firstly the skills that are needed immediately to ensure the plan can be met, most significantly within the first six to twelve months, ensuring that financial stability is achieved. Secondly the skills for the slightly longer term to close the gaps identified further on in this Improvement Plan and to ensure the future is sustainable.

The scale and breadth of the work now needed to deliver the Improvement Plan is significant and will require a review of capacity, skills and delivery options, some of which will be addressed by the service reviews. Urgent prioritisation of outcomes and activity through the new Corporate Strategy will be undertaken and a clear resource plan against these priorities will be developed. This resource and delivery plan will be considered in six-month cycles, so that capacity is developed and used as it is needed - not too early or too late.

Against this resourcing plan, we will determine if we have the right skills, experience, and attitudes in the right numbers to sustain the delivery of the plan. Gaps, where identified, will be accompanied by a plan to close them. We recognise that this is likely to be a two phased: the requirement to bring in short term resource to provide support to deliver the plan, followed by the need to grow skills for the future.

Not immediately, but over time, a skills development programme will be put in place and will include a succession planning exercise, which will give additional information on skills strength, future needs and recruitment priorities.

3. IMMEDIATE CAPACITY DEMANDS

Over the last three years, the focus of much of the Council's corporate resources has been on creating governance and systems to strengthen financial performance and control and on fixing some foundational issues in IT contracts and systems. Work on the Financial Improvement Programme has consumed what limited change capacity the Council has.

Services have put forward proposals for incremental improvement and, overall, these have been delivered. However, as noted in both the LGA Peer Review and DLUHC reports, the organisational capacity to deliver fundamental transformational change is very limited – both in service teams and in corporate services.

The LGA and DLUHC reports identified some key areas where additional capacity is needed urgently. The first of these was the appointment of a single Chief Executive to focus on Peterborough City Council. This recruitment has been successfully completed, with the new Chief Executive starting in January 2022.

The LGA Peer Review also highlighted the need for a greater strategic focus on place shaping, engagement with communities and work with partners across the city and system. The report recommended that additional strategic capacity was required to link inclusive growth and economic development with people services, demand management and community work. The accountability and skills required to strategically link place and people will be considered as part of the review of the corporate management team.

There is currently no internal resource for business assurance, programme and project management, policy development, transformation, business analysis, design or behaviour change as these functions sit within outsourced arrangements. It is well understood that this contract no longer meets our needs and urgent work is required through the contracts theme to release the funding to build internal capability to deliver transformation and improvement.

The final area highlighted in all reports is the need to carefully consider and plan for the impacts of the pandemic, making sure that the new Corporate Strategy, Improvement Plan and service plans capture additional skills and activity required to respond to increased and new demand.

KEY OBJECTIVES

- Strong governance and assurance from Members, Officers and the Independent Improvement Panel
- Risk appropriately identified and managed
- All stakeholders from public through to DLUHC can transparently see performance against the Improvement Plan.
- Clear ownership and accountability of delivery, performance and risks
- Assurance that the overarching Improvement Plan is being delivered against the stated commitments, milestones, outcomes and that benefits realised in each programme are monitored
- Ensuring the current structure can meet the plan
- Addressing existing capacity and capability gaps to deliver the Improvement Plan

KEY DELIVERABLES

- Training for Members and Officers
- Business Assurance and Project Management Office (PMO) function established
- An organisational structure fit for the task to deliver the key outcomes of the Plan in the next six months
- Detailed delivery and resourcing plans developed with skills needed identified and secured

KEY RISKS

- Unable to engage the skills needed
- The organisational review is unsettling, and some key skills and experience leave the organisation
- Underestimating the amount of resource required to deliver the plan
- Lack of clarity on what is required, who is accountable for delivery and when it has to be delivered by
- Ineffective monitoring of performance and risk leads to plan slippage and potential additional expense

GLOSSARY

TERM	DESCRIPTION
RIT	Rapid Implementation Team is an officer led group which ensures all budget related initiatives are implemented and effective including: savings and income generating initiatives, capital programme, HR and finance controls, debt management and risk.
CMT	The Council's Corporate Management Team, is otherwise known as the CMT. This structure chart outlines the Council's management team
FSWG	Financial Sustainability Working Group is a cross party member working group, established to review the Council's financial position, develop sustainable budget proposals and consider the types of decisions that must be taken. In order to achieve financial sustainability. This will include Involvement of all parties, and will play a vital role in the delivery of financial sustainability for the Council.
CPF	Cabinet Policy Forum is an unofficial (non-public) meeting of Cabinet which reviews the Council's financial position, develops sustainable budget proposals and considers the types of decisions that must be taken In order to achieve financial sustainability.
DLUHC	The Department of Levelling up, Housing, and Communities is the government department that sets policy on supporting local government; communities and neighbourhoods; regeneration; housing; planning, building and the environment; and fire and rescue, in addition to a wider levelling up agenda. It has an important role in supporting local development and promoting economic growth and aspires to create great places to live and work, and to give more power to local people to shape what happens in their area.
CIPFA	CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance, which issues a code of practice and guidance and advice to finance professionals.
MTFS	Medium Term Financial Strategy (MTFS) is a key strategic document which expresses the delivery of the corporate strategy in monetary terms. It takes account of all the various factors and influences that may impact the Council over a multi-year period. An MTFS ensures that we have a clear policy framework to enable us to allocate funds in accordance with our priorities as we go through the service planning and budget setting process.
MTFP	Medium Term Financial Plan is a short term, financial plan, usually covering a one year period.
BUDGET	A statement which reflects the Council's policies in financial terms and which sets out its spending plans for a given period. The revenue budget (spending other than capital spending) is finalised and approved in March before the start of the financial year on 1 April. Actual spending is monitored against the budget each month as part of the Budgetary Control Report (BCR) Process and reported to the Corporate Management Team and Cabinet.
BCR	The Council's Budgetary Control Report (BCR) is the name of the revenue budget monitoring process. This is there the Council's financial performance is monitored and reported on by the finance team and the Budget Manager, on a monthly basis.
FINANCIAL REGULATIONS	The regulations outlining the officer's responsibilities relating to financial matters. https://shorturl.at/epvIJ
THE COUNCILS CONSTITUTION	The Council's constitutional document which;- allocates powers and responsibility within the Council;- sets out delegations for its Executive including the cabinet members and delegation to officers;-sets out the rules of procedures, codes and protocols. http://shorturl.at/czUW8
CPCA	Cambridgeshire and Peterborough Combined Authority.
POWA	The Council's online project management tool (POWA) Microsoft Project Online is a cloud-based Project Management service product that is delivered through Office 365.
TOM	Target Operating Model.
TA	Temporary Accommodation, used to provide short term housing when a family or individual has presented as homeless to the Council.



CABINET	AGENDA ITEM No. 6
16 January 2023	PUBLIC REPORT

Report of:	Rochelle Tapping, Director of Law & Governance and Monitoring Officer		
Cabinet Member(s) responsible:	Councillor Wayne Fitzgerald, Leader of the Council		
Contact Officer(s):	Natalie Moulton, Contracts and Procurement Lawyer	Tel. 01733 452527	
	Mandy Pullen, Assistant Director HR		

JOINT WORKING AGREEMENT BETWEEN PETERBOROUGH CITY COUNCIL AND CAMBRIDGESHIRE COUNTY COUNCIL- ANNUAL REVIEW, EXIT PROTOCOL AND PROCUREMENT PROTOCOL

RECOMMENDATIONS
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the Joint Working Agreement’s Annual Review of 2022; 2. Approves the inclusion of the agreed Exit Protocol into the Joint Working Agreement; and 3. Approves the inclusion of the agreed Procurement Protocol into the Joint Working Agreement.

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from CLT on 19 December 2022.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to consider outcomes of an annual review of the Joint Working Agreement (“JWA”) arrangements between Peterborough City Council (“PCC”) and Cambridgeshire County Council (“CCC”) and to seek approval of the recommended modifications to the JWA subsequent to that review. The report is being presented to Cabinet in accordance with the JWA’s governance arrangements set out within the agreement at Schedule 8, whereby the overarching governing body for the programme is the Leader and Cabinet.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.11, ‘To lead the delivery of Business Transformation within the Council.’

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 The JWA sets out the principles and protocols which govern the way in which both authorities identify and integrate their services, whilst protecting their separate legal and political identities.

For ease of reference an overview of the JWA and protocols is appended to this report at Appendix 1.

4.2 Within the JWA, at clause 4: '*Governance and Review*', it identifies that the Senior Responsible Officer ("SRO") shall carry out an annual review of the JWA arrangements for the purpose of evaluating the operation and effectiveness of the arrangements.

4.3 The annual review of 2022 has been progressed by the Director of Business Improvement and Development (the SRO for CCC and PCC until November 2022) and all members of the Shared Services Governance Group, including Finance, Legal, HR, ICT and Information Governance leads from PCC and CCC. Key issues and recommendations are summarised below.

(i) Annual review of the JWA conducted by PCC and CCC

4.4 A series of recommended changes have been considered and agreed by members of the Shared Services Governance Group. The JWA may be varied at any time by agreement in writing between PCC and CCC.

Recommended changes include the inclusion of an Exit Protocol and Procurement Protocol into the JWA, the details of which are set out at sections 4.5 and 4.6 of this report. The remaining changes to the JWA are largely administrative in nature and include an update to clause 23 – '*Termination*' to incorporate the Exit Protocol as a schedule to the JWA and minor amendments to Schedule 4 - HR Protocol, Schedule 5 - Financial Protocol, Schedule 6 - Information Sharing Protocol and Schedule 7 - Technology Protocol, as recommended by the relevant stakeholders from HR, Finance, Information Governance and IT to reflect correct and up to date procedure which will govern the way in which PCC and CCC work together.

(ii) Inclusion of an agreed Exit Protocol into the JWA

4.5 The JWA at clause 23.10: '*Termination*' identifies key overarching obligations by each party when terminating the JWA, part of the JWA, a Combined Team (i.e., a shared service) or a Shared Post. The Shared Services Governance Group recommended that an exit strategy be drafted for inclusion in the JWA setting out more detailed processes required where there is a termination of either the JWA, or part of the JWA, or a Combined Team, or a Shared Post. This would standardise the procedures required upon termination.

An Exit Protocol has been developed by HR and Legal leads from PCC and CCC and shall be incorporated within the JWA by way of agreed variation. Employment advice has been provided in relation to personnel arrangements within the protocol. The objectives of the Exit Protocol include:

- Ensuring that PCC and CCC ceases delivery of Services falling within the scope of the JWA or part of the JWA or Combined Team and applicable staff arrangements which are to be ceased;
- Allowing PCC and CCC to independently perform the replacement Services falling within the scope of the JWA or part of the JWA or Combined Team and applicable staff arrangements; and
- To eliminate or minimise any disruption or deterioration of the Services falling within the scope of the JWA or part of the JWA or Combined Team and applicable staff arrangements because of the termination.

The Exit Protocol is appended to this report at Appendix 2.

(iii) Inclusion of an agreed Procurement Protocol into the JWA

4.6 The JWA does not identify the principles and protocols that are to govern the process whereby CCC and PCC undertake joint procurements and commissions. The overarching purpose of the JWA is to set out the principles and protocols which will govern the way in which CCC and PCC identify and integrate their services. This includes a Sovereignty Guarantee which is designed to protect the separate legal and political identities of each Council. Therefore, neither Council can

procure or commission services on behalf of the other, or contract for third party services on behalf of the other, without the relevant legal and political/governance authorisation in place.

The Shared Services Governance Group recommended that a Procurement Protocol should be included in the JWA, identifying key principles that shall govern the process whereby PCC and CCC undertake joint procurements, and commission services jointly. Nothing in the JWA has the effect of transferring statutory or discretionary functions from CCC to PCC or vice versa. Functions may only be delegated to each other in exercise of the powers contained in sections 101 and 113 of the Local Government Act 1972, and sections 19 and 20 of the Local Government Act 2000 and the regulations made under these Acts. In the event that each Council agrees to conduct a joint procurement then the necessary administrative arrangements must be considered on a case-by-case basis. These are outlined within the Procurement Protocol.

A Procurement Protocol has been developed by Procurement, Finance and Legal leads from PCC and CCC and shall be incorporated within the JWA by way of agreed variation. The Procurement Protocol is appended to this report at Appendix 3.

5. CORPORATE PRIORITIES

- 5.1 The recommendations link to the Council's Corporate Priorities by recognition that within the JWA, PCC is committed to continue to represent the needs, priorities and ambitions of local people in their neighbourhoods and explore working together with CCC to achieve greater efficiencies and savings where appropriate.

Procuring, commissioning or delivering services jointly with CCC is not designed to change how residents experience services, rather, it is about how processes may be progressed more efficiently. However, to safeguard local autonomy, there are occasions where alternative options to joint working shall be considered. Hence, the recommendation for inclusion of a Procurement Protocol identifies the protocols that shall underpin scenarios where PCC and CCC jointly commission services, whereas the Exit Protocol identifies the principles that must be observed where services that have operated under a joint model are to be separated.

The continued protection of PCC's legal and political identity is fundamental.

6. CONSULTATION

- 6.1 Consultation has been undertaken with HR, Legal, Procurement and Finance. External employment advice has been obtained in relation to any principles that impact personnel arrangements and Shared Posts between PCC and CCC.
- 6.3 The recommendations have been considered by the Corporate Leadership Team on 16 November 2022 and by Cabinet Policy Forum on 19 December 2022.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 The JWA to be formally varied to include changes recommended by the annual review, which comprise of the inclusion of an Exit Protocol and Procurement Protocol and a series of minor amendments to HR Protocol, Financial Protocol, Information Sharing Protocol and Technology Protocol, the changes to which are administrative in nature as recommended by the relevant stakeholders to reflect correct and up to date procedure which will govern the way in which CCC and PCC work together.
- 7.2 An Exit Protocol to be incorporated within the JWA by way of agreed variation, whereby upon termination of the JWA, part of the JWA or a Combined Team, the objectives of the protocol shall be adopted to eliminate or minimise any disruption or deterioration of services falling within the scope of exit from the JWA or part of the JWA or Combined Team and applicable staff arrangements due to the termination.

- 7.3 Inclusion of a Procurement Protocol in the JWA identifying key principles that shall govern the process whereby the PCC and CCC undertake joint procurements and consider formally the arrangements that are the most suitable option when procuring/commissioning services jointly.

8. REASON FOR THE RECOMMENDATION

- 8.1 The JWA's annual review has considered the operation and effectiveness of the joint working arrangements between PCC and CCC. A series of recommended changes have been considered and agreed by members of the Shared Services Governance Group to reflect correct and up to date procedure which will govern the way in which PCC and CCC work together.
- 8.2 The Exit Protocol sets out the more detailed processes required where there is a termination of either the JWA, or part of the JWA, or a Combined Team, or a Shared Post. This standardises the procedures required upon termination. The level of detail required shall be reasonable but as a minimum should provide the procedures and responsibilities necessary for (i) an orderly and effective transfer of the Services falling within the JWA or part of the JWA or the Combined Team and (ii) the achievement of the Exit Protocol's objectives. This shall include, amongst other things an outline timetable and schedule of responsibilities and other critical criteria for effecting the orderly hand-over of the Services falling within the scope of the JWA or part of the JWA or Combined Team or Shared Post(s).
- 8.3 The decision making in respect of joint procurements is not currently within the scope of the JWA, therefore, to ensure consistency of process within all joint procurements and commissions, the Procurement Protocol shall outline the procurement and legal considerations to be made and a solution to how this process may effectively be managed by both PCC and CCC.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 To not vary the JWA to incorporate changes as recommended by the Shared Service Governance Group. This was rejected as it is an obligation of the JWA's operation that an annual review of the JWA arrangements shall be completed for the purpose of evaluating the operation and effectiveness of the arrangements.

10. IMPLICATIONS

Financial Implications

- 10.1 As part of the Council's commitment to combination, integration and joint working, the JWA's Financial Protocol establishes the principles of how the financial relationship between PCC and CCC shall work. In varying the JWA to include the Exit Protocol and Procurement Protocol, PCC shall continue to be bound by the terms of the Financial Protocol and fulfil its obligations there under.

Legal Implications

- 10.2 The JWA was entered into in reliance on the exclusive rights given to local authorities in sections 101, 102, 112 and 113 of the Local Government Act 1972 and s.9EA of the Local Government Act 2000 and the Regulations made under these Acts (to include but not limited to the Local Authority (Arrangement for the Discharge of Functions) (England) Regulations 2012), together with the general power within section 2 of the Local Government Act 2000 and the supporting provisions within section 111 of the Local Government Act 1972.

PCC and CCC may agree to vary the JWA, including the protocols from time to time and the parties shall use reasonable endeavours to agree the variation. Any variation of the JWA and/or the protocols must be in writing and signed by or on behalf of PCC and CCC.

Equalities Implications

- 10.3 Principles at the heart of joint working and the JWA include to preserve and maintain local representation, championing equality and diversity in our communities.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 Joint Working Agreement between PCC and CCC dated 20 February 2019.

12. APPENDICES

- 12.1 Appendix 1: Overview of Joint Working Agreement and Schedules
- Appendix 2: Exit Protocol
- Appendix 3: Procurement Protocol

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Appendix 1

Overview of Joint Working Agreement and Schedules

Joint Working Agreement

The Joint Working Agreement (“JWA”) commenced on 16 October 2018 and is a commitment between Cambridgeshire County Council (“CCC”) and Peterborough City Council (“PCC”) to identify ways of working together through the combination, sharing and closer integration of services to develop and enhance service delivery, build resilience, and achieve future efficiencies. Principles and protocols are identified within the JWA and govern the way in which CCC and PCC identify and integrate their services. This includes a Sovereignty Guarantee designed to protect the separate legal and political identities of each Council.

Schedule 1 – Definition and Interpretation

Sets out definitions used throughout the JWA.

Schedule 2 – Aims, intended outcomes and principles

Summarises the commitment by CCC and PCC to explore the merits of shared and integrated services. The aim is to save money, increase resilience and manage the increasing demand on Council services. The overarching objectives are to identify and maximise opportunities in the following areas:

- sharing corporate and transactional functions
- reducing leadership costs through further opportunities for shared roles
- combining the expertise of both councils and other partners to bring wider solutions to the same demand and resource challenges
- maximising purchasing power – joint commissioning of services to increase purchasing leverage and achieve best value
- maximising return from assets and commercial activity; and
- building resilience, increasing efficiency and reducing duplication through shared teams, shared systems and processes

Schedule 3 – section 113 Agreement

Identifies the mechanism by which CCC and PCC may share defined posts in accordance with s.113 of the Local Government Act 1972.

Schedule 4 – HR protocol

The purpose of the HR protocol is to set out how employment issues will be dealt with in services where staff from each of the two Councils are working together in combined teams and in particular, where the staff are managed by an employee of one of the two Councils or other partners. This protocol is designed to provide clarity about what working in a combined team means, and how a combined team will be created from an employment perspective.

Schedule 5 – Financial protocol

As part of the Councils’ wider commitment to combination, integration and joint working, the financial protocol established the principles of how the financial relationship between the Councils will work.

Schedule 6 – Information Sharing protocol

This protocol ensures that information is being shared appropriately and lawfully between PCC and CCC as well as parties contracted by the two Councils. The document establishes consistent principles and practices to govern any sharing of personal and non-personal information.

Schedule 7 – Technology Sharing Protocol

This protocol sets out the relevant obligations of each Council when sharing technology. Both Councils share an IT & Digital Service, and this service manages the technology and systems requirements for IT proposals within any shared service/combined team under the JWA. This protocol identifies principles for the IT & Digital Service to manage all projects.

Schedule 8 - Governance Arrangements

It is here that governance principles underpinning the JWA are set out and the schedule outlines where and how decisions about the shared services and joint working will be made, the requirement for accountability by each Council, the roles and responsibilities of the Shared Services Governance Group and how the work is being managed.

Schedule 9 - Sovereignty Guarantee

This protects the separate legal and political identities of each Council and identifies principles to safeguard the local autonomy of each Council, including:

- Each Council will retain its own constitution, setting out how it makes decisions, organises scrutiny and delegates authority.
- Each Council will continue to set its own council tax and publish its own budget and accounts.
- Each Council will continue to be able to set out its own spending priorities.
- There will be no change in the name of either Council.
- Each Council will be able to set its own policy for how services are delivered but will commit to joint policy design for any work in the Shared Service Programme.
- The Councils will commission services from contractors, voluntary bodies and others together, but can also decide to commission, or grant aid, on their own.
- A commitment to shared learning, innovation and value for money.

Appendix 2:**EXIT PROTOCOL****1. PRINCIPLES AND OBJECTIVES**

1.1 This Schedule sets out the principles and objectives of the Exit Protocol between CCC and PCC which will apply when the Joint Working Agreement (“JWA”) or a part of the JWA or a Combined Team or a Shared Post(s) are terminated.

1.2 For the purposes of this Schedule:

1.2.1 the period between the date when the Parties agree to terminate the JWA or a part of the JWA or a Combined Team or a Shared Post(s) and the termination date; or

1.2.2 the period between the date when either Party serves notice to terminate the JWA or a part of the JWA or a Combined Team or a Shared Post(s) and the termination date shall be known as the **“Termination Transfer Period”**.

1.3 If there is a partial termination of the JWA or termination of a Combined Team or Shared Post(s), the provisions of this Schedule shall apply only to the information, rights and employees to the extent that they are no longer required for the provision of a Combined Team or a Shared Post.

1.4 The objectives of the Exit Protocol (the **“Objectives”**) are to:

1.4.1 ensure CCC and PCC ceases delivery of Services falling within the scope of the JWA or part of the JWA or Combined Team and applicable staff arrangements which are to be terminated;

1.4.2 allow CCC and PCC to independently perform the replacement Services falling within the scope of the JWA or part of the JWA or Combined Team and applicable staff arrangements; and

1.4.3 eliminate or minimise any disruption or deterioration of the Services falling within the scope of the JWA or part of the JWA or Combined Team and applicable staff arrangements as a result of the termination and to include the Termination Transfer Period.

1.5 PCC and CCC shall take all such reasonable steps as shall be necessary or desirable for the orderly termination of the JWA or a part of the JWA or termination of a Combined Team or a Shared Post(s) to assist in achieving the Objectives.

2. PLANNING

2.1 PCC and CCC shall develop a generic plan for termination of the JWA or a part of the JWA or termination of a Combined Team or a Shared Post(s) to assist in achieving the Objectives (the **“Exit Protocol”**).

2.2 The level of detail required by CCC and PCC shall be reasonable but as a minimum should provide the procedures and responsibilities necessary for (i) an orderly and effective transfer of the Services falling within the JWA or part of the JWA or the Combined Team and (ii) the achievement of the Objectives. This shall include, amongst other things:

2.2.1 an outline timetable and schedule of responsibilities and other critical criteria for effecting the orderly hand-over of the Services falling within the scope of the JWA or part of the JWA or Combined Team or Shared Post(s); and

2.2.2 arrangements for a joint project group for the Termination Transfer Period, which shall be managed as a joint programme between CCC and PCC comprising a number of transition workstreams including (as applicable):

Workstream	Purpose
Governance	To govern the Termination Transfer Period and provide an escalation point for the wider organisation for any issues that may arise.
People	To identify any employees affected and to progress the related personnel arrangements throughout the Termination Transfer Period. This workstream shall liaise with the Communications workstream with respect to staff transfer related communications.
Necessary Information	To provide reasonable assistance throughout the Termination Transfer Period, including access to the relevant employees and information or materials to permit PCC and CCC to familiarise itself with the Services, to the extent necessary to take over the provision of the Services.
Data and Knowledge	To handover the service documentation, records and information, as is necessary to enable PCC and/or CCC to continue providing the Services.
ICT	To support the requirements for ICT used in the provision of the Services, including databases, documentation, programs etc.
Assets and IPR	Identify hardware and software assets and IPR that are eligible for transfer to either PCC and/or CCC (and those that are not).
Infrastructure	This covers the vacation of Council Premises, decommissioning of technical infrastructure & connectivity and return or purchase of equipment as applicable.
Licences and contracts	To provide details of any licences and contracts which support the delivery of the Service.
Communication	To communicate the change to all stakeholders across PCC and CCC.
In Flight Work	Responsibility for delivering the relevant Services including the planning and transfer of work-in-progress.

2.3 The transition workstreams at section 2.2.3 shall be managed for the duration of the Termination Transfer Period, unless CCC and PCC agree to a period of extension in relation to a transition workstream. Any period of extension to a transition workstream shall be by way of mutual agreement between the Chief Executives of CCC and PCC and the period of extension shall be proportionate and reasonable to reflect the requirements within the relevant workstream.

2.4 In addition CCC and PCC shall:

2.4.1 maintain the Exit Protocol throughout the duration of the JWA to ensure that it is updated to reflect any changes made to the JWA, Schedules or Changes in Law; and

2.4.2 provide all information and assistance reasonably necessary to effect the termination in accordance with the Exit Protocol as efficiently and effectively as reasonably possible.

2.5 In the event that the JWA is terminated in part only, the Parties will agree appropriate variations to the JWA. Such variations will be documented in writing and signed by both Parties.

2.6 Where the JWA is terminated in part, then except for the part of the JWA that has been terminated, the JWA shall continue in full force and effect.

3. TRANSFER OF SERVICES

- 3.1 At the start of the Termination Transfer Period, CCC and PCC shall comply with their obligations in the Exit Protocol in order to provide the Services during the Termination Transfer Period.
- 3.2 CCC and PCC shall identify which of the Services each Party should continue to deliver during the Termination Transfer Period and which if any may be discontinued.
- 3.3 If either Party identifies any Services which may be discontinued it shall specify when during the Termination Transfer Period they may be discontinued, and such changes shall be agreed through the variation process.
- 3.4 Unless otherwise agreed, CCC and PCC shall not reduce the resources which it has committed to the Services falling within the scope of the JWA or part of the JWA or Combined Team without the prior written consent of either Party.
- 3.5 Upon termination of the JWA in whole or in part or a Combined Team the Parties will use all reasonable endeavours to agree arrangements which will minimise disruption to the continued delivery of the Service to service-users and employees working within the arrangements.

Personnel arrangements

- 3.6 CCC and PCC shall determine the separate organisational structure needed for each Council to deliver the Services and CCC and PCC Service Directors will produce two structure charts to that effect, with graded roles clearly set out for the roles in CCC and PCC's proposed structures. These proposals will be required to have received approval from the relevant Committee of CCC and PCC (where applicable to roles at Service Director or above, prior to consultation). In addition, the proposals will require express agreement from the CCC and PCC Chief Executives (Heads of Paid Service) and the Chief Finance Officers (Section 151 Officers) in respect of the affordability of the proposals for each constituent authority, in accordance with the Officer Employment Procedure Rules of each Council. Any significant impact on roles due to termination of a Combined Team would trigger a consultation and CCC and PCC's Service Directors will work with HR teams of CCC and PCC to produce a consultation document which sets out the full details of the proposals and the appropriate statutory period of consultation will be carried out with all affected staff in the event that there is any potential for redundancy. If there is no potential redundancy a shorter consultation period may be set.
- 3.7 The HR Teams of CCC and PCC shall work together to progress the requirements set out in this section 3.7 as follows:
- 3.7.1 Establish the employing authority of the established Combined Team's members/Shared Posts;
- 3.7.2 Map the existing Combined Team's members/Shared Posts against the organisational structures required for CCC and PCC;
- 3.7.3 Where there is a role in CCC and/or PCC's new structure that is the same or broadly equivalent/comparable then existing employees in Shared Posts will be slotted into those roles in their employing authority;
- 3.7.4 Where there is an uneven split in roles between authorities, but there is a vacant role in the other Council's structure that is the same or broadly equivalent/comparable, that role will be offered to those affected as an alternative to redundancy and continuous service will be honoured for those who opt to take the role;
- 3.7.5 For the purposes of determining the moves from the Combined Team into the two separate CCC and PCC teams, and following the process set out in 3.7.1 to 3.7.4, all employees in Shared Posts who have not been slotted into a role in either CCC or PCC will be treated as being in one 'pool', therefore all will be given equal consideration for roles in either council before any vacant roles in either structure are advertised more widely to mitigate redundancies as far as possible for both Councils. Where this situation occurs, each organisation shall follow its own internal process and shall comply with its respective HR policies and procedures; and

3.7.6 Should anyone be offered and accept a role in CCC or PCC as a result of this process, they would do so on the salary and terms and conditions of employment of the new employing authority. Salary protection arrangements would not apply.

3.8 If there is a change to, or termination of, a Combined Team and/or Shared Post(s) which as a direct result of such change either CCC and/or PCC are required to materially reorganise their personnel, the Parties agree to consider the costs including redundancy costs and costs arising in relation to Shared Posts resulting directly from such change and reorganisation and the Parties shall use their reasonable endeavours to work together to ensure that such costs are minimised and in accordance with the JWA's Finance Protocol . This shall include:

3.8.1 CCC and PCC enabling in scope and 'at risk of redundancy' employees in Shared Posts to have access to apply for CCC and PCC vacancies prior to external and open advertisement candidates. CCC acknowledges that PCC is not obliged to appoint any CCC 'at risk' employees in Shared Posts where it considers it is not appropriate to do so, and vice versa;

3.8.2 CCC and PCC will give equal priority consideration to such 'at risk of redundancy' employees in Shared Posts for interview and appointment;

3.8.3 In the event that an employee in a Shared Post is not slotted into a role, no suitable alternative employment is identified, and they are therefore redundant, the employing organisation will be responsible fully for the redundancy costs; and

3.8.4 Where the termination of the JWA or a part of the JWA or a Combined Team results in a position where one or both authorities face a significant number of vacancies, or a vacancy for a key senior post, this may result in CCC and PCC agreeing to a period of extension in relation to the applicable transition workstream set out at section 2.2.3. Any period of extension to a transition workstream shall be by way of mutual agreement between the Chief Executives of CCC and PCC and the period of extension shall be proportionate and reasonable to reflect the requirements within the relevant workstream.

4. DATA AND KNOWLEDGE

4.1 CCC and PCC shall, to the extent that they are entitled to do so, supply all Data to each Council in such formats and by such methods as the other Council may reasonably specify.

4.2 CCC and PCC shall provide for the transfer of all necessary knowledge reasonably required for the termination of the JWA or a part of the JWA or a Combined Team or a Shared Post(s) ("**Necessary Information**") which may, as appropriate, include information, records and documents required pursuant to the JWA and the provision of the Services.

4.3 The Necessary Information during the Termination Transfer Period which either Council shall provide to the other Council includes:

4.3.1 a list of third-party suppliers of the Services which are likely to be impacted by the termination of the JWA, part of the JWA or a Combined Team;

4.3.2 details of work in progress, including how any risks to successful completion of this work may be mitigated;

4.3.3 details of any negotiations with third-party suppliers;

4.3.4 details of any litigation, disputes, arbitration, mediations or administrative or criminal proceedings to which either Council has been a Party in connection with the Services in the 3 years prior to termination of the JWA, part of the JWA or a Combined Team;

4.3.5 details of any Customer Complaints received by either Council in the 3 years prior to termination of the JWA or part of the JWA or a Combined Team;

4.3.6 details of any insurance claims made by either Council in connection with the Services in the 3 years prior to termination of the JWA or part of the JWA or a Combined Team; and

4.3.7 details of any proceedings which have been instigated in relation to any other matter which may adversely affect either Council's ability to perform the replacement Services following termination of the JWA or part of the JWA or a Combined Team.

5 STAFF

5.1 CCC and PCC shall ensure that their personnel are available to assist during the Termination Transfer Period to allow each Council to familiarise itself with the Services, to the extent necessary to enable it to deliver the Services upon termination of the JWA or part of the JWA or a Combined Team. Each Council shall provide all necessary co-operation and assistance to the other Council to facilitate this.

6 UNDERTAKINGS

6.1 If either Council issues a notice of termination to the other, neither Council undertakes, during the period between the receipt of the termination notice and termination of the JWA or part of the JWA of a Combined Team, except with the prior written consent of the other Council, such consent not to be unreasonably withheld or delayed, not to:

- 6.1.1 enter into any long-term, unusual or abnormal contracts or commitments;
- 6.1.2 other than in the ordinary course of business vary the terms of any contracts with the providers of Services supplied in connection with the JWA or part of the JWA or the Combined Team;
- 6.1.3 other than in the ordinary course of business vary the terms of any contracts with either Council's sub-contractors;
- 6.1.4 permit any of its insurance policies required under this JWA to lapse or do anything which would make any such policy of insurance void or voidable;
- 6.1.5 in any way depart from the ordinary course of its day-to-day business either as regards the nature or scope or the manner of conducting the same;
- 6.1.6 release waive or modify any warranty or guarantee given by any supplier of Services supplied in connection with the provision of the JWA or part of the JWA or of the Combined Team;
- 6.1.7 cause or permit any item comprised in the records to be removed or destroyed or any programs or data on either Council's computer systems relating to the Services to be removed or deleted except for the deletion of Personal Data where required to ensure compliance with data protection legislation or for the efficient running of the computer system after satisfactory back-up codes have been made and securely stored off-site;
- 6.1.8 take any action if the reasonably foreseeable consequence would be to materially and adversely affect the operation of the Services;
- 6.1.9 other than in the ordinary course of business terminate the employment of any of its employees employed in the provision of the Services;
- 6.1.10 relocate or assign to new duties any of the employees employed in the provision of the Services;
- 6.1.11 make any other alterations to the structure or composition of the employees which are intended to, or which may preclude the application of TUPE upon the start of the replacement Services; and
- 6.1.12 other than in the ordinary course of business make any additional payments to employees outside of the terms and conditions set out in their employment contract, statute or any other contractual document.

7. ASSETS AND SOFTWARE

7.1 The Parties have jointly developed the JWA's Technology Protocol which is designed to specify a Combined Team's obligations when sharing technology in pursuance of the JWA.

7.2 All assets and rights required to provide any of the Services in accordance with the JWA, including CCC and PCC's equipment, and software licences for staff members of a Combined Team and/or Shared Post will be the property of the employing authority of the staff member.

7.3 CCC and PCC shall identify which of the assets and software licences each Party shall require during the Termination Transfer Period and that are reasonably required for the termination of the JWA or a part of the JWA or a Combined Team or a Shared Post(s) which may, as appropriate, include assets and software licences required pursuant to the JWA and the provision of the Services.

7.4 Upon termination of the JWA or a Combined Team all assets provided to CCC by PCC and/or to PCC by CCC shall be returned to the respective Party.

8. COSTS

8.1 The Parties agree that they shall bear their own respective legal costs and expenses incurred in the preparation, execution and completion of the Exit Protocol.

Appendix 3

Procurement Protocol

Joint Working between CCC and PCC Procurement Teams

1 Background

1.1 The Joint Working Agreement between Peterborough City Council and Cambridgeshire County Council sets out the principles and protocols which govern the way in which both authorities identify and integrate their services, whilst protecting their separate legal and political identities. This Procurement Protocol identifies key principles and protocols that are to govern the process whereby the Councils undertake joint procurements.

1.2 Cambridgeshire County Council has an in-house Procurement and Commercial Team that is responsible for supporting all procurement activity valued over £100,000.

1.3 Peterborough City Council have for a long period outsourced their procurement function to SERCO, as of the 1st November 2022 this was brought back in house. The in-house Procurement Team is responsible for supporting all procurements of any value.

1.4 Due to the strategic shared arrangements between the 2 Councils, a number of service areas undertake joint procurements, for example adults and children's social care, public health and IT.

1.5 Nothing in the Joint Working Agreement has (or is intended to have) the effect of transferring statutory or discretionary functions from CCC to PCC or vice versa. Functions may only be delegated to each other in exercise of the powers contained in sections 101 and 113 of the Local Government Act 1972, and sections 19 and 20 of the Local Government Act 2000 and the regulations made under these Acts. In the event that each Council agrees to conduct a joint procurement then the necessary administrative arrangements must be considered on a case-by-case basis.

1.6 In order to decide which arrangements are the most suitable option when procuring services jointly, a process is required within which the options available are formally considered.

1.7 This paper sets out how those joint procurement arrangements are managed now that there is no Joint Procurement Board.

1.8 A simple process flow is included to outline how the process of assigning Lead Authority will operate.

2 Procurement Planning

2.1 Both the Councils intend to have published work plans available at the beginning of each financial year, the CCC and PCC plan will cover the next 3 years. This will enable the identification of potential joined up working.

2.2 In some cases the Councils have joint commissioning/governance arrangements, such as the Joint Commissioning Board in social care, both procurement teams sit at this Board and therefore receive early notice of potential joint procurement activity.

2.3 When joint procurements are identified that have not been identified and agreed in both procurement teams' work plans, the commissioner submits a Procurement Requirement Form (PRF) via the PCC online system. This form is then circulated to both Heads of Procurement. The Heads of Procurement determine jointly which Council will take on responsibility for managing the procurement. This decision is made on the basis of both capacity, the balance of funding and any expressed wishes from the Commissioner. There has never been a circumstance where an agreement on this basis wasn't able to be reached.

2.4 If the procurement is allocated to CCC, the procurement lead will work with the Responsible Officer to agree the Procurement Plan. If the procurement is allocated to PCC, the procurement lead will work with the Responsible Officer to agree the Tollgate 1 report.

3 The Procurement Process

3.1 The Commissioners are responsible for instructing the relevant legal team at the start of the process. Both legal teams advise upon the appropriate administrative arrangements, contract mechanisms etc. for each joint procurement matter and draft the required documentation to ensure both Councils are acting within their powers and the exclusive rights given to local authorities to undertake administrative arrangements of this nature. The required documentation shall cover the completion of the procurement process and the subsequent roles and responsibilities of each Council. Advice must also be sought on the appropriate governance documentation to authorise administrative arrangements, collaborations, contract award etc.

3.2 The procurement process is completed by the responsible procurement team in compliance with its own Contract Procedure Rules/Standing Orders and the appropriate documentation governing the joint procurement.

3.3 If CCC is running the procurement, an award report is completed at the end of the procurement. This award report needs signing off by an officer with suitable authority to allow the award to be made. If PCC is running the procurement, the Tollgate 2 report is required to be completed before contract award can be made.

4 Conclusion

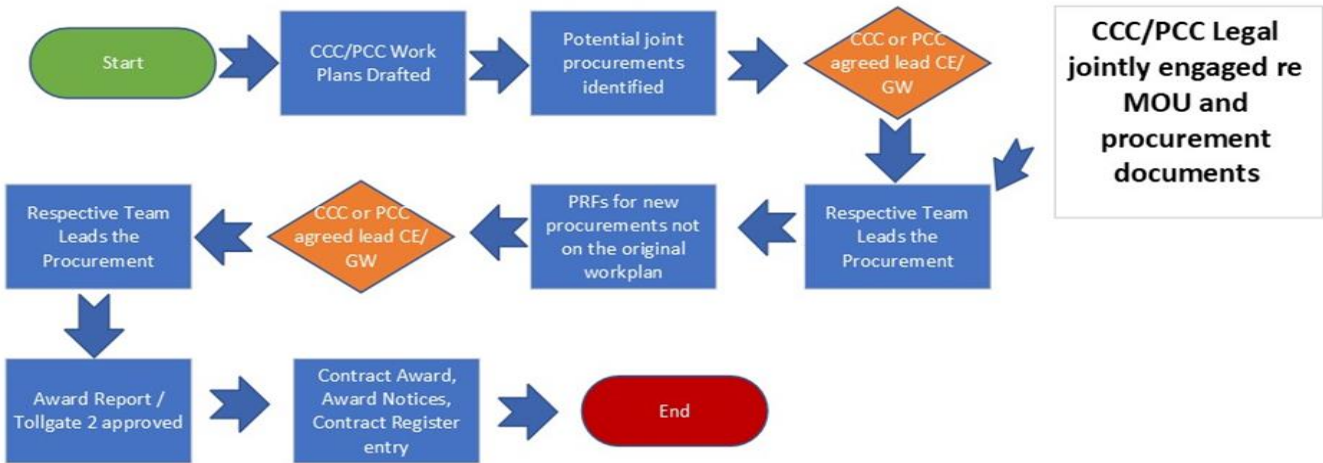
4.1 There is robust governance in place throughout the process, in part set out by the relevant Contract Procedure Rules/Standing Orders and in part due to the early involvement of the relevant legal team.

4.2 The allocation of procurements is completed in a way that seeks to balance a number of practical considerations, the PRF and agreed work plans provide sufficient information to allow this decision making process to be made quickly and efficiently.

Clare Ellis
Head of Procurement and Commercial
Cambridgeshire County Council

George Wallace
Head of Procurement
Peterborough City Council

Process Flow for Joint Procurements PCC/CCC



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CABINET	AGENDA ITEM No. 7
16 JANUARY 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director for Place and Economy Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Councillor Steve Allen, Deputy Leader and Cabinet Member for Communications, Culture and Communities, and Councillor Ayres, Cabinet Member for Children's Services, Education, Skills and the University	
Contact Officer(s):	Matt Oliver / Nick Carter	Tel. 07919213962

PETERBOROUGH YOUTH ZONE

RECOMMENDATIONS	
FROM: <i>Executive Director for Place, Economy and Communities</i>	Deadline date: <i>January 2023</i>
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Note the progress of the project and endorse the continuation of partnership work with Onside in order to deliver a Youth Zone for Peterborough. 2. Note the projected total costs for the Youth Zone Project and approve the council's capital and resource contributions. 3. Delegate responsibility to the Executive Director of Corporate Services and S151 Officer in consultation with the Cabinet Members for Property and Resources / Childrens Services, Education, Skills and University and the Leader of the Council in respect of:- <ul style="list-style-type: none"> • The final site decision for the Youth Zone. • The approval of associated leases and other development agreements with Onside in association with chosen site. • The approval to transfer SPF or other funds to Onside Youth Zones in order to complete initial feasibility, design and planning work in line with amounts set out in this report. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted as an update to the Cabinet report of 20 September 2022 in respect of agreement by cabinet to partner with Onside Youth Zones charity to develop a state-of-the-art Youth Zone for Peterborough.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to update members on progress of the project and seek further approvals to allow the Youth Zone project to progress to the next stage of development.

In anticipation of a successful Youth Investment Fund bid officers are seeking agreement to progress key elements of the project to ensure the best opportunity to realise a Youth Zone for

Peterborough and delivery within the designated timescales of the Youth Investment and Shared Prosperity Fund.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.2, *‘To take collective responsibility for any Executive decision that has significant implications across two or more portfolios,’* and, No. 3.2.3, *‘To determine any key decision (as defined in Article 11 – Decision Making), with the exception of any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.’*

2.3 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains information that relates to the financial or business affairs (past or present) of a particular person (including the Council). The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 As a result of the agreed recommendations from the Cabinet meeting on 20 September 2022, (to progress in partnership with Onside a Youth Investment Fund (YIF2) bid) a core project team has been put in place and work has been undertaken to produce the documentation and supporting evidence needed to support an application.

Youth Investment Fund Application Update

4.2 On 28 November 2022 a pre-application was submitted to the Department of Culture Media and Sport for the YIF Phase 2. The bid, led by Onside charity was accompanied by a letter of intent from Peterborough City Council setting out our commitment to the development and support of a Youth Zone for Peterborough.

4.3 Also submitted were support letters from both Peterborough MPs the Youth Council and Children in Care Council, as well as evidence of young people’s consultation via a school survey which has seen over 900 responses with over 80% saying they would use a Youth Zone.

4.4 The pre-application submission is for the amount of £8.7m which will contribute toward the overall capital cost of the Youth Zone project, estimated to be in the region of £10.9m.

Shared Prosperity Fund

4.5 As part of the Onside partnership model the council is required to make a minimum capital contribution of £0.95m, the amount of which has also been confirmed in our letter of intent. This funding has been identified through the Shared Prosperity Fund (SPF) in our aspiration to mitigate as much of the capital costs as possible through external grant funding.

4.6 Since the last Cabinet report, officers have continued to work with Cambridgeshire and Peterborough Combined Authority (CPCA) to finalise the funding profile for the Shared Prosperity Fund element of the Youth Zone Project.

Confirmation has been received from the CPCA that their investment plan has been accepted by government and officers are now undertaking work to transfer the allocated funds for 22/23 to Peterborough City Council.

4.7 The Shared Prosperity Fund element now totals £1.255m which gives an additional £305k above the minimum contribution required adding capacity to the project and raises the amount of match funding contribution. The SPF is to be disseminated to Peterborough City Council between April

2023 and March 2025, in line with the overall project plan for the Youth Zone build and set out below:-

Jan 22/2023 (Q4)	April 23/24 (Q1)	April 24/25 (Q1)
£205,499.56	£200,000.00	£849,500.44

4.8 Youth Zone Site

A key aspect of the YIF bid and included in the Council's letter of intent is the commitment to identify a potential site for the Youth Zone. As per the previous report in September a long list of locations was produced which is set out below:-

- Bishops Road Car Park
- Stanley Park
- Between Key Theatre and Lido
- Wellington Street Car Park
- Dickens Street Care Park
- Pleasure Fair Car Park
- Embankment East
- Fletton Quays
- Riverside Car Park
- Gladstone Park Community Centre
- East Community Park
- Vineyard Road Roundabout Green Space

The criteria which Onside consider for establishing a Youth Zone are as follows -

- **Prominence** – The prominence of the site is important not only to encourage young people to walk straight off the street to use the services but also as the building will have great design principles and therefore be a visual asset to the City Centre.
- **Independent location** - Away from estates so young people using the facilities are on neutral ground and therefore have no barriers to accessing the Youth Zone. It is an asset for all communities in the City.
- **Good public transport** - pedestrian and cycle links, Young People need to be able to get to the Youth Zone easily and with minimal expense. This widens the catchment area for the services offered ensuring the facilities are well used and within reach of communities living further out from the City Centre.

4.9 Since the last report officers have undertaken an options appraisal of above sites based on the criteria set out by Onside, cross referenced against the councils' requirements as well as deliverability against timescales. A summary of this work is set out in Confidential Appendix 1 as the information in Confidential Appendix has the potential to be commercially sensitive.

4.10 As a result of the options appraisal described in 4.9 two prime sites have been identified and initial feasibility, design and planning submission work is being carried out in parallel, at risk, to RIBA 2 stage (up to the amount of £250k) this is as agreed by Cabinet on 20th September 2022 in anticipation of successful YIF and SPF bids.

4.11 The approach of identifying two prime sites gives the best opportunity to meet the tight timescales stipulated by the Youth Investment Fund (for delivery of the project by 31st March 2025) as well as ensuring the best possible site for the Youth Zone can be achieved as it is recognised that location and deliverability are key to the success of the project.

4.12 Next steps will be for more detailed design work to be carried out at pace based on the identified sites in order to meet the requirements of the Youth Investment Fund decision panel, anticipated to be held at the beginning of February.

- 4.13 This will require an additional at-risk amount to be committed by the council, the amount of which at the time of publication of this report has yet to be confirmed by Onside, but is anticipated to be in the region of £200k to ensure that the opportunity to draw investment of £10.9m remains viable.
- 4.14 It also should be noted that the most streamlined project timeline indicated by Onside for a Youth Zone build is 30 weeks, it has been indicated that the council will be liable for costs over and above the YIF funding spend deadline of 31st March 2025 at the cost of £650k per month.
- 4.15 Therefore, this report sets out the above recommendations in order to continue to carry out the actions needed in respect of site and associated costs to continue initial feasibility, design and planning work, at risk, in consultation with the relevant cabinet portfolio holders.
- 4.16 However, it is the intention to bring reports back to Cabinet at the earliest opportunity when the outcome of the Youth Investment Funding is known. Further information will be available at that time which will inform the deliverability of the project within timescales and decisions can then be made in regard to any risks and associated costs which could be incurred if the project cannot be delivered within the YIF funding window.

4.17 **Running Costs Contribution**

Also set out in our letter of intent is a commitment for the council to contribute £200k per annum (15%) for a period of 7 years (commencing April 2025) toward the overall revenue cost of running the youth zone the total being £1.4m.

- 4.18 The previous cabinet report notes that Onside have committed to raising 85% of this revenue through private sector funding, ensuring the best possible opportunity in making the Youth Zone sustainable for the future.
- 4.20 Onside are already making progress with identifying private sector support with local organisations such as Whirlpool being supportive and the council are continuing in partnership to drive this element of the project forward with internal and external partners.
- 4.21 An indication of the potential for this approach is the £500k of private sector capital which has already been secured for Peterborough.
- 4.22 Discussions are ongoing with internal and external public sector partners to investigate opportunities to work together to meet the £200k contribution as a result of this work Public Health have committed to a £50k per year contribution for 7 years from 2025.
- 4.23 Further information will be brought forward to Cabinet as officers progress the work needed to maximise the opportunities that a Youth Zone will provide for young people in Peterborough, ensuring that services are joined up and accessible and that it plays a pivotal role in providing support to young people which is aspirational, motivational and helps all young people meet their potential.

4.24 **CORPORATE PRIORITIES**

The recommendation links to the following Council Corporate Priorities:

4.25 **The Economy & Inclusive Growth**

Carbon Impact Assessment - The Carbon Impact of the development cannot be quantified until design work has commenced. A BREEAM (Building Research Establishment Environmental Assessment Method) assessment of the 30 building will be completed as part of the statutory planning process and the project will be compliant with the Council's required level of BREEAM.

There are specific links to the following corporate priorities in respect of the development of a Youth Zone.

4.26 **Our Places & Communities**

There is evidence that a Youth Zone for Peterborough would have a positive effect on levels of antisocial behaviour, perceptions of crime and feelings of safety as well as footfall to the city centre by providing a safe place for Young People to go in a state of the art building that adds significant value to the local landscape. Increased footfall from parents and young people who visit from around the city. As well as this health and wellbeing will be positively impacted due to increased positive activities and opportunities that a state of the art purpose built facility will bring.

4.27 **Prevention, Independence & Resilience**

A Youth Zone for Peterborough will give universal access for young people and opportunity to be supported through youth mentoring and personal development, classes and activities which promote young peoples informal learning and life skills, a typical Youth Zone has a membership of around 4000 young people from 8 – 19 years who potentially will become more mentally and physically resilient.

4.28 **Sustainable Future City Council**

The Youth Zone model through Onside and the Youth Investment Fund not only affords the City the opportunity to bring in £10.9m of capital investment but also offers a sustainable model for running costs through business philanthropy, therefore a £200k yearly investment leverages £1.4m of accessible informal learning opportunities and support for young people in the City.

5 **CONSULTATION**

5.1 Consultation has continued with members, there have been a number of visits to other Youth Zones venues, Youth Zone representatives have visited Peterborough to engage with the youth council and a schools survey has been completed with more than 900 responses.

6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 The outcome of this report will be to delegate authority to approve funding for further feasibility and design work for the Youth Zone decision on final location as well as authorisation for any associated agreements and leases required.

7. **REASON FOR THE RECOMMENDATION**

7.1 The reasons for the recommendations in this report are to allow for continued work to be undertaken pending announcement of successful Youth Investment Fund Phase 2 bid, in partnership with Onside charity and successful Shared Prosperity Fund bid.

To allow for flexibility in the programme around final site options due to the timescales, complexity and risks to the project.

Allow for appropriate transfer funds to Onside youth zones in line with Shared Prosperity Fund profile and grant limits.

8. **ALTERNATIVE OPTIONS CONSIDERED**

8.1 Both Shared Prosperity Fund and Youth Investment Fund pre application have been submitted and the council awaits the final outcome. The decision was taken at cabinet meeting on 20th September 2022 to proceed with feasibility and design work at risk to give the best opportunity to deliver the project and secure £10.9m capital investment as well as £1.1m yearly revenue investment for services for young people.

8.3 **Option 1 – Pause Project.**

Council could at this point decide not to commit any further, at risk, funding and to pause the project, awaiting the outcome of the YIF. However, it is far less likely that an underdeveloped bid would be successful and as set out in the report the anticipated panel date will be at the beginning of February 2023 with notification of success sometime after that, at which time the deliverability of the project within timescale is not achievable, Onside have stated that each month over YIF spending timeframe (March 2025) will need to be underwritten by the council at a cost of £650k per month. With a 30 month project time this could put the project 6 months over budget.

8.4 Option 2 – Terminate Project at this Point

Council could decided not to continue with the Youth Zone project at this point, however significant officer time and at-risk funding of around £150k has been invested up to this point in order to keep the project on track and maximise the unique opportunity to down £10.9m of external capital investment as well as £1.1m ongoing service investment through corporate social responsibility. It is advised that there will be opportunities to make further decisions about the commencement of the project once the result of the Youth Investment Fund application is known.

9. IMPLICATIONS

9.1 Financial Implications

9.2 The proposal is to secure grant funding from both the Youth Investment Fund (£8.7m), and Shared Prosperity Fund (£1.255m), to fund the construction of a Youth Zone facility. In the event that funding is not secured, the Council will be liable for abortive project costs up to £500k, although this takes into account any capital and revenue contributions the Council has already made at that point. This is not budgeted; however, it has been confirmed that the Shared Prosperity Fund (£250k) can be used for initial feasibility and planning.

9.3 Until the bid outcome is known in February 2023 this spend as set out in the report will be at risk to the Council. The proposal will involve disposal of Council Land (by way of lease). The financial implication of this has not yet been determined, a final site has not yet been confirmed.

9.4 Although the minimum Capital contribution required is £0.95m, Onside have advised that it is likely that an additional project cost in the region of £1m may be incurred and have asked if the Council will underwrite this. This is subject to further discussion and officers have asked that the bid to DCMS (YIF 2) is increased to cover.

9.5 There is a revenue cost implication of £200k for 7 years (£1.4m) from April 2025, a £350k commitment from Public Health reserve has been agreed in this respect with the remaining £1.05m not currently budgeted. Efforts will be made to re-position funding in existing PCC budgets and to secure partner contributions to manage this cost. Alternatively this would need to be factored into budget proposals from 2025/26.

10. Legal Implications

10.1 As we progress through the process further due diligence will be undertaken in respect of Peterborough City Council interaction and relationship with Onside Charity, the development of a new charity “Peterborough Youth Zones” and our legal position with DCMS as a partner in any Youth Investment Fund bid with Onside.

10.2 Legal papers are being reviewed at the time of writing this report and steps taken to ensure that the Letter of Intent will not legally bind the Council to provide funding or grant a lease. There will however be a legal obligation for the Council to make a payment capped at £500k for abortive costs if the application is not successful.

10.3 The proposal to dispose of Council Land by way of a long lease at less than best consideration must comply with the provisions of Section 123 Local Government Act 1972, and this will need to be considered once the financial implications of the selected site has been undertaken to ensure

that the proposal meets the requirements of a general disposal consent or whether an application to the Secretary of State will be required to obtain consent to the proposed disposal.

- 10.4 With regard to the selected site, a title check will need to be carried out to check that there are no legal impediments to the grant of the proposed lease for the proposed use and whether there are any statutory restrictions in relation to the land that must be complied with before a disposal is entered in to.

11. Equalities Implications

- 11.1 The building of a Youth Zone is generally projected to have a positive impact on equality in the city providing universal support opportunity to young people of Peterborough. However further work will need to be carried out if the recommendations of this report are agreed to ensure that access issues such as transport, provision for those with a disability or other potential barrier is made. Further consultation work with young people is being carried out at the time of writing this report and will continue moving forward.

12. BACKGROUND DOCUMENTS

None

13. APPENDICES

- 13.1 Appendix 1

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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CABINET	AGENDA ITEM No. 8
16 JANUARY 2023	PUBLIC REPORT

Report of:	Debbie McQuade, Service Director Adults & Safeguarding
Cabinet Member(s) responsible:	Cllr John Howard, Cabinet Member for Adult Social Care, Health & Public Health
Contact Officer(s):	Name: Kirstin Clarke and Chris Stromberg Post: Assistant Director Adults & Safeguarding and Head of Business & Digital Systems Email: Kirstin.clarke@cambridgeshire.gov.uk and chris.stromberg@cambridgeshire.gov.uk Tel: 07721110193 and 07876578093

ADULT SOCIAL CARE IT SYSTEM PROCUREMENT 2023

RECOMMENDATIONS	
FROM: Debbie McQuade, Service Director Adults & Safeguarding	Deadline date: July 2023
<p>It is recommended that Cabinet:</p> <p>Authorise the award of a contract for an IT system supporting adult social care services to Access UK Limited for a period of five years with an option to extend for a further two years from 21 July 2023, for a contract sum of approx. £2.2m.</p>	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a referral from CLT on 30 November 2022.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to seek approval for the award of the contract of the current IT solution used for Adult Social Care, Mosaic. This includes moving the solution from CCC's Data Centre to be hosted by the supplier, Access UK Limited.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.5, *'To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.'*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 **Background**

4.1.1 Adult Social Care provides statutory services in Peterborough and Cambridgeshire, statutory duties are determined by the Care Act 2014. The Service is supported by an IT solution called Mosaic, provided by Access UK Limited. Peterborough and Cambridgeshire have separate Mosaic ASC systems, but they are supported by a single IT team and are largely configured the same. Mosaic went live in April 2018 after it was upgraded from Framework-i. Following the upgrade a large number of business processes were re-engineered in both the case management and finance parts of the system.

4.1.2 The current contract expires in on the 21st July 2023, with no extension options available.

4.1.3 Since going live in 2018, there have been significant further developments, including:

- the mobilisation of reablement staff with the integrated product Total Mobile
- a full review and redevelopment of both case management and financial processes to further improve service operation and enable alignment of services across Peterborough and Cambridgeshire
- development of system process to enable Occupational Therapy, Technology Enabled Care and CPFT (Cambridgeshire and Peterborough Foundation Trust) Mental Health to use Mosaic
- the proposed implementation of digital engagement with providers (eg care homes) using portals.

4.1.4 Over the next 2-3 years, there will be significant challenges within the Service as there will be a focus on further digital efficiencies within the Service and its services users, and stability of product and service will be paramount in ensuring a firm foundation on which the reform work can build.

4.1.5 The current IT solution, Mosaic, is run on internal servers in an internal data centre shared with Cambridgeshire in Sand Martin House. In line with the IT Strategy (approved in 2019 as Cloud First strategy), it is proposed that the supplier will host Mosaic in their private cloud. Cloud hosting provides additional business continuity resilience for the Service (services are run from two or more data centres, meaning if one is unavailable another will deliver the system), and remove reliance on the authority's data centre, enabling IT & Digital Services to reduce its capacity.

4.2 **Main Issues**

4.2.1 Although Adult Social Care has experienced delays to elements of national social care reform, there are elements that will continue to progress such as statutory reform in regards to the Health and Care Act (integration with health) and Liberty Protection Safeguards (LPS). The Service needs a stable, known product to build upon these changes. The pressure on the Service to move to an alternative solution during this time risks the provision of support to vulnerable service users.

4.2.2 The current contract was awarded in 2018, and was followed by a 12-24 month period of system and process change, requiring PCC to invest in the use of skilled consultants to deliver the required work. In the period since completing this extensive work, there has been continuous development of the product to support the service needs and changes to legislation. If the result of going to open market was to change supplier, this would require an additional significant investment of ~£2-3m plus destabilising a service that is currently to go through major legislative changes and proposed structural change.

4.2.3 A summary of the financial and usage impacts are below:

- The current annual system costs are £211k.
- Projected costs for the same system but hosted in the cloud by the supplier are £313, an increase of £102k per annum. This increase in cost relates to hosting (the supplier running the system in their own data centre), but also price increases in the market since 2016, and the increase related to RPI.

- The option to continue to host the system in our own data centre is no longer viable, as the infrastructure supporting this solution is being decommissioned as part of a wider strategy to move equipment out of our data centre and utilise cloud services. For comparison, to continue to house the equipment for this system alone will cost PCC approx. £100k per annum, plus staff costs to maintain the infrastructure.
- We are seeking a 5 + 2 year contract term, and therefore total projected costs for the contract value will be ~£2.2m.
- £50k is included in the Capital budget in 23/24 to support any implementation costs.
- With the supplier hosting the system, access is not impacted by our data centre and server maintenance, therefore availability of the Service is increased.
- If the data centre fails for whatever reason, we currently activate a Disaster Recovery option, running Mosaic out of a data centre in West Northants. This takes time to activate and requires regular maintenance even when not operating. If we move to a cloud solution, we will no longer need to provide a Disaster Recovery option as the supplier will provide that within the cost provided. This is not a direct saving to the authority, but future cost avoidance as we will be able to reduce our Disaster Recovery estate.
- If there are system issues the time taken to resolve should dramatically reduce as there is not the back and forth between supplier and our internal teams.

4.3 Procurement

- 4.3.1 We will be using the Crown Commercial Services DAS Framework RM3821 which allows direct award to a preferred supplier.

5. CORPORATE PRIORITIES

- 5.1
1. *Our Places & Communities*
 - Establish local area committees to enable decision making in the community which is as close to the people they affect as possible
 - Deliver practical, localised and evidence-led actions that improve social mobility, reduce poverty and address inequalities
 - Establish the principles and practice of Community Wealth Building to enable the economic system to build wealth and prosperity for everyone
 - Enable communities to work creatively and collaboratively to address their local needs
 - Creating 'Places' that support communities to live low carbon, resource efficient lifestyles
 2. *Prevention, Independence & Resilience*
 - Continue the development of solutions in partnership with the Integrated Care System, for example the Shared Care Record.
 - Continue to use solutions, like Total Mobile, to provide local provision of reablement and care services.
 3. *Sustainable Future City Council*
 - Continue the increased use of digital solutions reduces the requirement for more analogue interactions, thereby reducing the production of paper and related services.

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#).

6. CONSULTATION

- 6.1 As part of the decision, consultation was undertaken with the relevant Service leads within the Council.

6.2 The report had also been considered by the Corporate Leadership Team and Cabinet Policy Forum.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 Award the contract for the provision of the Adult Social Care IT system to Access UK Limited using the hosted Mosaic solution.

8. REASON FOR THE RECOMMENDATION

8.1 Going to market with the potential of procuring a different product would give disproportionate pressure on the service and significant costs for implementation and change.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Go to market for a full procurement exercise. Implications of this are additional costs for change (~£2-3m and approx. 24 months for implementation), and significant disruption to a service delivering critical and statutory care.

10. IMPLICATIONS

Financial Implications

10.1 Required funding is covered within the current budget allocated.

Legal Implications

10.2 The Council is procuring this contract under the Crown Commercial Services DAS Framework RM3821 which is fully compliant with the Public Contracts Regulations 2015. The terms of this framework allow the Council to direct award to the Supplier.

10.3 The Council will ensure that its obligations under the current data protection legislation are complied with in connection with both the transfer of service user data from its own servers to the Mosaic cloud, and the subsequent operation of the new arrangements.

Equalities Implications

10.4 None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 None.

12. APPENDICES

12.1 None.

CABINET	AGENDA ITEM No. 9
16 JANUARY 2023	PUBLIC REPORT

Report of:	Peter Gell, Acting Service Director Regulatory Services	
Cabinet Member(s) responsible:	Councillor Marco Cereste - Cabinet Member for Climate Change, Planning, Housing and Transport	
Contact Officer(s):	Peter Gell, Assistant Director Regulatory Services	Tel. 07920 160701

LICENSING SCHEMES – RAISING HOUSING STANDARDS

RECOMMENDATIONS	
FROM: Peter Gell Acting Service Director Regulatory Services	Deadline date: 16/01/2023
<p>It is recommended that Cabinet recommend to Full Council:</p> <ol style="list-style-type: none"> 1. Approval of the submission of an application to the Secretary of State for the implementation of a Selective Licensing Scheme for the area defined within the public consultation undertaken between 20 January 2022 and 13 April 2022. 2. Agreement to support analytical work being undertaken to identify areas within the city suitable for the implementation of Additional Licensing Schemes and the subsequent public consultation on proposed scheme areas. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet for consideration following a request from the Cabinet Member for Climate Change, Planning, Housing and Transport for officers to outline an approach to raise housing standards in the Peterborough.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to seek views from Cabinet on the proposed approach to improve housing standards compliance in the private rented sector in the city, and for consideration to be given to endorsing the recommendations within this report.

There are rented properties in the city which provide poor quality accommodation putting the welfare and health of those that live in them at risk, the council has a responsibility to take action to raise the standards of such accommodation.

- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.2, *'To take collective responsibility for any Executive decision that has significant implications across two or more portfolios.'*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	YES
Date for relevant Council meeting	25 January 2023	Date for submission to Department for Levelling Up, Housing and Communities	February 2023

4. BACKGROUND AND KEY ISSUES

4.1 Background

4.1.1 The Councils Private Sector Housing Team (PSHT) is responsible for enforcing, undertaking, and administering a range of functions to maintain and improve housing conditions in the private rented sector. There are various tools available to the council to enable it to fulfil its housing duties including enforcement powers and penalties, the housing health and safety rating system (HHSRS), and licensing schemes.

4.1.2 Though there are well maintained properties and mobile homes in the city, offering good living conditions, there are also properties in need of improvement to bring them up to an acceptable standard.

4.1.3 Poor housing standards not only negatively impact on the general health and wellbeing of tenants but can also result in hazardous conditions for those living in the properties. Poor housing standards are consequently one of the factors that contribute towards poor health outcomes. There are health inequalities across the county, with parts of Peterborough having significantly lower life expectancy levels than others, improving housing standards is one measure that can help address these inequalities.

4.1.4 With a housing shortage, both in terms of the owner occupier market and in the rented sector its essential that the PSHT works cohesively with other housing related functions within the council and external partners to maximise the availability of good quality, safe housing in the city. The team also has an important part to play working with other services to improve localities, supporting initiatives to address environmental crime, anti-social behaviour, statutory nuisances, parking issues, and reporting safeguarding concerns and human trafficking concerns.

4.1.5 Both external and internal assessments of housing service delivery have identified that with a refocus the service can be more effective both in terms of its specific housing standards functions but also its wider contribution to corporate priorities.

4.1.6 The approach proposed to improve housing standards across the rented sector in the city is a combination of measures. A refocus of the PSHT in conjunction with skills development, better use of the enforcement tools available, and the introduction of both a Selective Licensing and an Additional Licensing Scheme to complement the Mandatory Licensing Scheme in the city. The suite of measures will provide a more integrated approach to compliance across the city, with interventions being applied proportionately recognising the seriousness of the conditions and attitude of the landlord towards addressing concerns. It is recognised that there are many responsible landlords who at times will just need some advice and guidance in order to meet housing condition requirements.

4.2 Staffing

4.2.1 To ensure the PSHT is fit for purpose in the future, service transformation is required. The team could achieve more with better use of available enforcement sanctions, and through developing the skills, competence, and expertise of officers within the team in addition to appointing a housing technical lead to develop, and mentor others and lead on complex compliance issues.

4.2.2 All team members need to be able to carry out housing compliance activities across the breadth of the council's statutory housing compliance responsibilities. In addition, being able to use all the available enforcement sanctions in their toolkit is key to maximising their effectiveness in raising housing standards. Sanctions such as civil penalties have not been utilised enough, yet provide a significant deterrent to rogue landlords due to the level of fines imposed as well as providing a revenue stream to offset the cost of enforcement.

4.2.3 Embedding a culture of looking holistically at issues and working in partnership with others where advantageous will deliver better outcomes and more sustainable solutions.

4.3 **Housing Licensing Schemes**

Mandatory Licensing

4.3.1 The Housing Act 2004 requires councils to administer the Mandatory Licensing Scheme, this provides housing standards requirements in relation to safety and management for rented accommodation and applies when there are or 5 or more tenants sharing amenities. This scheme applies to all properties within the city meeting the criteria, and licences are for five years, after which there is a requirement for them to be renewed.

Selective Licensing

4.3.2 The Selective Licensing Scheme (SLS) implemented by the council expired in 2021 after its five-year licence period. The scheme applied to a designated part of the city consisting of 22 lower output areas in which rented accommodation met the qualifying criteria. Under the scheme all private rented accommodation in the area was required to be licenced, though properties with 5 or more tenants were licenced under the mandatory scheme.

4.3.3 To identify the area for a new scheme the Selective Licensing Index (SLI) was developed. This was designed to provide an objective geographical appraisal based on Lower Super Output Areas (LSOA) of those locations across the city which may benefit from the implementation of a SLS. The SLI amalgamates crime, socio-demographic, deprivation, and other housing related data to produce a tool used to assess each of the six criteria upon which a Selective Licensing Scheme can be legally based. The six criteria are:

- Low housing demand
- Anti-Social Behaviour
- Housing conditions
- Migration
- Deprivation
- Crime

4.3.4 There are approximately 9,000 properties within scope for a new scheme, these being within 24 LSOA, the original scheme covered 22 LSOA. Consultation regarding a new scheme based on the revised area took place between 20th January 2022 and 13 April 2022 though no further action took place with a view to implementation of the scheme at the time.

4.3.5 It is proposed that Cabinet recommend to Council to submit an SLS application to the Secretary of State (SoS) for approval based on the revised area in Peterborough as provided for under Section 80 of the Housing Act 2004. The approval is required where a Scheme will cover more than 20% of their geographical area or that would affect more than 20% of privately rented homes in the local authority area. The proposed new scheme will cover 39.75% of the city's private rented stock. This scheme if implemented would again bring added controls to help raise housing standards.

4.3.6 Unlike the previous SLS which the council administered and undertook the compliance checks, it is proposed that for a new scheme the council will enter into an agreement with a third-party organisation to undertake both aspects using systems that they provide. The third party would be funded from the licensing fee, with the council retaining some funding to issue the licence

once the application process and all compliance checks are complete. The licensing scheme would be cost neutral to the council.

- 4.3.7 This option is preferable to the previous arrangement for several reasons. The council only achieved one compliance check for each property during the lifetime of the previous scheme, whereas there are third-party providers with better track records in this respect, helped by a single focus, and no other housing standard responsibilities. The council does not currently have a system to administer a new scheme and would need firstly to resolve an existing contract with a service provider, and secure the funding, this will take some time to resolve.
- 4.3.8 With a third party administering the scheme and doing the compliance checks the council would pick up referrals from the third-party provider in the instances where enforcement sanction needed to be exercised, such as landlords refusing to licence properties, or raise standards to meet scheme conditions. The councils PSHT would consequently be leaner and more focused on rogue landlords in future in respect of housing standards compliance.

Additional Licensing

- 4.3.9 Additional Licensing Schemes (ALS) apply to all 3 and 4 bed rented accommodation with share amenities. Unlike the national Mandatory Scheme covering 5 beds or more, implementation is at the discretion of the local authority, and does not require SoS approval like an SLS. An ALS provides a means of regulating standards of housing in parts of the city which do not meet the criteria to become a SLS but would still benefit from controls raising housing conditions in properties not caught by the mandatory scheme. There are believed to be between 1,500-2,000 properties within scope as an approximation.
- 4.3.10 Subject to Cabinet Member agreement it is proposed that an analytical piece of work be undertaken to identify those areas of the city that would benefit from the introduction of an ALS, and that the findings form part of a public consultation exercise. Once final scheme proposals have been developed a decision on implementation will be sought from a Cabinet.
- 4.3.11 It is proposed that the administration of a scheme and the associated compliance checks also be undertaken by a third-party provider, and as such could be included within the procurement exercise for the SLS provider.

5. CORPORATE PRIORITIES

The following outlines how the recommendation links to the Council's Corporate Priorities:

5.1 The Economy & Inclusive Growth

Environment/Carbon Impact

The approach outlined in this report will have a positive impact on the environment in that property related energy efficiency standards will be promoted and their compliance checked through the licensing regime.

Having sufficient good quality housing provision is key to the city successfully achieving economic growth in a sustainable way.

5.2 Our Places & Communities

Health and Wellbeing

Good housing conditions are an important contributory factor in the overall health and wellbeing of those living in a property. The proposed Schemes will help improve housing standards.

Prevention, Independence & Resilience

5.3

Adults & Children

Opportunities to prevent crises for both adults and children will at times be identified during inspections of accommodation, ensuring these are not lost and the appropriate support is put in place will be a priority for the Service. Category 1 hazards, and as recently reported in national media, damp and mould can and do lead to serious poor health consequences if not addressed.

Sustainable Future City Council

5.4

How we Work, how we serve, how we enable

Using good qualitative data and information will help inform and drive interventions to improve housing standards compliance. Working collaboratively with other council services and external providers will help address the wider issues impacting negatively on communities, resulting in better outcomes.

6. CONSULTATION

6.1 A public consultation was undertaken regarding the implementation of a SLS for 12 weeks commencing on the 20th of January 2022 and finishing on the 13th of April 2022. The document outlining the scheme proposals used in the public consultation exercise can be seen in Appendix A, and the consultation findings, and recommendations in the consultation report in Appendix B.

6.2 A further public consultation would need to be undertaken in relation to the introduction of an ALS for those localities affected subject to approval to progress work towards implementing such a scheme.

6.3 This recommendation was considered by the Corporate Leadership Team (CLT) on 21st December 2022 and Cabinet Policy Forum on 9th January 2023.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 The anticipated impact that agreement of the recommendations in this report will deliver is an approach that will raise poor housing standards in rented accommodation leading to better outcomes for tenants.

8. REASON FOR THE RECOMMENDATION

8.1 The council has a statutory responsibility with regards to regulating housing standards in the private rented sector and could do more to improve housing standards through a refocus of the council's PSHT, a more expansive use of enforcement powers, and the introduction of a blend of licensing schemes, in the rented sector. A previous SLS ended in October 2021 having come to the end of its 5-year period, and consequently there is a gap in the regulatory controls in the locality. Housing standard complaints and officer inspections confirm there remain properties providing poor housing condition standards.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Option One (Status Quo)

The current service delivery arrangement is not sustainable financially as much of the current staffing was funded out of the previous SLS, therefore without additional revenue the size of the team would have to be reduced to reflect cash limits. The status quo position would rely on the Mandatory Licensing Scheme alone in conjunction with the enforcement sanctions available to officers. If the team were resourced based on the cash limits for 2023/24 there would be insufficient staffing to meet housing compliance needs.

9.2 Option Two (Service transformation, no SLS, or ALS)

In this case the service would still need to be adjusted to reflect cash limits, though with transformation of the PSHT the extent of the adjustment could be mitigated by raising additional revenue from the use of civil penalties to address poor housing standards. This sanction is currently underused. Transformation would in addition increase the effectiveness of the team

and lead to better community outcomes. The only licensing scheme in place would be the Mandatory Licensing Scheme.

9.3

Option Three (service transformation and introduction of SLS)

This option reflects that proposed within the report other than only a SLS would be progressed with a view to obtaining approval for implementation, the council would not develop proposals for an ALS at this time and keep matters under review. This does not provide the integrated approach that including ALS would, though would enable a review of third-party delivery arrangement performance before committing to including ALS.

9.4

Option Four (service transformation and introduction of ALS)

This option reflects that proposed within the report, though instead of a SLS the council would pursue ALS instead. In this case it would be necessary to undertake an analytical exercise to evaluate the locality requirements for such a scheme, then undertake a public consultation exercise. If replicating that undertaken for SLS the consultation exercise would take 12 weeks. The council can make a local determination with respect to ALS implementation. This does not provide the integrated approach that including SLS would.

10. IMPLICATIONS

10.1 Financial Implications

10.1.1 The proposal would result in a third-party provider being funded from the fees derived from the licences they administer for the council, the council receiving a proportion of the fees to cover the cost of issuing the licence once the third party has completed all the compliance checks and confirmed the scheme requirements have been met and a licence can be issued.

10.1.2

The financials associated with the approach outlined in this paper have been scrutinised through the Transformation Project Programme.

10.2 Legal Implications

10.2.1 Major policies such as SLS and ALS require public consultation, this having been undertaken for the former. Government is required to approve the implementation of an SLS before a council can introduce a scheme.

10.2.2

Subject to Cabinet approval to progress towards the implementation of an ALS, a public consultation will also be undertaken.

10.2.3

The ability of councils to develop housing licensing schemes is contained within the Housing Act 2004.

10.3 Equalities Implications

10.3.1 The proposal does not negatively discriminate against any group with protected characteristics. The proposal, if adopted, will improve living conditions for people living in poor housing conditions in the rented sector. Younger households are more likely to live in the private rented sector than older households according to Office of National Statistics (ONS) data, the largest age group being 25-34. Any improved standards will benefit all those in rented accommodation, slightly more so those in the 25-34 age group as the biggest age grouping, though not disproportionately.

10.3.2

Poor housing standards are known to have a significant detrimental impact on peoples' health, so improvements help contribute towards achieving better health outcomes. Due to high inflation, and heating costs some tenants will be experiencing extreme hardship, compliance checks

10.3.3

therefore provide an opportunity to put people in touch with available support.

Good responsible landlords will benefit as they can invest in providing good quality

accommodation knowing it is a level playing field, as rogue landlords will not be able to cut corners.

10.4 **Other Implications**

- 10.4.1 This report has implications for areas of the city providing rented accommodation. The proposal outlines an approach to improve compliance with regards to housing standards in the private rental sector. A combination of housing schemes used in conjunction with effective use of enforcement sanctions will provide a locality specific and proportionate approach to compliance.

11. **BACKGROUND DOCUMENTS**

11.1 Selective Licensing Scheme Consultation Document

11.2 Selective Licensing Scheme Consultation Report

12. **APPENDICES**

Appendix A - Selective Licensing Scheme Consultation Document

Appendix B - Selective Licensing Scheme Consultation Report

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HELPING TO MAKE **PETERBOROUGH** a better place to live



Selective licensing



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Selective licensing

HELPING TO MAKE PETERBOROUGH

a better place to live

Introduction and welcome to the consultation

In 2016, Peterborough City Council gained approval from the Secretary of State to operate a selective licensing scheme to help tackle issues which can be caused as a result of high density private rented housing.

The scheme requires all landlords that own private rented homes, within specific areas of the city, to have a licence for each property. It is an offence to rent or manage a property within the designated selective licensing areas without being licenced.

Approval was granted for a five-year period which expired in October 2021. The council is now proposing to make an application to the Secretary of State for a new scheme which aims to build on the successes of the original scheme.

The council must carry out a public consultation of no less than 10 weeks before it can approach the Government for approval to operate a further selective licensing scheme. As part of this consultation, the council must engage with private landlords, tenants and residents within the proposed new areas and those adjacent, as well as any other individuals and groups who would be affected by the proposals.

What is selective licensing?

The Housing Act 2004 gives councils the power to require residential landlords to obtain a licence in order to let property to tenants within a designated area. Its aim is to improve the quality of life for all in the area by ensuring a consistent high standard of management of private rented homes which thus make a positive contribution to the area.

A designated area must have a high level of private rented housing (25.3% or above for Peterborough). If this level is reached, selective licensing can be introduced if an area satisfies one or more of the following conditions:

- Low housing demand (or is likely to become such an area)
- A significant and persistent problem caused by anti-social behaviour
- Poor property conditions
- High levels of migration
- High levels of deprivation
- High levels of crime

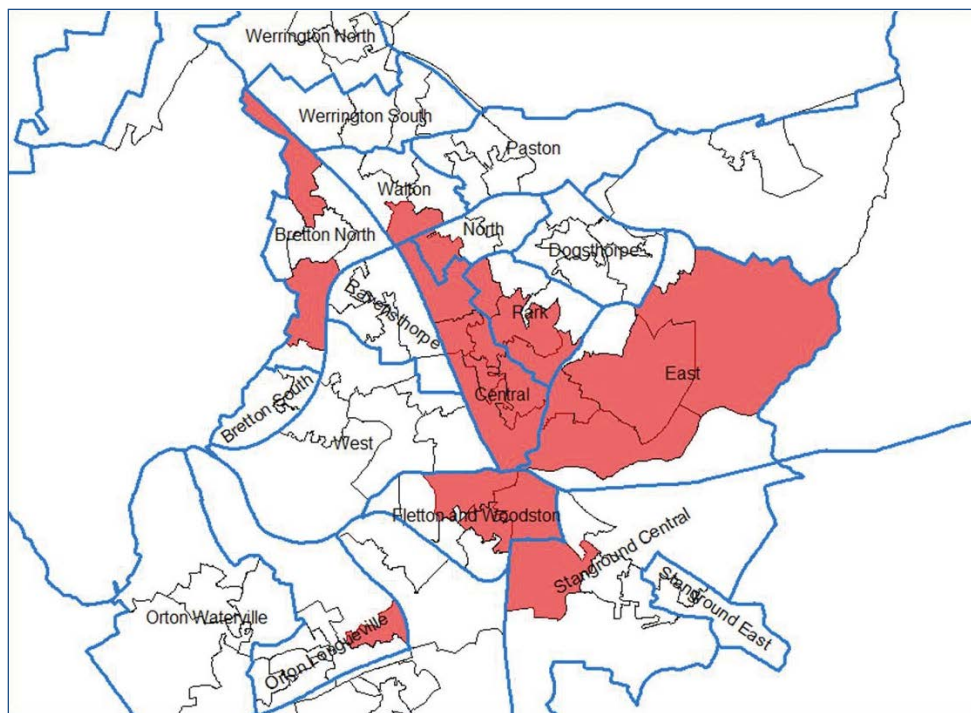
Some properties do not require a licence. A full list of statutory exemptions can be found at The Selective Licensing of Houses (Specified Exemptions) (England) Order 2006. (<https://www.legislation.gov.uk/uksi/2006/370/made>)

Examples of statutory exemptions include:

- Those managed by Housing Associations or the local authority
- Buildings regulated by other legislation
- Holiday Lets
- Tenancies under long leases

Original scheme

The original scheme started on 1 December 2016. Prior to the start of the scheme, a review of Peterborough's Local Super Output Areas (LSOAs – a term used by the Office of National Statistics to divide the country into geographical areas of around 1500 population) was used to identify the locations that met the scheme criteria. Only those areas that met five or six of the Government's criteria were selected for the scheme; these can be viewed in the map below.



Upon launching the scheme, the council identified 6,205 properties in need of a licence. During the scheme 8,995 applications were received, with over 7,900 licences being granted, 660 rejected, and over 240 revoked. There are in the region of 200 properties that are still under investigation as unlicensed properties.

For each application made, fit and proper checks are carried out on the applicant, safety documents are checked and each property has an initial safety inspection carried out. All defects and hazards identified are brought to the landlord's attention with a full housing health and safety inspection scheduled according to risk. A large number of landlords work with council officers and rectify issues without delay. Some have used the scheme as an opportunity to undertake large scale works and refurbish all their properties.

The scheme has seen a range of improvements experienced in selective licensing areas.

Successes include:

- 7,278 properties have had an initial inspection. Housing defects identified from the inspection were notified to the owners with the opportunity to correct these voluntarily. Many landlords did this and as a result the number of formal actions necessary was greatly reduced from the pre-scheme period.
- Formal action has been taken in relation to 284 properties inspected that were found to have category one hazards (the most serious level). This ensured that these properties are now free from hazards and safe for tenants to live in.
- In all bar one of the scheme's LSOAs, anti-social behaviour has reduced over the 5 year period.

- The private rented sector has grown by 12% overall within the current selective licensing areas, showing investment is continuing within the areas and providing more choice of accommodation for private renters.
- The number of properties with serious hazards has reduced by an average of 14% across the selective licensing areas.
- Landlord and agent engagement with the council has improved greatly over the term of the scheme leading to a more open and productive relationship resulting in better management and improved housing conditions.

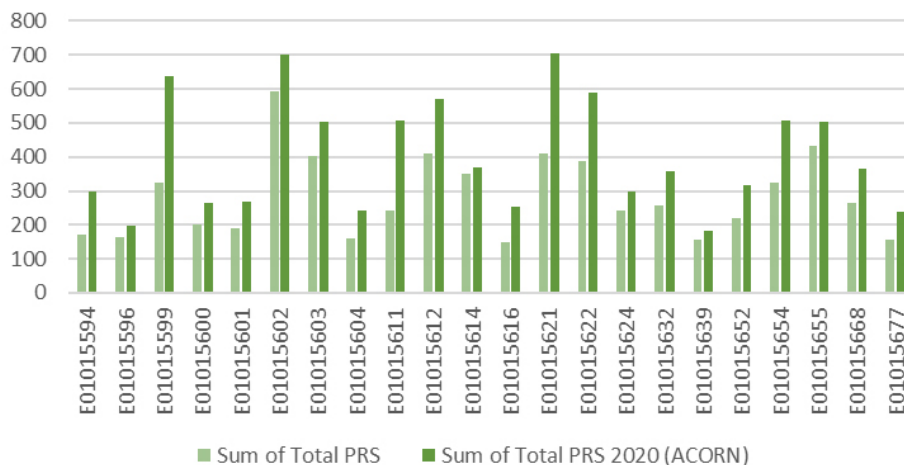
Why do we need a new scheme?

Peterborough is an ambitious city with exciting plans for growth. It's the UK's fourth fastest growing city and is transforming quickly with a £1billion regeneration programme.

But growing populations can mean additional challenges such as anti-social behaviour and reported crime, and in Peterborough there are also more properties in an overcrowded, poor and dangerous condition. Overcrowding can lead to excessive waste and sometimes affects the health of the occupants.

Some of the challenges experienced in Peterborough are outlined below.

Private Rented Stock 2015 to 2020



Low housing demand

During the course of the original scheme, Peterborough's private rented sector has grown. An additional 1,400 properties were found to be rented during the course of the scheme than first anticipated at its start in 2016. Overall, the population of Peterborough has grown by 7% over the period but the growth within the original scheme area is higher at 12%. In some areas the population has grown significantly, for example Central ward has grown by 33% and Fletton & Stanground by 40%. The table above shows the increase in the private rented stock in the current scheme area between 2015 and 2020.

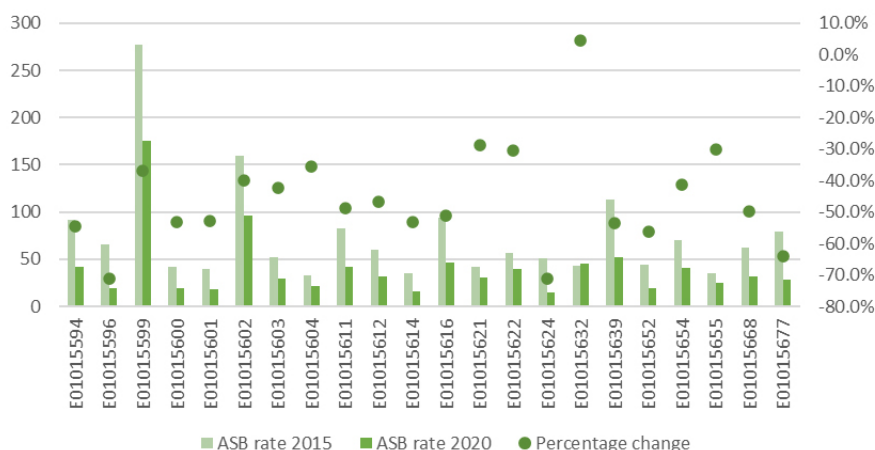
The number of empty dwellings across the city has remained static at 540, although in the original scheme area the number has fallen slightly from 235 to 210 over the past five years. We are proposing that under the new scheme, landlords of empty properties will be encouraged to bring their properties back into use and will pay no licence fees if the property is used by the council to house people on the housing waiting list.

Anti-social behaviour

Over the past 5 years anti-social behaviour has fallen by about 38% across the city. In 2015, 38% of all reported anti-social behaviour incidents came from within the current selective licensing areas, in 2020 this increased slightly to 40%. However, despite an increase in the private rented stock in some LSOA's, anti-social behaviour incidents fell by more than the city average, for example: Central E01015603 has had an increase in private rented property of 5.4%, an increase in fly tipping of 310%, but rubbish accumulations

have decreased by 45%. Anti-social behaviour fell by more than the citywide average in all the LSOAs within the scheme apart from in Central, North, Park and Fletton and Stanground as shown on the table below.

Anti-social behaviour rate 2015 compared to 2020



The original scheme was complemented with the introduction of a Public Space Protection Order (PSPO) for the Millfield, New England, Eastfield and Embankment area. This order was implemented in 2017 and expired in August 2020 and a total of 2,344 Fixed Penalty Notices were issued during this period.

Due to the Covid-19 pandemic it was not possible to carry out a public consultation at the time on extending the order for a further 3 years. However, a new PSPO for the Millfield, New England, Eastfield, and Embankment area has recently been implemented due to the continued anti-social behaviour which is blighting the quality of life for residents and businesses within the areas of Central, North, Park and East wards.

Poor property conditions

One of the aims of the original scheme was to achieve long-term sustainable improvements in the quality of private rented sector accommodation within the city, and in particular within those areas of greatest need; those that comprise the proposed scheme .

Since the start of the scheme, 7,278 properties have had an initial inspection. Each property was assessed and risk scored on compliance with statutory requirements, property condition, and landlord experience, to enable the council to carry out full Housing Health and Safety Risk Assessments on each property starting on a ‘worst first’ basis.

Housing defects identified from these inspections were notified to the owners with the opportunity to correct these voluntarily. Many landlords did so, and as a result the number of complaints and formal actions necessary was greatly reduced from the pre-scheme period.

Formal action was taken following inspections of 284 properties that were found to have category 1 hazards, such as excess cold, entry by intruders, damp and mould. As a result, 80 Housing Act improvement notices were served to make the landlords carry out the necessary repairs and ensure that their properties are free from hazards and are now safe for their tenants to live in.

As a result, the percentage of properties with hazards that fall within category one and high category two under the Housing Health and Safety Rating System has improved, as illustrated in the table on page 7.

However, the impact of the pandemic, combined with the increase in private rented properties, has meant that there remain in the region of 550 properties identified as likely to have category one hazards that require a full inspection and necessary action taking to reduce the hazards.

Migration

A designation can be made to preserve or improve the economic conditions of areas to which migrants have moved and ensure people (including migrants) occupying private rented properties do not live in poorly managed housing or unacceptable conditions.

Code	LSOA Code 2 015	Ward	% of PRS stock in LSOA with a Cat 1 hazard 2015	% of PRS stock in LSOA with a Cat 1 hazard (Unique Properties) 2020	Change in Cat 1 % pts	% of PRS stock in LSOA with a Cat 2 hazard 2015	% of PRS stock in LSOA with a Cat 2 hazard (Unique Properties) 2020	Change in Cat 2 % pts
Peterborough 011C	E01015594	Bretton North	14%	3%	-11%	13%	5%	-8%
Peterborough 009B	E01015596	Bretton North	12%	2%	-10%	12%	6%	-6%
Peterborough 014A	E01015599	Central	19%	5%	-14%	15%	8%	-7%
Peterborough 014B	E01015600	Central	8%	7%	-1%	14%	10%	-4%
Peterborough 012A	E01015601	Central	16%	7%	-9%	15%	9%	-6%
Peterborough 014C	E01015602	Central	9%	4%	-5%	21%	7%	-14%
Peterborough 010A	E01015603	Central	15%	7%	-8%	18%	13%	-5%
Peterborough 010B	E01015604	Central	21%	5%	-16%	26%	7%	-19%
Peterborough 013B	E01015611	East	12%	1%	-11%	22%	3%	-19%
Peterborough 014D	E01015612	East	20%	6%	-14%	27%	8%	-19%
Peterborough 013D	E01015614	East	13%	4%	-9%	25%	4%	-21%
Peterborough 013F	E01015616	East	22%	3%	-19%	27%	6%	-21%
Peterborough 017A	E01015621	Fletton and Woodston	25%	1%	-24%	27%	1%	-26%
Peterborough 016A	E01015622	Fletton and Woodston	24%	1%	-23%	25%	3%	-22%
Peterborough 017C	E01015624	Fletton and Woodston	20%	2%	-18%	27%	5%	-22%
Peterborough 010C	E01015632	North	19%	5%	-14%	26%	8%	-18%
Peterborough 021B	E01015639	Orton Longueville	21%	2%	-19%	27%	5%	-22%
Peterborough 012C	E01015652	Park	24%	5%	-19%	27%	11%	-16%
Peterborough 012E	E01015654	Park	13%	6%	-7%	28%	8%	-20%
Peterborough 014E	E01015655	Park	23%	4%	-19%	27%	5%	-22%
Peterborough 017E	E01015668	Stanground Central	20%	2%	-18%	30%	2%	-28%
Peterborough 010E	E01015677	Walton	21%	2%	-19%	31%	3%	-28%

The 2011 census provided population counts across all LSOAs in the city, compared to the 2019 mid-term population estimates that the 24 proposed areas have experienced a relatively large increase in the size of the population. The population of the proposed 24 areas to be included amounts to 52,877.

It could be assumed that if an area has had an increase in population, and little to no housing being built, these new residents are either taking up existing empty properties or the housing composition dynamics have changed to accommodate them.

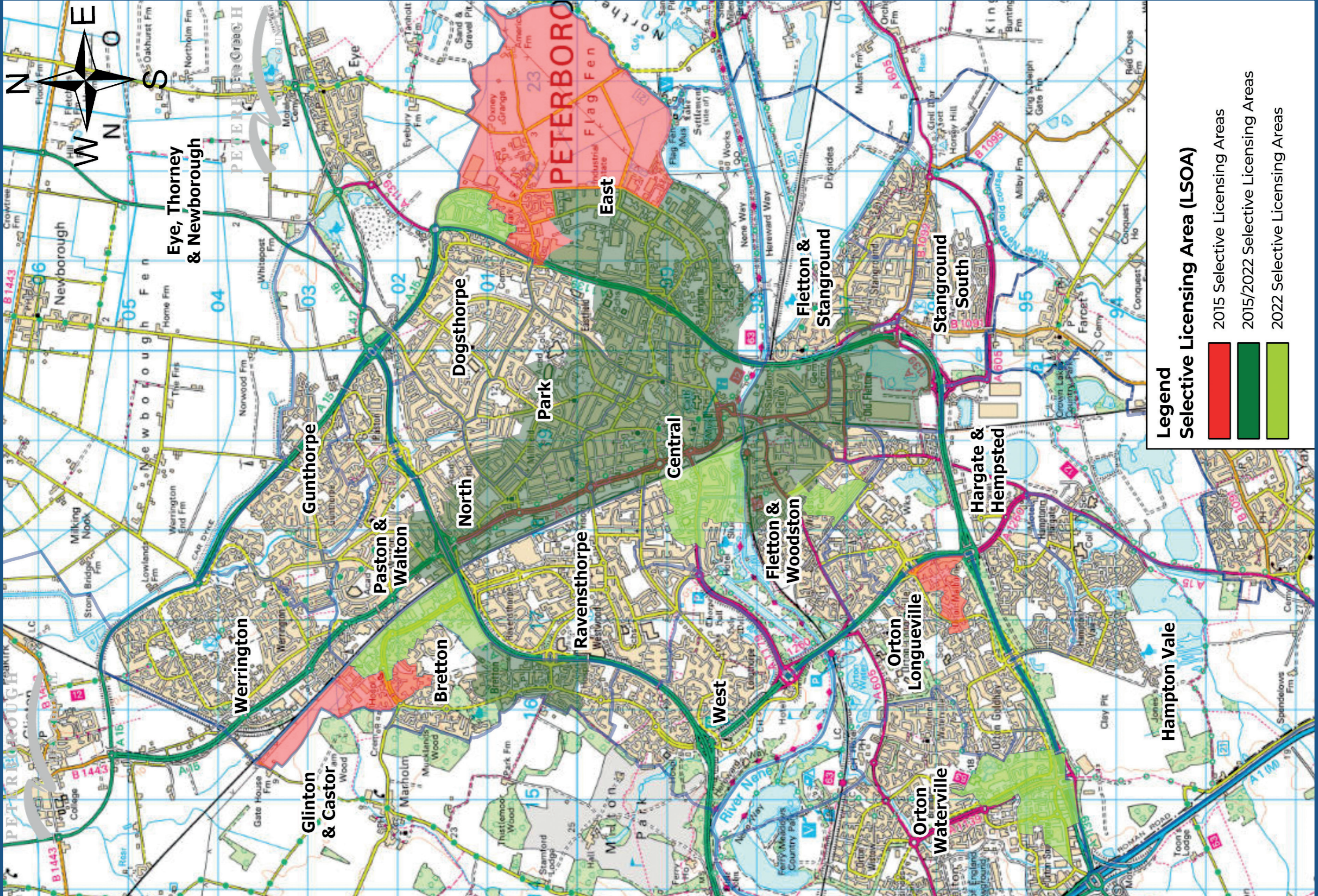
Deprivation

In the original selective licensing areas, across four of the five indices of deprivation there has been improvement compared to the rest of the country, in the sense that fewer LSOAs are in more deprived deciles in 2019 compared to 2015. However, the Education and Skills index has slightly worsened.

When considering the proposed areas for the new scheme, ten separate criteria were used to demonstrate deprivation and applied to all of the 112 LSOAs across the city. Of the 24 LSOAs identified as meeting the overall criteria for selective licensing, 22 met the deprivation threshold. The 24 LSOAs are shown with their local index rank opposite.

The average income of households - The Income Deprivation Domain measures the proportion of the population in an area experiencing deprivation relating to low income. The definition of low income used includes both those people that are out-of-work, and those that are in work but who have low earnings. Within the 24 proposed areas 5 of the LSOAs fall within the top 10% most deprived nationally and a further 12 LSOA areas are within the 20% most deprived in the country.

The proposed areas for the new scheme are shown in the map below, with red areas no longer meeting the criteria for selective licensing, dark green areas remaining from the original scheme and light green areas being new proposals. An interactive, searchable map of streets within the proposed areas can be found at www.peterborough.gov.uk/SLconsultation



Crime

Across the city, crime has increased from 80 crimes per 1,000 to 107 crimes per 1,000. In the selective licensing area the rate has increased but not to the same extent, although it is still higher at 182.2 crimes per 1,000 in 2019-20. In the remainder of the city, crime is lower at 82.9 crimes per 1,000 people, but has increased from 56.7 crimes per 1,000 in 2015.

Selective licensing focuses resources in the private rented sector and drives up standards and awareness of landlord, tenant and agents' responsibilities through clear and affective engagement between landlords and the local authority. Without selective licensing these improvements could soon be lost and management standards decline again leading to poorer housing and life outcomes for our residents.

Selective licensing alone cannot regenerate areas, but this scheme has shown that it is a powerful legislative tool leading to improved environmental conditions along with better safety and quality of accommodation.

By introducing a new scheme, the council will be in a strong position to carry on this good work and embed further improvements within the private rented sector. As a key provider of housing within our city, the private rented sector must be continually improved so that it can provide safe, decent warm housing in which our residents can thrive.

You can view the supporting evidence document on our dedicated consultation webpage here: www.peterborough.gov.uk/SLconsultation

Our proposals for a new scheme

Approval for operating the original selective licensing scheme came to an end in October 2021 and to enable the council to build on the improvements already achieved, we are intending to apply to Government for approval to run a new scheme for a further five years.

The aims of a new scheme will be:

- to ensure that private rented sector properties are managed properly;
- to improve neighbourhoods in the designated area;
- to reduce complaints of noise, rubbish, housing disrepair and other anti-social behaviour related to the private rented sector, by ensuring landlords make their tenants accountable for their actions as set out in the licensing conditions and their tenancy agreements;
- to continue to improve the city's private rented sector;
- to support landlords in managing their properties and tenants through training and targeted support where needed;
- to ensure the licence holder and manager are suitable;
- to ensure fundamental basic standards of accommodation are provided, including safe gas and electrics and room sizes for an appropriate number of occupants;
- to assist in identifying and dealing with rogue landlords.

We have reviewed the data held to understand how the private rented market has changed over the five years since the existing scheme came into place. Private rented accommodation now makes up 25.3% of housing in Peterborough (up from 19% in 2016). Using council tax data, an up-to-date assessment has been carried out of areas which:

- a) have a higher percentage of private accommodation than the Peterborough average, and
- b) meet at least five out of the six criteria for selective licensing to be introduced as outlined earlier in this document.

As a result, three areas which were designated under the original scheme no longer meet the threshold for selective licensing; these are located within Bretton, East, and Orton Longueville wards.

An additional five areas now meet the criteria for a selective licensing designation; these are located within Bretton, East, Fletton and Woodston, Stanground South and Orton Waterville wards.

The proposed new scheme will cover 39.75% of the city's private rented stock, which equates to 24.48% of the total housing stock within Peterborough.

CASE STUDY 1

“As a letting agency we have been operating in the city since 2013 and have always looked to work with landlords who are ‘fit and proper persons’ and also have best interests of the tenants at heart. Therefore, over the years we have chosen not to work with some landlords as their values and ethos did not match our company values and ethos of providing high quality homes for tenants.

Peterborough City Council’s selective licensing scheme has been a success for a number of reasons:

1. IMPROVED PARTNERSHIP WORK:

As a company we historically have maintained good working relations with the council. As a result of the selective licensing scheme our relationship with council officers has further deepened and enhanced a partnership approach to improving quality of the private rented sector. We have worked with council officers who are highly knowledgeable, helpful and pragmatic in finding solutions to challenges faced.

2. IMPROVED PROPERTIES:

Our properties generally are of good condition. However, at times following feedback from council officers we have made tweaks to further raise the standard of our properties. This feedback was invaluable, and the officers’ excellent approach was one of collaboration and partnership. In addition, council officers shared the remedial work that was required with the landlords and this ensured that work was completed in a very prompt manner.

3. IMPACT ON BUSINESS:

Generally, landlords have absorbed the cost of the license without any major complaints.

Overall I believe the introduction of the selective licensing scheme by Peterborough City Council has no doubt raised the standards of the Private Rented Sector across the city in terms of improving the quality of properties, fewer rogue landlords, enhanced safety standards such as fire safety and advanced how landlords manage their properties.”

Local Peterborough Letting Agent



CASE STUDY 2

“The selective licensing scheme is a good idea because it has helped to identify and deal with problem landlords in the city who are giving good landlords a bad name. It has made landlords ensure that their properties are compliant and encourages good practice.

Having diversity within the council is fantastic and helpful with language and cultural barriers.

I’m really grateful to have the support of selective licensing officers who are willing to work with me and go the extra mile to help with any issues and queries. Working together helps to obtain successes such as the case of one landlord where we were able to get two of his properties completely compliant by working together.”

Local Peterborough letting agent



Complementary initiatives to be used alongside selective licensing

- Free licences for landlords who rent to persons on homeless register
- Re-establishing a task force with partners including police, fire, border agency
- Buying up houses to use for reducing homelessness
- Private Sector Leasing Scheme for empty homes
- Free licences for owners of empty homes who rent them to persons on the homeless register
- Prevention and Enforcement Service and Public Space Protection Orders
- Waste management support for landlords
- Anti-social Behaviour and Energy Efficiency support for landlords

What alternative courses of action have you considered to selective licensing?

A council must not make a designation to introduce selective licensing unless it has considered whether there are any other courses of action available to them that might provide an effective method of achieving the objective that the designation is intended to achieve.

We have considered several alternative approaches to the proposed designation of selective licensing, which are illustrated in the table below. Each of these represents a valuable tool for dealing with low demand and the improvement of social or economic conditions of the area, including persistent antisocial behaviour and poor management practices.

However, each alternative course of action has its limitations. None of these alone, including selective licensing, can solve the problem and therefore a co-ordinated strategy is required which links a full range of agencies and services using various interventions appropriately.

Alternative Courses of Action	Strengths	Weaknesses
Management and training support to private landlords	Improves standards where landlord is engaged with authority and promotes confidence amongst their tenants.	Requires landlord voluntary engagement. Could remove responsibility away from landlords. Source of funding unclear. No enforcement powers available
Introduction of private sector leasing scheme	Contributes to homelessness prevention as could be used for allocation to those in need of housing.	Resource intensive. Does not improve management standards of landlords who choose not to join the scheme. Reactive rather than proactive.
Targeted use of Special Interim Management Orders and Empty Dwelling Management Orders	Removes rogue landlord responsibilities and gives to responsible, nominated agent. Improves standards for tenants and local community.	Resource intensive. Does not present a long-term solution to poor management of private rented properties (up to maximum of 5 years – then returned to original owner). Does not tackle poor management techniques. Reactive rather than proactive. Intervention is a last resort.

Proposed fees

Each application for selective licensing must be accompanied by a fee. Consideration has been given to a number of fee options as well as Government direction and legal advice on setting fees. The public consultation will ask for views on the fee model and amount.

The fee for each property will be split into two parts – Part A will be payable with the application and Part B will be payable when the application has been processed and the licence ready to be granted.

There are a number of different fees proposed to cover the five-year period, which are outlined in the table below:

Application type	Part A fee	Part B fee	Total fee
Landlords accredited with an approved national body, and who apply for a licence prior to the scheme start date or within 28 days of requiring a licence.	£288	£220	£508
Non-accredited landlords, who apply prior to the scheme start date, or within 28 days of requiring a licence.	£288	£320	£608
All late applications (28 days post scheme start date or after 28 days of requiring a licence).	£538	£370	£908

A £40 “fit and proper person” discount will be applied to any subsequent applications for landlords who have multiple properties where a successful fit and proper person test has already been carried out on the manager and licence holder.

Block licence applications

A block licence can be applied for if the entire block is privately rented out by the same applicant, and the block contains 10 or more individual properties each with self-contained facilities, sharing only corridors and stairwells within the same building.

The fees quoted in the table below are for each property within a block include the “fit and proper person discount”:

Block application type	Part A fee	Part B fee	Total fee
Accredited landlords	£125	£133	£258
Non-accredited landlords	£125	£233	£358
Late applications	£525	£233	£758

For genuine applications received within the duration of the scheme the Part A fee is payable as detailed above but the Part B fee will be pro-rata'd depending on the year(s) or part thereof, remaining of the scheme as follows:

APPLICATIONS MADE IN YEAR 2 = £44/£64 DISCOUNT

APPLICATIONS MADE IN YEAR 3 = £88/£128 DISCOUNT

APPLICATIONS MADE IN YEAR 4 = £132/£192 DISCOUNT

APPLICATIONS MADE IN YEAR 5 = £176/£256 DISCOUNT

To avoid incentivising deliberate late applications, (whereby landlords hold back on applying until the following year to avoid a higher fee) the pro-rata'd Part B fee option will only apply in circumstances where the property has not been eligible for licensing and where the application is made within 28 days of the property first being let.

The council is not permitted to obtain financial gain from the fees paid through the licensing process. The fee charged will cover the costs associated with administering selective licensing over the length of the scheme, including employing staff, staff time, premises, travel, publicity and equipment needed to operate the scheme.

The fees will also be used more generally to cover costs associated with monitoring and supervising existing licence holders and enforcement against unlicensed owners.

What conditions will be on the licence?

All landlords must be able to demonstrate satisfactory management is in place for each rented property. The council aims to use the proposed selective licensing scheme to ensure that all privately rented properties are well managed. Many landlords do this already, however there are problems in some instances where landlords neglect their management responsibilities. There are also a number of well-intentioned landlords that are not aware of their responsibilities and the relevant laws and there are also some absentee landlords who may not be aware of problems that are being caused by their tenants.

Where licence holders are not able to demonstrate satisfactory management practices, they may be required to undertake training to give them the knowledge and skills that are necessary.

As part of the application process the proposed licence holder must also provide evidence of appropriate safety and security within their property and that they meet the specific conditions set out within the licence. Failing to adhere to any licence condition is a criminal offence and may result in prosecution and a fine of up to £5,000 if found guilty.

There are 17 proposed licence conditions. These conditions ensure the property is managed correctly, complaints of anti-social behaviour are dealt with appropriately, gas and electrical certificates are supplied to the Housing Enforcement team, and smoke alarms are kept in working order, amongst other things.

The full conditions for selective licences can be found at www.peterborough.gov.uk/SLconsultation

How can I take part in the consultation?

To ensure that stakeholders and the local community understand the proposals for the new scheme and have the opportunity to ask questions and provide feedback, we will be running an extensive consultation programme from Thursday 20 January 2022 for 12 weeks.

Given the current Covid climate, and the council's 'digital first' policy, the consultation will be run online although there will be the opportunity to request hard copies of materials for those without access to online tools.

We are delivering a consultation flyer to all homes and businesses in the proposed areas, and those adjacent to them, with details of the consultation. We have also written to stakeholders offering the opportunity to meet to discuss the proposals and provide feedback.

Online surveys have been created where landlords, agents, tenants and residents can provide feedback on the proposed areas, fees and licence conditions. The closing date for these will be Wednesday 13 April 2022. Hard copies of the survey questionnaire can be requested using the channels at the end of this document.

A dedicated consultation webpage which includes full details of the scheme, as well as supporting documents, frequently asked questions and the link to the online surveys, can be found at www.peterborough.gov.uk/SLconsultation

We will also be running a series of Q&A sessions/webinars via Zoom, where you can find out more about the proposals and ask questions. Details of these are below:

TUESDAY 1 FEBRUARY – 2PM – 3PM

WEDNESDAY 16 FEBRUARY – 6PM – 7PM

THURSDAY 3 MARCH – 10AM – 11AM

TUESDAY 15 MARCH – 6.30PM – 7.30PM

WEDNESDAY 30 MARCH – 2PM – 3PM

You can register for the webinars by emailing selective.licensing@peterborough.gov.uk or by going to www.peterborough.gov.uk/SLconsultation and using the registration links

We will also be putting out information and updates through the local media and our own social media channels, which can be found at:

Twitter @PeterboroughCC Facebook @PeterboroughCC

Timeline and next steps

The consultation for the proposed new selective licensing scheme will begin on Thursday 20 January and run for 12 weeks - it will close on Wednesday 13 April 2022. This includes an additional two weeks to the statutory requirement of 10 weeks.

At the end of this consultation period, the council will review all feedback received. Where relevant, this will be taken into account and reflected in the final proposals submitted to the Secretary of State in late spring 2022. It is expected that a decision will be made on the proposed scheme by late 2022.

Contact us

You can find all documentation relating to the consultation at www.peterborough.gov.uk/SLconsultation

You can also contact us in the following ways, should you have any questions, require paper copies or translated versions of this document or consultation questionnaire, or need assistance to complete your consultation response.

Email: selective.licensing@peterborough.gov.uk

**Post: Selective licensing, Peterborough City Council, Sand Martin House,
Bittern Way, Peterborough PE2 8TY**



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Appendix B - Selective Licensing Consultation Report 2022

1. Introduction

This document sets out the details of the public and stakeholder consultation on proposals by Peterborough City Council to introduce a new Selective Licensing Scheme, following the end of the city's original scheme in October 2021.

It includes details about the background to the consultation, its objectives, the timescales, and steps taken to engage with key stakeholders, landlords and letting agents, and local communities as well as a summary of the responses received.

This summary report does not explore either the rationale or mechanics of the Selective Licensing Scheme.

2. Background

Legislation

Section 80 of the Housing Act 2004 allows local authorities to apply for the selective licensing of privately rented properties within specified designated areas.

The aim of selective licensing is to improve the management of private rented homes to ensure they make a positive contribution on the area.

All private landlords with residential property within the proposed area would need to apply for a paid for licence for each property they let in the area. Licences would run for a maximum of five years.

Section 80 (9) of the Housing Act states that when considering designating an area the local housing authority must:

- Take reasonable steps to consult persons who are likely to be affected by the designation; and
- Consider any representations made in accordance with the consultation.

With effect from 1 April 2015, a local housing authority needs to apply to the Secretary of State for Levelling Up, Housing and Communities (Secretary of State) for confirmation of any scheme which would cover more than 20% of their geographical area or that would affect more than 20% of privately rented homes in the local authority area.

Areas proposed for selective licensing must have a high level of private rented housing. The criterion to be considered as 'high level' is for an area to have above average levels. Average levels are 19%; thus, any area above 19% can be considered.

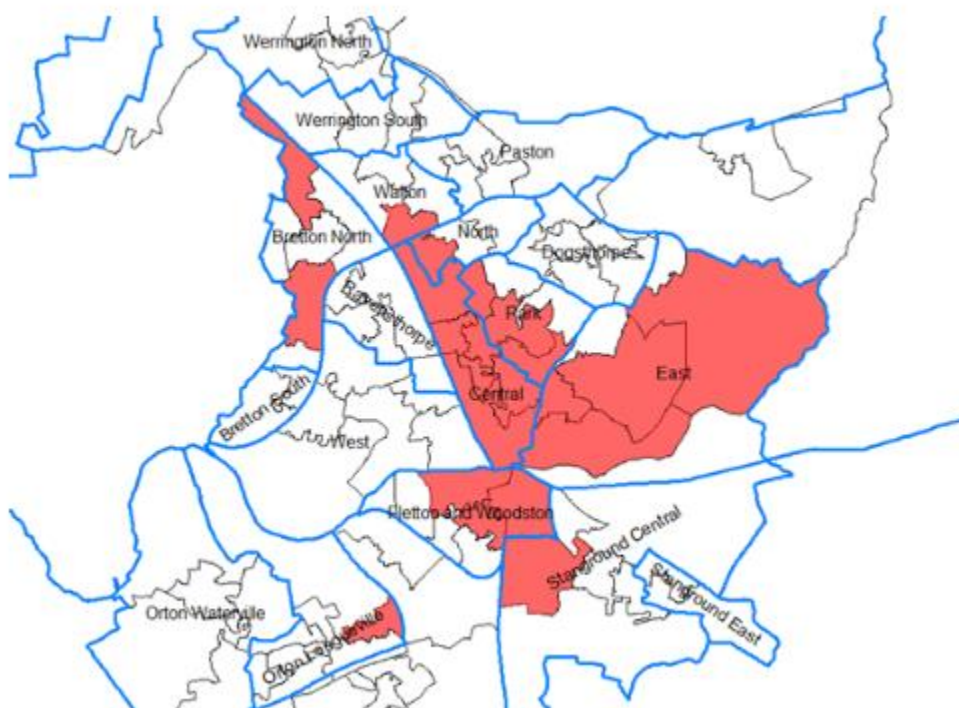
If this level is reached, selective licensing can be introduced if an area satisfies one or more of the following conditions:

- Low housing demand (or is likely to become such an area)
- A significant and persistent problem caused by anti-social behaviour
- Poor property conditions
- High levels of migration
- High levels of deprivation

- High levels of crime

Original scheme

The original scheme started on 1 December 2016. Prior to the start of the scheme, a review of Peterborough's Local Super Output Areas (LSOAs – a term used by the Office of National Statistics to divide the country into geographical areas of around 1500 population) was used to identify the locations that met the scheme criteria. Only those areas that met five or six of the Government's criteria were selected for the scheme; these can be viewed in the map below.



Upon launching the scheme, the council identified 6,205 properties in need of a licence. During the scheme 8,995 applications were received, with over 7,900 licences being granted, 660 rejected, and over 240 revoked.

For each application made, fit and proper checks were carried out on the applicant, safety documents were checked, and each property had an initial safety inspection carried out. All defects and hazards identified were brought to the landlord's attention with a full housing health and safety inspection scheduled according to risk. Many landlords worked with council officers and rectified issues without delay. Some have used the scheme as an opportunity to undertake large scale works and refurbish all their properties.

The scheme saw a range of improvements experienced in selective licensing areas. Successes included:

- 7,278 properties had an initial inspection. Housing defects identified from the inspection were notified to the owners with the opportunity to correct these voluntarily. Many landlords did this and as a result the number of formal actions necessary was reduced from the pre-scheme period.
- Formal action was taken in relation to 284 properties inspected that were found to have category one hazards (the most serious level). This ensured that these properties are now free from hazards and safe for tenants to live in.

- In all but one of the scheme's LSOAs, anti-social behaviour has reduced over the 5-year period.
- The private rented sector has grown by 12% overall within the current selective licensing areas, showing investment is continuing within the areas and providing more choice of accommodation for private renters.
- The number of properties with serious hazards has reduced by an average of 14% across the selective licensing areas.
- Landlord and agent engagement with the council has improved significantly over the term of the scheme leading to a more open and productive relationship resulting in better management and improved housing conditions.

Due to the success of the original scheme, it is proposed to make an application to the Secretary of State for a new scheme to run for five years, which would build on these successes and continue to address the challenges related to the private rented sector.

Proposed new scheme

We have reviewed the data held to understand how the private rented market has changed over the five years since the existing scheme came into place. Private rented accommodation now makes up 25.3% of housing in Peterborough (up from 19% in 2016). Using council tax data, an up-to-date assessment has been carried out of areas which:

- a) have a higher percentage of private accommodation than the Peterborough average, and
- b) meet at least five out of the six criteria for selective licensing to be introduced as outlined earlier in this document.

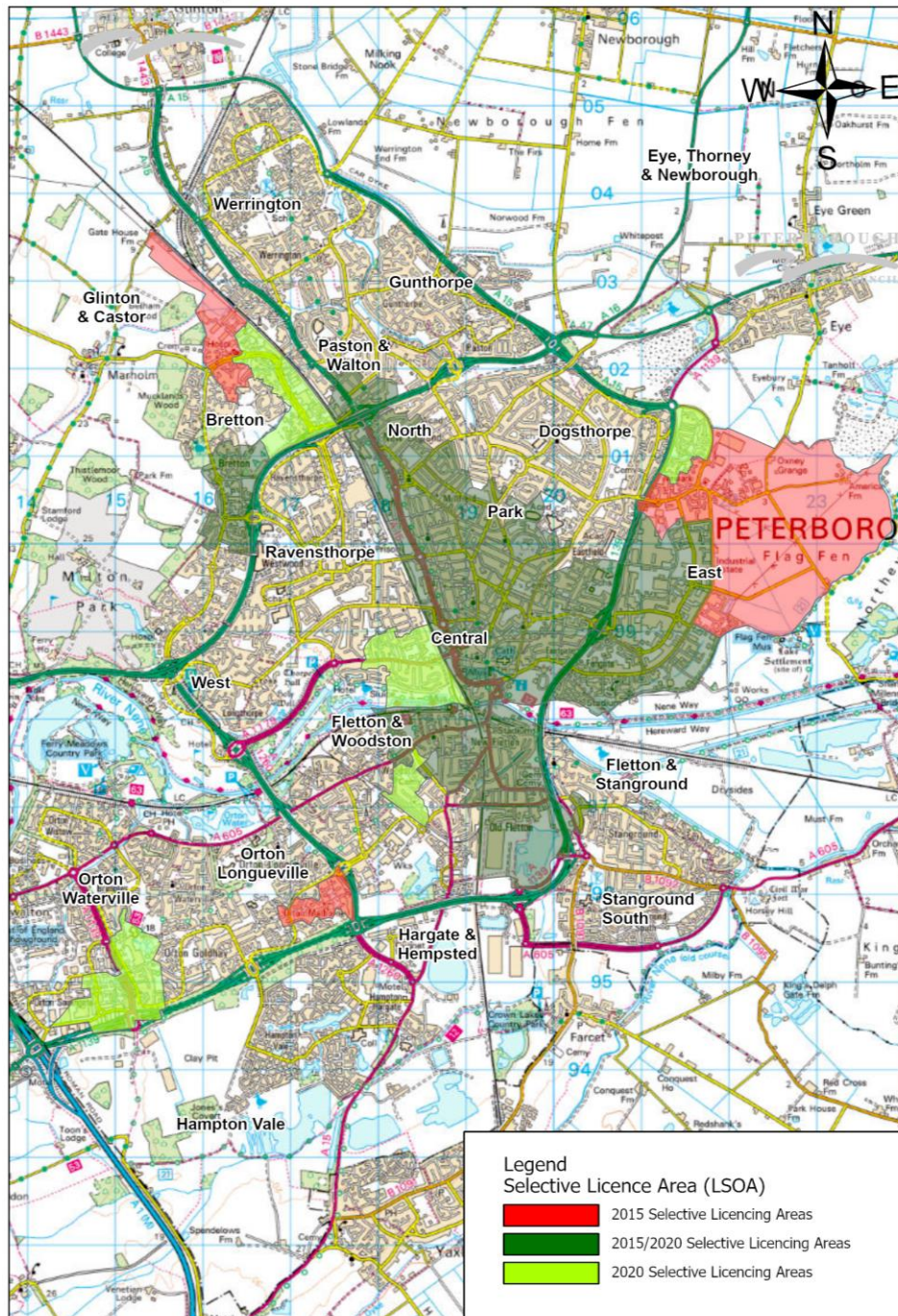
As a result, three areas which were designated under the original scheme no longer meet the threshold for selective licensing; these are located within Bretton, East, and Orton Longueville wards.

An additional five areas now meet the criteria for a selective licensing designation; these are located within Bretton, East, Fletton and Woodston, Stanground South and Orton Waterville wards.

The proposed new scheme will cover 39.75% of the city's private rented stock, which equates to 24.48% of the total housing stock within Peterborough.

A map showing the areas covered by the proposed new scheme, compared with the original scheme, is below.

Selective Licencing Areas 2020



3. Consultation objectives

The engagement strategy for the public consultation was based on five key objectives designed to meet the requirements of both the Department of Levelling Up, Housing and Communities' guidance about consulting on selective licencing proposals and Peterborough City Council's own Statement of Community Involvement (SCI), to ensure that engagement was robust and approached in the right way:

1. To ensure that the consultation process is independent and is seen as independent and open.
2. To ensure that communications are clear and transparent and reach the right people.

3. To provide a variety of robust mechanisms for people to provide feedback.
4. To build constructive links with key stakeholders, landlords, tenants, residents, local organisations, and businesses.
5. To respond to feedback.

Due to restrictions and guidance in place due to the pandemic, and the council's 'digital first' policy, it was decided to run the consultation online with webinars and online meetings replacing face to face events. Given this, it was increasingly important to develop a consultation which could achieve the objectives above in a virtual environment.

4. Timescales

The public consultation ran for 12 weeks from Thursday 20 January 2022 to Wednesday 13 April 2022. The minimum guideline for a selective licensing consultation is 10 weeks.

5. Delivery of consultation

This section includes details about the way that people were informed about the proposals and given the opportunity to provide feedback. More detail is provided in the following sections, but a summary of the main activities is provided in Table 1 below:

Activity	Date
All member briefing for councillors sitting on Peterborough City Council	Wednesday 19 January 2022
A flyer was distributed to 94,648 properties in the proposed and adjacent areas with details about the proposals and consultation.	From Thursday 20 January 2022
Letters sent via post to all landlords on the city council database with details about the proposals and consultation.	20 January 2022
Emails sent to all letting agents on the city council database with details about the proposals and consultation.	20 January 2022
Emails sent to identified stakeholders with details about the proposals and consultation.	20 January 2022
Emails sent to all parish council clerks in the city council areas with details of the proposals and consultation.	20 January 2022
Consultation email address set up for feedback and enquiries.	From 20 January 2022
Dedicated consultation web page created at www.peterborough.gov.uk/SLconsultation	Published on 20 January 2022
Online surveys for landlords/letting agents and tenants/residents were created and published on the consultation web pages.	The surveys were open from 20 January to 13 April 2022
A consultation document was produced and published on the consultation web page.	Published on 20 January 2022
An FAQ document was produced and published on the consultation page, with an updated version published with questions asked during the consultation.	Published on 20 January 2022, updated on throughout the consultation period.

A media release was sent out with details of the proposals and consultation.	20 January 2022
Social media posts were published on the council's Twitter and Facebook pages about the proposals and consultation.	From 20 January to 13 April 2022
Posters were displayed at key locations in the proposed and adjacent areas with details of the proposals and consultation.	20 and 21 January 2022
Half page adverts were placed in the Peterborough Telegraph with details of the proposals and consultation.	10 February, 3 March and 24 March 2022
Five webinars were held via Teams to provide information and answer questions about the proposals.	1 February, 16 February, 3 March, 15 March and 30 March 2022

Engagement with councillors and stakeholders

A briefing session was held via Teams for all Peterborough City Council councillors on the evening of Wednesday 19 January. This was led by Michael Kelleher, Assistant Director of Housing, and Jo Bezant, Housing Enforcement Manager, and offered the chance to find out more about the proposals and ask any questions. This presentation circulated to all members the following day.

A follow up conversation was held with Councillor Kirsty Knight (Orton Waterville ward) and Bethan Griffiths, Communications Manager, on 12 April, where questions around the proposed fees and how the proposed areas were chosen were discussed. This was followed up by email with a copy of the webinar presentation.

Communications were sent to identified stakeholders via email on Thursday 20 January 2022, this included details of the proposals and the offer to take part in the consultation. No requests for meetings were received.

The letter was sent to:

Name	Organisation
Paul Bristow MP	MP for Peterborough
Shailesh Vara MP	MP for North West Cambridgeshire
Abdul Choudhuri	Chair of Faizan E Madina Mosque
Vic Annells	Cambridgeshire Chambers of Commerce
Leonie McCarthy	Peterborough Council for Voluntary Services
Melanie Wicklen	Age UK
Oliver Warsop	Peterborough Area Commander, Cambridgeshire Constabulary
Sandie Burns	Disability Peterborough
Keith Jones	Peterborough Citizens Advice Bureau
Chris Norris	Director of Policy and Practice, National Residential Landlords Association
Joanne Dron	Regional Representative, East of England NRLA
Isobel Thomson	Chief Executive, Safeagent
Julie Doyle	Chief Executive, Longhurst Group
Claire Higgins	Chief Executive, Cross Keys Homes
Neal Ackcral	Chief Executive, Hyde Housing

Paul Dolan	Chief Executive, Accent Group
Professor Paul Leinster	Chief Executive, BPHA
Polly Neate	Chief Executive, Shelter
Chris Strickland	Chief Fire Officer, Cambridgeshire Fire & Rescue
Shazia Bashir/Gul Nawaz/Amjad Iqbal	Peterborough Racial Equality Council
Mark Henderson	Chief Executive, Home Housing Group
Catherine Dixon	Muir Group
Elysia McCaffrey	Gangmasters and Labour Abuse Authority
Dr Nik Johnson	Cambridgeshire and Peterborough Combined Authority
Tom Hennessy	Chief Executive, Opportunity Peterborough
Jan Thomas	Accountable Officer, Cambridgeshire & Peterborough CCG
Marcial Boo	Equality and Human Rights Commission
David Turnock	Chairman, Peterborough Civic Society
Bruce Moore	Chief Executive, Housing 21
Yasmin Ilahi	Manager, GLADCA
Moez Nathu	CEO, PARCA

An email was also sent to all parish clerks in the Peterborough City Council on Thursday 20 January 2022, with details of the proposals and consultation and copy of the consultation flyer.

The National Landlords Association (NLA) responded to the Consultation via letter. In brief the NLA stated that they were in support of many local authority Selective Licensing Schemes being introduced, however they detailed numerous points:

- An active enforcement policy that supports good landlords is important as it will remove those that exploit others and create a level playing field. This has been lacking in Peterborough. Some schemes are delivering multiple inspections, up to 3 of every property. This is not being proposed within your scheme. Multiple inspections push criminals out of the sector and drives up the standards for landlords and tenants
- In following Hemmings and the Gaskin court cases. Monies paid by a landlord clearly now coming under the service directive (which has been adopted in to UK legislation). The split between part A and part B monies paid by a landlord and the individual apportionment of the monies by the individual landlord for granting and compliance management done in connection to the license should be individually based. Therefore the £908 split should be proportionate to each landlord on an equal basis.
- The documentation provided fails to indicate what additional funding will be available to support the expansion of licensing. Adult Social Care will have to be involved as many tenants have mental health, alcohol, or drug related illnesses. How do landlords' access this for their tenants?
- The law is clear landlords do not manage their tenants; they manage a tenancy agreement. If a tenant is non cooperative, or causing a nuisance a landlord can end the tenancy, will the council make it clear in the report that they will support the landlord in the ending of the tenancy?
- While any additional costs levied on the private rented sector runs the risk of these being passed through to the tenants. We are disappointed that the local authority has not looked at a cost in a monthly basis for the Part B fee.

- Many of the problems are caused by mental health or drink and drug issues. Landlords cannot resolve these issues and will require additional resources from the council.
- Often when tenants are nearing the end of their contract/tenancy and are in the process of moving out, they will dispose of excess household waste by a variety of methods. These include putting waste out on the street for the council to collect. This is in hope of getting there deposit back, this is made worse when the council does not allow landlords access to municipal waste collection points.
- Local authorities with many private rented sector properties need to consider a strategy for the collection of excess waste at the end of tenancies. We would be willing to work with the council to help develop such a strategy. An example is the Leeds Rental Standard, which works with landlords and landlord associations to resolve issues while staying in the framework of a local authority.

Engagement with landlords and letting agents

An email was sent to 66 Peterborough letting agencies, using the database held by Peterborough City Council, on Thursday 20 January 2022, outlining details about the proposals and consultation.

A letter was also sent by Peterborough City Council via first class post to approximately 6,099 registered landlords on Thursday 20 January 2022. The letter outlined details about the proposals and consultation. The database for all landlords is held by Peterborough City Council and is taken from electoral records.

Engagement with the local community

A **consultation flyer** was distributed to 94,648 homes and businesses within the proposed and adjacent areas with details of the proposals and how to take part in the consultation. The distribution was carried out by Royal Mail and started on Thursday 20 January 2022, taking around 2.5 weeks to complete.

A **media release** ([Consultation on new selective licensing scheme is launched - Peterborough City Council](#)) was sent out to local print, online and broadcast media on Thursday 20 January 2022, with details of the proposals and consultation. This was also added to the council's website news pages and promoted via the council's Facebook and Twitter channels.

The council's **Facebook and Twitter** channels were used regularly to communicate messages about the proposals and consultation throughout the consultation period (20 January to 13 April 2022), including reminders to take part in the webinars and complete the consultation surveys.

A4 **posters** were produced to promote the public consultation. These were placed at the following locations:

Fletton and Stanground:

Peters Traditional Bakery, High Street Fletton, Robertos Barbers, High Street Fletton, Jinja Café, High Street Fletton, Londis, South Street Stanground, Head2head Barbers, South Street Stanground.

Woodston:

Woodston Library x2, Stop and Shop, Oundle Road Woodston, Nisa, Oundle Road Woodston, Hassans Grill, Oundle Road Woodston, London Road Food Store, London Road.

Central and North

Peters Cleaners, Lincoln Road, New England, Grocery store, corner of Crown Street/Lincoln Road, New England, The Hair Room, Lincoln Road, New England, Top Barbers, Lincoln Road, New England, Alexandra Trading, Lincoln Road, New England, Recruitment Finder, Lincoln Road, New England, Malik International Food store, Lincoln Road, New England, Europa Super Food Store, Lincoln Road, New England, Millfield Convenience Store, Lincoln Road, New England, Jamaican Delights, Lincoln Road, New England, EU Food store, Lincoln Road, New England, Julia Polish Shop, Lincoln Road, New England, Zorba 1, Lincoln Road, New England, Celebrations, Bourges Boulevard, New England, Nectar Polish Shop, Bourges Boulevard, New England, Baia Mare Mini Market, Bourges Boulevard, New England, Triangle Supermarket, Bourges Boulevard, New England, Cafe YU, Dogsthorpe Road, Aljenat Food Store, Dogsthorpe Road, Euro Shop, Dogsthorpe Road, Central Park Notice Board, Cartridge World, Lincoln Road, Cash 4 Clothes, Lincoln Road, One Stop, Paston Lane, Express Booze, St Pauls Road, Alexandra Mini Market, Alexandra Road, Bills Off Licence, Harris Street, Najibs Food Store, Bourges Boulevard, Central Library x 3,

East

Eastfield Road Convenience Store, Eastfield Road, Europe Shop. Eastfield Road, Paradise Café, Eastfield Road, Europe Two, Eastfield Road, A-Z Food Express, Eastfield Road, Kubus 2 Food Market, Eastfield Road, Food Plus, Padholme Road, Price Cutter, Padholme Road, Alzahara News Store, Star Road, One Stop, Parnwell, Squirrel Café, Fengate, P and P Lodge Stores, Fengate,

West Town

Europe Plus, Mayors Walk, Polish Shop, Mayors Walk,

Bretton

Bretton Library, The Cresset x 3 Posters, YMCA Gym, Bretton, The Oxcart, Bretton, Premier Late Shop, Bretton, Bretton Parish Council Office x 3, Best One Store, Adderley, Bretton,

Millfield and New England

Arshad Supermarket, Gladstone Street, Cromwell Convenience Store, Cromwell Road, Gladstone Connect Community Centre, Cromwell Road, Hassan Food Store, Cromwell Road, Lincoln Road Centre, Lincoln Road, Peterborough Mini Market, Lincoln Road, Bretts Newsagents, Lincoln Road, Euro Food, Lincoln Road, Euro Poli Supermarket, Lincoln Road, Pund Store Plus, Lincoln Road, Sakhi Store, Lincoln Road, Sharifi Food Store, Lincoln Road, Lithuanian Shop, Lincoln Road, Central Food, Lincoln Road, Food and Wine, Lincoln Road, International Food Centre, Lincoln Road, Westgate Newsagent, Westgate,

Park

Cell Phones, Park Road, The Phone Centre, Park Road, International, Fitzwilliam Street.

Ortons

Orton Library x2

The posters were also translated into Lithuanian, Polish, Portuguese, Romanian and Urdu

A half page **advert** was placed in the Peterborough Telegraph on 10 February, 3 March and 24 March 2022. This included information about the proposals and how to take part in the consultation.

A dedicated **webpage** (www.peterborough.gov.uk/SLconsultation) was produced and published on Thursday 20 January 2022. As well as background to the proposals, it also included a frequently asked questions document, the evidence base for the proposed scheme, and a **consultation document which** provided detailed information about the previous and proposed schemes, proposed licence fees and conditions, benefits of selective licensing, timeline, and next steps and how to take part in the consultation.

Links to the online surveys were also made available on the webpages. Hard copies of the landlord/letting agent and tenant/resident surveys were requested and provided in two cases.

As the consultation progressed, links to the recordings of the webinars, as well as the webinar presentation were also added to the webpages to offer the opportunity for those who were unable to attend to view the sessions.

Webinars

Due to the social distancing guidance in place at the time of the consultation, and high infection rates in Peterborough, a series of five webinars were held in place of face-to-face public exhibition events.

These took place on the following dates and times, with a mix of daytime and evening sessions arranged to ensure those who worked full time were able to access them.

Tuesday 1 February – 2-3pm (10 attendees)

Wednesday 16 February – 6-7pm (8 attendees)

Thursday 3 March – 10-11am (9 attendees)

Tuesday 15 March – 6.30-7.30pm (3 attendees)

Wednesday 30 March – 2-3pm (9 attendees)

The sessions were held via Teams and led by Michael Kelleher, Assistant Director of Housing, with support from members of the Housing Enforcement and Communications teams. Each session included a presentation and the opportunity to ask questions either via the chat function, or by raising a hand and via the microphone. Where questions were not able to be answered during the webinars due to additional or specific information being required, these were taken away and added to the finalised frequently asked questions document.

A total of 39 attendees joined the five webinars.

Results/findings of the consultation

Nationally the private rented sector has doubled in size since 2002 and now houses 19% of households in England (English Housing Survey, 2017-18), Peterborough's private rental sector covers 25.3% of the city's housing stock. Alongside the growth of the private rented sector, some local authorities noted an increase in the prevalence of problems such as anti-social behaviour, poor property conditions, low housing demand and elevated levels of crime, deprivation and migration in areas containing high concentrations of privately rented properties.

The Housing Act 2004 introduced selective licensing to give local authorities an additional tool to tackle problems associated with private renting. Part 3 of the Housing Act 2004 gave local authorities the power to designate areas of selective licensing to help tackle anti-social behaviour

and low housing demand. In 2015, the conditions for designation were expanded to include poor property conditions, high crime, high levels of deprivation and high migration.

Under further legislation introduced in 2015, local authorities are required to obtain confirmation from the Secretary of State for any Selective Licensing Scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.

Section 80(6) of the Housing Act 2004 provides that a local authority may designate an area for Selective Licensing if:

- the area is experiencing a significant and persistent problem caused by anti-social behaviour.
- some or all the private sector landlords who have let premises in the area (whether under leases or licences) are failing to take action to combat the problem that it would be appropriate for them to take; and
- making a designation will, when combined with other measures by the local housing authority, or by other persons together with the local housing authority, lead to a reduction in, or the elimination of the problem.

The Selective Licensing of Houses (Additional Conditions) (England) Order 2015 provide four additional criteria and must be read alongside Government Guidance. For these conditions to apply the Guidance requires that the level of private rented sector housing should be above the national average (19%):

The designation of the scheme is based on the selected areas having higher than average levels of private rented property and satisfying 5 or 6 of the selective licensing conditions as set out in Housing Act 2004:

- Low Housing Demand
- Anti-social behaviour
- Poor property conditions
- Migration
- Deprivation
- Crime

The current Guidance on Selective Licensing sets out the statutory criteria for making a designation. Local authorities can designate an area for selective licensing for five years, but must first demonstrate the evidence for their concerns, look at alternative approaches and consult widely.

Selective licensing does not include properties owned by registered social providers. The proposed new scheme will cover 39.75% of the city's private rented stock, which equates to 24.48% of the total housing stock within Peterborough.

271 responses were received to the consultation questionnaire, this is a response rate of 0.28%. 42 from tenants and 214 from landlords and 15 letting agents. Of the landlord responses 199 owned properties within the proposed areas and 15 from adjacent areas. Of the tenants 31 respondents lived in a proposed area and 11 in adjacent areas.

Comments from Emails – General Themes

Several respondents provided comments and suggestions by email. Although the comments do not relate directly to the questions in the consultation document. A sample of the most common views expressed during the consultation are:

- “As a landlord to one property I understand, and I am fine with the scheme. What I think is unfair is the large areas of Peterborough not included.
- With all the various things it cost me over £1k last time around, along with having to become an accredited landlord etc.
- Friends with properties in Walton for example didn't have to worry or do a single thing or spend a penny even if their properties might not be up to standard.
- So, my opinion is that you should cover everywhere.”
- “Speaking as a neighbour of a multi occupants house in Gunthorpe. I really don't think the measures go far enough. I notice Gunthorpe is not included in the leaflet and feel the new measures should be extended to the whole of Peterborough”
- “Private landlords have taken a lot of pain in the last few years with increasing tax burden as well as tenants' rights making the whole BTL hardly worth the bother. The last thing we all need is yet more interference from government or local authorities, that's before we even get to the proposed costs !!!”
- “By seeking to renew the selective licences in the city you are driving away decent and caring Landlords, and doing far more harm to tenants than good, and decreasing the good housing available for rent.
- I don't doubt that there are some very bad Landlords in Peterborough, however, you are penalising the good landlords with selective licensing. I know of three very good landlords who have now sold off all their rental properties as they cannot afford the selective licensing fees and all the hoops that you make landlords jump through to obtain a license”
- “If a property is managed by a registered property management company, they have a responsibility to ensure the landlord complies with all the necessary regulations and I would therefore suggest that licensing is only mandatory for unmanaged properties. If the management company is bound by the standards set by the licensing scheme, they could refer non-compliant landlords for enforcement through the scheme or decline to continue management forcing the landlord to apply to the scheme directly if they wish to continue rent”
- “One attendee suggested it was another form of taxation. Whilst we accept that it is admirable to address the problems of social deprivation of certain areas, we have to agree with that statement. Why should it fall upon 'Landlords' to be expected to finance this objective which is the responsibility of the Council?
- Despite attempts to suggest many benefits of the scheme to Landlords, we see no such benefit to ourselves. We have had the same tenants for over 10 years and always attend to any issues raised by them. We use a local agent who keeps in contact with those tenants and ensures all the necessary gas and electrical tests are carried out and in a timely fashion. We accept that not all Landlords behave in the same way but why should we be expected to pay such a large sum of money to compensate for their shortcomings? We would not object to a registration process to rent out properties and a Council department that carries out a yearly check of rented properties to ensure a minimum standard is being maintained and all safety checks are in place. However, this would have to be at little or no cost the Landlord and perhaps should only apply to Landlords that do not use an agent.
- Needless to say, we are strongly against having to pay a large sum of money for a scheme which we do not want and has no benefits to us. The aforementioned problems of any area

are the problems of everyone living in those areas and it should not fall upon any one group (in this case Landlords) to be expected to pay for it. Such costs should be borne by everyone in the usual way through local taxation.”

- “I am sending email to you regarding selective licence I have been landlady to two properties for over 10 years houses which are well maintained by myself and two very good tenants . I paid £600 5 year ago and I feel that licence fees should not be any higher or indeed kept low for landlords/landlady like me that keep up with tidy properties its not our problem unfortunately they are in some bad kept areas please could you consider this when making decisions on charges ,as with everything else prices have gone up when having to deal with things to do with up keep of houses”
- “I am sending this email regarding the licensing as I know the landlord has to pay a fee for the selective licensing. With them having to do this they have already notified me that my rent will be rising because of this. This makes me very nervous about my future of my rent because you are making landlords which look after their tenants apply for this. I am a single parent that works part time hours with very little help off the council for housing benefit. My rent only just went up at the beginning of the year and now looking to go up again because of this renew of licence landlord's need to have. Which is wrong as there are landlords which are great to their tenants.
- Is there any other way this could not happen as with the pandemic and rising in household bills and even food this is now becoming a very worrying time for myself and what I may need to pay for and what we will have to go without when my rent rises after the licensing has been done.”
- “We have little doubt that there may well be unscrupulous landlords in Peterborough as in other towns and cities. Our view is that they should be pursued vigorously by the authorities and brought into line. But it is quite wrong for the good landlord to suffer financially for the misdeeds of the bad and that would be the result of the imposition of these proposals. The cost of a licence would mean a substantial additional burden for landlords, already facing increasing insurance premiums as well as other inflationary pressures. The system implies that a sledgehammer is being prepared to crack a few rather unpleasant nuts
- Genuine landlords who have real regard for the welfare of their tenants would be delighted to see the back of rogue landlords but why should they suffer financially for them?”

SUMMARY OF KEY FINDINGS

The key findings from the consultation questionnaire can be found below. Please note that not every respondent answered every question, and, in some cases, people made more than one comment

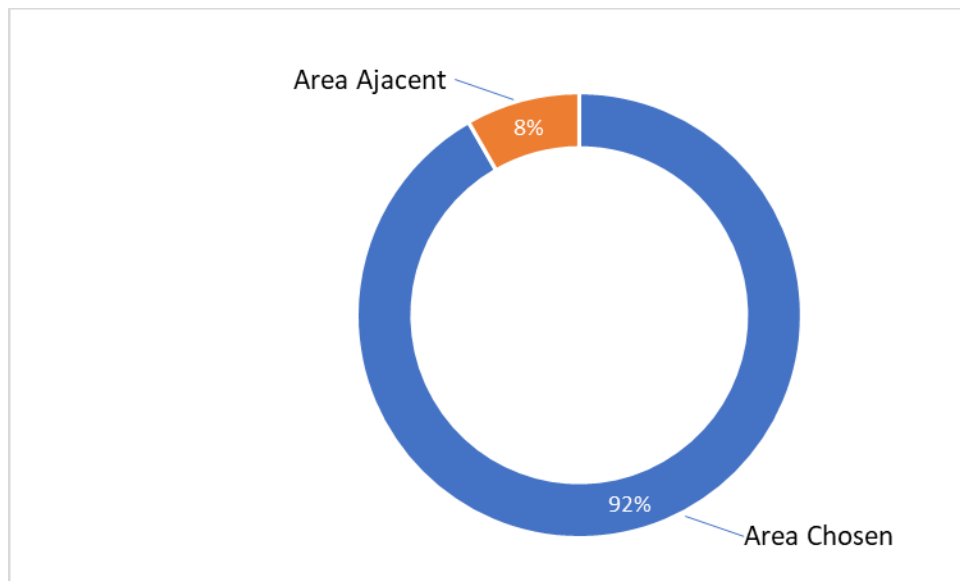
The key facts from the public consultation include

- A total of 39 people attended the online webinars
- A total of 271 questionnaire forms were completed
- A total of 101 emails were received via the selective licensing email account

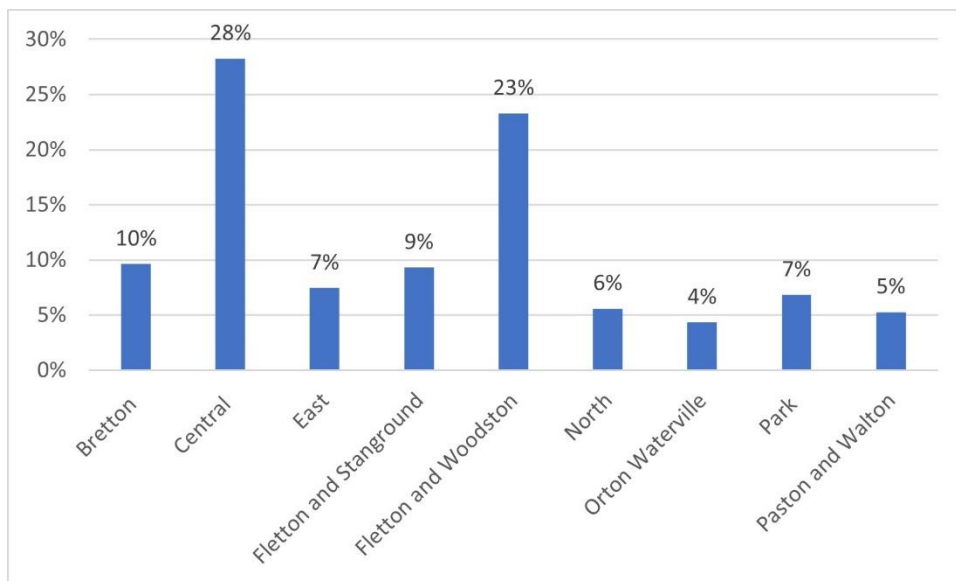
The information summaries the responses below received via the completed questionnaires. Separate questionnaires were completed by landlords/agents, and this is reflected in the report.

Landlord and Agent Responses

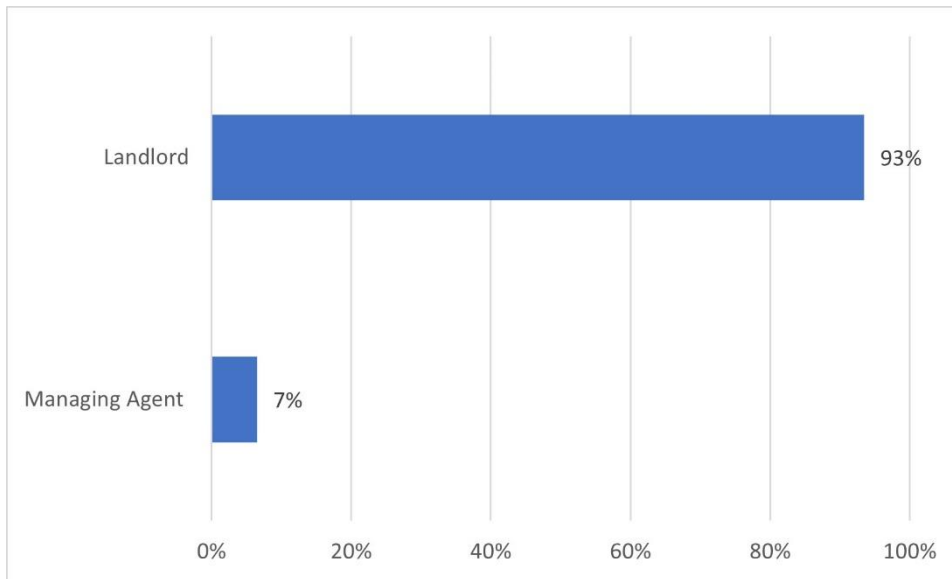
Q1. Is your property in, one of the areas chosen for selective licensing or one of the adjacent areas



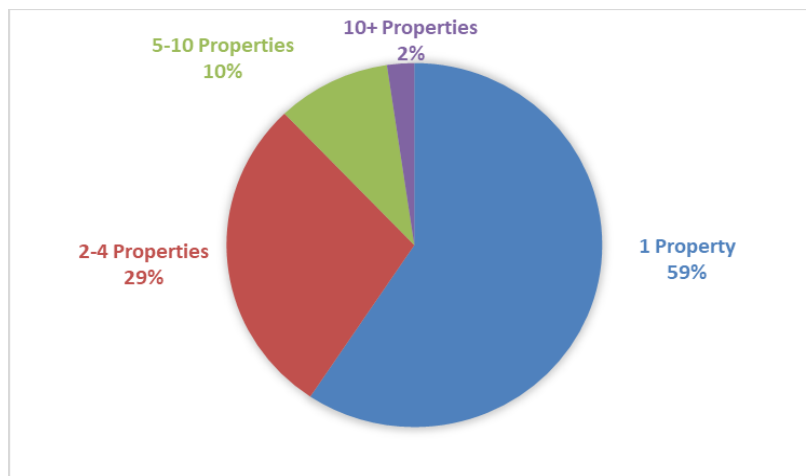
Q2. If your property is in one of the proposed areas, which ward is it in?



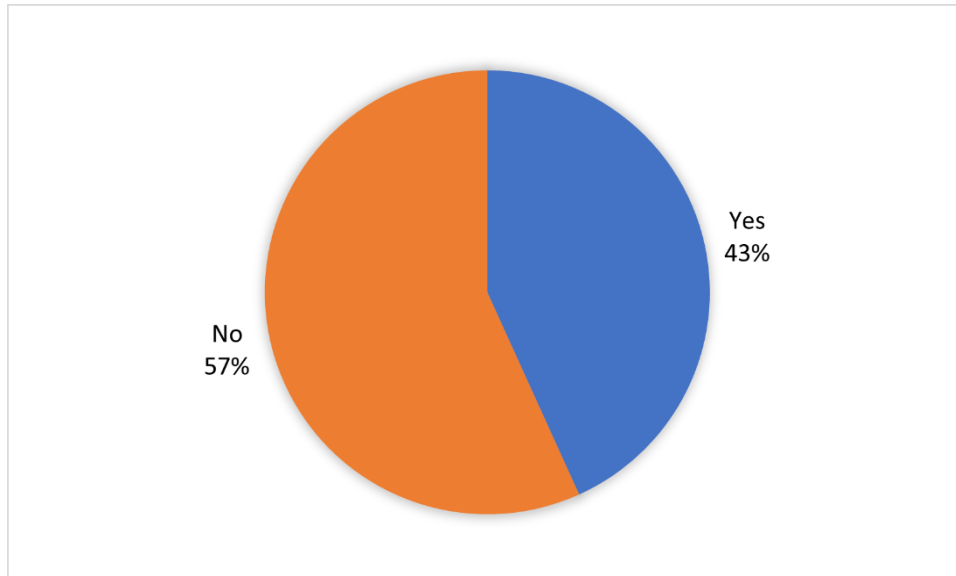
Q3. Are you a landlord or agent of one or more properties within the proposed selective licensing areas?



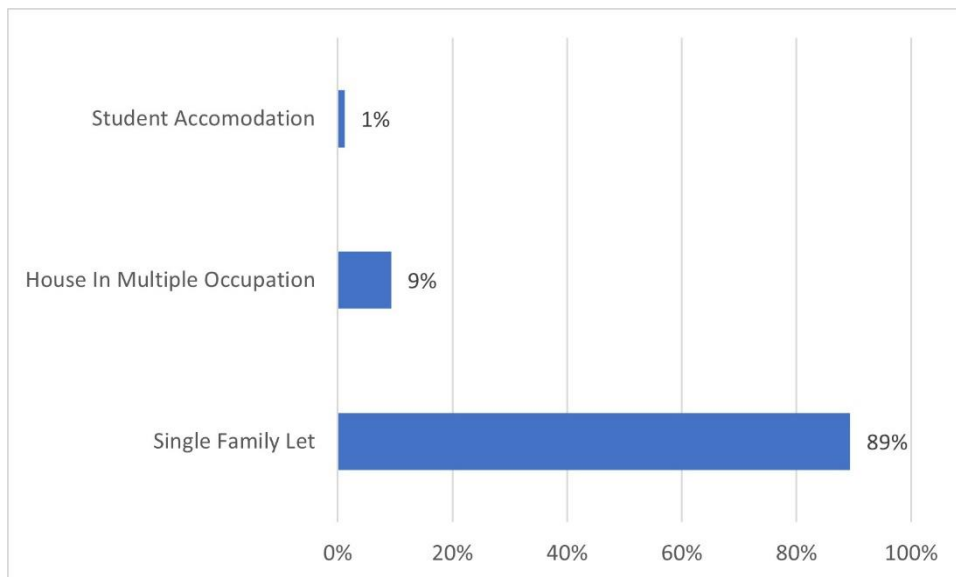
Q4. How many properties do you own or manage that fall within the proposed selective licensing areas?



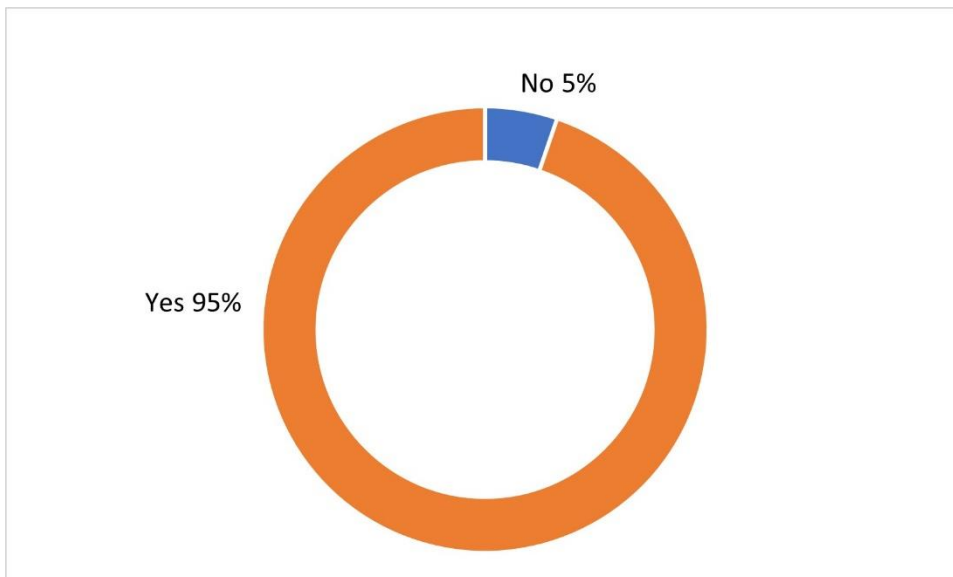
Q5. Do you own or manage properties in Peterborough that are outside the proposed selective licensing areas?



Q6. What type of properties do you manage?



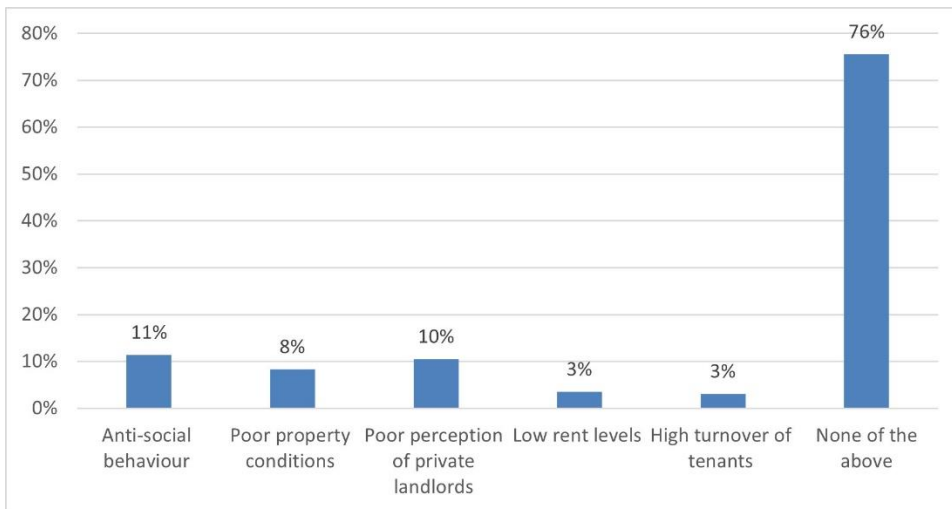
Q7. In the past 12 months have you encountered any of the following problems regarding your property/properties?



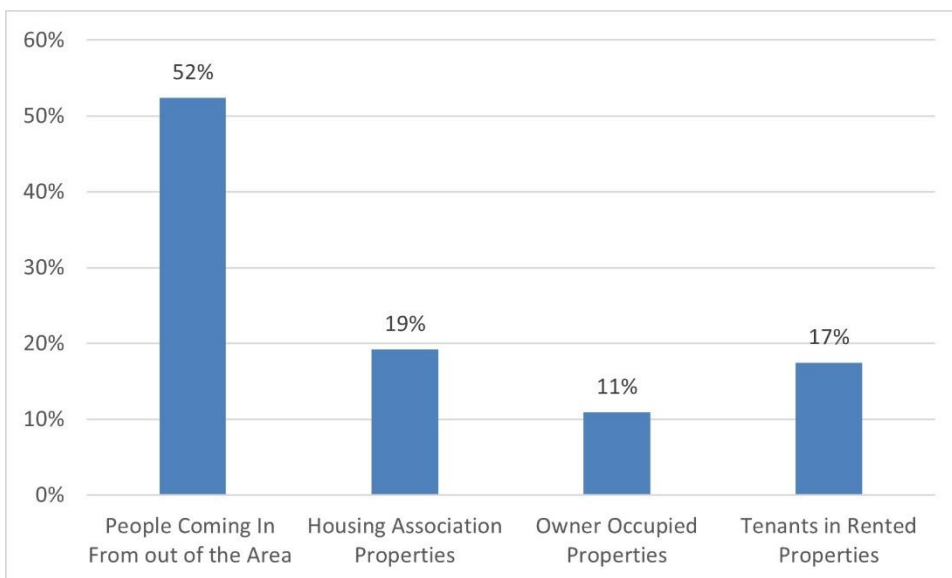
Difficulty finding new tenants, difficulty obtaining references for tenants, tenants causing ASB, problems from neighbouring properties affecting your tenants, problems evicting tenants, poor property conditions, tenants not managing waste or leaving waste behind when they vacate



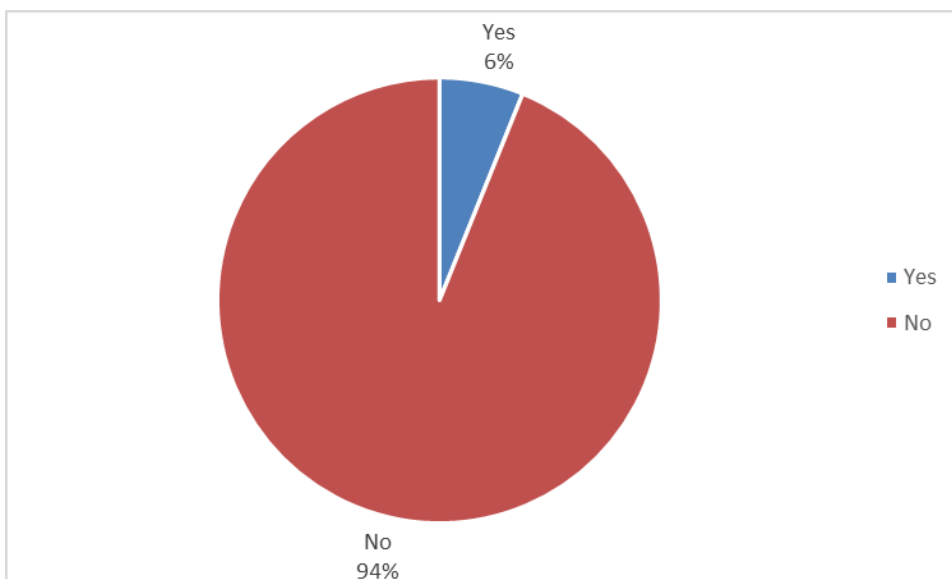
Q8. Looking beyond your own properties, do you believe that your area has any of the following problems?



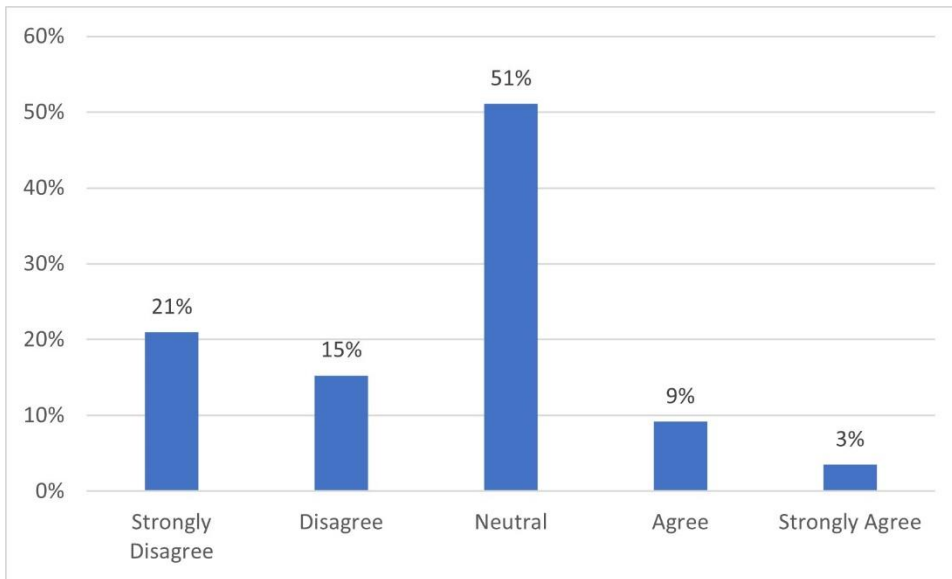
Q9. In relation to fly tipping and rubbish dumping, where to do you think this is coming from?



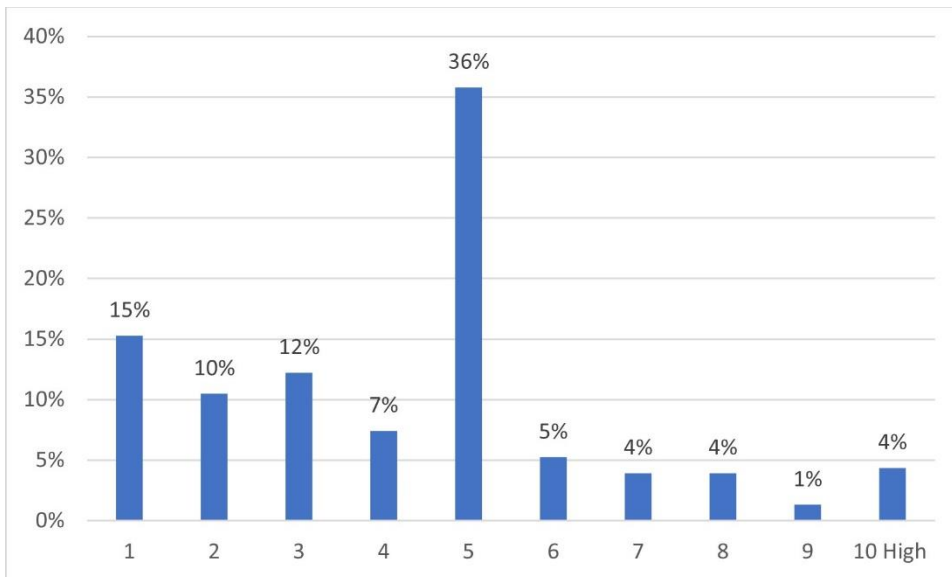
Q10. Have you ever been a victim, or witnessed anti-social behaviour in your area?



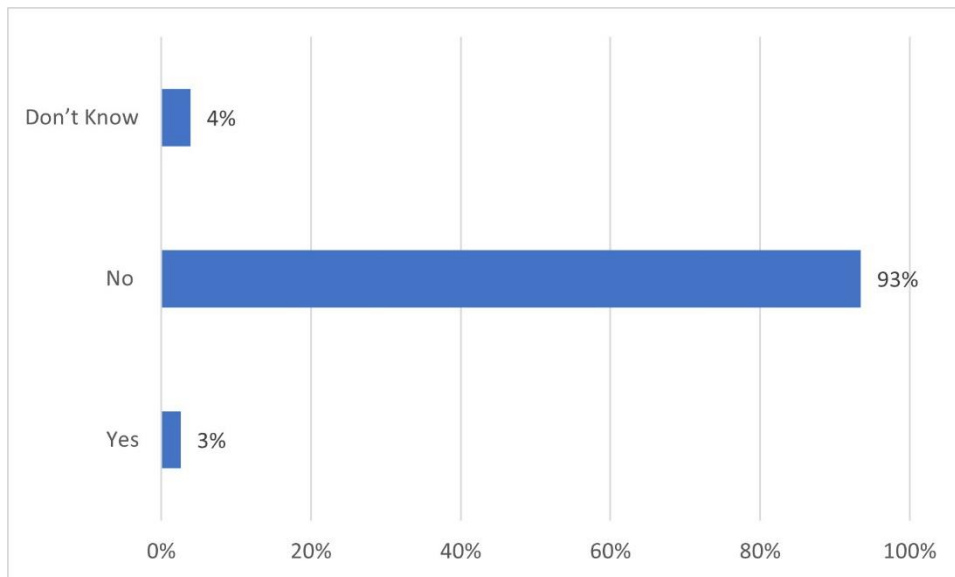
Q11. Do you agree Peterborough City Council is effective at dealing with anti-social behaviour in your area?



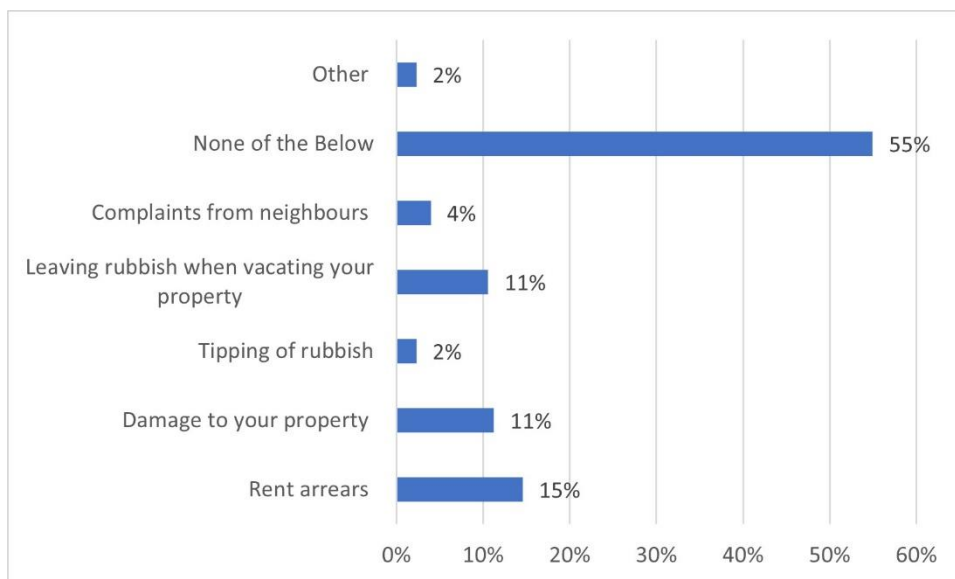
Q12. How effective do you think the police are at dealing with anti-social behaviour, with 1 being ineffective and 10 being very effective



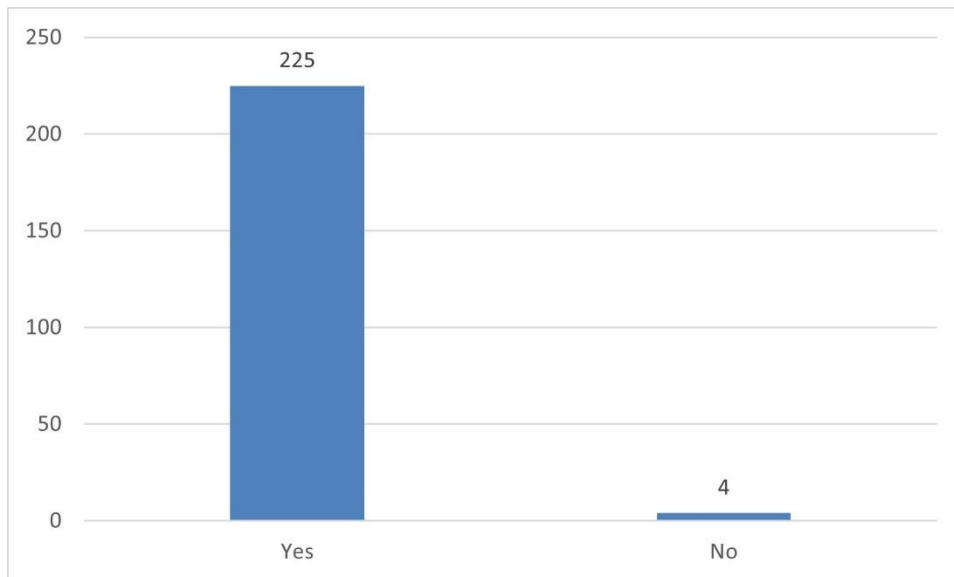
Q13. Are you aware of any anti-social behaviour being caused by your tenants



Q14. In your experience as a landlord, have you had problems with your tenants for any of the following reasons?



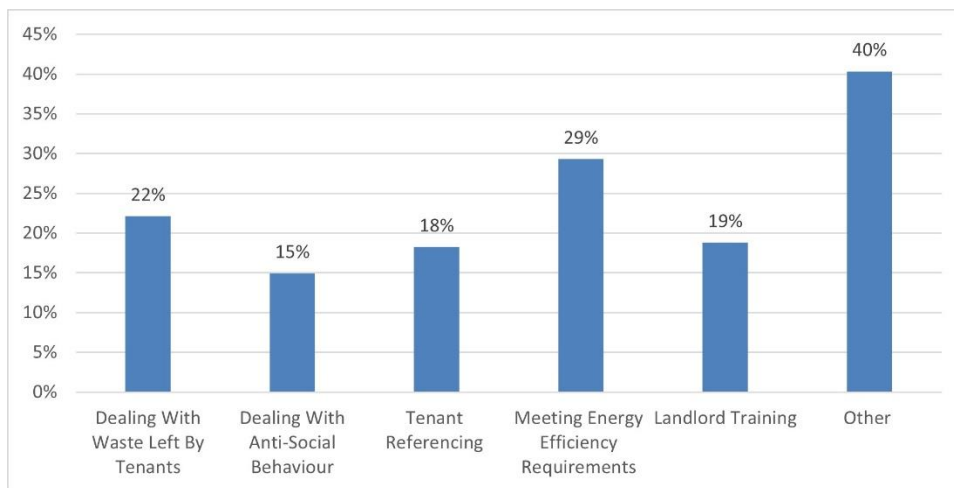
Q15. Do you request references from your tenants?



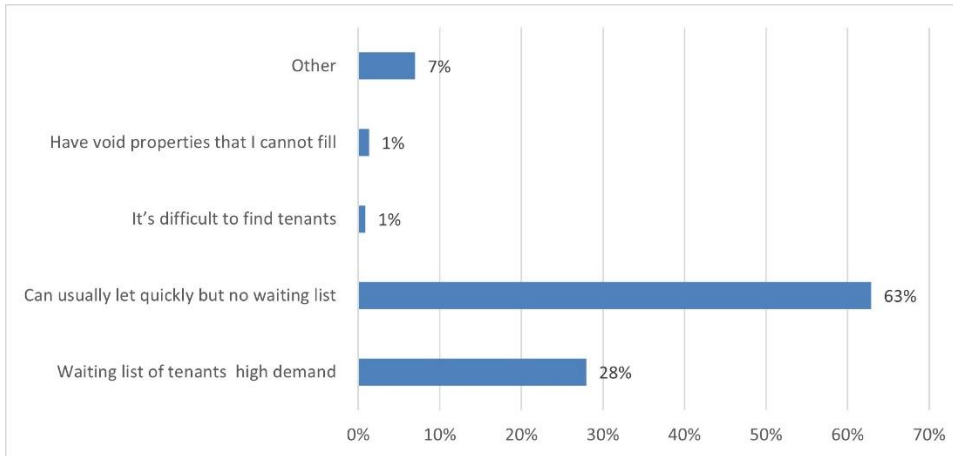
Of those landlords who don't request references, the reasons given were

- Same tenant for last 5 years, I am a good landlord, and they all stay for a long time
- I use my common sense when interviewing prospective tenants – references can be easily faked, and it is naïve to rely on them
- Long term acquaintance

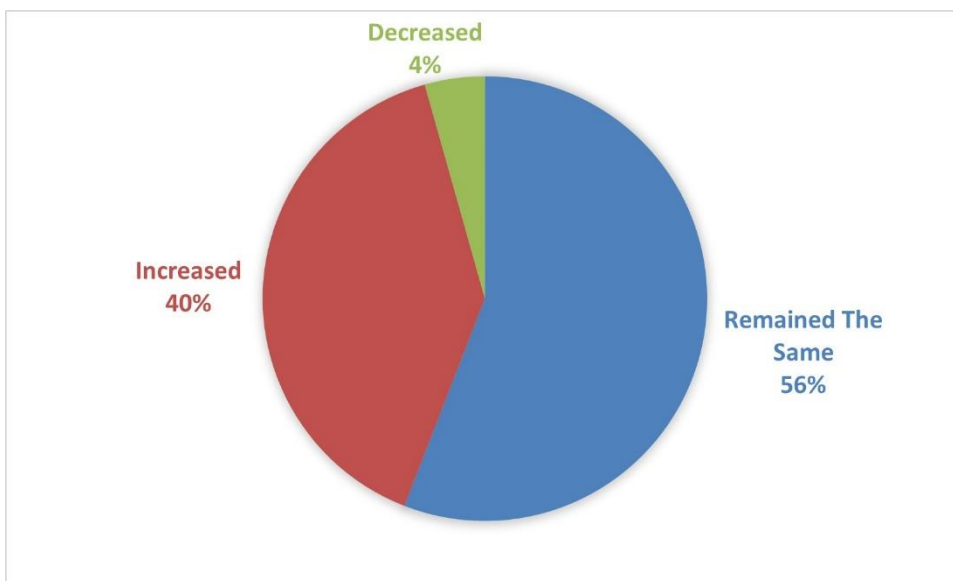
Q16. In what areas of managing your tenancies do you think the council could offer more support?



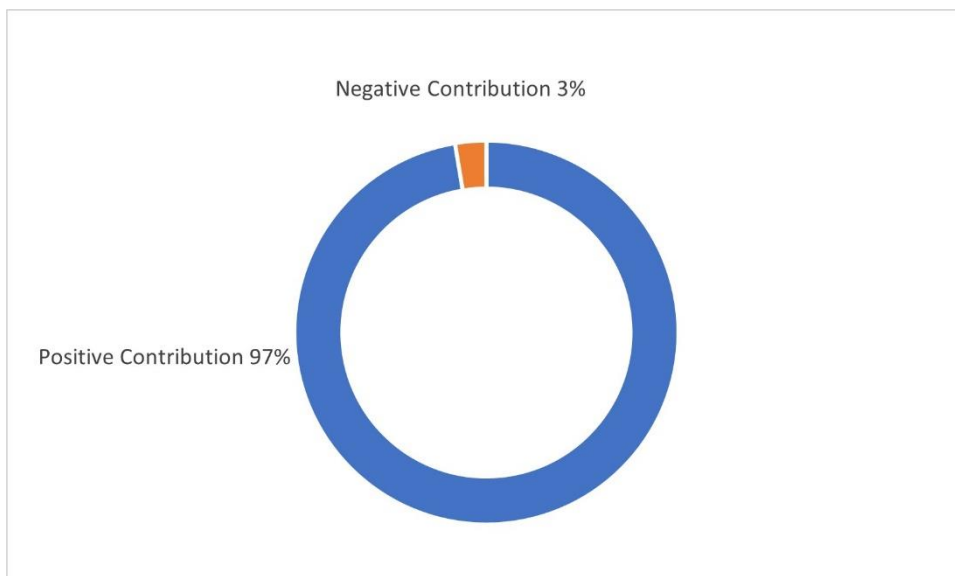
Q17. What is the demand for your properties?



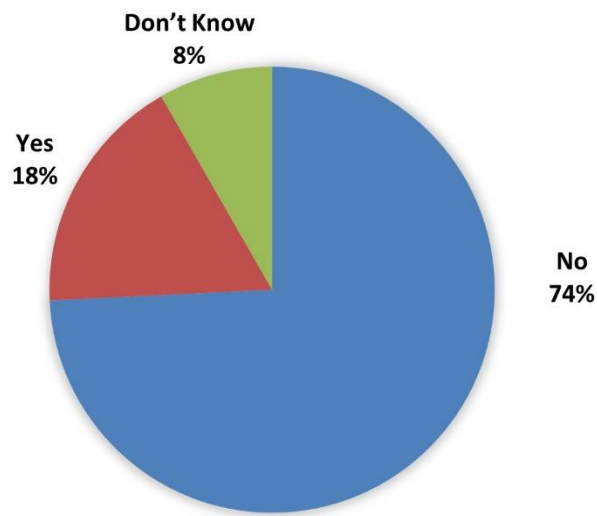
Q18. Has demand for your properties increased over the last 2 years?



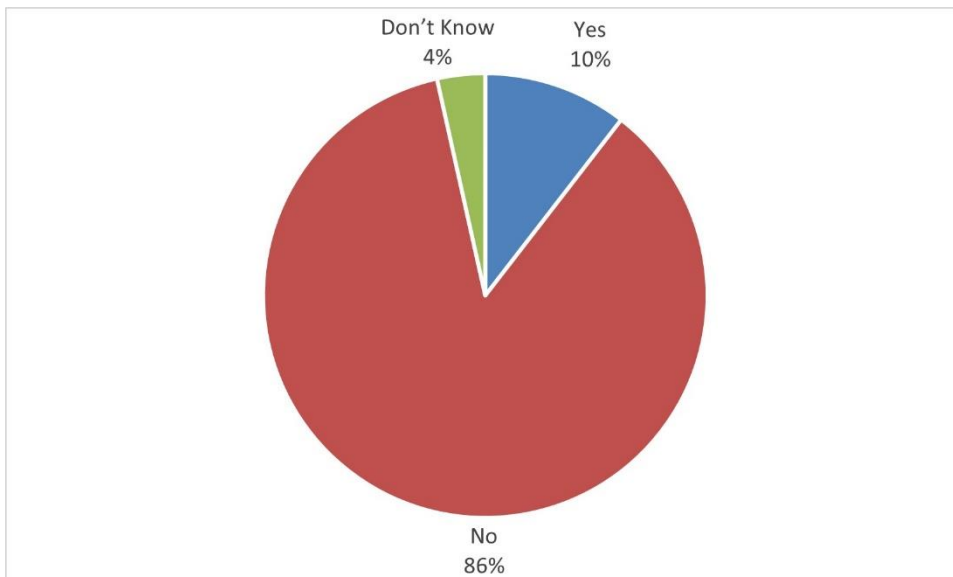
Q19. Overall, do the landlords in the area make a positive or negative contribution to the area?



Q20. Do you think the Council should continue to have control over the way landlords manage their properties

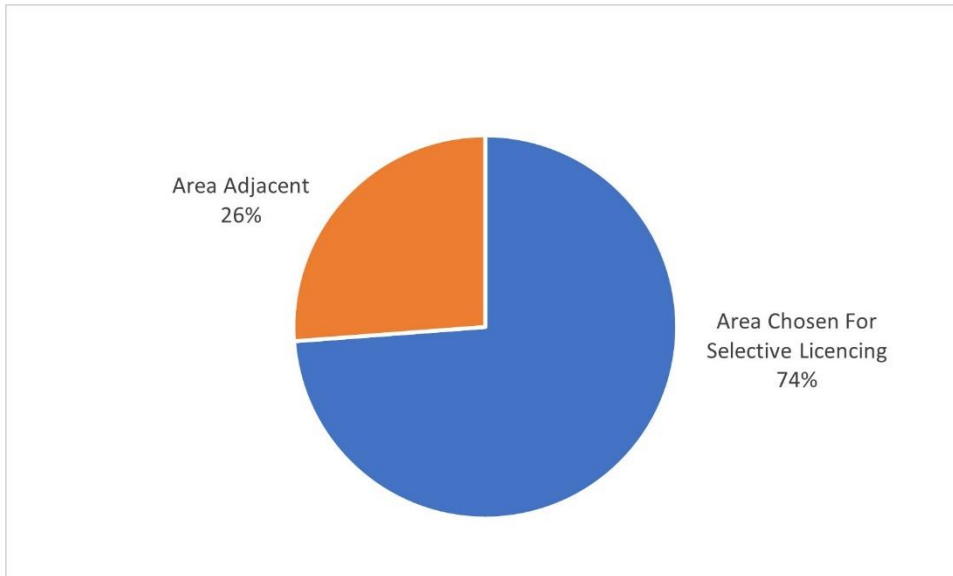


Q21. Would you support the introduction of selective licensing in your area?

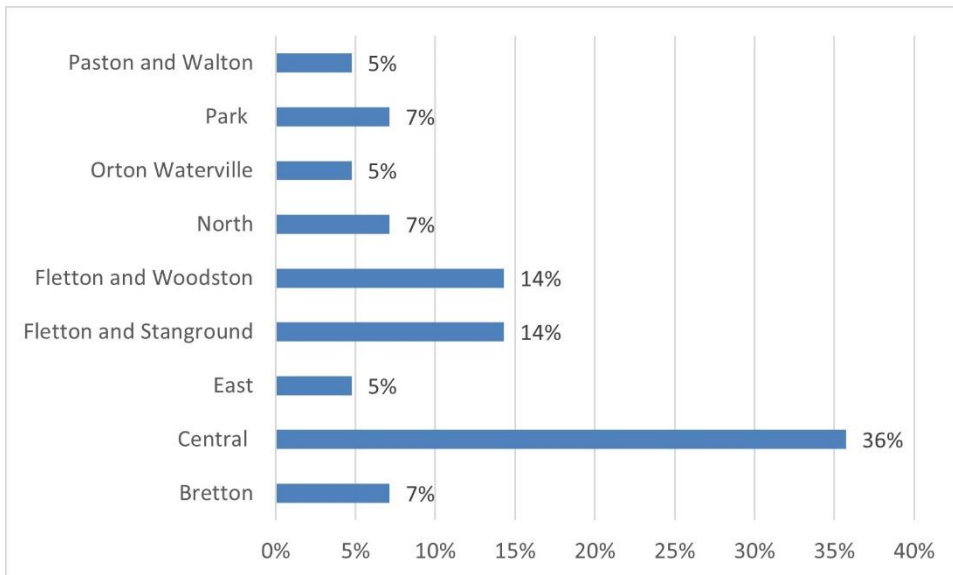


Tenant/Resident Responses

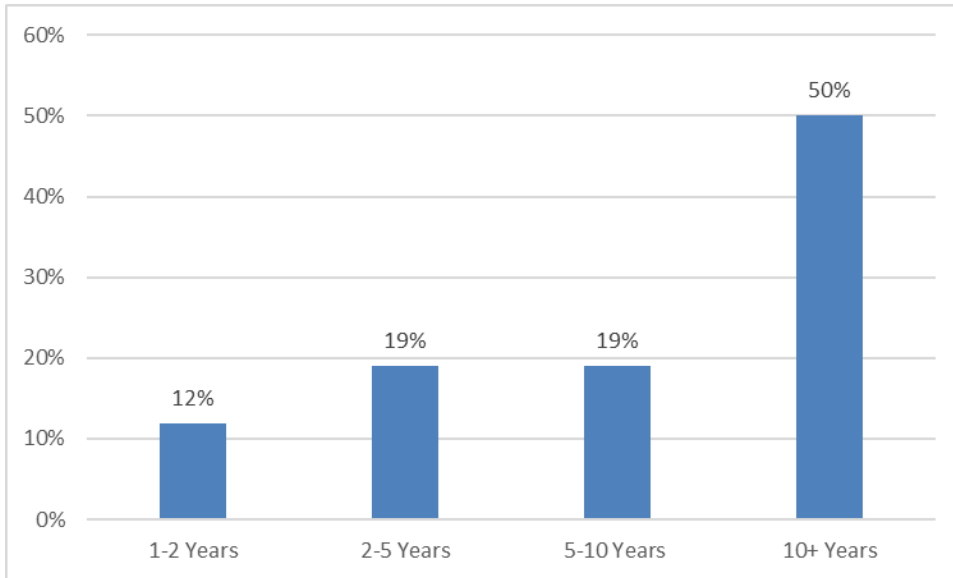
Q1. Where is your home?



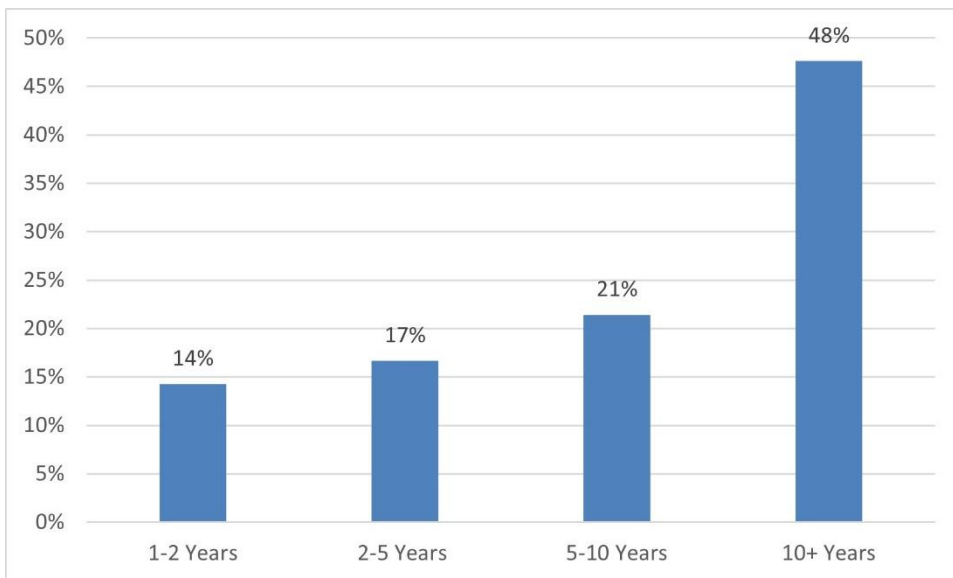
Q2. If you live in one of the proposed selective licensing areas, which ward is your home in?



Q4. How long have you lived in this area?

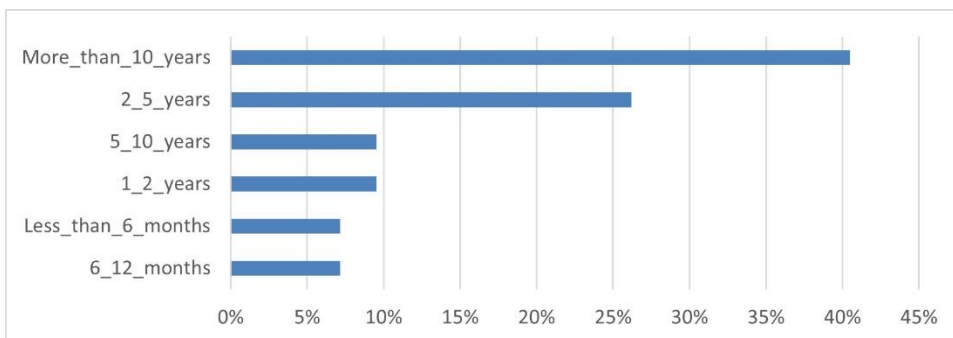


Q5. How long have you lived in your current property?

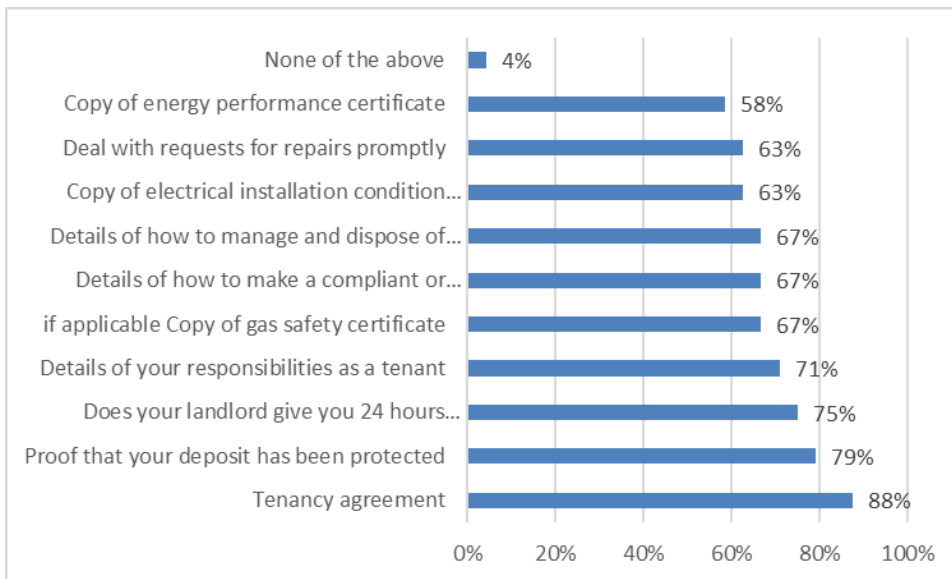


Questions 7 to 11 were asked to establish the type of property respondents lived in and the number of occupants. None of the respondent properties were overcrowded.

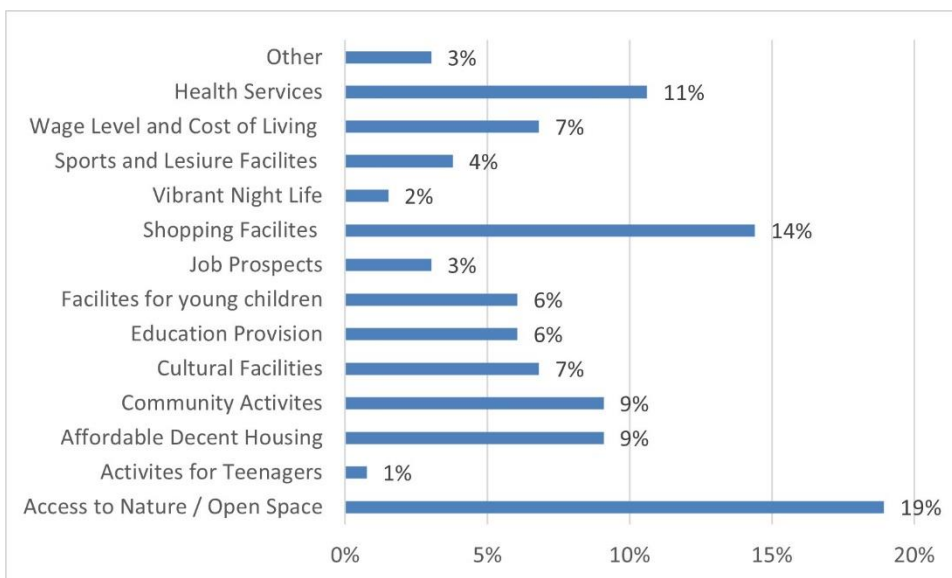
Q12. How long do you intend to remain living in the area?



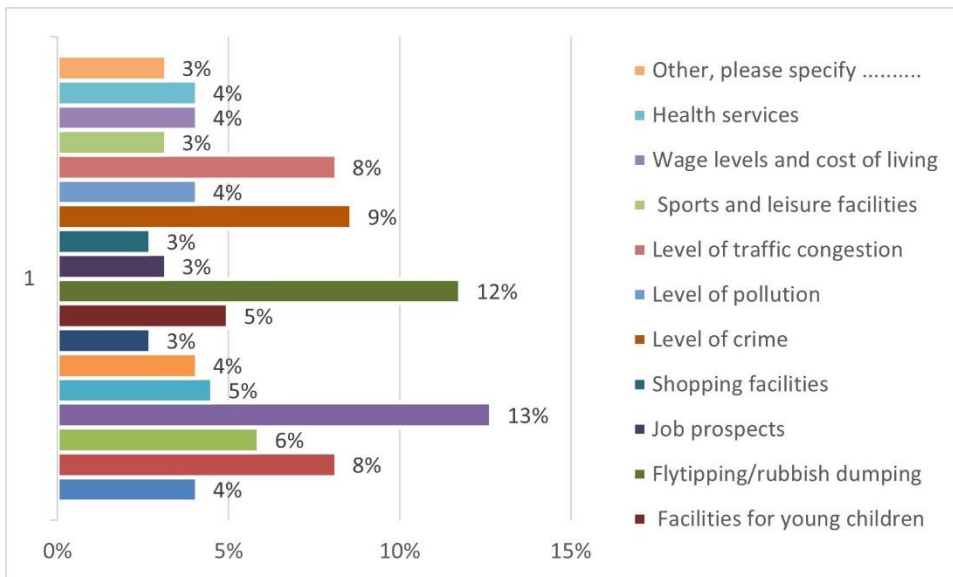
Q13. If you are a tenant in a private rented property, has your landlord provided you with any of the following?



Q14. What do you like most about the area you live in?

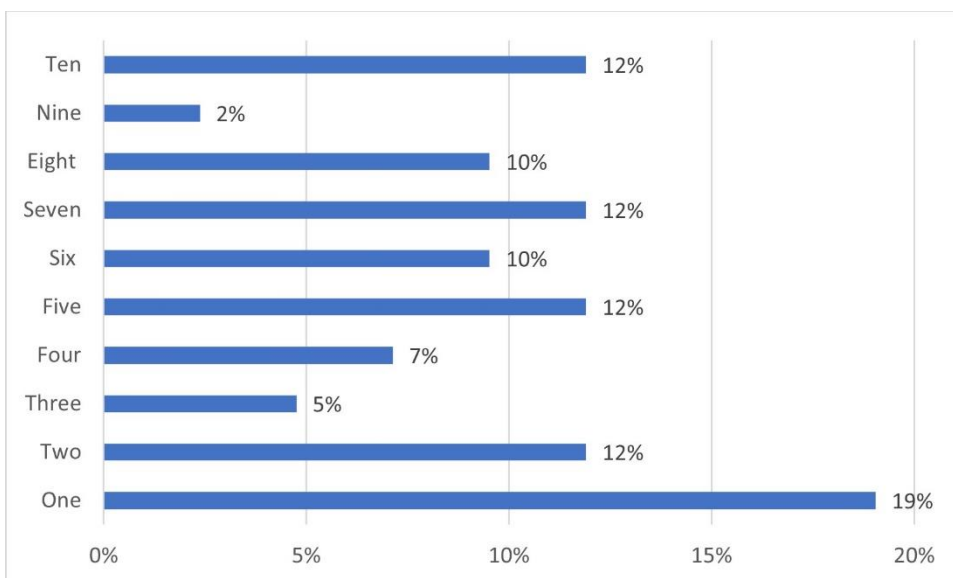


Q15. What most needs improvement in your area?

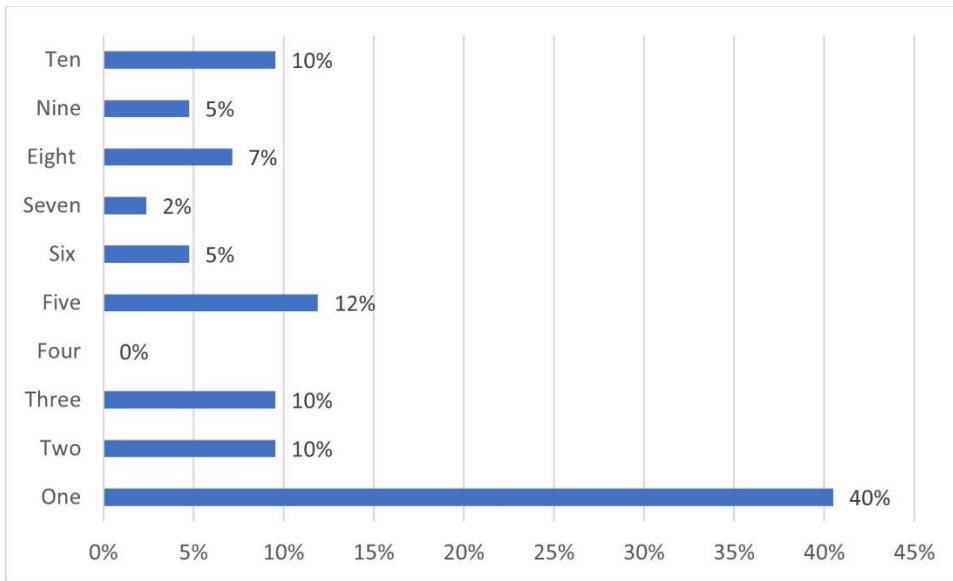


Q16. Thinking about the area you live, how much are the following a problem, on a scale of 1-10?

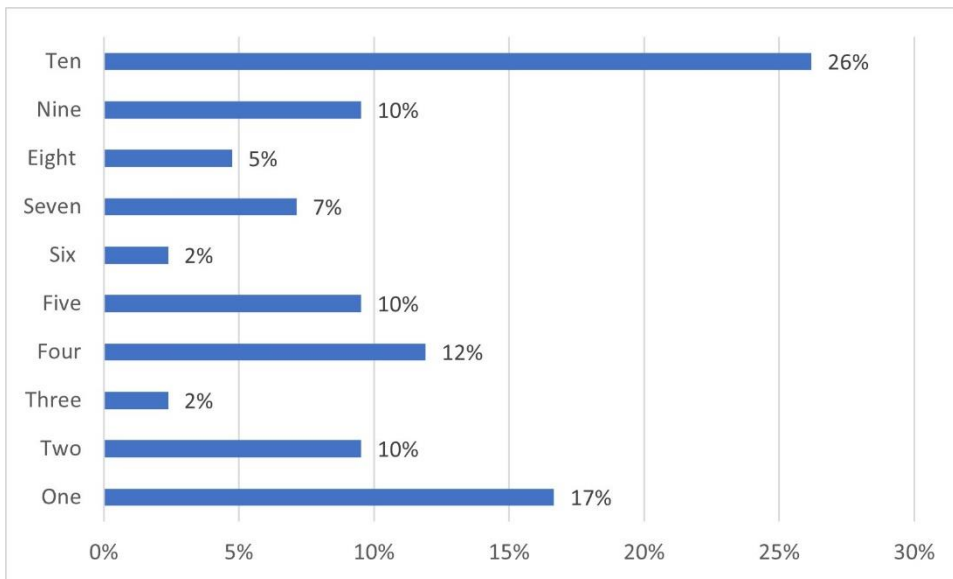
Loud noise



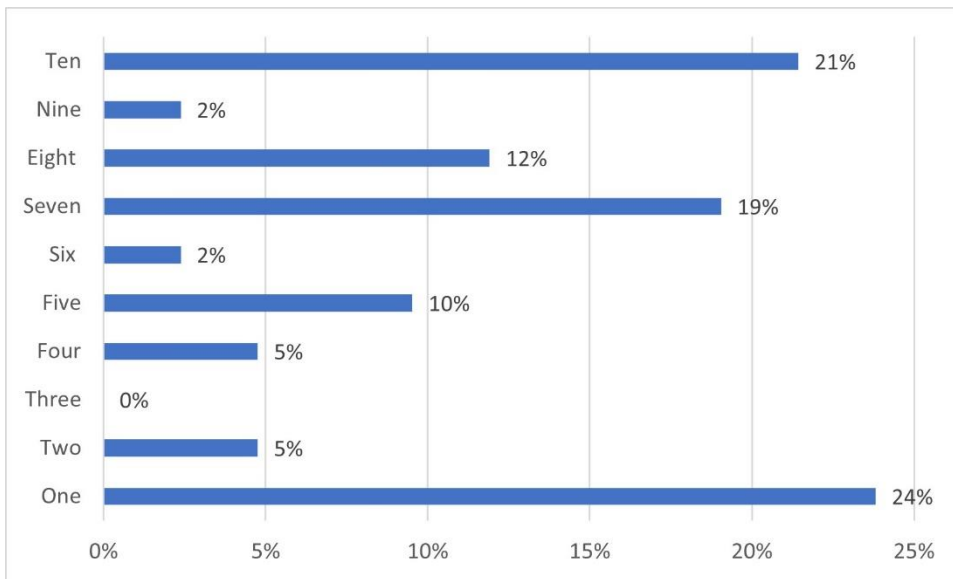
Large Gatherings in the Street



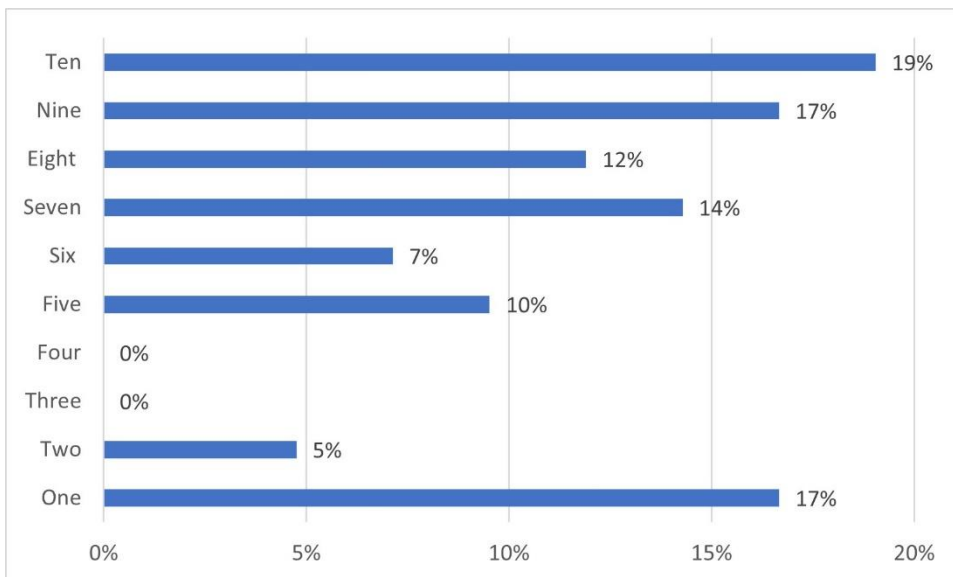
Drug dealing or drug related crime



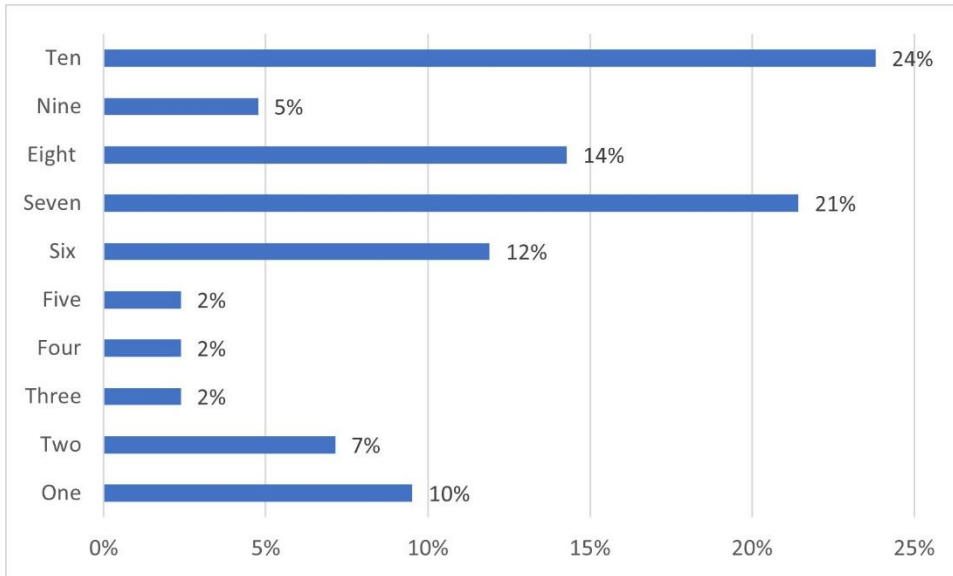
People not treating others with respect



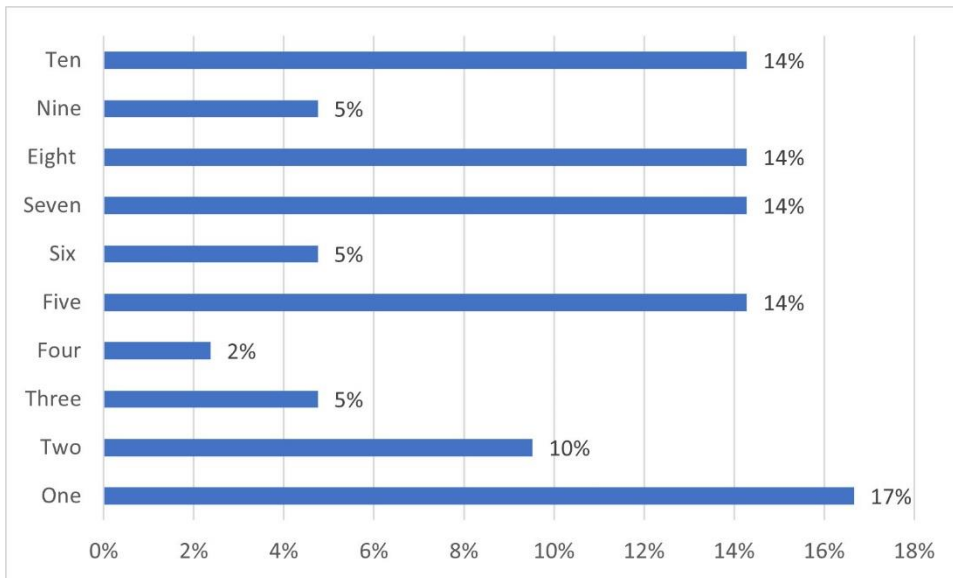
Fly tipping and Rubbish dumping



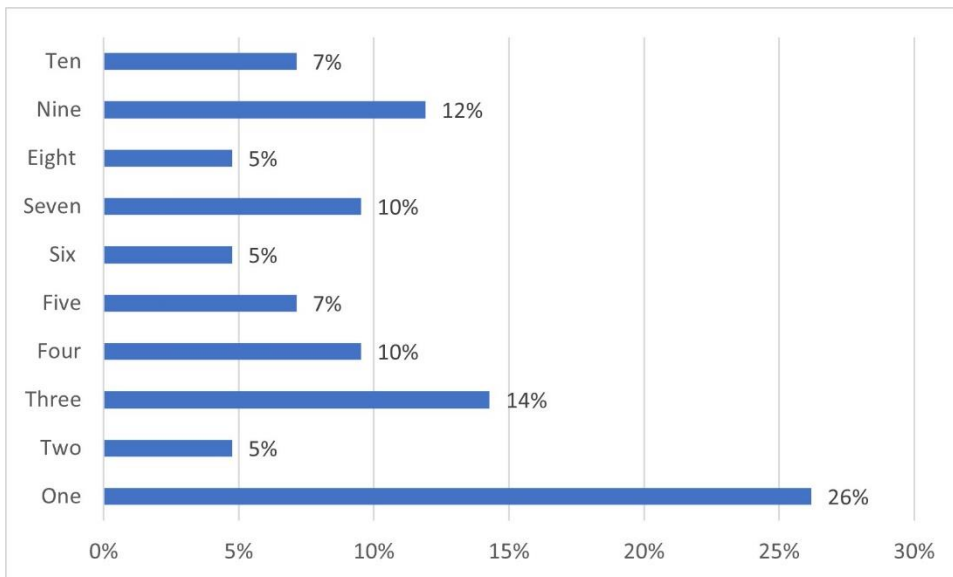
Littering



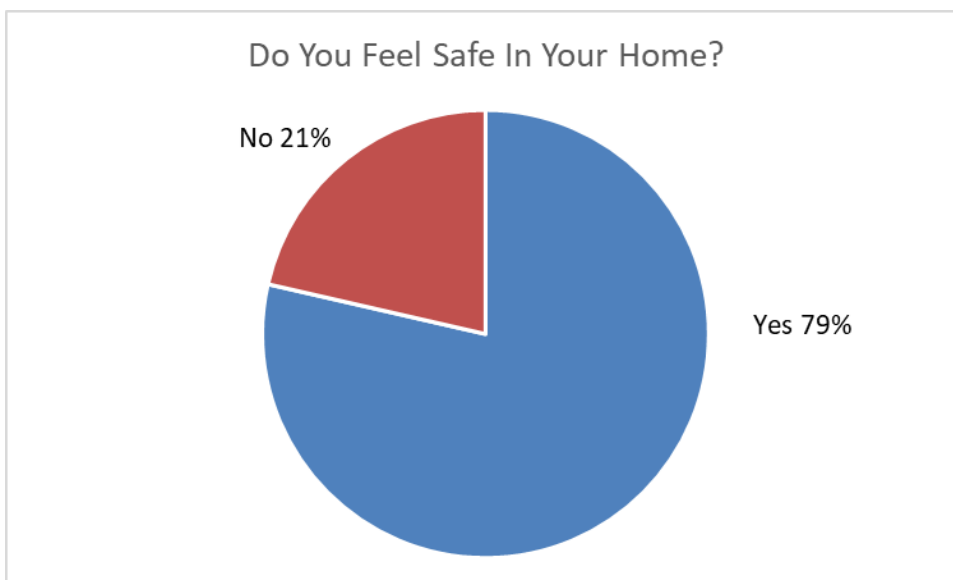
Noise from Cars parking



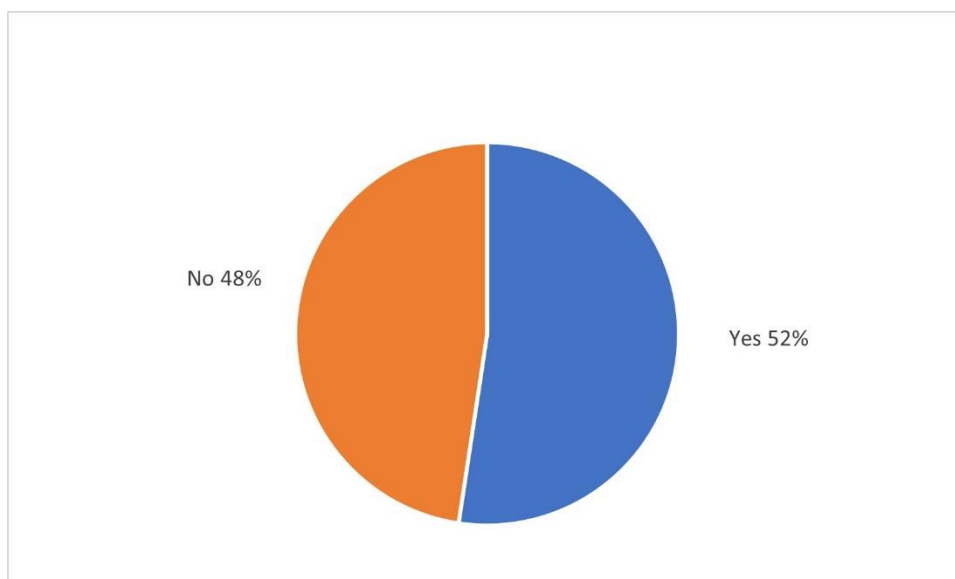
Neglected and run-down properties



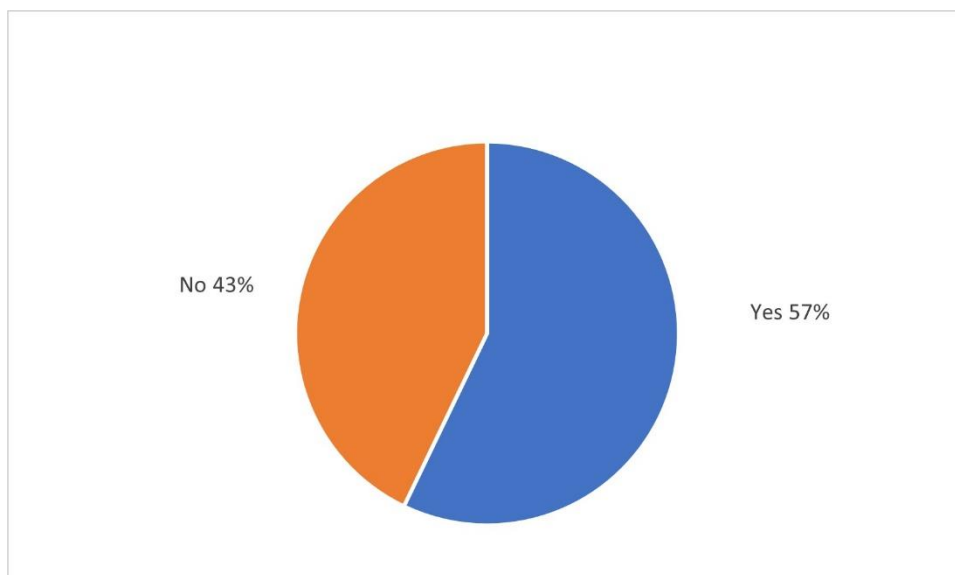
Q17. Do you feel safe in your own home and the area around it?



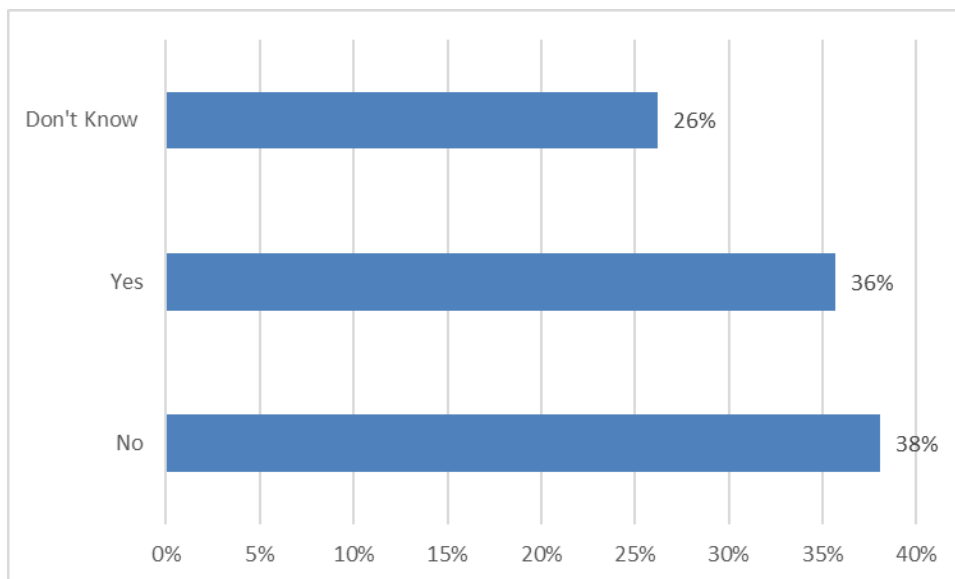
Q18. Have you ever been a victim or witness of any anti-social behaviour in your area?



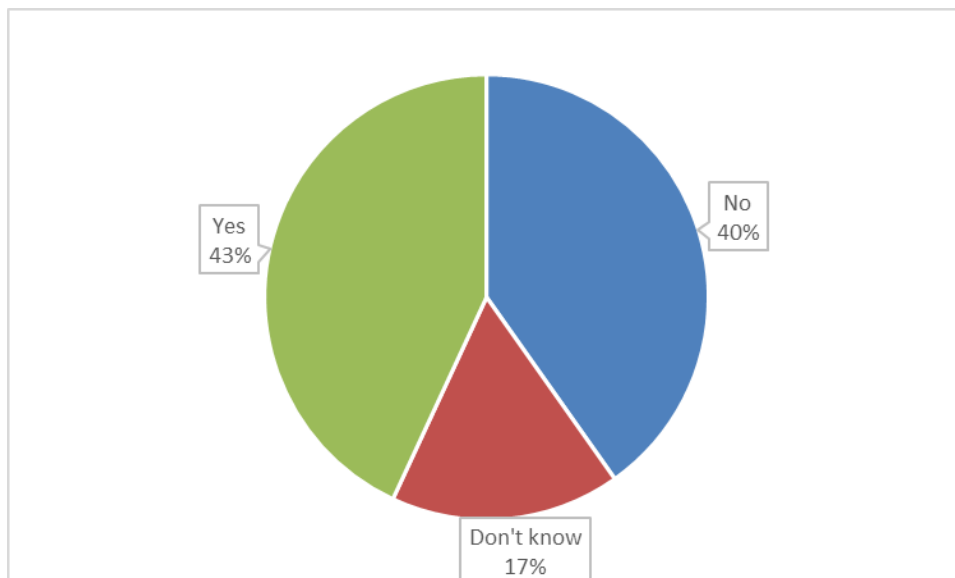
Q19. Thinking about the properties in your area that are owned by private landlords, have you ever experienced or witnessed anti-social behaviour from those properties?



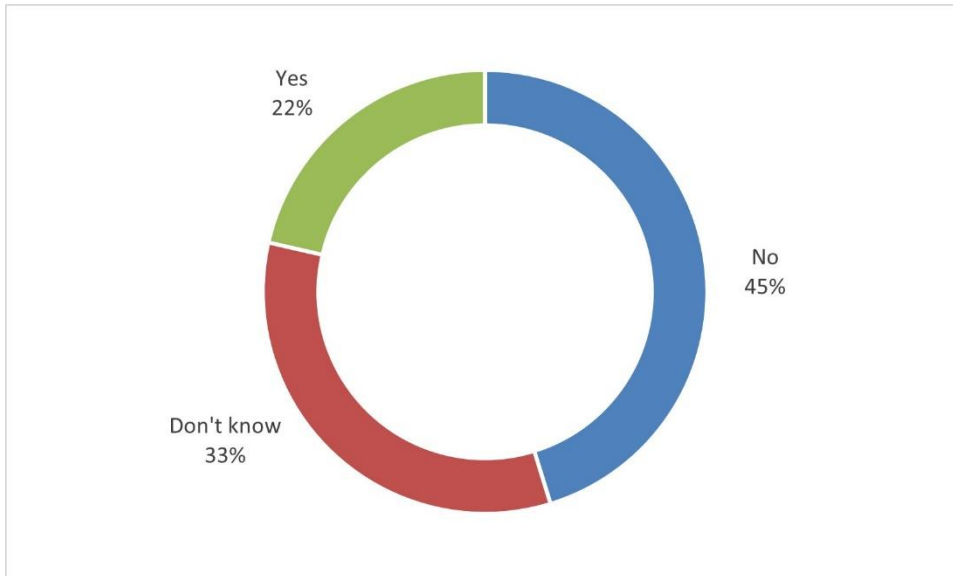
Q20. Again, thinking about the properties in your area that are owned by private landlords, do think the owners maintain the properties to a good standard?



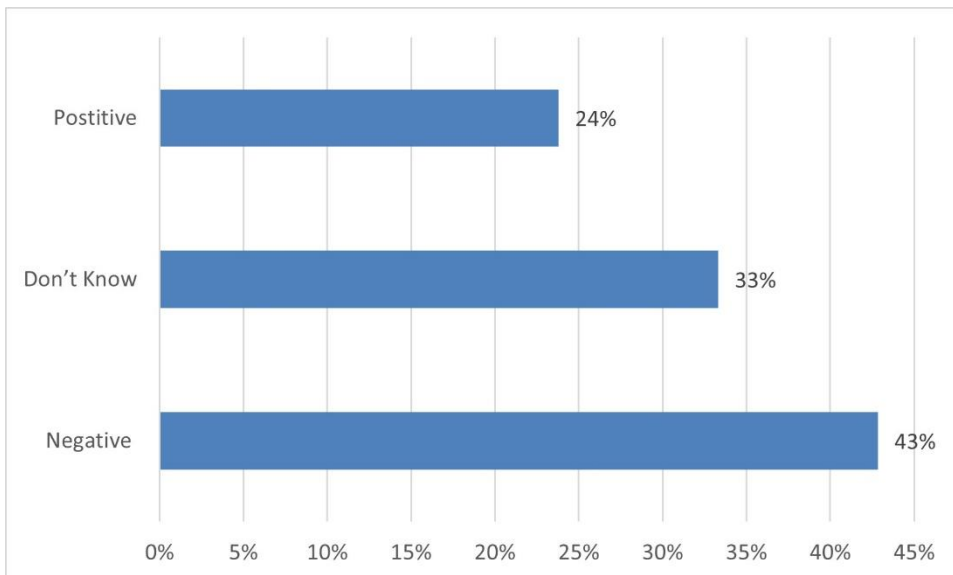
Q21. Overall, would you say the landlords in your area are responsible in letting, managing, and maintaining their properties?



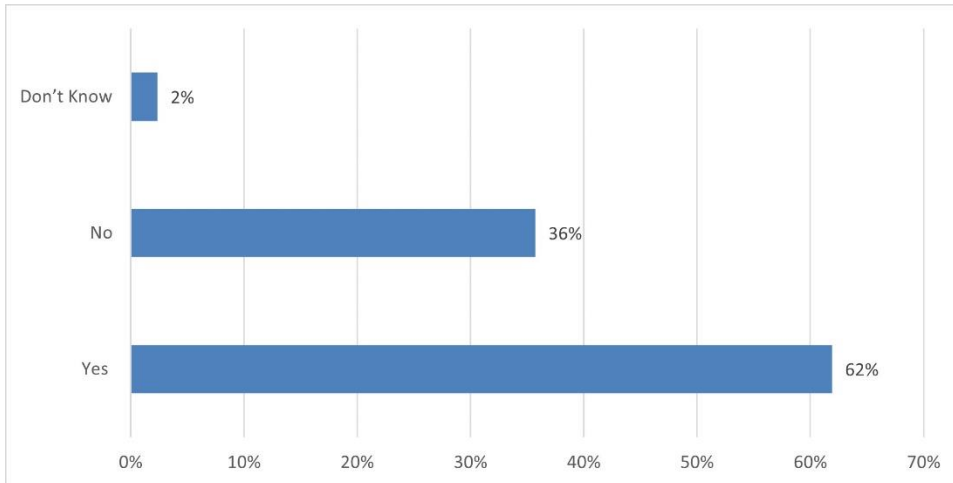
Q22. Do you think that landlords take appropriate action against tenants who cause nuisance or anti-social behaviour?



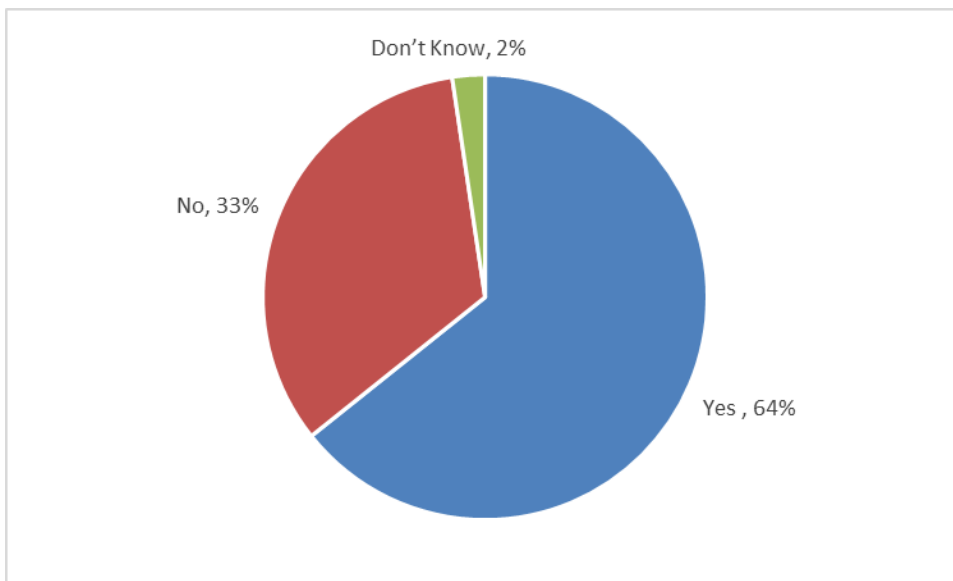
Q23. Overall do the private landlords who operate in your area make a positive or negative contribution to the area?



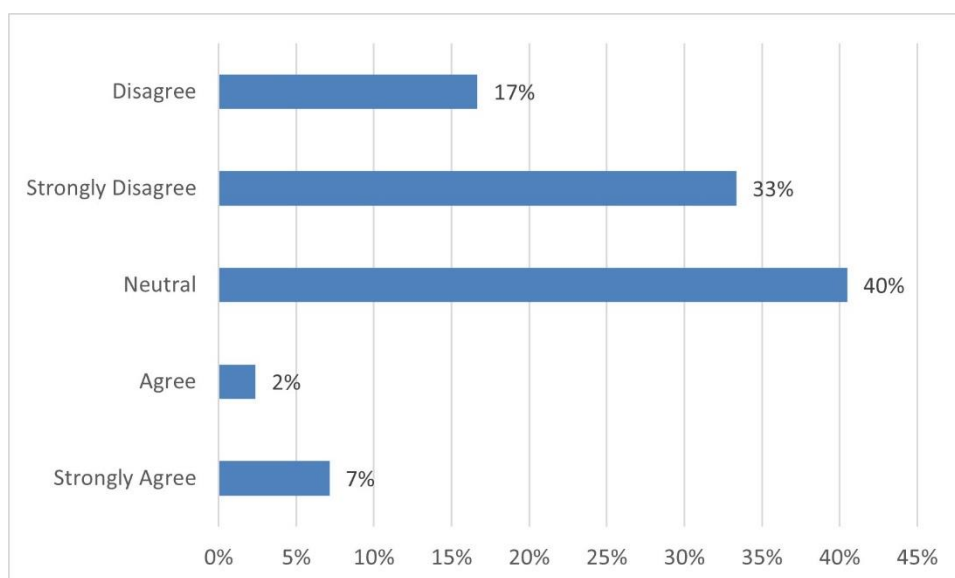
Q24. Having read the information about selective licencing in the consultation document or on the Peterborough City Council website, would you support the introduction of selective licencing in your area?



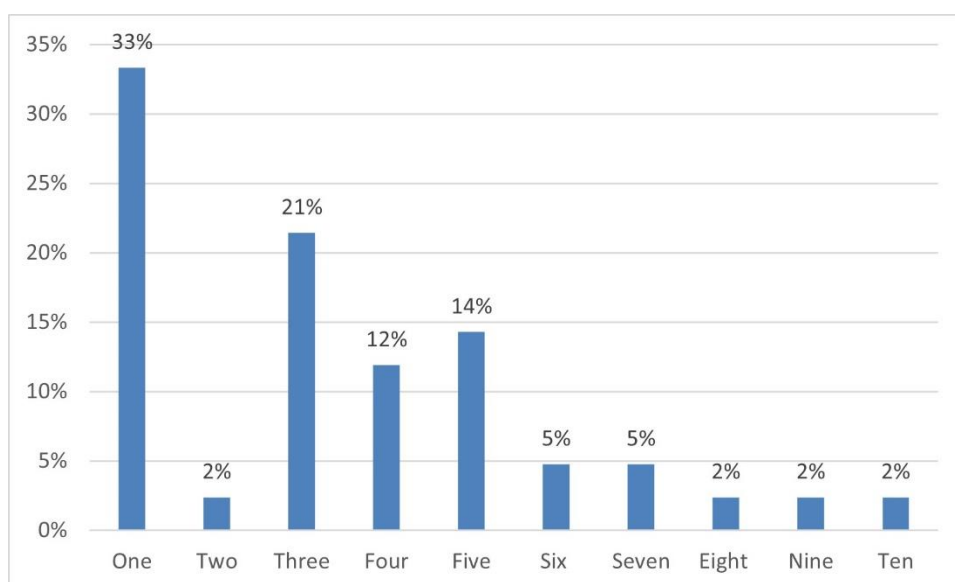
Q25. Do you think the Council should continue to have control over how landlords manage their properties?



Q26. Do you think the Council is effective in dealing with anti-social behaviour in your area?



Q27. How effective do you think the Police are in dealing with anti-social behaviour in your area?



Conclusion

The Selective Licensing consultation ran for 12 weeks from Thursday 20 January 2022 to Wednesday 13 April 2022.

The consultation sought to ensure:

- That communications were clear, transparent, and reached the right people
- That there were a variety of ways that people could provide feedback
- Respond to feedback

A wide range of key stakeholders, landlords, tenants, residents, local organisations, and businesses were consulted about the proposals. The consultation was widely promoted, both in the areas where Peterborough City Council propose to introduce a Selective Licensing Scheme and, in neighbouring areas. The proposals and public consultation were also promoted in the local media,

via the Councils Facebook and Twitter pages and on the Councils website. People have been able to provide feedback at the public webinars, via the online survey and by writing to the consultation email address.

The findings from the public consultation about the Selective Licensing Scheme proposals can be summarised in several key headlines:

- A total of 39 people attended the 5 public webinar events held between February and April 2022.
- 271 completed feedback questionnaires submitted via the online survey.
- 62% of respondents said that they supported the council's proposal to introduce selective licensing. 36% said that they did not support the proposal and 2% said that they did not know.
- 64% of tenant / resident respondents said that they think the council should continue to have control over the way that private landlords manage their properties. 33% said that they did not think the council should continue to have control and 2% said they did not know.
- When landlords / agents were asked the same question, 18% answered that they think the council should continue to have control over the way that private landlords manage their properties, with 74% stating they did not think the council should have control, the remaining 8% said they did not know.
- 43% of tenants' respondents said that landlords were responsible in letting, managing, and maintaining their properties, 40% said that they were not and 17% didn't know.
- 36% of tenant respondents said that private landlords maintain their properties to a good standard, 38% said they didn't and 26% didn't know.
- 24% of respondents said that landlords make a positive contribution to the area, 43% said they made a negative contribution, and 33% didn't know
- When asked what areas of managing your tenancies do you think the council could offer more support, 29% of respondents said 'meeting energy efficiency requirements, 22% said dealing with waste left by tenants and 19% said landlord training.
- Tenant respondents were asked what documentation was provided by their landlords:

88% had a tenancy agreement	79% proof that their deposit was protected
63% Copy of electrical condition report	71% details of tenant's responsibilities
67% copy of current gas safe certification	75% of landlords give 24 hours' notice before entering
58% copy of energy performance certificates	67% details of how to make a compliant
63% said landlords deal with repairs promptly	67% details of how to dispose of rubbish
4% none of the above	

Recommendations

1. Approve the submission of an application to the Secretary of State for the implementation of a Selective Licensing Scheme for the area defined within the report.

2. Subject to approval by the Secretary of State implement a Selective Licensing Scheme.
3. Through an integrated approach to service delivery ensure that arrangements are in place to address problems such as waste management, as well as promoting the support available to landlords, and tenants.
4. Explore the feasibility of the 'Part B fee' being paid on a pro-rata monthly basis.
5. Undertake analysis to identify whether areas of private rented accommodation outside of proposed Selective Licensing Area would benefit from an 'Additional Licencing Scheme' to raise housing standards.

CABINET	AGENDA ITEM No. 10
16 January 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director of Place and Economy	
Cabinet Member(s) responsible:	Cllr Marco Cereste, Cabinet Member for Climate Change, Planning, Housing and Transport	
Contact Officer(s):	Gemma Wildman, Principal Strategic Planning Officer Gemma.wildman@peterborough.gov.uk	Tel. 01733 863824

REVIEW OF THE PETERBOROUGH LOCAL PLAN

RECOMMENDATIONS	
FROM: Executive Director for Place and Economy	Deadline date: Not Applicable
It is recommended that Cabinet recommends Council:	
<ol style="list-style-type: none"> 1. Authorises officers to commence a review of the Local Plan; and 2. Approves the attached Local Development Scheme (LDS), which sets out a timetable for the production of a new Local Plan, and brings it into effect from 26 January 2023. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a request by the Cabinet Member.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to enable Cabinet to consider the proposal to commence preparation of a Local Plan for Peterborough and, if it is agreed a new Local Plan should be produced, seek Cabinet's recommendation to Full Council to approve an updated Local Development Scheme (LDS) which outlines the timetable for preparing the Local Plan.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.14, '*To ... [make] recommendations to Council about proposed changes to the Council's major policy and budget framework.*'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	25 January 2023
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4. BACKGROUND AND KEY ISSUES

- 4.1 The Council has an adopted Local Plan (July 2019). National Policy requires that Local Plans should be reviewed to assess whether they need updating at least once every five years, and should then be updated as necessary.
- 4.2 We are at a point whereby it is appropriate for the Council to decide whether the time is right to commence a review of its Local Plan. The existing Local Plan runs to 2036. A new Local Plan

would extend the plan period to at least 2041. This report sets out reasoning why it is considered to be appropriate to do so.

Advantages of commencing a Local Plan review

4.3 In short, the following reasons are advantages of commencing a Local Plan review:

- (i) To ensure that new development continues to take place in planned locations and help demonstration of a '5 year housing land supply' (a Government requirement), reducing the risk of challenge from speculative, unplanned development.
- (ii) An opportunity to identify new locations for growth in Peterborough, which in turn will meet our longer term housing and employment needs.
- (iii) Identification of additional range and choice of employment sites to accommodate increasing commercial demand. This will generate wealth, and improve local people's life chances by providing increased employment opportunities. There is evidence to suggest that the supply of employment land is tight, and a significant proportion of allocated employment land either has planning permission, is under construction, or has already been built out
- (iv) Align preparation of a new Local Plan with the review of other corporate strategies.
- (v) Continued and potentially additional income via, business rate growth and council tax income.

4.4 A review of the local plan offers the opportunity to consider whether new policies or allocations are needed to reflect changing circumstances, national policy and opportunities that were not incorporated in the adopted Local Plan, such as climate change and biodiversity net gain.

4.5 Overall, an up-to-date Local Plan, covering a longer time frame, means more certainty for everyone (the public, developers and public service providers) about where growth will take place. Infrastructure providers (e.g. Education, Highways, NHS facilities) will also have more certainty to plan for future provision contributing to the development of sustainable communities.

Other Considerations

4.6 There are other considerations which may determine that now is not an appropriate time to commence a Local Plan review. These are mainly twofold:

- **The cost:** Preparing a new Local Plan will require staff resources and financial resources to cover necessary expenses (such as examination fees). The budget setting process includes provision of a reserve, sufficient to fund £350,000 per year, for each of the next three financial years. This is to cover the costs of preparing evidence base, as well as the independent Inspector and Programme Officer's costs, all of which must be met by the planning authority. In addition, the emerging budget for 2023/24 no longer includes an income target for the local plans team, which releases the team from its work on neighbouring authorities' local plans, making them available for work directly for PCC. Taken together, these two investments into the local plans team will ensure it has sufficient resources (in terms of people and money) to complete a review.
- **The temporary uncertainty:** It is inevitable that through the preparation of a Local Plan, uncertainty and concerns will arise as to where new growth may or may not occur. However, with careful management of the process, and clear and consistent communication messages throughout, this uncertainty should be minimised (as well as the benefits of a new Local Plan clearly expressed and communicated). It is intended that a comprehensive communications plan will be prepared to support the local plan, which will help us to proactively get key messages across in a structured way.

Process for preparing a new Local Plan

- 4.7 If it is agreed that a review commences, then preparing a Local Plan is a statutory process which from start to finish will take about three to four years. There are normally three rounds of public consultation followed by public examination by the Planning Inspectorate, and finally adoption by Full Council.

Local Development Scheme

- 4.8 The first legal step, should a new Local Plan be commissioned today, is to adopt a Local Development Scheme (LDS) setting out the timetable for preparing a new Local Plan. It is unlawful to prepare a Local Plan without first agreeing and publishing an LDS.
- 4.9 Should Cabinet decide, therefore, to agree in principle to commencement of a new Local Plan then it is next asked to agree the attached LDS (see Appendix 1).

5. CORPORATE PRIORITIES

- 5.1 The production of a new Local Plan will allow planning policies to be brought fully up to date with the Council's corporate priorities which amongst other things will maximise economic growth and prosperity in an inclusive and environmentally sustainable way; and create healthy and safe environments where people want to live, invest, work visit and play.
- 5.2 In terms of Carbon Impact Assessment, at this stage, the decision to commence work on a new Local Plan and the approval of the LDS will have neutral effects on Carbon Impacts. However, policies contained in an emerging Local Plan could result in positive impacts on carbon emissions.

6. CONSULTATION

- 6.1 The LDS is a timetable setting out the different stages involved in the preparation of a Local Plan. It identifies the different stages that the Local Plan will be available for public consultation. Therefore, the LDS itself is not required to be consulted on.
- 6.2 It is intended that a comprehensive communications plan will be prepared to support the local plan, which will help us to proactively get key messages across in a structured way.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 That Cabinet will agree to recommend the commencement of a Local Plan to Council and, if Cabinet does so, also to recommend approval of the attached Local Development Scheme which sets out the timetable for preparing a new Local Plan.

8. REASON FOR THE RECOMMENDATION

- 8.1 It is recommended a Local Plan be commenced for the reasons stated at 4.3.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 The following alternative options were considered and rejected:
- An alternative timetable (LDS) was considered which only included one round of public consultation on a Draft Plan (Regulation 18) compared to the two stages shown at Appendix 1. This option was rejected as overall this approach will not reduce the Local Plan timetable. Two rounds of consultation on the draft Plan will allow more opportunity for the parish councils, local developers and the wider community to make comments early in the process.
 - Do nothing and review the situation in 12 months. This option was rejected because it would fail to take advantage of the benefits of commencing a new Local Plan, as set out in this report.

10. IMPLICATIONS

Financial Implications

- 10.1 Preparing a new Local Plan will require staff resources and some finance to cover necessary expenses (such as examination fees). The budget setting process includes provision of a reserve, sufficient to fund £350,000 per year, for each of the next three financial years. This is to cover the costs of preparing evidence base, as well as the independent Inspector and Programme Officer's costs, all of which must be met by the planning authority. In addition, the emerging budget no longer includes an income target of £430,860 for 2023/24 for the local plans team, which releases the team from its work on neighbouring authorities' local plans through Service Level Agreements (SLAs), making them available for work directly for PCC, focusing on preparing a new Local Plan and other functions such as Neighbourhood Planning. Taken together, these two investments into the Planning Policy team will ensure it has sufficient resources (in terms of people and money) to complete a review.

Legal Implications

- 10.2 It is a legal requirement for the Council to have an LDS in place at all times. The Council can only prepare new Development Plans (Local Plans) in accordance with the LDS. Adoption of the attached LDS would therefore enable a new Local Plan to be prepared. If it is not adopted, it would be unlawful to commence a new Local Plan.
- 10.3 For the avoidance of doubt, the decision to commence (or not) a new Local Plan has no impact on the legal status of existing adopted planning policy documents in operation in Peterborough. Such documents will continue to be used to determine planning application and similar proposals.

Equalities Implications

- 10.4 The preparation of the Local Plan will be an opportunity to positively address equality and diversity issues. Formal assessments in this regard will be undertaken as the Local Plan begins to emerge

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 None.

12. APPENDICES

- 12.1 Appendix 1 – Local Development Scheme 2023

Peterborough City Council

Peterborough Local Development Scheme

25 January 2023

This Peterborough Local Development Scheme (LDS) was approved by Peterborough City Council at a meeting of its Council on 25 January 2023, replacing the previous LDS, dated 10 July 2017.

Peterborough City Council
Sustainable Growth Strategy
Peterborough City Council
Sand Martin House
Bittern Way
Fletton Quays
Peterborough
PE2 8TY

Telephone: (01733) 863872

www.peterborough.gov.uk

Preface

This Peterborough Local Development Scheme (LDS) was approved by Peterborough City Council at a meeting of its Council on 25 January 2023. It replaces the previous LDS, dated 10 July 2017.

If you require any further information regarding the Scheme, please contact a planning policy officer on (01733) 863872 or by email to planningpolicy@peterborough.gov.uk

Each month we will publish a monthly update table on our website. This sets out the current and next stages of preparation, with dates, of each of the documents included in this LDS.

This LDS is produced under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended).

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1. Introduction

- 1.1 The Local Development Scheme (LDS) is a timetable which sets out the Development Plan Documents (DPDs) that a local planning authority intends to produce over the next few years. Such DPDs are also known as the Local Plan for an area.
- 1.2 This Peterborough LDS sets out the timetable for Peterborough for the period 2023 to 2026. It explains when the council intends to reach key stages in the preparation of a new Local Plan. This LDS replaces the Peterborough LDS which was adopted in 2017.

The Local Plan and Supporting Documents

- 1.3 National planning policy is headlined by the 'National Planning Policy Framework' (NPPF). Locally, the Peterborough planning policy framework comprises more than just DPDs (Local Plan). In summary, the local set of documents comprise the following:
 - **Development Plan Documents (DPDs):** These are documents (often referred to as 'Local Plans') that form part of the statutory development plan for the area. They are prepared by the relevant plan-making authority and are subject to independent examination by a planning inspector appointed by the Secretary of State. For Peterborough, as at January 2023, they are Peterborough Local Plan (July 2019) and the Cambridgeshire and Peterborough Minerals and Waste Local Plan (July 2021)
 - **Policies Map:** This is a map on an Ordnance Survey base for the whole of a local planning authority's area which shows where policies in DPDs apply. The Policies Map may include inset maps for particular areas to show information at a larger scale. The Policies Map is updated each time that a relevant document (i.e. a DPD or a Neighbourhood Plan) is adopted.
 - **Supplementary Planning Documents (SPDs):** These can cover a wide range of issues on which the planning authority wishes to provide guidance to supplement the policies and proposals in its DPDs (Local Plan). They do not form part of the statutory development plan and are not subject to independent examination. The city council can decide to produce an SPD on any appropriate subject whenever the need arises. There is no requirement for this LDS to set out a timetable for the production of any SPDs.
 - **Neighbourhood Plans:** Local communities, including Parish and Town Councils, can prepare Neighbourhood Plans (NPs) putting in place policies to guide the future development of the area. Any NP must be in general conformity with 'strategic policies' in DPDs (Local Plan) and with national policy. NPs are not able to propose lower levels of development than those set out in up to date Local Plans but could propose higher levels, or offer other detailed policy proposals. It is up to local communities to decide if it wants to produce a Neighbourhood Plan and so it is not appropriate for this LDS to specify when, or for where, they will be produced. Any NP, if adopted, has the same status as a DPD. As at January 2023 six Neighbourhood Plans (Ailsworth, Barnack, Castor, Glinton, Helpston and Peakirk) have been 'made' in Peterborough and more are under currently preparation.
 - **Statement of Community Involvement (SCI):** This is a document that explains how the local planning authority will engage the community in the preparation, alteration and review of planning documents, and in development control decisions. It is required to specify how and at what stages people will have the opportunity to be involved in planning for their area. The SCI was adopted by the council in November 2021.

- **Authority's Monitoring Report:** This is a report which must be produced by the local planning authority (on an annual basis) to explain how the local development scheme is being implemented and the extent to which policies in the Local Plan are being achieved.

1.5 Further details on the adopted Peterborough documents can be found in Tables 2 and 3 of this document, or on our website at: <https://www.peterborough.gov.uk/council/planning-and-development/planning-policies>

Joint Working Arrangements and Joint Local Plans

1.6 The city council has a good track record of joint working with other authorities. The adopted Cambridgeshire and Peterborough Minerals and Waste Local Plan (2021) is an example of successful joint working between the council and Cambridgeshire County Council. This arrangement is likely to continue in the future when the need arises to review these documents.

1.7 There are no plans to establish joint working arrangements (apart from Cambridgeshire County Council as discussed above) or a joint committee (under section 29 of the Planning and Compulsory Purchase Act 2004) with any other local planning authority, but the city council will fulfil its responsibilities under the duty to co-operate requirements of s33A of the Planning and Compulsory Purchase Act, and keep open the possible production of joint evidence studies, and, if appropriate the preparation of joint plan or SPDs.

2. Local Plan Timetable

2.1 There are a number of stages involved in producing a DPD (Local Plan). This process allows for opportunities for the public to be involved, early resolution of conflicts/objections, and an Independent Examination. The stages in producing a Local Plan, and the intended time of those stages for the new Local Plan, are set out in Table 1.

3. Subject Matter and Geographical area of new Local Plan (DPDs)

3.1 To meet the requirements of section 15 (2)(b) of the Planning and Compulsory Purchase Act 2004, it is confirmed that the subject matter of the new Local Plan (DPD) for Peterborough will include:

- A vision for the future of Peterborough
- Housing policies and allocations for housing
- Employment allocations and policies
- Climate Change
- Transport policies
- Natural and Historical Environment
- Culture, Leisure and Tourism policies
- If required, policies and land allocations on other subject matters

3.2 The Local Plan will cover the whole administrative area of Peterborough.

Peterborough Local Development Scheme 2023 to 2026

Table 1: Timetable for Production of the Local Plan

LDS Peterborough City Council																																									
2023												2024												2025									2026								
Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March			
						1											1									2		3	4											5	6

No	Stage	Description	Date proposed to take place
1	Public Participation (Regulation 18)	Opportunities for interested parties and statutory consultees to consider the options for the plan before the final document is produced. This stage can involve one or more public consultation rounds. We intend two rounds for the Peterborough Local Plan.	Stage 1: I&O July/August 2023 Stage 2: June/July 2024
2	Pre-submission Publication (Regulation 19)	The Council publishes the Local Plan which is followed with a 6 week period when formal representations can be made on the Local Plan.	Jan/Feb 2025
3	Submission (Regulation 22)	The Council submits the Local Plan to the Secretary of State together with the representations received at Regulation 19 stage.	April 2025
4	Independent Examination	Held by a Planning Inspector into objections raised at Regulation 19 stage on the Local Plan	May to Nov 2025 (Estimated: dates set by Inspector)
5	Inspector's Report Issued	This will report whether if the Plan is 'Sound' or 'Not Sound'. The Inspector may make recommendations to make the plan 'sound'	Feb 2026 (Estimated: dates set by Inspector)
6	Adoption of DPD (Local Plan)	Final stage, the Council will formally need to adopt the Local Plan and it will then be used in making planning decisions.	March 2026 (Estimated: dates set by Inspector)

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Table 2: Adopted Development Plan Documents (as at January 2023)

Document title	Status	Geographical area	Role and content	Adoption Date
Peterborough Local Plan	DPD	Administrative area of Peterborough	It sets out the overall approach to development in Peterborough to 2036 and beyond.	24 July 2019
Cambridgeshire and Peterborough Minerals and Waste Local Plan	DPD	Administrative areas of Cambridgeshire and Peterborough	It sets out the vision, scale and broad location for future minerals and waste management development to 2036 and beyond	28 July 2021

Table 3: Other Adopted Documents (as at January 2023)

Document title	Status	Geographical area	Role and content	Adoption (or Made') Date
Peterborough Design and Development in Selected Villages SPD	SPD	Selected villages, as set out in the SPD	Further design guidance	13 June 2011
Flood and Water Management SPD	SPD	Administrative area of Peterborough	Further guidance on a wide range of flood and water matters	24 July 2019
Peterborough Shop Front Guidance SPD	SPD	Administrative area of Peterborough	Further guidance on achieving good quality shop front design	27 January 2014
Peterborough Developer Contributions SPD	SPD	Administrative area of Peterborough	Further guidance on how s106, CIL and other developer contributions will work in Peterborough	24 July 2019
Green Infrastructure and Biodiversity	SPD	Administrative area of Peterborough	Further guidance and advice on how Green Infrastructure (GI) and biodiversity considerations should be integrated into the development process, primarily to planning applicants, developers and land owners, as	24 July 2019

Document title	Status	Geographical area	Role and content	Adoption (or Made') Date
			well as decision makers such as planning officers.	
Statement of Community Involvement (SCI)	SCI	Administrative area of Peterborough	Statement setting out the Council's commitments on consulting the public. Includes Neighbourhood planning guidance and commitments.	15 November 2021
Ailsworth	NP	Ailsworth Parish Council	The Ailsworth Neighbourhood Plan provides a vision for the future of the parish, up to 2036, The policies in the Plan provide additional detail and subtlety that reflect the special characteristics of the parish that cannot reasonably be addressed by higher-level guidance.	'Made' 13 December 2017
Barnack	NP	Barnack Parish Council	The Barnack Neighbourhood Plan covers the period up to 2036 and provides local policies to guide development in the Parish.	'Made'28 July 2021
Castor	NP	Castor Parish Council	The Castor Neighbourhood Plan provides a vision for the future of the parish, up to 2036. The policies in the Plan provide additional detail and subtlety that reflect the special characteristics of the parish that cannot reasonably be addressed by higher-level guidance.	'Made' 13 December 2017
Glington	NP	Glington Parish Council	The Glington Neighbourhood Plan provides a vision for the future of the parish up to 2036 and provides local policies to guide development in the Parish.	'Made'28 July 2021

Document title	Status	Geographical area	Role and content	Adoption (or Made') Date
Helpston	NP	Helpston Parish Council	The Helpston Neighbourhood Plan provides a vision for the future of the parish, up to 2036. It sets out how Helpston should develop sustainably in the best interest of the village, in the context of the wider Local Plan.	' Made' 7 December 2022
Peakirk	NP	Peakirk Parish Council	The Peakirk Neighbourhood Plan guides development in a sustainable direction to ensure the communities views are taken into consideration	'Made '26 July 2017

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CABINET	AGENDA ITEM No. 11
16 January 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director Place and Economy	
Cabinet Member(s) responsible:	Cllr Wayne Fitzgerald, Leader of the Council	
Contact Officer(s):	Karen Lockwood, Programme Manager	Tel. 07825 02794

TOWNS FUND BUSINESS CASE – THE VINE

RECOMMENDATIONS	
FROM: Executive Director, Place and Economy	Deadline date: 16 January 2023
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> Approves the Town Deal Summary Document, as set out at Appendix 1 of this report, and its submission to the Department for Levelling Up, Housing and Communities (DLUHC) for approval in line with our agreed Towns Fund programme. 	

1. ORIGIN OF REPORT

- The report is submitted to Cabinet as recommended by the Executive Director Place and Economy, as part of the internal assurance process for the submission of Towns Fund project summaries to DLUHC for subsequent project funding.

2. PURPOSE AND REASON FOR REPORT

- The purpose of this report is to set out the necessary steps to secure funding, allocated to Peterborough City Council through the 2021 Peterborough Town Deal, in relation to The Vine Town Deal project.

Submission of the business case and subsequent funding provides a further £8.688m capital investment which will deliver a mixed-use, multifunctional hub for commercial, community, library, cultural and civic activity on Bridge Street in Peterborough City Centre. This hub is known as The Vine.

£4.0m of Towns Fund monies have already been received for this project, therefore, the total Towns Fund capital monies requested will be £12.688m, plus £392k for revenue PMO; total value of Towns Fund request for the project is £13.08m.

The Vine will be located at the former TK Maxx at 64-68 Bridge Street.

- This report is for Cabinet to consider under its Terms of Reference No. 3.2.3, *'To determine any key decision (as defined in Article 11 – Decision Making), with the exception of any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.'*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	NA
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4. BACKGROUND AND KEY ISSUES

4.1 In late 2020 Peterborough submitted a Town Investment Plan (TIP) to government. The Heads of Terms (HOT) offered to Peterborough as a result of the TIP were signed in January 2021. The HOT outlined that Government will provide up to a total of £22.9 million from the Towns Fund to enhance Peterborough city through economic growth and development and in return Peterborough would seek to secure the match funding set out in the TIP and deliver projects which resulted in agreed social, economic and environmental outcomes for the city.

4.2 A suite of projects was proposed, and the Council has prioritised these projects within the funding envelope offered. Funding for individual projects is released by submission of business case summary documents which set out detailed project development and analysis against Her Majesty's Treasury 5 Case model, setting out the Strategic, Economic, Financial, Commercial and Management Cases for the project. The full business case is reviewed and assured at a local level and then submitted in summary to DLUHC.

4.3 Upon DLUHC approval of the summary document, funding will be awarded to the Council for the project within 3 months. The Vine project is offered here as part of the local assurance process. The DLUHC funding requested is as follows:

2020/2021	£4.0m	Capital received
2022/2023	£8.688m	Capital to be requested
Capital Total	£12.688m	
Revenue Total	£0.3924	PMO contribution at 3%
Project Total	£13.08m	

4.4 The governance timeline is:

- 14 December 22: Town Deal Board endorsed
- 4 January 23: Business Case assurance by Senior Responsible Officers and S151
- 16 January 23: Cabinet recommendation presented
- 31 January 23: Submission of summary documents to DLUHC (appended)
- April 23: DLUHC approval to PCC of submission
- June 23: Towns Fund monies received by PCC

4.5 The key highlights for the Cabinet to consider include the following:

An Outline Business Case has been completed. The Vine will be a mixed-use, multifunctional hub for commercial, community, cultural and civic activity at the heart of Peterborough City Centre. It seeks to combine a library and learning environment, with small commercial units to provide opportunities for local enterprises to grow. These uses will provide an inclusive place to work and visit, drawing footfall to the area and helping support the viability of the local high street.

If the funding gap described later in this report can be addressed, the facility will accommodate a mix of uses summarised below:

- A library offering
- Food and beverage
- Formal education, skills and training space
- Informal study space for children
- Meeting rooms for community and council use
- Events space to support cultural activities, exhibitions and gallery space for local artists

- Business incubation space for start-up companies
- Space for partner organisation to deliver information and advisory services

The facility will be operated on a commercial basis by a private operator, acting as tenant to PCC as landlord of the asset.

If the funding gap cannot be resolved, one of the alternative options described in section 9 will be developed.

- 4.6 One of Peterborough's goals is for economic growth, development and regeneration across Peterborough's communities. The Vine will provide a multi-purpose asset catering for diverse but complementary uses, will revitalise Peterborough City Centre, strengthen civic and community institutions, foster the city's entrepreneurial spirit, unlock its cultural potential and build resilience in the local economy.

5. CORPORATE PRIORITIES

- 5.1 The following outlines how the recommendation links to the Council's Corporate Priorities:

The Economy & Inclusive Growth

Environment/Carbon Impact

The project will support PCC's ambitions for Net Zero through positively impacting on the carbon emissions of this city centre former retail building through: passive design optimisation; reduction in operational energy demand and consumption; the elimination of fossil fuels currently used in this building; the provision of on-site renewable energy and storage; limiting upfront embodied carbon; considering whole life carbon in conjunction with whole life costing; and publicly disclosing performance annually using the WRAP database.

The use of the building will result in additional emissions from its heating and electricity use in comparison to the current unoccupied state, however this will be minimised through a fabric first approach of improving energy efficiency. Travel emissions will be reduced due to provision of cycling facilities and waste will be minimised, both in construction and operation.

Our Places & Communities

Lives and Work

The project creates an environment where people want to invest, work, visit and play through the development of the Vine and its uses. It will create new jobs and offer incubation space for new start-up companies and an inclusive place for people to work and visit. It will draw footfall to the area and support the local high street. It will also provide a food and beverage offering and events space for cultural activities, exhibitions and gallery space. These uses will enable effective community engagement and strong partnerships.

Prevention, Independence & Resilience

Educations and Skills for All

One of the uses for the Vine is to provide space for formal education, skills and training. This will improve the local skills base and increase provision of skills development and vocational training.

6. CONSULTATION

- 6.1 This document has been produced in collaboration with colleagues across the Place and Economy Directorate and its partners.

The Towns Fund Programme has a governance structure including a Towns Fund Board and internal Boards that advise and contribute to the programme. These Boards are held on a regular

basis. Communications and stakeholder engagement have taken place internally and externally for the programme.

Stakeholders include: planning department; strategic finance; property; legal services; Towns Fund Board.

Consultation and engagement has occurred through different means:

- Towns Fund website section created, with specific pages on each project
- E-newsletter launched which is published quarterly
- Meetings held with key stakeholder groups in private and public sector to talk about Towns Fund aims and objectives and give details on projects and how they interlink
- Board meeting agenda and minutes published online
- Press releases at key milestones of each project, on the Towns Fund programme calendar overall

For the Vine project, in addition to this governance structure, a Working Group was also established and has advised and contributed.

A series of bespoke market engagement and communications activities took place as part of the development of the Stage 2 design between April and August 2022.

Stakeholders included:

- Peterborough City Council officers
- Peterborough Libraries Team
- City College Peterborough
- Anglia Ruskin University
- Opportunity Peterborough
- Preferred Operator responsible for developing the feasibility study

In advance of the Stage 2 design process, PCC engaged in soft market testing to understand operator and occupier requirements for The Vine in August 2021. This was supplemented by wider engagement with real estate and property market stakeholders, led by an Operator as part of Feasibility Study development in Summer 2022.

6.2 Following approval of the Outline Business Case, other consultations are to be undertaken. These include external stakeholder engagement to take place at RIBA Stage 3, prior to submission for Planning Approval. There is a Communications and Stakeholder Engagement Plan that will ensure that the local community and businesses are fully included in the development of the project at the next stage. This includes market testing by the Operator to ensure that the design is fully aligned with the needs of future tenants, ensuring the long-term commercial viability of the scheme and maximising the potential to add social value. There will be a formal public consultation in Summer 2023.

6.3 This recommendation has been considered by:

- Corporate Leadership Team (CLT) - 21 December 2022
- Cabinet Policy Forum (CPF) - 9 January 2023

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 The project will deliver a number of outcomes including:

- Increased footfall in this part of the City Centre
- Enhanced urban environment: Improved townscape and aesthetic in Lower Bridge Street

- Better enterprise infrastructure: Increased accommodation for micro and small enterprises, as well as start-ups
- Increased employment opportunities: commercial space generates new job creation
- Improved investor and business sentiment: Peterborough becomes a more attractive location for development/location
- Increased learning opportunities: bespoke space provided
- Better community engagement and interaction: through provision of spaces for community and civic use
- A new, modern attractive and digitally enabled library in an easily accessible location will improve the customer experience, attract a wider group of library users and provide opportunities for informal learning
- Increase in active mode travel to the City Centre: as a result of provision of cycle storage and shower facilities at The Vine
- Improved energy efficiency: green retrofit to 64-68 Bridge Street
- Diversification of the City Centre
- Increased opportunities for volunteering at library and other civic/community/cultural components
- Positive contribution to Peterborough City Centre Conservation Area

8. REASON FOR THE RECOMMENDATION

8.1 The objectives for the Vine project are:

- To deliver a new and transformed Library service with a strong digital offer for Peterborough's residents by providing services they value
- To create a driver of visitor footfall that will be of wider benefit to retail and other businesses in Bridge Street and ensures this part of the city remains economically vibrant
- To create new opportunities for formal and informal learning, leading to an increased take up of College, University course and work-based T levels by local residents and those living regionally
- To become the recognised centre of community based cultural enterprise and activity, enhancing the civic and cultural life of the city
- To develop a Civic Facility that will be well used by all sectors of the community including local businesses and the city's new University
- To deliver a self-sustaining operating model where commercial and intermediate uses cross-subsidise community and civic uses on peppercorn terms.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Alternative options have been considered. These include Do Nothing, Do Minimum: Phase Delivery and a further contingency plan of Delivery across two locations.

Do Nothing: This option was considered and rejected because the Council would lose £13.08m investment into Peterborough and the benefits expected to be delivered through the Vine would not be realised.

Do Minimum: Phased Delivery: This will entail delivery of the Ground Floor of The Vine only during Phase 1, alongside futureproofing of structural, utility and external façade components of the overall demise of 64-68 Bridge Street. Subsequent phases will be delivered to complete fit-out and occupation of upper floors subject to additional funding availability in the medium to long term. This approach seeks to provide some activation of uses at The Vine and prepare upper floors for future uses and aims to provide a minimum level of enterprise and attraction at The Vine in the short term, whilst minimising disruption to ongoing operations at the Ground Floor when future phases of development come forward in the longer term. This option can be delivered within the budget envelope.

Delivery across two locations: Delivering the Vine and its associated outputs, outcomes and impacts over two separate sites -

- 64-68 Bridge Street (i.e. TK Maxx) – utilisation of Ground Floor plus minimum works to structural, utility and external façade components of the demise of the building to support Ground Floor occupation by events space, food and beverage/retail outlets and café/bar space.
- Central Library – utilisation of the Central Library site to house a transformed and modern library in situ on the Ground Floor, with commercial space relating to co-working spaces, maker spaces, studios and education suite provision on the upper floor

This option can be delivered within the budget envelope.

10. IMPLICATIONS

Financial Implications

10.1 The projected funding available for The Vine project is:

£12.688m Towns Fund capital investment, of which £4m drawn down for site acquisition
 £ 0.153m Towns Fund revenue investment
 £ 0.340m CIL / 106 monies, utilised by PCC
 £ 0.164m of PCC acquisition costs (sunk)
Total funding £13.345m

The estimated costs of the development are £18.6m, representing a funding gap of £5.3m. A number of options are being developed to address this gap, including a funding strategy to identify potential sources of additional funding from other public, charity and private sources. Other options involve contingency planning for phased and alternative schemes as set out in section 9 which can both deliver the Vine project in an alternative manner within the budget envelope. Both activities will progress in tandem with wider project development activities for the preferred option for The Vine.

The operating model for The Vine is intended to be cost neutral for the Council's revenue budget. The project's long term financial sustainability is dependant on sufficient commercial revenue being driven to cross-subsidise civic and community uses. As the project progresses the operating model will continue to be refined and reviewed to validate that cost neutrality can be achieved.

The implication of not proceeding would be that grant will not be received, and project costs to date would become abortive and written off to revenue. Disposal of the site would be required to achieve a capital receipt to enable grant to be repaid.

Legal Implications

10.2 There are no legal implications for the Vine.

Equalities Implications

10.3 There will be no considered disproportionate impacts as a result of this proposal.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

11.1 Peterborough Town Investment Plan

12. APPENDICES

12.1 The appendices have the Summary table details that are to be submitted to DLUHC and the Monitoring and Evaluation report.

1. Vine – Project Summary Table – Final

2. Vine – M&E Plan

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Towns Fund Stage 2 Business case guidance Annex C: Summary Document template

Towns must:

- Submit a completed Summary Document for each project to Ministry of Housing, Communities and Local Government (MHCLG) as soon as they are ready and within 12 months of agreed Heads of Terms.
- **Where towns require funding in 2021/22** then Summary Documents **must** be submitted to MHCLG by 14 January 2022.
- Note that in the event of late submission of Summary Documents (SD), MHCLG cannot guarantee payment. If there is a risk of late submission, towns should promptly liaise with their MHCLG local leads.
- **With the first Summary Document, include** Part 2: Town Investment Plan (TIP) conditions (where applicable).

Please note: MHCLG will use the financial profile (Annex A-1) submitted previously to make any payment.

Programme-level update

Where not submitted today, the remaining Summary Documents submission timings.

Project name	Month/Year
1. NA	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Part 1: Project Summary Document

Towns should complete this for each project.

Summary Document table
<p>1. Project name: The Vine</p>
<p>2. Heads of Terms project conditions</p> <ul style="list-style-type: none"> - Actions taken to address any conditions attached to the project in the Heads of Terms, where applicable. - Where the condition was to provide a delivery plan please input in the section below (no.9) and/or attach to this document. <p>The Vine Project focusses on offering a Library, Culture and Community Hub, housed in a purchased and refurbished building in the City Centre.</p> <p>There were no specific project conditions in the Heads of Terms (signed 13 January 2021) by DLUHC (formerly MHCLG).</p>
<p>3. Business case appraisal</p> <p>Provide details of how the business case has been appraised including:</p> <ul style="list-style-type: none"> - business case type - any internal or external assurances <p>The Vine project seeks to create a flagship mixed-use, multifunctional hub for commercial, community, cultural and civic activity, across four floors at a currently vacant former retail unit (64-68 Bridge Street), at the heart of Peterborough City Centre.</p> <p>The project is being project managed by Peterborough City Council (PCC). The Outline Business Case (OBC) provides the evidence base and appraisal of options to support capital investment in the identified preferred option for The Vine. The business case has been developed using HM Treasury Green Book, departmental and Towns Fund Delivery Partner guidance as appropriate.</p> <p>At OBC stage, the project has been developed on behalf of PCC by a specialist multi-disciplinary project team and current levels of project development are equivalent to RIBA Stage 2 design.</p> <p>A specialist consultant, Jacobs, was appointed to develop the Outline Business Case.</p> <p>Peterborough City Council, as accountable body, ensured an assurance process was put in place to provide government and local partners with assurance that decisions over the allocation of the Town Fund monies are transparent, have accountable decision making and deliver value for money whilst incorporating the monitoring and evaluation activity.</p> <p>Assurance of the project through development and subsequent delivery stages will follow the standard approach to assurance established for the Town Deal Programme. This reflects PCC's responsibility to demonstrate that The Vine will achieve value for money, through effective governance, selection, evaluation and commissioning processes.</p>

The Towns Deal Board has an independent appointed Chair, and incorporates representatives from the public, private and community sectors and have been utilised to ensure there is sufficient oversight of the business case proposals brought forward.

The OBC development has been managed and overseen by PCC, including guidance of "The Vine" Working Group, a subset of key stakeholders from the wider Peterborough Town Deal Board and PCC officers.

The Outline Business Case has been endorsed by the Town Deal Board and presented to Cabinet at PCC. It will then be assured by the Monitoring Officer, Director of Resources (s151) and the Executive Director Place and Economy.

4. MHCLG capital (CDEL) 5% payment

£103k of the 5% capital payment has been spent.

The main activities include project management, consultancy, surveys and the multi-disciplinary design project team costs.

5. Quantified benefit-cost ratio/value for money (e.g. Benefit Cost Ratio or Net Present Social Value)

A quantified benefit-cost ratio should be provided. If it has not been generated, a summary of evidence used by the S151 Officer to demonstrate value for money should be stated.

A full green book compliant economic appraisal was prepared by Jacobs to support the business case. The economic appraisal was predicated on a bespoke model underpinned by the latest relevant departmental and Towns Fund-specific Guidance, supplemented by benchmarks and industry knowledge from the operational model and associated operational feasibility study

The economic appraisal considered three scenarios:

- The **Do Nothing** scenario, which represents the business as usual situation and likely outcome in the event of no Towns Fund investment (i.e. 64-68 Bridge Street remains a vacant site in a highly prominent part of the City Centre, with the Central Library continuing to operate in a peripheral part of the City Centre with low levels of footfall and public investment, as well as in a building with sub-optimal internal configuration and digital connectivity). Further, £4m of Towns Fund outlay that has already taken place to acquire the site, plus £50k per annum holding costs, will need to be recouped, potentially via sale of assets or reallocation of with Towns Fund capital funding. No tangible benefits will materialise in the absence of further intervention.
- The **Do Minimum** scenario, which represents a phased approach to the Do Maximum scheme reflecting the budget constraint of c. £13.3 million. This scenario assumes timely approval of Towns Fund investment only (alongside CIL/S106 contributions), with no further funding forthcoming. This would unlock a ground floor only scheme at The Vine, comprising new mixed use commercial (food and beverage, café/bar), education suites and community space situated at the heart of the city centre in the Towns Fund timeframe, with potential for future phases on upper floors post 2025/26 subject to additional funding availability from other sources.
- The **Do Maximum** scenario, which forecasts the anticipated outcomes and impacts associated with the full scheme at The Vine (i.e. a flagship mixed-use, multifunctional hub for commercial, community, cultural and civic activity, across four floors at a currently vacant former retail unit (64-68 Bridge Street), at the heart

of Peterborough City Centre). This will be enabled through bridging of an identified funding gap of £5.3m within the time frames of the Towns Fund programme (i.e. by close of 2025/26).

Other key assumptions included:

- An appraisal period of thirty years, for most impacts;
- Where Present Value figures are presented, costs and values have been discounted at 3.5% for most elements (a health discount rate of 1.5% has been applied for health and wellbeing-related impacts);
- All monetised costs and benefits have been converted to 2021/22 real prices;
- The costs and benefits of the intervention options are presented in net terms with adjustments made for leakage, displacement and multiplier effects where appropriate; and,
- Optimism Bias has been applied at 24% in line with HM Treasury Green Book Supplementary Guidance.

The following economic impacts were quantified and monetised within the economic appraisal:

- **Footfall** at The Vine, which translates into increased expenditure directly (i.e. at The Vine) and indirectly (i.e. across the wider City Centre)
- **Labour Supply Impacts** as a result of direct employment at The Vine and employment induced across the wider City Centre due to increased footfall, resulting in:
 - **Welfare impacts:** associated with increased tax take as previously unemployed residents return to work;
 - **Wellbeing impacts:** associated with improved life satisfaction for previously unemployed residents returning to work;
 - **GVA Uplift** (a place-based impact), derived through application of productivity benchmarks to the forecast increase in direct employment at the new facilities and indirect employment generated through wider expenditure;
- **Increased Productivity** associated with T-Level learners engaged at the proposed education suites, measured through the wage premium approach utilising skills-based uplift benchmarks sourced from DfE;
- **Land Value Uplift** (LVU); measured using Valuation Office Agency land value proxy data to cover direct LVU associated with the asset itself and wider LVU associated with the regeneration benefits accruing to proximate residential and commercial properties.;
- **Amenity;** reflecting an improved streetscape measured using benchmark amenity values derived from departmental guidance;
- **Business Incubation and Growth;** reflecting the provision of commercial space suitable for start-ups, micro-businesses and SMEs;
- **Active Mode;** reflecting the provision of cycle and walking friendly infrastructure as part of development;
- **Crime;** reflecting the potential for reduced incidences of criminal activity in proximity to the asset following regeneration;
- **Community Cohesion;** reflecting the potential for increased sense of belonging fostered by provision of community and civic asset that are fully accessible to the entire community;

- **Social, Cultural and Heritage Capital** impacts; reflecting the wellbeing impacts of improved access to key infrastructure including libraries, community space and cultural assets.

The key results of the appraisal based on quantified and monetised benefits are summarised below. As evidence in the summary results, both the Do Minimum and Do Maximum scenarios return strong and positive key value for money metrics (i.e. benefit cost ratio [BCR] and net present social value [NPSV]). That said, the Do Maximum scenario outperforms the Do Minimum scenario across both metrics (i.e. benefit cost ratio [BCR] and net present social value [NPSV]), confirming its position as the preferred option for intervention.

Metric	Derivation	Do Minimum	Do Maximum
Benefits			
Net Additional 'Initial' PVB (£m, 2021/22 prices and values)	A	30.17	59.27
Net Additional 'Adjusted' PVB (£m, 2021/22 prices and values)	B	80.90	263.47
Costs			
Total PVC of Public Sector Costs (£m, 2021/22 prices and values)	C	14.18	19.81
Total PVC of Private Sector Costs (£m, 2021/22 prices and values)	D	0.00	0.00
Total PVC of Economic Costs (£m, 2021/22 prices and values)	E: C+D	14.18	19.81
Initial Analysis			
BCR	F: (A-D)/C	2.13	2.99
NPSV	G: A-E	15.99	39.46
Adjusted Analysis			
BCR	H: (B-D)/C	5.70	13.30
NPSV	I: B-E	66.72	243.66

To ensure the robustness of the core analysis presented above, a series of sensitivity tests were undertaken to determine both scenario's resilience to changes in key assumptions. The analysis demonstrates that the project under its Do Minimum and Do Maximum forms is resilient to major changes in key input assumptions to the economic model. Reducing the scale and significance of key benefit streams (as per Sensitivity Tests 2 [application of 24% optimism bias to benefits] and 3 [loss of benefits linked to a failure to relocate the library]), will not cause the project to generate fewer benefits than costs overall. Further, increasing the scheme's estimated cost by 50% will not cause the scheme's costs to outweigh the benefits (i.e. Sensitivity Test 1). Potential upside impacts in terms of the scale and extent of wider land value benefits to the City Centre serve to substantially enhance the project's value for money position (Sensitivity Test 4a and 4b). Hence, the project will continue to offer value for money even if the scale of benefits forecast does not materialise to the full extent expected, or if the scale of costs grows significantly. This provides confidence and reassurance that the economic case for the project is robust.

Value for Money Metric	Sensitivity Test 1	Sensitivity Test 2	Sensitivity Test 3	Sensitivity Test 4a	Sensitivity Test 4b
Do Minimum					
Net Additional PVB (£m)	30.17	22.93	30.17	53.56	42.83
Total PVC of Public Sector Costs (£m)	28.37	14.18	14.18	14.18	14.18
Total PVC of Private Sector Costs (£m)	0.00	0.00	0.00	0.00	0.00

Total PVC of Economic Costs (£m)	28.37	14.18	14.18	14.18	14.18
BCR	1.06	1.62	2.13	3.78	3.02
NPSV	1.80	8.75	15.99	39.38	28.65
Do Maximum					
Net Additional PVB (£m)	59.27	45.04	50.37	109.16	86.28
Total PVC of Public Sector Costs (£m)	39.62	19.81	19.81	19.81	19.81
Total PVC of Private Sector Costs (£m)	0.00	0.00	0.00	0.00	0.00
Total PVC of Economic Costs (£m)	39.62	19.81	19.81	19.81	19.81
BCR	1.50	2.27	2.54	5.51	4.36
NPSV	19.65	25.23	30.56	89.35	66.47

The strong, positive and resilient performance of the preferred 'Do Maximum' option from a value for money metric perspective was further strengthened through consideration of wider benefits not captured within the quantified and monetised economic appraisal above. Some of the key wider benefits expected to arise in the preferred 'Do Maximum' option include:

- Positive contribution to decarbonisation and wider environmental sustainability aspirations;
- Increasingly accessible civic and community assets;
- Improved image and reputation of Peterborough;
- Increased footfall at the heart of Peterborough;
- Increased opportunities for informal learning;
- Creation of a cultural hub;
- Construction stage job creation estimated at 190 construction stage job years;
- Diversification and activation of City Centre;
- Increased opportunity for volunteering;
- Catalysing Wider City Centre Regeneration; and
- Contribution to Peterborough City Centre Conservation Area.

The economic appraisal demonstrates that the project represents excellent value for money under its Do Minimum and Do Maximum forms. Combining BCRs in excess of 2.0:1 (i.e. high value for money category), positive NPSVs and wide range of material wider and qualitative economic impacts, the project has the potential to transform the Lower Bridge Street section of Peterborough City Centre.

The performance of the Do Maximum scenario, which involves full development and fit-out of The Vine across four floors, has the potential to unlock the most economic impact in Peterborough City Centre. This is reflected in optimal BCR and NPSV values. In particular, intervention in this form will maximise the potential to create a coherent ecosystem within The Vine at the nexus of commercial, civic and community uses and requirements, to drive positive socio-economic outcomes for the Peterborough resident and business communities. Co-location of complementary uses will create a holistic facility where the constituent elements add up so that the cumulative impact is greater than the sum of the parts. For example, new library provision will support formal learning space provided as part of education suites, whilst formal and informal learners will have access to pathways/stepping stones into employment, as well as work placements and work experience opportunities at commercial space. At same time, new library provision will help drive footfall for hospitality uses and vice versa.

The Do Minimum scenario represents a possible first phase of the Do Maximum scenario, that falls within the committed and confirmed budget envelope for the project that exists at this point in time. It assumes a reduced but futureproofed shell and core provision alongside fit-out of the Ground Floor only. Whilst this option will unlock fewer economic benefits than the Do Maximum scenario due to the space and use constraints incurred through use of the Ground Floor only, it nevertheless represents excellent value for money. Further, due to the futureproofing of shell and core assets, it does not preclude the Do Maximum scenario from being realised in the medium to long term, subject to additional funding. Effectively, it represents the minimum scale of impact likely to materialise from Towns Fund investment, in the event that additional funding does not materialise to realise the full scheme for The Vine. Even this minimum scale of impact represents a strong value for money proposition.

Within this context, the Economic Case finds that whilst the Do Maximum scenario represents the best use of public sector resources and should be retained as the preferred option and end goal for The Vine project, it also finds that a phased approach, entailing activities within the Do Minimum scenario, provides a feasible alternative that also represents value for money, should additional funding not be secured to deliver the full scheme. This reflects the potential for the asset to deliver an integrated, holistic combination of complementary uses that drive cumulative economic benefits that are substantially greater than the sum of the parts, ensuring the asset will become a critical part of the commercial, community and civic fabric of Peterborough.

6. Deliverability

Will this project still be delivered within the Towns Fund timeframe? (Y/N)

Yes the project will be delivered within the Towns Fund timeline.

7. Delivery plan

Including details of:

- timescales and key milestones
- partnerships
- interdependencies
- risks and mitigation measures (if not provided above).

Delivery Plan

The scheme is being led and promoted by PCC. PCC will be fully responsible for project delivery and have already engaged in procurement activities to appoint several organisations to support project development.

Timescales/Milestones

The key milestones for delivering The Vine are as follows:

- DLUHC Approval – June 2023
- Commencement of RIBA2+ Design Activities – June 2023
- Public Consultation – Summer 2023
- Planning Submission – August 2023
- Planning Determination – January 2024
- Operator Procurement Finalised – February 2024
- Design and Build Contract Awarded – May 2024
- Construction Commencement – May 2024
- Construction Completion and Commencement of Activities – February 2024

Partnerships

PCC propose to deliver the project in partnership with the following key stakeholders and organisations:

- Potential Tenants, including:
 - Businesses: start-ups, micro and small enterprises within the creative, retail and cultural sectors in particular, that could be interested in establishing activities within the enterprise infrastructure created at The Vine.
 - Education Providers: such as Anglia Ruskin University, City College Peterborough and Peterborough College, that could be interested in utilising formal or informal education space incorporated into The Vine (including bespoke education suites, seminar rooms and the library).
 - Leisure/Culture Operators: including Vivacity, independent arts organisations and artists and community groups, that could utilise the events space and other public areas to host exhibitions, performances, galleries and other leisure/cultural activities.
 - Peterborough Libraries: who may wish to utilise a new additional or replacement library within Peterborough's central core.
- Organisations supporting businesses in Peterborough, including Opportunity Peterborough, Chamber of Commerce, Cambridgeshire and Peterborough Combined Authority and Peterborough Positive (the city's business improvement district). These organisations represent a range of existing businesses and play a role in attracting new business and investment into the City.
- Politicians, including ward councillors, cabinet members, group leaders and local MPs, who provide representation for their constituents (i.e. local residents)
- Potential Users, including library users, workers looking for shared office space, community users, food/drink/retail users, tourists and city centre residents, who will interact with The Vine on a daily basis.
- Nearby buildings, for example, other commercial operations and businesses on Bridge Street, the City Market (Food Hall) and City Market (outdoor).
- Community Organisations and Interest Groups, including Disability Peterborough, Peterborough Civic Society, wider Peterborough community groups and social media groups.
- Local Media, including Peterborough Telegraph, Peterborough Matters, We Love Peterborough, Moment Magazine, BBC Radio Cambridgeshire, BBC Look East and Anglia TV.

Interdependencies

The project is also intrinsically linked to a range of wider development and regeneration initiatives slated for Peterborough and the City Centre in particular:

- The Vine is one of eight projects forming part of the wider Town Deal, with direct complementarities and links to a series of other parts of the programme, including:
 - The Incubation Hub Feasibility Study, which will align with the aims of The Vine to create enterprise space for start-ups, micro and small enterprises.
 - The Embankment Masterplan, located nearby to the south on the River Nene.
 - Station Quarter Redevelopment, location nearby to the north-west, in the vicinity of Peterborough Rail Station.

The Town Deal Programme is designed to have a cumulative impact greater than the sum of its parts, therefore it is important that The Vine capitalises on

regeneration driven by other Town Deal projects to maximise the scale of positive socio-economic impact for Peterborough and its residents.

- Emergence of Anglia Ruskin University in Peterborough from September 2022, which will deliver a step-change in education opportunities and provision in the City. The Vine, as a key provider of formal and informal learning spaces (e.g. via education suites and a new library), has the potential to support the emergence of the university campus.

Risks

The key risks and proposed mitigations for The Vine project are:


- **Building unknowns and subsequent ongoing costs and programme issues:**
- **Insufficient funding to deliver project:** an observed funding gap of c. £5.3m exists for the project. PCC have mitigation plans in place to deal with this risk, including:
 - Development of a comprehensive funding strategy to identify additional funding partners to help bridge the funding gap (such partners include the Combined Authority, PCC Capital Programme, DfE's Further Education Capital Transformation Programme and T-Level Capital Fund, the Public Sector Decarbonisation Fund, Heritage Lottery Fund, Arts Council England, S106 and CIL, commercial sponsorship, plus the receipts of any sale of 62 Bridge Street)
- **Inability to fully relocate or accommodate requirements of the Library:** despite broad support for providing additional library provision within The Vine, the exact form and scale of library provision has not yet been confirmed. Failure to secure a substantial library presence in The Vine could impact on footfall and other key metrics associated with the facility. To mitigate this risk, PCC and the multi-disciplinary design team engage regularly with Peterborough Libraries to ensure their requirements can be met within The Vine project, as far as reasonably possible. This engagement will continue throughout the project development and design process.
- **Failure for the project to be operationally sustainable:** the requirement to provide social, civic and community facilities at peppercorn rental rates could undermine the aspiration for the asset to be self-sustaining from an financial operations perspective. To mitigate this risk, PCC has commissioned feasibility analysis to demonstrate the operational viability of the project.
- **Lack of operator interest:** the facility is an innovative, flagship asset that does not have a wide range of potential operators active in the market. To mitigate this risk, PCC have already undertaken a procurement exercise that establishes Local Spaces as the preferred operators for The Vine, subject to further due diligence and PCC confirmation. Local Space have engaged with the multi-disciplinary team to spearhead discussions with key stakeholders, provide input to scheme design and lead feasibility analysis of the project's operational phase.

These risks reflect the early stage of design development for the project, which will continue to evolve as the design process continues. Hence, whilst these risks are severe at this stage of project development, it is expected that these will become increasingly manageable and controllable as the project moves forward and firmer decisions are made regarding the scale and type of key uses including the library.

8. Town Deal Board Chair name & signature

Name of the Town Deal Board: Peterborough

Chair's name and signature: Matthew Bradbury



Date:23/12/2022

9. By signing, I agree that:

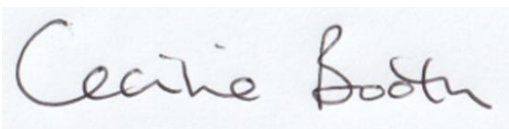
1. The business case, in a proportionate manner, is Green Book compliant.
2. The 5% early capital (CDEL) has been included in the Town Fund project costs across the programme.
3. This project and expenditure represent value for money, including the 5% early capital (CDEL) provided.
4. Project-level Equality Impact Assessments such as Public Sector Equalities Duty and/or Environmental Impact Assessments have been undertaken.
5. For final submission - programme-level Public Sector Equality Duty assessment has been undertaken by the accountable body.

Name of the lead Local Authority and signature of the Chief Executive Officer or S151 Officer

Name of the lead Local Authority: Peterborough City Council

Job title: Executive Director of Corporate Services and S151 Officer

Name and signature: Cecilie Booth



Date:22/12/2022

LOWRIS Fund												
Projects												
QUESTION		RESPONSE										
Project financing	Programme (please select):	Town Deal										
	Name of Project:	The Vine Library, Community and Cultural Hub										
	Fund capital amount:	£12,688,000										
	Fund revenue amount:	£153,000										
	Co funding public:	£5,782,930										
Co funding private:												
Total value of project:	£18,623,930											
INDICATORS												
<i>(replace text from E12 onwards with chosen project indicator)</i>												
Intervention theme:	Target:	Unit of measurement:	Is this an indicator from Annex 1 of the M&E Guidance:	If previous answer is 'Yes' please confirm you agree to the indicator definition and evidence requirements as stated in Annex 1 of the M&E Guidance:	Responsible for collecting (please select):	If previous answer is 'external' please provide name of organisation:	If 'external' please state whether agreement is in place:	Frequency of reporting (please select):	Please confirm you are confident in collecting data for this indicator (please select):	Please confirm you are able to collect the baseline evidence as set out in Annex 1, if required (please select)	If answered 'No' to any questions, please flag the issues here:	
£ spent directly on project delivery (either local authority or implementation partners)*	N/A	18,623,930 £	Yes	Agree	Local authority		< Select >	Every 6 months	Yes	Yes		
£ co-funding spent on project delivery (private and public)*	N/A	5,782,930 £	Yes	Agree	Local authority		< Select >	Every 6 months	Yes	Yes		
£ co-funding committed (private and public)*	N/A	503,960 £	Yes	Agree	Local authority		< Select >	Every 6 months	Yes	Yes		
# of temporary FT jobs supported during project implementation*	N/A	190 Number	Yes	Agree	Local authority		< Select >	Every 6 months	Yes	Yes		
# of full-time equivalent (FTE) permanent jobs created through the projects*	N/A	257 Number of FTE jobs	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
# of full-time equivalent (FTE) permanent jobs safeguarded through the projects*	N/A	4,000 Number of FTE jobs	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Project Specific Indicator												
Number of new non-domestic buildings with green retrofits completed	Urban Regeneration	1 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Amount of floor space repurposed (residential, commercial, retail)	Urban Regeneration	6,850 m2	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Number of new community/sports centres	Urban Regeneration	1 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Number of new cultural facilities	Urban Regeneration	1 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Number of public amenities/facilities created	Urban Regeneration	1 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Amount of new office space	Urban Regeneration	1711 m2	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Amount of new retail, leisure or food & beverage space	Urban Regeneration	739 m2	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Amount of capacity of new or improved training or education facilities	Skills and Enterprise Infrastructure	245 m2	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
# of potential entrepreneurs assisted to be enterprise ready	Skills and Enterprise Infrastructure	124 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the operator for The Vine	
# of learners/trainees/students enrolled at new education and training facilities	Skills and Enterprise Infrastructure	48 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the education provider(s) located within The Vine	
Consumer spending	Urban Regeneration	2,486,198 £	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Average occupancy rate of units or workspaces	Skills and Enterprise Infrastructure	80 %	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Count of births of new enterprises	Skills and Enterprise Infrastructure	124 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Count of active enterprises	Skills and Enterprise Infrastructure	124 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Number of major commercial planning applications granted	Urban Regeneration	1 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Percentage of individuals who have engaged in civic participation in the last 12 months	Urban Regeneration	30 %	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes	Represents a 10% increase on current levels of engagement, based on the Active Lives survey (using public library use as a proxy)	
Number of people using a new/improved public facility	Urban Regeneration	431,167 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the operator for The Vine	
Percentage of customers/visitors/users who report a positive experience	Urban Regeneration	90 %	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the operator for The Vine	
Number of crimes reported	Urban Regeneration	1,075 Number	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Number of day visitors	Urban Regeneration	431,167 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the operator for The Vine	
Number of visitors/audience members to cultural venues	Urban Regeneration	28,600 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the operator for The Vine	
Number of cultural events	Urban Regeneration	104 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the operator for The Vine	
Percentage of the local population engaged with cultural and heritage activities	Urban Regeneration	49 %	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes	Represents a 10% increase on current levels of engagement, based on the Active Lives survey (using attendance at cultural events as a proxy)	
Total visitor spend at cultural venues	Urban Regeneration	2,486,198 £	Yes	Agree	Local authority		< Select >	Annually	Yes	Yes		
Number of students enrolling in Further Education courses	Skills and Enterprise Infrastructure	48 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the education provider(s) located within The Vine	
Number of students completing Further Education courses	Skills and Enterprise Infrastructure	38 Number	Yes	Agree	External		< Select >	Annually	Yes	Yes	External body responsible for collecting this data will be the education provider(s) located within The Vine	
END	END	END	END	END	END	END	END	END	END	END	END	

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CABINET	AGENDA ITEM No. 12
16 January 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director – Place and Economy	
Cabinet Member(s) responsible:	Cllr Lynne Ayres, Cabinet Member for Children’s Services, Education, Skills, and University	
Contact Officer(s):	Adrian Chapman, Executive Director – Place and Economy	Tel. 07920 160441

ARU PETERBOROUGH PHASE 3 FULL BUSINESS CASE

RECOMMENDATIONS	
FROM: Executive Director – Place and Economy	Deadline date: 31 January 2023
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Approves the Full Business Case for phase 3 of the university programme 2. Notes the work described in section 4.9 to identify ways to measure the full impact of the new university in Peterborough and the region 3. Notes the formation of a new Peterborough Skills Partnership Board, as described in section 4.10 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a request from the Peterborough HE Property Company Ltd, of which Peterborough City Council is a shareholder.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to seek Cabinet approval to the full business case for phase 3 of the ARU Peterborough University programme. The council is a shareholder in the company overseeing the development of the business case, and its approval is a shareholder consent matter requiring explicit approval from Cabinet.

Approval from the other shareholders has either already been secured or is scheduled for discussion, as follows: Anglia Ruskin University (approved December 2022); Cambridgeshire and Peterborough Combined Authority (scheduled for discussion at the Skills Committee on 9 January 2023, and if approved, the CPCA Board on 25 January 2023).

- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.12, *‘Cabinet will be responsible for the following functions in relation to the Council’s companies, partnership and charities: ... (i) Approval of Business Plans.’*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 The **first** phase of Peterborough’s new university – its first teaching block – opened on time and within budget in September. The development of the physical university has been led by the Peterborough HE Property Company Ltd, of which Peterborough City Council is a shareholder alongside ARU Peterborough and the Cambridgeshire and Peterborough Combined Authority.
- 4.2 The **second** phase of the university is nearing completion. It will be home to a research and innovation centre and is anticipated to attract tenants engaged in groundbreaking research and innovation across multiple sectors and will significantly enhance the curriculum on offer across the university campus. This development is being led by the Peterborough Research and Development Company Ltd, of which the council is *not* a shareholder.
- 4.3 The **third** phase of the university comprises a second teaching block and Living Lab and planning permission for this phase was successfully secured in December. The full business case for this phase is attached at appendix 1 and includes details of the financial aspects of the new building, its operating arrangements, curriculum and student number expectations, procurement arrangements, and links to broader city regeneration. The business case also builds in lessons learned from the first phase of the university programme.
- 4.4 Phase 3, representing a further £26m of investment into Peterborough, will be built on the site of the current regional pool car park, which itself will be replaced with temporary surface car parking nearby. Officers are also reviewing ways to ensure adequate parking for disabled pool users on the site of the regional pool itself. A separate car parking strategy will be developed in the future to ensure adequate permanent car parking provision for all visitors to the city centre.
- 4.5 As described above, this phase includes provision of a living lab. The business case describes a living lab as “...a public-facing, high-quality interactive science centre for Peterborough with public space for participatory research, exhibitions, and events, designed to stimulate and inspire more young people into STEM sectors.”.
- 4.6 Alongside the overall objectives for the university for Peterborough, this phase 3 development includes the following specific objectives:
- To grow the University via a second teaching building supporting up to a potential additional 1,700 students from 2024/25 to 2027/28 studying a mixture of undergraduate, postgraduate, degree apprenticeship, work programme and short courses (with undergraduate courses expected to make up large majority of student headcount).
 - To provide specialised teaching space, enabling ARU Peterborough to broaden its curriculum, including into STEM fields (science, technology, engineering, and mathematics) linked into local economic strengths in Peterborough and the Fens. The portfolio of courses on offer is being co-created with employers to ensure students graduate with both the industry-specific and transferable skills in demand, regionally and nationally.
 - To embed the University into the community via the Living Lab as a public-facing, high-quality interactive science centre for Peterborough with spaces for participatory research, exhibitions, and events.
 - To regenerate the site area to create an attractive University of Peterborough campus with a high-quality landscape, helping to create a ‘visible university’ linking to the city and expanding Peterborough’s University Quarter, completing other Phases of development.

- 4.7 The business case describes the overall benefit cost ratio (BCR), which measures value for money. If optimum student numbers are achieved, the BCR is 3.32 ('high' value for money according to the Government methodology). Even if 50% of the optimal level of student numbers is achieved, the BCR is still 2.02 (and therefore still falls within the 'high' value for money range).
- 4.8 The build programme is based on the following key dates:
- Spade in the ground (commencement of Phase 3) in Q1 2023
 - Complete construction of the building structure in March 2024
 - Fit out of the living lab and teaching facilities in autumn 2024
 - Completion of Phase 3 (for occupation) in autumn 2024
- 4.9 Beyond the third phase building, the partners in the university programme are working together to identify ways to measure the impact of the new university on Peterborough and the region. We will ensure that the measures identified, including those which ARU Peterborough are required to report to various regulatory bodies, align closely to our new corporate strategy. Aside from the skills development outcomes, the university will contribute directly to enhancing economic growth, improving health and wellbeing, reducing deprivation, and supporting business engagement.
- 4.10 Additionally, and following recent discussions, it is acknowledged that a Peterborough-specific skills strategy, incorporating all forms and levels of skills need and provision, is needed. This will ensure the right development of future university phases alongside other forms of provision and will ensure it is focussed on the priorities that are unique and necessary to Peterborough itself. A skills partnership board is now being planned, working closely with the Cabinet Member, to drive this work forwards.

5. CORPORATE PRIORITIES

- 5.1 This third phase building, and the entire university programme, contribute across the entirety of our corporate priorities, most notably:
1. The Economy & Inclusive Growth
 - Environment
 - Jobs and Money
 2. Our Places & Communities
 - Places and Safety
 - Lives and Work
 - Health and Wellbeing
 3. Prevention, Independence & Resilience
 - Educations and Skills for All
 - Adults
 - Children
 4. Sustainable Future City Council
 - How we Work
 - How we Enable

6. CONSULTATION

- 6.1 The development of the business case has been a highly collaborative process, with the city council working closely with the other shareholders as well as a wider group of stakeholders.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 It is anticipated that, upon approval of the business case by Cabinet, the development of the phase three build will continue to time and within budget.

8. REASON FOR THE RECOMMENDATION

8.1 Approval of the business case is a matter reserved to shareholders of the Peterborough HE Property Company Ltd.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 To not bring the business case forward for approval: although it is possible for the development of the phase three building to proceed without the business case being approved, not doing so is likely to call into doubt the council's overall support for the university programme, will not enable the council to endorse and validate the financial case, and will not enable the council to appropriately monitor and challenge the development as it comes forward over the next few months.

10. IMPLICATIONS

Financial Implications

10.1 The new teaching block and living lab will be built on the current regional pool car park which is owned by the council. The site is to be transferred into the Peterborough HE Property Company Ltd, in accordance with the provisions of that company, and therefore the council will not receive a capital receipt. Instead, the council will receive further shares in the company.

The funding model for this phase of the development includes utilisation of £20m of secured Levelling Up Fund grant, for which Peterborough City Council is the accountable body. These funds can only be used for this purpose and must be defrayed in the timescale set out in the business case.

Legal Implications

10.2 Comments from Peter Collins of Sharpe Pritchard solicitors as follows:-

“For PCC, the share allocation for Phase 3 had two components: (i) the shares to be issued to PCC in exchange for the £20m LUF funding and (ii) the shares to be issued to PCC representing the agreed market value of the phase 3 land on the date of the agreement (1 April 2022). The 5.613p share valuation is a number calculated by reference to the 20m B shares issued to PCC on 1 April 2022 in exchange for investing the £20m LUF funding. It does not relate to the market value of the Phase 3 land, which is dealt with in clause 4.3 of the shareholders' agreement.”

“Although he was not involved/close to the process for agreement / assessment of market value for the Phase 3 land; however, the confidential annex appears to confirm that a Red Book valuation of the Phase 3 land was undertaken and, if that valuation is reflective of the purchase price to be paid for the land (satisfied by the issue to PCC of shares of the equivalent value) then I can't see any legal issue in relation to satisfying the requirements of s123 LGA 1972.”

Equalities Implications

10.3 The growth of the university will directly address some of the challenges residents face in accessing higher education. Its focus on attracting students from a PE postcode, and on offering a varied curriculum aligned to the needs of employers, offers local people the opportunity to learn for work. The living lab element of this phase will be especially accessible to local people and communities and will include event and other interactive spaces.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 None.

12. APPENDICES

12.1 Appendix 1: University of Peterborough Phase 3 Living Lab, Full Business Case

APPENDIX 1



Full Business Case

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Executive summary

Strategic Case

Peterborough has been recognised for many years as a cold spot for Higher Education. Project partners Cambridgeshire and Peterborough Combined Authority (CPCA), Peterborough City Council (PCC) and Anglia Ruskin University (ARU) are committed to supporting the development of a new higher education provider for the City, on its journey to becoming the University of Peterborough, to:

- Increase the skills levels of local people
- Increase highly skilled employment opportunities.

These two objectives will support local people to gain access to long-term employment opportunities and support local businesses to grow by making it easier to hire skilled employees, invest in innovation and attract new high value firms to the city and surrounding area.

This Full Business Case (FBC) for Phase 3 of the Programme to Establish a University in Peterborough. Phase 3 is to deliver a **Second Teaching Building with a Living Lab** on the University campus on the Embankment site.

The Full Business Case updates the Outline Business Case for Phase 3 to account for the progress made on clarifying the scope of Phase 3 throughout 2022. This includes detail on the building's spatial coordination and build costs from the RIBA Work Stage 3 report, development of the University's operating model, curriculum and expectations for student numbers, lessons learned from successful delivery of Phase 1, a procurement strategy for Phase 3 delivery (including selection of the Main Contractor), refined economic case options, and developments on planning decisions about the Embankment site and wider Peterborough city centre regeneration.

The proposed Phase 3 building is a two-storey building of 2,516 sqm Gross Internal Area (GIA), sited on the current Regional Pool Car Park. It will contain a mixture of specialist and general teaching facilities, enabling the University to further expand its curriculum offerings, while exhibitions and facilities at the Living Lab will make the University's output more accessible and relevant to the local community, engaging them in Science, Technology, Engineering and Maths (STEM) fields, including health sciences.

The addition of the Phase 3 building will further help to create a 'visible university' linking to the city, with the Living Lab envisioned as a recognisable city landmark and the centrepiece to Peterborough's expanding University Quarter, complementing other phases of the University programme.

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

The Programme to establish a University in Peterborough is being delivered in phases. **This Full Business Case is specifically focused on Phase 3 of the University programme.**

The phases for development include:

- Phase 1: Establish the university campus (operational from September 2022)
- Phase 2: Peterborough Innovation and Research Centre (CAT A construction complete in December 2022)
- **Phase 3: Second Teaching Building with Living Lab**
- Phase 4: Inward Investing Research Institute and R&D Programme
- Phase 5: Third Teaching Building and Sports Science Facility

The case for change

In Peterborough, low skills levels have historically limited wages, progression and quality of life. Qualification levels in Peterborough are below national averages, which contributes to limiting wages, progression and quality of life for residents. Before the completion of Phase 1, Peterborough was one of the largest cities in the UK without a university.¹ This meant higher education felt inaccessible and irrelevant to many people, and low aspirations entrenched poor outcomes.

To take part in and continue to support Peterborough's knowledge intensive growth, residents need local education pathways to access high quality jobs. If those pathways are not available, then residents will miss out on the benefits of growth. Meeting this demand for skilled workers in Peterborough means establishing a university at a pace and scale which generates impact as quickly as possible, while recognising the substantial difficulties faced in doing so.

Phase 3 of the University project will deliver significant social value through the provision of a dedicated community cultural and learning space in a core area of the City Centre. It will help raise aspirations and awareness amongst local people of the new university offer and so will help attract local residents to study at the university. By enabling local higher education provision, it will ensure that more highly skilled young people in Peterborough remain in the city.

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.

Objectives

The top-line objectives for the University programme are to:

- **Improve access to better quality jobs and improve access to better quality employment, helping to reverse decades of relative economic decline, and increasing opportunities, aspiration, wages and social mobility for residents.**
- **Make a nationally significant contribution to Government objectives for levelling up, increase regional innovation, and accelerate the UK's net zero transformation.**

¹ The University Centre Peterborough is active in Peterborough, which is a joint venture partnership between Peterborough Regional College and Anglia Ruskin University. UCP currently has around 700 students on more than 30 degree-level programmes. Courses are validated by The Open University.

- Accelerate the renaissance of Peterborough as a knowledge-intensive university city, **increasing civic pride** and satisfaction within Peterborough as a place offering a good quality of life with improved public facilities, and **providing a tangible example of levelling up**.
- Translate the resulting increase in individual opportunity, prosperity and social mobility into outcomes across wellbeing, health and healthy life expectancy from the programme, and on into **people living happier, healthier lives**.

Objectives specific to Phase 3, which relate to the top-line University programme objectives above, are to:

- Grow the University via a second teaching building supporting up to a potential additional 1,700 students from 2024/25 to 2027/28 studying a mixture of undergraduate, postgraduate, degree apprenticeship, work programme and short courses. (Undergraduate courses expected to make up large majority of student headcount).
- Provide specialised teaching space, enabling ARU Peterborough to broaden its curriculum, including into STEM fields linked into local economic strengths in Peterborough and The Fens. The portfolio of courses on offer is being co-created with employers to ensure students graduate with both the industry-specific and transferable skills in demand, regionally and nationally.
- Embed the University into the community via the Living Lab as a public-facing, high-quality interactive science centre for Peterborough with spaces for participatory research, exhibitions and events.
- Regenerate the site area to create an attractive University of Peterborough campus with a high-quality landscape, helping to create a 'visible university' linking to the city and expanding Peterborough's University Quarter, completing other Phases of development.

Scope

Phase 3 is to develop a second teaching building for occupation by ARU Peterborough with a Living Lab at its heart. This Phase enables the university's growth up to a potential overall timetabled capacity of 4,700 students by 2027 and sets the university up for significant growth in future.

Full spatial design and coordination of the building has been developed to RIBA Work Stage 3.

The principal requirements of the Phase 3 building are summarised below.

- Accommodation for specialist learning, teaching, public engagement and support space
- High quality public realm and landscape
- Associated cycle storage and limited parking
- Good environmental and sustainability credentials (BREEAM excellent)
- A Gross Internal Area of approximately 2,500m².

The accommodation within the proposed building will support the academic course design being developed by ARU Peterborough and to support the current specialisms of:

- Business and Innovation
- Creative Digital Art and Science
- Health Sciences, Education and Social Care

- Engineering and the Environment.

Benefits

The main Benefits of the project stem from establishing Phase 3 of the University Campus in Peterborough with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will generate.

As wider benefits, Phase 3 will also deliver:

- 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;
- A transformational effect on the life-chances and well-being of its students and raise aspiration more broadly within Peterborough and the surrounding region;
- In addition, the second teaching building will see a rise in the number of beneficiaries using the university's existing and expanded teaching provision. The building will both release the pressure on University House, enabling enhanced provision in the health area which is currently restricted by space, including into new areas such as MSc Biomedical Science and further expansion of the undergraduate life sciences provision.

Economic Case

The Economic Case builds on the results from a robust and iterative development process carried out by the University delivery partners and project stakeholders at OBC stage. This work concluded that delivery of the Living Lab, University Quarter Cultural Hub and expanded University in Peterborough was the preferred way forward (PWF) on the grounds of both affordability and economic impact to address the objectives and challenges set out in the Strategic case of this document.

Recognising that a year has passed since this process was carried out for the OBC, the Economic Case in this FBC tests whether the PWF continues to offer good public value, and better public value than other available options, both in terms of scale of intervention, and best utilisation of the proposed new building.

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

- Factors relating to the physical regeneration and cultural development of the City.
- Factors relating to the design and delivery of the physical infrastructure.
- Factors relating to the continued development of the University.

Based on a SWOT analysis carried out within this Full Business Case **the preferred way forward identified during the OBC stage continues to be the preferred option - Option 2 – Intermediate 1.**

This option has been taken forward for economic appraisal. The summary appraisal is set out below showing economic benefits over the 15 year appraisal period, in Net Present Value.

Figure 1. Summary appraisal table

Benefit	Net Monetised Benefits (£) Preferred Option
Direct jobs created	£18,918,100
Indirect & induced jobs (supply chain & wider economic activity)	£3,783,620
Graduate wage uplift	£122,685,159
Additional visitor spend in the local economy	£5,320,875
Amenity Benefit	£521,266
Training benefit (short courses completed)	£1,835,872
Total benefits	£157,771,429
Total net benefits (Present Value)	£99,412,635

The table below sets out the BCR for the Preferred Option.

Figure 2. BCR for Preferred Option

	Preferred Option - Net Present Value
Total Net Present Value Benefits	£99.4m
Total Net Present Value (Costs)	£29.9m
Benefit Cost Ratio (BCR)	3.32

The preferred option delivers a Benefit Cost Ratio of 3.32 based on current costings and optimal student numbers and is an exceptional return according to government guidance. To account for the uncertainties inherent in forecasting student numbers, an additional scenario has been modelled which assumes student numbers at 50% of the optimal level. This scenario returns a BCR of 2.02, demonstrating the continued viability of the project even if the optimal case is not achieved.

Non-monetised benefits, on top of those accounted for in the BCR above, include:

- Improvements to health and wellbeing for residents in Peterborough and The Fens
- Regeneration of open green space through creation of a new visitor location for the city
- Community benefits
- New event space
- Increased productivity
- Reduced deprivation in a left-behind area with a persistent skills gap.
- Provide businesses access to academic expertise and research.

Commercial Case

The approach to procurement and contracts for Phase 3 builds on the successful approach adopted for Phase 1, incorporating lessons learned which apply to Phase 3. The procurement strategy has been driven in part by the need to meet timescales for the use of LUF funding, which is for all monies from the Fund to be spent by 31 March 2024, and for the Phase 3 building to be operational for teaching at the start of academic year 2024/25.

The capital costs for Phase 3 set out in this Commercial Case are up to date and market-tested, including through a benchmarking exercise undertaken comparing the Phase 3 building to other Higher Education facilities. Costs have been developed through RIBA Work Stages 1 – 3 and are current to November 2022. RIBA Work Stage 4 presents an additional opportunity to refine cost estimates and fix costs in place with suppliers to mitigate inflation risks.

Construction will be delivered via a Design & Build procurement route using a two-stage tendering process and an industry standard form of contract. A design and build procurement route provides project partners with a fixed price for the construction works, which will reduce exposure to potential overspend. By adopting a two-stage tendering process, the client team will work with the Main Contractor on an open-book basis to ensure competition is maintained throughout the second stage, and that risks are appropriately allocated and managed.

Procurement of the infrastructure is split into four categories:

1. **Main Contractor:** the main contractor is required to deliver the physical capital works, which broadly includes:
 - a. Off plot Utilities, highways work associated with Phase 3.
 - b. On plot infrastructure works, utilities, road, car parks, landscape and ancillary buildings.
 - c. Building and internal fit out (not including IT and AV).

The first stage of the Main Contractor procurement was concluded in September 2022 with the appointment of Morgan Sindall Construction & Infrastructure Ltd (MS) who entered into a Pre-Construction Services Agreement (PCSA) with PropCo1 in November 2022.

2. IT/AV specialist equipment

The IT/AV for Phase 3 will be delivered as a standalone package, separate to the Main Construction Contract. The IT/AV package will be managed by ARU's IT Services department and delivered by their preferred suppliers.

3. Land

The proposed development plot 'The Embankment, off Bishops Road Peterborough' forms part of the agreement between the Combined Authority and PCC where PCC have committed to providing land in phases for use in the development of the new University campus. The valuation of the land has been agreed at £1.87m through a valuation process undertaken by PCC. To maintain the project's current critical path, the land title for the Regional Pool car park will need to be transferred from PCC to PropCo1 by 12th February 2023.

4. Professional team procurement

As part of a plan for early mobilisation, the Combined Authority procured the multidisciplinary team delivering Phase 3 using the Crown Commercial Services Framework. A team is now in place to deliver Phase 3.

Deliverability

The original LUF bid application for Phase 3 proposed a Phase 3 building of 3,000m² Gross Internal Area, of which 1,000m² would be dedicated community and cultural space for the Living Lab and associated community learning space derived from a fixed budget of £27.9m. The overall £27.9m includes a construction budget sum of £26m (inclusive of funding for specialist IT/AV equipment to fitout the building), with a £1.87m allowance for land purchase.

Following a RIBA 1 site appraisal and optioneering process, it became apparent that a smaller building would have to be delivered to meet the £27.9m budget, while still supporting up to 1,700 students by 2027/28. The RIBA Work Stage 3 report proposed a revised design for a Phase 3 building based on a 2,516m² Gross Internal Area; a multi-use educational facility suitable for a mixed use of working, learning, teaching, collaborating inclusive of the Living Lab. In this sense the 'Living Lab' expands from being a single area within the building to an integrated approach which incorporates the whole facility while maintaining the 'Living Lab' physical space as a centrepiece.

The building will include all associated external landscaping and Infrastructure, all delivered within the available cost envelope. The revised building is an appropriate size for a building of this nature and allows more flexible use of the building as an adaptable asset for the future. This revised scope meets the critical success factors for the project and is deliverable within budget.

Budget estimate

An Order of Cost Estimate of how the budget is derived is shown below which amounts to £26m. This figure excludes the £1.87m land valuation for the Phase 3 site. The total budget for the project is £27.87m. The construction works costs have been benchmarked against known industry data for similar size and quality educational buildings and are aligned with the median cost parameters. The Cost Plan represents the anticipated construction costs at current prices (Q4 2022) via a competitive method of procurement under a Contractor design contract.

Figure 3. Project budget to deliver capital works for Phase 3²

Element	Classification	Totals (£)	%	Cost/m ²	Cost/ft ²
0	FACILITATING WORKS	105,000	0.40	42	4
1	SUBSTRUCTURE	688,824	2.65	276	26
2	SUPERSTRUCTURE	4,456,352	17.93	1,863	173
3	INTERNAL FINISHES	944,004	3.64	378	35
4	FITTINGS, FURNISHINGS & EQUIPMENT	650,000	2.50	260	24
5	SERVICES	3,421,776	13.18	1,369	127
8	EXTERNAL WORKS	1,242,004	4.78	497	46
Sub Total Building Works		11,707,960	45.08	4,685	435
9	MAIN CONTRACTORS PRELIMINARIES as MS	1,298,345	5.00	519	48
10	DETAILED DESIGN (RIBA Stage 5-7) as MS	298,053	1.14	119	11
11	MAIN CONTRACTORS RISK @ 3%	399,131	1.54	160	15
12	PRE-CONSTRUCTION FEE	472,361	1.82	189	18

² Please note that item 18 'other development / project costs' includes inflation assumptions for the project contingency budget.

13	MAIN CONTRACTORS OVERHEADS AND PROFIT as MS (2.5%)	342,587	1.32	137	13
14	DESIGN DEVELOPMENT RISK @ 4%	580,737	2.24	232	22
15	PAGABO Fees @ 0.3% (<i>procurement framework</i>)	43,880	0.16	18	2
16	INFLATION up to Q1 2024 @ 8.5%	1,111,315	4.28	445	41
	Sub Total Contract Sum	16,254,370	62.58	6,504	604
17	PROJECT / DESIGN TEAM FEES	1,316,835	5.08	527	49
18	OTHER DEVELOPMENT / PROJECT COSTS	4,070,108	15.67	1,626	151
19	VAT	4,328,263	16.67	1,731	161
	TOTAL	25,969,575	100.00	10,390	966

The budget estimate incorporates the detailed information available following completion of RIBA Work Stage 3 by the professional team procured to deliver Phase 3. A portion of the costs are based on estimates and therefore the overall cost should be treated as having a +/- 5% level of accuracy due to the level of design available and remaining design and procurement to be completed during RIBA Work Stage 4, with additional fine-tuning occurring ahead of RIBA Work Stage 4 throughout November and December 2022.

Financial Case

Funding to deliver Phase 3

The Phase 3 capital build is to be funded through contributions from the Levelling Up Fund (LUF) via a 2021 submission made by PCC to the fund, Local Growth Funds provided by the Combined Authority, direct capital investment from ARU and a land transfer contribution from PCC. All funding sources are secured.

Figure 4. Project funding sources

Partner	Funding source	Amount (£)
PCC (contribution as the lead authority for the LUF)	Levelling Up Funds	20,000,000
CPCA	Approved recycled Local Growth Funds	2,000,000
ARU	Private investment	4,000,000
Phase 3 Capital Investment Sub-total		26,000,000
PCC	Contribution of land value	1,870,000
Total Funding (Phase 3 only)		27,870,000

The underlying basis of the funding model is that partners receive shares in PropCo1 in proportion to their financial contribution to the University programme across Phases. This includes the £20m investment secured by PCC, with extensive support from the partners, from the Levelling Up Fund (LUF) for capital investment into PropCo1.

For the Phase 3 project it is essential to complete expenditure of LUF monies by March 2024. A significant financial milestone is PropCo1 entering into a binding contract with Morgan Sindall as the Main Contractor for construction of the Phase 3 building, which was reached in Q4 2022.

Securing a sustainable operating model for the university

A key project objective is to create a sustainable operating model for the new university such that, after initial start-up costs, it 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.
- ARU will take steps to ensure costs are covered by generated incomes and other sources of income available to HEIs . This will be monitored by the ARU Peterborough Board of Governors and through the appropriate governance arrangements with ARU.

The operating model shows sufficient revenues are generated throughout to cover operational costs, on a broadly breakeven basis from 2022/23 and revenues generated appropriately thereafter to fund the ongoing operational expenditures, with a marginal profit delivered year on year which reaches no greater than 1%.

The operating expenditures run very close to the revenues generated and there is a linear relationship between revenue and expenditure, which indicates that economies of scale and operational efficiencies are not anticipated.

Continued growth in revenue is predicted but is dependent on subsequent project phases to maintain growth in student numbers and income generated via tuition fees.

Affordability

Project affordability is critically dependent on:

1. Securing the transfer of LUF funding into PropCo1 as well as all other investment capital funding within the company held account or an agreement reached through the PropCo1 members on releasing sufficient funding to cover costs to date and up to contract award in December 2022.
2. Risks associated with income (student numbers) and expenditure being able to be mitigated through cost control, increased income and/or use of the contingency provision.
3. Risks associated with enabling works, Land Acquisition, planning approval and agreement of contract sum being able to be mitigated through management of each workstream within the required timeline and budget while continuing to meet the outcomes of the LUF.
4. Risks associated with inflation and the increasing cost of building materials being mitigated through ongoing risk management and procurement protocols which will fix prices in place at the point of contracts being awarded to suppliers.

Subject to these considerations, at this stage of project development and implementation, it is anticipated that funds will be available to meet both the project budget, requirements of ARU Peterborough's operating model and the LUF.

With respect to the infrastructure works, no cash-flow implications are anticipated for the PropCo1 as the Funding source in place by each party will be transferred into PropCo1 before the construction phase goes ahead.

Management Case

PCC, ARU and Combined Authority have already formed a special purpose vehicle – the Peterborough HE Property Company Ltd ('PropCo1') – to deliver Phase 1 of the new university campus in Peterborough. The Phase 3 project is intended to be delivered by PropCo1 which will continue to be the entity through which funding is deployed, and delivery of both Phases 1 and 3 will be PropCo1's responsibility.

Project governance will be established to reflect the arrangements within each organisation and specific terms of reference for the project will be mandated by each organisation.

The three parties (PCC, the Combined Authority and ARU) are governed by the PropCo1 Shareholders Agreement which defines parties' contractual obligations in relation to their shareholdings in PropCo1.

The Combined Authority will, under the Development Management Agreement be granted authority by PropCo1 to manage the design, procurement and delivery of Phase 3, with the Board of PropCo1 acting as the programme management board. In this arrangement, responsibility for the delivery of Phase 3 remains with PropCo1; this will remain in place up to completion of the Phase 3 building.

ARU-P will feed into PropCo1 via the contract administrator (Mace) in the development of the design and interface with the capital works. They will also update the Board in respect of curriculum design and development as the project progresses.

The main building contractor Morgan Sindall will report to PropCo1 via the contract administrator in respect of the agreement of the contract sum, enabling works and delivery of Phase 3.

Day to day management and progress meetings will be managed by the contract administrator and will include ARU-P/ARU and the Main Contractor for delivery of the Phase 3 building.

Project plan

The project plan for delivery of Phase 3 is set out in Annex 6.1: Phase 3 Project plan. The project plan has been developed around the following key dates:

1. Spade in the ground (commencement of Phase 3) Q1 2023.
2. Structure, complete construction of the building structure by March 2024.
3. Fitout fit out the living lab and teaching facilities to be complete in autumn 2024.
4. Completion of Phase 3 (for occupation) in autumn 2024.

To achieve these milestones there are 5 key work streams:

1. Procurement of the consultant team by February 2022 (complete).
2. Determination of full planning application by January 2023 (planning application submitted).
3. Develop, design and procure a Main Contractor to deliver Phase 3 infrastructure by Q4 2022 (complete).
4. Approval of this Full Business Case with delegated authority to develop the design.

5. PropCo1 to formalise legal agreements for land by Q4 2022 to align with award of the main contract and planning approval to allow commencement on site Q1 2023.

The programme timeline has been developed based on ensuring the determination of full planning by January 2023 in tandem with an agreed contract sum, shareholders agreement and land transfer to allow contract award and mobilisation to commence in line with the LUF programme in March 2023.

Risk management and project assurance

A detailed risk register is maintained, as set out in Annex 6.3: Project risk register. The risk register also sets out mitigation strategies, the expected monetary value of risks, and risk owners.

Project risk registers are updated by partners on a monthly basis. In accordance with the project governance arrangements these reports are issued to the PropCo1 Board and are scrutinised at the monthly PropCo1 Board meetings. The top 5 project risks, and all programme risks, are reported to the Combined Authority Business Board via a Highlight Report and a Business & Skills Risk Register.

Post-project evaluation

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

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

This process will commence from Royal Institute of British Architect (RIBA) stage 2 and run through to completion of the construction of Phase 3 and into the occupation and aftercare stages.

Partners will develop a range of progress measures to monitor the ongoing wider impact of the University, with these measures tied into broader strategic objectives for Peterborough and the CPCA region. It is anticipated that there will need to be an ongoing review of these measures and agreement on how and where they are reported.

1 Strategic Case

1.1 Introduction

About this Phase 3 Full Business Case

This document is the Full Business Case (FBC) for Phase 3 of the Programme to Establish a University in Peterborough. Phase 3 is to deliver a **Second Teaching Building and Living Lab** on the University campus on the Embankment site.

The Full Business Case supports project partners to make a final investment decision for Phase 3. It builds on and incorporates information from other documents relevant to Phase 3, including:

- A submission for funding for Phase 3 made to the Levelling Up Fund in June 2021 and approved by the Department for Levelling Up, Housing and Communities (DLUHC) in October 2021.
- The Outline Business Case for Phase 3, published in December 2021.
- A Royal Institute of British Architects (RIBA) Work Stage 1 report completed in April 2022, RIBA Work Stage 2 completed in July 2022 and RIBA Work Stage 3, including a detailed Cost Plan, completed in November 2022.
- A Planning Application for the Phase 3 building, which is currently in consultation and is expected to be determined in early 2023.
- An Outline Planning Application (OPA) for the University campus which is being developed, although Phase 3 will be determined as a standalone application ahead of a decision on the OPA.
- The PCC Embankment Masterplan Framework published in March 2022, which provides a framework to guide the location and scale of any future built development as well as key investments at the Embankment.

The Full Business Case updates the Outline Business Case for Phase 3 to account for the progress made on clarifying the scope of Phase 3 throughout 2022. This includes detail on the building's spatial coordination and build costs from the RIBA Work Stage 3 report, development of the University's operating model, curriculum and expectations for student numbers, lessons learned from successful delivery of Phase 1, a procurement strategy for Phase 3 delivery, refined economic case options, and developments on planning decisions about the Embankment site and wider Peterborough city centre regeneration.

The proposed Phase 3 building is a two-storey building of 2,516 sqm Gross Internal Area (GIA), sited on the current Regional Pool Car Park. It will contain a mixture of specialist and general teaching facilities, enabling the University to further expand its curriculum offerings, while exhibitions and facilities at the Living Lab will make the University's output more accessible and relevant to the local community, engaging them in Science, Technology, Engineering and Maths (STEM) fields.

The addition of the Phase 3 building will further help to create a 'visible university' linking to the city, with the Living Lab envisioned as a recognisable city landmark and the centrepiece to Peterborough's expanding University Quarter, complementing other phases of the University programme.

The University Programme and the role of Phase 3

Peterborough has been recognised for many years as a cold spot for Higher Education. Project partners Cambridgeshire and Peterborough Combined Authority (CPCA), Peterborough City Council (PCC) and Anglia Ruskin University (ARU) are committed to supporting the development of a new higher education provider for the City, on its journey to becoming the University of Peterborough, to:

- Increase the skills levels of local people; and
- Increase highly skilled employment opportunities.

These two objectives will support local people to gain access to long-term employment opportunities and support local businesses to grow by making it easier to hire skilled employees, invest in innovation and attract new high value firms to the city and surrounding area.

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

The Programme to establish a University in Peterborough is being delivered in phases. **This Full Business Case is specifically focused on Phase 3 of the University programme.** The principal phases of development are:

- **Phase 1: Establish the University campus** – Procure an Academic Delivery Partner and establish the University campus in the city via the first teaching building, providing teaching space for up to a potential 3,000 learners by 2025, studying Health, Social Care, Education, Management, Finance and Law. Phase 1 is operational, with the first teaching building (University House) receiving its first cohort in September 2022 of 950 learners from 1,600 applications, with an additional intake to occur in January 2023. Learners study a range of undergraduate courses, degree apprenticeships, postgraduate provision and short courses which are targeted at business owners. Phase 1 was delivered on time and to budget in challenging economic conditions, and its success demonstrates the strong viability of the University programme.
- **Phase 2: Peterborough Innovation and Research Centre (PIRC)** – The aim of PIRC is to build a base of innovative research and development in Peterborough. The Phase 2 building is arranged over three floors, providing good quality, efficient and flexible space for research and development and will create a new high-quality space for the city, completing the transformation of the under-utilised Wirrina car park into a green, well-landscaped campus, fully accessible to the public. Construction on Phase 2 is due for CAT A completion in December 2022.
- **Phase 3 (the focus of this FBC): Second Teaching Building and Living Lab** – Grow the University via a second teaching building supporting potentially up to 1,700 more students by 2027/28, expanding its curriculum further into STEM fields and embedding the University in Peterborough through the Living Lab. The Living Lab will be a public-facing, high-quality

interactive science centre for Peterborough with public space for participatory research, exhibitions and events, designed to stimulate and inspire more young people into STEM sectors.

Future phases of the programme, which are still to be determined, will focus on growing an innovation ecosystem around the university and further expanding its teaching capacity.

- **Phase 4: Inward Investing Research Institute & R&D Programme** – Establish an innovation ecosystem by attracting a major Research Institute onto the university campus in Peterborough, and develop an R&D Programme which facilitates the dissemination of research from the Research Institute into local businesses, enabling collaboration in the ecosystem and creating opportunities for local businesses to link into the Research Institute’s global network, ultimately stimulating local business growth and demand for higher-level skills.
- **Phase 5: Third Teaching Building & Sports Science Facility** – Expand further the teaching capacity with space for potentially an additional 2,250 students on the embankment campus and enabling significant growth in student numbers in future, including through potential sports science facilities that, like the Living Lab, would be a public-facing asset for Peterborough’s residents.

The intention is for the new University to be fast-growing between 2022 and 2032 with a review to be undertaken by ARU and the Combined Authority expected to take place in 2028 to evaluate the benefits and feasibility of the University becoming independent from ARU with its own degree awarding powers and ultimately University Title.

1.2 Principal partners

The Cambridgeshire and Peterborough Combined Authority (CPCA) has overall responsibility for the delivery of the programme. Project partners CPCA, Peterborough City Council (PCC) and Anglia Ruskin University (ARU) have formed a special purpose vehicle – the Peterborough HE Property Company LTD (**‘PropCo1’**) - to deliver the new university campus in Peterborough. This approach was successful for Phase 1 and will be repeated for Phase 3.

1.2.1 Public sector partners

Cambridgeshire and Peterborough Combined Authority was established in 2017 under a Devolution Deal with central Government. Its purpose, defined by the Devolution Deal, is to ensure Cambridgeshire and Peterborough is a leading place in the world to live, learn and work. The Combined Authority’s Devolution Deal, which runs for 30 years, also sets out a list of specific projects which the Combined Authority and its member councils will support over that period. A university for Peterborough is one of the major commitments in that list, and the Combined Authority has already invested £43.5m through its devolved Gainshare, Delegated Local Growth Fund and the Getting Building Fund, for which it was Local Lead Authority.

Peterborough City Council was formed as a unitary authority in 1998, having previously been part of Cambridgeshire County Council. The council’s corporate priorities, set out in a new Sustainable Future City Council Strategy 2022-25, are: the economy and inclusive growth, maximising economic growth and prosperity for Peterborough as a city of opportunity; our places and communities, creating healthy and safe environments where people want to live, work, visit and play; prevention, independence and resilience, helping and supporting our residents early on in their lives and prevent

them from slipping into crisis; all supported by a sustainable future city council, adjusting how we work, serve and enable. As well as a central role in the University Programme, PCC is leading the regeneration of Peterborough via a range of programmes, including through its Towns Fund Programme, Levelling Up Fund programme, and attracting inward investment – combined, a near £1billion-regeneration opportunity made up of projects encompassing business and skills, regeneration and infrastructure and visitor attractions. During the creation of the Combined Authority, PCC was instrumental in ensuring that the inclusion of a university for Peterborough was specified in the Devolution Deal. As Local Lead Authority for the Levelling Up Fund (LUF), PCC secured the £20m of LUF that forms the majority of the financing for this Phase 3 Project.

1.2.2 Academic Delivery Partner

Anglia Ruskin University Peterborough (ARU) is the Academic Delivery Partner (ADP) for the University Project. ARU will work to develop a curriculum for ARU Peterborough with flexible modes of delivery to address the characteristics of the region, its communities and the Higher Education cold spot. Locally based, ARU is one of the fastest growing universities in the UK with strong performing Science and Technology and Business Faculties, several research institutions classified by the Research Excellence Framework as world-leading and has a wide range of established international partnerships. On the basis that ARU would be given the right to occupy both the first and second, majority public funded, teaching buildings rent free, to conduct the business of offering higher education in Peterborough, they were required to compete for the role of ADP through a procurement that took place in 2019.

1.3 Strategic context

1.3.1 Policy alignment

National Policy

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

Relevant national policy is outlined below and has been updated for the Full Business Case.

The **Skills and Post 16 Education Act** (2022) is the legislation enacting the reforms set out in the DfE Skills For Jobs White Paper (2021). It aims to streamline qualifications for students through the Post-16 Review of qualifications at level 3 and below in England to create a coherent system with clear, high quality progression routes for students of all ages, including the National Retraining Scheme. These need to support the recommendations of the Augar Review into Post-18 Education funding and the review of Higher Technical Education. The Government's Level 4 and 5 reforms present an opportunity to ensure that technical/vocational learning is available in Peterborough. Focusing on skills gaps at higher technical levels that risk the UK falling behind its global competitors, reform aims to transform the skills system to put employers at the heart of the system and to make training a lifelong and flexible option for all.

The **Levelling Up White Paper**, published in February 2022, positions education and skills at the forefront of the Levelling Up agenda, with a focus on ensuring opportunities are accessible to all and placing employers at the heart of local skills systems. The Levelling Up White Paper contains several

relevant missions, including education and skills – and reaffirms pledges such as the introduction of a Lifelong Loan Entitlement, Skills Bootcamps and the creation of Education Investment Areas – and the deepening of devolution which are aligned to the region’s priority for life-wide and lifelong learning. The **Levelling Up and Regeneration Bill** is currently passing through parliament (November 2022). Its aims include making provision for the setting of levelling-up missions and reporting on progress in delivering them and increasing local democracy through devolution. The Council has secured £20m of funding from the Levelling Up Fund to invest in Phase 3 of the University for Peterborough project via a June 2021 funding application.

HMT’s Plan for Growth (March 2021) sets out the vision for ‘building back better’ through pillars of infrastructure, skills and innovation as key to the UK’s recovery from Covid-19. The Government wishes to improve productivity and level-up the UK whilst increasing high-quality skills provision and training, and transforming FE. This will in part catalyse the development of creative ideas and technologies that will shape the UK’s future high-growth.

The connected Innovation Strategy (2021) and Net Zero Strategy (2021), aims to make the UK a Scientific Superpower and includes policies to boost renewable energy production and heating, power and transport innovation. As part of this, Government has committed to increasing UK investment in R&D to 2.4% of GDP by 2027. The Prime Minister’s 10 Point Plan for a Green Industrial Revolution through investment in innovative technologies estimates that 250,000 green jobs will be created across the UK during the transition to reduce emissions by 68% by 2030. The curriculum for the Phase 3 building is particularly focused on the STEM fields which will be key to meeting the UK’s net zero objectives.

Oxford-Cambridge Arc – The Oxford-Cambridge Arc is already home to a booming and varied economy that contributes significantly to the success of Global Britain. Over the last 20 years, it has grown faster than any region outside London, and employment and wages are above the national average. It is home to some strong and innovative sectors, world-leading companies, internationally recognised research and development centres and research universities. Peterborough, the largest city in the Arc’s north, is important to unlocking future growth across the Arc, driven by the region’s strong sector clusters of advanced manufacturing and future energy technologies.

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.

Regional strategies

The 2018 **Cambridgeshire and Peterborough Independent Economic Review (CPIER)** made a clear recommendation for the development of a university for Peterborough and The Fens. The project is seen as crucial to addressing “uneven access to higher education” and lower educational attainment figures for areas geographically close to - but economically isolated from - existing centres of education, by creating more pathways to higher education for local communities. The CPIER stated that the university should be strongly rooted in the local and sub-regional economy by drawing on established strengths in manufacturing and engineering - citing the fact that the local economic benefits of university research are magnified when local firms are “technologically close” to a university. The CPIER also recommended high levels of investment to ensure a clearly defined

educational offer centred around subjects that integrate with the local economy and embrace new technologies.

Since the CPIER was published the Combined Authority has set out a framework for pursuing the objectives of its Devolution Deal's overall aim of achieving sustainable growth, based on a '**Six Capitals**' approach:

1. **Health and Skills:** building human capital to raise both productivity and the quality of life.
2. **Climate and Nature:** restoring the area's depleted natural capital and addressing the impact of climate change on our low-lying area's special vulnerabilities.
3. **Infrastructure:** from digital and public transport connectivity, to water and energy, building out the networks needed to support a successful future.
4. **Innovation:** ensuring this area can continue to support the most dynamic and dense knowledge economy in Europe.
5. **Reducing inequalities:** investing in the community and social capital which complement skills and connectivity as part of the effort to narrow the gaps in life expectancy and income between places.
6. **Financial and systems:** improving the institutional capital which supports decision-making and delivery.

Strategies which embed the Combined Authority's Six Capitals and which are relevant to Phase 3 are outlined below.

The Cambridgeshire and Peterborough Economic Growth Strategy (2022) sets out a vision for Cambridgeshire and Peterborough as *"the place where unique business, natural and research assets tackle world problems whilst creating good jobs and healthy lives for all our residents in all our places, being globally leading and competitive and also more equal and sustainable."* The Strategy has six objectives:

1. Grow the economy while reducing inequality
2. Good quality jobs in high-performing businesses
3. Better quality skills via a world-class skills system
4. Accelerate local placemaking and renewal
5. Accelerate business growth
6. Ensure transition to green, low-carbon economy.

A new university in Peterborough is a key action within the strategy, with strong links to all objectives.

The Cambridgeshire and Peterborough Employment and Skills Strategy (2022) sets out a vision for Cambridgeshire and Peterborough to be a *"successful, globally competitive economy offering high-skilled, well-paid, good quality jobs, delivering increased productivity and prosperity to support strong, sustainable and healthy communities and enabled by an inclusive, world-class local skills system that matches the needs of our employers, learners and communities."*

The Strategy explicitly references the priority for a new University in Peterborough which raises regional higher education participation, and delivers technical courses aligned to local employers' needs and jobs of the future. Implementation of the Employment and Skills Strategy is underway, with the new University in Peterborough an important part of achieving the vision.

Cambridgeshire County Council and Peterborough City Council have developed a **NEET (Not in Education, Employment or Training) Reduction Strategy** which articulates the importance of reducing the number of NEET young people in the region. It calls on partners to take a collaborative approach to focus on early intervention and prioritising opportunities to sustain NEET reduction, including via pathways into Higher Education. To support this, CPCA has commissioned a new Youth Offer for 19 to 24-year-olds, to ensure that 'older' NEETS have the right support to re-engage in training and employment. This commenced in September 2022.

Local strategies

PCC's vision is to *“create together a Peterborough residents are proud to live, work and grow up in and where services deliver what local people need and give value for money.”*

PCC's Corporate Strategy 2021-2025 strategic priorities are:

1. Drive growth, regeneration and economic development
1. Improve educational attainment and skills
2. Safeguard vulnerable children and adults
3. Implement the Environment Capital agenda
4. Support Peterborough's culture and leisure trust Vivacity
5. Keep all our communities safe, cohesive and healthy
6. Achieve the best health and wellbeing for the city

Phase 3 particularly supports priorities one and two.

There is also alignment with Peterborough City Council's long-term regeneration and investment priorities as identified in the Peterborough Local Plan, which is the Statutory Development Plan guiding development in Peterborough.

The Peterborough Embankment Masterplan Framework (2022) sets out the overarching vision and strategy for the Embankment site that the University campus is situated on, helping to target investment decisions and shape new development opportunities. The aim of the Masterplan is to ensure that the Embankment once more plays a full and pivotal role in the lives of Peterborough residents contributing directly to the character, vitality, prosperity and sustainability of the City.

The Masterplan Framework adopts a flexible approach which allows for alternative development scenarios on the Embankment site, including the potential development of an Arena on the site. This would alter future plans for the University campus but would not affect the location of the Phase 3 building based on current planning applications.

The Masterplan has been brought forward through the Towns Fund, which is a scheme of funding launched by the UK Government for towns such as Peterborough to boost economic productivity and support sustainable growth. To secure this funding, PCC produced a Town Investment Plan (TIP) in July 2020 which set out the importance of the Embankment to the future prosperity of the city.

ARU's vision is transforming lives through innovative, inclusive and entrepreneurial education and research. ARU's 2017 strategy sets out a 10-year vision, priorities and ambitions and is built around three central themes.

- **Creating a leading learning and innovation ecosystem** to deliver an outstanding educational experience, combining the best of face-to-face and digital learning; increase work-based opportunities; and activities that enhance academic success and employability.
- **Building and nurturing vibrant university communities** that are inclusive and welcoming of all and with a particular focus on continuing to attract and retain international students and growing postgraduate student communities.
- **Strengthening the underpinning operations of the University**, building on its reputation for enterprise, to be known for use of innovative, user-focused approaches to problem-solving and putting the needs of those who study and work with ARU at the forefront of the way it designs its activities.

ARU Peterborough will develop a 5-year strategic plan in academic year 2022/23. This process will be led by the University Principal and the final strategy will be approved by the ARUP Board of Governors.

1.4 Current position

The Cambridgeshire and Peterborough region plays an important role in the UK economy. The region comprises three distinct economies with differing sector specialisms and differing social and economic skills needs:

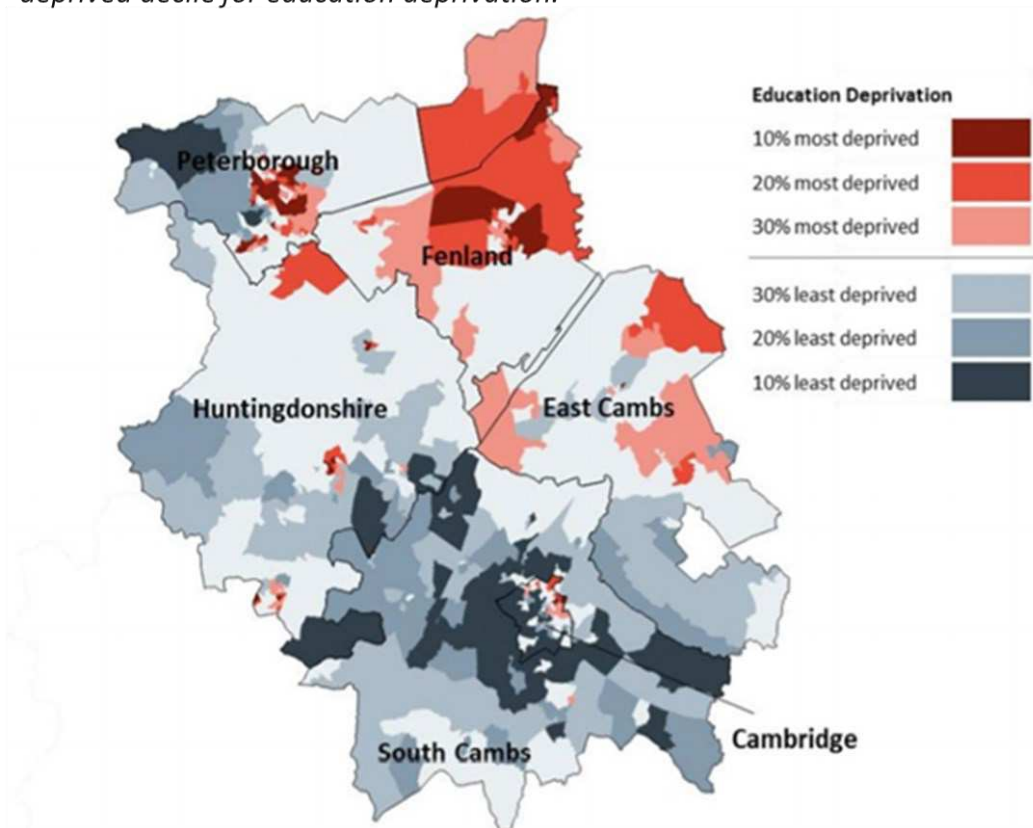
- Peterborough and surroundings (including north Huntingdonshire).
- The Fens (including Fenland, some of East Cambridgeshire and part of Huntingdonshire).
- Greater Cambridge (Cambridge and South Cambridgeshire, including southern parts of Huntingdonshire and East Cambridgeshire).

The 2022 Employment and Skills Strategy finds that current participation in higher education varies across Cambridgeshire and Peterborough, including being just 6.7% in Peterborough and 3.2% in Fenland.³ It also notes that the region's education providers play an important role as anchor institutions in their community, providing civic leadership, collaborating, driving investment to renew localities and raise aspirations. However, patchy engagement with post-16/18 education has been exacerbated by education estate and access cold-spots – including in Peterborough – and physical and digital access challenges for rural and deprived communities. The 'Education Cold Spot' has long been recognised as a major challenge holding back prosperity in the Combined Authority's more deprived areas, particularly in the north around Peterborough.

³ Metro Dynamics analysis on ONS Annual Population Survey (APS) data (2020).

Figure 5. Education, skills and training deprivation (IMD decile), 2019, for CPCA

Education, Skills and Training deprivation, IMD, 2019, for CPCA.
One in four LSOAs (neighbourhoods) in Peterborough are ranked in the most deprived decile for education deprivation.



Current HE provision in Peterborough consists of:

1. The initial trimester 1 intake of learners supported through **Phase 1 of the University programme** in the University House building. ARU Peterborough received 1,600 applications for learners studying across Science, Engineering, Computing, Health, Social Care, Education, Management, Finance and Law across a range of provision types, including undergraduate courses, degree apprenticeships, postgraduate provision and short courses targeted at business owners. There will be an additional intake in January 2023, which will include international students.
2. **Peterborough College: primarily a provider of further education** across a broad course offering with HE teaching through the **University Centre Peterborough (UCP) facility**, a 100% owned subsidiary of Peterborough College. The Inspire Education Group is seeking to develop a Green Technology Skills Centre with support from the Towns Fund. UCP does not have degree awarding powers and currently degrees are validated by Anglia Ruskin University and the Open University.

There is no HE provision in Fenland or North Huntingdonshire. In Fenland in particular the rural area and poor transport networks make it challenging to establish HE operations. 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. The result is that low skills levels have historically limited wages, progression and quality of life.

1.4.1 Case for change

In Peterborough, low skills levels have historically limited wages, progression and quality of life.

Qualification levels in Peterborough are below national averages, which contributes to limiting wages, progression and quality of life for residents. The vision set out in the CPIER notes that skills development is vital for growth in jobs and earning power.

Figure 6. Key Labour Market Indicators⁴

Indicator	Peterborough	East of England	GB
Proportion of 16-64s with no qualifications	7.6%	5.7%	6.4%
Proportion of 16-64s with NVQ 4+ ⁵	32.1%	39.2%	43.1%
Average Attainment 8 ⁶ score at KS4	46.3	-	50.2
Proportion of employees with jobs in managerial, professional & technical occupations (SOC group 1-3) ⁷	42.3%	48.9%	50.2%

In addition to the indicators above, in Peterborough:

- Wages are 9% lower than the England average.⁸
- Productivity per worker is 11% below the national average.⁹
- 41% of neighbourhoods (LSOAs) within Peterborough rank within the 20% most deprived in the UK.¹⁰
- Social mobility is low, with Peterborough ranked 191st and Fenland ranked 319th out of 324 local authority districts.¹¹
- Healthy life expectancy is below retirement age in many neighbourhoods, and is declining in the most deprived areas.¹²

Peterborough ranks 34th lowest out of 650 constituencies for the highest levels of child poverty, with one in three children living in relative poverty, despite most families containing at least one working adult. Improving access to skills and raising educational attainment has the potential to reduce deprivation as well as provide residents with better employment prospects.

Encouraging more residents into higher value jobs will help to raise social mobility in Peterborough, which has been faltering in recent years, a trend exacerbated by Covid-19. The Peterborough Town Investment Plan notes that more deprived residents tend to experience poorer health and educational outcomes and fail to progress to higher paid jobs and better housing, in part because

⁴ Metro Dynamics analysis of ONS data

⁵ NVQ4+ is a measurement of qualification level which is broadly equivalent to an undergraduate degree.

⁶ 'Attainment 8' is a measurement which captures the progress a pupil makes from the end of primary school to the end of secondary school.

⁷ Standard Occupation Classification (SOC) groups 1 – 3 are workers in managerial, professional and technical occupations.

⁸ ONS (2021) Annual Survey of Hours and Incomes

⁹ ONS (2020) Subregional productivity: labour productivity indices by UK NUTS2 and NUTS3 subregions

¹⁰ Indices of Multiple Deprivation (2019).

¹¹ Social Mobility Index, 2016

¹² ONS Health and Life Expectancies, 2016-2018

there is no local higher education institution to enable social mobility. There is a danger of these residents becoming trapped in low skill, low pay employment and failing to reach their potential.

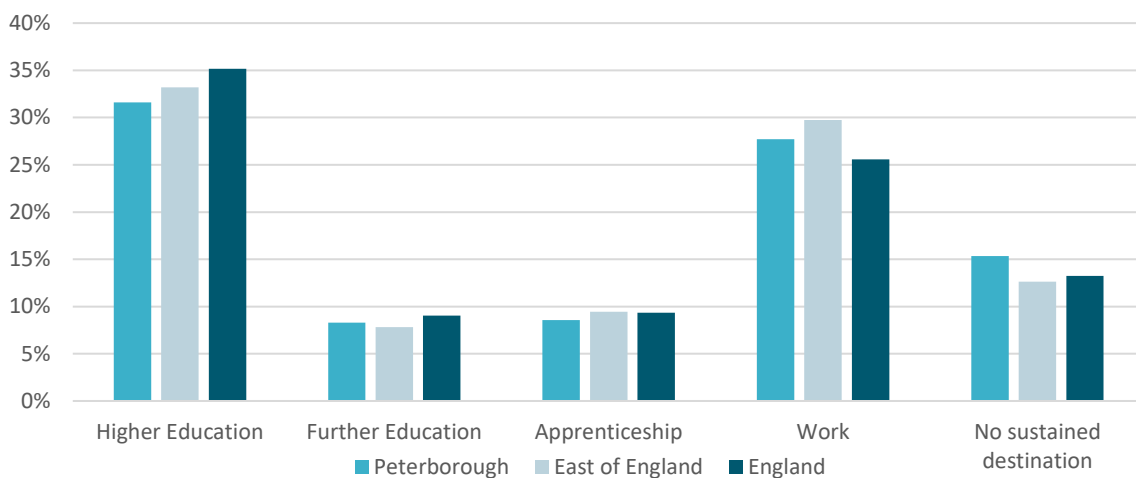
The lack of a higher education institution in the region is a major contributor to poor economic, social and health outcomes.

Before the completion of Phase 1, Peterborough was one of the largest cities in the UK without a university.¹³ This meant higher education felt inaccessible and irrelevant to many people, and low aspirations entrenched poor outcomes.

If Peterborough matched skills levels across the East of England an additional 12,000 people (in a working population of just over 100,000) aged 16-64 would have an NVQ Level 4 qualification or above. If skill levels matched the national average an extra 17,000 people would have NVQ4+ level qualifications.¹⁴

The lack of higher education provision in the northern parts of Cambridgeshire and Peterborough means fewer school leavers (at 18 years old) progress onwards to higher education than would otherwise. In Peterborough, 31% of school leavers progress onto higher education compared to 35% nationally, with more school leavers progressing directly into lower-skilled employment. Crucially, 15% of 18 year olds in Peterborough record ‘no sustained destination’ six months after leaving school, compared to 13% nationally, indicating that more school leavers in Peterborough choose either not to enter education or work, or are dropping out within six months.

Figure 7. Destinations and progression rates for 18 year olds, 2019¹⁵



The lack of a local Higher Education institution has meant Peterborough school-leavers who progressed onto higher education have had to travel elsewhere, and are subsequently less likely to seek employment in Peterborough. ARU Peterborough is designed to fill the gap identified through the “cold spot” and will, therefore, enable more students in the region to study locally should they wish to do so.

ARU’s analysis of demand for higher education in the Cambridgeshire and Peterborough region predicts an increase in the number of 18 year olds over the next 5 years leading to a 13% increase in

¹³ The University Centre Peterborough is active in Peterborough, which is a joint venture partnership between Peterborough Regional College and Anglia Ruskin University. UCP currently has around 700 students on more than 30 degree-level programmes. Courses are validated by The Open University.

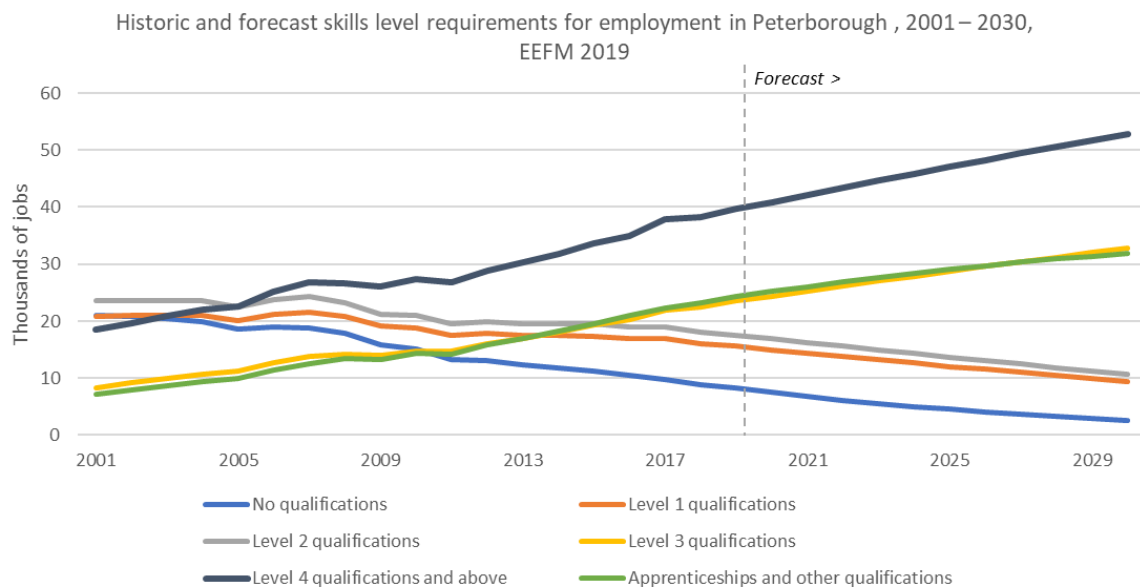
¹⁴ East of England Forecast Model (EEFM), 2019

¹⁵ Metro Dynamics analysis of DfE School Leaver Destinations data (2019)

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.¹⁶

The chart below, from the East of England Forecasting Model, shows forecast skills level requirements for employment in Peterborough to 2030. It shows demand for an extra 12,000 degree-qualified residents by 2030 in the city.

Figure 8. Historic and forecast skills level requirements for employment in Peterborough, 2001 - 2030¹⁷



To take part in and continue to support Peterborough’s knowledge intensive growth, residents need local education pathways to access high quality jobs. If those pathways are not available, then residents will miss out on the benefits of growth. Meeting this demand for skilled workers in Peterborough means establishing a university at a pace and scale which generates impact as quickly as possible, while recognising the substantial difficulties faced in doing so.

Establishing a viable University in Peterborough that serves surrounding areas

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 developing the University is based on directly tackling the characteristics of the addressable component of the current market failures (the “cold spot” identified in the CPIER and Employment and Skills Strategy) without unnecessary direct competition with existing providers. The hallmarks of this strategy, based on a clear understanding of the market needs in and around Peterborough and by balancing resource constraints, include:

- A clear focus on under-represented groups and those “left behind” i.e. those who cannot or will not travel to existing providers.
- A solution based on a limited physical experience i.e. the capital available will support only a modest campus development (at least) initially.

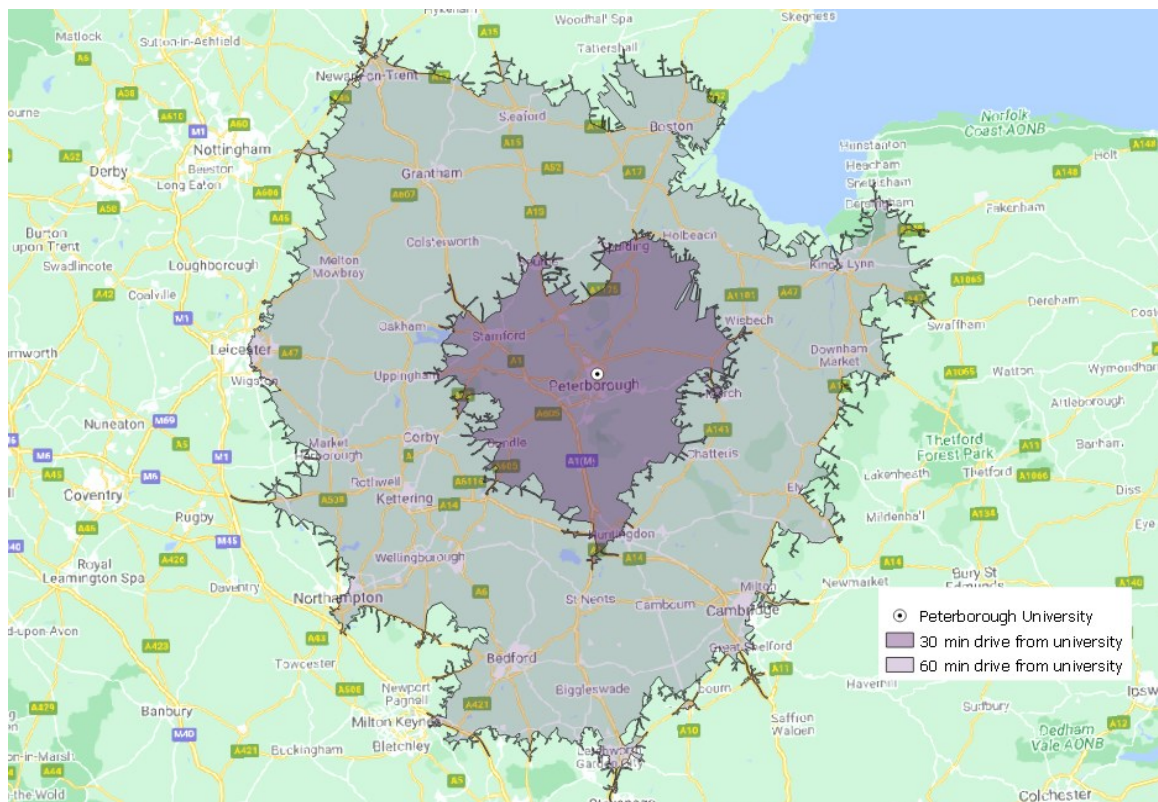
¹⁶ ARU analysis conducted for Phase One Full Business Case

¹⁷ East of England Forecasting Model (EEFM), 2019

- 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.

The University will provide access to higher education for rural areas around Peterborough, including Fenland, where in many cases drive times to the nearest University currently exceed 60 minutes. Establishing a new higher education institution in Peterborough will help to raise aspirations and skills levels in surrounding areas also.

Figure 9. 30 minute and 60 minute drive times from ARU Peterborough



Wider impacts

Phase 3 of the University project will deliver significant social value through the provision of a dedicated community cultural and learning space in a core area of the City Centre. It will help raise aspirations and awareness amongst local people of the new university offer and so will help attract local residents to study at the university. By enabling local higher education provision, it will ensure that more highly skilled young people in Peterborough remain in the city.

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. Moreover, universities in cities help build community cohesion and drive-up educational standards and attainment e.g. with lecturers/professors becoming governors at local schools.

The Partners are determined to make these investments, to encourage others to make such investments and to bring the positive benefits of higher education to the people of Peterborough and the surrounding region.

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

1.5 Objectives

The 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, the Partners are committed to raising personal and community aspirations along with improving social-mobility and contributing to inclusive social and economic growth. Partners 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 University programme are to:

- **Improve access to better quality jobs and improve access to better quality employment**, helping to reverse decades of relative economic decline, and **increasing aspiration, wages and social mobility** for residents.
- Make a nationally significant contribution to Government objectives for **levelling up, increase regional innovation, and accelerate the UK's net zero transformation**.
- Accelerate the renaissance of Peterborough as a knowledge-intensive university city, **increasing civic pride** and satisfaction within Peterborough as a place offering a good quality of life with improved public facilities, and **providing a tangible example of levelling up**.
- Translate the resulting increase in individual opportunity, prosperity and social mobility into outcomes across wellbeing, health and healthy life expectancy from the programme, and on into **people living happier, healthier lives**.

Objectives specific to Phase 3, which relate to the top-line University programme objectives above, are to:

- Grow the University via a second teaching building supporting up to a potential 1,700 additional students from 2024/25 to 2027/28 studying a mixture of undergraduate, postgraduate, degree apprenticeship, work programme, short courses and outreach.
- Provide specialised teaching space, enabling ARU Peterborough to broaden its curriculum, including into STEM fields linked into local economic strengths in Peterborough and The Fens. The portfolio of courses on offer will be co-created with employers to ensure students graduate with both the industry-specific and transferable skills in demand, regionally and nationally.

- Embed the University into the community via the Living Lab as a public-facing, high-quality interactive science centre for Peterborough with participatory research, public space for exhibitions and events.
- Regenerate the site area to create an attractive University of Peterborough campus with a high-quality landscape, helping to create a ‘visible university’ linking to the city and expanding Peterborough’s University Quarter, completing other Phases of development.

1.6 About the project

1.6.1 Scope

Phase 3 is to develop a second teaching building for occupation by ARU Peterborough with a Living Lab at its heart. This Phase enables the university’s growth up to a potential 4,700 students in 2027 and sets the university up for significant growth in future.

This catalytic investment to create the University Living Lab and additional teaching space, builds on and integrates £45m of prior and current investments made through the Local Growth Fund (towards earlier phases of the new university) and Towns Fund (towards the wider masterplan and infrastructure for the City). It will have a visible, tangible impact on people and places, and support economic recovery.

The principal requirements of the Phase 3 building were set out in the RIBA Work Stage 1 Report and are summarised below.

- Accommodation for specialist learning, teaching, public engagement and support space
- High quality public realm and landscape
- Associated cycle storage and limited parking
- Good environmental and sustainability credentials (BREEAM excellent)
- A Gross Internal Area of approximately 2,500m².

The accommodation within the proposed building will support the academic course design being developed by ARU Peterborough and to support the current specialisms of:

- Business and Innovation
- Creative Digital Art and Science
- Health Sciences, Education and Social Care
- Engineering, and the Environment.

Engagement on the scope

Design and use cases for the building have been developed via extensive engagement with key stakeholders throughout RIBA Work Stage 3 to evolve a spatially coordinated design that meets aesthetic, operational and sustainability aspirations and responds appropriately to the site’s setting, constraints and planning context. A series of detailed stakeholder design workshops have allowed for extensive input from the project’s end user at ARU Peterborough, ensuring that the design proposal fully aligns with the University’s future accommodation plans. In addition, consultation has been ongoing with The Local Planning Authority, Historic England and the Civic Society, who all continue to view the project positively.

Building spatial and design requirements

The RIBA Work Stage 3 report has set out the detailed spatial coordination and design requirements for the building, which are summarised below.

The design intent is to create a highly contemporary, welcoming and transparent building, providing a strong identity for the new University and creating views of learning within. The design should feature environmental and sustainability aspects to an 'excellent' BREEAM standard.

A timber structure is proposed for the Phase 3 building and forms an important part of the building's look and feel. The building is proposed to be clad in efficient, cost effective and low maintenance aluminium skin. The Living Lab is proposed to be clad in textured stainless-steel shingles, which create changes in texture, light/shadow and transparency from different aspects, both during daytime and evening, helping to create an attractive and appealing building which complements Phase 1 and Phase 2 buildings.

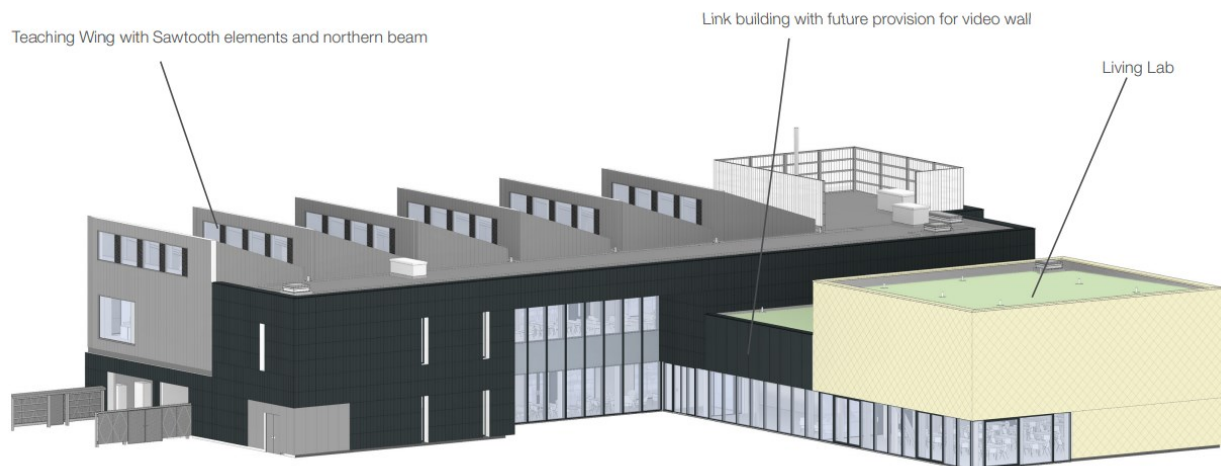
Investment will deliver a 2516 sqm GIA second teaching building and Living Lab, 326 sqm of which will be available for use as a University Living Lab and public teaching space with space for 652 occupants in the building. The building is arranged over two floors and is 9.65m high to the top of the main roof parapet. The building form has been developed to express the primary elements of the project – the Living Lab as a central focus to the campus and the Teaching Wing (including the Sawtooth and the Beam) facing Bishop's Road.

The Living Lab is a two-storey high, simple, abstract building form, expressing the flexibility of its functional requirement, and creating a landmark building at the end of the view looking from the landscaped space between Phase 1 and 2. Whilst the room requires at times to operate as a 'black box', extensive glazing is provided at lower levels (to East, West and South) to offer views in and aspect out to the wider campus. Large sliding doors to the west and south open up onto the wider campus, directly linking inside and outside, to support public events and teaching alike.

In the Teaching Wing of the building, a series of 'sawtooth' elements (following a 7.5m structural grid) with west-facing high-level glazing provide daylight and natural ventilation to the teaching rooms and the office space. This 'sawtooth' form increases the scale of the building to Bishop's Road to better respond to the scale of Phase 1 and provides a more sculpted form giving interest to the building's profile. Full height glazing to the north is provided to offer views out from the teaching spaces, as well as views in from the street.

The southern elevation of the Teaching Wing has significant glazing and offers views into the building and offers aspect to a well landscaped, publicly open campus space from the social learning spaces. A setback provides shade to the facade and signifies the main entrance to the building.

Figure 10. Overview of building spatial design



The building accommodates a range of different spaces, including:

- The Living Lab – A double height ground floor space where:
 - Active learning takes place using state of the art equipment and installations
 - Students engage the community in their research
 - Activities inform, educate, involve, and entertain the community
- Specialist Teaching Spaces which will enable ARU Peterborough to expand its STEM-focused curriculum, including:
 - ‘Dirty’ maker lab
 - ‘Clean’ maker lab
 - Flexible teaching lab
 - Microbiology lab
 - Prep lab
 - Tissue Culture lab
 - Lab storage
- General teaching spaces
- Social Learning Spaces
- Office Space
- Operational and other Support Space.

The Living Lab is the ‘heart’ of the building. It is a fully accessible, double height space visible to the public and designed to offer a flexible space for the variety of events and activities proposed, with space for 201 occupants for events and 120 students when set up for teaching.

The Northern Teaching Wing accommodates specialist teaching space, including the Microbiology Suite (containment level 2), Maker Spaces and Computer Room, facing Bishop’s Road. These specialist teaching spaces have been arranged around a central space for social learning that looks south over the campus. Total occupancy of the ground floor is 362, including 111 in specialist teaching spaces, 48 occupants in social learning/study spaces, and 2 in welfare support spaces, as well as the Living Lab.

Figure 11. Proposed ground floor layout



The first floor accommodates the generic teaching rooms and office accommodation, arranged to face north overlooking Bishop's Road and offering views towards the cathedral. The 4 teaching rooms can each house 40 students, or could be combined into 2 larger rooms of 80 students by opening the semiautomatic moveable walls, which stack nicely in the CLT recesses. Total occupancy on the first floor is 290, which includes 164 in generic teaching spaces, 54 in workspace, 44 in social/learning study space, and 28 in welfare support spaces.

Figure 12. Proposed first floor layout



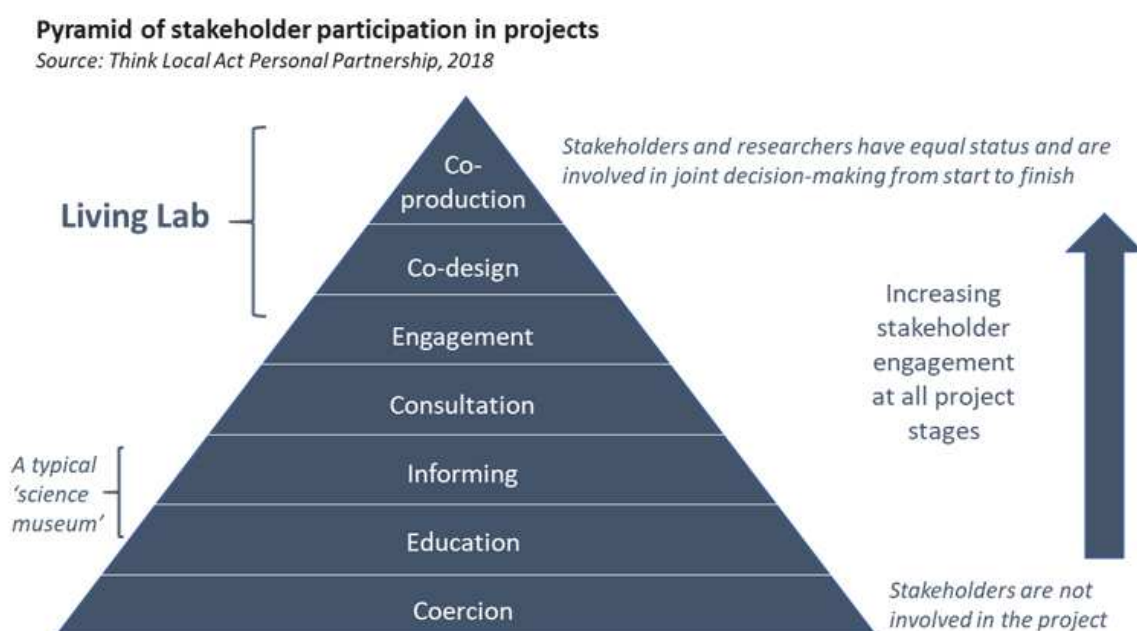
Activities to be carried out within the Living Lab

All activities and events supported by the Living Lab will support the mission of increasing opportunities for STEM engagement and participatory research across the region, bringing together schools and businesses from different sectors alongside students and academics from ARU Peterborough using the Living Lab as a catalyst for conversation and exploration of science and its impact on the world.

Similar in style to an interactive science centre but more ambitious in terms of community impact, Living Labs:

- Are integrated into the community through the co-creation, exploration and evaluation of ideas;
- Address complex problems through collective actions and community interactions;
- Facilitate the co-creation and appropriation of innovations by users in community settings.

Figure 13. How Living Labs support stakeholder participation



The Living Lab concept is beyond just utilising a single space within a building. The programming will benefit from the entire university ecosystem and campus. A representative example of an activity supported by the Living Lab is set out below, with further examples listed in the Annex.

Figure 14. Example of activity to be supported by the Living Lab

Activity	<p>School competition events such as Primary Engineer “if I was an Engineer”.</p> <p>Pupils from across Peterborough and the Fens are invited to take place in a national competition supported by the Primary Engineer organisation in partnership with ARU Peterborough. Academics and engineers from local businesses work with children from age 4 to 16 to think about inventing/designing engineering solutions to solve real world problems. School groups are brought into the living lab for hands on meet an engineer events to guide and inspire their designs. The pupils' designs are judged by panels of industry experts and winners are selected across age categories (school group) who are then invited to an award ceremony and an exhibition of their designs. The exhibition is then opened on subsequent days to all schools and parents and the local community to view the children’s work. A small number of students have their designs turned into a prototype built at the university by undergraduate students and winners' schools are invited in to see the development in process culminating in a prototype unveiling ceremony.</p>
Outcomes	<p>This series of events engages pupils across all ages in activities that raise aspiration and build confidence in STEM with multiple touch points to reinforce learning. Academics and industry engineers are engaged and work with the pupils throughout the process. Involving the parents through the award ceremonies and exhibitions provides family learning opportunities and further strengthens the positive experience of STEM for the pupils.</p>
Reach	<ul style="list-style-type: none"> • 500 to 600 pupils take part in the competition • 50 academics and engineers from local companies involved in the judging and selection of winners for prototype development • 30 winners selected and invited to award ceremony along with parents/cares/siblings and school representatives (150 in total) • 200 visitors at opening of exhibition

- 20 Students engaged in prototype development which gives a real experience of interpreting a design (some of which can be abstract) and creating a functional prototype, supporting employability skills development.
- 150 visitors invited to prototype unveiling.

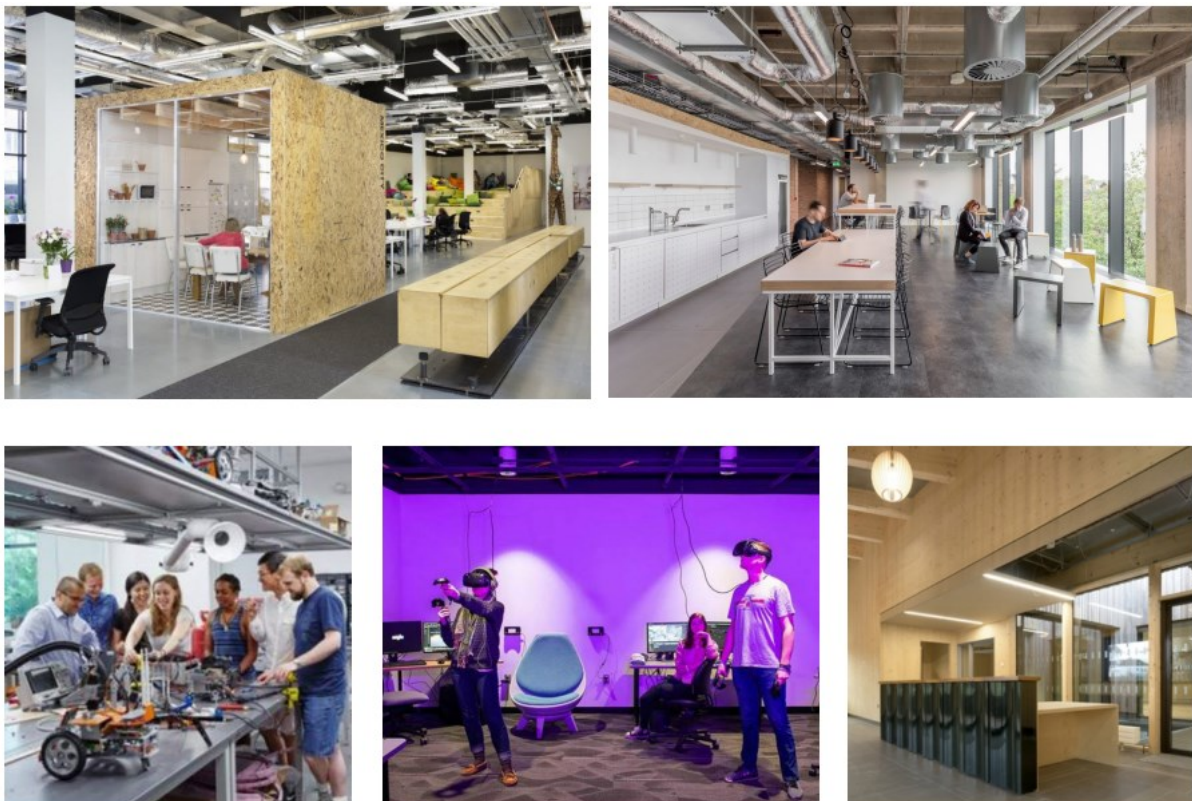
The day-to-day operation and ongoing delivery strategy for the Living Lab is the sole responsibility of ARU Peterborough/ARU. The university will be responsible for all aspects of programming and revenue management for the Living Lab. It is expected that the programme will be cost-neutral. This will be supported by intelligent programming to maximise utilisation of all spaces within the Phase 3 building. This is achieved by modelling a timetable with 'community' usage and maximising public engagement activities outside of core teaching periods. This has been successfully implemented in other facilities, for example the Hive in Worcester.

ARU have an established public engagement strategy and a range of processes to support the effective delivery of large-scale public events and activities, which will be applied to the Living Lab. This includes an approach to ticketing/online booking, health and safety, marketing and event programming.

The university will seek to appoint a manager for the public engagement activity. In addition, ARU Peterborough is also considering appointing a high profile Patron/Ambassadors for the Living Lab, such as a well-known scientist or engineer with connections in the Peterborough region.

ARU Peterborough will develop operational management plans for the space and how external events will be hosted. The Living Lab needs to be supported by a dedicated store to enable flexibility to curate events.

Figure 15. Internal design proposals and example use cases for space



Site location requirements

The site layout should be arranged to:

- Integrate with Phase 1 and 2, extending the landscape of the campus
- Provide a strong frontage to Bishop's Road extending the frontage created in Phase 1
- Locate the publicly accessible Living Lab at the centre of the campus giving enclosure to the open east / west space created between Phase 1 and 2
- Create a south and west facing well landscaped 'pedestrian first' space that provides facilities for socialising and holding external events
- Integrate on-campus accessible parking
- Maximise views into and from the building
- Locate Specialist Teaching on the ground floor and more General Teaching on first floor.

Figure 16. Proposed site layout for University campus



Proposed Site Layout (LUC)

1.6.2 Benefits

The main Benefits of the project stem from establishing Phase 3 of the University Campus in Peterborough, for up to a potential 1,700 more students from 2024/25, bringing the total number of students up to a potential maximum of 4,050 by 2027/28, with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will

generate. The plan for the courses to be provided, space required, and staffing levels has been developed by ARU to support Greater Peterborough and the Fen's key sectors.

The potential key benefits include:

- Up to 2,800 graduates entering the local workforce during the 15 year appraisal period, with a wage premium for undergraduates of £4,500 above non-graduate roles, rising to a premium of £9,000 for postgraduates. (Note: undergraduate level courses expected to make up a large majority of student cohort headcount and thus graduations).
- Up to 600 new supported degree apprenticeships supported p.a.
- Up to 89 new academic and professional staff jobs by 2027/28 (Academic staff numbers based on ratio of 26 students per academic staff member)
- Up to 8 net additional indirect and induced jobs in the university supply chain and local economy due to increased employment in education due to university operations.
- £380,063 spending in the local economy p.a. as a result of 25,000 p.a. visitors to the campus and associated events in the Living Lab and university building.
- Amenity benefit associated with the regeneration of mixed brownfield site with cycle paths and pedestrian footpaths lined into broader Peterborough networks.

As wider benefits, Phase 3 has also the potential to deliver:

- 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 regeneration of the river embankment will open up a key leisure area for the city centre. Opening up the embankment, clearing the scrub areas, illuminating it and populating it with hundreds of students moving between the university quarter and the city centre will improve public security and transform a poorly used city-centre site into a vibrant cultural, commercial and community hub that local people can be proud of.

In addition, the second teaching building will see a rise in the number of beneficiaries using the university's existing and expanded teaching provision. The building will both release the pressure on University House, enabling enhanced provision in the health area which is currently restricted by space, including into new areas such as MSc Biomedical Science and further expansion of undergraduate bioscience provision.

Postgraduate provision will increase across the next 5 years, and be positively impacted by the second teaching building, in particular within the international student market. Short course provision will also continue to grow and be enhanced by the facilities within the second teaching building.

1.6.3 Risks and constraints

The main risks associated with achieving the project outcomes are set out in the risk register at Annex 6.3 together with measures to mitigate and manage them.

Monte Carlo analysis carried out as part of preparing the RIBA Work Stage 3 report has identified the top six risks to delivery of the project, which are summarised in the table below. Risk management strategies are set out further in the Management Case and appended Risk Register.

Risks	
Material supply shortages	Due to the effects of ongoing geopolitical and economic shocks, certain materials are in short supply and the market continues to experience significant price volatility as a result. Consequently, it is difficult to achieve cost certainty against a fixed budget as the design stage is concluded.
Site logistics	The build site is particularly challenging with little space for the necessary logistics - heavy plant, craneage and lorry delivery etc. Additional work/ resource - beyond what the main contractor has proposed in their tender - may be required, resulting in additional cost and potential programme delays
Risk of inflation	The risk of inflation increasing beyond current forecasted levels when construction begins in Q2 2023, resulting in cost overruns.
Delay in planning determination	All float has been removed from the programme in the planning workstream because of the delay to Temporary Car Park planning determination. Any further delay to the planning approval of Phase 3 is likely to result in the main contractor being unable to sign the main building contract, due to not knowing the planning conditions. The likely consequence would be Programme delay and associated cost.
Planning conditions	On determination of the Planning submission, Planning conditions are imposed that are currently outside of the Cost Plan and programme, with resultant increased cost and Programme delay.
Regional Pool car park: closure and land transfer	Regional pool car park closure and land transfer has not been formalised between PropCo1 and PCC. Site is required by mid-Feb 2023 to allow for archaeological and additional enabling works prior to main contractor mobilisation. Any delay beyond this date is likely to result in Programme delay and associated cost.

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

Constraints																									
Timescales	<p>Project delivery must meet the terms of the Levelling Up Fund (LUF) funding offer from the Department for Levelling Up, Housing & Communities. The memorandum for agreement between Department for levelling up Housing and Communities and the local authority states in clause 4.10 that the Council must spend all grant funding by the end of the funding period, 31 March 2024.</p> <p>The project plan appended to this Full Business Case sets out timescales, milestones and the critical path for the project required in order to meet LUF funding requirements.</p>																								
Capital funding	<p>Phase 3 (£27.9m: for the Living Lab, university quarter and second teaching building, including a £20m investment from the Levelling Up Fund): Construction complete in 2024 for the Living Lab and second teaching building supporting up to a potential additional 1,700 students to 2027/28, with potential for significant growth in student numbers in future.</p> <p>The £20m of Levelling Up Funds will be leveraged with £7.9m of local investment from the City Council, Combined Authority and ARU.</p> <table border="1"> <thead> <tr> <th colspan="6">Investment into Living Lab, University Quarter and second teaching building</th> </tr> <tr> <th>Contributor</th> <th>LUF (PCC)</th> <th>PCC</th> <th>CPCA</th> <th>ARU</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Value (£m)</td> <td>20</td> <td>1.87</td> <td>2</td> <td>4</td> <td>27.87</td> </tr> <tr> <td>% of total</td> <td>71.8%</td> <td>6.7%</td> <td>7.2%</td> <td>14.4%</td> <td>100%</td> </tr> </tbody> </table>	Investment into Living Lab, University Quarter and second teaching building						Contributor	LUF (PCC)	PCC	CPCA	ARU	Total	Value (£m)	20	1.87	2	4	27.87	% of total	71.8%	6.7%	7.2%	14.4%	100%
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Value (£m)	20	1.87	2	4	27.87																				
% of total	71.8%	6.7%	7.2%	14.4%	100%																				
Design	<p>The design must deliver on objectives for the university and its use (for specialist teaching spaces and the Living Lab) within the overall funding envelope, in consideration of the enabling works costs and infrastructure costs.</p>																								
Land	<p>Clean title for land required from PCC in order to construct Phase 3 on the Embankment site.</p>																								
Planning	<p>Meeting LUF funding time constraints requires the Planning Application for phase 3 to be developed at the same time as the Outline Planning Application for the wider University campus, with a decision on the Planning Application for Phase 3 being made ahead of the Outline Planning Application being submitted. The Outline Planning Application will take the location of Phase 3 into account in developing a campus masterplan.</p> <p>A Planning Application for Phase 3 was submitted to the Local Planning Authority (PCC) in October 2022 with a determination expected in January 2023.</p> <p>PCC has produced an Embankment Masterplan which incorporates the University campus, published in March 2022. This Masterplan has informed the Phase 3 Planning Application and will also be taken into account in the Outline Planning Application for the University campus.</p>																								
Budget	<p>The budget for Phase 3 was initially proposed in the initial Levelling Up Fund application, and has been refined throughout RIBA work stages, including the development of a detailed Cost Plan as part of RIBA Work Stage 3. Any changes in the assumptions underpinning the budget will need to be managed by the consultant team in conjunction with PropCo1 within the agreed budget without deterrents to the outcomes required under the LUF. Further details of the risks and mitigation around these assumptions are stated in the Risk Register in Annex 6.3</p>																								

The table below summarises the **key Operational Risks**

Operational risks

<p>Ability to Recruit Students:</p>	<p>The uncertainty around the Higher Education sector in terms of student numbers is an ongoing macroeconomic risk – for example in 2022 the whole sector is down 4% on student applications year on year. Economic uncertainty, such as the UK entering recession in 2023, the high cost of living and current high employment all result in a more difficult student recruitment market.</p> <p>However, ARU Peterborough has already launched 27 courses as part of the Phase 1 portfolio and received over 1,600 initial applications for places, many from the local area, demonstrating viability of the ability to recruit students. ARU provides recruitment and marketing support to ARU Peterborough as a shared service and has recruited an experienced Student Recruitment Manager who is based in University House with a team of marketing, outreach and recruitment specialists, supported by the wider ARU Marketing and Communications Directorate. They are engaging with the community, adopting a marketing approach of ‘think local, act local’. The ARU Director of Marketing, Communications and Recruitment and his team are leading the marketing and recruitment strategy for Peterborough to support future growth. This work is also guided and supported by the experienced ARU Peterborough Executive team.</p>
<p>Development of an Arena on the embankment</p>	<p>The Peterborough Embankment Masterplan Framework sets out an overarching vision and strategy for the Embankment site that the University campus is situated on. The aim of the Masterplan is to ensure that the Embankment plays a full and pivotal role in the lives of Peterborough residents contributing directly to the character, vitality, prosperity and sustainability of the City. The masterplan does not have planning status.</p> <p>The Masterplan Framework adopts a flexible approach which allows for alternative development scenarios on the Embankment site. Any developments proposed for the area need to be carefully considered in conjunction with the future development of the University campus to ensure it is able to grow.</p>
<p>Ability to attract visitors onto site and host public events</p>	<p>ARU have an established public engagement strategy and a range of processes to support the effective delivery of large-scale public events and activities, which will be applied to the Living Lab. This includes an approach to ticketing/online booking, health and safety, marketing and event programming.</p> <p>The university will seek to appoint a manager for the public engagement activity. In addition, ARU is also considering appointing a high profile Patron/Ambassadors for the Living Lab, such as a well-known scientist or engineer with connections in the Peterborough region.</p>

2 Economic Case

The Economic Case of this FBC builds on the results from a robust and iterative development process carried out by the University delivery partners and project stakeholders at OBC stage. This work concluded that delivery of the Living Lab, University Quarter Cultural Hub and expanded University in Peterborough was the preferred way forward (PWF) on the grounds of both affordability and economic impact to address the objectives and challenges set out in the Strategic case of this document.

Recognising that a year has passed since this process was carried out for the OBC, the Economic Case in this FBC tests whether the PWF continues to offer good public value, and better public value than other available options, both in terms of scale of intervention, and best utilisation of the proposed new building.

Throughout 2022 as part of RIBA Work Stages 1 and 2, and carried into planning submissions for Phase 3, the decision was taken to situate the Phase 3 building on the Regional Pool car park site. Other sites were proposed, as was set out in the OBC for Phase 3, with the Regional Pool car park emerging as the preferred option. The Economic Case and assessment of the PWF focuses only on the selected site for the Phase 3 building and does not consider these other site options.

2.1 Option identification

The scope and approach of the project, as set out in this document, is built on the result of three years of development by delivery partners, and is part of a wider programme of development for the University as discussed in the Strategic Case of this document.

The economic analysis contained in this Economic Case deals with the preferred way forward for **Phase 3: Second Teaching Building and Living Lab**. This project, as set out in the Strategic Case, will involve development of a second teaching building for occupation by ARU Peterborough with a Living Lab at its heart, located on the site of what is currently the Regional Pool car park to the East of the Phase 1 and Phase 2 buildings. Site option appraisal at OBC stage considered 4 possible locations for the building, with the Regional Pool car park being taken forward based on overall scoring, deliverability, and assessment of risk.

Figure 17. Chosen site location for Phase 3 (Regional Pool car park)



As discussed in the strategic case, the need for a University in Peterborough has been long identified in key policy documents as a priority, including the 2018 **Cambridgeshire and Peterborough Independent Economic Review (CPIER)** which identifies a University for Peterborough as crucial to addressing “uneven access to higher education”. Since publication of the CPIER, a series of conversations have occurred between longstanding education partners in the region to discuss the possibility of development of an ARU campus in Peterborough. This process eventually led to the development of a successful LUF funding bid, with the PropCo1 board in place to manage the process going forward.

During development of the LUF bid, it became apparent that there was opportunity to not only target the education mission of the University but also to catalyse the wider mission to support local people and communities through plans for the public facing Living Lab aspect of the Phase 3 building. The Living Lab will offer state of the art space for participatory research, science and technology events and exhibits throughout the year, boosting local engagement both with the sciences and wider university activities by offering the opportunity for students to showcase research being undertaken throughout the building. Co-location of the Living Lab within the expanded university campus means both the community based and education missions of the University can be developed hand in hand. Its integration into connected libraries, theatres, and museums, creates a Cultural Hub will play an important role in bringing local people of all ages into the University Quarter, as well as working within space and funding limitations.

Revisiting the Preferred Way Forward for Phase 3 after OBC stage, in the context of inflationary pressures and rising construction costs, it is appropriate to continue with the current scope rather than expanding scope at this stage.

The following section outlines the Critical Success Factors against which options for Phase 3 were considered.

2.1.1 Critical success factors

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

- Factors relating to the physical regeneration and cultural development of the City.
- Factors relating to the design and delivery of the physical infrastructure.
- Factors relating to the continued development of the University.

Factors relating to the physical regeneration and cultural development of the City.

1. **Meet cultural, regeneration and economic levelling up priorities in Peterborough** by:

- a. Creating a new landmark cultural asset, The Living Lab.
- b. Regenerating a dilapidated mixed brownfield site adjacent to the city centre to create a new destination space for Peterborough, the University Quarter Cultural Hub, with the Living Lab at its centre.
- c. Providing facilities within the Living Lab building to: support up to a potential 1,700 local students studying in STEM fields; supporting a critical stage in the expansion of the University of Peterborough; and addressing the persistent local skills deficits.

Factors relating to the design and delivery of the physical infrastructure

2. **Meeting the Budget:** The Phase 3 building including the external landscape and supporting infrastructure must be delivered within the budget of £27.87m based on £20m of Levelling Up Funds, leveraged with £7.87m of local investment from Peterborough City Council, the Combined Authority and ARU.
3. **Meeting the Programme:** The Phase 3 building must be open for business to students in autumn 2024. This will need to be achieved through a detailed programme management that will correlate all key interdependencies, such as achieving planning consent, design freeze, tendering and procurement etc, in addition to delivering an efficient building form and utilising readily available components that will minimise the risk of construction over-runs.
4. **Delivering the Spatial Brief:** The spatial brief for the Living Lab is at RIBA stage 3 with the curriculum, course structure, and timetabling in development but remaining to be agreed by ARU. The building will accommodate a spectrum of spaces including specialist teaching, general teaching, study, public engagement, and ancillary operational spaces to support the current specialisms of:
 - a. Business and Innovation.
 - b. Creative Digital Art and Science.
 - c. Health Sciences, Education and Social Care.
 - d. Engineering and the Environment.
5. **Obtaining Planning Consent:** The Phase 3 building must achieve planning consent by January 2023 to meet the inter-related requirements of the project programme and be open for business in autumn 2024. This will need to be achieved through a close and collaborative working partnership with the local planning authority and the project team via a Planning Performance Agreement, including a pre applications service, identifying issues early to inform the design process and minimise the risk of a refusal and pre-commencement conditions.
6. **Be Relevant, Adaptable and Flexible:** The Phase 3 building, including its environmental systems, must be designed to be adaptable to respond to the changing needs in the future. The Living Lab

will provide a window into the city's innovative future through participatory research, events, exhibitions, and flexible learning, including festivals of ideas, immersive displays, hackathons, forums, and evening classes. Exhibitions and facilities at the Living Lab will explore a range of technologies, such as emerging technologies, vertical farming, renewable energy, and green vehicles, making the University's STEM curriculum more accessible and relevant to local people.

Factors relating to the development and success of the University

7. **Creation of the Academic Infrastructure:** To meet the expectations of the twenty-first century, requires not just excellence in teaching, but also in all the facilities and services that make up the expanded University. Student and academic services need to provide a full range of social, welfare and other student-facing services alongside that of academic assessment, examinations, graduation etc. This involves **ability to recruit staff** as the first challenge. Development of the Living Lab, University Quarter Cultural Hub will support this by creating more teaching and research opportunities. Furthermore, **ability to Recruit Students** is another challenge in the current market in which universities compete for students, staff and research funding.
8. **Ability to engage with local businesses and industry:** Large corporate businesses represent a significant group of stakeholders and will present an opportunity for both course development, industrial collaboration/placement opportunities and future employment destinations for graduates. However, students are expected to foot most, if not all, of the costs of this vocational training. The success of STEM and apprenticeship programmes will be key to levelling up aspirations. To address the persistent local skills deficits which hold back Peterborough's growth aspirations will require businesses not only to engage but to support some of the costs of educating their future work force.

2.2 Options

The following section outlines options which were considered in order to address the challenges and opportunities outlined in the strategic case, as well as meeting the spending objectives for Phase 3 of the University programme. In accordance with HMT Green Book guidance, the Preferred Option was assessed along with a 'Do Nothing', 'Do Minimum', 'Intermediate', and 'Do Maximum' option. The preferred way forward for Phase 3 is shown to exhibit excellent value for public money, above and beyond all other options.

Option 0 – Do Nothing

This option assumed that no interventions are made and serves as the reference case, against which the additional outputs and outcomes from "Do Something" options are assessed.

This option refers to a scenario in which no investment is made beyond that already included in delivery of Phase 1 and Phase 2.

Without intervention, no outputs or outcomes are achieved towards the partners' objectives, access to higher education remains uneven and insufficient in the area, educational attainment figures remain low, and education pathways are not linked to employment opportunities, business needs or local sector growth policies. With only a single teaching building, the university is unable to reach critical mass. The spending objectives of the partners and the strategies this project helps implement, including the 2022 Employment and Skills Strategy, are not fully met.

SWOT score: 1

Option 1 – Do Minimum

This option would serve as the ‘do minimum’ approach in which low levels of additional student numbers are achieved through routes such as increased online learning capacity or pop up teaching space extension to current Phase 1 building, and no Living Lab or community focused space is delivered.

Under this option the full range of challenges identified in the strategic case are not met and nor are the spending objectives for Phase 3.

SWOT score: 5

Option 2 – Intermediate 1 (Preferred Way Forward)

The preferred way forward for Phase 3 is a new building to include teaching space and a Living Lab as described in the Strategic Case.

Phase 3 – Second teaching building and Living Lab: The expansion of the University via a second teaching building and the Living Lab will increase residents’ access to higher education and expand the educational offer into STEM fields.

SWOT score: 13

Option 3 – Intermediate 2

Under this option the level of proposed public investment is the same as that of the preferred way forward, based on the available funding secured under LUF, but the scope of the Phase 3 building is shifted to focus more on the Living Lab / Community space, with reduced student capacity, teaching space, and research facilities.

Under this option, it is possible that savings could be made in aspects of building fit out and ongoing staffing requirements when compared against the preferred option. However, for the economic appraisal included below, given the funding amount from LUF is fixed, costs are assumed to be the same for this option.

Under this option it is assumed that student capacity would be greatly reduced from that of the preferred way forward, whilst visitor numbers would be increased from the level assumed under the preferred way forward.

This option, although offering increased benefits in relation to the supporting local communities and cultural development success factor, does not support the development and success of the University in as positive a way as the PWF since the potential for new students and teaching space is reduced, reducing the deliverability and long term operating stability of the University.

SWOT score: 11

Option 4 – Do Maximum

A do maximum option was considered, in which delivery of a new teaching space to increase student capacity at the university as well as a Living Lab contributing to the development of the university cultural quarter are delivered separately in two buildings. Although this option would deliver against the critical success factors and spending objectives, and deliver the range of desired benefits for the project, affordability of this option is low, and would be heavily reliant on successful access to further external government funding beyond that already secured.

SWOT Score: 11

2.2.1 SWOT analysis of options

A summary of the SWOT analysis against the Critical Success Factors is provided in the table below with options rated from 0 to 5, where 0 is very poor alignment/contribution and 5 is excellent alignment/contribution.

Figure 18. SWOT analysis summary

	CSF bucket 1 - Physical regeneration and cultural development of the City	CSF bucket 2 - Design and delivery of the physical infrastructure	CSF bucket 3 - Development and success of the University	Total
Option 0 – Reference case	0	0	1	1
Option 1- Do minimum	0	3	2	5
Option 2 – Intermediate 1 (Preferred way forward)	4	4	5	13
Option 3 – Intermediate 2	5	4	2	11
Option 4 - Do maximum	5	2	4	11

2.2.2 Preferred Way Forward

Based on the SWOT analysis **the preferred way forward identified during the OBC stage continues to be the preferred option - Option 2 – Intermediate 1.**

This option has been taken forward for economic appraisal.

2.3 Cost Benefits Appraisal of the preferred way forward

The assessment of costs, income and impact has been undertaken in line with the best practice principles set out in HM Treasury Green Book and MHCLG Appraisal Guidance. All quantified impacts have been adjusted to reflect current prices based on the discount rate of 3.5%. Where relevant, historic monetary values have been converted into current prices to adjust for inflation using HM Treasury GDP deflators. An appraisal timeframe of 15 years has been used.

2.3.1 Costs – Preferred Option

The costs of the preferred option (and underpinning assumptions) are set out below. The table below shows the capital costs (which include design, professional fees and construction costs) and opportunity cost (PCC land contribution) included in the BCR calculations.

Figure 19. Cost overview – preferred option

Phase	Cost Category	Cost Description	Predicted Costs (£m)	Who bears the cost	Funding Source	Funding Category	OB*	Total costs (£m)
Phase 3	Capital	Land Contribution (opportunity cost)	1.87	PCC	Internal	Public	15%	£2.15
Phase 3	Capital	Construction, Design, Professional fees	20.0	PCC	LUF	Public	15%	£23.0

Phase 3	Capital	Construction, Design, Professional fees	2.0	CPCA	Internal	Public	15%	£2.3
Phase 3	Capital	Construction, Design, Professional fees	4.0	ARU	Internal	Private	15%	£4.6

*Optimism Bias (OB) has been applied to the costs as described below.

For BCR calculations, costs are split 30% into FY22/23 and 70% into FY23/24 with spending of all LUF monies occurring before 31st March 24.

2.3.2 Optimism bias and contingency cost

The costs of project delivery include optimism bias and contingency to quantify the impact of risk on these costs. Both optimism bias and risk are reflections of the level of uncertainty around the project and attempt to account for the potential cost implications of unknown factors or identified risks being realised. Optimism bias and contingency are conventionally higher the earlier into the project lifecycle a scheme is. As more appraisal and investigation work is undertaken on a scheme, the level of uncertainty and risk is reduced, which is reflected in reduction in both contingency and optimism bias.

Significant allowance for project development costs as well as inflation is included in the overall costing for Phase 3 capital works (please see project budget in the Commercial Case for further breakdown).

For the purpose of the economic evaluation, further optimism bias has been applied in line with the supplementary HM Treasury Green Book guidance for a Standard Building, the lower and upper bound for which range from 2-24%. As such optimism bias of 15% has been applied to Phase 3. These levels of optimism bias are considered extremely robust given the level of planning already undertaken on the design of Phase 3.

2.4 Benefits – Preferred Option

Analysis of benefits for the optimal case has been informed by the project logic model and underpinning Theory of Change (ToC), presented below.

2.4.1 Theory of Change¹⁸



¹⁸ Note: The value of land contribution is included as an opportunity cost in the economic assessment however is not included in the total value of this FBC (£26m) – further details in the Financial Case

2.4.2 Economic appraisal

The economic case at OBC stage considered the economic benefits of both Phase 1 and Phase 3. As part of this FBC process, given that Phase 1 is already operational, we have taken the opportunity to review the economic case by looking solely at Phase 3. This provides the opportunity to review and check that there is still a strong economic case for Phase 3 alone. Therefore, the economic benefits considered in this section only look at the benefits of investment in Phase 3.

Economic appraisal of Phase 3: Teaching space & Living Lab has been developed with the impacts and costs appraised over a 15-year period from 2022/23 inclusive of a 5 year construction and scale up period followed by 10 years of operation at full capacity. Clearly, the economic benefits of this capital investment will continue to be achieved past the 15-year period, and so the BCRs achieved should be considered conservative in this respect.

Student numbers

The main benefits of the Phase 3 project stem from expanding the University Campus in Peterborough, allowing for optimal growth of up to 1,700 students studying concurrently by 2027/28, with a curriculum and delivery model to meet the skills needs that growth in the Greater Peterborough business base will generate. The university will offer a range of programmes from graduate degrees to blended work programmes and short courses, with undergraduates and degree apprenticeships constituting a majority of the student base. Student outcomes have been modelled based on intake needed to align with these student numbers and based on the selection of courses on offer, and course lengths.

The economic analysis, and associated sensitivity testing, in this Economic Case highlight the strength and robustness of the economic outputs delivered by Phase 3. It is important to recognise, however, that there are a range of contextual challenges facing the HE sector which may result in lower student numbers or, more likely, that it will take longer to reach the optimal numbers than current trajectories. These challenges include:

1. General uncertainty around the HE sector in terms of student numbers – the sector as a whole is 4% down on student applications year on year.
2. In particular, there is uncertainty around future overseas student numbers given recent Government discussions about reducing overseas students to reduce net immigration. Whilst this is not a large component of the ARU-P operational model, it could impact student numbers.
3. Uncertainty around the economy – with the UK entering a recession and with further challenges created by cost of living increases, and high employment.
4. The ability of students to access the campus. This is relevant in terms of the wider transport plan for the region and in particular, the need for students to have access to parking in the city.

Each of these factors could potentially reduce the speed and level of student uptake. Therefore, this economic case looks at the full range of potential student numbers to test economic performance under different conditions.

Economic Appraisal Assumptions

Student / Staff numbers and course breakdown model

The indicative student model is based on the student numbers mentioned above, provided by ARU, which includes growth to an optimal peak of up to 1,700 students studying concurrently by 2027/28 in the new Phase 3 building. The student model and associated graduations were modelled over the period 2024/25 to 2030/31, for which data was provided, with the remainder of the evaluation period assumed to continue at the level achieved after reaching optimal peak in 2027/28. A baseline student intake of 50% of the optimal intake (i.e. 850 students) has also been tested for economic value to account for the potential impacts of the risks mentioned above (see sensitivity analysis later in this economic case).

Assumptions informing the appraisal are set out below:

- Degree completion rate of 78% has been applied in line with HESA data for ARU¹⁹
- Graduates assumed to enter the workforce after the final year of learning, based on length of course. Leakage and other additionality is described in the next section.
 - The benefit from these graduate roles accrues in the form of wage premiums above that of non-graduate roles. Government statistics show that for the graduate cohort aged 21-30, the median difference in salary vs non-graduate counterparts is £4,500. This is considered to be a robust value for use in this economic appraisal as it covers the early years of employment which is the focus of the appraisal period, and use of a median accounts for outliers within the cohort with extremely large salary gaps, likely making this a conservative estimate of the potential benefit. Another reason to consider this a robust statistic is that STEM graduates, which Phase 3 targets specifically, are amongst the highest earning of all graduates with the largest difference in median salary for graduate roles compared to non-graduate roles.
- Benefits have been calculated based on graduate cohorts joining the university during the 15 year appraisal period (student model shows that 91% of completions are undergraduate level, 7% short courses, 2% postgraduate).
- Short course outcomes assumed to occur after first year of learning (starting to accrue from year 3 of evaluation period. This is a deliberate simplification of the potential short course schedule as detailed timescales for the courses and at which time of year they will occur is as yet unknown, however, it is expected that this is a conservative estimate given the potential for multiple courses to be run throughout the year.
- Benefits of operations of the University from year 1 to 15 in direct job creation have been estimated based on a ratio of 26 Students per academic staff member and 3 academic staff per professional services staff member.
- The university would see a potential split of undergraduate intake between Greater Peterborough, wider region/UK and International of 50%, 30%, and 20% respectively. For Postgraduates this intake split is assumed to be Greater Peterborough (25%), wider

¹⁹ Based on ARU projected learner outcomes for degree starters. (Source: HESA: Table T5 – Projected learning outcomes)

region/UK (15%) and International (60%). These are estimations of proportions across the portfolio by 2027/8. We will be able to set evidence based social mobility targets once we have data to establish baselines (2023) This has been taken into account when considering leakage in the additionality calculations in the section below.

Other Assumptions

- The BCR has been calculated for the Combined Authority area to ensure for local partners that the project provides good economic value at a local level, given the high level of local commitment and investment. It is reasonable to assume that the BCR on a UK basis would likely be higher.
- Phase 3 delivers a range of events throughout the year in the Living Lab, attracting 25,000 visitors per year to the University and surrounding area.
- Fiscal costs are incurred as draw down of government grant in line with the capital expenditure profile for the project, for a total cost of £27.8m
- Discount rate of 3.5% per year in line with HMT Green Book.
- 10 year persistency of benefit applied to increased wage level outcomes for graduates and short course learners. Quantification of the benefit of education on wages above a baseline level is a lifetime benefit so this assumption is likely an underestimation of the true benefit value.
- 10 year persistency applied to new direct and indirect jobs created through Phase 3 operations.
- 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.

2.5 Outputs

The table below presents a summary of the indicative outputs delivered by Phase 3:

Figure 20. Estimated outputs summary table

	Students supported per year when Phase 3 at full capacity*	Additional graduates (over 15 year appraisal period)**	Employment outputs	Physical space outputs (sqm)
Phase 3: Teaching space and Living Lab	850 to 1,700	1,400 to 2,800	89 teaching and professional staff <i>(assuming optimal student numbers)</i>	2,516 sqm GIA teaching building and Living Lab

** The ranges for education outputs presented are for the 50% of optimal student numbers scenario up to the optimal student numbers level.*

***The additional graduates presented here are a result of the modelling assumptions outlined above including a scale up period, assumptions about completion rates, and course lengths (i.e. graduates from students starting on 3+ year courses starting to accrue later into the evaluation period).*

2.5.1 Additionality & net outputs

Graduate level jobs

Additionality Assumptions:

Deadweight is assumed at 0%. This is based on the assumption that it is unlikely that students will gain employment in highly skilled roles without securing a graduate qualification.

Displacement is assumed at 5%. This refers to a student qualifying elsewhere but securing a job in Peterborough, thereby displacing the economic benefit generated by ARU new provision (increased jobs opportunities given by a more skilled workforce) from another locality (less job opportunities available for local graduates). We have estimated a low percentage as we assumed that employers will resort to recruiting from a wider catchment area only if there is a lack of highly skilled workers locally. Moreover synergies between the university and the newly established businesses of Phase 2 and Phase 4 will ensure that local recruitment is maximised.

Leakage of 50% has been applied to graduates, a moderate level in line with HESA data on regional student outcomes in which 53% of students that went to university in the East region remained for work post-graduation.²⁰

Conclusion: When factoring deadweight, displacement and leakage, the total number of net additional students entering the local workforce following graduation is 2,779 over the 15 year appraisal period.

Employment in education at the University

Number of direct jobs created - 89 new jobs created

Assumptions:

Deadweight is assumed at 0% as the requirement for new teachers and admin roles is dependent on the existence of a new university.

Displacement is assumed at 40% reflecting potential reduced demand for provision elsewhere as a result of the investment (current ARU staff working in other ARU campuses and relocated at ARU Peterborough).

Leakage is assumed at 15% as people from outside the area may benefit from the new jobs created.

Conclusion: When factoring deadweight, displacement and leakage, the total number of net additional direct jobs in education is 45 over duration of Phase 3.

Number of induced and indirect jobs created as a result of additional jobs in education - 8 indirect and induced additional jobs created. The calculation is based on Type 1 Education industry employment multiplier for indirect (1.1) and Type 2 Education industry employment multipliers (1.2) for induced jobs.²¹

²⁰ Higher Education Graduate Outcomes Statistics: UK, 2018/19 - Salary and location of graduates in work

²¹ 2020, Scottish Government. [Supply, Use and Input-Output Tables and Multipliers for Scotland 1998-2017](#).

Indirect jobs represent the additional jobs created in the University's supply chain activities as a result of the new facility, related to the delivery of goods and supplies for operation of the University. The indirect jobs are calculated by multiplying the direct new jobs by the "Education industry" Type I employment multiplier equating to $45 \times 1.1 = 49.5$ direct and indirect full-time equivalent jobs; less direct jobs (45) provides 4 additional indirect jobs supported throughout the supply chain.

Induced jobs represent the jobs created in the local economy as a result of the effect of increased employment. For instance, we would expect to see an increase in household expenditure amongst people who have gained employment, either directly or indirectly. Induced jobs are calculated by same method as above with the "Education industry" Type II employment multiplier: 1.2 . We therefore estimate that further 4 jobs will be supported as a result of this induced demand.

Physical space

2,516 sqm GIA second teaching building and Living Lab, 326 sqm of which will be available for use as a Living Lab and public teaching space, with space for 652 occupants in the building, including 421 occupants in teaching spaces (excluding the Living Lab and welfare support areas). The building is arranged over two floors and is 9.65m high to the top of the main roof parapet. The building form has been developed to express the primary elements of the project – the Living Lab as a central focus to the campus and the Teaching Wing.

2.5.2 Monetised benefits

There are broadly five direct quantifiable benefits from the project:

1. **Direct employment** as a result of the creation of additional teaching space for the University as staff are recruited.
2. Indirect and induced employment created in the wider economy as a result of the creation of the new University.
3. Financial benefits accrued by students gaining qualifications and realising salary uplift:
 - Studying the additional HE courses available as a result of Phase 3 and gaining graduate level employment as new graduates enter the workforce and graduate level jobs are created, attracted or retained within the region.
 - Studying the additional short courses available as a result of Phase 3 and realising salary uplift.
4. **Visitor spending in the local economy** generated as a result of additional visitors to the Living Lab.
5. **Amenity benefits** from land transformation.

Benefit 1: Direct jobs created

Rationale:	DLUHC appraisal guidance recognises the GVA impact that creation of a job has on the local economy.
Method:	An average output per job was sourced from ONS regional labour market statistics for the East region. An average was taken for Education and Professional, Scientific, and Technical. In 2018 prices this gave 38,987, scaled to 2021 prices: £41,694.62

Persistence of benefit:	10 years
Value:	£18,918,100

Benefit 2: Indirect jobs

Rationale:	Green Book guidance recognises the wider impacts that an increase in employment has on the economy, in particular the creation of indirect jobs in the supply chain.
Method:	Using the Type 1 employment multipliers for education ²² : 1.1 as described above and monetising using the same method as for Benefit 1.
Persistence of benefit:	10 years
Value:	£1,891,810

Benefit 3: Induced jobs

Method:	Taking the same approach as in benefit 2 but applying the Type 2 employment multipliers, to understand the wider economic benefits of the direct jobs created: 1.2 These were then monetised in the same fashion as above.
Persistence of benefit:	10 years
Value:	£1,891,810

Benefit 4: Wage Uplift from graduates gaining employment in graduate roles vs Non-graduate role

Rationale:	Graduate labour market statistics ²³ show that completion of a degree has a positive lifelong impact on wage levels, with a significant Salary Premium for Graduates over Non-graduates.
Method:	As described in the section above, a £4,500 salary premium has been applied for Undergraduates (£9,000 for post graduates based on observed median values across UK institutions for 21-30 year olds (i.e. the immediate cohort of

²² Scottish Supply, Use, and Input-Output tables (2018):

²³ 2021 Graduate labour market statistics (gov.uk)

	graduates. ²⁴) This is considered to be conservative given that the ARU-P course offering skews towards STEM and other courses that are heavily employer-focussed and demand driven. This value has then been applied to the net number of undergraduates and postgraduates produced per year from the student model.
Persistency of benefit:	10 years
Value:	£122,685,159

Benefit 5: Training benefit (short courses completed)

Rationale:	The economic value participation in training represents the additional annual earnings gain per employee as a result of achieving the qualification; it is the lower estimate, and reflects an assumption that 50% of the employment benefit is attributed to the qualification, following the approach of McIntosh (2007)
Method:	The economic value of achieving a level 2 qualification was sourced from the Greater Manchester Unit Cost Database at £515 per person per year.
Persistency of benefit:	10 years
Value:	£1,835,872

Benefit 6: Increase in day time visitor spend

Rationale:	<p>Based on the ambition to hold multiple events per year, with potential to generate thousands of visits per event, the Living Lab is estimated to generate 25,000 visits to the local area per year.</p> <p>Tourism brings with it additional spend in the local area, The average day time tourism visitor spend for the East of England (£38.07) was sourced from the Visit Britain (2019) Great Britain Day Visits Survey. Adjusted to 2022 prices gives £40.54 per day time visit.</p>
Method:	<p>Of the visitor numbers, ARU expect that 50% of visits will come from the local area, 35% from the region, and 15% from the wider UK.</p> <p>It has been assumed that only visits from the wider UK will accrue spending at the full level mentioned above (£40.54). Visits from the region assumed to generate 50% of the full spend benefit. Visits from the local area assumed to generate 10% of the spend benefit.</p> <p>Applying these ratios to the 25,000 visits per year gives total spend of £380,063 per year in the local economy.</p>

²⁴ Graduate Labour Market Statistics 2021 (gov.uk)

Persistency of benefit:	1 year
Value:	£5,320,875

Benefit 7: Amenity Benefit

Rationale:	MHCLG guidance recognises the benefits to society that stem from improvements to brownfield, unused sites. Although there is no change in land use, redevelopment of the Regional Pool Car Park site will improve value perceptions in the area, increase footfall, and encourage engagement with culture and businesses.
Method:	MHCLG guidance values amenity benefits for urban sites at £109,138 per ha at 2016 prices. Adjusted to current prices gives a value of £126,720.25. Applied to the 0.4 ha site: £52,127
Persistency of benefit:	10 years
Value:	£521,266

2.5.3 Summary Appraisal Table

Based on the above analysis the summary appraisal is set out below showing economic benefits over the 15 year appraisal period, in Net Present Value.

Figure 21. Summary appraisal table

Benefit	Net Monetised Benefits (£) Preferred Option
Direct jobs created	£18,918,100
Indirect & induced jobs (supply chain & wider economic activity)	£3,783,620
Graduate wage uplift	£122,685,159
Additional visitor spend in the local economy	£5,320,875
Amenity Benefit	£521,266
Training benefit (short courses completed)	£1,835,872
Total benefits	£157,771,429
Total net benefits (Present Value)	£99,412,635

2.5.4 Benefit Cost Ratio (BCR)

The table below sets out the BCR for the Preferred Option. The table assumes optimal/aspirational student numbers are achieved (with the 'Sensitivity analysis' section below analysing an alternative scenario where 50% of optimal student numbers (baseline) are achieved).

Figure 22. BCR for Preferred Option

	Preferred Option - Net Present Value
Total Net Present Value Benefits	£99.4m
Total Net Present Value (Costs)	£29.9m
Benefit Cost Ratio (BCR)	3.32

The economic appraisal of the options presented above shows that the Benefit Cost Ratio (BCR) for the recommended option. This review confirms the Recommended option as delivering very high value for money (VfM).

The preferred option delivers a Benefit Cost Ratio of 3.32 based on current costings and student numbers and is considered High value for money (VfM) according to government guidance and benchmarks which defines the VfM category as:

- Poor VfM if the BCR is less than 1.0;
- Low VfM if the BCR is between 1.0 and 1.5;
- Medium VfM if the BCR is between 1.5 and 2.0;
- High VfM if the BCR is between 2.0 and 4.0; or
- Very high VfM if the BCR is greater than 4.0

2.5.5 Sensitivity analysis

The results of the economic analysis above must be tested to ensure it is robust to potential changes in outcomes due to the risks outlined below:

The key element affecting the economic appraisal is the level of achieved student numbers relative to the optimal student numbers up to 2030 as contained in the Operating Model for Phase 3, over and above those student numbers already identified and committed to under Phase 1. This is highlighted in the sensitivity analysis below.

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

In light of the uncertainty outlined above, a sensitivity test have been carried out to ensure the robustness of the economic value for money analysis.

By taking an indicative baseline student intake of 50% of the optimal level outlined in the student model we can test the sensitivity of the economic value for money to a reduction in

student intake due to the uncertainty outlined above. The table below compares the monetised benefits and BCR for the optimal scenario (as discussed throughout this economic case) and a baseline scenario which assumes student intake at 50% of the optimal level.

Figure 23. Comparing BCR and Net Present Benefits for a baseline student intake of 50% the level in student model

	Student intake Scenario 1: Optimal level	Student intake Scenario 2: 50% of optimal level
Total Net Present Value (Benefits)	£99.4m	£60.4m
Total Net Present Value (Costs)	£29.9m	£29.9m
Benefit Cost Ratio (BCR)	3.32	2.02

Therefore, even allowing for a baseline level of student intake at 50% of the optimal level, the preferred option delivers a Benefit Cost Ratio of 2.02 which is still High VfM according to the government benchmark VfM categories shown above and still represents a strong economic case for investing in the Preferred option to generate direct and indirect benefits for the region.

Although the economic benefits remain strong with a reduction to the estimated graduates entering the workforce, it is important that student intake numbers remain strong to support the operating model for Phase 3 outlined in the Financial Case.

2.6 Non-monetised benefits

Reducing this project to a simple BCR number belies the fact that the success or failure of this investment in Peterborough relies on many factors. Simply assuming that such a high BCR value assures its success can lead to a false sense of comfort. The Economic Analysis is only one part of a well-informed decision.

The following provides an overview of anticipated wider, non-monetary benefits, which also align and contribute to the Combined Authority Growth Ambitions themes.

Health and Wellbeing: residents living in deprived areas in Peterborough and Fenland will be able to benefit from new skills provision within growth sectors leading to improved economic outcomes and health and wellbeing benefits. Higher wages from graduate positions will also improve the wellbeing of residents and increase life expectancy.

Regeneration of open green space through creation of **new visitor location for the City**, utilising upcycled mixed brownfield site with cycle paths and pedestrian footpaths lined into broader Peterborough networks.

Community benefits: the regeneration of the university site will open up a key leisure area for the city centre, helping to establish a thriving University Quarter and Cultural Hub on the Embankment site and revitalising Peterborough's waterfront as a community asset and destination. Opening up the embankment, clearing the scrub areas, illuminating it and populating it with hundreds of students moving between the university quarter and the city

centre will improve public security and transform a poorly used city-centre site into a vibrant cultural, commercial and community hub that local people can be proud of.

New event space to raise the profile of local groups, community work, and encouraging higher aspirations amongst young people.

Increase in graduate numbers working in the city leading to **increased productivity** through a higher skilled population.

Reduced deprivation in a left-behind area with a persistent skills gap. Increase in civic pride, leading to increased wellbeing, health and life expectancy along with a reduction in anti-social behaviour.

3 Commercial Case

This section sets out the commercial arrangements for delivery of the Phase 3 building, including the procurement strategy and confirmed suppliers to date (including confirmation of the Main Contractor to design and build the facility), a review of the deliverability of the project, budget estimates, benchmarking and a review of subsidy control.

The approach to procurement and contracts for Phase 3 builds on the successful approach adopted for Phase 1, incorporating lessons learned which apply to Phase 3. The procurement strategy has been driven in part by the need to meet timescales for the use of LUF funding, which is for all monies from the Fund to be spent by 31 March 2024, and for the Phase 3 building to be operational in autumn 2024 for the 2024/25 academic year.

The capital costs for Phase 3 set out in this Commercial Case are up to date and market-tested, including through a benchmarking exercise undertaken comparing the Phase 3 building to other Higher Education facilities. Costs have been developed through RIBA Work Stages 1 – 3 and are current to November 2022. RIBA Work Stage 4 presents an additional opportunity to refine cost estimates and fix costs in place with suppliers to mitigate inflation risks.

3.1 Procurement route and contracts

3.1.1 Procurement strategy and route

Construction will be delivered via a Design & Build procurement route using a two-stage tendering process and an industry standard form of contract. A design and build procurement route provides project partners with a fixed price for the construction works, which will reduce exposure to potential overspend. By adopting a two-stage tendering process, the client team will work with the Main Contractor on an open-book basis to ensure competition is maintained throughout the second stage, and that risks are appropriately allocated and managed.

Long-lead items and works packages will be reviewed with the Main Contractor to verify competition throughout the supply chain, and to offer greater financial certainty to all parties. In addition, this procurement route will give PropCo1 the opportunity, where necessary, to place early orders for long lead items ahead of contract award for packages such as piling or structural frame to secure prices or minimise programme risk. This process will assist in ensuring the contractor's risk pricing is reduced and hence achieve value for money.

The JCT Design & Build form with client amendments will be used, in line with the approach adopted for delivery of Phases 1 and 2. This is an industry recognised and widely used contract form, which ensures all parties are familiar with the structure, risk apportionment, key provisions, and contractual procedures/mechanisms. It is typical for clients to amend this form to insert additional provisions around risk apportionment and payment. PropCo1 will procure professional legal advice as required for the necessary client amendments to this form of contract.

Procurement of the infrastructure is split into four categories:

1. **Main Contractor:** the main contractor is required to deliver the physical capital works, which broadly includes:
 - a. Off plot Utilities, highways work associated with Phase 3.
 - b. On plot infrastructure works, utilities, road, car parks, landscape and ancillary buildings.
 - c. Building and internal fit out (not including IT and AV).

The first stage of the Main Contractor procurement was concluded in September 2022 with the appointment of Morgan Sindall Construction & Infrastructure Ltd (MS) who entered into a PreConstruction Services Agreement (PCSA) with PropCo1 in November 2022. Throughout the later period of RIBA Work Stage 3, MS have collaborated with the client-side Design Team to better understand the design concept. Upon receipt of the Employer's Requirements, they will continue into the technical design and final costing in RIBA Work Stage 4. Under a novation agreement the existing Design Team will continue to provide their services with overall design responsibility switching from PropCo1 to MS when RIBA Work Stage 4 commences.

During the remainder of the PCSA period, the terms of the main construction contract (JCT Design and Build 2016) Schedule of Amendments will be agreed with the Main Contractor, who will also deliver a final contract sum as part of their Contractor's Proposal, scheduled for 9th February 2023.

The Main Contractor has requested approval to begin early procurement of the project's CLT package through a sub-contractor 'mini-competition'. This will require MS to begin engagement with their supply chain at the start of RIBA Work Stage 4 and for PropCo1 to instruct to proceed with the recommended CLT supplier at the end of January 2023.

2. **IT/AV specialist equipment:** The IT/AV for Phase 3 will be delivered as a standalone package, separate to the Main Construction Contract. The IT/AV package will be managed by ARU's IT Services department and delivered by their preferred suppliers. This decision has been made based on the recommendation of ARU's Chief Digital and Information Officer, noting that ITS have managed IT/AV for all ARU building contracts for the last five years, benefit from established relationships with the specialist preferred suppliers and are judged to be best placed to manage the technical challenges of the Phase 3 specification.
3. **Land:** the proposed development plot 'The Embankment, off Bishops Road Peterborough' forms part of the agreement between the Combined Authority and PCC where PCC have committed to providing land in phases for use in the development of the new University campus. The valuation of the land has been agreed at £1.87m through a valuation process undertaken by PCC. To maintain the project's current critical path, the land title for the Regional Pool car park will need to be transferred from PCC to PropCo1 by 12th February 2023. This is to allow sufficient time for the site to be secured, an archaeological investigation to be fully completed and any additional pre-commencement conditions and enabling works to be actioned, prior to the Main Contractor mobilising in April 2023. If the title transfer cannot be arranged by this date, then a licence to conduct these works on the site will need to be secured from PCC. PCC have convened a number of meetings

to address this issue and have offered assurances that the required date will be facilitated. However, until the land transfer is formalised, and noting ongoing uncertainty in relation to the associated temporary car park, this element remains as a risk to the successful delivery of the project (covered further in Annex 6.3: Project risk register).

4. **Professional team procurement:** as part of a plan for early mobilisation, the Combined Authority procured the multidisciplinary team delivering Phase 3 using the Crown Commercial Services Framework. A team is now in place to deliver Phase 3, including:

Discipline	Organisation
Project Management	Mace Consult
Cost Consultant	Mace Consult
Architecture	MCW Architects
Mechanical, Electrical and Public Health	Couch Perry Wilkes
Civil and Structural engineering	Smith and Wallwork
Landscape	Land Use Consultants
Acoustic consultant	Anderson Acoustics
Fire engineering	Affinity Fire Engineering
Transport	The Transportation Consultancy
Building Control	Quadrant
BREEAM	Couch Perry Wilkes
Planning	Pegasus
Principal Designer	Safescope

3.1.2 Payment mechanisms

PropCo1 will appoint the main contractor and make payment under the agreed form of contract via the company held bank account.

Following procurement of the consultant team, PropCo1 will appoint them and be responsible for paying for the design, procurement and delivery of the Phase 3 building under the agreed contract to the consultant team and the Main Contractor.

The payment mechanism for the construction works associated with the provision of the new buildings will be set out in the form of contract used, and subsequently in accordance with the payment terms dictated under the Housing Grants Construction and Regeneration Act 2011. It is typical for such payments to be based on interim monthly valuations of progress completed on site and applied for via the Main Contractor's Interim Applications for Payment. These applications will be verified by the Combined Authority's appointed Quantity Surveyor through valuation/inspections on site, validated through the necessary

payment notices and paid in accordance with the contract terms as part of the delegated authority from PropCo1.

Further payment amendments may be proposed on advice from PropCo1's legal advisers, to ensure that the contractor signs up to the fair payment charter and that prompt payment is made throughout the whole supply chain.

Accountancy Treatment

As no PFI or similar arrangements are proposed for construction of the Phase 3 building, no accounting treatment questions arise for presentation in this Business Case. PropCo1, a local authority controlled joint venture company, will own the asset once constructed and this will be incorporated into the financial statements of the local authorities accordingly.

3.1.3 Risk apportionment

All construction contracts seek to apportion the risk of various events occurring between the Employer and the Contractor to achieve a fair balance of risk between the parties. This apportionment of risk is usually delineated by which party is best placed to manage the occurrence of an event. As a rule, any event which is within the control of the Contractor will be a Contractor's risk while events which are outside the control of the Contractor will be an Employer's risk.

The procurement strategy chosen for Phase 3 determines that the infrastructure risks will be transferred to the Contractor upon final agreement and execution of the Main Construction Contract. During the contractor's pricing phase, the Employer's Agent and the Contractor have inputted to a joint contractor's risk register; identifying the key risks that are expected to be transferred (including three of the Project's highest risks). This register will then be used as the baseline for the contract negotiations and final agreement on risk apportionment, as reflected in the Main Construction Contract.

The risk register appended at Annex 6.3 identifies several key infrastructure risks for the delivery of the Phase 3 building, noting the risk likelihood, severity, and time and cost impact, and proposed mitigation strategy.

3.1.4 Implementation timescales

The timeline of events follows the approved project master programme (see project plan in Chapter 5, Management Case), to meet the key project milestones outlined in the successful LUF funding application to achieve spades in the ground in Q1 2023, completion of the building structure by March 2024 noting that the memorandum for agreement between Department for Levelling up Housing and Communities and PCC states in clause 4.10 that the Council must spend all grant funding by the end of the funding period, 31 March 2024.

This will be followed by completion of the fit-out of the Living Lab and teaching facilities in autumn 2024. The programme makes no allowance for delay in determination of the full planning application for Phase 3 and assumes the critical path is maintained in line with the project plan outlined in the Management Case.

3.2 Deliverability

3.2.1 Building and site

Building and external works

The original LUF bid application for Phase 3 proposed a Phase 3 building of 3,000m² Gross Internal Area, of which 1,000m² would be dedicated community and cultural space for the Living Lab and associated community learning space derived from a fixed budget of £27.9m. The overall £27.9m includes a construction budget sum of £26m (inclusive of funding for specialist IT/AV equipment to fitout the building), with a £1.87m allowance for land purchase.

Following a RIBA 1 site appraisal and optioneering process, it became apparent that a smaller building would have to be delivered to meet the £27.9m budget, while still supporting an up to a potential additional 1,700 students by 2027/28. The RIBA Work Stage 3 report proposed a revised design for a Phase 3 building based on a 2,516m² Gross Internal Area; a multi-use educational facility suitable for a mixed use of working, learning, teaching, collaborating inclusive of the Living Lab. In this sense the 'Living Lab' expands from being a single area within the building to an integrated facility strategy which incorporates the whole facility while maintaining the 'Living Lab' physical space as a centrepiece.

The building will include all associated external landscaping and Infrastructure, all delivered within the available cost envelope. The revised building is an appropriate size for a building of this nature and allows more flexible use of the building as an adaptable asset for the future. This revised scope meets the critical success factors for the project and is deliverable within budget.

Site and external works to connect Phase 3 to Phases 1 & 2

The land on which the Phase 3 building will be located is the current Regional Pool car park and is notionally defined based on logical physical boundaries within the wider University campus site (e.g. back of footpath) and logical extension of the current infrastructure strategy for Phase 1 & 2. The site map below sets out the 'red line' for the Phase 3 site boundary.

Figure 24. Proposed Site Layout, Architectural Stage 3 Report



The completed works to the Phase 1 access road and parking will require a level of adjustment outside of the Phase 3 title boundary to tie the projects into a single campus. A fully accessible maintenance road linking the main university entrance road on the west of the Phase 3 site to the Regional Pool Access Road on the east is included in the current design proposals to the north of the Phase 3 building. However, the omission of this northern access road is currently being explored.

Enabling works

It is anticipated that a scope of enabling works will be required following vacant possession of the Regional Pool car park site in February 2023. The exact requirements cannot be confirmed at this stage and are subject to the Planning determination. They are likely to include:

- Securing site perimeter (hoarding erected).
- UKPN cable removal
- Ground preparation for other services (arboricultural work)
- Any pre-commencement conditions from Planning determination.

Any enabling works must be sequenced and deconflicted with the archaeological investigation.

Once this scope of works is confirmed it will be proposed to the Main Contractor to complete under a variation to their PCSA. The scope of works will be limited to the priority

early works only to limit abortive works should it not be possible to agree a final contract sum.

3.2.2 Deliverability track record

Phase 1 was delivered on time and on budget, with the first students being taught on opening in September 2022. The legal and governance framework enabled the special purpose vehicle (PropCo1) to effectively manage the risks associated with the development of the new University. The development management services provided by the combined authority has meant that the overarching objectives of the University have been met to date, and that the necessary financial and legal compliance considerations for all parties are fulfilled. A Phase 1 post project review process is underway, where the outcomes will be fed into the delivery of Phase 3 and beyond. This model of delivery will continue to be used for Phase 3, however there is an acknowledgement by the partners that a if further projects are introduced then a programme management approach to governance and delivery will need to be taken.

ARU Peterborough

ARU is a large university operating at scale across several campuses (including Peterborough) with a shared cost model. ARU has 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:

- Moving at pace to establish Phase 1 of the ARU Peterborough university campus, with the university opening on time to students in September 2022.
- 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 3,800 to around 9,800 students in the last 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

ARU has committed to managing the ARU Peterborough operating model to ensure it does not fail, managing risks in a variety of ways, including:

- Only recruiting staff as needed, including limiting senior staff costs.
- Flexible deployment of resources and management of costs within the operating model.
- 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 Peterborough will benefit.
- Prudent use of the contingency in the model.
- Monitoring and contingency planning around the journey to independence with clear millstones to check progress, monitor risk and provide accountability.

The Heads of Terms 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.

3.3 Budget Estimate

An Order of Cost Estimate of how the budget is derived is shown below which amounts to £26m. This figure excludes the £1.87m land valuation for the Phase 3 site. The total budget for the project is £27.87m. The construction works costs have been benchmarked against known industry data for similar size and quality educational buildings and are aligned with the median cost parameters. The Cost Plan represents the anticipated construction costs at current prices (Q4 2022) via a competitive method of procurement under a Contractor design contract.

Figure 25. Project budget to deliver capital works for Phase 3²⁵

Element	Classification	Totals (£)	%	Cost/m ²	Cost/ft ²
0	FACILITATING WORKS	105,000	0.40	42	4
1	SUBSTRUCTURE	688,824	2.65	276	26
2	SUPERSTRUCTURE	4,456,352	17.93	1,863	173
3	INTERNAL FINISHES	944,004	3.64	378	35
4	FITTINGS, FURNISHINGS & EQUIPMENT	650,000	2.50	260	24
5	SERVICES	3,421,776	13.18	1,369	127
8	EXTERNAL WORKS	1,242,004	4.78	497	46
	Sub Total Building Works	11,707,960	45.08	4,685	435
9	MAIN CONTRACTORS PRELIMINARIES as MS	1,298,345	5.00	519	48
10	DETAILED DESIGN (RIBA Stage 5-7) as MS	298,053	1.14	119	11
11	MAIN CONTRACTORS RISK @ 3%	399,131	1.54	160	15
12	PRE-CONSTRUCTION FEE	472,361	1.82	189	18
13	MAIN CONTRACTORS OVERHEADS AND PROFIT as MS (2.5%)	342,587	1.32	137	13
14	DESIGN DEVELOPMENT RISK @ 4%	580,737	2.24	232	22
15	PAGABO Fees @ 0.3% (<i>procurement framework</i>)	43,880	0.16	18	2
16	INFLATION up to Q1 2024 @ 8.5%	1,111,315	4.28	445	41
	Sub Total Contract Sum	16,254,370	62.58	6,504	604
17	PROJECT / DESIGN TEAM FEES	1,316,835	5.08	527	49
18	OTHER DEVELOPMENT / PROJECT COSTS	4,070,108	15.67	1626	151
19	VAT	4,328,263	16.67	1,731	161
	TOTAL	25,969,575	100.00	10,390	966

²⁵ Please note that item 18 'other development / project costs' includes inflation assumptions for the project contingency budget.

The budget estimate incorporates the detailed information available following completion of RIBA Work Stage 3 by the professional team procured to deliver Phase 3. A portion of the costs are based on estimates and therefore the overall cost should be treated as having a +/- 5% level of accuracy due to the level of design available and remaining design and procurement to be completed during RIBA Work Stage 4, with additional fine-tuning occurring ahead of RIBA Work Stage 4 throughout November and December 2022. It is inclusive of allowances made for client direct costs and represents the maximum capital budget currently available for the design and construction of the physical infrastructure, agreed at £26m (excluding land acquisition costs from the total funding package of £27.8m) comprising the following:

- Site Abnormals – essential enabling works required to make the site available for the required use.
- Facilitating Works – all site clearance, remediation, services diversions required to facilitate the main construction works.
- Building works – all substructure, superstructure, internal works, finishes, fittings furniture and equipment, building services, external works, and the associated management and supervision by the Main Contractor.
- Sustainability – costs associated with achieving a highly sustainable, energy and carbon efficient building to BREEAM ‘excellent’ standard.
- Fees & Surveys – all design fees applicable by the professional consultants forming the design team, including building control, plus all associated professional reports and surveys and budgets advised by the Combined Authority for the Combined Authority costs and legal fees
- Client Project Costs – the associated client direct costs consisting of loose furniture, wayfinding signage, café fit out, specific ICT enhancements.
- Design Development – contingency funds applied to the facilitating works, building works and client direct costs to cover increased costs resulting from progression and maturity of the design and associated project risk.
- Client Contingency – contingency funds applied to the facilitating works, building works and client direct costs to cover increased costs resulting from changes to clients/employers requirements at various stages of the design and construction of the development.
- Inflation – accounting for increases in building costs to the mid-point of construction in Q1 2024 at 8.5%.
- VAT applied at the standard rate as applicable.

3.3.1 Budget considerations

This section provides further detail on certain aspects of the budget for delivery of Phase 3 capital works.

Land acquisition

The land (the Regional Pool car park site) that the Phase 3 building will be situated on is excluded from the budget for capital works because the land is being provided by PCC.

Inflation

Inflation has been included in line with the master programme for the Programme to Establish a University in Peterborough. Inflation indices are based on Mace's in-house inflation forecast. Inflation has also been applied to the project contingency budget. The inflation allowance is a forecast only and is to be treated with caution under the current economic and wider geo-political climate. This risk is explored further in the Risk Register appended to this FBC.

Once the procurement of packages commences, cost inflation will be actively fixed for each procured package with all inflation costs fixed once the construction contract is signed, limiting the inflation exposure for the construction period of the project.

Cost allowances for specialist equipment and IT/AV equipment to support education delivery and the Living Lab

A £1,604,700 cost allowance is included for specialist IT/AV equipment as provided by ARU pending full confirmation of requirements and approach to procurement. The costs for equipment required for the Living Lab are deemed to be included in this allowance.

Sustainability

At RIBA 1, several sustainability frameworks (BREEAM, Passive Haus etc) were discussed for suitability particularly towards achieving NZCio²⁶. Considerations include materials selection/choice, use of passive building fabric design principles and potential renewable energy solutions to support the sustainability requirements. The design team appointed to the Phase 3 delivery team (Couch Perry Wilkes) has reviewed sustainability options which have been integrated into the design as part of RIBA Work Stage 3, for instance the use of wood panelling internal finishes rather than concrete.

Car parking for Phase 3

The current cost allowance is for 12 parking spaces on campus for Phase 3. The car parking requirements for Phase 3 is based on staff and student car parking capacity being accommodated in existing car parks in the city centre as a result of change in post Covid utilisation. 128 spaces for regional pool users will need to be temporarily relocated as detailed in the section below on displaced services.

In addition, an allowance in the building costs have been made as a means to contribute, if required, to highways mitigation.

Site Access

A cost allowance has been made for the creation of new access from Bishops Road and for some local s278 works associated with that access, which may be a planning requirement. Based on the assumption that all parking will be accommodated in current surplus, further offsite improvements allowances have been made within external works allowances as

²⁶ Net Zero **Carbon** in Operation

Phase 1. Given the existing use of the Option 1 site is a 200-space car park, traffic movements are unlikely to exceed current baseline levels.

Displaced Services

Work undertaken by PCC demonstrates that car parks in the City Centre are underutilised and so replacement car park provision is not considered a requirement at this stage. However, the selection of the Regional Pool car park for the Phase 3 development may necessitate a cost allowance for the provision of additional highways improvements to support the City's wider transport improvement plan.

Exclusions from the budget

The following items are not included in the budget estimate for Phase 3 construction:

- Land purchase costs
- Works to neighbouring properties / boundary wall agreements
- External works outside of site boundary / works area
- Operational costs
- Dewatering works
- Infrastructure improvements, other than those already identified for HV upgrade
- Service diversions, other than those already identified
- Phase Change Materials excluded from costs.
- Asbestos
- Works to satisfy any onerous planning conditions
- Section 106 / 278 works
- Equipment to maintain and clean the facility
- Education Consultant fees
- Land acquisition costs for replacement car park site
- Soft spots in the ground
- Occurrence of Japanese knotweed
- Revenue costs for existing car park on site.

3.4 Benchmarking

A benchmarking exercise was undertaken to review the build cost. Benchmarking data represents an average cost per typical building element, represented as a cost per m² of Gross Internal Floor Area and excludes site specific abnormal elements such as facilitating/demolition works, and external works, to allow a fair comparison. The benchmarking below is representative of schemes delivered 5 to 15 years prior to Brexit and Covid-19 and gives an indication of an average build cost (£Nett/m²) of approximately £3,062/m² (excluding site facilitating and external works) (BCIS²⁷ data).

To further support the above data, the Phase 1 and 2 build costs, which were tendered post Brexit and Covid-19, incorporate the Combined Authority and ARU design standards, and known site wide conditions have also been benchmarked. The benchmarked cost of phases

²⁷ Building Cost Information Service (BCIS)

1 and 2 is £3,936/m². This benchmark figure has been used for the Phase 3 development to ensure a more robust comparison.

This use of the more current Phase 1 and 2 cost benchmark supports the conclusion that the proposed Phase 3 building can be delivered in the current market and to the Combined Authority standards and specifications within the estimated budget.

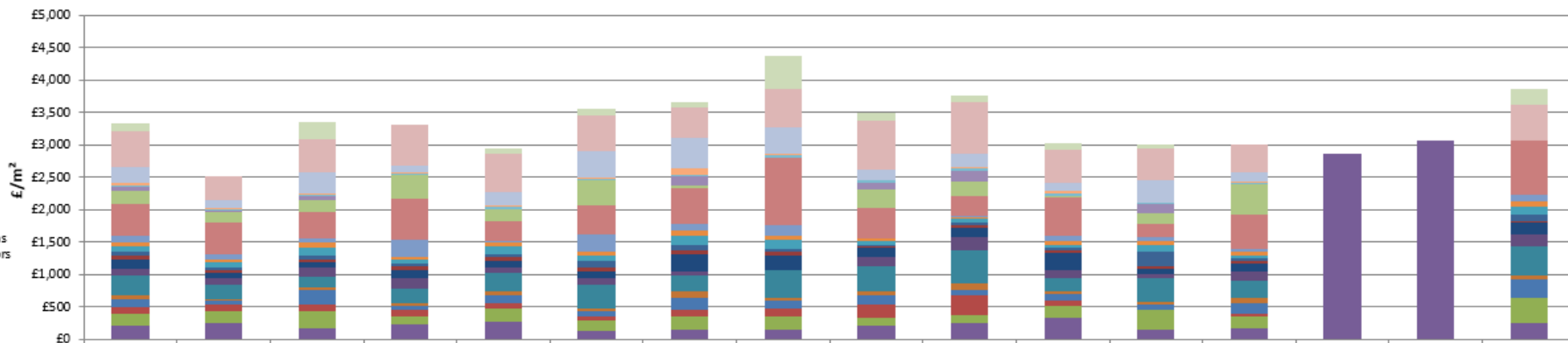
These costs exclude any cost for land acquisition which is addressed separately and does not form part of the capital costs. VAT has been applied at the prevailing rate of 20% and is not recoverable as confirmed by the Combined Authority. The Combined Authority have made allowances for their costs acting on behalf of PropCo1 taking responsibility for design, procurement, and delivery of Phase 3 as outlined in the management case. These costs include:

- Combined Authority Staff costs.
- Banking and Audit.
- Financial software, insurances, company secretary fees.
- Legal Costs associated with completion of the shareholders agreement, land transaction not relating to the main contract.

Additional cost allowances have been made for known site-specific conditions.

Figure 26. Benchmarking estimates for Phase 3

**University of Peterborough
General Teaching New Build (Base date: 4Q21 (351) / Location: Peterborough (99))
Average Build Cost - Excluding external works**



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	Average	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 11	Project 12	BCIS Average 20yr	BCIS Average 25yr	Stage 1 Estimate
	GIFA	21,892 m2	5,943 m2	7,437 m2	6,451 m2	4,075 m2	10,300 m2	3,055 m2	3,042 m2	2,810 m2	2,430 m2	17,216 m2	1,934 m2	Varies	Varies	2,900 m2
Substructure	£200	£238	£162	£220	£271	£122	£149	£150	£197	£251	£334	£140	£165	£2,864	£3,062	£242
Frame	£191	£191	£263	£138	£207	£160	£207	£198	£123	£124	£174	£318	£182	Included	Included	£397
Upper floors	£108	£109	£105	£98	£75	£63	£88	£124	£210	£291	£86	Inc.	£49	Included	Included	
Roof	£122	£59	£230	£64	£118	£91	£202	£119	£147	£101	£112	£67	£152	Included	Included	£292
Stairs	£54	£19	£46	£35	£61	£32	£89	£38	£62	£96	£26	£47	£95	Included	Included	£43
External walls	£307	£228	£161	£229	£282	£376	£250	£429	£385	£508	£213	£371	£253	Included	Included	£448
Windows & external doors	£111	£98	£133	£163	£100	£90	£62	Inc.	£150	£210	£119	£51	£157	Included	Included	£188
Internal walls & partitions	£143	£87	£84	£127	£99	£113	£253	£238	£127	£136	£260	£85	£107	Included	Included	£181
Internal doors	£51	£27	£44	£55	£57	£54	£76	£60	£40	£51	£53	£48	£47	Included	Included	£36
Wall finishes	£60	£55	£55	£32	£42	£98	£75	£28	£12	£40	£28	£217	£41	Included	Included	£104
Floor finishes	£91	£79	£133	£69	£117	£95	£153	£141	£63	£43	£48	£112	£38	Included	Included	£115
Ceiling finishes	£55	£30	£80	£50	£67	£65	£63	£65	£28	£30	£58	£54	£70	Included	Included	£78
Fittings and fixtures	£97	£81	£66	£263	£12	£264	£102	£176	£18	£18	£74	£58	£29	Included	Included	£96
Mechanical installations	£501	£501	£403	£627	£317	£433	£564	£1,029	£466	£306	£606	£215	£541	Included	Included	£837
Electrical installations	£207	£154	£177	£359	£188	£397	£48	Inc.	£287	£237	£13	£161	£461	Included	Included	Included
Data/comms	£52	£30	£72	Inc.	Inc.	Inc.	£140	Inc.	£92	£152	Inc.	£133	Inc.	Included	Included	Included
Lifts	£27	£23	£7	£21	£32	£27	£11	£44	£37	£41	£35	£24	£19	Included	Included	Included
BWIC	£27	£21	£18	£37	£24	£13	£95	£24	Inc.	£22	£45	£8	£21	Included	Included	Included
External works														Excluded	Excluded	
Preliminaries and OHP	£564	£355	£514	£619	£609	£560	£476	£598	£759	£809	£528	£507	£429	Included	Included	£560
Contractor risk	£113	Inc.	£250	Inc.	£71	£102	£74	£503	£127	£86	£86	£55	Inc.	Included	Included	£254
Construction (£/m2)	£3,062	£2,385	£3,003	£3,204	£2,749	£3,154	£3,177	£3,963	£3,330	£3,552	£2,899	£2,672	£2,856	£2,864	£3,062	£3,871

3.5 Subsidy Control

The Subsidy Control Act 2022 does not apply to transactions set out within the PropCo1 Shareholders Agreement as they do not fulfil any of the following categories of ‘financial assistance’:

- Direct transfer of funds (such as a grant, a loan or an equity investment);
- A contingent transfer of funds (such as a loan or rent guarantee);
- The forgoing of revenue that is otherwise due (such as a tax relief or exemption);
- The provision of goods or services (as a benefit-in-kind or for payment is received);
- The purchase of goods or services.

However, it is acknowledged that this should continually be reviewed by the Partners as the University programme develops. A review of Subsidy Control is also something that DLUHC request confirmation of in their LUF monitoring processes.

4 Financial Case

This section sets out the financial arrangements for delivery of the Phase 3 building, setting out how funding streams will be used, and conclusions on the overall affordability of the project. It also sets out details of the operating model for the University once Phase 3 is operational alongside Phase 1.

4.1 Financial model to deliver Phase 3 capital works

4.1.1 Funding streams to deliver Phase 3

This section sets out the funding streams for delivery of Phase 3 capital works.

As set out in the Budget Estimate section in the Commercial Case, the capital build costs for the Phase 3 building amount to £26m, which is the maximum funding available for delivery of Phase 3. The Phase 3 capital build is to be funded through contributions from the Levelling Up Fund (LUF) via a 2021 submission made by PCC to the fund, Local Growth Funds provided by the Combined Authority, and direct capital investment from ARU. All funding sources are secured.

In addition, PCC is making a land value contribution for the Regional Pool car park site that the Phase 3 building is situated on, which has been valued at £1.87m. The table below sets out the sources of funding for capital investment in the project, as well as the land value contribution.

Figure 27. Project funding sources

Partner	Funding source	Amount (£)
PCC (contribution as the lead authority for the LUF)	Levelling Up Funds	20,000,000
Combined Authority	Approved recycled Local Growth Funds	2,000,000
ARU	Private investment	4,000,000
Phase 3 Capital Investment Sub-total		26,000,000
PCC	Contribution of land value	1,870,000
Total Funding (Phase 3 only)		27,870,000

4.1.2 Funding strategy

The underlying basis of the funding model is that partners receive shares in PropCo1 in proportion to their financial contribution to the University programme across Phases. This includes the £20m investment secured by PCC from the Levelling Up Fund (LUF) for capital investment into PropCo1.

Following the allocation of the new shares the Company's share designation will be as shown in the table below, after all parties have made their further investment for shares, in relation to the Phase 3 building.

Figure 28. Shareholding in The Peterborough Higher Education Property Company (PropCo1)

		PCC	CPCA	ARU	Total
Phase 1	First teaching building	£1.87m	£24.8m	£5.50m	£32.17m
		5.8%	77.1%	17.%	100.0%

Phase 3	Second teaching building	£21.87m 78.5%	£2.0m 7.2%	£4.0m 14.3%	£27.87m 100.0%
	Total Shareholding in PropCo1	£23.74m 39.6%	£26.8m 44.6%	£9.5m 15.8%	£60.04m 100.0%

All parties must be able to demonstrate sufficient funds to meet the payments for shares in to PropCo1, relative to the cash demands on the Company required to pay its creditors associated with the construction of the Phase 3 building. However, to enable this, PCC will need to negotiate terms with DLUHC to cash flow PCC's payments for shares, in to PropCo1, from the LUF funding. The terms of the LUF funding are payments 6 months in arrears of actual expenditure on the project by PCC.

ARU's £4.0m investment into Phase 3 will be treated in the same way as the original investment in PropCo1. As such, start-up costs and the ongoing operational cashflows for ARU Peterborough taking into account the costs of growing the campus through Phase 3 will be the responsibility of ARU and, as was the case on Phase 1, the Combined Authority and PCC will have no responsibility or obligation to underwrite such cashflows in operating the university.

CPCA's £2.0m investment into Phase 3 will be treated in the same way as the Combined Authority's original investment in PropCo1 as part of Phase 1. As a result, the current Shareholder Agreement for the Company, will be amended to reflect the additional investment for shares. Notwithstanding the dilution of the Combined Authority's majority shareholding, it will retain its drag along rights so that in the event it chooses to exercise its rights to sell its shares in PropCo1 (exercisable 10 years after the completion of the Phase 1 building) then it is able to drag PCC and ARU along with it in order to sell the entire shareholding in the company, subject to ARU having right of first refusal. Due to the increase in PCC's shareholding, it will also be granted such drag along rights.

4.1.3 Funding considerations to meet delivery timescale requirements

For the Phase 3 project it is essential for expenditure of LUF monies to be complete by 31 March 2024, with construction and fitout work occurring after that date to be funded via other funding streams from CPCA and ARU. A significant financial milestone is PropCo1 entering into a binding contract with Morgan Sindall as the Main Contractor for construction of the Phase 3 building, which was reached in Q4 2022.

Proactive procurement decisions, such as awarding orders for long-lead infrastructure works are required in order to meet project timescales. This includes granting approval to Morgan Sindall as the Main Contractor to begin early procurement of the project's CLT package through a sub-contractor mini-competition. This will require Morgan Sindall to begin engagement with their supply chain at the start of RIBA Work Stage 4 and for PropCo1 to instruct to proceed with the recommended CLT supplier at the end of January 2023. This instruction will not be an upfront cost outlay, rather a cancellation liability agreed with Morgan Sindall to cover their risk should the order be cancelled.

A cashflow forecast will be prepared as part of the second stage tender by Morgan Sindall, due in February 2023.

4.2 ARU-P Operating Model

This section sets out details on the operating model for the University once Phase 3 construction is complete and is operational. It is based on a review of the ARU Peterborough Operating Model undertaken to prepare this FBC.

A key project objective is to create a sustainable operating model for the new university such that, after initial start-up costs, it 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.
- Ensuring all operational costs are covered by generated incomes, and any surpluses generated support reinvestment in new facilities to support further growth.

Operating model assumptions

The Phase 3 operating model for ARU Peterborough has been populated using the same assumptions applied for the Phase 1 model with modifications only where required; the assumptions amended for Phase 3 are as follows;

- The Phase 1 model assumed teaching facilities would be in all three buildings – this has now been amended to Phase 1 and Phase 3 only.
- The timing of Phase 3 has been bought forward to Sept 2024.
- The size of buildings has been amended to reflect the available budget and student numbers to deliver the outcomes required in the LUF.
- The rate of growth of ARU Peterborough student recruitment numbers for Phase 3 remains at the original assumption used for Phase 1 of 6% per annum with an additional 6% at the opening of each new phase of building. From 2027-28 the annual growth has been reduced to 2% to reflect the building nearing capacity. Future growth would require further teaching buildings. The model can be adapted to enable a slower rate of student number growth to respond to external market and economic conditions.

Income:

- Tuition fee income is forecast based on a range of full time and part time courses proposed by ARU, including undergraduate and postgraduate courses both on-campus and off-campus.
- The average tuition fee is based on £9,000 per student FTE (after allowing for both premium fee levels and bursaries/hardship grants and other fee discounting practices).

Staffing:

- Academic SSR ratio of 26:1.
- Academic to Professional staff 3:1 for Faculty Professional staff numbers.
- Included numbers for the development phase (19 professional staff, 5 academic staff and 1 Project Manager).
- Included the Principal and other senior management posts.
- Assumed Pas in Professional 3:1 count.

- Assumed the majority of senior staff are part of Academic 26:1 count.
- Assumed Business Engagement & Innovation Manager within Professional staff 3:1 count.
- Professional services staff costs equivalent to ARU's current ratios to cover a shared service function to include services such as HR, Finance, Academic Registry, Library, IT OPEX, Student Services, VCO, Secretary's office, Marketing & Admissions.

Non Pay costs:

- This covers costs such as advertising, printing, stationary, s/w, books, consumables, scholarships, bursaries, staff non pay costs (travel, staff development, employee related costs), contract & professional fees.
- Costs calculated at 35% of faculty staff costs.
- OfS will require student support arrangements which will include scholarships or bursaries within the Access and Participation Plan.

Estates OPEX costs at £200 per m²:

- This is expected to cover the running costs for estates of the buildings based on the size of the buildings provided in the documentation growing in three phases.
- Running costs include items such as cleaning, utilities, rates, insurance.

Asset & Estate Maintenance:

- Assumed this is the LTM costs for Estates and IT.
- Proxy used based on current ARU values of LTM as a percentage of income.
- Rent/Lease costs have been assumed at £140 per m². (£13 per Sq.ft).
- There is an expected ten year 'rent-free' period.

Other Costs at 29% of income:

- Assumed to be equivalent to ARU's indirect costs to cover the costs of professional services such as HR, Finance, Academic Registry, Library, IT OPEX, Student Services, VCO, Secretary's office, Marketing, Admissions (Pay costs are included in the Staff cost section and non-pay costs in this section).

IT Start-up costs;

- Software and infrastructure costs included in the start-up phase are per the IT costings provided as Year 0 costs.

Loan for start-up cash flow

- £5.4m loan at estimated 2.5% interest for five years.

Inflation

- Both pay and non-pay inflation of 2% has been assumed.

The costs associated with facilities management have been provided by ARU and are based upon a rate of £200/m² benchmarked against ARU's internal data. These costs remain as Phase 1, which were reviewed against internal cost data provided by the Combined Authority's professional advisors (Mace FM) and benchmarked against reputable and well-established independent industry data, with the conclusion that these costs represent fair and reasonable allowance. The costs associated with facilities management include all aspects of hard and soft facilities management, incorporating

insurances; routine maintenance; security; cleaning and waste management; energy usage; telephone communications; and general real estate management; any change to the original assumptions made for Phase 1 as a result of sustainability will be managed by ARU within the current operating costs.

Mace FM advised in Phase 1 that as a rule of thumb a cost of 1% of capital expenditure per year has historically been applied to public sector projects under a design, develop, construct and operate contract to determine affordability prior to agreement of contracts. This relates to major replacements only and is in addition to the routine maintenance costs incurred in preserving the assets to ensure they reach their optimum life expectancy (covered by the facilities management costs). In this financial appraisal long term maintenance has been based on 1% on this basis as assumed in Phase 1.

4.2.1 University income and expenditure

The financial model forecasts revenues and expenditure for the period to 2030/31 for Phase 1 and Phase 3 together. This is due to the highly interrelated nature of the two Phases making it complex and unrealistic to prepare a standalone financial model for Phase 3.

The financial operating model includes the operational costs and incomes only. The capital costs of the project and associated enabling works are to be funded from other sources as set out above.

The operating model that has been reviewed in the course of the preparation of this business case shows sufficient revenues are generated throughout to cover operational costs, on a broadly breakeven basis from 2022/23 and revenues generated appropriately thereafter to fund the ongoing operational expenditures, with a marginal profit delivered year on year which reaches no greater than 1%.

The operating expenditures run very close to the revenues generated and there is a linear relationship between revenue and expenditure, which indicates that economies of scale and operational efficiencies are not anticipated.

Continued growth in revenue is predicted but is dependent on subsequent project phases to maintain growth in student numbers and income generated via tuition fees. The reported revenues are based on student numbers identified by ARU across a range of course types including full time, part time and distance learning-based tuition.

The operating model generates only a marginal surplus. The start-up phase does not generate any surplus, and the revenues identified are only sufficient to cover expenditures. A surplus of approximately £56,000 is generated over the 2 years Phase 1 alone is in operation, culminating in a total of £311,150 by 2030/2031 including Phase 3, which would be insufficient to fund any future infrastructure expansion plans, which in turn will require capital investment from alternative sources. The operating model is the responsibility of ARU/ARUP to continually review and adapt to reflect the market and economic environment. There is sufficient scope to reduce expenditure to reflect any changes in income.

4.2.2 Risk analysis

Whilst the shadow financial model set out in the OBC targeted a surplus to be generated each academic year, the financial model provided by ARU shows only a marginal surplus in each year and does not generate significant financial returns for long term growth. This is an understandable result of reduced optimal student numbers and increased staff costs within the ARU Peterborough operating model.

The differences from the original financial model and the associated risks are analysed in summary below:

- The shadow financial model included higher turnover figures as a result of higher **student numbers**, whereas the ARU model is based on lower student numbers, and as student numbers grow as a result of future growth, increased revenues are offset by increased operational costs. The absence of **economies of scale** as student numbers increase leaves scope in the model for greater efficiencies in operational expenditure. The current model, therefore, represents a worst-case scenario in this respect.
- The ARU-Peterborough model sets **staff costs** at a higher rate than the shadow financial model, starting at 56% of income, and rising to 64% of income (the shadow financial model limited staff costs at 52% of income). This also leaves scope for future cost reductions that could further improve the outcome of the financial operating model. Conversely, the financial model is very sensitive to **cost inflation** (e.g. University staff pay increases), which may reduce the scope for economies of scale and operating efficiencies to yield financial savings.
- Costs for asset maintenance are shown as 1% of income. The shadow financial model set asset maintenance at 5% of IRV, which is more typical for Higher Education. There is a risk that 1% of revenue will result in **underfunding of building maintenance**, with resultant deterioration of the asset. Should maintenance costs be increased to 5% of IRV this would have a detrimental impact on the operational model and further funding may be required if the **contingency provision** is insufficient (see below). As the building design is finalised there may be opportunity to **review the costs associated with long term maintenance** that could result in an improvement on the current forecast figures.
- The financial model does not include any **rent payments** (i.e., it assumes a 10-year rent-free period). At the end of the 10-year rent free period PropCo1 will agree, as part of the rent review defined in the agreement to lease, any rent to be paid; PropCo1 will determine how this income will be used. Rent payments beyond the rent-free period will adversely affect the model in that period and, given the marginal operating surplus in the first 10 years this could result in a deficit once rent payments fall due.
- The operating model indicates the £5.4m start-up costs being funded by a short term (5 year) loan, based upon a 2.5% interest rate. There remains a low risk to the project that this **interest rate** may not be achievable, resulting in a higher loan repayment.
- The financial model includes an ongoing **contingency** provision throughout the ten year period, averaging approximately £1m per annum. Given the other risks inherent in the financial model, this contingency provision will be a critical tool for management of financial risk in the operation of the new University, including the risks described above. If the contingency is not required, it represents a potential opportunity to provide betterment to the financial model.

A key risk in the current climate is that the level of student fees assumed may not be achievable. A reduction in revenues would negatively impact the operating model, should staff numbers and staff expenditure remain unchanged, and could lead to an annual deficit. However, 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 with a static participation rate of 44%, and a 20% increase if the participation rate grows to the England average of 47%.

Sensitivity testing of the operating model carried out for the OBC showed that a 1% net loss of revenue would translate into a cumulative deficit of approximately £300,000 within 3 years (i.e. by the end of Phase 1). If revenues fall by 3%, that deficit exceeds £1m and at 5% approaches £1.9m. Therefore, the sensitivity of the model to fluctuations in revenues is very high and this remains the case at FBC stage. Flexibility in the operating cost base has been identified by ARU as a scalable factor and a contingency budget is included in the model, however there are likely to be other calls on such contingencies and with such low initial margins, operating costs may be set too high to create a sustainable model. Further attention will be given to these variables during detailed negotiations with a view to achieving a target surplus in a range acceptable to both partners and which will help to mitigate these risks.

As a matter of principle for on-going operations the new University pedagogy will need to be managed by ARU to ensure that the predicted revenue generated from tuition fees is realised and the costs are managed to match the student numbers and hence reasonable and sustainable surpluses achieved.

Furthermore, the Phase 1 agreements in place include terms to terminate ARU's involvement with ARU Peterborough (in the event of a failure to take reasonable steps to achieve the milestones and naturally as it becomes a university in its own right), provided always that ARU Peterborough will remain entitled to occupy the facilities on a rent-free basis during the period required to teach out students enrolled on ARU courses in Peterborough. The Terms of Agreement also include further remedies for any failures by ARU to achieve the plans set out in those documents including ARU working with the Combined Authority, PCC and PropCo1 (with the aspiration for there to be a long term continuing relationship between the new University and ARU beyond the achievement of University Title to support the long-term sustainability of ARU Peterborough as a university).

As outlined above, the operating model does not generate sufficient surpluses to build reserves to fund the expansion of the new University in future phases nor is there adequate headroom to underpin borrowing to fund such expansion. Alternative funding strategies for any future expansion phases will therefore need to be developed by the Combined Authority and partners, including PCC and ARU, to facilitate further growth in student numbers.

4.3 Affordability

The project funding position is outlined in the table below. All figures are inclusive of VAT and other tax requirements.

Funding Source	Amount (£)
LUF Funding	20,000,000
Combined Authority	2,000,000
Anglia Ruskin University anticipated capital investment	4,000,000
Total Budget	26,000,000
Construction Works (Phase 3 building, inc. Client Directs and Contingency)	26,000,000
Land Acquisition (Land transferred for shares at £1.87m value by PCC as part of PropCo1)	1,870,000
Total Expenditure	27,870,000
Balance	0

The LUF from PCC and the capital expenditure and financial investment from the Combined Authority for the Phase 3 construction project is capped at £22m with the remaining investment provided by ARU. The current anticipated investment required by ARU is £4m (independent of short-term loans secured for the start-up costs). The land for the Phase 3 site will be invested into PropCo1 by PCC in return for shares, with the land to be valued using the independent land valuation from Phase 1 totalling £1.87m, which will form part of the PCC contribution to PropCo1.

The Commercial Case sets out how the Phase 3 capital spend will be utilised. The scope of the capital build for Phase 3 has been managed to be deliverable within the total funding envelope of £26m (excluding land value contribution of £1.87m). Detailed cost planning carried out as part of RIBA Work Stage 3 supports the conclusion that the proposed Phase 3 building can be delivered to a suitable standard within this budget. Any cost escalations beyond contingency will require partners to undertake value engineering to ensure Phase 3 can be delivered within the available funding budget, which would occur as part of RIBA Work Stage 4.

Conclusions

Project affordability is, therefore, critically dependent on:

1. Securing the transfer of LUF funding into PropCo1 as well as all other investment capital funding within the company held account or an agreement reached through the PropCo1 members on releasing sufficient funding to cover costs to date and up to contract award in December 2022.
2. Risks associated with income (student numbers) and expenditure being able to be mitigated through cost control, increased income and/or use of the contingency provision.
3. Risks associated with enabling works, Land Acquisition, planning approval and agreement of contract sum being able to be mitigated through management of each workstream within the required timeline and budget while continuing to meet the outcomes of the LUF.
4. Risks associated with inflation and the increasing cost of building materials being mitigated through ongoing risk management and procurement protocols which will fix prices in place at the point of contracts being awarded to suppliers.

Subject to these considerations, at this stage of project development and implementation, it is anticipated that funds will be available (as described above) to meet both the project budget, requirements of ARU Peterborough's operating model and the LUF.

With respect to the infrastructure works, no cash-flow implications are anticipated for the PropCo1 as the Funding source in place by each party will be transferred into PropCo1 before the construction phase goes ahead.

5 Management Case

This section sets out how the project will be delivered in terms of the roles and responsibilities of various partners, project management arrangements, change management and benefits realisation, risk management, project assurance and post-project evaluation, and a proposed methodology to measure the ongoing wider impact of the university's operations.

The approach to delivering Phase 3 builds on the successful approach adopted by partners for the delivery of the Phase 1 building, updated to incorporate lessons learned which are relevant to Phase 3.

5.1 Stakeholders

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

1. Peterborough City Council (PCC) and the Combined Authority, including Peterborough Ltd, the PCC subsidiary operating the Regional Pool and Athletics Track.
2. Academic Delivery Partner – Anglia Ruskin University (ARU) and ARU Peterborough.
3. The owner of the Peterborough Innovation & Research Centre – The Peterborough R&D Property Company Ltd (PropCo2), including future Innovation Incubator tenants.
4. Neighbours including local residents and owners, and in particular the Civic Society and Peterborough & Nene Valley Athletic Club (PANVAC).
5. ARU Peterborough and specifically the Living Lab partners, such as NIHR Applied Research Collaborations (ARC) East of England, the Cambridge Science Centre, and STEMpoint East.

The communications strategy will be managed by the Combined Authority with support from the appointed consultant team in the design procurement and delivery of Phase 3.

The stakeholder analysis associated with Phase 3 can be split into two phases: first the design, procurement and delivery of Phase 3; and second the expansion of the operations of ARU-Peterborough to deliver the anticipated outputs of Phase 3.

This Business Case describes the approach to procurement of the consultant team, stakeholder management during the design, procurement and delivery phase and in expansion of the operations of ARU Peterborough.

Design Procurement and Delivery of Phase 3

On behalf of PropCo1 the Combined Authority have procured a consultant team to design, procure and deliver Phase 3, as set out in section 3.1 of this document.

These key internal and external stakeholder relationships will be managed by the Combined Authority and its appointed team of consultants, in consultation through the design, procurement and delivery of Phase 3 on behalf of PropCo1. The relationships with the stakeholders are managed under an agreed communications strategy outlined between PCC, the Combined Authority and ARU.

Set up and Operation of the New University of Peterborough

ARU will be responsible for the management of associated stakeholders to achieve the objectives of the new University (taking into account its expansion with Phase 3), working with employers and stakeholders in the communities the University will serve. This will be led and managed by ARU in consultation with PCC and the Combined Authority. Once operational, ARU Peterborough will also be solely responsible for the management and activities to occur within the Living Lab.

5.2 Achievability

The Combined Authority 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 priorities outlined in the LUF bid. Both authorities have to date provided resources in line with those requirements and both are, therefore, confident that the project is achievable based on their readiness and the available resources to meet the requirements of both agreements. The Combined Authority 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: as described with in the project management section below.
- External legal support to augment the Combined Authority's and PCC legal teams.

Further external support or internal resources will be secured and deployed should any capacity/capability shortfalls be identified, subject to relevant governance approvals across the partner organisations, to ensure the project is fully resourced for successful delivery.

PCC have provided resources to support the project in its successful application for LUF funding and development of this Phase 3 Full Business Case. In addition, the development management role undertaken by the Combined Authority will be complemented by a client-side project manager for PCC to coordinate the various workstreams and approvals necessary to resolve corporate landlord issues and land transfer among other activities.

ARU has put in place the resources needed for project delivery based on the timeline from contract award (see section 3 above). ARU has provided details of the resource profile required for the effective delivery of Phase 3 and ongoing operations, including the recruitment and employment of Senior Management, Academic and Professional staff, based on the proposed student numbers and staffing forecasts within their final submission. ARU is committed to added value in recruitment as set out in the following extract from their final submission:

Economic: *We will ensure we adopt a 'think local' policy for recruitment of staff and procurement of resources to ARU-P, so that we develop a circular economy and keep as much wealth as possible in the local area*

Social: *Our Recruitment Policy already supports applications from individuals with protected characteristics and this will also be embedded in recruitment of staff at ARU-P. We believe ARU-Peterborough needs to a place where the community feels welcome.*

5.3 Project management

5.3.1 Structure and Governance

PCC, ARU and the Combined Authority have already formed a special purpose vehicle – the Peterborough HE Property Company Ltd ('PropCo1') – to deliver Phase 1 of the new university campus in Peterborough. The Phase 3 project is intended to be delivered by PropCo1 which will continue to be the entity through which funding is deployed, and delivery of both Phases 1 and 3 will be PropCo1's responsibility.

Project governance will be re-established to reflect the arrangements within each organisation and specific terms of reference for the project will be mandated by each organisation.

The Combined Authority's governance arrangements require all further investments into PropCo1 and all Shareholder Protection Matters included in the PropCo1 Shareholders Agreement to be

agreed by the Combined Authority Board. All decisions of this nature will be submitted to the Combined Authority Skills Committee and the Business Board, if necessary and in accordance with the terms of approval of the LGF contribution, and then taken to the Combined Authority Board for final approval.

PCC governance arrangements require all decisions relating to transfer of LUF funding to PropCo1 and the transfer of land to be approved by the Executive Director, Place and Economy in conjunction with the Chief Financial Officer, as jointly delegated officers by the PCC cabinet. PropCo1 will acquire the land for Phase 3 from PCC in return for shares in PropCo1, under a separate Land Transfer Agreement. The transfer will be completed at the point of building contract award alongside the Agreement for Lease (AFL) between PropCo1 and ARU Peterborough.

ARU governance is led by its Vice-Chancellor's Group (VCG) which acts as a forum for discussion of strategy and direction, and determination of high-level priorities for approval by the Board of Governors. The University Executive Team (UET) is the formal, senior decision-making body of the University (under delegated authority from the Board) and the wider Corporate Management Team (CMT) acts as a forum for discussion and development of strategy and operational delivery, bringing together all Director-level appointments whom are based at the main campuses of the University. One member of the UET will be the Principal and Chief Executive of ARU Peterborough, reporting directly to the Vice-Chancellor and leading the Peterborough Development Team, working closely with the Combined Authority and key stakeholders. The Senior Management and Board of Governors of ARU Peterborough will have an increasingly significant role in the governance of ARU Peterborough from 2022 onwards as operations commence.

The three parties (PCC, the Combined Authority and ARU) are governed by the PropCo1 Shareholders Agreement which defines parties' contractual obligations in relation to their shareholdings in PropCo1.

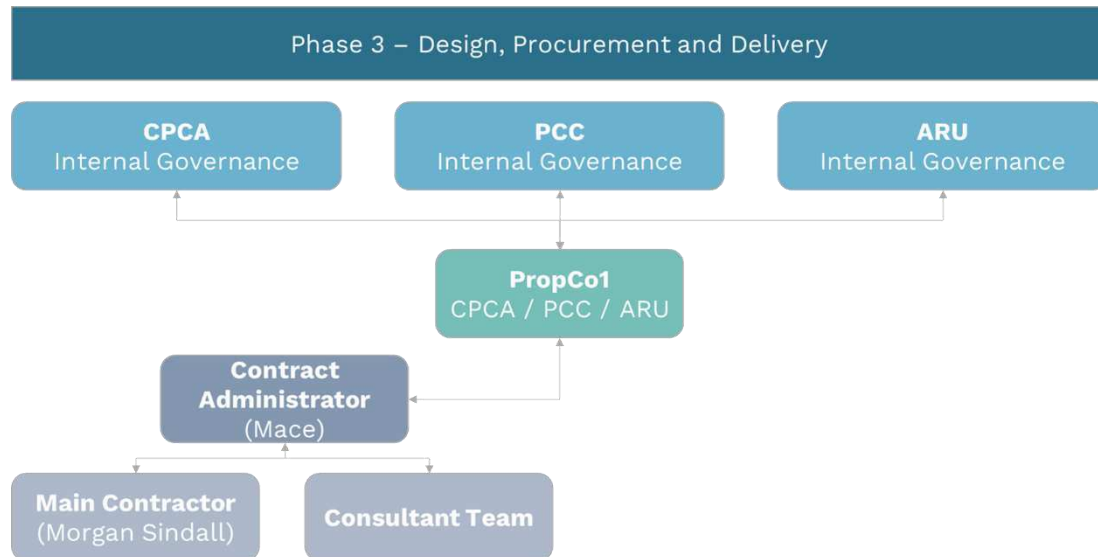
The Combined Authority will, under the Development Management Agreement be granted authority by PropCo1 to manage the design, procurement and delivery of Phase 3, with the Board of PropCo1 acting as the project management board. In this arrangement, responsibility for the delivery of Phase 3 remains with PropCo1; this will remain in place up to completion of the Phase 3 building.

ARU will update the Board in respect of curriculum design and development as the project progresses.

The main building contractor Morgan Sindall will report to PropCo1 via the contract administrator in respect of the agreement of the contract sum, enabling works and delivery of Phase 3.

Day to day management and progress meetings will be managed by the contract administrator and will include ARU and the Main Contractor for delivery of the Phase 3 building.

The organisational structure for the delivery of Phase 3 is outlined below.

Figure 29. Phase 3 Design, Procurement and Delivery

5.3.2 Roles and Responsibilities

Combined Authority

The development of Phase 3 of the new university campus will be led by PropCo1 with delegated authority to the Combined Authority who, under the Development Management Agreement will be granted authority by PropCo1 to manage the design, procurement and delivery Phase 3.

The Combined Authority (led by the SRO – Higher Education Programme Director for the new ARU Peterborough development) is providing leadership for the project, supported by a professional services team which is in place to support the design procurement and contract administration for delivery of the infrastructure for Phase 3.

Funding for the Combined Authority, as development manager, will be provided as part of the overall capital funding received from it as share investments from the Partners into Propco1.

Peterborough City Council (PCC)

PCC is providing the land for Phase 3 of the project and will continue its representation on the PropCo1 board.

ARU

As described in section 3, ARU will provide the skills, knowledge, experience and resources to make a practical reality of ARU Peterborough as a new higher education provider and ultimately a university with degree awarding powers and University Title. This includes responsibility for:

- Staff recruitment
- Curriculum design and development
- Staff workload planning, resource scheduling and timetabling
- Student recruitment, marketing and admissions
- Student and academic services and systems development
- Library and learning resources services/systems
- Strategic planning, finance and governance services and systems development
- Full range of 'soft' FM and ICT services and resources.

As the Academic Delivery Provider for the university, ARU has responsibility for determining and delivering academic courses in the Phase 3 building.

ARU Peterborough has already made available twenty-seven courses, with further provision starting in January and September 2023, as the Phase 1 portfolio for the new University in Peterborough. This includes an innovative course design methodology including engagement with key stakeholders (schools, colleges, businesses, community groups). A data led approach to market segments has been implemented.

The development of the ARU Peterborough curriculum has been undertaken in conjunction with key stakeholders, using expertise within ARU to drive curriculum development forward and using many of the methodologies ARU already uses to engage employers. ARU is using both existing contacts and, where relevant, those in the Combined Authority's networks. Opportunity Peterborough and other regional bodies provide another route to engage with local businesses, to create awareness and develop courses that will ensure the current and future talent pool in the region is trained and work-ready.

The course design phase has ensured employer input is firmly embedded throughout the design and approval process. ARU's active curriculum model, 'live' briefs and course design intensive process are designed to ensure the courses are meeting the needs of both students and employers with a focus on developing the skills needed to seek and be successful in employment.

ARU has been developing new local, regional and national industrial partnerships targeting companies or organisations within the areas of its current and future ARU Peterborough curriculum. They have prioritised engagement of local companies including PhotoCentric, Caterpillar, Bauer and Engines. These partnerships match ARU's key strengths to make ARU Peterborough sustainable in the medium and long term, comprising

- Short term partnerships with local/regional companies that have the potential to bring immediate results. These partnerships have already resulted in employer engagement in curriculum design and enhancement, student placements, internships and local graduate employment opportunities.
- Medium-term tactical partnerships in response to needs across the education portfolio.

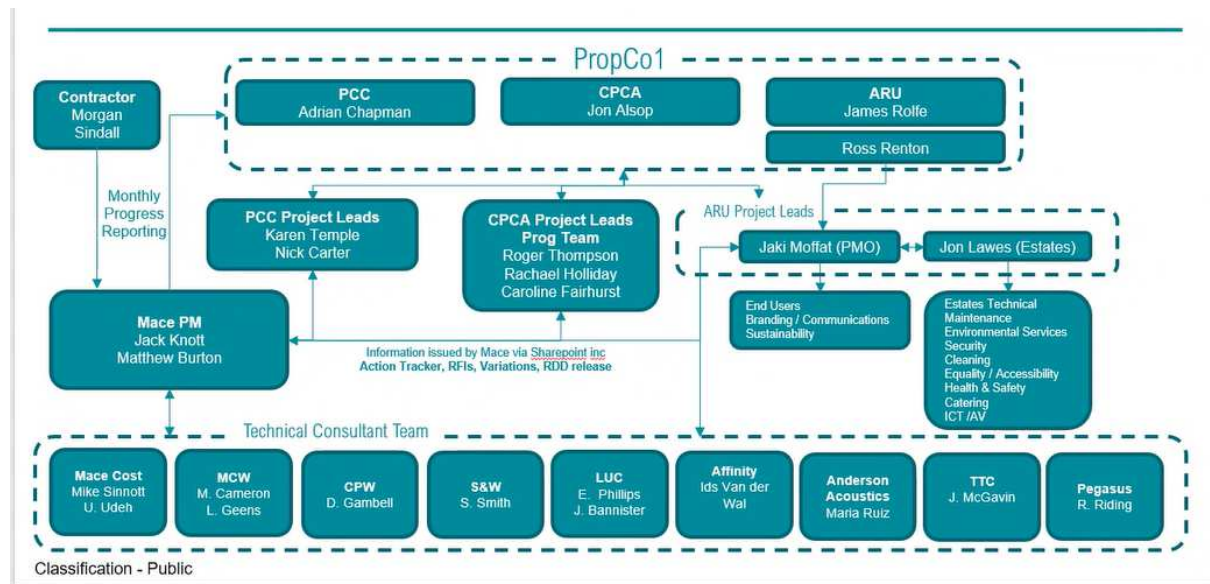
Long-term strategic partnerships with 1-2 companies in each curriculum area who are keen to engage with the new University across teaching, placements, employability, and further business opportunities including corporate education, research and knowledge transfer.

ARU Peterborough will also have sole responsibility for the operations and activities of the Living Lab within the Phase 3 building.

Consultant team

The Combined Authority has procured a professional consultant team to deliver Phase 3. The Consultant team and lead individuals are outlined below, including relations with PropCo1 and overall project governance.

Figure 30. Professional consultant team and governance arrangements



5.3.3 Project Plan

The project plan for delivery of Phase 3 is set out in Annex 6.1: Phase 3 Project plan. The project plan for the Outline Planning Application pertaining to Phase 3 is set out in Annex 6.2: Outline Planning Application project plan. These project plans have been developed in conjunction, with different key milestones associated to each.

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

1. Spade in the ground (commencement of Phase 3) Q1 2023.
2. Structure, complete construction of the building structure by March 2024.
3. Fitout fit out the living lab and teaching facilities to be complete in autumn 2024.
4. Completion of Phase 3 (for occupation) in autumn 2024.

To achieve these milestones there are 5 key work streams:

1. Procurement of the consultant team by February 2022 (complete).
2. Determination of full planning application by January 2023 (planning application submitted).
3. Develop, design and procure a Main Contractor to deliver Phase 3 infrastructure by Q4 2022 (complete).
4. Approval of this Full Business Case with delegated authority to develop the design by Q4 2022.
5. PropCo1 to formalise legal agreements for land by Q4 2022 to align with award of the main contract and planning approval to allow commencement on site Q1 2023.

The programme timeline has been developed based on ensuring the determination of full planning by January 2023 in tandem with an agreed contract sum, shareholders agreement and land transfer to allow contract award and mobilisation to commence in line with the LUF programme in March 2023.

Master schedule for the Programme to Establish a University in Peterborough

The collaboration agreement between the Combined Authority, PCC and ARU requires all parties to work together to deliver the programme in accordance with the terms of the agreement. The parties

have agreed to work in partnership and co-operate with each other to achieve the project steps and milestones within the timescale envisaged in the master schedule. There will be a quarterly review of the master schedule steps and milestones and the nominated representatives for each of partners will meet on a monthly basis (or frequency to be agreed) to discuss project progress and any disagreements which may arise. The Parties remain on track to meet milestones outlined in the master schedule which in summary are:

1. 2020 ARU Peterborough is incorporated – COMPLETE.
2. 2022 ARU Peterborough starts provision of education to students at the start of the academic year 2022 - COMPLETE.
3. 2024 Opening of the Living Lab and expansion of the University with the opening second teaching building
4. 2025 ARU Peterborough is registered with OfS by the start of the Academic year 2025/26.
2028 ARU Peterborough is granted unlimited TDAPs by the start of the academic year 2028/29.

5.4 Change management

Change management with respect to the delivery of Phase 3 of the new university campus under delegated authority from PropCo1 to the Combined Authority and subsequently the occupation of the building by ARU Peterborough.

The key principles are that PropCo1 will delegate authority to the Combined Authority and its agent to manage the delivery of Phase 3 under the Development Management Agreement, reporting to PropCo1. Should change be required then authority will need to be sought from PropCo1.

ARU Peterborough will occupy the Phase 3 building, reporting to PropCo1 on an annual basis in respect of the building condition and maintenance. ARU and ARU Peterborough will also monitor, review and report to the Combined Authority and PCC on its progress against the roadmap set out in the Collaboration Agreement between the Combined Authority, PCC and ARU. The Collaboration Agreement sets out the intended corporate and academic governance arrangements for delivery of higher education courses by ARU Peterborough (moving towards registration with the OfS degree awarding powers and University title). The parties agree to review each of the roadmap, milestones and steps towards them on an annual basis to consider whether the plan remains achievable and compliant and where it is not believed to be so, to agree changes to be made. The parties are all members of the ARU Peterborough Board of Governors and have the ability to monitor progress through the established governance processes.

5.5 Benefits realisation

The benefits sought from the project are a critical element of the Combined Authority's investment programme under the Devolution Deal as well as monitoring and evaluation requirements set out by DLUHC through the LUF. Benefits realisation arrangements, within overall project governance, must, therefore, ensure benefits are realised over the life of the project.

The objectives and benefits of the project will be realised at key project milestones as follows:

1. Completion of the main transactional agreements including land transfer. Legal support has been procured by the Combined Authority to aid the Combined Authority to make the necessary changes to the Shareholders Agreement for PropCo1, to accommodate the

additional investments and the use of those monies for the construction of the second teaching building.

2. Meeting the agreed milestones and targets for design and delivery of the physical Infrastructure. This will be managed via PropCo1 in line with the agreed programme for completion of the Phase 3 building and the wider programme objectives

Responsibility for benefits realisation above will be for PropCo1. ARU will be responsible for taking reasonable steps to meet the student headcount growth targets and for the quality of HE delivery.

Infrastructure

The agreed infrastructure milestones and targets will be reported against at monthly PropCo1 Board meetings by the Combined Authority who will be granted authority under the Development Management Agreement to act on behalf of PropCo1 to manage the delivery of Phase 3 to practical completion and close out of 12 months defects.

Academic Delivery Partner Benefits Realisation

Milestones, targets are set out in the Collaboration Agreement. These will be audited under the terms of the Collaboration Agreement and will be reviewed on an annual basis by nominated representatives for each of the partners. It is envisaged that a programme delivery board will need to be established whereby all milestones are reviewed. These are outlined in the Collaboration Agreement master schedule and can be summarised as follows up to 2028 which will continue to be monitored and progress regularly reported against by ARU:

1. 2020 ARU Peterborough is incorporated – COMPLETE.
2. 2022 ARU Peterborough starts provision of education to students at the start of the academic year 2022 - COMPLETE.
3. 2024 Opening of the Living Lab and expansion of the University with the opening second teaching building
4. 2025 ARU Peterborough is registered with OfS by the start of the Academic year 2025/26.
5. 2028 ARU Peterborough is granted unlimited TDAPs by the start of the academic year 2028/29.

5.6 Risk management

Project managers Mace maintain a detailed project risk register which includes risk control strategies and owners, attached in Annex 6.3. Risks are grouped into the following risk categories:

1. Operational
2. Planning
3. Cost
4. Funding
5. Programme
6. Design
7. Surveys and site conditions
8. Procurement
9. Construction / logistics

The top-level risks and control measures are outlined in preceding sections of this Business Case.

Project managers Mace Consulting have produced a risk report based on the risks detailed in the risk register, which has evaluated the probability of each risk and costed their impact. The table below provides a list of the top 10 highest risks based on their expected value (as of October 2022).

Figure 31. Top 10 risks by expected risk value

Rank	Name	EV
1	Materials supply shortages	£180,000
2	Site logistics	£88,000
3	Risk of inflation	£87,500
4	Planning delays	£37,333
5	Planning conditions	£26,000
6	Regional pool car park closure and land transfer	£24,000
7	Provision of improvements to Public Transport	£18,000
8	LUF Monitoring forms	£18,000
9	Construction logistics	£17,500
10	Design brief	£16,000

The responsibility for management of risk will lie with PropCo1 under the joint venture in respect of the development of the Phase 3 building and with ARU Peterborough for the operational delivery risks. Under the Development Management Agreement between PropCo1 and CPCA, PropCo1 has delegated authority to the Combined Authority for the management of risk associated with the design, procurement and delivery of the Phase 3 building.

Authority for the management of risk will remain with PropCo1 up to completion of the Phase 3 building. Day to day responsibility for project risk management will be the responsibility of the Project Manager, Mace, who will hold quarterly risk workshops with members of the project team. The risk register will be reviewed at least monthly by the PropCo1 Board of directors. These monthly risk reviews will be an integral part of monthly reporting to PropCo1.

Where management of risk requires interventions beyond the authority delegated to the Combined Authority by PropCo1, decisions will be referred by exception to PropCo1 for agreement on how risks are to be mitigated in line with the governance and agreed terms of reference outlined above and set out in the Development Management Agreement.

Risks are also reported on a quarterly basis to DHLUC as they pertain to the use of Levelling Up Funds for Phase 3. The risks identified in LUF quarterly monitoring returns are drawn from the master risk register for Phase 3.

Project risk registers

Project risk registers are updated by selected members from the Partners team on a monthly basis. In accordance with the project governance arrangements these reports are issued to the PropCo1 Board and are scrutinised at the monthly PropCo1 Board meetings. In addition to the above the top 5 project risks, and all programme risks, are reported by the SRO for HE to the Combined Authority Business Board via a Highlight Report and a Business & Skills Risk Register. The Highlight Reports and Business & Skills Risk Register are scrutinised by the CPCA Performance and Risk Committee. Elements of the reports are also included in the Performance Dashboard which goes to Combined Authority Board. Projects with an overall amber and red rating are included in the Exception

Performance Dashboard that goes to Combined Authority Board members on a quarterly basis as a confidential item.

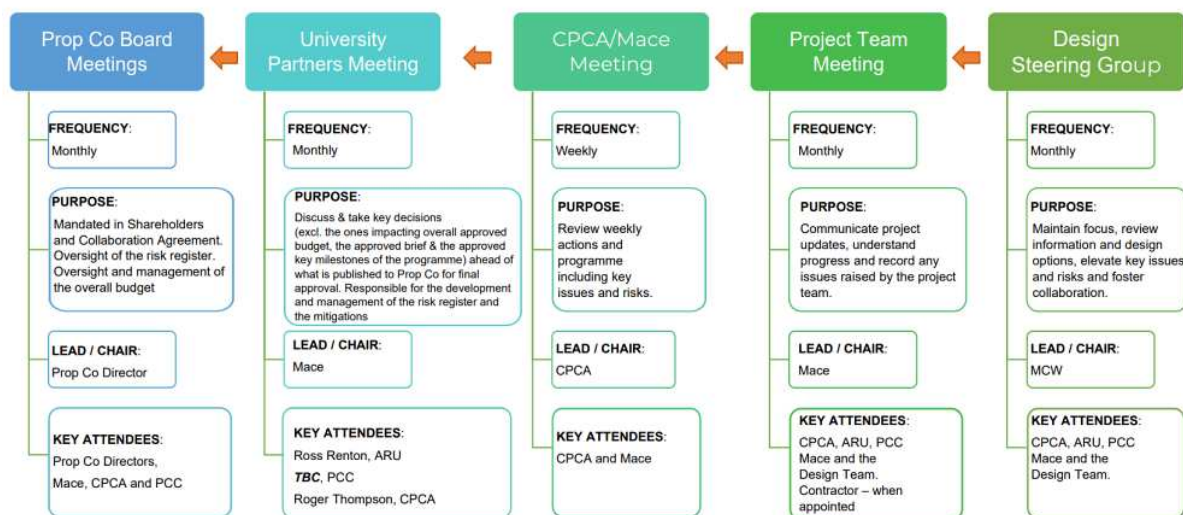
5.7 Project assurance

Phase 3 project assurance and risk management will be delivered in the following ways:

1. Overarching project assurance processes including monthly Highlight Reports - Overseen by CPCA and reported to CPCA Performance and Risk Committee.
2. Post project completion and lessons learned from phase 1 and phase 2 project’s – Overseen by CPCA and reported to CPCA Performance and Risk Committee. Final outputs will be shared with the Partners and reported to Propco1 Board.
3. PropCo1 governance and reporting facilitation (see Governance, Management & reporting arrangements) – All partners.
4. Review of the final FBC and approval– All partners.
5. Updates to FBC - As per PropCo1 governance facilitation (see Governance, Management & reporting arrangements) – All partners.
6. LUF Monitoring and reporting – overseen by CPCA and sign off by PCC Section 151 Officer.
7. Project risk reviews and monitoring – As per PropCo1 governance facilitation (see Project risk management) – All partners.

It is acknowledged that there is a need to move this towards a programme assurance approach and this will be reviewed in 2023 alongside the development of a programme business case for the University.

Figure 32. Governance management and reporting



5.7.1 Financial compliance

PropCo1 is registered as a Limited Company and as part of the services covered in the Development Management Agreement CPCA pay invoices, maintain accounting records, prepare finance reports and process call notices in accordance with the Shareholders Agreement. Annual financial accounts are prepared, audited and filed by Azets accountancy practice.

All expenditure is registered on the company’s accountancy system (Xero) and approved prior to payment. All PropCo1 Board Directors can authorise expenditure. However, the Board of PropCo1

have provided delegated authority to the CPCA SRO for the University of Peterborough to authorise invoices on behalf of the company with a value over £500k. The CPCA is a supplier of PropCo1 so invoices raised from the CPCA are reviewed on a 6-monthly basis by ARU's nominated Director.

The business plan of PropCo1 is a shareholder reserved matter, as such PCC, ARU and CPCA review and approve the plan which the Board then implement. After investment of the LUF PCC have the right to appoint 2/5 of the directors of the company, the current ratio being 2 CPCA directors, 1 PCC director and 1 ARU which makes the Board quorate.

The Board of directors meet monthly and receive monthly finance reports alongside delivery, progress and milestones which contribute to the monthly monitoring of project delivery.

5.7.2 Legal compliance

The governance and legal framework to support PropCo1 are in place. The CPCA Legal Team will also ensure the following:

1. Shareholders Agreements are signed and kept in a readily accessible central location.
2. That business plans are in place for each of its subsidiary companies and ensure that these business plans (and business cases where relevant) are being reviewed and updated periodically, in line with each company's Shareholder Agreement.
3. That risk registers are in place for all current and future operational subsidiary companies and will establish a standard approach to risk management.
4. A clear governance, reporting and oversight structure for its existing subsidiary companies. As part of this structure, the methods by which the Overview and Scrutiny Committee and the Audit and Governance Committee will fulfil their responsibilities in relation to these subsidiary companies will be established and implemented.

5.8 Post-project evaluation

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

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

This process will commence from Royal Institute of British Architect (RIBA) stage 2 and run through to completion of the construction of Phase 3 and into the occupation and aftercare stages.

Design

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

Construction

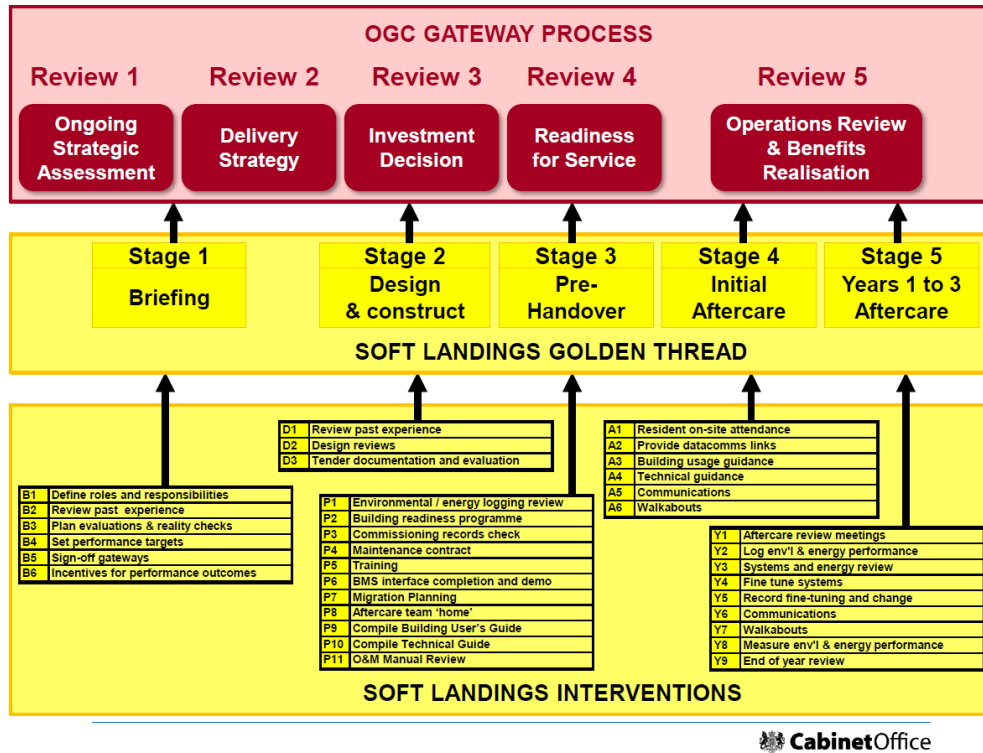
Soft landings considerations will be incorporated into the project plan, employer's requirements and the role and responsibilities of the contractor's soft-landing champion up to and following completion of the Phase 3 building.

Operation in use

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

Key Milestones for Stage reviews of the Soft-Landing Process

Figure 33. OGC Gateway Process for post-project evaluation



5.9 Measuring the ongoing wider impact of the University

Partners will develop a range of progress measures to monitor the ongoing wider impact of the University, with these measures tied into broader strategic objectives for Peterborough and the wider Cambridgeshire and Peterborough region. Yet to be confirmed, the type of measures that partners are considering are set out in the table below. It is anticipated that there will need to be an ongoing review of these measures and agreement on how and where they are reported.

Figure 34. Indicative progress measures for the university

Category	Measure	Basis
Supporting access to Higher Education	Year on year increase in total learners	Annual HESA reporting
	Percentage of 'home' undergraduate students from the region	PE postcodes
	Participation of young people in HE in underrepresented areas	TUNDRA (tracking underrepresentation by area) data reports (or by POLAR)
	Student feedback on experience	National Student Survey Results

Student experience and employability	Graduate employability	<i>Annual Graduate Outcomes report on employability</i>
	Longer term graduate outcomes, including salaries	<i>Longitudinal Education Outcomes (LEO) data</i>
	Alignment of curriculum to local sector requirements	<i>Annual review of curriculum developments</i>
Local engagement	Public engagement activity, including through the Living Lab	<i>Annual report on the volume and nature of outreach and inreach</i>
Wider economic benefits	Increasing progression rates post-18 into HE	<i>CPCA Employment and Skills Strategy progress measures (Peterborough-specific measures)</i>
	Increasing number of professional and technical jobs, at least at level 3	
	Reducing numbers of workers at level 1 and 2 and increasing at level 3 and 4	
	Falling levels of economic inactivity and UC claimants	
	Reducing NEETs and un-sustained destinations after school	

The agreed outcomes will need to align with Higher Education Statistics Agency (HESA) reporting cycles and the requirements for registration with the Office for Students, including the need for an Access and Participation Plan.

In addition, the Board of Governors of ARU Peterborough have agreed to the development of a five year Strategic and Operational Plan for the University. Reporting cycles will need to align to ensure consistency. Due to commercial confidentiality some reporting will only be made directly to the ARU Peterborough Board members, for example the budget and annual accounts. Governors will also have access to more granular data and insight. The University partners will need to establish either a benchmark or baseline for some of the measures as part of ongoing project governance.

To maximise its contribution to Peterborough and the wider Cambridgeshire and Peterborough region the university should also be a factor in other partner initiatives and strategies, such as local transport strategies and plans to commission skills delivery.

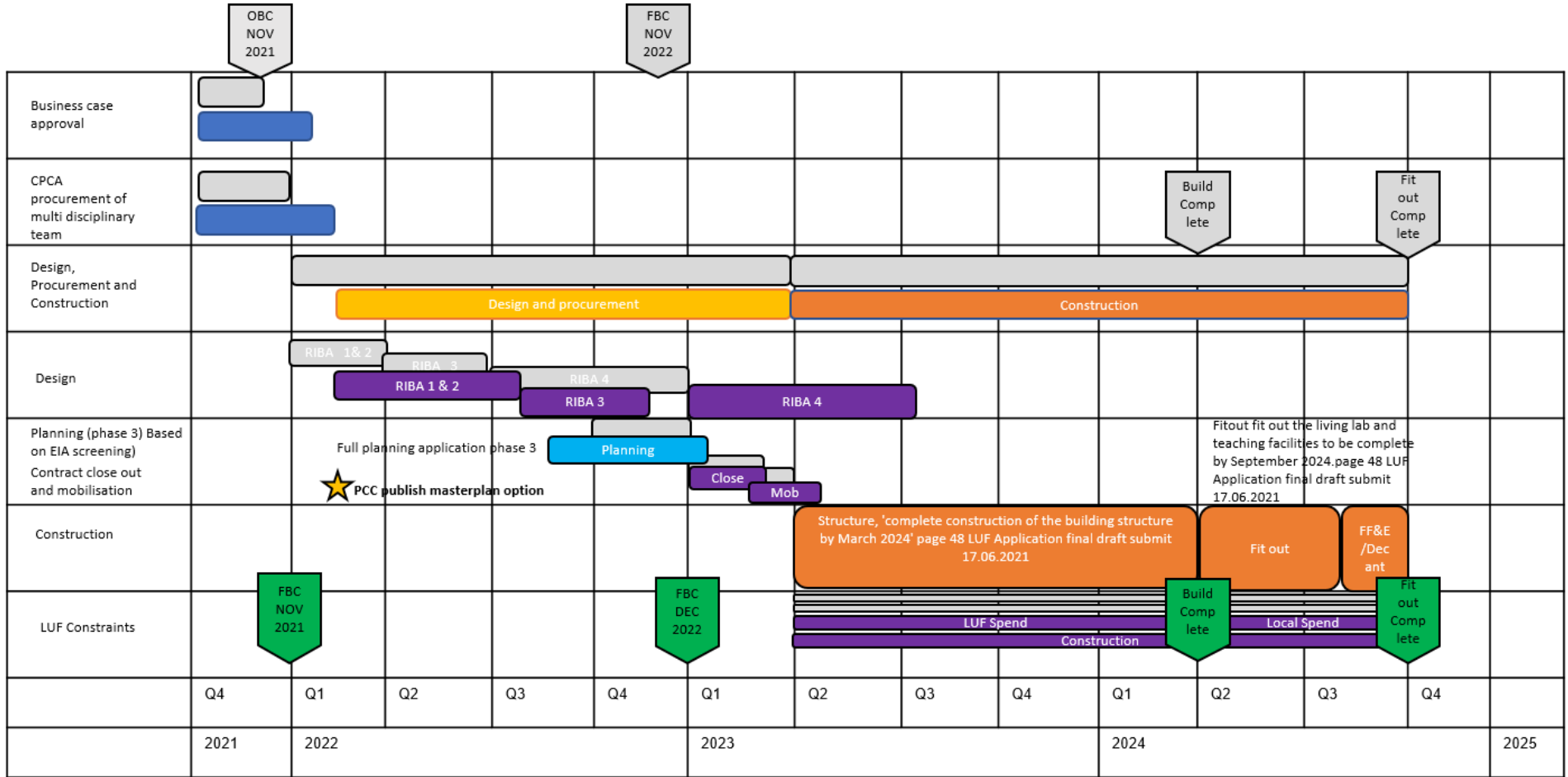
6 Annexes

6.1 Phase 3 Project Plan



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6.2 Phase 3 Outline Planning Application project plan



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LUF programme comparison dated 17th June 2021

6.3 Examples of activities and events to be supported by the Living Lab

Activity	<p>Eco Fair</p> <p>The Living Lab would host a weeklong Eco Fair with different themes each day targeted at different audiences to engage schools, community groups and the public in interactive experiences to highlight environmental and sustainability issues. The activity zone would be augmented by environmental trails around the university campus and local “eco” businesses and charities invited to exhibit their services or project work. Marketed as a family friendly event with some days reserved for school and community groups it is envisaged that 500 visitors per day would be achieved on public access days and 300 per day on targeted days (approx 3000 visitors).</p> <p>The Eco Fair would be organised by ARU Peterborough undergraduate Event Management and Leisure and Tourism students and the interactive displays and activities designed and run by the Environmental Management students. ARU Peterborough is already working with companies across the region who are passionate about sustainability in sectors as diverse as manufacturing engineering and medical device decontamination and the companies are eager to support public facing events that showcase Peterborough’s aspiration to be an Environmental Capital.</p>
Reach	<ul style="list-style-type: none"> • 3000 visitors • 25 local businesses/community groups exhibiting over the week • 100 students engaged in organising and running events including acting as guides volunteers across the fair.

Activity	<p>Café Scientifique</p> <p>Café Scientifique is an established model for delivering STEM focused public lectures and demonstrations in an informal environment that encourages people from heterogenous backgrounds to come together and discuss “Grand Challenges” and cutting-edge technologies and their impact in a safe environment. Speakers will be selected not only for their areas of expertise but also for their science communication skills to ensure all members of the audience are able to benefit. 6th form students, industry experts, university and college students, academics and interested members of the community and specialist groups will all be able to access these events. The benefits of these events are evident in creating opportunities for people from different backgrounds and with diverse experience to discuss and debate together.</p>
Reach	<p>Events to be run every week for a ten-week series for example, expected audiences 60 people per event. 2 series to be run each year.</p> <ul style="list-style-type: none"> • 10x2 events per year • 1,200 engagements per year

Activity	<p>Health Sciences Innovation Days</p> <p>A series of 1 day exhibitions focusing on key areas of Future Health. These include:</p> <ul style="list-style-type: none"> • Health Manufacturing, covering medical manufacturing, PPE advances and supply chain and medical device design. • Digitisation of Health Care covering Digital Technologies and medical devices, health cybersecurity, personalised health monitoring and gamification of health care. • Wellbeing including preventative medicine and wellbeing, patient safety, improved medical practice and treatment advances. <p>Many of the areas covered are interdisciplinary, bringing people from sectors outside of health together to explore how innovations in their fields of expertise can benefit the key areas of health. Visitors would be invited from all the local NHS trusts and associated areas as well as businesses from across the city of Peterborough and the fens. Students in the university and local FE and 6th forms would be invited as well as open invitations to interested members of the public.</p>
Reach	<ul style="list-style-type: none"> • Approximately 300 visitors per day, 900 visitors in total

Activity	<p>Supporting Participatory Research</p> <p>Community-based participatory research (CBPR) is a collaborative approach to research that aims to engage end users in evaluation and development. An example could be partnering with a mobile medical technology company – smart phones are increasingly utilised for delivering diagnostic and monitoring metrics for health conditions that would traditionally require hospital visits. The Living Lab would be utilised to bring community end user groups, including both patients and their carers and healthcare workers (nurses), into a safe non-clinical environment to evaluate their attitudes and compliance with the mobile technology. Healthcare students from the university would be able to assist with research project providing them with authentic research experience whilst also providing resource support for the project alongside our academic research teams. Research of this type is effective at assessing the functionality of new medical technologies and allows for modification and retesting if required for downstream application in domestic or residential care settings.</p>
Reach	<ul style="list-style-type: none"> • Local med tech companies. • 300 community end users • 300 carers/family • 100 health care workers/students.

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CABINET	AGENDA ITEM No. 13
16 January 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Christine Addison/Felicity Paddick	

TRANSFER OF REGIONAL POOL CAR PARK FOR PHASE 3 OF THE UNIVERSITY PROJECT

RECOMMENDATIONS	
FROM: <i>Executive Director of Corporate Services</i>	
It is recommended that Cabinet:	
<ol style="list-style-type: none"> 1. Authorise the Council to transfer land at Regional Pool Car Park into the joint venture company to facilitate Phase 3 of the university project. 2. Delegate authority to Executive Director of Corporate Services and Director of Legal and Governance, in consultation with the Cabinet Member for Finance and Corporate Governance to finalise and agree the final land value and all relevant contract and transfer documents. 3. Note the requirement to provide a temporary car park to benefit the users of the Regional Pool. 	

1. ORIGIN OF REPORT

This report is submitted to Cabinet to facilitate the development of phase 3 of the university project on land known as Regional Pool Car Park, following the completion of phases 1 and 2 on previously transferred land at Wirrina Car Park.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to inform Cabinet of the proposed disposal of the Regional Pool Car Park to the joint venture company. The site has been identified as the preferred location to facilitate phase 3 of the university project due to the proximity of the first two phases at the previously known Wirrina Car Park. Planning permission was submitted in September 2022 for the development of a two-storey building, car parking and associated works and was granted planning permission at Planning Committee on the 13 December 2022.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, *'To be responsible for budget planning, monitoring and expenditure/savings over £500,000.'*
- 2.3 There is an exempt appendix attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains information relating to the financial and business affairs the Council. The public interest test has

been applied to the information contained within this exempt appendix and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. **BACKGROUND AND KEY ISSUES**

- 4.1 In April 2020, the Council approved (APR20/CMDN/96) establishing a Joint Venture Company (“JVCo”) with the Cambridgeshire and Peterborough Combined Authority (“CPCA”) to create a University for Peterborough. To facilitate this the Council would transfer approximately 13.5 acres of land into the joint venture based on market value in exchange for shares in the company.
- 4.2 In September 2020, Cabinet approved (SEPT20/CAB/29) the transfer of Wirrina Car Park, comprising circa four acres of land, to the JVCo to facilitate the initial phases of development for the Anglia Ruskin Peterborough University. Phase 1 completed in July 2022 which enabled the first intake of students in September 2022. Phase 2 is due to complete in January 2023.
- 4.3 Phases 1 and 2 are shown coloured blue on the attached plan at Appendix 2. Phase 3 is proposed to be constructed on the current Regional Pool Car Park, coloured red on the attached plan. Planning permission was submitted in September 2022 and will provide a second teaching building and living lab public science centre. Development is anticipated to start in February 2023 with completion proposed in April/May 2024.
- 4.4 The Regional Pool Car Park is owned freehold by the Council and comprises circa 1.3 acres and provides for 128 car park spaces. The majority of these spaces are to benefit the users of the Regional Pool. With the car park to be sold and developed alternative provision is required. A site in close vicinity on redundant football pitches, as coloured green on the attached plan has been identified and a planning application is to be submitted for a temporary car park of 128 spaces. A planning application was previously submitted on an alternative site adjacent to the Regional Pool which is now deemed not as suitable. There is a potential risk that planning permission may not be granted on the redundant pitches and therefore the initial site may need to be reviewed or the Regional Pool will have to rely on other town centre car parks.
- 4.5 The funding for the new temporary car park is to be provided by CPCA who have secured the funding through the Getting Building Fund. The timescales for the temporary car park to be completed is to be confirmed but there will be a period of time that the users of the Regional Pool will need to use alternative car park provision in the City.
- 4.6 In respect of the proposed transfer of the Regional Pool Car Park to JVCo, the Council will receive shares in the company on the same basis as for Phases 1 and 2 and in lieu of a capital receipt. The valuation of the site and shares are detailed in the confidential appendix. The CFO has a preference to receive a capital receipt rather than shares in the company, and officers are investigating this option further as a priority.
- 4.7 The approval of the business case specifically relating to phase 3 of the university programme is also to be determined at January Cabinet as a separate agenda item. The council is a shareholder in the company overseeing the development of the business case. Approval from the other shareholders has either already been secured or is scheduled for discussion, as follows: Anglia Ruskin University (approved December 2022); Cambridgeshire and Peterborough Combined Authority (scheduled for discussion at the Skills Committee on 9 January 2023, and if approved, the CPCA Board on 25 January 2023). The report further confirms that the phase 3 development is to be constructed on the Regional Pool Car Park with the site to be transferred into the Peterborough HE Property Company Ltd, in accordance with the provisions of that

company. Therefore, the council will not receive a capital receipt and instead, the council will receive further shares in the company.

5. CORPORATE PRIORITIES

5.1 The recommendation links to the Council's Corporate Priorities as follows:

1. The Economy & Inclusive Growth

- A Carbon Impact Assessment has been completed – The developments environmental and climate change implications are detailed as follows:
- ARU Peterborough and the Peterborough Research & Innovation Centre, through local employment, training and education opportunities will support local and environmentally sustainable choices regarding travel and transport. The design of the teaching buildings will meet BREEAM Excellent standards, and all planning applications will meet national and local standards regarding the preservation and further advancement of biodiversity in the local area.
- As the University Campus develops over time there are further strategies in place to work with the University Partners and the tenants of the Research & Innovation Centre, for the site and buildings to have net carbon zero impact by 2030

6. CONSULTATION

6.1 Significant consultation has been undertaken on the overall university project, with key stakeholders engaged with all public consultation taking place prior to the construction of phases 1 and 2. The planning application that was submitted in September 2022 for phase 3 enabled public feedback and commenting to be considered prior to permission being granted.

6.2 This cabinet paper has been considered at Corporate Leadership Team on the 21st December and Cabinet Policy Forum on the 9th January 2023.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 Approval of the recommendations will enable the required expansion of the university as programmed. However, whilst there will be an initial impact on the loss of car park to benefit the Regional Pool, this will only be for a limited time period until completion of the temporary car park on the assumption that planning permission is granted. If planning permission is not granted or construction delayed the users of the Regional Pool would be required to utilise alternative car parking in the city.

8. REASON FOR THE RECOMMENDATION

8.1 To enable the joint venture company to continue to deliver the university project for the benefit of the City and wider economy.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 The Council could choose not to transfer the site to the JVCo but this would be a breach of the joint venture agreement and may lead to the termination of the JVCo resulting in the Council incurring costs incurred in connection with the project. This would have a significant impact on the overall delivery of the university project and is not recommended.

10. IMPLICATIONS

Financial Implications

10.1 The property is to be transferred in accordance with the provisions of the JVCo and therefore the Council will not receive a capital receipt but rather will receive further shares in the JVCo. As stated above, the valuation of the site (and therefore the value of any potential capital receipt foregone), and the value of the shares, are detailed in the confidential appendix.

10.2 Legal Implications

Comments from Peter Collins of Sharpe Pritchard solicitors as follows:-

“For PCC, the share allocation for Phase 3 had two components: (i) the shares to be issued to PCC in exchange for the £20m LUF funding and (ii) the shares to be issued to PCC representing the agreed market value of the phase 3 land on the date of the agreement (1 April 2022). The 5.613p share valuation is a number calculated by reference to the 20m B shares issued to PCC on 1 April 2022 in exchange for investing the £20m LUF funding. It does not relate to the market value of the Phase 3 land, which is dealt with in clause 4.3 of the shareholders’ agreement.”

“Although he was not involved/close to the process for agreement / assessment of market value for the Phase 3 land; however, the confidential annex appears to confirm that a Red Book valuation of the Phase 3 land was undertaken and, if that valuation is reflective of the purchase price to be paid for the land (satisfied by the issue to PCC of shares of the equivalent value) then I can’t see any legal issue in relation to satisfying the requirements of s123 LGA 1972.”

10.3 The Council has a requirement to achieve best consideration when it disposes of its assets under section 123 of the LGA 1972.

The Act is not specific on how the consideration should/must be held. However, it is prudent to note that “consideration” of any transaction ie a disposal must be of a commercial or monetary value. In this case if the value of the disposal is to be held in shares (commercial value) then it must be justifiable that it is held in equal (or higher) value to capital receipt and/or can generate more revenue than if held as capital receipt.

Equalities Implications

10.4 No specific implications arising from this report although where necessary Equality Impact assessments will be carried out to support decision making.

Risk Assessment

10.4 Due to the tight timescales, there is a risk that the transfer will not complete by the 12th February to enable the development to commence as timetabled which could have an impact on the current practical completion dates of the university project.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 The CMDN and Cabinet report prepared in relation to the transfer of land for phases 1 and 2 as detailed below:

APR20/CMDN/96
SEPT20/CAB/29

12. APPENDICES

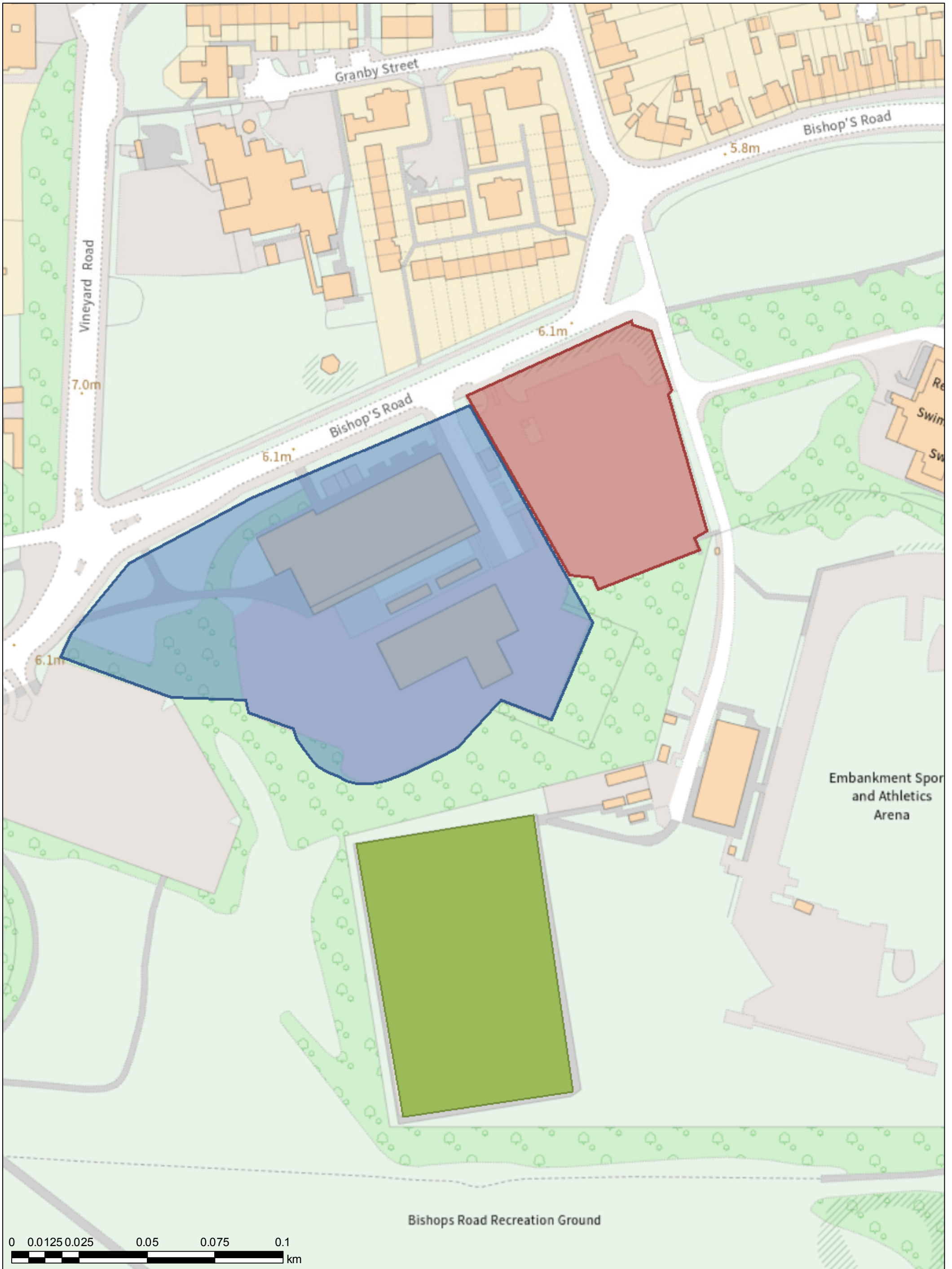
- 12.1 Appendix 1 – Exempt
- Appendix 2 – Site Plan

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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University Site Plan & Temporary Car Park

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CABINET	AGENDA ITEM No. 14
16 JANUARY 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Governance	
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	

CONFIRMATION OF THE ARRANGEMENTS TO TRANSFER SERVICES PROVIDED BY NPS PETERBOROUGH LIMITED FOLLOWING TERMINATION OF THEIR AGREEMENT IN RELATION TO PROPERTY AND ESTATES

RECOMMENDATIONS
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Agrees to bring forward the termination of the Council's Agreement with NPS Peterborough Limited to 31 January 2023 or as soon as reasonably possible thereafter. 2. Notes that upon termination of the Council's Agreement with NPS Peterborough Limited, property and estate management services will be provided in-house by the Council and staff will transfer accordingly. 3. Delegates authority to the Executive Director of Corporate Services and S151 Officer in consultation with the Cabinet Member for Finance and Resources and the Director of Law and Governance and Monitoring Officer to agree to decommission and wind up NPS Peterborough Limited or dispose of its shareholding in accordance with the shareholders agreement and articles of NPS Peterborough, subject to appropriate due diligence and their agreement that it is appropriate to do so. 4. Agrees that the Council, as a shareholder of NPS Peterborough Limited, will exercise its vote and give such consent as may be required, to give effect to these recommendations. 5. Delegates authority to the Executive Director of Corporate Services and S151 Officer, in consultation with the Director of Law and Governance and Monitoring Officer to: <ol style="list-style-type: none"> a) negotiate and enter into a Commercial Transfer Agreement with NPS Peterborough Limited in respect of the termination; b) in respect of the earlier termination date referred to in recommendation 1 above, approve any financial payment to NPS Peterborough Limited; and c) issue notices, negotiate and enter into any other documentation and take all other steps reasonably necessary in the view of the Executive Director of Corporate Services and S151 Officer to facilitate and give effect to these recommendations.

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet upon the request of the Executive Director of Corporate Services and S151 Officer.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This report is submitted to Cabinet to authorise bringing forward the termination date of the Council's Agreement with NPS Peterborough Limited to 31 January 2023, or as soon as possible thereafter, and the consequential actions required.
- 2.2 This report is for Cabinet to consider making the recommendations under paragraph 3.2.5 of Part 3, Section 3 of the Constitution '*To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder*' and additionally under paragraph 3.2.17, '*Cabinet will be responsible for the following functions in relation to the Council's companies, partnership and charities; (b) The decommissioning/ winding up of existing companies, partnerships and charities; (g) The determination of decisions reserved to the Council as shareholder or member of a company, partnership or charity*'.
- 2.3 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains information that relates to the financial or business affairs (past or present) of a particular person (including the Council). The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. **BACKGROUND AND KEY ISSUES**

- 4.1 On 20 June 2022 Cabinet agreed to terminate its Agreement with NPS Peterborough Ltd ("NPSPL") in relation to property and estate management services by giving 12 months' notice of termination in accordance with the terms of the Agreement. The primary reason for termination was so that the Council has better corporate oversight and control of its property portfolio and asset management planning, including its disposals strategy. The termination notice was given and an end date of 30 June 2023 was agreed with NPSPL.
- 4.2 Following issuing the termination notice, there has been a period of further review to assess the extent to which and ensure that NPSPL's service delivery meets the Council's strategic priorities. During this period it has become clear that the Council would benefit from bringing forward the termination date and the transfer of these services from NPSPL, to give the Council control of the activity as soon as possible, greater certainty to the staff within NPSPL and the potential to achieve savings on this service provision going forward.
- 4.3 It is now proposed that the services will be transferred back to the Council on 1 February 2023 (with the last date of the contract being 31 January 2023) or as soon as reasonably possible thereafter, by bringing the termination date forward. Property and estate management services would be provided in-house by the Council from that date.
- 4.4 The change to the termination date requires the agreement of NPSPL and discussions are taking place with NPSPL to seek to confirm their agreement in this regard. It is envisaged that NPSPL will incur some unavoidable costs and expenses as a result of bringing the termination date forward and a financial payment may be required from the Council to NPSPL in this regard, in order to secure agreement to an earlier termination date. The amount of any such payment is currently under discussion. Cabinet is requested to delegate authority to the Executive Director of Corporate Services and S151 Officer, in consultation with the Director of Law and Governance and Monitoring Officer, to make such financial payment to NPSPL in accordance with recommendation 5.

- 4.5 The termination will require staff currently employed by NPSPL in relation to the service to transfer to the Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended, (“TUPE”). It is envisaged that 13 members of NPSPL staff will transfer under TUPE to the Council, on existing terms and conditions (in this case NPSPL contracts of employment). TUPE requires, ‘meaningful consultation’ with employees and the HR teams of the Council and NPSPL are in contact to ensure that the obligations under TUPE and pensions requirements are met. Staff who TUPE to the Council will be enrolled into the membership of the Local Government Pension Scheme (“LGPS”).
- 4.6 A cessation valuation will need to be carried out by the pensions administrator for those members of staff who originally transferred to NPS with continued membership of the LGPS to determine whether there is any surplus or deficit in relation to the pensions, however this process will not impact on the transfer timescales and is carried out after the staff have transferred.
- 4.7 Whilst the beginning of February is the preferred transfer date, there may need to be some flexibility in this date to ensure the parties meet the requirements of TUPE and complete all necessary legal documentation.
- 4.8 Following the transfer, the property service will be reviewed to provide a service delivery organisation which is better able to meet the requirements of the Council.
- 4.8 Although the services agreement with NPSPL will cease, the joint venture company NPSPL itself will continue to exist following the transfer of the property services to the Council and in due course the shareholders of NPSPL will determine whether it should be wound up and the Council, in accordance with recommendation 3 above, will agree to decommission and wind up NPS Peterborough Limited or dispose of its shareholding in accordance with the articles of NPS Peterborough, subject to appropriate due diligence taking place.

5. CORPORATE PRIORITIES

- 5.1 The recommendation links to the Council’s Corporate Priorities as follows:
1. *The Economy & Inclusive Growth*
 - A Carbon Impact Assessment has been completed. The proposal involves transferring a service delivery activity from a third-party organisation to the Council. The carbon emissions and environmental impact is the same in both organisations and therefore the impact is neutral in the short term because the staff already operate from a building within the Council’s scope of emissions (Eco Innovation Centre). In the medium and longer term the Council will have greater control over its property service and this will enable the Council to direct its property services to consider projects that contribute positively to the Council’s Carbon zero target, for example by closing buildings and improving the energy efficiency of buildings. The staff will also relocate to Sand Martin House, which will reduce the Council’s carbon emissions and environmental impact.
 2. *Sustainable Future City Council*
 - The proposal seeks to ensure that the Council is delivering value for money for the taxpayer both in respect of its property services and also in respect of the properties it utilises. An earlier and greater control of the property service enables both of these outcomes to be achieved more quickly. It will also help address the recruitment challenges currently being experienced by NPSPL.

6. CONSULTATION

- 6.1 As required under the TUPE regulations there is a requirement for meaningful consultation with employees. A formal programme of consultation will take place throughout January 2023. Prior to the formal process there has also been informal consultation and engagement with employees who are supportive of an earlier transfer date. The Council’s Human Resources department are involved to ensure that the statutory consultation required has been carried out.

6.2 This Cabinet report has been considered at Corporate Leadership Team on the 21 December 2022 and Cabinet Policy Forum on the 9 January 2023.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 The outcome will be an earlier termination of the contract and bringing the service in-house earlier. This will allow the Council to reorganise the way in which it manages its property portfolio and will ensure that the Council has the right level of corporate oversight in relation to property decisions and strategic asset management planning.

7.2 The NPSPL staff providing the service will transfer to the Council under TUPE.

8. REASON FOR THE RECOMMENDATION

8.1 The Cabinet's approval on 20 June 2022 to terminate the services contract with NPSPL was provided on the basis of gaining better corporate oversight and control of its property portfolio and asset management planning, including its disposals strategy. Since that decision, the Council has been running the services under the leadership of an Interim Property Services Lead, and this has led to the conclusion that the Council would realise financial and service benefits early, by bringing the transfer date forward. A number of staff have left NPSPL and because of the uncertainty surrounding the future of the joint venture, NPSPL is unable to recruit new employees, adversely impacting on the service NPSPL provides the Council. Bringing forward the transfer date, removes this uncertainty, allowing the Council to offer more certain employment to new starters and the existing staff. A full-time Service Director – Commercial Partnerships, property and Asset Management, has already been appointed to drive the service forward.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Do not bring the termination date forward:
Leaving the termination and transfer date as the end of June 2023 was discounted because the earlier date provides the Council more immediate control of the service and the ability to better able tailor the service to meet the Council's requirements.

10. IMPLICATIONS

10.1 Financial Implications

10.1.1 The Council is not liable for any costs incurred by NPS relating to the period following the 12 months' notice of termination. However, as this period is to be shortened, any unavoidable costs claimed by NPS from the actual date of termination to the expiry of the period of notice 30 June 2023 are the subject of negotiation.

10.1.2 The Council will assume the employment costs and liabilities of the staff transferring as part of the TUPE arrangements described above. These costs will be funded from the budget agreed for the contractual payments to NPS which will cease on the date of termination.

10.1.3 As the termination negotiations progress with NPS it may become necessary for contracts to be novated to the Council, or for the Council to agree new contracts for the service provision which may commence before the contract has terminated. As described in the previous paragraph,

10.1.4 these costs will be funded from the budget agreed for the contractual payment to NPS.

The closure of the joint venture company will incur costs, including the preparation and audit costs of the final accounts of the company. The Council will work with Norse/NPS to ensure these costs are kept to a minimum.

10.2 Legal Implications

- 10.2.1 Under the terms of the services agreement with NPSPL, 12 months' notice needs to be given to terminate. Therefore, the Council does not have the right to shorten this notice period (currently expiring at the end of June 2023) unless NPSPL agree. Although there is no contractual right for any settlement payment or payment of 'stranded costs' to NPSPL, there may be some unavoidable costs claimed by NPSPL as a result of bringing the termination date forward and which will be subject to negotiation between the parties.
- 10.2.2 The intention is to enter into a Commercial Transfer Agreement with NPSPL to document the agreed early termination, the payment of any costs mentioned above, and any other consequential items.
- 10.2.3 From an employment perspective, the legal implications to this decision are primarily in relation to the Transfer of Undertakings (Protection of Employment) (TUPE) transfer. TUPE is the mechanism by which such staff transfers are governed. As mentioned above, the affected staff will transfer on their current Terms & Conditions as these are protected by the TUPE Regulations. As the new employer of these employees, the Council will need to honour those terms and conditions. There are limited circumstances in which PCC can change these employees' terms and conditions. In brief this would require a change in the workforce and an Economical, Technical or Organisational reason (ETO). Staff will need to be properly consulted in the event and an explanation of the potential possibilities will need to be included in the measures letters.
- 10.2.3 Whilst the terms and conditions are protected, pensions for the majority of the staff will change because they will be enrolled into LGPS (there are employees already within the LGPS and who therefore will continue in that scheme).
- 10.2.4 The Council may also be required to consult with any of its own employees who may be affected by the transfer.
- 10.2.5 The transferring of employees also brings with it the on-going management of those employees, including dealing with any capability, disciplinary, or absence management proceedings, for example. Subject to any contractual provisions to the contrary contained within the services agreement with NPSPL or the proposed Commercial Transfer Agreement, the transfer automatically transfers all of the "rights, powers, duties and liabilities" of each transferring employee. Part of the TUPE Regulations requires certain information to be provided to the Council prior to the transfer date, in order that the Council can be properly prepared to deal with any such issues effectively and arrange for indemnities against such liabilities as appropriate.
- 10.2.6 If any restructure of the team is intended following the transfer, the proper consultations and procedures will need to be followed in that regard in due course.
- 10.2.7 NPSPL will continue to exist as a company, however, it is envisaged that the company will either be decommissioned and wound up in due course, or the Council will otherwise dispose of its shareholding in accordance with the shareholders agreement and the articles of association.

10.3 **Equalities Implications**

- 10.3.1 No specific implications arising from this report

11. **BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 Cabinet Report JUN22/CAB/07

12. **APPENDICES**

- 12.1 Exempt Appendix 1 – NPS Transfer Financial Information

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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CABINET	AGENDA ITEM No. 15
16 JANUARY 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance.	
Contact Officer(s):	Chris Yates – Acting Head of Finance (Corporate Services)	Tel. 01733 384552

IRRECOVERABLE DEBTS IN EXCESS OF £10,000

RECOMMENDATIONS	
FROM: Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance.	Deadline date: 16 January 2023
<p>It is recommended that Cabinet:</p> <p>1. Authorise the write-off of the debt shown as outstanding in respect of Non-Domestic (Business) Rates, Council Tax, Accounts Receivable (sundry debt) accounts and Housing Benefit overpayments, included in the Appendices to this report (which detail the financial year and the category for the write-off request).</p>	
<p>Summary:</p> <p>The total value of irrecoverable debts outlined in this report is £4,783,391. However, it should be noted that although there have been some smaller write-off exercises since January 2021 (primarily focussing on Sundry Debt), this is the first significant write-off of Non-Domestic Rates since March 2020, after witnessing the economic impact of Covid-19 on businesses in the area (79% of the total balance relates to irrecoverable Non-Domestic Rates).</p> <p>Each year, the Council sets aside a provision for bad and doubtful debt, and the write-off of irrecoverable debt is made against this provision. The current provision covers 99.92% of the irrecoverable debt, meaning the impact on the Council's current year's budget is only £3,637.</p> <p>All debt recovery action available to the Council must be exhausted before outstanding debt can be recommended for write-off. Despite our best endeavours, it is inevitable that a small percentage of debt will not be collected, and the authorisation for write-off is requested due to one of the following reasons:</p> <ul style="list-style-type: none"> • the individual/ company being made insolvent/ bankrupt; • recovery action attempted but no longer enforceable under the Limitation Act 1980 (Statute Barred); • the ratepayer is deceased with no further income due from the estate; and • the result of legal processes/ negotiations/ disputes concluding <p>It means the Council has no prospect of recovery. Writing off irrecoverable debts should be an annual housekeeping exercise; it is standard practice in local government and part of good financial management. The write-off value represents only 0.15% of the total debt raised over the period.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following referrals from CLT on 23rd November 2022 and the 21st December 2022, and Cabinet Policy Forum on the 19th December.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is for Cabinet to approve the write-off of irrecoverable debt in excess of £10,000.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, *'To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services,'* and No. 3.2.2, *'To take collective responsibility for any Executive decision that has significant implications across two or more portfolios.'*

2.3 The specific detail relating to these debts is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of individuals. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so would disclose personal and private information without the written consent of the individuals.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 The Council is committed to taking all necessary action before considering a debt for write off. This includes multiple written reminder letters early in the recovery process, telephone call follow-up, senior management dialogue with counterparts, and where necessary, court and enforcement action. It can take several years before all actions have been undertaken.

4.2 The Council expects to receive approximately £100m in non-domestic rates annually, £100m for Council Tax, and in excess of £60m of sundry debt income. As a result of activity on this scale, the Council recovers millions of pounds every year relating to previous years' debt, sometimes dating back several years, due to persistent recovery activity.

4.3 Despite our best endeavours, it is inevitable that a small percentage of debt will remain uncollected and will ultimately have to be written off. There are a number of reasons why this happens, with the most common being where a company has gone into liquidation, an individual has been made bankrupt, a debtor has died with no funds available within the estate, or where it has not been possible to trace a debtor. Over the last 2 years, there has also been the impact of the Covid-19 pandemic on individuals and businesses across the local economy. Writing off irrecoverable debt is a necessary management tool, standard practice and recommended as part of good financial management.

4.4 The balance being written off in this report is a significant sum, however, this is mainly due to almost no write-off of Non-Domestic Rate debt during the Covid-19 pandemic. This report reviews those irrecoverable debts (and any associated balances from prior years), plus any in relation to Council Tax, Housing Benefit overpayments and Sundry Debt, and the resulting amount to be written off in this report represents 0.15% of total debt raised over the period covered.

5. CORPORATE PRIORITIES

5.1 Writing off irrecoverable debts is standard practice and recommended as part of good financial management. While not directly impacting on the Council's Corporate Priorities, it is an important part of authority's financial governance and ensuring that the Council has robust financial reporting.

6. CONSULTATION

6.1 Consultation between relevant Council Officers, the Local Taxation section and key Heads of Service within the Peterborough-Serco Strategic Partnership was undertaken to provide the relevant information for this report.

6.2 This report has been considered at Budget Corporate Leadership Team (CLT) and Cabinet Policy Forum.

The report will also be taken to Audit Committee in January 2023 for information.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 It is anticipated that Cabinet will approve the write-off of the debt amounts summarised in Appendix 1.

8. REASON FOR THE RECOMMENDATION

8.1 The authorisation for write-off is requested due to one of the following scenarios:

- the individual/ company being made insolvent/ bankrupt;
- recovery action attempted but no longer enforceable under the Limitation Act 1980 (Statute Barred);
- the ratepayer is deceased with no further income due from the estate; and
- the result of legal processes/ negotiations/ disputes concluding

8.2 Where debt being written off is in relation to companies that have gone into administration/ individuals being made bankrupt, proof of debt has been lodged with the Administrators or Liquidators in all appropriate cases and either it has been confirmed that no dividend is payable, or a final dividend payment has been received. Recovery action has therefore been exhausted and there is no further action that can be taken to obtain any further payments in relation to the debt. Table 2 in Appendix 1 summarises the rationale for the different reasons for write-off decisions by year and by value.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 The alternative option is to not write off this debt. This would result in irrecoverable debts continuing to be shown as outstanding, with a bad debt provision apportioned to these balances. It should be noted that once a debt is no longer collectable it should be written off in the Council's accounts and the debt provision adjusted accordingly.

9.2 All other alternative options available to the Council to collect the debt have already been undertaken before making a decision to recommend a debt for write-off.

10. IMPLICATIONS

Financial Implications

10.1 The majority of the aged debt outlined in Appendix 1 has been fully provided for in the council's bad debt provision in accordance with the council's debt provision policies, local accounting procedures and statutory accounting regulations. As a result, the impact on the Council's revenue position as a result of this write-off exercise is £3,637.

All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off

Legal Implications

- 10.2 Debt recovery processes have been exhausted. The debts are deemed irrecoverable and recommended for write off.

Equalities Implications

- 10.3 There are no equalities implications arising from the recommendation.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 There are no further documents apart from the exempt annex.

12. APPENDICES

- 12.1 Appendix 1 - Debt Write-Offs With A Value Over £10,000 by type
Appendix 2 - Exempt Annex – Not For Publication

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Appendix 1 - Debt Write-Offs With A Value Over £10,000**Table 1: By financial year and % of debt type raised**

Financial Year	Non Domestic Rates			Council Tax			Housing Benefit Overpayments			Sundry Debt		
	Write-off (£)	Debt raised in year (£)	Write-off in-year %	Write-off (£)	Debt raised in year (£)	Write-off in-year %	Write-off (£)	Debt raised in year (£)	Write-off in-year %	Write-off (£)	Debt raised in-year (£)	Write-off in-year %
Up to 2008/09	91,548	-	-	7,109	-	-	-	-	-	-	-	-
2009/10	24,689	86,843,886	0.028%	860	60,755,510	0.001%	-	1,757,300	0.000%	-	51,430,000	0.000%
2010/11	92,482	84,526,730	0.109%	1,091	62,681,765	0.002%	-	2,136,189	0.000%	-	51,450,000	0.000%
2011/12	83,093	89,444,197	0.093%	1,500	63,452,470	0.002%	-	2,182,339	0.000%	-	47,270,000	0.000%
2012/13	101,056	92,745,954	0.109%	980	65,889,575	0.001%	-	2,632,518	0.000%	-	48,540,000	0.000%
2013/14	302,718	94,532,290	0.320%	2,192	71,080,446	0.003%	-	3,224,687	0.000%	-	46,140,000	0.000%
2014/15	283,949	96,008,318	0.296%	2,660	73,109,247	0.004%	10,409	4,680,398	0.222%	-	45,140,000	0.000%
2015/16	350,315	100,664,032	0.348%	3,071	74,846,674	0.004%	-	3,975,023	0.000%	21,632	54,270,000	0.040%
2016/17	337,609	101,768,770	0.332%	2,916	79,093,000	0.004%	-	3,904,982	0.000%	2,200	56,610,000	0.004%
2017/18	399,143	100,459,326	0.397%	2,123	84,378,529	0.003%	-	4,499,133	0.000%	14,304	56,914,648	0.025%
2018/19	452,556	101,527,035	0.446%	752	91,117,767	0.001%	-	2,700,796	0.000%	8,850	67,843,815	0.013%
2019/20	458,786	101,497,506	0.452%	2,679	96,952,073	0.003%	-	1,638,449	0.000%	10,278	68,726,462	0.015%
2020/21	705,528	62,978,022	1.120%	2,780	100,606,009	0.003%	-	1,066,060	0.000%	896,144	69,698,833	1.286%
2021/22	82,697	85,618,470	0.097%	2,764	108,506,511	0.003%	-	1,634,715	0.000%	9,683	49,443,624	0.020%

2022/23	10,051	100,815,602	0.010%	194	113,239,911	0.000%	-	515,557	0.000%	-	40,827,325	0.000%
Total	3,776,220	1,299,430,138	0.291%	33,671	1,145,709,487	0.003%	10,409	28,992,570	0.036%	963,091	754,304,707	0.128%

Table 2: By financial year and write-off rationale

Financial Year	Company/ ratepayer placed into Administration/ Liquidation/ Bankruptcy	Disputed Debts/ Statute barred - recovery action attempted but no longer enforceable under the Limitation Act 1980	Other – service transfers/ commercial agreement/ negotiation	The ratepayer is deceased with no further income due from the estate	Unable to trace the debtor and collect payment	Total
Up to 2008/09	2,517	96,140	-	-	-	98,657
2009/10	-	25,549	-	-	-	25,549
2010/11	17,715	75,253	-	605	-	93,573
2011/12	8,180	75,799	-	614	-	84,593
2012/13	48,618	53,418	-	-	-	102,036
2013/14	215,755	88,245	-	910	-	304,910
2014/15	165,976	113,442	-	17,600	-	297,018
2015/16	320,364	47,346	-	7,308	-	375,018
2016/17	312,468	17,759	-	5,913	6,585	342,725
2017/18	378,505	13,605	-	18,904	4,556	415,570
2018/19	452,966	-	-	9,192	-	462,158
2019/20	460,308	-	-	11,435	-	471,743
2020/21	707,108	-	887,303	10,041	-	1,604,452
2021/22	84,203	-	-	10,941	-	95,144
2022/23	10,051	-	-	194	-	10,245
Total	3,184,734	606,556	887,303	93,657	11,141	4,783,391

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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