

Cabinet	AGENDA ITEM No. 4
21 September 2020	PUBLIC REPORT

Report of:	Steve Cox, Corporate Director for Place and Economy	
Cabinet Member(s) responsible:	Councillor Peter Hiller: Strategic Planning, Commercial Strategy and Investments. Councillor Lynne Ayres: Children’s Services, Education, Skills and the University.	
Contact Officer(s):	Dave Anderson, Interim Development Director	Tel. 452468

UNIVERSITY OF PETERBOROUGH PROJECT: LAND TRANSFER AND DELIVERY ARRANGEMENTS

R E C O M M E N D A T I O N S	
FROM: Executive Director Place and Economy	Deadline date: N/A
<p>It is recommended that the Cabinet:</p> <ol style="list-style-type: none"> 1. Note the approval by the Cambridgeshire and Peterborough Combined Authority, at its Board meeting of 20 July 2020, of the final business case for the University of Peterborough project. 2. Note the selection by CPCA of Anglia Ruskin University (ARU) as the academic delivery partner for the new University and the intention of ARU to invest directly in the development of the University. 3. Approve the formation of a special purpose joint venture vehicle with CPCA and ARU in which the Council will retain shares of equivalent value to the land transferred into this company. 4. Authorise the transfer of around 4 acres of Council-owned land (edged in red in the site map at appendix 1) to a special purpose joint venture vehicle to be formed among the Council, the Cambridgeshire and Peterborough Combined Authority and Anglia Ruskin University for the purpose of delivering phase one of the University. 5. Delegate authority to the Executive Director Place and Economy and Director of Law and Governance to finalise the necessary legal and related documents needed to execute the recommendations and approach outlined in this report. 6. Delegate authority to the Executive Director Place and Economy and Director of Law and Governance to agree the transfer of further tranches of land to the joint venture company as may be needed to facilitate the delivery of further phases of the University subject to such land being identified for Higher Education related use within the local plan and suitable for development taking due account of the emerging University masterplan. 7. Authorise the Council to enter into a Subscription and Project Management Agreement to enable delivery of the University in Peterborough. 8. Approve the amendment of the ‘Appointments to External Organisations’ list to include the joint venture company within the ‘key partnerships’ category, to enable the Leader to 	

appoint a Member to take up the position of non-Executive Director on the Board of the company.

9. Recommend to Full Council:

- a) amends the Capital Strategy and Asset Management Plan to take account of the proposed transfer of this land to the special purpose joint venture vehicle.

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following the appointment of Anglia Ruskin University (ARU) as Academic Partner to the University of Peterborough project, and following the approval of the final business case for phase one of the new University, by the Board of the Cambridgeshire and Peterborough Combined Authority (CPCA) at its meeting on 20 July 2020.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to inform Cabinet of proposed changes to the planned implementation of the University of Peterborough project, including the arrangements for the proposed transfer of Council owned land into a special purpose joint venture (JVCo) to develop the new campus and the associated issues of the Council's shareholding arrangements in the JVCo and issues including Board Membership, voting rights and control.

- 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.

(a) The establishment of any new company, partnership or charity.'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	Yes	If yes, date for Cabinet meeting	21.9.20
Date for relevant Council meeting	21.10.20	Date for submission to Government Dept. (Please specify which Government Dept.)	N/A

4. BACKGROUND AND KEY ISSUES

- 4.1 In March 2020, the Leader of the Council, Councillor John Holdich, exercising delegated authority under paragraph 3 of the constitution, and following consultation with Councillor Peter Hiller (Cabinet lead for Strategic Planning, Commercial Strategy and Investments); and Councillor Lynne Ayres (Cabinet lead for Children's Services, Education, Skills and the University) took a decision to authorise:
- The transfer of Council land into a joint venture vehicle with CPCA;
 - The terms of a subscription and project management agreement to enable the delivery of the University;
 - The delegation of authority to the Executive Director Place and Economy and the Director of Law and Governance to finalise and agree the necessary legal and related documents needed to execute the recommendations made in the report.

In the period since these decisions were taken CPCA has, following a procurement exercise, selected Anglia Ruskin University (ARU) as academic delivery partner for the University. The

CPCA Board has also approved the final business case for the first phase of the project. This will see an expanded phase one building extending to 5,300 square metres of flexible academic facilities hosting teaching and learning facilities for the first four academic faculties to be established in Peterborough.

ARU has chosen to invest directly in the development of the Campus and proposes to transfer its existing nursing education to a new health and social care faculty on the Peterborough campus thereby increasing the size and scope of the phase one building and the overall budget. CPCA has accepted this proposal and agreed that, as a result of the selection of ARU as academic partner and its willingness to invest directly in the Campus, ARU should be admitted as a third shareholder in the JVCo referred to in the above mentioned March 2020 report.

The proposed participation of ARU as a third member of the special purpose property company that will oversee the development of the campus will ensure a Higher Education perspective on future development as well as reinforcing their commitment to successful delivery of new Higher Education provision in the city.

The JVCo is a company limited by shares. The CPCA and ARU will subscribe for shares in the company by making a financial investment, the Council will also do the same by transferring land to the JVCo based on its market value in return for shares. The JVCo will be managed by a board of directors as set out in this report, with decision making based on board representation and a series of matters that are reserved for approval by some or all of the shareholders under the terms of a shareholders' agreement. The investment from each of the partners will provide the JVCo with the funding required to undertake projects for creating the University.

The admission of ARU as a third shareholding partner in the JVCo will dilute the shareholdings of the Council and CPCA. Under the revised proposals the Council will retain one Director on the Board of the new company, with ARU also having one Director, and CPCA will have two Directors. The value of the Council's shares will continue to be commensurate with the independently assessed value of the land transferred into the JVCo. The land, once transferred, will need to be removed from the Council's asset register.

Within the last month, proposals have emerged for phase 2 of the University Campus – the creation of a Research and Innovation Centre with support from the Government's Getting Building Fund. This will require an access road to be created with a contribution from the Council estimated to be £2m. There may also be a need for a separate special purpose vehicle to be created to support phase 2 and detailed proposals will come forward in due course.

5. CONSULTATION

- 5.1 CPCA has consulted with local businesses and worked with Opportunity Peterborough to help identify how the curriculum for the University can most effectively be developed to support jobs, meet the needs of businesses and support the growth and prosperity of the local economy. Consultation on curriculum development and other matters will continue to be undertaken by ARU as the selected academic delivery partner. A planning application will be made and there will be opportunities for the public to comment upon the proposed design through the planning process.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The proposed change to a three-party joint venture as a vehicle for delivering the new campus will help to ensure the strategic alignment of the three principal parties involved to the vision of creating an independent University for Peterborough by 2029/30. By enabling ARU to share in the JVCo they will have a stronger incentive to invest in the future growth of the campus. Their commitment should, in turn, help to attract related investment such as investment in research and development facilities, student residential accommodation or sports and leisure facilities, as well as in future phases of academic expansion. As a result, the goal of ultimately achieving a University with up to 12,500 students in the next 15 years is more likely to be realised. This, in

turn, will help the city to address its higher-level skills deficit and create a pipeline of skilled graduates to support the future growth of local businesses and the city's economy.

7. REASON FOR THE RECOMMENDATION

- 7.1 The proposed recommendations will enable the Council to work with CPCA and ARU through a dedicated joint venture delivery vehicle that will enable the development of the University project to progress in a timely manner while respecting the needs and interests of the three principal partners. A focused joint venture delivery vehicle will ensure decisions can be made in a speedy and efficient way ensuring that the pace of the delivery programme can be maintained.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The option to sell the land to CPCA was considered. However, this was discounted on the basis that it would reduce the funding available for construction of the first phase of the Campus and leave the Council with less control and influence over future development. The option to enter a JV solely with CPCA was proposed in the March report but has been superseded following the appointment of ARU as academic partner and their commitment to invest their own resources in the Campus. By taking shares in the JVCo the Council will have an ongoing interest in the development of the Campus; the ability to receive income from dividend payments on its shares; and the potential opportunity to benefit from any private investment made on the Campus e.g. in student residences, or commercial offices for R&D and spin out businesses.

9. IMPLICATIONS

Financial Implications

- 9.1 The Council will be responsible for its own costs and expenses in connection with the preparation, negotiation and completion or rescission of the agreement. If during the term of the agreement the Council breaches the terms of the agreement and the other partners choose to terminate or unilaterally withdraw from the project the Council will be liable for its share of the aggregate external costs, fees and expenses incurred in connection with the project. The Council will also give up sole ownership of the land transferred into the JVCo but will receive shares to the equivalent market value of this land.

Legal Implications

- 9.2 Section 123 of the Local Government Act 1972 permits the Council to dispose of land in any manner which it wishes to, subject to the provision that the property is not to be sold for a consideration less than the best that can reasonably be obtained. The Council has not marketed the sites as they form part of a portfolio of assets to be transferred for the University site and the sites in question are identified in the local plan as being assigned for higher education use. The Council has satisfied itself through an independent valuation being obtained, that best consideration is being secured. This approach will ensure that any state aid implications are mitigated.

The site is subject to a restriction that no disposition (including a transfer) may be registered without a certificate given by Peterborough Investment Partnership LLP that the provisions of an option agreement dated on 8 May 2015 have been complied with or do not apply, and assurance has been given by the PIP that this certificate will be provided.

The sale of land is exempt from the public contract regulations and therefore there will not be any procurement implications. The investment into the joint venture is not subject to any procurement requirements.

The land will only be transferred to the JVCo upon the completion of the shareholders' agreement. As such, each shareholder will contractually commit to their respective investments simultaneously.

Equalities Implications

9.3 There are no equalities implications.

9.4 Carbon Impact Assessment

As the land in question will be transferred to the special purpose joint venture vehicle there will be no direct carbon impacts for the Council. The proposed phase one building will feature a low carbon design and the campus location close to the city centre is easily accessible by public transport.

10. BACKGROUND DOCUMENTS

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

None.

11. APPENDICES

11.1 Appendix 1 - Site Map
Appendix 2 - Masterplan

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