

| | |
|--|--------------------------|
| CHILDREN AND EDUCATION SCRUTINY COMMITTEE | AGENDA ITEM No. 5 |
| 21 JANUARY 2021 | PUBLIC REPORT |

| | | |
|--------------------------------|--|-------------------------|
| Report of: | Chief Officer, Business Board Director of Business & Skills, Cambridgeshire and Peterborough Combined Authority | |
| Cabinet Member(s) responsible: | Cllr Lynne Ayres - Cabinet Member for Children’s Services, Education, Skills and the University | |
| Contact Officer(s): | John T Hill, Chief Officer, Business Board Director of Business & Skills, CPCA | Tel. 07542 226979 |

NEW UNIVERSITY OF PETERBOROUGH UPDATE REPORT

| | |
|---|----------------------------------|
| RECOMMENDATIONS | |
| FROM: Chief Officer, Business Board Director of Business & Skills, CPCA | Deadline date: <i>N/A</i> |
| <p>It is recommended that the Children and Education Scrutiny Committee:</p> <ol style="list-style-type: none"> 1. Note and comment on the process and progress on the establishment of a University Phase 1 Teaching Building 2. Note and comment on the process and progress on the establishment of a University Phase 2 Research Building 3. Note and comment on the outline plans for further expansion of the teaching and research campus on the embankment | |

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Children and Education Scrutiny Committee following a request from Cllr Lynne Ayres, Cabinet Member for Children’s Services, Education, Skills and the University, that the responsible officer of the Cambridgeshire & Peterborough Combined Authority, update Committee Members on the process and progress in establishing Phases 1 and 2 of the new University for Peterborough, and on plans to expand the campus further.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide Members with an overview of the skills and economic development strategies, developed by the CPCA, that have given rise to the comprehensive programme of bids for local and national funding, engagement with businesses and construction, taking place between 2018 and 2028. Also provided is the implementation approach for the strategy, including:

1. **The rationale for the campus design** that will balance increased opportunity for local people to gain a HE qualification with the opportunity for them to gain a HE level job locally
2. **The processes to secure funding** from HMG and locally, along with private sector co-investment to finance the first five potential buildings.
3. **The delivery approach**, building design and master planning processes for the current two, and proposed further three buildings for the campus.

The report is presented to provide additional and background information requested by the Committee at its meeting on 21 January 2021 and to obtain views on the proposed development of the first two buildings and the proposed strategy for further expansion of the Campus.

2.2 This report is for the Children and Education Scrutiny Committee to consider under its Terms of Reference No. Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

Education, including

- a) University and higher education;
- b) Youth service;
- c) Careers; and
- d) Special needs and inclusion.

2.3 This report links to the Corporate priorities:

- Improve educational attainment and skills
- To drive growth, regeneration and economic development

3. TIMESCALES

| | |
|---|-----------|
| Is this a Major Policy Item/Statutory Plan? | NO |
|---|-----------|

4. BACKGROUND AND KEY ISSUES

4.1 The CPCA skills and economic development strategies that have given rise to the university and research campus project

Data from the Cambridgeshire & Peterborough Independent Economic Review (CPIER), updated by new econometric work ongoing to assess the extent of economic scarring resulting from the COVID Crisis, predicts that Peterborough will be one of the hardest hit economies in the UK. This is backed-up by the recent Centre for Cities study putting Peterborough as the 5th most “at risk” city in the UK from the economic impacts of COVID. This is partly due to education deprivation (Peterborough is in the bottom 10% of all UK cities) making the workforce less resilient and able to adapt. It is also partly due to its industrial base, which is characterised by increasing levels of administration and logistics employment, a reduced high-value manufacturing sector and a relatively low proportion of knowledge intense jobs. These factors combine to increase the chances of the city, also being one of the slowest to recover.

The 2019 Local Industrial Strategy had already set out the need for a more inclusive growth strategy for the Cambridgeshire & Peterborough economy, but in COVID 19 economic recovery, this need is intensified. Recovering the CPCA’s growth ambition, of doubling the economy by 2042, means that action must be taken to increase, higher value, more knowledge intense and more productive growth in places like Peterborough. Changing the spatial distribution of economic growth and supporting an increase in innovation-based business growth across the whole of the CPCA economy, was a key recommendation from the CPEIR and formed the basis of the three priority goals of the Local Industrial Strategy (LIS):

- To improve the long-term capacity for growth in Greater Cambridge to support the expansion of this innovation powerhouse and, crucially, reduce the risk of any stalling in the long-term high growth rates that have been enjoyed for several decades.
- To increase sustainability and broaden the base of local economic growth, by identifying opportunities for high growth companies to accelerate business growth where there is greater absorptive capacity, beyond the current bottlenecks to growth in Greater Cambridge.
- To do this by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support and innovation eco-system to promote inclusive growth

For a number of cities in the UK, such as Derby, Sheffield and Coventry, the establishment of a university and associated innovation eco-system has produced the knowledge engine to drive increased worker skills to raise business productivity, innovation, and knowledge intensity. However, this requires a specifically designed and long-term programme of interventions that balance supply of improved skills with the demand for them. This in turn, requires indigenous and inward business growth that is more knowledge intensive and higher value, requiring higher level skills. In the case of Peterborough, this means the removal of the Higher Education Cold Spot, to generate more level 5, 6, 7 & 8 skills, focused on key and higher value growth sectors such as high-value manufacturing and digital. In comparison to the average city in the UK, and within a workforce of 103,000, Peterborough needs be able to mobilise 17,000 more workers at these higher skills levels, to become competitive as a place.

But filling the higher-level skills gap in Peterborough will have limited impact without effective measures to significantly grow the business and industrial demand for those higher-level skills. This will require, concurrent development of the innovation and business support eco-system to increase the supply of graduate level jobs by growing indigenous high-value firms and attracting new ones to the city.

This requirement was identified in the Cambridgeshire & Peterborough Local Industrial Strategy which stated that:

“Too much of Cambridgeshire and Peterborough will remain locked in a low skill, low pay equilibrium, structurally unable to provide the absorptive capacity the high growth areas of Greater Cambridge and Peterborough very much need. Raising educational outcomes across the whole area is essential to rebalancing the economy and goal for greater growth that is more inclusive. Hence, we will look to scope and create a new university in Peterborough that will attract highly skilled, productive individuals to the city, and develop the skills of the local population. It will be the focal points for innovation cluster development in Peterborough. Focusing on product development to support key growth sectors, the new university in Peterborough could, over time, become the knowledge engine in the north of the region.”

Hence, the CPCA, in partnership with the City Council, has developed a strategy to establish and grow an integrated university and innovation eco-system to act as a focus for sector-cluster development. This will be similar to those developed in other cities such as Coventry, Sheffield and Derby, and based on German Fraunhofer-Gesellschaft Model for Technical Universities, that has driven place-based, sector growth for decades. This model has been chosen for its powerful partnership approach between the university itself, industry and a co-located independent Research Institute. This will provide the fundamental platform for a Peterborough, high value manufacturing innovation eco-system with a Technical University at its core, to drive growth founded in technological innovation and increase the knowledge intensity of local jobs.

The business support, advisory and growth funding tools to support this are already in-place, designed and funded through the CPCA, and ready to mobilise. They include:

- A £1m new network for smart manufacturing firms delivered by Opportunity Peterborough
- A £12m business growth coaching programme for local firms with high-growth potential
- A £12m growth investment fund with loans, grants and equity investment for growth firms
- A £4m inward investment agency to attract-in, and grow existing high value firms
- A £3m skills brokerage to connect learners, and those retraining, with growth firms

The teaching and research buildings for the eco-system consist of a campus of five centres, three academic teaching and two housing industrial research. The academic buildings alone will create:

- 10,000 qualified learners to levels 5 and 6 over five years.
- 50 temporary jobs in construction
- 115 University staff initially, rising to 294
- 230 jobs in the University supply chain rising to 588.
- 14,000 indirect jobs in the business community
- 2,100 new Apprenticeships between levels 4 & 6

The delivery approach, building design and master planning processes for the current two, and further three building projects for the campus.

4.2 Phase 1 Initial Teaching Building

A key issue for Peterborough, is that it has long been recognised as a cold spot for Higher Education. However, after unsuccessful efforts over the last 20 years to grow HE provision, at pace and with a sufficient employer focus to support economic growth, an Independent Review in early 2019, recommended the only viable way forward was for the CPCA to build the physical infrastructure for a university and secure a delivery partner with an established and high quality HE track-record to provide a step-change in HE performance and graduate growth.

To achieve this, the CPCA competitively procured an Academic Delivery Partner (ADP) to develop a curriculum with flexible modes of delivery to address the characteristics of the region, its communities and the specific characteristics of the HE cold-spot.

The University procurement was successful in attracting more than 10 registrations for further information in a “Call for Competition” including interest from 5 Universities and 5 private sector bidders. This resulted in a shortlist through the Expressions of Interest and Due Diligence phase which ran to the end of September 2019. This was followed by an Invitation To Negotiate, rather than Tender to allow greater levels of development of the procured solution, between the Commissioner (CPCA) and the bidders. As a result, Anglia Ruskin University was awarded Academic Delivery Partner status and entered into contract to deliver:

- Up to 2,000 students for the 2022/23 academic year
- Rising to 3,000 by 2024/25 and
- Up to 4,000 by 2025/26, with an aspirational target of
- Up to 12,500 students by 2030/31.

The budget for the construction of the initial teaching building is for up to £31.3m, which consists of a confirmed investment of £12.3m from the Mayor’s Gainshare Fund, £12.4m from the CPCA Business Board’s Local Growth Fund and up to £6.5m from ARU. Currently, ARU has committed £3.8m and the remainder provides for a contingency for the build. PCC has also contributed to the project, through the provision of £1.87m worth of land. All partners receive shares in the Peterborough HE Property Company Ltd that will own the building, in proportion to their contribution to it. The university phase 1 building will enable delivery of a curriculum matched to the growth needs of local businesses, providing new opportunities for communities to gain access to higher level skills, better paid employment, and enhanced life-chances. This will be delivered from four core faculties.

1. Faculty of Business, Innovation and Entrepreneurship
2. Faculty of Creative and Digital Arts and Sciences
3. Faculty of Agriculture, Environment and Sustainability
4. Faculty of Health, Education and Social Care

From September 2022, and within the initial building, the following thematic areas will deliver a range of courses.

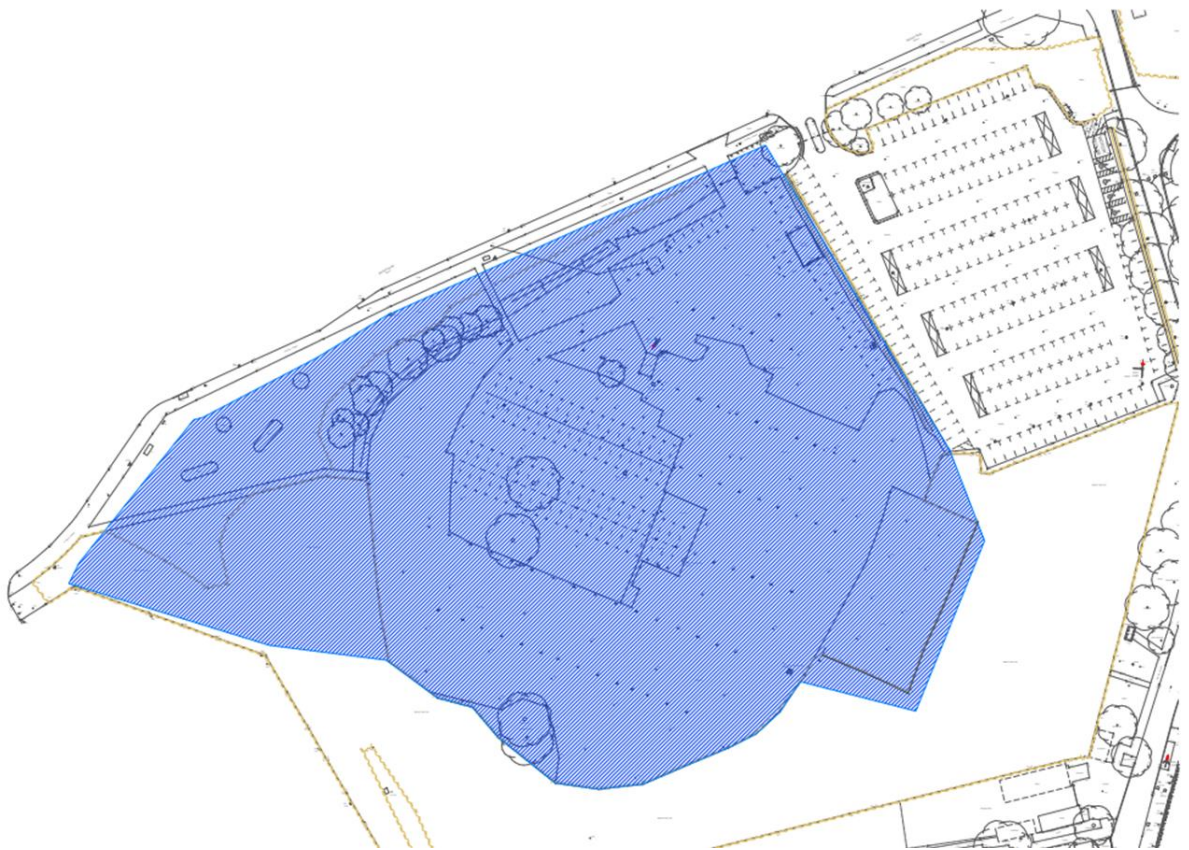
1. Art and Design
2. Creative and Digital
3. Environmental Management
4. Engineering
5. Health
6. Social Care
7. Education
8. Management and Finance

However, recognising the resource and timescale constraints, and the very high risks that would accompany any attempt to found a new University on a model similar to those founded in the 1960s (the so-called Robbins Institutions), the core strategy has been developed around tackling the characteristics of the addressable component of the current market failure (the “cold spot”) without unnecessary direct competition with existing HE providers, regionally and nationally.

The hallmarks of this strategy, based on a clear understanding of the market needs in and around Peterborough, and include:

- A clear focus on under-represented groups and those “left behind” i.e. those who cannot or will not travel to existing providers.
- A solution based on a limited physical experience i.e. a relatively modest campus development with significant off-campus teaching provision
- 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 relationships between upstream 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 location for the university had previously been defined in the PCC city Master Plan as the Embankment site covering approximately 55 acres. The specific location for Phase 1 of the University campus is the Worrina car park next to the Bishops Road, Regional Pool Car Park within an initial 6 acre site. The new building will absorb no current greenspace on the embankment.



The design of the building has been substantially specified by ARU as the occupant and delivery partner. It is filled with high levels of natural light using a central open core and set of feature roof lights that make for a bright and airy feel for students.



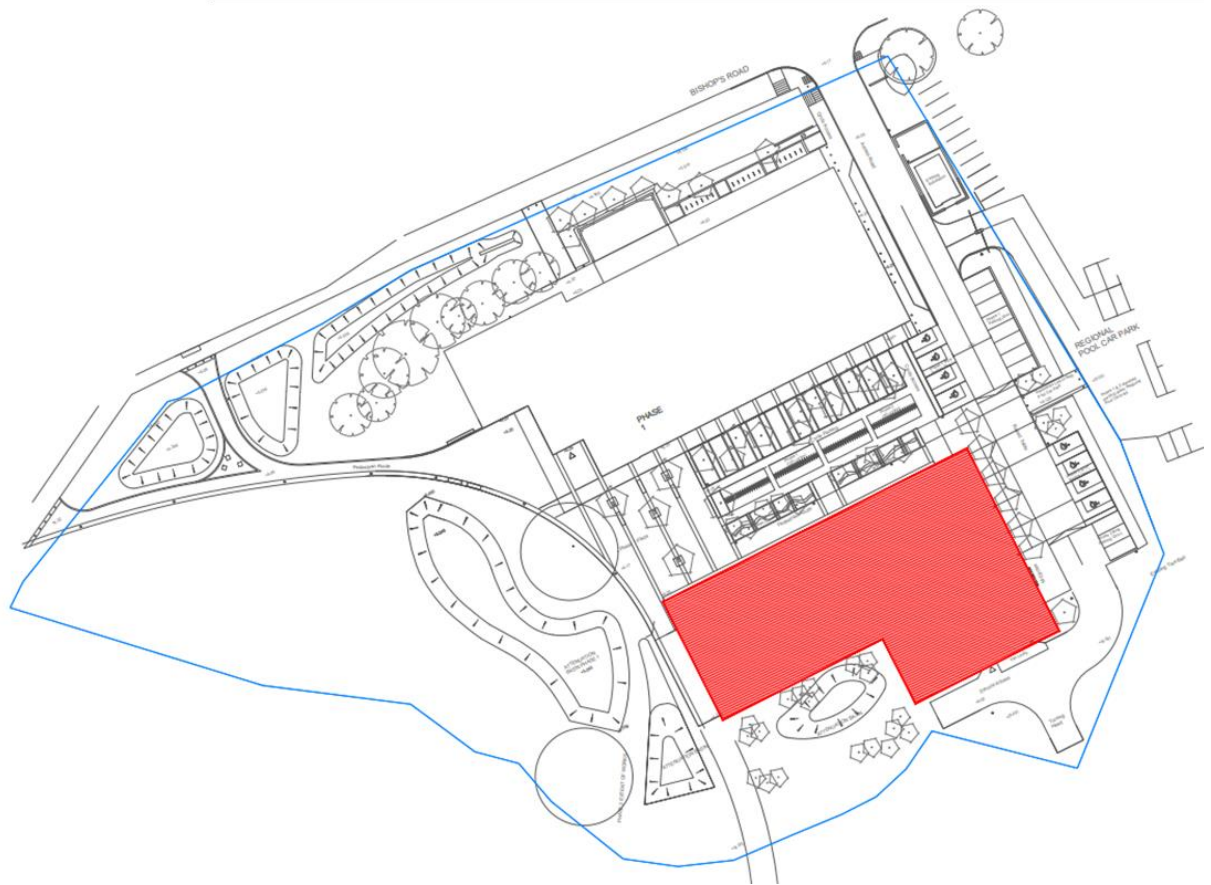
In order to govern and develop the University project, the Peterborough HE Property Company Ltd has been created as a Joint Venture company (JVC). The shareholders of this are the Combined Authority as the primary investor at £25.4m, PCC as the second investor through contribution of the 5 acres of land at £1.87m as a capital contribution, and ARU which will contribute up to £6.4m in cash. This company will manage the procurement of the contractor, building programme and then lease the building to ARU to operate ARU Peterborough from the site. In order to reduce early years losses in operating the university during its build up of students to the design capacity of 3,000 students, the JVC will lease the building at a peppercorn rental value for the first 10 years.

Phase 2 Initial Research Building

The building will house established and start-up companies developing cutting edge technologies linked to net zero carbon products and equipment development, as well as advanced manufacturing processes to produce them. The anchor tenant, will be Photocentric, developing new 3D printed battery technologies for vehicles. This phase of the University will link academia and industry to establish a net zero research cluster in the very heart of Peterborough, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core. Photocentric will provide an array of 3D printers making products for many applications with open access to Peterborough University students to learn under trained supervision. The Research Incubator will be an eco-friendly building that optimises energy use and conserves resources, where inside, scientists will solve the energy storage problems of tomorrow.

The budget for the construction of the initial research building is for up to £16.77m, which consists of a confirmed investment from the CPCA Business Board's Get Building Fund of £13.77m and £3m from its private sector partner, Photocentric Ltd. Both partners receive shares in the Peterborough R&D Property Company Ltd that will own the building, in proportion to their contribution to it.

The research building will sit within the land sold by PCC to the Phase 1 development, now owned by the Peterborough HE Property Company Ltd. The land required for Phase 2 will be purchased (at a pro rata price based on the original land sale).



In order to govern and develop the research and high-tech business incubation project, the Peterborough R&D Company Ltd has been created as a Joint Venture company (JVC). The shareholders of this are the Combined Authority as the primary investor at £13.8m and Photocentric as the second investor which will contribute up to £3m in cash. This company will manage the procurement of the contractor, building programme and then lease the building to a commercial incubation management company to operate the research incubator from the site. In order to reduce early years losses in operating a research incubator during its build-up of tenants, the JVC will lease the building at a peppercorn rental value for the first 5 years.

To complement the building, Peterborough City Council (PCC) will contribute £1.9m of borrowings to part fund increased car parking capacity. The CPCA will provide an £800k grant to create a budget to deliver a £2.7m multi-deck car park adjacent to the site.

A commercial operator for the building will be secured through a procurement; this management company will operate the day to day running of the building under a Concession Contract which will include a number of pre-requisite clauses that offer subsidised rental arrangements for an initial period to attract the most promising net-zero technology research organisations to Peterborough. This will include research teams from universities, independent research institutes and industry. Photocentric will lease a proportion of the building for their own Research and Development use based on their investment and a rental charge from the building operator. Further R&D tenants will be sourced by the procured building operator, to occupy the remaining space.

The planned approach to secure further HMG and local funding, along with further private sector co-investment to finance the remaining phases of the project to 2029.

All future phases of the university and research campus are subject to CPCA approval of funding and PCC approval of the developing Masterplan, as well as specific planning permissions. However, in principle, the following funding strategy is being developed for CPCA and business board approval.

As part of the expected call for proposals to the £4bn Levelling-Up Fund, and during the course of the 2021 Comprehensive Spending Review, the Combined Authority is building a series of Strategic Outline Business Cases (SOBCs) to create a portfolio of highly economically strategic projects. The first two will feature as proposals to the Government's Levelling-Up fund and the third will be entered into the competition for forward allocations of the Shared Prosperity Fund, for the CPCA, as part of the Comprehensive Spending Review process.

- The Levelling-Up Fund will be run a competition in the new year, with awards for funding during the summer/autumn and projects must be complete by the end of this Parliament.
- The Shared Prosperity Fund will be scaled and locally allocated as part of the 2021 Comprehensive Spending review, and be available for spending between April 2022 and 2007.

The bids into the Levelling-Up Fund will each include £20m from the fund and at least the same in private sector and other public sector investment. All will be established as projects over the course of 2012/22 and be complete as buildings on the Campus within the current Parliament. To gain funding, it is important that all enjoy active political support and sponsorship of the local MPs and key Ministers, as well as that of the business community.

Phase 3: The Second Teaching Building

The scale-up of teaching capacity will see the initial teaching building established for 3,000 added to, through a second building with a planned opening date of September 2024. This will enhance delivery through the additional thematic areas of:

1. Law
2. Architecture
3. Biochemistry
4. Robotics

In addition, this second building will contain a Students' Union to enhance the university experience for learners.

Phase 4: The Second Research Building

The scale-up of the research capacity will see the initial anchor R&D tenant on the Campus, Photocentric, joined by a globally active Research Institute, TWI, with a range of its industrial members which include firms Rolls Royce, Bae Systems, JLR, BP and BMW. It is envisaged, that TWI will establish upon the Campus, with funding from Innovate UK, its industrial members and the CPCA, a Net-Zero R&D Programme to deliver new applications, products and systems in sustainable aviation, passenger vehicles, buildings and ships. Based just outside Cambridge, TWI brings to Peterborough and connects the wider Cambridge Innovation Eco-system into the Peterborough Campus. This phase, or one soon after, will also include the scale-up of the tech-incubation capacity on the University & Research Campus. This will see the initial research building established by the CPCA Business Board's funding to house 200 researchers rise to 500 by and potentially involve a rapid manufacturing facility to produce prototypes and initial production to prove and commercialise ideas into real products and systems.

Phase 5: The Third Teaching Building

In the third teaching building is planned for 2027/28 to add the further thematic area of Sports (science, coaching, psychology, analytics) to the 12 already established at that point. The additional teaching space it will provide, will also enable a significant expansion in the delivery of the previous 12 thematic areas as well as a broadening of qualification into master's degrees and a portfolio of doctoral programmes, including Professional Doctorates. Once the third teaching building is up, the curriculum will be re-organised and focused into three Centres of Excellence, one in each building. These will be;

Phase 1, Teaching Building 1 – Health, social care, education, management and finance, law

Phase 3, Teaching Building 2 – Environmental management, biochemistry, engineering, robotics

Phase 5, Teaching Building 3 – Sports, art and design, creative and digital, architecture



Campus Integration

The scale-up of teaching capacity on the University & Research Campus in Peterborough. This will see the initial teaching building established by the Mayor for 3,000 students rise to 10,000 and expand out into engineering, net-zero, digital, agri-tech and sports science faculties. Once all five elements of the scale-up of the Peterborough University and Research Campus are achieved, there is an aspiration to join the fifty or so university, industry and small business partners that have established it, to form an active collaboration to develop new concepts and ideas for Net-Zero technology and secure the funding for them. This joint venture of tenants could be in the form of a Company Ltd by Guarantee, Research Association, called the Cambridgeshire Institute of Technology, or C.I.T.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1 It is anticipated that the committee will have the opportunity to ask questions and comment on the process and progress in establishing Phases 1 and 2 of the new University for Peterborough, and on plans to expand the campus further

6. REASON FOR THE RECOMMENDATION

6.1 This report is for information and update purposes to ensure that the committee is fully appraised of the process and progress in establishing Phases 1 and 2 of the new University for Peterborough, and on plans to expand the campus further

7. BACKGROUND DOCUMENTS

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

7.1 [A New University for Peterborough – Business Case](#)

8. APPENDICES

8.1 None

This page is intentionally left blank