

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 6
7 NOVEMBER 2022	PUBLIC REPORT

Report of:	Executive Director for Place and Economy		
Cabinet Member(s) responsible:	Cllr Lynne Ayres, Cabinet Member for Childrens Services, Education, Skills and University		
Contact Officer(s):	Adrian Chapman	Tel. 07920 160441	

PETERBOROUGH HE PROPERTY COMPANY LTD

RECOMMENDATIONS	
FROM: Executive Director for Place and Economy	Deadline date: N/A
<p>It is recommended that Shareholder Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the work of the Peterborough HE Property Company Ltd, and the council's role as shareholder in that company; 2. Assures itself that the role of the council as shareholder in that company is being fulfilled appropriately. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Shareholder Cabinet at the request of the committee.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide an overview to Shareholder Cabinet of the council's role and interests in the Peterborough HE Property Company Ltd, enabling Members to scrutinise and challenge as well as inform future activity.
- 2.2 This report is for the Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2 (a), *'To monitor performance and financial delivery of the companies, partnerships and charities ... in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny.'*

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 Peterborough HE Property Company Ltd is a private limited company established to govern and deliver the physical development of certain phases of Peterborough's new university. The company, which is known informally as PropCo1, is responsible for phases 1 and 3 of the university project. Governance and delivery of phase 2 – the research and development building which is close to completion – is the responsibility of a separate company, Peterborough R&D Property Company Ltd (known informally as PropCo2).

- 4.2 PropCo1 has three shareholders: Peterborough City Council, Anglia Ruskin University (ARU), and the Cambridgeshire and Peterborough Combined Authority. The shareholding of each member is based on the value of financial contribution made to the overall project, with each £1 invested being equivalent to one share. The distribution is currently:

Peterborough City Council: 21,870,000 shares
Combined Authority: 26,800,000 shares
ARU: 7,800,000

Due to the value of shares held by the council, we have two company director places on the board (as does the Combined Authority). ARU has one place. The council has appointed the Executive Director for Place and Economy as one of its directors, with the second place to be filled by the Assistant Director for Growth and Regeneration. The Articles of Association for the company can be found at this link: [PropCo1 Articles](#)

- 4.3 The Board meets monthly and is chaired by the council's Executive Director for Place and Economy. At each meeting, the Board receives input from a range of colleagues, including the overall development programme managers, finance professionals, and from ARU.

- 4.4 For information, the delivery of the university curriculum and associated delivery matters is governed by a separate company, ARU Peterborough, on the board of which the council has one director place currently filled by the Executive Director for Place and Economy. However, although PropCo1 is concerned with the development and build of the university, it will be of interest to Members to be reminded of some of the key reasons why a new university for Peterborough is so important to the prosperity of our city and its residents:

- 32% of our population has achieved NVQ level 4 or above, compared to 43% nationally
- 17% of our young people are in full time education, compared to 33% nationally
- 25% of people in Peterborough are living in poverty, compared to 17% nationally
- Peterborough has relatively high levels of in-work poverty
- Peterborough has poor social mobility, ranked 191st of 324 council areas

The new university will significantly contribute to the aspiration and achievement of our city and its residents, improving over time these metrics, and the council has been instrumental in bringing forward the development and realising our university.

- 4.5 Phase 1 of the university is the teaching building that opened last month. The overall programme was managed by the contractor, Mace, with a number of sub-contractors responsible for different build and fit-out elements. In headline terms, phase 1 was delivered on time and within budget. There are a small number of outstanding snags still to be resolved, but the PropCo1 board has secured absolute assurance that these remain on target to be resolved by the end of October.

- 4.6 The phase 1 building opened to its first cohort of students in September, with teaching capacity for 846 students in specialist labs and teaching rooms. ARU received over 1,600 applications to start courses this autumn and is expecting to support more than 950 learners this trimester. This includes up to 650 students based at University House (the phase 1 building), and via other provision including short courses and work-based learning. Just under half of the students in this intake live in a PE postcode area. Unlike many universities, ARU Peterborough will have a second start date in January each year, providing greater flexibility for students.

- 4.7 The 'before and after' pictures below show the site as it was prior to the phase 1 build commencing and the building as it now is:

Before:



Now:



- 4.8 Phase 3 of the university, also overseen by the PropCo1 board, is a further teaching block to be built on the site of the current regional pool car park. Mace will also programme manage this build and will continue to inform PropCo1 of progress and risks as necessary. The planning application for the phase 3 build was submitted to the council on 23 September 2022 following positive pre-

application engagement with planning officers. The application is expected to be determined by Planning Committee in January 2023. Alongside this, a contractor kick-off meeting has been held, as well as a risk workshop.

- 4.9 The overall build timetable for phase 3 is tight, with completion expected around September 2024. The council's financial contribution to this phase is via the Levelling Up Fund, and adherence to this timetable is a condition of that funding. There are a number of significant milestones and other factors that need to be met or considered in order to meet this timetable, including overall cost pressures as a result of inflationary increases, any delays in the planning process, and the successful closure and handover of the regional pool car park (by March 2023). All these factors are contained within the overall risk register for the programme, which is reviewed at each PropCo1 board meeting.
- 4.10 The phase 3 building will combine teaching space with a living lab, creating an innovative learning environment. It is hoped that the facility will incorporate Extended Reality and Artificial Intelligence technologies.
- 4.11 For information, the phase 2 building is the research and development facility, the development of which is overseen by the PropCo2 company. As mentioned above, PropCo2 (the Peterborough R&D Property Company Ltd) is a separate limited company, the shareholders of which are the Cambridgeshire and Peterborough Combined Authority and Photocentric. The council does not have a place on this board. However, the council's Executive Director for Place and Economy has recently been appointed to the board as a Combined Authority-appointed director, which will provide greater local visibility of the development of the phase 2 project.
- 4.12 The external works on the phase 2 building are progressing at pace, with practical completion expected on 15 December 2022. Internal fit out however will follow as and when research and development tenants are identified.

5. CONSULTATION

- 5.1 Not applicable.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 It is anticipated that Shareholder Cabinet has greater visibility of the role and work of the Peterborough HE Property Company Ltd and is assured that the council's formal role in the work of the company is being appropriately fulfilled.

7. REASON FOR THE RECOMMENDATION

- 7.1 The recommendations contained in this report are designed to ensure Shareholder Cabinet can assure itself that the council is fulfilling its role in the company appropriately.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Not applicable.

9. IMPLICATIONS

Financial Implications

- 9.1 The council has made a financial contribution to both phases 1 and 3 of the new university and this has resulted in the issuing of shares equivalent to that value. The process to release this funding has been subject to separate and rigorous governance and decision making.

Legal Implications

9.2 The work of PropCo1 is often complex, and the company directors are advised by both in-house and externally commissioned legal advisers at every stage.

Equalities Implications

9.3 Not applicable.

10. BACKGROUND DOCUMENTS

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

10.1 None.

11. APPENDICES

11.1 None.

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