

APPENDIX 1

PITTVILLE STUDENT VILLAGE – CASE FOR SUPPORT

The case for development

The re-developed student village at Pittville will allow the University to be competitive in the market and to meet its planned growth in student numbers. The University's success and continued viability is critical to Cheltenham and the wider region. In 2013/14 the local economy benefitted by £151.2m as a result of the University's presence. On average each student spends £11,382 each year, with approximately 83% of this remaining in the county. This supports 518 jobs each year in the region. As such, losing this opportunity would greatly impact the town itself and the region.

Before teaching at the campus ceased in 2011 it supported 1,300 students and over 250 staff. The campus has been used as an educational and residential site since the early 1960s. The scheme proposed *reduces* the built footprint of the site by approximately 50%, introducing green spaces and an additional net gain of 137 trees. The scheme seeks to provide beds for a total of 794 students (including 213 already on site), with office space for 100 University support staff.

The Pittville campus is in a deteriorating state and has become a local eye sore. It is not financially viable to re-introduce teaching back to the campus. Since it was moth balled in 2011 all the courses that were taught there have been redeveloped at other campuses with improved teaching facilities.

The market for student recruitment has changed fundamentally. Student number controls – through which government controlled the maximum number of students that could be recruited by each university in any one year – will have been removed completely by 2015/16. In addition, the majority of first year undergraduate students in the UK, including those at University of Gloucestershire, are now paying the maximum £9,000 p.a. in tuition fees.

Guaranteed accommodation is very important to prospective students. In its survey of students who declined to come to the University of Gloucestershire in 2013/14, 78% rated the availability of accommodation as important in their decision making process. Students look for high quality en-suite rooms with associated social and study facilities, within a good travel range of where their teaching is taking place. The Pittville Student village meets all these needs, and will be our flagship offer. The ability to offer students accommodation in the Pittville village for September 2016 is central to the University's future success.

The University of Gloucestershire has reacted proactively to the changing market but struggles with the inherent constraints of its estate, especially with the quantity and quality of its student accommodation. At present the University has a shortfall of 554 beds, projected to be 1,153 by 2018/19 without the new accommodation. The University has very limited capability to build more accommodation on its sites in Cheltenham and in order to address this shortfall is reluctantly placing increasing numbers of students in leased halls and private housing. Some halls offer below standard quality and there is growing pressure on areas with private rentals such as St Paul's.

Without the additional 580 beds offered by the Pittville development the University could be faced with those students choosing to study elsewhere. The 580 students represent a minimum of £5.2m in student fees per annum and approximately £6m of direct spend per annum in Cheltenham.

Partnership with Uliving

The use of public/private partnerships for student housing has become common place in the Higher Education sector. It offers universities the opportunity to provide the sort of high quality student accommodation that the University of Gloucestershire urgently needs, that is well managed and maintained but is self-funding, thus protecting available university capital investment for improved teaching accommodation and student facilities. The well-established consortia in this field, including Uliving, have considerable experience in the construction and facilities management of student accommodation.

Because of their strength in the student housing market these consortia are often able to access funding solutions that are not available to individual universities, including the proposed funding solution that is guaranteed by Infrastructure UK. Uliving has been able to secure such a funding proposition which has provided financial viability to the project.

In addition to the funding solution achieved by Uliving (see below), a further significant advantage of the funding model is that existing student accommodation owned by the University can be transferred to them on the same leasehold arrangement, thus ensuring high quality maintenance and management over the 35 year leasehold period and freeing up University capital from maintaining halls to investing in teaching accommodation and student facilities and this will generate a capital receipt for the University.

This capital receipt will be used to further invest in the University estate, providing new and enhanced teaching accommodation and student facilities. The planned approach is to invest in new teaching accommodation for subject areas with existing or potential recruitment potential. The investment will provide building work locally and also allow additional staff recruitment.

Responses to planning

The University has reacted proactively to issues raised during the planning process. It has a strong record in the region for working well with its local neighbours and for its schemes to support and manage students as they live and learn in Cheltenham. Concerns about the design have been raised by the Architects Panel and by Cheltenham Civic Society. Local residents have raised concerns about having 794 students resident on the site and have questioned how the management of the site and surrounding area will be carried out. There has also been concern about vehicular traffic and footfall and the impact on the local shop. The documents provided with the planning application provide detail on how these issues have been addressed.

We believe we have worked constructively with the CBC planning team to develop the scheme in response to issues raised. It is notable that there have been no formal objections raised from the statutory consultees, including the Environment Health team and Highways Authority. The local community police team has supported the scheme during consultation and has offered to staff a hot desk at the site in order to support the University's commitment to student safety and management of behaviour.

The Funding Solution

The funding solution to the project is predicated on a financial guarantee from Infrastructure UK. Infrastructure UK is the unit within HM Treasury that is responsible for improving delivery of infrastructure and bringing commercial expertise to policy formation. They help to deliver specific projects which are applied for on a case by case basis.

The UK Guarantee Scheme helps project sponsors such as Uliving, to raise debt finance for infrastructure projects by utilising the UK sovereign credit rating against the underlying project risk. This risk is assessed by IUK and specific expert consultants who carry out and complete a detailed

due diligence investigation into the project and its viability before providing a financial guarantee. This greatly improves the viability of a project and widens the potential pool of investors in the project and these investors have the ability to rely on HM Treasury guaranteeing the debt repayment.

For the re-development of the Pittville Campus the 22nd of January planning committee is critical. Ahead of the 2015 General Election, the Parliament will be dissolved on 30th March, and therefore, in order to benefit from the UK Guarantee Scheme, this financial solution will have to be launched no later than the week commencing 23rd March, having concluded the judicial review period. If this deadline is missed the impacts are severe. The new government may choose not to continue with the policy or as a best case the financial pricing terms are likely to increase causing a major impact to the land value. In the unlikely event where the government continue without any impact on guarantee pricing, the next window will be after the General Election, subject to any new Government's requirement/approval, which could delay financial close until June 2015 or later. This causes a major impact on the ability to deliver the construction for September 2016.