S 40 [redacted]

From: S 40 [redacted]
Sent: 23 April 2021 17:18
To: S 40 [redacted] (DfE)
Cc: Malcolm, David; Hetherington, Sharon; Neeson, Patrick (DoF); McBurney, Joanne; Cooper, Trevor; Armstrong, Barry; Vance, Garey; Farmer, Cris; S 40 [redacted]
Subject: FW: Content Manager DoF Document : FI1/21/521542 : Supply- DfE - QUB Integrated Student Centre - Approval
Attachments: Supply- DfE - QUB Integrated Student Centre - Approval.DOCX; Supply- DfE - QUB Integrated Student Centre - Approval.tr5

S 40 [redacted]

Please see attached approval letter following earlier email approval.

S 40 [redacted]

Public Spending Directorate
Supply

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31 March 2021

Dear S 40 ,

QUEEN'S UNIVERSITY OF BELFAST – INTEGRATED STUDENT CENTRE

Thank you for your submission on 23 March 2021 to seek approval for the Queen's University Integrated Student Centre. The economic case from Queen's University for £45.1 million total cost project is seeking capital support up to £34.3 million. The University is required to commit £10.8 million from its reserves. I note due to budgetary availability £5.3 million is available for allocation in 2020 -21.

Background

Over the past fifteen years, the Higher Education (HE) sector has become ever more competitive, with student led league tables focused on employability, the student experience, research impact and innovation and institutional sustainability. The attitudes, expectation and constraints of today's students differ from students from ten years ago. Many of today's learners favour active, social, participatory, experiential learning, requiring universities to reconceptualise spaces to facilitate this new form of learning. Students are now highly social and want their university experience to promote interaction.

This project will create a world-class facility in which student services and social endeavours are located in a central hub of student activity, a "heartbeat" of student life in Belfast. The business case advises that this is notably missing at present, with facilities spread across the city, which leads to decentralisation of the student body and a less positive student experience. The Queens Corporate Plan 2016–20, Students' Union (SU) Strategic Plan 2020–25 and Universities UK Strategic Plan 2016–23 cite student experience and specifically fostering a "connected, motivated and engaged Queen's community, working as 'One University' " as goals in themselves, with a positive student culture cited as a key enabler in the Queen's corporate plan of their three strategic priority areas. The Students' Union have set out the ambitious target to be a leading UK Students' Union by 2025 and have highlighted the importance of a clear

central hub of student life to achieve this. A vibrant student hub, in which people want to visit will have further benefit to local business and the local Belfast economy. The new Centre will help improve employability outcomes for students, help inculcate an entrepreneurial drive through business incubation space and seek to improve welfare and mental health conditions for the student base.

In 2018, the University developed a business case to identify the preferred option for the redevelopment of the Student Centre. It was intended for this business case to be submitted to the Department of the Economy (DfE) to support a request for public sector funding. However, the decision was subsequently taken for Queen's to proceed without funding from DfE (i.e. the University would fund the project in its entirety). The decision to proceed at risk was taken in part because of a lack of DfE capital grant funding to support the project over the past two years. The business case identified the preferred option in 2018, this project has proceeded, and the construction activities outlined in the preferred option are being progressed.

Due to Covid-19 and the subsequent global health pandemic, universities are facing increased financial pressures. The University commissioned RSM UK Consulting LLP (RSM) to review the 2018 business case and validate the selection of the preferred option as it was in 2018. The university has preceded at risk with this project and £7.99 million has been expended to date.

Consideration

In terms of additionality, the department has advised that government plays a key role in funding universities because of their key contribution to the economy now and in the future, and a thriving University sector in Northern Ireland is recognised as being a critical element of delivering the high value added, innovation focused and knowledge based economy that is the Department's vision in going forward.

Having considered that procurement commenced prior to the Covid-19 pandemic, Brexit and a significant revised pension pressure, the Department is content to recommend this project for approval in order to compete in a global higher education market, ensuring the best quality facilities are essential to attracting international students. Attracting high quality, best-in-field staff is essential to achieving the goals cited by the University Research Strategy 2016-2021 and Education Strategy 2016-2021 and this too can be achieved in part through providing top quality facilities. This is of particular relevance to the Universities UK Strategic Plan, the NI Higher Education Strategy and the Belfast Agenda, all of which state that investment in higher education facilities and services to keep them globally competitive is crucial.

The University has provided assurance from a project affordability perspective, should government funding not be provided to the levels requested, it will meet any shortfall from its reserve position.

The department is content with the assessment of need for the project, the options and associated risks. The DfE casework committee noted that the risk around the full affordability of this project remained with the university and any financial allocation post 2021/22 remained subject to further consideration and prioritisation by the DfE Minister.

The University is required to comply with the reporting and other monitoring conditions set out in the DfE grant funding Letter of offer. By providing approval in principle to fund up to 90% of projects, the Department retains both control and flexibility over its budget and can quickly and easily react to changes in the level of capital funding available. The Department will monitor the project going forward under the terms set out in its funding Letter of Offer, this includes the authority to clawback any funding which the Department, SIB or CPD deem to be outside the terms and conditions of the funding. Given the ongoing funding relationship with the University, any necessary clawbacks can be recovered from future funding. Under the university's financial memorandum with the department, a maximum of 90% of total eligible capital costs may be recovered, subject to budget being available within the department.

Approval

Based on all the information and assurances provided plus responses to the queries raised, DoF is content to approve the capital funding support of up to £34.3 million to this project and note that £5.3m is available for allocation in 2020-21.

It should be noted that DoF approval is granted subject to the strict adherence of the following conditions:

- that the project implementation is not delayed when compared to the timescale indicated in the business case;
- that there are no substantial changes to the scope/scale of the project as described in the business case;

Requests for approval will take account of factors such as:

- Whether DoF approval is approached on the earliest indication that compliance with one or more the above conditions is under question;
- Adherence to correct appraisal procedure.

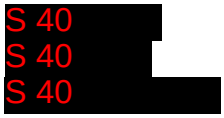
Should the request for Supply approval be declined, these factors along with any other mitigating will be taken into account when determining the extent of irregular spend.

A final post project evaluation must be completed by March 2025. It should be noted that this approval relates solely to agreement to proceed with the project. It does not imply approval for expenditure to be incurred beyond existing agreed public expenditure controls.

Yours sincerely,

Patrick Neeson

cc David Malcolm
Sharon Hetherington
Joanne McBurney
Trevor Cooper
Iain McFarlane
Garey Vance
Barry Armstrong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