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FROM: SIR DAVID FELL

JUNE 1995

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PS/Mr Moss (DHSS, DOE &L) - B  
PS/PUS (B&L) - B  
NI Permanent Secretaries  
Mr Cowan  
Mr Gibson  
Mr Holmes  
Mr Quinn  
Mr Watkins - B  
Mr Wood - B  
Mrs Brown - B

1. PS/MICHAEL ANCRAM (DENI, B&L) - B
2. PS/SECRETARY OF STATE (B&L) - B

**SPRINGVALE UNIVERSITY CAMPUS PROPOSAL**

1. In my note of 10 April, I explained that the timing for the completion of the economic appraisal of the Springvale University campus proposal had slipped, due to the complexity of the exercise, but that the report from PIEDA (the consultants undertaking the appraisal) was expected to be available early in the summer. This note is to give an update on recent developments and to suggest options for the way forward.
2. We have recently received and studied a first draft of PIEDA's full report setting out the findings of the economic appraisal. The draft report is very unfavourable to the Springvale proposal. We always knew that Springvale would be a highly expensive way of providing higher education places when compared with other options, which raised questions as to its affordability. The crucial factor in PIEDA's draft findings is that they suggest that it is also very expensive in terms of its

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contribution to urban regeneration. It therefore emerges as offering poor value for money on both scores. Unless this analysis is dented - and we believe that, in its general outline it is robust - it would be difficult to justify proceeding with Springvale. It could be that the scheme will emerge rather less unfavourably in the next draft of the report, particularly in respect of the examination of the urban regeneration impact; DOE in particular are not happy with the consultants' approach to this aspect, and have asked for further work to be undertaken. It is, however, highly unlikely that the findings will change sufficiently to allow the Springvale scheme to be judged to be soundly based in economic terms.

3. The Northern Ireland Higher Education Council had now produced the report which Michael Ancram had commissioned late last year on the Springvale proposal and which looked at the higher education merits of the scheme. That report does not favour the development of a campus at Springvale, recommending instead a variety of measures to achieve an expansion of higher education provision, including expanding Further Education institutions, particularly BIFHE, to develop and deliver higher education on a collaborative basis with the Universities; encouraging the QUB policy of outreach at learning centres such as those at Armagh and Omagh; and making more intensive use of existing space in the QUB and UU campuses. This is broadly in line with PIEDA's analysis of higher education requirements - and particularly the emphasis of HE in further education.
4. I should make it clear that neither Springvale nor any of the developments favoured by NIHEC has any PE cover. This would need to be found from within the NI Block, in competition with other pressures, against the background of bids vastly exceeding room to manoeuvre in the 1995 Survey.
5. Although the basic work has been done, it will still be some weeks before the PIEDA report is finalised, and one option is

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not to say anything about Springvale until the final response is produced. That would have the advantage of avoiding any impression that we were seeking to influence PIEDA or that we were taking a negative view of the scheme on the basis of incomplete information. However, there would also be disadvantages. First, it is likely that the University of Ulster will take the opportunity at its forthcoming graduation ceremonies to highlight the Springvale scheme in anticipation of Government backing, in ignorance of the fact that the scheme is not passing muster in the NIHEC and PIEDA studies.

5. Second, if we do not make a statement before the end of June, we would be faced with deferring an announcement until September or October on the grounds that it would be considered as an underhand action on the part of Government to slip out such a major decision in the summer months during the University vacation. A delay until the autumn would mean keeping expectations unduly high for a further period of some four months. The judgement is finely balanced but we consider that it may be desirable to give some indication now of what the eventual outcome on Springvale might be, to dampen down enthusiasm.
6. A related point is that the NIHEC report on Springvale has, as indicated, been submitted to the Government, and we have to decide whether to keep it to ourselves, at least until the PIEDA report is available, or to release it sooner. The issue was the subject of widespread consultation by NIHEC, and those who were so involved have a reasonable expectation of seeing the result. There seems nothing to be gained by delay, and officials recommend an early release. This would involve making it available not just to those involved in the consultation process but to the wider public. This would make clear to interested parties the advice provided to Government in one of the key reports on the proposal, and provide an opportunity for comment to be made.

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7. The question is then whether, and if so what, to say on PIEDA at the time of publication of NIHEC's advice. The options are:
- to publish the NIHEC report, and say that the results of the economic appraisal are also needed before a firm decision can be made on the scheme; and to go on to say that, while the PIEDA report will not be finalised for some weeks yet, enough work has been done to show that the economic appraisal is unlikely to suggest that Springvale would represent value for money; and that a final decision will be taken when the final report is available;
  - to publish the NIHEC report, and say that the results of the economic appraisal are also needed before a firm decision can be made on the scheme, but to stop short of indicating what the likely PIEDA findings would be; but to go on to say that, while the outcome of the PIEDA report is not yet known, it would have to find strongly in favour of Springvale, in view of the reservations of NIHEC, to enable the scheme to be considered feasible. If pressed, however, we might have to say that the indications are that the economic appraisal is unlikely to have that effect. Also, any announcement would need to avoid giving the impression that funding had been identified to cover the costs of Springvale.
8. Again, the judgement here is a finely balanced one, but our preference is for the second option. It would be unwise to pre-empt publicly the PIEDA findings, and a statement about their likely findings could put unfair pressure on PIEDA in the final stages of their work. Also, we do not know the extent to which the revised draft from PIEDA will show the Springvale proposal more favourably, and it would be better to be cautious about this publicly until we see the final version.

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9. If Ministers agree with this approach, we will prepare a statement on these lines for consideration. We would of course wish to alert the University of Ulster in advance to whatever announcement we intended to make.

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