
BOARD MEETING

Date of Meeting	21 June 2017
Paper Title	Capital Masterplan Update and GCRB Capital Funding Policy
Agenda Item	17.35
Paper Number	17.35A
Responsible Officer	Janet Thomson, Vice Principal Resources and College Development
Status	Disclosable
Action	Discuss and Approve

1 Report Purpose

- 1.1 This report provides an update to the Capital Masterplan since last presented to the Board in March. The report also outlines the new capital funding allocation policy proposed by GCRB for 2017/18.

2 Recommendations

- 2.1 Board members are requested to discuss this report and approve the College's capital masterplan update.

3 Background

- 3.1 The Scottish Funding Council (SFC) provides formula capital funding to Regions based on credits volumes which can be used towards estates or equipment and this funding is provided on a fiscal year basis, i.e. April to March, rather than for an academic year as for SFC revenue funding.

- 3.2 For 2016/17, the allocation for the Glasgow Region was £3.428Million for the period April 2016 to March 2017, and Glasgow Clyde College received £1.181Million from the original allocation which was split £802k to capital funding and £379k to capital maintenance funding which is reported within the revenue budget. There was additional capital funding of £2.1Million received by the Glasgow Region in September and Glasgow Clyde College was successful in receiving £1.144 Million of this additional funding which was spent on four projects which are now all completed. These are shown on the capital masterplan.

- 3.3 For 2017/18, the total SFC capital funding allocation for the Glasgow Region is £4.57Million. The Glasgow Colleges Regional Board (GCRB) are now responsible for allocating capital funding to the three Glasgow Colleges and they have proposed a new capital funding allocation process for 2017/18 which was agreed at their Board meeting on 22nd May. The capital funding

allocation policy from GCRB is that 50% of the capital funding is allocated to the three Glasgow Colleges based on teaching credits volumes for life cycle maintenance which allocates £748k to Glasgow Clyde College. The remaining 50% i.e. £2.284Million will be allocated to Other Projects based on need and priorities.

- 3.4** For the Other Projects capital funding, £284k will be retained by GCRB as a contingency to respond to emerging need, and the three assigned Colleges were asked to submit bids to GCRB for the remaining £2Million of Other Projects Capital Funding. The bids were submitted by 7th June and the GCRB Performance and Resources Committee will consider them on 16th June. The bids will be evaluated by the Committee using the following target priorities and relative weightings:-

Target Area	Project types that deliver...	Weighting
Equitable services for all	A consistent experience and comparable level of services across Glasgow, widening access to services.	30
Opportunities for learning	Facilities to meet future curriculum/service needs, projects that improve the learner journey, services for those with greatest need i.e. areas of deprivation, low/no skills, flexible provision.	25
Sustainable institutions	Improved efficiency, lower running costs, reduced environmental impact/carbon reduction, well-maintained resources, improved resource usage.	15
Developing the Region	Aspirational projects, services to meet emerging priorities, a collaborative approach with others.	15
Measuring the benefits	Demonstrable benefits at reasonable cost, a positive return on investment, evidence of project beneficiaries, effective project management, a commitment to project evaluation.	15
	Total	100

- 3.5** The College submitted four bids to GCRB for this Other Projects Funding which total £1.45Million. These bids were for Smartboard replacement at Anniesland and Langside phase 1 £400k, Local Area Network replacement at Anniesland £475k, Gym Changing Rooms Upgrade at Cardonald £370k, and Storage Area Network Upgrade £200k. A total of 21bids have been submitted to GCRB across the three assigned Colleges which total £4.4M. The Colleges will be notified of the outcome of the bids approvals on 20th June.

- 3.6** The updated College capital masterplan is attached which includes the bid items listed above. The ICT projects have been part of the College's overall ICT road map and are for asset replacement as that equipment approaches the end of its useful life.
- 3.7** There is an update to the Landscaping and Horticulture new teaching facilities building project (project 1) in the capital masterplan. The value of this project as last reported to the Board of Management was £1.732Million which was fully funded from the Glasgow Clyde Education Foundation and was due for completion for the start of the 2017/18 academic session. Unfortunately the College has recently been informed by the Project Manager that there is an unexpected issue on this project due to material found beneath the car park at Langside which seems to be rubble from when the previous College facilities at that part of the site were demolished.
- 3.8** The College undertook pre-construction works using environmental consultants where five boreholes and four trial pits were established over the site areas of the workshops and greenhouses. The site investigation did identify some previously unknown attenuation tanks and drainage systems and a degree of rubble fill which was incorporated in the tender and priced accordingly. However the new issue in question appears to be localised over an area of the site out with the trial pits and boreholes undertaken and has resulted in the need to excavate to a depth of a further 2metres in order to reach a suitable bearing stratum for the concrete foundations over a section of the new building. This has resulted in a considerable increase of excavation, concrete works, backfill and removal of which cannot be deemed to lie with the contractor and will be an additional cost to the project. The contractor is currently reporting additional costs of £230k including VAT and a four week delay for completion of the project. These quoted costs are being challenged however the overall cost of the project will increase and after all contingencies are used the project value has been increased in the capital masterplan to £1.85Million. This additional funding will need to either be funded from the SFC life cycle capital allocation from GCRB or from requesting additional funding from the Foundation whose next meeting is in the first week of July. There are reductions in cashflow on another Foundation funded project as indicated in paragraph 3.9 below. An approach to the Foundation will be made prior to the Board meeting.
- 3.9** There is also an update to the Large Scale Plant Upgrade/ Replacements Lifts, Heating and Ventilation, Water Services and Switchgear (Project 2) in the masterplan. The total value of this project as approved by the Foundation is £2.75Million. The five main Tower Block lifts replacement element at Cardonald, which was the most urgent works to be undertaken, has commenced and will continue through to January 2018 with the total cost of this element being £1.3M. The other works in this project have had full business cases completed and phase 1 of these works will be undertaken in summer 2017 which will take the total expenditure on the project to around

£2.15Million to the end of 2017/18 and hence will be a lower drawdown than originally requested for this period from GCEF. The second phase is being reconsidered based on funding and affordability.

- 3.10** The summer works line in the attached capital masterplan is shown as £369k which is the balance of the total £748k of life cycle maintenance from GCRB after £379k has been allocated to capital maintenance funding which is reported within the revenue budget.
- 3.11** A new item has been included in the attached capital masterplan which is the potential to bid to GCRB for a feasibility study/ options appraisal for the College estate. This is an option whether to include this as part of a potential bid to GCRB from the emerging need funding set aside as per their capital policy for 2017/18. SFC are undertaking a national estates condition survey across the sector estate which may provide some of this information and an update on progress on this by SFC will be requested prior to the Board meeting.
- 3.12** Finally there have been discussions within the Region and some information shared recently on the Non Profit Distributing model for the City of Glasgow College's two new buildings, the funding which was assumed in their business case, and what is funded through their annual unitary charge. The aim of these discussions is to have similar treatment of costs across the three Glasgow Colleges as Glasgow Clyde College and Glasgow Kelvin College may have costs they have to fund from revenue expenditure which relate to costs covered in the City of Glasgow unitary charge. This is being discussed at Glasgow College Group Regional meetings.

4 Risk Analysis

- 4.1** There is a risk from the new GCRB capital funding allocation policy as there is more volatility in the capital funding for the College although it is aiming to reflect need through its 50% allocation for other projects, and there is the risk that if the capital masterplan is not achieved then the correct level of investment is not made to maintain a suitable educational experience for the students of Glasgow Clyde College.

5 Legal Implications

- 5.1** There are no specific legal implications associated with this capital expenditure update.

6 Financial Implications

- 6.1** The financial values of each of the capital masterplan projects are highlighted within the report.

7 Regional Outcome Agreement Implications

7.1 The Regional Outcome Agreement implications are that each of the Colleges in Glasgow needs to have a suitable, fit-for-purpose estate and this is being emphasised in the funding allocation discussions.

8 Has an Equality Impact Assessment been carried out

8.1 Not applicable.