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**BOARD MEETING**

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Date Of Meeting	21 December 2016
Paper Title	Capital Masterplan Update
Agenda Item	16.139
Paper Number	16.139A
Responsible Officer	Janet Thomson, Vice Principal Resources
Status	Disclosable
Action	For Approval

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**1. Report Purpose**

The purpose of this report is to provide an update on the Capital Masterplan for the College from 2016/17 to 2010/21 and to report on the expenditure to date from April to end October.

**2. Recommendations**

Members are requested to approve the attached updated capital masterplan.

**3. Background/Objective/Discussion/Proposal/**

The SFC provides capital formula funding to Colleges on a fiscal year basis i.e. April to March which can be used towards estates or equipment. The original SFC allocation for capital for the Region was £3.429Million (down from £4.022Million in 2015/16) and the GCRB allocation to Glasgow Clyde College for 2016/17 was £1.181Million for the period April 2016 to March 2017. This funding has reduced from £1.436Million in 2015/16 which was already a reduction of 25% from 2014/15. This total grant figure for the College is then split between capital grant for 2016/17 which is £802k towards capital plan items and £379k towards capital maintenance items. The capital maintenance items relate to expenditure required annually on lifecycle maintenance and this expenditure is ultimately charged to the income and expenditure account. The capital expenditure from 1<sup>st</sup> April 2016 to 31<sup>st</sup> October 2016 against plan is attached.

Prior to reclassification of Colleges in April 2014, Colleges would have been able to fund capital investment over the SFC capital funding level from reserves which had been built up for this purpose; this is no longer an option. However, the College can now apply to the Glasgow Clyde Education Foundation for funding of projects including capital. The list of College applications approved by the Foundation is indicated in the attached at the bottom of the masterplan.

On 30<sup>th</sup> September 2016 there was an additional allocation of SFC funding of £10Million for the sector which was £2.1Million for the Glasgow Region. The Glasgow Colleges Regional Board requested the three Glasgow Colleges to submit proposals for potential use of these funds to be utilised for estates needs and to be spent by end March 2017. The College submitted a number of bids and was successful in receiving an allocation of £1.080Million of these funds for four specific projects which are Cardonald Campus Refurbishment of Toilets £600k, Mary Stuart Building Toilets Upgrade £130k, Cardonald Campus Business Centre Upgrade £150k, and Cardonald Campus Roof replacements phase 2 £200k. The capital masterplan has therefore been updated and is attached to include these additional projects from this additional SFC funding.

There are two projects in the capital masterplan where the costs have increased since the last capital masterplan report to the Board which are the Landscaping and Horticulture Teaching Facilities new workshops and glasshouses building at the Langside campus, and the lifts replacements project at the Cardonald campus.

The Landscaping and Horticulture Teaching Facilities project costs have increased due to added items requested by planning in terms of car parking and retention of some structures plus the need to move an attenuation tank which was under the planned build site. The project originally had approved funding from the Glasgow Clyde Education Foundation of £1.54Million. The tenders for this project have now been returned and the additional costs of the selected contract are £192k higher than the approved GCEF bid. These increased costs are unavoidable as they are linked to the necessary tank replacement works and planning requirements. (This costing includes £100k of contingencies so hopefully will not need to use all of the contingency amount). The works are due to commence early in 2017 with the teaching facilities to be available from academic session 2017/18. The attached updated masterplan is for the Board's approval including this increased level for this project. The additional costs were discussed with GCEF at their November meeting and they have agreed in principle to fund these additional costs if there is formal approval of them by the Board of Management. This project is linked to the Woodburn campus disposal which was a ring fenced part of the donation to the Foundation in March 2014 and the main landscaping and horticulture teaching has been undertaken in rented accommodation for an extended period following this disposal. Therefore approval of the Board for these additional costs is sought.

For the lifts project six tenderers were included and three tenders have been received with a range of prices returned, the highest of which is £600k higher than

the lowest. The accepted tender is £130k higher than the original estimate figure which was based on the costed business case and this difference will either be funded from the contingency line in the capital plan or vired within the overall £2.75Million large scale plant upgrade project as funded from the Foundation. This position will be updated in the next report to the Board in March.

The final update to the capital masterplan is the summer works estimate line for future years. This figure has been increased by £100k in 2017/18 and £100k in 2018/19 after which the ESF activity will have reduced and the level of summer capital works in future years are estimated at the £400k level per annum thereafter.

#### **4. Risk Analysis**

One of the risks on the College's Strategic Risk Register is adverse capital funding changes and this risk has materialised between 2014/15 and 2015/16 and again between 2015/16 and 2016/17. There is also a risk within the GCRB proposed funding model where the capital funding allocation is based on credits rather than on need and Glasgow Clyde College has the oldest part of the Glasgow Colleges' estates at its Cardonald campus with related investment needs.

#### **5. Legal Implications**

There are no specific legal implications from this paper.

#### **6. Financial Implications**

The financial implications are related to having a suitable ongoing level of capital investment to meet the need of the College particularly in terms of investment in its older estate. This creates financial challenges for the College in being able to provide sufficient funding annually to maintain its estate.

#### **7. Regional Outcome Agreement Implications**

The capital funding allocations for the three Colleges within the region are a challenge as there are differing views on the method of allocation whether they should be based on need or based on credits only.

#### **8. Has an Equality Impact Assessment been carried out**

Not Applicable.