

## Performance and Resources Committee Meeting

Date of Meeting	Wednesday 5 June 2019
Paper Title	Capital Funding – 2018-19
Agenda Item	10.b
Paper Number	PRC4-G
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Information

### 1. Report Purpose

- 1.1. Consider the progress reports for the capital projects in 2018-19.

### 2. Recommendations

- 2.1. The Committee is invited to:

- **Note** the progress made by the colleges in respect of the capital projects in 2018-19.
- **Note** the progress in respect of the disposal of the former college building at North Hanover Street, Glasgow (by City of Glasgow College).

### 3. Background

- 3.1. The capital funds for 2018-19 were allocated by SFC to GCRB and GCRB to the three colleges as follows:

	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Lifecycle Maintenance	£1,286,586	£906,569	£566,342	<b>£2,759,497</b>
Very High Priority Maintenance <sup>1</sup>	£0	£1,931,534	£1,563,265	<b>£3,494,799</b>
<b>Total</b>	<b>£1,286,586</b>	<b>£2,838,103</b>	<b>£2,129,607</b>	<b>£6,254,296</b>

<sup>1</sup> Includes the additional £681,000 allocated to Glasgow Clyde College as agreed by GCRB in October 2018.

#### 4. City of Glasgow College Update

- 4.1. City of Glasgow College also received £1,286,586 towards the cost of lifecycle maintenance. This is being used to meet the cost of the NPD unitary charge and to meet maintenance costs not included in the NPD contract.

#### 5. Glasgow Kelvin College Update

- 5.1. Glasgow Kelvin College is implementing its Capital Plan and progressing a range of projects that are very high priority. These projects are progressing well, are making a real difference to the campus buildings and are being managed within budget overall.
- 5.2. Many items have been fully completed and all of the funds available are committed, an update as at 30 April 2019 is provided below:

Project	Description	Status	Initial Budget £'000	Revised Forecast £'000	Spend to end April 2019 £'000
<b>Multi-Campus</b>					
Building Management System	New integrated BMS for Springburn, Easterhouse and East End Campus, now incorporates new security access system.	Contract awarded and technical survey work underway	340	452	32
Redecoration - internal	Building maintenance	On-going, final elements ordered and scheduled for July 2019	398	344	319
<b>Springburn</b>					
Cladding, front entrance and external cleaning	Building fabric maintenance	Completed	35	59	59
Roof – library & tech blocks	Repairs and maintenance to drainage routes	Order placed and work commenced	55	20	0
Roof – M&E	Maintenance, cladding and insulation	Order placed and work commenced	50	25	0
Gym hall canopy	Building fabric maintenance	Completed	16	11	11
Magnetic doors	Building fabric maintenance	Completed	0	15	15
Floating floor repairs	Building fabric maintenance	Completed	0	17	17
External landscaping	Property maintenance	Completed	5	8	8

<b>Project</b>	<b>Description</b>	<b>Status</b>	<b>Initial Budget £'000</b>	<b>Revised Forecast £'000</b>	<b>Spend to end April 2019 £'000</b>
<b>Easterhouse</b>					
Boiler replacement	M&E replacement	Completed	48	42	42
Roof – front section repair	Building fabric maintenance	Completed	15	5	5
Air handling unit	M&E replacements	Completed	75	41	41
Drainage	Building structure and fabric	Completed	39	15	9
Refurbishment of Flexible Learning Unit	Essential refurbishment	Contract awarded, works to commence in June 2019.	50	70	4
<b>East End</b>					
Exterior fabric treatment and cleaning	Building Fabric Maintenance	Completed	27	23	23
Minor roof repairs - Science	Building Fabric Maintenance	Completed	5	9	1
Air conditioning unit	M&E replacements	Completed	0	7	7
Minor roof repairs	Building Fabric Maintenance	Completed	0	9	9
Boiler replacement	M&E replacements	Completed	0	68	68
Refurbishment of beauty and hairdressing salon	Essential refurbishment	Completed	55	72	72
<b>West Campus</b>					
Fabric repair	Essential property maintenance & Health & Safety	Nearing completion	93	19	1
Air handling unit	M&E replacement	Completed	19	11	11
Replace fire panel	M&E replacement	Completed	8	4	4
<b>Other</b>					
Replace uninterruptable power supply	M&E replacement	Completed	50	49	49
Complete innovation hub works	Estates works and workshop refurbishment	Completed – awaiting final invoices	100	98	91
Sustainable Development	Carbon reduction and sustainability projects	Completed	35	35	35

<b>Project</b>	<b>Description</b>	<b>Status</b>	<b>Initial Budget £'000</b>	<b>Revised Forecast £'000</b>	<b>Spend to end April 2019 £'000</b>
<b>Project Management</b>		On-going	45	35	30
<b>Total</b>			<b>1,563</b>	<b>1,563</b>	<b>963</b>

**5.3.** Glasgow Kelvin College also received £566,342 towards the cost of lifecycle maintenance. The lifecycle maintenance grant is critical to ensuring that the College is able to carry out day to day planned and reactive maintenance in respect of all of its campus buildings. The funding contributes significantly to the totality of non-staff related Estates costs at the College. Of this total budget, £375k is allocated to replacement equipment and furniture, plant maintenance, general redecoration and reactive repairs/replacements.

**5.4.** Additionally, the College has repeatedly indicated that it does not have sufficient resources for ICT hardware replacement and has support from the Glasgow Kelvin Learning Foundation.

## 6. Glasgow Clyde College Update

6.1. Glasgow Clyde College is implementing its Capital Plan and progressing a range of projects that are very high priority following the allocation from GCRB of these funds as follows:

Project	Description	Status	Initial Budget (£'000)	Revised Forecast (£'000)	Spend to end April 2019 (£'000)
Cardonald campus car park	Essential maintenance & drainage works and external lighting	All works are now complete.	800	791	786
External lighting Cardonald campus – Now included in above works	Essential external works	See above which now includes lighting works within the overall tendered amount.	200	Now included above	Now included above
Sports changing room upgrade	Building fabric maintenance	Works completed.	440	434	434
Boiler installation – Cardonald campus	Installation of 3 <sup>rd</sup> boiler and additional pipework for the nursery.	Works being progressed. Due for completion shortly.	75	270	123
Redecoration & Flooring	Backlog maintenance	Works now complete.	200	302	276
Mary Stuart building cladding	External building works	Following receipt of costings for cladding options, decision has been taken to go for the least cost option of changing the cladding panels with new compliant panels. This will ensure the building can be used going forward at a vastly reduced cost compared to a complete refurbishment of the external façade. Contractor now appointed and works will commence from end of term in June.	210	399	20
<b>Total</b>			<b>1,925</b>	<b>2,196</b>	<b>1,639</b>

- 6.2.** Glasgow Clyde College also received £906,569 towards the cost of lifecycle maintenance. As in previous years this figure has been split into capital and revenue and of this total, £535k is being invested in the programme of capital works for the College. The lifecycle maintenance grant is critical to ensuring that the College is able to carry out day to day planned and reactive maintenance in respect of all of its campus buildings. Key projects include creating better disabled access to one of the College buildings and upgrading the cross College Wi-Fi Infrastructure. The Very High Priority Maintenance Grant was £1.251m in June 2018 and £681k in October 2018 i.e. total of £1.932m. As indicated above the planned expenditure on very high priority projects is estimated at £2.196m which is higher than the grant allocation. The balance (£264k on current estimates) will be funded from Lifecycle Maintenance Grant to the College.
- 6.3.** The remaining £371k of life cycle maintenance funding has been allocated to support planned and reactive maintenance, provide upgrades to facilities and the replacement of equipment and furniture.

## **7. Disposal of North Hanover Street**

- 7.1.** The sale of the former City of Glasgow College campus on North Hanover Street in the centre of Glasgow has concluded. The sale was managed by the College in conjunction with others and final settlement took place at the end of April 2019.
- 7.2.** The realisation of these proceeds provided the opportunity to present a case that the proceeds should be retained in Glasgow. A letter was sent to the Scottish Funding Council requesting an opportunity to begin a dialogue with SFC on this. A reply has been received and a meeting took place with SFC on 10 December 2018. At the previous Board Meeting in January 2019 it was agreed that the estates priority was the Cardonald Campus of Glasgow Clyde College.
- 7.3.** A letter was sent by the Scottish Government to City of Glasgow College on 20 February 2019. The letter advised that Scottish Ministers are considering exercising their powers in relation to the disposal of the North Hanover Street building. This is the procedure by which the Minister can direct that funds are transferred to another college, or college region. The Scottish Government provided the college with the opportunity to respond to the proposals and the college wrote to the Scottish Government on 7 March 2019.
- 7.4.** A further discussion took place with colleagues from the Scottish Funding Council on 29 April 2019.
- 7.5.** On 22 May 2019, the Scottish Government wrote to the college. The letter directed that £9m of the sale proceeds (out of a total of £10.4m) should be sent to Forth Valley College. City of Glasgow College has supplied a schedule of costs incurred relating to the disposal. Once these costs have been reconciled (by the Scottish Futures Trust) a further transfer may be required.
- 7.6.** The historic costs incurred by City of Glasgow College cover three financial years. Therefore the reimbursement of costs at the end of the sale process is additional income in the financial year ending 31 July 2019. This represents a change to the assumptions reported within the mid-year return (which is the subject of a separate item on this agenda).

## **8. Risk Analysis**

- 8.1.** The capital plans for Glasgow Clyde College and Glasgow Kelvin College represent a significant capital investment in 2018-19. The principal risk is that the sum of money is high and the time available for projects to be delivered is limited. This is a challenging environment for colleges to operate in and is compounded by the need to ensure that buildings remain operational during the times that work is taking place.

## **9. Equalities Implications**

- 9.1.** There are no equalities implications as a direct result of this report. However, the capital grant provided does enable colleges to make improvements, and enhancements, to the facilities for all users.

## **10. Legal Implications**

- 10.1.** No legal implications are identified.

## **11. Resource Implications**

- 11.1.** The financial implications are outlined above.

## **12. Strategic Plan Implications**

- 12.1.** The provision of high quality learning environments is integral to the delivery of commitments made in the Regional Outcome Agreement 2017-18 and the Regional Strategic Plan 2017-22.