

PRIVATE AND CONFIDENTIAL

**CITY OF GLASGOW COLLEGE FOUNDATION
(Registered Charity Number: SC044620)**

(the “Foundation”)

MINUTES OF A MEETING OF THE BOARD OF THE FOUNDATION

**held at Sutherland House, 149 St Vincent Street, Glasgow
on 16th September 2014 at 9.30am**

Present: Steven Watson (Chair)
Alistair Carmichael
Brian Filling
Roderick Livingston
Alastair Martin
Malcolm McCaig
Maire Catherine Whitehead
Tom Duguid on behalf of Turcan Connell Company Secretaries Limited
Alexis Graham on behalf of Turcan Connell Company Secretaries Limited

1. Apologies and Quorum

- 1.1 There were no apologies.
- 1.2 The meeting was quorate.
- 1.3 Steven Watson acted as Chair of the meeting.

2. Declaration of Interests

No interests were declared.

3. Report by Chair

- 3.1 Steven Watson, Maire Whitehead and Tom Duguid had met with Janis Carson, Stuart Thompson and Iain Marley at the City of Glasgow College on 22nd August 2014. The Chair advised that the meeting had been productive and in particular the following points were discussed and agreed:-

- 3.2 The grant request application dated 15th July 2014 would be resubmitted as three separate applications specific to each project/funding request.
- 3.3 It was noted that the grant application form could be made clearer, particularly in relation to the section regarding objectives/output which appears to have caused confusion with the College (**Action Point: Tom Duguid**).

4. **Grant Request Applications dated 4th September 2014**

- 4.1 The Trustees reviewed in detail the three separate applications dated 4 September 2014 by the City of Glasgow College for funding in respect of (i) £2,072,000 for a ship simulator suite and working engine room; (ii) £415,000 in respect of management costs of the new campus project; and (iii) £75,000 of contingency funding in respect of the new campus project.

Janis Carson, Stuart Thompson and Iain Marley of the City of Glasgow College joined the meeting.

- 4.2 The following specific matters were discussed in response to questions posed by the Trustees:-

Ship Simulator Suite and Working Engine Room

- (i) Due Diligence, Legal Process and Value for Money

In terms of procurement for the projects and corresponding due diligence, the installation of the ship simulator suite has been subject to an OJEU procurement process.

The purchase of the engine had not been through the same process. Instead market testing and detailed market research had been undertaken. The details had been submitted to the Scottish Funding Council and two consultancy exercises undertaken.

The College had difficulty finding contractors who could deal with both the reconditioning of the engine and the installation. A contractor had been identified who was willing to carry out both elements of the project. Payment to the contractor is conditional upon the engine being reconditioned and fitted in

accordance with the College's expectations. The Scottish Funding Council has approved this approach.

(ii) Mechanism for payment of grant and return of surplus funds

The Trustees require greater clarification as to when and how the grant funds need to be drawn by the College. It was agreed that the College would prepare a payment profile and that the Trustees would pay approved funds as and when required in accordance with the payment profile. This is to be a condition in the grant agreement between the Foundation and the College.

An annual statement will also be prepared by the College detailing its expenditure on each project. This is also to be a condition in the grant agreement.

(iii) Usage by Students

The Trustees asked for further information on the anticipated number of students who would be educated using the ship's engine and simulator. The numbers quoted within the application reflected the number of students from last year. It is anticipated that these numbers will increase once the new facilities are in place.

(iv) Commercial activity

In terms of commercial activity, the nautical department already generates 70% of the College's commercial income and it is anticipated that this income will increase once the new facilities are in place.

(v) Longevity

The College representatives confirmed the College is comfortable that the ship's engine and simulator will continue to be up-to-date technology for a significant period. A support contract for the simulator has been put in place which will run for a period of three years. During this period, software will be updated continually. After this period it will still be possible to update the underlying software.

The shelf life of the project as a whole is expected to be 10-12 years.

(vi) Publicity

The new facilities will provide the College with an international unique selling point, both attracting students and commercial bookings. Interest has already been expressed by some of the large shipping companies. It is anticipated that specific publications will be produced in relation to the project and that the Foundation will receive recognition as the main sponsor. This is to be a condition of the grant agreement.

(vii) Outcomes

The College already undertakes student satisfaction surveys and it was agreed that feedback would be collected in relation to specific project. This feedback would also provide information in relation to commercial/repeat bookings and income generated. This will be a condition of the grant.

Project Management Costs

(viii) Annual Statement

It was agreed that the College would provide an annual statement detailing how funds had been spent. This will be a condition of the grant agreement.

(ix) Payment/Drawdown of Funds

Again, the Trustees require greater clarification as to how and when the College needs to draw the grant funds. A payment profile will be prepared by the College. This will form a condition of the grant.

Contingency Funding

(x) Nature of Contingency Funding

There was an in-depth discussion regarding the use and need for contingency funds. After detailed consideration, the Trustees confirmed that the Foundation does not consider it appropriate to provide funding for unknown contingencies.

The Foundation needs to be satisfied of the specific purpose that funds will be spent by the College before making over a grant.

(xi) Level of Contingency

The Trustees suggested a different approach that would meet the Foundation's requirements and may satisfy the request for funding from the College. The Trustees proposed that the Foundation would hold a sub-fund of £900,000 on instant access deposit account which will be ear-marked only for requests by the College for contingencies in relation to the project. It is appreciated that the College may require funds on short notice to meet an urgent contingency cost. Accordingly, requests for funding from this sub-fund will be subject to a streamlined procedure (discussed by the Trustees later at the meeting).

(xii) Additional Costs

The College representatives confirmed that funding from the contingency sub-fund will be requested only for unforeseen contingency elements of the existing new campus project design and not be used for new items. Any such items would need to be the subject of a separate application for grant funding.

Janis Carson, Stuart Thompson and Iain Marley of the City of Glasgow College left the meeting.

4.3 Following a detailed consideration, the Trustees resolved to approve the requests for grant funding for:-

- (i) £2,072,000 for the ship simulator suite and working engine room; and
- (ii) £415,000 in respect of management costs of the new campus project;

in both cases subject to the conditions noted above.

4.4 Following a detailed consideration, the Trustees resolved to refuse the College's request for £75,000 grant funding for contingencies in relation to the new campus project. The Trustees instead resolved to approve the creation of a £900,000 sub-fund earmarked for grant requests by the College for contingency expenditure as and when it arises in relation to the new campus project.

- 4.5 A full grant agreement between the Foundation and the College is to be put in place for ship simulator suite and working engine room grant. The terms and conditions of the grant in respect of project management costs are to be set out in a covering letter to the College annexing the Foundation's standard grant terms. The terms of the contingency sub-fund are to be set out in a letter to the College. The Trustees resolved to delegate authority to the Chair to negotiate, finalise and sign these documents. **(Action Point: Turcan Connell/Chair)**.
- 4.6 Subject to the above documentation being executed, and the College providing its requested timetable for the payment of grant instalments, Turcan Connell is to arrange for the first instalment of the ship simulator suite and working engine room grant and management costs grant to be paid **(Action Point: Turcan Connell)**.

5. **Scheme of Delegation for Contingency Sub-Fund**

- 5.1 As noted above, the £900,000 sub-fund earmarked for contingency funding is to be subject to a streamlined grant application procedure. The Trustees resolved to delegate authority to the Chair and one other Trustee to approve an application for funding from the sub-fund for up to £100,000. Applications at that level will still be circulated among the Trustees for comment. Requests for funding above £100,000 will need to be approved by a majority of Trustees by short notice meeting, conference call, email or a combination of all three.
- 5.2 It was agreed that the Foundation would seek to turnaround streamlined applications within five working days. It was noted this may not be possible if the Trustees require the College to provide further information in respect of an application.

6. **Corporate Identity**

The Chair confirmed that he is in discussion with the College regarding the proposed competition for students to design corporate identity material for the Foundation. A prize of £150 had been suggested. It was agreed that a more appropriate amount would be £250 to generate sufficient interest. The Chair will progress the competition with the College. **(Action Point: Chair)**

7. **Date of next meeting**

A date for the next meeting will be set following the submission of a further application from the College. **(Action Point: Chair/Turcan Connell)**

8. **Any other business**

There being no further business, the meeting closed.

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Chairman

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Date