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## Board Meeting

Date of Meeting	Monday 16 March 2015
Paper Title	Curriculum and Estates Proposals - City of Glasgow College New Build Project
Agenda Item	5
Paper Number	BM5-B (2)
Responsible Officer	Paul Little, City of Glasgow College
Status	Disclosable
Action	For Decision

## Draft Response to GCRB Information Request

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27 February 2015

***Request Communicated Via Julia Henderson/19<sup>th</sup> December 2014***

***City of Glasgow College New Build Project***

*In light of concerns expressed by the Chair of COGC in relation to the financial risk of delays to the curriculum and estates plan implementation, the Board requested sight of the full risk register for the new build project and PL agreed to supply this.*

*The Board also considered if any other use could be made of space within the COGC new build as an alternative to the proposed moves. PL noted that there are contractual constraints in relation to the use of space within the new build which cannot be amended. The Board requested full details in relation to the space utilisation plans and related contractual commitments for the COGC new build project and PL agreed to supply this.*

# City of Glasgow College Response

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Glasgow Colleges' Regional Board has requested supplementary information following recent dialogue on the following areas relating to the City of Glasgow College NPD Project:

- Identification and management of risks (and specifically those relating to delay in implementation of the curriculum and estates plan)
- Details of space utilisation plans and principles relating to use of space
- Contractual constraints in relation to use of space

The following commentary and supporting information is offered.

## 1. Risk Register & Risk Report

The attached Risk Register & Report have been reviewed by the NPD Project Board, the College Board of Management and the Board's Finance & Physical Resources Committee.

This risk report and risk register is specific to the new campus NPD Project but is however cross referenced to the College's full risk register. The most significant risk is that relating to the potential failure to agree a transition plan towards the delivery of 210,000 funded WSums and the associated potential to undermine the projects affordability assumptions. This risk has been fully reported at every key stage review both to SFC and to Scottish Futures Trust and when appropriate, also to Scottish Government. This is reflected in the submissions for stages DP2, DP2A, DP3, DP4 and Financial Close stage of the project where the College restated the key planning parameters and this risk which was acknowledged by SFC and SFT.

Focussing specifically on chronology, the risk related to curriculum transition was first reported at the very first New Campus NPD Project Board in August 2011. This was reported regularly thereafter to the Estates Committee of the Board of Management and full Board from 15<sup>th</sup> September 2011 onwards. This has been a high profile issue for our current Chairman, his predecessor, Henry McLeish and our Board members from that point onwards. In the last Scottish Government Gateway Review conducted in April 2012, the reviewers identified only one 'critical' risk (critical being defined as for immediate action i.e. to achieve success the project should take action immediately to address the following recommendations.) The reviewers recommendation in this instance was **'that the College in conjunction with SFC and the Regional Board develop a firm process, policy**

**and plan to increase the numbers required to deliver the 210,000 WSums on which the project's affordability is based and this is communicated both to the College and bidders before the selection of the preferred bidder in January 2013'**

The risk management strategies identified within the register reflect the current position on our regional discussions relating to the curriculum and estates strategy.

In addition, the College's corporate risk register records two 'RED' risks, one of these being, 'Risk 18 - Failure to agree with SFC a transition plan to deliver 210,000 wSums'. It is important to highlight to members of GCRB that the College with the necessary approval of both SFC and Scottish Government has entered into a 25 year contract with our commercial development partner (GLQ/Sir Robert McAlpine). The financial business case presented and approved through the required Governance routes was premised on receiving income from 210,000 SFC funded WSUMs or the equivalent within a new funding model. The costs payable via the annual 'Unitary Charge' (shared between Scottish Government and the College) are fixed for the period of the contract irrespective of the College's level of income or activity.

## **2. Space Utilisation Key Principles**

Throughout the whole planning process the College has strictly applied space planning metrics and standards as per SFC commissioned best practice.

The key parameters for space planning and the resultant business case and award of contract have again been well scrutinised and approved by SFC, SFT and Scottish Government. The new estate will comprise of a total of 80,000 sqm comprising of 73,000 sqm relating to teaching buildings and additionally the College funded halls of residence and external spaces. The scheme was briefed using the SFCs 'Guidance on the Effective Management of Space for Scotland's Colleges' (GEMS July 2009). The GEMS workplace standards, the overall target space norms (3.0 - 3.5 WSums per sqm) and the demanding utilisation targets (56%) have all been adopted within the design. (Utilisation targets map not only the frequency of use of a space but its occupancy levels. Hence a room could be occupied 100% of the time but at only 50% of its capacity. Occupancy x frequency would result in only 50% utilisation in that context. These targets are intended to maximise efficient use of space). In order to achieve these levels of efficiency whilst maintaining high footprint specialist spaces a number of important and creative approaches to design and space usage have been adopted. These include the following:

- All existing specialist disciplines have been retained within the new estate. In most cases these will however occupy less square meterege than in the College's existing estate, have been designed to industry standards and were carefully briefed to specify ideal adjacencies to other curriculum areas. These are economically and educationally important but nonetheless space hungry curriculum areas such as construction; engineering; food & hospitality; sport; hair & beauty; creative industries, television production, nautical & maritime..
- In order to maintain this space for specialist provision the College determined that it was necessary to 'pool' all generic classroom/teaching space into the centre of the campus buildings and to ensure that this space was shared by all adjacent curriculum areas to maximise utilisation and efficiency, therefore for example, in city campus generic classroom space is centred on four floors at the heart of the campus concentrating on the south and east corner wings. (See schematic appended)
- Pooled teaching space has been designed to be totally technology enabled throughout (i.e. have the potential to be fully equipped with IT resources). Up to 20% of classroom space will be open plan thereby creating flexible future-proofed spaces to facilitate new styles of learning and teaching and project approaches to learning. It will be essential that this pooled teaching space is utilised to its maximum potential in order to achieve overall the target 56% utilisation. (GEMS approach to calculation of space utilisation has been adopted). The campus incorporates standard classrooms at 48sqm and larger classrooms at 60sqm.

The above key principles in summary will necessitate efficient central timetabling and a fully integrated approach to the use of 'pooled' or generic teaching space. There would be minimal opportunity to 'block out' areas of this space for other purposes albeit the classroom space itself is flexible and not curriculum specific and designed to a high quality standard specification and furnished based on a selected range of FF&E layouts & styles.

### **3. Contractual Constraints in Relation to Use of Space**

Whilst the NPD Contract does not place restriction on the way the College uses its space with respect to what curriculum we chose to deliver (providing of course that is not negligent and impacting on or damaging the building fabric or performance). However the NPD contract creates certain constraints on the College's ability to make significant changes to the new campus buildings. (For example changing specialist workshops to classrooms;

creating more specialist facilities requiring additional services etc) These constraints are designed to protect GLQ and their funders from changes being made that could have an adverse impact on their risk profile – for example by increasing maintenance or lifecycle replacement costs faced by GLQ without GLQ having a corresponding entitlement to increase the otherwise fixed contractual amounts payable by the College for these services.

The College can however carry out simple changes without GLQ's approval and the building's flexible design means that formal approval is required only where, in broad terms, that proposed change:

- Affects the construction phase (irrespective of cost)
- Costs more than £5,000
- Involves changes to exterior and structural elements, mechanical and electrical services including air conditioning and drainage
- Doesn't increase likelihood of GLQ failing to meet College Construction Requirements and/or Service Level Specification and thus being liable to suffer financial penalties
- Won't materially and adversely affect GLQ's ability to perform its obligations under the NPD Contract
- Affects GLQ's maintenance and lifecycle strategies

Specifically changes during the construction phase (and significant changes to the functionality of specialist spaces) require to be formally approved. This process is time consuming and expensive. The College would require legal advice and GLQ is entitled to include legal and other 'due diligence' costs and funder approval charges within the overall change cost. To be absolutely clear for GCRB members, we must seek our private funder consent in these circumstances to these changes both during but also after the construction phase. (This involves reference to all three funders, the funders' technical advisor, and the agent bank with legal input as necessary). The project ethos has therefore been disciplined to avoid changes.

We are likely to be unsuccessful in investment terms to return to SFC and Scottish Government prior even to occupation of the custom designed estate, to seek additional funding to cover the costs which may be associated with any proposed changes. Nor is it likely that design change in the context of Riverside could be approved in time for implementation given the timeline to delivery of this campus in August 2015, only 29 weeks from now.

## **Appendices**

New Campus Risk Report & Risk Register

Stacking Diagram/schematic

**NCPB-16B Appendix Six**  
Risk Report





# Risk Management Report January 2015

Bruce Barron  
Associate Director

Turner & Townsend  
33 Bothwell Street  
Glasgow  
G2 6NL  
United Kingdom

t: +44 (0)141 221 0558  
e: [bruce.barron@turntown.co.uk](mailto:bruce.barron@turntown.co.uk)  
w: [turnerandtownsend.com](http://turnerandtownsend.com)

City of Glasgow College

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<b>Rev</b>	<b>Originator</b>	<b>Approved</b>	<b>Date</b>
1	Bruce Barron	Iain Marley	23/1/15
2	Bruce Barron	Iain Marley	26/1/15
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## Executive Summary

This report has been produced to document risk updates and movements to the Risk Register since the previous report in September 2014.

Whilst risks are monitored and managed on a continuing basis, the production of an updated risk register and report follows a quarterly cycle of reviews.

For this report, risks have been considered by the Project Sponsor, Project Director, Head of Estates Management and Infrastructure Director.

Since the previous report construction work has continued on site. It should be noted however that GLQ has issued an advance notice of a potential delay event due to the recent and anticipated storms. This notice may be followed by an application for Relief which, if granted, would change the contract completion and thus migration dates for potentially both Riverside and City buildings (refer to risk 74).

Key updates since the last report are as follows:

- 2 risk scores have been revised – upward;
- 4 risk scores have been revised – downward;
- 1 risk has been closed; and
- 2 new risks have been added.

## 1 Updated Risk Scores

Six of the entries have been subject to a change in assessment categorisation. These are as follows:

Ref	Description	Change to Assessment Score	Rationale
66	The risk that SFC failed to agree with the College, a Transition Plan towards the delivery of 210,000 WSUMs thereby undermining the project affordability assumptions requiring that the College must implement changes to brief or scope of the project which could delay the programme and lead to increased unitary charge.	Probability 2 (3) Impact 5	A 5 year transition plan achieving 210,000 WSUMs has been agreed in principle with the Glasgow Colleges and SFC and has been adopted within the ROA. It is anticipated that this plan will be formally approved by the Regional Board for implementation in the next academic session
37	The risk that the college fails to provide vacant possession and migrate from existing buildings to meet the project implementation timescales, leading to a delay and financial penalty	Probability 4 (3) Impact 2	Reflects delay in issuing termination letters – matter has been escalated for urgent attention
38	CGC fails to manage responsibilities associated with utility connections and disconnections leading to a compensation event and/or programme delay.	Probability 2 (1) Impact 3	Probability increased due to time delays in concluding Heads of Terms and Wayleaves for new service installations.
63	The risk that the programme provides insufficient time for ICT migration and provision of appropriate training in the use of the new systems and/or the quality of the space available is not appropriate for the equipment to be installed leading in delay to migration programme or damage to college equipment	Probability 1 (2) Impact 4	Mitigation measures taken to date have reduced the probability of this risk occurring.
5	The risk that the required resource is not available to manage the interfaces and dependencies associated with the detailed design, acceptance testing and ICT migration stages of the project	Probability 1 (2) Impact 3	Mitigation measures taken to date have reduced the probability of this risk occurring.

Ref	Description	Change to Assessment Score	Rationale
43	The risk that the changes to FM, ICT & operational policies etc. are not managed / developed in time to achieve successful migration and effective operations from day 1.	Probability 1 (2) Impact 3	Mitigation measures taken to date have reduced the probability of this risk occurring.

## 2 Closed Risks

One risk has been closed during this reporting period.

Ref	Description	Rationale
64	There is a risk that CGC fail to reach an appropriate agreement with Scottish Water and GLQ for the design and construction of Scottish Water infrastructure at the Riverside site. The consequences could be that the works create grounds for GLQ to claim a compensation event.	Propose to close following comfort provided by SRM contractor report to the Programme Meeting in January 15 which advised that remaining works were unlikely to create programme risk

## 3 New Risks

Two new risks have been identified during this reporting period.

Ref	Description	Mitigation
73	Items not moved, not available when College opens	<ol style="list-style-type: none"> <li>1) Migration RDS completed</li> <li>2) Rationalisation of storage being undertaken</li> <li>3) Group 3 provision of equipment being finalised following GLQ refusal to move</li> <li>4) COSHH lists being completed</li> <li>5) Art items to be moved to be identified by 31st March</li> </ol>
74	GLQ claim Relief (or Compensation) under NPD Project Agreement with associated delay to occupation and/or financial exposure. This risk currently being assessed in relation to a potential claim for Relief due to storms.	<ol style="list-style-type: none"> <li>1) Effective management of CGC obligations under the contract</li> <li>2) Careful due diligence on claims for Relief and Compensation with specialist advice procured where appropriate</li> <li>3) Development of migration contingency plans if probability of delay is assessed as medium or high</li> </ol>

## 4 Priority Risks

The following table extracts the top Risks, all of which are either "Red" or "Amber" (with a score of 8 or above) for this period, based on the "Risk Index Score". For the detailed Risk Register refer to Appendix A.

Ref	Description	Assessment Score
66	The risk that SFC failed to agree with the College, a Transition Plan towards the delivery of 210,000 WSUMs thereby undermining the project affordability assumptions requiring that the College must implement changes to brief or scope of the project which could delay the programme and lead to increased unitary charge.	12
71	A delay in reaching acceptable terms with GLQ such that the completion of the installation of the Working Engine extends beyond 17/8/15 - Riverside completion date.	9
7	The risk that the College is not able to provide the resources required to meet the project programme during construction and operation due to competing demands on staff time or staff transferring to other organisations. Key risk areas are the Project Board and supporting user groups.	9
31	The operational risk associated with identifying responsibilities between NPDCo and CGC for the large portfolio of FF&E with a mixed allocation of groupings	9
48	The risk that the scope and/or level of VAT changes leading to increased cost of providing services and an adverse impact on affordability	9
43	Items not moved, not available when College opens	9
41	The risk that the timing of the physical moves of college staff and services has an adverse impact on business continuity and/or that contingency plans are inadequate to manage issues arising during the migration period	9
72	The risk that the mechanisms used to shelter College reserves fail to provide the funding required to meet NPD and other contract (e.g. simulators) payment obligations and fund new campus transition projects. In the case of the NPD contract this would represent a material breach of the contract terms and could lead to termination.	8
37	The risk that the college fails to provide vacant possession and migrate from existing buildings to meet the project implementation timescales, leading to a delay and financial penalty	8

There are an additional 11 Amber risks with a score less than 8 and 11 Green risks.