

Performance & Resources Committee Meeting

Date of Meeting	Wednesday 31 March 2021
Paper Title	Capital Funding – 2020-21
Agenda Item	9
Paper Number	PRC4-c
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Decision

1. Report Purpose

- 1.1. Consider the progress reports for the capital projects in 2020-21.

2. Recommendations

- 2.1. The Committee is invited to:

- **note** the progress made by the colleges in respect of the capital projects in Financial Year (FY) 2020-21,
- **note** the small number of variances within the Glasgow Kelvin College budget and **approve** that the college may use these savings for alternative high priority maintenance projects.
- **note** the significant underspend of Glasgow Clyde College at 28 February 2021 and **approve** the college request to re-allocate:
 - a. an additional £202,000 to the Heating and Ventilation project,
 - b. £57,000 to emerging Health and Safety projects, and
 - c. £454,000 to emerging high priority maintenance projects.
- **note** the college request (to SFC) to carry forward £1,099,250 of capital funds at the end of FY 2020-21 (i.e. 31 March 2021) and the risks posed.

3. Capital Funds 2020-21

3.1. The initial allocation of capital funds for 2020-21 was allocated to the three colleges as follows:

Initial Capital Allocation	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Lifecycle Maintenance	£1,341,815	£945,490	£590,695	£2,878,000
Very High Priority Maintenance	£0	£1,942,000	£500,000	£2,442,000
Total	£1,341,815	£2,887,490	£1,090,695	£5,320,000

3.2. The initial allocation of lifecycle maintenance costs can be used to meet the cost of estates maintenance. In addition, for 2020-21 the funds can also be used to meet costs relating to IT infrastructure. The wider application of these funds was set out in guidance issued by the Scottish Funding Council.

3.3. Two further allocations of capital funds for 2020-21 were made in August 2020 as follows:

Additional Allocation to Support Digital Provision	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
FE Digital Support Funding 2020-21	£124,953	£137,436	£77,713	£340,102
HE Digital Support Funding 2020-21	£137,751	£67,741	£28,500	£233,992
Total	£262,704	£205,177	£106,213	£574,094

Additional Allocation to Support Economic Recovery	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Lifecycle Maintenance	£278,472	£196,221	£122,589	£597,282
High Priority Maintenance	£0	£403,029	£103,767	£506,796
Total	£278,472	£599,250	£226,356	£1,104,078

3.4. The total capital allocation (to the Glasgow Region) for 2020-21 is £6,998,172 which represents an increase of £3,458,172 compared to 2019-20. The total capital allocation for this financial year is almost double the amount received last year. The allocation of these funds, the applicable criteria and monitoring requirements are set out in the grant letters issued by GCRB to the colleges. Regular progress reports are provided to each meeting of this Committee.

4. City of Glasgow College Update

4.1. City of Glasgow College received £1,620,287 in 2020-21 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.

4.2. In addition, the college received £262,704 to support digital provision. The college has used £155,784 to purchase 457 Chromebooks for use by ESOL students. In addition, a further 306 laptops (costing £106,920) have been purchased to be loaned to students.

5. Glasgow Kelvin College Update

5.1. Glasgow Kelvin College implemented its Estates Capital Plan and delivered a range of high priority projects. An update, as at 28 February 2021, is provided below:

Glasgow Kelvin College					
Project	Description	Status	Initial Budget (£'000)	Revised Forecast (£'000)	Spend to 28 Feb 21 (£'000)
Multi-Campus					
Redecoration, replacement furniture and repairs			91	92	8
Springburn					
Essential redecoration	Public areas	Completed	16	25	25
Upgrade LED lighting	Public areas especially reception, student common room and canteen.		60	25	23
Cover former vehicle store	To create secure doorway and make wind and water-tight.		25	35	31
Replace carpets and decorate	Student and staff areas		43	48	47
Replace lift sheath			25	25	0
Install fire safety bollards		Completed	5	5	5
Kitchen extract	Install fail safe system		20	2	0
Compactor		Completed	16	15	15
Electrical works	4 th floor alterations	Completed	6	4	4
Cleaning cladding and magnetic door holders			0	21	21
Repair fire curtain			5	1	0
Re-development of plumbing workshop			19	19	13
Easterhouse					
Intruder alarm/CCTV	System upgrade		20	31	30
Seal boiler house floor drains			3	2	1

Glasgow Kelvin College					
Project	Description	Status	Initial Budget (£'000)	Revised Forecast (£'000)	Spend to 28 Feb 21 (£'000)
Easterhouse					
Replacement of floor pumps		Completed	0	4	4
Door upgrade	Replace revolving door and emergency/disabled access		70	57	55
Fill and repaint walls			5	25	25
Fire Panel Replacement			0	20	0
West Campus					
Boiler replacement	More eco-friendly and efficient system.	Completed	60	65	65
Gaffa building replacement	Heating system, toilets, lighting, floor coverings		50	30	24
Eradicate dry/wet rot in building		Completed	15	3	3
Project management			50	50	33
Total			604	604	432

- 5.2. At the end of February 2021, Glasgow Kelvin College had spent 71.5% of the capital budget for the financial year ending 31 March 2021.
- 5.3. There are small number of projects were the forecast expenditure is greater than the original budget. There are also two new priorities that have been identified during the year. The proposed changes are highlighted in the table above. However, the amounts involved are small in comparison with the total expenditure. The Performance and Resources Committee is recommended to approve the changes to the project budgets of Glasgow Kelvin College.
- 5.4. Glasgow Kelvin College also received £713,284 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 and has been used for replacement equipment, plant maintenance and reactive repairs/replacement.

- 5.5.** In addition, the college received £106,213 to support digital provision. This has enabled the College to procure 366 Chromebooks. All of these devices have been distributed to students who met the criteria set by the SFC. Furthermore, 50 MiFi 4G dongles have been distributed to students who require support with internet access.

6. Glasgow Clyde College Update

- 6.1.** Glasgow Clyde College is implementing its Capital Plan, and progressing a range of high priority projects, following the allocation of these funds by GCRB.
- 6.2.** A number of project tenders returned lower costs than were originally planned (particularly the lighting and electrical related works). As a result, the College has asked to re-allocate the balance of these funds to other high priority maintenance projects.
- 6.3.** The three projects for electrical work¹ were merged into a single tender to achieve best value. These are now shown as a single project within the table and are expected to deliver a significant saving compared to the initial budget.
- 6.4.** The external drainage and lightning protection project at the Cardonald campus has now been split into two elements. For the drainage element, CCTV investigations revealed the need for more extensive works than anticipated and these are now planned for 2021-22. The lightning protection element was incorporated within the electrical works tender identified in the previous paragraph.
- 6.5.** Detailed investigations have taken place regarding the heating and ventilation problems at the Anniesland campus. As a result, extensive works have been identified to address a range of long-standing issues. The cost of these works however is significantly higher than the original forecast and the college is seeking to increase the budget to meet the additional cost.
- 6.6.** There have also been delays in starting some projects on site due to Covid-19. This has necessitated additional risk management and consultation with the trade unions. This took time to resolve before works were able to commence. The floorcoverings project has been particularly problematic and has required much discussion with the unions. However, work commenced on site at all three campuses but some elements will be incorporated into the capital plan for 2021-22.
- 6.7.** As a result of savings it is proposed that some additional funding is used to address two additional health and safety improvements. These two projects are fire alarms (in the stairwell refuge areas at the Anniesland campus) and a revised fire evacuation route at the Langside campus. The total estimate of these two projects is £57,000.
- 6.8.** Further emerging high priority projects have also been identified. These projects include the repair of external timber cladding at the Cardonald campus, car park repairs at the Langside and Anniesland campuses and a range of other high priority estates maintenance items. The cost of these new works is estimated to be £454,000.

¹ Lighting at the Cardonald campus, the lightning protection at the Cardonald campus, and the lighting, lightning protection and fire alarms at the Mary Stuart building on the Langside campus.

6.9. Finally the project for the Student Space Works at Anniesland which was planned for the use of the Economic Recovery Funds was tendered and an award letter issued in December 2020. Unfortunately, there has been a delay to the start date due to incomplete documentation being in place. This project is due to commence in March 2021 but will now extend into the next financial year and therefore approval must be sought from SFC to carry forward this funding.

6.10. The revised forecast for each project is as follows :

Glasgow Clyde College					
Project	Description	Status	Initial Budget (£'000)	Revised Forecast (£'000)	Spend to 28 Feb 21 (£'000)
Cardonald Campus					
External drainage and lightning protection	Now split into two elements – lightning protection included as part of electrical works being completed (see below) - drainage will be future works after investigative works now completed.	Lightning protection now included in multi-campus project. Investigative drainage works completed and project will need to be completed in 2021-22.	175	0	0
Building Management System for Skills Centre	Replacement highlighted in condition survey. Upgrade of BMS which will allow for better management of utility usage requirements.	Works ongoing on site. Project fees only invoiced at this stage.	145	125	9
Langside Campus					
Mary Stuart building	Lightning protection and fire/intruder alarm replacement.	Works ongoing on site. Included in Lighting/ Electricals project below.	260	0	0
Anniesland Campus					
Heating and ventilation works	Issues with specific areas of the campus to be diagnosed and remedied	Investigative works revealed greater scale of project and now being progressed	145	347	10
Student Space	Design for improved student space developed in partnership with students. Planned use of economic recovery funds.	Tender was issued but contract not yet awarded	403	403	0

Glasgow Clyde College					
Project	Description	Status	Initial Budget (£'000)	Revised Forecast (£'000)	Spend to 28 Feb 21 (£'000)
Multi Campus					
Lighting replacement/Electrical works	Phase 2 of lighting replacement programme and other electrical works (now incorporating lightning protection at Cardonald campus and electrical works at Mary Stuart, Langside campus).	Works ongoing on site. Project fees only invoiced to date.	500	410	42
Floorcoverings	Replacement vinyl & carpet around campuses. Need was highlighted in the condition survey and assessment of required rooms by PM. Further areas in future high priority maintenance.	Works now ongoing on site for first phase. Second phase will be in future priority works.	717	549	35
Health and Safety Improvements	Fire Alarm upgrades, fire evacuation upgrades.	Alarms contract awarded. Fire evacuation works relatively small and tender issued for works.	0	57	0
Emerging High Priority Maintenance projects	External timber cladding repairs, car park repairs/upgrade, internal upgrades.	Tenders issued and due to commence on site shortly.	0	174	0
Emerging High Priority Maintenance projects	Range of projects related to estates capital maintenance.	Expenditure as shown across range of projects.	0	280	210
Total			2,345	2,345	306

6.11. The Performance and Resources Committee is recommended to note the significant underspend of Glasgow Clyde College at 28 February 2021 and approve the request to re-allocate:

- a. an additional £202,000 to the Heating and Ventilation project,
- b. £57,000 to emerging Health and Safety projects, and
- c. £454,000 to emerging high priority maintenance projects.

- 6.12.** The information provided by the college at 28 February 2021 shows a significant underspend against the capital budget. At this point, the college is showing expenditure of £96,000 against the approved budget of £2,345,000. It is important to note that the entire budget is due to be spent by the end of the financial year (i.e. 31 March 2021). Therefore, 96% of the budget is unspent with only one month of the financial year remaining.
- 6.13.** On 5 March 2021, the college submitted a return to the Scottish Funding Council. Within this return, the college requested that it is permitted to carry forward £1,099,250² of capital funds from FY 2020-21 to FY 2021-22. There is a risk that the request is not approved and that the funding has to be returned to the Scottish Funding Council/Scottish Government.
- 6.14.** The Performance and Resources Committee is recommended to **note** the college request (to SFC) to carry forward £1,099,250 of capital funds at the end of FY 2020-21 (i.e. 31 March 2021) and the risks posed.
- 6.15.** Glasgow Clyde College also received £1,141,711 in 2020-21 towards the cost of lifecycle maintenance. The lifecycle maintenance grant is critical to ensuring that the College is able to carry out planned, and reactive, maintenance in 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, over £450,000 has been allocated to planned and reactive maintenance and the balance is being used for other essential non-staff premises costs.
- 6.16.** In addition, the college received £205,177 to support digital provision. This is being utilised to partly meet the significant need for digital access to students across the College in the new learning delivery provision. The college is using this funding to procure more than 570 laptops for learners.

7. Risk Analysis

- 7.1.** One of the key risks facing the Glasgow Region is that “Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs.” (Risk 008). The provision of additional capital funding helps mitigate this risk.
- 7.2.** The capital plans for Glasgow Clyde College and Glasgow Kelvin College represent a significant investment in 2020-21. There is a risk that the value to be invested is significant but there is limited time available for the projects to be delivered. This risk has materialised within Glasgow Clyde College and has resulted in the request to carry forward these funds to the next financial year.

8. Equalities Implications

- 8.1.** The capital grant enables colleges to make improvements, and enhancements, to the facilities for all users.

9. Legal Implications

- 9.1.** No legal implications are identified.

² This consists of £500,000 from the original capital allocation of £1,942,000 and the entire £599,250 allocation to support economic recovery.

10. Resource Implications

10.1. The financial implications are outlined in the body of this report.

11. Strategic Plan Implications

11.1. The provision of high quality learning environments is integral to the delivery of commitments made in the Regional Outcome Agreement 2020-21 and the Regional Strategic Plan 2017-22.