

City of Glasgow College Foundation (“the Foundation”) Sutherland House 149 St Vincent Street Glasgow G2 3NW Scottish Charity Number SC044620	<u>Grant Request Application Form</u> Transmitted electronically and by registered mail to the offices of Turcan Connell Edinburgh as requested.
Application Date:	4th September 2014
Applicant:	Principal Paul Little, on behalf of City of Glasgow College
Project/Funding Title:	City of Glasgow College New Campus Project
Contact Person:	Janis Carson, Vice Principal/Project Sponsor
Contact Details:	Janis.carson@cityofglasgowcollege.ac.uk 0141 271 6501
Risk Assessment Details: (copy supplied) to	<p>The Project maintains a full risk register which is regularly reviewed. A risk report if submitted to and reviewed by the New Campus Project Board; the College’s Finance & Physical Resources Committee and full Board of Management. The Project Risk Register is cross referenced to the College’s full Risk Register. A copy of the last Risk Report reviewed by the Board is attached to this application.</p> <p>Risks Specific to the application are highlighted in the section 3 (impacts/outcomes)</p>

Authorised Signatory:	Signature	Title Vice Principal & Project Sponsor
This section to be completed for new projects seeking funding		
<p>Summary of project:</p> <p>Project Overview</p> <p>The College has entered into a contract with Glasgow Learning Quarter (GLQ) for the design, construction, and maintenance of a new twin site campus on the College’s existing land at City (Cathedral Street) and Riverside (Thistle Street) sites (the ‘NPD contract’).</p> <p>GLQ (a special purpose company owned by Sir Robert McAlpine and Forth Holdings) was selected as the College’s development ‘partner’ following a procurement process which forms part of the Scottish Government’s Non Profit Distributing (NPD) programme of revenue funded capital projects. Following completion of construction, GLQ will provide building maintenance and lifecycle renewal services until 2041.</p> <p>The new campus project is strategically and financially supported by the Scottish Funding Council (SFC) and Scottish Government. The Scottish Futures Trust (SFT) has an assurance role and provides advice to all parties; this complements the SFT’s responsibility to strategically manage the entire NPD programme.</p> <p>Summary of Specific Sub-Project (Project Contingency)</p> <p>In common with all complex projects, the new campus project requires a contingency budget to allow the leadership team to manage costs associated with known and unknown risks. Furthermore it is important that the College has access to funding at short notice in order to manage such risks and avoid the compounding effects of cost escalation and programme delay should the project leadership team not have access to resources when they are required.</p> <p>This application seeks a means of ensuring the ability to access contingency funds in relation to items within project scope to ensure the safe delivery of the new campus project and control of risks whilst satisfying Trustees that any such drawdown complies with the Foundations eligibility criteria.</p>		

How does the project meet the objectives of the Foundation?

The Articles of Association of the City of Glasgow College Foundation establish that, “the objects of the Foundation are to advance the charitable purposes of City of Glasgow College to include the advancement of education by making grants and providing financial support for projects and activities being carried out by and supported by City of Glasgow College”.

General Context:

The College’s new campus project fulfils the Foundation’s objectives not only through the provision of excellent new facilities and resources but by means of the root and branch review of learning and teaching strategy and key business processes which underpin the development. Hence the creation of the new twin campus college estate in addition to improving the learning environment, efficiency and effectiveness, is fully geared towards the ‘advancement of education’ and with the specific aims of improving educational attainment, successful outcomes, employability and enhancement of the student experience.

The College’s Strategic Plan (2013-2017) establishes its Strategic Themes and Priorities with underpinning Aims. The delivery of a world class new College campus for Glasgow features clearly in this context and is closely associated with necessary curriculum and business objectives and targets. (Copies of the Plan are enclosed/attached for Trustees’ information). The College’s Board of Management have reviewed and fully endorsed the delivery strategy, programme and budget for the new campus project and support this application to the College Foundation.

Specific Sub Project : Project Contingency

The contingency is fully associated with items within the scope of the overall New Campus project the objectives of which are highlighted above or in exceptional circumstance to a change of project scope proved necessary to deliver the new campus project.

Projected impact/outcome:

General Impacts:

The new campus will provide the college with a very high quality accessible, flexible and sustainable estate which offers unrivalled facilities for learners. The new campus also represents a catalyst for, and enabler of, the College’s new learning and

teaching strategy and it will provide the capacity for the College to deliver the curriculum brief that has been agreed with the SFC.

The new campus also supports a wide range of priorities and policies for the Scottish Government, the Scottish Funding Council, the Glasgow Region and Glasgow City Council. These include:

- The Scottish Government’s priority for “Colleges as highly effective, world-class organisations; with high-quality buildings, facilities and equipment contributing to enhancing the experience for learners.”
- In *Skills for Scotland: Accelerating the Recovery (Oct 2010)*, the Scottish Government highlights the role of Scotland’s colleges: “Scotland’s colleges make a significant contribution to the range of training opportunities open to employers of all sizes across Scotland. A substantial part of the investment in colleges goes toward supporting this. Scotland’s economic geography will change over the next decade. As businesses seek to take advantage of new Economic opportunities, colleges will play a fundamental role in developing the skills and expertise that will be required to exploit them”
- The Scottish Funding Council’s Strategic Outcomes (a set out in their Strategic Plan for 2012-2015 in particular:
 - Outcome 1: efficient and effective regional college structures
 - Outcome 2: access for people from the widest possible range of backgrounds
 - Outcome 3: the right learning in the right place
 - Outcome 4: high quality, efficient and effective learning
 - Outcome 5: a developed workforce
 - Outcome 6: sustainable colleges and universities
- Supporting Glasgow’s Economic Strategy which places ‘Education at the heart of the economy’.

Specific Impacts & Outcomes/Rationale and Suggested Process for Call on Contingency

The full project contingency budget, as at August 2014, is £1.8M and this amount is included within the funds transferred to the Foundation at the point of ONS reclassification. The contingency budget has actually increased since the project business case was approved (at that stage the contingency budget was £900k). This increase reflects the outcome of procurement activity to date which has resulted in an under-spend compared to original budgets and where the difference has been

transferred to the contingency budget.

The project is at a mature stage and whilst a high degree of cost certainty has been achieved, it is inevitable that there will be calls against the contingency budget but it is impossible to quantify precisely when these will be required and what they will relate to.

The College recognises the difficulties faced by the foundation's trustees when considering funding applications where the subjects of the application are not specifically defined.

In this context the following protocol is proposed as a means of providing the College with access to funding, facilitating agile decision making, reducing costs and time incurred by both the College and the Foundation associated with the application process without compromising the trustees ability to properly evaluate funding applications.

The College proposes that the trustees establish a scheme of delegation under which the Chair (and their nominated delegate) and one other trustee are empowered, subject to their joint agreement, to 'fast track' the review and authorisation of applications for contingency funding up to the value of £100,000 per single application.

Such 'fast track' applications would involve the College providing an email with summary information explaining the requirement for funding to the Chair of the Foundation and the expectation would be that a response would be provided within 5 business days.

To be eligible for a 'fast track' application, it is suggested that the subject of the application would require to be ***Items that are consistent with the scope of the New Campus project¹ as approved by the Colleges Board of Management***, and either:

- a) Items identified within the project risk register, or
- b) Expenditure related to further costs associated with projects approved by the foundation (for example marine simulators, working ships engine room), or
- c) Costs associated with planning, communicating and implementing new roles, structures and working practises within learning and teaching and support service departments that are required to ensure business continuity and deliver

¹ In suggesting this scope it is assumed that the New Campus Project outcomes as articulated meet with the Foundations objectives and eligibility criteria

the benefits that underpin the new campus business case, or

d) Costs associated with the migration to the new campus

As noted above, the contingency budget is included within the funds held by the foundation. The College therefore requests that a payment of £75,000 on 1 October 2014 to provide a level of 'working capital' that will enable the project leadership to manage risks currently identified in relation to:

- The procurement of the working engine room installation
- Changes that may be required to the building design following engagement with Glasgow Learning Quarter on the detailed design of the furniture, fixtures and equipment, ICT equipment and other fundamental aspects of the building design and fit out

Risk

The full Risk Register and report has been provided to trustees. This identifies a range of situations where a call may be made on contingency and where delay in the College being able to provide funding from its own resources or access funds via application may compound the gravity of a situation and result in escalating cost or programme implications.

<p>Estimated total project cost: (inc. full breakdown of estimated costs e.g. employee costs/property costs/supply & services)</p>	<p>Overall Project Costs: £228,000,000 (Project Capital Value) – see 'sources of funding' for breakdown.</p>
<p>Amount of funding requested:</p>	<p>£75,000 on 1 October 2014 and thereafter a mechanism agreed for future contingency applications</p>

<p>Amount of funds requested from elsewhere and the sources of that possible funding:</p>	<p>Related to Overall Project: GLQ provides capital funding for the majority of capital development costs (£191M). GLQ obtains this funding from its own resources (£24M) and through long term loans (totalling £167M) from three commercial banks (European Investment Bank, KfW and Helaba).</p> <p>Following occupation of the new campus, annual service payments made by the College provides GLQ with funding to meet its debt repayment obligations.</p> <p>The College benefits from guaranteed financial support from the Scottish Government and SFC to help it fund the annual service payments.</p> <p><u>Other sources of capital funding:</u> SFC Capital Grant Funding – £16.5M has been confirmed. To date £3.45M has been drawn down by the College. SFC funding is required to meet other commitments that are separate from the subjects of this application.</p> <p>The College has been successful in its application to the Scottish Colleges Foundation and an award of £11.7M has been confirmed to fund NPD contract commitments. These are separate and discrete from the subjects of this application.</p> <p>The costs applied for here were previously set against the College’s contribution to the project of £19.1m, the balance of which was donated to the Sector and College Foundations.</p> <p>The College has no alternative source of funding for the above items.</p>
<p>Date funds required by:</p>	<p>£75,000 on 1 October 2014 and thereafter a mechanism agreed for future contingency applications</p>
<p>Project timescale:</p>	<p>Construction commenced June 2013. Phase completion dates are:</p>

	<ul style="list-style-type: none"> - Riverside accommodation - August 2015 - Halls of Residence - November 2015 - City accommodation - August 2016 - External works - September 2017. <p>The latest position is that the project is on track for on time completion of all phases.</p>
Additional supporting information:	<p>In support of this application and to provide further information and context, we enclose:</p> <ul style="list-style-type: none"> • The College strategic plan • 'Building our Future Together' - A briefing paper which was produced for our recent Scottish Parliamentary Reception <p>Should Trustees find it helpful, we will be happy to provide other presentational or illustrative material at the meeting to assist in visualising the finished facilities and estate.</p>
<p>This section to be completed for supplementary funding for a previously approved project</p>	
Additional funding requested:	£ Not/Applicable
Reason for supplementary funding:	Not/Applicable

To be completed City of Glasgow College Foundation:

Additional information for Grant Applications

Amount of Grant approved:	£	
Approved by Board or Delegated Authority:	Date:	Contact:
Additional Information if necessary:		
Funds Released (completed by Foundation Administration)	Date:	Contact: