

SFT/SG/SFC/City of Glasgow College meeting

Note of meeting between SFT/SG/SFT/Inverness College on 13 January 2011 at Donaldson House

Present: Laurence Howells (SFC)



Paul Little, Principal (CGC)
Janis Carson, Project Sponsor (CGC)

Action

- 1 Introductions
- 2 PL gave a description of the project – history, aims and desired outcomes. SFT noted that the scale/shape of the project was not something that SFT is involved in and needed to be decided outwith this meeting.

Action 1: SFC and CGC to meet to discuss the project scope.

**SFC/
CGC**

█ talked through the link to the spending review and how NPD was arrived at as a solution where capital funding is extremely limited: cuts in capital of 30-40% by 2014/15, flat revenue budgets, 1% top-sliced from SG revenue, key projects M8/Sick Kids/schools, constraints across all sectors.

- 3 █ gave an introduction to NPD: College as the Client has a single contract with a Special Purpose Vehicle (SPV) with its own board of directors; there may be an additional public interest director appointed by SFT to have oversight over the SPV; the SPV then contracts for financing, construction, maintenance, etc. Any excess profits go back to the public sector. The College will have its own project board with appropriate experience and expertise, both internal and external.

The college will own the building on completion/occupation. A set amount (with allowance for inflation) will then be paid annually for 25/30 years (the unitary charge).

Flexibility can be specified into building and contracts.

Funding stream for NPD is completely separate from FE business (i.e. not dependent on student numbers, etc)

- 4 ■ explained the breakdown of what is expected to be included in an NPD contract and what is/is not covered by the SG revenue-funded unitary charge.

In contract and 100% covered: construction, project development costs, financing interest and fees, SPV costs through construction and operation.

In contract and 50% covered: lifecycle maintenance – the remaining 50% to be paid for by the college from its formula capital allocation.

In contract and 0% covered: hard FM (routine and reactive maintenance/servicing)

Not included in contract and not SG-funded: utilities, soft FM (cleaning, security, catering, etc) and equipment (IT, specialist).

It was noted that, previously, equipment costs were included in the business case and qualified for funding from SFC capital grant.

Development costs up to the point where the project is ready to start construction are not covered by SG funding stream.

Decant costs are not covered by SG funding stream.

- 5 The roles and responsibilities within NPD were discussed. CGC is the Client and contracts directly with the Special Purpose Vehicle (SPV).

SFC maintains the educational/strategic oversight for the project, makes recommendations to SG and is the route for the revenue charge from SG and formula capital.

SG has to approve the strategic case (Ministerial approval) and identify the revenue budget.

SFT gives support in preparing contracts, getting the right advice, taking the project to market.

SFC

Infrastructure Investment Board's role is to look at significant projects in Scotland and make recommendations to SG.

SFC and SFT are looking at adapting the SFC Decision Point process for NPD to assist SG assessment of the business case.

SG's base case assumption is NPD, therefore there is no requirement for CGC Board to demonstrate it has considered other funding options.

Action 2: CGC wishes written confirmation from SFC/SG that NPD is the correct model for CGC to follow in its business case.

SFC

It was confirmed that the College would still have its own project board and that SFT would only have a role on this board if CGC thinks that this would be useful (observer status only).

- 6 Timescales: revised FBC to SFC June/July this year, as per Minister's letter (reconfirmed by [REDACTED]). SFT will assess and make recommendation to SG.

SG will reconfirm affordability. IIB will advise SG if required.

Ministerial decision estimated September 2011 (after recess).

OJEU notice out end of 2011, 12-18 months procurement process, commence construction early 2013, completion mid 2016.

Action 3: SFC to produce timeline for process.

SFC

Action 4: SFC/SFT/CGC to identify and quantify those costs not met by NPD revenue stream and timescale for these.

**SFC/
SFT/
CGC**

Action 5: CGC to put SFT in touch with the appropriate person at College to discuss technical issue of VAT.

**SFT/
CGC**

Action 6: SFT to advise CGC on possible visits to other NPD projects. SFT

Action 7: SFT to meet with CGC to further explore the list of requirements for an NPD business case. SFT/
CGC

7 It was agreed that this group meet again in late February/early March.

Action 8: SFC to arrange meeting date. SFC