



**CITY** OF GLASGOW  
COLLEGE



▶ DP4 Report:  
Pre - Financial  
Close

Pre-Financial Close

**TO: Scottish Funding Council/April 2013**

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## DP4 Report: Pre Financial Close

### **Scottish Funding Council Decision Point Process for NPD Projects City of Glasgow Submission for DP4 Pre-Financial Close**

In line with the requirements set out by SFC, City of Glasgow College is seeking approval to enter into a Design, Build, Finance and Maintain contract with the Preferred Bidder (Glasgow Learning Quarter – GLQ) and to make all necessary arrangements to take the NPD procurement to Financial Close. The College is also seeking SFC consent for all other aspects of the delivery and migration to the new campus, including the procurement of specialist aspects of the building fit out which will be subject to separate contracts, the costs and funding of which are all included within the budget and affordability sections of this report.

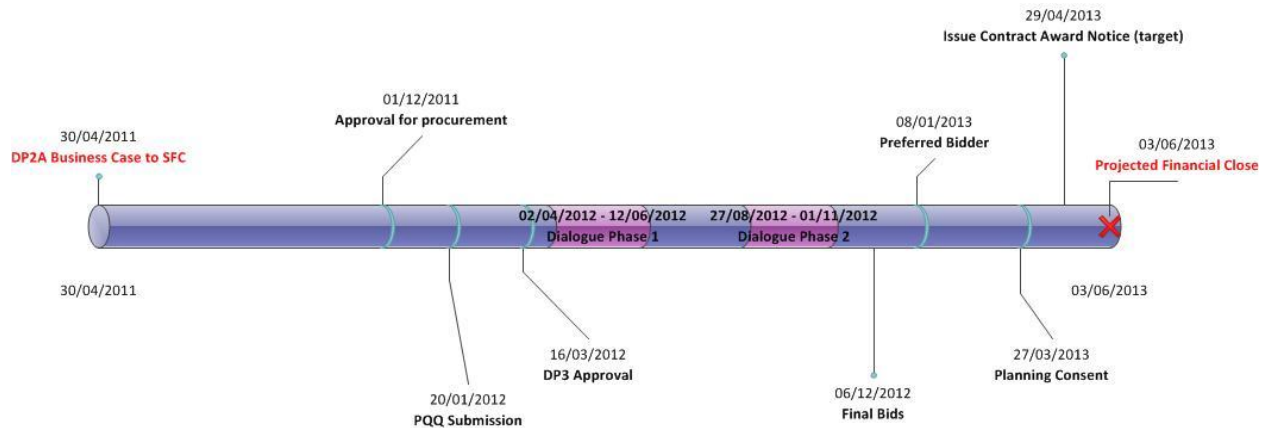
This submission should be read in conjunction with the SFT's Key Stage Review Report which provides a level of detailed scrutiny of contractual and legal matters, value for money and readiness for future construction and operational stages.

The College's Project Board and full Board of Management Estates and Finance Committee met on [Note to SFC: this report is current draft and subject to Board approval – date anticipated 12<sup>th</sup> & 17<sup>th</sup> April] to review refinement of the College's Requirements, the Contractors Proposals and Project Affordability and both approved delegation of authority to the Project Sponsor to oversee completion of the detailed requirements to reach Financial Close and to the Project Owner to authorise final closure.

## **I. Context**

The City of Glasgow College New Campus NPD Project is currently running to programme and is under budget. The project was brought forward via the Scottish Government's NPD pipeline announced within the December 2010 Draft Budget. This procurement initiative brought certainty to the College following a prolonged development period and promised to consolidate the progress achieved through the successful three-way merger cemented in September 2010.

The Project procurement was launched via OJEU notice in December 2011, the scope being to Design, Build, Finance and Maintain the College's twin campuses on Cathedral St and Thistle St. In addition the College is self financing additional commercial space and a Halls of Residence facility. The college is also mindful of all other public procurement requirements and therefore is carefully managing acquisition of major specialist college-funded equipment. This includes an OJEU process for ships simulators and competitive tender procedure for a ships engine.



## 2. Aims and Objectives

The aims and objectives of the City of Glasgow College New Campus Project remain unchanged since the approval of the DP2a Business Case. The Project is aligned with the College’s mission to ‘deliver world class learning for individuals and enterprises for Glasgow, Scotland and the international community’. The New Campus continues to support a wide range of priorities and policies for the Scottish Government, the Scottish Funding Council and Glasgow City Council. The new estate will allow the College to realise its educational vision and provide its learning community with fit for purpose facilities as currently enjoyed by all five of Glasgow’s community colleges. The investment will deliver significant educational benefits, improve efficiency and effectiveness and create a sustainable estate that evidences the Scottish Government’s commitment to education, regeneration and carbon reduction. The Project remains a critical enabler and prerequisite toward the achievement of the College’s strategic objectives in:

- Delivery aligned with the Curriculum for Glasgow and regionalisation objectives and with the College’s vision to ‘redefine a college education’, improve quality and positive outcomes for students
- Facilitating new learning styles
- Providing stimulating and relevant work spaces equipped to industry standards
- Reducing property and utility costs and achieving lowest whole life costs
- Improving public realm and playing a key role in regenerating local communities
- Reducing CO<sub>2</sub> emissions and energy requirements
- Contributing to Scottish Government’s priority for ‘Colleges as highly effective, world class organizations with high quality buildings, facilities and equipment contributing to enhancing the experience for learners’

A reminder of the Project's key parameters is included as Appendix A. It should also be noted that the College included within its core requirements a comprehensive contractual approach to the delivery of Community Benefits both in relation to new entrants, SMEs and Social Enterprises and to college specific benefits. We are working in partnership with Glasgow Regeneration Agency and Glasgow City Council in delivery of this strategy to the advantage of the College, local communities and the wider Scottish economy.

The GLQ proposal comprehensively responds to the College's detailed brief. Key attributes of GLQ's bid and the new campus design and services solution are:

- A strong commitment to working in partnership with the College, delivering high quality services and value for money
- A financially robust and respected consortia with an excellent track record of raising funding
- The promise of a positive student and learning experience at the centre of the design concept providing high quality, accessible, and inspirational learning environments facilitating new pedagogical approaches
- An interactive, stimulating destination for learning where the classroom for the future is technology enabled, well furnished, lit and ventilated providing a first class learning environment
- A variety of social outdoor, flexible learning environments based on the premise **that every space is a space for learning**, all areas having wireless connectivity
- Inspiring atrium spaces to encourage creativity and providing engaging areas of activity of applied study
- Specialist teaching areas replicating industry standard environments underpinning the college's approaches to employability and skills development
- A unique offering with respect to community benefits and social sustainability including work experience, new entrant placements, graduate support programme, workshops, master-classes, lectures, mentoring, apprenticeships, knowledge transfer and bespoke college projects
- High quality buildings which will promote the college's identity and an appropriate civic presence
- A redefinition of the traditional concept of library to encourage collaboration as well as concentration
- A highly integrated ICT solution that is easily scalable for future needs
- Flexibility for change planned into each element of design construction, ICT and FM strategies for ease of future reconfiguration
- An environment that is inclusive by design with a commitment to accessibility and consideration given to the college's equalities commitments
- Low and zero carbon initiatives, passive energy measures and the use of sensible renewable energy sources to deliver best value whilst respecting scarce resource
- A clear strategy for decant and migration following the best practices of BSRIAs soft landings framework

- A clearly considered FM strategy that will effectively interface with college delivered services to ensure a seamless and high quality experience for staff and students
- Building information modeling for efficient design, construction and FM coordination

### 3. Project Scope

There have been no material changes to the Project scope since close of dialogue and appointment of the Preferred Bidder. Activities have centered around refinement and validation of final detailed solutions, submission of the required planning applications and progressing the senior debt funding competition. We reported at DP3b a shift in requirements in relation to FM services the scope of which has been extended to include the College's Marine Skills Centre and Jetty facilities and Halls of Residence within our core requirements. This approach provides a 'one stop shop' for a minimum term of 5 years with the option to continue thereafter. The SFT has approved this approach and the contract drafting that ensures appropriate ring-fencing of these services from the core NPD services. The SFT have maintained a close oversight of the contract in order to approve any required derogations to the Standard Form NPD Contract. This close relationship will continue and will facilitate the resolution of any issues arising from the finalizing of the funding arrangements.

### 4. Regionalisation Agenda

The overall scale of the accommodation requirement was originally driven by SFC consultation on the curriculum for Glasgow which agreed that the new estate is to accommodate 210,000 WSumS of SFC funded curriculum activity (or the equivalent within a new funding model). This key parameter was reconfirmed in March 2010, in February and April 2011 and once more, through the Government's approval to proceed to procurement in November 2011. This key parameter has underpinned the procurement process, is fundamental to the new campus design, planning consent and project affordability, is strongly aligned with Scottish Government's wider objectives to rationalise the number of FE fundable bodies within Scotland and to ensure effectively aligned investment. The planned development continues to support Scottish Government's objective for "*Colleges as highly effective world-class organisations; with high quality buildings, facilities and equipment contributing to enhancing the experience for learners*". The project continues to support the SFC's strategic Themes and Priorities including that for Colleges to look at, "*collaboration and co-location in order to ensure an effective and efficient solution....to provide the most effective learning environment for the 21<sup>st</sup> century*".

In April 2012 the CoGC Project was subject to a Scottish Government Gateway 0 Review. The recommendations of the Review cited as **critical** a recommendation (reference R3) that 'the College in

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<sup>1</sup> Scottish Government Skills Strategy

conjunction with SFC and the Regional Board developed firm process, policy and plans to increase the numbers required to deliver the 210,000 WSUMs on which the project affordability is based and this is communicated both to the College and the bidders before the selection of the preferred bidder in January 2013'. The Gateway Review Team defines **critical** as 'for immediate action i.e. to achieve success the project should take action immediately to address the recommendation'.

SFC in their Decision Point 3 Approval to Proceed to Competitive Dialogue stated '*at this time I would reiterate SFCs agreement that the estate be developed to accommodate 210,000 WSUMs or equivalent within a new Funding Model. I can confirm that SFC remains committed to these planning assumptions. We will work closely with the College to ensure that the project and the College's commitment to the project over the next 25 to 30 years are fully understood and taken into account in any regionalisation proposals*'

We have maintained a dialogue with the Council on the timeframe for resolving this central issue and have been given reassurance of the SFC's continued endorsement of this position and an undertaking that the reconfigured curriculum will be shaped over the coming year taking cognizance of the requirement to avoid the significant costs and delays that would be associated with any material changes to the project scope. This issue remains a key risk for the project (rated RED) and the college and is identified as such on the College's Risk Register (Appendix C) noted as, '*The risk that SFC fail 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 additional capital costs and an increased unitary charge*'.

It is noted that the draft legislation supporting regionalisation (Post-16 Education Scotland Bill – As Introduced) does make provision for the reshaping of the Glasgow FE curriculum profile by means of empowering the transfer of funding, courses, staff and other assets following consultation with the bodies concerned. The unfolding regionalisation context suggests a continued central role for the consolidated City of Glasgow College in its new campus and, as a recently merged integrated organisation, places us well to embark on and encourage future collaboration and partnership with other Glasgow FE Institutions.

## 5. Sustainability Strategy

City of Glasgow College has a strategic commitment to Sustainability and protection of the Environment in general and this is formalised through a policy commitment and reinforced through formal frameworks and KPIs.

The College's determination to press bidders to produce sustainable solutions for the new facilities at City and Riverside were reflected in the specific sustainability key performance indicators that bidders had to achieve for their Bid to be compliant and the added value marks that were available which encouraged bidders to go beyond these already challenging requirements.

The Evaluation process incorporated criteria that directly relate to the three fundamental dimensions of Sustainability.

**A. Economic Sustainability:** The solution that provides the lowest whole life cost (lowest NPV) was awarded maximum price score under the evaluation process. Energy costs were excluded from the scope of the NPD contract however these costs were taken into account as part of the NPV calculation. This was achieved by adjusting Bid costs where Bidders offer a design that is more efficient than that required by the College’s challenging technical requirements.

**B. Social Sustainability:** The project will deliver a socially sustainable solution by:

- Requiring Bidders to comply with ‘Community Benefit’ requirements that will be defined within the NPD contract. These provisions will cover targeted training and employment, opportunities for SMEs and Community Engagement.
- Encouraging Bidders to demonstrate a long term Partnership ethos and provide training, work experience and other initiatives over the 25 year contract period
- Improving the public realm and making facilities more accessible (e.g. Student restaurant and Salons) and more available to the Public (when not required for the delivery of the curriculum)

**C. Environmental Sustainability: Sustainability Key Performance Indicators**

The College’s Technical Requirements required Bidders to deliver a building design that achieves a range of minimum Sustainability KPI’s. The GLQ proposals meet or exceed these requirements which are summarised below:

Site	Sustainability KPI’s College Requirements	GLQ TER	GLQ BER	Section 6 Compliance
City Campus	Compliance requires that building Emission Rate (BER) is less than Target Emission Rate (TER).	22.3	14.9	Yes
Riverside Campus	Compliance requires that building Emission Rate (BER) is less than Target Emission Rate (TER).	19.8	14.0	Yes
Riverside HoR	Compliance requires that building Emission Rate (BER) is less than Target Emission Rate (TER).	28.2	15.3	Yes



### Energy Performance Certificates (EPC)

Site	Sustainability KPI's: College Requirements	GLQ Scottish EPC rating
City Campus	The project shall achieve a minimum Scottish EPC of B+	A (14)
Riverside Campus	The project shall achieve a minimum Scottish EPC of B+	A (14)
Riverside HoR	The Halls of Residence shall achieve a minimum Scottish EPC of B+	A (15)

### BREEAM

Site	Sustainability KPI's: College Requirements	GLQ Commitment
City Campus	The project shall achieve BREEAM Excellent Education 2008 D&P and PC Certification	BREEAM Excellent
Riverside Campus	The project shall achieve BREEAM Excellent Education 2008 D&P and PC Certification	BREEAM Excellent
Riverside HoR	The Halls of Residence shall achieve at least a BREEAM Very Good Multi-Residential 2011 D&P and PC Certification	BREEAM Very Good

### Operational Energy: Energy Proforma

Site	Sustainability KPI's: College Requirements	GLQ Commitment
City Campus	The predicted building carbon emissions shall be as follows;<20kgCO2/m2 excluding unregulated loads and	19.13 kgCO2/m2
	<40kgCO2/m2 including unregulated loads	38.25 kgCO2/m2
Riverside Campus	The predicted building carbon emissions shall be as follows;<20kgCO2/m2 excluding unregulated loads and	18.16 kgCO2/m2
	<40kgCO2/m2 including unregulated loads	36.31 kgCO2/m2
Riverside HoR	The predicted building carbon emissions shall be as follows;<20kgCO2/m2 excluding unregulated loads and	19.04 kgCO2/m2
	<40kgCO2/m2 including unregulated loads	36.58 kgCO2/m2

**Environmental Performance: Thermal Comfort/Natural Ventilation**

Site	Sustainability KPI's: College Requirements	GLQ Commitment
City Campus	Internal temperature shall not exceed; 25°C for more than 5% of occupied hours and, 28°C for more than 1% of occupied hours.	Energy and environmental proposal compliant
Riverside Campus	Internal temperature shall not exceed; 25°C for more than 5% of occupied hours and, 28°C for more than 1% of occupied hours.	Energy and environmental proposal compliant
Riverside HoR	Internal temperature shall not exceed; 25°C for more than 5% of occupied hours and, 28°C for more than 1% of occupied hours.	Energy and environmental proposal compliant

**Daylight Levels**

Site	Sustainability KPI's: College Requirements	GLQ Commitment
City Campus	The building perimeter occupied spaces shall achieve an average daylight factor of 2% or greater.	Energy and environmental proposal compliant
Riverside Campus	The building perimeter occupied spaces shall achieve an average daylight factor of 2% or greater.	Energy and environmental proposal compliant
Riverside HoR	The building perimeter occupied spaces shall achieve an average daylight factor of 2% or greater.	Energy and environmental proposal compliant

Beyond compliance GLQ offer a range of 'added value' benefits in relation to sustainability as exemplified below.

<b>SUSTAINABILITY Emissions lower than technical compliance threshold</b>
<p><b>Cost-effective renewables and low embodied energy</b></p> <p>The integrated solution combines effective passive energy measures with appropriate renewable energy sources to provide best value and respect for scarce resources. No token sustainability features have been included and materials have been carefully specified with low embodied carbon which GLQ will seek to improve upon further by assessing increased recycled contents in key components through early discussions with their supply chain.</p> <p>The designs feature the following renewable energy sources, which complement the thermal mass low embodied energy solution:</p>

- Biodiesel Combined Heat and Power units to provide the base load for both the City and riverside Campuses (including the Halls of Residence).
- Photovoltaics (PVs)/solar power for hot water heating, which will provide a considerable, cost effective top-up on hot water load at both sites. PVs will also generate power to further reduce dependency on mains supplies.

Both sites will also benefit from the use of a rainwater harvesting system and the requirements defined by the Scottish Building Regulations.

#### **SUSTAINABILITY:**

##### **Emissions lower than technical compliance threshold**

###### Reduced CO<sub>2</sub> emissions

To reduce the CO<sub>2</sub> emissions of the new CGC buildings by design, GLQ followed an energy hierarchy that aims to:

- Be lean - use less energy
- Be clean - supply energy efficiently
- Be green - use low carbon and renewable energy

The commitment to sustainable development has resulted in designs that perform significantly better than required by the Target Emission Rates for CO<sub>2</sub> in the Scottish Building Regulations and the College's requirements of: < 20 kgCO<sub>2</sub>/m<sup>2</sup> excluding unregulated loads and <40 kgCO<sub>2</sub>/m<sup>2</sup> including unregulated loads.

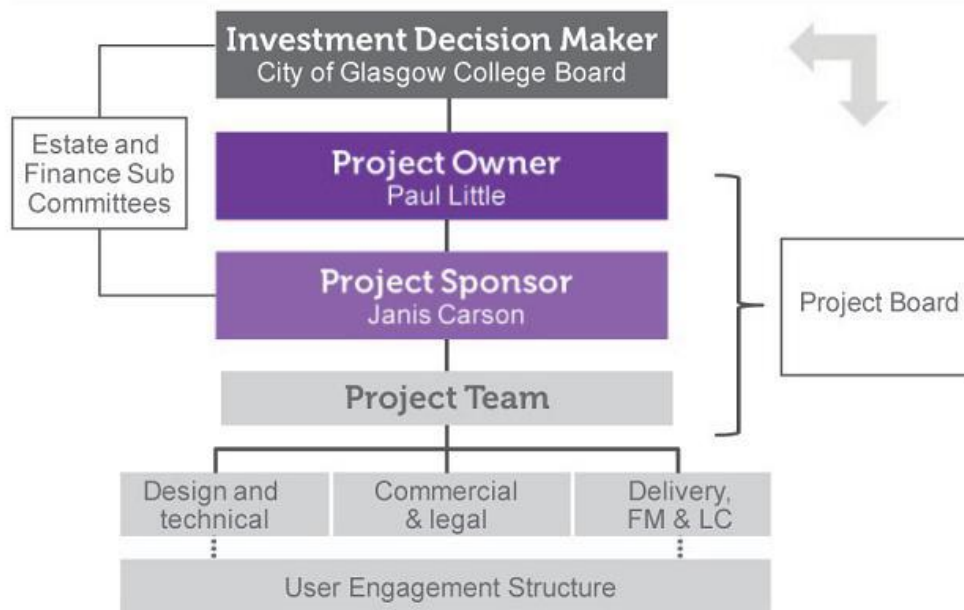
## **6. Governance and Management Structure**

Our March 2012 DP3 submission provided a management and resourcing strategy outlining the governance, management, engagement and resourcing structures for the project. This was shared as an exemplar with parallel projects within the NPD pipeline. A number of refinements and additions were implemented since SFC approved the project to proceed to procurement and were described at DP3. These additional resources have been provided to meet project demands to comply with the Scottish Government's conditions with respect to project based NPD specialist resource across all NPD projects. They also address management of transition planning issues and project associated changes in the college's future operating model.

Since August 2012 the Project Sponsor role has been further redefined. The College's Board of Management has endorsed the ongoing allocation of a Vice Principal member of the executive team to have strategic responsibility for leading the project reporting to the College Principal as Project Owner and the Board of Management. This role is focused clearly on project leadership and now absorbs leadership of complimentary areas of Estates and Facilities and ICT directorates for the College. This

ensures that a dedicated resource continues to be provided with sufficient seniority to manage and direct operational matters and key decisions and approvals within the framework of the Board approved Scheme of Delegation.

Project Organisation



The SFC’s Decision Point process for NPD projects asks for the college to provide an update on any additions or revisions to the management structure as a result of the Regionalisation agenda. Members of the College’s executive leadership team are involved in regional planning.. To date no formal changes have been discussed or implemented as discussions at a sectoral, Glasgow and national level have yet to be formalised through legislation. The key impact of this body with respect to the new campus project will be centered around the determination of the shape and volume of the curriculum profile amongst the Glasgow colleges. As emphasised earlier in this report the planning assumption of 210,000 SFC funded WSUMS (or the equivalent within a revised funding model) is fundamental to the project’s affordability. The College continues to place this issue as high on the agenda in its dialogue with SFC and the future Regional board.

During recent stages of procurement the project team has relied heavily on the governance structure established at the point of NPD project approval and described above. The user group structure supporting this being;

- a) Curriculum User Group

- b) Staff & Student User Group
- c) Migration & Decant User Group
- d) ISLT User Group
- e) Estates and FM User Group.

A number of other sub groups have been established to progress specific transition and transformation projects over the next two to three academic sessions.

Post Financial Close, this structure is being further rationalised and revised as we move from the project planning phase towards full ownership by college managers – the ‘Business as Usual’ stage. The commencement of construction will mark the start of a phase of significant business transformation and the requirement for skills development and innovation with respect to both learning and teaching and the college’s future operating model. Key areas of focus for new cross college groups would be around;

- Innovation in learning and teaching (classroom for the future)
- Preparing for the migration, building understanding of new accommodation protocols and readiness to exploit technology enabled opportunities
- Centralised timetabling
- Changes required to procurement, ‘front of house’, and marketing and communications
- Procuring and integrating systems with the new campus intelligent building infrastructure
- Document management, digitisation, storing and archiving
- Rationalisation of ICT applications and licences
- Internal communications
- Green Travel Steering Group
- Community Benefits Steering Group

There will also be specialist areas of activity to be tightly managed such as the management of simulators and ships engine procurement and delivery.

In addition to these areas of particular focus, new structures, processes and skills will be required within the areas of estates and FM and ICT services. These areas of the college’s operation will be pivotal not only in managing transition and in interfacing to ensure a smooth handover of the new college estates but in future close working with NPD Co, including contract management activities.

## 7. Commercial – Legal and Project Funding Updates

The Final Bid Submission Invitation included a Bidder specific table of permitted amendments to the Project Agreement issued at the beginning of Dialogue Phase 2. These were amendments approved by

the College and, except in the case of project specific matters, approved by the SFT as derogations to the standard form NPD project agreement.

These were the only amendments Bidders were permitted to make in their Final Bids. To ensure fairness and compliance with the procurement rules, Bidders were advised that at Preferred Bidder stage the College would not permit further amendments to the Project Agreement except for some detailed drafting work to implement agreed commercial positions.

Funders were not appointed at Final Bid stage and because the College was concerned to mitigate the risk that the eventual funders might raise new issues (irrespective of which Bidder was successful), Bidders were required to appoint lawyers to carry out legal due diligence on the Project Agreement and include a list of potential funders concerns (in addition to the amendments already agreed with each Bidder).

The College acknowledged that, if necessary, these matters could be raised post Preferred Bidder (PB) appointment albeit subject to College agreement and where appropriate, SFT approval. This position was formalised within GLQ's appointment as PB.

Since PB appointment the College's and GLQ's respective legal advisers have worked together to finalise the Project Agreement on the above basis. Subject to potential funder issues which can only be finalised following funder appointment, the Project Agreement and NPD documents are in agreed form except for:

- Completion of a few gaps that cannot be closed until near or at financial close and/or completion of funding documents etc.
- Resolution of a limited number of project specific areas (principally finalisation of ICT maintenance & support schedule and handover condition of existing FM assets)

The Project Team expects these outstanding project specific issues to be readily finalised within the next few weeks.

The Project Team expects funders' final issues to be to be formally raised within two weeks of funder's appointment. These will then be considered by the Project Team and its advisers along with any outstanding EIB issues as soon as possible thereafter in consultation with SFT.

As regards the remaining documentation, the College has yet to see final versions of the subcontracts and the funding documentation will not be available until a few weeks after appointment of funders. The anticipated - and realistic - timescales for production and review of these documents have been factored into the programme, albeit production of these documents is outwith the direct control of the College. This is essentially a due diligence exercise for the College and should not have any commercial impact on finalisation of the Project Agreement.

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Following completion of the funding competition in March, the College, SFT and GLQ have reached agreement on a preferred funding strategy. This comprises EIB with Helaba and KFW. This approach is subject to agreeing acceptable terms with Helaba in relation to termination costs. Other bank and bond options are being explored as a replacement for Helaba if satisfactory terms cannot be agreed.

We appreciate the progress that has been made with regard to the Scottish Government's underwriting of costs under a termination scenario. The terms have been shared with funders refinements are being agreed through direct engagement between the SFT, GLQ and funders' legal advisers.

The College recognizes and accepts those conditions set out in the SFC's Draft offer of revenue funding and in particular has had constructive dialogue with SFC around 'ring – fenced' accounts and an agreed protocol for ensuring timeous turnaround of funds in relation to the Unitary Charge. The College and SFC will continue to liaise on how the Post 16 Legislation and establishment of the Regional Funding body might impact on these arrangements and to manage any questions which may arise from funders in this respect.

## 8. Affordability and Funding

Appendix B provides an update on the affordability model. The main changes impacting on affordability include;

1. Year on year reduction in grant funding to the college and FE sector as a whole
2. The decision to fund the college Halls of Residence facility from college reserves rather than from borrowings
3. The continued reliance on the SFC endorsed planning parameter of future funding for 210,000 WSUMS.

As previously reported to our Board of Management and to SFC delivering the project within the approved budget has required budget re-prioritisation and in this respect we welcomed SFCs confirmation at DP3b that virement within the overall approved budget is acceptable. The SFC's confirmed offer of grant (£16.5M) has been reflected in the funding and affordability modeling as has the College's funding contribution at £19.1 M.

We reported at DP3b that further work would be undertaken to ascertain whether Group 2 FF&E and other costs had been double counted by GLQ in pricing commercial space. This work has been completed as part of a wider review of the costing of commercial space. This exercise identified errors in cost allocations which have been corrected and audited by the College's professional advisers. The amended costs are reflected in the DP4 affordability model. Further details are included in Appendix B.

## **Affordability – Performance against Project Targets**

Appendix B contains a detailed analysis of capital development and operating costs against the budget allowances that were confirmed at DP3. In headline terms the key points to note are:

- The project is on track to be completed within the agreed capital development and operating cost budgets
- The issues noted at DP3b regarding pricing of commercial space and potential double counting of Group 2 FF&E costs have been clarified. The College has provided SFT with an explanation of errors in GLQ's financial model. Subject to SFT agreement, the correction of these errors results in a reallocation of costs - reducing Commercial space (-£868k) and increasing NPD construction costs (+£868k)
- Operating costs comprising unitary charge (-19% subject to final funding costs), hard FM (-18%) and lifecycle (-20%) costs are significantly below budget, reflecting the execution of a very successful competitive dialogue process
- The NPD procurement will provide cost certainty for 95% of the project costs
- By reference to risks transferred, prices and other commercial terms agreed with GLQ, the College is satisfied that the project outcomes achieved represent value for money.

## **Affordability – Overall College Position**

A value for money assessment has been completed by the College as part of the SFT Key Stage Review process. This confirms that the Accountable Officer is satisfied that the NPD procurement has delivered a viable, desirable and achievable value for money solution and that the project will be sufficiently resourced to meet the needs of the future stages.

Appendix B clearly outlines the movements in the external operating environment with respect to College funding and the slight shifts in project costs since DP3. The conclusion to this analyses remains that the project is affordable.

## **9. Risk Management**

The Risk Management Report and associated Risk Register contained at Appendix C have been produced to coincide with the DP4 submission. These document the risk updates and movements to the Risk Register since the previous report that was aligned with Close of Dialogue in October 2012.

The Risk Register has been reviewed on a regular basis to reflect progress during the second stage of dialogue and clarification of the project funding strategy to capture any additional updates in terms of new, closed, reassessed or updated risks. Some have been crystallised by the GLQ commercial position



adopted within their Final Bid, some by progress with Statutory Authorities and some as a result of design refinement and development of Contractor's Proposals during the Preferred Bidder stage. All risks have been reviewed by risk owners with status and mitigation strategies fully updated.

The trend for risk transfer to the Bidder is as expected for this stage of the procurement process with two risks having been closed; twelve risk scores revised downward and just two revised upward.

As the project progresses toward financial close, ownership of the remaining retained risks will increasingly be transferred from the College's advisers to operational staff.

There are two remaining red risks on the register:

- Firstly (Risk 24): that of delay to Financial Close beyond the programmed date of 3<sup>rd</sup> June 2013, leading to additional costs (and logistical programming issues) or breaching the August 2013 backstop contained in the Scottish Government business Case Approval Letter
- Secondly (Risk 66): that SFC fail 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

A summary report on all changed risks and the seven priority risks is included within the 10<sup>th</sup> April 2013 Turner and Townsend Risk Management report contained in Appendix C, with detail of scorings and mitigation strategies in the associated Risk Register.

## 10. Conclusion

In submitting this report, the College Executive and Board of Management are satisfied that the Project, as now fully developed through the GLQ scheme, meets our educational and other strategic objectives, is affordable in the terms stated and when implemented will make a major contribution to the Scottish Government's vision for Further Education in Scotland.

## 11. Appendices

- A Key Parameters
- B Affordability Analysis, SFC Grant Profile & Costs
- C Risk Report and Risk Register
- D Key Dates