

FINANCE & GENERAL PURPOSES COMMITTEE REPORT

| | | |
|--|---|--|
| Subject: Estates Strategy Implementation | Purpose: For Approval <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Information <input type="checkbox"/> | |
| Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services | Date: 23 September 2019 | |
| Purpose: To update the Committee as to the current position with regard to implementation of the College's Estates Strategy. | | |
| Linked to Strategic Goal 3: Provide a high quality College experience. | | |
| Executive Summary: The attached paper provides further detail on specific projects in regards to implementation of the College's Estates Strategy. | | |
| Recommendation: Members to note the progress on these projects. | | |
| Previous Committee Approvals: n/a | | |
| For publication <input checked="" type="checkbox"/> | For publication with redactions <input type="checkbox"/> | Not for publication <input type="checkbox"/> |

BORDERS COLLEGE

FINANCE AND GENERAL PURPOSES COMMITTEE

Estates Strategy Implementation

1 INTRODUCTION

- 1.1 This paper updates the Committee on progress in implementing the College's Estates Strategy.

2 BACKGROUND

- 2.1 The Borders College Estates Strategy 2017 – 2021 was approved by the Regional Board in December 2017, and identifies four overarching themes to support the College's Strategic Plan "*Towards 2020*":
- Sustainability
 - Efficient Resource Deployment
 - Maximising Value
 - Flexibility.
- 2.2 The Strategy identifies the main estates priorities for the College as:
- Find a long-term solution to provide for Landbased programmes, replacing the current facility at Newtown St. Boswells.
 - Find a solution for surplus property – we still retain the majority of the Melrose Road site, vacated in April 2009 at the time of relocation to Scottish Borders Campus.
- 2.3 The priorities for the rest of the estate will be to continue with the annual maintenance programme, ensure we use our space as efficiently as possible and continue to implement our carbon management plan.
- 2.4 Since approval of the Strategy, the SOSEP funded STEM Hub project has been awarded to Ogilvie Construction with works commencing on 22nd Apr and completed by end August. This enabled the development of the Hawick Centre for Business Development to provide a regional STEM innovation hub with a focus on construction and renewable energy. This development will visibly improve the utilisation of the Centre. The Estates Strategy will need to be updated to address the Hub and Spoke concept.
- 2.5 Capital funding from SFC is likely to be significantly reduced in future years, and targeted towards high risk backlog maintenance.

3 SUSTAINABILITY

- 3.1 All statutory planned preventative maintenance has been completed as per schedule. A 10-year review of the Life cycle plan and sinking fund was completed during the year and confirmed the adequacy of the fund to cover future planned works. The Campus

Management Committee considered the findings and noted that the sinking fund did not have coverage for future inflation. This had been accommodated by the benefits accrued from the SHARC project. The Committee noted the risks for the future and requested another review in five years' time.

- 3.2 The Sustainable Scotland Network (SSN) have identified Borders College Energy Efficiency Pathfinder project as an exemplar project. The SSN, co-delivered by ECCL, is Scotland's largest network of public sector sustainability professionals.
- 3.3 We have received very positive feedback from Scottish Government in relation to our annual sustainability report.
- 3.4 We have identified five priority areas for 2019/20 including implementing phase 2 of the SHARC project which will include measures to operate heat pumps using alternative methods, and complete modification to heating plant to reduce current gas back up system, reducing the number of plan rooms from five to one. The Campus Management Committee have approved this scheme. The project has not yet formally commenced. Another key theme will be in relation to waste management.

4 EFFICIENT RESOURCE DEPLOYMENT

- 4.1 We have completed a programme of works to make room changes on the Scottish Borders Campus, to increase teaching space, accommodate the new Care Academy Hub, Digital Hubs, digital learning space, provide improved facilities for Art, and create a base for Curriculum Learning Managers (CLMs). The works reconfigured the MIS office into an independent digital learning space, with an open aspect and full height glazing. The relocation of MIS and HR improved office space utilisation and has already improved cross working between the MIS and finance functions.
- 4.2 The extensive programme of internal works has impacted on our ability to complete all the backlog maintenance works during this year. These will be completed during 2019/20.
- 4.3 During 2019/20 it is our intention to undertake significant backlog maintenance works on the Newtown St Boswells campus, namely to replace the portacabins. We are undertaking scoping work currently with a view to works taking place during April 2020.

5 MAXIMISING VALUE

- 5.1 The Melrose Road site is currently an asset held for sale. The valuation on our books is £585k and is marketed at £700k. Members should also be aware that we lease a part of the Melrose Road site to Cornerstones, with a six month notice period. Work is progressing well on the new planning brief. We have received an improved offer for part of the site and are in discussion with our advisors and SFC in relation to the offer.
- 5.2 We have undertaken a full evaluation of the estate. Such a valuation is a requirement to satisfy our annual accounts requirements. For the majority of our campuses the value has increased, and there is a reduction in the value of Newtown St Boswells.

6 FLEXIBILITY

- 6.1 The South of Scotland STEM Hub building works are complete and we have installed a mezzanine floor within the reception area of the Hawick Centre for Business Development, to provide space to decant the Business Development Unit (BDU), and vacate an area for the creation of the STEM Hub. An external Passive House has

been created to demonstrate the properties of sustainable house building. BDU were decanted for the duration of the works process. Final preparations are being made for the official opening of the new facility.

- 6.2 H and H have submitted plans to Scottish Borders Council for the Newtown mart development. This site offers potential for Borders College should we be able to find a source of funds for development. We have had further discussion with H&H and understand that they would welcome us being part of phase 2 of their development, which is some 3-4 years off.
- 6.3 Regarding our long term strategic estates directions there are a number of variables we need to consider as well as the need to secure a solution for Newtown St Boswells. We need to be mindful that the lease for Tweedbank is 10 years in duration (7 years left to run) and that the Heriot Watt University agreement also has 7 years left to run. We are developing some options for discussion with SFC.
- 6.4 Later this year we will begin preparations for retender of the catering contract, in conjunction with Heriot Watt University and the student associations. The contract ends in 2021. As this is a very substantial contract we will need to engage external consultants to support us in scoping and managing the process.

7 FINANCIAL IMPLICATIONS

- 7.1 No issues in this report although members should note discussions are ongoing about potential for access to different funding models.

8 RISK COMMENTARY

- 8.1 The immediate risk to the College estates provision is the level of funding from SFC for capital infrastructure. The budget for capital infrastructure has remained static however is mainly being used for ICT programmes, leaving very little scope for investment in the estate.
- 8.2 The capital maintenance budget has nearly doubled in 2019/20, thus allowing us to consider significant improvements at Newtown St Boswells.
- 8.3 Our inability to dispose of Melrose Road site poses a risk, due to the deteriorating building fabric. Restrictions on access to the site have been strengthened after an unauthorised access to the site. The site however remains vulnerable to unauthorised access, and accordingly this is a significant concern regarding our potential liability. We are actively working towards sale of part of the site, demolition, and continue to liaise with our insurers.
- 8.4 Longer term, there is a risk to curriculum delivery if we cannot resolve the issues at Newtown St. Boswells.

9 HEALTH AND SAFETY

- 9.1 Health and Safety is integral to all Estates planning. There are no additional Health and Safety considerations as part of this paper.

10 EQUALITIES

10.1 Equalities legislation is considered as part of all Estates planning exercises. There are no additional Equalities considerations as part of this paper.

11 CONCLUSION

11.1 Borders College is continuing to receive very positive national feedback in relation to sustainability projects.

11.2 Access to capital is limited and its use constrained. Consideration of other options for future strategic development are being explored.

Hazel Robertson
Vice Principal – Finance and Corporate Services

23 September 2019