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FINANCE & GENERAL PURPOSES COMMITTEE REPORT

Subject: Estates Strategy Implementation	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 9 March 2020
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For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

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 was 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. The Learning and Skills Network has been officially launched and employer engagement with the Centre is increasing.

2.5 The budget announcement in February indicates an increase in Capital funding from SFC which is likely to be targeted towards high risk backlog maintenance.

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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 ECCI, 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 The SHARC energy system is now fully operational following a period of uncertainty following the collapse of SHARC Scotland. The contract has been taken over by Equitix although we know that they are looking to sell the contract on. We await formal confirmation of future arrangements.

3.5 During this year we need to develop our Carbon Management Plan 3. Currently the Facilities Manager has identified 16 potential projects which are being evaluated. Our priority areas are to:

- Improve energy efficiency
- Travel planning and reduction in travel
- Waste management, making it difficult for people not to reuse, recycle, reduce.

3.6 Baxters Storey our catering partners have made changes to provide a reduction in CO2 footprint. By removing the provision of paper cups and an appropriate charging mechanism. This has now been rolled out to take away boxes. Borders College has similarly made a commitment to no paper cups.

4 EFFICIENT RESOURCE DEPLOYMENT

4.1 We do not anticipate any significant changes to the use of the Estate in 2019/20 as our efforts will be focussed on Newtown St Boswells and our sustainability plan.

4.2 During the summer of 2020 we will undertake significant backlog maintenance works on the Newtown St Boswells campus, namely to replace the portacabins. We will do these works during July 2020 to minimise disruption to staff and students. This will involve accessing backlog maintenance funds over two financial years.

5 MAXIMISING VALUE

5.1 The Melrose Road site is currently an asset held for sale. The valuation on our books is £585k. The Board have approved the acceptance of an offer of £85k for part of the site, namely Thorniedean House and the workshops. The sale is nearing completion. We have been given advice that the remainder of the site carries a commercial value of £500k. Work is progressing well on the new planning brief. We are in active discussion with a third party who is interested in the remainder of the site. Members should also be aware that we lease a part of the Melrose Road site to Cornerstones,

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with a six month notice period.

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. During the course of the external audit it was identified that we need to amend our accounting policies in relation to VAT.

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 enable creation of the STEM Hub. An external Passive House has been created to demonstrate the properties of sustainable house building.

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 have developed some options for further discussion.

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.

6.5 We have started to explore options for the refurbishment of the refectory area. The proposal will be taken to the Campus Management Committee for discussion. If agreed this work would be undertaken over the summer period.

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 situation in relation to SHARC has stabilised and the service is no longer at risk. However given the extended period of uncertainty, there will be an increase in CO_2 emissions arising from the use of gas for heating. The College will see an increase in CO_2 in this reporting year.

8.2 The biggest 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. It is hoped that the allocation will be higher next year given the budget announcement in February.

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8.3 The capital maintenance budget has nearly doubled in 2019/20, thus allowing us to undertake significant improvements at Newtown St Boswells.

8.4 Should the sale of Melrose Road fall through, we need to prioritise demolition, due to the deteriorating building fabric.

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, over and above our concerns in relation to Melrose Road and Newton St Boswells.

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. In this and future years we will need to make significant cultural changes to support the Net Zero Carbon campaign.

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

Hazel Robertson
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09 March 2020

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