

# FINANCE & GENERAL PURPOSES COMMITTEE

<b>Subject:</b> Asset Management Strategy Update	<b>Purpose:</b> <b>For Approval</b> <input type="checkbox"/> <b>For Discussion</b> <input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/>
<b>Prepared by:</b> Hazel Robertson, VP Finance and Corporate Services	<b>Date:</b> 16 May 2022
<b>Purpose:</b> To provide members with an overview of activity in relation to Integrated Asset Management and Capital Planning	
<b>Linked to Strategic Ambition:</b> Take a leading role in enabling an inclusive, resilient and sustainable Scotland  <b>Performance Measures:</b> Recognised as national leaders in sustainable practice	
<b>Linked to Strategic Risk Register:</b> 1c - Learners Needs  <b>New Risk Commentary:</b> Encompassing all risks	
<b>Executive Summary:</b>  The Asset Management Strategy was approved by the Board in December 2020. In scope of this strategy is: <ul style="list-style-type: none"> <li>Land and property</li> <li>Fixed equipment and moveable equipment</li> <li>Fleet</li> <li>ICT, adoption of latest technologies, business intelligence systems, data, information and analytics</li> </ul> <p>The medium to long term planning timeline will be dominated by the intentions of Heriot Watt, the end of the lease of Tweedbank, the future of land-based provision and the race to net zero.</p> <p>We have a thematic approach to planning: flipping the Campus to focus on front line delivery; living lab to showcase educational and learning opportunities including building design; immersive learning spaces, and maximising technology opportunities. In terms of skills delivery we need to respond to future demand for class rooms, taking account of the impact of blended learning and practical learning on future space requirements. We also need to respond to the impact of hybrid working on demand for office accommodation.</p> <p>The report presents an update on strategic discussions and progress. We are at the end stages of capital planning of 2022 and the paper provides a thematic update. The capital plan is not quite ready and will be provided to the Board, in June.</p>	

**Recommendation:**

Members to note:

- Progress in relation to clarifying the mid / long term strategic direction for Asset Management
- Status of the 2021/22 capital plan
- Progress on developing the 2022/23 capital plan.

**Previous Committee Approvals:**

None

For publication ☒

For publication with redactions ☐

Not for publication ☐

## APPENDIX 1

### Asset Strategy Development

As a result of staff engagement, strategic themes to be achieved over a three-year period include:

1. Services coming together – e.g. engineering and construction. We believe sufficient space can be made available to do this on the Gala campus thus no longer requiring the Tweedbank campus. Through a redesign of space, we look to accommodate workshop and teaching space and allow for sustainable construction including retrofitting.
  - The creation of additional workshop space at Gala to accommodate Tweedbank may have interdependencies on HWU plans.
  - Further development of the TTC will be needed to create provision for external construction. Further relocating of other internal disciplines might also be required.
2. Land based requiring a different model, not on the current site. Although Newtown St Boswells is a good central location, the site does not come with land and the buildings are not entirely fit for purpose. The H&H programme has slowed and is not now likely to provide the optimum solution. Our approach will consider linking up with one or more landowners to identify options for distributed delivery. We are continuing to explore the opportunity provided by the Lowood estate. Our strategic aim is to develop a “field to fork” approach. We are working on the business case, due for completion in June/July. This will include options in relation to funding models and accommodate interconnected areas of curriculum delivery. In addition to providing for NSB services, this could free up space in our owned campuses e.g. the training kitchen and restaurant. Further feasibility studies may be required to confirm the best way forward.
3. The Hawick campus as a centre of excellence for STEM/Sustainable Construction.
4. IT/Computing/Media/Communications teaching, learning, related support services, and maker spaces to be in a Technology Corridor at the front of the campus and the main corridor down to the former shop area, thus a very visible living lab. The cyber lab is complete and we are moving forward with an immersive learning space.
5. Technology enabled campus and delivery - all classrooms having good standard of AV equipment, services using Augmented Reality and Virtual Reality, Artificial Intelligence.
6. Implement a one stop shop at the front of the campus, creating a multi-function and integrated approach to student experience, service management and problem resolution. This will include AI solutions and self-service booths.
7. Flipping the campus. A consequence of all of the above should enable a move of support services from the ground floor in Galashiels to the tower. A high-level space planning exercise has confirmed that this would be possible.

Priority next steps:

- Options appraisal for Landbased, and working with landowners
- Projections of future delivery requirements
- Review all partnership arrangements
- Space planning and adjacencies review
- Sustainability road map
- Researching and costing our digital ambition.

## **APPENDIX 2**

### **Digital Transformation**

Priority activities in relation to the MIS function are:

- embedding a service management approach supported by the existing helpline process and as part of the one stop shop currently being planned across the College
- a renewed focus on data ownership and quality management – the system and process is owned by the MIS team but the data is owned by delivery teams. Exploring responsibilities in this way will help to improve ownership, engagement and utilisation. The creation of a curriculum timeline map helps staff to see how activities fit together and sets out ownership for each task.
- implement use of ProSolution for curriculum planning, which will be a significant enhancement.
- potential hosted service for Newbattle Abbey College. We are working up a proposal to be available mid-May, which will form a proof of concept.

Canvas roll out is going very well, with transfer from Moodle being subject to a comprehensive quality check, the adoption plan allows eLearning team to work with curricular areas in a very planned fashion. This adoption plan is 3 months ahead of schedule and will be complete in time for the new academic year.

In order to reduce costs, the DTP Phase 2 programme has been reprofiled. We are in the move to BAU and from end May the programme will be fully supported by our programme management team.

Priority next steps:

- We are concentrating our efforts on the one stop shop, and three business system implementations: CRM, Finance and HR.
- CRM is progressing towards the procurement assessment and the timeline for implementation may need to be flexed to tie in with staff availability to implement.
- Finance and HR are nearing the end of the discovery phase (complete by end May)
- Regarding Finance, I am in contact with a small number of my peers in the FE Sector and there is interest in implementing a collaborative approach across three or four Colleges. There is also an appetite within three Colleges for a more radical and transformative approach. I have spoken with SFC finance colleagues who indicated that some transformational funds may be able to support this work. I have prepared a high-level proposition for the short and long term, for consideration by the Finance Directors Network. A similar reach out to HR colleagues in the College sector has not generated any interest.

I am also leading a collaborative conversation in the Borders region with other public / charitable bodies. This would not generate savings in the first instance but would involve sharing specialist capability with a possible long-term goal of bureau services.

## **APPENDIX 3**

### **Capital Plan 2021/22**

The 2021/22 capital plan is attached. We anticipate an underspend against the Melrose Road receipt and are working hard to maximise utilisation of all of the other funding streams available to us. Key points of note are highlighted below.

#### **Melrose Road Receipt £345k**

- Planned expenditure was £170k for flip the campus works. We determined that we need to undertake further strategic asset planning before committing to this spend. Likely year end spend £nil. Several proposals for changes in space have come forward for consideration in 2022/23.
- Planned expenditure included £90k for the creation of a cybersecurity lab. The fit out is now complete. Likely year end spend £60k. We will carry the £30k forward to next year to support changes to the Galashiels campus (to support the technology corridor).
- Planned expenditure on carbon works at Hawick was £80,000 across three projects. One of these projects has completed just under budget at £19k. These projects need to be completed sequentially. The second project relating to Heat Pumps has been delayed to ensure that the most up to date technology can be implemented to support teaching requirements. The third project relating to Solar PV, we are awaiting confirmation of external funding, which would allow this budget to be reprofiled to another project. Unspent project funds will be carried forward to 2022/23.

The SFC have confirmed that the unspent cash from the Melrose Road sale can be retained in 2022/23.

#### **Completed projects**

- Outdoor space
- Final bills for DTP 2021 projects
- Graduation screening
- Digital spend – balance of SOSEP is expected to complete
- Laptops £43k

#### **Continuing projects**

- No expenditure on DTP systems acquisitions planned this year.

#### **In planning**

- Unfortunately, the lead time for acquisition of electric cars is currently between 9 and 12 months so will not complete in this year. We will need to put a short-term solution in place at the end of the current leases.
- Funding to support EV charging posts did not materialise and we await the next round of funding.

Borders College Capital Plan												
	Melrose Road Sale	High priority backlog maintenance Capital	High priority backlog maintenance Resource	Lifecycle maintenance Capital	Lifecycle maintenance Resource	Digital Poverty	Expensed	BFET	SOSEP	Student Funding	Other	Total
2021/22												
SFC Funding allocation		150,000	57,000	50,000	135,000							392,000
Melrose Road Sale	345,000											345,000
Digital Learning 21-22					73,922							73,922
Carry Over 20-21		38,847							31,563			70,410
Ev Funding												0
<u>Estates</u>												
NSB Expenses 21-22		38,847										
Outdoor Space		44,000										
Gala Campus Re-Design £170K	deferred											
Hawick Carbon Plan	deferred											
Mezzanine Floor	19,098											
Heat Pumps												
Solar PV/Thermal (42)												
Ev Charging (Gala & Newtown)			0									
Ev Cars			0									
Minibus												
New Waste area on Campus												
<u>Digital</u>												
Website				14,054								
Proolutions				25,449								
Canvas				2,197								
CyberLab	60,000											
CRM												
DTP consultancy					158,000							
Graduation Streaming				8,515								
Eyemouth Digital Spoke									17,000			
Classroom Desktops												
Staff laptops/desktops/mac					43,000				14,563			
Surplus / (deficit)	265,902	106,000	57,000	(214)	7,922		0	0	0	0	0	436,610

## **APPENDIX 4                      Capital Planning 2022/23**

Following a very engaging series of asset management workshops we opened the call for requests for capital funding for 2022/23. After a slow start we encouraged participation and received bids from the majority of areas in the College. Some of the requests are currently being clarified and some have yet to be costed. We have classified the bids into the asset management priority themes, and identified whether the bids are carbon reduction, neutral or negative.

We are also considering the next steps from a sustainability strategy point of view. This will include assessing the availability of project-based funding to support our efforts.

Bids to date have been classified into the following strategic asset management themes. The sums noted below are within the funds available however we also need to take into account slippage from 2021/22. Some of the sums involved may more appropriately be treated as revenue expenditure under our accounting policies. Costs are not yet available for digital transformation activity in 2022/23.

<b>Themes</b>		<b>£</b>
1	Services coming together	92,500
3	Hawick centre of excellence	58,000
5	Technology enabled	48,200
6	One stop shop	50,000
8	Digital delivery	124,800
10	Sustainability	143,500
11	Commercial	106,500

623,500
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We have received £50k funding to enable Mott MacDonald to complete the initial feasibility studies on the path to Net Zero. We have recently received their report and are formulating our response.

The Scottish Central Government Energy Efficiency Grant Scheme was launched on 17 May. We have requested the pack to support applications and will attend the workshop launch in late May / early June.

The next stage is to undertake a group session to prioritise plans for 2022/23. This exercise will be completed in time to report to the June Board meeting.

We also have the sinking fund which is available for approved works through the HWU/BC partnership arrangement. The following works are funded via this route:

- Union - Proposed upgrade awaiting final CMC approval for implementation this summer, circa £60k
- Removal of external chimney, concrete plinth and steam boiler in preparation for new waste management area to be completed this summer, circa £10K
- Refurbishment of ground floor High Mill windows to be completed this summer, circa £9K
- Replacement of remaining LED lights across Campus and wider estate has completed, £20k.