

Falkirk Campus, Boardroom 5.00pm (refreshments available from 4.30pm)

AGENDA

- 1 Declarations of interest
- 2 Apologies

FOR APPROVAL

- 3 Draft Minutes of meeting of 22 June 2017
- 4 Matters Arising
 - a) B/16/057 Budget 2017/18
- 5 New Falkirk Campus Decision Point 4 Report Tom Gorman
(Elements of paper 5 are withheld from publication on the Forth Valley College website under Section 33 Commercial Interests and the Economy of the Freedom of Information (Scotland) Act 2002.)

FOR DISCUSSION

- 6 Review of Risk
 - 7 Any other competent business
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Room S1.19, Stirling Campus (commencing at 4.30pm)

Present: Mrs Anne Mearns (Chair)
Mr Alan Buchan
Mrs Fiona Campbell
Mrs Lorna Dougall
Mrs Pamela Duncan
Mr Liam McCabe
Ms Amy Scobbie
Ms Beth Hamilton
Mrs Trudi Craggs
Dr Ken Thomson
Mr Ken Richardson
Mr Davie Flynn
Mr Colin Alexander

Apologies: Mr Andrew Carver
Mrs Caryn Jack
Mr Steven Tolson
Mr Scott Harrison

In Attendance: Mr David Allison, Associate Principal and Executive Director Information Services and Communication
Mrs Alison Stewart, Associate Principal and Executive Director of Finance
Mr Stephen Jarvie, Corporate Governance and Planning Officer

The Chair provided members with an update on the recruitment process for the new Chair.

She also recorded the congratulations of the Board to Alan Buchan and Amy Scobbie on their reappointment to the Board following being voted onto the Student Association for a further year.

She informed members that it had been intended to have the Internal Auditors attend this meeting for a presentation on Board Member responsibilities. Unfortunately, diary conflicts meant that this was not possible. She confirmed preparatory material would be issued prior to the relevant Board Strategic Session.

B/16/051 Declarations of Interest

None

B/16/052 Principal's Report

The Principal provided members with an update on his activities since the last meeting of the Board of Management.

He provided a brief overview of National Bargaining, confirming that agreement on pay had been reached and outlining the caveats associated with this such as additional

funding being made available to College's in the next round of the spending review to support increases in lecturer salaries on an ongoing basis.

He provided feedback from the recent SFC Strategic Dialogue meeting, noting that there had been very positive feedback on the College, in particular Creative Industries, College governance and finance; and the overall engagement of the College in the sector.

He informed members that, once the formal report from SFC was received, the report would be brought to the Board for consideration.

Members welcomed this feedback and raised the need to increase the promotion of the work of the College. The Principal agreed with this, noting the example of the recent Making Digital Work dinner which was excellent promotion for the College.

He further outlined his other activity, noting that some of these had been identified as potential future income streams.

a) Members noted the content of the report

B/16/053 Approval of Co-Option to Audit Committee

The Associate Principal and Executive Director of Finance presented a paper and asked members for approval to co-opt Roy Hogg to the Audit Committee.

She provided background on Mr Hogg and outlined the benefits to the work of the Committee from the co-option.

a) Members approved the co-option

B/16/054 Minute of Board of Management Meeting of 23 March 2017

The Minute of the meeting of 23 March 2017 was accepted as an accurate record.

B/16/055 Matters Arising

a) B/16/033 Board Effectiveness Report

The Associate Principal and Executive Director Finance noted that the final version of the report had been received and was available on the College website.

She informed members that it was intended to use this report to inform the discussion at one of the upcoming Board strategic discussion sessions.

It was agreed that the Corporate Governance and Planning Officer would circulate the link to this document to members.

b) B/16/039 IT Security Policy

The Associate Principal and Executive Director Information Services and Communications reported that a test group for the online Board paper system had been agreed at the last Board meeting.

He informed members that the intention had been to work on this with the test group during the recent round of Committee meetings however the dates had unfortunately not worked in terms of the availability of the test group members.

The Chair queried whether Board members would be provided with the necessary technology to operate the new system. The Associate Principal and Executive Director Finance confirmed that members who required devices would be provided with one.

c) B/16/040 New Equalities Outcomes

The Corporate Governance and Planning Officer confirmed to members that their requested changes to the wording of the Equalities Outcomes had been completed.

d) B/16/043 Group Life Assurance Cover

The Associate Principal and Executive Director Finance reported to members that, owing to the recent industrial action, the College had decided to delay with the consultation relating to the possible removal of the additional group life assurance cover provided by the College.

e) B/16/044 Senior Independent Member

The Chair reported that, following the last meeting of the Board, Fiona Campbell had agreed to take on the role of Senior Independent Member.

f) B/16/048 Student Association Activity December 2016 to March 2017

The Chair noted for the minute that approval for the changes to the Student Association Constitution had been received from members via email.

B/16/056 Minutes and draft minutes of other Committee

a) Falkirk Campus Project Board - 27 April 2017

The Falkirk Campus Project Board Chair noted that the project board had met twice since the last meeting of the Board of Management.

He updated members with progress on the tender exercise for the main contractor for the new build and also outlined the proposed evaluation process that would occur in July.

He also discussed the timeline for approval of the Decision Point 4 document which will be presented following the tender exercise.

He highlighted risks identified by the FCPB in relation to the projects funding, specifically in relation to the current sale of Branshill and the potential future sale of the existing Falkirk campus. He confirmed these risks and proposed mitigation would be covered when the Decision Point 4 document is presented for approval.

The Chair noted that the Board meeting of 10 August for consideration and approval of the Decision Point 4 report was a key meeting and asked that any members who cannot attend let the College know so that quorum could be assured.

b) HR (Inc. Nomination) Committee - 6 June 2017

The Committee Chair noted that the main item of discussion was national bargaining and that this would be covered in the main agenda of the meeting.

c) Strategic Development Committee - 8 June 2017

The Committee Chair confirmed that national bargaining had been discussed as a risk to the College.

d) Falkirk Campus Project Board - 16 June 2017

This was covered under item B/16/056 a)

e) Finance Committee – 21 June 2017

The Chair noted that the committee had discussed the Budget which was on the agenda for consideration and approval. He also informed members that the Committee had considered the Treasury Management strategy, also on the agenda, and had concluded that owing to the College's status as a public body this was now no longer needed.

He also highlighted that, owing to a scheduling change, the meeting had occurred the previous evening and therefore the minute was not ready for distribution at this time. It was agreed that the Corporate Governance and Planning Officer would circulate the minute to members when it was ready.

B/16/057

Budget 2017/18

The Associate Principal and Executive Director of Finance tabled an update to the budget paper for member's consideration and approval. She highlighted that the budget paper had been updated following decisions made at the previous evening's Finance Committee.

The Principal commented that it was unusual to be tabling such papers and confirmed this was due to significant changes since the paper was originally issued such as the agreement on National Bargaining.

The Associate Principal and Executive Director Finance informed members that the College had been notified of an increase in funding earlier in the year along with the rest of this sector but that, earlier that week, SFC had revised what this was originally intended to fund and that this was now to be used to fund national bargaining related salary increases for lecturers.

Members commented that this was an unprecedented move on the part of SFC and asked whether this would have an impact on the College's ability to deliver the targets in the upcoming Regional Outcome Agreement.

The Associate Principal and Executive Director Finance confirmed that this would not impact on delivery if the College is able to deliver a surplus in the budget. She confirmed that this would only be possible through the removal of the funding earmarked to support the Falkirk estates developments. She outlined the resulting removal of £400k from the budget in relation to this and confirmed that the College was of the opinion that the college should not be expected to fund estates development costs for its revenue budget. It was also highlighted that SFC had sufficient unallocated funds to make up this shortfall and that a request for such should be made to SFC.

Members asked that this request should also be used to highlight the underfunding of the College by SFC in comparison to other College's in the sector as highlighted by the SFC's simplified funding model and that the SFC be asked to implement the move to the new model as previously intended. It was also noted that the funding provided for national bargaining does not meet the requirements of annual incremental increases or any increases for support staff.

The Principal confirmed that he would write to SFC on this immediately and would thereafter engage directly with SFC on this with the new Chair once they were in post.

As the £400k does impact on the assumption which will underlie the Decision Point 4 document for the new Falkirk Campus, the College will write to SFC seeking the additional funding in advance of submitting this document.

- a) Members approved the budget for 2017/18

B/16/058

Treasury Management Strategy 2017/18

The Associate Principal and Executive Director of Finance noted that, as reported by the Chair of the Finance Committee, the College was seeking approval to remove the Treasury Management strategy

- a) Members approved the removal of the Treasury Management strategy
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B/16/059 Forth Valley College Foundation – Annual Plan

The Associate Principal and Executive Director of Finance presented a paper outlining the proposed projects seeking support from the Forth Valley College Foundation.

She informed members that the normal process for this paper would have been for it to have been considered by the Strategic Development Committee first but that, due to the significant last minute changes to the College budget, the paper had not been able to be presented.

Members noted that one of the project was for small amounts to support two students who had secured hospitality internships in Dubai and requested that the College fund these directly.

Members queried whether it would be appropriate for students to be able to directly approach the Foundation for funding.

a) It was agreed that the College would look at the process for grant applications and will bring a paper to the Strategic Development Committee for consideration.

B/16/060 Strategic Plan 2017-2022

The Principal presented the strategic plan 2017-2022 for approval. He informed members of the comprehensive consultation process, with the Board, students and staff, which had gone into the creation of the document.

He highlighted the success of the mission statement for the College of “Making Learning Work” and confirmed that it was intended to retain this and the key strategic themes for the 2017-2022 period.

Members made a number of suggestions relating to the content and it was agreed that these would be implemented.

a) Members approved the Strategic Plan 2017-2022

B/16/061 Outcome Agreement 2017-20

The Associate Principal and Executive Director Information Services and Communication presented members with the final draft of the Outcome Agreement 2017-20. He confirmed that the draft document had been seen and considered by the Strategic Development Committee.

Members noted that the submission should include caveats relating to the potential impact of National Bargaining on delivery against targets.

a) Members approved the Outcome Agreement 2017-20

B/16/062 Student Association Activity March to June 2017

The Student Association President presented a report on the activity of the Student Association since the last meeting of the Board of Management.

He confirmed the results of the recent elections and that approval had been obtained for the revised Student Association constitution.

He informed members that, following a recent review, the College had retained its 3 star status for Healthy Body, Healthy Mind. He highlighted that this was a very positive position compared to other Colleges and Universities, many of whom only have a one or 2 star rating.

The Student Association Vice President highlighted that the Mental Health First Aid contributed to this rating and continues to attract high levels of participation and demand for places. Supporting this was a recent survey on student stress which would be circulated when completed.

The Chair noted that the Board and SMT should consider how to support this activity.

It was agreed that information on this training and available dates would be circulated to Board members.

a) Members noted the content of the report

B/16/063 National Bargaining

The Principal provided an update on National Bargaining in the College sector. He noted that, since the papers were issued, an agreement had been reached on the pay element for lecturers, with future work to occur on rationalising terms and conditions of service.

He highlighted the funding for these increases which had been touched on earlier in the meeting and highlighted the need for a positive outcome from the spending review to support College's on a sustainable basis.

a) Members noted the content of the update

B/16/064 Relationship Building – Verbal (Board Members only)

Members discussed at length the recent communications from the local EIS FELA Branch and the impact this may have on the relationship between the College and staff. It was agreed no further action was required at this time and the College would await communication from SFC.

a) Members noted the content of the discussion

B/16/065 Review of Risk

No new risks were identified.

B/16/066 Any Other Competent Business

The Associate Principal and Executive Director Finance informed members that the register of interests information would be circulated for updating prior to its inclusion in the College accounts.

She noted that the College was looking to update the skills matrix for Board members to assist in Committee placements.

She also highlighted that the College was looking to conduct the annual review of Board Members and the Chair.

It was agreed that the Corporate Governance and Planning Officer would circulate the necessary information to members.

1. Purpose

To consider the New Falkirk Campus Decision Point 4 Report and the awarding of the main Design and Build contract to Balfour Beatty.

2. Recommendation

That members approve the New Falkirk Campus Decision Point 4 Report and appointment of Balfour Beatty.

3. Background

On 22 December 2016, SFC confirmed that they had received approval from Scottish Government of the Full Business Case for the redevelopment of the Falkirk campus.

On 20 April 2017, SFC confirmed approval of the Colleges Decision Point 3 report and recommended the College should proceed to Decision Point 4.

The in-principle offer of grant was also made in accordance with a specific number of conditions which were attached to the offer. All conditions have been met and an update on progress is included in Appendix H of the Decision Point 4 Report, attached to this paper.

The attached report was considered and recommended for Board of Management approval by the Falkirk Campus Project Board on 3 August 2017.

4. Key Considerations

The attached document is the Decision Point 4 Report (DP4) for an £81.99m, 20,709 sq. metres new Falkirk Campus Headquarters on the College's existing and extended Middlefield site in Falkirk. The document has been prepared by the College and a full Team of Technical, Financial and Legal Advisors, with support from SFT and SFC.

In summary, the overall development cost has reduced from an estimated £83.03m to an actual £81.99m with the area (GIFA) and programme remaining unchanged from the DP3 report.

The winning contractor was Balfour Beatty Construction Ltd with a construction tender of £53,724,446.

The proposed investment will continue to deliver a regional, national and international centre for STEM, Care and Sport activity, providing progression from school through modern apprenticeship and tertiary education programmes to higher education and employment. It will provide the opportunity for the college to develop its current position and reputation for the delivery of specialist training for STEM industries particularly in oil and gas, manufacturing, chemicals, energy and life sciences.

The Decision Point 4 Report clearly demonstrates not only a strong and compelling case for progressing a new and sustainable Falkirk Campus, but also details the £81.99m cost, proposed

programme and how it is to be funded via a combination of in year surplus/net depreciation, capital maintenance grant, college reserves, government grant and sale of assets.

5. Changes from DP3

5.1 Variations

There have been a small number of changes since the DP3 report, as a result of a lower than expected tender return from Balfour Beatty Construction Ltd. This has allowed a number of strategic items previously deemed necessary, but unaffordable due to budgetary constraints, to be re-introduced into the overall development cost of £81,993,944. These re-introduced items are noted in tables 1 and 2 below:

Table 1

Summary of proposed variations to be completed by Main Contractor	Total
Expansion space fit-out including joinery, finishes, services etc. (240 m ²)	£352,000
Additional 100 Nr Lockers (previously reduced to align budget)	£50,000
Extend electronic room booking system (previously reduced)	£90,000
Duraline robust linings to circulation to prevent damage to walls	£92,000
Car park monitoring system and associated controls	£22,000
Matching high technology industry equipment as training provision for STEM	£450,000
Increase specification on IT infrastructure and equipment	£500,000
Contractor uplifts (based on Balfour Beatty tender allowances)	£143,281
Total Re-introduced Items	£1,699,281

Table 2

Summary of proposed variations to be completed by clients suppliers	Total
Client reintroduced FF&E scope items	£575,241
Total Re-introduced items	£575,241

5.2 Contingency

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

6. Area

The Gross Internal Floor Area (GIFA) in the DP4 remains unchanged at 20,709 sqm.

7. Cost

As noted above, the Overall Cost of the Development is £81.99m, a reduction of £1.04m from the DP3 cost estimate of £83.03m, with full details highlighted in section 3 of the DP4 report.

All tender returns were subjected to a comprehensive evaluation process on the basis of a 40% cost 60% quality basis, followed by formal interviews. Balfour Beatty's Construction Ltd's tender return scored the highest marks in both cost and quality, totalling 88.5 (2nd place [Redacted] scored 76.82) confirming their desire to win this project.

Actual construction tenders varied between £53.7m and £61.8m, against a budget of £59.2m.

The winning tender from Balfour Beatty Construction Ltd was £5.5m below the budget (£59.2m-£53.7m) and therefore subject to further rigorous scrutiny by our advisors, including implementing Scottish Government guidance on potential abnormally low tenders.

In summary, our advisors and evaluation team concluded that Balfour Beatty submitted a very competitive bid which was less than expected and significantly below those of the other tenders received. It should be noted Balfour Beatty scored higher in both cost and quality. The technical team asked for clarification on cost from Balfour Beatty as the price could potentially be considered “abnormally low”. The team were unanimous in accepting the positive response from Balfour Beatty noting the company’s feedback indicated the project continues to be commercially competitive and very good value for money.

Table 4

Contractor	Cost (40%)	Quality (60%)	Final (100%)	Comments
Balfour Beatty	40.00	48.50	88.50	Preferred bidder (MEAT)
BAM Construction	36.43	27.75	64.18	4 th Place Bid
Morrison Construction	34.76	39.25	74.01	3 rd Place Bid (qualified)
Robertson Construction	36.57	40.25	76.82	2 nd Place Bid

8. Programme

Balfour Beatty’s programme confirmed a start on site of 18/9/17 and construction completion (PC) on 19/8/19, all in line with the Colleges Development Programme, which remains on target, as noted in table 5 below:

Description	Date
Full Business Case Approval	Complete
Issue OJEU Notice/ESPD	Complete
Deadline for ESPD Submissions	Complete
Complete Evaluation of ESPD	Complete
Shortlist Tenderers (Minimum of 5)	Complete
Gateway 3 – SFT/SFC Approval	Complete
Issue ITT Documentation to Shortlist	Complete
Deadline for Tender Submissions	Complete
Evaluation of ITT Submissions	Complete
Gateway 4 Final Approval by SFT/SFC	11 August – 1 September 2017
Contract Award	4 September 2017
Standstill Period	11 – 21 August 2017
Date of Possession of site by Contractor	18 September 2017
Construction Complete	16 August 2019
Fit Out Stage	19 August – 20 September 2019
Migration/Occupation of College	23 September – 4 October 2019

The dates indicated in the table above are proposed dates and may be subject to change as the project progresses.

9. Financial Implications

Please detail the financial implications of this item

Financially, the Decision Point 4 Report costs of £81.99m clearly demonstrate value for money, its affordability and as noted earlier, how it will be fully funded by a combination of Government Grant (£68.00m), SFC Glasgow Kelvin (£2.00m) in year surplus/net depreciation (£1.50m), capital maintenance grant (£0.69m), FVC Foundation (£5.20m) and sale of assets (£4.60m).

10. Equalities

Assessment in Place? – Yes No

Will continue to be developed post DP4.

11. Risk

Please indicate on the matrix table 5 below the risk score. Risk is scored against Impact and Likelihood as Very Low through to Very High.

Table 6

	Likelihood	Impact
Very High		
High		x
Medium	x	
Low		
Very Low		

Please describe any risks associated with this paper and associated mitigating actions

It is recognised as vital by all parties on the project that a Strategic Risk Register be produced, managed, maintained and reported as a live document which accurately reflects the risks associated with the project. Full details can be found in section 6 of the DP4 report.

A Project Specific Risk Register has also been prepared and full details can be found in Appendix D of the DP4 report. The vast majority of risks have now been removed from the project and the main four remaining in July are:

- a) Fire Strategy Building Warrant - should be cleared by 8/8/17
- b) MEP Building Warrant - should be cleared by 8/8/17
- c) Possible small area of contamination on site - results expected by 7/8/17
- d) ████████ telecoms equipment on roof of existing campus until 2023 - small team appointed to consider optimum strategy and report underway to ensure removal by 2019.

All of the above risks and mitigating actions are noted and dealt with in the DP4 risk register.

Risk Owner – Ken Thomson

Action Owner – Tom Gorman

12. Other Implications –

Please indicate whether there are implications for the areas below.

Communications – Yes No

Health and Safety – Yes No

Please provide a summary of these implications –Included in DP4 report.

Paper Author – Tom Gorman

SMT Owner – Tom Gorman

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