Introduction

This paper responds to the Scottish Parliament’s request for evidence pertaining to the role and performance of the Scottish Futures Trust (SFT) and the extent to which it has been successful in realising its vision of improving the efficiency and effectiveness of infrastructure investment and use in Scotland by working collaboratively with public bodies and industry, leading to better value for money and improved public services.

Context and Background

The comments contained herein are derived from the City of Glasgow College’s experience over the period 2010-2015. During this period the College has worked closely with SFT representatives in connection with the delivery of a new twin site 80,000m$^2$ campus under the NPD Programme. The new campus project represents an investment of £228M that is creating world class learning facilities and contributing to the economic, environmental and social regeneration of communities within Glasgow city centre. The College has also worked in partnership with the SFT to take forward the marketing and disposal of College properties that become surplus to the College’s operational requirements following completion of the new campus in 2016/17.

The new campus chronology can be summarised as follows:

- December 2010  SG Budget announces the new campus within the ‘NPD pipeline’
- June 2011  New Campus Business Case approved by SFC
- December 2011  OJEU Notice published
- April 2012  Commencement of Competitive Dialogue Procurement Process
- January 2013  Preferred Bidder Appointed
- August 2013  Financial Close/commencement of construction
- January 2015  Commencement of marketing of surplus properties
- July 2015  Surplus Properties Preferred Bidders selected
- August 2015  New Riverside Campus completed and operational
- August 2016  New City Campus scheduled to be operational
- October 2016  Completion of property disposals
- August 2017  Completion of New Campus external works
Comments

The College is pleased to offer the following evidence in response to the subject areas that have been provided.

i. **Securing additional investment**

SFT has made a positive contribution toward achieving this outcome as follows:

a) SFT facilitated the Scottish Government underwriting of the College’s NPD contract obligations. Without this enhancement to the project’s financial security, the new campus procurement would not have been viable as funders would have been unwilling to provide the required senior debt finance due to a lack of College covenant strength. In addition to making the project marketable, the College believes that the strengthened security reduced funders’ assessment of the project’s risk profile and thus reduced funding costs.

b) SFT supported the College’s request for enabling funding for the surplus property disposal programme. The resultant funding provided by the Scottish Funding Council (SFC) allowed the College to prepare a comprehensive data room including planning briefs and conservation reports in conjunction with Glasgow City Council and Historic Scotland. This information enhanced the marketability of the sites, led to a strong level of interest and correspondingly impressive proposals. The terms proposed by preferred bidders, which are conditional on planning consents being granted, represent an excellent financial outcome and the programme is on course to deliver positive future uses for all properties.

ii. **Securing better value for money and improved public services**

The SFT has created and developed the NPD Programme and the standard form NPD contract that underpins each procurement. The NPD structure is designed to achieve an appropriate allocation of risk and entitlement for reward that will be attractive to private sector developers and funders. This is important to achieve a strong level of bidder interest and thus the competitive environment without which the deliver value for money is challenging. Of equal importance, the structure has been designed to avoid creating obligations and/or procedures that could significantly constrain the freedom and flexibility required by Public Sector bodies to use and adapt their infrastructure.

The College’s ‘real world’ experience is that the NPD OJEU notice attracted an excellent level of interest from high quality bidders and the outcomes achieved met or exceeded the College’s requirements:
• The new campus design realises the College’s vision of a flexible, inclusive, sustainable world class learning environment with industry standard spaces and a positive relationship with adjoining communities
• The contract provides strong financial incentives for the private sector to provide high quality building facilities management and lifecycle services – this allows the College to exploit the strong private sector capabilities and concentrate its internal resources on the College’s core mission
• Capital and operating costs are affordable and compare very favourably to relevant benchmarks

In addition to providing the NPD framework, SFT representatives worked close with the College’s project team and senior management. The SFT provided a combination of technical and commercial advice and assurance which strengthened the College and SFC’s governance arrangements.

The modus operandi adopted by SFT was very helpful in a number of ways:
• It achieved an excellent balance by protected principles that SFT consider non-negotiable (to maintain consistency and integrity across the NPD programme) whilst being pragmatic and flexible over aspects that were recognised as project specific
• In addition to managing derogations on core NPD points, SFT representatives were willing to act as a sounding board, offering advice and comments on other concepts and principles
• Key Stage Review processes were relevant and thorough (providing an important source of assurance) and were completed without creating bureaucracy or causing delay
• SFT representatives were highly qualified and experienced professionals and the same people worked with the College from inception to completion of the procurement – this created a wide and deep understanding of the project and avoiding the issues created by lack of continuity of personnel

iii.  **Fostering innovation to improve outcomes**

The College adapted the core NPD framework to include the design, fit out and handover of ICT; construction of a college capital funded Halls of Residence and migration services within the NPD Project scope. The amended scope and associated transfer of risk significantly enhanced the College’s management of design and delivery interface risks, allowed the College to benefit from economies of scale and reduced procurement costs and gain significant programme advantages. These outcomes were achieved thanks to the SFT’s willingness to accept adaptation to the core NPD contract provided it was demonstrated that these ‘bespoke’ adaptations did not undermine the underlying NPD principles.
iv. **Encouraging collaboration to improve efficiency**

Prior to and during the procurement stages of the project, SFT acted as a facilitator and catalyst for knowledge sharing amongst the 3 Colleges (City of Glasgow, Inverness and Kilmarnock) that were included within the NPD programme following the December 2010 budget announcement. This has continued during the construction stage and has been extended to include knowledge sharing with other sectors including health.

The College has played a leading role in shaping strategies and processes that reflect the education sector’s needs – these cover NPD procurement and management of property disposals - and the SFT has helped to ensure that other Colleges are able to financially and operationally benefit from this pioneering work.

v. **Securing better outcomes including job creation, training and apprenticeships, environmental sustainability, broader community benefits and digital connectivity**

SFT has supported the achievement of the College’s Community Benefits Strategy. The strategy is on course to deliver exceptional results against targets which include:

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
<th>Actual</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Entrant Employment Opportunities</td>
<td></td>
<td>129</td>
<td>118%</td>
</tr>
<tr>
<td>New Apprenticeships</td>
<td></td>
<td>54</td>
<td>135%</td>
</tr>
<tr>
<td>Total value of tenders awarded</td>
<td></td>
<td>£155.4m</td>
<td></td>
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<tr>
<td>Total value of tenders awarded to SMEs</td>
<td></td>
<td>£45.5m</td>
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<tr>
<td>Total value of tenders awarded to Scottish SMEs</td>
<td></td>
<td>£33.6m</td>
<td></td>
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<tr>
<td>Number of Curriculum Projects supported</td>
<td></td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>Work Experience (person hours)</td>
<td></td>
<td>263</td>
<td>131%</td>
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</tbody>
</table>

The NPD procurement will deliver state of the art facilities and avoid the risks and disadvantages associated with building refurbishment. (A refurbishment strategy would have been the consequence had the College been working
within significantly constrained capital budgets.) One of the principal aspects that benefit from the ability to deliver entirely new facilities is the environmental performance of the new campus. The new facilities will achieve BREEAM Excellent and A-Rated Energy Performance Certificates and will reduce energy consumption and harmful emissions by more than 50% compared to the College’s existing estate.

**vi. Any other comments you might have on the SFT’s work towards achieving its key aims**

Supporting the Governance Process:
SFT have shown willingness to attend and support discussion at the College’s Board meetings to inform key decision points alongside being a source of support, information and appropriate challenge at the Project Board. This has added greatly to ensuring that due governance is effectively undertaken and that the Board has had full briefing on what is a complex contractual process.