



Our Ref: 242403180

26 March 2014

Mr Paul Little
Principal
City of Glasgow College
300 Cathedral Street
Glasgow G1 2TA

Dear Paul

**City of Glasgow College NPD estate development:
Revised offer of capital grant for non-NPD costs**

1. I am writing to offer, on behalf of the Council, up to £4,973,772 of capital grant to the City of Glasgow College as a contribution to its new estate redevelopment project, procured under the non-profit distribution model (NPD) operated by Scottish Futures Trust.
2. This funding is for non-NPD costs and is being provided in support of:
 - programme and project management, including external professional adviser fees and any additional internal staff costs necessary for the project;
 - planning, procurement, fit-out and delivery of the new campus;
 - decant, migration and building decommissioning activities; and
 - business transition and transformation, including communications activities.
3. This letter supersedes both the Council's original offer of £16.5 million capital funding letter dated 10 February 2012, and the Council's offer of £6,729,854 set out in my letter of 29 August 2013.

4. This letter must be read in conjunction with the original offer of Funding Support letters (incorporating Revenue Funding Support) dated 29 and 30 August 2013 and revised 'Offer of Other Project Funding' letter dated 26 March 2014.
5. A revised summary of the Council funding provided for the project is shown in the table below:

Revised offer of funding letter for NPD model project, dated 26 March 2014 (incorporating 'Offer of revenue funding' and revised 'Offer of other project funding')	£11,526,228
Offer of capital grant for non-NPD costs (this letter)	£4,973,772
Total SFC contribution to project	£16,500,000
<i>Total non-NPD funding paid by SFC (prior to and after Financial Close) up to 31 March 2014</i>	<i>£3,363,429</i>
<i>Remaining balance of non-NPD funding to be paid from April 2014</i>	<i>£1,610,343</i>

6. Projected annual expenditure of this grant is set out in the attached Annex A. From 1 April 2014, funds will be paid to the College according to a monthly profile agreed with SFC. The monthly profile for FY 2014-15 is shown in Annex A. Monthly profiles for subsequent years will be agreed between the College and SFC.

Conditions of grant

7. The Council's offer of grant is conditional upon the College agreeing to the following conditions (which are largely unchanged from my previous letter of 29 August 2013):
 - (a) all funds must only be used for the purposes for which they are provided. (The Council retains the right to audit the relevant institutional documentation in order to satisfy itself that this is the case and the College undertakes that it will provide such assistance as the Council reasonably requires to enable the Council to do so);
 - (b) the Council may recover any amounts of grant unspent, or which in its view have not been spent in accordance with the conditions of grant;
 - (c) The College will return all disposal receipts arising as a result of its estate redevelopment to SFC - having sought to achieve value for money in terms of securing the optimum value for the disposal(s);
 - (d) the College Board of Management shall ensure that effective project management arrangements are in place at all times to preserve business continuity and ensure that the project outcomes are achieved. Once in place,

any significant changes to these arrangements will be subject to the prior agreement of the Council;

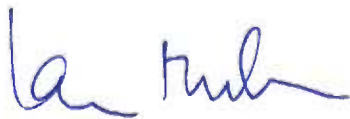
- (e) the College will continue to monitor the validity of the key assumptions underpinning the business case supporting the award of capital grant and carry out any necessary sensitivity analyses;
- (f) the College will, in discussion with the Council's executive, provide regular progress reports and set project milestones at which stages the College and the Council's executive will meet to monitor progress;
- (g) the College will give the Council prompt written notice of, and detailed reasons for, any actual or anticipated delay in the progress of the project or actual or anticipated overruns in the cost of the project;
- (h) the Council has the discretion to direct the College to exercise its access and inspection rights, accompanied if necessary, by SFC staff/appointed agents provided any such instruction does not result in the College being in breach of its obligation to comply with the all relevant safety procedures (including any relevant construction phase plans and health & safety plans for the construction of the facilities), the Contractor's Site Rules and any reasonable directions with regard to site safety that may be issued by or on behalf of the Contractor's Site Manager;
- (i) the College will continue to develop a sustainability policy that takes account of the Council's guidance on sustainable development and is linked to the College's estate strategy;
- (j) the College will ensure that its capital project is linked to its sustainability policy and achieves a minimum rating of BREEAM Very Good' for refurbishments and 'BREEAM Excellent' for new buildings in respect of Design and Procurement and Post-construction;
- (k) the College will ensure that the Council is included in all publicity relating to the project, including signage, advertising and other media releases;
- (l) in executing its programme of work, the College shall comply at all times with the provisions of the *Financial Memorandum* and the Council's *Procedure Notes for the Disposal of Exchequer-funded Assets and the Retention of Proceeds* (available on the Council's website);
- (m) upon completion, and at appropriate intervals thereafter, the College will provide to the Council post-occupancy evaluations in line with Council guidance; and

- (n) all monthly profiled payments will be subject to on-going reconciliation by the College on a quarterly basis. The College shall provide to SFC a quarterly report detailing non-NPD contract expenditure - showing cumulative actual payments made compared to grant received - and depending on the result of that reconciliation, any surplus (SFC grant paid greater than College payment made) or deficit (grant paid less than payments made) may be deducted or added (respectively) to the following months scheduled payment. The College will provide an explanation for any surplus or deficit in the quarterly report. The College will also continue to provide full supporting documentation on a quarterly basis (invoices, consultants' fee accounts, etc.).

Acceptance of grant

8. City of Glasgow College is invited to formally accept the Council's revised offer of capital funding in writing, confirming its ability to meet the terms and conditions of the funding set out.
9. Should you have any queries or require any further information, please contact Gavin Bruce, Senior Policy Officer, Colleges and Post 92 Universities Group (tel: 0131 313 6585, email: gbruce@sfc.ac.uk).

Yours sincerely



Laurence Howells
Interim Chief Executive

Projected annual expenditure of grant

<i>Total non-NPD funding paid by SFC (pre/post Financial Close) up to 31 March 2014)</i>	<i>£3,363,429</i>
FY 2014-15:	£546,106
FY 2015-16:	£498,750
FY 2016-17:	£460,487
FY 2017-18:	£105,000
Total	£4,973,772

FY 2014-15 profiled payments

April 14:	£47,747
May 14:	£61,397
June 14:	£59,896
July 14:	£71,896
August 14:	£37,240
September 14:	£36,490
October 14:	£36,490
November 14:	£36,490
December 14:	£36,490
January 15:	£38,990
February 15:	£41,490
March 15:	£41,490
TOTAL	£546,106

Overall reconciliation of SFC funding

NPD Contractual Commitments

<i>College NPD contract capital payments to be made up to 31 March 2014</i>	577,698
<i>College NPD contract capital payments due to be made AFTER 31 March 2014</i>	11,702,009
TOTAL College NPD contract capital payments	12,279,707

SFC NPD contract capital payments MADE up to 31 March 2014	85,200
SFC NPD contract capital payments due to be made AFTER 31 March 2014	11,441,028
TOTAL SFC NPD contract capital payments	11,526,228

<i>Total College funding for NPD contractual commitments</i>	12,279,707
<i>Total SFC grant for NPD contractual commitments</i>	11,526,228

Total SFC Other Project Funding (letter dated 26 March 2014)	11,526,228
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Non NPD Costs

<i>College payments from reserves in FY 2012-13 (up to 31 March 2013)</i>	379,853	19,100,000
<i>College payments from reserves in FY 2013-14 (up to 31 March 2014)</i>	370,208	
TOTAL College payments from reserves up to 31 March 2014	750,061	

SFC grant payments in FY 2012-13 (up to 31 March 2013)	2,399,170
SFC grant payments in FY 2013-04 (up to August 2013 at FC)	533,159
SFC grant payments in FY 2013-14 (from September 2013 after FC)	431,101
TOTAL SFC grant payments up to 31 March 2014	3,363,429

<i>Transfer of College reserves to ALF at 31 March 2014</i>	16,974,660
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Estimated SFC grant payments in FY 2014-15	546,106	
<i>Estimated College payments in FY 2014-15 (Reserves from ALF)</i>	1,077,508	
Estimated SFC grant payments in FY 2015-16	498,750	
<i>Estimated College payments in FY 2015-16 (Reserves from ALF)</i>	2,647,838	
Estimated SFC grant payments in FY 2016-17	460,487	
<i>Estimated College payments in FY 2016-17 (Reserves from ALF)</i>	1,447,737	
Estimated SFC grant payments in FY 2017-18	105,000	16,500,000
<i>Estimated College payments in FY 2017-18 (Reserves from ALF)</i>	99,568	
TOTAL estimated SFC grant payments FY 2014-15 to 2017-18	1,610,343	
TOTAL estimated College payments FY 2014-15 to 2017-18 (Reserves from ALF)	5,272,651	

<i>Total SFC grant for non-NPD costs</i>	4,973,772
<i>Total College funding for non-NPD costs</i>	6,022,712

Total SFC capital grant (letter dated 26 March 2014)	4,973,772
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<i>College ICT maintenance & support costs (outwith schedule)</i>	<u>797,581</u>
	35,600,000

Total SFC NPD payments made directly to GLQ	11,526,228
Total SFC non-NPD payments made directly to College	4,973,772
TOTAL SFC PAYMENTS	16,500,000

<i>Total College NPD payments made directly to GLQ (incl ICT maintenance & support)</i>	13,077,288
<i>Total College non-NPD costs funded directly by College</i>	<u>6,022,712</u>
TOTAL College payments	19,100,000

TOTAL SFC + COLLEGE	35,600,000
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