THE UNIVERSITY of EDINBURGH

Estates Committee
Raeburn Room, Old College
Wednesday 23 March 2016, 9.30-12.30pm

AGENDA

1	**Minute (closed)** To *approve* the minute of the previous meeting held on 9 December 2015.	**A**
2	**Matters Arising** To *raise* any matters arising.	

SUBSTANTIVE ITEMS

3	**Estates Annual Capital Plan 2015-2025** To *note* a paper from Director of Estates.	**B**
	3.1 Finance Director's Update - Interim Ten Year Forecast (March 2016) To *endorse* a paper from Director of Finance	**B1**
	3.2 Post Implementation Review – Design/Scope To *review* and *endorse* a paper from Director of Finance	**B2**
	3.3 Arrangements for Internal Loans within the University To *endorse* a paper from Director of Finance	**B3**
	3.4 Planning and Accounting for VAT on Capital Projects To *note* a paper from Director of Finance	**B4**
4	**London Base** To *endorse* a paper from Director of Corporate Services	**C**
5	**Quartermile Development** To *endorse* a paper from College of Humanities and Social Science.	**D**
6	**Large Animal Research and Imaging Facility** To *endorse* a paper from College of Medicine & Veterinary Medicine.	**E**
7	**Appleton Tower Refurbishment Levels 6 and 9 for Informatics** To *approve* a paper from College of Science & Engineering.	**F**
8	**Sustainable Campus Fund proposal** To *approve* a paper from Director of Corporate Services	**G**

Cont'd

ROUTINE ITEMS

9	**Estates Committee Sub-Group Approvals** To *approve* a paper from Depute Director of Estate	**H**
10	**Development Trust Campaign Capital Project Update** To *note* an update from Director of Major Gifts	**I**
11	**Strategic Acquisitions and Disposals** To *approve* paper from Director of Estates	**J**

ITEMS FOR FORMAL APPROVAL/NOTING (Please note these items are not normally discussed.)

12	**Estates Department Purchasing Protocol** To *note* a paper from Depute Director of Estates	**K**
13	**College of Humanities and Social Science Summary Report** To *approve* a paper from Head of College of Humanities and Social Science.	**L**
14	**College of Medicine & Veterinary Medicine Summary Report** To *note* a paper from College Medicine & Veterinary Medicine will include:	**M**
15	**Institute for Regeneration and Repair** To *approve* a paper from College of Medicine & Veterinary Medicine.	**N**
16	**Support Groups Summary Report** To *approve* a paper by Director of Estates	**O**
17	**Date of next meeting 25 May - 09:30-12:30 to be held in the Raeburn Room, Old College.**	

If you require this agenda or any of the papers in an alternative format e.g. large print please contact Angela Lewthwaite on 0131 651 4384 or email Angela.Lewthwaite@ed.ac.uk

THE UNIVERSITY of EDINBURGH

B2

ESTATES COMMITTEE

23 March 2016

Post Implementation Review – Design/Scope

Description of paper

1. This paper sets out a proposal to introduce a Post Implementation Review (PIR) process for major investment projects, the bulk of which will be Estates capital projects from the Estates Capital Plan.

Action requested

2. Estates Committee is asked to review the attached appendix Review Template and endorse the introduction of a PIR process.

Recommendation

3. Estates Committee is recommended to endorse the introduction of a PIR process.

Background and context

4. Over the past year, Finance, in conjunction with Estates colleagues, have developed a financial model that is now used to standardise the financial information being presented to Estates Committee to aid the decision support process. This has improved the quality of the financial evaluation tools available to management teams developing their proposals. A major benefit of this is a more rigorous evaluation of projects, before they come to Estates Committee, by the project sponsor and also by Estates and Finance colleagues.

5. Baker Tilly[1] were engaged to test the model's effectiveness and to ensure that it was technically robust. A workshop was subsequently provided to a group of "superusers"[2] on 15 September 2015 and a final version of the model was issued for operational use on 30th October 2015. From that date we expect that all business case financials should have been run through the model.

6. Estates have had robust and well documented project management procedures for major projects (both capital and revenue) for some time which provide strong control over project appraisal and implementation through a formal, staged review process.

Discussion

7. To further aid decision makers and to increase organisational learning it is proposed that a step is added at the end of the current control process which will focus on a comparison between pre-investment estimates and actual outcomes, both financial and non-financial. This step should form part of the Project Board's remit and will complement the Post Occupancy Review[3].

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[1] A major financial advisory firm, providing financial consultancy and audit services.
[2] Superuser group comprises Estates Development Managers, College and Support Group accountants.
[3] This is an existing process run by Estate once a construction project has completed and handed over to users.

8. The proposed addition would be a Post Implementation Review and should happen 12 – 24 months after completion of an Estates project. Its main objective would be to review the planned business case outputs against what actually happened once the project had been completed and operations had been running for one or two years. The benefit of this would be to capture lessons learned during the process of evaluation, approval, implementation and then operation and to use this to improve future project proposals and plans. The review would measure both the first year of actual results and the latest forecasts. Intended to be relatively "light touch" and conducted swiftly, the review will succinctly report back any recommendations to improve best practice. Further reviews could be undertaken at later intervals if deemed necessary.

9. Internal Audit will also plan to select a sample of projects to provide an independent review of the PIR process control effectiveness.

10. We have started to migrate recent project proposals that used earlier versions of the business case model to the final version of the financial model described above. This exercise will be carried out for any approved (or partially approved) project with spend greater than £10m.

11. Within the Estates Development Project Procedures, there is reference to a Gateway 5 report at RIBA stage L7. This refers to a Public Sector recognised template for Post Implementation Review and we have used that template to develop one for the University of Edinburgh.

12. There are many benefits which can be derived from the introduction of an effective Post Implementation Review process:

Organisation learning**;** using what we know today to improve the development, appraisal, planning and execution of future investment projects. It also involves sharing that knowledge across the organisation to improve the standard of all business cases.

Improved strategic planning**;** the Ten Year Forecast assumes a net 6% return (8% income less 2% cost) on incremental capital investment beyond a 2013/14 actual spend baseline. This could be refined as actual outcomes are delivered and reviewed to give stakeholders more confidence in the assumptions being applied and to ensure the future financial sustainability of the University.

Disciplined processes**;** the existence of a PIR and the potential for a project to be selected for review should help Project Sponsors to prepare robust proposals with credible estimates and assumptions which then pass more quickly through the approval process and be easier to review in future.

13. Whilst the benefits are clear, the risks should also be considered:

<u>Resources</u>**;** particularly where large investment projects are being reviewed, the level of time resource required in conducting the review may be considerable. Interviews need to be arranged and a report formulated and presented to Estates Committee.

<u>Blame apportionment</u>**;** frequently PIR is viewed by Project Sponsors and Managers as a tool for apportioning blame when desired outcomes are not achieved. Reviewees therefore tend to be defensive when a review is being undertaken, which can impair the quality of the report. Estates Committee and Senior Management need to ensure that it is well communicated that reports will be used as a tool exclusively for organisation learning.

<u>Measuring quality</u>**;** in theory, it should be relatively simple to measure or attribute the pre and post project financials, but measuring the change in the qualitative factors for investment may be more difficult to directly attribute to a particular project (eg. improvement in NSS score). Some of the judgements made around these areas may be based on anecdotal evidence and will need to be documented carefully and transparently in advance.

14. There are four recognised stages to enhancing organisational learning from this process: knowledge acquisition, information distribution, information interpretation and organisational memory. Designing a PIR process around these concepts:

<u>Knowledge Acquisition:</u>

Project Selection: Major projects demonstrating spend in excess of £10m.
Timing: 12 - 24 months after completion, or investment outcomes stabilising.
Responsibility: A nominated Senior Reporting Officer (SRO), aligned to the Project Board and Estates Committee.
Who conducts: Business Planning Accountant/other nominated person in conjunction with Project Sponsor.

<u>Information Distribution/Interpretation:</u>

Report Content: See attached template.
Dissemination: Distribution list included in the report.
Presentation Forum: Drafts reports discussed/refined and approved by respective Project Boards.
Final report to Estates Committee.

<u>Organisational Memory</u>

Storage: To be incorporated as part of the Estates & Building's Sharepoint site.

Risk management
15. Risk issues have been referred to in the discussion points.

Equality and diversity
16. There are no Equality and Diversity issues arising from this paper.

Next steps/implications
17. All recent major projects demonstrating >£10m anticipated spend will require a financial model to be populated. This work is currently being undertaken by Finance.

18. Estates & Buildings to update remit of Project Boards to include PIR requirement.

19. Estates & Building's Sharepoint site to include a page (secured access with restricted users) showing key documents forming a full business case and subsequent PIR undertaken.

Consultation
20. This paper has been reviewed and approved by Graham Bell (Deputy Director of Estates), Jane Johnston (Head of Estates Planning & Special Projects), Andrew Haddon (Head of Estates Finance) and Terry Fox (Director, Finance Specialist Services).

Further information
21. Further Information is available from the paper author:

Author	*Presenter*
Andy McKenzie	Phil McNaull
Business Planning Accountant	Finance Director

Freedom of information
22. This paper may be included in open business.

Post Implementation Review

PROJECT:

Post Implementation Review
(Handover Review and Benefits Realisation)

Report Summary

Report Status:	Choose an item.
Date(s) of review:	Choose date to Choose date
Project handover date:	Choose date
Draft report issued to Project Board:	Choose date
Final report presented to Estates Committee:	Choose date
Project Sponsor:	Enter Text
Senior Reporting Officer[1]:	Enter Text

[1] A Senior Reporting Officer (SRO) should be elected and should be able to present the Review's findings back to Estates Committee.

Summary of Non-Financials

		Full business case (ex-ante)	Post implementation (ex-post)
Student Growth:	**UG Home**	Enter Text	Enter Text
	UG O/Seas	Enter Text	Enter Text
	PGT	Enter Text	Enter Text
	PGR	Enter Text	Enter Text
Student Staff Ratio		Format *x:x*	Format *x:x*
Climate Change Levy		£ Enter Amount	£ Enter Amount.
Carbon Footprint		Tonnes of CO_2	Tonnes of CO_2
Space delivered		No of m^2	No of m^2
Student Experience		Enter Text	Enter Text

Summary of Financials

		Full business case (ex-ante)	Post implementation (ex-post)
Project Spend:	**Capital**	£ Amount m	£ Amount m
	Revenue	£ Amount m	£ Amount m
Funding:	**Internal**	£ Amount m	£ Amount m
	External	£ Amount m	£ Amount m
Net Present Value		£ Amount m	£ Amount m
Internal Rate of Return		Enter Amount %	Enter Amount %
Payback Period		Enter no of years	Enter no of years

Contents

1. Background

1.1 Aims of the Project

1.1.1

1.2 Business Need for the Project

1.2.1

1.3 Procurement/Delivery Status

1.3.1

2. Purpose and Conduct of the Review

2.1 Purpose of the Review

2.1.1 This Review seeks to confirm that the benefits, financial and otherwise, set out in the Business Case are being achieved and that the operational running of the building/facility fits the strategic priorities of the University, including social and sustainability responsibilities.

2.1.2 The first Review should occur 6 months after handover to the new owner. Projections for subsequent years on income, expenditure or other inputs will be aligned to forecasts, which are based on the early actual data.

2.1.3 Subsequent Reviews can be instructed by Estates Committee to check that a project continues to deliver its intended outputs.

2.1.4 A full definition of the purpose of a Post Implementation Review is attached for information at **Appendix A**.

2.1.5 This report is an evidence-based snapshot of the project's status at the time of the review. The Review's findings shall be presented to Estates Committee by the Senior Reporting Officer.

2.2 Conduct of the Review

2.2.1 The Post Implementation Review was carried out from Choose date to Choose date

2.2.2 The people interviewed as part of the Review are listed in **Appendix C**.

3. Review Conclusion

3.1 **Business Case Deliverability Assessment.** The Review finds that overall business case deliverability is **Choose an item.**

The Business Case Deliverability Assessment RAG status follows the definitions below.

RAG	Criteria Description
Green	Successful delivery of the project/programme on, or ahead of, time, cost and quality with benefits indicated in the business case highly likely to be realised, or exceeded.
Amber/Green	Successful delivery of the project/programme on time, cost and/or quality with benefits indicated in the business case reasonably likely to be realised.
Amber	Successful delivery of the project/programme on time, cost and/or quality but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a risk to the realisation of business case benefits.
Amber/Red	Major risks or issues are apparent in a number of key areas. Benefits indicated in business case likely to be delayed or unrealisable if these issues are not addressed urgently.
Red	Successful delivery of the benefits indicated in the business case appears to be unachievable. The Project/Programme may need re-baselining and/or overall viability re-assessed.

3.2 **Good Practice.** Examples of good practice that can be shared across the University:

3.2.1 [Insert instances here]
3.2.2 [Insert instances here]

3.3 A summary of the Report Recommendations is available at **Appendix B**. The University is committed to learning lessons from the programme and project delivery.

4. Findings and Recommendations

4.1 Review of construction and commissioning phase (including contractor(s) performance)

4.1.1 [Key finding(s)]

Recommendations:

4.2 Assessment of business case and benefits delivery

4.2.1 [Key finding(s)]

Recommendations:

4.3 Assessment of actual funding strategy

4.3.1 [Key finding(s)]

Recommendations:

4.4 Review of strategic fit achieved – Excellence in Research, Excellence in Education, Excellence in innovation

4.4.1 [Key finding(s)]

Recommendations:

4.5 Plans identified to improve non-financial performance and innovation

4.5.1 [Key finding(s)]

Recommendations:

4.6 Key lessons learned to feed into University project design and planning

4.6.1 [Key finding(s)]

Recommendations:

5. <u>Previous PIR Recommendations (if applicable)</u>

5.1 [If no previous Review has taken place insert ‘Not Applicable’.]

5.2 [Assess extent of implementation of previous recommendations]

6. Next PIR (if applicable)

The next Review is expected in Click here to enter a date.

7. Distribution of the Review Report

7.1 The contents of this report are confidential to the SRO, Project Board and Estates Committee members. Distribution of the final report has been made to the following list:

Name	Role

Appendix A - Purpose of a Post Implementation Review: Operations Review & Benefits Realisation

- Assess whether the assumptions underpinning the Business Case were realistic and achievable.
- Assess whether the benefits anticipated at this stage are actually being delivered.
- Confirm that there is still a business need for the investment.
- Refine the robustness of future forecasts and check whether these feed into the University's Three Year Plan/Ten Year Forecast.
- Where changes to the original Business Case have been agreed, check that they do not compromise the original delivery strategy.
- Check scope for improvements to financial performance.
- Check whether any residual risk allowance can be released back to the Estates Committee funding pot.
- Confirm that a carbon reduction strategy was considered and assess if the aims will be met.
- Confirm that a tax strategy was considered and assess if the operational working still complies with that strategy.

Appendix B - Summary of Recommendations

Ref No.	Report Section	Recommendation	Project Sponsor Comments	Status (C/E/R)	Aligns with UoE Strategy & Value Model No.(s)
R1					
R2					
R3					
R4					
R5					
R6					

Each recommendation has been given Critical, Essential or Recommended status. The definition of each status is as follows:

CRITICAL - Critical for immediate action, i.e. to achieve success the project should take action immediately to address the following recommendations:

ESSENTIAL - Critical before next Review, i.e. the project should go forward with actions on the following recommendations to be carried out before the next Review of the project:

RECOMMENDED - Potential Improvements, i.e. the project is on target to succeed but may benefit from uptake of the following recommendations.

Each recommendation has been aligned with one (or more) of the University's Strategy and Value Model (Appendix D lists the principles)

Appendix C - Interviewees

List of Interviewees:

Name	Organisation/Role

Appendix D – University Strategy and Value Model

Strategic Goals

1. *Excellence in Education*
    - To stimulate in our students a lifelong thirst for knowledge and learning and to encourage a pioneering, innovative and independent attitude and an aspiration to achieve success within and beyond the University.

2. *Excellence in Innovation*
    - To ensure our knowledge, ideas, skills and expertise are transformed into advice and opinion, innovation, intellectual property, enterprise and wealth, thereby realising national and international objectives and enriching society.

3. *Excellence in Research*
    - To foster a vibrant, successful and interactive research community that generates ideas and discoveries, creates new fields of knowledge and makes a difference to the societal, cultural, environmental, health and wealth development of Scottish, UK and global communities.

Strategic Themes

4. *Student Experience*
    - To create the opportunities for our students to have an exceptional and distinctive experience which prepares them for life beyond their studies and which is the beginning of a positive lifelong relationship with the University

5. *Global Impact*
    - To be global in our aspirations, impact and dimensions, to the benefit of the University community and society as a whole.

6. *Lifelong Community*
    - To make a positive intellectual, educational, economic, scientific and cultural contribution to society and to promote the understanding of, and support for, the University and its work.

7. *Social Responsibilty*
    - To create the conditions under which our students, staff and the wider community are inspired and supported to engage with and contribute to social responsibility and sustainability across the University and beyond.

8. *Partnerships*
    - To develop long-term productive partnerships and collaborations that augment the local and international standing of the University.

9. Equality and Widening Participation
    - To create and maintain a diverse community of students and staff, thereby enriching the learning, working and social experience for all and demonstrating our commitment to social justice.

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B3

Estates Committee

23 March 2016

Arrangements for Internal Loans within the University

Description of paper

1. This paper defines the circumstances under which internal loan arrangements may be entered into, describes the procedure for seeking internal loan funding, and describes the terms under which such loans will be provided.

Action requested

2. Estates Committee is asked to endorse on the approach set out in this paper.

Recommendation

3. Estates Committee is recommended to endorse on the approach set out in this paper.

Background and context

4. The University must ensure that investments are funded on a sustainable basis, the use of internal loans may compliment the funding strategy of some investments and may be recommended by the Capital Projects Group (and approved by the Estates Committee) as an appropriate funding option, particularly in areas of the institution generating cash commercially or ring-fenced from the standard resource allocation method. This document defines the circumstances under which an internal loan may be appropriate and sets out the basis for capital and interest payments and potential loan duration. It should be noted that the outcome of the RAM project, currently expected to be on-stream from 2017/18, should not be prejudiced by this proposal.

Discussion

<u>What is internal loan funding?</u>

5. A loan provided to a University unit funded from corporate resources. The loan will attract interest and is fully repayable. Interest rates will reflect the University's cost of capital and will generally be lower than those available on external loans (based on similar terms), early repayment will not attract penalties and funds can be in place quickly without complex legal arrangements and covenants. The maximum rate of interest applicable will either reflect the average cost of external borrowing (what the University is paying lenders to borrow money) or the agreed capped rate, whichever is lower. The University will not add risk allowance or an opportunity cost premium where funds are being lent internally, for loans to subsidiary companies or commercial units these premiums may be applied to demonstrate arms-length arrangements being in place.

6. The interest rates applied for internal loan funding will generate a disciplined approach to understanding the cost of financing projects.

7. <u>When should investment of University resource be classified as a loan?</u>
Depending on the recipient department's relationship to the Resource Allocation process use of University resources to part or wholly fund investments (in equipment or Estates projects) will be classified differently. A broad categorization follows:

- Category 1: Units / Departments within 'regular' resource allocation process (where teaching and research income flows through existing arrangements)

- Category 2: Ring-fenced Units / Activities which are outside of the resource allocation process (where income is recorded gross and indirect costs are agreed and paid to the University)

- Category 3: Profit Centres / Subsidiary Companies which are outside of the resource allocation process (where units are self-sustaining and should demonstrate an arms-length / commercial relationship)

See Appendix A for a list of units / departments which fall under the above categories

8. For units described by Category 1, the use of corporate resources to fund or part-fund a capital projects should be considered a straightforward investment which is made on the basis of a robust business case. The investment is not repayable and does not bear interest, instead the return associated with the project (through incremental net income) feeds back into the University bottom-line contributing to the pool of resources to be allocated annually in the planning round.

9. For the other categories this is not the case. The exclusion of ring-fenced units, profit centres and subsidiary companies from the resource allocation model means that incremental income resulting from investment does not return to the pool of resources to be allocated to the planning round. Hence there is no 'return on investment' beyond that which is retained by the unit / company itself. As such, interest and capital should be repaid to recognise the value of the investment made by the University. The alternative would be to agree an escalating overhead relating to the incremental growth achieved through investment, thus providing the University with a tangible return contributing to distributable resources.

10. <u>When is it appropriate to seek internal loan funding?</u>
Internal loans may be an option where a department wishes to invest in capital equipment or contribute to building or IT capital investment and funds raised / available are insufficient. Where a business case demonstrates that additional direct income can be earned as a consequence of capital investment (e.g. accommodation fees, membership fees, sales of goods or services etc.) an internal loan may provide a convenient, flexible and quick solution. This model of funding lends itself to the self-funding / commercial activities of the University (such as Accommodation Services)

11.How should an internal loan request be made?
Loans may be considered during the early development of a project as a funding option for units which fall under categories 2 and 3 (described above), and where alternative funding is unavailable.

12.Requests should include: the overall cost of the investment; the amount of funding sought; an indication of the intended repayment period; and a summary of the case for investment outlining risks and sensitivities considered. There should also be an explanation of alternative funding methods explored.

13.The inclusion of a loan element of funding will be approved by Estates Committee (in accordance with the Delegated Authority Schedule), following a recommendation from Capital Projects Group. The term and rates to be used will be agreed between the borrowing unit and the Director: Finance Specialist Services.

14.What period does the loan have to be repaid over and at what rate of interest?
The interest applied to the loan is linked to the rates at which the University borrows money externally. This will vary depending on the blend of loan funding held by the University. Unless considered prudent a risk premium will not be added.

15.Will the interest rate change?
Once agreed, the interest rate will freeze for the term of the loan. The exception is where the loan exceeds 5 years. In these instances the interest rate will be reset at every 5th anniversary, either up or down, depending on base rate movements.

16.Is there a penalty for early repayment?
No. If borrowing departments are able to repay the loan more quickly no additional charges will apply. Interest is only payable on amounts owing, there will not be a charge for unpaid interest through early repayment.

17.What happens if I can't repay the loan?
Where loans repayments do not meet the agreed schedule for repayment a meeting will be held between the borrower and the Director: Finance Specialist Services, where the issues can be discussed and options considered. Failure to agree terms will result in withdrawal of future internal loan funding opportunities and escalation to heads of Colleges / Support Groups.

Resource implications
18.Internal loans are funded from available cash balances. Internal interest rates are charged at a rate which is greater than deposit interest available but more competitive than external funding (it is also far more flexible and involves a lesser degree of administration and risk). Recycling available resources internally helps the University to invest where good opportunities emerge, and ensures that balances work harder than through straightforward deposits.

Risk Management
19.The risks associated with each request will be assessed prior to approval of loans, assumptions and justifications for loans will be stress tested to ensure that the optimum funding solution is used on each occasion.

Equality & Diversity

20.There are no major equality impacts associated with the proposals made.

Next steps/implications

21.Future requests for internal loan funding should follow the steps outlined above. Rates will be revised as and when base rates are amended by the Bank of England. Existing loan arrangements are unaffected.

Consultation

22.The Director of Finance has reviewed and approved the proposals set out in this paper.

Further information

23.Further information can be obtained from the Director: Finance Specialist Services.

Author	*Presenter*
Terry Fox	Phil McNaull
Director: Finance Specialist Services	Director of Estates
15 March 2016	

Freedom of Information

24.This paper should be part of open business.

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B4

Estates Committee

23 March 2016

Planning and Accounting for VAT on Capital Projects

Description of paper

1. This paper describes the way in which VAT should be planned and accounted for during the development and delivery of capital projects. It introduces the concept of a 'VAT Contingency' and also proposes that strategies to mitigate, monitor and in some cases recover VAT are managed centrally through the University Tax Manager/team.

Action requested

2. Estates Committee is asked to endorse the proposals set out in this paper with a view to requesting formal approval by PRC.

Recommendation

3. Estates Committee is recommended to endorse the proposals and arrangements laid out in this paper and is asked to confirm its presentation to PRC for formal approval.

Background and context

4. It is the generally accepted approach that when planning a capital project the initial assumption must be that VAT is applicable to the project spend and should be fully accounted for in the financial proposal and business plan. It is also accepted practice that the early engagement of the University Tax Manager (UTM) to consider possible VAT saving opportunities is crucial in order to maximise the resources available to the Institution.

5. VAT is complex and many of the rules that govern it have a statutory basis in the various VAT Acts, therefore expert advice should always be sought.

6. The University will often consult with its contracted external Tax advisors where it is felt there may be or could be further opportunities to explore which may result in overall savings (or enhanced VAT recoveries). The treatment of potential VAT savings is often ambiguous, the timing and substance of VAT savings can be complicated and the VAT impact on allowable activity in certain spaces needs to be fully understood.

7. This paper seeks to provide an approach which clarifies the institutional approach to the VAT risk/costs on capital projects so that all colleagues involved in developing and delivering such projects are clear on the impact of certain decisions.

Discussion

<u>Including VAT on all University Projects and engaging the University Tax Manager</u>

8. It is prudent to assume that any planned project will be required to include VAT in the overall planned spend. It may become evident very early in some projects that

there are opportunities to mitigate VAT costs (based on recent experience and known broad assumptions – for example on new build student accommodation) but this should never be assumed. Equally, it may be assumed that VAT cannot be mitigated based on similar recent projects, but opportunities may still exist linked to equipment, fit-out, DDA compliance etc which, with the correct advice and guidance, can offer material savings to the University.

9. Tax rules that apply to VAT can be very fluid and can change from one Government budget to another and case law is constantly evolving providing examples which challenge the assumptions that have governed previous project decisions. It is therefore essential that engagement with the UTM is sought as early as possible. An early meeting will help determine the potential opportunities which may be available or early discussions can be initiated with expert external advisors.

10. The opportunity to save significant resource by exploring VAT saving opportunities may result in the reconsideration of delivery models, building designs or partnerships if this is done early enough in the planning stages and will/should not impact adversely on the broader project vision or deliverables.

11. It is not the case that VAT mitigation should determine the business outcome, but where changes can be made which facilitate mitigation and business objectives are not adversely affected these should be given due consideration.

<u>The Living Tax Document (LTD)</u>

12. The UTM, following engagement with the project sponsor, will prepare a LTD. This document will summarise the broad objectives of the project and consider the relevant taxes which may impact upon it, and the options available to mitigate any taxes and the reporting / monitoring required to manage the decision. The LTD will be appended to the full business case providing decision makers with clarity and transparency on assumptions and approach. The LTD will evolve as the project develops, changes to funding strategy, proposed activity and use of space may all influence the initial assumptions and alter the amount of VAT due.

13. It is not intended that the LTD should be a complex impenetrable document, but a succinct statement, in plain English, of fact and consideration. The omission of a LTD from a full business case will be prima facie evidence that expert advice has not been sought or provided.

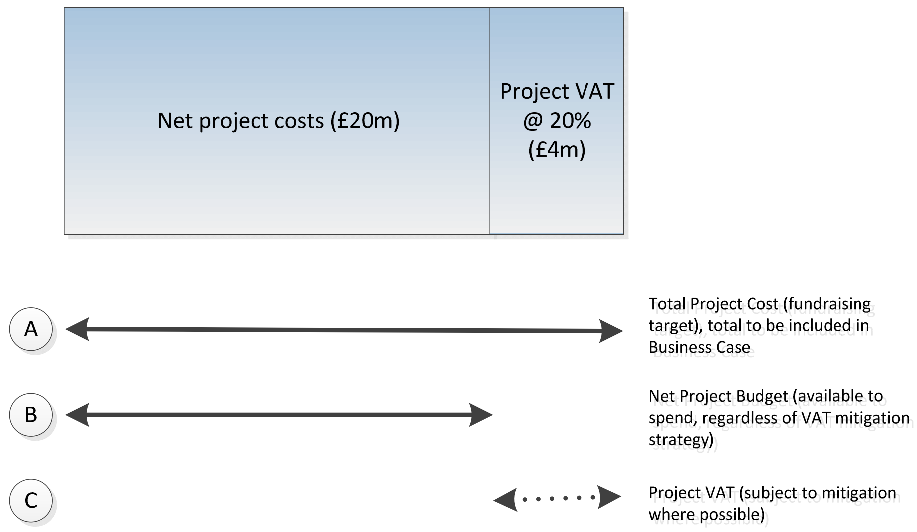
<u>Funding VAT and accounting for VAT mitigation</u>

14. When considering and developing a proposal for investment it should always be assumed that VAT will be payable on the full amount, even if recent experience has seen effective mitigation on similar projects. Early engagement of the UTM will assist in the identification of risks and opportunities associated with particular mitigation strategies. The earlier the engagement the better, it is not intended that tax rules and advice should unduly influence deliverables, but minor adjustments to design and specific use of language may have significant impacts on the tax treatment of some expenditure.

15. Any external fundraising and grant applications should use a VAT inclusive total as a target (see Illustration 1, A), in order to minimise the potential draw on University funding. It is possible that some funders will provide resource on a VAT exclusive basis (due to the nature of the activity they wish to fund), but the University may elect to include other activities as part of an overall package which may change

the tax status of the scheme in question. Where an overall shortfall in funding (to the VAT inclusive project total) exists a request for University resource is likely to be made. Agreement to provide University resource will be made on the basis of an effective business case, whether the contribution is for VAT alone or for a greater portion of the project budget.

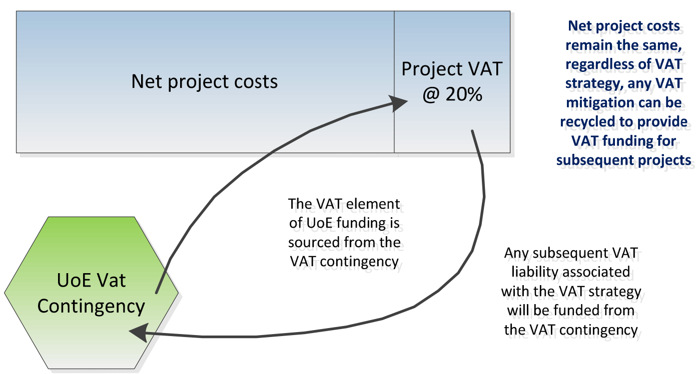
Illustration 1: Budget elements and targets



16.In every case the project budget available to be spent (on construction and associated works and fees) is the VAT exclusive amount. VAT should be considered to be an irrecoverable cost at the planning stage. This means that whether VAT can be mitigated or not the project budget is certain and project delivery can proceed. With the assistance of the UTM (and where necessary our external advisors) the opportunities to reduce the tax exposure will be explored.

*17.*Any agreed VAT mitigation strategy which results in reduced irrecoverable VAT, or the re-phasing of VAT payments will be managed corporately. A reduction in VAT liability does not translate into additional resource to the project. The VAT budget is returned to the University and will be recycled to provide University resources for the next approved project. See Illustration 2.

Illustration 2: Part or wholly UoE funded projects



18.Some tax mitigation strategies may require the payment of VAT later during the operational life of an asset (for example where the use of a building changes from its original intention). Under such circumstances the UTM should be consulted in order to fully understand the impact and consequences of such changes. Approval for change of use should be sought (from the Director of Finance) where there is a resource impact, and subject to approval the associated tax charges will be met corporately. Central coordination of this aspect reduces risk significantly and allows the University to fully plan for and resource its potential tax liabilities.

19.Project sponsors should not view VAT mitigation as an opportunity to ‘grow’ the project, but should consider the opportunity from an Institutional perspective. By recycling the provision for VAT on one project additional resource can be made available for further initiatives, often aligned strategically to the initial project.

VAT Mitigation Strategies

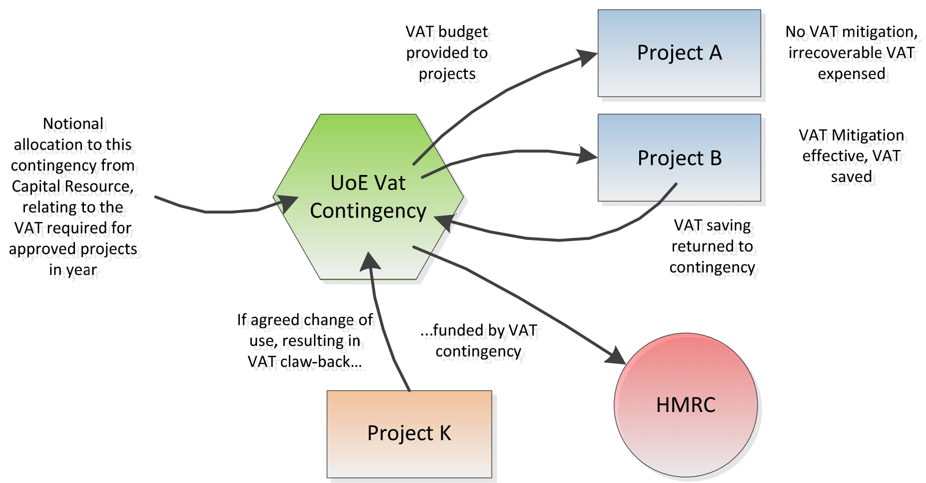
20.There are several strategies that can be adopted, including: zero-rating (for relevant residential or research purposes); opting to tax (allowing VAT to be recovered in full, but requiring VAT to be applied to rentals); DDA compliance works; infrastructure relating to zero-rated buildings. None are particularly straightforward, all are prone to nuances which need to be probed, and as such it is vital that these are managed and coordinated by the UTM. Records will be maintained detailing the strategies employed both for compliance purposes and so that lessons can be learned and opportunities exploited as new developments emerge.

Managing the VAT ‘contingency’ fund

21.The VAT contingency is a notional fund which will allow the tracking of UoE funding of VAT into projects (when project budgets are approved by Estates Committee), any subsequent mitigation resulting from an approved strategy (passing back into the contingency), and any potential liabilities which may arise from future change of use events. Such a contingency will provide transparency and certainty around VAT obligations, and will instil a discipline around funding irrecoverable VAT and a method to maximise the resource associated with VAT savings.

22.Where VAT cannot be mitigated it is simply expended (see Project ‘A’ in Illustration 3), any mitigation strategy will result in VAT budget being returned to the contingency (see Project ‘B’), and any future liability associated with change of use will be funded from the contingency (see Project ‘K’) – subject to approval.

Illustration 3: The VAT contingency



VAT on equipment

23.Similar opportunities to mitigate VAT both on equipment purchases and annual maintenance and repairs should be explored with the UTM. General guidance is available on the Finance web-pages and Procurement colleagues are well versed in the legislation around VAT on purchases.

Summary of key points

24. The key messages of this paper can be summarised as follows:

a. The initial working assumption is that all capital projects are likely to be liable to a VAT charge.
b. Early engagement of the UTM is essential, to explore opportunities for tax mitigation, but also to test assumptions being made in the planning phase.
c. All projects will be assessed by the UTM, via the Living Tax Document, for a viable VAT-mitigation strategy.
d. A viable VAT-mitigation strategy is one that can be effected without unduly compromising the activities to be undertaken within the building. The relevant project sponsor (eg Head of School) should be prepared to sign up to this within the Business Case for the project. If there is a strong likelihood (explicit judgement required) that a change-of-use is likely within the ten-year period, then a viable VAT mitigation strategy has not been identified.
e. A viable VAT-mitigation strategy does not release funds to the project budget. It contributes to the sustainability of the medium- and long-term capital programme as a whole.
f. Any external third party funding raised will be offset against the agreed budget for the project (taking account of any VAT-mitigation strategy identified), reducing the cost to be met by the University.

Resource implications

*25.*The potential to mitigate VAT where business objectives or potential outputs are not compromised should be explored where the opportunity carries limited risk and is transparently managed. The amount of resource that can be saved and reinvested is considerable, with VAT currently at 20% the impact on the overall capital programme is material to the University's forecasts and bottom line.

Risk Management

26.The risks associated with each request will be assessed prior to approval of strategy, assumptions and justifications for mitigation will be detailed in the LTD. Confirmation of the appropriateness of the approach will be sought from external advisors where necessary.

Equality & Diversity

27.There are no major equality impacts associated with the proposals made.

Next steps/implications

28.All business cases presented to Estates Committee must first be reviewed by the Capital Projects Group and must include a LTD which outlines the consideration given to the options for VAT mitigation.

Consultation

29.The Director of Finance has reviewed and approved the proposals set out in this paper.

Further information

30.Further information can be obtained from the Director: Finance Specialist Services.

Author	*Presenter*
Terry Fox	Phil McNaul
Director: Finance Specialist Services	Director of Finance
7 March 2016	

Freedom of Information

31.This paper should be part of open business.

THE UNIVERSITY of EDINBURGH

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ESTATES COMMITTEE

23 March 2016

Sustainable Campus Fund Proposal

Description of paper
1. This paper sets out the business case for a Sustainable Campus Fund which is expected to generate financial returns as well as energy savings and carbon reductions.

Action Requested
2. Estates Committee is requested to endorse the proposal and approve budget release for a Sustainable Campus Fund of £2.75M over 3 years commencing in 2016/17.

Recommendation
3. Sustainable Operations Advisory Group (SOAG) has reviewed the proposal with a recommendation to Estates Committee to invest in a 3 year Programme with an amount of £750k for year 1 (2016/17) rising to £1M for years 2 and 3.

Background and Context
4. The University of Edinburgh seeks to make a significant, sustainable and socially responsible contribution to the world. The University was a founding signatory to the Universities and Colleges Climate Commitment for Scotland in 2008, with a commitment to harness the University's expertise to reduce its carbon footprint. These commitments are reflected in our University Strategy, Estates Strategy, Social Responsibility & Sustainability Strategy and other policy documents. Electricity and natural gas remain the most significant contributors to our carbon emissions. Future carbon targets are to be confirmed as part of the climate strategy work.

5. Providing the energy for the research, learning and teaching that takes place is not an insubstantial financial cost. In 2014/15 the utilities costs for the University were approximately £17M. Based on *preliminary projections*, the costs for utilities will continue to rise and in 2 years, extrapolating from recent trends, could be from £21.2M to £27.4M and rising by 2025 to in excess of £25M.

6. Over the years the University of Edinburgh has invested in a number of carbon reduction projects most notably Combined Heat and Power (CHP) District Heating. Edinburgh's leadership in this area has been widely recognised. A total of £20 million has been invested in CHP, resulting in annual savings of £1.5 million and 8,500 tCO_2e. Energy efficiency is also integrated into capital and minor works projects and teams have supported the implementation of innovative improvements to BEMS, lighting, heating and ventilation.

7. Despite progress made there remain challenges and barriers to energy efficiency and therefore lost opportunities for savings. Numerous opportunities have been identified which can bring financial savings to the University, but often there is no easy way to unlock funding or to support institute wide action and local initiative.

8. There are multiple (financial, environmental, organisational) benefits for investing in energy efficiency.

Organisations around the world are seizing these opportunities and our staff and students, as well as our industry partners, look to universities to be a source of leadership in this area.

Discussion

9. Estates and the Department for Social Responsibility and Sustainability (SRS) have been tasked with developing a programme to identify and implement savings to University energy use with the following goal:

- **to achieve a 10 percent reduction from business as usual during 2015-2017** from a 2014-15 baseline

10. Future carbon targets will be confirmed as part of the climate strategy work but the concept of a campus fund is a key component of the emerging strategy.

What problem is this proposal trying to address?

11. Disincentives and barriers to saving money through energy efficiency include:
- Schools and Colleges do not pay for the full cost of utilities, and whilst additional effort and cost are often required from colleges for the implementation of energy projects, any savings made through efficiencies are not always captured by the college.
- The decentralisation of utilities costs remains a medium-term goal, but in its absence, drivers to secure energy efficiency are not as strong as they could be.

12. While the University does already invest in energy efficiency, there is lack of awareness of the existence of current funding mechanisms and the application process. Current funding mechanisms distinguish between central and departmental spends

What are others doing about this?

13. To finance the change, top performing universities in the US such as Harvard, Caltech and Stanford have invested in campus sustainability funds, sometimes referred to as 'green revolving funds' with estimated returns on investment (ROI) often exceeding 30%. Harvard has saved $4.8M per year as a result of their Green Loan Fund with a calculated 30% ROI. The Caltech fund has resulted in avoidance of $6.7 million in utility costs and a saving of 18GWh of electricity annually, while simultaneously reducing greenhouse gases by 16,000 tCO_2e[1] and achieving ROI of 33%.

14. Closer to home, the Higher Education Funding Council for England's (HEFCE) Revolving Green Fund (RGF) has delivered annual savings of almost £19M in addition to estimated CO_2e emissions reductions of 103,318 tonnes or around 12% of 2020-21 reduction targets. HEIs receiving RGF funding have reduced their emissions by between 7-10 % more than non-participating HEIs. Lessons learned included: need for strong project management; clear criteria and timescales; and grants as opposed to loans.

15. In Northern Ireland, Queen's University Belfast has operated a fund successfully for a decade and is on track to deliver its ambitious carbon goals, with the fund seen as a key contributor.

16. Recent analysis carried out by AECOM with support from the Scottish Funding Council as part of the University's Climate Strategy review looked at best practices in carbon management across Universities in the UK and globally.

One of the key recommendations was that the University of Edinburgh should consider a ring fenced funding mechanism for investing into carbon reduction projects.

[1] https://www.sustainability.caltech.edu/documents/162-cecip_annual_report_2014.pdf

The Proposal

17.Establishment of a Sustainable Campus Fund will aid with the delivery of the 10% reduction in energy spend as well as assist with the delivery of the Climate Strategy and based on experience elsewhere, should generate cost effective financial savings, promote greater efficiency and promote wider engagement with the University's sustainability goals.

What will it cost and what value will it add?

18.Table 1 (below) shows the preliminary projected scenario for investment of £2.75M over 3 years with total annual financial savings of approximately £600,000. Savings would be anticipated to be gradual in the first years. Budget would be based on what was allocated to be spent within a specific year. Potential projects include building and infrastructure; heating and lighting and labs specific interventions. To some extent, actual projects can only be firmed up once the fund is in place but a supplemental annex provides worked up examples from the more detailed work completed for laboratories based on expert input from lab technical specialists and the Head of School of Biological Sciences and Director of Central Bioresearch Services (CBS).

Timescale	**3 years**
Total Spend	£2.75M
Potential Annual Financial Savings *(preliminary forecast based on investments in infrastructure, heating and lighting and labs specific interventions)*	£614,000 See Annex 3
Combined payback period (years)	4.5

How will it be administered and controlled?

- £750k capital investment fund in 2016/17 and £1M in each of 2017/18 and 2018/19, to be reviewed in line with resultant cost savings for coming years.
- Open to applications from all staff (and student groups and societies at a more modest level).
- Fund for projects relating to energy efficiency and reduction (including micro-renewables), efficiencies in labs, waste, travel, and procurement.
- Criteria established including simple payback, ROI, total carbon saving potential, cost of carbon saved per tonne (using advice from other leaders in the field) (see full proposal in additional annexes).
- Jointly managed by Department for SRS and Estates, projects implemented by Estates / Schools.
    - Support for development of proposals and business cases (SRS department)
    - Pre-screening by Climate Policy Manager and Utilities Working Group
    - Approval by Director of SRS and Director of Estates for draw down in tranches via Estates Committee
    - Regular performance reporting to Sustainable Operations Advisory Group

Resource implications

19.The investment of £2.75m is expected to lead to cost-effective savings and lock in reductions in energy consumption. Resources to develop, manage and report on the fund will come from existing resources in Estates and the Department for SRS.

Risk Management

20.Risks associated with establishing the fund include poor process controls; lack of projects coming forward; lack of capacity to deliver projects; and overly onerous applications process. These risks will be managed by establishing a mechanism and scoring system to ensure control of project flow plus suggested Head of School approval.

An additional control will come via the use of the Utilities Working Group and final approval panel. Projects will be stimulated via local action from the SRS engagement team working with Estates premises teams and School champions. For small projects, a light touch process will be created. It is proposed to review the delivery of the fund approximately one year after establishment. Overall, risks are expected to be modest as similar funds have been established amongst our peers with few reports of significant problems.

Equality & Diversity

21. The proposal is not expected to have equality and diversity issues.

Next steps/implications

22. If approved, SRS and Estates will finalise the applications and judging process and launch later in 2016. Regular reports will be submitted back to Estates Committee based on at least an annual report.

Consultation

23. The following groups and individuals have been consulted: SRS Committee; Sustainable Operations Advisory Group (SOAG); Sustainable Labs Steering Group; Directors of CSG, Finance, SRS; Assistant Director (Catering) Accommodation Services; Heads of Schools of Chemistry and Biology; Registrar of CSE; Director of CBS; Director of ECCI; Director of GESA

Further information

24. *Author*	*Presenter*
Dave Gorman, Director of Social Responsibility & Sustainability 9 March 2016	Hugh Edmiston, Director of Corporate Services.

Background documents:

- University of Edinburgh Climate Action Plan
- University of Edinburgh Estates Strategy
- University of Edinburgh Social Responsibility & Sustainability Strategy
- Energy Policy 2003

Detailed Annexes available from the SRS Department for further information

1- Full proposal including details of proposed application process
2- Detailed Business Case for Laboratories
3- Business Case Analysis
4- Briefing Note on Potential Annual Financial Savings and Projections
5- Preliminary Funding Application Review
6- Report on Review of Best Practice in Carbon Management AECOM 2015
7- HEFCE Revolving Green Fund – Best Practice and Lessons Learnt

Freedom of Information

25. This is an open paper

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ESTATES COMMITTEE

23 March 2016

Estates Committee Sub-Group Approvals

Description of paper
1. This paper provides a consolidated list of decisions taken by Estates Committee Sub-Group (ECSG) since the last Estates Committee meeting on 9 December 2015. The paper also presents a list of contracts awards (greater than £250,000) over the period 26 November 2015 to 12 March 2016.

Action requested
2. Estates Committee is asked to homologate the decisions taken by ECSG referred to in point 5.

Recommendation
3. The Committee is recommended to homologate ECSG decisions taken since Estates Committee last met on 9 December 2015.

Background and context
4. This paper enhances the 'transparency' in relation to the operation of the ECSG, highlighted in the effectiveness review.

Discussion
5. Since the Estates Committee last met, ECSG approved the following contract awards. It should be noted that these projects were previously approved by Estates Committee / Court and are already contained in the Fully Approved (fully funded) Estates Capital Plan:

Fully Approved (fully funded) Projects

- Data Technology Institute (DTI) project at Potterrow - Main contract awarded to McLaughlin and Harvey Contracts in the amount of £25,294,583.93. The approved overall budget for the project is £41M. Works commenced on 22 February 2016.

- Easter Bush Energy Centre – Main contract awarded to Vital Energy Utilities Ltd in the amount of £9,019,507.00. The approved overall budget for the project is £12.9M with a budget for the main contract works of £9.3M.

6. A list of works contracts awards (greater than £250,000) over the period 26 November 2015 to 12 March 2016 is included as an Appendix.

Resource implications
7. Fully Approved (fully funded) Projects – No additional implications. Projects already contained in the Fully Approved (fully funded) Estates Capital Plan.

Risk Management
8. There are no specific risks identified.

Equality & Diversity
9. No specific Equality and Diversity issues are identified.

Next steps/implications
10. If recommendation is approved, Estates will oversee the process.

Consultation
11. Convener, Director of Estates, Head of Estate Development, Head of Estates Planning and Special Projects and Head of Estates Finance.

Further information

12. *Author*
Graham Bell,
Depute Director, Head of Estate Development
10 March 2016

Presenter
Graham Bell
Depute Director, Head of Estate Development

Freedom of Information
13. This is an open paper.

Works Contracts Awards = > £250,000
26 November 2015 -12 March 2016

Appointed Contractor	Project Description		Contract Award
Morris and Spottiswood	Masson House Refurbishment	£	1,189,636.12
Morris and Spottiswood	David Hume Tower Refurbishment Works	£	669,936.53
Unigro	Replacement Glasshouse	£	930,737.00
McLaughlin and Harvey Construction Ltd	Data Technology Institute	£	25,294,583.93
GHI Contracts	Geography, Drummond Street Laboratory Refurbishment	£	256,400.63
Clark Contracts Ltd	Pleasance Refurbishment Phase 1B	£	568,560.02
Scotec Lifts Ltd	Appleton Tower, Replacement of 3No passenger lifts	£	506,200.00
Vital Energi Ltd	Easter Bush Energy Centre	£	9,019,507.00
	Total	£	38,435,561.23

Services Contracts Awards = > £250,000
26 November 2015 -12 March 2016

Appointed Consultant	Project Description		Contract Award
CLWG Architects	Holland House	£	302,500.00
Page and Park Architects	Student Centre, Appointment of a Design Team (6.861%)	£	2,744,000.00
Thomson Bethune	Student Centre, Appointment of a Quantity Surveyor	£	244,520.00
	Total	£	3,291,020.00

Goods Contracts Awards = > £250,000
26 November 2015 -12 March 2016

Appointed Supplier	Project Description		Contract Award
Siemens Healthcare	Brain Research Imaging Centre (BRIC) 2,Purchase of 3T MRI Scanner	£	2,445,028.00
Mediascape	Law School, Audio Visual Equipment	£	370,978.19
	Total	£	2,816,006.19

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ESTATES COMMITTEE

23 March 2016

Estates Department Purchasing Protocol

Description of paper

1. The purpose of the paper is to update the Estates Committee on the implementation of the Estates Department Purchasing Protocol and inform the Committee of new European and Scottish procurement legislation being introduced from 18 April 2016 and the proposals to ensure compliance. The paper also informs Estates Committee of the proposed Estates sub-delegation of the University's Delegated Authority Schedule at link: http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Governance/DelegatedAuthorisationSchedule.pdf

Action requested

2. Estates Committee is asked to note the update and proposals to ensure compliance with the new European and Scottish procurement legislation being introduced from 18 April 2016; and note the Estates sub-delegation of the University's Delegated Authority Schedule – Appendix attached.

Recommendation

3. It is recommended that Estates Committee notes the paper.

Background and context

4. At the December meeting, Estates Committee approved the Estates Department Purchasing Protocol that would ensure procurement legislative compliance across the Estates Department and approved its implementation from 5 January 2016. Estates Committee also noted that the estates sub-delegation of the new Delegated Authority Schedule should be brought for noting to the next Estates Committee.

5. New Procurement Legislation will come into force on 18 April 2016 which will require the Estates Department Purchasing Protocol to be amended.

Discussion

General

6. Following the December Estates Committee meeting, the Estates Department Purchasing Protocol has been issued to all Estates staff with budgetary authority and 130 Estates Department staff have attended Procurement Training to outline roles, responsibilities and changes in processes and procedures.

7. An Estates Tender Review Panel has also been established to assist with procurement governance for goods, works and services procurements above £50K. The group meets on a weekly cycle to receive recommendations from across the Department at key points in the procurement process and to check and approve recommendations prior to the next stage of the procurement journey. This appears to be operating very well.

New Procurement Regulations

8. On 18 April 2016, the Public Contracts (Scotland) Regulations 2015 (implementing EU Procurement Directive 2014) and the Procurement Reform (Scotland) Act 2014 (PRSA) will come into force. The PRSA will apply a new regime to regulated contracts above £50K for Goods and Services and £2M for Works with increased accountability and reporting

obligations. The legislation will place a greater emphasis on economic, social and environmental matters and transparency. For example, the University will have to publish a Contracts Register, a Procurement Strategy and a Procurement Report which has to include information on procurements planned for the next 2 financial years. The University will also have to comply with the Sustainable Procurement Duty for every contract above the threshold (£50K / £2M) and can now also be challenged in Court for these lower value contracts.

9. Further clarifying legislation is expected to be issued by the Scottish Government in the next few weeks.

10. Some of the new legal obligations are already embedded in our current processes and procedures and the Procurement Department has taken the lead in providing advice on the other new obligations, the opportunities provided, implementing new processes and providing access to the mandatory e-procurement tools. The Estates Department Purchasing Protocol and associated templates are presently being updated to reflect the new Legislation and this will be presented to the Estates Committee in May.

<u>Estates sub-delegation of the University's Delegated Authority Schedule</u>

11. The Estates sub-delegation of the University's Delegated Authority Schedule is included as an Appendix.

Resource implications

12. The increased reporting and audit requirements will require additional staff resource and following HR processes, recruitment of additional procurement staff to supplement the existing team is underway. Costs will be met from the capital programme.

Risk Management

13. There is a procurement risk and consequential reputational risk in not having a consistent mandatory approach for all Estates procurement activities. Implementation of the Purchasing Protocol will ensure that all staff are aware of their procurement responsibilities.

Equality & Diversity

14. There are no Equality and Diversity issues.

Next steps/implications

15. The Protocol will be updated and issued to all Estates staff who have a purchasing or procurement responsibility and further training will be arranged for staff.

Consultation

16. The Purchasing Protocol has been prepared in conjunction with the Procurement Department.

Further information

17. *<u>Author</u>*
Graham Bell, Depute Director of Estates
10 March 2015

<u>Presenter</u>
Graham Bell, Depute Director of Estates

Freedom of Information

18. This paper is open.

Paper K - Appendix

Proposed Estates Sub Delegation of the University's Delegated Authorised Schedule

1) The University's new Delegated Authorised Schedule (DAS) was approved by University Court on 7th December 2015. The extract from the new DAS which covers Land and Property transactions is as follows:

Land & Property - Property Transactions

The **Policy & Resources Committee** approves the estates capital plan as part of the business planning process, advises the University Court on any matters of concern and recommends to the University Court any proposals for significant subsequent amendments to the agreed estates programme.

The **Estates Committee** has Delegated Authority to approve land & property transactions/projects consistent with the direction of the estates capital plan up to £10m. Estates Committee does not have authority to approve projects which require resource out with the University Business Plan. Such projects must be referred to PRC and Court for approval.

Approved transactions can be signed by:

<table>
<tr><th></th><th colspan="2">Convener of Estates Committee</th><th>Head of Corporate Services</th><th>Director of Estates</th></tr>
<tr><td>Formal acceptance of contracts and acquisition of all goods, services and works</td><td colspan="2">£10m</td><td>£5m</td><td>£2m</td></tr>
<tr><td>Acquiring and disposing of the ownership in land and buildings</td><td colspan="2">£10m</td><td>£5m</td><td>£2m</td></tr>
<tr><td>Entering into or exiting from leases for land & buildings</td><td>£10m
<30 years</td><td>£5
m</td><td>£5m
<10 years</td><td>£2m
<10 years</td></tr>
</table>

- The **Director of Finance** must be notified in advance of creating any financial commitment for transactions over £1m and all lease arrangements.
- The **Director of Legal Services** should be consulted for all contracts involving Land and Property Law over £1m or where there are matters of concern.
- Approval from the **Scottish Funding Council** must be sought for the disposal of property purchased with public funds.

2) The proposed Estates Sub Delegation of these duties is outlined below for consideration by EMG.

2.1 Formal acceptance of contracts and acquisition of all goods, services and works:

In the absence of the Director of Estates only, the following signatories have the delegated authority to sign for Estates Committee approved transactions up to £2M:

Deputy Director of Estates
Head of Estates Planning and Special Projects

The Estates Tender Review Panel will operate as a governance gateway for any financial commitment above £50K and as such there should no longer be a requirement individual staff members to have authorisation at the historic levels.

The following table proposes the new sub delegation authority levels by job role:

Job Title	**Authorisation Level**
Director of Estates	£2M
Deputy Director of Estates	£500K but authorised up to £2M in absence of Director of Estates for EC approved transactions
Head of Estates Planning and Special Projects	£500K but authorised up to £2M in absence of Director of Estates for EC approved transactions
Head of Estates Operations	£500K
Head of Capital Projects	£500K
Head of Estates Finance	£100K
Head of Minor Projects	£100K
Head of Estates Business and Administration	£50K
Estate Development Manager	£50K
Development Engineering Manager	£50K
Project Manager	£50K
Systems, Information and Performance Manager	£50K
Design Manager	£50K
Assistant Design Manager	£50K
Building Operations Manager	£50K
Building Services Manager	£50K
Asbestos Manager	£50K
Deputy Asbestos Manager	£50K
Zone Manager	£50K
Support Services Operations Manager	£50K
Energy and Utilities Manager	£50K
Technical Services Unit team	£25K
Support Services Area Manager	£25K

Premises Manager	£25K
Minor Works and Small Projects team	£25K
Controls Manager	£25K
Health and Safety Manager	£10K
Assistant Controls Manager	£10K
Energy Manager	£10K
Furniture Manager	£10K
Landscape Manager	£10K
Maintenance Manager	£10K
Transport Manager	£10K
Parking Manager	£10K
Waste and Environment Manager	£10K
Security Manager	£10k
Estate Surveyors	£10K
Trades Team Leaders	£5K
Administration Staff	£2K

2.2 The authority for acquiring and disposing of the ownership in land and buildings will not be sub delegated. This will remain strictly as the University DAS.

2.3 The authority for entering into or exiting from leases for land and buildings will not be sub delegated. This will remain strictly as the University DAS.