



Estates Committee

Teams Meeting - Online
Wednesday 19 May 2021, 9.30 am - 12.30 pm

AGENDA

Page No.
1 - 6

1. Minute (Closed)

To approve the minute of the previous meeting held on 17 March 2021.

An extract of the full Estates Committee meeting minute will be published on the website.

2. Matters Arising

To raise any matters arising.

SUBSTANTIVE ITEMS

3. Estates Response to Covid-19 - May 2021 Update (Closed)

7 - 12

To note a paper from the Interim Director of Estates and the Interim Director of Estates Operations.

This paper is closed as disclosure would substantially prejudice the commercial interests of the University.

4. Estates Committee - Key Decisions Forward Plan (Closed)

13 - 18

To note a paper from the Interim Director of Estates.

This paper is closed as disclosure would substantially prejudice the commercial interests of the University.

5. Estates Annual Capital Plan 2020-21 to 2029-30 (Closed)

19 - 34

To note a paper from the Director of Place.

This paper is closed as disclosure would substantially prejudice the commercial interests of the University.

5.1 Director of Finance Report (Closed)

35 - 74

To consider a paper from the Director of Finance.

This paper should not be included in open business as its disclosure could substantially prejudice the commercial interests of the University.

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| 6. | Usher Institute for Population Health Sciences - Revised Full Business Case (Closed) | 75 - 146 |
| | To <u>approve</u> a paper from the College Registrar, Medicine and Veterinary Medicine. | |
| | This paper is closed as disclosure would substantially prejudice the commercial interests of the University | |
| 7. | Quartermile - Gap Site Drainage and Landscaping (Closed) | 147 - 154 |
| | To <u>approve</u> a paper from the Director of Estates Development. | |
| | This paper should not be included in open business as its disclosure could substantially prejudice the commercial interests of the University. | |
| 8. | Extension to Advanced Computing Facility CR4 (Closed) | 155 - 158 |
| | To <u>approve</u> a paper from the Interim College Registrar, Science and Engineering. | |
| | This paper is closed as disclosure would substantially prejudice the commercial interests of the University and potential contracting parties. | |
| 9. | Accommodation Nominations and Referrals Proposal 2021/22 (Closed) | 159 - 164 |
| | To <u>note</u> a paper from the Director of Accommodation, Catering and Events. | |
| | This paper should remain closed until financial transactions have been completed as disclosure would substantially prejudice the commercial interests of the University. | |

ROUTINE ITEMS

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| 10. | Sustainable Campus Fund Update (Open) | 165 - 170 |
| | To <u>approve</u> a paper from the Interim Director of Estates and the Director of Social Responsibility and Sustainability. | |
| 11. | Capital Projects Update (Closed) | 171 - 180 |
| | To <u>note</u> a paper from the Director of Estate Development. | |
| | The paper should remain closed due to the number of ongoing projects on site and the commercially sensitive nature of the subject matter. | |
| 12. | Estates Committee Sub-Group and Estates Tender Review Panel Approvals (Closed) | 181 - 184 |
| | To <u>note</u> a paper from the Interim Director of Estates. | |
| | This paper is closed as disclosure would substantially prejudice the commercial interests of the University. | |

- 13. Development and Alumni Capital Project Update (Closed)** **185 - 188**
To note a paper from Director of Philanthropy & Donor Relations.

This is a closed paper for the purposes of Freedom of Information legislation as it contains confidential and personal information. Disclosure would constitute a breach of the Data Protection Act. The projects are ongoing and the information should not be released until it is communicated otherwise by D&A.

- 14. Strategic Acquisitions Disposals and Leases (Closed)** **189 - 194**
To note a paper from the Interim Director of Estates.

The paper should be closed until all negotiations are concluded, as disclosure would substantially prejudice the commercial interests of the University.

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

- 15. Date of next meeting: Wednesday 29 September 2021**

If you require this agenda or any of the papers in an alternative format e.g. large print please email Estates.Committees@ed.ac.uk

ESTATES COMMITTEE

19 May 2021

Sustainable Campus Fund Update**Description of paper**

1. The purpose of this paper is to update the Estates Committee on the University's Sustainable Campus Fund 2016 to 2021 and indicate thinking for next steps.
2. The proposals in the paper contribute to the following outcomes set out in Strategy 2030:
 - We will be on track to be a Carbon-Zero University by 2040; and
 - Our estate will be fit for purpose, sustainable and accessible. We will support learning, research and collaboration with our neighbours, businesses and partners.

Action requested/Recommendation

3. Estates Committee is asked to note current performance and approve a 'pivot' to supporting preliminary work towards decarbonising heat for the remaining funds as set out in paragraph 16.

Background and context

4. The Sustainable Campus Fund (SCF) was approved by Estates Committee in May 2016 with £2.75m allocated for 3 years commencing in 2016/17. This was extended in 2018, with an additional £2m allocated. To date, £2.24m has been spent as detailed below, leaving a balance of £2.51m for allocation.
5. The Fund was set up as an internal investment vehicle that provided financing within the University for implementing energy efficiency, renewable energy and other sustainability projects that generate cost savings. The original objectives were to:
 - Unlock and help deliver the target of a 10% reduction in energy costs over 2 years from a 2014/15 baseline by providing necessary funding.
 - Contribute to reductions in carbon emissions
 - Raise awareness of, and secure greater buy in for, opportunities to delivery energy, carbon and cost savings across the University campuses.
 - Stimulate local action, discussion and innovation in order to reduce the ongoing growth in energy costs in the longer term
6. The Fund contributes to supporting the University's net zero by 2040 climate strategy and commitments to the Sustainable Development Goals.

Discussion**Part 1: Performance Highlights 2016 - 2021**

7. The Sustainable Campus Fund has been successful in delivering results. At the end of the 3rd Quarter in Year 5 (April 2021):
 - Eighty-four projects were approved
 - £2.24m was allocated for investment

- Approved projects have
 - a combined payback of 6.1 years;
 - are estimated to bring annual financial savings of close to £500k; and
 - annual carbon saving of over 1,200tCO₂e.

Table 1 – Sustainable Campus Fund Benefits

University of Edinburgh Sustainable Campus Fund	Funding Committed to date	Estimated £ Saving (per annum)	Combined simple payback	Estimated Carbon Saving (tCO ₂ e per annum)
Sustainable Campus Fund	£2.24m	£441k	6.1	1,215

8. Additional leverage: The fund enabled the University to bring in additional Scottish Funding Council project funding of over £5m via a low interest loan, which combined with the Sustainable Campus Fund result in savings of over £1m and approx. 3,300tCO₂e of carbon. The loan funding was fully allocated to support projects and we are currently in year 3 of a 7 year payback of the SFC loan with a balance outstanding of c£3m.

9. Sustainable Campus Fund investments have included the installation of new renewable energy technology (e.g. solar panels and heat pumps); energy efficiency improvements across 50 buildings (e.g. upgraded lighting, cooling, heating and ventilation systems); draught proofing and insulation improvements; and equipment replacements in 30 labs (chillers, condensers, drying cabinets and microscopes, and upgrade of Ultra Low Temperature Freezers). Approximately 25% of projects proposed were not approved at review or final sign off for not meeting criteria.

10. The additional funds raised from the Scottish Funding Council Universities and Colleges Carbon Reduction Fund (SFC UCRF) have enabled the solar farm at Easter Bush; roof mounted solar projects; and additional lighting works.

11. The benefits of the Campus Fund go beyond the energy and carbon savings:

- **Health and safety:** Equipping labs with more modern, efficient kit often leads to reduced health and safety risk and improved science. For example in Joseph Black Lab 29, fume cupboards were tested to more accurately set face velocity and confirm containment is effective.
- **Time and resource efficiency:** This is supported through the deployment of new equipment such as new drying ovens at the School of Biological Sciences which reduce drying time from eight to four hours, significantly increasing the number of samples that can be processed per day.
- **Student and staff engagement:** The Fund provides a mechanism to build an energy aware culture, more generally raising support for sustainability as staff and students are encouraged to develop and contribute to projects.
- **Resilience and research continuity:** Funded projects, such as the nitrogen generation and helium recovery projects, reduce the reliance on external supply chains and secure critical resources.
- **Better working, studying and accommodation environments:** In many places, the installation of energy efficient lighting was an opportunity to rethink and improve how spaces are lit, which led to better spaces for staff and students. Examples of this include lighting improvements in Old College and Accommodation, Catering and Events (ACE) properties such as Riego Street.

- **Testing innovations:** The Fund provides a cost effective and scrutinised means to test innovations, learn lessons and look for opportunities to scale and embed learning in new estates developments and operations. The chosen criteria however has meant that projects have leaned heavily towards energy-based savings.
- **Access to other funding mechanisms:** The Fund provided a ready pipeline of opportunities to secure SFC funding and lays the groundwork for further funding applications should they be necessary. For example, the Low Carbon Infrastructure Transition Programme (LCITP) or its successor.
- **Reputation:** With increased attention by many in the staff and student community on climate change commitments, the Fund provides evidence of the University's commitment to zero carbon.
- **Compliance:** Scottish Government mandatory reporting under the Climate Change (Scotland) Act 2009 requires the University to include specific actions taken to meet climate change commitments.

Part 2: 2020 - Covid Disruption and Review of Implementation – Pivoting from Power to Heat

12. Sustainable Campus Fund projects prioritised for delivery in 2019/20 were halted in March 2020 as these were deemed 'non-essential' works as per University and Scottish Government Covid-19 guidelines. In effect, we delayed the implementation of the usual annual spend over the 19-20 and 20-21 years. We also used c£1.9m of SFC funding to fund projects that would normally have been funded via the campus fund. The Covid delays combined with the 'swapping out' of projects from the campus fund to the SFC funding, accounts for the current underspend. The University has also taken the view that as the grid decarbonises, the focus should increasingly switch from power and lighting projects towards the heat decarbonisation challenge (see below).

13. From May 2021, as non-essential activity is increasingly prioritised on the estate, existing appointments for technical design and cost planning (committed Estates budgets) will re-commence. Hence, outstanding campus fund projects will be taken forward as quickly as practical in 2021.

14. In terms of the remaining resources available of c£2.51m, we propose to maintain an allocation of c£0.2m for continued cost-effective bottom up projects, given the wider benefits these provide (see para 9).

15. However, recognising the need to pivot investment towards long term heat decarbonisation, the University will also seek to support projects that allow scale up/replicability and to maximise heat decarbonisation, energy efficiency savings and mitigation of longer-term operating cost risks. In effect we propose to 'pivot' from power to heat, in line with the approach approved by Estates Committee in December 2020.

16. We therefore propose to repurpose the bulk of the remaining funds to strategic heat projects and the associated necessary preparatory spend. We anticipate the need to create additional capacity within estates for the impending scale up required on heat including establishing a small team. The additional capacity will help us better understand the size and phasing of the necessary capital spend and ongoing revenue commitments; detail options for University action; assist in making the funding case to government, philanthropic or industrial sources and demonstrate the active deployment of our academic and professional expertise on the University's own sites. Whilst there may be options to use some of the spend for preparatory energy efficiency projects that anticipate the heat decarbonisation of energy supply, we do not anticipate that we will

be able to fully meet the original cost savings criteria set for the fund in terms of cost effective projects. Nevertheless, given the agreed need to decarbonise heat, on balance we feel the repurposing of the funds in this way represents the best combination of carbon, cost and external income opportunities and prepares the University for the longer term more robustly.

17. In light of current financial constraints, the University has reviewed and then rejected the potential for establishing a 'revolving fund' (where cost savings generated by projects are used to replenish the fund). This type of approach requires significant administration and monitoring with further constraints caused by short term re-payment schedules. We do not anticipate future projects will have the same opportunity for cost-effective paybacks as the existing fund has been able to deliver. In addition, as the University 'pivots' increasingly to heat projects and the associated requirement for energy reduction, it is expected those to be Estates led, further reducing the case for a complex internal charging mechanisms as the remaining non-estates projects are expected to be modest in scale.

Part 3: Future Plans

18. In 2021 the allocation and implementation of remaining Sustainable Campus Fund projects will be finalised assuming some activities on campus that were paused will be able to take place. This means that the existing 5-year fund will be fully allocated, and it is proposed to close the existing fund at that point.

19. As noted above, in 2021-22 there will be a focus on preparatory heat projects and energy saving projects that prepare for the new decarbonisation of heat approach as well as some continued 'bottom-up' projects to drive cross-University engagement. To achieve this Estates and SRS will work with academic colleagues to maximise the opportunities through focusing the University's expertise in this area recognising the scale and complexity of the challenges ahead. One particular initiative being refined is to bring more research focus and have resources that straddle both inward facing initiatives to define the University's own pathway to net zero but also look to capitalise on external facing opportunities from a research, partnership working and funding perspective. The use of the estate as a living lab will be part of this. Initial discussions have suggested a Research Project or even a Chair, a role that bridges the academic and Estates areas with potentially a PhD student, bid writer and a dedicated project manager.

20. Beyond 2021-22, there is a need to do more and go further in ways that could provide further means to cut core operating costs and save more carbon in a cost-effective manner. Meeting the University carbon target will require a significant increase in funds allocated for these purposes over the coming decade. Whilst the campus fund has been a success, the carbon saved remains a modest fraction of total emissions, whilst the paybacks targeted to date will not be possible under a heat-focussed approach.

21. The proposal is to create a new fund, modelled on the current Sustainable Campus Fund but much larger, more strategic and pivoting from projects which have focussed on saving electricity towards those with a focus on heat. While the priority will be alignment with the Energy Masterplan and Climate Strategy it will also seek to retain an element of bottom-up innovation and learning for campus projects.

Resource implications

22. The current fund and the proposals for heat are being managed and delivered within existing resources. Future opportunities have been identified which require more detailed business cases and investment proposals for review. In due course we propose to make a case for a successor campus fund but with a different set of objectives based substantially around heat.

Risk Management

23. Covid-19 has brought delays to project delivery. The extension of the implementation timeline for the Campus Fund and the finalisation of project proposals in 2021 enables the University to mitigate this risk. The pivot from power to heat means less opportunity for short-term savings but a greater possibility for enhanced external funding.

Equality & Diversity

24. The original proposal reviewed potential opportunities and impacts in relation to equality and diversity. Steps are being taken to increase the number of under-represented voices in University engagement channels.

Climate Emergency and the Sustainable Development Goals

25. This project directly contributes to supporting the University's net zero by 2040 climate strategy and commitments to the SDGs. The carbon savings represent c1.6% of carbon emissions from University buildings (increasing to c4% if we include the leveraged funding from Scottish Funding Council). Projects particularly contribute to SDG 7 (Affordable and Clean Energy), SDG 12 (Sustainable Consumption and Production) and SDG 13 (Climate Action).

Next steps/implications

26. The next steps include to:

- Complete allocation and implementation of Sustainable Campus Fund pipeline delayed by Covid-19
- Pivot from power to heat for the remaining funds and commence planning for that
- Develop a comprehensive business case for the proposed future fund mechanism to be brought forward in time for 2022-23 allocations

Consultation

27. Reviewed by Utilities Working Group (March 2021) and by Directors of Social Responsibility and Sustainability (SRS) and Estates (May 2021)

Further information

28. Authors

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Freedom of Information

29. This paper is open.