



Estates Committee

Wednesday 18 May 2022

Minute – Website Version

Note: This is an edited version of the full Estates Committee minutes. The majority of papers for Estates Committee are closed but where possible minute text has been provided. This may not be the full minute for each item.

- Present:** Jonathan Seckl, Senior Vice-Principal
Frank Armstrong, Co-opted Member of Court
Grant Ferguson, Interim Director of Estates
Lee Hamill, Director of Finance
Colm Harmon, Vice-Principal (Students)
Gary Jebb, Director of Place
Gavin McLachlan, Chief Information Officer and Librarian to the University
Catherine Martin, Vice-Principal Corporate Services
Ellen MacRae, EUSA President
Theresa Merrick, Director of Communications and Marketing
Dorothy Miell, Vice-Principal & Head of College of Arts, Humanities & Social Sc
Mark Parsons, EPCC Director and Dean of Research Computing
David Robertson, Vice-Principal & Head of College of Science & Engineering
Alistair Smith, Co-opted Member of Court
Rona Smith, Director of Strategic Planning & Insight
Carina Svensen, Director of Accommodation, Catering and Events (ACE)
- In Attendance:** Helen Tweedie, Estates Governance and Committee Officer
Karen Adamson, Head of Estates Finance
Anne-Marie Coriat, College Registrar, College of Medicine and Veterinary Medicine
Terry Fox, Director of Specialist Services, Finance
Jane Johnston, Director of Estate Development
Liz Lovejoy, College Registrar, College of Arts, Humanities and Social Sciences
Katie McBain, Estates Business Support Manager
Anne Payne, College Registrar, College of Science and Engineering
Beth Simpson, EUSA Vice-President Community
Zoe Stephens, Head of Organisational Development and Change
- Apologies:** Chris Cox, Vice-Principal for Philanthropy and Advancement
Dave Gorman, Director of Social Responsibility and Sustainability
Sarah Smith, Vice-Principal Strategic Change and Governance and University Secretary
Richard Terry, External Member of the Committee
Moira Whyte, Vice-Principal & Head of College of Medicine & Veterinary Medicine
David Argyle, William Dick Chair of Veterinary Clinical Studies, Royal (Dick) School of Veterinary Studies
Tommy Angus, Interim Director of Estates Operations

Peter Mathieson, The Principal and Vice-Chancellor
Liz Reilly, Director of Philanthropy and Donor Relations, Development & Alumni

1. Minute

The Minutes from the meeting on 16 March 2022 were approved as a correct record.

The Chair thanked Dorothy Miell, Vice Principal & Head of College, College of Arts Humanities and Social Sciences, David Robertson, Vice Principal & Head of College, College of Science & Engineering and Sarah Smith, Vice-Principal Strategic Change and Governance and University Secretary for their contributions to Estates Committee over the years and wished them well when they stepped down this summer.

It was also noted that the representatives from Edinburgh University Students Association would be changing before the next Estates Committee. President Ellen MacRae, would be replaced by Niamh Roberts, and Vice President Beth Simpson, would be replaced by Isi Williams.

The Director of Place noted thanks also to Jonathan Seckl, Chair of Estates Committee, who was also stepping down this summer.

2. Matters Arising

There were no matters arising.

3. Key Decision Forward Plan

A Forward Plan was given of the reports that were expected to be presented to Estates Committee in the coming year and the decisions that would be required by Estates Committee.

Estates Committee noted the Key Decisions Forward Plan as detailed in the appendix.

4. Estates Annual Capital Plan 2021/22 - 2026/27

The Director of Place presented a summary of the Capital Plan for the six-year period 2021-22 to 2026-27. It set out the movements in the Capital Plan compared with the Capital Plan presented at Estates Committee in March 2022, the expenditure for the current year, 2021/22, and the requests for funding sought at this Estates Committee.

Estates Committee noted the University's forward planning forecast expenditure over the six-year period 2021-22 to 2026-27. This was based on the approved Capital Plan.

Estates Committee noted the forecast.

Estates Committee noted the update to the European Investment Bank (EIB)

projects.

The closure of delivered and non-prioritised projects was also noted.

4.1 Director of Finance Forecast Update

An update was provided regarding the University Group's current year financial position for 2021-22 and details of the upcoming schedule for the next iteration of our five-year financial scenario modelling.

Estates Committee reviewed and noted the latest update.

5. Edinburgh Futures Institute

An update was presented on the Edinburgh Futures Institute (EFI) and Estates Committee was asked to endorse the additional funding to complete the project.

Estates Committee noted the progress on site to date and the update in relation to the various discoveries and structural complexities that have been encountered. Committee also noted the anticipated realistic profile of forecast of cost to completion.

Estates Committee approved the additional funding, which included a risk allowance, to complete the project, and recommended this to Policy and Resources Committee and University Court for approval. It was noted that funding had already been included in the capital plan and that this funding represented a realistic uplift on that, rather than being a wholly new item.

Estates Committee noted the EFI Project Board recommendation that provision of further funding is made in the Capital Plan beyond the realistic case, but that this provision would not be made available to the project at this point. This further provision was to reflect the volatility in the market and the potential for additional contractor claims.

The Director of Finance highlighted that although the return on investment of this project was much more than monetary value, it would still be helpful to see a revised business case. It was also suggested that the revised business case should include the potential consequences of a refusal of funding and what impact that would have on the overall project.

It was highlighted that the situation, which has resulted in this additional funding request, was unique and that this project was the most complex on the Capital Plan.

The various factors which had contributed to the requirement for this additional funding request were discussed; including the effects of Brexit, Covid-19 pandemic, rising inflation, rising material costs, the subsequent delays and the complex fabric issues of the building. It was noted that it would be helpful to clarify those factors in the paper which went onwards to Policy and Resources Committee and University Court.

6. Edinburgh Futures Institute - Wing F Proposal

The request for funding was presented to Estates Committee, in order to progress the design of fit out proposals for the ground and lower ground floors of Wing F of the Edinburgh Futures Institute (EFI), to accommodate the Business School Masters in Business Administration (MBA) and Executive MBA (EMBA) programmes.

Estates Committee noted the proposal that the ground and lower ground floor of Wing F of the EFI building accommodates the Business School MBA and EMBA programmes; and noted that the works to progress the fit out would take place as a separate contract after the completion of the main EFI contract.

Estates Committee approved funding from University resources, to progress the design of the fit-out of the accommodation to RIBA Stage 3 and allow the Full Business Case to be prepared, including a notional payback of 4-5 years. It was noted that the addition of this refurbishment, if it ultimately proceeded, would improve the overall financial profile of EFI.

7. Easter Bush Infrastructure - Proposed Drainage Solution

The request for funding was presented to Estates Committee to progress the design of a self-sufficient treatment plant that would address the ongoing issues in connecting the Easter Bush (EB) campus to the Scottish Water drainage network.

Estates Committee noted the progress of design works for a permanent onsite treatment solution for LARIF and LARIF 2 and future campus developments.

Estates Committee approved funding from University Resources to undertake the Stage 2 Concept Design of a self-sufficient foul drainage solution for the EB campus.

It was also noted that this work was currently prioritised in the Capital Plan.

8. The Institute of Regeneration & Repair - Fit out of Level 02 & Revision to VAT Strategy

The updated costs were presented for the fit out of level 2 within the Institute of Regeneration & Repair (IRR) Expansion along with the associated revision to the project Value Added Tax (VAT) strategy.

Estates Committee approved additional capital funding in order to undertake the Level 2 fit-out to accommodate Catapult and the Pandemic Science Hub. This was in addition to the funding approved by ECSG in July 2021. Additional external capital has been sourced resulting in the additional funding amount now required from University resources.

Estates Committee further approved:

- the revised business case for the fit out of Level 2.
- the revised VAT strategy to accommodate the anticipated increased commercial activity within the building
- additional funding in an anticipated range to fund the revised VAT strategy,

- dependant on the outcome of discussions with HMRC.
- the signature of the Offer to Licence to Catapult.

Estates Committee noted:

- the status of the Licence to Occupy and associated documents.
- the key risks and in particular the programme implications of a delayed decision.
- the potential impact on co-location programme at the Queen's Medical Research Institute (QMRI) of a delayed decision in relation to the instruction of the fit out of Level 2.

9. Innovation/Incubation Hub at Edinburgh BioQuarter - Business Case

The College Registrar for CMVM presented the evolving and urgent needs for physical infrastructure at BioQuarter required to maintain the BioQuarter as viable vibrant innovation location for high growth global small to medium enterprises (SME).

Estates Committee noted the emerging scope and scale of innovation/incubation space required at BioQuarter.

Estates Committee noted that the urgent requirement for innovation space at BioQuarter this calendar year related to the imminent potential flight risk of two existing companies.

Estates Committee further noted the plan that College of Medicine and Veterinary Medicine (CMVM), Edinburgh Innovations and Estates would work together over the next 4-8 weeks to identify and refine potential solutions, funding and partners to deliver an affordable amount of appropriate quality laboratory space. Should a funding opportunity exist a full paper and Business Case will be brought to Estates Committee Sub-Group and Exceptions Committee for consideration over the summer period.

There was discussion of the place of such space in the overall ecosystem, where commonly life sciences companies are acquired and move elsewhere. It was noted that the longer term commercialisation strategy of the University would look beyond the initial financing of companies and consider what measures could be taken to encourage them to stay.

10. Dryden Farm Relocation (LARIF Phase 2)

The outcome was presented, of the Stage 2 Concept Design with outline costs for the Dryden Farm Relocation (also known as LARIF Phase 2). A release of Biotechnology and Biological Sciences Research Council (BBSRC) grant funding was also requested, for design team fees to progress to Stage 3, (Developed Design) in support of a Full Business Case.

Estates Committee noted the BBSRC previously secured grant funding and associated timeline for the project.

Estates Committee approved the funding release from previously secured BBSRC funding to progress to Stage 3 (Developed Design) in support of a Full Business Case.

11. Midlothian Centre of Excellence and First Opinion Practice

An update was provided on the negotiations with Midlothian Council (MLC) regarding the transfer of University land adjacent to the Easter Bush campus for their Centre of Excellence (CoE), a Science, Technology, Engineering and Maths (STEM) secondary school operate by the local authority.

Estates Committee noted:

- the progress of the negotiations with MLC
- the proposed scope of infrastructure to be delivered by MLC,
- the proposed scope of FoP being delivered by MLC,
- the initial offer by Barratt Homes for the North Bilston plot and ongoing independent valuation and,
- that the HoT rescind the previous obligation by the University to give MLC the alternative Roslin Expansion site as part of a previous transaction approved by Estates Committee in September 2018.

Estates Committee approved funding for design team fees to progress the design options for a potential FoP Phase 2, and further approved the conclusion of Heads of Terms (HoT) as outlined in the paper.

12. Digital Estate Project

The Chief Information Officer and Librarian to the University, presented the additional investment required in relation to a Digital Estate Project.

Estates Committee approved the capital investment and approved the project to move to procurement and implementation with an implementation completion within Fiscal year 2022/23.

Estates Committee recommended this to Policy and Resources Committee and subsequently University Court for final approval.

13. Digital Estates bid - Timetabling Full Business Case

The full business case was presented.

Estates Committee approved the project budget to enable start of procurement and to scale up the project team ready for the implementation.

Estates Committee approved capital spend and recommended this to Policy and Resources Committee and subsequently University Court for final approval.

14. Climate Change - Estate Net Zero Pathway update

An update was provided on the current activity that underpins the Estates contribution to the University's Net Zero target.

Estates Committee noted the update on activity related to the delivery of the Estate's contribution to the net zero by 2040 target.

15. Capital Projects Update

An overview was provided of the projects above £1m, which were currently committed, and in the construction stage on site or which have been completed since the last Estates Committee meeting.

Estates Committee noted:

- the update in relation to the impact of Covid-19 on the construction activity;
- the overview of the projects contained in the paper and in the attached Appendix 1;
- the specific update in relation to the Edinburgh Futures Institute (EFI) which was summarising the detailed update provided in the separate Estates Committee Paper 5.

Estates Committee further noted the market commentary within this paper, which could have an impact on the Capital Plan pipeline and on site or recently completed works.

16. Estates Committee Sub-Group and Estates Tender Review Panel Approvals

Estates Committee was updated on the one decision which had been taken by Estates Committee Sub-Group (ECSG) since the last Estates Committee meeting on 16 March 2022:

- **Extension to Anne Rowling Regenerative Neurology Clinic (ARRNC) - Additional Project Funding Request**

Estates Committee Sub Group noted the overall project budget highlighting a shortfall as detailed within the paper and approved additional funding from University Corporate Resources to allow the Construction Contract to be awarded and the project to commence on site.

Estates Committee Sub Group approved the contract award via NHS Lothian in line with the Supplemental Agreement process as per previous contract awards and noted the overall project programme and specifically the tender expiry date of the 25 April 2022 for the main construction works.

Estates Committee further noted the contract awards approved by Estates Tender Review Panel over the period 1 March 2022 to 30 April 2022.

17. Development & Alumni Capital Project Update

An update was presented, and summarised the progress with fundraising approaches for the current priority capital projects.

The update was noted.

18. Strategic Acquisitions Disposals and Leases

An update on strategic acquisitions, disposals and leases was presented.

Estates Committee noted that since the last Estates Committee on 16 March - 5 new University leases, 1 external lease and 1 external ground lease rent review had been approved under sub-delegation arrangements which were presented to Estates Committee for noting as detailed in Appendices 1 and 2.

- a) **IRR lab and office space:** Estates Committee noted that conditional missives are progressing for a new 10-year Licence to Occupy being granted to Cell Therapy Catapult for lab and office space within the IRR building under construction.
- b) **Gilmore Place** – Estates Committee noted that in line with Exceptions Committee approval, the Agreement to Lease and 20-year lease documents had been concluded with ABRDN for 230 student accommodation beds at Gilmore Place, with occupation anticipated for academic year 2022/23.
- c) **Baltic Street** - Estates Committee noted that in line with Exceptions Committee approval, Agreement to Lease discussions were progressing with HUB residential, the owners of the Baltic Street development (612 beds).
- d) **Murchison House** – Estates Committee noted that with effect from 1 May 2022 the University has taken back 384 sqm of office space on the first floor of Murchison House previously leased to Edinburgh Innovations Ltd. This would reduce the rental income received.

Estates Committee noted the updates on Strategic Acquisitions and Disposals.

It was noted that when the Edinburgh Royal Infirmary (ERI) lease expired, it should not be simply automatically renewed and that it should be considered with in the wider context of the overall strategic planning of the University.

19. Date of next meeting:

The date of the next meeting was noted as Wednesday 14 September 2022.