

Minutes of the Finance and Services Standing Committee
4pm on Monday 5 October 2020
Online via Zoom

Present: Dr William Duncan, Convener
Professor Ann Smyth, Secretary of the General Council
Sir Philip Mawer, Convener of the Business Committee
Arron Ashton
Almira Delibegovic-Broome
David Houston
Peter De Vink (except for items 5 and 6)

In attendance: Mr. Grant Ferguson, Interim Director of Estates
Jane Johnston, Director of Estate Development
Ms. Alison MacLeary, Assistant to the Secretary of the General Council

1. Welcome and Introductions

The Convener began by welcoming the Interim Director of Estates and the Director of Estate Development, new members Almira Delibegovic-Broome and Peter De Vink, and continuing members of FSSC to the first meeting of the session and led the introductions.

2. Presentation by the Interim Director of Estates, Grant Ferguson

The first part of the meeting provided an overview of the activity of the Estates operation, in particular, the last 6 months post-Covid.

- Second largest University Estate in the UK – a single University with multiple campuses;
- Significant portfolio - 550 buildings; 864000m² of floor space;
- Diverse, large and complex estate comprising of listed and new buildings;
- Broad remit of Estates includes Estates Management, Property Development, Capital Development and Support Services e.g. security and cleaning;
- 22 departments work closely together to support and enable the core University activities 24 hours a day/7 days a week/365 days a year; continually improving the teams structure and delivery model;
- Large volume of helpdesk requests to deal with issues arising from an ageing estate and infrastructure presents a challenge and requires planning; services particularly busy during peak periods; 10 year plan of priority investment;
- Annual Net Revenue Budget for 2019/20 - £64.3m (£14.7m income);
- Operations ensure that buildings are fit for purpose; customer focused delivering services in a professional manner 'behind the scenes' including areas such as compliance, reliability, Health & Safety, Energy and Sustainability;
- 2019/20 was proving to be a very productive and successful year for Estates but significant impact on the Estate and Estates throughout the Covid-19 period has brought new unprecedented challenges;

- Since lockdown March 2020 the University never fully closed; essential research, critical infrastructure such as IT, heating, and activity to enable the switch to online teaching and remote working, continued;
- Estate had to continue a 24/7 uninterrupted service in very difficult circumstances;
- Delivered services to operational areas – research, animal facilities and IT;
- Essential workers only – in-house and contractors;
- Monitored security and physical condition of buildings; completed essential and compliance maintenance;
- Decisions made closing down were done in the context of anticipating the reopening journey to mitigate risk and delay when the time came;
- From a staff perspective it was a huge change with new models of working – involved working on campus, working from home and 535 furloughed;
- Frontline colleagues on site everyday 24/7; new staff members trained in security in case of sickness absence;
- Reopening procedures – detailed guidance on reopening was created - aligning to the Scottish Government Routemap;
- Research given priority within a programme agreed with the Colleges/Professional Services;
- In the absence of any sector guidance Estates developed guiding principles for 'Controlling the risk of Covid-19' followed by detailed guidance covering both physical and operational adaptations required – (e.g. signage, hand sanitisers);
- Reported weekly to the ART team;
- Significant programme of work with a one team approach – creation of new multidiscipline teams within Estates with new responsibilities to address new and unprecedented challenges;
- Supply chains and distribution centre created for signage, perspex, hand sanitizer;
- Compliance verification then collaboration with each local building team;
- Staged approach with safety and structure paramount throughout the process;
- Extensive modelling of teaching space was carried out (2m, 1.5m, 1m desk spacing) to establish possible capacities;
 - 441 drawings created and 941 teaching space models created - optimum desk layouts, one way systems etc., to allow timetabling to model the various scenarios for teaching;
- External queue management introduced to avoid internal congestion;
- New lecture recording studios, new study spaces, new social spaces, and transport initiatives developed;
- The scale and complexity of the estate reopening has been a massive exercise; in the first week the area equivalent to Napier, QMU and Heriot Watt was reopened;
- reopening has remained on schedule throughout and after 15 weeks 886,448m² now open as planned;
- Recognise the excellent collaborative effort between Estates and Colleges, Schools and Professional Services – colleagues motivated in their new roles within new teams;
- Provided 24/7 uninterrupted essential service over the last 6 months;
- Currently delivering tailored and enhanced services in a Covid safe environment - for the time being!

Presentation by the Director of Estate Development, Jane Johnston

This part of the presentation discussed the impact of Covid on the Estate's Capital Development Programme.

- Estate Vision 2017-2027; the physical estate increasingly a factor in student choice of University; comparators investing significantly so a more strategic view was taken with the Capital Development Plan;
- Increasing strategic approach and vision – joined up model with how Schools/Colleges operate which impacts on Estates development; Integrated planning – Estates close liaison with Finance (10 year forecast);
- £200M pa for 5/10/15 years became the new norm; affordable and deliverable – a phased approach;
- Align and support the integration of both Operations and Development at all stages of the construction process so that the best outcomes at handover are realized;
- Capital expenditure in 2018/19 - £135m; increase of 156% on 2014/15; created 2150 construction related jobs; diversify portfolio into different contractors; 20 projects on site at that stage;

Covid Impact

Construction

- Lockdown brought construction activity to a halt for 12 weeks;
- All sites had to review operating procedure – now operational but with physical distancing measures in place which has impacted on productivity levels; risk assessment disruptive to normal processes e.g. the introduction of additional cabins, handwashing stations, hand sanitisers;
- Additional expenses incurred complying with the government guidelines
 - impacts on relationship with main contractors;
 - impacted on cashflow forecasts for 2019/20 - £99m – decrease of 27% on 2018/19; September 2019 Projected Expenditure - £167m;
 - 5 projects were delivered.

Capital Plan

- 24 month moratorium on projects which had not yet commenced on site – pragmatic decision to review planned projects from a financial perspective and respond to the changing shape of the University i.e. will the teaching space be affected, will the same amount of offices be needed;
- Impact on Capital Plan has been modelled reducing forecasted spend over the next few years;
- 2020/21 spend now forecasted in a range £97-£110m;
- 18 major projects prioritized across the University Estate include the Edinburgh Futures Institute at Quatermile (completion date 2023);
- In March the decision was taken to defer 13 projects including the Peffermill Sports Facilities and student accommodation – when these projects will be revisited is under review;
- Revised Capital Plan shows plans going forward until 2030.

- Grant Ferguson concluded by reporting that the focus for Estates for this year is to continue with normal activities but the scale of these is uncertain e.g. occupancy of buildings;
- Still to deliver business services and the Capital Development Plan;
- mitigation re Brexit and the carbon agenda;
- budget savings are expected and part of this will be through the current voluntary severance scheme.

Discussion

- The Interim Director of Estates reported that there had been previous contingency planning for the flu epidemic but the Covid pandemic was not anticipated. The response e.g. rapid closing of buildings was on a massive scale and had never been done before but the response had been very good;
- Contractors are granted an automatic extension of time due to Covid lockdown and delays due to physical distancing; a small number are entitled to costs as well as time;
- Re-opening of buildings took priority with a focus on creating additional study spaces in a socially distanced way but a strategy group has now been established to look at the home working/hybrid model of teaching and review space needed going forward;
- Sustainable design and commitment to carbon neutral targets a key criteria in line with Government directives and will not be affected by budgetary pressures;
- Accessibility and compliance with legislation remains an essential priority;
- Projects will be prioritised according to the future needs of each School/College;
- Nucleus project commenced on KB site prior to Covid and is a contractual commitment so still progressing;
- Work had begun on the Darwin building e.g. asbestos strip but the main contract hadn't commenced so is one of the 13 projects deferred;
- Approval from the Estates Committee for a sum of £1m to safeguard the Darwin building from further deterioration.

Closing remarks

Appreciate the significant team effort from colleagues to the scale and the speed of response to the Covid crisis.

Estates will support the University's strategic plan; highlighted the importance of using this time to prioritise plans according to the future shape of the University.

The Convener thanked Grant and Jane for their candid account of the current position.

3. Apologies for absence

There were no apologies received.

4. Notes from the meeting held 18 June 2020

Members agreed the notes from the meeting.

5. FSSC's work plan 2020-21

In line with the normal work programme of FSSC, the Convener proposed the following:

Director of Finance - A meeting with Lee Hamill, Director of Finance, in January 2021 to discuss the University Annual Report and Accounts for the year to 31 July 2020.

Members were also interested in receiving an update on the University's finances for the current year (2020/21) before the meeting with the Finance Director, as the situation is expected to have altered considerably from that shown in the published Accounts for the previous year.

Action - The Secretary suggested that the Court Assessors could provide an update of the financial position of the University at the Business Committee meeting in December after the Court meeting scheduled for 30 November.

- **Director of HR** - A meeting with James Saville, Director of HR, in semester Feb/March 2021 with the discussion to include Pensions and Voluntary Severance.

These meetings were agreed and suggestions for further meetings were sought.

As part of FSSC remit includes infrastructure, David Houston proposed there should be a meeting on Digital infrastructure as this was now increasingly vital to support a wide range of university activities. There was unanimous support and the Secretary suggested the most appropriate person to meet was **Vice-Principal and Chief Information Officer, Gavin McLachlan**.

Action - Secretary to invite Gavin McLachlan, Vice-Principal and Chief Information Officer, and Librarian to the University to a meeting of the FSSC in November

A further suggestion was noted for a meeting of the FSSC or BC with University Court member Caroline Gardner, Former Auditor General for Scotland, to discuss the University's risk management system.

Members agreed with these recommendations.

6. General Council (GC) Budget 2020-21

The Committee received the **Statement of Accounts** for the period 2019/2020.

The following points were noted:

- The principal source of income for the GC comes from the University in a lump sum at the beginning of the academic year;
- 3 main areas of expenditure:
 1. Statutory Business of the GC communications (principally printed *Billet*); 2 Half-Yearly Meetings(HYM) ; Elections – overseen by the Electoral Reform Society (ERS)
 2. Business Committee (BC) meetings
 3. General Council office running costs

- Impact of Covid-19 : the GC office closed in March; home working was introduced; BC meetings were conducted online; the June HYM was cancelled;
- As a consequence an underspend of approx. £6k at year end was returned to the University.
- The Secretary reported the difficulty of producing a definitive budget for 2020-21 in the continuing uncertainty surrounding the pandemic and referred the Committee to the Budget Statement for 2019-20 for a more detailed understanding of estimated expenditure in normal times:

The University is operating with iterative budgets. This impacts on Communications & Marketing (CAM) hence it is not yet known what our outgoings for communications (the largest single expenditure) will be;

It is anticipated the February HYM will have to be held online but it is hoped the June meeting can be held as normal;

It is not yet known what costs if any will be incurred for technical support (HYM; new website etc.)

Election – costs associated with this (ERS); Secretary pointed out the count may have to be delayed if Covid risk;

Unknown duration of social restrictions reduces costs of BC meetings and running GC office

- The Secretary proposed that in considering cost savings resulting from home working priority should be given to investing in improved Communications to enhance the profile of the General Council and encourage greater engagement e.g. website, promotional videos, publications and, if it can be held as face to face, in a high profile event for the June 2021 HYM;

Action - The Secretary will provide a proper review of the budget later in the year.

The Convener of FSSC expected all budget holders will be expected to make efficiency gains and reduce costs and proposed the General Council should pro-actively prepare the case to justify its budget allocation so it is in a position to react quickly should it be faced with such demands.

The Convener of the BC endorsed this proposal. The Secretary reminded members that University legislation requires it to support the General Council to fulfil its statutory obligations.

Action: There will be further discussion between the Convener, Secretary and Convener of FSSC on how to take this forward.

The committee approved the Budget.

7. Any other business

There was no other competent business.

8. Date of the next meeting

(Secy note: This has now been arranged for 19 November)