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## MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 21 March 2022, 1.45pm

Place: Boardroom, SFT offices, 11-15 Thistle Street, Edinburgh

Present: Ian Russell (IR) (Chairman)  
Bill Matthews (BM)  
Pauline Mills (PM)  
Ann Allen (AA)  
Graham Watson (GW)  
Peter Reekie (PR)

Apologies: none

In attendance: Liz Petrie (LP)  
Caroline Whyteside (CW) (part meeting)  
Tony Rose (TR) (part meeting)  
Stephen Aird (SA) (part meeting)  
Neil Rutherford (NR) (part meeting)  
Peter Kearns (PK) (part meeting)

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### FORMALITIES

#### 1 Apologies

There were no apologies.

#### 2 Declaration of Directors' interests

No new interests were declared.

#### 3 Minute of previous meeting

The minutes of the meeting of the Board of Directors of 31 January 2022 were noted and approved as a correct record.

#### 4 Action tracker

Completed actions and timescales for ongoing actions were noted. PR confirmed that an offer of employment has been issued for the Senior Associate Director Legal role.

The Board noted that the marked-up Framework Document has been submitted to Scottish Government and a response is awaited.

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## DISCUSSION

### 5 Context Discussion

PR highlighted Scottish Government's recent appointments of the Permanent Secretary and Director-General Net Zero, both with backgrounds in delivery and described the Scottish Government's emerging appetite for undertaking delivery roles. The Board noted and discussed this appetite and its possible impact on the Company's current and future scope of activities.

The Board agreed the importance of the Company's thought-leadership role and PR advised that it is intended to increase the number and frequency of webinars and facilitated debates in the coming period to reinforce this role.

It was noted that the Board is to meet with the Minister for Business, Trade, Tourism and Economy on 13 April 2022 and the Board asked that PR draft an agenda and briefing for consideration prior to the meeting.

*PR to draft agenda and briefing for meeting with the Minister for Business, Trade, Tourism and Economy.*

### 6 Business Area Discussion

*TR, SA, NR and PK joined the meeting for this item.*

TR described the alignment across the work streams within the Development and Housing business area and the strong collaboration across the teams.

SA outlined the collaboration with Scottish Government which has been taking place through the year to produce asset strategy guidance to align with the investment hierarchy laid out in the Scottish Government's Infrastructure Investment Plan. PK went on to describe the breadth of SFT engagement in projects and with organisations across the Greater Glasgow area, where the team has used its resource in a variety of ways including providing challenge, supporting strategy development and helping with strategy and project implementation. NR described the Company's role as 'honest broker' in collaborating with a range of public sector organisations on the Stornoway Deep Water Port project which is to be developed using the Growth Accelerator.

AA highlighted her role as Board member of Crown Estates Scotland in relation to discussion on the Stornoway Deep Water Port.

The Board discussed the range of activity outlined in the Greater Glasgow area and agreed the importance of working in different geographies and in rural as well as urban areas. In discussion the team described the impact on success of having a 'willing collaborator' within a partner organisation and the Board noted the inherent risk of personnel turnover in partner organisations.

### 7 Key Deliverables

The Board noted and discussed the update on progress against the eight key deliverables for 2021-22.

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PR described progress against each of the deliverables. The Board noted that key deliverable 4 remains 'amber' as it aligns with two objectives which will not be fully achieved in the year. PR advised that as Scottish Government are still ramping up their resources the pace of progress in developing legislation and guidance on heat networks was slower than anticipated which has led to the milestones envisaged at the beginning of the year not being achieved. Despite this good progress has been made in some areas and agreement recently reached with Scottish Government for SFT to provide a co-secretariat role on the Green Heat Finance Taskforce. The Board noted also the slower pace in progress on the digital strategy refresh and that Scottish Government is considering a changed approach to leading the input to the digital infrastructure strategy refresh.

The Board noted the publication and the success of the work to raise interest in the Net Zero Public Sector Building Standard and noted and discussed the financing and resourcing challenges in rolling out a programme for the implementation of the Standard.

## **8 Business Area Summaries**

The Board noted the business area report highlighting areas of activity within Infrastructure Finance and Programmes, Infrastructure Strategy, Place and Economy and Construction Industry and Delivery which are complementary and additional to work directly aimed at key deliverables and business plan objectives.

PR highlighted the extent of the support being provided by the Learning Estate team to addressing ventilation in learning estate buildings which continues draw on SFT resource.

The Board further noted and discussed the challenges of co-design as distinct from co-production and their impact in areas of work such as the development of the Construction Accord where the pace of progress has been slower than expected in the year.

## **9 Business Plan Objectives**

The Board noted the report outlining progress against the 45 business plan objectives as at the end of February 2022. PR confirmed that it is expected that four of the objectives will not be met in the year and that objective 36 which is currently classed as 'amber' will be achieved.

The Board noted that due to internal resources being re-prioritised in the course of the year to different areas of Construction Industry and Delivery work, objective 43 to develop an outline strategy for the role of data across the built environment would not be met. The Board noted the reprioritisation of resource to support strategies for offsite construction and the CivTech challenge.

## **10 Public Inquiry**

PR provided an update on the timetable and arrangements for the Scottish Hospitals Public Inquiry. PR advised that a significant amount of work has been carried out in recent weeks in preparing formal witness statements for sign off. The Board acknowledged and discussed the pressure on PR's workload and IR proposed to discuss workload with PR at their next meeting.

*IR/PR to discuss Public Inquiry workload and impacts.*

## **11 Finance Report**

*CW joined the meeting for items 11 to 14*

The Board noted the Finance Report showing the financial position for the SFT Group for the ten months to end January 2022.

CW advised that an underspend of £59k is currently forecast, noting the assumption that a £200k contribution will be made to the pension fund. A summary of additional pension contributions in recent years was requested.

The Board discussed the amount and profile of advisory spend in the year. CW advised that several factors had contributed to this including: the late release of budget to advisory following receipt of additional funding to cover Scottish Hospitals Public Inquiry costs; staffing budget being released to advisory in the course of the year due to staff turnover; and additional funding being secured by a number of workstreams during the year. The Board was advised that work is already in hand to allocate advisory budgets earlier in the coming year and requested that a report on advisory budgeting and spend 2021/22 be brought to the Board in May.

*Summary of pension contributions to be provided.*

*Report on advisory to be brought to the Board meeting in May.*

## **12 Corporate Services Report**

The Board noted the report covering human resources, communications, information technology, office management and an update on compliance with the Scottish Public Finance Manual.

The Board noted that the results of the recent employee opinion survey are being reviewed by the Leadership Team and a summary of the results and action planning will be brought to the Board meeting in May 2022.

*Employee opinion survey results summary and actions to be included in report to the Board in May.*

The Board noted and commended the proactive review of cyber security in the light of recent heightened risks.

The Board noted the additional implementation and on-going cost estimates associated with the move to comply with the Scottish Public Finance Manual. CW confirmed that no additional internal audit costs are envisaged.

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**DECISION**

**13 Annual Reward Review**

The Board noted the report and recommendations on the annual reward review. PR highlighted the results of the salary/reward benchmarking process undertaken during February and March 2022 which indicated that the Company offers reasonably competitive reward packages. PR further advised that the Company has been successful in recruiting high calibre candidates to a number of positions through the year. The Board noted the analysis of salary and recruitment trends in both the public and private sectors and the cut in the Company's core grant funding from Scottish Government for the coming year. After discussion the Board approved a fixed consolidated salary increase of £700 for those earning £40,000 or less and a fixed consolidated salary increase of £500 for those earning above £40,000 and agreed that there would be no salary increase if an employee is at or above the maximum for their grade. The Board further approved the associated budget and an additional budget of £44,000 for any promotions identified during the year.

Based on the findings of the benchmarking exercise, the Board agreed that there should be no change to salary ranges. The Board noted the process for performance rewards and approved the proposed budget.

The Board discussed and approved the proposal that car allowances and mileage rates remain unchanged. The Board discussed the pace of phasing out the standard car allowance and encouraged consideration of ways to accelerate the uptake of the Low Emission allowance.

**DECISION**

**14 Business Plan 2022/23**

The Board noted and discussed the draft business plan 2022/23. PR described the structure of the plan where activities grouped within 14 work streams are focussed on progressing the outcomes agreed in the Corporate Plan 2019/24 which support the Scottish Government's infrastructure priorities and the National Performance Framework. PR provided an illustration to the Board of how the business plan will be presented on-line and confirmed that a link to the on-line version will be circulated to the Board prior to publication. It was recommended that the on-line version should more clearly reference the impact of the Company's work on its outcomes.

The Board noted the draft budget, confirming the reduction in core funding, and PR highlighted that one third of programme funding has not yet been agreed. PR further outlined the assumptions for staffing costs and advised that discussions are underway with Scottish Government on funding to cover the Scottish Hospitals Public Inquiry costs.

PR described the internal business management process for tracking progress against milestones set out within Project Initiation Documents (PIDs) for each of the work stream activities in the draft Plan. The Board noted and agreed the proposal that for the coming year the Board reporting would match the work stream reporting used internally for management of the organisation. It was confirmed that the reports would follow a standard template across all work streams. PR confirmed that the PIDs include alignment to

the Company's outcomes in order to track the impact of the work stream activities on each outcome.

The Board reviewed and discussed each section of the draft plan and approved the plan subject to comments provided by directors by Friday 25 March. It was agreed that the final version should be circulated to the Board prior to publication.

*Directors to provide comment on the Plan by 25 March 2022.*

*Final on-line version of the Plan to be circulated to the Board prior to publication.*

## **15 Board Effectiveness and Succession**

The Board noted the report on board effectiveness and succession.

The Board noted the summary of comments and recommended areas of activity arising from the annual review of the Board's performance. The Board reviewed and agreed the board effectiveness action plan and asked that a progress update be brought to the Board in September 2022. The Board further agreed that IR/PR allocate workstreams to board members for shadowing during the year.

*Progress update on action plan to be brought to the Board in September.*

*IR/PR to allocate workstreams to board members.*

The Board noted the skills matrix and IR requested that individual directors provide any feedback on their own skills and experience to LP. It was agreed that 'sustainability' should be added to the matrix.

*Directors to advise of any revisions to matrix and 'sustainability' to be included.*

The Board further noted the impact of AA's planned departure from the Board at the end of year on the Board's shared skills and experience and agreed to the recommendation that the recruitment process seeks skills and experience in the areas of infrastructure and construction.

The Board agreed the proposed recruitment approach and asked PR to take forward discussions with Scottish Government.

## **16 AOB**

There was no further business.