
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 9 May 2022, 2pm

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

Present: Ian Russell (IR) (Chairman)
Bill Matthews (BM)
Graham Watson (GW)
Peter Reekie (PR)

Apologies: Ann Allen (AA)
Pauline Mills (PM)

In attendance: Liz Petrie (LP)
Caroline Whyteside (CW) (part meeting)
Colin Proctor (CP) (part meeting)
Ivan McKee (IM), Minister for Business Trade Tourism and Enterprise,
Scottish Government (part meeting)
Katherine White (KW), Deputy Director Infrastructure Investment Division,
Scottish Government (part meeting)
Melissa Smith, Scottish Government (part meeting)

FORMALITIES

1 Apologies

Apologies were noted from AA and PM.

2 Declaration of Directors' interests

The Directors' register of interests was noted.

No interests were highlighted in relation to the meeting agenda.

3 Minute of previous meeting

The minutes of the meeting of the Board of Directors of 21 March 2022 were noted and approved as a correct record.

4 Action tracker

Completed actions and timescales for ongoing actions were noted.

PR advised that a new Senior Associate Director – Legal has now been appointed, and will take up the position in the summer. The appointee will take forward the programme of

actions in respect of internal legal advice (Item1 on the tracker) and will report to the Board in due course.

PR highlighted the allocation of workstreams to Board members for the current year and noted that only three workstreams had not been allocated. An allocation of the remaining workstreams was agreed.

PR confirmed that the first report against the 2022-23 business plan activities will be brought to the Board in June and will reflect the position at the end of May 2022.

DISCUSSION

5 Business Context

There was a brief review of the presentation to be made to the Minister for Business, Trade, Tourism and Enterprise under Item 11.

6 Business Area Strategy

CP joined the meeting for this item.

CP described the work and ambition of the Construction Industry and Delivery business area, comprising the workstreams of 'Improving Delivery', 'Infrastructure Technology' and 'hub'. CP outlined the mission to be a centre of expertise working across the Scottish public sector to support the improved delivery and performance of public sector social infrastructure.

CP further described the activities for the coming year of setting up projects for success; developing an information golden thread for project delivery and asset management; transforming the value of consultancy; improving construction quality; progressing an Edinburgh Homes Demonstrator Programme for off-site manufacturing for affordable homes; and developing digital twins. The Board discussed some of the challenges within the business area including achieving the balance between putting tools and guidance in place and supporting implementation. CP described the project delivery support being provided by the team for the crucial early stages of project development. CP confirmed that the progress made in the year will be articulated and demonstrated through the outcomes reporting.

The Board discussed the Construction Accord, noting that it is not yet signed-up, and discussed and agreed its significance in moving forward with the transformation agenda which it establishes.

The Board further discussed the impact of rising inflation across all projects and all delivery routes and PR highlighted in particular the implications for achieving net zero targets.

MONITORING

7 Business Plan Objectives: End of Year Report 2021-22

The Board noted the report describing the significant progress against each of the 45 objectives laid out in the 2021-22 business plan. PR advised that 41 of the 45 objectives

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were fully completed and of the remaining four, only one is considered to be significantly below target.

PR advised that while it had been expected at the time of setting the objectives that SFT would have a significant role in the development of secondary legislation to implement the provisions of the Heat Networks (Scotland) Bill, the Company's input has been limited whilst Scottish Government continues to build its own team to lead the work with future SFT support expected on narrower, more specific areas.

PR further described evolving roles and changing areas of responsibility in working with Scottish Government's Digital Connectivity Division which has led to a more limited role in relation to the development of the approach to gigabit capable rollout and objective 25 not being fully completed.

PR also highlighted that there had been an ambitious target to fully deliver six co-location projects within the year and while strong progress has been made only two were occupied at the year end.

The Board further noted the re-prioritisation of internal resource which has led to the ambition for developing an outline strategy for the role of data across the built environment not being progressed to the extent targeted at the beginning of the year.

The Board discussed lessons learnt from the review of the 2021-22 business plan and agreed that the organisation should be agile and prepared to move away from work where partner resourcing constrains SFT's activities.

The Board further acknowledged the significant successes across the business in the past year and asked that PR convey their appreciation of the work undertaken to all staff.

PR to communicate the Board's appreciation of success against the business plan to all staff.

8 Key Deliverables: End of Year Report 2021-22

The Board noted the report summarising progress against the eight key deliverables for the year ended March 2022. PR highlighted the strong performance of the hub programme in securing pipeline as well as the sound performance of the portfolio of DBFM investments.

PR described the different stages reached in each of the delivery programmes where the Company has had a programme management or support role in the year and confirmed that all programmes have performed well through the year.

The Board noted the challenges in developing long-term innovative funding and financing models for the decarbonisation of heat, vehicles and digital infrastructure, including the redistribution of roles and reprioritisation within the year, and discussed the ongoing challenge of how to make policies investable.

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PR highlighted the publication in the year of the Net Zero Standard for Public Buildings and how this is being applied in cross-workstream activity, both in the Learning Estate Investment Programme and on hub projects. PR advised that six Green Growth Accelerator pathfinder projects are being progressed and highlighted the significance of the £120k funding to support business case development to enable early progress.

PR further described the wide range and geographical stretch of projects where the Company has supported investment opportunities, place programmes and co-location projects in the year.

9 Finance Report

The Board noted the Finance Report summarising the financial position for the SFT Group for the year ended 31 March 2022.

CW highlighted the forecast underspend of £96k and advised that this includes a reduction in the forecast holiday pay accrual. The Board further noted the reasons for handback of core grant and additional payment to the pension fund in the year and CW advised that for the coming year budget will be allocated earlier and improved processes introduced to identify any underspend at an earlier stage.

The Board welcomed the detailed update on grant letter monitoring included in an appendix to the report and noted the summary of consultancy and advisory spend in the year. The Board noted the significant work being carried out by Farrpoint to support the Digital workstream objectives in the year and requested confirmation of Farrpoint's turnover.

Board to be advised of Farrpoint's turnover.

CW further highlighted the additional pension contributions made in recent years and the Board agreed them to be reasonable given the pension liability of £7.5m.

10 Corporate Services Report

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

The Board noted and discussed the summary of results and high level actions from the recent Employee Opinion Survey. CW confirmed that results varied across different teams in the Company and highlighted that leadership team members will be reviewing individual team results. The Board asked for confirmation on whether or not results across different teams were consistent with the previous survey in 2020.

CW to confirm comparison across teams between the 2020 and 2022 surveys.

CW highlighted that the Company was awarded Cyber Essential Plus accreditation in March 2022, following external technical verification of its IT systems.

DISCUSSION

11 Discussion with Ivan McKee, Minister for Business, Trade, Tourism and Enterprise

IM, KW and MS joined the meeting for this item.

The Board directors gave a short presentation outlining SFT's commitment to progressing its three corporate priorities of driving inclusive economic growth, enabling the transition to net zero and building resilient and sustainable places. IM welcomed their alignment with the IIP priorities and national outcomes.

Wide-ranging discussion took place including on the importance of collaboration and the need for investment in that collaboration. There was discussion of the recent challenges of collaborating across industry and the public sector on the development of the Construction Accord and IM acknowledged PR's leadership on this to date. There was agreement on the long-term benefit of the Construction Accord and the importance of achieving sign-off in early course.

Discussion took place on the Company's role in joining up financing and delivery and the challenge of making policies investable, particularly in relation to net-zero ambitions. PR highlighted the success of programme approaches and their potential to generate economies and develop markets in areas such as heat networks and net zero affordable homes. The Company's capabilities in both programme delivery and funding and financing were also noted and discussed.

It was noted that discussions continue on the formation of a Scottish National Infrastructure Company together with the SFT's willingness to support the development with Scottish Government's Infrastructure and Investment Division.

IM outlined a key priority of achieving a more coherent public sector estate strategy and the importance of co-location was acknowledged. SFT's long-standing work and ambition in this area, including actions across both the central and local estate were highlighted.

The breadth of the Company's activities across Scottish Government portfolios was acknowledged together with their connection and inter-dependence to achieve shared outcome priorities. It was noted that nearly 50% of the organisation's funding comes from other portfolios. There was recognition of the importance of stabilising funding arrangements through the spending review discussions in order to develop and retain the experienced specialist staff on which the Company's work depends.

IR thanked IM for meeting with the Board and looked forward to following up on matters raised and future discussions.

NOTING

12 Public Inquiry

PR provided an update on the timetable and arrangements for the Scottish Hospitals Public Inquiry. The Board noted that hearings are scheduled for the three weeks commencing 9

May 2022 and PR advised that he is to give evidence to the Inquiry on 19 May. PR confirmed that he would circulate a note on Inquiry proceedings as relevant and that communications monitoring and planning is in place.

13 AOB

The Board discussed the meeting with the Minister and agreed that a letter of thanks from the Chair should be drafted and issued.

PR to draft letter to the Minister.