
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 14 November 2022

Place: Clydebank Health and Care Centre, Queens Quay, Clydebank, G81 2TQ

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

Apologies: none

In attendance: Liz Petrie (LP) (minutes)
Caroline Whyteside (CW)

FORMALITIES

1 Apologies

There were no apologies.

2 Declaration of Directors' interests

No new interests were declared and 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 20 September 2022 were noted and approved as a correct record.

4 Action Tracker

Completed actions and timescales for ongoing actions were noted.

The Board was advised that the relaunch of the SFT Outcomes website is now due to take place on 17 November 2022 and asked that directors be included in the launch circulation.

Outcomes publication launch to be circulated to board directors.

DISCUSSION

5 Context Discussion

PR led discussion on the landscape within which the Company is operating, highlighting in particular current budget uncertainty pending the Scottish Government budget in December and substantial levels of inflation.

PR described the cumulative effect over the past two years of construction materials inflation and net-zero related requirements resulting in cost increases on project budgets, leading to a requirement to reprioritise projects.

PR highlighted that a consultation on Heat in Buildings will be carried out by Scottish Government in 2023 and the Board discussed the challenges of financing heat decarbonisation and the achievability of the current targets. PR highlighted that the Committee on Climate Change is due to make a report to Scottish Government in early December.

MONITORING

6 Workstream Activity Report

The Board noted the report setting out progress against business plan activities as at the end of September 2022, highlighting milestones achieved in the period, risks to the achievement of planned milestones and milestones which will not be achieved or have had to be altered.

PR described the high level strategic risk across the business of constrained resources in Scottish Government and public sector organisations to progress infrastructure related activity. PR further highlighted the emerging recessionary environment deterring investment and specific challenges in some sectors such as the rent freeze on investment in housing.

The Board was advised that there has been no decision to use the Mutual Investment Model [REDACTED] and discussed how this could impact the achievement of the Scottish Government's National Investment Mission. PR advised that SFT has been invited to facilitate a funding and financing workshop for members of Scottish Government's Infrastructure Investment Board.

The Board noted the continued work with Transport Scotland on the commercialisation of electric vehicle charging points and discussed the challenge of drawing private investment into Scotland for charging points while some Local Authorities continue not to charge for public-charging points.

PR highlighted the changes in the Digital Infrastructure team and activity in the first half of the year and advised that discussions are underway with Scottish Government on the longer term focus of SFT activity in this area.

The Board was advised the Construction Accord was launched in mid-October and consideration is being given to resourcing within the Improving Delivery workstream to support future Accord-related activity as well as replacement resource to support areas of work carried out by a team member who left the Company in September.

[REDACTED]

In relation to risks to hub activities, PR advised that additional budget has been allocated to take forward the 'Time-2-Pay' portal and it is expected that this will allow progress to be made by the year end

The Board noted that following changes in both the SFT and Scottish Government teams, the Company's future role on asset strategy on the central Scottish Government estate is under discussion.

The Board noted the progress on disposals by the Land team and acknowledged that the emerging recession could impact projected receipts.

7 SFTi Update

The Board noted the report on SFTi investment performance and the outlook for the hub companies which in the context of growing challenges of construction inflation and tighter financial settlements for the public sector, the SFTi Board had requested be brought to the SFT Board within the six month period between the SFTi meetings.

The Board noted and discussed the cashflows for each of the five hub companies, comparing the reported position in September 2022, the current forecast and the 'secured projects only' downside sensitivity. [REDACTED]

[REDACTED]

The Board noted that the viability and solvency of all companies will continue to be closely monitored and any material issues brought to the attention of the SFTi Board. The Board welcomed the longer-term planning for the programme described in the workstream activity report to manage the future of the programme.

8 Public Inquiry

PR provided an update on the Scottish Hospitals Public Inquiry. He advised that the Inquiry is now scrutinising the procurement phase which will involve further input of SFT time and resource.

9 Finance Report

The Board noted the report outlining the financial position for the six months ended 30 September 2022 with an updated, current year-end forecast as at 4 November 2022. The Board noted that the current forecast is that the annual budget will be fully spent. CW described how areas of underspend had been offset including the allocation of additional advisory budget to work streams in early November supported by business cases.

CW highlighted that there remains a potential underspend on the digital workstream's ringfenced budget and advised that discussions with the SG Digital directorate are ongoing to resolve this.

The Board was further advised that the Statutory Instrument has now been passed which puts SFT on the list for the Auditor General for future external audits.

10 Corporate Services Report

The Board noted the report covering human resources, communications, information technology, office management and legal.

CW highlighted that, following questions raised at previous meetings, the reasons for staff leaving had been added to the report and information on the number of employees qualifying for a low emission car allowance included.

CW further highlighted that the IT manager is due to leave the Company in January and with completion of the Cloud First programme expected in the coming months, consideration is being given to rescoping the role. It was further highlighted that a scheduled review and test of the Business Continuity and Disaster Recovery Plans is due to take place following completion of the Cloud First programme.

The Board was advised that the business case relating to the office lease break in 2023 is under further review with options to move to within the Scottish Government-owned estate being given further consideration. The Board discussed the impacts of moving and agreed that the business case should take into consideration both the purpose and culture of the organisation. The Board agreed that a move to a core Scottish Government building such as Victoria Quay with poor transport connectivity would not support this purpose.

11 Annual Reviews

Key Governance Matters

The Board noted the report on key governance matters.

The Board noted the annual update on Freedom of Information and Environmental Information (Scotland) Regulations requests received in the year. Eight new requests were received in the year and there had been no appeals.

The Board noted the renewal of insurances, including Directors' and Officers' Liability for the current year together with associated costs.

The Board endorsed the policy on gifts and hospitality, and noted the sample gifts and hospitality register for the current quarter, commencing 1 October 2022.

Programme Board Terms of Reference

The Board noted the Terms of Reference relating to programme boards where SFT is responsible for the secretariat: the National hub Programme Board; Learning Estate Investment Programme Board; Electric Vehicle Infrastructure Fund; and the Green Heat Finance Taskforce.

The Board noted that a new Transformation Board to be chaired by SFT's chief executive is being established to develop and deliver the Transformation Action plan under the Construction Accord and terms of reference are being developed.

DECISION

12 SFT Group Board Governance

The Board noted the report reviewing its Statement of Reserved Powers and Board Committee Terms of Reference.

The Board reviewed recommended changes to the Statement of Board Reserved Powers in three principal areas: to reflect the adoption of the Framework Document; to include recommendations from the internal auditor's review of governance in September 2022; and to clarify the process for sub-delegation of authority and power by the Chief Executive.

The Board agreed the revised process for sub-delegation by the Chief Executive as laid out in the updated Statement with the Group Audit Committee to review all delegations annually. The Board requested that in addition, the Chair of the Board and Chair of the Audit Committee be advised by email of any delegations at the time the delegation is made. It was agreed that this process need not be added to the Statement itself.

CEO delegations to be copied to IR and GW at time of delegation.

The Board agreed the recommended changes to the Statement including its revised title of 'Statement of Board Membership and Reserved Powers'.

The Board noted that the Group Audit Committee Terms of Reference had been reviewed by the Committee in August 2022 with changes recommended to reflect the move from an internal 'controls' function to an internal audit function. The Board approved the revised Terms of Reference.

13 Adoption of Framework Document

The Board noted the report highlighting a change to the Framework Document since its submission to the Board in September 2022 as agreement to exclude mention of Pay Policy had not been reached. The Board noted the short statement included: 'SFT's inclusion within SG Pay Policy remains under discussion with a view to agreeing an approach which aligns with the organisation's purpose'.

GW highlighted the reference to income generation within the Framework Document and PR advised that this would be considered within the 2023-24 business planning process.

The Board confirmed approval of the Framework Document in its final form and noted that the Framework Document remains subject to approval by Scottish Government.

15 SFT Corporate Planning

The Board noted the report providing an update on the development of the next Corporate Plan.

The Board noted and discussed the requirement under the Framework Document for a Corporate Plan approved by Scottish Ministers and agreed that the Company should, as previously, aim to produce a 5-year plan. The Board further agreed the proposed high-level timetable whereby the next 5-year plan covering the period 2024-29 should be in place by the end of March 2024 and be used as the basis for 2024-25 business planning. The Board acknowledged that to achieve this planning would need to take place in the first part of calendar year 2023 and a full draft plan established by the end of 2023.

The Board noted that the Corporate Plan will require to address SFT's role within the landscape of central infrastructure-related organisations in Scotland. The Board acknowledged and discussed the current uncertainty around the organisational landscape including the potential for a Scottish National Infrastructure Company and the development of the National Public Energy Agency. The Board discussed the challenge of developing a corporate plan and engaging with stakeholders without greater certainty on the future organisational landscape.

The Board agreed that the first stage in the development of the Corporate Plan should be to agree its position in the organisational landscape. It was agreed that prior to any external engagement, SFT and Scottish Government should agree either a base-case organisational landscape or a process for wider engagement on the landscape. PR was asked to consider a deadline for SFT/Scottish Government agreement on a base-case organisational landscape which would allow corporate planning to proceed to the required timetable.

PR to consider a deadline for SFT/Scottish Government agreement on a base-case organisational landscape.

The Board further agreed that the Company should develop its own view of where it should be in the organisational landscape and where it can best add value and requested that PR bring an update to board meeting in January 2023.

PR to bring update to January board meeting.

The Board further noted the paper setting out an approach to improve outcomes and enhancing and accelerating infrastructure investment. PR advised that he would be happy to speak with directors on the paper. The Board agreed the next steps for the Executive of engaging with Scottish Government and Ministers on the proposals developed as well as developing the Company's own view of where it can add best value.

**19 NOTING
AOB**

The Board noted that this would be AA's final meeting and on behalf of the Board the Chairman thanked AA for her great contribution to the Board and the organisation both during and between meetings over the past four years.

IR provided an update on the recruitment of board directors. He advised that it is being recommended that three directors be appointed. IR thanked PM for her work and strong contribution to the recruitment process.

The Board noted that the date of its scheduled meeting in May 2023 is to be a public holiday for the King's Coronation and recommended that the meeting be moved to Tuesday 9 May 2023 if convenient in diaries. LP to check availability for the change of date.

Availability for change of date of May 2023 to be checked and meeting rescheduled.