

SCOTTISH
FUTURES
TRUST

BUSINESS PLAN 22/23



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INCLUSIVE GROWTH



NET ZERO



SUSTAINABLE PLACES



Contents

Introduction	2
Corporate Priorities	4
Improving Outcomes	5
Our Organisation	10
Leadership Team	10
Our People	11
Board and Governance	11
Vision and Values	11
Our Workstreams	12
Our Budget	29
Summary	30

Introduction

I am pleased to present the Scottish Futures Trust's 2022-23 Business Plan in which we set out how we will work with our partners to improve economic, environmental and social outcomes from infrastructure across Scotland.

We are an infrastructure centre of expertise which does all of its work through collaboration with partners across the private and public sectors. Our industry partners range from investors, infrastructure operators and property developers, through to designers, constructors and those involved in maintaining and enhancing Scotland's public sector buildings and assets. We want these businesses to be successful and profitable, committed to Scotland and well equipped for the future, offering rewarding jobs to a diverse workforce that deliver quality products and services to their customers.

Our public sector partners include Scottish Government along with its agencies and central bodies as well as local authorities and regional organisations. We want them to have long-term plans and effective delivery mechanisms for innovative and sustainable investment in new and existing infrastructure assets which underpin their wider organisational aims and create vibrant places across Scotland.

Our activities are targeted towards progressing the ten infrastructure-related outcomes agreed in our 2019-24

Corporate Plan which are linked to Scotland's National Performance Framework and the UN Sustainable Development Goals. These outcomes require action across all infrastructure sectors, asset owners and lifecycle stages. We report progress annually in our Outcomes Report which includes quantitative indicators and a range of case studies.

To make progress we must organise our activities to align with those sectors, owners and stages but with a relentless focus on recognising interconnectedness and joining up activities to improve outcomes. Our expert teams are organised into 14 workstreams, each with its own focus of activities as set out in this Business Plan, and with a shared underlying culture of collaboration both within and outside the organisation.

Each team progresses its work with partners to deliver activities aligned with our agreed outcomes, making sure that they address each of our three corporate priorities, shared with the Scottish Government's Infrastructure Investment Plan, of delivering inclusive economic growth, enabling the transition to net zero emissions and environmental sustainability and building resilient and sustainable places.

It is the individual infrastructure expertise of our team members, drawn from across professional backgrounds and with

experience from across the public and private sectors, together with our unique organisational structure and positioning, that enable us to deliver the outcomes we were established to pursue for Scotland.

As individuals and organisations, we are emerging from two years of necessary focus on the pandemic to a time where despite geopolitical uncertainties there are opportunities for economic and net-zero transformation. Our talented team members have shown great flexibility and resilience throughout, as have those working across the many organisations we work.

I'd like to recognise and celebrate their collective contributions as we move into this new year of opportunity, and to thank our many partners who fund our activity and who choose to work with us.

Together, we work towards our vision of World Class Infrastructure for the People of Scotland.



Peter Reekie
Chief Executive

Corporate Priorities

Taking into account the long-term trends of climate emergency, digitalisation and demographic change, as Scottish Government's independent centre of infrastructure expertise, we have the following three corporate priorities:

- > Enabling the transition to net zero emissions (focus on leading the way with coordinated decarbonisation of public sector assets to catalyse necessary industry transition)
 - > Driving inclusive economic growth (focus on delivering additionality of investment and accelerating appropriate development activity in current economic context)
 - > Building resilient and sustainable places (focus on showing leadership in the shift to collaborative and place-based ways of working)
-

Improving Outcomes

International Outcomes

The *United Nations Member States' 17 Sustainable Development Goals* were adopted in 2015. Those Goals recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth. They explicitly seek to balance social, economic and environmental stability and prioritise progress for those who are furthest behind.

National Outcomes

In support of the 17 Goals, Scottish Government developed its *National Performance Framework* (NPF) to describe the kind of Scotland it wanted to create. The NPF contains 11 national outcomes which underpin Scottish Government's purpose and are tracked through 81 indicators.

Infrastructure has a key role in underpinning these outcomes, in particular by addressing the climate emergency which Scotland acknowledged in 2019 and more recently, supporting the post pandemic economic recovery.

Infrastructure Priorities

In its *2021-26 Infrastructure Investment Plan*, Scottish Government highlighted three infrastructure themes and outlined that future infrastructure investment would be prioritised where positive outcomes would be created over more than one theme.

We have embraced those themes shown in bold below, and taken them as our corporate priorities with a specific organisational focus shown in italics:

- > Enable the transition to net zero emissions (focus on leading the way with coordinated decarbonisation of public sector assets to catalyse necessary industry transition)
 - > Drive inclusive economic growth (focus on delivering additionality of investment and accelerating appropriate development activity in current economic context)
 - > Build resilient and sustainable places (focus on showing leadership in the shift to collaborative and place-based ways of working)
-

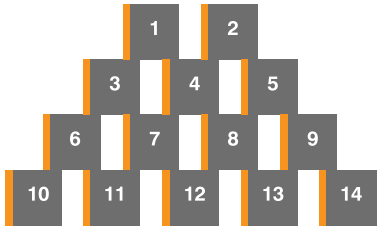
The need to transition urgently to net zero emissions is a global challenge which is increasingly joined in the energy sector by the other challenges of security and affordability. Scotland shows great leadership in the transition to net zero and driving alignment between the energy challenges brings an opportunity for economic growth across the country with new technologies and industries, and through the jobs created by adapting our existing built environment to a net zero world.

Increasingly we are seeing climate change drivers bring all our three corporate priorities together to do what is necessary for the environment, whilst maximising the opportunities for Scotland's economy and finding solutions which work fairly across our diverse nation of people and places.

Organisational Outcomes

World class infrastructure for the people of Scotland

14
Workstreams of Activity



progressing

10
Infrastructure Outcomes



contributing to

National Outcomes

To create a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth

3
National Infrastructure Priorities



underpinning

11
National Outcomes



aligned with

International Outcomes

End poverty, protect the planet and ensure all people enjoy peace and prosperity

17
Sustainable Development Goals



Infrastructure Outcomes

Our work is underpinned by a strong and aspirational vision which is shared among everyone across the organisation:

‘World-class infrastructure for the people of Scotland’

To expand on what success would look like, and in support of Scottish Government’s NPF ambition, when we published our [2019/24 Corporate Plan](#) we highlighted ten infrastructure outcomes where our work would be focused:

1. We have a clear picture of Scotland’s future economic and social infrastructure needs
 2. There is improved coherence, pace and placemaking across major private commercial, industrial and housing development
 3. Infrastructure investment is sustainable and affordable with an increased use of innovative funding and financing approaches
 4. Internationally mobile capital is drawn in to invest in projects and places across Scotland
 5. Programme and project procurement and delivery is effective, with highly skilled teams deployed where they are needed
 6. We have a vibrant, innovative construction industry with increased productivity delivering well designed, high-quality products and fair work
 7. Public asset condition and performance is improved through more effective whole-estate management and maintenance
 8. The public asset portfolio is effective and place-based, driving collaborative service transformation with underutilised public assets re-deployed to meet other policy Activities or divested to stimulate economic activity
 9. We have innovative technology-enabled construction, asset management and usage optimisation at a place, portfolio, and network level as well as for individual assets
 10. Infrastructure-related carbon dioxide and other greenhouse gas emissions are reduced, supporting Scotland’s transition to a low carbon economy
-

These outcomes help guide our long-term thinking. They are aligned with the three themes and the infrastructure hierarchy promoted by the *Infrastructure Commission for Scotland* which are also at the heart of Scottish Government's 2021-26 Infrastructure Investment Plan and form our own three corporate priorities.

To help demonstrate the progress we and our partners are making towards our ten outcomes we created an *Outcomes website* holding over 70 individual case studies. They showcase the difference infrastructure is making to communities across Scotland and will be updated annually for the duration of this 2019/24 Corporate Plan period.

Our Organisation

OUR LEADERSHIP TEAM

Operationally, we are led and managed by our Leadership Team, each of whom is a recognised expert in their own field. The team provides collective leadership and strategic oversight across the organisation to drive forward our work and deliver our outcomes.

Peter Reekie
Chief Executive

Peter was previously deputy chief executive and director of investments at SFT before being appointed chief executive in December 2017. Peter sits on SFT's Board.

Kerry Alexander
Director, Infrastructure Finance and Programmes

Kerry is responsible for SFT's work on the design and delivery of programmes of financed infrastructure investment and covers the following workstreams:

- > Innovative Finance
- > Net Zero Buildings
- > Net Zero Transport
- > Learning Estate
- > Digital Infrastructure
- > Operational Contract Management

Colin Proctor
Director, Construction Industry and Delivery

Colin's areas of responsibility include improving project delivery and infrastructure technology and is responsible for the following workstreams:

- > Improving Delivery
- > hub
- > Infrastructure Technology

Tony Rose
Director, Strategy, Place and Economy

Tony is responsible for SFT's activity across infrastructure strategy, place and economy, covering the following workstreams:

- > Asset Strategy
- > Land
- > Place, Housing and Economic Investment
- > Infrastructure Strategy

Caroline Whyteside
Director, Corporate Services and Investments

Caroline is responsible for corporate services and finance that includes SFT's investment company, SFTi.

OUR PEOPLE

Developing the right teams of people is critical to the success of any business and over the years we have attracted specialists drawn from public and private sector backgrounds, who have a wide range of technical, commercial and financial skills.

The organisation is supported by our Corporate Services team providing support and expertise to the rest of the organisation to facilitate our work and operations on matters of finance, human resources, information technology, communications as well as office management and administration.

OUR BOARD AND GOVERNANCE

SFT is a limited company, operating as a non-departmental public body owned by Scottish Government with our activities overseen by the Minister for Business, Trade, Tourism and Enterprise.

We are directed by an experienced Board made up of a non-executive chairman, four non-executive directors and SFT's chief executive.

The Board also oversees SFT investments (SFTi) which is a subsidiary of SFT and is our investment company that manages the financial interests we have in our five hub companies, associated project companies and affordable housing partnerships.

OUR VISION AND VALUES

In working towards our vision of world class infrastructure for the people of Scotland and collaborating with organisations and individuals across industry, central and local government, to improve infrastructure outcomes, everyone at SFT shares four strong values:

- > **Bold** - Believing in what we do, with commitment and courage to enable successful outcomes
- > **Collaborative** - Sharing knowledge, experience and working in partnerships to achieve more for Scotland's communities
- > **Dynamic** - Accelerating positive outcomes by promoting innovation and being a catalyst for change
- > **Ambitious** - Striving to excel and inspire by raising expectations

These values can be clearly seen throughout this Business Plan where each workstream has outlined their priorities for the year ahead together with their specific business activities.

Our Workstreams

We are a compact and tight-knit organisation with a first-class team of over 70, spread across 14 distinct but interlinked infrastructure workstreams. The benefit of this scale allows for greater co-operation and collaboration, not only within our teams, but across multiple workstreams and just as importantly, with our numerous external partners.

This truly collaborative working approach not only helps provide greater certainty of project success, but also ensures our corporate priorities flow through all of our work.

To make it as easy as possible to find the information you are looking for, we have listed all our workstreams alphabetically, as follows:

- > Asset Strategy
 - > Digital Infrastructure
 - > hub
 - > Improving Delivery
 - > Infrastructure Strategy
 - > Infrastructure Technology
 - > Innovative Finance
 - > Land
 - > Learning Estate
 - > Net Zero Buildings
 - > Net Zero Transport
 - > Operational Contract Management
 - > Place, Housing and Economic Investment
 - > SFT Investments
-

Asset Strategy

Our Asset Strategy team is supporting Scottish Government deliver its asset strategy ambitions as set out in its 2021/26 Infrastructure Investment Plan (IIP).

In particular, the team is working with public sector organisations on the development of their asset strategies with an emphasis on the practical application of the IIP's investment hierarchy to guide future decision making.

The Asset Strategy team's recent focus on the promotion of smarter working practices for more effective and efficient estates has meant many more organisations have been able to respond well to the pandemic. Looking forward and working in collaboration across numerous public bodies, we are setting out a route-map towards a blended, future-focussed hybrid office estate which builds on learning from the impact of COVID-19 on distributed working.

The team works in rural, town, and city locations across Scotland on programmes, projects, and initiatives to progress the culture, practice, and benefits of place-based and the collaborative use of public buildings.

We seek leadership commitment to change with a clear governance framework to support change in practice. Success is where communities are stronger, agile and more resilient with greater

choices supported by a more joined-up, more enabling, and efficient public sector estate.

Workstream Activities:

- > Take forward a programme of work with the Scottish Government to support the public sector in embedding Infrastructure Investment Plan guidance on best practice in asset strategy and use of its 'investment hierarchy'.
- > New Frontiers for Smarter Working (NFSW) programme will continue with its guidance and co-ordination role of engagement across the wider public sector as the public sector looks to re-establish its workplace post-pandemic.
- > Support the delivery of a range of transformational change initiatives including estate asset plan and business cases development across a range of Scottish Government and public body organisations.
- > Maximise the collaborative use of public sector property assets at rural, town and city contexts by providing strategic guidance, assurance and support to change programmes and projects.

Digital Infrastructure

Our focus is to facilitate opportunities to enhance digital infrastructure investment and its delivery throughout Scotland and use our programme management skills to support delivery.

This requires a high degree of collaboration across industry, academia and local authorities to identify business and 'use cases' to enable future digital infrastructure initiatives.

During this financial year, the team will build on the ongoing success of the Scottish 4G infill programme to provide 4G coverage to many more rural communities.

The team will also deliver the Infralink Exchange project to demonstrate an operational Digital Connectivity Infrastructure Accelerator data platform that promotes an approach to productising public sector assets. This will be developed in collaboration with Dundee, Angus, Fife and Perth & Kinross local authorities to focus on improving digital connectivity together with mobile network operators who can deliver it.

In addition, the team will continue to lead and support the delivery of the actions underpinning *Scottish Government's Green Datacentres and Terrestrial International Connectivity Vision and Action Plan*, collaborate with the Scotland 5G Centre and support Scottish Government's Digital Connectivity Division to continue to develop future-proofed policy ambition.

Workstream Activities:

- > Project manage Scottish Government's S4GI programme to completion in March 2023. Continue to use the delivery of this programme as a catalyst to engage with industry, local authorities, academia, UK and devolved governments to promote and evolve the deployment of future proofed mobile infrastructure including maximising links to the UK government Shared Rural Network programme.
- > Support, and where appropriate lead, the delivery of an agreed set of actions underpinning Scottish Government's Green datacentres and digital connectivity: vision and action plan for Scotland to encourage new investment in green sustainable Scottish data hosting facilities and fibre connectivity.
- > Support innovation and knowledge sharing in respect of future 5G deployment and application development via continued support and promotion of the Scotland 5G Centre coupled with the delivery of the UK grant funded Infralink-Exchange project.

hub

The hub programme is an established route for delivering community infrastructure projects.

Given its reach and maturity it is also a natural vehicle for developing and growing approaches to good practice and innovation to raise sector performance.

70% of public sector organisations in the programme are active participants. The programme has delivered over 120 education and 80 healthcare facilities, 20 housing projects and numerous other civic facilities. One Territory will soon reach 500 new affordable homes. Supply chains serving hub are extensive with nearly all major Tier 1 contractors active in Scotland involved. 80% of hub work is delivered by Scottish SMEs.

The opportunity exists to grow the impact of the programme at project level within the five hub territories covering the whole of Scotland and across sectors. Adopting a strategic approach to change across the programme can reach a large proportion of the construction sector – both client side and supply side.

While the team managing the hub Programme will continue to grow its output, there will be a key focus this year on enhancing performance improvement which will impact through the project life cycle; for example, on improving briefing – towards service-led, community-wide, placed-based approaches, cost management, construction quality, payment through the supply chain and fair work practices.

Workstream Activities:

- > Continue to support the operation of the hub Programme, enhancing programme assurance activities, and dissemination of shared learning and impact.
 - > Encourage and provide support across the programme on delivering performance improvement, focussing on briefing, cost management, construction quality and payment through the supply chain.
-

Improving Delivery

Our Improving Delivery team is focused on supporting the delivery of improved outcomes for the construction industry and delivery of improved infrastructure that contributes to resilient sustainable places, and an inclusive net zero carbon economy. We are developing and delivering innovative industry initiatives that support the public sector and industry to operate effectively and efficiently and improve asset performance.

There is a renewed level of activity in the construction marketplace as we recover from the impact of the pandemic. The sector is also preparing itself for the opportunities ahead on climate change and is adopting a positive and organised approach to tackling the barriers to delivering a more resilient and productive sector.

As a centre of expertise, we are playing a key role in this arena at a national, organisational, thematic, sector, programme, and at project level with a focus on improving delivery and asset performance.

Our team is scaling up initiatives that will improve approaches to setting up projects for success; in areas such as construction quality and procurement, and work on developing the market in Scotland for offsite manufacturing for new housing.

Scotland's Construction Accord will establish a new dynamic framework for collaboration for all the Scottish public sector and the construction industry and we look forward to playing our part in making that a success.

Workstream Activities:

- > Progress with partners the work on developing and implementing national construction sector change initiatives.
 - > Work with partners to support the establishment of multi-organisation construction quality improvement initiatives.
 - > Continue the development of work to support partners with setting up projects for success.
 - > Support and enable partners in the Southeast regional housing collaborative to develop new approaches for the delivery of new affordable homes focussing on the increased use of off-site construction and continue to support the development of a national approach.
-

Infrastructure Strategy

Our Infrastructure Strategy team is providing Scotland's public sector with support and expert advice to help shape Scotland's long-term strategic infrastructure needs.

Following the completion of the Infrastructure Commission for Scotland's (ICS) work, which we provided dedicated support to, we have turned our efforts to implementing many of the recommendations that were published by the ICS in its two reports.

A response to those key recommendations is included in Scottish Government's 2021-26 Infrastructure Investment Plan, with their implementation involving a number of our workstreams.

With our focus on Scotland's long-term strategic infrastructure needs, our Infrastructure Strategy team is engaged in supporting the ambition of creating an improved decision-making framework for future infrastructure investment. The framework will be strongly based on evidence of impact and reflect Scottish Government's and our own infrastructure priorities of, driving inclusive economic growth, enabling the transition to net zero and building resilient and sustainable places.

Workstream Activities:

- > Support the establishment of a systematic evidence-based approach to national infrastructure investment decision-making.
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Infrastructure Technology

Our Infrastructure Technology team acts as a centre of expertise in digital and data management working across the public sector and industry sectors in the built environment.

For the year ahead, within the planning and construction phase of developing assets, we will continue to focus on a national approach to the information management and modelling of our built environment. This will create the platform for digital change across Scotland's construction sector, supporting a range of improvements in programme and project delivery. We will develop a new standard for digital information at building handover that aims to create the right conditions for successful future operation and maintenance. We will also work with partners to develop enhanced approaches to 3D visualisation within the planning process, supporting the development of a world class digital planning system.

With a focus on the operational and management stages of our public sector estate, we will lead the development of capabilities in digital twin technologies to enable better use of our existing infrastructure, improved usage optimisation and meet our net zero targets through digital and data-led insights.

And we will continue to facilitate shared learning across the public sector to enable a new digital and data capability within the built environment, to deliver improved performance and outcomes.

Workstream Activities:

- > Maintain leadership and continue to provide support to implementation and scaling of digital and data led strategies and solutions within the planning, design, and construction stages of projects.
 - > Maintain leadership and continue to provide support to implementation and scaling of digital and data led strategies and solutions within the operational and maintenance phase of assets.
-

Innovative Finance

The Innovative Finance team seeks to draw in additional private sector capital into infrastructure to drive higher inclusive economic growth, to accelerate the transition to a net zero carbon economy, and to help meet Scottish Government's National Infrastructure Mission of an extra 1% of GDP invested into infrastructure per annum by 2025.

Government policies, especially those driving decarbonisation and digitalisation will require new classes of infrastructure, and substantial interventions in privately owned infrastructure and buildings as well as spending on public assets. Our work looks across infrastructure sectors and seeks to create investable propositions for public, private and blended investment into Scotland's future infrastructure needs with the necessary revenue streams, which will be required by investors to deliver repayments, identified and allocated.

Some of this will be delivered by our team working with public sector bodies to consider Mutual Investment Model (MIM) projects should government decide to use this delivery route for publicly funded infrastructure.

Working in conjunction with the Net Zero teams, some will require the team to work with public and private sector stakeholders to identify reliable commercial income streams such that more investible propositions can be brought forward in emerging sectors of the economy such as decarbonised heat and transport.

It may also be possible to drive additional investment through existing, well understood, financing models with established user income streams such as the Regulatory Asset Base both in existing sectors such as electricity, gas, and telecoms and potentially in new sectors for the energy system of the future consistent with net zero.

Workstream Activities:

- > Develop and support long term innovative funding and financing models to mobilise greater private capital towards priority areas of future infrastructure especially those to support the transition to net zero and where appropriate, MIM.

Land

The Land Team will continue to work with public bodies on strategies for the sale and reuse of surplus assets providing financial returns to the public sector whilst also helping deliver priority agendas around place, inclusive economic growth, housing and Scottish Government's investment hierarchy as set out in its 2021-26 Infrastructure Investment Plan.

We will focus on the existing pipeline of surplus assets as well as work with public sector bodies (in particular NHS Boards, the College sector and Police Scotland) to encourage planning for longer term disposals through estate strategies linked to rationalisation and modernisation plans. This will cover a wide range of asset types, geographies and potential end uses.

In addition, our work to provide commercial and real estate support on strategic projects will align with Scottish Government initiatives or funded programmes such as the Pipeline Delivery and *Place Based Investment Programmes*. This will focus on collaboration between partners in the public and private sectors, helping to develop projects capable of attracting capital investment and ultimately deliver economic growth and sustainable places.

Workstream Activities:

- > Progress opportunities and establish strategies for the public sector to secure value in the form of capital receipts and wider outcomes from the current pipeline of surplus assets and support strategies for longer term disposals.
- > Provide commercial and real estate support particularly to public sector partners to enable the delivery of strategic projects or sites linked to Scottish Government initiatives or funded programmes.

Learning Estate

Our Learning Estate team works with Scottish Government, local authorities, and industry to support investment in Scotland's vital learning estate and promote the 2019 Learning Estate Strategy: *Connecting People, Places and Learning*.

In recent years, our focus has been on the development and delivery of the £2bn Learning Estate Investment Programme (LEIP) which is providing new and redeveloped learning environments for 50,000 pupils across Scotland. Supported by an innovative outcomes-based funding approach, the programme is enabling the transition to net zero emissions and environmental sustainability, driving inclusive economic growth, and building resilient sustainable places which maximise benefits for communities. The year ahead will bring a continued focus on LEIP as more projects start construction, and the first project opens. The programme will take a big step forward in realising its ambitions and achieving those critical outcomes.

Alongside LEIP, the early learning and childcare (ELC) expansion programme has been delivering new and improved environments for early learners across Scotland. This year, most of the remaining projects planned to support the expanded service, will open. Alongside partners, our work aims to support positive outcomes for children, families, and their communities.

Over the last number of years, the importance of healthy learning environments has never been in such sharp focus whether for users or for the environment. The year ahead will allow time for reflection as we collectively harness learning from the COVID-19 pandemic, build upon the momentum from COP26, and look ahead to the future design and development of Scotland's learning estate.

Workstream Activities:

- > Manage the delivery of the Learning Estate Investment Programme through programme level support across both the announced projects and the development of the next phase of the programme.
 - > Support the development of the Learning Estate Investment Programme projects in line with the principles of the 2019 Learning Estate Strategy and international best practice in the development and design of learning environments.
 - > Monitoring the delivery of the remaining infrastructure aspects of the early learning and childcare expansion programme and provide broader support across the learning estate.
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- > Provide infrastructure expertise to support the development of the wider learning estate in areas such as ventilation and decarbonisation. This will include incorporating lessons learned and harnessing opportunities from the COVID-19 pandemic, focusing on wellbeing, and designing healthy learning environments for both users and the environment.

Net Zero Buildings

The focus of our Net Zero Buildings team is to work with partners on the decarbonisation of the built environment. This work is underpinned by Scottish Government's Heat in Buildings Strategy, which is a key driver for both decarbonising heat and ensuring our buildings use less energy.

Working towards that goal, we will seek to create an environment where Scotland can attract the scale of investment that is needed from the private sector. In doing so, we believe it is important it creates green jobs, improves the environment and supports increased wellbeing.

To deliver Scotland's ambitious 2045 climate change target, the public sector must show leadership and demonstrate, through its own estate, what can be achieved. In essence, Scotland's public sector buildings must be greener and more energy efficient.

We will help drive the change that is needed by both supporting project development and also, drawing upon the lessons from what has gone before to provide the right tools and guidance. For example, we will continue to promote the benefits from the Net Zero Public Sector Building Standard which focuses on new infrastructure and major retrofit of

buildings. However, it is also vital that we tackle our existing estate and therefore we will deliver new tools to allow estate managers to utilise their on-going maintenance and lifecycle budgets in a way that transitions their buildings to net zero.

To deliver this work, our team will work closely with our other workstreams as well as other organisations by leading by example, and demonstrate what can be achieved when we collaborate on these shared goals.

Workstream Activities:

- > Provide support to progress the implementation of the provisions of the Heat Networks (Scotland) Act 2021. Specifically, mobilise, with Scottish Government and partners, the Heat Networks Pre-Capital Support Unit to support the development of a pipeline of heat network projects.
 - > Support Scottish Government and wider public partners in their activities to develop phased targets to decarbonise the public sector estate by 2038.
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- > Implement the Net Zero Public Sector Building Standards' governance and progress roll-out. To include the development of supporting documentation for the Net Zero Public Sector Buildings Standard for Existing Buildings ("the Transition Standard") and undertaking at least two demonstration projects.
 - > For heat, develop long term innovative models for the future funding and financing of the built estate which demonstrate possible routes to market. Work closely with the Green Heat Finance Taskforce, including providing a co-secretariat role, and draw upon the evidence coming out of their activity.
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Net Zero Transport

The transport sector is a significant source of carbon dioxide emissions.

Our Net Zero Transport team is working across three key areas in helping to deliver some of Transport Scotland's policy objectives to reduce these emissions. This work aligns closely with our corporate priority of accelerating the transition to a net zero carbon economy.

Firstly, we are working with local authorities to encourage the acceleration of provision in electric vehicle chargepoints in locations where the private sector is not expected to already be investing directly. This work is expected to culminate in partnerships with the private sector for delivery and management.

Secondly, we are working on public sector fleet decarbonisation – assisting public sector bodies in addressing Scottish Government's commitment to remove all internal combustion engine cars from their fleet and purchase only new EV vans by 2025. Our work in this area is principally around the charging infrastructure and finding effective way of involving private sector expertise and / or capital.

And finally, we are working to accelerate the rate of transition towards zero emission buses. This involves engaging with operators and financiers to understand the barriers to financing the greater upfront costs compared to diesel vehicles, in order to realise the operational savings available from battery electric buses.

Workstream Activities:

- > Work with Transport Scotland, public bodies and the private sector to accelerate the roll out of more EV chargepoints to support public charging and public sector fleet charging.
 - > Support Transport Scotland to engage all stakeholders within the bus industry especially operators and financiers to accelerate the transition to zero emission buses.
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Operational Contract Management

Our Operational Contract Management team provides commercial and technical support to the public sector in the management of their Public Private Partnership (PPP) estate.

The aim of the team is to support efficient and effective management of PPP assets to support service delivery.

This includes supporting seven collaborative groups across Scotland and providing specific guidance on key issues with a focus during this year on supporting pilot projects in the transition of PPP assets towards net zero carbon; helping authorities manage the implications of end of concession, carrying out strategic commercial reviews and briefing on specialist technical and contractual matters and the continuing impact of COVID-19.

The team delivers its support to health PPP projects in a joint arrangement with Health Facilities Scotland.

Workstream Activities:

- > Progress the implementation of the programme approach to the hand-back of Public Private Partnership (PPP) projects including completing a further three project surveys and assist Authorities to implement a programme approach based on best practice and previous survey recommendations.
 - > Support two pilot projects on the basis of new SFT guidance to assist authorities managing PPP projects to transition those assets towards the net zero carbon requirement.
 - > Continue to operate and develop the PPP collaborative groups to provide strategic and individual project specific support operational PPP projects.
 - > Implement two strategic commercial reviews that focus on value creating opportunities and PPP/PFI operational risks.
-

Place, Housing and Economic Investment

As Scotland emerges from COVID and continues its drive to a wellbeing, green economy, our Strategy, Place and Economy team will utilise its skills to improve the places and environments where we live and work, strengthen our communities and businesses, as well as improve how we all access the services we need locally.

This activity will be underpinned by 'Place' and will build upon our *Place Guide* (effectively a 'How to' guide for Place) that we published in November 2021. By taking this 'Place' approach, we will ensure that the decisions and investments we make deliver benefits for all. We will support a series of Place Programmes and share our wider Place knowledge.

In relation to housing, we will continue to maximise the delivery and impact of the affordable homes that Scotland needs, employing different approaches and innovation to do this. We will work with our public and private sector partners to strengthen Scotland's cities and towns, using wider public sector investment, enhanced public service delivery and housing to build strong communities that deliver an inclusive economy and one that will contribute to the delivery of a net zero Scotland.

We will focus on strategic and stalled sites and support major investments and programmes that boost local, regional and national economies and outcomes. A key part of this will be a focus on the green economy and how this activity can

support Scotland's 'just transition'. This includes focussing on the next stage of development for the *Green Growth Accelerator* and supporting the delivery of the five pathfinder projects announced in October 2021.

Workstream Activities:

- > Explore and/or advance the development of new approaches for the delivery of homes of different types and tenures, which will support successful, sustainable Places across Scotland.
 - > Continue to advance the delivery of the £200m Green Growth Accelerator pathfinder projects and wider programme development.
 - > Support at least four strategic initiatives that demonstrably contribute to delivering sustainable, successful places and support Scotland's inclusive economy to recover from the impacts of COVID.
 - > Continue supporting Place based programmes and investment activity with key delivery partners across the public sector.
 - > Provide ongoing support to SFTi in relation to the operations of the existing National Housing Trust LLPs and the related exit process.
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SFT Investments

SFT investments (SFTi) is our investment arm that manages our financial investments in the five hub companies (hubCos) and through them, our interests in the 41 revenue-funded design, build, finance and maintain (DBFM) education and health projects developed by the hubCos.

The final revenue-funded project in the hub DBFM programme – the Clydebank Health Centre for NHS Greater Glasgow and Clyde – successfully reached construction completion in December 2021 and opened in February 2022, meaning all projects are now fully operational and generating financial returns.

As well as managing our DBFM investments, for the year ahead, SFTi's representation on the five hubCo boards will seek to ensure the companies and their supply chain partners continue to develop and deliver best in class, high quality community infrastructure across Scotland. Central to achieving that will be a focus on desired outcomes from our public sector participant partners as well as concentrating on SFT's three infrastructure corporate priorities of, net zero, inclusive economic growth and resilient and sustainable places.

SFTi also holds investments in various housing Limited Liability Partnerships (LLPs) and while they are not expected to generate investment returns, over the next 12 months we will continue to manage these investments through their lifecycle in the best interests of all the LLPs' stakeholders.

Workstream Activities:

- > Support the continued development and success of the hub companies, to deliver improved community infrastructure outcomes and protect SFTi's shareholdings.
 - > Manage the portfolio of DBFM investments ensuring, where relevant, that base case target returns are delivered to SFTi. In addition, develop approaches which SFTi can utilise across the DBFM investment portfolio, to encourage the move to net zero carbon.
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Our Budget

Our operational budget for 2022/23 is £10.1m and comes from the following sources:

Scottish Government core grant	£3.8m
Scottish Government programme grant	£4.6m
Net investment income	£1.6m
Other income	£0.1m
TOTAL	£10.1m

Summary

Our Business Plan for 2022/23 sets out the range of activities on which the infrastructure experts in our 14 workstreams will collaborate with partners from across industry, central and local government during the year.

They, and our Corporate Services team which provides the organisation with a strong backbone, will seek to maximise the progress which can be made against the 10 infrastructure outcomes agreed with Ministers using the £10.1m budget at our disposal.

Each member of the team will be ambitious, seeking to maximise the economic, environmental and social outcomes from infrastructure across Scotland. They will take bold actions in collaboration with our partners to pursue the opportunities which this year of recovery and transformation will bring, and remain dynamic to respond to the changing circumstances which will inevitably occur.

If anything in this Business Plan stimulates your interest, please do get in touch via mailbox@scottishfuturestrust.org.uk

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