
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 4 December 2023, 2pm to 4.45pm

Place: Thistle House, 91 Haymarket Terrace, Edinburgh, EH12 5HE

Present: Graham Watson (GW)
Bill Matthews (BM)
Stella Matko (SM)
Pauline Mills (PM)
Nick Rowan (NR)
Peter Reekie (PR)

Apologies: Ian Russell (IR), Chair
Stephen Slessor (SS)

In attendance: Aileen Kerr (AK) (minutes)
Caroline Whyteside (CW) (part meeting)
Colin Proctor (CP) (part meeting)
Paul Dodd (PD) (part meeting)

FORMALITIES

1 Apologies

Apologies were noted from IR and SS. GW took the chair in IR's absence.

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

With a minor amendment to change the date of the second minute paper in the meeting pack to '16 November' rather than '16 September', the minutes of the meetings of the Board of Directors of 4 September 2023 and 16 November 2023 were noted and approved as a correct record.

PR confirmed that he would to pick-up on the Public Inquiry later on the agenda.

4 Action Tracker

Completed actions and timescales for ongoing actions were noted. PR advised that a follow up on the review of risk appetite that took place at the Strategy Day would be brought back to the Board. PR further confirmed that non-executive directors' and the CEO's remuneration will be considered at the same time as the annual pay review for all staff at the start of 2024.

PR confirmed the SFT Outcomes website re-launch had attracted limited coverage, and had been promoted mainly through SFT's social media channels.

DISCUSSION

5 Context Discussion

PR led discussion on the landscape within which the Company is operating covering: the National Infrastructure Commission's Second National Infrastructure Assessment; the UK Government's Autumn Budget Statement and the Scottish Government's upcoming December budget; the recommendations of the First Minister's Investor Panel; and activities and challenges in the area of Heat in Buildings.

PR outlined the prominence given to Net Zero priorities within the National Infrastructure Assessment with a lot of focus on energy resilience requiring investment in the National Grid and hydrogen. Other priority areas of transport, nation-wide connectivity and climate resilience were highlighted.

PR gave an overview of the UK Government's Autumn Statement. The Board noted in particular the impact of continued high interest rates for Government/public sector borrowing. PR highlighted the slight increases in devolved funding for 2023/24 and 2024/25 and referred to projections from the Scottish Government's Finance and Public Administration Committee whereby resource spending requirements could exceed the Scottish Government's central funding projections in 2024/25. The Board noted also the Scottish Government's projected capital spending gaps in the coming years acknowledging the challenges to be addressed in the Scottish budget later in the month.

PR noted the publication of the Investor Panel's report and recommendations on mobilising international capital to finance the transition to Net Zero. PR highlighted the report's description of characteristics for investor friendly destinations and Scotland's challenges in meeting them.

PR highlighted the recent announcement confirming the delayed plan to phase out gas boilers and the Board discussed the achievability of Net Zero targets, acknowledging that the timing for significant progress on heat networks is looking more like later in this decade and into the 2030's.

PR highlighted the opportunities for the Company arising from the areas discussed and advised that these will be revisited later on the agenda at 'Corporate Planning'.

The Board thanked PR for the very informative slides which PR confirmed will be uploaded to DecisionTime for future reference.

Slides to be distributed to Board through DecisionTime post-meeting.

6 Business area: Construction Industry and Delivery

The focus for the business area update was on the infrastructure technology workstream. The board were met by Colin Proctor, Director and Paul Dodd, Senior Associate Director, in the Bell Room at Thistle House, which contains the new 'Mission Room' screen technology.

PD provided an overview of what the technology can enable and the types of work that the Company seeks to develop along with partners. He advised that there will be three pilot projects this year, working in the Western Isles, Glasgow, and Perth city centre. This work is being supported financially by Scottish Government's digital planning team and is part of the innovation workstream of their digital planning programme.

The Board noted that the team has been supporting this Scottish Government programme for several years, undertaking some leading edge research and delivery. The Board was advised that it is intended that this work continue into next business year but dependent on funding from Scottish Government. This area of development is also part of a longer-term plan for SFT to grow the technology and data aspects of improving project delivery and asset performance within the context of the built environment.

MONITORING

7 Workstream Activity Report

The Board noted the report setting out progress against business plan activities as at the end of October 2023, highlighting milestones achieved, risks to the achievement of planned milestones and milestones which will not be achieved or have had to be altered.

The Board noted the mid year summary of milestones achieved in each of the workstreams and acknowledged the considerable breadth of activity across the Company.

PR advised that the Leadership Team had met with each of workstreams in October/early November to discuss progress at the mid-year point in activity and discuss ambitions for the remainder of the year and into to the new business and corporate planning period.

PR advised that the Asset Strategy milestone for emergency services co-location has attracted keen interest from the Deputy First Minister who has asked to view one of the 45 co-location sites.

8 Corporate Planning 2025-30

PR provided an overview of the corporate planning activity which has taken place since the Board discussed the high level strategy on 3 October 2023.

The Board noted that each workstream is preparing an internal look-back on the 2019-24 Plan covering strategic changes, funding, resource support and stakeholders. PR advised that a corporate look back to include diversity and staff feedback trends is also being undertaken with the intention of publishing highlights and achievements in early 2024.

PR outlined the organisation's USPs to be built on through the corporate plan. The Board noted and discussed issues to be addressed within the forthcoming planning period including the setting of core budget for 24-25 in the Scottish budget on 19 December and

the appointment of a new Chair in spring 2024 whose role will include helping steer through corporate planning issues.

PR confirmed that a further update on progress will be given to the Board in January.

9 Public Inquiry

PR provided an update on the Scottish Hospitals Public Inquiry. It is yet to be confirmed whether there will be a requirement to attend any hearings scheduled for March 2024 but budget cover has been allocated to allow attendance if required.

10 Finance Report

The Board noted the report outlining the financial position for the seven months ended 31 October 2023 with an updated, current year-end forecast as at 21 November 2023.

The Board noted the governance overspend relating to hub legal fees and that expenditure in this area is being closely monitored. It was confirmed that the overspend has been covered from general contingency and re-allocation of an underspend in office costs. It was further confirmed that the additional funding requested to cover Public Inquiry legal fees has been secured.

CW highlighted that discussions with Scottish Government Digital Division have concluded on the joint funding of a satellite trial project involving the transfer of ring-fenced funds back to Scottish Government and advised that this will be reflected in the report brought to the Board in January.

CW advised that corporate tax projections will be reviewed in January.

The Board further noted the annex to the report on consultancy spend greater than £30k in the six months to 30 September 2023.

11 Corporate Services Report

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

CW confirmed that the staff consultation on flexible working had concluded and had found that staff appreciate the flexibility and autonomy currently offered to them. Planned actions include signposting HR policies to staff and notification of 'lunch & learn' sessions and coffee mornings to encourage staff to work from the office more.

CW highlighted that Cyber Essentials Plus accreditation has been achieved. The current high level of DocuSign scam emails was highlighted to the Board with confirmation that SFT will not send them any DocuSign links without prior communication so they would know to expect a link.

12 Annual Legal Update

The Board noted the report outlining the activities carried out by the Company's legal and procurement team. There is currently a significant exercise of gathering historic information on procurement, as a result of changed structure in the team involving a new role and fresh focus.

A paper on the Subsidy Control Act will be provided in due course.

Subsidy Control Act paper to be circulated.

13 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. Nine new requests were received in the year and there had been no appeals. It was confirmed that there has been no particular theme in FOI requests.

The Board noted the renewal of insurances, including Directors' and Officers' Liability for the current year together with associated costs. It was noted that the policy is unusual as it covers SFT staff working on Boards for other organisations.

The Board endorsed the policy on gifts and hospitality, and noted the sample gifts and hospitality register for the recent quarter, July to September 2023. It was noted that staff are asked to record hospitality they have declined as well as accepted and the Board was reminded to register hospitality.

The Board noted the report on procurement activity over the past year and that it is proposed that this high level summary be brought to the Board on an annual basis.

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; the Green Heat Finance Taskforce; Construction Accord Transformation Board; and the Planning, Infrastructure and Place Advisory Group.

The Board requested that the Terms of Reference be reviewed to be more closely aligned and formatted for easier understanding.

Review of Programme Board Terms of Reference to be undertaken with the aim of more closely aligning content and formats.

14 Board Succession: Chair recruitment

The Board noted the report outlining progress in the recruitment of a new chair to replace IR at the beginning of the next financial year. It was advised that the vacancy has been promoted on social media with an invitation for the Board to connect via LinkedIn.

DECISION

15 SFT Group Board Governance

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

The Board reviewed recommended changes to the Statement of Board Membership and Reserved Powers to include reference to the Special Committee: Conflicts which was established in May 2023.

The Board agreed the recommended changes and approved the Statement.

The Board noted that the Group Audit Committee Terms of Reference had been reviewed by the Committee in August 2023 with changes recommended to reflect the revised arrangements for external audit. The Board agreed and approved the revised Terms of Reference.

The Board noted that the Nominations Committee remains inactive and agreed the Terms of Reference of the Special Committee: Conflicts. PR advised that he would check with SS in relation to membership of the Special Committee following his change of role.

16 SFT Expenses Policy

The Board noted the report outlining changes incorporated in the Expenses Policy following the Board's review in September 2023. The Board discussed claiming and reimbursement of alcohol in entertainment settings and agreed that director-level pre-approval should always be in place. The Board further requested that PR report back to them on claims made.

All other adjustments to the policy were approved.

*Pre-approval of expenditure on alcohol to be added to the Policy.
PR to report back to Board on expenditure authorised.*

NOTING

17 AOB

The Board agreed the proposal that a dinner be arranged for after the Board meeting in March 2024.