
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 9 November 2020

Place: By video conference

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

Apologies: none

In attendance: Liz Petrie (LP)
Caroline Whyteside (CW) (part meeting)
Christa Reekie (CR) (part meeting)
Neil Rutherford (NR) (part meeting)

FORMALITIES

1 Apologies

There were no apologies. It was noted that GW would be slightly delayed in joining the meeting.

2 Declaration of Directors' interests

No new interests were declared.

3 Minute of previous meeting

The minute of the meeting of the Board of Directors of 7 September 2020 was approved as a correct record, subject to insertion of a clarification under Item 11 which was noted and agreed by the Board.

4 Action tracker

Completed actions and timescales for ongoing actions were noted. It was noted under Item 1 that the information on historical advisory spend had been circulated. IR requested that periodic updates be provided to the Board and PR agreed to confirm frequency of these updates following discussion with CW.

Timing and frequency of regular updates to the Board on advisory spend to be confirmed.

Against Item 6 PR advised that the Outcomes website is due to be launched later in the week.

DISCUSSION

5 Context discussion

PR gave an overview of Scottish Government's recently published draft Infrastructure Investment Plan for Scotland 2021-22 to 2025-26, noting that it had drawn on the work of the Infrastructure Commission for Scotland. The Board noted the Plan's three strategic themes for guiding investment decisions: enabling the transition to net zero emissions and environmental sustainability; driving inclusive economic growth; and building resilient and sustainable places. PR further described the draft Plan's new investment hierarchy of enhancing and maintaining existing assets ahead of new build. The Board discussed the links to the Company's Corporate Plan and current and developing streams of work.

PR further noted the publication of Scottish Government's Programme for Government. PR highlighted that the Programme includes a commitment to the Green Growth Accelerator and to developing an Accord between government and construction industry where the Company will have role.

The Board discussed the challenges in achieving the Net Zero targets set by Government. PR outlined the Company's role in embedding the Net Zero Carbon Buildings standard across the public sector and advised that the Infrastructure Investment Plan had referenced the Company's role in developing asset management strategies for public organisations. PR advised that consideration will be given to opportunities presented by COP26 in Glasgow in the coming year.

The Board requested that the slide deck be circulated following the meeting.

Slide deck to be circulated.

6 Business area –Development and Housing

CR and NR joined meeting for this item only

CR and NR gave an overview of ongoing work within the Development and Housing work streams covering, Asset Strategy, Land, Housing and Economic Investment and Place. CR highlighted that despite reprioritisation and additional work related to COVID-19 all business plan objectives are on track for achievement with the exception of the Land target for disposals which is not likely to be met within the current financial year.

The Board was further advised of continuing collaboration with Falkirk Council across many areas, having commenced work with the Council on National Housing Trust in 2010 and expanding across areas such as Tax Incremental Financing (TIF), Asset Strategy, Place and Low Carbon. The Board noted the successful collaborations with Falkirk Council and discussed the challenges and opportunities to replicate such work across other Local Authorities.

MONITORING

7 Business Area Summary Reports

The Board noted the reports on the four business areas: Infrastructure Finance and Programmes; Development and Housing; Management and Investments and Construction Industry and Delivery.

PR highlighted the additional funding secured for the current year for work on the Net Zero Carbon Standard for public buildings. PR further highlighted the intensification of work on Smarter Offices and the future of the workplace in light of COVID with the Asset Strategy team planning a forum for the end of November which will inform a report to be published within the financial year.

[REDACTED]

The Board discussed the impact and pace of the work in Construction Industry and Development business area. The Board recognised the positive impact of the Company's recent and ongoing work on Construction Recovery and that its raised profile in this area enhances its ability to work with Scottish Government and industry on issues such as future pipeline and quality of delivery.

8 Business Plan Objectives

The Board noted the report on the status of business plan objectives at the end of September 2020, including the five objectives added since the beginning of the year.

Progress on the Scotland 4G Infill programme was highlighted with most masts now having operators signed up and noted that steps are being taken to resolve a community engagement issue which has arisen on one site.

PR advised that Objective 7 which targets the opening of all remaining schools in the Scotland's Schools for the Future programme will not now be met. Although all 117 schools will have been handed over within the financial year, the occupation of one school has been scheduled by the Local Authority for after Easter 2021. The Board noted that this objective will move to 'red' in the next reporting period.

9 Public Inquiry Update

PR provided an update on the Scottish Hospitals Public Inquiry. The Board noted that all possible assistance is being given to support the work of the Inquiry.

10 Finance Report

The Board noted the Finance Report reflecting the mid-year position at end September 2020 detailing actual and forecast performance against budget to date and annual budget.

CW highlighted that an underspend is forecast and it is intended that £220k be handed back to Scottish Government reflecting the exceptional shortfall in expenditure principally on travel and training due to COVID-19 restrictions. It was emphasised that it is not envisaged that similar savings would be possible in future years. CW confirmed that general contingency funds remain in place.

11 Corporate Services Report

The Board noted the Corporate Services Report covering Human Resources, Communications, Business Technology, Office Management and noting that the internal controls review on remote working is underway.

12 Governance Report

The Board noted the report providing an annual overview of the powers reserved to the Board and its delegation to committees as well as the terms of reference for programme boards relating to workstream activities where SFT is responsible for the secretariat.

Further to the decision of the SFTi Board in September 2020 to formally dissolve its Investment Committee, the Board agreed the recommended changes to remove reference the Committee and otherwise approved the Statement of Reserved Powers.

The Board further noted and approved the revisions to the Group Audit Committee Terms of Reference as considered by the Committee in August 2020 in relation to reporting against outcomes.

The Board noted the Programme Board Terms of Reference for the National hub Programme Board, Schools National Programme Board, Learning Estate Investment Programme and the recently established Construction Leadership Forum Executive Group which PR advised is to provide oversight on the delivery of actions in the Recovery Plan published in October 2020. The Board discussed the Terms of Reference and recommended that the membership of the Construction Leadership Forum Executive Group be included within its Terms of Reference. The Board was further advised that the National hub Programme Board Terms of Reference are under review and any substantive change to the Terms will be advised once adopted.

13 Board Effectiveness and Succession

The Board noted the appointment terms of all non-executive directors including those due to expire in the coming period. The Board noted that all those with terms due to expire are in their first term and have indicated a willingness to be re-appointed subject to Ministers' agreement. The Board requested that this be advised to Scottish Government officials.

Scottish Government to be advised of directors' willingness to be re-appointed.

The Board noted the progress against actions agreed following the board effectiveness questionnaire and discussions at the beginning of 2020. Directors confirmed that it would be useful to receive recommendations for virtual events. The Board further agreed that

the Cabinet Secretary for Finance should be invited to meet directors once face to face meetings are possible.

Recommendations for external events to be circulated.

Invitation to be issued to Cabinet Secretary for Finance once face to face meetings are possible.

DECISION

14 Public Interest Director Future Provision

The Board noted the report on the future provision of Public Interest Directors to Non-Profit Distributing (NPD) project boards. PR outlined the background to the Company's role in nominating individuals to fulfil the Public Interest Director appointments and highlighted the responsibilities attributed to the roles.

The Board noted that of the 15 appointments, 13 are currently fulfilled by SFT employees and further noted and discussed the rationale for the proposal that the Company externalise these roles. In particular the Board noted the risk that these roles are seen by others as giving rise to a conflict of interest where the Company has undertaken different roles within the projects.

The Board was further advised that the operation of the income cap is expected to negate the impact of the Company losing the fees currently received for these roles and noted that internal capacity would be increased with staff time being freed up. The Board discussed the timing of the proposals and agreed that the end of the construction phase across projects is an appropriate stage to renew the Director nominations.

The Board approved the recommendation that the Public Interest Director roles be externalised with a transparent recruitment process undertaken. The Board asked to be kept updated on progress as the changes are implemented over the coming six months.

15 Strategy Development

The Board noted the report outlining progress on strategic development areas covering Independent Long-Term Advice (ILTA); major developments; decarbonisation of the public sector estate and vehicles; social infrastructure and asset strategy; and social infrastructure delivery.

The Board discussed the challenges on taking forward the 'Infrastructure First' approach to planning and development and the ongoing collaboration on strategic development sites. The Board noted that further discussions with the Scottish Government planning team will be undertaken over the business planning period and the Company will continue to encourage strategic level change.

PR recalled the proposal to Ministers that SFT undertake the ILTA role and confirmed that this is under consideration with Scottish Government. The Board noted the report outlining the Leadership Team's assessment of how the Company could undertake the role covering governance, scope, budget and resources, and risk. The Board agreed that the Company was well placed to undertake the work and noted and discussed the

[REDACTED]

ambition of the proposed scope and the associated budget and resource requirements. The Board considered the risks and mitigations highlighted in the report.

[REDACTED]

The Board noted the progress on the redeployment of SFT core resources to work on the decarbonisation of the public sector estate and PR confirmed that a Senior Associate Director is now undertaking a company-wide analysis to inform this work and Associate Director time has been allocated to consider an approach to vehicle fleet decarbonisation procurement across public bodies.

The Board noted that additional budget has been secured from Scottish Government's climate change directorate for the next stage of the Net Zero Carbon standard for public buildings within this financial year and it is intended that further programme budgets are sought from relevant Scottish Government directorates for the areas of development. It was noted and agreed that further core budget would not be sought for the development areas.

PR confirmed that further progress on the strategic development areas will be brought to the Board through the development of the 2021-22 business plan.

16 Annual Reviews

Freedom of Information: The Board noted the overview of Freedom of Information activity over the past year, noting that 10 requests had been received. PR confirmed that responses are led by staff with legal expertise.

Insurances: The Board noted that all necessary insurances including Directors' and Officers' have been renewed.

Gifts and Hospitality: The Board noted and endorsed the policy on gifts and hospitality. It was noted that in the exceptional circumstances brought about by COVID-19 there have been no recent entries to the register for hospitality.

17 AOB

Following email correspondence with Board directors, PR confirmed that it is intended to reinstate the pay award agreed at the March Board meeting, with the exception that those at director level will receive no increase.