
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Tuesday 14 May 2024, 1.45pm

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

Present: Joe Philipsz (JP) (Chair)
Bill Matthews (BM)
Pauline Mills (PM)
Stella Matko (SM)
Nick Rowan (NR)
Stephen Slessor (SS)
Graham Watson (GW)
Peter Reekie (PR)

Apologies: none

In attendance: Liz Petrie (LP) (minutes)
Colin Proctor (CP) (part meeting)
Caroline Whyteside (CW) (part meeting)

FORMALITIES

1 Apologies

There were no apologies. JP welcomed all to his first meeting as chair.

2 Declaration of Directors' Interests

The register of directors' interests was noted and reviewed. SS advised that he had recently been appointed as a non executive adviser to Ofwat. PM requested that her position under category 1 interest be updated to 'Technical Director'.

Register of interests to be updated.

PM highlighted her interests in respect of development sites referred to in Papers 4 and 5.

3 Minute of Previous Meeting

The minutes of the meeting of the Board of Directors of 18 March 2024 were noted and approved as a correct record.

There were no matters arising not dealt with in the agenda.

4 Action Tracker

Completed actions were noted together with timescales for ongoing actions.

JP confirmed that he and PR had had an initial discussion on Board succession and intend to raise the need to start the recruitment process for successors to GW and BM in early course at the SFT 6 month review meeting with Scottish Government next week. PR confirmed that it will be proposed that recruitment target a qualified accountant able to fill the role of Chair of the audit committee.

DISCUSSION

5 Business Context

PR led discussion on the context within which the Company is operating. He reflected on the recent changes in the Scottish Cabinet and confirmed that it is currently understood that Shona Robison will continue in the role of SFT's sponsor Minister.

The Board discussed the possible impacts the Cabinet changes will have on Government priorities and further considered how any reprioritisation of Scottish Government's constrained capital and revenue budgets could impact the Company's workstreams and activities. The Board discussed the degree to which the Company's staff could be redeployed and the organisation's ability to refocus. PR advised that the Company has both general and specialist skillsets and undertook to review the extent to which staff resource across the organisation is redeployable as part of the succession planning exercise regularly undertaken.

PR to review redeployability of staff across the organisation as part of succession planning.

The Board acknowledged Scottish Government budget constraints and discussed opportunities for innovative finance solutions led by the Company, recognising in particular the need for innovative solutions for housing investment.

PR advised that, as part of a series of meetings to openly engage with all political parties, he is to meet with the Scottish Labour Party leader later in the week and the Board discussed key messages to raise in such meetings.

6 Business Area Strategy: Construction Industry and Development

CP joined the meeting for this item.

CP gave an overview of activities within the Improving Project Delivery workstream. He outlined the structure of the team of seven whose activities are focused on helping the public sector improve the delivery of projects.

CP described the Scottish public sector landscape for social infrastructure covering different sectors and noted a range of project delivery arrangements across the landscape. He outlined the Company's varied involvement in different areas, noting SFT as one of nine enabling organisations working across the landscape. CP described the opportunities for collaboration to bring about improved outcomes.

The Board noted the core workstream activities including setting up projects for success. CP described the need for early involvement in a project and confirmed that this is one area of activity being discussed with the Sponsor team as important for the coming corporate planning period. The Board discussed the potential to place SFT resource in projects and acknowledged the current structural and governance barriers to receiving payment for such work.

CP further highlighted the team's success in developing and maintaining the construction pipeline forecast tool.

CP described how the workstream activities range across project, programme, organisational and national dimensions and how the team engages at different levels. CP outlined further areas of emerging priorities for the construction industry in Scotland which could influence future work beyond the current business plan including recladding and net zero installations. The Board acknowledged and discussed the range and breadth of activity in workstream and recognised the need to focus resource.

CP left the meeting.

MONITORING

7 Business Plan Activities

End of Year Report 2023-24

The Board noted the End of Year Report summarising the progress made on the 45 activities identified in the 2023-24 Business Plan under the Company's fourteen workstreams. PR noted the significant progress made across the Company's wide range of activity in the year.

PR confirmed that 16 of the milestones tracked through the year within the broader activities were not reached by year end, noting that some had not been achieved as the focus of some activities had shifted within the year. He highlighted that 20 additional areas of activity had been undertaken during the year.

The Board was advised that, following the Board's review, the End of Year Report will be discussed with the Director General Scottish Exchequer at SFT's 6 month review meeting next week and then edited for publication with the Annual Report later in the year.

The Board acknowledged the substantial breadth of the Company's activities across its 14 workstreams. The Board recognised that all the Company's programmes are at different stages in lifecycle and requested that an indication of the lifecycle stage / longevity of programmes be drawn out in future reporting.

An indication of the lifecycle stage / longevity of programmes to be drawn out in future reporting.

In regard to the milestones missed PR regretted that more progress had not been made on long term infrastructure needs assessment in partnership with Scottish Government's Infrastructure Investment Division as well as the halting of the Green Growth Accelerator which was not given Scottish Government budget in the year. He also noted

disappointment that more progress in housing delivery had not been achieved and the Board discussed the challenges and barriers in the sector, including planning related issues.

Opening report 2024-25

The Board noted the report setting out the 2024-25 business plan's 45 workstream activities across the Company's 15 workstreams. PR highlighted that in response to the Board's request for more information on milestones anticipated during the year, milestones are laid out for each activity against which progress will be tracked.

The Board noted the significant number of milestones being tracked across the business and recognised and discussed the challenge of how to report clearly against them within Board packs. GW recommended that reports should include what milestones should be achieved by the following Board meeting and highlight any emerging risks and slippage for longer term milestones. Given the number of milestones it was agreed that reporting should be by exception. JP noted that it would be interesting to know how time resource is being allocated to each activity. PR was asked to consider the format and content of the workstream activity report to report against activities and milestones for the coming year with the first report in the recommended format to be brought to the June Board meeting.

PR to consider the format and content of workstream activity report.

8 Public Inquiry Update

PR provided an update on the Scottish Hospitals Public Inquiry. He confirmed that the final evidence sessions in relation to the Edinburgh project have concluded.

PR advised that a response is being prepared to the Counsel to the Inquiry's closing submission which was received by participants last week. He confirmed that references to the Company accurately reflect its role in the project and that the closing submission together with SFT's response will be published in due course. It was noted that the timeline for the Inquiry's findings is unclear as the Chair of the Inquiry may wait to publish findings on the Edinburgh hospital along those relating to the Glasgow project where further hearings have yet to take place.

CW joined the meeting.

9 Finance Report

End of Year Report 2023-24

The Board noted the report summarising the financial position for the year ended 31 March 2024.

CW advised the year end variance of £27k underspend. CW confirmed that in response to spending controls implemented by Scottish Government in the last quarter of 2023/24, a further £170k of funding had not been drawn down.

CW highlighted that the paper reflects the year-end management accounts position and validation of some elements, including pension scheme fluctuations, will be undertaken in preparing the statutory accounts.

PR confirmed that the Company had purchased the 'Mission Room' equipment and there is no direct programme funding for the Digital Planning stream of work in the coming year.

The Board further noted that all conditions of the grant-in-aid budget allocation letter for the past year are being met and CW confirmed that the grant letter for 2024-25 has not yet been received.

The Board noted the report on consultancy spend greater than £30k in the year 2023-24 and CW advised that all expenditure was in line with budget.

Budget update report 2024-25

The Board noted the report providing an update on the Company's budget of 2024-25 highlighting that two programme funding streams have not yet been confirmed. CW advised that there is confidence that the funding indicated for these two areas will be agreed.

The Board noted that pending greater certainty on the budget the pay award of 2% as agreed by the Board at its last meeting had not yet been implemented. The Board agreed that the award could be implemented prior to confirmation of the two programme funding streams and receipt of the final grant letter, noting a reduction of £50k from corporate contingency and £50k from the year's opening advisory budget to fund the award. The Board was advised that in the event the programme funding is not agreed activities in the relevant workstream areas will cease.

The Board noted that no funding is being provided for housing work being undertaken on managing the Scottish Government guarantees in respect of National Housing Trust developments.

10 Corporate Services Report

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

The Board noted and discussed the high level summary of the results of the employee opinion survey undertaken in early 2024. CW confirmed that while the overall engagement score is lower than in 2022, it remains positive against external benchmarks. The Board was advised that staff had discussed the high level results in roundtables at a recent all staff briefing session and the outputs from these discussions will inform an action plan. The Board agreed that the action plan is key and PR acknowledged that as the results had been so positive from the last survey a formal action plan had not been put in place and communicated which has led to lack of confidence that action will take place following this survey. The Board discussed factors which may have contributed to the lower engagement score.

The Board noted the resignation of the Senior Associate Director – Legal and CW outlined the interim restructure pending a review of the role to potentially formally include more workstream activities and recruitment to the revised role. The Board was advised that succession planning is undertaken by Leadership Team on a regular basis including consideration of flight risks and flight mitigations.

DECISION

11 Corporate Planning 2025-30

The Board noted the report providing and update on progress in corporate planning since the board meeting in March, in particular in respect of engagement with the Deputy First Minister and wider stakeholder engagement planning.

The Board noted that the Deputy First Minister had endorsed the approach being taken to corporate planning and the broad scope of SFT’s activity as an infrastructure centre of expertise. The Board discussed the Deputy First Minister’s responses and PR further outlined positive progress in discussions with SFT’s Sponsor division in the recent period. The Board discussed the need to build clarity on and awareness of the Company’s role through the corporate planning process with a view to achieving a clearer mandate from Scottish Government for some activities.

The Board further noted and discussed the proposed stakeholder engagement plan. The Board discussed and agreed the need for consistency in both the approach to the meetings and their content. PR advised that the 5-year review document will be used to support discussions and messaging will be based on the Company’s three USPs and three areas of activity.

The Board suggested minor amendments to the Plan including consideration of engagement with Council leaders, and the inclusion of housing bodies in the Net Zero engagement and Local Authorities on flooding.

Subject to incorporation of the minor amendments, the Board approved the Stakeholder Engagement Plan, noting that the meetings are to be arranged for over the summer.

PR confirmed that it is intended to incorporate an interim review in the Plan as previously discussed.

12 Board Effectiveness

The Board noted the report setting out proposed activities and approaches to address the comments and recommendations arising from the annual review of the Board’s performance undertaken in January 2024. PR highlighted the intention to continue with workstream familiarisation sessions with all non-executive directors paired with new workstreams for the coming year. The Board agreed that these sessions are useful and noted that executive directors would be in touch to take forward engagement.

The Board agreed the proposed board effectiveness action plan for 2024-25.

13 CEO Performance

The Board noted the report outlining the appraisal process for the chief executive together with the chief executive's 2023-24 performance appraisal as agreed with the outgoing Chair and the chief executive's proposed objectives for 2024-25.

The Board agreed the chief executive's objectives and JP confirmed that he would review progress in regular meetings with PR through the year. The Board agreed that building and maintaining key Scottish Government relationships is a key responsibility of the chief executive and asked if a 'customer' survey of Scottish Government had ever been undertaken. PR advised that as part of the corporate planning process the Sponsor division has asked different parts of Scottish Government for feedback on the Company and it is not therefore planned to undertake a separate survey.

14 Board meeting scheduling

The Board meeting schedule for the remainder of 2024 and 2025 was noted and agreed, subject to checks on availability for the dates not previously circulated.

It was agreed that a strategy day should be scheduled in October 2024.

LP to check directors' availability for strategy day and 2025 meeting dates.

SS suggested that meeting venues could be varied with more meetings potentially held at projects. PR agreed to consider proposed venues.

PR to consider venues for future meetings.

15 NOTING

AOB

There was no other business.

The meeting ended at 4.45pm.