
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 1 February 2021, 2pm

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)
Kerry Alexander (KA) (part meeting)

FORMALITIES

1 Apologies

There were no apologies.

2 Declaration of Directors' interests

No new interests were declared.

3 Minute of previous meeting

The minutes of the meeting of the Board of Directors of 9 November 2020 were noted and approved as correct record.

PR advised that there were no plans to organise SFT-specific activity at COP26 but opportunities to join with other initiatives are being considered.

4 Action tracker

Completed actions and timescales for ongoing actions were noted.

The Board noted the proposal that advisory spend be reviewed annually at Board level and requested that the frequency of reporting be reconsidered.

Frequency of reporting to the Board on advisory spend to be reconsidered.

DISCUSSION

5 Business area –Infrastructure Finance and Programmes

KA joined the meeting to give an overview of work in the area of Infrastructure Finance and Programmes, concentrating on the Education workstream.

KA introduced the Education Team and gave an overview of how the work of the team fits with SFT's values. KA outlined work carried out on the workstream's three major programmes: Scotland's Schools for the Future; Early Learning and Childcare expansion; and the Learning Estate Investment Programme. The Board noted the different stages that each programme has reached and the considerable width of public and private sector engagement across all the programmes.

KA reviewed the success of the Scotland's Schools for the Future programme in improving the condition of the school estate and noted the need to maintain the buildings so that they remain in the upper classifications of condition.

The Board noted that the deadline for attaining the Scottish Government target of 1140 hours early learning and childcare provision has been put back to August 2021 due to COVID-19. The Board noted the substantial number of projects to be completed across the programme and questioned if resources could be moved to projects that will contribute to the 1140 hours target.

KA to clarify if resources could be moved to projects that will contribute to the 1140 hours target.

KA advised that with two phases of projects announced under the Learning Estate Investment Programme, the team's focus is now on delivery. KA confirmed that the programme will support wider aims such as construction industry recovery, construction quality, place and decarbonisation.

6 Context discussion

PR described environmental, economic and demographic trends within which the business plan for 2021-22 is being developed.

The Board noted and discussed the challenge of achieving net zero within Scottish Government targets, the need for digitalisation, including the digitalisation of infrastructure, and the demographic trends within Scotland and how these could be encouraged or arrested through infrastructure development.

The Board further considered the trends brought about or amplified by COVID-19 including changes in demand for transport, working patterns, office use and retail.

MONITORING

7 Business Area Summary Reports

The Board noted the reports on the five business areas: Infrastructure Finance and Programmes; Development and Housing; Management and Investments, Construction

Industry and Delivery and Infrastructure Strategy. It was noted that the reports gave a forward-looking view of activities within each business area to provide a basis for discussion of the Business Plan 2021/22.

8 Business Plan Objectives Summary

The Board noted the report on the status of business plan objectives at the end of December 2020, including the five objectives added in the course of the year in response to COVID-19. The Board noted that it is considered that two objectives will not be achieved with a further two at moderate risk.

9 Finance Report

CW joined the meeting.

The Board noted the Finance Report reflecting the nine-month position to 31 December 2020. CW confirmed that the year end forecast has not altered significantly since the last report to the Board.

CW highlighted the risk that allocated advisory budgets are not fully spent within the year and confirmed that this is being managed and monitored carefully. CW further confirmed that £200k of core grant has been handed back to Scottish Government reflecting underspend on travel and training under the unique in-year circumstances brought about by COVID-19.

10 Report from Audit Committee Chairman

GW reported on the meeting of the Group Audit Committee that had taken place prior to the Board meeting, highlighting the following:

- The Committee recommended the Board approve the terms of Azets audit and non-audit services engagement, and delegation to the Chief Executive to sign off the final letters. The Board accepted this recommendation.
- The Committee noted the introduction of new accounting standards regarding going concern and accounting estimates which will affect the 2020/21 accounts and that additional work will be required to meet the standards.
- The Committee considered the internal review on remote working carried out by RSM and noted that the report was satisfactory with helpful recommendations.
- The Committee noted the Project and Programme Governance overview and agreed that it should be presented at all three Committee meetings in the year.
- The Committee reviewed and agreed the methodology and scope of validation work for reporting against outcomes and requested that a cost benefit analysis of the work undertaken in the past year be carried out.

11 Corporate Services Report

The Board noted the Corporate Services Report covering Human Resources, Communications, Business Technology and Office Management.

CW highlighted that staff continue to be supported through current COVID restrictions. CW further advised that Cyber Essentials certification has been achieved and an application for Cyber Essentials Plus certification is in hand and expected by the end of February 2021.

12 Public Inquiry Update

PR provided an update on the Hospitals Public Inquiry confirming that SFT is to be a core participant. PR outlined the expected programme and noted work being undertaken to support the Inquiry.

DECISION

13 Business Plan 2021/22

The Board noted the report recommending three corporate priorities for the business plan 2021/22, outlining progress on planning to date and introducing areas for consideration by the Board.

PR advised that the proposed corporate priorities have been discussed with Scottish Government and stakeholders from both public and private sector. PR highlighted that the proposed priorities align with Scottish Government's Infrastructure Investment Plan which had itself drawn on the work of the Infrastructure Commission for Scotland.

The Board noted and discussed the three corporate priorities proposed, namely:

- 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 Board discussed the importance of digitalisation for inclusive economic growth and asked that PR consider whether or not a specific reference could be made to this within the corporate priorities. Subject to this, the Board approved the three priorities proposed.

PR to consider referencing digitalisation within the corporate priorities.

The Board noted and discussed proposed areas of increased and decreased focus for the coming year, including a small number of new work areas and some activities which are coming to a natural end or where it is proposed to cease work.

The Board discussed the collaborative nature of the majority of the Company's work including the lack of ownership or recognition for success this can lead to. The Board recognised the Company's roles in brokering and promoting better collaboration. PR advised that he would send a recent paper on collaboration to the Board.

Paper on collaboration to be circulated.

PR highlighted the decarbonisation of the public estate as an area of increased focus with the scope of work under development. The Board acknowledged both the opportunities and challenges for public sector decarbonisation to link to and help develop industrial capacity and skills for decarbonisation in the private sector.

PR confirmed that although not referenced specifically throughout the current report, decarbonisation is integral to objectives being developed across the business and confirmed that this would be clarified in future drafting of the plan. PR advised that it is intended to circulate a fuller draft of the plan well in advance of the next meeting. Further discussion took place on the focus of the developing plan and identifying specific areas which can be seen to be 'owned' by the Company. The Board requested that the next drafting of the plan include commentary on a small number of major initiatives for the year together with the percentage of budget allocated to resource them.

Clearer messaging on decarbonisation to run through business plan.

Commentary on a small number of major initiatives for the year together with the percentage of budget allocated to resource them to be included in draft plan to be circulated well in advance of March board meeting.

PR outlined some minor team and organisational adjustments that are being put in hand in line with the development of the business plan. The Board noted that core budget has been confirmed for the coming year at the same level as the current year and discussions continue on programme funding with additional funding being sought for some areas of the business.

The Board agreed that it is keen to see tangible outcomes and targets for the Company and asked that an update on delivery against outcomes be brought to the next Board meeting.

Update on outcomes to be brought to the board meeting in March 2021.

PR proposed that a fuller analysis of progress against the Corporate Plan outcomes take place in the second half of the next financial year which will be the mid-point of the Corporate Plan 2019-24. It was agreed that a Board strategy day should be organised in October or November 2021.

Date and venue for strategy day to be agreed.

14 Outcomes Reporting

The Board noted and approved the process and timetable for reporting against outcomes in the coming year, noting the different roles fulfilled by the Group Audit Committee and Board.

The Board reiterated the Group Audit Committee's request that the value for money and the external reach of the work on outcomes reporting be evaluated and findings circulated to the Board.

Value for money and external reach of outcomes reporting to be evaluated.

15 Procurement Policy

The Board noted the proposed revisions to the Procurement Policy last considered by the Board in January 2020. CW advised that there are not as many Brexit-related changes as expected at this time last year.

The Board approved the revised Policy and requested that future updates be brought to the Board as and when significant changes are proposed rather than reviewing annually.

16 AOB

There was no other business.