

MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Tuesday, 25 June 2019, 1.30pm

Place: Board room, 11-15 Thistle Street, Edinburgh

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

Apologies: none

In attendance: Liz Petrie (LP)
Colin Proctor (CP) (part meeting)
Paul Dodd (PD) (part meeting)
Martin Blencowe (MB) (part meeting)
Grant Robertson (GR) (part meeting)
Triona Tiernan (TT) (part meeting)

1 FORMALITIES

Apologies

There were no apologies. It was noted that PM would join the meeting at 2pm.

Declaration of Directors' interests

No interests were highlighted in regard to the meeting agenda.

IR's chairmanship of the National Infrastructure Commission for Scotland was noted.

Minute of previous meeting

The minute of the meeting of the Board of Directors of 29 April 2019 was approved as a correct record.

Action tracker

The actions were reviewed and timescales for ongoing actions noted.

2 DISCUSSION

Business context

Discussion centred on three areas:

Global PPP market – PR advised that he had spoken at the PPP 2025 conference held at the beginning of June in Madrid and described some common issues arising in discussions including the maturity of the market in Europe and its growth in Asia and Australia, management of the operational phase of a project and dispute resolution and markets looking to the PPP contract structure to support good governance and probity.

Scottish budget and the Mutual Investment Model (MIM) – PR described the current context and likely Scottish Government budget pressures. The Board discussed the recent publication of the Company's option appraisal to examine profit sharing finance schemes, such as MIM, and the importance of engaging the construction industry for the development of a sustainable approach.

Climate change emergency – PR gave an overview of the Company's ongoing activities across the low carbon sector including; electric vehicle infrastructure; energy efficiency across Scotland's built estate; district heat; carbon capture, use and storage; and proposals for the development of a standard for energy efficiency for new build for the public sector. The Board discussed the challenges in this area and requested clarification on the funding requirement of the energy efficiency programme.

Clarification on the funding requirement of the Energy Efficient Scotland programme to be provided.

Business area strategy – Construction Industry and Delivery

CP, PD, MB and GR joined the meeting.

CP outlined the outcomes targeted by Construction Industry and Delivery area of the business in the new Corporate Plan and highlighted the challenges of sustainability and productivity for the construction sector. The Board acknowledged the fragmented nature of the sector and discussion took place on key factors impacting the industry including: digitisation; skills shortages; quality and performance; off-site manufacture; planning and building standards; and disruption from other sectors. Discussion took place on how to define the current position in order to measure progress against the outcomes described.

PD, MB and GR summarised ongoing projects, highlighting work on cross-sector collaboration, off-site construction, early project development, the role of the architect, quality and workmanship, project evaluation and digitisation of operation manuals.

CP, PD, MB and GR left the meeting.

3 MONITORING

Business Plan Objectives

The Board noted the report monitoring progress against business plan objectives as at the end of May 2019.

PR advised that eleven of the objectives were highlighted as 'critical' based on key factors of importance of in-year delivery or positioning for the future.

The Board noted the milestones achieved in the recent period and emerging risks. It was noted that due to classification there will be no future hub DBFM projects and the impact of this on hub companies will be monitored over the coming period.

It was noted that Objective 12 has moved to amber. PR outlined the challenges in achieving the ambitious target of deploying 15 mast locations in the year and converting mobile network operator interest into commitment. The Board noted the ongoing engagement to mitigate the risk and requested that PR advise on what point in the year this would move to high risk of non-achievement should current mitigation not prove successful.

PR advise on what point in the year Objective 12 would considered to be at high risk of non-achievement should current mitigation not prove successful.

Finance Report

The Board noted the finance report providing details of performance against business plan budget for the two months to 31 May 2019. The Board noted the underspend against forecast of £23k and the variations listed against cost categories and business areas.

4 DECISION

Measuring benefits and outcomes

TT joined the meeting.

The Board recalled that in the founding Management Statement and Financial Memorandum the Government had established a target for the financial benefits arising from the Company's work and the Company had established a robust methodology for estimating these. Following the Government's adoption of an outcomes-based National Performance Framework, and move to agreeing outcomes for public bodies in Corporate Plans, the 2019-24 Corporate Plan includes a balanced performance measurement approach that seeks to demonstrate the overall impact of the outcomes SFT will seek to deliver.

TT provided a brief recap on the development of the principles for measuring benefits and outcomes and the mapping of the ten SFT outcomes defined in the 2019-24 Corporate Plan to four categories of indicators: Economy, Environment, Construction and Programme.

TT advised that both quantitative and qualitative indicators are being developed across these categories involving discussions with all areas of the business, which will include some financial indicators. The Board noted the extensive listing of possible indicators and measures being considered. The Board further noted that to test the process and some of the proposed methodologies, a sample of measures across the four categories will be selected for evaluation in the current year. The Board noted that the proposed selection has primarily been based on availability of data, with an emphasis also being placed on providing a varied sample from a cross section of the business. The Board further noted that the final selection will be reliant on the quality and completeness of available data, which will be fully assessed only once the data is collated over the coming period.

The Board noted the range of measures under consideration both for shadow reporting in the current year and future reporting and cautioned that significant resource would be required if all or the majority of the indicators were adopted. The Board was assured that it would be proposed to implement only some of the indicators once the availability of data is better understood and indicators prioritised. PR further advised that it is intended that some indicators would span several areas of the business whilst others will remain specific to a workstream. The Board was advised that at this stage there are no proposals on external validation processes.

The Board noted the progress in the work on measuring benefits and outcomes and requested that a further report be brought to the Board in September to include indicators for shadow reporting in the current year.

TT left the meeting.

5 NOTING

Report from Group Audit Committee

The Board noted that a meeting of the Group Audit Committee had taken place prior to the Board meeting which had been attended by all directors apart from PM. GW highlighted discussion on the internal controls plan and the Committee's agreement to accelerate the 2020/21 activity into the current year. GW further advised that an Investment Policy is to be drawn up for consideration at the Audit Committee meeting in August following the recommendations of the review of investment management procedures.

HR update

The Board noted the HR report including an overview of how the Company's values are embedded throughout the organisation.

PR provided an overview of the conclusions drawn from the 360 feedback exercise carried out at the beginning of the year in particular in regard to prevalent leadership styles in the Leadership Team and Senior Associate Director group. It was highlighted that given the diversity of the organisation, it is easier for staff to describe the purpose of their work at workstream level than for the organisation as a whole. PR advised that he will be

developing work in this area and create clearer links between the corporate vision and workstream aims. The Board asked that the output of this work be circulated.

PR to advise Board of outputs from work carried out on common communication of SFT's purpose.

Corporate update – Health and Safety

The Board noted the corporate update on Health and Safety. PR highlighted that there has been an increased focus on wellbeing over the past year and the Board noted the support being given to employees with a particular focus on mental health.

Communications activity report

The Board noted the update on recent and planned communications activity. PR highlighted that further seminar events are being planned as part of the ten year anniversary programme following the success of the Climate Change seminar in mid May.

The Board further noted the Incident Communications Protocol. IR recommended that responsibility for monitoring social media be more clearly defined in the protocol.

Responsibility for monitoring social media be more clearly defined in the Incident Communication Protocol.

6 AOB

PR advised the Board that the root cause analysis report commissioned by the Company on the Dumfries North West Campus will be published over the summer period and advised that a communications plan will be put in place.