
MINUTE

Meeting of:	Scottish Futures Trust Limited - Board
Date & Time:	Monday 22 June 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)

FORMALITIES

1 **Apologies**

There were no apologies.

2 **Declaration of Directors' interests**

No new interests were declared. The following interests were highlighted:

- IR's role as chair of the National Infrastructure Commission for Scotland
- AA's role as chair of Architecture and Design Scotland

3 **Minute of previous meeting**

The minute of the meeting of the Board of Directors of 5 May 2020 was approved as a correct record.

4 **Action tracker**

Completed actions and timescales for ongoing actions were noted. It was noted that further information on historical advisory spend will be circulated.

DISCUSSION

5 **Report of the Advisory Group on Economic Recovery (AGER)**

PR commented on the report from the independent Advisory Group established by the Scottish Government to advise on Scotland's economic recovery in the wake of the COVID-19 pandemic, published earlier in the day. PR advised that he had agreed to the recommendations that the Company made to the Group being published.

PR advised that the report adopts the OECD framework of the four capitals as a way to analyse the Scottish economy and outlined some of the report's recommendations including that there should be a review of the fiscal framework. This could help facilitate an investment-led recovery and the report's other recommendations. The Board discussed the report, acknowledging its scope and breadth covering all aspects of the economy and the consequent onus on Scottish Government to prioritise.

PR advised that the report's 25 recommendations are being analysed by the team and it is intended to submit comments to the Scottish Government Economy Directorate.

Infrastructure Commission for Scotland Phase 2

IR provided a summary of the Infrastructure Commission for Scotland's Phase 2 recommendations as he had done recently for Scottish Government's Infrastructure Investment Board. These are to be submitted to the Cabinet Secretary later in the week and published towards the end of July 2020. IR advised that recommendations are being made in four main areas:

- Prioritisation of a long term approach to infrastructure
- Enabling sustainable places
- Interface between the public sector and the construction industry
- Requirement for a Scottish National Infrastructure Company

IR advised that the Commission is to reinforce its Phase 1 recommendation that an independent body should provide long term advice on infrastructure strategy and challenge to the government of the day. The report is also to recommend a Government-wide, cross sector approach to decision making. IR listed a number of recommendations to promote the place principle including enshrining its use as a legal requirement.

The Board was advised that the report recommends that Scottish Government and the construction sector should jointly establish an Accord to include measures for increasing capacity, pipeline development, increasing workforce diversity and enabling a move away from transactional procurement. IR further advised that the Commission would advise that it had not identified a current need for a Scottish National Infrastructure Company.

IR left meeting and GW assumed the Chair

Interface with Infrastructure Commission for Scotland

The Board noted the report outlining common themes arising from the series of meetings the Chief Executive had with individual non-executive directors, progress on identified areas of interface between SFT's work and the ICS recommendations and associated risks and mitigating actions.

The Board discussed the Company's operational independence and the extent to which a body with a governance structure appointed by Ministers can be wholly independent of them as well as the need to consider whether any new or evolving area of work fits the current business model. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] The Board acknowledged the risk of a perception of conflict of interest from our shared Chairman and noted that any recommendations of the Commission would be made by all Commissioners.

PR outlined the other areas of interface which are being considered, highlighting different areas of engagement in Infrastructure First and the current role in co-developing a recovery plan with Government and industry which will inform consideration of a future role in public (social) infrastructure delivery. PR advised that papers on the areas of interface will be circulated to the Board in early summer. It was noted that timescales for the Government response to the ICS Phase 2 recommendations is currently unclear and agreed that if necessary, an additional meeting of directors should be scheduled during the summer.

IR re-joined the meeting and re-assumed the Chair

GW noted the need to mitigate the perception of conflict of interest and IR agreed.

MONITORING

6 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 advised that the content of the summary reports has been revised to give a longer term, strategic view of the business rather than focussing on shorter term objectives which are reported on under item 7. PR invited feedback on the new reports to feedback in turn to the Leadership Team.

PR advised that the Education team's work with the Scottish Government-led Education Recovery Group for COVID-19 had been well received by the sector and further work is anticipated on this as guidance is updated. PR confirmed that the Mutual Investment Model has not yet been used. It was noted that there is a risk that requirement for its use may be limited while a strong pipeline of projects would be necessary for market interest.

Discussion took place on the longer-term implications of COVID-19 on house design and the market, including the possible re-purposing of redundant office space in the future.

[REDACTED]
[REDACTED]
[REDACTED]

AA stressed the importance of pursuing the work on quality within the Construction Industry and Delivery business area and PR confirmed that although resource had been diverted at the beginning of the COVID-19 crisis, work in this area has re-started with the recovery phase.

7 Business Plan Objectives

The Board noted the report on the status of business plan objectives at the end of May 2020. PR highlighted that while all objectives remain 'green' at this stage, modifications to the work to be covered against some objectives are noted in the report where elements of work have been displaced by COVID-19 related activity.

The Board further noted that five new objectives have been added reflecting substantive pieces of work arising from the COVID-19 crisis and these will be tracked alongside the existing business plan objectives.

8 Finance Report

The Board noted the finance report for the two months to 31 May 2020. CW highlighted that expenditure on travel and training in the first two months of the year have been lower than anticipated due to the COVID-19 crisis. CW advised that savings in these areas are being quantified and budget will be released for allocation to advisory or identified project spend. The Board questioned the underspend on training and was advised that several factors have contributed including staff workloads to address the COVID-19 crisis, lower costs associated to the online training replacing face to face training and the suspension of conference attendance.

CW further advised that £120k remains in the budget for the implementation of the suspended pay award which will be reviewed in the second half of the year

CW outlined variances against the budget including IT costs and allocated advisory attributing the variances to equal phasing of budgets through the year while actual expenditure is not even through the year. The Board requested that budgeting be reviewed to better reflect expected expenditure patterns through the year.

Budget approach to be adjusted to better align with expected expenditure profile.

The Board noted the cashflow forecast for the year to 30 September and that the group has sufficient cash and cash equivalents to cover approximately three months operational costs.

9 Report from Chair of Group Audit Committee

GW provided a report on the Group Audit Committee meeting which had taken place immediately prior to the Board meeting:

- The Committee had agreed to extend Scott Moncrieff's appointment for two years in line with Audit Scotland's tendering process and pending clarity on the adoption of the Framework Document.
- The Committee had reviewed and agreed a proposal for appointing internal auditors for a period of three years.

- The Committee had noted the appropriate procurement process and appointment of Grant Thornton to carry out assurance on the new outcomes reporting.
- The Committee had noted the mechanism for the repayment of capital grants requested by Scottish Government and noted that the accounting treatment had been agreed with the external auditors.
- [REDACTED]
- The Committee had been advised that the audit has proceeded to plan remotely.

10 Corporate Services Report

The Board noted the report covering recent and planned activity across finance, HR, communications, business technology, office management, procurement and data protection.

The Board noted that a complaint against SFT was received in May and the Company's formal complaints procedure is being followed. CW advised the background to the complaint and confirmed that legal advice has been taken and a formal response made.

The Board was advised that staff surveys have been carried out on home-working since the beginning of lockdown and most staff are currently content with arrangements in place.

11 Public Inquiry Participation

The Board noted the report on the Public Inquiry into two health projects where SFT has had roles:

- The former Chief Executive of SFT was a member of the Project Board for the Queen Elizabeth University Hospital in Glasgow but the project was not part of a programme which SFT had a role in.
- The Royal Hospital for Children Young People was delivered as part of the NPD programme which was managed by SFT. SFT has held a number of roles at various stages of the project.

The Board noted and discussed the risks of participation relating mainly to resourcing, including pressure on the Chief Executive who has been involved at various stages of the RHCYP project, and reputational risk of the Inquiry's findings. The Board noted that it is not yet clear if SFT will be designated as a Core Participant but should this be the case it was noted that legal costs would be significant. Following a prior discussion between AF and the Chief Executive, the Board was advised that it is intended to issue a competitive tender for legal advice.

The Board noted and agreed the proposed early steps to prepare for the Inquiry. PR advised that preparatory work has commenced with an Associate Director appointed to project manage the process and the collation of documentation will take place over the summer with an update to be brought to the Board at its September meeting. The Board agreed the importance of supporting staff through the Inquiry process including any interview/cross-examination.

Update on Public Inquiry participation to be brought to the Board in September.

AF offered to provide support and advice.

12 Employee Opinion Survey

The Board noted the actions drawn up by a staff group to address issues raised by the Employee Opinion Survey carried out in early 2020. The Board was advised that the group is now identifying key tasks sitting below each of the actions and will prioritise tasks and assign responsibilities.

The Board questioned if there was staff confidence that the correct actions had been identified. PR advised that some feedback will be gained through interim surveys but cautioned that some of the actions will take longer to embed and will require a full performance cycle to judge success.

The Board noted that updates on progress will be given within future Corporate Services update reports.

DECISION

13 Car allowance proposals

The Board noted the report on car allowances. CW advised the proposals have been driven by Scotland's net-zero emissions target with the proposal to remove the standard car allowance in three years, retaining only the low emission allowance and also introducing a salary sacrifice scheme for electric cars. The Board was advised that the three year timeframe for the removal of the standard allowance is considered a reasonable period to allow staff to change vehicle. The Board approved the proposals and noted that a staff consultation will be carried out.

14 Board Strategy Day

The Board noted and discussed the report outlining the structure and purpose of the strategy day in September and noting that it is envisaged that the meeting will be conducted by video conference.

The Board noted that video-conferencing could give the opportunity to invite external speakers from further afield and asked PR to consider this in his continued planning of the agenda. The Board further agreed that separate sessions could be arranged with external speakers prior to the strategy day if required to manage the agenda.

The Board agreed the proposed structure and asked PR to draft an agenda for further consideration on this basis.

PR to draft agenda for strategy day.

15 Health and Safety

The Board noted the annual health and safety report including the health and safety arrangements during COVID-19 when the office has been closed to staff. PR highlighted the support being offered to staff whilst working at home for both mental and physical wellbeing.

The Board noted and agreed the change in the Health and Safety structure for the organisation and PR confirmed as Director responsible for Health and Safety that all necessary legal requirements and measures to protect and promote the health, safety and wellbeing of staff are in place.

The Board agreed that a full COVID specific office risk assessment should be undertaken prior to staff returning to work in the office. The Board recommended that a code of conduct be put in place for the return to the office and that staff be asked to confirm compliance with its provisions prior to return. PR confirmed that liaison is taking place with the other occupiers in the office building and that consideration is being given to guidance for staff visiting other offices in the future.

The Board noted that two minor 'Accidents Near or Miss' had been recorded in the year related to electrical faults. PR advised that these were both related to the wiring of sockets and that a full review and testing had been undertaken since.

16 AOB

PR advised work is being undertaken on the potential for SFT to respond to a bid for UK Digital, Culture, Media and Sport (DCMS) funding for the development of 5G use. PR advised that a paper will be circulated to the Board and confirmed that it will cover resourcing and any reputational risks identified.