

Scottish Futures Trust
WORKSTREAM REPORT
2022/23

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1. INTRODUCTION

The purpose of this report is to provide an overview of the work carried out by the Scottish Futures Trust Limited (SFT) during the financial year 2022/23.

In 2008 the Scottish Government established SFT as a centre of infrastructure expertise to work with its many public and private sector partners, creating innovative solutions to improve the economic, social and environmental outcomes from Scotland's infrastructure.

Scottish Futures Trust Investments Limited (SFTi) is a wholly owned subsidiary of SFT and its sole activity is as an investment company.

As an arm's length company owned by the Scottish Government, our aim is:

'to improve the efficiency and effectiveness of infrastructure investment and use in Scotland by working collaboratively with public bodies and industry, leading to better value for money and ultimately improved public services.'

In working towards that aim, employing and developing the right team of people is crucial. Since becoming fully operational in 2009, SFT has built a c70-strong professional team who have the specific skills and expertise to deliver, support and improve public sector infrastructure investment, right across Scotland.

Our teams contribute significantly to creating award-winning buildings and other infrastructure investments, delivered through innovative programmes which secure additional investment and support economic growth.

All SFT's activities are aligned with our three corporate priorities of place, net zero, and inclusive economic growth, and ultimately contribute to the ten infrastructure-related outcomes in our 2019-24 Corporate Plan.

SFT's long-term plans are described in our [2019-2024 Corporate Plan](#) which can be found on [SFT's Website](#). Our priorities and detailed activities for the new year are set out in the [23/24 Business Plan](#) which can also be found on SFT's website. The impact of SFT's work is demonstrated through its annual outcomes report which is contained in the associated microsite [SFT Outcomes](#).

2. ORGANISATIONAL STRUCTURE

During 2022/23, SFT's leadership team comprised of the Chief Executive and four executive directors. Each executive director leads one of four business areas: Infrastructure, Finance & Programmes; Construction Industry & Delivery; Strategy, Place & Economy; and Corporate Services & Investments.

Reporting to the leadership team are 14 workstreams, each headed up by a Senior Associate Director, and a Corporate Services Team, covering Finance, HR, IT, Legal, Communications and Office Management.

The 14 workstreams are described below.

1	Innovative Finance Providing support for long term innovative funding and financing models to mobilise private capital toward priority areas of additional infrastructure.
2	Net Zero Buildings Working with partners on the decarbonisation of the built environment. This work is underpinned by Scottish Government's Heat in Buildings Strategy which is a key driver for both decarbonising heat and ensuring our buildings use less energy.
3	Net Zero Transport Working across a number of key areas including: encouraging the acceleration of provision in EV chargepoints, in particular through support to the Electric Vehicle Charging Infrastructure Fund; and, support in accelerating the rate of transition towards the zero emission buses.
4	Learning Estate The team work with Scottish Government, local authorities, and private sector delivery partners to drive forward programmes of investment in the learning estate.
5	Digital Infrastructure The team focusses on the development and delivery of digital connectivity programmes, the supporting of future connectivity related government strategies and work with stakeholders to identify business and use cases to enable future digital infrastructure initiatives.
6	Operational Contract Management The team provides commercial and technical support to the public sector in the management of their PPP estate.
7	Improving Delivery This workstream helps public sector organisations improve the delivery of their projects. The work is developing, delivering, and scaling the use of innovative industry initiatives that support the public sector and industry to operate effectively and efficiently and improve asset performance.

8	<p>hub</p> <p>The hub Programme operates across Scotland and serves the public sector in the development and delivery of community infrastructure projects. The programme is based on a partnership between the public and private sectors. SFT's role as Programme Manager is to work with the public and private sector stakeholders to encourage achievement of the hub programme objectives</p>
9	<p>Infrastructure Technology</p> <p>This workstream continues to provide a centre of expertise in digital and data management, working across the Scottish public sector and industry across the built environment.</p>
10	<p>Asset Strategy</p> <p>Our Asset Strategy team is supporting Scottish Government deliver its asset strategy ambitions as set out in its 2021-26 Infrastructure Investment Plan (IIP).</p>
11	<p>Land</p> <p>The Land Team works with public sector partners on the sale and reuse of surplus assets, together with longer term strategies for rationalisation in keeping with the Scottish Government's Infrastructure Investment Plan.</p>
12	<p>Place, Housing & Economic Investment (PHEI)</p> <p>PHEI utilises its skills to improve Scotland's places, communities and environments, underpinned by 'Place'. We work with partners to strengthen Scotland's economy, using wider public sector investment, enhanced public service delivery and coordinated infrastructure activity to build solutions that deliver positive impacts.</p>
13	<p>Infrastructure Strategy</p> <p>The Infrastructure Strategy team has a focus on developing the evidence base to support infrastructure decision-making and the collaborative framework to drive integrated policy delivery.</p>
14	<p>Investments</p> <p>Through investee company board representation and internal monitoring, the Investments workstream manage the portfolio of Design, Build, Finance & Maintain (DBFM) and hub investments.</p>

3. OVERVIEW

The 22/23 financial year has been another successful year for SFT. The key achievements of the 14 workstreams are summarised below under three main strands: Leading Innovation, Developing and Sharing Best Practices, and Managing Effective Delivery.

Leading Innovation:

- Providing technical and commercial innovation as a founding partner of the Heat Networks Support Unit alongside Scottish Government and Zero Waste Scotland.
- Exploring new business models and setting out financing approaches for investment in heat decarbonisation as part of its co-secretariat role to the Green Heat Finance Taskforce.
- Delivering the UK Government funded Infralink programme to develop and share models for private mobile communications industry to engage with public sector asset owners more effectively
- Leading the Edinburgh Homes Demonstrator programme to create standardised home designs for modern methods of construction and the business models to deliver them
- Leading the development of innovative evidence-based investment prioritisation methodologies across infrastructure sectors

Developing and Sharing Best Practices:

- Developing the Net Zero Standard for Public Buildings to include retrofit as well as new-build
- Developing and sharing leading practices in operational PPP contract management, focussing on preparation for hand back and PPP buildings decarbonisation
- Delivering national guidance on development of asset strategies in line with the principles of the Infrastructure Investment Plan and share emerging practices on new frontiers for smarter office working
- Progressing the development and adoption of a Standard Information Management Plan (SIMP) across public sector projects to promote digitalisation of delivery and asset management

Managing Effective Delivery:

- Progressing a range of local sustainability projects under the innovatively financed Green Growth Accelerator programme which we lead
- Leading delivery of the Learning Estates Investment Programme with 9 projects in construction and a new phase under development in challenging market conditions
- Transferring SFT management of the Scottish 4G Infill programme from the end of the delivery phase to close-out to Scottish Government with successful mast deployment achieved and utilisation of European funding
- Continuing programme management of the highly-successful hub programme delivering dozens of community infrastructure projects across Scotland

4. 2022/23 WORKSTREAM REPORT

Each of the 14 workstreams are given a number of activities to work on over the financial year.

The following pages describe the key milestones and achievements for each of the 14 workstreams' activities during 2022/23.

Workstream	Innovative Finance
Activity 1	Develop and support long term innovative funding and financing models to mobilise greater private capital towards priority areas of additional infrastructure especially those to support the transition to net zero and MIM.

Key milestones and achievements in year

Resources were directed to:

- funding and financing considerations for the development of a green hydrogen sector and, towards the end of the year,
- to consider the implications of the Reform of Electricity Market Arrangements (REMA) on the future of the renewables sector.

These areas have relevance to the infrastructure needed for the transition to net zero, the understanding of the underpinning commercial models and the role for government in using its funding, financing and broader levers.

The workstream also:

- provided input into the Net Zero Buildings team work on commercial models for heat networks and some consideration of heat pumps.

Workstream	Net Zero Buildings
Activity 2	Provide support to progress the implementation of the provisions of the Heat Networks (Scotland) Act 2021. Specifically, mobilise, with Scottish Government and partners, the Heat Networks Pre-Capital Support Unit (to support the development of a pipeline of heat network projects).

Key milestones and achievements in year

Key achievements in the year include:

- Launched the Heat Networks Support Unit (HNSU) in September 2022

- Provided support to various heat network opportunities, both new projects and those seeking further support.
- Extensive stakeholder engagement to inform a paper on potential future delivery models for deploying heat networks at scale.
- Active role on the Heat Networks Regulation Steering Group, which supports Scottish Government in developing regulations under the Heat Networks (Scotland) Act 2021. We have provided input on the proposed approach to Building Assessment Reports, zoning and permitting including input into wider strategy and detailed review of draft documents.

We have supported various projects during the year to date, including for example City of Edinburgh Council (Granton Outline Business Case and Bioquarter feasibility study), West Dunbartonshire Council (Queens Quay extension / Green Growth Accelerator pathfinder Outline Business Case). Further activity is now taking place as new projects (or existing projects seeking further support) are making applications to the HNSU.

Workstream	Net Zero Buildings
Activity 3	Support Scottish Government and wider public partners in their activities to develop phased targets for the Decarbonisation of the Public Sector Estate (DPSE) by 2038.

Key milestones and achievements in year

SFT have worked closely with the Department of Energy and Climate Change:

- leading on early stage engagement with key public sector stakeholders and providing a summary of evidence which could inform any future consultation
- developing with Scottish Government strategic options for funding and financing the decarbonisation of the public sector estate.

Workstream	Net Zero Buildings
Activity 4	Implement the Net Zero Public Sector Building Standards' governance and progress roll-out. To include the development of supporting documentation for the Net Zero Public Sector Buildings Standard for Existing Buildings and undertaking at least two demonstration projects.

Key milestones and achievements in year

- The Standard's Requirements document has now been recast as applying to both New and Existing Buildings and is being piloted by City of Edinburgh Council on two school retrofit projects.

- The City of Edinburgh Council’s approach demonstrates the extent to which energy performance of existing schools can be improved when a full decant is practical and significant funds are available. Work on the Standard with the Council is helping us to define the best value route to net zero that could be achieved by projects that have less opportunity for extended decant and take a more opportunistic approach to implementing energy conservation and decarbonisation measures.

There has been significant appetite at project level to adopt the standard. We are planning with Scottish Government next steps which will focus on strengthening the links between the objectives of Scottish Government funding programmes and those of the Standard.

Workstream	Net Zero Buildings
Activity 5	For heat, develop long term innovative models for the future funding and financing of the built estate which demonstrate possible routes to market. Work closely with the Green Heat Finance Taskforce, including providing a co-secretariat role, and draw upon the evidence coming out of their activity.

Key milestones and achievements in year

- Scottish Government committed to the establishment of the Taskforce in the Heat In Buildings Strategy in Oct 2021. The purpose of the Taskforce is to *“develop a portfolio of innovative financial solutions for building owners in Scotland to ensure that by 2045, our homes and buildings no longer contribute to climate change, as part of the wider just transition to net zero.”* SFT are co-secretariat of the Task force which is co-chaired by Patrick Harvie (Minister) and Sara Thiam (CEO for the Scottish Council for Development and Industry or SCDI).
- Over the year the taskforce has engaged in areas including place based financing & funding mechanisms, owner occupier, multiple tenure multiple occupancy, social housing, private rental sector as well as non-domestic properties.
- In SFT’s role we have provided briefings to the taskforce, engaged with sector specific stakeholders and set out the examples of funding and financing approaches for heat decarbonisation to support the taskforce in delivering recommendations. In our role alongside government, engagement has covered the Owner Occupier, Multiple Tenure Multiple Occupancy, Social Housing, Non-domestic as well as private rental sector. Stakeholder engagement in these areas is providing a good foundation for future partnering opportunities between the public and private sector in the heat sector, with building owners as well as investor/financial institutions.

- We are supporting the drafting a report setting out the taskforce’s findings and recommendations.

Workstream	Net Zero Transport
Activity 6	Support Transport Scotland to engage all stakeholders within the bus industry especially operators and financiers to accelerate the transition to zero emission buses.

Key milestones and achievements in year

- SFT has been supporting Transport Scotland in engaging with stakeholders to encourage greater collaboration in the financing, charging and maintenance of battery electric buses.
- Previous rounds of subsidy support have been given directly to (mainly large) bus operators such that they directly own and / or control the battery electric buses. This approach meant a relatively short term role for third party financiers and therefore the higher upfront cost of such buses being absorbed over a short period (5 years say) and hence a requirement for ongoing significant subsidy support. We have supported an alternative approach to explore and encourage an alternative approach with 3rd party long term financiers to assess the demand from operators for a model in which the technology and operational performance risk and ownership of buses is transferred from operators. The ambition is that financiers and / or other 3rd parties will playing leading roles in bids for ScotZeb in autumn 2023.
- SFT has also participated in the short life Energy for Transport Board. This is a governance group which brings different directorates within government together to coordinate an approach to battery electric and hydrogen fuel cell vehicles.

Workstream	Net Zero Transport
Activity 7	Work with Transport Scotland, public bodies and the private sector to accelerate the roll out of more Electric Vehicle chargepoints to support public charging and public sector fleet charging.

Key milestones and achievements in year

- The Electric Vehicle Infrastructure Fund was launched in April 2022. Programme Board governance, management and reporting arrangements were established and the EVIF Board has met four times this year. We have continued to engage with Energy Savings Trust and

other delivery support bodies such as UK Government’s Office of Zero Emission Vehicles’ (OZEV) Local Electric Vehicle Initiative (LEVI) Fund. This is helping develop and disseminate best practice in EV infrastructure delivery. Of note was our input to the LEVI procurement forum’s heads of terms for concession type contracts.

- We have developed our own templates and guidance for the EVIF programme, with a template business case and feasibility model being widely used by local authorities. We have also developed an overview of routes to market, template joint working arrangements as well as the front end of a template concession contract.
- Extensive support to local authorities has been provided throughout the year. This saw key pathfinders concluding their business cases - Dundee adopting a new delivery approach for on-street charging and the three Ayrshire Councils agreeing to collaborate through a concession type contract for a significant expansion of their charging network. We continue to support major collaborations in the Glasgow City Region, Forth Valley and North of Scotland as well as standalone authority initiatives.

Workstream	Learning Estate
Activity 8	Manage the delivery of the Learning Estate Investment Programme (LEIP) through programme level support across both the announced projects and the development of the next phase of the programme.

Key milestones and achievements in year

- **Project development** - Phases 1 and 2 of the LEIP programme comprise 37 projects across 23 local authorities. Through planned engagements with local authorities, their design teams and contractors, 6 projects entered into construction despite difficult market conditions and delays due to Brexit, Covid and the war in Ukraine. This brings the total number of schools in construction by the end of March to 9. One school opened this year.
- **Knowledge share** - To maximise the effectiveness of the programme approach, common themes and challenges were identified and discussed with all local authorities.
- **Cost tracking** – Regular tracking of project costs and timetables has allowed the programme team to provide budget profiles for Scottish Government and to highlight market trends.
- **Operational stage** – Consistent with plans, the completion of the first project marked the LEIP programme moving into the operational phase and the first payment of the outcomes based funding model. This starts the process of Post Project Review and Outcomes Based Funding. Lessons learned from this transition will help inform subsequent projects.
- **Governance** – SFT continued to provide the secretariat function for the quarterly LEIP governance board
- **Development of Phase 3** - To move towards Net Zero and to learn from the Covid pandemic, the LEIP outcomes were updated for the anticipated Phase 3. Scottish Government invited local authorities to submit projects for consideration and the Learning Estate Team participated in the assessment process to identify eligible projects. With cost and inflation pressures a range of options was assessed, and budgets developed to provide

ministers with alternatives to be considered and this process is ongoing pending a decision from the new minister.

Workstream	Learning Estate
Activity 9	Support the development of the Learning Estate Investment Programme projects in line with the principles of the 2019 Learning Estate Strategy and international best practice in the development and design of learning environments

Key milestones and achievements in year

- Key to developing projects in line with the principles of the Learning Estate Strategy is the briefing process. The team has engaged with local authorities and their design teams to discuss, support and challenge how the project requirements reflect the strategy. There are areas which have received high priority, such as energy consumption, and others which require additional focus, for example outdoor learning. The team collates feedback on individual projects into an Outcomes Realisation Tracker for the LEIP Board and this illustrates how each principle is developing across the programme. A series of Shared Learning Events, often attended by all local authorities, have been held to share best practice and to support less well developed themes. This approach has been very positively received and will continue into 2023-24.
- A key point in the year for the team is the annual Learning Places Scotland Conference which was held in the Glasgow SEC in November 2022. The team participates in the Conference Advisory Group and the Awards Panel in advance of the conference, designed and hosted a stand at the event and chaired sessions. This event is supported by Scottish Government and primarily attended by consultants, contractors and councils. Relationships with these stakeholders are key to enabling us to be effective and influential in the LEIP programme.
- The team has participated remotely in the international Innovative Learning Environments and Student Experiences programme based in the University of Melbourne. This has provided connection to designers and practitioners around the world and provides a network for sharing knowledge and experiences. Collaboration partners in the University of Edinburgh provide academic and research support to the initiative and their expertise has been shared through the conference.

Workstream	Learning Estate
Activity 10	Monitor the delivery of the remaining infrastructure aspects of the early learning and childcare expansion programme and provide broader support across the learning estate.

Key milestones and achievements in year

- **Programme Data management** – All authorities are now delivering the 1,140 hours statutory entitlement. There are projects still in development/construction and these will enhance the 1,140 hour offer in terms of flexibility, accessibility and affordability. The team continues to collect data from the 22 councils, with projects still to complete, on a 6 monthly basis. This data is collated into an Infrastructure Progress Report to inform the governing bodies of the continued progress and any risks in relation to completion of these projects and to SG's full 1,140 hour expansion capital allocation being spent.
- **Knowledge Share** - To continue with sharing of best practice, lessons learned videos from ELC settings were commissioned and are available on the SFT website. The team used their influence on the conference Advisory Group to promote the inclusion of ELC projects at the event in November 2022.
- **Additional areas of related activity**
Delays due to covid, Brexit, the war in Ukraine and increasing costs have been experienced by some projects. The team has liaised between local authorities and Scottish Government where funding flexibility requests beyond March 2023 have been made. We will monitor this throughout 23-24.
- **School Age Childcare** – Scoping and planning for a pilot programme for School Age Childcare commenced in Jan 23 and will continue into 23-24. This is a £4.5m fund to be deployed in 23-24 is currently intended to be a series of low cost, high impact interventions.
- **Free School Meals** – As the policy to expand Free School Meals develops, it is recognised that there may be infrastructure implications in both food production and consumption spaces. SFT were involved in working with SG and local authorities to gain an initial understanding of what may be required in each setting.

Workstream	Learning Estate
Activity 11	Provide infrastructure expertise to support the development of the wider learning estate in areas such as ventilation and decarbonisation. This will include incorporating lessons learned and harnessing opportunities from the COVID-19 pandemic, focusing on wellbeing, and designing healthy learning environments for both users and the environment.

Key milestones and achievements in year

- During the covid pandemic the Learning Estate team worked with government and all local authorities to achieve the goal of having a CO2 monitor in every learning and teaching space in Scotland. This has allowed data and experiences to be captured and analysed to help inform future strategies.
- Working with the consultant Buro Happold, four councils participated in a Deep Dive Study to derive insights and observations which could lead to further investigation. For example, the link between different curriculum areas, space use intensity and air quality was identified and this has been followed up in an extended second Deep Dive report. Lessons from this period have helped inform the requirements for data gathering in the proposed LEIP Phase 3. The second Deep Dive study is aiming to better understand how energy usage is altered when good levels of ventilation are maintained during all seasons and weather conditions.

Workstream	Digital Infrastructure
Activity 12	Support the delivery of and assure the Scottish Government’s S4GI programme and continue to use the delivery of this programme as a catalyst to engage with industry, local authorities, academia, UK and devolved governments to promote the deployment of future proofed mobile infrastructure to improve rural 4G mobile coverage, and support Scottish Government in work to start forming an insight into how future mobile interventions could be developed.

Key milestones and achievements in year

- 54 Scotland 4G Infill masts were erected by the end of the financial year with the final mast currently in construction. Of the 55 masts in the programme, 48 are activated and the remaining masts will be activated over the summer. At key points throughout the year meetings were held with the contractor to review, support and challenge the delivery and financial progress of the programme.

- The lessons learnt from 100 days Programme for Government 2021 commitment was supplemented by wider programme lessons learnt led by SFT and SG, and produced with the contractor. This was then shared with UK Government and the industry joint venture, ‘DMSL’, to support the development of the approach to the Shared Rural Network and received positive feedback.
- Data and information are being gathered about the current position in terms of mobile coverage/technology and the projected deployment in Scotland up to 2027 to aid with consideration about the requirement for future public sector intervention.

Workstream	Digital Infrastructure
Activity 13	Lead and support the delivery of the agreed set of actions underpinning Scottish Government’s Green datacentres and digital connectivity: vision and action plan for Scotland to encourage new investment in green sustainable Scottish data hosting facilities and fibre connectivity

Key milestones and achievements in year

- Working alongside Scottish Government, and partners SFT has coordinated and progressed the Green Datacentre and Digital Connectivity Vision and Action Plan (‘the Plan’) activities.
- Two Ministerial Working Groups (MWG) were held to support the ongoing work on the Plan.
- SFT sourced relevant and engaging speakers for the quarterly Host in Scotland events, resulting in good attendance levels and the establishment/continuation of good stakeholder relationships as the Host in Scotland format transitions to Scottish Enterprise.
- An updated Data Centre Site survey report that develops the methodology used for the site selection exercise carried out in 2021 has been produced with 5 new locations being identified. There has been improved engagement with local authorities and site owners/developers to stimulate interest in the potential of 20 new data centre sites.
- A subsea cable case study report exploring and evaluating the reasons that other national governments have or have not invested in subsea cabling has been produced. From this a suggested evaluation framework applicable to Scotland has been produced with costed route options for further consideration.

Workstream	Digital Infrastructure
Activity 14	Support innovation and knowledge sharing in respect of future 5G deployment and application development that encourages multi-sector collaboration via continued support and promotion of the Scotland 5G Centre and delivery of the UK Government Digital Connectivity Infrastructure Accelerator funded Infralink Exchange pilot project

Key milestones and achievements in year

- The first version of the Infralink Exchange Playbook – a how-to guide on how LAs can engage better with the mobile industry- was published in November 2022 and second version completed in March 23. Positive response to shared learning and allows other LAs to repeat the benefits of the approach.
- As from June 2022, the Infralink Exchange platform showed over 140,000 local authority assets (land, building, street furniture) with associated planning restriction data. Attention then moved to (i) encouraging industry to use the platform to obtain case studies (ii) local authorities aligning back office policies and procedures and (iii) carrying out a data refresh exercise to ensure sustainability of the data management process.
- A strategic stakeholder session was held in September to the share work carried out to date, demonstrate the platform to strategic supporters of the project and show impact to date. The next one is scheduled for June 2023 for a primarily LA audience to share case studies, promote learnings and encourage adoption by other LAs.
- A benefits realisation framework was produced including quantitative and qualitative analytics to track progress both during the project and beyond. Quarterly reports and a final report were produced for submission to the UK Government funder and shared with SG and the Tay Cities LAs to assess progress.
- An exercise examining the sustainability of the Infralink approach post-project identified LAs can manage the necessary activities themselves. SFT supported transition arrangements and will continue to provide arm's length support.
- Support, development and approval of the 1 year business case for the Scotland 5G Centre (S5GC) for 2023-24, including providing case studies and promotion of the original Infralink Programme on various platforms. Input has commenced (via board membership) to the medium term strategy for the S5GC to continue post March2024.

Workstream	OCM
Activity 15	Progress the implementation of the programme approach to the handback of Public Private Partnership (PPP) projects including completing a further three project surveys and assist Authorities to implement a programme approach based on best practice and previous survey recommendations.

Key milestones and achievements in year

- Five legacy reviews were conducted to provide an indication of works which are likely to be required on PPP assets prior to the end of contract.
- Health projects have been supported through the specialist support team (collaboration of NHS Assure and the Operational Contract Management team in SFT with joint NHS and SFT governance), with particular focus around supporting the specialist support team’s dedicated handback manager.
- Ongoing commercial support including training sessions and attendance at meetings both internal and between an authority and it’s SPV has also been provided across a number of education and accommodation projects. These include Aberdeenshire Schools PPP1, Highland Schools PPP1, Balfron High school, Falkirk Schools PFI, East Renfrewshire Schools, Kilwinning College, Kilmarnock Prison and Kinnoull House PFI in Perth.
- Ongoing commercial support, strategic leadership has been provided to both health and non-health handback networks to increase the collective capability, and resilience of public bodies either on or about to embark on their individual handback journeys.
- Recognising and responding to challenges with handback project management resource within both NHS Highland and the Highland Council, SFT developed and submitted a shared resource proposal including some grant funding from SFT. As an outcome, a joint project manager has been appointed and is working across The Highland Council’s PPP1 school and NHS Highland New Craigs PFI project.

Workstream	OCM
Activity 16	Support two pilot projects on the basis of new SFT guidance to assist authorities managing PPP projects to transition those assets towards the net zero carbon requirement.

Key milestones and achievements in year

- Key milestones include publication of the guidance on pathways to net zero for assets delivered under PPP contracts and roll out to stakeholders in accordance with the communications plan and completed in June 2022.
- To showcase the guidance, St Andrews Community Hospital and Dundee Schools PPP1 were selected to overlay the guidance and take those projects partway through the decarbonisation process from project initiation, Pre -Stage 1 Preparation/Develop NZ Governance Structure through to the end of Stage 3, the Decarbonisation Options Assessment. Both projects have concluded their Stage 3 Decarbonisation Options Assessment activities which includes determining the net zero carbon roadmap and target, assessing the baseline energy and carbon performance and crystallising the decarbonisation options.
- Decarbonisation options assessment outcomes for both projects had similar themes on user habits and behaviours recommendations, upgrades to Building Management Systems, heating systems works, addition of small scale renewables and conversion to LED lighting.
- Whilst some of the of the required Stage 4 activities have already commenced at Dundee due to that project having started in the previous period, the following key steps will form the basis of moving forward in 2023/24 which include progressing both projects through the implementation stages of the prescribed NZ guidance decarbonisation process.

Workstream	OCM
Activity 17	Continue to operate and develop the PPP collaborative groups to provide strategic and individual project specific support operational PPP projects.

Key milestones and achievements in year

- The seven regional collaborative groups relating to operational PPP projects continue to be supported as well as the provision of ongoing specific and ad-hoc commercial support across a range of different projects.

These projects included North Ayrshire Council, Aberdeenshire Council, NHS Forth Valley, NHS Orkney, Wick Hub project, JCC, Angus Council, East Lothian Council school, Addiewell prison, Woodland View, Ayrshire, FVRH, NHS GG&C, NHS Lanarkshire (Hairmyres & Wishaw), NHS Ayrshire & Arran, Midlothian Council, D&G Council, NHS Lanarkshire (hub health centre bundle).

Workstream	OCM
Activity 18	Implement two strategic commercial reviews that focus on value creating opportunities and PPP/PFI operational risks.

Key milestones and achievements in year

- The two projects were the Ambulatory Care and Diagnostic Centre (ACAD) units and East Lothian Schools PPP1 project.
- On completion of the Commercial Strategic Review into the ACADs and HUB projects within GG&C, two high level briefings were provided to GG&C stakeholders. Similarly, a meeting with East Lothian Council's senior management team was held in November 2022 to present and discuss review findings. This provided strategic focus for the council's officers and achieved the desired outcome of dealing with the issues in a planned manner.

Workstream	Improving Delivery
Activity 19	Progress with partners the work on developing and implementing national construction sector change initiatives

Key milestones and achievements in year

- **Lead and support transition from Construction Recovery Plan to Construction Accord and new working arrangements.** Further to extensive engagement across the public sector and industry, the Construction Accord was developed and published in October 2022. A Transformation Board has been established, and the Transformation Action Plan is being developed. A programme manager has been recruited by SFT.
- **Maintain and develop the benchmark database and baseline skillset tool.** Updates to the benchmark database are complete and facilitate inclusion of project carbon data.
- **Support development of Scottish Government Civil Engineering Framework.** This is a joint exercise between Scottish Government, SFT and Industry representatives and several new procurement initiatives are being incorporated. The initial bidder selection exercise is complete. Development of the Invitation to Tender for shortlisted bidders is being progressed.

- **Maintain and develop e-platform and publish two updates to the Construction Pipeline Forecast Tool.** SFT has published two updates in July 22 and Jan 23. The platform now has over 1,000 members and interest and engagement continues to grow with a webinar successfully delivered in March.
- **Establish with partners the new Construction Net Zero working group.** A working group was established, with an agreed mission. Lots of public sector and industry engagement was undertaken, including with materials suppliers. Initial arrangements were established with the Scottish Government Just Transition Plan group and net zero skills group, Skills Development Scotland, SEPA, and Zero Waste Scotland. Workshops were held to develop early themes. The co-chairing role has now been handed over as part of the new arrangements for the Construction Accord.

Workstream	Improving Delivery
Activity 20	Work with partners to support establishment of multi-organisation construction quality improvement initiatives.

Key milestones and achievements in year

This area of work achieved a significant milestone this year with the formal launch of the Construction Quality Improvement Collaborative (CQIC) in February 2023. With ministerial support and both industry and public sector commitment, the CQIC website and the Construction Quality Improvement Charter are established and growing in terms of participants. ([link](#))

- **Co-lead development and maintenance of the national CQIC campaign with public and private sector organisations.** The programme achieved significant milestones in February with its official launch, launch of the Construction Quality Improvement Charter and the publication of the website.
- **Work with hub to establish programme approaches to improving construction quality across each hub territory.** Early work has involved development of an approach in the Southwest Territory, supported by Dumfries & Galloway Council. Templates have been designed and a communications platform established. There has been engagement across all the Territories with good support emerging. All the hubCos have committed to the CQIC Charter.
- **Work with local authority heads of property to develop approach for improving construction quality across Councils.** In addition to significant levels of engagement across Councils, involving one-to-one meetings and group sessions, a new local authority working group has been established. This has met following on from the launch of the CQIC in February and will move to develop their plan as a peer group for supporting and enabling change.

- **Continue work with Scottish Government Health team and Health Facilities Scotland to further enhance approaches to improving construction quality on NHS projects.** This work is ongoing, and it is encouraging to see adoption of key initiatives across several health boards and their projects. Support was provided to the development of NHS guidance and the profile of improving construction quality has been raised across the sector.

Workstream	Improving Delivery
Activity 21	Continue the development of work to support partners with setting up projects for success.

Key milestones and achievements in year

In light of departure of a key member of staff, the team reorganised priorities and have managed to maintain momentum and delivery of the key initiatives listed below. SFT has recruited a new member of staff that will join the team in April 23.

- **Project Development Support** - Providing a senior executive project support role on complex or multi-organisation projects has continued with several organisations. This includes work in local government, health, culture, and environment and science. Relationships have developed well during the year with Scottish Government sponsors and funders, as well as the Risk and Audit team.
- **TVC Programme** - Work has continued to develop the programme on Transforming the Value of Consultancy (TVC). The principal focus for this year has been development of a new scope of consultancy services toolbox. This has followed on from initial pilot trials and further engagement with the programme advisory group.
- **Briefing & Evaluation** - The Briefing and Evaluation Framework was launched earlier in the year and had a high-profile airing at the LEIP conference in November, led by Stirling Council. There has been extensive engagement across local authorities and Scottish Government health has supported its use. It is now being used on hub projects.

Workstream	Improving Delivery
Activity 22	Support and enable partners in the Southeast regional housing collaborative to develop new approaches for the delivery of new affordable homes, focussing on the increased use of off-site construction, and continue to support the development of a national approach.

Key milestones and achievements in year

This area of activity has continued to develop our role and expertise in Modern Methods of Construction (MMC). The focus has been on activities within the Edinburgh Homes Demonstrator (EHD) programme.

- **Business Model** - SFT delivered the research and business model in Nov 22. In addition, SFT has implemented key elements and is developing a funding proposal for a new long-term regional resource to implement the new model.
- **EHD Pilot Project** – In our role as interim delivery partner, SFT supported the delivery of project pilots 1 and 2 and the delivery strategy and implementation of project pilot 3. Project pilot 3 encompasses the collaboration of industry players to deliver housing for the City of Edinburgh Council involving the new house typologies and design standard. Two contractors are collaborating to deliver the same house types.
- **National Strategy** - Work with Scottish Government, other public sector partners, and industry to support the development of a national approach for the increased use of offsite construction for affordable homes continues. Scottish Government is developing a business case and SFT is providing input as and when required.

Workstream	hub
Activity 23	Continue to support the operation of the hub Programme, enhancing programme assurance activities, and dissemination of shared learning and impact.

Key milestones and achievements in year

Progress on completion of key tasks can be summarised as follows.

- The National hub Programme Board (NhPB) reports are prepared quarterly in the form agreed with the NhPB.
- Reports and supporting information, with enhanced programme and project performance analyses, are also prepared to inform the monthly SFT hub PMO meetings and demonstrate progress against Activity milestones. These also inform the papers for the quarterly NhPB meetings.
- A 3-year medium-term hub strategy was prepared at the end of the 2021 - 2022 business year. The hub PMO has prepared a tracker document to manage and report progress through the actions set out. Progress on tasks noted in the tracker are on schedule for completion within the proposed timescales.

- All the hub Programme assurance model outputs have been delivered.
- New Project Requests created by the revised process demonstrate that the Programme has positioned Scottish Government’s three priorities (Place, Net Zero and Inclusive Economic Growth) at the core of the project briefing process.
- Several Project Outcomes Profiles are in preparation.

Workstream	hub
Activity 24	Encourage and provide support across the programme on delivering performance improvement, focussing on briefing, cost management, construction quality and payment through the supply chain.

Key milestones and achievements in year

Progress on completion of key tasks can be summarised as follows.

- **Community Infrastructure Benchmark Database** - Programme-wide awareness raising has been undertaken to ensure hub stakeholders understand the purpose, value, and benefits of the Community Infrastructure Benchmark Database. The five hubCos are working to capturing project cost data within the database via revised Cost Manager appointments. This requirement is further reinforced by the LEIP Phase 3 funding conditions which has mandated this level of data capture. Construction-duration parameters have been established for the database and work to amend the database to incorporate these has been instructed to incorporate the required new data fields.
- **Tools for Embodied Carbon** - The development of a process for gathering carbon statistics to be incorporated in the Community Infrastructure Benchmark Database has been completed. Adding embodied carbon assessments within the database enhances its ability to influence the development of project cost plans.
- **Improving Construction Quality** - The Construction Quality Improvement Collaborative (CQIC) is being piloted on several hub projects. This allows SFT to test out new thinking in proactive early-stage measures and on-site processes to improve construction quality outcomes. All five hubCos are committed to the CQIC Charter.
- **Improving Briefing and Place Based Approaches** - The hub PMO has collaborated to advance the place-based approach, with place-based reviews underway involving thirty public sector bodies.

- **Improving Payment Practice** - Despite initial problems with the operation of the online Time-2-Pay Portal, causing some delay, required improvements have been made. Discussions have also been convened with hubCo and Tier 1 contractor representatives to facilitate roll out of the portal.

Workstream	Infrastructure Technology
Activity 25	Maintain leadership and continue to provide support to implementation and scaling of digital and data led strategies and solution within the planning, design, and construction stages of projects

Key milestones and achievements in year

The focus of activity this year has been to maintain momentum and progress in the development and adoption of the Standard Information Management Plan (SIMP) across public sector projects.

- We have for example, seen continued momentum and adoption within the Learning Estate Investment Programme (LEIP) and across other public sector programmes. This is providing the foundations for effective information management and digital transformation for the design and construction process as well as creating the conditions for successful facilities management and maintenance. It is in line with international building information modelling standards.
- **Deploy and support adoption of the SIMP 2.0** The Standard information Management Plan (SIMP) was successfully updated in July 2022 and embedded into the LEIP programme through new guidance and working group engagement. All LEIP projects have adopted the SIMP, this includes 12 hub projects. We have updated and re-launched the Building Information Management (BIM) portal to accommodate the new Standard Information Management Plan (SIMP) and accompanying guidance.
- **3D Visuals for Digital Planning.** Research was successfully delivered and outlines an approach to embed needs led visualisations in the development planning process. This sits within the Scottish Government’s programme for digital planning.
- **Chair 4 Industry & Public Sector Working Groups.** Six meetings were held in national development groups including the Project information Handover working group and the Digital Estate working group.

Workstream	Infrastructure Technology
Activity 26	Maintain Leadership and continue to provide support to implementation and scaling of digital and data led strategies and solutions within the operational and maintenance phases of assets

Key milestones and achievements in year

This year we have focussed on the development of capabilities in digital twin technologies to enable better use of existing infrastructure, including improved usage optimisation, and meeting net zero targets through digital and data led insights.

- **Utilisation Technology for Schools** - This project has successfully delivered its objectives and will complete the CivTech process. The case study is developed and published as part of the SFT outcomes reporting. The requirement for utilisation is now embedded as a funding requirement of LEIP phase 3 and guidance is being developed for this requirement. A thought piece was prepared and published within the year. [Link](#).
- **Project Information Handover Resources** - The Project Information Handover requirements were published in July 2022 and now form part of the SIMP version 2 being deployed within LEIP phases 2 and 3. The work has brought together industry and public bodies to develop a proportionate and a needs-led approach to information handover. [Link](#)
- **Deliver pilot project with one authority for digital information handover via the Office 365 / SharePoint digital twin platform** - An initial prototype has been built with East Renfrewshire Council. Our work continues with East Renfrewshire Council and a Microsoft supplier has been appointed to develop the platform.
- **Chair Two Digital Estate Working Group Meetings** - Two Digital Estates and Infrastructure meetings were held in July 22 and December 22.
- **Digital Twin of Thistle Street.** - A digital twin platform for SFT's Thistle Street office was created, IoT sensors installed, and insights derived.

Workstream	Asset Strategy
Activity 27	Take forward a programme of work on behalf of the Scottish Government to support the public sector in embedding Infrastructure Investment Plan guidance on best practice in asset strategy and use of its 'investment hierarchy'

Key milestones and achievements in year

- Guidance on best practice in public sector property asset strategy, including use of the ‘investment hierarchy’ was published jointly with Scottish Government in August. This followed extensive engagement with Scottish Government Property & Construction and Infrastructure Investment Divisions. Infrastructure Investment Plan for Scotland – A guide to Property Asset Strategy in the Scottish Public Sector, published August 2022
- An engagement plan was developed and progressed throughout the remainder of the year. This has included tailored presentations and discussions with key stakeholder groups across the public sector including: various public bodies, local authorities, NHS, Emergency Services, Scottish Funding Council and other relevant working groups. This has resulted in aspects of the guidance being put into practice e.g. referenced as a key tool in presentation by NHS Greater Glasgow & Clyde on their future asset strategy; and a commitment by SFRS to use the guidance as part of their Strategic Asset Management Plan.

The engagement has informed a series of activities that will be taken forward collaboratively with other business areas within SFT during 2023/24 that will further support the embedding of the guidance in public sector property planning (e.g. Orkney Islands Council HQ project, Readiness for a net zero estate, Shared property resources, Data and Asset Performance).

Workstream	Asset Strategy
Activity 28	As the public sector looks to re-establish its workplace post-pandemic, New Frontiers for Smarter Working (NFSW) programme will continue with its guidance and co-ordination role of engagement across the wider public sector

Key milestones and achievements in year

- Highlights include the growth of our smarter working group to 180 individuals and the design and delivery of six virtual knowledge shares to the members of this group. These sessions allow us to explore new thinking / best practice, to develop guidance and toolkits to facilitate change and to provide support to the public sector on future work and workplace. In excess of seventeen organisations have been supported directly with exploration and development activities.
- At the end of 2022, we revisited our data gathering exercise from 2020 and approached eleven organisations to help us understand the changing situation. A series of tools have been developed to support the process itself, future workspace modelling and hybrid working behaviours with an addendum to the NFSW report completed and ready to be launched in early April 2023.

Workstream	Asset Strategy
Activity 29	Support the delivery of a range of transformational change initiatives including estate asset plan and business case development across a range of Scottish Government and public body organisations

Key milestones and achievements in year

- We have continued to play an important role in supporting the strategic planning of the SG ‘core’ estate and a range of transformation projects. This includes:
 - A draft Estate Strategy has been developed; progressing a refresh to the Asset Plan; and a ‘five year look forward plan’ summarising the key activities, associated timescales and enablers that will be required to deliver estate change
 - Glasgow office project – an Outline Business Case for the future office requirement of SG and a number of public bodies
 - SG Edinburgh estate – scoping paper and business case input around potential estate options.
- Provided strategic support and assurance to SCTS and COPFS on major estate transformation projects across their Edinburgh and Glasgow estates. Approval of Phase 1 of the Edinburgh project included feedback from the Justice Minister that he ‘was reassured by the involvement of SFT’ in the project.

Workstream	Asset Strategy
Activity 30	Maximise the collaborative use of public sector property assets at rural, town and city contexts by providing strategic guidance, assurance and support to change programmes and projects

Key milestones and achievements in year

- **Emergency Services:** The Programme continued to progress asset sharing scenarios (now >40 shared stations, up from <20 upon commencement). Grant awarded to Scottish Fire and Rescue Services for pre-development work on a replacement joint station in Portree. Strategic support was provided on the development of an Emergency Services Corporate Estate Strategic Intent.

- **Shared Workspace:** promoted benefits of shared assets including guidance and presentations, e.g. to local authorities, Knowledge Share, Aberdeenshire Leadership Forum, and hub. Public body support included HIE business case development and cost charging to better utilise its Benbecula office. Also support to GCC, Police, and Registers of Scotland. ‘Work Local’ report issued to key SG policy makers and across the public sector. SG Rural Network and Repopulation & Islands Communities reviewing to inform next steps for policy.
- **Estates & FM Collaboration Group:** supported establishment of a programme of key locations with organisation leads.

A number of publications were also developed including:

- ‘How to Develop & Operate Shared Workspace Guidance’, April 2022.
- ‘The Benefits of Shared Workspace’, Feb 2023.
- Work Local Hubs Research, September 2022.

Workstream	Land
Activity 31	Continuing support to our programme partners to deliver targeted capital receipts from the current programme pipeline, together with assistance to prepare strategies to enable longer term asset disposals. Defining additional wider benefits arising from the targeted receipts.

Key milestones and achievements in year

- On major pipeline disposals, sale of the three public sector sites at Liberton in Edinburgh to City of Edinburgh Council has been successfully completed providing a significant capital receipt to the landowners (NSS, NHS Lothian and NHS Lothian Charity). This public-to-public sector sale enables the site to be developed for housing (for at least 400 units) with a greater level of affordable housing and place making than would otherwise be provided by a private sector purchaser. At Paisley’s Dykebar Hospital planning consent was obtained on appeal for 603 homes, which will enable a major capital receipt for NHS GGC during the 2023/24 financial year.
- Working with local stakeholders, a place review was completed at Argyll and Bute Hospital, Lochgilphead, together with a market demand assessment which will guide the next steps for the estate development strategy for NHS Highland. Engagement has commenced with Scottish Prison Service regarding the early development of strategies for the reuse of HMP Barlinnie ahead of the any relocation to a new facility and which will form part of their emerging business case to Scottish Government.
- On longer term sale strategies, the disposal strategy for the existing Fife College campus at Halbeath, Dunfermline has been progressed, and following confirmation of additional SG

funding for the new campus project, next steps can be taken to procure marketing agents and further stakeholder engagement. Work has also continued on the options for the marketing of the former Inverness College site Longman Road; Inverness having established greater clarity on title and planning issues.

- Our programme approach with public sector stakeholders has delivered significant in year receipts of c£18m, including overage payments for NHS GGC, Lanarkshire and the City of Glasgow College arising from historic sales. This has enabled significant recurring wider benefits in terms of direct GVA expenditure, amounting to an estimated £150m for 2022/23.

Workstream	Land
Activity 32	Provide commercial and real estate support particularly to public sector partners to enable the delivery of strategic projects or sites linked to Scottish Government initiatives or funded programmes.

Key milestones and achievements in year

- Commercial and real estate support has been provided on several projects linked to Scottish Government initiatives or funded programmes including the Town Centre Demonstrator Fund and Vacant and Derelict Land Fund by participation on the respective panels.
- Engagement has taken place with Scottish Government and targeted Local Authorities on the identification of Town Centre Demonstrator Projects to receive SG funding in 2022/23, working with colleagues in PHEI. Given the need for recipients to commit the funds in FY 2022/23, the projects securing funding have been in the smaller towns, such as Oban, with learning to be captured and disseminated.
- 15 projects were selected to share in the £10m funding from the low carbon Vacant and Derelict Land Investment Programme for 2023/24 period.

Workstream	PHEI
Activity 33	Explore and/or advance the development of new approaches for the delivery of homes of different types and tenures, which will support successful, sustainable Places across Scotland.

Key milestones and achievements in year

- Edinburgh Living: A further 158 homes have been purchased (total portfolio: 502 homes).
- Housing Delivery Partnerships (HDP): We have been engaging with various Councils, to consider the use of the HDP approach for MMR homes.
- East Lothian Mid-Market Homes: provided support to East Lothian Council and assisting in identifying and assessing the viability of new developments.

- Home Ownership Made Easy (HOME): The template contract suite is in place and we are engaging with local authorities (LAs) about the approach. We are also working with the Scottish Housing with Care Task Force and engaging with Scottish Government on the approach.
- Town Centre Living (TCL):- A short life working group (SLWG) was established to identify and consider barriers and constraints to the delivery of housing in a town centre context, to identify good practice examples and propose future actions. With support from key partners, we led the development of a report on findings which has been widely disseminated and garnered positive feedback. The work featured as a topic at the joint SG/ COSLA Town Centre Action Plan Forum’s inaugural meeting in February 2023.
- Lease approach: Made case for, convened and lead an Affordable Residential Lease SLWG, bringing together key public sector partners to consider the approach, to socialise its mechanics, demonstrate its potential and bring out elements for further development.
- Council Build for Market Rent and Sale:-A second stage legal opinion was commissioned. Based upon a series of case studies, the output provides clear legal opinion based on a series of critical questions that were defined in collaboration with LAs. We are now focussing on how we support those LAs involved to move forward.
- Participating in SG More Homes’ Innovative Finance Steering Group (IFSG) and taking opportunity to link with lease and our other approaches above.

Workstream	PHEI
Activity 34	Continue to advance the delivery of the £200m Green Growth Accelerator pathfinder projects and wider programme development.

Key milestones and achievements in year

- The six Green Growth Accelerator (GGA) pathfinders were previously selected and have progressed through the year. The first full business case (in February 2023) is the North Lanarkshire Council Green Park, Green Power, Green Neighbourhood project (a £15M energy retrofit of Strathclyde Country Park’s Watersports Centre).
- The West Dunbartonshire Council Queen’s Quay Heat Network pathfinder utilised GGA support to advance its proposals and expansion plans. This GGA support has helped crystallise the basis of the project and has helped direct it towards potential Scottish Government heat networks funding (rather than via GGA funding support).
- Three more GGA pathfinders, the City of Edinburgh Council Public Sector Building Retrofit Programme, the Western Isles Hydrogen Project and the Aberdeen Hydrogen Hub are advancing their business cases.

Workstream	PHEI
Activity 35	Support at least four strategic initiatives that demonstrably contribute to delivering sustainable, successful places and support Scotland's inclusive economy to recover from the impacts of COVID.

Key milestones and achievements in year

- Continued engagement with and support to SG's Department of International Trade and Investment (DITI) through a revised Glasgow TIF project. SFT manages TIF for SG and is supporting partners to further consider their projects.
- Space Hub Sutherland reached a key milestone with HIE handing control of spaceport development to the private sector partner Orbex. SFT sat on the Programme Board providing support, guidance and challenge. With handover this role has ended.
- We are supporting SG to look at funding alignment across 13 SG Net Zero and Economy capital funds worth c.£800m and support on Offshore Wind and Green Hydrogen.
- Growth Accelerator (GA): SFT provides lead support to SG on the GA programme (including the Edinburgh and Dundee projects). Stornoway Deep Water Port reached agreement and commenced construction.
- We have supported a series of strategic housing sites, with a key focus on Granton Waterfront (Edinburgh). We have assisted CEC to develop the wider strategy and plans and convene a wider SG group to consider how they coordinate and support for the project.
- Islands Programme (IP): SFT manages the IP for SG which saw £4.4m allocated to selected projects. The IP was re-launched with bids due April 2023. We oversaw the implementation of a Monitoring and Evaluation Framework for the National Islands Plan.

Workstream	PHEI
Activity 36	Continue supporting Place based programmes and investment activity with key delivery partners across the public sector.

Key milestones and achievements in year

- Dissemination and application of the Place Guide, utilising the approach on a series of Place Programmes. This included disseminating the Guide (and wider Place learning) through Scotsman articles on islands and place and net zero, with webinars on islands and place and a podcasts series significantly progressed
- Advanced a series of Place Programmes with partners, including:
 - Joint SOSE/Scottish Borders Council engagement on Borderlands local investment priorities: targeting investment for place and community benefit.

- Development of the Greener Grangemouth Place Programme including giving evidence to the Economy and Fair Work Committee of Scottish Parliament, in addition to Falkirk Growth Deal Programme Board membership.
- Alloa Place Programme agreement by Clackmannanshire Senior Team, with a town centre masterplan brief and the westside wellbeing district strategy in progress.
- Strategic Investment Framework for Midlothian Council significantly progressed to shape priorities for joined up capital investment across the county and specific towns.
- Support to Angus to develop a Place Programme for Carnoustie.
- Successful facilitation of the Convention for South of Scotland to agree that the Regional Economic Partnership take a co-ordinating role regionally and a place approach to housing.
- Supported the Scottish Government Place Demonstrator funding allocation, building the approach, identifying and working with key projects / opportunities, sharing learning from the programme and ensuring engagement plans were agreed with the demonstrators.
- Partnership opportunities progressed with Public Health Scotland and Scottish Canals.

Workstream	PHEI
Activity 37	Provide ongoing support to SFTi in relation to the operations of the existing National Housing Trust LLPs and the related exit process.

Key milestones and achievements in year

- The Create Homes LLP (an NHT Council Variant) was advanced.
- The Exit at Fruitmarket was completed with 80 units sold by Fruitmarket NHT LLP to Edinburgh Living MMR LLP keeping the properties as mid-market rent homes;
- The Exit at Cityscape was completed with the remaining 41 units sold by Cityscape Edinburgh LLP to Places for People (PfP).
- The Exit at Lighthouse Court was completed with the remaining 20 units sold by Lighthouse Court LLP to PfP on the same terms as the Cityscape units.
- General support across the NHT portfolio continued, with a future focus on winding up the redundant LLPS from the programme a focus for next year.

Workstream	Infrastructure Strategy
Activity 38	Support the establishment of a systematic evidence-based approach to national infrastructure investment decision-making. This activity includes a number of external activities with SG IID, which support better decision-making. It is a multi-year programme of activities, to complete mid-2024. There is an additional focus on the corporate priorities, and in particular Inclusive Growth.

Key milestones and achievements in year

- Continued the development of a scenario approach to inform the needs assessment of Scotland’s long-term infrastructure to 2045, a key component of the Infrastructure Investment Plan ambition.
- Inclusive Growth action research next stage activities were delivered, establishing an infrastructure evaluation framework for 8 projects and 3 programmes across Scotland’s infrastructure landscape. It seeks to bring greater clarity on how impacts could be measured for different infrastructure types, with a clear link to SG’s National Performance Framework and Infrastructure Investment Plan. This is intended to be a long-term activity, capturing the data for analysis over time, based on the evaluation framework.

Workstream	Investments
Activity 39	Support the continued development and success of the hub companies, to deliver improved community infrastructure outcomes and protect SFTi’s shareholdings

Key milestones and achievements in year

- Through our board representation, Investments worked closely with the companies and the hub PMO in developing and delivering project pipeline – this is fundamental to the success of the programme and the viability of the companies.
- Headwinds such as construction inflation and public sector budgetary constraints have been encountered throughout the year. Notwithstanding this, the companies have continued to deliver projects and secure new project commissions. There are no immediate concerns regarding solvency or viability of the hub companies.
- As projects have struggled to meet affordability metrics (due mainly to inflationary pressures) project development cycles have become more elongated. Although in the main this doesn’t impact on cashflows (as the hub companies are paid on a staged basis) it is resulting in hub company resources becoming more stretched.

- Looking forward, constraints on capital budgets may result in fewer pipeline opportunities for the hub companies. The impact of this and longer project development cycles will continue to be closely monitored in all 5 companies.
- The hub companies have recently undertaken, or are in course of undertaking, business planning activities. Central to this is the promotion of a partnership ethos which results in broad and deep working relationships with the public sector participants. This in turn enables the companies to assist in meeting the desired outcomes of the participants – common themes continue to be de-carbonisation / transition to net zero and public sector community estate planning.
- In summary, Investments has met the activity – the hub programme and companies continue to successfully deliver high quality projects, have a healthy pipeline of projects, and SFTi’s shareholdings (including the two working capital loans to hub West and South West) are considered safe - robust monitoring processes in place in the companies and in SFTi.

Workstream	Investments
Activity 40	Manage the portfolio of DBFM investments ensuring, where relevant, that base case target returns are delivered to SFTi. In addition, develop approaches which SFTi can utilise across the DBFM investment portfolio, to encourage the move to net zero carbon

Key milestones and achievements in year

- DBFM Investments managed through investee company board representation and investment portfolio monitoring (both resourced through SFT). In addition to this, an independent commercial review of the investment portfolio model is undertaken ahead of the annual statutory audit.
- Work undertaken in FY2223 for FY2122 - investment portfolio model review undertaken with no material issues identified. Furthermore, satisfactory progress through SFTi Audit Committee and statutory audit (i.e., in respect of FY2122). Target returns delivered with no impairment.
- For FY2223, investments monitored in accordance with Investments Management Policy with portfolio performance to be confirmed through portfolio model review (scheduled for May 23) and statutory audit. It is expected that this will confirm target returns will be met.
- During the financial year several projects were subjected to senior lender lock-up restrictions. We expect one project (Forres, Woodside & Tain - FWT) to be in funder lock-up at the FY end (although should distribute in September 2023).

- At time of writing c25% of the portfolio is under enhanced monitoring / formal watch. These projects are being pro-actively managed by the investee company boards and their Operations Teams. Although requiring more time and resource, currently we do not expect any impact on returns.
- Good progress made during the year on assisting the DBFM projects with their transition to net zero – initial desktop analysis / pilot initiatives undertaken on c25% of the DBFM portfolio. As well as increasing activity across the rest of the portfolio, more detailed analysis on several pilot schemes is expected to be undertaken.