
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 15 November 2021

Place: SFT Boardroom, 11-15 Thistle Street, Edinburgh

Present: Ian Russell (IR) (Chairman)
Ann Faulds (AF)
Bill Matthews (BM)
Pauline Mills (PM)
Ann Allen (AA)
Peter Reekie (PR)

Apologies: Graham Watson (GW)

In attendance: Liz Petrie (LP)
Tony Rose (TR) (part meeting by video conference)

FORMALITIES

1 Apologies

Apologies were noted from Graham Watson.

2 Declaration of Directors' interests

AA declared an interest as a member of the Board of Crown Estate Scotland. PM highlighted Taylor Wimpey's involvement in the strategic housing site in Dunfermline referenced in the Key Deliverables report. PR noted his recent resignation from the Board of Aberdeen Roads Limited.

3 Minute of previous meeting

The minutes of the meeting of the Board of Directors of 13 September 2021 were noted and approved as a correct record.

4 Action tracker

Completed actions and timescales for ongoing actions were noted. PR confirmed that a response has been drafted in preparation for any external interest in the level of Public Inquiry fees in the year.

DISCUSSION

5 Context Discussion

PR outlined a number of recent publications related to the Company's activities. He highlighted the launch by SFT of the Net Zero Public Sector Building Standard suite of

documentation at a fringe event at COP26 in Glasgow and further highlighted the Company's imminent publication of its 'Place Guide'.

PR noted the recent publication by Scottish Government of the Heat in Buildings Strategy as well as the UK Government's Heat and Buildings Strategy. PR outlined some of the challenges in implementing these strategies including in developing regulatory frameworks. PR also highlighted the challenge of improving energy efficiency in non-domestic as well as domestic properties.

PR also noted that Scottish Government has published its Draft National Planning Framework (NPF4) for consultation.

PR advised that he had attended events at COP26 in Glasgow. PR led discussion on some of the outcomes laid out in the 'Glasgow Climate Pact' published on COP26's conclusion including the recognition that limiting global warming to 1.5°C requires rapid reductions in global greenhouse gas emissions, including significant reductions in global carbon dioxide emissions by 2030 relative to 2010, but that greenhouse gas emissions are still set to be higher than the 2010 level in 2030, even if all current national undertakings to make reductions are carried through. The Board requested that a summary of the statistics and points discussed be circulated following the meeting.

PR to circulate summary note following the meeting.

6 Business Area Discussion

TR joined the meeting for this item.

TR gave an overview of activity in the area of Infrastructure Strategy. TR recalled the development of the business area which in 2018/19 had focussed on the Infrastructure Commission for Scotland and from August 2020 had been working on implementing the Commission's recommendations including embedding them into SFT's activities. TR described the support being provided to Scottish Government in relation to the Infrastructure Investment Plan including research on how public bodies engage with the public on infrastructure and support in developing the long-term needs assessment.

TR highlighted how activity within the business area has evolved through the year and that recent agreement has been reached for the Company to support Scottish Government Planning on the NPF4 consultation process, engaging with stakeholders across the public and private sector on delivery approaches to development.

TR further described internal engagement with other SFT workstreams including on energy and digital strategies. The Board noted that TR's remit is to be extended to include the Development and Housing business area and that the internal cross-work stream engagement in the past year would provide a strong basis for this.

7 Key Deliverables

The Board noted and discussed the report on the eight key deliverables for 2021-22. PR highlighted that a RAG status had been added to more clearly illustrate progress against each deliverable and show where leadership resource is being concentrated.

In relation to key deliverable 5, PR highlighted that the Net Zero Public Sector Building Standard suite of documentation has been published and work continues on developing asset strategy guidance. PR advised that nevertheless constrained capacity and competing priorities in Scottish Government and other public bodies increase the risk of a delay in implementation of the SFT-led guidance and the Standard.

The Board further noted and discussed the number and diversity of projects being supported and tracked against key deliverable 7, and the continued challenges in delivering projects on the ground.

The Board noted and discussed the reliance on collaboration with Scottish Government and other public bodies to take forward a range of activities across the key deliverables and that the pace of progress is being impacted by constrained resources and competing priorities within partner organisations. The Board discussed consideration of such constraints when developing the next business plan to concentrate the Company's resource in areas where progress can best be made.

8 Business Area Reports

The Board noted the business area report highlighting areas of activity within Infrastructure Finance and Programmes, Development and Housing and Construction Industry and Delivery which are complementary and additional to work directly aimed at key deliverables and business plan objectives.

PR highlighted that work continues in response to the pandemic with the Company providing support and expertise to provide CO2 monitors across the learning estate. The Board further noted the Company is submitting a bid against the UK Department of Culture Media and Sport (DCMS)'s recent funding call to support the implementation of digital asset management solutions which would support the current work in developing Infralink as part of the Scotland 5G Centre.

AA welcomed the recent recruitment of resource to develop the construction pipeline database and PR highlighted that further recruitment in the Construction Industry and Delivery area will focus on the approach to offsite construction.

9 Business Plan Objectives

The Board noted the report outlining progress against business plan objectives as at the end of October 2021. PR highlighted that five objective have moved to 'amber' and advised that this reflected in some cases where pace has been slower than anticipated at the beginning of the year or where priorities and areas of activity have shifted during the year.

The Board noted the impact of constrained external resources on the achievement of individual objectives and asked that the requirement for and expected level of external resource be factored into the setting of objectives for the coming year.

The requirement for and expected level of external resource to be considered in setting objectives for the business plan 2022-23.

10 Public Inquiry

PR provided an update on the budget, timetable and arrangements for the Scottish Hospitals Public Inquiry. It was noted that hearings are to take place in May 2022. PR advised that replacement internal legal resource is now in place to support the work on the Inquiry.

11 Corporate Services Report

The Board noted the report covering human resources, communications, business technology and office management. PR highlighted the continued focus on Equality, Diversity and Inclusion with updates made to the Company website and further training planned across the business.

The Board further noted the intention to carry out work on the design and content of the corporate website and PR confirmed that this would be a refresh rather than a major redesign.

The Board further noted that the office has been re-opened for external visitors with COVID risk assessments being issued to all visitors. PR highlighted that a review of layouts in the office is underway to accommodate more collaborative space.

12 Finance Report

The Board noted the Finance Report showing the financial position for the SFT Group for the six months to the end of September 2021.

The Board noted the proposal to handback £200k of the updated forecast underspend and discussed if the return of funds could be targeted to build capacity in areas where constrained resources are impacting key deliverables. PR summarised the reasons for the underspend with COVID uncertainty impacting the already reduced travel budget, the late release of budget for expenditure due to uncertainty over the Hospitals Inquiry funding and some staff changes where earlier start dates for new staff had been foreseen in the budget forecast. The Board approved the handback of £200k to Scottish Government.

13 Governance Report

The Board noted the report reviewing its Statement of Reserved Powers, Board Committee Terms of Reference and Programme Board Terms of Reference relating to workstream activities where the Company is responsible for the secretariat.

The Board noted that no changes were recommended to the Statement of Reserved Powers and approved the Statement.

The Board noted that the Group Audit Committee Terms of Reference had been reviewed by the Committee in August 2021 and a revision requested to reflect the legal advice

received that Committee membership should be restricted to members of the Board. Subject to confirmation that GW as Chairman of the Committee is content with the proposed revision, the Board approved the Terms of Reference. [Post meeting note: approval confirmed by GW.]

The Board noted the Terms of Reference of the National hub Programme Board, Learning Estate Investment Programme Board and Construction Leadership Forum Executive Group. PR highlighted that significant revisions had been made to the National hub Programme Board Terms of Reference following a review by that Board of its remit in the context of the programme moving into its second 10 years of operation and to engage at a more strategic level.

14 Board Succession

The Board noted the resignation of AF from the Board with effect from 30 November 2021. The Board further noted that three directors' first terms are due to come to an end at the end of 2022 and AA confirmed the intention not to seek a second term. The Board discussed the recruitment process which will be led by Scottish Government and agreed that it should be proposed that a single process be run for the recruitment of two directors in the course of 2022 and agreed that this should be raised in the first instance with the Director General Scottish Exchequer.

The Board further agreed to review its skills matrix at its meeting in March 2022 and that early engagement with Scottish Government should take place to ensure that the recruitments can be carried out by the end of 2022.

*Board succession and skills matrix to be brought to Board in March 2022.
Early engagement to take place with Scottish Government on recruitment process.*

15 Organisational Design

The Board noted the report outlining the resignation of Christa Reekie from the Company. PR advised that Christa had been an integral part of the Leadership Team since the Company's inception in 2009. It was noted that in addition to her commercial roles, as the Company's most senior lawyer, Christa has also led activity on a range of governance and property issues. The Board acknowledged Christa's significant contribution to the organisation and asked that their thanks be passed on to Christa.

PR outlined the succession plan and the Board noted that Tony Rose will take on responsibility for the Development and Housing business areas currently led by Christa and no recruitment is to be made to the Leadership Team.

PR further confirmed that recruitment of a replacement for the Senior Associate Director Legal post will be undertaken to continue to provide senior-level legal support across the organisation.

16 DECISION
Climate Resilience

The Board noted the report recommending endorsement of the Ambition Statement on climate resilience to support collective action to transform Scotland into a climate resilient nation. The Board discussed the two aspects of climate resilience as being adaptation and mitigation and while the current Net Zero work stream focus is on mitigation, adaptation is an important aspect of the Company's activity.

The Board endorsed the Statement and approved its signature.

17 NOTING
Annual Review – Key Governance Matters

The Board noted the report on governance matters.

The Board noted the annual update on Freedom of Information and Environmental Information (Scotland) Regulations requests received in the year.

The Board noted the insurances renewed by the Company for the current year and associated costs.

The Board endorsed the policy on gifts and hospitality, noting that in the exceptional circumstances brought about by COVID-19 there were no invitations recorded in the period to mid-September 2021. The Board discussed the possible future requirement for tracking carbon impact of hospitality invitations.

18 Internal Legal Advice

The Board noted the report assessing the risks associated with internal legal advice and the mitigating actions taken and planned. The Board noted that the programme of actions has been planned and carried out by the Senior Associate Director lawyer appointed earlier in the year who will now be leaving the organisation in December. The Board requested that an update on the programme of actions be brought to the Board in six months or once the Senior Associate Director Legal position has been filled and the appointee bedded in.

Update on programme of actions in respect of internal legal advice to be brought to future meeting.

19 AOB

The Board noted that this would be AF's final meeting and on behalf of the Board the Chairman thanked AF for her enormous contribution to the Board and the organisation both during and between meetings over the past five years.