

**Public Services Reform
(Scotland) Act 2010
Duties to Publish Information**

**Scottish Futures Trust
2011-12 Publication**

SCOTTISH
FUTURES
TRUST

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1. Introduction

This document meets the Scottish Futures Trust's duties to provide information as prescribed in the Public Services Reform (Scotland) Act 2010.

It has been compiled with reference to the guidance issued by Scottish Government here: <http://www.scotland.gov.uk/Resource/Doc/44473/0116098.pdf>

Relevant extracts from the guidance are included in boxes.

The publication includes information relating to the Scottish Futures Trust Ltd, and its wholly owned subsidiary Scottish Futures Trust Investments Limited.

1.1 Further Information

Further information on the work of the Scottish Futures Trust can be found on our website: <http://www.scottishfuturestrust.org.uk/>

in particular in the following documents:

2011/12 Business Plan:

<http://www.scottishfuturestrust.org.uk/publications/sft-business-plan-2011-2012/>

2011/12 Statement of Benefits:

<http://www.scottishfuturestrust.org.uk/publications/2011-2012-benefits-statement/>

2011/12 Annual Report and Financial Statements:

<http://www.scottishfuturestrust.org.uk/publications/sft-corporate/>

Should you require further information in relation to the activities or operations of the Scottish Futures Trust, please contact us at:

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2. Expenditure Information

Section 31(1) and (2) require public bodies to publish as soon as is reasonably practicable after the end of each financial year a statement of any expenditure they have incurred during that financial year on or in connection with the following matters:

Public relations;
Overseas travel;
Hospitality and entertainment;
External consultancy.

None of these terms are defined in the Act but they are all terms which are widely used and well understood. [...] the guiding principle should be to publish as much information as possible and to interpret the duties imposed by Parliament widely rather than narrowly.

2.1 Public Relations

The statement of expenditure on public relations should state the total amount of expenditure during the relevant financial year on all external communications, including the cost of in-house and contracted staff and consultants. Expenditure on 'public relations' includes (for example) marketing, PR campaigns, media relations, marketing research and evaluation, branding and design, promotional events, external events, conferences and exhibitions, corporate communications, sponsorship, publications and printing, digital communications, advertising and media planning.

The statement should include expenditure on external communications relating to the services which the public body provides, such as promoting tourism in the case of Visit Scotland. It is not necessary to include expenditure which relates only to internal communications, such as staff newsletters, or to recruitment advertising.

This amount is stated including VAT and includes half of the all-in cost of employment of SFT's only member of staff engaged in public relations, our Communications Manager (both permanent staff and when that role was performed by a temporary employee). It is assessed that this role is directed half-time external communications and half time to internal matters and communication with other public sector stakeholders.

Amount for 2011/12: £47,303.66

2.2 Overseas Travel

The statement of expenditure incurred on overseas travel should include travel to as well as from the United Kingdom; and should also include the cost of hotels, conference fees, the cost of travel and subsistence during the overseas visit and any other related expenditure. In other words, expenditure incurred on 'overseas travel' should be regarded as the full costs incurred in connection with the trip from departure until return, and not simply the cost of the journey itself.

This amount is stated including VAT and includes the following trips:

Date	Person Travelling	Destination	Purpose of Travel
Nov-11	Barry White	Luxembourg	EIB / EPEC Meetings (European Investment Bank / European PPP Expertise Centre discussing potential investment in Scottish projects and sharing knowledge across Europe on infrastructure investment)
Nov-11	Peter Reekie	Luxembourg	EIB / EPEC Meetings (as above)
Mar-12	Peter Reekie	Vienna	EPEC Meeting – knowledge sharing on financing of infrastructure projects and EIB Project Bond initiative (met Apr 12, travel only paid Mar 12)

Amount for 2011/12: £1,108.78

2.3 Hospitality & Entertainment

Hospitality and entertainment should be interpreted widely as including any gifts, meals, parties, receptions, tickets for or invitations to public, sporting, cultural or other events or other similar benefits accorded by a public body to its own members or employees or third parties for whatever reason. The payment of reasonable travel and subsistence allowances and the reimbursement of expenses that are necessarily incurred in relation to service as a member or employee of a public body (including office-holders and company directors or secretaries) should be excluded.

Gifts and benefits which are wholly trivial and of minimal value may also be excluded as *de minimis*. In the interests of consistency, it is suggested that a threshold of £25 for 'one off' gifts or benefits would be reasonable for this purpose, provided that the gifts or benefits in question are not regular or recurring. If a different threshold is adopted it should be set out in the statement of expenditure.

SFT has not:

- a) Provided any gifts to any employee or third party;
- b) Provided any invitations to public, cultural or sporting events to any employee or third party
- c) Provided any parties or receptions to employees or third parties (including Christmas party which was paid for by staff themselves)

The hospitality and entertainment costs incurred by the Company therefore include only refreshments and meals at meetings with stakeholders.

Amount for 2011/12: £2,175.74

2.4 External Consultancy

Scottish Government guidance on 'Use of Consultancy Procedures' defines 'consultancy' as including a wide range of professional services such as management consultancy, IT consultancy, financial consultancy, construction or infrastructure related consultancy, research and evaluation and policy development (including feasibility studies). It is suggested that the definition set out in this guidance should be adopted for the purposes of the statement of expenditure. It should be noted that the definition applies to the services which are being procured, not the name of the supplier or the supplier's own description of the service. The guidance is available at:

<http://www.scotland.gov.uk/Topics/Government/Procurement/about/SPDDOCFORMS/v>

'External consultancy' does not include outsourcing or buying in technical or specialist services such as legal advice and representation or recruitment services.

This amount is stated inclusive of VAT and includes specialist legal, financial and technical consultancy in relation to the projects and programmes on which SFT has a role.

Amount for 2011/12: £628,228.01

2.5 Payments in excess of £25,000

Section 31(3) provides that as soon as is reasonably practicable after the end of each financial year each listed public body must publish a statement specifying the amount, date, payee and subject-matter of any payment made during that financial year which has a value in excess of £25,000 (inclusive of VAT).

'Payments' include all individual payment transactions, including payments for goods and services, grants or grant-in-aid to third parties and transactions with government departments or other public bodies. The reporting requirement relates to cash payments, not accruals or invoices; and includes relevant payments made by a listed body on behalf of third parties. It does not include information relating to remuneration or other payments made to an individual in respect of their service as a member or employee of a public body (including office-holders and company directors or secretaries), such as salary, bonuses, allowances, fees, receipt of pension, voluntary severance, compromise agreements or redundancy payments.

Payee	Date	Subject Matter	Amount £
Item 1: Payment of Suppliers			
PwC	18 Apr 11	Asset Management project advice	52,671.60
City of Edinburgh Council	26 Apr 11	Non-Domestic Rates	42,485.60
Dundas and Wilson	15 Apr 11	NHT Legal Advice	64,038.00
	18 Aug 11	NHT Legal Advice	56,541.14
	11 Nov 11	NHT Legal Advice	29,739.00
	23 Dec 12	NHT Legal Advice	76,117.08
Munro Consulting	14 Mar 12	Recruitment of Asset Management team	37,680.00

	21 Mar 12	Recruitment of Asset Management team	27,240.00
Walter & Cohen Architects	28 Mar 12	Primary schools design	29,376.00
Item 2: Award of Grant			
East Lothian Council	12 Aug 11	Capital Enabling Funds – Gullane Surgery	79,720.27
East Central Territory Participants	7 Feb 12	Capital Enabling Funds – Share Capital and Working Capital	300,042.00
City of Edinburgh Council	26 Mar 12	Capital Enabling Funds – Wester Hailes Centre	400,000.00
Item 3: Investment in hubCos			
East Central hubCo	7 Feb 12	SFTI Share Capital and Working Capital Investment in East Central hubCo	100,014.00
Aberdeen Community Health Village	Mar 12	SFTI Investment in Aberdeen Community Health Village DBFM	576,191.29

3. Remuneration

Section 31(4) provides that as soon as is reasonably practicable after the end of each financial year each listed public body must publish a statement specifying the number of individuals (if any) who received remuneration during that financial year in excess of £150,000 in relation to service as a member or employee of a public body (including office-holders and company directors and secretaries).

Remuneration in relation to service as a member or employee includes salary, bonus or other discretionary performance payments, allowances, fees, royalties and also bonus or other payments in respect of performance in a previous financial year, but does not include receipt of pension, voluntary severance, compromise agreements or redundancy payments.

SFT has one staff member who received remuneration in excess of £150,000 during 2011/12.

Barry White, SFT's Chief Executive received a salary of £180,000 and car allowance of £10,000 in 2011/12. No member of SFT staff has received a bonus or performance related payment. Further information is set out in SFT's pay and grading structure on our website:

<http://www.scottishfuturestrust.org.uk/publications/salary-banding/>

4. Steps to Promote Sustainable Economic Growth

Section 32(1)(a) provides that as soon as is reasonably practicable after the end of each financial year each listed public body must publish a statement of the steps it has taken during that financial year to promote and increase sustainable growth through the exercise of its functions. Since this requires the publication of a statement it is not sufficient simply to refer to other published material such as the Annual Report. The statement can, of course, draw on such material.

The Government Economic Strategy, which was published in November 2007, sets out the Government's central Purpose is *"to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. By sustainable economic growth we mean building a dynamic and growing economy that will provide prosperity and opportunities for all, while ensuring that future generations can enjoy a better quality of life too."*

The National Performance Framework was developed to provide a clear focus and direction for the whole of the public sector in Scotland and in common with the rest of the public sector, all public bodies are expected to align their activity (demonstrated through their corporate and business plans) in support of the Purpose, Purpose Targets and the 15 National Outcomes set out in the Framework.

With the rapid decline in capital budgets across the UK, it is clear that delivering 'additionality' of investment is important for economic recovery and to help sustain jobs in the construction and related sectors. SFT is leading a £3bn programme of additional infrastructure investment over and above traditional capital budgets, one of the largest of its kind across Europe, which is being delivered through three initiatives which SFT looks after – Non-Profit Distributing (NPD), Tax Incremental Financing (TIF) and the National Housing Trust (NHT). All of these mechanisms bring acceleration of investment and construction activity, contributing strongly to sustainable economic growth.

NPD

The NPD programme is unique to Scotland. It is a form of project finance which limits the return to the private sector, appropriately reflecting the risks undertaken. This approach, taken together with a simplification of contract terms, delivers improved value-for-money. Currently, Scotland has over £800m of NPD contracts in procurement with that figure set to rise to £1.2bn over the coming year. And over the next couple of years this will increase further to around £2.5bn, comprising c.£1 billion on roads (which will cover the M8 upgrade and the Aberdeen Western Peripheral Route), £750 million on health (including Edinburgh's

Royal Hospital for Sick Children) and £750m on education projects (including City of Glasgow College).

The first project, Aberdeen Health Village has now started on site with many other projects in procurement. With lower capital budgets available the advantage of having NPD is that projects can be progressed now and paid for as they are used from future revenue budgets instead of being deferred for a number of years, thereby helping the economy.

TIF

Based on an American model, Scotland is ahead of the rest of the UK in utilising TIF to help support long-term economic growth. Through TIF, SFT seeks to identify opportunities where a little public sector investment in infrastructure can help unlock a much greater investment from the private sector.

Following the approval in 2010 of three TIF pilot projects, in 2011, on behalf of the Scottish Government, SFT invited local authorities to apply for the next phase of TIF. Such was the level of interest that 16 applications were received for additional pilot projects, with the Scottish Government approving applications from Argyll & Bute, Falkirk and Fife Councils to progress to full Business Case.

At a time when traditional sources of funding are under immense pressure, the appeal of TIF to attract extra funds is such that for every £1 invested, an additional £5 or more can be released from the private sector. With the public sector set to invest approximately £500m into seven TIF pilot projects across Scotland, it is projected that this will leverage an additional £2.5bn of long-term private sector investment in Scotland.

NHT

From its new beginning little over two years ago, SFT has driven the National Housing Trust initiative forward and has, in the process, helped protect hundreds of construction jobs across Scotland. NHT uses an innovative financing structure with no government subsidy and is designed to increase the supply of affordable homes for rent in areas where they are needed most. Under NHT, developers are appointed to build a specified number of affordable homes on land they already own.

Since the launch, tenants have moved into the first completed NHT developments and SFT has signed contracts with developers to build over 600 homes across 12 sites. Building on the success of the past 12 months, procurement of phase 2 of the initiative was launched in late 2011 and the coming year should see the number of NHT homes to be built increase to over 1,000 – homes that would not otherwise have been built.

5. Steps to Improve Efficiency, Effectiveness and Economy

Section 32(1)(b) provides that as soon as is reasonably practicable after the end of each financial year each listed public body must publish a statement of the steps it has taken during that financial year to improve efficiency, effectiveness and economy in the exercise of its functions. Once again, this may draw on other published material but should take the form of a self-standing statement.

The Scottish Government publishes guidance on the definition of efficiencies as part of the Efficient Government Programme. It also publishes Efficiency Delivery Plans which explain how various public bodies intend to deliver efficiencies together with an annual outturn report which sets out the extent to which that has been achieved. All of these documents can be found at:

<http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment>

As part of their drive to improve the efficient and effective delivery of public services and to achieve maximum economy, Scottish Ministers are keen to ensure that public bodies actively explore and implement as appropriate all opportunities for sharing the provision of back office and front line functions. In the statement required under section 32(1)(b), public bodies should therefore provide details of the current level of shared service activity in which they are engaged, either as a provider or a user, including details about the functional areas involved and the scale of the activity.

Statements under section 32(1)(b) should also include details of the steps taken to improve procurement processes and capability, including contract management; managing risk in the supply chain; acting on procurement capability assessments; and savings achieved through collaborative and local contracts.

Scottish Futures Trust has as its purpose the efficient and effective delivery of infrastructure:

Aim:“To improve the efficiency and effectiveness of infrastructure investment in Scotland by working collaboratively with public bodies and commercial enterprises, leading to better value for money and providing the opportunity to maximise the investment in the fabric of Scotland and hence contribute to the Scottish Government’s single overarching purpose to increase sustainable economic growth”

All that the Company does is directed towards this aim. Our primary measure of the efficiency and effectiveness delivered is our annually published Statement of Benefits. For the third consecutive year, SFT has delivered substantial benefits with 2011/12 being the most successful year to date. Over the past 12 months, £131.4m of net benefits and savings

have been achieved, made up of a variety of elements including efficiency gains, additional investment, avoided costs and by undertaking regular reviews of projects to bring about better value for money. SFT conservatively estimates that the £131.4m value attributable to it is in fact only half the total benefit achieved by working together with bodies across the public sector in response to the need to deliver infrastructure in a more efficient way.

Delivering value for money has never been more important than it is today. Across the UK, capital budgets are being reduced and in Scotland this means that available finance for future infrastructure projects will fall by over one third. SFT's ability to finance additional investment and to improve value for money are vital strengths in tackling this challenge, in partnership with all other public sector partners.

The various programmes of 'additionality' SFT is delivering, either through the recent award-winning NHT programme, or through the NPD and TIF initiatives, brings over £3bn of increased infrastructure investment to support vital public services, protect construction jobs and aid economic growth. Taken together, these represent in relative terms, one of the largest investment programmes over and above capital budgets in Europe.

In infrastructure delivery, much of the long term benefit is secured in the planning and commissioning phases well before spades hit the ground. SFT works collaboratively with Scotland's public sector bodies to help identify what infrastructure is required and how best that can be delivered. In addition, through sourcing innovative funding routes within rigorous procurement guidelines and delivering quality and sustainable design, SFT's objective has always been and will continue to be, to deliver value for money, thereby creating benefits and savings at every stage of a project's journey through to completion.

Such has been the success of SFT's focus on high quality sustainable design at a competitive price that within the Scotland's Schools for the Future programme for example, enough money has been saved to build an additional 12 schools, increasing the total number from 55 to 67.

Further additional benefits include the significant employment opportunities that will be created within the construction industry when these schools are built, as well as increasing the number of pupils and communities across Scotland who will benefit from well designed and energy efficient schools.

After submitting two reports on public sector asset management in September 2011 on the Local and Scottish Government Civil Estates, SFT has recently been tasked to champion a more collaborative approach to property asset management within the public sector. Working with public sector partners, this initiative is expected to realise cost efficiencies of over £500m as a direct result of a five year programme, as well as leading to improved service delivery, reducing the carbon footprint and releasing land for other uses.

Importantly, SFT's work also delivers many non-financial benefits, including the creation of employment opportunities. As well as creating access to a wide range of modern public services SFT's work addresses environmental issues such as waste prevention and carbon reduction.

As specific examples, the NHT initiative is supporting over 700 jobs in the house building sector and the hub programme is opening up many opportunities for SMEs to get involved in building new public sector facilities (with over 80% of the work at the Drumbrae hub in Edinburgh going to local companies).

SFT's independence of operation, being arms' length from Government, allows its commercial skills and knowledge to be deployed in facing the current economic and financial challenges. Those skills, combined with working in partnership with other public sector bodies, are vital in stretching the effectiveness of the public pound and in securing long-term benefits. SFT's statement of benefits, independently validated by Grant Thornton and the London School of Economics, demonstrated the good progress being made but also noted that more remains to be done in facing the current challenging climate.

Further information on how our work has contributed to the efficiency and economy of infrastructure delivery is available in SFT's 2011/12 Statement of Benefits on our website <http://www.scottishfuturestrust.org.uk/publications/2011-2012-benefits-statement>

Shared Services

SFT is a small company with simple finance, HR, payroll, IT and other back and mid-office requirements. As the company was established the opportunity for shared functions with other public sector organisations was considered and discussed with potential partners. At that stage it was identified that the degree of customisation required by such services, designed to operate on a much bigger scale, would not deliver value for money when applied to the scale of SFT. The company generally follows the practices adopted by small businesses of using local SME suppliers or corporate shared service solutions which better scale to the requirements of a small organisation such as SFT. SFT does use the shared service of commodities procurement offered by the Procurement Scotland national framework contracts as appropriate, including: travel, hotels, stationery. The Company has also used Buying Solutions frameworks for the provision of certain consultancy services.

SFT provides a shared service of infrastructure investment and procurement expertise to public bodies across Scotland. Examples of this work span across all of SFT's work and include:

Hub: SFT acts as the Programme Delivery office for the 5 "hub" territory procurements across Scotland where Local Authorities, Health Boards, blue light services and others have come together to procure a partner for the planning and delivery of community

infrastructure projects in geographic regions. The central knowledge sharing and expertise has seen external consultancy fees reduce by 70% between the first and last of these 5 procurements. <http://www.scottishfuturestrust.org.uk/our-work/hub/>

National Housing Trust: SFT acts as the central purchasing body on behalf of Local Authorities for Phase 1 and Phase 2 of the National Housing Trust initiative, set to deliver over 1000 units of affordable housing across Scotland through innovative public private partnership arrangements. <http://www.scottishfuturestrust.org.uk/our-work/housing/national-housing-trust/>

Procurement

Complex procurement, particularly of works, is a core competence of SFT and part of our primary purpose. The work of the company, and significant elements of the benefits that we deliver, come from assisting public bodies in taking steps to improve procurement processes and capability in the field of capital investment.

SFT has established a framework for the provision of advisory services to infrastructure projects across the hub and NPD programmes. This framework has been used by Public Bodies across Scotland to deliver enhanced value for money for these financial, legal and technical advisory services.

Across the £2.5bn Non Profit Distributing (NPD) infrastructure investment programme SFT has developed standardised contract documentation and approaches to procurement spanning sectors and procuring bodies. This has led to more efficient procurement processes, improved understanding and commercial approach to risk transfer and management; and reduced bidding costs in the private sector. Taking a role on individual Project Boards during the procurement phase of projects brings knowledge sharing and SFT's central expertise directly to projects.

In the area of Contract Management, SFT is assisting Local Authorities and Health Boards to collaborate more effectively on the management of legacy long-term PFI contracts in order to improve value for money across this approximately £6bn asset base.

Finally, SFT has embedded the delivery of community benefits into both the procurement evaluation and contracting structures of our hub and NPD programmes. Each NPD procurement has appointed a community benefits champion and will specifically evaluate tenderer's approach to the delivery of community benefits in its selection process. In the hub programme, a Key Performance Indicator regime is in place across the five hub territories measuring a "triple bottom line" of economic, environmental and community benefits delivered by hub projects and ensuring that these three elements of sustainable value for money are considered explicitly at all stages of project development and delivery.