

End of Year Report

Scottish Futures Trust

Business Plan Objectives 2016-17

End of Year Report

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Key for Indicators used in report:

	This objective is complete.
	This objective was completed immediately following the year end.
	This objective made significant progress but at year end was slightly below target..
	This objective was not completed in year and was significantly below target

SFT Home

Ref.	Objective	Update	Progress
01	Through NHT deliver at least 350 affordable homes in the year	<p>NHT delivered 202 units during the financial year.</p> <p>The shortfall was due to both: (1) Approximately 60 private NHT units were either removed or rescheduled by private partners; and (2) Acquisitions by the Council Variant vehicles (Stirling, Borders and Aberdeenshire) were much slower than anticipated, as viability became challenged due to a rise in construction/ acquisition cost.</p> <p>We also prioritised the development of the new large scale Edinburgh Homes initiative (see 03 below) given its scale and potential to be replicated elsewhere.</p>	
02	Continue to support 28 NHT Limited Liability Partnerships providing circa 1,200 affordable rent homes	<p>The team supported 29 LLPs. However, two LLPs were largely dormant because their properties were sold to LAR. These LLPs will be wound up once the final accounts have been produced by the private sector partner.</p>	
03	Progress formation of joint ventures with The City of Edinburgh Council for the delivery of mid-market and market rent properties	<p>Work is going well on the Edinburgh Homes initiative. City of Edinburgh Council and SFT have established two limited liability partnerships (one for midmarket and one for market rent) which are due to deliver a total of 1500 units in the Edinburgh area. We are in the final stages of agreeing the relevant documentation with the Council.</p>	
04	Working with SFT's Asset Management team, establish a pathfinder approach, unlocking value and accelerating delivery of housing on at least two surplus public sector sites	<p>During the past year we have looked at a number of sites and two pathfinders were identified: Liberton Hospital, Edinburgh and Viewforth, Stirling.</p>	

Ref.	Objective	Update	Progress
		<p>On both of these sites a collaborative approach has enabled plans to advance, and the potential for housing development to be brought forward. Good progress is being made and consideration will be given in 2017/18 on how to refine and expand on these pathfinding approaches elsewhere.</p>	
05	<p>Seek and develop opportunities with councils to establish mid-market rent vehicles building and improving on the already successful NHT Council Variant approach</p>	<p>We expect that our work on the Edinburgh Homes will serve as a useful precedent in other areas. SFT has engaged with other Local Authorities and has established that a number are interested in pursuing this approach once the precedent is finalised with Edinburgh.</p>	✓
06	<p>Work with public and private sector partners on opportunities for the use of government backed guarantees in the housing sector</p>	<p>SFT became involved in the rental income guarantee scheme (RIGS) after SG's consultation with the private sector was completed and, subject to final approvals, will be the delivery partner for the implementation of RIGS. We are working with the SG's More Homes Division to finalise the terms of the guarantee and are also finalising the application process and other operational issues. Market engagement continues whilst necessary approvals for RIGS are awaited.</p> <p>SFT are also pathfinding an approach to use guarantees to unlock the provision of key infrastructure to allow momentum to continue on very large housing developments.</p>	✓

SFT Build - hub

Ref.	Objective	Update	Progress
07	Reach financial close on nine Design, Build, Finance and Maintain projects	Financial close was reached on eight projects by the end of the financial year. The ninth project, the Gorbals & Woodside Health Centre bundle, reached financial close on 10 th April 2017 just after the year end. The financial close was delayed largely as a result of having to change the funder at the beginning of 2017. Given the advanced stage of the project construction was able to start in advance of financial close, while the process of bringing in a new funder was ongoing.	✓
08	Achieve the start on site of 28 projects across the hub programme	A total of 39 projects started on site across the hub programme.	✓
09	Deliver £350m of projects into operation within 2% of contracted time and budget	The value of projects delivered into operation within 2% of contracted time and budget during this financial year is approximately £360m.	✓
10	Progress 95% of projects from New Project Request (NPR) to Stage 1 within three months	This process has altered with many projects having stages of development combined together, to deliver the benefit of a shorter overall development period. This has very successfully resulted in the overall delivery time from NPR to Financial Close being below target with an average of 10.6 months. This very strong outcome is aligned with the intent of this objective, but this specific stage measure has not been met.	△
11	Continue to monitor value-for-money reporting to the National Hub Programme Board	This work has continued throughout the year with a focus on economic benefits, cost certainty, programme delivery, environmental stewardship and social community benefits.	✓

Ref.	Objective	Update	Progress
12	Implement the new cost benchmarking approach and publish on the programme portal	The on-line community infrastructure database was launched in March 2017.	✓
13	In collaboration with the Youth Employment Unit achieve an increase of 10% in graduate placements and 15% in established apprenticeships across the hub programme	During this financial year there has been a 19% increase in graduate placements and a 30% increase in apprenticeships across the hub programme.	✓
14	Invest in nine new hub DBFM projects scheduled to close in the year with a minimum of 10% sub-debt investment in each project totaling £3m	Investment in eight new hub DBFM projects has been achieved, totaling over £2.5m. Investment in the ninth project, Gorbals and Woodside bundled project (see also objective 7), was made on the 10 th April, just after the year end. The investment across 9 projects is lower than anticipated at just under £3m due to the value for money financing achieved	✓
15	Manage the investment portfolio to secure the delivery of the target returns	All investments are on track to deliver target returns with close monitoring around handover from construction and bedding in of operational phases.	✓

SFT Build – Education

Ref.	Objective	Update	Progress
16	Manage the £1.1bn Scottish Government budget within the £1.8bn Scotland's Schools for the Future programme, achieving great design and delivering better value for money through increased collaboration	Spending has been managed within the budget. Great design across the programme has been recognised with several projects receiving design awards. Collaborative working continues across the programme with a particular focus in the north of Scotland where three local authorities are working together to deliver three projects with a combined value of around £120m.	✓
17	See construction start on 19 more schools	23 projects started construction during the year, exceeding the target by 21%. This included the financial close and construction start on three hub DBFM deals as well as several projects developed rapidly from the most recently announced phases of the programme, meaning that over 80% of the Schools Programme was in construction or operational by the year end.	✓
18	Complete construction of 21 more schools	Construction was completed on 24 schools, exceeding the target by 14% and allowing over 10,000 additional pupils to benefit from being taught in good condition schools this year. Two of the primaries which opened this year (Lenzie Meadows and St Patrick's) have designs based on the reference primary school at Lairdsland, albeit with larger school rolls, highlighting the adaptability and versatility of the reference design and the use of learning across the Programme. In addition to the primary and secondary schools which opened through the year, community campuses, 3-18 campuses and ASN/mainstream education campuses were delivered, again highlighting the diverse range of school buildings that are funded through the programme.	✓

Ref.	Objective	Update	Progress
19	Work with local authorities to develop the 19 recently announced school projects in line with the programme objectives	Of the 19 announced projects, three opened during the year and a further two opened shortly after the year end. One project is in construction and 12 have entered procurement. The last remaining project is due to commence procurement imminently.	✓
20	Deliver 15 Inspiring Learning Spaces projects	20 Inspiring Learning Spaces projects were delivered. These projects are low cost, high impact projects designed to demonstrate leadership and change. SFT are working with Architecture and Design Scotland to capture outcomes and share learning.	✓
21	Work with all local authorities and Scottish Government to develop an infrastructure plan to support an increase in early learning and childcare provision (ELC).	SFT engaged with all local authorities during April to October 2016 to understand capacity and potential approaches to the infrastructure element of ELCs expansion. This informed the ELC expansion planning guidance issued by Scottish Government in March 2017.	✓
22	Develop and implement at least one pilot project to inform the Early Learning and Childcare investment programme	The overall programme approach has evolved, partly based on SFT feedback from early local authority engagement. There has been an overall focus this year on consultation and policy development, with SFT providing infrastructure input, including to an Early Years Design Guide developed by the Care Inspectorate. The objective to implement pilots was not pursued, , instead the design guide work will influence programme development as 2017/18 capital allocations are delivered and SFT engagement continues.	⬛

23	Share best practice in the development and delivery of educational infrastructure	SFT continue to work with Local Authorities, Scottish Government and delivery partners to share best practice across educational infrastructure through a variety of workshops, forums and collaborative discussions.	
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SFT Build – Construction Procurement Review

Ref.	Objective	Update	Progress
24	Deliver SFT-led implementation measures to the agreed programme.	Nine out of the ten SFT led implementation measures have been completed on schedule. The outstanding one, to produce new environmental sustainability guidance, was commissioned from the Construction Scotland Innovation Centre. It is now expected to be completed by September 2017.	
25	Complete the remaining eight work areas in line with approved strategy papers.	Seven out of the eight work areas have been completed and endorsed by the Construction Review Delivery Group. All the implementation measures except the new environmental sustainability guidance (expected September 2017) are now published on the SFT website. An extra loop of consultation with the construction industry has been initiated on three of these which may lead to some revision.	
26	Produce guidance and a toolkit to improve the consideration of whole life costs at project inception and all business case stages. Secure adoption of this from public bodies such that a pipeline of projects of more than £750m will be committed to use the toolkit.	The online toolkit and guidance is now live and published on the SFT website. The NHS has agreed to adopt it and its use is referred to in their new guidance. It is also in use at the new Falkirk College development. This provides a future pipeline in excess of the target figure. Work will continue to increase adoption by local authorities.	

27	Secure adoption of the Building Information Modelling Decision Matrix by a minimum of 10 public bodies.	<p>This has been achieved by developing an approach to allow the Scottish Government to issue a Scottish Procurement Policy Note requiring its use and adoption by all central government contracting authorities from April 2017. It also encourages adoption by local authorities.</p> <p>The policy note's implementation has been backed up by consultation, training and the establishment of a BIM website to provide information to public bodies. Scotland's approach has been recognised internationally with a number of countries seeking information or visiting to understand the approach being taken.</p>	✓
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SFT Connect - Digital

Ref.	Objective	Update	Progress
28	Deliver three further mobile mast demonstrator projects	<p>The Coll upgrade is complete with EE providing 2G & 4G services, which provides the community with additional rental income. Negotiations with BT have been finalised that will also generate additional rental income for the community. The very positive effect of this community owned mast is commented on here: Impacts: SFT Connect</p> <p>A small-cell demonstrator has been completed in the Western Isles in collaboration with Nokia, EE, and HIE – no public funding has been required.</p> <p>A third project where O2 are acting as the anchor tenant for Kilmory on Arran has had a planning application submitted and funds transferred to the local community in March 17. This will enable all build activities to be scheduled to commence during May 17.</p>	
29	Support the delivery of Home Office Emergency Services Mobile Communication Programme (ESMCP) Extended Area Service (EAS) procurement and mast deployment	<p>The Home Office (HO) has now confirmed that all of the ESMCP EAS sites across the UK can be future proofed and will be funded by The HO. This will be undertaken using a standard site design and approach, in large part informed by the SFT team.</p> <p>The success of this work will now enhance the potential coverage for future commercial roll out of mobile services beyond that currently proposed. This provides a very cost effective approach to improving mobile connectivity in rural areas.</p>	

Ref.	Objective	Update	Progress
30	Develop the technical and commercial approach for the delivery of wider mobile coverage and capacity; the initial focus will be to develop a series of future interventions for the deployment of 4G infill.	<p>Building on the ESMCP work, extensive engagement with mobile network operators, mobile infrastructure wholesalers and other interested parties has been completed in order to inform how intervention programmes should be scoped, funded and delivered.</p> <p>An outline case for a 4G infill programme has been completed, and detailed work to develop an affordable implementation plan will be completed during 2017/18.</p>	✓
31	Responding to the outcomes of Ofcom’s Digital Communications Review (DCR) and working with industry, Ofcom and Scottish Government, identify key priorities for Scotland’s telecoms infrastructure to enable the delivery of the Scottish Government’s World-Class Digital Vision	<p>SFT have continued to support and encourage Ofcom as the outcomes of the DCR start to be rolled out. One of the key outputs of the DCR is the legal separation of Openreach from BT Group. This is a measure that SFT recommended and supported, along with some specific requirements of the independent entity and its Directors in relation to investment and service delivery. This restructuring, if successfully implemented, should see investment by Openreach be utilised to serve a wider industry base and support broader competition at the service level.</p> <p>Other priorities identified and supported include requirements for Spectrum (see below) as well other specific areas being consulted on such as Wholesale Local Access and the Universal Service Obligation.</p>	✓

32	<p>Building on the world class route map work with industry and government to deliver new technology research and development pilots and develop strategies for spectrum and internet exchange implementation</p>	<p>An MOU has been agreed for a collaborative industry-wide Scotland Innovation Partnership (SIP) with the founding members (EE, SG/SFT/HIE, Facebook, Cisco, Nokia & University of Strathclyde). This Partnership aims to encourage innovation to maximise deployment of 4G mobile coverage across Scotland and to act as a catalyst to establishing a Scottish 5G Hub.</p> <p>A £500k SG funding initiative has been established to encourage industry to take up more space in Scotland's data centre. This has been supported by extensive engagement with industry to establish a better understanding of the need and benefits of additional investment in relation to data centres, internet exchanges and international connectivity and develop a long term implementation strategy for this infrastructure.</p> <p>Requirements for spectrum to deliver current 4G services and potential future 5G services have been assessed in relation to both rural and urban areas. The potential to inform investment and regulation is being explored further with industry and Ofcom as additional spectrum is released and technology and commercial developments evolve.</p>	<p>✓</p>
33	<p>Through the Public Wireless Programme, work with and support public bodies to develop capacity and capability to enable greater service delivery benefits from wireless technologies</p>	<p>The work programme for the PWP has been completed. Guidance for local authorities to establish Public Wireless initiatives has been developed and the PWP fund has been utilised to support roll out of specific initiatives across Scotland.</p>	<p>✓</p>

SFT Place – Asset Management

Ref.	Objective	Update	Progress
34	Support office transformation projects in councils, NHS bodies and the emergency services. This will enable new ways of working and integrated working between public bodies. Target over £50m total efficiency savings	<p>Over the course of the year the Smarter Offices programme continued to provide effective challenge and support to the majority of Councils on their various office transformation projects. These projects have combined annual efficiency savings of £68m. The programme has created a new 'smarter working' approach which also delivers wider cultural change benefits, supporting an improvement in the way organisations work. The programme also supported NHS Highland to remodel their corporate office estate which is due for completion in July 2017.</p> <p>The work undertaken this year with Police Scotland to deliver design phases for pathfinders in Dalmarnock and Falkirk and develop new workplace standards will help drive significant change as the implementation of the estates strategy rolls out.</p>	✓
35	Ensure that targets are set and opportunities developed for the next phase of estate efficiency opportunities for Scottish Government and public bodies after 2017	<p>SFT staff have continued to lead the management of this programme of work for Scottish Government through 2016/17.</p> <p>The team has developed a 10 year estate strategy for the 2nd phase of the Smarter Workplaces Programme which has been endorsed. It will deliver further reduction in accommodation and an increase in the co-location of organisations.</p>	✓

36	Work with partners to assemble and deliver surplus property programmes and the effective preparation and disposal of significant sites. Target over 15 assets brought to market, secure £30m in capital receipts and develop the potential for wider benefits	<p>The combined NHS and Colleges Programme has delivered over £55m in capital receipts. 16 sites were taken to the market.</p> <p>In relation to wider benefits, an estimated 2,000 homes will be delivered across the sites disposed of in 2016/17 and the repurposing of listed buildings has been secured in a number of locations.</p>	✓
37	Work with SFT housing team to establish an innovative approach for the delivery of housing	<p>Early work was carried out on an Integrated Housing Delivery (IHD) model aimed at delivering housing on less marketable and viable public sector sites. While we decided to not take this forward, the approach developed has future potential in splitting up sites, allowing them to be sold to smaller developers.</p> <p>Work also commenced on opportunities to unlock major housing developments that require innovative infrastructure financing, particularly in relation to secondary schools, in order to maintain progress. Engagement with public and private sector bodies on three substantial housing developments has taken place, with agreement to take forward at least one pathfinder.</p>	✓
38	Continue to support and challenge Police Scotland with their estate strategy to deliver transformational service change, cost efficiency savings and property disposals income.	Work continued through the year supporting Police Scotland deliver an estate strategy that will enable the implementation of their forward operational plans at local, regional and national level. This has involved specific support on establishing new storage and workplace programmes and on key change projects and major property disposals.	✓

39	Support the development and implementation of new estate management approaches for public sector property portfolios.	SFT is leading on this review for Scottish Government, and has secured support for it during the year. The project has been scoped, a strategic review undertaken and initial engagement with public bodies is underway. Options identified in the strategic review will now be developed through 2017/18.	✓
40	Support a collaborative approach to the delivery of public sector services and the use of buildings. Continue to work with multiple agencies in Dumfries and Galloway and East Lothian to realise a place based approach to asset management	In Dumfries and Galloway a place based approach to asset management has been formally adopted by the Community Planning Partnership Executive, and priority locations identified. As part of the East Lothian Partnership joint asset initiative, a programme of locality based work has been agreed and is underway. In Haddington, the collaborative public safety hub, comprising the Council and Police Scotland, is now agreed. Work with Argyll and Bute, Fife, Aberdeenshire, and Edinburgh is ongoing.	✓

SFT Place – Operational PPP

Ref.	Objective	Update	Progress
41	Carry out appraisals of the contract management of 10 operational projects, and support the public sector authorities in improving contract management to secure efficiency benefits of £1m per annum.	Appraisals for 10 operational projects have been carried out covering projects ranging in type, scale and age. The annually recurring efficiency benefit identified is £1.9m. A further £1m of one-off efficiency benefits has also been identified.	✓
42	Continue to collaborate with the NHS as part of the Specialist Support Team, to provide appraisals and support in health projects; build contract management capacity and capability within health boards; and share knowledge and lessons learnt across the sector.	The Specialist Support Team has been taking forward training and support with NHS Boards embracing the implementation of recommendations from previous reviews. This has included the setting up of a practitioners' group.	✓
43	Work with authorities whose NPD and hub projects are about to reach the operational phase to have strong public sector contract management from the outset.	Significant progress was made during the year in developing and implementing a programme of readiness activities for all NPD and hub projects that entered the operational phase.	✓
44	Engage with the private sector, at a strategic level, to align the service delivery to meet expectations.	There has been significant engagement with project companies and facilities management (FM) providers in relation to hub and NPD projects, including hosting workshops on payment mechanism. Important progress has been made in the alignment of FM providers' helpdesk systems with hub and NPD contracts to improve service delivery. A hub wide workshop involving private sector parties was held in March.	✓

SFT Green – Low Carbon

Ref.	Objective	Update	Progress
45	To lead the public sector work stream within the LCITP which aims to maximise low carbon impact, targeting funding to at least 13 projects, including one demonstrator, with planned investment of circa £15m	<p>LCITP is a joint delivery programme between the Scottish Government, SFT, Scottish Enterprise and Highlands & Islands Enterprise. During 2016/17, 51 projects received financial support and 44 non-financial support. This includes support offered to 12 capital transformation projects with a capital value of up to £100m.</p> <p>LCITP are also supporting projects from previous calls including Geothermal Energy Challenge Fund, Water Source Heat Pump Challenge Fund, Scottish Energy Efficiency Programme (SEEP) Pathfinder Projects and Stand Alone Generation Call.</p>	✓
46	Double the number of LED Street Lights to 250,000 by supporting councils' implementation programmes and increasing the programme's cumulative savings from £7m to £18m, resulting in a further reduction of 40,000t of CO ₂	<p>The cumulative total of LED street lights installed reached over 259,000 representing 28% of Scotland's estate. Cumulative savings in electricity and maintenance are £20.5m compared to £8.2m in 2015/16. Since April 2013 59,395 tonnes fewer carbon emissions have been released into the atmosphere as a result of street lighting investment.</p>	✓

47	To explore innovative financial mechanisms and contractual structure solutions to support investment in the low carbon economy for energy efficiency, heat and other low carbon projects	<p>We have explored alternative financing mechanisms to support district heating projects including the use of first loss guarantees. A number of district heating projects are now in procurement and the financing proposals will be developed further as these projects come to market.</p> <p>We have also provided recommendations regarding the financing options for the Scottish Energy Efficiency Programme. This programme is currently subject to consultation, the findings of which will influence the final financing solutions implemented.</p>	✓
48	Provide support to strategic district heating initiatives, focusing on viable procurement strategies and financing structures, sharing work to date and developing tools and guidance for publication	<p>During 2016/17, we have provided input to district heating initiatives mainly via the Low Carbon Infrastructure Transition Programme (LCITP), including support to -related funding applications and calls. The projects include:</p> <ul style="list-style-type: none"> - Queens Quay, West Dunbartonshire - Glenrothes - Edinburgh Bio-quarter - Stirling; and - Dundee <p>Four of these projects have moved into procurement.</p>	✓
49	Support relevant projects to input into robust business cases and continue to share experience and best practice through the Heat Network Partnership	<p>SFT's support to district heating projects is noted above. We have also provided input to other district heating projects as required by SG/LCITP, and supported the wider activities of the Heat Network Partnership, including local authority district heating strategy development and sharing experience / best practice with various authorities.</p>	✓

50	Undertake an initial review of existing socio/economic impact models used for infrastructure projects to consider if replicable for district heating projects	An initial literature review of socio-economic models was completed in 2016. We are now undertaking a more detailed appraisal of these models as Local Authorities will require to implement this approach in developing their Local Heat and Energy Efficiency Strategies.	✓
51	Undertake an assessment of the viability of regional ESCos and subject to agreement on viability, produce a toolkit on how to establish a regional ESCo	This work was widened from examining the viability of a regional ESCo to the potential roles and corporate structures for a Government Owned Energy Company (GOEC). Outline proposals for a GOEC are included within the Energy Strategy consultation.	✓
52	Support the procurement of a Project Development Unit for the LCITP to promote and support public sector NDEE projects	Following a successful procurement exercise a preferred supplier, Mott MacDonald, has been appointed.	✓
53	Support the development of a pipeline of NDEE projects focusing on progressing business cases for a college retrofit pathfinder project; four local authority projects; and one other energy efficiency project with at least two projects progressing into procurement	<p>A pipeline of NDEE projects has been developed and the Project Development Unit have now taken over responsibility for future expansion. Details of progress are outlined below.</p> <ul style="list-style-type: none"> • East Renfrewshire Council – in construction. • Scottish Funding Council - college retrofit pathfinder comprising 5 colleges with circa. £5m capital spend. Preferred bidder selected. • North Ayrshire Council – in procurement • Falkirk Council – in procurement • East Renfrewshire Council – second project in procurement <p>There are eight further projects at pre-procurement/ business case stage.</p>	✓

SFT Invest – Economic Investment

Ref.	Objective	Update	Progress
54	On site activity to have commenced on the Growth Accelerator enabled £850m Edinburgh St James development	The Growth Accelerator agreement for Edinburgh St James was signed in October 2016. Major site demolition works have commenced and are progressing well. This very significant project is transforming the eastern end of Edinburgh's city centre.	✓
55	Finalise the Dundee Growth Accelerator agreement and see activity commence on site	The Growth Accelerator agreement for the Dundee Waterfront was signed in December 2016. There is significant on-site activity at the waterfront including the V&A building, the train station with a hotel and other elements of public realm. Mike Galloway, Director of City Development at Dundee City Council, comments on the growth accelerator approach here: Impacts:SFT Invest	✓
56	Support authorities in delivering a combined TIF & Growth Accelerator cumulative construction activity of £35m	Ongoing support to TIF and Growth Accelerator partners continues to be provided to help refine and improve proposals and minimise delays to implementation. Whilst investment in some projects has been lower than anticipated, ongoing work at Falkirk, Edinburgh and Dundee in particular, have enabled the £35m target to be exceeded, with approximately £40m being delivered.	✓
57	Support development of two further innovative economic growth projects and engage on the development of regional partnership plan propositions	SFT is working with Moray Council to consider potential for investment in key infrastructure. Business cases are being developed for Mallaig and Stornoway Port Authorities, investigating the use of Growth Accelerator in both a rural location and also for a non-local authority.	✓

Ref.	Objective	Update	Progress
		Support has been provided to assist to the Stirling and Clackmannanshire Council partnership in relation to a joint City deal proposal. Support continues with the Ayrshire Growth Deal which, if implemented, will be the first non-City regional deal developed.	
58	Support three active TIF projects and promote a way forward to develop the next stages of TIF projects	<p>Ongoing support to TIF partners continues to be provided to help refine and improve proposals.</p> <p>We worked closely with Scottish Government during 2016 to develop a further wave of TIF pilot projects to replace two TIF projects that couldn't proceed due to change circumstances. The Scottish Government announced a call for submissions for two new TIF pilot projects in December 2016, and SFT managed the submission and evaluation process. Following receipt of five outline submissions, projects in North Ayrshire and Fife have been selected and work to develop detailed business cases has commenced.</p>	✓
59	Provide support to partners on developing and delivering City Region Deals focused around Aberdeen, Inverness and Edinburgh	Direct specialist support continues both during Deal development via the authorities and with Scottish Government during Deal negotiation and roll out. This includes the SFT workstreams of Asset Management, Housing, Low Carbon and Digital.	✓

SFT Invest – Non Profit Distributing (NPD)

Ref.	Objective	Update	Progress
60	Deliver financial close on the NHS Orkney hospital and healthcare facilities	NHS Orkney achieved financial close in March 2017.	✓
61	Support successful completion and occupation of Ayrshire College, main campus for City of Glasgow College, NHS Ayrshire and Arran (Woodland View) health project and the new Scottish National Blood Transfusion Service National Centre (combined capital value of around £300 million)	<p>The Ayrshire College, City of Glasgow College and the NHS Woodland View facility were handed over and occupied during the year.</p> <p>The SNBTS project is a complex pharmaceutical manufacturing building and SFT is supporting the procuring authority in its discussions with the contractor with handover anticipated in the coming months.</p>	△
62	Develop a revised funding structure in line with Eurostat rules to allow future NPD projects to progress to procurement	<p>Further statistical guidance was published on 29 September 2016 as anticipated. Under the new guidance it is now explicit that profit capping structures such as NPD would result in a public classification of the project assets.</p> <p>SFT prepared an options paper for alternative revenue funded structures for infrastructure investment. Should this be progressed, the structure would require to be tested with ONS. Any future approach is being considered in the round alongside borrowing powers and the infrastructure plan.</p>	✓
63	Work with procuring authorities to use the SFT Community Benefits Toolkit on a large project	SFT is working with NHS Grampian and Forth Valley College to use the Community Benefits Toolkit on the Baird Family hospital project and the new Falkirk campus college projects which are currently in procurement.	✓

Ref.	Objective	Update	Progress
64	Explore new approaches for infrastructure investment within the changing powers devolved to Scotland	SFT has and continues to explore areas to consider new approaches for infrastructure investment including research and development of the potential for pension fund investment in infrastructure. The targeted use of guarantees to support infrastructure development has been developed in support of housing development.	✓
65	Maintain programme governance and transparency through 11 Public Interest Directorships (PIDs) on NPD companies	PIDs are in place and a forum has been established and has met on a number of occasions to facilitate regular informal dialogue and share good practice, approaches to common issues. Training has been offered and taken up by PIDs to support them in their roles.	✓
66	Explore opportunities for delivering improved value for money on large infrastructure asset procurement based on transaction experience gained on the NPD programme	Lessons learned through conducting independent design reviews on the large health NPD projects have been drawn across to introduce design reviews on the Colleges sector to bring increased challenge on the Forth Valley and Fife College projects.	✓
67	Manage and report on the long term affordability consequences of the programme	The annual update of the long term affordability consequences of the NPD/hub programmes was carried out to inform the Scottish Government Draft Budget 2017/18. This confirmed a reduction in forecast revenue commitments on the previous year and contributes to being below the centrally set cap of 5% of projected annual Departmental Expenditure Limit. The current year reduction in commitments reflects value for money financing approaches, well below historic rates of finance, locked in on hub deals transacted during 2016.	✓