

Confidential

MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 22 March 2021, 2pm

Place: By video conference

Present: Ian Russell, Chair (IR)
Ann Faulds (AF)
Bill Matthews (BM)
Graham Watson (GW)
Ann Allen (AA)
Peter Reekie (PR)

Apologies: Pauline Mills (PM)

In attendance: Liz Petrie (LP)
Caroline Whyteside (CW) (part meeting)
Tony Rose (TR) (part meeting)

FORMALITIES

1 Apologies

Apologies were noted from PM.

2 Declaration of Directors' interests

No new interests were declared. AA's role as a non-executive member of the Water Industry Commission for Scotland was noted in relation to discussions under Item 6.

3 Minute of previous meeting

The minutes of the meeting of the Board of Directors of 1 February 2021 were noted and approved as correct record.

4 Action tracker

Completed actions and timescales for ongoing actions were noted.

DISCUSSION

5 Business context

PR gave a presentation highlighting the significant achievements across the business in the recent period including leading on, contributing to and commissioning a range of newly published reports such as the Net Zero Standard for Public Buildings, Green Data Centres and Connectivity Action Plan, New Frontiers for Smarter Working Report and the hub Programme Impact Assessment. The Board further noted the achievement of the

handover of the final, 117th school in the Scotland's Schools for the Future programme and PR provided an update on the progress of the Construction Industry Recovery Plan and Construction Accord consultation.

PR led discussion on global factors influencing infrastructure including green-led recovery from COVID-19, international investment, digitalisation and ageing populations. The Board discussed the challenges of transitioning both economies and people to net zero. In the context of the UK, the Board noted the creation of the UK infrastructure bank and the uncertainty of its interaction with the Scottish National Investment Bank. PR undertook to circulate a copy of the Scottish Government's recently published Capital Investment Plan.

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PR further described the Company's role in maintaining a balance amongst the social, economic and environmental impacts from infrastructure and outlined organisational changes planned following the departure of Vivienne Cockburn in the summer of 2021. The Board discussed the planned reassignment of workstreams across the leadership team and directors' capacity. PR outlined the roles of Senior Associate Directors and Directors in leading different aspects of the business and the Board asked for an update on leadership resource, roles and capacity at the May Board meeting.

PR to bring an update on leadership resource, roles and capacity to the May Board meeting.

6 Business Area – Infrastructure Strategy

TR provided an overview of activity in the Infrastructure Strategy business area. The Board noted that the focus of the Company's work in this area from January 2019 to August 2020 had been on the Infrastructure Commission for Scotland's secretariat and TR outlined the conclusions of the Phase 1 and Phase 2 reports. The Board noted that no decision has yet been made by Scottish Government on the Phase 2 recommendation on independent long term advice.

TR described how the Scottish Government's Infrastructure Investment Plan built on the work of the Infrastructure Commission for Scotland and outlined the implementation programme for an infrastructure investment decision framework to inform the next Infrastructure Investment Plan. TR further described the team's work in supporting collaboration across the business including on long term prioritisation, public sector asset strategy, infrastructure technology development, decarbonisation of heat and transport, infrastructure first, innovative finance and funding approaches and independent long term advice.

MONITORING

7 Business Plan Objectives Summary

The Board noted the report summarising progress against business plan objectives at the end of February 2021.

PR highlighted that access to the sites necessary to complete objective 26 which had been delayed due to COVID-19 restrictions, has now been granted.

PR confirmed that it is expected that two objectives will not be met: although all 117 schools in the Scotland Schools for the Future have been handed over, one school will not open until after Easter, so objective 7 is not technically fulfilled; and COVID-19 has led to market delays in asset disposals so the level of capital receipts targeted in objective 24 will not be achieved in the year.

8 Public Inquiry

PR provided an update on the Scottish Hospitals Public Inquiry where SFT is a core participant. The Board noted the Company has provided background briefings on Non Profit Distributing (NPD) and Building Information Modelling (BIM) to the Inquiry team.

9 Board effectiveness and Director Performance

The Board noted the report compiled following the Chair's annual review of Board and individual director performance.

The Board noted the progress against actions identified in March 2020 following the effectiveness review at that the beginning of 2020. The Board agreed to close the action tracker, noting that some areas of action are carried forward into the proposed action plan for the coming year. The Board reviewed and agreed the proposed action list for tracking through the next financial year.

PR and LP left the meeting.

The Board noted and agreed the Chief Executive's 2020-21 performance and proposed objectives for 2021-22. It was also agreed that internal and external feedback should be sought on the Chief Executive's performance in the year.

PR and LP re-joined the meeting.

10 Finance Report

CW joined the meeting.

The Board noted the report on the financial position for the eleven months ended 28 February 2021.

CW confirmed that a net £nil position is forecast at the year-end but this remains dependent on allocated advisory budgets being fully utilised. CW advised that in line with previous authority from the Board any residual underspend up to £200k will be paid to the Pension Fund to reduce the pension deficit.

CW highlighted the total costs in relation to participation in the Scottish Hospitals Public Inquiry for the current year as £370k. The Board requested that the 12 month finance report detail where savings have been made to facilitate this level of expenditure within overall budget.

12 month finance report to detail where savings have been made to facilitate Public Inquiry expenditure.

11 Corporate Services Report

The Board noted the Corporate Services Report covering Human Resources, Communications, Business Technology, Office Management and Finance.

CW highlighted that all staff have recently attended Equality, Diversity and Inclusion workshops and a programme of activity has been developed to build on these.

CW further confirmed that Cyber Essentials Plus security certification is expected prior to the year end.

The Board noted progress in the internal audit reviews currently being undertaken by RSM and CW confirmed that the reports would be issued to board directors when finalised.

12 Outcomes

The Board noted the report on the cost and benefits of the SFT Outcomes reporting fully implemented over the last year in line with the outcomes approach laid out in the Corporate Plan 2019-24.

The Board noted and agreed the benefits of the outcomes reporting and that internal resource and external costs allocated to this work are appropriate.

DECISION

13 Reward review

The Board noted the annual reward review.

The Board noted the salary and recruitment market trends across public and private sectors and the results of the most recent benchmarking process in 2019. After discussion, the Board approved a 1% consolidated salary increase capped at £85,000 with staff earning above that receiving a fixed consolidated salary increase of £850 and no salary increase for staff at or above the maximum of their grade. The Board further agreed that there should be no change to salary ranges and approved the ranges for a further year.

The Board noted and agreed the proposal for the exceptional performance award for 2020/21 and noted the changes to be introduced in 2021/22. PR confirmed that staff not meeting expectations would receive 0% annual pay award from 2021/22 and that this is expected to be a small number of staff.

The Board noted the budget impact of 0.9% for the proposed 2021/22 awards.

The Board noted and approved the proposal that car allowances and mileage rates remain unchanged.

14 Business Plan

The Board noted the business plan document and the updates made in light of board directors' comments to an earlier draft circulated in early March.

PR highlighted areas of activity in the Plan which will deliver on the corporate priorities approved by the Board in January. The Board noted and discussed the ambition of the Plan and how the Plan will support the recovery from COVID. The Board asked that PR consider including more direct references to the COVID recovery in the text of the Plan.

The Board further noted agreed and indicative budgets and that not all budgets have been agreed with funders. PR advised that subject to final confirmation of budgets it should be possible to flex resource to deliver all objectives in the Plan. CW confirmed that the final budget position would be brought to the Board in May.

Subject to PR's consideration of including references to the COVID recovery, the Board approved the Business Plan, noting that the interactive online version of the Plan will be circulated to the Board prior to publication.

PR highlighted the proposed eight key deliverables for tracking by the Board. He advised that these would sit above the detailed business plan objectives and would enable the Board to focus on a smaller number of indicators as part of its governance role in monitoring the organisation's activity. PR advised that these are intended to reflect areas of particular priority, and where SFT is seen to have particular responsibility and ownership. The Board discussed the key deliverables and agreed the approach to monitoring based on them, requesting that the ambition of the Key Deliverable 5 be more clearly expressed and that the table be updated to assign responsibility for each deliverable to individual Leadership Team members.

Key Deliverable 5 be more clearly expressed and responsibility for each deliverable to be assigned to individual Leadership Team members.

14 AOB

There was no further business.