
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Tuesday 9 May 2023, 2pm to 4.20pm

Place: SFT Boardroom, 11-15 Thistle Street, Edinburgh, EH2 1DF

Present: Ian Russell (IR) (Chairman)
Graham Watson (GW)
Pauline Mills (PM)
Stella Matko (SM)
Nick Rowan (NR)
Stephen Slessor (SS)
Peter Reekie (PR)

Apologies: Bill Matthews (BM)

In attendance: Liz Petrie (LP) (minutes)
Caroline Whyteside (CW) (part meeting)
Colin Proctor (CP) (part meeting)

FORMALITIES

1 Apologies

Apologies were noted from BM.

2 Declaration of Directors' Interests

The Directors' register of interests was noted.

No interests were highlighted in relation to the meeting agenda.

3 Minute of Previous Meeting

The minutes of the meeting of the Board of Directors of 20 March 2023 were noted and approved as a correct record.

4 Action Tracker

Completed actions were noted together with timescales for ongoing actions.

PR advised that it had been intended that the agenda for this meeting include a facilitated discussion on risk appetite and that this would be re-scheduled following further work by the executive team.

DISCUSSION

5 Context Discussion

PR led the discussion recalling that at the time of the last meeting the First Minister had yet to be elected and the Cabinet formed. It was noted that the Deputy First Minister and Cabinet Secretary for Finance has been confirmed as the Company's sponsor minister. IR and PR had written to the Deputy First Minister proposing an introductory meeting and

[REDACTED]

this has been agreed and a date is being arranged. The Board discussed the agenda for early engagement with the Deputy First Minister. PR advised that meetings with other Ministers will be scheduled in due course and engagement tracked and reported to the Board at future meetings.

The Board further discussed changes in governance within Scottish Government in particular in relation to a requirement for additional governance around investment and budget approvals within portfolios which impacts on some previously agreed SFT budgets for the current year.

The Board discussed constrained budgets and resources across the public sector and the impact on the capacity and capability of public bodies to deliver projects.

6 **Business Area Strategy – Construction Industry and Delivery**

CP gave an overview of activity across the Construction Industry and Delivery business area comprising the three workstreams: Improving Project Delivery; Infrastructure Technology; and hub.

CP described strands of work within the Improving Project Delivery workstream where a number of initiatives are contributing to setting up projects for success including work on improving project briefing and evaluation. He further described activities aiming to transform the value of consultancy, develop business models for off-site construction for affordable housing and improve quality in construction building on the launch in February of Construction Quality Improvement Charter. CP outlined also the support provided to projects with the Company providing experienced, senior level support to project teams to improve capacity and capability.

GW joined the meeting.

CP described the activities across the Infrastructure Technology workstream, with a focus in the coming year on existing asset performance and analysis. CP advised that much of the early work has been developed around the schools estate and the Board discussed the benefit of the work and how to develop awareness across the public sector. The Board further discussed the challenge to industry of developing skills and competence to manage and interpret the building information being gathered.

GW questioned the Company's potential opportunity to generate revenue from some of the activities outlined in this business area.

NR and SS declared a conflict of interest on issues [REDACTED] and left the meeting for the update on this workstream.

Item separately minuted – minute apart held in Special Committee: Conflicts

NR and SS returned to the meeting.

MONITORING

7 Business Plan Activities: End of Year Report 2023

The Board noted the report summarising the progress made on the forty activities identified in the 2022-23 Business Plan under the Company's fourteen workstreams and PR highlighted achievements and challenges in each of the workstreams.

The Board discussed the range of partners involved and approaches adopted to decarbonise heat in buildings and noted that the majority of projects are at the stage of pilots. PR confirmed that he would discuss with the team how best to share the learning from the varied pilots across the public sector.

The Board noted the key milestones achieved in the Learning Estate Investment Programme in the year. It was agreed that a summary report on what projects are at what stage within the programme would be useful.

Summary report on Learning Estate Investment Programme to be drafted.

The Board noted the achievements in the delivery of the UK Government's Digital Connectivity Infrastructure Accelerator- funded Infralink Exchange project and that an extension to funding has not been pursued as Local Authorities are able to manage the necessary activities themselves.

PR advised that progress on the Construction Accord which was signed in October 2022 had been slower than anticipated. The Board noted that work has now commenced on developing a transformation plan.

The Board noted that difficulties encountered in accessing and operating the necessary software for the Time-2 Pay portal have led to a delay in the portal being established.

The Board noted the work carried out in the year to support the public sector in embedding Infrastructure Investment Plan guidance in asset strategy and use of its 'investment hierarchy'.

The Board acknowledged the resource-pressure imposed by the issues related to the Hilton of Rosyth LLP through the year.

PR confirmed that milestones were amended or missed in-year within 26 of the 40 activities and the Board discussed the tension between setting ambitious and more realistic milestones.

The Board acknowledged the significant successes across the business in the past year and asked that PR convey their appreciation of the work undertaken to all staff.

PR to communicate the Board's appreciation of success against the business plan to all staff.

8 Public Inquiry Update

PR provided an update on the Scottish Hospitals Public Inquiry. He confirmed that he and a Senior Associate Director had given evidence at hearings on 5 May 2023 in relation to

the procurement phase and advised that work on closing statements will be undertaken over the coming period.

CW joined the meeting.

9 Finance Report

The Board noted the report outlining the financial position of the SFT Group for the year ended 31 March 2023 and forecast performance against the annual budget. CW highlighted the forecast underspend of £71k compared to the £25k underspend forecast at the end of March. The Board noted the reasons for the movement including a £47k reduction in the dilapidations reserve following agreement with the Thistle Street landlord.

CW advised that this is the year-end management account position and further validation of elements will be undertaken in drawing up the statutory accounts.

CW confirmed that all conditions of the grant-in-aid budget allocation are being met as laid out in section 5 of the report.

10 Corporate Services Report

The Board noted the report covering human resources, communications, information technology, office management and legal and procurement.

The Board discussed measures in place enabling staff to report any instances of inappropriate behaviour in addition to the whistle-blowing policy. The Board noted the employee assistance service provided to all staff and PR expressed confidence in the approachability and professionalism of the Head of Human Resources for staff to raise issues internally. It was further noted that exit interviews are conducted with all leavers.

The Board noted the range of activities being undertaken by the recently centrally-established corporate legal team. Previously Senior Associate Director – Legal and other legally qualified staff had been based within workstream teams and regular reports on legal activity had not been brought to the Board within the Corporate Services report.

DECISION

11 Appointment of Chair

IR recused himself from the meeting and GW took the chair for this item.

The Board noted the report on the appointing a new Chair for the Company. The Board noted the outline of the appointment process which will be managed by Scottish Government under the guidance of the Ethical Standards Commissioner.

The Board noted that for previous Board appointments, the Company has requested that a recruitment consultant be engaged to help target a diverse range of applicants and sectors and it was agreed that Scottish Government should be requested to engage a suitably experienced recruitment consultant to support the process.

The Board further agreed that it would be beneficial for a current Board member to sit on the appointment panel and that this request should be made to Scottish Government.

The Board noted and discussed the draft role description and person specification. It was considered that given the balance of skills and infrastructure expertise across current Board members, candidates should be sought who could offer senior business experience, strategic overview and influence rather than targeting technical infrastructure specialisms.

The Board further discussed the importance of candidates being available for regular in-person meetings with Scottish Government Ministers, senior civil servants and key stakeholders as well as the Chief Executive and the executive team within a flexible and hybrid working model. The Board agreed that it should be recommended to Scottish Government that this be included in the job description to be issued by Scottish Government.

The Board noted that non-executive pay rates, including that of the Chair, have not been revised since inception of the Company and agreed that the executive team should engage with Scottish Government officials on the Chair's remuneration with a view to re-establishing the rate at its original tier and level within the daily fee framework which has been subject to uplifts in line with pay policy over the intervening years. It was further agreed that going forward non-executive remuneration should be reviewed annually.

The Board asked that PR provide the Board's input to the Senior Civil Servant in charge of the recruitment process within Government. The Board further agreed that PR and, subject to officials' agreement, another non-executive Director should work with Scottish Government as appropriate and report back to the Board at least once a draft job description and recruitment process has been agreed.

PR to take forward discussions with Scottish Government and progress to be reported to the Board, at least once a draft job description and recruitment process has been agreed. IR returned to the meeting and resumed the chair.

12 Establishment of Special Committee: Conflicts

The Board noted the report recalling its agreement in January 2023 that a new Committee be established to consider matters where conflicts of interest arise. The Board noted and agreed the draft Terms of Reference for the committee and that the Committee be formally established as of the date for this meeting, 9 May 2023.

13 Board Meeting Scheduling 2023-24

The Board noted and agreed the schedule of meetings for 2023-24 including a strategy day on 3 October 2023. It was highlighted that it is intended that the September Board meeting be held at a project. Proposals on inviting stakeholders, including the new Deputy First Minister, SFT's sponsor minister within Scottish Government, to join meetings through the year were also noted.

NOTING

14 AOB

The Board noted that a meeting of the Group Audit Committee was to take place immediately following the Board. The Board delegated to the Committee the agreement and signature of the engagement letter for the SFT Investments audit.