

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

**Scottish Futures Trust
2010-11 Publication**

16th December 2011

**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. In addition to the statutory requirement, SFT has elected to make all relevant information available for the full financial year 1 April 2010 to 31 March 2011.

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:

2010/11 Business Plan:

<http://www.scottishfuturestrust.org.uk/docs/80/Business%20Plan%202010v1.pdf>

2010/11 Statement of Benefits:

<http://www.scottishfuturestrust.org.uk/docs/361/SFT%20Statement%20of%20Benefits%202010-11.pdf>

2010/11 Annual Report and Financial Statements:

<http://www.scottishfuturestrust.org.uk/docs/587/SFT%20Annual%20Report%2010-11.pdf>

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 2010/11: £42,453.09

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-10 | Barry White | Luxembourg | EIB / EPEC Meetings |
| Feb-11 | Tony Rose | Rome | EPEC Meeting |
| Mar-11 | Peter Reekie | Luxembourg | EPEC Meeting |

Amount for 2010/11: £2,666.16

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 2010/11: £1,003.88

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 2010/11: £656,849.43

NB: The total expenditure for 2010/11 is £1,061,294.62 of which £404,445.19 was recharged to the South East and North hub territories.

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.

Where multiple payments are made to a person or body in the course of the same financial year all of which are below £25,000, but which cumulatively exceed the reporting threshold, there is no statutory duty to report the payments in question. However it would be good practice to do so where the relevant payments can readily be identified.

| Payee | Date | Subject Matter | Amount £ |
|-------------------------------------|-----------|---|-----------|
| Item 1: Payment of Suppliers | | | |
| City of Edinburgh Council | 17 May 10 | TIF Pilot Development Cost Sharing | 29,060.46 |
| | 3 Nov 10 | Non-Domestic Rates | 28,330.76 |
| | | | |
| Dundas and Wilson | 30 Nov 10 | NHT Legal Advice | 40,364.78 |
| | 21 Dec 10 | NHT Legal Advice | 51,897.40 |
| | 28 Jan 11 | NHT Legal Advice | 87,289.20 |
| | 29 Mar 11 | NHT Legal Advice | 25,502.40 |
| | | | |
| Kinnarps Scotland | 18 Mar 11 | Office Furniture | 38,002.14 |
| | | | |
| McGrigors | 6 Apr 10 | NHT Project Support | 27,025.01 |
| | 18 Feb 11 | Legal Advice | 28,516.46 |
| | | | |
| Mott MacDonald | 17 May 10 | hub Technical Advice (partial recharge to territory) | 75,060.87 |

| Payee | Date | Subject Matter | Amount £ |
|-----------------|-------------|---|-----------------|
| | 22 Jun 10 | hub Technical Advice (partial recharge to territory) | 62,295.09 |
| | 20 Aug 10 | hub Technical Advice (partial recharge to territory) | 89,500.29 |
| | 6 Sep 10 | hub Technical Advice (partial recharge to territory) | 94,435.09 |
| | | | |
| Partnerships UK | 6 Apr 10 | Secondment Costs | 30,550.00 |
| | 29 Jul 10 | Secondment Costs | 25,850.00 |
| | | | |
| Pinsent Masons | 22 Jun 10 | hub Legal Advice (partial recharge to territory) | 45,802.76 |
| | 20 Aug 10 | hub Legal Advice (partial recharge to territory) | 42,156.09 |
| | 21 Sep 10 | hub Legal Advice (partial recharge to territory) | 31,286.27 |
| | | | |
| PwC | 6 Apr 10 | hub Financial Advice (partial recharge to territory) | 29,708.71 |
| | 26 Apr 10 | hub Financial Advice (partial recharge to territory) | 36,795.13 |
| | 3 Jun 10 | hub Financial Advice (partial recharge to territory) | 35,097.25 |
| | 20 Aug 10 | hub Financial Advice (partial recharge to territory) | 29,167.03 |
| | 2 Sep 10 | hub Financial Advice | 40,823.03 |

| Payee | Date | Subject Matter | Amount £ |
|-------------------------------------|-----------|---|------------|
| | | (partial recharge to territory) | |
| | | | |
| Space Solutions | 20 Aug 10 | Office Fit Out | 32,371.95 |
| | 18 Oct 10 | Office Fit Out | 73,394.38 |
| | | | |
| Item 2: Award of Grant | | | |
| NHS Highland | 31 Mar 11 | Capital Enabling Funds – Tain | 257,253.46 |
| North Territory Participants | 26 Jan 11 | Capital Enabling Funds – Share Capital and Working Capital | 254,165.60 |
| | | | |
| Item 3: Investment in hubCos | | | |
| South East hubCo | 30 Jul 10 | SFTI Share Capital and Working Capital Investment in South East hubCo | 100,010.00 |
| North hubCo | 26 Jan 11 | SFTI Share Capital and Working Capital Investment in North hubCo | 105,902.40 |

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 2010/11.

Barry White, SFT's Chief Executive received a salary of £180,000 and car allowance of £10,000 in 2010/11. 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/publication/salary_banding_2011-12

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.

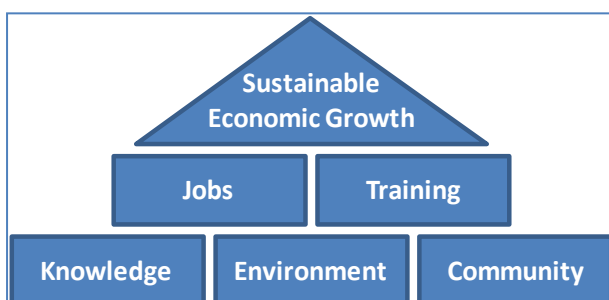
The Government Economic Strategy, which was published in November 2007, sets out the Government's central Purpose is *"to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. 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.

Infrastructure investment has been clearly linked to sustainable economic growth by many researchers including the OECD in recent reports. During 2010/11, SFT delivered £129m of net savings and benefits to infrastructure investment in Scotland as set out in our Benefits Statement.

In addition to the benefits which been quantified, SFT delivers substantial qualitative benefits that cannot be given a monetary value to our stakeholders and the wider Scottish society.

In many cases, these benefits are at least as important over a long term as the benefits that can be quantified and as such it is important that they are captured and reported.



The primary qualitative benefit delivered is economic growth, in that the quality and quantum of a country's infrastructure stock has been demonstrated to be a key enabler of growth (see below). As such, the delivery of additional infrastructure (either through

efficiency improvements, or additional investment) is a driver of economic growth. As illustrated above, underpinning the primary qualitative benefit of economic growth are the building blocks of qualitative benefits relating to jobs and training in the construction sector; knowledge sharing across public sector partner organisations; promoting environmental improvements and benefits to the communities that are served by infrastructure delivered. These are the main qualitative benefits that SFT's activities support.

The section below illustrates how these qualitative benefits link to the five strategic objectives of the Scottish Government: Wealthier & Fairer, Smarter, Healthier, Safer & Stronger, and Greener.

Links to Government Purpose

The stated purpose of the Scottish Government is to deliver increased sustainable economic growth. Set beneath this purpose are five strategic objectives relating to a wealthier and fairer, smarter, healthier, safer & stronger and greener society.

These objectives relate to outcomes for the population as a whole. These objectives will be directly and indirectly impacted by SFT's activities. The work SFT has done in maintaining a meaningful pipeline of infrastructure projects in times of budget constraint will play a significant role in contributing to the wealth of Scotland through the creation of new opportunities in the design, development, advisory, construction and facilities management industries. This is further complemented by the focus SFT places on community benefits aspects related to the infrastructure programmes and projects it takes a leading role on. In addition, the support SFT brings to the delivery of new schools and community health facilities will help make Scotland smarter and healthier, and finally the support SFT provides to local authority waste treatment projects will make a significant contribution to making Scotland greener.

The table below maps the principal qualitative benefits that SFT delivers onto the strategic objectives of Scottish Government.

| Scottish Government's Strategic Objectives | SFT Qualitative Benefit | Description |
|--|---|---|
| <p>1) Wealthier & Fairer</p> | <p>Sustainable Economic Growth</p> <p>Job Retention & Creation</p> <p>Community Benefits</p> | <p>A viable and sustainable pipeline of construction projects will make Scotland an attractive place to invest, creating jobs and new opportunities across Scotland.</p> <p>Promoting affordable projects will help ensure that modern fit for purpose public services are available across Scotland.</p> <p>Delivering new community infrastructure, affordable housing and promoting regeneration initiatives will all help deliver well-designed, sustainable communities; helping address some of the inequalities of opportunity and access to public services that exist across Scotland.</p> |
| <p>2) Smarter</p> | <p>Training Opportunities</p> <p>Community Benefits & Knowledge Sharing</p> | <p>Training opportunities on projects (e.g. hub projects that include a requirement to offer training opportunities) leads to better qualified, more skilled and more successful individuals.</p> <p>Knowledge sharing across the public sector leads to more informed and better equipped individuals to develop, deliver and manage more efficient and sustainable facilities and services. These are key aspects of the hub programme.</p> |
| <p>3) Healthier</p> | <p>Knowledge Sharing</p> | <p>Knowledge sharing also contributes to higher quality and more accessible public services which is a contributor to the healthier outcomes within the Government's objectives.</p> |

| Scottish Government's Strategic Objectives | SFT Qualitative Benefit | Description |
|--|---------------------------|---|
| | Community Benefits | The provision of modern healthcare facilities for communities, and healthier housing options linked to regeneration and the NHT are drivers of healthier outcomes. |
| 4) Safer and Stronger | Community Benefits | Delivering new community infrastructure, affordable housing and promoting regeneration initiative will all help sustain safer and stronger communities through helping to address some of inequalities of opportunity and access to public services that exist across Scotland. |
| 5) Greener | Environment | Projects such as the local authority waste projects and National Renewables Infrastructure Plan that SFT is supporting will play a significant role in reducing Scotland's green house gas emissions. In addition, the approach SFT promotes to the design of new facilities will help promote the use of recycled materials,, reduce waste during construction and lead to buildings that are more environmentally efficient leading to lower on-going energy demands. |

Sustainable Economic Growth

Over the past 20 years, a wide range of academics and commentators have strongly linked a nation's investment in public infrastructure to economic growth. Many academics and economists have asserted that favouring ongoing resource funding over capital investment in times of tightening spending, whilst perhaps easier at the time, will be likely to have the effect of both slowing economic recovery and leaving an increased legacy of poor-condition and potentially high-carbon assets to future generations.

In the 2011-2012 Budget, the Scottish Government has asked SFT to take "forward a new pipeline of revenue financed investment worth up to £2.5 billion" as well as delivering additional benefits from "innovative measures such as Tax Increment Financing and the National Housing Trust". Taken together these total some £3 billion of additional investment over and above current capital funded budgets. This represents one of the biggest investment programmes of this type in Europe. SFT has played a significant role in developing the environment in which such a wide ranging and comprehensive investment programme, with the associated economic growth benefits, can be implemented successfully.

We have not quantified the economic benefit of the accelerated delivery of the £2.5bn NPD investment programme as compared to waiting for investment when capital budgets become available in this statement. However, a methodology for evaluating this high-level economic benefit has been established in Europe to support large-scale programmes of revenue funded investment. Case study 6 in Annex 4 of our Benefits Statement applies this methodology to the £2.5bn pipeline and identifies a potential **£530m** economic benefit of accelerated investment.

Further information on how our work has contributed to jobs, training, knowledge retention in the public sector, sustainability & the environment and communities is available in SFT's 2010/11 Statement of Benefits on our website

<http://www.scottishfuturestrust.org.uk/docs/361/SFT%20Statement%20of%20Benefits%202010-11.pdf>

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 publishes Statement of Benefits which starts:

“SFT’s progress during 2010/11 is clearly demonstrated by the £129m of independently verified benefits and savings to infrastructure in Scotland from SFT’s work. The £129m is in addition to the £111m of net benefits and savings secured during 2009-10 to give total verified net benefits and savings of £240m which SFT has delivered for the taxpayer.”

“SFT works in partnership with many public sector organisations and it recognises that collaborative working delivers the great majority of its benefits, resulting in a sharing of the attribution of benefits. The 2010/11 benefit attributable to SFT represents just over 40% of the £313m total shared benefit to infrastructure investment in Scotland delivered by SFT in combination with its partners.”

Further information on how our work has contributed to the efficiency and economy of infrastructure delivery is available in SFT’s 2010/11 Statement of Benefits on our website <http://www.scottishfuturestrust.org.uk/docs/361/SFT%20Statement%20of%20Benefits%202010-11.pdf>

SFT has delivered these benefits economically during 2010/11 with a significant 34% under spend against allocated budget. The budget allocated was £6.75m, with the outturn being £4.45m. This economy was communicated to SFT’s sponsor directorate through the year, enabling the budget to be directed to other areas of priority during the financial year.

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 in the following categories:

- Travel - Carlson Wagonlit changing to Expotel
- Hotels - Expotel being combined with travel
- Stationery - Lyreco changing to Office Depot
- Car Hire - Arnold Clark, under review

The Company has also used Buying Solutions frameworks for the provision of certain consultancy services.

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.