

MINUTES

Meeting of: Scottish Futures Trust Limited – Board

Date & Time: 10:30am on 22 December 2008

Place: Noble Grossart, 48 Queen Street, Edinburgh, EH2 3NR

Attendees: Sir Angus Grossart - Chair
Colin Maclean
Jim Fletcher
Graeme Bissett

Peter Reekie - in attendance

Apologies

There were no apologies or absentees

Appointment of Chair and Board Members

Noted that the Chair and Board members had been appointed by Scottish Ministers

Ethical Standards and Declaration of Interest

The Board noted the requirement to declare relevant interests and that their appointment is covered by Scottish Government guidance on Board membership to Public Bodies.

Action: PR to circulate to all Board members who do not currently hold Public Appointments a copy of “On Board”, the Scottish Governments guidance for Board members of public bodies.

Action: PR to develop and circulate a proforma for declaration of Interests

1. Chairman’s Introduction

The Chair welcomed members to the first Board meeting of the Scottish Futures Trust.

The chair discussed with the Board the work he had undertaken since his appointment on 10 September which had focussed on meeting key stakeholders and gaining a more detailed understanding of the background and current status of infrastructure investment in Scotland.

He had met with public sector stakeholders, key players in the private sector advisory marketplace and other relevant parties such as Partnerships UK. In particular the Chair had:

- Met with three Local Authorities who had approached him proactively to seek engagement with SFT, namely Midlothian, East Renfrewshire and Angus. He had discussed common ground with these Authorities, particularly around their need for investment in their schools estates. A further meeting with all three Authorities is planned for the new Year;
- Met with Chair of the Water Industry Commission for Scotland (WICS) to discuss procurement and financing in the water sector.

The Board discussed in general terms issues arising from the implementation of International Financial Reporting Standards (IFRS) in the public sector.

The Chair raised the potential for SFT to assist public bodies in making better use of underutilised assets, either through commercialisation or disposal.

The Chair raised the potential for reserves of Local Authorities to be more fully utilised in financing infrastructure investment. JF noted that these reserves should not be simply spent and there was further discussion over their potential use as collateral.

CM raised consideration of the distribution of risk in public sector capital procurement and the potential opportunity to utilise more widely gainshare arrangements that are common in the oil and gas industries. He is to meet the SG head of Procurement, Nick Bowd in the new year to discuss in more detail.

JF raised the need to report some specific actions for SFT, in order that the organisation is seen to be adding value. AG agreed and added that executive capacity was required to deliver, starting with the recruitment of the Chief Executive, and a more decisive lead from Scottish Government.

GB raised points of interest that had been noted in the Scottish Parliament Finance Committee report on the Funding of Capital Investment. Particular areas of interest were the Committee's recommendations on establishing centres of expertise, whole life costing and use of joint campuses.

The Board discussed the potential for SFT to take an interest in savings which it delivers in capital budgets, potentially building up its own capital budget to invest in pilots and demonstration projects that would have wider benefit to the public sector in Scotland. The Board agreed that this issue should be raised with Mr Swinney when he meets with the Board.

Action: PR to circulate the Parliament Finance Committee report on funding capital projects to Board members.

Action: Board to meet with John Swinney to discuss SFT actions and potential for SFT to gain credit for what is achieved by taking control of modest capital budgets. PR to draft a letter for the Board to send to Mr Swinney prior to such a meeting.

2. Memorandum and Articles of Association

There were no comments on the Memorandum and Articles of Association circulated as Paper 1. PR drew Articles 8 – 15 on the functioning of the Board to the attention of Members. Members discussed the need for a further review of the M&A once the Chief Executive is in place and business planning further progressed.

Note: the Board noted the SFT Memorandum and Articles of Association

3. Freedom of Information Act

PR reported that as a company wholly owned by Scottish Ministers, SFT is subject to the Freedom of Information (Scotland) Act 2000. As such, the Company will have an obligation to respond to requests for information from members of the public, and to develop a proactive publication scheme.

Note: the Board noted the applicability of FOISA

Action: PR to produce a practice note on FOISA and develop a draft publication scheme

There was discussion of the applicability of European public procurement rules to SFT.

Action: PR to produce a practice note on public procurement regulations as they might or might not apply to SFT

4. Objectives of the Scottish Futures Trust

The Chairman outlined his understanding of the governance arrangements for SFT and advised that Paper 2 – Draft Objectives of SFT was an extract of the “Management Statement and Financial Memorandum” (MSFM) document that would define the relationship between SG and SFT. This extract had been passed by SG to SFT for consideration and comment ahead of the majority of the MSFM document. The Board discussed the criticality of seeing a full draft and getting the MSFM document in place in a reasonable time scale, to assist business planning and support 09/10 budgets that would follow.

GB noted that a short Business Plan to cover the next few months of operation could be developed without sight of the MSFM document in its entirety.

Note: the Board noted its disappointment over the time taken for Scottish Government to forward a draft of the Management Statement & financial Memorandum.

Action: PR, in consultation with GB to draft short Business Plan for next few months of SFT operation.

5. Appointment of a Chief Executive

Chair

The Chairman reported good progress on appointment of a Chief Executive following the appointment of MacDonald Kinnaird as recruitment agent, and the placement of the advertisement attached to the agenda as Paper 3. Of 63 applicants, 8 had been short listed and it was intended that 4 be interviewed early in the New Year. The interview panel will comprise AG and CM as a Board sub-committee representing SFT, and the Scottish Government Permanent Secretary as an independent participant. . The Chairman reported that the Board sub-committee expected to make a recommendation to the Board, in January, and that following this recommendation it would be for the Board to formally make the appointment.

The Chairman reported that he had been in unresolved discussions with John Swinney about an acceptable remuneration package for the Chief Executive and expected to meet with the Minister to resolve this point.

Note: the Board noted progress on appointment of a Chief Executive and in particular the requirement for SFT to have the freedom to attract the best candidate for the job through a suitable incentivised remuneration package

6. Operational Arrangements

PR talked to Paper 4 – SFT current arrangements.

Note: The Board noted current operational and organisational arrangements and that these are for a transitional period until the Chief Executive is appointed.

7. Banking Arrangements

The Chairman proposed the resolution on banking arrangements set out in Paper 5 – SFT banking arrangements.

GB proposed an amendment with Peter Reekie being given authority to sign cheques up to £1,000 (amended from £10,000) with one of the Main Signatories required to sign above that value.

Resolution: The Board adopted the resolution set out in Paper 5, as amended above.

8. Budget for 08/09 and draft budget for 09/10

The Chairman introduced Paper 6 – SFT budgets, which set out the draft SFT budget for 08/09 and draft budget for 09/10.

Note: the Board noted the draft budgets and that the 09/10 budget should be supported by a brief Business Plan. See Action at Agenda item 4 above.

9. Committees of the Board

The Chairman suggested that The Board should constitute two standing sub-committees, one to cover remuneration, and a second to consider audit. The Chair proposed the membership of these committees.

Resolution:

A standing Audit sub-committee of the Board be established with Graeme Bissett as its Chair, and with a vacancy that could potentially be filled by a further Board member once appointed.

A standing Remuneration sub-committee of the Board be established with Colin Maclean as its Chair and Jim Fletcher as a member.

Action: GB to suggest to PR potential tenderers for the SFT audit.

10. Any Other Business

GB asked whether there had been progress on the Infrastructure Board for Scotland which was mentioned in the Scottish Government’s document “Taking forward the Scottish Futures Trust”. The Chair had not been contacted on this point.

Date of Next Meeting

The Chair proposed a date in mid February with Board meetings on a 6 – 8 week cycle.

Post Meeting Note: Next Board meeting to be 10:00 on Wednesday 25th February

Meeting Closed