

MINUTE

Meeting of:	Scottish Futures Trust Limited - Board
Date & Time:	Monday 19 March 2018, 2.30pm
Place:	11-15 Thistle Street, Edinburgh, EH2 1DF
Present:	Ian Russell, Chair (IR) Carolyn Dwyer (CD) Fiona Mackenzie (FM) Ann Faulds (AF) Graham Watson (GW) Peter Reekie (PR)
Apologies:	none
In attendance:	Liz Petrie (LP) minutes Viv Cockburn (VC) (part meeting) Fiona Ogg (FO) (part meeting)

1a APOLOGIES AND REGISTER OF DIRECTORS' INTERESTS

There were no apologies.

There were no new declarations of Directors interests.

1b DISCUSSION

It was noted that recommendations for a Scottish National Investment Bank (SNIB) were published at the end of February 2018 and that PR had been a member of the Advisory Group developing the proposals for the Bank. PR summarised the proposals. It is proposed that the Bank will be classified as a public body and that Scottish Ministers will set the Bank's strategic direction, and identify the missions that it will need to fulfil.

The areas identified for the Bank's activities were noted as growth capital and financing projects that will transform the economy. It was noted in particular that this would include decarbonisation projects. It was highlighted that the Implementation Plan recommends that the existing financing activities carried out by Scottish Government and its agencies come under the Bank's remit.

It was noted that Scottish Government has undertaken to provide capitalisation of £340 million over 2019/20 and 2020/21, using Financial Transactions (FT) money. It was noted that in advance of the Bank being established, Scottish Government has allowed for £150 million of FT commitments over 2018/19 and 2019/20 towards the "Building Scotland Fund" PR advised that whilst it is intended that this money will initially be separate from the Bank, it will be managed from within the Bank, once established.

PR outlined the role of the Building Scotland Fund and it was requested that PR give further consideration to SFT's role in and relationship with the Building Scotland Fund.

PR to report to next meeting on the further consideration being given to SFT's role in and relationship with the Building Scotland Fund.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 29 January 2018 was agreed as being a correct record.

It was requested that consideration be given to the format of minutes to have a separate record of matters reserved under the Freedom of Information act.

3 ACTION TRACKER

The actions were reviewed, agreed and timescales for ongoing actions noted.

4 CHIEF EXECUTIVE'S REPORT

4a Business overview

The Board noted the business overview.

PR highlighted recent key activities. Since taking up the post of Chief Executive PR has been working on building a new relationship with the Leadership Team in parallel with giving greater empowerment to the group of Senior Associate Directors. This has been key in the development of the 2018-19 Business Plan. PR also highlighted his recent engagement with key stakeholders, including senior politicians and industry representatives.

The Board was advised that the parliamentary motion which had called for a review of the Company had not progressed. The debate in parliament had touched on three areas in which the company is involved: general procurement matters; the construction industry and its supply chain; and private and revenue funded investment approaches. It was noted that the Company is involved in trying to improve processes in these three areas and agreed that PR and the Company's wider communications strategy should follow up to increase recognition of how SFT's work is having positive impacts across these areas.

The Board noted that business continuity planning and IT systems had been shown to be successful with high productivity during two days of office closure due to bad weather. The Board acknowledged the resilience shown by staff and the flexibility shown by both staff and the Company and noted that no SFT staff member had lost out financially in the period of bad weather.

The Board noted that the Lobbying (Scotland) Act 2016 Act, imposing obligations to report "regulated lobbying" to the Scottish Parliament's Lobbying Registrar, came into force on 12 March 2018. The Board further noted that under the Act a communication will not be regulated lobbying if it is made by or on behalf of "any...Scottish public authority within the

meaning of the Freedom of Information (Scotland) Act 2002". It was noted therefore that communications made by or on behalf of SFT are not regulated and SFT will not be registering. The Board noted the further advice and guidelines set out in the report relating to communications made by SFT employees, directors and board members which are not made on behalf of SFT would not benefit from the exemption. The Board noted that all staff have been issued with appropriate guidance.

The Board agreed that if Board directors have face to face communication with an MSP, Scottish Minister, Special Advisor or the Permanent Secretary which is not in the normal course of SFT business, or covers topics which are not in SFT's general business, they would need to consider the need to register those in respect of any other interest they may have. Christa Reekie, the Company's Commercial Director, should be advised of any interface with SFT's business to gauge whether or not any further action may be required as the Act beds in.

The Board noted that following its request, consideration had been given to any potential value in protecting the intellectual property of the Building Information Modelling (BIM) Guidance Portal. Legal advice had been sought and reviewed and PR confirmed that it had been concluded that SFT should not seek to enter a licence agreement for the Portal but, to capitalise on SFT's market leading position SFT is engaging with the UK BIM Programme and to seek funding to continue the implementation of BIM in Scotland.

4b Progress against business plan objectives 2017-18

The Board noted the report detailing performance against all 2017-18 business plan objectives. It was noted that it is expected that three objectives will not be met and PR advised that one further objective has moved to 'amber' due to timing of completion of a report where the supply of necessary source information had been delayed.

4c Communications Report

The report on recent and planned communications activity was noted. It was agreed that circulation of press articles would be extended to all non-executive directors.

4d FINANCE REPORT

VC joined the meeting.

The Board noted the report detailing the forecast budget outturn of the year ended 31 March 2018 and an update on the 2018/19 budget. The forecast outturn for the year prior to the previously agreed supplementary payment to the pension scheme being made was noted as £0.4m. The Board discussed the practice established in recent years of making supplementary payments to the pension scheme to offset future pension deficit from budget underspend. It was noted that the final outturn would be clarified in the next Finance Report to the Board in May and requested that the reasons for the underspend be fully detailed in that report. It was further requested that the report sets out the rationalisation for investing surplus budget in the pension fund.

VC to set out rationalisation for additional payments to the pension fund.

The Board further noted that the HMRC review of grant in aid treatment of payments to the Company from Scottish Government has not yet concluded. The Company continues to work closely with Scottish Government to resolve.

The Board noted the forecast income for the Company for 2018/19 and the forecast split by work stream.

5 COMMUNICATIONS STRATEGY

The Board noted the report setting the context for the development of the Company's communications strategy. It was noted that it is intended that the development of the communications strategy run in parallel with corporate planning.

The Board noted the history of the public facing development of SFT set out in the report and how the current communications approach supports business objectives. The Board agreed the need to express more concisely the aims of the Company, given that early programmes are maturing and coming to an end and activities have expanded into diverse areas.

The Board further agreed the importance of clear messages being given defining the Company's mission and aims given the changing context of its operation with new bodies such as SNIB coming into existence. The Board agreed that a stakeholder survey would be useful to inform future strategy and agreed that a full communications strategy should be developed in line with the Corporate Plan.

6 ANNUAL REWARD REVIEW

FO joined the meeting.

The Board noted the report and recommendations on the annual salary review for all staff and in respect of car allowances and mileage allowance within the expenses policy.

FO summarised the recommendation of a 2% increase for staff earning up to £85,000 and a fixed amount of £1,700 for those earning above £85,000. It was noted that this would maintain a benchmark with private sector pay awards for the majority of staff whilst recognising the overall public sector approach to senior level pay restraint. It was noted that the £85,000 limit is the upper limit of the Associate Director band and the fixed amount is calculated at 2% of this limit. The Board approved the recommendation.

PR left the meeting

The Board discussed and approved the recommended adjustment in the salary range for the Chief Executive where the lower range was reduced and upper limit maintained.

The Board further approved the removal of the Executive Director band.

PR re-joined the meeting

The Board noted the introduction of a car allowance policy whereby for the first time this year an annual increase is awarded only if employees can demonstrate that their vehicle meets set requirements in relation to CO2 emissions and miles per gallon rates.

The Board approved the recommended increase in car allowance of 3.95% in line with RPI for all eligible employees.

The Board requested that consideration be given to the eligibility for and grading of car allowance payments in the future.

FO to develop longer term proposals for car allowances.

The Board further agreed to maintain the current mileage allowances within the expenses policy.

The Board also noted the summary of the pension benefit offered to staff and the training, development and performance management undertaken by the Company.

7 BUSINESS PLAN 2018-19

The Board noted and discussed the draft business plan 2018/19. PR advised that the Plan will be published in A5 format and all staff will be encouraged to use it to help describe and explain the breadth and depth for the Company's activity. PR outlined the format of the document, highlighting the incorporation of the refreshed corporate objectives previously discussed with the Board.

AF commented on the need to review the document for continuity of style. It was agreed that AF/PR discuss and AF forward comments to PR following the meeting.

It was noted by the Board that many figures including key targets within the Plan had not been finalised in the circulated draft and agreed that the Board was not in a position to approve this draft.

It was agreed that a final version of the Plan should be circulated to the Board within the next two weeks and, should it be required, a telephone discussion set up. It was further agreed that a note on the ambition of the objectives set should be circulated.

PR to circulate final draft business plan and supplementary note.

Discussion took place on future reporting to the Board including on progress against the new business plan and PR outlined his thoughts on where reporting should be focussed.

8 PROJECT AND PROGRAMME GOVERNANCE UPDATE

The Board noted the report describing internal management arrangements and controls for project and programme governance as well as business plan objectives and the development of new areas of activity. PR outlined how information flows within the Company and the escalation and communication of issues that arise.

PR advised that in line with internal changes in the roles of the leadership team and Senior Associate directors there will be clearer lines of reporting and escalation routes than have existed to date. The Board noted that this is an area which is evolving and that further reports would be brought on arrangements being put in place as reporting commences against the new business plan and further consideration is given to the level and format of reporting to leadership team and board.

9 RECRUITMENT OF NON-EXECUTIVE DIRECTORS

IR advised that he had attended a meeting with Scottish Government on the recruitment of non-executive directors to replace CD and FM. It was noted that IR is to chair the panel and AF will sit on the panel.

It has been agreed that three new non-executives will be recruited to provide knowledge and expertise in the areas of the Scottish public sector, construction industry and wider UK/international experience external to Scotland.

IR outlined the timetable for recruitment with the new directorships to commence on 1 January 2019.

10 ANNUAL REVIEW OF BOARD AND CEO PERFORMANCE

IR reported that he had met with each non-executive director individually in the period December 2017 to January 2018 as well as PR and the former Chief Executive, B White. The Board agreed that PR had made a positive start in the role of Chief Executive.

11 AOB

There was no further business.