
MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Friday 3 October 2014, 2pm

Place: 1st floor, 11-15 Thistle Street, Edinburgh

Present: Sir Angus Grossart (Chair)
Jim Fletcher
Carolyn Dwyer
Fiona Mackenzie
Barry White
Peter Reekie

Apologies: Graeme Bissett

In attendance: Liz Petrie

1 APOLOGIES AND DECLARATION OF DIRECTORS' INTERESTS

Apologies were noted from G Bissett. No new interests were declared.

AG invited FM to join the Group Audit Committee and FM accepted the appointment.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 18 August 2014 was submitted and agreed as a correct record.

There were no matters arising not otherwise dealt with in the Board papers.

3 CHAIRMAN'S REPORT

AG advised that he and BW had held interviews with journalists that morning on the launch of both SFT's Corporate Plan 2014-19 and the statement of the Benefits of SFT's Work 2013-14 with the documents due to be published on Monday 6 October 2014. .

Discussion took place on the operation of the Company in the early and mid-stages of the Corporate Plan 2014-19. The impact of increased devolved powers was discussed in particular in relation to borrowing powers and the Board agreed the importance of engaging in proposals to assess the potential impact on infrastructure investment.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's report.

BW highlighted the following areas of work:

NPD – In regard to the £1bn NPD extension it was noted that the Aberdeen hospital project and the Schools refurbishment programme whereby an additional £100m revenue funding in existing schools projects will release local authority capital for other priority school projects, have been announced. It is expected that other health and schools projects will be included in the programme extension. College projects and justice centres are also being considered for inclusion.

BW advised that the annual update on the profile of investment to be delivered through existing £2.5bn programme is currently being drawn up for Scottish Government. This will illustrate the impact of the issues reported to the Board through the year in that the larger, stand-alone projects are proceeding largely to timetable but smaller projects are moving out for a variety of reasons including re-scoping of projects, major project issues such as land acquisition and other matters such as resourcing or commercial issues.

The Board was advised that overall the 3 year total investment projection 13-14 to 15-16 remained close to that reported last year although within individual years the figures have altered with less projected for the current year but more achieved in 13-14 and a higher investment projected for 15-16.

Asset Management Local Estate – Further to the extract of the Asset Management annual progress report 2013-14 presented at the last Board meeting, a report giving greater detail on the types of activities being undertaken and the associated opportunity for achieving efficiency savings was noted and discussed. It was highlighted that the efficiency target set by Ministers for public bodies in the local estate was £500m. This remains the target but potential for further efficiencies have been identified with current confidence factors indicating efficiencies in excess of £630m.

LAR – BW advised that further pressure is now required in order to resolve queries to progress LAR. This has highlighted the challenge of developing an innovative model with unconventional financing whilst working within a standard system.

Tony Rose (TR) and Anna Tozer (AT) joined the meeting.

Alternative Structures for NHS Surplus Property Disposals – The Board noted the report outlining alternative structures for the NHS surplus property portfolio to enhance and/or accelerate receipts. BW outlined the potential of grouping assets within one Health Board or across Health Boards into portfolios for disposal to achieve better value than through separate disposals and AT described the potential for adding value by undertaking pre-disposal work such as drawing up development frameworks and carrying out site investigations. Resourcing issues are being resolved through SFT providing specialist resource to work with health boards on larger, complex sites.

AT left the meeting.

Digital – TR provided a presentation on progress within the digital work stream, outlining the work being carried out on developing the World Class 2020 programme, aiming to identify over the coming 6 to 9 months what government interventions would be

appropriate to accelerate investment. TR advised that internal and external recruitment has taken place providing the team with both industry expertise and understanding of the public sector. The challenge of delivery being through the market-driven private sector was noted.

TR further described the work of the Demonstrating Digital programme carrying out a range of pilot projects in rural and city locations to inform future strategy and programming whilst achieving social inclusion and community benefits in the pilot areas.

TR left the meeting.

Communications update – The Board noted the Communications update provided at Annex B to the Chief Executive’s report. BW advised that a review of the operation of Corporate Communications Plan presented at the last meeting was scheduled for the November Board meeting.

5 FINANCE REPORT

Management Accounts – PR tabled the Management Accounts for the 5 month period to end August 2014 which showed costs running below budget. PR advised that a half year cost and budget review will be presented at the next Board meeting which will reflect changes such as the increase in central funding for NHS disposals work, the provision of one FTE to the shared service PPP operational management team and funding for the Construction Procurement Review work. It was highlighted that as vacancies have been filled internally, the recruitment period is extended as positions now require to be backfilled.

Report from the Group Audit Committee – In his absence, PR provided an update agreed with GB from the meeting of the Group Audit Committee of 2 October 2014 which had considered the Annual Report and Group Financial Statements 2013-14 and recommended their approval by the Board.

PR confirmed that HMRC had provided clear advice that the company was not liable for VAT on the core funding and following consultation by PR with Auditors, the Audit Committee had agreed that no disclosure on VAT was necessary within the Annual Report.

PR highlighted that although at this time no funding letter can be in place for 2015-16, the financial statements were prepared on a going concern basis founded on clear Ministerial commitment to the Company and the expectation that funding from Scottish Government will continue into 2015-16.

PR further highlighted that the Group Audit Committee had considered and reviewed the Public Services Reform (Scotland) Act report for publication and the Sustainability Report 2013-14. PR advised that the Company had aimed to reduce the carbon footprint per member of staff by 5% in the year and had achieved a 12% reduction.

It was noted that the Group Audit Committee had asked that the reporting cycle for the range of publications produced annually be reviewed and it was agreed that this should

be incorporated in the review of the operation of the Corporate Communications Plan at the next Board meeting.

The Board noted the Group Audit Management Report and PR confirmed to the Board that there were no matters of concern in relation to the Audit service.

Following the recommendation of the Group Audit Committee the Board approved the Annual Report and Group Financial Statements for the year ended 31 March 2014 and authorised their signing by AG and BW, subject to minor amendments highlighted in the meeting.

The Board further approved the terms of the Letter of Representation for the Group and authorised BW to sign on its behalf.

6 CORPORATE REVIEW

Corporate Risk Register – The Board noted the Corporate Risk Register and the four key risks were highlighted. The Board cautioned against risks being described in an overly specific way so that management attention is not too narrowly focussed.

Gifts and Hospitality – The Board noted the Policy on Gifts and Hospitality together with the Register for the period 1 April to 30 June 2014. The Board recognised the importance of participation in and attendance at networking and hospitality events, in line with the existing policy, for the development and maintenance of successful business relationships.

Insurances – The Board noted that all insurances including Directors' and Officers' have been renewed for the coming year to 7 September 2015.

8 AOB

Date of next meeting - The next meeting of the Board will be held on Monday 24 November at 2.30pm.