

MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Tuesday, 1 October 2013, 2.30pm

Place: Lasswade Centre, 11 Eskdale Drive, Bonnyrigg, EH19 2LA

Attendees: Sir August Grossart
Fiona Mackenzie
Carolyn Dwyer
Jim Fletcher
Barry White
Peter Reekie

Apologies: Graeme Bissett

In attendance: Liz Petrie
Sarah Eynon (part meeting)

1 APOLOGIES & DECLARATIONS OF DIRECTORS' INTERESTS

Apologies were noted from Graeme Bissett.

No new interests were declared.

2 CHIEF EXECUTIVE'S REPORT - Step Change 2015 Presentation

Sarah Eynon, seconded by SFT to Scottish Government Digital team joined the beginning of the meeting to give a presentation on the Step Change 2015 Programme, outlining the programme's policies and objectives and giving an overview of timescales for implementation and deployment. The role of SFT staff in strategic and commercial support was noted. The Board thanked SE for an interesting presentation.

SE left the meeting.

3 MINUTE OF PREVIOUS MEETING

The minute of the meeting of the Board of Directors of 20 August 2013 was submitted and approved as a correct record.

Matters arising:

Construction Procurement Review - The Board noted that the outcome of the Construction Procurement Review has yet to be published.

MSFM/Framework Agreement – It was noted that agreement has not yet been reached in regard to the proposed change by Scottish Government in the company's accounting

reporting and oversight arrangements. It was agreed that BW should brief AG on the Framework Agreement together with Asset Management.

BW to provide briefing to AG.

4 CHAIRMAN'S REPORT

AG reported that since the last meeting of the Board he had held discussions with both Nicola Sturgeon and John Swinney and has a meeting scheduled with Sir Peter Housden. It was agreed that BW would provide a briefing note to AG in advance of this meeting.

BW to provide briefing to AG for Sir Peter Housden meeting.

It was agreed that BW and AG should meet with David Middleton of Transport Scotland in regard to road infrastructure following appropriate industry soundings and analysis.

BW to arrange meeting with David Middleton.

5 CHIEF EXECUTIVE'S REPORT

The Board noted the terms of the report.

BW outlined the progress of projects across a number of work streams in the first six months of the year.

It was noted that asset management in the local estate progresses well with Fire, Police and local authorities engaging in discussions and demonstrating an appetite for inter-public body collaboration to increase efficiency across their property portfolios. BW cautioned, however, that there remains some resistance to engagement in similar strategies within the Central estate and it was noted that a paper on the Central Estate is to be taken to the Scottish Government's Executive Management Team on 4 November to determine strategy in this area.

BW highlighted that the company is in line to achieve the majority of objectives set out in the business plan. The one objective which is now being reported as having a high risk of non-achievement is the plan to invest over £2m of sub debt through SFTi into DBFM hub projects. BW reported that this is largely due to indications that more local authorities than expected wish to invest 30% of the sub debt in a project, which leaves SFTi's possible investment at 10%, the total public sector investment being limited to 40%.

BW further advised that although the launch of the of Falkirk's TIF project was a major highlight of the first six months of the year, progress of the project may be affected by the ongoing speculation and discussion on the future of the Ineos plant.

The Board noted that the SFT staff complement has grown to 53, including two inward secondments.

The Communications Update covering activity since the last Board meeting was noted.

NPD Workstream

PR provided an update on activity within the NPD work stream, highlighting that since the last meeting of the Board, a preferred bidder has been chosen for the M8 project and the Glasgow College project reached financial close with senior debt secured from the European Investment Bank and two German banks, KfW and Helaba. While the timing of this was slightly delayed the overall construction programme has been maintained. It was further noted that a shortlist of three strong bidders has been announced for the acute health facility in Dumfries.

The Board was advised that although there is no reduction in the overall NPD programme, there will be, as previously advised, a fall in the expectation of capital profile equivalent. The total reduction is about 25% over this year and next. This is partly attributable to a number of the smaller hub projects taking longer to be incorporated into the hub programme than had been thought when the NPD programme was originally formed. PR highlighted that projects incorporated in the NPD programme prior to reaching OBC, when the projects are less certain, have taken longer in development to get ready for procurement but once the projects are scoped the programme profiles have generally been adhered to.

PR tabled a paper which tracked individual project progress, recording changes in capital cost and financial close dates across the programme as well as tracking movements in relation to the draft budget 14/15. This will be updated and incorporated in the papers for future board meetings. It was noted that this will allow the Board to track progress against the programme objectives as well as the objectives set yearly within the business plan. It was agreed to add the tracking of construction commencement in NPD/hub projects to the business objectives summary.

The Board was advised that SFT has been invited to make a submission to and present at the Scottish Government Finance Committee scheduled on 30 October 2013 where the change in the NPD programme profile will be subject to scrutiny. It was agreed that a copy of the submission should be circulated to the Board.

BW to circulate Finance Committee paper to the Board.

PR to add tracking of construction commencement to business objectives for NPD

The Board further noted the terms of the report in relation to financing options being considered and developed for NPD projects and other privately financed infrastructure.

6 CORPORATE PLAN

BW gave a brief update on the development of the corporate plan, advising that an evaluation of the future work within current work streams has been carried out identifying, for example, future opportunities in affordable housing while activity within other work streams such as NPD will reduce over the five year period. BW advised that consideration is being given to the benefit of SFT's involvement in a number of new sectors and proposed that a report be brought to the next Board meeting.

Corporate planning paper to be prepared for December board meeting (BW).

7 FINANCE REPORT

The Board noted the Finance Report. PR highlighted that there is a slight underspend in relation to the forecast. Funding additional to the core budget of £4.7m has been secured for specific work streams and has led to the recruitment of additional staff. Commitment to this additional funding requires to be reviewed annually.

8 CORPORATE UPDATE

Corporate Risk Register – The Corporate risk register was presented in a revised format, adopting the probability/impact reporting used across the main SFT programmes. PR highlighted the five highest risks and the actions being taken to mitigate them. It was noted that GB had supplied comment in relation to risks within the hub work stream and agreed that PR should review these with GB.

PR/GB to review risks relating to hub.

Insurances – The Board noted the list of insurances held by the company and that all necessary insurances have been renewed for the year to 7 September 2014.

Hospitality Register – The Board noted that the company continues to maintain a register of gifts and hospitality offered to staff and that the published register records both invitations that have been declined and those accepted. The Board agreed that the current arrangements whereby staff can accept invitations without prior sign off is appropriate given the procedures and training in place.

9 AOB

Appointment of chairman – It was noted that AG has been re-appointed as chairman for a further three year term.

Date of next meeting – The next meeting of the Board of Directors will take place on Monday 9 December 2013 at 2.30pm.