

MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 18 August 2014, 2.30pm

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

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

In attendance: Liz Petrie

1 APOLOGIES AND DECLARATION OF DIRECTORS' INTERESTS

There were no apologies.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 23 June 2014 was submitted and agreed as a correct record.

Matters arising:

Bangour Hospital – It was noted that a summary of progress in relation to the disposal by NHS Lothian of Bangour Village Hospital is provided within the appendices to the Chief Executive's report.

Construction Procurement Review – BW advised that funding for the initial stage of work had been secured. Scottish Government have assembled a temporary team to produce guidance documentation. It has been established that SFT's role will be in implementation and BW will lead this work stream within the company.

VAT issue – PR advised that the main VAT point has been resolved in line with SFT's draft 13/14 accounts as considered by the Audit Committee. The Annual Report can now be recommended for approval at the next Board meeting.

3 CHAIRMAN'S REPORT

AG advised that since the last Board meeting he has continued contact with Scottish Government Ministers including the First Minister and Deputy First Minister.

Discussion had been held with Sir Peter Housden in regard to the progress of the Asset Management programme. The Board agreed the importance of maintaining targets set.

Future bond raising powers in Scotland were discussed and it was noted that these are of interest to SFT as they are likely to have a bearing on infrastructure investment over the coming years. PR leads for SFT and was asked to report any developments to the Board.

PR to maintain interest and report any developments to the Board.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's report.

BW highlighted the priority in the year of progressing the new Growth Acceleration Model model. Dialogue is being established across the Scottish cities in order to identify opportunities for this investment to support future growth.

The report outlined that Scotland's construction sector grew considerably faster over the past two years than that of the UK as a whole and it was highlighted that Scotland accounted for more than half of the total value of medical and healthcare contracts and more than a quarter of industrial and education construction contracts awarded throughout the UK in June, supporting the fact that SFT's programmes are strong contributors to the construction sector recovery.

PR provided an overview of the NPD programme, highlighting that the North Ayrshire Community Hospital had reached financial close in 17 months. It was noted that due to complexity both the Royal Hospital for Sick Children and the Scottish National Blood Transfusion Service projects may require a small extension of time to reach financial close but the company is seeking to minimise this. Overall in the programme time to reach financial close remains well ahead of historic norms.

PR tabled a graph illustrating the 2028 UK Treasury Gilt yield from July 2012 to April 2014, mapping the cost of finance of NPD projects, and described the movement of rates achieved over the period.

In regard to the £1bn NPD extension it was noted that the Aberdeen hospital project and the Schools refurbishment programme have been announced. The company continues to work with other procuring bodies and is seeking to secure CEO-level commitment to both timescales and the provision of adequate resource for the projects.

The Board discussed the Annual Progress Report on improving property asset management across the Scottish Public sector. It was highlighted that the financial savings set for public bodies in the Local Civil Estate is £500 million (capital and revenue) over five years but it is considered that this has the potential to be exceeded with a profile illustrating the opportunity, with more work to be done, to secure cumulative benefits of over £800 million by 2016/17. The board noted that in some areas such as local authority disposals SFT have little involvement, whereas in other areas such as NHS disposals and local office rationalisation SFT is much more involved and the work is

having a material impact. GB requested a meeting to discuss the savings and benefits calculations in greater detail.

BW/PR to arrange discussion with GB on asset management.

BW highlighted that progress on receiving approvals on the LAR affordable housing proposal has been slow, illustrating the challenge in moving forward innovative proposals. It has been indicated that Financial Transactions capital could be made being available for LAR's affordable housing subject to the other approvals being successfully concluded.

5 CORPORATE COMMUNICATIONS PLAN

The Board noted the Corporate Communications plan outlining a structured plan of activity for the coming year. It was noted that public relations activity to date has been strong in areas such as coverage in the trade press and the plan schedules significantly increased activity with the wider press. AG advised that he would be happy to participate in press interviews as necessary. The Board considered that an increase in use of social media could be incorporated in future.

The Board agreed to review the operation of the plan at its November meeting.

6 FINANCE

The Board was advised that although the VAT position is largely resolved some smaller issues remain to be addressed. PR advised that these questions are being reviewed and an update will be given to the Board at the next meeting.

PR advised that the draft annual grant letter had been received from Scottish Government and was in a position to be accepted. He further highlighted that discussions and correspondence on the year-end process, especially around amounts held for investment, had resolved the 2013/14 year end position and yielded useful guidance for the future.

7 CORPORATE REVIEW

Health and Safety – The Board noted the terms of the report, giving an annual review of procedures, personnel responsible for Health & Safety and Health & Safety training and activities undertaken in the past year. It was noted that there have been two reported incidents over the year and as work related stress was recorded as a possible factor in one case, Health & Safety and HR policies are being reviewed to determine if any amendments are required and Directors have been requested to heighten their alertness to any stress within their teams.

Freedom of Information - The Board noted the terms of the report outlining the number and progress of Freedom of Information requests received in the period 1 September 2013 to 31 July 2014. Of the 11 requests four were specifically regarding the identity of contractors, sub-contractors and agents used on certain projects. All responses were made on time by SFT.

Leadership Team – BW outlined proposed changes in responsibilities within the Leadership Team whereby Viv Cockburn will take on the management of the corporate functions of finance, ICT and office management from Peter Reekie, allowing PR to take on a greater strategic role. The Board approved this change and further approved the revision of Peter Reekie’s role to Deputy Chief Executive and Director of Investment and Viv Cockburn’s title of Director of Corporate Services and Low Carbon.

8 AOB

Date of next meeting - The next meeting of the Board will be held on Monday 6 October 2014 at 10am.