
MINUTES

Meeting of: Scottish Futures Trust Board

Date & Time: 17 December 2012, 10.30am

Place: Scottish Futures Trust, 11-15 Thistle Street, Edinburgh

Attendees: Sir Angus Grossart - Chairman (AG)
Barry White (BW)
Carolyn Dwyer (CD)
Graeme Bissett (GB)
Jim Fletcher (JF)
Peter Reekie (PR)

Apologies: Fiona Mackenzie (FM)

1 Declaration of Directors' Interests

Directors' interests were noted as declared and published in July 2012. There were no new interests.

2 Minute of previous meeting

The minute of the meeting of the Board of Directors of 1 October 2012 was submitted and approved as a correct record.

Arising from the minute the following matters were highlighted:

- i) TIF – AG advised that Aberdeen City Council and Renfrewshire Council had queried the TIF pilot project selection process and the ranking of bids. AG confirmed that he had been able to give very straightforward replies on behalf of the Company. AG stressed the importance of SFT's independence and the importance to staff and stakeholders that SFT operates independently of Scottish Government.
- ii) Infrastructure Ontario – BW advised that he had prepared a short presentation for the Board which he would present within the Chief Executive's Report.
- iii) Freedom of Information – The Board was advised that Glasgow City Council had withdrawn its Judicial Review of the Commissioner's decision in respect of the Buchanan Quarter TIF Business case. It was noted that as a result SFT had released the business case to the owners of the St Enoch Centre.
- iv) Borrowing Powers – AG advised that he had met with Michael Moore, MP, and others. The meeting had discussed issues related to borrowing powers and the potential opportunities linked to new directions in fiscal powers and responsibilities. This is an area for SFT to actively monitor as SFT's skills may be best placed to help develop new opportunities linked to infrastructure investment.

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- v) Asset Management – The Board discussed the challenges in asset management recognising that any change programme will meet some resistance. Working with the central civil service estate has been most challenging and BW is liaising at a senior level to help accelerate the process. The Board agreed that it was important to emphasise the wider benefits of good asset management such as asset management savings helping to protect jobs and services.

3 Chairman's Report

AG reported that he had held regular meetings with John Swinney, MSP. AG has spoken with Nicola Sturgeon, MSP, and intends to follow up with a further meeting in January 2013. AG advised that since the last Board meeting he had met with the First Minister, providing a briefing on key issues which included the work of SFT.

AG reported that he had received correspondence from SAVE, a heritage watchdog organisation, in regard to access to Seafield House in Ayr. It was noted that this property is in the ownership of the Ayrshire and Arran Health Board and is in a poor state of repair following a fire. The Board noted that SFT did not have a primary role in such matters but should encourage positive relationships with such heritage organisations. It was cautioned that with the expansion of the asset management work stream such requests for help or intervention may increase. BW highlighted that as a first step in the assessment of such NHS sites, close work is carried out with Historic Scotland including inviting them to conduct a listings review.

4 Chief Executive's Report

i) Infrastructure Ontario

BW gave a short presentation on Infrastructure Ontario, a Crown Agency, reporting to the Ontario government with similarities in structure and role to that of SFT. The slides are to be distributed to directors following the meeting.

BW highlighted Infrastructure Ontario's wider role in asset management which encompasses real estate management and facilities management.

The Board agreed the importance of learning from similar organisations and noting the roles undertaken and powers given to them to inform and promote the development of SFT.

Action: BW to circulate presentation slides to directors.

ii) Main Report

BW introduced the Chief Executive's report highlighting progress against objectives since the last Board meeting. It was noted that bids for both Inverness and Glasgow Colleges' NPD projects had been received. Four bids have been received for the M8 with a shortlisting to two bidders to take place early in 2013. It is expected that the OJEU for AWPR will be issued in early 2013. There are fourteen new DBFM projects entering procurement through hub which will increase the total NPD programme procurement to more than £1.5 billion by the end of April 2013.

Significant progress has been made in respect of the NHT Council Variant; Stirling Council is likely to develop up to 170 houses for release at mid market rent and interest from other councils is being gauged.

BW further highlighted progress in respect of street lighting proposals where LED lamp heads provide both carbon savings and improved lighting. A business case has been approved by East Dunbartonshire Council and West Dunbartonshire's nearing finalisation.

The Board agreed to BW's proposal that a presentation on progress on the Asset Management work stream be given at the Board meeting on 28 January 2013. The Board agreed that a clearer definition of powers in handling this work stream should be sought; these should be fully considered by the Board.

The Board noted recent examples of government organisations taking on additional space where value for money on the transactions could be demonstrated by individual organisations but other approaches may have brought greater benefits.

GB commented that given the stage of SFT's programmes and the considerable value of projects in the various work streams, that more high-level metrics on the programmes including where they touch or overlap with each other would be helpful. The Board agreed that this would be useful and requested that such data should be incorporated in future reports.

PR gave an overview of progress on the NPD programme. He highlighted that in the early stages of the programme the preliminary, high-level, publicised timescales had been ambitious and that the initial ambition has helped move projects along, although not as fast as first envisaged. SFT is working with more than 30 procuring authorities across some 50 projects and project preparation is a critical and complex task before procurement can begin. External factors such as land issues and statutory consultation had held projects back from entering procurement and the Borders Railway project had been moved from NPD to RAB financing. It was noted that once projects are in procurement that so far good progress has been maintained and it is at this stage and the financing stage that SFT should be able to exert a greater influence on project progress. PR was requested to produce a briefing paper on NPD timelines and delivery for Board members.

Action: BW to arrange Asset Management team presentation for January Board meeting.

Action: BW to incorporate additional high-level metrics in future Chief Executive Reports to the Board.

Action: PR to produce and circulate NPD briefing paper to the Board.

5 Corporate Plan Update and Business Plan Preparation 2013/14

BW advised that a draft business plan for 2013/14 would be brought to the Board for consideration at its meeting on 5 March 2013.

It was further noted that the current corporate plan spans the period 2009 to 2014. An in-depth review of all work streams is being carried out in order to draw up the next five year plan. The review will identify the most productive and beneficial work streams and the areas to concentrate resources in the coming five year period. The Board agreed that support or advisory work should be relatively small part of the total workload, with the Company focussed on delivery of identified core work streams.

The Board noted that support work to the Greek Government was being carried out in respect of waste management. It was noted that this was paid for through the European Investment Bank (EIB) and has been beneficial to Scotland's links with the EIB. A strong relationship with the EIB is important as they are a major lender to infrastructure projects and could be a significant funder of NPD projects such as Glasgow College. The Board understood the importance of this task but cautioned against over use of resource on this type of work.

6 Finance Report

The Board noted the terms of the Finance Report. It was highlighted that expenditure is within budget and there may be a small underspend for the year although advisory expenditure and staff costs are weighted towards the end of the financial year.

7 Review of Board Reserved Powers and Committee Terms of Reference

The Board noted the terms of the report and agreed the proposed amendments and adopted the Statement of Board Reserved Powers and Group Audit Committee Terms of Reference, subject to incorporation of any minor amendments agreed between GB as Chairman of the Group Audit Committee and PR. The Board further agreed to the reappointment of GB as Chairman and JF as a member of the Group Audit Committee.

8 Date of next meeting

The next meeting of the Board of Directors will take place on Monday 28 January 2013 at 2.30pm at 11-15 Thistle Street, Edinburgh.