

MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Wednesday, 7 May 2014, 2.30pm

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

Present: Sir Angus Grossart (Chair)

Fiona Mackenzie

Carolyn Dwyer

Graeme Bissett

Barry White

Peter Reekie

Apologies: Jim Fletcher

In attendance: Liz Petrie
Tony Rose (part meeting)

1 APOLOGIES AND REVIEW OF DIRECTORS' REGISTER OF INTERESTS

Apologies were noted on behalf of Jim Fletcher.

The Board noted the declarations of interest recorded in the updated Register of Directors' Interests and agreed that the categories and descriptions of the interests to be recorded are appropriate.

BW advised that in addition to his position as UK Branch Council Member for the International Project Finance Association (IPFA) he has recently become a Member of IPFA's Global Council.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 17 March 2014 was submitted and agreed as a correct record.

Matters arising:

Construction Procurement Review – BW advised that a formal request for funding to cover the resource required for implementation by SFT of elements of the Construction Procurement Review is to be submitted to Scottish Government. The Company's remit in relation to the Construction Procurement Review was discussed. It was noted that Scottish Government is to take the lead on the drafting of policy and guidance arising from the Review, while the Company's role will be, broadly, in delivery and implementation.

Communication activity – BW advised that the programme of activity is being developed in line with the Corporate Plan and will be issued when the Plan is finalised. AG requested

that the programme be circulated to the Board when available.

BW to circulate external communication plan to Board.

Discussion took place on the launch of St James Quarter development. The board asked BW to review the under-reporting of SFT's role and to report back.

BW to review and report back.

Business Plan – It was noted that external feedback on the Business Plan had been positive and the Board agreed that the small, pamphlet size design had been a useful summary of the plan.

3 CHAIRMAN'S REPORT

AG advised that he has continued to attend meetings and functions with Scottish Government Ministers including the First Minister and Deputy First Minister.

The Board discussed future growth. It was agreed that SFT needs to maintain a highly professional team with a concentration of high quality staff. Recent growth has been carefully managed within a structure that allows the company to maintain focus, optimising the skills and experience of staff. The Board agreed that careful consideration should be given prior to accepting new work streams which would necessitate significant further growth of the staff complement.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the terms of the report.

BW highlighted the four current operational priorities, in particular the acceleration of the implementation of the TIF projects where construction work is to start in the current year and maintaining momentum in the new St James Quarter development using 'RAM' financing, an outline of which was to be provided by Tony Rose (TR) later in the meeting.

BW described progress in the asset management work stream where, following an SFT proposal, agreement has been reached with Scottish Government to form a joint implementation team to take the central estate strategy forward. Discussion took place on the new governance arrangements in relation to the central estate and it was outlined that the responsibility for the delivery of the programme lies with Scottish Government, with a board chaired by a Scottish Government Director General. SFT will contribute 2-3FTE of the seven strong implementation team. As a result of the change the current asset management programme board will be brought to a close with the local and surplus estate strands accountable directly to the Company's board. BW suggested that a presentation on these work streams be given at the June or August meeting. SFT will maintain its challenge and monitoring role across all of the asset management work streams.

The interface between the hub and the local/surplus asset management work streams was discussed with agreement on the need for close working

BW outlined progress on the highly innovative LAR Housing Trust initiative which has been successful in achieving charitable status for affordable housing provision. Classification is a significant outstanding issue which is being pursued with HM Treasury.

In regard to the end of year report on business objectives, BW highlighted that two out of 65 objectives had not been met with commitment by Councils to the NHT Council Variant being slower than expected and slower progress by the local authorities on the Fife and Ravenscraig TIF projects in obtaining full approval due to a number of project specific issues requiring to be resolved by the local authorities.

BW advised that a further 12 objectives were recorded as substantially rather than fully, complete, and it was agreed that all objectives not fully achieved should be tracked within the objective reporting for the 2014/15 business plan.

PR tabled a paper on recommendations on appropriate measures to accelerate project delivery within the NPD programme and outlined the areas where action is being taken and what further actions are proposed, highlighting increasing SFT resources in the hub programme to support 16 financial closes in the current year, increasing focus on early resolution of land issues and the clear escalation of Key Stage Review recommendations within public bodies to generate corporate buy-in.

TR joined the meeting.

TR gave a presentation on the proposed development of the St James Quarter under RAM financing arrangements, the principles of RAM having been devised by SFT based on its knowledge of TIF and other programmes. TR provided an overview of the physical development proposed together with the financing model.

5 FINANCE REPORT

The Board noted the Finance report showing the position at end March 2014. PR highlighted that the final outturn remains sensitive to pension adjustments.

The Board had been advised since its last meeting of a ruling received from HMRC on its VAT status. Following discussion the Board noted that VAT status of different elements of funding may well be different and that on core funding SFT had adopted a position as indicated by Scottish Government. PR was asked to continue to work with Scottish Government officials to reach clarity with HMRC and keep the Board appraised accordingly.

MSFM – The Board was advised of the current position in relation to the company's adoption of the Framework Agreement proposed by Scottish Government to update the MSFM. The board agreed that the update should not alter SFT's well established operational independence.

GB left the meeting.

6 CORPORATE PLAN 2014-19

The corporate plan was discussed. Subject to minor amendments to the draft circulated to

the Board, the Board approved the Corporate Plan 2014-19, and its formal submission to Scottish Government for agreement.

7 BENEFITS STATEMENT 2013-14

The Board noted the paper outlining the approach to benefit calculation and approved the statement of benefits, subject to the final letters of validation being received from the London School of Economics and Grant Thornton, having noted that neither organisation has raised any material comment on either the final benefit calculation or the approach.

AG requested that consideration be given to a creative design for distribution.

8 CORPORATE RISK REGISTER

Review of the Corporate Risk Register was deferred to the next meeting.

9 AOB

The next meeting of the Board will be held on Monday 23 June 2014 at 2.30pm.

It was requested that the Board meeting of Monday 6 October 2014 commence at 10am instead of 2.30pm.