
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 27 November 2017, 2pm

Place: 11-15 Thistle Street, Edinburgh, EH2 1DF

Present: Ian Russell, Chair (IR)
Carolyn Dwyer (CD)
Fiona Mackenzie (FM)
Ann Faulds (AF)
Graham Watson (GW)
Barry White (BW)
Peter Reekie (PR)

Apologies: Jim Fletcher (JF)

In attendance: Liz Petrie (LP)
Viv Cockburn (VC) (part meeting)

1a APOLOGIES AND REGISTER OF DIRECTORS' INTERESTS

Apologies were noted from JF.

There were no new declarations of Directors interests.

1b DISCUSSION

The Board discussed elements of the Scottish Government's 'Programme for Government' in particular its commitment to increased provision for Early Years and Childcare (ELC) and to the establishment of a Scottish National Investment Bank (SNIB).

It was noted that PR has been invited to participate in the Advisory Group which is looking at options for establishing SNIB and discussion took place on options for the role to be fulfilled by SNIB and its relationship to SFT's range of activity.

The Board noted the work being undertaken by the Company on developing plans for the increased provision for ELC. In the last month, workshops have been held with each of Scotland's local councils to challenge and explore opportunities to enhance local plans. These plans are now being refined with SFT set to provide support to the programme moving into delivery and progress will be reported at the next meeting.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 9 October 2017 was agreed as being a correct record.

3 ACTION TRACKER

The actions were reviewed and agreed with timescales for ongoing actions noted.

4 CHIEF EXECUTIVE'S REPORT

4a Business overview

The Board noted the business overview.

BW advised that planning for the next business plan is about to commence which will be the fifth and final prepared under the current Corporate Plan. Work on the next corporate plan will commence in 2018 to come into operation in 2019. An initial outline of the next business plan will be brought to the Board in January.

[REDACTED]

[REDACTED]

The Board noted that two members of staff in addition to the Chief Executive are in the process of leaving the company to take up offers of employment elsewhere. BW highlighted the recent promotions of four Managers to Associate Directors and the Board discussed the results of the employee opinion survey carried out in September and October 2017 and circulated to directors under separate cover. The Board was advised that follow up sessions are being arranged with all staff in January to discuss the results and inform a targeted action plan. The Board asked that an update on results and planned actions be given at the Board meeting in March 2018.

PR to update Board on follow-up to employee opinion survey at the March 2018 meeting.

4b Progress against business plan objectives 2017-18

The Board noted the report detailing performance against all 2017-18 business plan objectives.

It was noted that the launch of Edinburgh Homes is now expected in January 2018 in line with City of Edinburgh Council's internal reporting and approvals procedures.

PR updated the Board on the 4G mobile infill procurement. In the context of budget uncertainties PR advised that capital funding of the procurement, now due for launch in January, is not yet certain and that this is being closely tracked.

The Board noted that SFT has supplied information on the NPD and hub programme profiles and long-term affordability to Scottish Government as part of the budget review and that PR is to give evidence at the Scottish Parliament's Public Audit and Post-legislative Scrutiny committee on 7 December.

It was noted that since the papers had been distributed for the Board meeting, the Ladyloan and Muirfield Primary School project had reached financial close, this being the sixth revenue funded hub project to close in the year.

BW highlighted the success of the Education Estates conference which had taken place on 21/22 November in Edinburgh where SFT had contributed to the organisation and development of the programme. The successes of the schools programme as milestones are reached were recognised by the Board and it was requested that consideration be given to capturing and communicating the success.

PR to consider communications around the success of the schools programme.

It was noted that the asset management SG Central Estate programme's initial five year target of achieving recurring annual savings of £28m has been reached and opportunities for further benefits and savings are being drawn together for a second phase of work.

It was noted that a further five objectives had been completed in the recent period and the majority of objectives remain set for successful completion. It was requested that for the board meeting in January objectives which will be deemed complete at year end through continued activity be highlighted in the report. Additionally it was requested that the summary of business plan objectives contributing to corporate objectives be reviewed to illustrate the progress status of business plan objectives.

PR to review above elements of report on progress status of business plan objectives for January board.

4c Communications Report

The report on recent and planned communications activity was noted.

It was noted that the Annual Business Review 2016/17 had been published in November.

Discussion took place on the coverage of and SFT's response to a report commissioned by the Scottish Labour Party and written by J and M Cuthbert, on 'Scottish Futures Trust and hub Activities'. BW highlighted that he had written to the authors of the report highlighting inaccuracies in their work. BW described the communications management and strategy implemented following the launch of the report.

The Board requested that a review of the communications strategy be undertaken including key stakeholder engagement with preliminary recommendations to be brought to the Board in January and a full report in March.

PR to undertake communications review with report to board in March 2018.

5 FINANCE REPORT

VC joined the meeting.

The Board noted the Finance Report summarising the financial position for the seven months to 31 October 2017 and providing details of performance against Business Plan budget. The Board noted the underspend to date. VC advised that a review of proposed additional activities has been undertaken by VC, BW and PR and plans are in place to accelerate activities and related spend in targeted areas.

VC tabled a paper illustrating the sources of income across workstreams for the current year and outlined the expected timetable for gaining certainty on the budget for the next financial year. It was noted that clarity on programme funding is not expected until February 2018. The Board was advised that plans have been drawn up to address the scenario of a cut to core budget and that reductions in ringfenced programme budgets would affect what the Company was able to deliver in these areas.

GW and VC reported on the running and outcomes of the open tender for providing audit services. It was noted that Scott Moncrieff's submission had been successful, satisfying all tender thresholds. It was noted that Scott Moncrieff have been asked to consider the presentation of the accounts and that it is proposed that the Group Audit Committee review their findings and report to the Board following its meeting in January 2018. GW further proposed that the Group Audit Committee undertake a review of its remit, in particular in regard to risk management, and report to the Board thereafter.

Group Audit Committee to review presentation of accounts and its own remit and report to the Board in January 2018.

6 CORPORATE RISK REGISTER

The Board noted the updated corporate risk register which had been reviewed to reflect the level of certainty of future funding.

The Board discussed the presentation of the register and asked that a review be undertaken of risks included and the effect of mitigation. The Board asked that the presentation of the register be considered by the Group Audit Committee.

VC to undertake full review of register including its presentation for initial presentation to the Group Audit Committee.

VC left the meeting.

7 GOVERNANCE REPORT

The Board noted the report providing an annual overview of the powers reserved to the Board and its delegation to committees as well as the terms of reference for programme boards relating to workstream activities where SFT is responsible for the secretariat. The Board further noted the Company's code of business conduct including social media and the whistleblowing policy. Minor amendments to the terms of reference and whistleblowing policy were recommended in addition to the following:

The Board agreed the membership of committees as follows:

- Group Audit Committee to comprise all non executive directors apart from the Chairman who, along with the executive directors, could receive papers for and attend meetings.
- SFTi Investments Committee to comprise all directors apart from the Chairman who could receive papers for and attend meetings.
- Nominations Committee to comprise all non executive directors.

It was agreed that no revision should be made to the quorum for any of the Committees.

PR to revise committee terms of reference in line with board decisions.

It was further agreed that the Company's auditors be instructed to review the Group Audit Committee terms of reference.

PR to arrange for review of Group Audit Committee terms of reference by Scott Moncrieff.

Governance and reporting to the Board in relation to programmes that the Company manages and is involved in but where projects are procured and delivered by others was discussed and the Board requested that consideration be given to the substance and format of future reporting in this area and proposals brought to the Board for consideration.

PR to undertake review of programme and project governance reporting and make recommendations to the Board.

It was further requested that a series of workstream briefings be scheduled to precede board meetings in 2018.

LP to draw up calendar of 2018 meetings including committee meeting and proposed workstream briefings.

8 NON EXECUTIVE DIRECTOR SUCCESSION PLANNING

The proposed timetable for recruitment of two directors to replace CD and FM was discussed and agreed. It was noted that Scottish Government will undertake the recruitment.

The Board noted and agreed the importance of harnessing diversity and discussed the range of backgrounds and skills important to the Company. In order to identify and prioritise the skills and backgrounds to ask Scottish Government to target when recruiting it was agreed that a matrix should be drawn up and distributed for discussion at the Board meeting in January.

Matrix to be drawn up and completed by directors for review at January board meeting.

8 ANY OTHER BUSINESS

BW briefly reviewed the impacts of the UK budget.

IR noted that this would be BW's last board meeting prior to taking up his new post in January 2018. IR extended the Board's sincere gratitude to BW for his vision and drive in establishing SFT and his leadership in developing and steering a dynamic organisation and team through a successful first eight and a half years of operation.