

MINUTES

Meeting of:	Scottish Futures Trust Investments Limited – Board
Date & Time:	Monday 16 March 2020
Place:	11-15 Thistle Street, Edinburgh
Present:	Ian Russell (IR) (Chairman) Bill Matthews (BM) Pauline Mills (PM) Ann Faulds (AF) Graham Watson (GW) Peter Reekie (PR) Vivienne Cockburn (VC)
Apologies:	Ann Allen (AA)
In attendance:	Nial Gemmell (NG) Liz Petrie (minutes)

FORMALITIES

- 1 Apologies**
There were no apologies.
- 2 Declaration of Directors' Interests**
There were no new declarations of interest. BM's historic interest as a former Chair of hub West was noted.
- 3 Minute of previous meeting**
The minute of the meeting of 18 November 2019 was agreed as a correct record.
- 4 Actions tracker**
It was noted that the two actions on the tracker have been completed.

MONITORING

- 5 Investment Performance**

The Board noted the report providing:

1. a review of the Company's portfolio of hub DBFM investments,
2. an update on the financial performance and outlook for the hub companies, and
3. other investment business including the performance the housing investments

1 Portfolio Review

NG outlined the improvements over the year in the monitoring and governance of the portfolio of investments, with the improved systems and increased resource facilitating greater scrutiny. NG further confirmed that the key person risk continued to be

mitigated through engagement with alternate directors including alternates aiming to attend at least one board meeting in the year.

The Board noted that of the 41 projects two projects are 'on watch', one of which has a distribution lock, and four projects have ongoing events which are being closely monitored. NG advised that it is expected that the distribution lock will be lifted prior to the end of the financial year.

With the majority of the portfolio of projects now in operation it was noted that exposure to construction risk is reduced. The Board noted and discussed the FM service provision across the portfolio and associated risks.

The Board was advised of ongoing discussions with construction and FM providers to monitor and manage risks associated with the developing COVID-19 emergency.

2 hub companies

The Board noted the report outlining the successes, challenges and risks of the programme including reaching OJEU limits, the mandated pipeline of projects coming to an end and the evolving construction delivery landscape with, in particular, the development of community frameworks. The risk associated with uncertainty raised by COVID-19 was further recognised and discussed.

The Board reviewed and discussed the financial performance and strength of each of the five hub companies. The Board noted that hub South West's business model is different from the other companies and this is being reviewed to strengthen finances. The challenges facing hub West were discussed in detail and the Board acknowledged legacy issues and the strength of the company's current leadership.

It was noted that shareholder loans to hub West and hub South West remain in place. GW questioned the interest received on the hub South West loan and asked that this be verified. After further discussion the Board agreed that a recommendation on the treatment of SFTi's loan to hub West Scotland should be brought to the Group Audit Committee in June.

Interest received on hub South West loan to be verified and proposal on treatment of SFTi's loan to hub West to be taken to the Group Audit Committee in June 2020.

3 Other investment business

The Board noted the total investment in housing LLPs as £31; £28 relating to the National Housing Trust and National Housing Trust Council Variant LLPs and £3 relating to the Housing Delivery Partnership LLPs. The Company's close monitoring of quality issues was noted.

3 DECISION

Dividend

The Board noted the report, seeking approval for SFTi to pay a dividend. The Board noted the forecast outturn for SFTi for year ending 31 March 2020 and noted that it did

not include any expected credit loss in relation to the working capital loans. The Board approved a dividend payment of £872,000 for the year ended 31 March 2020.

4 Withdrawal from NHT LLPs

The Board noted the report on the proposed mechanism for withdrawal from the Limited Liability Partnerships (LLPs) to retain 162 homes in the Highland area for long term mid-market rent.

PR advised that while the transfer of other NHT properties has seen the properties transferred to new ownership and LLPs wound up, the mechanism proposed for these 162 homes envisages refinancing and SFTi's withdrawal from the Partnerships with the LLPs continuing to operate.

The Board noted the progress in ensuring that the homes remain in affordable rent and approved that Christa Reekie sign all documentation associated with the withdrawal of SFTi from the following National Housing Trust Limited Liability Partnerships:

- Westercraigs NHT 2011 LLP
- Highland NHT2 2012 LLP
- Kiltatlity NHT2 2013 LLP
- Highland NHT 2014 LLP

5 AOB

There was no other business.