

## MINUTES

Meeting of:	Scottish Futures Trust Investments Limited – Board
Date & Time:	Monday 7 September 2020
Place:	11-15 Thistle Street, Edinburgh
Present:	Ian Russell (IR) (Chairman) Bill Matthews (BM) Pauline Mills (PM) Ann Faulds (AF) Graham Watson (GW) Ann Allen (AA) Peter Reekie (PR) Vivienne Cockburn (VC)
Apologies:	none
In attendance:	Nial Gemmell (NG) Liz Petrie (minutes)

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### 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. AF's recent association with CMS was noted together with her appointment as Lay Governor for the Glasgow School of Art.

**3 Minute of previous meeting**

The minute of the meeting of 16 March 2020 was agreed as a correct record.

**4 Actions tracker**

It was noted that logged actions are complete or covered in subsequent agenda items.

### MONITORING

**5 Investment Review**

The Board noted the report covering:

1. The investment performance of hub DBFMs
2. hub company performance, and
3. housing investments

## **1 Investment performance of DBFMs**

NG confirmed that the portfolio of 41 DBFM investments has continued to perform well. The Board noted that three projects are 'on watch' with one project in distribution lock up. NG advised that it is expected to be out of lock up by mid-October. It was noted that a further six projects have 'ongoing events' and are being closely monitored.

The Board noted the impact of the COVID pandemic on construction programmes of the projects which remained in construction at the beginning of the lockdown in March 2020. NG confirmed that Stobhill health centre project has now been handed over and revised handover dates have been agreed for the two projects still in construction, Greenock and Clydebank health centres.

NG advised that with only the Glasgow health bundle projects in construction, the focus has moved from construction to operations risk. The Board noted the performance and financial strength of the main FM providers to the 40 operational projects.

## **2 hub companies**

NG described the resilience plans put in place across the five companies in response to COVID and the Board noted the additional challenge presented by the pandemic in sourcing and securing new projects as well as delivering existing projects. NG highlighted that current pipeline conversion rates are low although the hub companies can manage this in the medium term.

The Board noted and discussed the risk of procurement challenge related to estimated project values in the original OJEU procurement notices. The Board acknowledged that the risk has arisen due to the success of the hub programme. The Board noted that an updated legal opinion has been obtained and VC outlined the timetable for consultation and communications with the hub Participant base. The Board asked to be kept updated as appropriate.

*Board to be kept updated on any issues in regard to OJEU limits.*

The Board noted the update on the performance and outlook for hub West, and the Company's loan to the business. The Board noted that this had been reviewed in detail by the Group Audit Committee in August where it was agreed that a provision for an estimated credit loss of £36k against the working capital loan provided to hub West should be made.

## **3 Housing investments**

The Board noted the update in respect of investments in housing LLPs: £24 relating to the National Housing Trust and National Housing Trust Council Variant LLPs and £3 relating to the Housing Delivery Partnership LLPs.

## **6 Risk Register**

The Board noted the Company's risk register. The Board noted the revised approach to reporting is based on that used for the SFT Corporate Risk Register and builds on individual risk registers developed for hub investments and Housing LLP investments.

The Board discussed the risks and mitigations outlined in the report.

### **DECISION**

## **7 Approval of Annual Accounts**

The Board noted that the Annual Accounts and Financial Statements were reviewed by the Group Audit Committee in August 2020.

CW advised that the Committee had agreed to recommend them for approval, subject to them being updated with a £36,000 expected credit loss provision in relation to the working capital loan provided to hub West Scotland Limited. CW advised that the only other change to the version considered by the Committee is that the Scott Moncrieff name has been replaced throughout the document with 'Azets Audit Services'.

The Board confirmed satisfaction that disclosure requirements had been met and there were no further subsequent events that require to be disclosed.

Following further discussion, the Board requested verification on a number of detailed points prior to approval of the Annual Report and Financial Statements and agreed to delegate approval jointly to the Chairman of Board and the Chairman of the Group Audit Committee. Subject to this approval, the Board authorised signature of the Annual Report and Financial Statements by IR and PR.

The Board further noted that the Group Audit Committee had reviewed the draft letter of representation and recommended it for approval. The Board approved the Letter of representation and authorised its signature by PR.

The Board further requested that an update on the activities of the related party, hub Community Foundation, be given at the next Board meeting.

*Update on hub Community Foundation to be brought to next meeting.*

## **8 Dissolution of Investment Committee**

The Board noted that the Investment Committee has not been active since December 2018 and approved that the Committee be formally dissolved and any new investment decisions brought to the full SFTi Board.

## **9 Review of Reserved Powers**

The Board noted the powers reserved to it which are included in the Scottish Futures Trust Group's Statement of Reserved Powers which is reviewed annually by the SFT Board. Following the agreement under Item 8 above that the Investment Committee be

dissolved, the Board agreed to the removal of all references to the Committee from the Statement of Reserved Powers and otherwise agreed the powers reserved to the SFTi Board.

**10 Review of Management Investment Policy**

The Board noted the proposed changes to the Investment Management Policy to reflect the impact of the dissolution of the Investment Committee, changing personnel within the Company and to clarify the monitoring role undertaken by the Manager within the Policy.

The Board further noted the arrangements in place to mitigate key person risk for the hub Investments Director with Alternate Directors appointed to all hubCo and associated company Boards. It was confirmed that the Alternate Directors receive regular briefings and attend at least one set of Board meetings each year. It was noted that following recent team changes, the appointment of Directors for the housing investment LLPs is being reviewed.

The Board approved the revised Investment Management Policy and requested that mitigation of any key person risk for the housing investments be included in the current review of appointments to housing investment LLPs.

**11 Schedule of Meetings to 2022**

The schedule of meetings for 2021 and 2022 was noted, with meetings scheduled on the same days as SFT Board meetings.

**12 AOB**

There was no other business.