
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: 21 August 2017, 3.30pm

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

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

Apologies: none

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

1a APOLOGIES AND REGISTER OF DIRECTORS' INTERESTS

There were no apologies.

PR advised that he has been appointed to the Board of Taycare Health Limited as Public Interest Director.

1b DISCUSSION

The Board discussed economic trends in Scotland and the UK, noting the increased reliance on the Scottish economy to generate revenue for Scottish public budgets as a result of greater devolution. Trends in Scotland's housing market were also discussed, acknowledging the current challenges in housing supply. The demand for and investment in build to rent and mid market rent housing in Scotland were discussed together with how to overcome the barriers to developing these sectors.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 26 June 2017 was agreed as being a correct record.

3 ACTION TRACKER

The actions were reviewed and timescales for ongoing actions noted.

4 CHIEF EXECUTIVE'S REPORT

4a Business overview

The Board noted the business overview. BW advised that emerging issues from Grenfell Tower continue to be reviewed. Although initial focus has been on cladding it is believed that wider issues will be subject to scrutiny as the Grenfell inquiry proceeds.

BW advised the Board that the independent charity, LAR Housing Trust, had recently secured private financing for the delivery of mid market rent housing in Scotland and the Board noted the ongoing success of the charity.

The Board noted the establishment of an internal risk group to review and approve applications for the Rental Income Guarantee Scheme (RIGS). BW advised that the Company with delegated powers under the Scheme would issue guarantees, within agreed parameters, on behalf of Scottish Government. Potential financial liabilities would remain with Scottish Government. The Board agreed the governance approach with decisions remaining with the Company's Executive and periodic updates on the progress of RIGS being given to the Board.

Wider discussion took place on governance reporting and structures that have evolved since the Company's inception and it was agreed, given the Company's growth into new areas of work, that it would be appropriate to review governance and reporting structures.

IR/BW to initiate review of governance and risk structures.

BW highlighted the complexity of the market in which the digital team operates, which is semi-regulated at UK level and where Scottish and UK Government targets and approaches for provision of high speed broadband differ.

4b Progress against business plan objectives 2017-18

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

BW highlighted the progress made on developing a viable procurement process for the first tranche of the 4G infill project where SFT is providing significant technical, commercial and project management input and expertise. Discussion took place on the importance for the Scottish economy of progressing Objective 13 (Work with key public sector partners and industry to develop an investment strategy for enhanced international connectivity, internet exchanges and data centres within Scotland).

It was noted that the target for LED street light installation in the first quarter of the year was exceeded.

The Board noted the recruitment undertaken to strengthen resource to drive forward development areas in Innovative Investment and Early Years and Childcare and BW outlined progress in both areas.

It was noted that at this five month stage of the year all objectives are on track for completion although BW highlighted that the viability of the delivery plan for the Glasgow TIF remains under review.

Arising from discussion, the Board requested that consideration be given to the flow of information to board directors and that this be discussed at a future Board meeting.

Further consideration to be given to the flow of information to the Board.

4c Communications Report

The report on recent and planned communications activity was noted. BW highlighted that the redesigned company website has now been launched. CD suggested that the key messages be reviewed to include recent achievements in disposals of surplus sites.

BW to review key messages.

5 REPORT FROM THE CHAIR OF THE GROUP AUDIT COMMITTEE

GB reported on the meeting of the Group Audit Committee that had taken place prior to the Board meeting, highlighting the following:

GB advised the Group Audit Committee had reviewed the Annual Report and Financial Statements and confirmed that minor changes had been requested but, subject to these being incorporated, the Committee recommended that the Group Annual Report and Financial Statements be approved by the Board.

The Committee had also reviewed the Letter of Representation for the Group with management responses and recommended its signature.

GB confirmed that the Audit Management Report, as circulated to the Board at Item 6c, had been reviewed by the Committee. It was noted that the no concerns had been highlighted by the auditors.

The Audit Committee had agreed the retendering of the auditor appointment having noted that the term of the current appointment expires this year. VC and GW, as incoming chairman of the Committee, are to agree process for the appointment.

The Board was advised that the Committee had reviewed the report covering information to be published under the Public Services Reform (Scotland) Act 2010 and the Sustainability Report 2016-17 prior to their publication.

GB advised that the Committee had reviewed the validation process and external validator's report for the estimation of benefits 2016-17 and was satisfied with that the process was robust. Only minor suggestions had been raised in the external validation process and comments had been duly considered.

6 ANNUAL REPORT 2016-17

6a Benefits

The Board noted the report outlining the work undertaken in estimating benefits for the year 2016-17 and the results of the process and agreed publication. BW highlighted reasons for the movements in the estimation in comparison to the previous year. The Board recognised that the capture of the benefits delivered by SFT is not fully represented by a single financial value as given in the current benefits estimation process and noted that work is being commissioned in the coming months to consider options on how the wider benefits can be efficiently captured and reported on.

6b Annual Report and Group Financial Statements

The Board noted the Annual Report and Group Financial Statements for SFT Group. It was noted that the Board of Directors of SFTi Ltd had approved the Annual Report and Group Financial Statements 2015-16 for that company subject to the minor changes recommended by the Group Audit Committee.

In respect of going concern the Board noted that Scottish Government funding is in place for the current year and is expected to continue for the coming year and the Directors confirmed that they were unaware of any post balance sheet events requiring disclosure.

Subject to the minor amendments recommended by the Group Audit Committee, the Board approved the Annual Report and Group Financial Statements for the year ended 31 March 2017 and authorised their signing by IR and BW.

The Board thanked the Finance team for its professional work on the preparation of the financial statements.

6c Group Audit Management Report

The Board noted the Group Audit Management Report 2016-17.

6d Group Letter of Representation

The Board approved the terms of the Letter of Representation for the Group and authorised BW to sign on its behalf.

7 FINANCE REPORT

VC joined the meeting.

The Board noted the Finance Report summarising the financial position for the three months to 30 June 2017 and provides details of performance against Business Plan budget to date and the forecast outturn for the year.

VC highlighted the rate of underspend during the first quarter but with recruitment to take forward work in development areas being carried out the rate of spend is set to increase.

VC left the meeting.
8 STRATEGY DAY

The agenda and arrangements for the Board strategy day taking place on 22 August 2017 were discussed and agreed.

9 ANY OTHER BUSINESS

Noting the termination of GB's directorship at the end of August 2017, IR thanked GB for his considerable service to the Board since just after the Company's inception in 2008.