

MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 27 January 2014, 10.30am

Place: Board room, Scottish Futures Trust, 11-15 Thistle Street

Attendees: Sir Angus Grossart, Chair
Fiona Mackenzie
Carolyn Dwyer
Graeme Bissett
Jim Fletcher
Barry White
Peter Reekie

In attendance: Liz Petrie (minutes)
Christa Reekie (part meeting)
Neil Rutherford (part meeting)

1 APOLOGIES AND DECLARATION OF DIRECTORS' INTERESTS

There were no apologies.

BW advised that he is to become a Public Interest Director of both the special purpose company to be set up to manage the M8 project and IPP (Moray Schools) Ltd. Both appointments are by SFT.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 9 December 2013 was submitted and agreed as a correct record.

Matters arising

Construction Procurement - The Board discussed the implications of the Construction Procurement review in the context of the Procurement Reform Bill and recognised the risk of associated additional legislation affecting operational freedom and increasing the risk of legal challenges to public body procurement processes. It was requested that BW seek clarification on the implementation of the Bill in the context of the company's operation.

BW to seek clarification.

Scottish Parliament Finance Committee - BW advised that requested supplementary information had been prepared for the Scottish Parliament Finance Committee confirming the outturn for the NPD programme in 2012-13 as a capital budget equivalent of approximately £22m, split between construction activity on the Aberdeen Health Village and design work on other projects in the programme.

Discussion took place on opportunities for company publicity and target audiences. It was agreed that a programme of PR activity should be drawn up and BW was asked to take this forward.

BW to draft PR activity programme.

3 CHAIRMAN'S REPORT

AG advised that since the last meeting of the Board he had met with the Deputy First Minister. The proposal for a road maintenance pathfinder project with interested local authorities supported by match funding from Central Government was discussed.

BW and JF agreed to meet to discuss road maintenance.

4 REPORT FROM CHAIRMAN OF GROUP AUDIT COMMITTEE

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

Tender for External Audit Services – The Board noted that following a technical challenge to the re-procurement of audit services last year, the procurement is being re-run using the Scottish procurement portal to maximise the opportunity for local firms.

Review of Internal Controls – The Board was advised that external auditors, Scott Moncrieff, had carried out an independent review of the company's internal controls and compliance with the systems in place. Minor points of concern had been addressed and it had been concluded that financial controls and procedures are in place and fit for purpose.

MSFM – GB advised that discussions with Scottish Government on the replacement of the MSFM with a new Framework Document are to be taken forward by PR.

Whistle blowing Policy – GB advised that there has been no use of the whistle blowing policy.

Programme and Project Governance – GB advised that the Committee had reviewed the governance arrangements and controls in place for the projects and programmes on which SFT has a role. It had been agreed that although the company has reduced activity in the area of waste, this workstream should continue to be included in the review. The Board requested that the paper be circulated.

PR to circulate programme and project governance paper.

It was noted that PR has been requested to prepare further papers, outlining contract management and quality controls carried out across areas of work not included in the current paper and to review individual project risk within the NPD/hub programme to inform recommendations on whether or not further review procedures are appropriate within these programmes.

PR to prepare further papers for Audit Committee consideration.

Scottish Futures Trust Investments - It was noted that the Audit Committee had reviewed the portfolio of investments held by the company.

The Board was advised that Scottish Futures Trust Investments Ltd in the short term would have an accounting income and be liable for tax but would only receive a cash income when the projects in development become operational. The position was noted.

5 CHIEF EXECUTIVE'S REPORT & FINANCE REPORT

Christa Reekie and Neil Rutherford joined the meeting.

Housing update – CR and NR provided an overview of work carried out to date, building on NHT experience, to establish an affordable housing company using a low cost loan from the financial transactions budget as initial capital. Around 1700 affordable units could be developed with the funding available. The Board noted that in order to secure this funding the structures may be required to be approved and put in place before the financial year end.

Christa Reekie and Neil Rutherford left the meeting.

Chief Executive's report – The Board noted the terms of the report, including the progress against business plan objectives, the communications update and the finance report, comprising management accounts to end December 2013.

It was noted that as the year end approaches a significant number of objectives have now been completed. BW advised that six objectives are now classified as 'red' including achieving financial close on six DBFM projects with some project timescales stretching to tip just over the year end and Brechin High School moving to capital funding.

BW advised the Board that Scottish Government has broadly endorsed the Central Estate strategy for Glasgow and is giving further consideration to the implications of the recommendations for Edinburgh.

6 CORPORATE PLAN 2014-19

Further to discussions held with members of the Board on 13 January 2014, BW confirmed the timetable for production of the Corporate Plan with a presentation of the full draft plan to be made to the Board in March 2014 and final approval sought in May for publication.

7 BUSINESS PLAN 2014-15

BW tabled a one page summary of the main themes and key objectives for the 2014-15 business plan which a draft of which will be circulated for discussion at the next Board meeting. As with previous years the aim will be to finalise the business plan prior to 31 March.

8 CORPORATE RISK REGISTER

The Board noted the corporate risk register. The inclusion of the medium term risk that funding streams to the company from within Scottish Government are reprioritised in the next Scottish Government funding round was noted.

9 DATE OF NEXT MEETING

The next meeting of the Board of Directors will take place on 17 March 2014 at 09.30.