

## MINUTES

Meeting of:	Scottish Futures Trust Limited - Board
Date & Time:	Monday, 23 June 2014, 2.30pm
Place:	1 <sup>st</sup> floor, 11-15 Thistle Street, Edinburgh
Present:	Sir Angus Grossart (Chair) Jim Fletcher Carolyn Dwyer Graeme Bissett Barry White Peter Reekie
Apologies:	Fiona Mackenzie
In attendance:	Liz Petrie Mikko Ramstedt (part meeting) Colin Proctor (part meeting) Nicola Barclay (part meeting) Peter Kearns (part meeting)

---

### **1 APOLOGIES AND REVIEW OF DIRECTORS' REGISTER OF INTERESTS**

Apologies were noted on behalf of Fiona Mackenzie.

AG advised that he has been appointed Chairman of the Edinburgh International Culture Summit and asked that this be recorded in the Register of Interests.

GB reminded the Board of his unremunerated post as a member of the Court of Glasgow University.

### **2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING**

The minute of the meeting of the Board of Directors of 7 May 2014 was submitted and agreed as a correct record.

Matters arising:

Communication activity – BW advised that a communications plan has been drawn up and will be finalised for presentation to the Board at its August meeting.

### **3 CHAIRMAN'S REPORT**

AG advised that since the last Board meeting he has continued contact with Scottish Government Ministers including the First Minister and Deputy First Minister.

AG highlighted that he had been approached by heritage bodies in relation to disposals of both Seafield House in Ayrshire and Bangour Hospital in West Lothian and has engaged with them whilst also highlighting that the NHS are the site owners, not SFT .

Discussion took place on the progress of proposals on the asset management central estate programme and the new governance arrangements and it was agreed that pressure should be maintained to drive this programme forward.

In respect of the Construction Procurement Review, it was agreed that in the company's implementation role it was important to encourage ambitious targets. It was confirmed that there is no current intention within Scottish Government to appoint the originally proposed 'champion'. A response on the additional budget requested from Scottish Government is still awaited.

*Action:*

*BW to maintain pressure on Scottish Government to keep momentum in central estate.  
BW to pursue budget agreement for procurement review role*

#### **4 CHIEF EXECUTIVE'S REPORT**

The Board noted the first reporting of progress against objectives in the business plan 2014/15. BW highlighted the single objective which is currently recorded as 'amber', namely the commercial support of at least one district heating project is in its pre-procurement activities. Technical studies have identified budget requirements in the project currently being considered and these issues will need to be resolved to change this back to 'green'.

*Mikko Ramstedt (MR) joined the meeting.*

LAR Housing Trust – MR gave a presentation on the proposals to set up an innovative private sector classified affordable housing company to increase the pool of money available for affordable housing. Charitable status has been achieved which simplifies governance with the Trust having a single regulator. The initiative is predicated on using a low cost loan from the financial transactions budget and as such LAR requires to be a private sector vehicle. A decision on this classification has yet to be received from HM Treasury although it was noted professional advice has been received that it should be privately classified.

MR advised that a loan agreement has been drafted which is being discussed with the Scottish Government. Current indications are that funding from financial transactions will only become available in the year 15/16.

The Board thanked MR for the overview of the project.

*Action:*

*BW to arrange for follow up briefing on LAR prior to SFT becoming a member of LAR or appointing a Trustee.*

*MR left the meeting.*

*Colin Proctor (CP), Nicola Barclay (NB) and Peter Kearns (PK) joined the meeting.*

PK provided an overview on work on the Local Estate programme taking the West Dunbartonshire pilot as an example. He outlined the successful introduction of new ways of working within the Council and the enthusiastic reception the changes have met with. It was further noted that the project has provided the opportunity for the development of an efficient new headquarters, with co-location with other organisations in a central site in Dumbarton, providing a catalyst for town centre regeneration.

NB provided an overview on the Disposals programme, highlighting that there are currently 15 sites being actively marketed across Scotland. There are signs of improvement in the market with significant interest received for a Lanarkshire site demonstrating the demand for residential sites.

The Board noted a map of Glasgow illustrating the range of public sector assets which will be brought to the market in coming period, including significant NHS, College and Police Scotland sites and the challenges of marketing the volume of sites were noted. NB advised that work is being carried out with Inverness and Kilmarnock colleges as well as Glasgow College. A surplus property website is being established.

The Board thanked CP, NB and PK for their presentations.

*CP, NB and PK left the meeting.*

PR provided an overview of the work carried out by the company with Scottish Government and a range of public bodies to develop options for the additional £1bn of NPD investment and it was noted that an official announcement of some of the projects in the programme will be made by J. Swinney later in the week.

PR further reported on positive progress across the current NPD programme with two financial closes achieved since the last board meeting on the stand-alone project of Ayrshire College and Alford Academy, procured through hub. It was noted that some of the smaller, hub-procured NPD projects, where, as previously reported, the initial timetables were ambitious, have been slower to reach financial close than anticipated. In some cases it has been possible to mitigate this by having advanced works. On the stand-alone projects, approximately 70% by value of the programme, timetables are largely being met and PR advised that all projects are attracting a good level of interest from investors.

## **5 FINANCE REPORT**

The Board noted the Finance report showing the position at end April 2014. PR highlighted that April costs are under budget principally due to slower than anticipated build-up of digital activities.

**6 CORPORATE RISK REGISTER**

The Board noted the Corporate Risk Register and PR highlighted the particular risk of lack of resources in procuring authorities which can lead to delays or affect cost and specification management.

PR also highlighted the current review of ICT provision within the company and the operational risk related to the procurement of, and transfer to, new systems.

The Board requested an alteration to the format of future reports, agreeing that they should open with a section highlighting the highest risks and clearly defining mitigation measures currently being taken and the individual responsible.

*PR to re-format future reports.*

**7 REPORT FROM THE GROUP AUDIT COMMITTEE**

GB provided an update in relation to the Audit Committee meeting which had taken place immediately prior to the Board meeting.

The Committee had considered the Annual Reports and Accounts for SFT Group and SFT Investments Ltd. GB advised that the narrative in the Reports was well expressed, being fair and balanced. The Board noted that progress on the VAT issue reported at the last Board meeting is awaited in order to finalise the Accounts for approval and sign-off. The deadline for submission of the Accounts to Companies House of end December 2014 was noted.

**8 AOB**

The next meeting of the Board will be held on Monday 18 August 2014 at 2.30pm.