
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 8 October 2018, 2.20pm

Place: Board room, 11-15 Thistle Street, Edinburgh

Present: Ian Russell, Chair (IR)
Carolyn Dwyer (CD)
Fiona Mackenzie (FM)
Ann Faulds (AF)
Graham Watson (GW) (by video link)
Peter Reekie (PR)

Apologies: none

In attendance: Liz Petrie (LP) minutes
Viv Cockburn (VC)
Kerry Alexander (KA)

1a APOLOGIES AND REGISTER OF DIRECTORS' INTERESTS

There were no apologies.

CD advised that the Register of Interests has been updated to incorporate the following:

- Roles with National Planning Forum and Planning Advisory Service have been deleted.
- Chair of Trustees of the Legacy Foundation Charity has been added.

IR welcomed KA and VC to the meeting.

1b DISCUSSION

KA led discussion on the National Infrastructure Mission (NIM) in the context of the recently published Programme for Government announcing a commitment to increase infrastructure investment by £1.5 billion per annum by the end of the next Parliament.

KA advised that SFT has been involved in early discussions led by Director-General Scottish Exchequer to progress NIM. It was noted that the Innovative Investment role envisaged in the corporate plan currently being drafted ties in with this commitment to develop infrastructure investment capacity.

It was noted that very recently Scottish Government has announced that it will establish an Infrastructure Commission to identify long-term infrastructure strategy and that the Board will be informed as further information on this is sought.

KA advised that the Mutual Investment Model introduced by the Welsh Government is derived from the NPD model and this structure is being investigated for use to deliver additionality of infrastructure investment. KA advised that the current SFT focus is on market engagement with both investors and the construction industry.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 26 June 2018 was agreed as being a correct record.

3 BOARD ACTION TRACKER

The actions were reviewed, agreed and timescales for ongoing actions noted.

Action arising on inclusion of gender pay gap reporting in next year's Annual Report to be included in the tracker.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's Report.

Business objectives progress

The Board noted progress against business plan objectives as at the end of August 2018 including key deliverables and milestones achieved and issues and risks emerging.

It was noted that four objectives are reported as 'amber'. It was noted that two of these relate to timing of financial closes on hub DBFM projects, [REDACTED] PR advised that the amber status of objectives 11 and 12 arises from the Company not yet having a formal role in pathfinder projects but with recent progress there is an expectation that these objectives will be reclassified to green.

PR highlighted work being undertaken with Police Scotland which has led to 18 surplus sites placed on the market. [REDACTED]

The Board noted that support to elements of the Building Scotland Fund (BSF) continues and SFT has progressed its objective to source pipeline and structure an opportunity for final investment via BSF however risk remains if the BSF funds cannot be deployed.

The Board noted the Company's ongoing support to the Glasgow TIF to address revisions to investment timing and magnitude and bring parties to an agreed resolution.

The Board further noted the issues which led to the closure of the North West Community Campus in Dumfries and Galloway which was funded through the Scotland Schools for the Future programme and delivered by hub. PR advised that the Company is commissioning

and independent review to understand the root cause of issues in order to learn and share lessons.

Areas of opportunity / growth

The Board noted the progress in the areas of opportunity outlined in the current business plan. PR advised that a clearer outline of SFT's role(s) in the Planning and Enabling Development workstream is being developed and brought back to Board.

A clearer outline of the Company's Planning and Enabling Development work stream to be brought to future Board meeting.

Areas of risk / reduction

[REDACTED]

NPD review

It was noted that Audit Scotland has on its work programme for 2018-19 a Performance Audit of the NPD programme and contacted the Company on 28 September to commence the review. The team will be meeting with Audit Scotland shortly to understand the scope of the work in more detail.

People

The Board noted the report including leavers and joiners to the Company since the last Board meeting. [REDACTED]

[REDACTED]

Engagement

The Board noted the report on recent and planned communications activity. In particular the Board noted that a stakeholder survey to understand knowledge and awareness of SFT's activities amongst stakeholders, and seek feedback on communications channels used has been commissioned. The first stage of the survey which consisted of in-depth interviews with a small number of stakeholders has been completed and the Board noted a the summary of the findings. These are being used to inform the questionnaire to be sent to a wider audience. The Board requested that the results of the wider research together with a strategy to address the findings be brought to the next Board meeting.

Findings of and actions arising from the stakeholder communications survey to be brought to the next Board meeting.

The Board agreed that follow up should take place with stakeholders to inform them of survey results and actions taken.

Stakeholders to be informed of results of and actions arising from the survey.

The Board discussed the results of the media review including the top ten media outlets where SFT-related stories have appeared, agreeing the importance of identifying audiences and outlets for the newer workstreams and the importance of Board engagement in the development of strategic communications.

5 REPORT FROM CHAIRMAN OF THE GROUP AUDIT COMMITTEE

The Board noted that a meeting of the Group Audit Committee had taken place on 3 September 2018 and the draft minute of the meeting was noted.

The Board noted that the Committee had reviewed the Annual Accounts and Financial Statements 2017-18 and agreed to recommend them for approval to the SFT Board once updated for the revised pension scheme report which had been received just prior to the meeting of the Committee.

6 ANNUAL ACCOUNTS

The Board noted the Annual Report and Financial Statements 2017-18 and the letter of representation for approval.

VC outlined the changes made since the Group Audit Committee's review including to the Chair's statement and interests and a number of presentational revisions as well as those arising from the pension scheme report. The Board commended the SFT Finance team for its professional work on the preparation of the financial statements.

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

Following the recommendation of the Group Audit Committee the Board approved the Annual Report and Group Financial Statements for the year ended 31 March 2018 and authorised their signing by IR and PR.

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

7 FINANCE REPORT

Five month position

The Board noted the Finance Report summarising the financial position for the five months to 31 August 2018. It was noted that there has been an underspend of circa £230k for the period against the expected profile spend for the year. VC outlined reasons for the variation, including salaries of staff who have left and not yet been replaced.

VC advised that a six month review is being carried out allocating remaining budget across the work streams and it is intended to circulate the management accounts for the six months to 30 September 2018 to the Board. The Board requested that the accounts for the half year be circulated for review and discussion at the November Board meeting.

Half year accounts to be considered at the November Board meeting.

Voluntary Scheme Pays

PR declared an interest and did not take part in the discussion of the item.

VC described the Voluntary Scheme Pays proposal from Lothian Pension Fund which is to assist Members' employees to meet that element of their personal tax obligation which arises due to recent changes in Income Tax relating to tax relief on both employee and employer pension contributions.

VC recalled that in January 2018 the Board had agreed to adopt the Voluntary Scheme pays for one year and requested additional detail of the risk to SFT of adopting it for future years.

The Board noted the risk assessment carried out by actuaries, Hymans Robertson, and given the conclusion that the Voluntary Scheme Pays does not result in increased liability to SFT the Board approved opting into Voluntary Scheme Pay proposals for a period of three years. Any change in arrangements should be advised to the Board during this period for consideration.

Introduction of new finance system

The Board noted the report outlining the limitation of the current financial management system including budgeting and forecasting capability and inability to support e-invoicing. The Board noted the governance arrangements for procurement and deployment of the new system proposed and noted that external advice on the steering committee is being provided by auditors, Scott Moncrieff. The Board noted the initial and ongoing costs and considered which were considered justified by the benefits to be derived. The Board was assured that the system would incorporate access to historic information.

8 CORPORATE PLAN

The Board noted the drafting of the Corporate Plan 2019-24 and that this is draft is being shared with Scottish Government stakeholders. A meeting with Scottish Government stakeholders is being set up for PR to present and discuss the draft.

Following consultation, the draft and the presentation of the Plan will be considered and presented to the Board in November and, as necessary, consideration given to where changes may be made following stakeholder feedback.

PR was asked to review and the mission statement in the draft for greater clarity.

9 CORPORATE REPORT

Freedom of information

The Board noted the report which provided a summary of requests for information made between June 2017 and August 2018.

GW raised the matter of commercial interest considerations in respect of Board Minutes and exemptions from FOI disclosure. The Board agreed to review this matter further at its November meeting.

Review of minute to be undertaken at the November board meeting.

Insurances

The Board noted that necessary insurances including Directors' and Officers' Liability have been renewed to 6 September 2019.

Hospitality

The Board noted that the Company continues to maintain a register of gifts and hospitality offered to all staff and noted and endorsed the Hospitality Policy which had been updated in line with changes in personnel.

The Board noted the sample register illustrating the types and frequency of hospitality accepted and declined. The Board asked PR to consider how acceptance and attendance at events fits with and contributes to the Company's wider strategy.

PR to consider how acceptance and attendance at events fits with and contributes to the Company's wider strategy.

10 RECRUITMENT OF BOARD DIRECTORS

IR provided an update on the recruitment of three new non-executive directors advising that interviews are scheduled for 24 and 26 November 2018.

11 AOB

There was no other business.