

MINUTES

Meeting of: Board of Directors, Scottish Futures Trust Ltd

Date & Time: Monday 29 April 2013, 2.30pm

Place: 11-15 Thistle Street, Edinburgh

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

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

1 APOLOGIES & DECLARATION AND REVIEW OF DIRECTORS' INTERESTS

There were no apologies.

The Register of Interests for the Board was noted and deletions approved following the resignation of Sir Angus Grossart from Board of Trustees of the National Museums of Scotland and the resignation of Peter Reekie from the Board of Directors of hub South East Scotland Limited.

The Board further noted the following new interest and instructed that details be added to the Register.

Peter Reekie
Category 6 –non financial interests
Trustee of the Royal Society of Edinburgh SCIO

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 5 March 2013 was submitted and approved as a correct record.

Arising from the minute the following matters were highlighted:

Business Plan 2013/14 – It was noted that the Business Plan 2013/14 has now been published. BW advised that the reaction has been positive and its publication provided an opportunity to discuss the year ahead with key stakeholders.

The Board discussed the Company's branding and profile and instructed BW to undertake a review of this, giving particular consideration to the format and content of the publications currently produced by the company on an annual basis (business plan, annual report and benefits statement) and to reviewing the interaction of hub, National Housing Trust and SFT.

BW to undertake review of Company profile and branding.

Management Statement and Financial Memorandum – PR advised that discussions on the new Framework document continue.

3 CHAIRMAN'S REPORT

AG reported on a range of discussions that he has held with Scottish Government Ministers and advisors since the last Board meeting including Fiona Hyslop, Cabinet Secretary for Culture and External Affairs with regard to property asset management in the Culture portfolio. Beneficial discussions had also been held with Fiona Lees, CEO of South Ayrshire Council. The Board agreed that the meeting with DFM following the board meeting of 5 March had been a very productive and useful meeting.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the terms of the report.

The Board noted the three operational priorities as moving projects that receive funding from the NPD programmed through procurement and into construction; continuing to develop options to ensure that NPD projects can be financed in the current financial markets; and building further momentum in the asset management programme. In particular the Board acknowledged and discussed the challenges in securing long term finance for projects.

BW highlighted an element of the Asset Management team's work, namely an analysis made of current utilisation levels of an existing, modern, well-designed building with an efficient space standard per workstation which revealed a workstation utilisation of around 50%. This data has provided the organisation with the confidence to consider opportunities to consolidate other offices into this building.

Performance Review 2012/13 - BW advised that given the early stage of the new financial year the report does not outline progress against 2013/14 business objectives but summarises the year end position for the objectives contained in the 2012/13 business plan. It was noted that of the 69 objectives set, 66 had been achieved. It was noted that two of the objectives which had not been achieved were within the TIF work stream and with hindsight had been over ambitious given the range and complexity of dependencies on which they relied. It was agreed that the dependencies on which the 2013/14 objectives relied should be better documented but agreed that there remained benefit in setting ambitious targets.

Given the record of achievement in 2011/12 the Board discussed the merits of performance related payment, allowable up to a 10% maximum, under SFT's Management Statement and Financial Memorandum. The Board discussed the need for balance between rewarding exceptional staff performance and the very difficult general economic climate. After discussion the Board agreed not to make any performance payments again this year.

Housing work stream – BW outlined the considerable success to date of the NHT initiatives and the strategic importance of this work to the company in the future, as it uses rent to repay financing costs rather than requiring a funding stream from Government.

Christa Reekie and Neil Rutherford joined the meeting and gave a presentation on the work of the housing team from the initial development of NHT, through its adaptation to utilise different funding sources and mechanisms to an outline of future opportunities. It was highlighted that to date 1009 units had been contracted through NHT and the company was working with 19 LLPs, 13 developers and 10 local authorities. The success in creating local employment opportunities through these developments was highlighted.

The Board acknowledged the success of NHT in delivering houses and agreed that the communication of this success should be considered in the review of the company profile and branding to be undertaken by BW.

The Board thanked CR and NR for an interesting and useful presentation and CR and NR left the meeting.

5 FINANCE REPORT

The Board noted the terms of the Finance Report showing the month 12 position, March 2013, although noting that the year-end P & L is not yet finalised as actuarial valuations of the pension fund have not yet been received. PR highlighted the variance of £14k below budgeted expenditure.

PR further advised that £576k for the Asset Management enabling budget had been invoiced in the year. The variance of £424k was noted and that as the enabling fund is based on annual capital budgets of £1m per year for three years the underspend cannot be carried into the current year.

PR advised the Board that an unsuccessful party from the tender for Audit Services had questioned the selection on a legal technicality and as a result the company will be obliged to run the tender again in the current financial year.

6 PRELIMINARY REPORT ON ANNUAL BENEFITS

BW advised that a report on the Annual Benefits Statement will be brought to the next Board meeting on 25 June 2013. The headline figure is currently just above that of last year. It was noted that the external validation process is about to be commenced.

Given the specialism of the field, the Board discussed the benefit of continuing to use the same validation provider or the possibility of re-tendering for validators in the coming year and this will be reviewed in the context of procurement regulations.

PR to review and feedback

7 CORPORATE RISK REGISTER

The Board noted the risk register compiled with reference to the risks highlighted in each work stream area within the year-end business review process. PR outlined the intention to revise the format of the Corporate Risk Register to better align with reporting from the business areas and create a clearer visual impression of key risks using 'probability/impact' scoring and red-amber-green classifications. The Board approved the adoption of this revised reporting format.

PR to revise Risk Register format for future reporting.

8 AOB

Date of next meeting – 25 June 2013, at 2.30pm, at 11-15 Thistle Street, Edinburgh