
MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 25 January 2016, 2.30pm

Place: 1st floor, 11-15 Thistle Street, Edinburgh

Present: Sir Angus Grossart (Chair)
Carolyn Dwyer
Jim Fletcher
Graeme Bissett
Barry White

Apologies: Fiona Mackenzie
Peter Reekie

In attendance: Liz Petrie

1 APOLOGIES AND DECLARATION OF DIRECTORS' INTERESTS

Apologies were noted from FM and PR. No new interests were declared.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 30 November 2015 was agreed as being a correct record.

The revised format of the papers was noted and it was requested that pages are numbered throughout future sets of papers.

3 CHAIRMAN'S REPORT

AG advised that he has continued to engage with Ministers and stakeholders including the Deputy First Minister.

It was noted that AG and BW met with Keith Brown on 21 January 2016 to discuss succession to the chairmanship of the SFT Board. The Board noted that AG's term of appointment is due to expire on 30 September 2016. The appointment process is led by Scottish Government. The Board further noted the expiry of the terms of appointment of all non executive directors and the need to clarify dates in relation to the expiry of GB's term.

Discussion took place on the possible opportunities and risks for SFT's involvement in co-ordinating a central approach to attracting private investment for projects in Scotland. Directors were asked to advise thoughts to BW.

4 REPORT FROM CHAIRMAN OF 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:

The Committee had previously asked that the external auditors, Scott Moncrieff, carry out a review of expenditure and payroll processes. This was carried out in December 2015 and a full report presented to the Committee. The report had concluded that there were clear and robust internal controls and financial procedures in place. Only three items of secondary concern were highlighted and it was noted that the recommendation that the de-minims expenditure limit of £1,000 for considering tendering be raised to £5,000 is being implemented.

The Committee had reviewed compliance with the key requirements of the current Management Statement and Financial Memorandum (MSFM) and were satisfied with compliance. It was noted that the previously discussed possible introduction of a revised framework document has not been progressed.

The Committee had reviewed the company's whistleblowing policy which has remained unchanged from the previous year and there has been no use of the policy.

The Committee had noted and approved the proposed adjustments to delegated authorities within the Internal Control and Financial Procedures Manual, incorporating the new grade of Senior Associate Director.

GB advised that the Committee had reviewed the governance arrangements and controls in place for the projects and programmes in which SFT has a role and was comfortable with the governance arrangements in place. The need for these arrangements to keep pace with evolving and emerging programmes was recognised. The Committee had also noted the external appointments held by the Company's staff in their roles as SFT employees and had been advised of the training and support provided to staff undertaking these roles.

Given the company's size, the Committee had concluded that there was not a requirement to introduce an internal audit function.

5 CHIEF EXECUTIVE'S REPORT

Business Overview - The Board noted the business overview including operational and HR updates and progress against business plan objectives.

It was highlighted that BW and PR had given oral evidence to the Scottish Parliament Finance Committee following the call for evidence in relation to SFT in September 2015. The positive summary of the written evidence submitted by a range of stakeholders illustrated a high regard for the work and staff of SFT. AG recommended that the summary be distributed to stakeholders.

BW to distribute summary of evidence to stakeholders.

The Board noted that following the resolution for the classification issues in respect of hub projects, one project reached financial close on 7th January and a further project is expected to close today. It was noted that there is confidence that any cost uplifts applied to projects affected by ESA10 will be contained within the headroom in the overall contingencies in the NPD and schools programme budgets.

The Board was advised that as classification issues have not yet been resolved in respect of NPD projects Scottish Government has included capital provision in the 2016/17 draft budget for the AWPR and three major health projects transacted since the ESA10 rules came into effect as well as the Orkney hospital project which is at an advanced stage of procurement. BW advised that a further update to classification guidance is expected imminently. This is being closely tracked and following clarification of the changes and their impact consideration will be given to submitting revised NPD structures for ONS' consideration.

BW highlighted that a further phase of development in the Schools programme is due to be announced today.

It was noted that the Growth Accelerator for Dundee is being considered by Ministers in the coming weeks which will target public sector investment to release private sector investment.

Communications Report – The communications update report was noted and the revisions made to the key messages highlighted.

BW advised that a programme is being scoped for the company's sponsorship of Scotland's Festival of Architecture and the company is supporting an International Project Finance Association (IPFA) event on the Thames Tideway project in February.

Finance Report – The Board noted the finance report summarising the financial position for the nine months to 31 December 2015 and detailing performance against budget to date and forecast outturn for the year.

An underspend of £1m was noted as at 31 December 2015 with an underspend of £100k forecast for the year.

The changes to the annual forecast income at 31 December in comparison to the position reported at 30 September were noted. The Board noted that the reductions in digital, health and hub budgets reflected decreased forecast costs.

6 CORPORATE RISK REGISTER

The Board noted the corporate risk register and the main organisational risks were highlighted and discussed. It was noted that classification continues to be a significant risk given the new classification guidance expected shortly. Public sector budgetary and procuring resources were recognised as ongoing risks.

It was noted that the Fife and Glasgow TIFs have altered their timetables but parties remain committed to both proceeding. BW highlighted the continued challenge of staff retention given the rare skills base of many staff and the healthy market.

7 BUSINESS PLAN 2016-17

BW provided an overview of the business plan for 2016-17.

The Board noted the four proposed corporate objectives for the year:

1. Targeted investment to support growth and sustainability
2. Leveraging infrastructure investment to accelerate and enhance public service reform
3. Influencing a step-change in the effective delivery and management of public assets
4. Accelerating innovative investment across housing, digital connectivity, carbon reduction and education

It was noted that objectives are being prepared for continued work in the ten existing work streams within which new strands are being developed in housing, economic investment, digital and schools with the schools work stream being widened to 'education' to include the development of investment options for the early years programme.

The Board noted the forecast income of £10.2m and that some figures are yet to be confirmed. The Board commented on the range and complexity of the work being planned.

8 AOB AND DATE OF NEXT MEETING

The next meeting of the Board will take place on Tuesday 22 March 2016 at 10am at 11-15 Thistle Street, Edinburgh.