
MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 16 March 2015, 2.30pm

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

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

In attendance: Liz Petrie
Viv Cockburn (part meeting)
Tony Rose (part meeting)

1 APOLOGIES AND DECLARATION OF DIRECTORS' INTERESTS

There were no apologies.

PR advised that he had stood down from the Board of Aberdeen Roads Ltd. The Board noted PR's resignation from the position of Public Interest Director and requested that the Register of Interests be updated.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 26 January 2015 was submitted and agreed as a correct record.

Matters arising:

BW confirmed that he had met with Keith Brown, Cabinet Secretary for Infrastructure, Investment and Cities and it was agreed that arrangements should be made for the Board to meet with the Cabinet Secretary.

BW to set up meeting.

3 CHAIRMAN'S REPORT

AG advised that he has met recently with members of the new Scottish Cabinet including the First Minister and Deputy First Minister, highlighting SFT's activity and the development of SFT's engagement in the evolution of borrowing powers.

It was noted that AG and BW are to visit the former Bangour Hospital where work has now commenced on this challenging site, led by a Project Manager seconded from SFT.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's report including progress against business plan objectives and operational updates.

PR summarised recent progress in relation to ESA10 issues. A meeting had taken place with the Office of National Statistics (ONS) on 4 March with discussions specific to the Aberdeen Western Peripheral Road (AWPR) project structure. While the meeting had been positive and further clarifications have been sent since, a classification ruling is not expected from ONS until June at the earliest. The Board was advised that changes to the NPD structure have been made on the two major NPD which reached financial close in 2015 to reinforce the classification position.

It was noted that SFT is developing options for hub DBFM projects to allow projects to reach financial close in the early part of the new financial year. These proposals are being discussed with Scottish Government for decision. The Board acknowledged the risk to the hub pipeline of work should early resolution not be achieved.

AG requested that the Board be informed should there be any material developments in relation to ESA10 issues.

The Board further discussed the challenge to future revenue funding given the uncertainty around ESA10 and the related potential impact if capital budgets rather than borrowing powers have to be used by the Government as a contingency.

BW highlighted the recent financial closes achieved on the Royal Hospital for Sick Children and Department of Clinical Neurosciences (RHSC/DCN) and the Dumfries and Galloway Acute Service Redevelopment (ASRP) projects with very favourable financing rates secured.

It was noted that an OJEU was published for a framework of Non Domestic Energy Efficiency (NDEE) contractors in February for delivery of energy efficiency works to the public sector estate and that discussions on use of Growth Accelerator Model (GAM) are being progressed for the development of Dundee's waterfront.

BW highlighted that the central estate business cases for both Edinburgh and Glasgow have been approved. The Board was advised that in line with the central estate strategy, the break point on the company's lease for the Thistle Street office has been renegotiated to allow flexibility for the company to co-locate with other public bodies as the strategy is implemented.

In relation to the business plan objectives it was highlighted that it is expected that three objectives will not be achieved: two due to ESA10 classification issues slowing down some hub DBFM projects and progress on NHS surplus property disposals not achieving the value expected within the year.

Communications - The Board noted the report on communications activity in the recent period. The importance of clearly briefing key stakeholders on the facts relating to ESA10 was acknowledged together with SFT's key position in finding a way forward as the guidance on ESA10 continues to emerge. BW advised that an external agency had been consulted on the communications strategy around ESA10 and further external consultancy is being discussed to bolster wider communications activities.

The Board noted the media dashboard recording broadcast and digital coverage for the last quarter.

[REDACTED]

5 FINANCE REPORT

Vivienne Cockburn (VC) joined the meeting.

The Board noted the report reviewing financial performance to 28 February 2015, including the forecast outturn position for the year end. The Board also noted the draft results of the triannual valuation of the pension scheme. As a defined benefit pension scheme SFT is liable for any future deficits which may occur on the scheme. In order to provide additional protection and mitigate these risks the Board agreed to make an additional contribution of £350,000 to the scheme.

VC tabled a paper on the regearing of Thistle Street office lease and the Board agreed the revised terms proposed.

VC left the meeting.

6 BENEFITS REPORTING

Tony Rose (TR) joined the meeting.

TR gave a presentation on the proposed changes to the methodology for Benefits reporting, with a view to adopting a simpler approach which is easier to understand and focuses more on in-year activity. TR provided some detail on the correlation between the established and proposed approach and a reconciliation of results produced.

AG requested that a short paper be circulated to the Board to state the justification for changing methodology and clearly address any challenge of why the methodology was being changed. The Board further emphasised the importance of independent verification of the Benefits calculations.

TR to draft briefing note.

TR left the meeting

7 BUSINESS PLAN 2015-16

The Board noted the Draft Business Plan 2015-16 and BW outlined the allocation of the budget to the company's workstreams. The amount of recurring and non-recurring cost in the business was discussed. BW highlighted the scope for further development areas and the Board endorsed possible further expansion of the company should clear opportunities be identified and resourced. It was noted that special emphasis in the year will be put on the development of new approaches to enhance investment and pace of delivery in housing and digital infrastructure.

It was agreed that Board members should forward any final additional comments to BW within the coming week. The Board approved the draft Business Plan and authorised BW to finalise for publication.

BW to finalise and publish the annual business plan.

8 ANNUAL SALARY AND EXPENSES REVIEW

The Board noted the report and recommendations in relation to the annual review of salary and expenses. BW highlighted trends within relevant employment sectors in relation to both salary and wider benefits.

BW and PR left the meeting.

The Board acknowledged the contribution of the staff to SFT's success and discussed the appropriate level of salary increase. Further discussion took place on non-salary benefits and awards and staff retention in a more buoyant market.

The Board agreed that an increase of 1.75% should be awarded to all staff commencing 1 April 2015. The Board further agreed that AG and FM should meet with BW to discuss salaries and rewards.

BW and PR returned to the meeting and were advised of the decisions.

To accommodate the revised salaries the board approved the recommended revisions to salary bands including that of Chief Executive.

The Board further noted and agreed that no change be made to the mileage rates within the expenses policy and noted the team performance objectives and performance incentives for 2015/16.

9 AOB

Date of next meeting - The next meeting of the Board will be held on Monday 11 May 2015 at 2.30pm.