
MINUTES

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 11 May 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 REVIEW OF DIRECTORS' REGISTER OF INTERESTS

There were no apologies.

The Board noted the declarations of interest recorded in the updated Register of Directors' Interests. It was noted that further updates are to be incorporated from GB and CD. PR advised that he has been appointed Alternate Director on the Board of Scottish Roads Partnership, the special purpose vehicle managing the M8 project.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 16 March 2015 was agreed as being a correct record.

Matters arising:

It was noted that a date is being sought for the Board to meet with the Cabinet Secretary for Infrastructure, Investment and Cities.

3 CHAIRMAN'S REPORT

AG advised that he has had contact recently with the Deputy First Minister and had highlighted in particular SFT's wish for engagement in the evolution of borrowing powers.

The Board was advised that AG, FM and BW had met to discuss salary and rewards as agreed at the previous Board meeting. The directors agreed to give consideration to the introduction of an appropriate performance related incentive scheme as allowed for in

the Management Statement and Financial Memorandum and AG asked directors to provide comment to him with a view to specific consideration of proposals at the next Board meeting.

AG highlighted that a recent article in Scotland on Sunday had implied, inaccurately, that SFT was responsible for the appointment of all directors to the hubCo boards who are all male. A note on SFT's role had been circulated to all directors.

Members supported accessing a large pool of the best talent and moving towards gender balance. Non-executive director appointments to the SFT Board are undertaken by Scottish Government.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's report including the End of Year Report covering performance against 2014/15 business objectives.

BW highlighted that he and AG had visited the former Bangour Hospital site where over the coming month intensive work on planning, led by an SFT Project Manager, will take place to identify a viable scheme for the disposal and redevelopment of the challenging NHS Lothian site.

PR provided an update on progress in relation to ESA10 issues. Correspondence on the Aberdeen Western Peripheral Road (AWPR) project structure continues with the Office of National Statistics (ONS) and dialogue with HMT and Scottish Government on the proposed changes to the hub structure is being progressed. The Board acknowledged the risk and impact of the continued uncertainty to the hub pipeline and agreed that decision should be sought from Scottish Government as soon as progress allows.

In respect of the End of Year Report, BW highlighted that of the 63 objectives set in the 2014/15 business plan 59 had been completed and a further objective in relation to lessons learned within the Schools programme was due to be completed imminently. Three objectives had not been achieved, two stemming from the ESA10 classification issue slowing down hub DBFM projects. The disposal of NHS surplus property also had not met the initial target by the year end. It was agreed that the report should be reviewed to more clearly record achievements against some of the completed objectives and noted that the document would be published.

BW highlighted that the Company had responded to a call for evidence from the Scottish Parliament Finance Committee in regard to Scotland's Fiscal Framework. PR tabled a paper outlining proposals for Scottish Government to utilise borrowing powers to provide support to infrastructure investment both short term, under the 2012 Scotland Act, and, longer term within the new fiscal framework. The Board requested that BW and PR take this forward.

BW and PR to progress proposals on borrowing powers with Scottish Government.

The Board noted the update on communications activity, acknowledging that the last month had been relatively quiet due to pre-election purdah. Forthcoming events were

noted and BW highlighted the intention to set up a series of stakeholder and influencer events.

5 FINANCE REPORT

Vivienne Cockburn (VC) joined the meeting.

The Board noted the report reviewing financial performance to 31 March 2015 and detailing the outturn position for the year end. VC advised that the report to the Board had been compiled prior to receipt of the Actuarial Statement in respect of the pension scheme which reports a deficit. It was noted that this will impact on the Annual Accounts and GB suggested the Group Audit Committee give further consideration to this.

6 CORPORATE RISK REGISTER

The Board noted and agreed the risks identified and ranked in the Corporate Risk Register. GB highlighted further risks specific to the hub work stream. There was discussion of the interaction between the SFT Board in assessing the progress of the hub National Programme Board, and the Chairman requested the Board meet with hub NPB members. GB and BW to set up an appropriate meeting.

GB and BW to consider format and arrange meeting between SFT Board and hub directors.

VC left the meeting.

7 BENEFITS

Tony Rose (TR) joined the meeting.

The Board noted the paper requested at the last meeting further detailing a revised approach to the calculation of the Company's annual savings and benefits to better reflect the maturity of the organisation. The Board noted the proposed methodology which had been developed in consultation with the London School of Economics (LSE). The Board discussed the proposal and agreed to the adoption of the new methodology noting that the Terms of Reference for the validators would be issued for consideration by the Group Audit Committee.

FM proposed that a schematic showing the relationship between the Business Plan, Annual Report and Benefits be drawn up which would aid evaluation of organisational and personal objectives. The Board requested that this be produced.

BW to draw up schematic.

9 AOB

Date of next meeting - The next meeting of the Board will be held on Monday 22 June 2015 at 2.30pm.

It was agreed that the following scheduled meeting on 17 August 2015 commence at the later time of 3.30pm.