
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 28 January 2019, 2pm

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

Present: Ian Russell, Chair (IR)
Ann Allen (AA)
Ann Faulds (AF)
Bill Matthews (BA)
Pauline Mills (PM)
Graham Watson (GW)
Peter Reekie (PR)

Apologies: none

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

1 FORMALITIES

Welcome to new directors

IR welcomed AA, BA and PM to their first Board meeting following their appointment on 1 January 2019.

The Board noted the appointment of AA, BA and PM to the Board of SFT Investments Ltd on which all SFT Board directors serve and which had met immediately prior to the meeting of the SFT Board.

In line with the Terms of Reference of the Group Audit Committee it was noted that AA, BA and PM are members of the Committee and BA and PM had been present at the meeting held prior to the SFT Board meeting.

Apologies

There were no apologies.

Declaration of Directors' interests

A draft register of directors' interests incorporating new directors' interests was tabled. No interests were highlighted in regard to the meeting agenda.

Minute of previous meeting

The minute of the meeting of the Board of Directors of 26 November 2018 was approved as a correct record.

Action tracker

The actions were reviewed and timescales for ongoing actions noted. The Board noted PR's apology for the late completion of actions arising from the previous Board meeting.

2 DISCUSSION

Business context

PR led discussion on the Company's current operating environment.

PR highlighted the recent establishment of the Infrastructure Commission for Scotland and IR's appointment as Chair of the Commission. PR advised that SFT will provide secretariat services and dedicate resource to the Commission but emphasised that the Commission is a separate entity which reports directly to Ministers. SFT and the Commission will operate independently of each other and SFT may make independent submissions to any call for evidence by the Commission.

PR outlined the background to the work being carried out on developing Wales' Mutual Investment Model (MIM) and outlined the ambitions of the Scottish Government's Economic Action Plan, including the development of Regional Economic Strategies and the Board discussed the challenges. PR advised that he would send directors a copy of a map illustrating the Regional Deals.

PR to circulate Regional Deals map.

The Board considered possible impacts of Brexit on the construction industry and its supply chain and noted the resource impact on the public sector of Brexit preparations. The Board agreed that on a case by case basis consideration could be given allocating resource to support the other organisations in work generated by the impacts of Brexit.

Business area strategy – Infrastructure Finance and Programmes

KA recalled the new organisational structure introduced as of 9 January 2019 and outlined the responsibilities of her new role as Infrastructure Finance and Programmes Director. It was noted that this area of the business encompasses the Education, MIM, Low Carbon and Digital work streams. KA described the synergies among these strands of work and her ambition for building relationships across diverse portfolios and harnessing her teams' skills and expertise to develop and deliver infrastructure finance and viable programmes, attractive to the market.

3 MONITORING

Business objectives & emerging/reducing workstreams

The Board noted the report on progress against business objectives 2018-19.

PR highlighted the two new objectives which have been added to those formally tracked since the beginning of the business planning period:

- Explore outcome-based funding approaches for school investment
- Support the delivery of charging infrastructure for ultra-low emissions vehicles

PR described the work being carried out against each of these objectives.

The Board noted that three of the 44 objectives are not expected to be achieved and two are classed 'amber'. PR outlined the reasons for these objectives being at risk and the limited scope for mitigation measures being successful at this point in the year.

The Board queried the strategic significance of not achieving the 'at risk' objectives and if there was a variation in the impact of achieving and not achieving different objectives. PR described the implications of not achieving the three 'red' objectives. After discussion it was agreed that consideration should be given when preparing the new business plan to specifying a small number of critical objectives.

Consideration to be given in preparing the new business plan to specifying a small number of critical objectives.

Finance and budgets

VC joined the meeting.

The Board noted the report outlining the financial position for the nine months to 31 December 2018. The Board noted the position including the performance against business plan budget to date and forecast outturn for the year.

VC advised that, as previously reported, a small surplus is expected although in line with the organisational restructure additional spend may be allocated to the infrastructure strategy area prior to the year end.

VC advised that a 3% reduction in the Company's core grant had been included in the Scottish Government's draft budget and scenarios based on further reductions have recently been requested.

VC and KA left the meeting.

4 DECISION

Corporate and business plans

PR gave a short presentation confirming the stage reached in the corporate planning process and describing initial development of the business plan 2019-20.

PR outlined the structures of the corporate plan 2009-14 and 2014-19 and their link to Scottish Government priorities. It was noted that the draft corporate plan 2019-24 is structured on outcomes which link to the Scottish Government's National Performance Framework.

PR outlined the programme and timetable for finalisation of the corporate plan which requires approval by the Cabinet Secretary. The Board requested that the 'dashboard' slide summarising the content of the plan be circulated.

'Dashboard' slide to be circulate to non-executive directors.

PR clarified that the values: dynamic, bold, collaborative and ambitious, are used internally to underpin behaviours and the Board agreed that consideration should be given to how to carry these values through to Board level.

PR to consider how to carry Company values through to Board level.

The Board agreed that the existing Aim and Vision of the Company be maintained in the new corporate plan and a separate Mission is not included.

PR summarised early progress on the business plan 2019-20 which it is proposed be formatted on the basis of the new organisational structure. PR described the five areas of activity in the structure: Development & Housing, Infrastructure Finance and Programmes, Management & Investments, Construction Industry & Delivery and Infrastructure Strategy.

The Board reviewed and agreed the proposed Corporate Priorities for the business plan, being:

- Delivering programmes of financed infrastructure investment as part of the NIM
- Enabling and improving investment and development in places
- Maximising benefits from existing assets and investments
- Supporting the Infrastructure Commission
- Improving the outcomes for public bodies and industry from infrastructure procurement

It was noted that the five priorities align with the five areas of activity, each led by a Director in the new organisational structure. Discussion took place on the number and format of work stream objectives being drafted for the business plan and it was agreed that PR would circulate the agreed basis for drafting objectives within a week for Directors' comment.

PR to circulate business plan structure and basis for drafting objectives for comment.

Communications strategy

The Board noted the and discussed the report setting out the strategy and objectives for communications activity.

The Board discussed the challenges of gaining wider recognition for the Company's successes and impacts given the supportive and facilitating nature of much of the Company's activity. Increased strategic collaboration with Scottish Government communications teams is proposed and the Board noted and discussed the plan of communications activities to support the delivery of the strategy. The Board endorsed the Communications Strategy and requested the future updates on communications activity follow the format of the Communications Plan presented to allow tracking of activities against the plan.

Communications activity updates to be reformatted to reflect communications plan.

Review of Management Statement and Financial Memorandum (MSFM)

The Board noted the report on the Management Statement and Financial Memorandum noting that through time elements have become out of date. The Board discussed adopting a new framework document including implications for the independent operation of the Company. It was agreed that IR would discuss with Scottish Government's Director General Scottish Exchequer in the first instance and report back to the Board.

IR to take forward discussions with Scottish Government.

Board paper management system

The Board noted the report and the proposal to introduce a centrally managed, secure system for board paper management. The Board agreed the proposal and noted that IR and PR will assess options for Board endorsement prior to implementation.

5 NOTING

Report from Chairman of Group Audit Committee

The Board noted that a meeting of the Group Audit Committee had taken place prior to the Board meeting. It was noted that the external audit plan for the year ending 31 March 2019 had been reviewed and agreed. The Committee had reviewed the corporate risk register detailing risks and mitigation measures and had noted the diligence carried out on the introduction of the new financial reporting system. The Committee had carried out the annual review of the project and programme governance and the whistle blowing policy.

Significant business issues

The Board noted the update on the Audit Scotland review of NPD and hub projects.

HR update

The Board noted the HR update including the implementation of the organisational restructure previously agreed by Directors.

Communications activity report

The Board noted the recent and planned communications activity.

6 AOB

There was no other business.