

MINUTES

Meeting of:	Scottish Futures Trust Limited - Board
Date & Time:	Monday 24 November 2014, 2.30pm
Place:	1 st floor, 11-15 Thistle Street, Edinburgh
Present:	Sir Angus Grossart (Chair) Jim Fletcher Carolyn Dwyer Graeme Bissett Barry White Peter Reekie
Apologies:	Fiona Mackenzie
In attendance:	Liz Petrie Viv Cockburn (part meeting) Christa Reekie (part meeting)

1 APOLOGIES AND DECLARATION OF DIRECTORS' INTERESTS

Apologies were noted from F Mackenzie.

CD declared the following new interests:

- Board Member – Planning Advisory Service (unpaid)
- Regional Panel Member – Veolia Environmental Trust (unpaid)
- Non Executive Director – Shoreham Port (paid)

The Board noted the interests and requested that they be added to the Register.

2 MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 3 October 2014 was submitted and agreed as a correct record subject to the revision of the year from '2014' to '2015' in the penultimate paragraph.

There were no matters arising not otherwise dealt with in the Board papers.

3 CHAIRMAN'S REPORT

AG confirmed that he would be meeting with members of the new Scottish Cabinet in the coming weeks.

AG advised the Board that his annual review as Chairman had taken place and gave an overview of Company matters discussed. The importance of engaging in proposals for borrowing powers and strategic prioritisation had been highlighted in order to assess and influence the potential impact on the company's role and infrastructure investment.

4 CHIEF EXECUTIVE'S REPORT

The Board noted the Chief Executive's report.

BW highlighted the following areas of work:

It was noted that the third phase of NHT has received a very strong response from industry with bids received for over 800 units against a capacity of around 500 homes. The evaluation of bids is now underway.

BW highlighted that a submission had been made to the Smith Commission focusing on two key areas affecting infrastructure investment: the regulatory regime and borrowing powers. The Board noted the importance of the regulatory regime to SFT's digital work and the importance of borrowing powers to provide new opportunities to improve value for money and to enhance flexibility in infrastructure investment. The submission had been circulated to Board members and is in the public domain on the Company's website. The Board requested that BW and PR consider follow up on the outcome of the Smith Commission when known.

BW/PR to consider how to follow up on the submission made to the Smith Commission.

BW advised that SFT has been asked by the Minister for Energy, Enterprise and Tourism to lead in the compilation of a summary of investment opportunities in Scotland for discussion with the Qatar Investment Authority.

The Board noted that the Company is confident of achieving the majority of the business plan objectives. BW highlighted that four objectives are now classed as 'amber' and one as 'red'. The progress against objectives was discussed by the Board.

It was noted that BW and PR had given evidence to the Scottish Parliament Finance Committee on 5 November 2014 following the update on the estimated capital profile of the NPD Programme. The Board noted the written submission made to the Committee and that supplementary information on Scotland's leading position in Europe has been requested.

PR tabled a supplementary paper on NPD classification, highlighting that under a new system of national accounting implemented by the EU, updated guidance includes changed consideration of 'control'. PR explained the potential impact that this could have on NPD and hub DBFM projects. The emerging interpretation of the guidance would mean that an SPV would be classed as public and Scottish Government would require capital budget cover for the projects, therefore removing their additionality. The new guidance also raises issues around risk and reward.

The Board was advised that discussions have taken place with HM Treasury to clarify the classification issues and solutions are being sought as a priority within the Company to minimise any delays to the NPD and hub programmes. GB asked that care be taken to retain value for money and that while working at speed the controls are carefully thought through. The Board noted the position.

The Board noted that with wage growth in the market, it is considered that staff retention will become a key issue. The Board agreed that at the time of the next Board meeting the non executive directors should meet separately to discuss remuneration.

Communications Plan

The Board noted progress on the Communications Plan launched in August 2014. It was agreed that there has been a positive increase in activity, particularly around the corporate plan and housing. BW highlighted that a rolling programme of interviews with editors of national press publications is underway. The Board agreed to review again in three months.

GB requested that consideration be given to a simple summary of press coverage.
Communications plan to be reviewed at March 2015 board meeting
BW to investigate press coverage summaries

Christa Reekie (CR) and Viv Cockburn (VC) joined the meeting.

LAR Housing Trust

CR provided an overview of the structure of the LAR Housing Trust, set up as a charity, to provide units at mid market rent across Scotland. After discussion the Board requested that CR a summary note on LAR for distribution to all directors.

CR to prepare note on LAR.

CR left the meeting.

5 FINANCE REPORT

The Board noted the Finance Report including the Management Accounts for the 7 month period to 31 October 2014. VC highlighted that the spend to 31 October is lower than budget advising that staff costs are lower than anticipated as new vacancies have been filled internally resulting causing a natural time lag in recruitment. Advisory spend is also under the budget which predicted even phasing through the year but is now weighted to the second half of the year.

The Board noted the summary of SFT income including investment income and agreed the importance of maintaining clear reporting on investment activity. The board noted the increasing revenue coming from SFT investments and asked BW to consider opportunities to reinvest this into SFT's work.

VC left the meeting.

6 GOVERNANCE REPORT

The Board noted the terms of the Governance Report comprising a review of the Board Reserved Powers, Group Audit Committee terms of reference and Programme Board terms of reference.

The Board agreed to review its monitoring of items within the Reserved Powers which would typically be delegated to a Remuneration Committee.

The Board requested that PR provide a note on the duration of current Board appointments to facilitate succession planning.

PR to prepare notes on Remuneration Committee issues within the Reserved Powers and on Board appointments.

It was agreed that strategic policies of company-wide or general application should be brought to the Board. Otherwise the Board approved the Statement of Reserved Powers.

The Board further approved the proposed changes to the Group Audit Committee terms of reference in respect of personnel changes.

Minor amendments were recommended in respect of the hub National Programme Board and Schools National Programme Board terms of reference and the revised governance arrangements for the Asset Management work stream were noted.

8 AOB

Date of next meeting - The next meeting of the Board will be held on Monday 26 January 2015 at 2.30pm.

The schedule of meetings in 2015 was noted as:

16 March 2015	2.30pm
11 May 2015	2.30pm
22 June 2015	2.30pm
17 August 2015	2.30pm
05 October 2015	10am
30 November 2015	2.30pm