

MINUTES

Meeting of: Scottish Futures Trust Investments Limited – Board

Date & Time: Monday 18 March 2019, 12 noon

Place: 11-15 Thistle Street, Edinburgh

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

In attendance: Nial Gemmell (NG)
Vivienne Cockburn (VC)
Liz Petrie (minutes)

1 FORMALITIES

Apologies

There were no apologies.

Declaration of Directors' Interests

There were no new declarations of interest. BM's historic interest as a former Chair of hub West was noted.

Minute of previous meeting

The minute of the meeting of 28 January 2019 was agreed as a correct record.

PR recalled that at its last meeting the board had approved entering into a Limited Liability Partnership with East Lothian Council (ELC) subject to the issue of IAS 28 classification being resolved. PR advised that a note from ELC acknowledging that they will consolidate the LLP to their group accounts is awaited to complete this.

2 MONITORING

Investment Performance

The Board noted the report providing:

1. a review of the Company's portfolio of 41 DBFM investments.
2. a an overview of the five hub companies
3. a request for approval in principle for further DBFM investments
4. an update on governance and internal monitoring of the investment portfolio
5. a review of Company investments outwith the hub programme

1 Portfolio Review

The Board noted that of the 41 projects, 31 are now operational and a further 9 are due to move into full operation in the coming six months. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

2 hub companies

The Board noted the overview of the five hub companies set up to deliver the programme established in 2010 to deliver community infrastructure across Scotland, with the Company having a 10% shareholding in each.

Given the maturity of the programme NG advised that the initial pipeline of projects is largely delivered and the Companies are now working with their participants to further develop project pipelines.

The Board noted that to date three out of the five companies have repaid the working capital loans issued by SFT Investments Ltd at the time of set up but hub South West and hub West, the last of the territories to be procured, are not yet in a position to pay back the loans and these have been extended. [REDACTED]
[REDACTED]

The Board further noted and discussed challenges to the wider programme in relation to procurement and classification.

After discussion the Board agreed to recommend that a report on the hub programme, the challenges and the possible impact of these challenges on the Company be considered by the main SFT Board at its next meeting.

Report on hub to be taken to SFT Board in April.

3. Approval in principle for further DBFM investments

The Board reviewed the hub investments planned for the forthcoming 6 months to 30 September 2019, showing the maximum potential subordinated debt investments by the Company. It was noted that it is assumed that the Company will continue to invest a minimum of 10% of the sub debt.

The Board approved in principle the proposed sub debt investments for the period to 30 September 2019 as laid out in Annex A and noted that appropriate meetings of the Board or Investment Committee would be scheduled in accordance with the scheme of delegation approved at the Board meeting of 20 August 2013.

4. Governance and internal monitoring

The Board noted progress over the past year in building a robust portfolio monitoring system and that the new system is now fully operational.

5. Other investment business

The Board noted the Company's investment of £27 in Limited Liability Partnerships delivering housing.

3 DECISION

Dividend

The Board noted the report and VC confirmed that a dividend of £860,000 is proposed and no profit retained.

The Board approved a dividend payment of £860,000 for the year ended 31 March 2019.

4 AOB

There was no other business.