

MINUTES

Meeting of: Board of Directors – Scottish Futures Trust Ltd

Date & Time: Tuesday 25th June 2013

Place: 11-15 Thistle Street, Edinburgh

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

In attendance: Stephanie Sutherland (minutes)

1. APOLOGIES & DECLARATION OF DIRECTORS' INTERESTS

There were no apologies.

Barry White declared a one off arrangement between his family and Sky TV to rent their house during the forthcoming Open Championship. Otherwise there were no new interests declared.

2. MINUTE OF PREVIOUS MEETING AND MATTERS ARISING

The minute of the meeting of the Board of Directors of 29th April 2013 was submitted and approved as a correct record.

3. CHAIRMAN'S REPORT

The Chairman reported that he has had brief ministerial contact with John Swinney, Alex Salmond and Nicola Sturgeon, particularly around the Asset Management workstream, since the last meeting of the Board. The Chairman has also had dialogue with commercial banks around infrastructure. The Chairman proposed that he should arrange a meeting with Sir Peter Housden to discuss Asset Management.

Further stakeholder feedback to the Chairman has been encouraging and suggests that the reach of SFT is widening. In particular, awareness of the hub programme seems to be growing within the marketplace.

4. CHIEF EXECUTIVE'S REPORT

The Board noted the terms of the report.

BW highlighted the growth of SFT and its workstreams, including the 9 vacancies currently

being advertised, many of which are turning temporary or seconded posts into permanent posts as funding has been confirmed. The reallocation of SMT responsibilities, with NPD, hub and schools workstreams now grouped together under PR's leadership, and the return to an SMT of five rather than six was also noted.

A general discussion occurred around the Scottish Government Construction Procurement Review which is due to conclude over the summer. It was agreed that BW and GB should meet with the procurement review team.

BW updated the Board on the development of several SFT projects including Inverness College, which has reached financial close in an unprecedented 17 months, the M8, which is due to close bidder dialogue imminently, the National Housing Trust Council Variant model, which is now operational in Stirling and Lasswade and Eastwood High Schools which have both been handed over to the relevant Local Authorities.

It was agreed that a future board meeting will, subject to availability, be held at Lasswade High School.

BW also advised the Board that he would shortly be meeting with the Unite union to discuss historic, and allegation of current, blacklisting within the construction industry.

JF left the meeting as previously agreed with the Chairman and the Board

The Board requested that BW consider, as part of the previously discussed branding review, how targeted activity, perhaps with specialist support, could better explain the value of SFT's work.

BW and GB to meet with Procurement Review team.

BW to include consideration of targeted activity within branding review.

5. FINANCE REPORT

PR provided an overview of the Finance Report to the Board. He advised that the report includes additional funding for the Low Carbon workstream and that forecasted spends will be reviewed to consider current recruitments.

PR also updated the Board on the review of the MSFM. It was advised that a number of issues remain to be resolved with the Scottish Government. The board were in agreement that SFT's operational independence should not be frustrated by changes from the previous MSFM that are being proposed in the current draft document. The Chairman suggested that, if PR felt it would be beneficial, a high level meeting between members of the Board and Scottish Government could be arranged to clarify SFT's operational autonomy.

6. REPORT FROM AUDIT COMMITTEE

The Board noted the verbal report from the Audit Committee on the Group Annual Report and Financial Statements and the Audit Management Report and its recommendations.

The Audit Committee recommended that the Group Annual Report and Financial

Statements be approved by the Board on the basis of the following amendments:

- Inclusion of the updated Chairman's Statement (tabled at the meeting)
- Minor amendments as raised by the Audit Committee

The Board approved the Group Annual Report and Financial Statements subject to the listed amendments and authorised BW to sign.

The Board further approved the terms of the Letter of Representation for the Group and authorised BW to sign on its behalf.

7. BENEFITS STATEMENT

BW led a discussion on the draft 2013/14 SFT Benefits Statement, which is programmed to be published in the summer. The Board felt that it was important to explain the connection between SFT's work, the financial benefits, and what is happening on the ground. It was agreed that the focus would be on the £500m aggregate figure and the in year figure. Tangible progress being made such as 67 rather than 55 schools within the schools' programme budget, the £146m of housing contracted for under NHT, the TIF projects underway and the NPD projects under construction are all positive practical examples of benefits.

BW advised that the Statement has undergone validation with Grant Thornton and LSE. Both validations had proceeded well with LSE urging SFT to make more of the wider value of their work. Grant Thornton had requested an amendment to how previous years values were inflated prior to subtraction off the aggregate value and this had been addressed. Notwithstanding that amendment, it was noted that the 2012-13 figure remained higher than that of 2011-12. The final letters of validation will be circulated around the Board when available.

The board approved the benefits statement subject to the final validation letters and delegated authority to the chief executive to finalise the report.

BW and AG to agree publication timetable.

The Board were asked to consider whether, moving forward, it would be more appropriate for the Benefits Statement, the annual accounts and the Corporate Plan to be released as one, in line with the proposed new communications strategy. This will be discussed at a future meeting.

AG left the meeting as previously agreed with the Board, with GB taking his place as Chairman of the meeting.

8. APPOINTMENT OF DIRECTORS

A discussion took place about board continuity and how that could be managed within the government board appointment process. PR will look at the possibility of staggering the appointment of new directors when current appointments expire.

9. AOB

BW brought the Board's attention to the Transport Scotland Audit Report which is due to be published on 28th June 2013.

Date of Next Meeting – Tuesday 20th August 2013, at 2.30pm, at 11-15 Thistle Street, Edinburgh